



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 Series A 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 Series A Bonds and Series B 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 Series A Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. The City will not designate the Series B 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
\$2,313,000
2021 GENERAL OBLIGATION BONDS – SERIES A
Dated: Date of Delivery
Due: April 1, as shown below

and

\$2,305,000
2021 GENERAL OBLIGATION BONDS – SERIES B (FEDERALLY TAXABLE)
Dated: Date of Delivery
Due: April 1, as shown below

The City of Bangor, Maine 2021 General Obligation Bonds – Series A and 2021 General Obligation Bonds – Series B (Federally Taxable) (the collectively, 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 \$3,000 that will mature on April 1, 2022. 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 October 1, 2021 and semi-annually on each April 1 and October 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 (collectively, "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 such 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 April 1, 2031 are not subject to optional redemption prior to their stated dates of maturity. Bonds maturing on and after April 1, 2032 are subject to optional redemption prior to their stated dates of maturity, at the option of the City, on and after April 1, 2031 as more fully set forth herein (see "THE BONDS - OPTIONAL REDEMPTION PRIOR TO MATURITY- Optional Redemption of the Bonds Prior to Maturity" herein). The Series B Bonds are also subject to mandatory redemption, as more fully set forth herein (see "THE BONDS - MANDATORY REDEMPTION OF SERIES B BONDS" 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 April 15, 2021.

For the Series A Bonds:
RAYMOND JAMES
For the Series B Bonds:
Baird

CITY OF BANGOR, MAINE

\$2,313,000

2021 GENERAL OBLIGATION BONDS – SERIES A

Dated: Date of Delivery

Due: April 1, as shown below

Year of Maturity	Amount	Interest Rate	Yield or Price	Year of Maturity	Amount	Interest Rate	Yield or Price
2022	\$178,000	4.00%	0.16	2032	\$170,000	2.00%	1.40 ^(*)
2023	175,000	4.00	0.22	2033	170,000	2.00	1.50 ^(*)
2024	175,000	3.00	0.35	2034	30,000	2.00	1.60 ^(*)
2025	175,000	3.00	0.45	2035	30,000	2.00	1.70 ^(*)
2026	175,000	2.00	0.55	2036	30,000	2.00	1.80 ^(*)
2027	175,000	2.00	0.70	2037	30,000	2.00	1.90 ^(*)
2028	170,000	2.00	0.85	2038	30,000	2.00	1.00
2029	170,000	2.00	1.00	2039	30,000	2.00	2.05
2030	170,000	2.00	1.20	2040	30,000	2.00	2.10
2031	170,000	2.00	1.30	2041	30,000	2.00	2.125

and

CITY OF BANGOR, MAINE

\$2,305,000

2021 GENERAL OBLIGATION BONDS – SERIES B
(FEDERALLY TAXABLE)

Dated: Date of Delivery

Due: as shown below

\$475,000	2.00%	Term Bonds, to Yield 1.10; Due: April 1, 2026 ^(†)
\$535,000	3.00%	Term Bonds, to Yield 1.85; Due: April 1, 2031 ^(†)
\$610,000	2.35%	Term Bonds, @100; Due: April 1, 2036 ^(†)
\$685,000	2.60%	Term Bonds, @100; Due: April 1, 2041 ^(†)

NOTE: ^(*) Priced at stated yield to the April 1, 2031 optional redemption date at a redemption price of 100% (see “THE BONDS - OPTIONAL REDEMPTION PRIOR TO MATURITY”).

^(†) The Series B Bonds are subject to mandatory redemption (see “THE BONDS - MANDATORY REDEMPTION OF SERIES B BONDS” herein).

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, IF ANY, 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
\$2,313,000 2021 GENERAL OBLIGATION BONDS – SERIES A
and
\$2,305,000 2021 GENERAL OBLIGATION BONDS – SERIES B
(FEDERALLY TAXABLE)**

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 2021 General Obligation Bonds - Series A (the “Series A Bonds”) and of its 2021 General Obligation Bonds – Series B (Federally Taxable) (the “Series B Bonds” and, if together with the Series A 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 \$3,000 that will mature on April 1, 2022. The Bonds will be dated on the date of delivery and will bear interest (accrued on the basis of a 360-day year with twelve 30-day months) payable on October 1, 2021, and semi-annually thereafter on April 1 and October 1 of each year until maturity, or redemption prior to maturity. It is expected that the Bonds will be available for delivery at DTC on or about April 15, 2021. The Bonds will mature as follows:

<u>Series A Bonds</u>					
<u>Amount</u>	<u>April 1,</u>	<u>CUSIP</u>	<u>Amount</u>	<u>April 1,</u>	<u>CUSIP</u>
\$178,000	2022	060096CZ5	\$170,000	2032	060096DK7
175,000	2023	060096DA9	170,000	2033	060096DL5
175,000	2024	060096DB7	30,000	2034	060096DM3
175,000	2025	060096DC5	30,000	2035	060096DN1
175,000	2026	060096DD3	30,000	2036	060096DP6
175,000	2027	060096DE1	30,000	2037	060096DQ4
170,000	2028	060096DF8	30,000	2038	060096DR2
170,000	2029	060096DG6	30,000	2039	060096DS0
170,000	2030	060096DH4	30,000	2040	060096DT8
170,000	2031	060096DJ0	30,000	2041	060096DU5

Series B Bonds^(†)

\$475,000 Term Bonds, Due: April 1, 2026; CUSIP 060096DV3
 \$535,000 Term Bonds, Due: April 1, 2031; CUSIP 060096DW1
 \$610,000 Term Bonds, Due: April 1, 2036; CUSIP 060096DX9
 \$685,000 Term Bonds, Due: April 1, 2041; CUSIP 060096DY7

NOTE: ^(†)The Series B Bonds are subject to mandatory redemption, as more fully set forth herein. See “THE BONDS - MANDATORY REDEMPTION OF SERIES B BONDS” herein.

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 April 1, 2031 are not subject to optional redemption prior to their stated dates of maturity. Bonds maturing on or after April 1, 2032 are subject to optional redemption prior to their stated dates of maturity, at the option of the City, on and after April 1, 2031, 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.

MANDATORY REDEMPTION OF SERIES B BONDS

The Series B Bonds are subject to mandatory redemption by the City prior to maturity, in part by lot, at a redemption price equal to the amounts set forth below plus accrued interest to the date of redemption thereof, on April 1 in the following years and principal amounts:

Series B Bonds Due 2026		Series B Bonds Due 2031		Series B Bonds Due 2036		Series B Bonds Due 2041	
<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2022	\$90,000	2027	\$100,000	2032	\$115,000	2037	\$130,000
2023	95,000	2028	105,000	2033	120,000	2038	135,000
2024	95,000	2029	105,000	2034	120,000	2039	135,000
2025	95,000	2030	110,000	2035	125,000	2040	140,000
2026 ^(#)	100,000	2031 ^(#)	115,000	2036 ^(#)	130,000	2041 ^(#)	145,000

NOTE: ^(#) Year of final maturity.

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</u>	
			<u>Authorized</u>	<u>Financed</u>
Series A Bonds				
Total Streets, Sidewalks & Culvert	20-235	8/10/2020	\$1,873,000	\$1,315,000
Total WWTP ⁽¹⁾ Infrastructure	20-235	8/10/2020	600,000	600,000
Total Equipment	20-235	8/10/2020	380,000	380,000
Building Improvements	19-284	8/12/2019	523,000 ⁽³⁾	18,000
	Total Series A Bonds		\$3,376,000	\$2,313,000
Series B Bonds				
BIA ⁽²⁾ Improvements	20-256	8/24/2020	2,305,000	2,305,000
	Total Series B Bonds		\$2,305,000	\$2,305,000

NOTE: ⁽¹⁾ “WWTP” indicates Waste Water Treatment Plant.

⁽²⁾ “BIA” indicates Bangor International Airport. See “CITY OF BANGOR – MUNICIPAL SERVICES – Bangor International Airport, herein.

⁽³⁾ A portion of the bonds authorized for these projects, in the amount of \$443,000, were issued as part of the City’s 2020 General Obligation Bonds, dated March 19, 2020. The additional amount being issued as part of the 2021 Bonds are to finance additional costs. The City does not expect to issue the remaining authorized but unissued bonds.

Amortization of the Bonds

<u>Due April 1,</u>	<u>Streets, Sidewalks & Culvert</u>	<u>Equipment</u>	<u>WWTP</u>	<u>Building Improve.</u>	<u>2021 Sr A Bonds</u>	<u>2021 Sr B Bonds</u>	
						<u>MR⁽¹⁾</u>	<u>Consolidated</u>
2022	\$114,834	\$31,666	\$30,600	\$900	\$178,000	\$90,000	
2023	111,834	31,666	30,600	900	175,000	95,000	
2024	111,834	31,666	30,600	900	175,000	95,000	
2025	111,834	31,666	30,600	900	175,000	95,000	
2026	111,833	31,667	30,600	900	175,000	100,000	\$475,000
2027	111,833	31,667	30,600	900	175,000	100,000	
2028	106,833	31,667	30,600	900	170,000	105,000	
2029	106,833	31,667	30,600	900	170,000	105,000	
2030	106,833	31,667	30,600	900	170,000	110,000	
2031	106,833	31,667	30,600	900	170,000	115,000	535,000
2032	106,833	31,667	30,600	900	170,000	115,000	
2033	106,833	31,667	30,600	900	170,000	120,000	
2034			29,100	900	30,000	120,000	
2035			29,100	900	30,000	125,000	
2036			29,100	900	30,000	130,000	610,000
2037			29,100	900	30,000	130,000	
2038			29,100	900	30,000	135,000	
2039			29,100	900	30,000	135,000	
2040			29,100	900	30,000	140,000	
2041			29,100	900	30,000	145,000	685,000
	<u>\$1,315,000</u>	<u>\$380,000</u>	<u>\$600,000</u>	<u>\$18,000</u>	<u>\$2,313,000</u>	<u>\$2,305,000</u>	<u>\$2,305,000</u>

NOTE: ⁽¹⁾ “MR” indicates annual mandatory redemption of the indicated principal amount of the respective Series B Bonds. See “THE BONDS – MANDATORY REDEMPTION OF SERIES B BONDS” herein.

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.

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 2021 equalized State valuation currently being \$2,744,650,000 x 0.0005 = \$1,372,325) 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

Exclusion of Interest on the Series A Bonds from Gross Income for Federal Income Tax Purposes

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 Series A Bonds in order that interest on the Series A 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 Series A 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 Series A 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 Series A Bonds and the projects and improvements financed by the Series A Bonds and will covenant (i) to comply with the provisions and procedures of the Code applicable to the Series A Bonds and (ii) not to take any action or permit any action that would cause the interest paid on the Series A 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 Series A Bonds is excludable from the gross income of the owners of the Series A 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 Series A Bonds, and the projects financed with the Series A Bonds, and the City’s covenant that it will comply with the Code. See “PROPOSED FORM OF LEGAL OPINION” in APPENDIX B herein.

The interest on the Series B Bonds will be includable in gross income for federal income tax purposes.

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.

Designation as Qualified Tax-Exempt Obligations

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

The City *will not designate* the Series B 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 Series A Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Series A 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 Series A 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 Series A Bonds will be audited. If an audit is commenced, under current IRS procedures holders of the Series A Bonds may not be permitted to participate in the audit process and the value and liquidity of the Series A 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 Series A Bonds under federal or state law or otherwise prevent beneficial owners of the Series A 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 Series A Bonds. Prospective purchasers of the Series A Bonds should consult their tax and financial advisors regarding such matters.

Opinions of Bond Counsel

The legal opinions of Pierce Atwood LLP, of Portland, Maine (see APPENDIX B) will be furnished to the original purchaser of the Bonds. The opinions 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 Series A Bonds other than its opinion with regard to (a) the exclusion of interest on the Series A Bonds from gross income pursuant to Section 103 of the Code, (b) interest on the Series A 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 posted a duplicate filing of its Financial and Operating Data for the period ended June 30, 2009, to a Nationally Recognized Municipal Securities Information Repository (“NRMSIR”) on June 21, 2010 and subsequently posted the 2009 Financial and Operating Data on EMMA on October 11, 2012, also as a duplicate filing. On October 21, 2014, the City posted a “Failure to File Annual Financial Information”.

Certain Operating Data filings for the fiscal years ending 2017 through 2019 did not include all of the Operating Data required by the Rule for Operating Data filings relating to fiscal years ended June 30, 2017 through 2019. On August 7, 2020, the City posted supplementary Operating Data for these periods and an Event Filing, “curing” the City’s incomplete Operating Data filings.

The following are dates of the City’s recent Financial and Operating Data filings

Financial & Operating Statements	Date Filed	Days After Fiscal Year End
<u>FY ended June 30,</u> 2020 ⁽¹⁾	12/30/2020	183
2019	01/08/2020	192
2018	12/27/2018	180
2017	01/31/2018	215
2016	12/30/2016	183

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”.

⁽¹⁾ The Preliminary Official Statement (the “POS”) for sale of the Bonds of this financing, dated March 19, 2021, was filed on March 22, 2021. This satisfies the City’s obligation to publish Operating Data for fiscal year ended June 30, 2020.

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.

POTENTIAL IMPACT OF COVID-19 IN THE STATE OF MAINE

The outbreak of COVID-19, a previously un-encountered strain of coronavirus, has spread throughout the world, including the State, and has been declared a pandemic by the World Health Organization. The COVID-19 outbreak is altering the behavior of businesses and people in a manner that is expected to have negative effects on global economies, including the economy and welfare of the State and its local economies. In addition, financial markets throughout the United States and around the world have seen significant declines and volatility attributed to concerns over COVID-19. If such declines or volatility continue, the ability to sell or trade municipal securities in the financial markets could be materially constrained.

On March 15, 2020, the Governor of the State declared a state of emergency. Several elected officials of the State’s largest cities subsequently declared a state of emergency and took various actions to limit the spread of COVID-19 in their communities. Since then, the Governor has issued several additional Executive Orders regarding COVID-19 extending the emergency declaration (most recently on March 17, 2021) and to provide guidance and instructions on a variety of matters, including travel restrictions and quarantine requirements, the closure and subsequent reopening of non-essential businesses, stay at home requirements and limitations on group gatherings in in-door and outdoor settings, in both private and public venues and business curfew requirements.

On February 2, 2021, the Governor ended the 9:00 pm curfew in place for restaurants and other entertainment and recreation venues.

On March 5, 2021, the Governor issued Executive Order 35 (FY 20/21) in an effort to prepare Maine's economy for the upcoming tourism season while also seeking to protect the health and safety of Maine's residents. Referred to as the "*Moving Maine Forward Plan*", Order 35 maintains health and safety protocols currently in place, while easing capacity limits on businesses to support economic activity. The plan also eases the test or quarantine requirement for out-of-state visitors. The follows is an overview of the *Moving Maine Forward Plan*.

Maintains Public Health Protocols. The plan maintains the industry-specific health and safety protocols - such as wearing face coverings, keeping physical distance, and conducting enhanced cleaning- throughout the summer, as implemented through the State's COVID-19 Prevention Checklists.

Establishes New Capacity Limits. The plan eases the current capacity limits on Maine's businesses (50 people for indoor gatherings; 100 people for outdoor gatherings; or 5 people per 1,000 square feet of retail space) by transitioning to a "percentage of capacity model" over the course of the next few months.

On March 26, 2021, the capacity limit for indoor gatherings will increase to 50%, and the capacity limit for outdoor gatherings will increase to 75%. Effective May 24, 2021, these capacity limits will increase to 75% (indoor gatherings) to 100% (outdoor gatherings), respectively. Businesses with greater capacity under the current policy are permitted to maintain that standard through May 24, 2021. Additionally, the plan allows bars and tasting rooms to reopen on March 26, 2021, although they will still be required to operate under the Seated Food and Drink Service COVID-19 Prevention Checklist.

These new capacity limits are subject to change should the Maine Center for Disease Control and Prevention (the "Maine CDC") determine that Maine's hospital capacity is challenged; or a new COVID-19 variant arises that poses "significant risk in Maine."

The current physical distancing and face-covering requirements remain in effect. Maine's Attorney General and Department of Health and Human Services issued joint guidance to businesses regarding enforcement, particularly with respect to mask wearing, and potential consequences of noncompliance. Of particular note is that individuals can be charged criminally for not wearing a face covering in a public setting after being warned by a law enforcement officer to do so.

Updating Maine's Travel Policy

Effective March 5, 2021, travel from Massachusetts, Connecticut, and Rhode Island join Vermont and New Hampshire as states exempted from Maine's test or quarantine requirement. In addition, people who have either had COVID-19 in the previous 90 days, or are fully vaccinated against COVID-19, regardless of state of origin, are also exempted from Maine's test or quarantine requirement. Federal requirements related to international travel, however, remain in effect.

Effective May 1, 2021, the plan lifts the test or quarantine requirement for all states except those singled out by the Maine CDC as having a high prevalence of highly contagious COVID-19 variants. Travelers to and from those states will still be required to either test or quarantine.

The COVID-19 outbreak has affected and is expected to continue to affect the overall economy of the nation as well as the State and its various governmental units, including the City. Although the ultimate impact and cost to the State and local economies cannot be determined at this time, the outbreak may have an adverse impact on a governmental unit's, including the City's, ability to collect taxes, rates, charges and assessments, and to pay associated debt service on its Bonds.

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

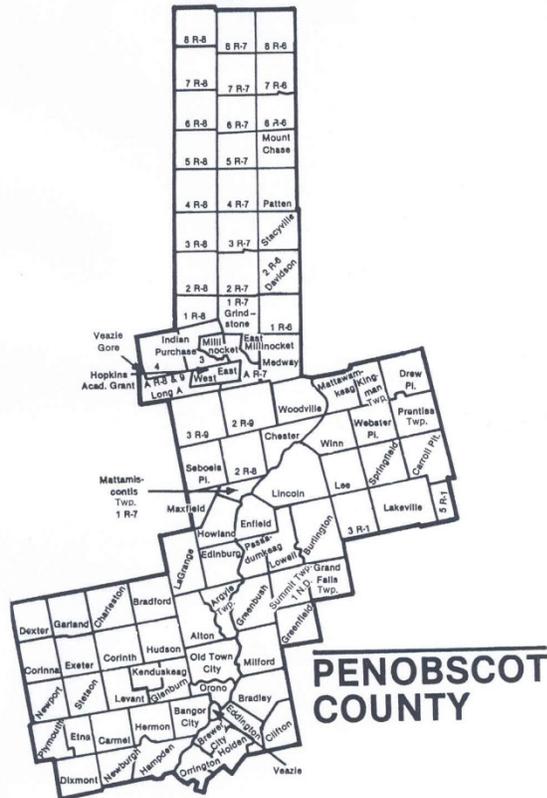
The City of Bangor is located in the south-central section of the County of Penobscot, in the eastern section of the State of Maine. The City is approximately 235 miles north-northeast of Boston, Massachusetts, 140 miles northeast of Portland, Maine, the State's largest city, and approximately 76 miles 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 as a town, on February 25, 1791, 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 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, a Deputy Fire Chief, four Assistant Chiefs, six Captains, 10 Lieutenants, an administrative assistant, a Public Education Officer, an equipment mechanic, two Fire Inspectors and approximately 68 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 74 full-time employees. The Department utilizes approximately 93 vehicles, which are in good repair.

The City is a member of the Municipal Review Committee, Inc. (“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, comprising approximately 115 Maine

communities. The MRC sponsored the development of a new advanced waste processing site in Hampden, Maine. The MRC entered into a development agreement with a private company, Fiberight, LLC (“Fiberight”), to develop, construct and operate the new facility. Coastal Resource of Maine, LLC (“Coastal”), was formed by Fiberight and its equity investors to complete development of, construct and operate the facility.

In early November 2019, the new facility moved from testing phase to commercial operations based on licensing obtained from the Maine Department of Environmental Protection (“DEP”), which was six months behind schedule. Reasons for schedule delay included delays in getting permits for both the plant and its bolt on processes for value added products. In March 2020, the MRC provided a \$1.5 million operational bridge loan to Coastal. At that time, it was anticipated that Coastal would obtain additional financing through existing bond holders. As a result of a failure to obtain additional funding, the Hampden facility closed in May 2020. By June 30, 2020, negotiations between bond holders, Coastal Resources, and Ultra Capital fell through. However, during that time, bond holders had completed additional technical evaluations of plant operations which revealed that the science and operations of the plant worked as intended. On July 31, 2020, the Penobscot County Superior Court approved the bondholders application to appoint a receiver for Coastal, with the goal of reorganizing and recapitalizing the enterprise.

In July 2020, the MRC solicited letters of interest from waste management companies. In November 2020, the receiver provided three proposals to the MRC and the bondholders for consideration. On December 29, 2020, the MRC Board selected one of the proposals and a memorandum of understanding was executed by the agreed upon buyer, the MRC and the bondholders. An asset and purchase agreements is currently being drafted and is expected to be distributed for review by all parties in March of 2021. If and when the actual closing occurs, the MRC anticipates that it could take the new owner six to eight weeks to reopen the plant.

In the interim, the joinder agreements included a backup plan for waste disposal at Crossroads Landfill in Norridgewock, Maine, the only commercial solid waste landfill in Maine. In an effort to manage transportation costs, the MRC has negotiated a SWAP agreement with Casella Waste and the Penobscot Energy Recovery Company (“PERC”), in Orrington, Maine. Under the basic terms of the agreement, Casella/PERC have agreed to divert waste in the southern part of the state to Crossroads Landfill and to accept waste from northern locations at their facilities. This results in no loss of revenues to the waste companies and reduced transportation costs to the municipalities and MRC.

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, 2020 total net assets for the Sewer Utility Fund were \$80.5 million. Sewer rates are reviewed annually to ensure that the fee structure is sufficient to cover costs. One director and approximately 26.5 FTE employees staff the Sewer Department. The Sewer Department maintains one plant, five pumping stations and approximately 149 miles of 8” to 120” 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 \$1,283,193 in fees during the fiscal year ended June 30, 2020.

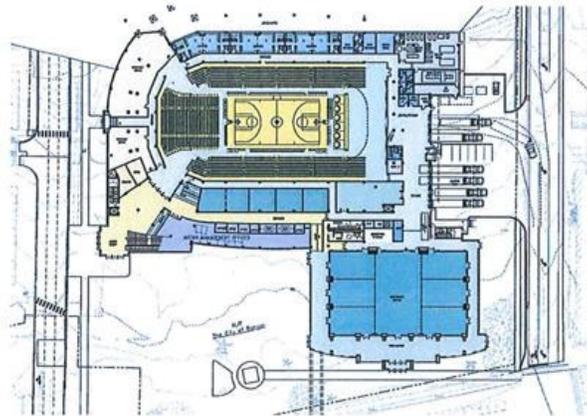
Bass Park Complex

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 the Series 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

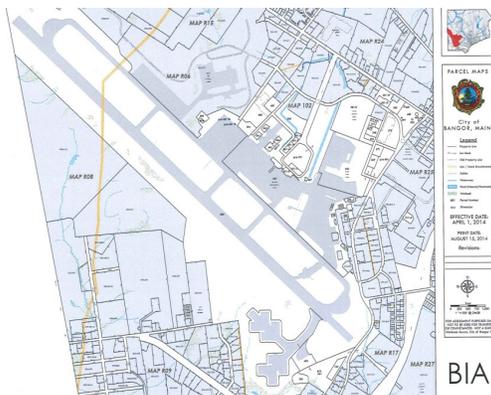
the City’s Downtown Development Tax Increment Finance District revenues. The City advance refunded the callable portion of its Series 2012B Bonds with its \$48,455,000 2020 General Obligation Refunding Bonds (Federally Taxable). The Series 2012B Bonds will be redeemed on July 15, 2022.

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, 2020 BIA’s net position was \$104.8 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.

Parking

The City owns various parking lots, parking decks and a 500-car capacity Pickering Square garage. Revenue sources include monthly lease payments for parking spaces, hourly/daily parking fees, fines and waiver fees for violations. Certain of these facilities are operated under private management contracts. The City’s intent that all of its parking operations provide services on a continuing basis, financed 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.

PUBLIC EDUCATION

The City operates its educational program for grades K through 12 under its own supervision. Article II-A of the City 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, 2020)</u>
Abraham Lincoln	K - 3	280	181
Downeast	K - 3	400	253
Fourteenth Street	K - 3	176	146
Fruit Street	K - 3	376	315
Vine Street	K - 3	260	169
Fairmount	4 - 5	408	251
Mary Snow	4 - 5	410	235
James F. Doughty	6 - 8	630	374
William S. Cohen	6 - 8	628	382
Bangor High School	9 - 12	1,500	1,141

<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>			
2020	1,069	494	768	1,023	3,354	93	3,447	97.30%
2019	1,186	500	805	1,222	3,713	153	3,866	96.04%
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%

Career and Technical Education

Title 20-A, Chapter 313 of the Maine Revised Statutes, as amended, “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 or middle school curriculum. Chapter 313 establishes different “regions” and “centers”

to provide career and technical education in various parts of the State. A Region is a statutory, quasi-municipal corporation, comprised of all the school administrative units within its geographical area, as designated by the Legislature. A Region is governed by a cooperative board, and its budget is approved by its school administrative unit members. A Center is an administrative entity that is owned and operated by a single school administrative unit and affiliated with other school administrative units. A Center is governed by the school board of its school administrative unit owner, and its budget is approved by the voters or other legislative body of that school administrative unit. Pursuant to Title 20-A, Chapters 606-B and 609 of the Maine Revised Statutes, the State provides funding to Centers and Regions for career and technical education. State subsidy for a Region is paid directly to the Region, while State subsidy for a Center is paid to the school administrative unit that owns the Center. Certain costs are not always recognized or completely covered by the State’s allocation model. To the extent a Region’s budget includes costs that exceed its State subsidy and other available funding sources if any, a Region distributes those costs among its members pursuant to a cost sharing agreement. Likewise, a Center distributes such excess costs if any to its affiliates pursuant to a cost sharing agreement.

The City is a member of the *United Technologies Center, Region #4* (“Region #4”), a Region. The City currently sends 114 students to Region #4, or 18.0% of the 633 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

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.

LABOR RELATIONS

The City employs approximately 1,106 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	66	Police Officers	7/1/18	6/30/21
Teamsters	12	Police Support Staff	7/1/20	6/30/21
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	7/1/19	6/30/22
AFSCME	6	Aircraft Weather Dispatchers	7/1/19	6/30/22
AFSCME	19	Ramp Supervisors & Attendants	7/1/19	6/30/22
AFSCME	16	Airfield & Building Maintenance	7/1/19	6/30/22
AFSCME	50	Public Works	7/1/18	6/30/21
ATU (Local 714)	32	Community Connector Bus Drivers	7/1/17	6/30/21
MEA	341	School Teachers	9/1/18	8/31/21
MEA	118	School Instructional Assistants	7/1/18	6/30/21
AFL/CIO	19	School Administrators	7/1/19	6/30/22
MEA	84	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.

ECONOMIC CHARACTERISTICS

Population	City of Bangor	Change Since Prior Census		
		City	State	USA
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	City of Bangor	Penobscot County	State of Maine	USA
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	City of Bangor	Penobscot County	State of Maine	USA
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	City of Bangor	Penobscot County	State of Maine	USA
% 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	City of Bangor	Penobscot County	State of Maine	USA
2020	5.6%	5.4%	5.4%	8.1%
2019	2.9	3.2	3.0	3.7
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

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>Major Employers</u>	<u>Location</u>	<u>Employees</u>	<u>Business</u>	<u>% Total</u>
Eastern Maine Medical Center ⁽¹⁾	Bangor	4,001 - 4,500	Health Care	11.54%
Northern Light Health ⁽²⁾	Throughout	1,501 - 2,000	Health Care	4.75%
Hannaford Supermarkets	Throughout	1,001 - 1,500	Grocery Chain	3.39%
City of Bangor	Bangor	501 - 1,000	Municipal Government	3.00%
St. Joseph Hospital	Bangor	501 - 1,000	Health Care	2.04%
WalMart/Sam's Club	Throughout	501 - 1,000	Retail Sales	2.04%
Penobscot Community Health Care	Throughout	501 - 1,000	Throughout	2.04%
Acadia Hospital	Bangor	501 - 1,000	Mental Health Center	2.04%
Husson University	Bangor	501 - 1,000	University	2.04%
Bangor Savings Bank	Throughout	501 - 1,000	Bank	<u>2.04%</u>
				34.91%

SOURCE: City of Bangor Comprehensive Annual Financial Report for Fiscal Year June 30, 2020 - 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 Eastern Maine Medical Center operating under the name 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 calendar year 2020, the Bangor ESA realized \$1.36 billion, or 6.86%, of the State's retail sales. The following table breaks out the City's portion of the total Bangor ESA retail sales:

SOURCE: City of Bangor, Maine, Planning Department, 2012 Comprehensive Plan.

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

Calendar Year	Business/ Operating	Building Supply	Food Store	General Mdse.	Other Retail	Auto/ Transp.	Rest. & Lodging	Group Total	Consumer Sales
2020	95,409.0	193,121.2	89,882.3	300,937.2	99,440.1	416,912.7	160,987.2	1,356,689.8	1,261,280.8
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	
2020	288	164	452	\$45,610,796
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⁾

NOTE: ⁽¹⁾ Major component comprised of EMMC 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 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)

	2017	2018	2019	2020	2021
Revenues					
Taxes	\$60,062	\$60,894	\$62,347	\$64,135	\$64,212
Intergovernmental	24,377	25,666	27,478	29,744	32,111
Licenses and Permits	620	623	622	612	598
Charges for Services	11,504	11,665	11,630	11,459	10,716
Fines, Forfeits and Penalties	23	23	23	22	22
Use of Property	650	635	816	909	845
Other Sources	1,411	1,562	1,464	1,369	2,312
Total Revenues	98,647	101,068	104,380	108,250	110,816
Expenditures					
General Government	8,190	8,402	8,933	9,116	9,558
Public Safety	17,903	18,511	19,303	20,811	20,876
Health, Welfare and Recreation	5,119	5,226	5,434	5,132	5,245
Public Services	10,835	11,042	11,183	11,480	11,531
Other Agencies	4,827	4,875	5,084	5,345	5,445
Education	44,462	45,407	46,741	48,467	49,963
Other	3,128	3,274	3,391	3,494	4,049
Debt Service	4,183	4,331	4,311	4,405	4,150
Total Expenditures	\$98,647	\$101,068	\$104,380	\$108,250	\$110,816

Potential Impact of Coronavirus on Fiscal Capacity

The City relies on property tax collections for approximately 52.1% of its total General Fund budget needs, with State Aid to Education representing another 18.3%. The City does not anticipate that either revenue source is at significant risk in the current fiscal year 2020/2021. During the development of the City Manager's recommended budget, as well as up to final adoption of the current fiscal year 2020/2021 budget, the City continually monitored the impacts of the COVID 19 crisis to ensure a fiscally responsible budget was adopted.

The significant revenue adjustments included in the fiscal year 2020/2021 budget due to the pandemic were reductions to auto excise taxes \$400,000 (6.25%); state revenue sharing \$190,400 less than prior year (FY19/20), but \$1.6 million less than the original State projection for fiscal year 2020/2021; \$95,000 less for concerts and fair and \$69,000 less for summer recreational programs. The City did include the use of \$456,000 of unassigned fund balance to offset the temporary impact of revenue reductions in the fiscal year 2020/2021 budget. The State Revenue Forecasting Committee released revised State Revenue Sharing estimates on August 3, 2020. These projections estimate the City will received \$4,402,818 in Revenue Sharing funds during the current fiscal year 2020/2021 (\$1 million more than anticipated in the adopted fiscal year 2020/2021 budget).

The City was also allocated significant Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") funding in support of transportation operations: in round 1 the City received \$4.0 million for the public transit function and \$4.2 million to support airport operations; in round 2 the City received an additional \$2.6 million to support airport operations. These funds are anticipated to be utilized to cover operating costs incurred in fiscal years 2019/2020, 2020/2021 and 2021/2022. In addition, the recently enacted "American Rescue Plan" included significant funding directed to State and Local governments. Initial data indicates that the City is may receive approximately \$21 million in direct funding. In general, the indication from the City's legislative delegation is that the funding would be restricted to COVID-19 related measures and responses, provide premium pay for essential workers, revenue losses and to make needed investments in water, sewer or broadband infrastructure. The City is currently awaiting the release of final guidance on the amount of actual funds allotted as well as allowable uses.

The City was able to adapt its operations and workforce to continue to provide services throughout the COVID 19 crisis. It implemented social distancing and best health practices within its operations, and adapted to online, electronic and alternate means of in-person service. While City buildings were closed to public entry for a period of time, City employees continued to provide the same services as before but in a different manner.

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>2016/2017</u>	<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>
State Personal Income Factor:	2.67%	2.84%	2.61%	2.77%	2.89%
City Property Growth Factor:	<u>1.58%</u>	<u>1.81%</u>	<u>1.08%</u>	<u>1.00%</u>	<u>2.28%</u>
Growth Limitation Factor:	4.25%	4.65%	3.69%	3.77%	5.17%
Property Tax Levy Limit:	\$31,191,575	\$31,309,758	\$32,343,105	\$33,562,125	\$33,700,575
Property Tax Levy:	<u>25,976,015</u>	<u>26,180,550</u>	<u>26,768,002</u>	<u>26,843,958</u>	<u>27,064,636</u>
Over/(under) Property Tax Levy Limit:	(\$5,215,560)	(\$5,129,208)	(\$5,575,103)	(\$6,718,167)	(\$6,635,939)

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 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:

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Assigned and Unassigned General Fund Balances	\$17,070,081	\$18,611,507	\$22,188,578	\$22,402,049	\$23,104,918
Prior Years' Expenses (less Debt Service)	92,956,802	95,430,107	97,599,921	101,076,194	103,387,595
Assigned and Unassigned General Fund Balances as % Prior Years' Expenses	18.36%	19.50%	22.73%	22.16%	22.35%
Unassigned General Fund Balance	\$11,315,235	\$12,171,566	\$14,064,283	\$13,105,808	\$14,547,264
Prior Years' Expenses (less Debt Service)	92,956,802	95,430,107	97,599,921	101,076,194	103,387,595
Unassigned General Fund Balance as % Prior Years' Expenses	12.17%	12.75%	14.41%	13.26%	14.07%

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 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 2020 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, 2019. This is the 22nd 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,)**

	2020	2019	2018	2017	2016
ASSETS					
Cash	\$26,438,260	\$22,269,687	\$23,783,220	\$18,878,973	\$12,014,827
Investments	50,000	50,000	50,000	50,000	50,000
Receivables:					
Taxes	2,886,984	2,087,465	2,033,265	2,641,785	2,670,489
Accounts (net of allowances)	413,007	715,331	729,892	578,077	1,016,994
Inter-fund loans	1,945,655	1,877,830	2,062,830	1,935,404	8,251,179
Intergovernmental	5,375,890	6,083,214	3,421,145	5,003,018	3,706,733
Loan	0	0	455,769	535,372	611,511
Inventory, at cost	741,727	658,707	520,910	554,843	568,474
Prepaid items	93,813	645,176	587,615	507,130	669,665
TOTAL ASSETS	37,945,336	34,387,410	33,644,646	30,684,602	29,559,872
LIABILITIES					
Accounts payable	1,947,932	1,535,401	1,432,831	1,345,499	1,257,728
Accrued wages and benefits	6,808,077	4,801,728	4,561,848	4,495,658	4,271,124
TOTAL LIABILITIES	8,756,009	6,337,129	5,994,679	5,841,157	5,528,852
DEFERRED RESOURCES	1,845,071	1,910,609	1,619,639	2,215,800	2,442,797
FUND BALANCE					
Non-spendable	2,736,040	3,204,383	3,009,025	2,962,473	3,138,639
Restricted	1,216,497	299,252	714,412	764,922	1,374,097
Committed	286,801	233,988	118,316	288,743	5,406
Assigned	8,557,654	9,296,241	8,124,295	6,439,941	5,754,846
Unassigned	14,547,264	13,105,808	14,064,283	12,171,566	11,315,235
TOTAL FUND BALANCE	27,344,256	26,139,672	26,030,331	22,627,645	21,588,223
TOTAL LIABILITIES AND FUND BALANCE	\$37,945,336	\$34,387,410	\$33,644,649	\$30,684,602	\$29,559,872

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,)

	2020	2019	2018	2017	2016
REVENUES					
Taxes	\$63,747,033	\$63,144,634	\$62,395,656	\$61,629,388	\$60,894,710
Intergovernmental	38,060,989	35,142,361	33,119,172	30,662,625	30,563,862
Licenses and permits	681,420	741,027	1,014,170	644,795	755,273
Charges for services	13,147,526	14,024,323	14,649,774	14,751,088	13,980,385
Revenue from use of property	1,221,247	1,236,818	1,527,875	761,454	721,087
Other	168,249	63,520	92,496	18,623	34,910
TOTAL REVENUES	117,026,464	114,352,683	112,799,143	108,467,973	106,950,227
EXPENDITURES					
General government	5,747,168	5,420,213	5,301,228	5,133,047	5,172,435
Public safety	20,050,145	19,594,743	18,173,695	17,330,311	17,146,674
Health, com. serv. and recreation	4,812,261	4,838,006	5,066,925	4,972,166	5,117,412
Public buildings and services	10,004,187	9,662,829	10,521,736	10,907,018	10,387,416
Other agencies	5,505,165	5,159,254	4,907,267	4,886,577	4,723,022
Education	58,753,118	59,315,126	56,111,179	54,722,897	52,655,986
TIF	888,476	757,396	745,170	711,220	717,260
Unclassified	13,711	29,818	15,319	31,213	22,452
Capital outlay	332,753	545,177	1,105,303	906,169	674,067
Debt service	5,718,000	5,814,719	5,950,002	5,687,035	5,756,272
TOTAL EXPENDITURES	111,824,984	111,137,281	107,897,824	105,287,653	102,372,996
EXCESS (DEFICIENCY) OF OPERATING REVENUES OVER EXPENDITURES	5,201,480	3,215,402	4,901,319	3,180,320	4,577,231
OTHER FINANCING SOURCES (USES)	(3,996,896)	(3,106,061)	(1,498,633)	(2,140,898)	(1,219,805)
EXCESS (DEFICIENCY) REVENUES/EARNINGS OVER EXPENDITURES/OTHER USES	1,204,584	109,341	3,402,686	1,039,422	3,357,426
BEGINNING FUND BALANCE	26,139,672	26,030,331	22,627,645	21,588,223	18,230,797
ENDING FUND BALANCE	\$27,344,256	\$26,139,672	\$26,030,331	\$22,627,645	\$21,588,223

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 2020/2021 the tax due dates are September 15, 2020 and March 15, 2021. 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 8.0% 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 municipalities' 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
2021	\$159,077,200	2016	\$101,258,300
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

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)	Net Tax Levy	Collections (after Supplements and Abatements)		
					Year End	% of Levy as of	
2021	\$2,744,650	\$2,667,989	\$23.20	\$61,897,345	----- In Process -----		
2020	2,667,150	2,643,893	23.00	60,893,837	\$59,000,699	96.89%	96.89%
2019	2,616,650	2,577,441	22.95	59,003,819	57,885,246	98.10%	99.10%
2018	2,575,100	2,571,894	22.55	57,934,478	56,868,240	98.16%	99.77%
2017	2,553,900	2,566,222	22.50	57,665,074	56,513,791	98.00%	99.84%
2016	2,543,700	2,600,203	21.95	56,611,292	55,557,652	98.14%	99.86%
2015	2,481,850	2,561,275	21.80	55,620,279	53,708,753	96.56%	99.88%
2014	2,464,250	2,550,820	20.80	53,034,654	51,692,178	97.47%	99.90%
2013	2,462,650	2,528,249	19.65	49,579,257	48,276,445	97.37%	99.92%
2012	2,456,450	2,522,711	19.20	48,353,900	47,025,587	97.25%	99.93%
2011	2,466,650	2,517,705	19.20	48,193,714	46,857,606	97.23%	99.94%

Largest Taxpayers

<u>Name / Location</u>	<u>Business</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Total Value</u>	<u>% Total Value</u>
GLP Capital L.P.	Gaming	\$75,080,700		\$75,080,700	2.81%
Emera Maine	Utility	40,328,700	3,682,100	44,010,800	1.65%
Bangor Savings Bank	Financial	32,454,300	4,010,000	36,464,300	1.37%
General Electric Inc.	Manufacturer	14,206,300	9,905,200	24,111,500	0.90%
Bangor Gas Company LLC	Utility	22,636,300	1,117,900	23,754,200	0.89%
QV Realty Trust	Shop Mall/Retail Lessor	21,186,300		21,186,300	0.79%
Bangor Mall LLC	Shopping Mall	20,442,400		20,442,400	0.77%
Wal-Mart Real Estate	Retail Sales	17,060,000	2,470,800	19,530,800	0.75%
GM Realty of Bangor LLC	Shopping Mall Lessor	17,409,700		17,409,700	0.73%
HC Bangor LLC	Gaming	<u>3,812,600</u>	<u>16,171,000</u>	<u>19,983,600</u>	<u>0.65%</u>
Top Ten Taxpayers		\$264,617,300	\$37,357,000	\$301,974,300	11.31%

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 affordable housing development districts, approves the designation of any such district each cannot 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.

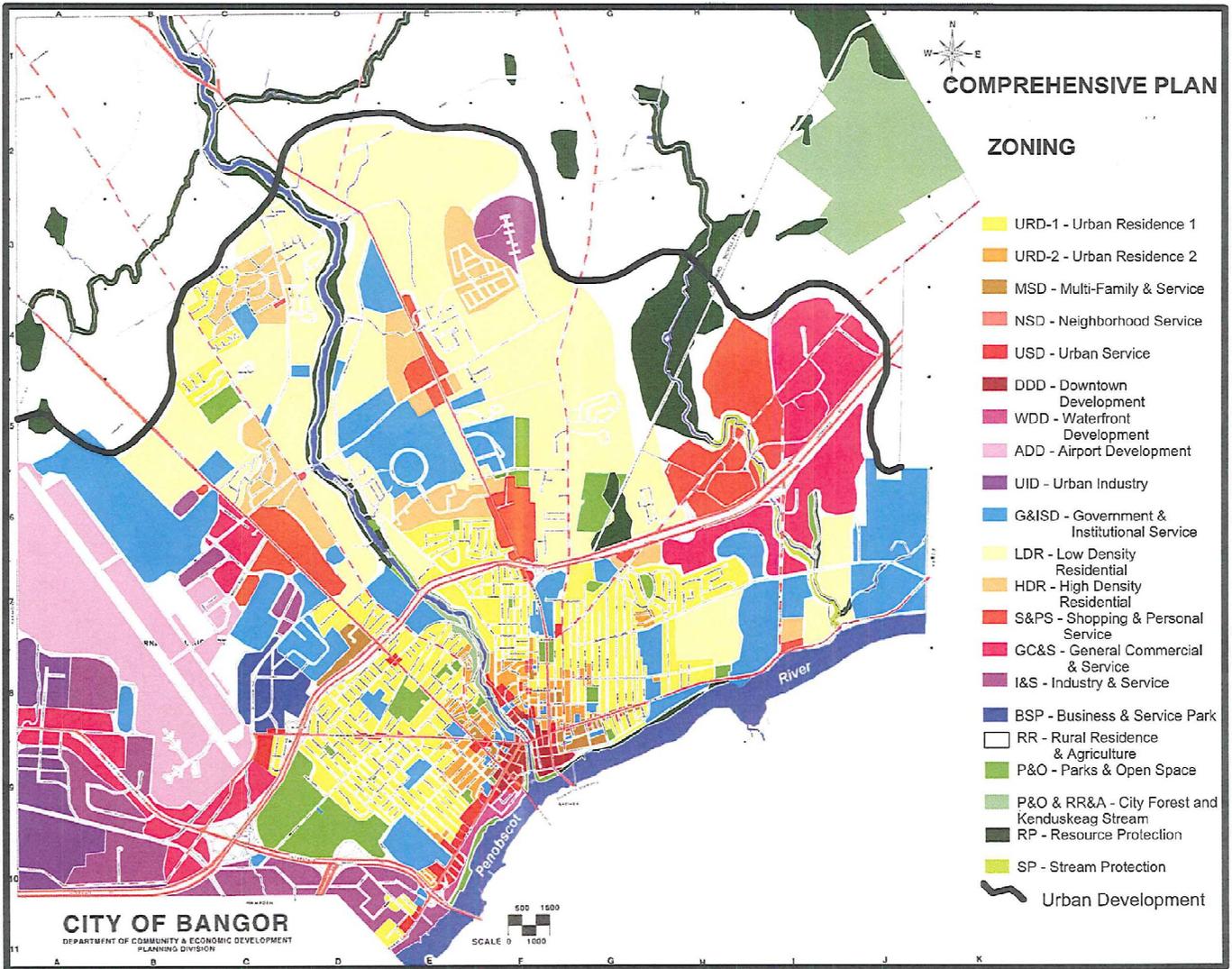
REVENUES FROM THE STATE

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.

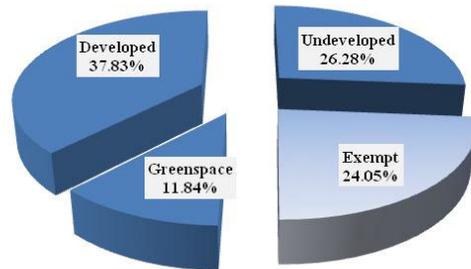
The Homestead Exemption Program is administered locally. Since the beginning of the program, the State has frequently modified both the exemption amount and the amount it reimburses municipalities. Originally the exemption amount was \$7,000 in value of the primary residence of a Maine resident property 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	
2020	\$3,802,415	\$19,350,634	\$5,375,107	\$1,152,871	\$2,036,428	\$1,399,678	\$33,117,133
2019	2,554,332	18,257,329	5,789,463	1,383,527	1,885,748	1,061,260	30,931,659
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



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%



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 Bonds allocable to the Refunded 2012B 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 2021 equalized state valuation (“equalized State Valuation”) is listed at \$2,744,650,000. The 15% debt limit is \$411,697,500. As of June 30, 2021, the City’s projected debt that counts against its statutory long-term general obligation debt limit⁽¹⁾ is \$77,501,993 (unaudited), or 2.82% of the 2021 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.

NOTE: ⁽¹⁾ Private & Special Law, Chapter 327, First Regular Session, 125th Maine Legislature (LD 895) *An Act to Allow Bangor to Replace the Bangor Auditorium and Civic Center at the Bass Park Complex* (the “Act”) excludes indebtedness to finance the Arena Project (see “THE BONDS – AUTHORIZATION AND PURPOSE – (Arena Project)” from counting towards the City's statutory debt limit. Therefore, the City’s statutory total long-term general obligation debt excludes the non-refunded portion of the City’s 2012B Bonds and a portion of the 2020 Refunding Bonds, allocable to the Arena Project (the “Arena Project Bonds”), of \$2,840,000 and \$46,275,000, respectively (unaudited), for a consolidated \$49,115,000 (unaudited) or 1.79% of the 2021 equalized State Valuation.

Thus, for comparative purposes, the City’s total long-term general obligation debt projected as of June 30, 2021, excluding the Arena Project Bonds, is \$128,011,656 (unaudited), or 4.80% of the 2021 equalized State Valuation.

DEBT SUMMARY

Year <u>Issued</u>	Amount <u>Issued</u> <u>(\$/000)</u>	Final <u>Date</u>	FY end <u>June 30, 2020</u> <u>Balance</u>	FY end June 30, 2021	
				<u>Payments</u>	<u>Balance</u>
2001 ⁽¹⁾	699.9	9/1/2021	\$106,423	(\$52,040)	\$54,383
2002(POB) ⁽⁶⁾	34,030.0	6/1/2026	18,153,285	(2,320,000)	15,833,285
2003(SRF) ⁽²⁾	3,000.0	10/1/2022	509,689	(162,060)	347,629
2003 ⁽³⁾	1,300.0	3/1/2023	285,528	(90,973)	194,555
2005(SRF) ⁽²⁾	2,650.0	10/1/2024	760,795	(146,369)	614,426
2006 ⁽⁴⁾	2,250.0	12/1/2025	916,394	(134,726)	781,668
2006(SRF) ⁽²⁾	2,000.0	4/1/2027	775,066	(105,394)	669,672
2007(SRF) ⁽²⁾	2,000.0	4/1/2028	886,908	(104,029)	782,879
2009ARRA ⁽⁵⁾	1,960.0	4/1/2029	436,009	(48,445)	387,564
2009ARRA ⁽⁵⁾	1,040.0	4/1/2030	256,880	(25,688)	231,192
2011	6,391.0	4/1/2021	525,000	(525,000)	0
2011 QSCB	5,610.0	7/15/2028	5,590,000	(5,000)	5,585,000
2012	6,525.0	4/1/2022	1,180,000	(595,000)	585,000
2012B	53,800.0	7/15/2042	47,135,000	(44,295,000)	2,840,000 ⁽⁷⁾
2012 QSCB	2,800.0	7/15/2035	2,785,000	(5,000)	2,780,000
2013A	9,030.0	11/1/2032	4,670,000	(735,000)	3,935,000
2013B	4,300.0	11/1/2033	2,880,000	(2,130,000)	750,000 ⁽⁷⁾
2014A	8,669.0	3/1/2034	5,735,000	(485,000)	5,250,000
2014(SRF) ⁽²⁾	2,500.0	11/1/2034	1,879,677	(124,437)	1,755,240
2015A	3,120.0	4/1/2030	2,000,000	(220,000)	1,780,000
2015B	1,600.0	4/1/2035	1,200,000	(80,000)	1,120,000
2016A	3,294.0	9/1/2030	2,275,000	(265,000)	2,010,000
2016B	920.0	9/1/2027	600,000	(75,000)	525,000
2016(SRF) ⁽²⁾	4,280.0	9/1/2036	3,638,000	(214,000)	3,424,000
2017	6,772.0	3/1/2037	5,530,000	(410,000)	5,120,000
2018	3,355.0	9/1/2033	3,070,000	(285,000)	2,785,000
2019(SRF) ⁽²⁾	500.0	10/1/2038	4,180,000	(220,000)	3,960,000
2019(SRF) ⁽²⁾	4,400.0	10/1/2038	475,000	(25,000)	450,000
2020	7,427.00	9/1/2039	7,427,000	(507,000)	6,920,000
2020(SRF) ⁽²⁾	3,180.0		<u>2,150,000</u>	<u>(107,500)</u>	<u>2,042,500</u>
	Sub-Totals		\$128,011,654	(\$54,497,661)	\$73,513,993
2020 Ref'd'g	48,455.00	7/15/2035	0	0	48,455,000
2021 Sr A	2,313.00	4/1/2041	0	0	2,313,000
2021 Sr B	2,305.00	4/1/2041	<u>0</u>	<u>0</u>	<u>2,305,000</u>
	Totals		\$128,011,654	(\$54,497,661)	\$126,586,993
	Less exempt from Debt Limitation		<u>(47,135,000)</u>	-	<u>(49,085,000)</u>
	Statutory Debt		\$80,876,654		\$77,501,993

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⁾ Privately placed note, with specific terms of repayment and no put option.

⁽⁵⁾ "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%.

⁽⁶⁾ "POB" indicates Pension Obligation Bonds.

⁽⁷⁾ Balance for the non-refunded portion of the City's 2012B Bonds and 2013B Bonds remaining on June 30, 2021. Of the balance on June 30, 2020, \$42,980,000 and \$1,315,000 of the 2012B Bonds were refunded or paid, respectively; \$1,880,000 and \$250,000 of the 2013B Bonds were refunded or paid, respectively.

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
2020	32,098	\$2,667,150	\$2,643,893	\$128,011,654	4.80%	\$3,988.15
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

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		
2020	\$39,480	\$11,305	\$77,226	\$128,012	1.5%	0.4%	2.9%	4.8%	\$1,230	\$352	\$2,406	\$3,988
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

Debt Service Component of Operating Expenses

(\$ in thousands)	Audited					Budgeted
	2016	2017	2018	2019	2020	2021
Gross Current Debt Service:	\$14,332	\$15,916	\$14,159	\$14,118	\$14,253	\$14,790
(less Self Support Enterprise):	(6,492)	(6,137)	(6,684)	(6,224)	(6,119)	(6,500)
(less State Qual. School):	(0)	(0)	(0)	(0)	(0)	(0)
(less POB):	(3,063)	(3,151)	(3,198)	(3,290)	(3,390)	(3,491)
(less Refunded Debt):	(0)	(1,555)	(0)	(0)	(0)	(0)
Tax Backed Current Debt Service:	\$4,777	\$5,073	\$4,277	\$4,604	\$4,744	\$4,799
Budgeted Operating Expense:	97,233	98,647	101,068	104,380	108,250	110,816
Debt Service as % Oper. Expense:	4.91%	5.14%	4.23%	4.41%	4.38%	4.33%

PROJECTED DEBT SERVICE REQUIREMENTS

Fiscal Yr. End June 30,	Prior Debt			The Bonds			Projected Total Debt Service
	Principal	Interest (and fees)	Total Prior Debt	2021			
				Series A	Series B	Total	
2022	\$9,948,249	\$3,144,103	\$13,092,352	\$232,610	\$145,451	\$378,062	\$13,470,413
2023	9,660,019	2,705,450	12,365,469	224,700	150,895	375,595	12,741,064
2024	9,731,906	2,344,999	12,076,905	217,700	148,995	366,695	12,443,600
2025	9,919,926	2,014,955	11,934,881	212,450	147,095	359,545	12,294,426
2026	9,820,758	1,676,277	11,497,035	207,200	150,195	357,395	11,854,430
2027	5,712,869	1,321,386	7,034,255	203,700	148,195	351,895	7,386,150
2028	5,483,891	1,217,261	6,701,152	195,200	150,195	345,395	7,046,547
2029	10,596,069	1,113,683	11,709,752	191,800	147,045	338,845	12,048,597
2030	4,687,749	1,016,622	5,704,371	188,400	148,895	337,295	6,041,666
2031	4,517,187	929,391	5,446,578	185,000	150,595	335,595	5,782,173
2032	4,462,313	845,094	5,307,407	181,600	147,145	328,745	5,636,152
2033	4,012,438	759,984	4,772,422	178,200	149,443	327,643	5,100,065
2034	4,017,565	681,464	4,699,029	34,800	146,623	181,423	4,880,452
2035	3,422,690	603,776	4,026,466	34,200	148,803	183,003	4,209,468
2036	5,891,500	539,640	6,431,140	33,600	150,865	184,465	6,615,605
2037	3,236,500	471,756	3,708,256	33,000	147,810	180,810	3,889,066
2038	2,932,500	398,239	3,330,739	32,400	149,430	181,830	3,512,569
2039	2,992,500	328,852	3,321,352	31,800	145,920	177,720	3,499,072
2040	2,812,500	246,909	3,059,409	31,200	147,410	178,610	3,238,019
2041	2,635,000	172,810	2,807,810	30,600	148,770	179,370	2,987,180
2042	2,700,000	104,895	2,804,895	0	0	0	2,804,895
2043	2,770,000	35,262	2,805,262	0	0	0	2,805,262
TOTAL	\$121,964,129	\$22,672,809	\$144,636,938	\$2,680,160	\$2,969,774	\$5,649,934	\$150,286,872

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. The City’s 2021 equalized State Valuation of \$2,744,650,000 is 23.61% of the County’s 2021 equalized State Valuation of \$11,625,950,000 (excluding Unorganized Territories). The County has \$0 long-term debt outstanding as of June 30, 2020.

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	\$11,304,621			\$11,304,621
C/O Bangor-Other Gen'l Fund	39,480,316			39,480,316
C/O Bangor- Enterprise		\$77,226,717		77,226,717
County of Penobscot			0	0
Total A/O June 30, 2020	\$50,784,937	\$77,226,717	\$0	\$128,011,654
% 2021 ESV Per Capita (2020)	1.90% \$1,582.18	2.90% \$2,405.97	0.00% \$0.00	4.80% \$3,988.15

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 calendar year 2021.⁽¹⁾

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 2021. The Davis Brook Tank project is expected to be completed over a two year period.⁽¹⁾

On August 10, 2020, the City Council adopted Order #19-285 and approved a borrowing not to exceed \$16,925,000, 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 2021. The Davis Brook Tank project is expected to be completed over a two year period.⁽¹⁾

NOTE: ⁽¹⁾ See "ENVIRONMENTAL MATTERS - Wastewater Discharge Consent Decree Compliance" herein.

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 2022.

On August 24, 2020, the City Council adopted Order #20-255 authorizing the issuance of up to \$1,400,000 of the City's General Obligation Bonds to finance portions of improvements to Bangor High School roof and electrical system; adopted Order # 20-253 and approved a borrowing not to exceed \$1,000,000 from the School Revolving Renovation Fund (the "SRRF", administered through the Maine Municipal Bond Bank) to finance a portion of improvements to Bangor High School roof. Under the SRRF program, \$472,500 of the loan will be forgiven. On October 26, 2020, the City Council adopted Order #20-359 authorizing the transfer of School Department budget funds for the purpose of providing funds not to exceed \$2,200,000 to finance certain school capital improvements. A portion of the funds authorized \$1,400,000 will be utilized in lieu of the issuance of general obligation bonds previously authorized.

On August 24, 2020, the City Council adopted Order #20-254 authorizing the issuance of up to \$2,730,000 in general obligation bonds to fund Cameron Stadium Improvements – Multi Sport Turf/Field – Track Replacement. Pursuant to Article VIII, Section 19(a)(1) of the City Charter, this Order was approved by the voters of the City at a November 3, 2020 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

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.

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 2020 covered payroll was \$19,566,977 and City contributions were \$1,628,578. 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 \$227,654 and \$32,235, respectively, in fiscal year 2020.

B. DEFINED BENEFIT PENSION 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.

Plan descriptions: For its participating municipal employees and certain participating School Department employees, the City contributes to the Consolidated Plan for Participating Local Districts (the “PLD Plan”) a cost-sharing multiple-employer, defined benefit pension plan administered by the Maine Public Employees Retirement System (“MainePERS”). Teachers and certain other School Department employees also participate in MainePERS through the State Employee and Teacher Plan (the “SET Plan”), a cost-sharing multiple-employer, defined benefit pension plan with a special funding situation established by the Maine Legislature.

The MainePERS is established and administered under Maine law, and the authority to establish and amend benefit provisions rests with the State legislature. The MainePERS issues a publicly available financial report which may be obtained by writing the Maine Public Employees Retirement System, 46 State House Station, Augusta, ME 04333-0046 or at www.maineopers.org.

The City reports on the benefits provided and the contributions to the pension plans, associated pension liabilities, pension expense, deferred outflows and deferred inflows of resources related to pensions, as well as the actuarial methodology and assumptions in its CAFR. Please see “APPENDIX A – CITY OF BANGOR, MAINE, COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2020”, pages II-55 through II-59 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

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 PLD (hereafter referred to as the “PLD OPEB Plan”). Teachers also participate in the Group Term Life Insurance Plan for SET (hereafter referred to as the “SET OPEB Plan”). Both plans are a cost-sharing multiple-employer defined benefit OPEB plan administered by MainePERS.

The 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.maineopers.org.

Group Life Insurance

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.

Group Health Insurance (City)

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 administered by the City. 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. At June 30, 2020, 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	0
Active employees	<u>413</u>
Total	466

Group Health Insurance (School)

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.

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. 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	0
Active employees	<u>455</u>
Total	726

The City reports on the benefits provided and the contributions for these OPEB plans, as well as the actuarial methodology and assumptions in its CAFR. Please see “APPENDIX A – CITY OF BANGOR, MAINE, COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2020”, pages –II-60 - 68 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 2021.

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 portion of the required improvements under the Consent Decree are expected to be financed in calendar year 2021⁽¹⁾. 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>

NOTE: ⁽¹⁾ See “INDEBETDNESS – FUTURE FINANCING - Clean Water State Revolving Fund” herein.

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.

APPENDIX A

**CITY OF BANGOR, MAINE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR
FISCAL YEAR ENDED JUNE 30, 2020**

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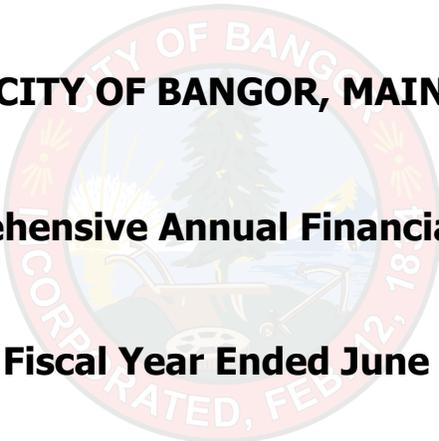


CITY OF BANGOR
MAINE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR JUNE 30, 2020





CITY OF BANGOR, MAINE

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2020

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 28, 2020

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, 2020 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, elected at large, for three-year staggered terms. By Charter, the School Committee has all the powers and responsibility for the care and management of the public schools of the City and to provide the City Council with an estimate of the sum 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, responsible for the day to day operations of the schools.

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. To date, the City has recorded little change in its economic base due to the impacts of COVID 19.

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 2020, Bangor's retail taxable sales were \$1.84 billion and represent 7.27% 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 pandemic has created an additional challenge as more retail is being conducted online versus bricks and mortar stores. This is further exacerbated in our community by the pandemic related closure of the Canadian border. The implications of all factors are being monitored closely.

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. While assessed valuations have remained relatively flat since the FY 2011 economic downturn, the taxable valuation amount is impacted by property tax exemptions created or expanded by the State of Maine (\$279.5 million in fiscal year 2021). 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. 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 19.79% in the tax rate from 2011 to 2020.

Until November, COVID 19 cases were generally limited to institutions and southern Maine communities. That has now changed, where the State is now experiencing a surge in cases across all communities. What impact the uptick in cases, any potential additional State restrictions and the continued closure of the Canadian border will have on our economy remains to be seen. Anecdotally, taxable retail sales for the third quarter of 2020 versus 2019 for Bangor remain relatively flat. The City continues to utilize our public health and emergency management plan to evolve our processes enabling us to adapt our operations, services and response to minimize the impact of the pandemic on our community and position our community and resources for post-pandemic operations. All of which is being undertaken with an eye toward financial sustainability. The true human, small business, employment, economic development, health and safety and financial impacts of the pandemic are likely to have a ripple effect for years to come, similar to the 2008 financial crisis.

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:

- \$1.1 million invested in streets, sidewalks, traffic control, and other infrastructure;
- \$3.2 million invested in upgrades to Community Connector vehicles;
- \$10.8 million invested in the plant and pump station upgrades, sewer replacements and separation projects;
- \$3.1 million invested in airport equipment and infrastructure; and
- \$923 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;
- Enhanced awareness of diversity, equity and inclusion 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, 2020 was 14.07% 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, 2019. 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**

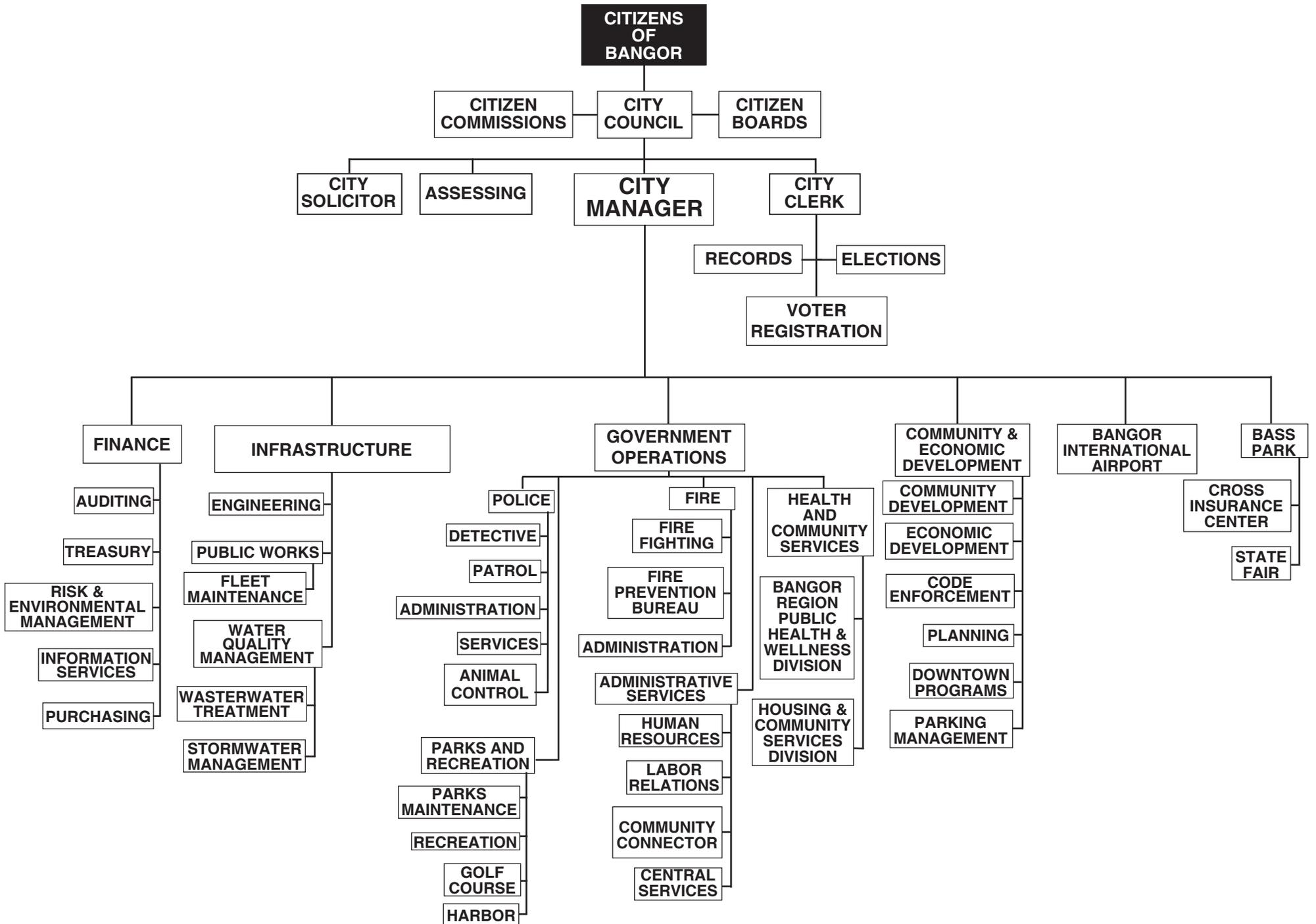
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

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, 2020**

City Council

Clare Davitt, Chair

Richard Fournier
Sarah Nichols
Gretchen Schaefer
Laura Supica

Susan Hawes
Angela Okafor
Benjamin Sprague
Daniel Tremble

City Staff

Catherine M. Conlow, City Manager
Philip Drew, City Assessor
Lisa Goodwin, City Clerk
Paul Nicklas, City Solicitor

School Committee

Warren Caruso, Chair

Marwa Hassanien
Susan Sorg
Marlene Susi

John Hiatt
Timothy Surette, Vice Chair
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, 2020, 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, 2020, 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, 2020, 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, 2020
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, 2020. 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 \$222.0 million (net position).
- At the close of fiscal year 2020, the City of Bangor's governmental funds reported combined ending fund balances of \$46.9 million, an increase of \$5.5 million over the prior year balance of \$41.4 million. The Capital Projects Fund fund balance increased by \$4.8 million, as projects that have been funded were not completed at year end. The General Fund fund balance increased by \$1.2 million. General Fund actual revenues were on par with the adopted budget. Education expenditure savings were realized during fiscal year 2020, which contributed to the increase in General Fund restricted fund balance. All other governmental fund fund balances remained relatively unchanged from prior year amounts. Approximately 76% of the total amount, or \$35.7 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 & School for the General Fund was \$14.5 million, or 14.07% 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 increased by \$5.6 million and business-type activities increased \$2.0 million. The increase in governmental activities is related to an increase in accrued wages of \$2.0 million and a \$2.8 million increase in net pension liability. For business-type activities, accounts payable increased \$1.3 million, 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 and Changes in Net position are included in this report as Exhibit 10 and Exhibit 11.

Government-wide Financial Analysis

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2020	2019*	2020	2019	2020	2019*
Current & other assets*	\$ 58,717,770	\$ 51,035,387	\$ 40,816,587	\$ 40,411,930	\$ 99,534,357	\$ 91,447,317
Capital assets, net of						
accumulated depreciation	82,314,418	78,401,164	219,696,736	216,045,967	302,011,154	294,447,131
Total assets	141,032,188	129,436,551	260,513,323	256,457,897	401,545,511	385,894,448
Total deferred outflows of resources	6,194,756	4,338,264	586,158	520,446	6,780,914	4,858,710
Long-term debt outstanding	83,341,194	79,420,529	83,099,136	82,564,279	166,440,330	161,984,808
Other liabilities	10,243,404	8,041,717	7,551,282	6,018,952	17,794,686	14,060,669
Total liabilities	93,584,598	87,462,246	90,650,418	88,583,231	184,235,016	176,045,477
Total deferred inflows of resources	1,983,445	2,491,742	149,523	217,596	2,132,968	2,709,338
Net position:						
Net investment in capital assets	53,392,631	49,657,039	149,493,021	145,420,656	202,885,652	195,077,695
Restricted*	7,838,489	7,025,674	-	-	7,838,489	7,025,674
Unrestricted	(9,572,219)	(12,861,886)	20,806,519	22,756,860	11,234,300	9,894,974
Total net position	\$ 51,658,901	\$ 43,820,827	\$ 170,299,540	\$ 168,177,516	\$ 221,958,441	\$ 211,998,343

* Restated for 2019 - 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 \$11.2 million, the governmental activities deficit of \$9.6 million is offset by the business type activities balance of \$20.8 million. The governmental activities deficit is primarily due to \$15.1 million in outstanding pension obligation bonds.

Governmental activities net position increased \$7.8 million. The major components associated with the increase in governmental activities net position are due to the funding of capital asset acquisition with current year revenues in the amount of \$2.8 million, as well as expenses being below estimates in the areas of general government, public safety, public transportation and health and recreation, due to savings realized related to vacancies and fewer services required.

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.

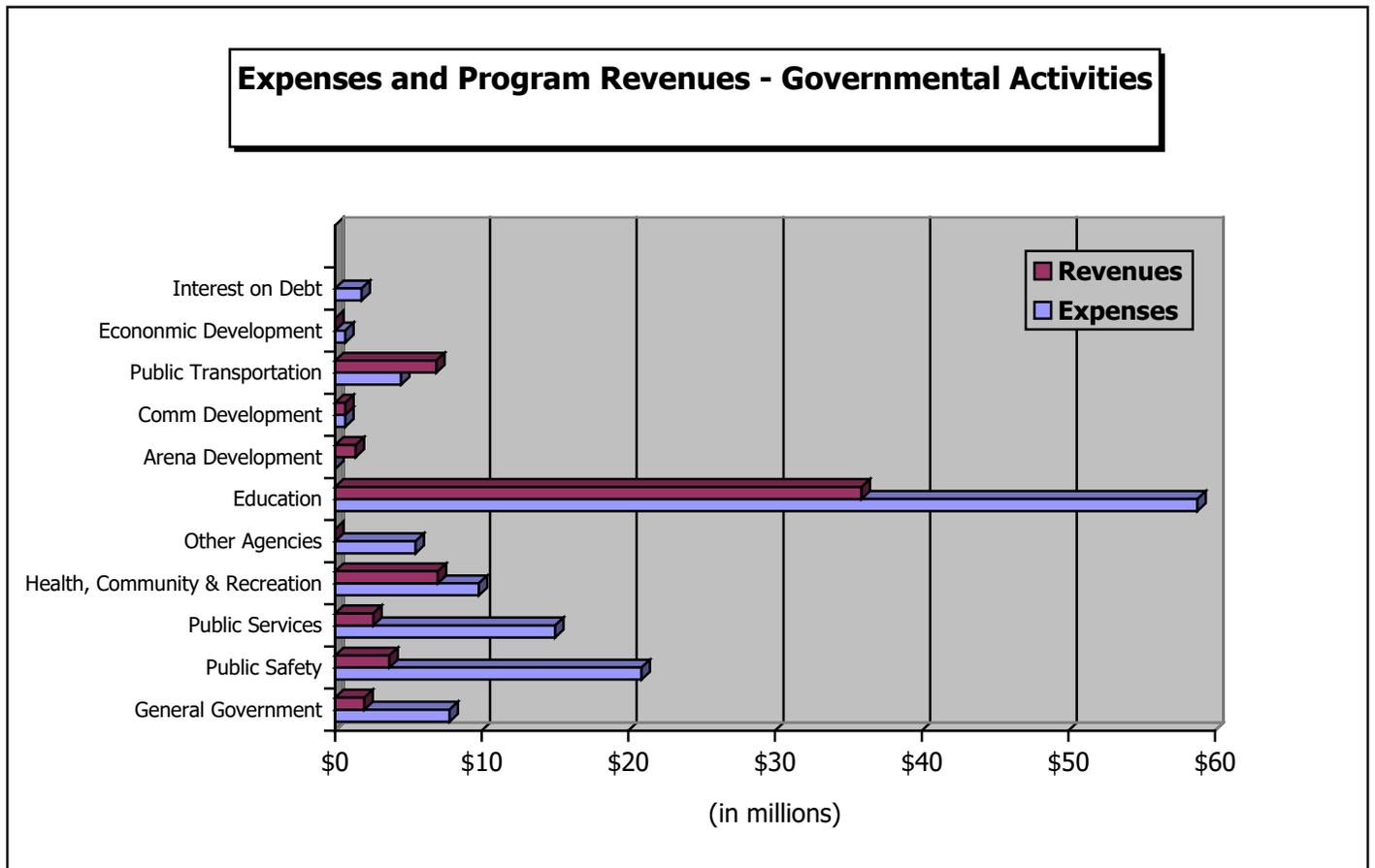
Changes in Net Position

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

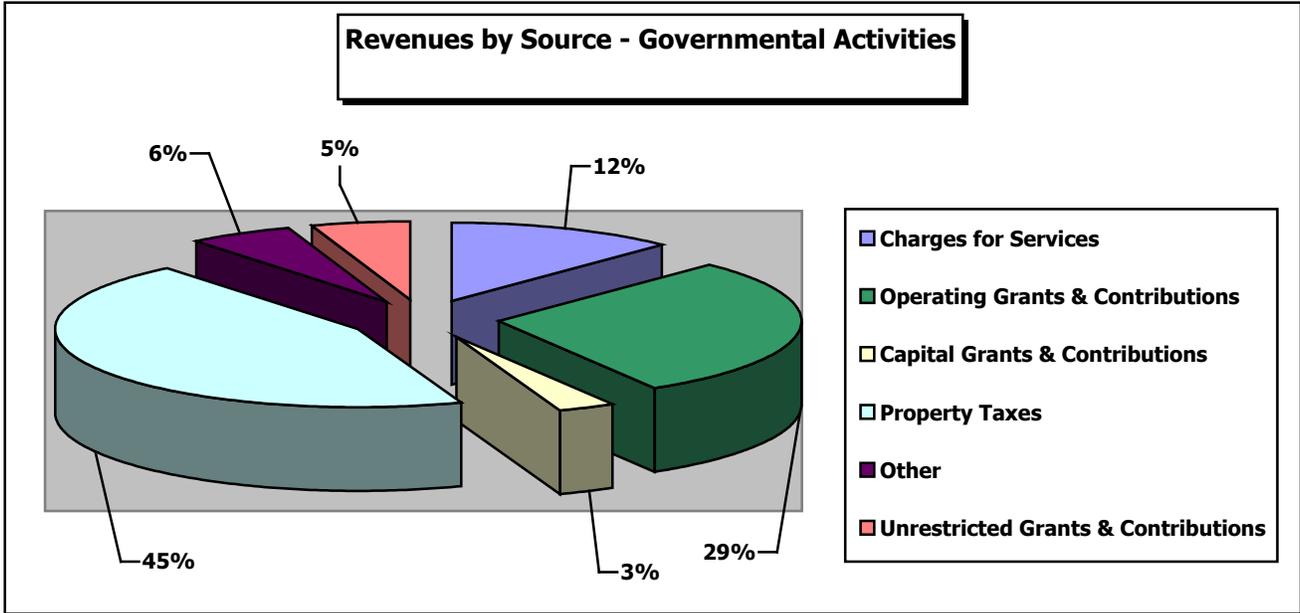
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues						
Charges for services	\$ 15,317,416	\$ 18,190,492	\$ 33,118,886	\$ 34,819,642	\$ 48,436,302	\$ 53,010,134
Operating grants & contributions	40,562,677	37,158,903	-	-	40,562,677	37,158,903
Capital grants & contributions	4,410,094	2,983,206	5,056,332	3,327,180	9,466,426	6,310,386
General Revenues						
Property and other taxes	66,729,380	65,433,795	1,300,000	1,255,000	68,029,380	66,688,795
Grants and contributions not restricted to specific programs	7,267,295	5,861,782	-	-	7,267,295	5,861,782
Other	853,277	892,161	1,024,264	965,025	1,877,541	1,857,186
Total Revenues	135,140,139	130,520,339	40,499,482	40,366,847	175,639,621	170,887,186
Expenses						
General government	7,848,641	7,179,064	-	-	7,848,641	7,179,064
Public safety	20,871,023	19,814,567	-	-	20,871,023	19,814,567
Health, community and recreation	9,845,591	9,273,091	-	-	9,845,591	9,273,091
Public services	14,968,314	14,443,215	-	-	14,968,314	14,443,215
Other agencies	5,515,165	5,208,400	-	-	5,515,165	5,208,400
Education	58,764,946	59,205,165	-	-	58,764,946	59,205,165
Arena development	86,510	14,961	-	-	86,510	14,961
Community development	693,641	685,926	-	-	693,641	685,926
Waterfront	105,163	221,839	-	-	105,163	221,839
Public transportation	4,533,716	3,447,181	-	-	4,533,716	3,447,181
Interest on debt	1,835,219	2,001,201	-	-	1,835,219	2,001,201
Economic development (tif)	730,471	757,396	-	-	730,471	757,396
Sewer Utility	-	-	6,254,740	6,760,227	6,254,740	6,760,227
Airport	-	-	23,749,179	22,478,598	23,749,179	22,478,598
Stormwater Utility	-	-	1,197,212	901,614	1,197,212	901,614
Parking	-	-	882,638	872,502	882,638	872,502
Bass Park	-	-	7,107,209	7,567,090	7,107,209	7,567,090
Municipal Golf Course	-	-	761,968	711,448	761,968	711,448
Economic Development	-	-	379,183	477,066	379,183	477,066
Total Expenses	125,798,400	122,252,006	40,332,129	39,768,545	166,130,529	162,020,551
Excess (deficiency) before transfers	9,341,739	8,268,333	167,353	598,302	9,509,092	8,866,635
Gain (loss) on disposition of asset	203,396	35,349	247,610	4,856	451,006	40,205
Transfers	(1,707,061)	(1,482,087)	1,707,061	1,482,087	-	-
Change in net position	7,838,074	6,821,595	2,122,024	2,085,245	9,960,098	8,906,840
Beginning net position	43,820,827	37,136,047	168,177,516	166,092,271	211,998,343	203,228,318
Restatement - Note G	-	(136,815)	-	-	-	(136,815)
Ending net position	\$ 51,658,901	\$ 43,820,827	\$ 170,299,540	\$ 168,177,516	\$ 221,958,441	\$ 211,998,343

Governmental Activities

The cost of all governmental activities was \$126.0 million. As shown on the Statement of Activities, the total amount financed by the property tax was \$60.3 million, or 48% of expenses. Those who directly benefit from an activity provided \$15.3 million in payments. Other governments and organizations subsidized certain activities with operating grants and contributions in the amount of \$40.6 million. Capital grants and contributions accounted for \$4.4 million. The City also received \$14.8 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 \$3.5 million or 2.9% over prior year levels. The majority of the increase is related to increased wage and benefits costs. Employees were provided a cost of living increase for fiscal year 2020 ranging from 1.5% - 3%.

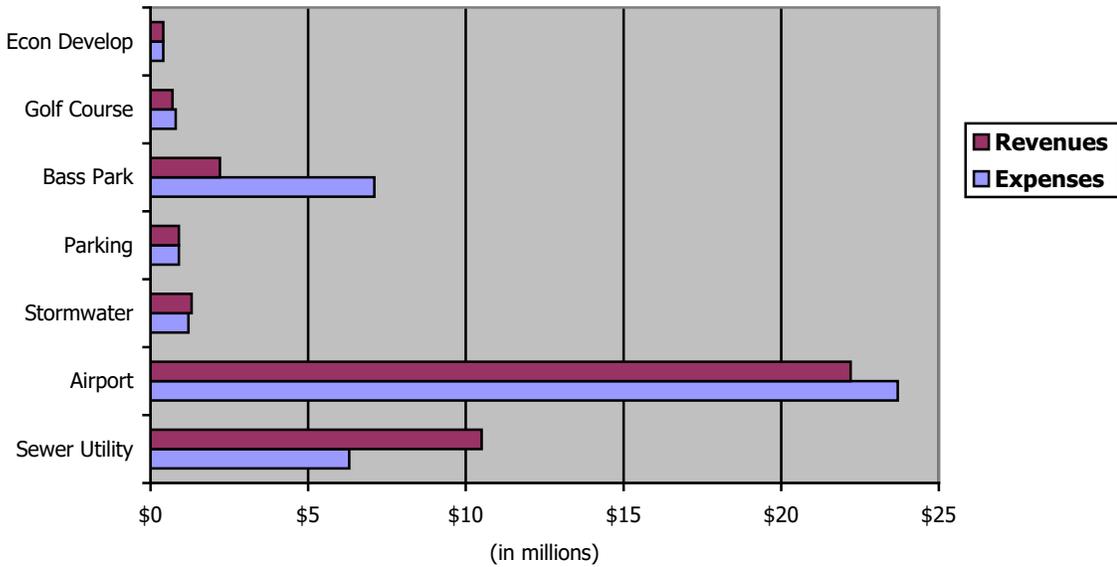


Total governmental activities' revenues increased \$4.6 million over prior year total of \$130.5 million. The largest single source of revenue continues to be the property and other taxes, which increased \$1.3 million. Capital grants and contributions increased \$1.4 million due to an increase in grant funded capital investment. Operating grants and contributions increased \$3.4 million primarily due to a \$1.1 million increase in education funding from the State of Maine. In addition, the City utilized \$1.0 million of Cares Act funding to support public transportation. Charges for services decreased \$2.9 million, primarily due to the pandemic related restrictions, i.e. less public transportation fares, no waterfront concert venue rentals in 2020, and the closure of the casino. Unrestricted grants and contributions increased \$1.4 million, of that increase, \$1.2 million is a result of increased revenue sharing receipts due to the State of Maine beginning to return to the statutory percentage allocated to municipalities.

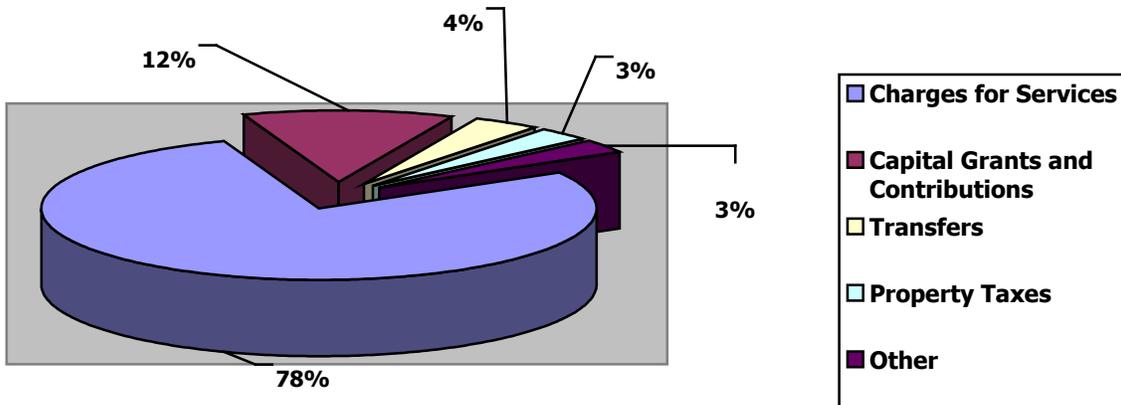
Business-type Activities

Total business-type activities expenses remained relatively flat over prior year levels, with an increase of \$564 thousand or 1.4%. Similar to governmental activities, the majority of the increase is related to increased wage costs. Employees were provided with a 1.5% cost of living increase for fiscal year 2020.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



In total, business-type activities revenue remained relatively flat over prior year levels, with an increase of \$133 thousand or .3%, however there were fluctuations among individual funds and revenue types. Charges for services revenue decreased \$1.7 million, split between the Airport and Bass Park, both of which realized reductions in revenue due to the pandemic (airline travel and large in person events). This reduction was offset by a \$1.7 million increase in capital grants contributions. 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. In addition, the City received \$1.0 million in debt forgiveness from an Environmental Protection Agency funded program.

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 \$46.9 million, an increase of \$5.5 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 \$4.8 million. The General Fund fund balance increased \$1.2 million, the majority of which is reflected in an increase in restricted fund balance as a result of a positive variance in education expenditures. All other governmental fund fund balances remained relatively unchanged from prior year amounts. Of the combined ending balance of \$46.9 million, approximately 76% (\$35.7 million) is either committed, assigned or unassigned and \$7.5 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 \$27.3 million, a \$1.2 million increase from the prior year's balance of \$26.1 million.

The Capital Projects Fund varies significantly from year to year depending upon City Council priorities and available funding opportunities. While total expenditures increased \$2.0 million over the prior year capital expenditures, debt service decreased by \$1.5 million due to a debt refunding in FY 2019. Significant expenditures in FY 2020 included; \$5.6 million for streets/sidewalks and other infrastructure, \$2.2 million for equipment and vehicles, and \$3.2 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 \$170.3 million. The Sewer Utility fund net position increased \$4.5 million due to annual rate increases to keep pace with inflation and in advance of significant capital investments as well as the receipt of a \$1.0 million grant contribution for capital purposes. The Airport Fund net position decreased \$611 thousand due to lower revenues as a result of pandemic related reductions in travel. The Bass Park Fund net position decreased \$1.9 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 \$3.3 million. The net impact of additional amendments were minimal. The City's commitment to budgetary integrity continues, actual operating revenues ended the year on budget estimates with a (\$28,622) variance, municipal expenditures were under budget by 6.1%, or \$3.4 million. Education expenditures were under budget by \$2.8 million or 4.7% and by statute, education balances must be segregated from municipal balances.

Capital Asset and Debt Administration

Capital assets. As of June 30, 2020, the City of Bangor's investment in capital assets for its governmental and business-type activities amounted to \$302.0 million (net of accumulated depreciation), an increase of \$7.6 million over the prior year. This investment includes land, buildings, machinery and equipment, roads, runways, and sewer lines. Depreciation expense of \$15.7 million was less than the City's investment in capital assets for the current fiscal year of \$23.3 million. Governmental activities invested \$8.7 million, and business-type activities invested \$14.6 million and depreciation expense was \$4.7 million and \$11.0 million, respectively.

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

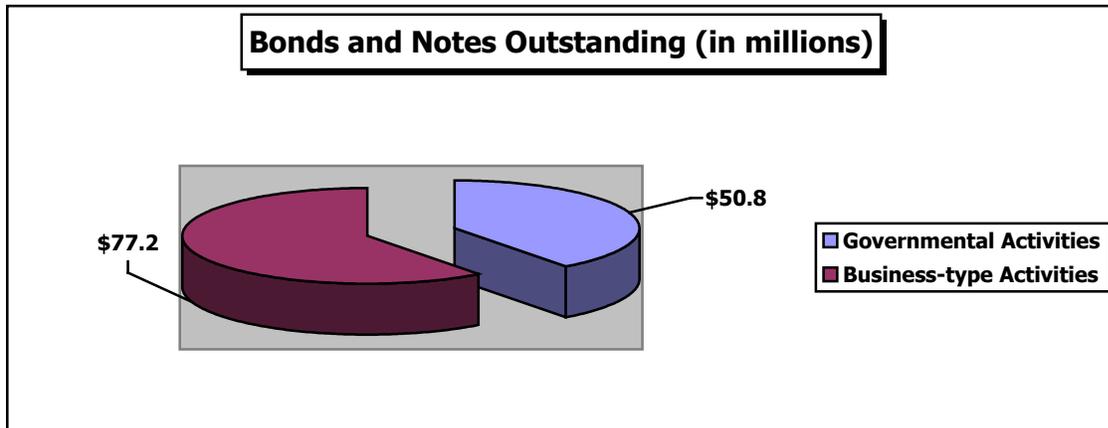
- The City continues to invest in its core functions of infrastructure, vehicles and equipment replacements. This year the City invested \$1.1 million in streets, sidewalks, traffic control and other infrastructure, as well as \$3.2 million in upgrades to Community Connector vehicles, and \$2.2 million for equipment and vehicles.
- During FY 2020, the School department invested \$923 thousand in school facilities, which included roofs, fire suppression and generator installations.
- The Airport Fund invested \$3.1 million in operational assets at Bangor International Airport. Investments included runway and building improvements as well as parking control equipment and vehicles.
- The Sewer Fund invested \$10.8 million in plant and pump station upgrades, sewer replacement and separation projects. Of the total invested, \$7.2 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	\$13,227,047	\$4,197,285
Buildings and improvements	39,355,079	53,854,968
Machinery and equipment	1,814,620	4,426,773
Vehicles	12,451,192	-
Infrastructure	12,686,500	52,943,737
Parking structures	-	1,152,649
Aircraft operational assets	-	83,372,151
Construction in process	2,779,980	19,749,173
Total	\$82,314,418	\$219,696,736

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 \$128.0 million, a decrease of \$300 thousand 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 \$400.1 million, which is significantly in excess of existing general obligation debt of \$128.0 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 2020-2021 year, the following goals have been identified:

- Evolve the City's COVID 19 Pandemic Response;
- 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 three areas in particular to which a significant amount of resources have been/will be invested.

Evolve the City's COVID 19 pandemic response. A partnership with the Community Health Leadership Board (CHLB), a group of the area's major health and social services agencies initiated by the City in 2014, to deal with public health issues facing the community, allowed our City and region to be a source of reliable and relatable public health and educational resources from the onset of the pandemic. The City maintains a robust Emergency Management Plan, which allowed our departments to pivot and adapt our operations to allow for the continuation of service delivery throughout the pandemic, by doing business differently and utilizing technology, the City was able to maintain all public services.

While the City and State of Maine continue to experience a surge in COVID 19 cases, we continue to utilize our public health and emergency management plan to evolve our processes enabling us to adapt our operations, services and response to minimize the impact of the pandemic on our community and position our community and resources for post-pandemic operations. All of which is being undertaken with an eye toward financial sustainability. To date, the City has received CARES Act funding to support the operations of public transportation and the airport. In addition the City received funding through the Community Development Act Grant to support local businesses and nonprofits. Additionally the State of Maine provided funding to support a municipal awareness campaign.

The true human, small business, employment, economic development, health and safety and financial impacts of the pandemic are likely to have a ripple effect for years to come, similar to the 2008 financial crisis.

Improve public transit, connection, and ridership. 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.

The immediate needs of the transit system that deliver the greatest impact on service continue to our focus. Since 2015, the City has aggressively pursued 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. The system will have taken delivery of 12 new buses since 2016. The design of a new hub is in process and construction is expected to begin in 2021. The next project underway will be the planning and identifying of stops to allow the operation to transition to fixed stops system.

Additionally, the City working with its partners have undertaken a review of management and organizational changes which include the development and implementation of a capital replacement funding schedule as well as undertaking a governance study.

Improve quality and quantity of housing to meet demand for workforce, life cycle and supportive housing. In FY 2020, the City continued implementation of a number of Housing Work Group recommendations focused on quality, affordable housing in the City and the region. This work has included a variety of policy and ordinance changes that facilitate redevelopment and housing density to encourage affordable housing in walkable, transit-served neighborhoods. These changes have resulted in a pipeline of 246 new units being permitted, 132 of which are low-income housing, plus there have been many small rehab projects in Bangor. Options are being evaluated for a potential rental registration and inspection program, ensuring quality in the units available for income production. 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.

The City continues to work to implement approaches and policies that will allow us to facilitate redevelopment/development opportunities to encourage affordable housing in walkable, transit-served neighborhoods, and ensuring Bangor has an more balanced inventory of affordable housing options available.

The pandemic exacerbated challenges for our population experiencing homelessness, creating acute service capacity issues within the existing system. Many persons experiencing homelessness are difficult to shelter due to mental illness, substance use disorder, and physical health complications. The City continues to provide outreach with resources from our Public Health and Community Services and Police departments, as well as additional financial support to organizations assisting persons experiencing homelessness, food insecurity, and other challenges. The City works directly and with partner agencies toward the goal of moving persons experiencing homelessness into permanent housing and ensure the individual has the support required including case management, mental health care, substance abuse treatment, daily living supports, and health care.

Tax Shift

One of the largest challenges faced by the City of Bangor is the incremental nature of Federal and State budget decisions. While single 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, the City remains negatively impacted by statutory funding not being upheld by the Legislature including; funding of revenue sharing and aid to education.

Economic Factors and Next Year's Budget and Rates

- Impact of COVID 19.
- The unemployment rate pre-pandemic remained low and mid pandemic was on par with State rates and well below national rates.
- While Bangor represents less than 3% of the State's population, businesses within the City generate 7.27% of the State's retail sales tax.
- Residential properties valuations are increasing at a higher rate due to low supply and interest rates, however concern remains for continued decline in retail/commercial and entertainment properties.
- Bangor businesses continue to reinvest in personal property. While not subject to local taxation, the value of BETE property (net of depreciation) in FY 2020 increased \$10.7 million, or 7.7%, for a total of \$149.0 million.

The fiscal year 2021 budget reflects the City's historical results for these revenue sources taking into account the loss of program revenues that would likely be incurred due to pandemic restrictions (recreational programs, waterfront concert and Cross Insurance Center rentals) and actual results to date appear to be on track with budgetary estimates. The City did include \$456,610 in fund balance funds within the General Fund to offset what was anticipated to one-time budgetary revenue reductions as a result of COVID 19. 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 2021, the City's taxable assessed value increased 1.8%. 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 2.00% increase to employees, as well as maintain increased levels of investment in infrastructure.

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. 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. These changes have been exacerbated by COVID 19 restrictions and changes in individual behaviors, as well as the continued closure of the Canadian border. Anecdotally, taxable retail sales for the third quarter of 2020 versus 2019 for Bangor remain relatively flat. The implications of all these factors are being monitored closely.

Even with the increase in unemployment it is likely the City and region will continue to face a mismatch between workforce skills and available employment opportunities.

This year the City began 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 3.8 million gallon holding tank along the Penobscot River. This additional storage 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).

In January, the State of Maine's 2022-2023 Biennial budget process will begin. The pandemic is likely to dominate the upcoming State budget process as a significant amount of State revenues are contingent upon some form of sales tax. The City receives approximately \$30 million in state funding annually, including state revenue sharing, aid to education, other school aid, as well as BETE and Homestead Exemption reimbursements. If history is any indication of the future, it is fairly common for the Legislature to balance the State budget by reducing aid to municipalities. Therefore, actions at the State level 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, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bangor Public Library
ASSETS				
Cash and cash equivalents	\$ 40,762,335	\$ 14,743,731	\$ 55,506,066	\$ 543,170
Investments	50,000	15,427,785	15,477,785	12,229,812
Receivables:				
Accounts (net of allowance of \$541,963 and \$198,579, respectively)	663,393	8,085,306	8,748,699	353
Intergovernmental	6,083,634	1,377,061	7,460,695	-
Taxes and liens - prior years	993,846	-	993,846	-
Taxes receivable - current year	1,893,138	-	1,893,138	-
Special assessments	30,130	-	30,130	-
Loans and notes	5,063,754	1,405,026	6,468,780	-
Internal balances	1,700,000	(1,700,000)	-	-
Inventories	741,727	305,284	1,047,011	-
Prepaid items	735,813	368,598	1,104,411	-
Other assets	-	803,796	803,796	-
Non-depreciable capital assets	7,843,648	23,478,141	31,321,789	-
Depreciable capital assets, net	74,470,770	196,218,595	270,689,365	11,493,785
Total assets	\$ 141,032,188	\$ 260,513,323	\$ 401,545,511	\$ 24,267,120
DEFERRED OUTFLOWS OF RESOURCES				
Net OPEB	\$ 1,311,024	\$ 229,909	\$ 1,540,933	\$ -
Net pension	4,883,732	356,249	5,239,981	-
Total deferred outflows of resources	\$ 6,194,756	\$ 586,158	\$ 6,780,914	\$ -
LIABILITIES				
Accounts payable and other current liabilities	\$ 3,278,532	\$ 6,346,679	\$ 9,625,211	\$ 195,846
Accrued wages and benefits payable	6,813,234	456,352	7,269,586	-
Unearned revenues	151,638	748,251	899,889	-
Noncurrent liabilities:				
Due within one year	8,092,751	5,181,698	13,274,449	140,000
Due in more than one year	75,248,443	77,917,438	153,165,881	199,240
Total liabilities	\$ 93,584,598	\$ 90,650,418	\$ 184,235,016	\$ 535,086
DEFERRED INFLOWS OF RESOURCES				
Deferred revenues - assessments	\$ 30,130	\$ -	\$ 30,130	\$ -
Net OPEB	222,875	-	222,875	-
Net pension	1,730,440	149,523	1,879,963	-
Total deferred inflows of resources	\$ 1,983,445	\$ 149,523	\$ 2,132,968	\$ -
NET POSITION				
Net investment in capital assets	\$ 53,392,631	\$ 149,493,021	\$ 202,885,652	\$ 11,493,785
Restricted for:				
Nonexpendable trust principal	385,512	-	385,512	-
Expendable income	533,978	-	533,978	-
Grants and other balances	6,918,999	-	6,918,999	11,667,942
Unrestricted	(9,572,219)	20,806,519	11,234,300	570,307
Total net position	\$ 51,658,901	\$ 170,299,540	\$ 221,958,441	\$ 23,732,034

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Statement of Activities
For the Fiscal Year Ended June 30, 2020

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	\$ 7,848,641	\$ 2,004,043	\$ 500	\$ 24,400	\$ (5,819,698)	\$ -	\$ (5,819,698)	\$ -
Public safety	20,871,023	3,105,928	447,429	180,424	(17,137,242)	-	(17,137,242)	-
Health, community services, and recreation	9,845,591	1,247,814	5,741,919	51,200	(2,804,658)	-	(2,804,658)	-
Public services	14,968,314	1,583,305	25,000	980,442	(12,379,567)	-	(12,379,567)	-
Other agencies	5,515,165	-	-	-	(5,515,165)	-	(5,515,165)	-
Education	58,764,946	6,442,414	29,434,075	-	(22,888,457)	-	(22,888,457)	-
Arena development	86,510	563	1,390,119	-	1,304,172	-	1,304,172	-
Community development	693,641	298,755	442,980	-	48,094	-	48,094	-
Waterfront	105,163	-	-	-	(105,163)	-	(105,163)	-
Public transportation	4,533,716	634,594	3,080,655	3,173,628	2,355,161	-	2,355,161	-
Economic development (TIF)	730,471	-	-	-	(730,471)	-	(730,471)	-
Interest on debt	1,835,219	-	-	-	(1,835,219)	-	(1,835,219)	-
Total governmental activities	125,798,400	15,317,416	40,562,677	4,410,094	(65,508,213)	-	(65,508,213)	-
Business-type activities:								
Sewer Utility	6,254,740	9,448,625	-	1,030,000	-	4,223,885	4,223,885	-
Airport	23,749,179	18,233,077	-	3,984,985	-	(1,531,117)	(1,531,117)	-
Stormwater Utility	1,197,212	1,283,193	-	-	-	85,981	85,981	-
Parking	882,638	872,201	-	41,347	-	30,910	30,910	-
Bass Park	7,107,209	2,165,685	-	-	-	(4,941,524)	(4,941,524)	-
Municipal Golf Course	761,968	716,166	-	-	-	(45,802)	(45,802)	-
Economic Development	379,183	399,939	-	-	-	20,756	20,756	-
Total business-type activities	40,332,129	33,118,886	-	5,056,332	-	(2,156,911)	(2,156,911)	-
Total primary government	\$ 166,130,529	\$ 48,436,302	\$ 40,562,677	\$ 9,466,426	(65,508,213)	(2,156,911)	(67,665,124)	-
Component unit								
Bangor Public Library	\$ 2,930,158	\$ 70,121	\$ 1,768,752	\$ -				\$ (1,091,285)
General revenues:								
Property taxes, levied for general purposes					60,264,977	1,300,000	61,564,977	-
Payment in lieu of taxes					306,479	-	306,479	-
Excise taxes					5,789,454	-	5,789,454	-
Franchise taxes					368,470	-	368,470	-
Grants and contributions not restricted to specific programs:								
Homestead/BETE exemption					3,436,106	-	3,436,106	-
Other State aid					28,774	-	28,774	-
State Revenue Sharing					3,802,415	-	3,802,415	-
Unrestricted investment earnings					853,277	1,024,264	1,877,541	273,788
Gain (loss) on sale of assets					203,396	247,610	451,006	-
Transfers					(1,707,061)	1,707,061	-	-
Total general revenues and transfers					73,346,287	4,278,935	77,625,222	273,788
Change in net position					7,838,074	2,122,024	9,960,098	(817,497)
Net position, beginning of year - Restated Note G					43,820,827	168,177,516	211,998,343	24,549,531
Net position, end of year					\$ 51,658,901	\$ 170,299,540	\$ 221,958,441	\$ 23,732,034

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Balance Sheet
Governmental Funds
June 30, 2020

	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 26,438,260	\$ 12,207,441	\$ 2,116,634	\$ 40,762,335
Investments	50,000	-	-	50,000
Receivables:				
Accounts (net of allowance of \$541,963)	413,007	-	250,386	663,393
Intergovernmental	5,375,890	476,161	231,583	6,083,634
Taxes	2,886,984	-	-	2,886,984
Special assessments	-	30,130	-	30,130
Loans and notes	-	-	5,063,754	5,063,754
Interfund	1,945,655	-	-	1,945,655
Inventory, at cost	741,727	-	-	741,727
Prepaid items	93,813	642,000	-	735,813
Total assets	\$ 37,945,336	\$ 13,355,732	\$ 7,662,357	\$ 58,963,425
LIABILITIES				
Accounts payable	\$ 1,947,932	\$ 795,829	\$ 199,509	\$ 2,943,270
Accrued wages and benefits payable	6,808,077	-	5,157	6,813,234
Interfund loans payable	-	-	245,655	245,655
Unearned revenues	-	42,523	109,115	151,638
Due to rehabilitation recipients	-	-	10,569	10,569
Total liabilities	8,756,009	838,352	570,005	10,164,366
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	1,845,071	-	-	1,845,071
Unavailable revenues - special assessments	-	30,130	-	30,130
Total deferred inflows of resources	1,845,071	30,130	-	1,875,201
FUND BALANCES (Note J)				
Nonspendable	2,736,040	642,000	385,512	3,763,552
Restricted	1,216,497	-	6,236,480	7,452,977
Committed	286,801	-	479,703	766,504
Assigned	8,557,654	11,845,250	-	20,402,904
Unassigned - City & School	14,547,264	-	(9,343)	14,537,921
Total fund balances	27,344,256	12,487,250	7,092,352	46,923,858
Total liabilities, deferred inflows of resources and fund balances	\$ 37,945,336	\$ 13,355,732	\$ 7,662,357	

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.	82,314,418
Unavailable revenues - property taxes are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,845,071
Long-term liabilities, including bonds and notes payable \$50,784,937, accrued interest \$324,693, accrued compensated absences \$2,175,553, self insurance liability \$3,670,059, bond premium \$1,127,497, capital leases \$759,336, and net pension \$4,691,328 and OPEB \$15,891,043 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.	(79,424,446)
Net position of governmental activities	\$ 51,658,901

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, 2020

	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 63,747,033	\$ 2,834,189	\$ -	\$ 66,581,222
Intergovernmental	38,060,989	3,935,806	7,870,901	49,867,696
Licenses and permits	681,420	-	-	681,420
Charges for services	13,147,526	116,500	566,623	13,830,649
Program income	-	-	277,835	277,835
Revenue from use of money and property	1,221,247	125,644	1,443,781	2,790,672
Other	168,249	466,293	541,641	1,176,183
Total revenues	117,026,464	7,478,432	10,700,781	135,205,677
Expenditures				
Current:				
General government	5,747,168	-	-	5,747,168
Public safety	20,050,145	-	-	20,050,145
Health, community services, and recreation	4,812,261	-	-	4,812,261
Public services	10,004,187	-	-	10,004,187
Other agencies	5,505,165	-	-	5,505,165
Education	58,753,118	-	-	58,753,118
Tax increment financing	888,476	-	-	888,476
Unclassified	13,711	-	-	13,711
Restricted grants	-	-	9,070,191	9,070,191
Capital outlay	332,753	12,747,254	-	13,080,007
Debt service	5,718,000	246,901	134,560	6,099,461
Total expenditures	111,824,984	12,994,155	9,204,751	134,023,890
Excess (deficiency) of revenues over (under) expenditures	5,201,480	(5,515,723)	1,496,030	1,181,787
Other financing sources (uses)				
General obligation bonds issued	-	5,000,642	-	5,000,642
Capital leases	548,969	-	-	548,969
Premium on debt issuance	-	296,011	-	296,011
Sale of assets	22,651	197,436	-	220,087
Transfers to other funds	(4,655,516)	(142,889)	(1,942,034)	(6,740,439)
Transfers from other funds	87,000	4,946,378	-	5,033,378
Total other financing sources (uses)	(3,996,896)	10,297,578	(1,942,034)	4,358,648
Net change in fund balances	1,204,584	4,781,855	(446,004)	5,540,435
Fund balances, beginning of year - Restated Note G	26,139,672	7,705,395	7,538,356	41,383,423
Fund balances, end of year	\$ 27,344,256	\$ 12,487,250	\$ 7,092,352	\$ 46,923,858

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, 2020

Net change in fund balances - total governmental funds (from Exhibit 4)	\$	5,540,435
<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 \$8,664,019 exceeds loss on disposal of assets of \$16,691 and depreciation expense of \$4,734,074.</p>		
		3,913,254
<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>		
		(65,538)
<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 \$296,011 in bond premiums and amortized \$101,627 of bond premiums. During the year, \$5,000,642 in bond proceeds were received and capital lease's increased \$548,969. 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 \$5,885,751.</p>		
		141,756
<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: decrease in accrued interest (\$5,799), and increases in accrued compensated absences (\$35,472), net pension liability including deferred outflows and inflows of (\$824,943), OPEB liability including deferred outflows and inflows of (\$352,100) and self insurance liability (\$485,117).</p>		
		(1,691,833)
Change in net position of governmental activities (see Exhibit 2)		\$ 7,838,074

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, 2020

	Budgeted amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 64,210,220	\$ 64,210,220	\$ 63,615,846	\$ (594,374)
Intergovernmental	32,241,488	32,241,488	33,352,655	1,111,167
Licenses and permits	611,743	611,743	681,420	69,677
Charges for services:				
Municipal	8,364,345	8,364,345	6,741,554	(1,622,791)
School	5,543,447	5,543,447	6,407,696	864,249
Fines, forfeits and penalties	22,000	22,000	31,315	9,315
Revenue from use of money and property				
Municipal	908,800	908,800	1,042,935	134,135
Total revenues	111,902,043	111,902,043	111,873,421	(28,622)
Expenditures				
Current:				
General government	5,983,512	6,107,112	5,434,779	672,333
Public safety	20,811,208	20,885,836	20,082,323	803,513
Health, community services, and recreation	5,131,959	5,163,959	4,834,218	329,741
Public services	11,479,583	11,479,583	9,984,731	1,494,852
Other agencies	5,524,433	5,528,193	5,505,115	23,078
Education	56,607,463	59,703,161	56,925,104	2,778,057
Unclassified	794,503	794,503	902,187	(107,684)
Debt service	5,893,242	5,893,242	5,718,000	175,242
Total expenditures	112,225,903	115,555,589	109,386,457	6,169,132
Excess (deficiency) of revenues over (under) expenditures	(323,860)	(3,653,546)	2,486,964	6,140,510
Other financing sources (uses)				
Appropriation from restricted, committed, and assigned fund balances	1,318,183	1,318,183	42,197	(1,275,986)
Appropriation to assigned fund balance	-	-	(359,000)	(359,000)
Appropriation from unassigned fund balance	216,994	216,994	-	(216,994)
Sale of assets	30,000	30,000	22,651	(7,349)
Contributions	27,500	27,500	25,361	(2,139)
Insurance settlements	27,500	27,500	76,855	49,355
Transfers to other funds	(1,323,317)	(1,323,317)	(1,323,317)	-
Transfers from other funds	27,000	27,000	60,000	33,000
Total other financing sources (uses)	323,860	323,860	(1,455,253)	(1,779,113)
Net change in fund balances	\$ -	\$ (3,329,686)	1,031,711	\$ 4,361,397
Unassigned fund balance, beginning of year			13,403,958	
Changes in fund balance classification in accordance with GAAP				
Changes in balances carried			(356,748)	
Inventory and prepaids (GASB 54)			468,343	
Unassigned fund balance - City, end of year			\$ 14,547,264	

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2020

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	\$ 5,449,524	\$ 4,068,381	\$ 1,108,663	\$ 4,117,163	\$ 14,743,731
Investments	-	10,310,963	-	-	10,310,963
Accounts receivable	2,914,352	4,627,522	389,949	352,062	8,283,885
Less allowance for uncollectible accounts	(45,000)	(153,579)	-	-	(198,579)
Accounts receivable (net of allowance)	2,869,352	4,473,943	389,949	352,062	8,085,306
Due from other governments	109,633	1,267,428	-	-	1,377,061
Inventories, at cost	-	269,164	36,120	-	305,284
Prepaid items	-	206,351	64,620	97,627	368,598
Total current assets	8,428,509	20,596,230	1,599,352	4,566,852	35,190,943
Noncurrent assets					
Capital assets:					
Land and improvements	683,865	-	579,157	5,008,359	6,271,381
Buildings and improvements	30,119,765	-	68,845,407	4,587,330	103,552,502
Machinery and equipment	9,686,370	-	2,158,202	655,585	12,500,157
Infrastructure	69,042,275	-	-	683,189	69,725,464
Aircraft operational assets	-	297,378,838	-	-	297,378,838
Parking structures	-	-	-	11,337,000	11,337,000
Construction in process	12,731,883	6,846,940	-	170,350	19,749,173
Total capital assets	122,264,158	304,225,778	71,582,766	22,441,813	520,514,515
Less accumulated depreciation	(51,030,471)	(214,006,687)	(20,741,265)	(15,039,356)	(300,817,779)
Net capital assets	71,233,687	90,219,091	50,841,501	7,402,457	219,696,736
Investments	-	5,116,822	-	-	5,116,822
Loans receivable	-	106,422	-	1,298,604	1,405,026
Due from bond trustee	803,796	-	-	-	803,796
Total noncurrent assets	72,037,483	95,442,335	50,841,501	8,701,061	227,022,380
Total assets	\$ 80,465,992	\$ 116,038,565	\$ 52,440,853	\$ 13,267,913	\$ 262,213,323
DEFERRED OUTFLOWS OF RESOURCES					
OPEB	\$ 51,017	\$ 166,958	\$ -	\$ 11,934	\$ 229,909
Net pension	100,377	255,872	-	-	356,249
Total deferred outflows of resources	\$ 151,394	\$ 422,830	\$ -	\$ 11,934	\$ 586,158

See accompanying notes to financial statements.

Continued on next page

CITY OF BANGOR, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2020

Business-type Activities - Enterprise Funds

	Sewer Utility Fund	Airport Fund	Bass Park Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
LIABILITIES					
Current liabilities					
Accounts payable	\$ 2,883,396	\$ 1,867,636	\$ 366,614	\$ 216,327	\$ 5,333,973
Accrued wages and benefits payable	59,783	220,965	151,777	23,827	456,352
Accrued interest	79,087	44,152	856,038	33,429	1,012,706
Workers' compensation	20,000	173,983	-	7,210	201,193
Interfund loans payable	-	-	1,700,000	-	1,700,000
General obligation debt payable	1,815,443	672,194	1,347,816	646,123	4,481,576
Capital lease obligation payable	-	-	3,849	12,576	16,425
Accrued compensated absences	54,275	313,496	-	17,865	385,636
Unearned revenue	-	-	748,251	-	748,251
Other liabilities	6,157	-	90,711	-	96,868
Total current liabilities	4,918,141	3,292,426	5,265,056	957,357	14,432,980
Long-term liabilities					
Workers' compensation	-	87,232	-	12,790	100,022
General obligation debt payable	18,408,517	6,098,139	46,043,634	2,194,851	72,745,141
Capital lease obligation payable	-	-	18,102	26,688	44,790
Accrued compensated absences	39,524	150,717	-	9,573	199,814
OPEB liability	470,865	1,481,698	-	92,159	2,044,722
Net pension liability	168,131	428,828	-	-	596,959
Other long-term liabilities	273,483	-	1,912,507	-	2,185,990
Total long-term liabilities	19,360,520	8,246,614	47,974,243	2,336,061	77,917,438
Total liabilities	\$ 24,278,661	\$ 11,539,040	\$ 53,239,299	\$ 3,293,418	\$ 92,350,418
DEFERRED INFLOWS OF RESOURCES					
Net pension	\$ 42,112	\$ 107,411	\$ -	\$ -	\$ 149,523
Total deferred inflows of resources	\$ 42,112	\$ 107,411	\$ -	\$ -	\$ 149,523
NET POSITION					
Net investment in capital assets	\$ 53,938,800	\$ 85,539,092	\$ 4,652,634	\$ 5,362,495	\$ 149,493,021
Unrestricted	2,357,813	19,275,852	(5,451,080)	4,623,934	20,806,519
Total net position	\$ 56,296,613	\$ 104,814,944	\$ (798,446)	\$ 9,986,429	\$ 170,299,540

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, 2020

Business-type Activities - Enterprise Funds					
	Sewer Utility Fund	Airport Fund	Bass Park Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
Operating revenues					
Charges for services	\$ 9,448,625	\$ 18,233,077	\$ 2,165,685	\$ 3,271,499	\$ 33,118,886
Total operating revenues	9,448,625	18,233,077	2,165,685	3,271,499	33,118,886
Operating expenses					
Operating expenses other than depreciation	5,100,841	16,823,178	2,516,892	2,610,646	27,051,557
Depreciation	881,410	6,611,681	2,953,408	506,538	10,953,037
Total operating expenses	5,982,251	23,434,859	5,470,300	3,117,184	38,004,594
Operating income (loss)	3,466,374	(5,201,782)	(3,304,615)	154,315	(4,885,708)
Nonoperating revenue (expenses)					
Interest income	181,901	667,787	-	174,576	1,024,264
Interest expense	(272,489)	(314,320)	(1,636,909)	(103,817)	(2,327,535)
Taxes (Downtown TIF)	-	-	1,300,000	-	1,300,000
Gain (loss) on sale of assets	5,765	265,000	-	(23,155)	247,610
Total nonoperating revenue (expenses)	(84,823)	618,467	(336,909)	47,604	244,339
Net income (loss) before grants/contributions and transfers	3,381,551	(4,583,315)	(3,641,524)	201,919	(4,641,369)
Grants/contributions received for capital assets	1,030,000	3,984,985	-	41,347	5,056,332
Transfers to other funds	(30,000)	(12,926)	-	(184,533)	(227,459)
Transfers from other funds	99,033	-	1,716,672	118,815	1,934,520
Change in net position	4,480,584	(611,256)	(1,924,852)	177,548	2,122,024
Net position, beginning of year	51,816,029	105,426,200	1,126,406	9,808,881	168,177,516
Net position, end of year	\$ 56,296,613	\$ 104,814,944	\$ (798,446)	\$ 9,986,429	\$ 170,299,540

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended June 30, 2020
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	\$ 9,628,744	\$ 20,106,625	\$ 2,424,100	\$ 3,376,217	\$ 35,535,686
Cash paid to suppliers for goods and services	(2,344,337)	(9,372,933)	(2,193,566)	(1,935,574)	(15,846,410)
Cash paid to employees for services	(2,107,366)	(8,651,507)	-	(634,933)	(11,393,806)
Net cash provided by operating activities	5,177,041	2,082,185	230,534	805,710	8,295,470
Cash flows from noncapital financing activities					
Interfund loans (repayments)	(47,477)	-	-	-	(47,477)
Taxes (Downtown TIF)	-	-	1,300,000	-	1,300,000
Transfers in	99,033	-	1,716,672	118,815	1,934,520
Transfers out	(30,000)	(12,926)	-	(184,533)	(227,459)
Net cash provided by (used for) noncapital financing activities	21,556	(12,926)	3,016,672	(65,718)	2,959,584
Cash flows from capital and related financing activities					
Proceeds from general obligation bonds	4,433,858	-	-	142,500	4,576,358
Acquisition and construction of capital assets	(9,393,743)	(3,120,368)	-	(211,493)	(12,725,604)
Premium received	123,142	-	-	-	123,142
Principal paid on general obligation bonds/notes/capital leases	(1,698,513)	(650,130)	(1,290,751)	(611,640)	(4,251,034)
Interest paid on general obligation bonds/notes/capital leases	(259,077)	(317,342)	(1,759,155)	(109,401)	(2,444,975)
Proceeds from sale of property	5,765	265,000	-	-	270,765
Grant/contribution monies received for capital assets	1,174,547	3,699,459	-	41,347	4,915,353
Net cash used for capital and related financing activities	(5,614,021)	(123,381)	(3,049,906)	(748,687)	(9,535,995)
Cash flows from investing activities					
Net sales (purchases) of investments	-	(585,824)	-	-	(585,824)
Investment of unexpended bond proceeds	377,504	-	-	-	377,504
Interest on investments	181,901	667,787	-	174,576	1,024,264
Loan repayments	-	49,978	-	23,279	73,257
Net cash provided by investing activities	559,405	131,941	-	197,855	889,201
Net increase in cash and cash equivalents	143,981	2,077,819	197,300	189,160	2,608,260
Cash and cash equivalents, beginning of year	5,305,543	1,990,562	911,363	3,928,003	12,135,471
Cash and cash equivalents, end of year	\$ 5,449,524	\$ 4,068,381	\$ 1,108,663	\$ 4,117,163	\$ 14,743,731

Schedule of noncash investing, capital and financing activities:

During the year, the Airport Fund had an unrealized gain on investments in the amount of \$647,011 and expended \$774,176 in capital asset acquisition costs to be reimbursed by Federal and State grants in a subsequent year.

During the year, the Bass Park Fund entered into a capital lease in the amount of \$25,401 to finance the acquisition of a capital asset.

During the year, the Parking Fund disposed of assets resulting in a loss of \$23,155.

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, 2020

	Business-type Activities - Enterprise Funds				
	Sewer Utility Fund	Airport Fund	Bass Park Fund	Nonmajor Proprietary Funds	Total Proprietary Funds
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ 3,466,374	\$ (5,201,782)	\$ (3,304,615)	\$ 154,315	\$ (4,885,708)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation	881,410	6,611,681	2,953,408	506,538	10,953,037
Allowance for uncollectible accounts	-	15,469	-	-	15,469
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	180,119	1,858,080	178,343	88,269	2,304,811
(Increase) decrease in inventories	-	(23,321)	2,511	-	(20,810)
(Increase) decrease in prepaid items	43,002	158,333	(3,731)	30,049	227,653
Increase (decrease) in accounts payable	623,636	(1,426,694)	252,811	21,978	(528,269)
Increase (decrease) in unearned revenue	-	-	80,072	-	80,072
Increase (decrease) in other liabilities	(17,500)	90,419	71,735	4,561	149,215
Total adjustments	1,710,667	7,283,967	3,535,149	651,395	13,181,178
Net cash provided by operating activities	\$ 5,177,041	\$ 2,082,185	\$ 230,534	\$ 805,710	\$ 8,295,470

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Statement of Net Position
Fiduciary Funds
June 30, 2020

	Private Purpose Trust	Agency Fund
ASSETS		
Cash and cash equivalents	\$ 84,707	\$ 152,718
Investments	1,874,776	-
Total assets	\$ 1,959,483	\$ 152,718
LIABILITIES		
Amounts held for others	-	152,718
Total liabilities	\$ -	\$ 152,718
NET POSITION		
Net Position	\$ 1,959,483	
Total net position	\$ 1,959,483	

See accompanying notes to financial statements.

CITY OF BANGOR, MAINE
Statement of Changes in Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2020

	Private Purpose Trust
<hr/>	
Additions:	
Contributions	\$ 29,863
Investment income	68,134
Total revenues	<hr/> 97,997
Deductions:	
Payments to beneficiaries	\$ 62,660
Other expenses	37,600
Total expenditures	<hr/> 100,260
Net increase (decrease) in net position	<hr/> (2,263)
Net position, beginning of year	
Restated Note G	<hr/> 1,961,746
Net position, end of year	\$ 1,959,483

See accompanying notes to financial statements.

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CITY OF BANGOR, MAINE
Notes to the Financial Statements
June 30, 2020

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 68% of the operating financial support received by the Library during the year ended June 30, 2020. 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, 20 Godfrey Drive, Suite 213, Orono, ME 04473.

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.

Private purpose trust funds account for contributions received and scholarships awarded for Bangor High School graduates.

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.

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 versus reporting under accounting principles generally accepted in the United States of America of \$4,708,334. These amounts have been included as intergovernmental revenue and education expenditures in the general fund on the Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit 4) and in the entity-wide Statement of Activities (Exhibit 2). There is no effect on fund balance or net position at the end of the year.

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

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

B. Reconciliation of Budgetary Basis Statements

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

Excess of revenues and other financing sources over expenditures and other financing uses (Budget)	\$ 1,031,711
Activity in assigned and committed fund balances	(937,070)
2020 encumbrances	1,651,165
2019 encumbrances paid	(520,107)
2019 encumbrances lapsed	<u>(21,115)</u>
Excess of revenues and other financing sources over expenditures and other uses (GAAP)	<u>\$ 1,204,584</u>

C. Excess of Expenditures Over Appropriations

The following General Fund departments were over-expended by the indicated dollar amounts; Executive \$38,749, Legal \$14,045 and Insurance \$38,318. 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.

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, 2020, none of the City's bank balance of \$55,236,953 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, 2020, the City had the following investments and maturities:

Investment types	Rating	Fair Value	Not Applicable	Maturity (years)		
				<1	1-5	6-10
Mutual Funds		\$ 6,613,703	\$ 6,613,703	\$ -	\$ -	\$ -
US Treasuries	AA+	5,252,416	-	2,450,963	2,801,453	-
Corporate Bonds	A - BBB	2,115,171	-	50,300	2,064,871	-
Common Stock		1,347,260	1,347,260	-	-	-
Certificate of Deposit		2,024,011	-	1,672,775	351,236	-
Totals		<u>\$ 17,352,561</u>	<u>\$ 7,960,963</u>	<u>\$ 4,174,038</u>	<u>\$ 5,217,560</u>	<u>\$ -</u>

Investment types	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Mutual Funds	\$ 6,613,703	\$ 6,613,703	\$ -	\$ -
US Treasuries	5,252,416	5,252,416	-	-
Corporate Bonds	2,115,171	2,115,171	-	-
Common Stock	1,347,260	1,347,260	-	-
Totals	<u>\$ 15,328,550</u>	<u>\$ 15,328,550</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, 2020, 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 11, 2019, 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 16, 2019 and March 16, 2020. Interest was charged at 9.00% on all taxes unpaid as of the due date.

Property taxes levied during the year were recorded as receivables at the time the levy was made. The receivables collected during the year and in the first sixty days following the end of the fiscal year have been recorded as revenues. The remaining receivables have been recorded as deferred 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, 2020 was as follows:

	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,063,668	\$ -	\$ -	\$ 5,063,668
Construction in process	659,677	3,375,787	1,255,484	2,779,980
Total capital assets not being depreciated	5,723,345	3,375,787	1,255,484	7,843,648
Capital assets, being depreciated:				
Land improvements	15,875,665	167,691	-	16,043,356
Buildings and improvements	74,305,163	819,708	-	75,124,871
Machinery and equipment	13,631,523	263,880	42,257	13,853,146
Vehicles	21,183,002	4,554,958	328,584	25,409,376
Infrastructure	25,709,394	737,479	-	26,446,873
Total capital assets being depreciated	150,704,747	6,543,716	370,841	156,877,622
Less accumulated depreciation for:				
Land improvements	(7,185,398)	(694,579)	-	(7,879,977)
Buildings and improvements	(34,167,819)	(1,601,973)	-	(35,769,792)
Machinery and equipment	(11,732,721)	(348,062)	(42,257)	(12,038,526)
Vehicles	(11,577,618)	(1,692,459)	(311,893)	(12,958,184)
Infrastructure	(13,363,372)	(397,001)	-	(13,760,373)
Total accumulated depreciation	(78,026,928)	(4,734,074)	(354,150)	(82,406,852)
Total capital assets being depreciated, net	72,677,819	1,809,642	16,691	74,470,770
Governmental activities capital assets, net	\$ 78,401,164	\$ 5,185,429	\$ 1,272,175	\$ 82,314,418

	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 3,728,968	\$ -	\$ -	\$ 3,728,968
Construction in process	10,648,982	14,067,831	4,967,640	19,749,173
Total capital assets not being depreciated	14,377,950	14,067,831	4,967,640	23,478,141
Capital assets, being depreciated:				
Land improvements	2,542,413	-	-	2,542,413
Buildings and improvements	102,485,315	1,067,187	-	103,552,502
Machinery and equipment	11,901,761	611,817	13,421	12,500,157
Infrastructure	66,517,313	3,208,151	-	69,725,464
Airport operational assets	297,155,601	598,266	375,029	297,378,838
Parking structures	11,372,837	41,347	77,184	11,337,000
Total capital assets being depreciated	491,975,240	5,526,768	465,634	497,036,374
Less accumulated depreciation for:				
Land improvements	(2,017,821)	(56,275)	-	(2,074,096)
Buildings and improvements	(46,839,737)	(2,857,799)	(2)	(49,697,534)
Machinery and equipment	(7,610,638)	(476,168)	(13,422)	(8,073,384)
Infrastructure	(16,092,144)	(689,583)	-	(16,781,727)
Airport operational assets	(207,770,035)	(6,611,681)	(375,029)	(214,006,687)
Parking structures	(9,976,848)	(261,531)	(54,028)	(10,184,351)
Total accumulated depreciation	(290,307,223)	(10,953,037)	(442,481)	(300,817,779)
Total capital assets being depreciated, net	201,668,017	(5,426,269)	23,153	196,218,595
Business-type activities capital assets, net	\$ 216,045,967	\$ 8,641,562	\$ 4,990,793	\$ 219,696,736

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	\$ 1,142,181
Public safety	736,524
Health, community services and recreation	217,476
Public services	655,857
Education	1,345,173
Public transportation	<u>636,863</u>
Total depreciation expense - governmental activities	<u>\$ 4,734,074</u>
Business-type activities:	
Sewer Utility Fund	\$ 881,410
Airport Fund	6,611,681
Bass Park Fund	2,953,408
Stormwater	16,493
Economic Development Fund	157,193
Parking Fund	261,531
Municipal Golf Course	<u>71,321</u>
Total depreciation expense - business-type activities	<u>\$ 10,953,037</u>

Construction commitments:

At June 30, 2020, the City had entered into contracts or otherwise committed to various construction projects:

	Contract Amount	Paid To Date	Balance Remaining
Land Improvements	\$ 433,777	\$ 315,252	\$ 118,525
Infrastructure	483,068	115,160	367,908
Aircraft Operational Upgrades	9,615,969	2,879,331	6,736,638
Sewer Upgrades	33,057,189	14,867,984	18,189,205

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, 2020, the balances were as follows:

	Receivable	Payable
General Fund	\$ 1,945,655	\$ -
Nonmajor Governmental Funds	-	245,655
Bass Park Fund	-	1,700,000
	<u>\$ 1,945,655</u>	<u>\$ 1,945,655</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, 2020 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	\$ 4,655,516	\$ 87,000
Capital Projects Fund	142,889	4,946,378
Nonmajor Governmental Funds	1,942,034	-
Sewer Fund	30,000	99,033
Airport Fund	12,926	-
Bass Park Fund	-	1,716,672
Nonmajor Enterprise Funds	184,533	118,815
	<u>\$ 6,967,898</u>	<u>\$ 6,967,898</u>

E. Due From Other Governments

Due from other governments is comprised of the following amounts at June 30, 2020:

	Federal Government	State of Maine	Other	Total
General Fund	\$ 2,161,768	\$ 2,190,364	\$ 1,023,758	\$ 5,375,890
Capital Projects Fund	40,400	344,512	91,249	476,161
Nonmajor Special Revenue Funds	169,926	61,657	-	231,583
Sewer Fund	-	-	109,633	109,633
Airport Fund	879,466	387,962	-	1,267,428
Total	<u>\$ 3,251,560</u>	<u>\$ 2,984,495</u>	<u>\$ 1,224,640</u>	<u>\$ 7,460,695</u>

Amounts due from Federal Government are comprised of operating and capital grants for all fund types. Of the General Fund's \$2,190,364 due from State of Maine, \$1,341,912 represents school grant and State agency billings, and \$451,839 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 \$867,879 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, 2020 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
2021	\$ 2,827,311	\$ 477,061
2022	1,411,292	404,936
2023	1,283,654	301,229
2024	1,123,675	295,663
2025	949,519	284,989
Subsequent to 2026	10,354,511	2,122,804
	<u>\$ 17,949,962</u>	<u>\$ 3,886,682</u>

Minimum future rentals do not include contingent rentals, which may be received as stipulated in the lease contracts. The Airport received \$2,576,128 in contingent rentals in fiscal year 2020.

The carrying amounts of the leased assets are as follows:

	Airport	Economic Development
Land	\$ 565,532	\$ 2,515,911
Buildings	22,755,681	3,674,723
Less accumulated depreciation	(16,351,691)	(1,913,489)
Total	<u>\$ 6,969,522</u>	<u>\$ 4,277,145</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, 2020:

	Business-type Activities
Machinery and equipment	\$ 180,384
Less accumulated depreciation	(70,240)
Carrying value	<u>\$ 110,144</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, 2020:

Fiscal Year ending June 30,	Governmental Activities	Business-type Activities
2021	\$ 300,946	\$ 19,115
2022	300,946	19,114
2023	204,381	19,115
2024	-	4,960
2025	-	4,960
Subsequent to 2025	-	413
Total minimum lease payments	<u>806,273</u>	<u>67,677</u>
Less: amount representing interest	(46,937)	(6,462)
Present value of future minimum lease payments	<u>\$ 759,336</u>	<u>\$ 61,215</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	\$ 803,796	
Total	\$ 803,796	

H. Unearned Revenue

Community Development Block Grant, Arena Fund and Capital Projects Fund unearned revenues consist of \$49,944, \$59,171 and \$42,523 in advance deposits, respectively. Bass Park Fund unearned revenues consist of \$748,251 in advance sales.

I. Long-term Debt

General Obligation Bonds and Notes from Direct Borrowings

The City issues general obligation bonds or notes from direct borrowings to provide funds for the acquisition and construction of major capital additions. General obligation bonds and notes from direct borrowings have been issued for both governmental and business-type activities. Bond and note obligations are reported in proprietary funds if they are expected to be repaid from proprietary fund revenues. Propriety obligations are, or may be, self-supporting if charges, fees and revenues are sufficient to fund operating, maintenance and associated debt service. In addition, general obligation bonds have been issued to refund general obligation bonds and extinguish existing prior retirement liability. General obligation bonds and direct borrowings are direct obligations and pledge the full faith and credit of the government. These bonds are typically issued as 20-year serial bonds; but according to State Statute, may be issued for up to 30 years. In the event of default the City continues to be obligated for associated debt service, when due; or to pay arrears, if any, until the default is cured.

The original amount of general obligation bonds and notes issued is \$189,402,915. The following is a summary of general obligation bond and note transactions of the City for the fiscal year ended June 30, 2020:

Bonds and notes payable at June 30, 2019	\$ 128,290,800
Add: principal additions	9,577,000
Less: principal repayments	9,856,146
Bonds and notes payable at June 30, 2020	\$ 128,011,654

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

Bonds and notes payable at June 30, 2020 are comprised of the following:

	Fiscal year of maturity	Interest rate	Governmental Activities		Business-type Activities	Total June 30, 2020
			City	School		
Long-term debt						
Public improvements note*	2022	4.50%	106,423	-	-	106,423
Pension obligation bonds	2026	3.06% - 6.45%	14,185,538	911,372	3,056,375	18,153,285
Combined sewer overflow	2023	1.94%	-	-	509,689	509,689
Briggs building note*	2023	4.50%	-	-	285,528	285,528
Combined sewer overflow	2025	1.41%	-	-	760,795	760,795
Chancellor's property note*	2026	5.00%	-	-	916,394	916,394
Combined sewer overflow	2027	1.64%	-	-	775,066	775,066
Combined sewer overflow	2028	1.81%	-	-	886,908	886,908
ARRA - CWSRF	2029	0.00%	-	-	436,009	436,009
ARRA - CWSRF	2030	0.00%	-	-	256,880	256,880
Public improvements/refunding	2021	2.00% - 3.25%	125,000	-	400,000	525,000
Qualified school construction bond	2028	4.65%	-	5,590,000	-	5,590,000
Refunding/public improvements	2022	2.00% - 2.25%	474,257	423,267	282,476	1,180,000
Arena	2043	3.25% - 5.00%	-	-	47,135,000	47,135,000
Qualified school construction bond	2035	4.05%	-	2,785,000	-	2,785,000
Refunding/public improvements	2032	2.00% - 4.00%	3,766,244	-	903,756	4,670,000
Refunding/airport improvements	2033	.50% - 4.25%	-	-	2,880,000	2,880,000
Public improvements	2034	2.00% - 4.00%	4,685,000	840,000	210,000	5,735,000
Combined sewer overflow	2034	0.10%	-	-	1,879,677	1,879,677
Public improvements	2030	2.00% - 2.75%	1,800,000	200,000	-	2,000,000
Airport improvements	2035	3.00% - 3.65%	-	-	1,200,000	1,200,000
Refunding/public improvements	2030	2.00% - 3.00%	2,071,000	-	204,000	2,275,000
Airport improvements	2027	0.95% - 3.25%	-	-	600,000	600,000
Combined sewer overflow	2036	1.00%	-	-	3,638,000	3,638,000
Public improvements	2036	1.00%	4,370,704	554,982	604,314	5,530,000
Refunding/public improvements	2034	3.00% - 5.00%	2,895,508	-	174,492	3,070,000
Combined sewer overflow	2038	1.00%	-	-	4,180,000	4,180,000
Combined sewer overflow	2038	1.00%	-	-	475,000	475,000
Public improvements	2039	2.00% - 4.00%	5,000,642	-	2,426,358	7,427,000
Sewer improvements	2039	1.00%	-	-	2,150,000	2,150,000
Total bonds and notes payable			\$ 39,480,316	\$ 11,304,621	\$ 77,226,717	\$ 128,011,654

* 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, 2020, the statutory limit for the City was \$400,072,500. The City's outstanding long-term debt of \$128,011,654 at June 30, 2020 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
2021	\$ 5,303,322	\$ 1,930,619	\$ 52,040	\$ 4,789	\$ 4,225,877	\$ 2,277,702	\$ 225,699	\$ 58,813
2022	5,170,283	1,581,903	54,381	2,447	3,976,945	2,178,150	236,575	47,936
2023	4,935,287	1,302,326	-	-	3,959,023	2,040,826	247,978	36,535
2024	5,175,611	1,068,631	-	-	3,920,334	1,905,992	155,962	24,584
2025	5,276,570	824,956	-	-	4,051,308	1,773,473	163,760	16,785
2026-2030	17,943,664	1,482,765	-	-	16,637,393	7,145,465	171,949	8,597
2031-2035	3,774,471	296,707	-	-	16,032,722	5,023,947	-	-
2036-2040	3,099,308	18,279	-	-	14,756,192	2,845,357	-	-
2041-2044	-	-	-	-	8,465,000	516,900	-	-
Total	\$ 50,678,516	\$ 8,506,186	\$ 106,421	\$ 7,236	\$ 76,024,794	\$ 25,707,812	\$ 1,201,923	\$ 193,250

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, 2020, \$1,590,000 remains authorized and unissued. The City will continue to monitor when and if the debt will be issued.

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, 2020, 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, 2020, \$921,500 remains authorized and unissued. The majority of the unissued bonds are dependent upon redevelopment of particular properties, at this time it is unknown when that may occur.

On August 12, 2019, the City Council authorized the issuance of up to \$15,775,000 in general obligations bonds for the purpose of funding sewer infrastructure. As of June 30, 2020, the bonds have not been issued. The City expects to issue Bond Anticipation notes within the next twelve months for this work, permanent financing is expected to occur upon completion in the fall of 2021.

On August 12, 2019, the City Council authorized the issuance of up to \$6,000,000 in general obligation bonds for the purpose of rehabilitating City Hall. As of June 30, 2020, the bond have not been issued. The City expects to issue the debt within the next eighteen months.

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, 2020, was as follows:

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Due within one year
Governmental activities:					
General obligation debt	\$ 51,239,446	\$ 5,000,642	\$ 5,561,572	\$ 50,678,516	\$ 5,303,322
Notes from direct borrowings	156,220	-	49,799	106,421	52,040
Accrued compensated absences*	2,140,081	1,618,584	1,583,112	2,175,553	1,479,698
Capital leases	484,747	548,969	274,380	759,336	300,946
Bond premium	933,113	296,011	101,627	1,127,497	116,428
OPEB liability*	16,201,739	777,453	-	16,979,192	-
Net pension liability*	5,080,241	2,764,379	-	7,844,620	-
Self insurance liability	3,184,942	1,249,383	764,266	3,670,059	840,317
Governmental activities long-term liabilities	<u>\$ 79,420,529</u>	<u>\$ 12,255,421</u>	<u>\$ 8,334,756</u>	<u>\$ 83,341,194</u>	<u>\$ 8,092,751</u>
Business-type activities:					
General obligation debt	\$ 75,477,886	\$ 4,576,358	\$ 4,029,450	\$ 76,024,794	\$ 4,255,877
Notes from direct borrowings	1,417,248	-	215,325	1,201,923	225,699
Accrued compensated absences*	608,824	437,019	460,393	585,450	385,636
Capital leases	42,174	25,300	6,259	61,215	16,425
Bond premium	2,093,929	123,142	90,711	2,126,360	96,868
OPEB liability*	2,040,079	4,643	-	2,044,722	-
Net pension liability*	446,426	150,533	-	596,959	-
Self insurance liability	281,215	90,786	70,786	301,215	201,193
Other	156,498	-	-	156,498	-
Business-type activities long-term liabilities	<u>\$ 82,564,279</u>	<u>\$ 5,407,781</u>	<u>\$ 4,872,924</u>	<u>\$ 83,099,136</u>	<u>\$ 5,181,698</u>

* - The liquidation of compensated absences, 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, 2020, fund balances components consisted of the following:

	Nonspendable	Restricted	Committed	Assigned
General Fund:				
Advances to other funds	\$ 1,900,500	\$ -	\$ -	\$ -
Inventory and prepaid items	835,540	-	-	-
PEG capital support	-	5,715	-	-
School capital	-	83,635	-	-
Education	-	774,363	-	-
School debt sinking fund	-	352,784	-	-
Cultural Comm/Public Transport	-	-	108,010	-
Public Safety/General Government	-	-	178,791	-
Subsequent year expenditures	-	-	-	68,563
Pooled equipment reserve	-	-	-	511,672
Bus equipment reserve	-	-	-	611,899
Fire equipment reserve	-	-	-	535,022
Self insurance reserve	-	-	-	3,062,169
Improvement reserve	-	-	-	954,803
Demolition reserve	-	-	-	106,933
Community connector reserve	-	-	-	177,352
Benefit reserve	-	-	-	1,666,689
Energy efficiency reserve	-	-	-	431,491
Parks & Recreation reserve	-	-	-	431,061
Subtotal	<u>2,736,040</u>	<u>1,216,497</u>	<u>286,801</u>	<u>8,557,654</u>
Capital Projects Fund	<u>642,000</u>	<u>-</u>	<u>-</u>	<u>11,845,250</u>
Other Governmental Funds:				
Nonexpendable trust principal	385,512	-	-	-
Nonmajor Special Revenue Funds				
Community development	-	3,982,111	-	-
Infrastructure	-	292,889	-	-
Public Safety	-	238,538	-	-
Transportation	-	141,127	-	-
Economic Develop	-	431,917	-	-
Parks	-	508,378	-	-
Health	-	44,519	-	-
Arena	-	-	479,703	-
Other Municipal	-	63,023	-	-
Nonmajor Permanent Funds				
Cemetery	-	66,561	-	-
Missionary	-	104,048	-	-
Education	-	132,959	-	-
Other Municipal	-	230,410	-	-
Subtotal	<u>385,512</u>	<u>6,236,480</u>	<u>479,703</u>	<u>-</u>
Total	<u>\$ 3,763,552</u>	<u>\$ 7,452,977</u>	<u>\$ 766,504</u>	<u>\$ 20,402,904</u>

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

DETAILED NOTES ON ALL FUNDS, CONTINUED

Encumbrances at year end were \$1,651,165 for the General Fund, \$2,020,795 for the Capital Projects Fund, \$5,547,112 for the Airport Fund, \$24,103,412 for the Sewer Utility Fund, \$112,414 for the Stormwater Fund, \$32,896 for the Parking Fund, \$619 for the Golf Fund and \$10,500 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, 2020:

	Governmental	Business-type
Capital assets	\$ 164,721,270	\$ 520,514,515
Accumulated depreciation	(82,406,852)	(300,817,779)
Bonds and notes payable	(50,784,937)	(77,226,717)
Capital leases	(759,336)	(61,215)
Non capital related bonds payable	22,127,749	6,720,283
Premium on long term debt	(1,127,497)	(2,126,360)
Unspent bond proceeds	1,622,234	2,490,294
Net investment in capital assets	\$ 53,392,631	\$ 149,493,021

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, 2020, 2019 and 2018.

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, 2020, the amount of self-insurance liability was \$3,971,274. 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, 2018 resulted from the following:

	Workers' Compensation	All other self- insured risks	Total
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
Incurred claims	406,155	-	406,155
Payments	(835,051)	(210)	(835,261)
Changes in estimates and other adjustments	928,984	5,239	934,223
 Unpaid claims as of July 1, 2020	 \$ 3,664,710	 \$ 306,564	 \$ 3,971,274

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 2020, the City captured \$4,260,027 in incremental property taxes and dispersed \$361,531 in CEA payments to fourteen (14) developers. The remaining \$3,898,496 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 \$95,176 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 \$50,721 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.

The City dispersed \$36,272 to Seminary Housing to reimburse for investments for affordable elderly housing.

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 2021.

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 10.6% depending upon the employee’s classification. For fiscal year 2020, covered payroll was \$19,566,977 and City contributions were \$1,628,578. 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 \$227,654 and \$32,235 respectively, in fiscal year 2020.

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.

As of June 30, 2020, the City had the following balances reported in the government-wide financial statements:

Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
PLD	\$ 6,297,032	\$ 3,757,938	\$ (1,577,249)	\$ 5,347,033
SET	2,144,547	1,482,043	(302,714)	6,078,805
Total	\$ 8,441,579	\$ 5,239,981	\$ (1,879,963)	

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 or 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.

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

OTHER INFORMATION, CONTINUED

PLD Plan – Employees are required to contribute 8.0% - 8.10% of their annual pay. The City's contractually requirement contribution rate for the year June 30, 2020 ranged from 10.0% - 10.6% depending on the applicable benefit structure. The City's contributions to the pension plan were \$1,230,690 for the year ended June 30, 2020.

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, 2020 was 18.49% of annual payroll of which 4.16% of payroll was required from the City and 14.33% was required from the State. Contributions to the pension plan from the City were \$1,150,353 for the year ended June 30, 2020.

Pension Liabilities, Expense and Deferred Outflows and Inflows of Resources – The net pension liabilities were measured as of June 30, 2019, 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.

At June 30, 2020, the City's aggregate information for net pension liabilities is as follows:

PLD Plan – At June 30, 2020, the City's reported liability of its proportionate share of the net pension liability was \$6,297,032. At June 30, 2019, the City's proportion of the PLD plan was 2.060119%.

SET Plan – At June 30, 2020 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	\$2,144,547
State's proportionate share of the net pension liability	29,786,584
<u>Total</u>	<u>\$31,931,131</u>

At June 30, 2019, the City's proportion of the SET Plan was .146298%.

For the year ended June 30, 2020, the City recognized pension expense of \$5,347,033 for the PLD Plan and \$6,078,805 of pension expense and revenue of \$3,963,234 for support provided by the State for the SET Plan. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to PLD Plan from the following sources:

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

OTHER INFORMATION, CONTINUED

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 745,590	\$ -
Changes of assumptions	318,903	-
Net difference between projected and actual earnings on pension plan investments	-	1,577,249
Changes in proportion and differences between City contributions and proportionate share of contributions	1,462,755	-
City contributions subsequent to the measurement date	1,230,690	-
	<u>\$ 3,757,938</u>	<u>\$ 1,577,249</u>

\$1,230,690 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, 2021. 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:

Year ended June 30:	
2021	\$ 655,110
2022	(139,197)
2023	435,083
2024	(997)

At June 30, 2020, 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	\$ 166,816	\$ -
Changes of assumptions	62,091	-
Net difference between projected and actual earnings on pension plan investments	-	302,714
Changes in proportion and differences between City contributions and proportionate share of contributions	102,783	-
City contributions subsequent to the measurement date	1,150,353	-
	<u>\$ 1,482,043</u>	<u>\$ 302,714</u>

\$1,150,353 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

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

OTHER INFORMATION, CONTINUED

pension liabilities in the year ended June 30, 2021. 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:		
2021	\$	168,728
2022		(72,645)
2023		(68,027)
2024		920

Actuarial assumptions - The total pension liabilities in the June 30, 2019 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	6.75%	6.75%
Cost of living benefit increases, per annum	1.91%	2.20%

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, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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%

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

OTHER INFORMATION, CONTINUED

Discount rate - The discount rate used to measure the total pension liability was 6.75% 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 6.75%, 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 (5.75% for PLD and SET Plans) or 1 percentage-point higher (7.75% for PLD and SET Plans) than the current rate:

	1% Decrease <u>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
PLD Plan	\$14,344,234	\$ 6,297,032	\$(1,230,355)
	1% Decrease <u>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
SET Plan	\$ 3,877,288	\$ 2,144,547	\$ 700,623

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, 2020.

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.

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

OTHER INFORMATION, CONTINUED

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 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.

As of June 30, 2020, the City had the following balances reported in the government-wide financial statements:

Plan	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB (Gain) Expense
PLD	\$ 1,524,222	\$ 131,488	\$ (222,875)	\$ 8,375
SET	-	-	-	61,972
City Health	8,895,752	975,848	-	362,306
School Health	8,603,940	433,597	-	365,644
Total	\$ 19,023,914	\$ 1,540,933	\$ (222,875)	\$ 798,297

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 retiree’s 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.

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

OTHER INFORMATION, CONTINUED

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, 2020, 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>413</u>
Total	<u><u>466</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.

Employees Covered by Benefit Terms – At June 30, 2019, 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 \$34,341 for the year ended June 30, 2020. 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 \$61,972 for the year ended June 30, 2020. Employers and employees are not required to contribute to the SET OPEB Plan.

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

OTHER INFORMATION, CONTINUED

City Health Plan – Contributions to the City Health Plan from the City were \$0.00 for the year ended June 30, 2020. 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, 2020. 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, 2019, 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, 2020, the City reported a liability of \$1,524,222 for its proportionate share of the net OPEB liability. At June 30, 2019, the City’s proportion was 7.1234%.

SET OPEB Plan – At June 30, 2020, 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 \$673,276 as of June 30, 2020. At June 30, 2019, the City’s proportion was 0.00%.

The City’s total City Health Plan OPEB liability of \$8,895,752 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

	Total OPEB Liability
Balance at June 30, 2019	\$ 8,769,075
Changes for the year:	
Service costs	281,875
Interest	310,502
Changes in benefit terms	-
Changes in assumptions	771,835
Differences between expected and actual experience	(824,468)
Benefit payments	(413,067)
Net Changes	126,677
Balance at June 30, 2020	\$ 8,895,752

Change in assumptions reflects a change in the discount rate from 3.51% to 2.66%.

The City School Department’s total OPEB liability of \$8,603,940 was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2018.

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

OTHER INFORMATION, CONTINUED

	Total OPEB Liability
Balance at June 30, 2019	\$ 8,043,520
Changes for the year:	
Service costs	37,807
Interest	307,945
Changes in assumptions	465,209
Benefit payments	(250,541)
Net Changes	560,420
Balance at June 30, 2020	\$ 8,603,940

Change in assumptions reflects a change in the discount rate from 3.87% to 3.50%.

For the year ended June 30, 2020, the City recognized OPEB expense of \$8,375 for the PLD OPEB Plan. For the year ended June 30, 2020, the City recognized OPEB expense of \$61,972 and also revenues of \$61,972 for support provided by the State related to the SET OPEB Plan. At June 30, 2020, the City reported no deferred outflows of resources or deferred inflows of resources related to the SET OPEB Plan. At June 30, 2020, 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	\$ 97,147	\$ -
Changes of assumptions	-	72,280
Net difference between projected and actual earnings on OPEB plan investments	-	68,152
Changes in proportion and differences between City contributions and proportionate share of contributions	-	82,443
Contributions subsequent to the measurement date	34,341	-
Total	\$ 131,488	\$ 222,875

\$34,341 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, 2021. 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:	
2021	\$ (63,622)
2020	(63,622)
2023	(49,366)
2024	38,498
2025	12,384

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

OTHER INFORMATION, CONTINUED

For the year ended June 30, 2020, the City recognized an OPEB expense of \$362,306 related to the City Health Plan. At June 30, 2020, 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	\$ 107,887	\$ -
Changes of assumptions or other inputs	867,961	-
Total	\$ 975,848	\$ -

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:		
2021	\$	182,996
2022		182,996
2023		182,996
2024		182,996
2025		182,995
Thereafter		60,869

For the year ended June 30, 2020, The City School Department recognized an OPEB expense of \$365,644. At June 30, 2020, 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
Changes of assumptions	\$ 152,718	\$ -
Contributions subsequent to the measurement date	280,879	-
Total	\$ 433,597	\$ -

\$280,879 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, 2021. 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:		
2021	\$	19,892
2022		19,892
2023		19,893
2024		93,041

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

OTHER INFORMATION, CONTINUED

Actuarial Assumptions – The total OPEB liabilities in the June 30, 2019 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:

	<u>PLD OPEB Plan</u>	<u>SET OPEB Plan</u>
Inflation	2.75%	2.75%
Salary Increases	2.75%-9.00%	2.75%-14.50%
Investment rate of return	6.75%	6.75%

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, 2019 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
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%

The total OPEB liability in the June 30, 2020 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	2.66% as of June 30, 2020
Health care cost trends	8.00%, decreasing 0.5% per year
Retirees' share of the benefit related costs	Retirees pay 100% of premiums

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

OTHER INFORMATION, CONTINUED

Mortality rates for the City Health Plan for Retirees and General Active Employees were based on the SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019.

Mortality rates for the City Health Plan for Public Safety Employees were based on the SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2019.

Mortality rates for the City Health Plan for Surviving Spouses were based on the SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2019.

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, 2019 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	3.50% 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, 2019 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 4.98% which is a blend of the assumed long-term expected rate of return of 6.75% and a municipal bond index rate of 3.50%, based on the Bond Buyer GO 20-Year Municipal Bond Index as of June 30, 2019. 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 2050. Therefore, the portion of the future projected benefit payments after 2050 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.

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.

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

OTHER INFORMATION, CONTINUED

The rate used to measure the net OPEB liability for the City Health Plan was 2.66% 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 3.50% 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 4.98%, 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 (3.98%) or 1 percentage-point higher (5.98%) than the current rate:

	1% Decrease 3.98%	Discount Rate 4.98%	1% Increase 5.98%
Net OPEB liability	\$ 2,012,882	\$ 1,524,222	\$ 1,138,986

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 2.66%, 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 (1.66%) or 1 percentage-point higher (3.66%) than the current rate:

	1% Decrease 1.66%	Discount Rate 2.66%	1% Increase 3.66%
Total OPEB liability	\$ 10,103,894	\$ 8,895,752	\$ 7,908,181

The following presents the City School Department's total OPEB liability related to the School Health Plan calculated using the discount rate of 3.50%, 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 (2.50%) or 1 percentage-point higher (4.50%) than the current rate:

	1% Decrease 2.50%	Discount Rate 3.50%	1% Increase 4.50%
Total OPEB liability	\$ 10,075,766	\$ 8,603,940	\$ 7,428,820

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

OTHER INFORMATION, CONTINUED

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 8.00% 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 (7.00% decreasing 0.5% per year) or 1 percentage-point higher (9.00% decreasing 0.5% per year) than the current healthcare cost trend rates:

	1% Decrease 7.00% decreasing 0.5% per year	Healthcare Cost Trend Rates 8.00% decreasing 0.5% per year	1% Increase 9.00% decreasing 0.5% per year
Total OPEB liability	\$ 8,505,918	\$ 8,895,752	\$ 9,350,536

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	\$ 7,304,307	\$ 8,603,940	\$ 10,237,917

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.

F. Subsequent Events

On August 10, 2020, the City Council authorized the issuance of up to \$2,853,000 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 \$16,925,000 in general obligation bonds through the Maine Municipal Bond Bank State Revolving Fund to finance sewer infrastructure improvements.

On August 18, 2020, the City issued \$48,455,000 in taxable refunding general obligation bonds to defease \$44,860,000 of certain tax-exempt and taxable general obligation bonds. The proceeds have been placed in an irrevocable trust account to provide for future debt service payments on the old bonds. This advance refunding will result in \$4,786,935 in interest savings and will not extend the final maturity dates of the original bonds.

On August 24, 2020, the City Council authorized the issuance of up to \$2,730,000 in general obligation bonds to fund improvements at Cameron Stadium, which includes the replacement of the track and the installation of a multi-sport turf field. Under Article VIII. Section 19(a)(1) of the City Charter, this

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

OTHER INFORMATION, CONTINUED

authorization must be ratified by the voters of the City of Bangor. The item appeared on the November 3, 2020 City referendum ballot and was passed by the voters.

Also on August 24, 2020, the City Council authorized the issuance of up to \$1,400,000 in general obligation bonds for a portion of phase I of the reconstruction of the roof structure and electrical system upgrades at Bangor High School. In addition, the City Council authorized the issuance of up to \$1,000,000 in general obligation bonds through the Maine Municipal Bond Bank School Revolving Renovation Fund (SRRF). Under the terms of the SRRF 47.25% of the principal will be forgiven. In addition, the City Council authorized the issuance of up to \$2,305,000 in general obligation funds to fund certain improvements related to the expansion of an aircraft maintenance facility.

G. Restatement

For the fiscal year ended June 30, 2020, the City reclassified the Revolving Loan Funds beginning fund balance of \$136,815 from Nonmajor Permanent Governmental Funds to the proper classification of a Fiduciary Private Purpose Trust Fund. As a result the City has restated the beginning net position in Exhibit 2 – Statement of Activities, Exhibit 4 – Statement of Revenues, Expenditures and Changes in Fund Balances and Exhibit 11 – Statement of Changes in Fiduciary Net Position – Fiduciary Funds; as well as beginning fund balance in Schedule B-2 – Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds, Schedule B-6 – Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Permanent Funds and beginning net position in Schedule D-3 – Combining Statement of Changes in Net Position – Fiduciary Funds.

For the fiscal year ended June 30, 2020, the City was made aware of a School scholarship fund which had not been properly classified as a Private Purpose Trust in the Fiduciary Fund disclosures. As a result, the City has restated beginning net position in Exhibit 11 – Statement of Changes in Fiduciary Net Position and in Schedule D-3 – Combining Statement of Changes in Net Position – Fiduciary Funds to account for the scholarship fund by \$1,824,931.

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, 2020

	2020	2019	2018
Total OPEB Liability			
Service Costs	\$ 281,875	\$ 248,260	\$ 236,094
Interest	310,502	311,870	249,384
Changes of benefit terms	-	-	-
Changes of assumptions	771,835	350,297	(112,190)
Differences between expected and actual experience	(824,468)	241,872	1,036,629
Benefit payments	(413,067)	(383,617)	(276,505)
Net change in total OPEB liability	126,677	768,682	1,133,412
Total OPEB liability - beginning of year	8,769,075	8,000,393	6,866,981
Total OPEB liability - end of year	\$ 8,895,752	\$ 8,769,075	\$ 8,000,393
Covered payroll	\$ 26,743,256	\$ 24,032,180	\$ 23,057,983
Total OPEB liability as a percentage of covered employee payroll	33.26%	36.49%	34.70%

Only three 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, 2020

	2020	2019
Total OPEB Liability		
Service Costs	\$ 37,807	\$ 41,698
Interest	307,945	294,863
Changes of benefit terms	-	-
Changes of assumptions	465,209	(365,749)
Differences between expected and actual experience	-	-
Benefit payments	(250,541)	(241,882)
Net change in total OPEB liability	<u>560,420</u>	<u>(271,070)</u>
Total OPEB liability - beginning of year	8,043,520	8,314,590
Total OPEB liability - end of year	<u>\$ 8,603,940</u>	<u>\$ 8,043,520</u>
Covered payroll	<u>\$ 22,442,714</u>	<u>\$ 21,842,057</u>
Total OPEB liability as a percentage of covered employee payroll	<u>38.34%</u>	<u>36.83%</u>

Only two years have 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, 2020

	<u>2020</u>		<u>2019</u>		<u>2018</u>
PLD OPEB Plan					
City's proportion of the net OPEB liability	7.12%		7.08%		7.42%
City's proportionate share of net OPEB liability	\$ 1,524,223	\$	1,429,224	\$	1,241,184
City's covered payroll	16,201,857		15,785,764		15,156,532
City's proportionate share of net OPEB liability as a percentage of covered employee payroll	9.41%		9.05%		8.19%
Plan fiduciary net position as a percentage of the OPEB liability	43.18%		43.92%		47.42%
SET OPEB Plan					
City's proportion of the net OPEB liability	0.00%		0.00%		0.00%
City's proportionate share of net OPEB liability	\$ -	\$	-	\$	-
State's proportionate share of net OPEB liability associated with the City	673,276		679,803		659,610
Total	<u>\$ 673,276</u>	<u>\$</u>	<u>679,803</u>	<u>\$</u>	<u>659,610</u>
Plan fiduciary net position as a percentage of the OPEB liability	49.22%		48.04%		47.29%

Only three 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, 2020

	<u>2020</u>		<u>2019</u>		<u>2018</u>
PLD OPEB Plan					
Contractually required contribution	\$ 34,341	\$	31,989	\$	29,765
Contributions in relation to the contractually required contribution	(34,341)		(31,989)		(29,765)
Contribution deficiency (excess)	\$ -	\$	-	\$	-
City's covered payroll	\$ 16,949,590	\$	16,201,857	\$	15,785,764
Contributions as a percentage of covered employee payroll	0.20%		0.20%		0.19%

Only three 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	2020
PLD Plan						
Proportion of the net pension liability	2.2584%	1.9745%	1.6638%	1.4542%	1.3327%	2.0601%
Proportionate share of the net pension liability	3,475,288	6,299,478	8,840,254	5,954,157	3,647,271	6,297,032
Covered payroll	10,645,005	9,799,964	8,662,976	7,963,681	7,528,843	12,116,999
Proportion share of the net pension liability as a percentage of its covered payroll	32.65%	64.28%	102.05%	74.77%	48.44%	51.97%
Plan fiduciary net position as a percentage of the total pension liability	94.10%	88.27%	81.61%	86.43%	91.10%	90.62%
SET Plan						
Proportion of the net pension liability	0.0936%	0.1096%	0.1200%	0.1315%	0.1393%	0.1463%
City's proportionate share of the net pension liability	\$ 1,011,232	\$ 1,479,608	\$ 2,120,647	\$ 1,909,853	\$ 1,879,396	\$ 2,144,547
State's proportionate share of the net pension liability	22,516,392	28,378,344	35,661,692	29,009,028	27,470,793	29,786,584
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>	<u>31,931,131</u>
Covered payroll	24,415,639	25,212,217	25,111,931	25,731,918	26,702,523	27,795,537
Proportion share of the net pension liability as a percentage of its covered payroll	4.14%	5.87%	8.44%	7.42%	7.04%	7.72%
Plan fiduciary net position as a percentage of the total pension liability	83.91%	81.18%	76.21%	83.35%	82.90%	82.73%

* The amounts presented for each fiscal year were determined as of the prior fiscal year. Only six years have been presented as 2015 was the first year of implementation.

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
PLD Plan										
Contractually required contributions	584,306	724,134	769,519	782,913	807,117	779,134	745,366	740,057	1,253,074	1,230,690
Contributions in relation to the contractually required contribution	(584,306)	(724,134)	(769,519)	(782,913)	(807,117)	(779,134)	(745,366)	(740,057)	(1,253,074)	(1,230,690)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	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	11,768,457
Contributions as a percentage of covered payroll	3.95%	5.49%	6.48%	7.35%	8.24%	8.99%	9.36%	9.83%	10.34%	10.46%
SET Plan*										
Contractually required contributions	-	-	-	647,014	668,126	843,679	865,039	1,060,090	1,103,483	1,150,353
Contributions in relation to the contractually required contribution	-	-	-	(647,014)	(668,126)	(843,679)	(865,039)	(1,060,090)	(1,103,483)	(1,150,353)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	-	-	-	24,415,639	25,212,217	25,111,931	25,731,918	26,702,523	27,795,537	27,656,900
Contributions as a percentage of covered payroll	-	-	-	2.65%	2.65%	3.36%	3.36%	3.97%	3.97%	4.16%

* - 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, 2020

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 discount remains at 6.75% for the 2019 valuation.

The PLD Plan decreased the COLA assumption from 2.20% in the 2016 valuation to 1.91% in the 2018 valuation. The COLA assumption remains 1.91% for the 2019 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 5.13% in the 2018 valuation to 4.98% in the 2019 valuation.

CITY OF BANGOR, MAINE
Notes to Required Supplementary Information (con't)
June 30, 2020

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:

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Discount rate	2.66%	3.51%	3.87%	3.58%

Turnover rates have been updated based on the rates used in the Consolidated Plan for Participating Local Districts June 30, 2019 actuarial valuation, adjusted for the actual City's turnover experience for fiscal years 2010 through 2013.

Mortality table has been updated from the SOA RPH-2017 Total Dataset Fully Generational Mortality Table using Scale MP-2017 to:

- a. All Current Retirees and General Active Employees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019
- b. Public Safety Active Employees: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2019
- c. Surviving Spouses: SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2019

For the 2019 valuation, Health care cost trend rates have been reset to an initial trend of 8.0% decreasing by 0.5% annually to an ultimate rate of 4.5%

Total OPEB Liability - School Health Plan

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:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Discount rate	3.50%	3.87%	3.58%

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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, 2020

ASSETS	
Cash and cash equivalents	\$ 26,438,260
Investments	50,000
Receivables:	
Taxes	2,886,984
Accounts (net of allowance of \$541,963)	413,007
Interfund	1,945,655
Intergovernmental	5,375,890
Inventory, at cost	741,727
Prepaid items	93,813
Total assets	\$ 37,945,336
LIABILITIES	
Accounts payable	\$ 1,947,932
Accrued wages and benefits payable	6,808,077
Total liabilities	8,756,009
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenues - property taxes	1,845,071
Total deferred inflows of resources	1,845,071
FUND BALANCES	
Nonspendable	2,736,040
Restricted	1,216,497
Committed	286,801
Assigned	8,557,654
Unassigned - City	14,547,264
Total fund balance	27,344,256
Total liabilities, deferred inflows of resources and fund balances	\$ 37,945,336

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, 2020

	Balances			Variance	
	Carried 7/1/2019	Budget	Actual	Surplus	Carried
Revenues					
Taxes					
Real and personal property	\$ -	\$ 60,672,861	\$ 60,671,153	\$ (1,708)	\$ -
Change in unavailable property tax	-	-	65,538	65,538	-
Tax increment financing district	-	(3,378,881)	(3,371,552)	7,329	-
Payment in lieu of taxes	-	300,740	306,479	5,739	-
Excise	-	6,415,500	5,789,454	(626,046)	-
Interest on delinquent taxes	-	200,000	154,774	(45,226)	-
Total taxes	-	64,210,220	63,615,846	(594,374)	-
Intergovernmental					
State revenue sharing	-	3,570,000	3,802,415	232,415	-
School subsidy	-	19,124,044	19,350,634	-	226,590
Other -					
Municipal	-	4,979,060	4,824,499	(154,561)	-
School	-	4,568,384	5,375,107	-	806,723
Total intergovernmental	-	32,241,488	33,352,655	77,854	1,033,313
Other revenue					
Licenses and permits	-	611,743	681,420	69,677	-
Charges for service -					
Municipal	-	8,364,345	6,741,554	(1,622,791)	-
School	-	5,543,447	6,407,696	-	864,249
Fines, forfeits and penalties	-	22,000	31,315	9,315	-
Revenue from use of money and property					
Municipal	-	908,800	1,042,935	134,135	-
Total other revenue	-	15,450,335	14,904,920	(1,409,664)	864,249
Total revenues	-	111,902,043	111,873,421	(1,926,184)	1,897,562

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, 2020

	Balances			Variance	
	Carried 7/1/2019	Budget	Actual	Surplus	Carried
Expenditures					
General government					
Council	-	34,551	28,645	5,906	-
Executive	-	658,756	697,505	(38,749)	-
Public Transportation	95,000	727,355	432,329	295,026	95,000
City clerk	-	441,125	408,010	10,748	22,367
Assessing	28,600	398,515	357,858	37,900	31,357
Legal	-	278,665	292,710	(14,045)	-
Finance	-	1,921,330	1,802,256	119,074	-
Insurance	-	156,826	195,144	(38,318)	-
Planning, econ dev, code enforcement	-	1,366,389	1,220,322	138,067	8,000
Total general government	123,600	5,983,512	5,434,779	515,609	156,724
Public safety					
Police	70,000	10,101,646	9,727,282	374,364	70,000
Fire	4,628	10,709,562	10,355,041	351,582	7,567
Total public safety	74,628	20,811,208	20,082,323	725,946	77,567
Health, community services and recreation					
Health and community services	-	2,874,260	2,684,168	190,092	-
Parks and recreation	32,000	2,257,699	2,150,050	107,649	32,000
Total health, commun. serv and rec.	32,000	5,131,959	4,834,218	297,741	32,000
Public services					
Public services	-	11,479,583	9,984,731	1,494,852	-

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, 2020

	Balances			Variance	
	Carried 7/1/2019	Budget	Actual	Surplus	Carried
Expenditures, continued					
Other agencies					
County tax	-	3,789,778	3,789,778	-	-
Downtown Development District	-	74,762	74,762	-	-
Public library	-	1,441,249	1,441,249	-	-
Other agencies	3,760	218,644	199,326	2,568	20,510
Total other agencies	3,760	5,524,433	5,505,115	2,568	20,510
Education					
Regular instruction	-	20,910,087	19,952,367	-	-
Special education	-	8,491,679	8,244,852	-	-
Instructional support	-	4,280,048	3,904,055	-	-
System administration	-	1,334,370	1,303,579	-	-
CTE instruction	-	-	17,668	-	-
School administration	-	2,646,796	2,540,333	-	-
Facilities maintenance	-	5,682,988	5,680,722	-	-
Transportation	-	1,980,000	1,764,569	-	-
Other instruction	-	1,415,916	1,068,846	-	-
Debt service	-	1,410,000	1,405,150	-	-
Contingency & other	-	117,377	109,045	-	-
Regular	1,908,754	48,269,261	45,991,186	-	4,186,829
Adult education	267,062	659,271	540,226	-	386,107
School lunch	131,017	1,452,136	1,379,244	-	203,909
Special revenue	85,660	3,211,213	3,726,805	-	(429,932)
Trust and agency	703,205	3,015,582	3,087,643	-	631,144
Capital Funding	-	-	2,200,000	-	(2,200,000)
Total education	3,095,698	56,607,463	56,925,104	-	2,778,057
Other appropriations					
Pensions and other fringe benefits	-	2,582,130	2,528,190	53,940	-
Debt service	-	3,213,234	3,203,521	9,713	-
Tax increment financing payments	-	892,381	888,476	3,905	-
Total other appropriations	-	6,687,745	6,620,187	67,558	-
Total expenditures	3,329,686	112,225,903	109,386,457	3,104,274	3,064,858
Excess (deficiency) of revenues over/under expenditures	(3,329,686)	(323,860)	2,486,964	1,178,090	4,962,420

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, 2020

	Balances			Variance	
	Carried 7/1/2019	Budget	Actual	Surplus	Carried
Other financing sources (uses)					
Appropriation from restricted, committed and assigned fund balances	-	1,318,183	42,197	-	(1,275,986)
Appropriation from unassigned fund balance	-	216,994	-	(216,994)	-
Appropriation to assigned fund balances	-	-	(359,000)	(359,000)	-
Sale of assets	-	30,000	22,651	(7,349)	-
Contributions	-	27,500	25,361	(2,139)	-
Insurance settlements	-	27,500	76,855	49,355	-
Transfers to other funds	-	(1,323,317)	(1,323,317)	-	-
Transfers from other funds	-	27,000	60,000	33,000	-
Total other financing sources (uses)	-	323,860	(1,455,253)	(503,127)	(1,275,986)
Net change in unassigned fund balance	\$ (3,329,686)	\$ -	\$ 1,031,711	\$ 674,963	\$ 3,686,434
Unassigned fund balance, beginning of year				13,403,958	
Changes in amounts required to be shown as nonspendable fund balance					
Inventory and prepaids				468,343	
Unassigned fund balance - City, end of year				\$ 14,547,264	

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, 2020

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,113,539	\$ 3,095	\$ 2,116,634
Receivables:			
Accounts	250,386	-	250,386
Loans and notes	4,147,359	916,395	5,063,754
Intergovernmental	231,583	-	231,583
Total assets	\$ 6,742,867	\$ 919,490	\$ 7,662,357
LIABILITIES			
Accounts payable	\$ 199,509	\$ -	\$ 199,509
Accrued wages and benefits payable	5,157	-	5,157
Interfund loans payable	245,655	-	245,655
Unearned revenues	109,115	-	109,115
Due to rehabilitation recipients	10,569	-	10,569
Total liabilities	570,005	-	570,005
FUND BALANCES			
Nonspendable	-	385,512	385,512
Restricted	5,702,502	533,978	6,236,480
Committed	479,703	-	479,703
Unassigned	(9,343)	-	(9,343)
Total fund balances	6,172,862	919,490	7,092,352
Total liabilities and fund balances	\$ 6,742,867	\$ 919,490	\$ 7,662,357

CITY OF BANGOR, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2020

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
Revenues			
Intergovernmental	\$ 7,870,901	\$ -	7,870,901
Charges for services	566,623	-	566,623
Program income	277,835	-	277,835
Revenue from use of money and property	1,416,937	-	1,416,937
Other revenue	537,441	4,200	541,641
Interest revenue	-	26,844	26,844
Total revenues	10,669,737	31,044	10,700,781
Expenditures			
Current:			
Personnel	1,498,101	-	1,498,101
Payments to beneficiaries	68,138	131	68,269
Other	3,260,778	-	3,260,778
Restricted grant	661,149	-	661,149
Bus operations	3,647,278	-	3,647,278
Debt service	69,176	-	69,176
Total expenditures	9,204,620	131	9,204,751
Excess of revenues over expenditures	1,465,117	30,913	1,496,030
Other financing uses			
Transfers to other funds	(1,907,034)	(35,000)	(1,942,034)
Total other financing uses	(1,907,034)	(35,000)	(1,942,034)
Net change in fund balances	(441,917)	(4,087)	(446,004)
Fund balances, beginning of year - Restated Note G	6,614,779	923,577	7,538,356
Fund balances, end of year	\$ 6,172,862	\$ 919,490	\$ 7,092,352

CITY OF BANGOR, MAINE
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2020

	Other HUD Funds	Community Development Block Grant	Arena Fund	Grant Fund	Dedicated Revenue Funds	Other	Totals
ASSETS							
Cash and cash equivalents	\$ 271,917	\$ 15,403	\$ 538,874	\$ 3	811,103	\$ 476,239	\$ 2,113,539
Receivables:							
Accounts	-	-	-	240,386	-	10,000	250,386
Loans and notes	160,000	3,987,359	-	-	-	-	4,147,359
Intergovernmental	-	46,137	-	185,446	-	-	231,583
Total assets	\$ 431,917	\$ 4,048,899	\$ 538,874	\$ 425,835	\$ 811,103	\$ 486,239	\$ 6,742,867
LIABILITIES							
Accounts payable	\$ -	\$ 1,118	\$ -	\$ 189,523	\$ -	\$ 8,868	\$ 199,509
Accrued wages and benefits payable	-	5,157	-	-	-	-	5,157
Interfund loans payable	-	-	-	245,655	-	-	245,655
Unearned revenues	-	49,944	59,171	-	-	-	109,115
Due to rehabilitation recipients	-	10,569	-	-	-	-	10,569
Total liabilities	-	66,788	59,171	435,178	-	8,868	570,005
FUND BALANCES							
Restricted	431,917	3,982,111	-	-	811,103	477,371	5,702,502
Committed	-	-	479,703	-	-	-	479,703
Unassigned	-	-	-	(9,343)	-	-	(9,343)
Total fund balances (deficits)	431,917	3,982,111	479,703	(9,343)	811,103	477,371	6,172,862
Total liabilities and fund balances	\$ 431,917	\$ 4,048,899	\$ 538,874	\$ 425,835	\$ 811,103	\$ 486,239	\$ 6,742,867

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, 2020

	Other HUD Funds	Community Development Block Grant	Arena Fund	Grant Fund	Dedicated Revenue Funds	Other	Totals
Revenues							
Intergovernmental	\$ -	\$ 417,136	\$ -	\$ 7,453,765	\$ -	\$ -	7,870,901
Charges for services	-	-	-	566,623	-	-	566,623
Program income	-	277,835	-	-	-	-	277,835
Revenue from use of money and property	-	-	1,390,119	-	24,601	2,217	1,416,937
Other	-	7,805	-	374,019	1,673	153,944	537,441
Total revenues	-	702,776	1,390,119	8,394,407	26,274	156,161	10,669,737
Expenditures							
Current:							
Personnel	-	-	-	1,498,101	-	-	1,498,101
Payments to beneficiaries	-	-	-	-	1,729	66,409	68,138
Other	247	-	5,678	3,254,853	-	-	3,260,778
Restricted grant	-	661,149	-	-	-	-	661,149
Bus operations	-	-	-	3,647,278	-	-	3,647,278
Debt service	-	38,702	-	30,474	-	-	69,176
Total expenditures	247	699,851	5,678	8,430,706	1,729	66,409	9,204,620
Excess (deficiency) of revenues over (under) expenditures	(247)	2,925	1,384,441	(36,299)	24,545	89,752	1,465,117
Other financing uses							
Transfers to other funds	-	-	(1,716,672)	-	(83,000)	(107,362)	(1,907,034)
Total other financing uses	-	-	(1,716,672)	-	(83,000)	(107,362)	(1,907,034)
Net change in fund balances	(247)	2,925	(332,231)	(36,299)	(58,455)	(17,610)	(441,917)
Fund balances, beginning of year	432,164	3,979,186	811,934	26,956	869,558	494,981	6,614,779
Fund balances (deficits), end of year	\$ 431,917	\$ 3,982,111	\$ 479,703	\$ (9,343)	\$ 811,103	\$ 477,371	\$ 6,172,862

CITY OF BANGOR, MAINE
Balance Sheet
Nonmajor Permanent Funds
June 30, 2020

	Other Funds	Totals
ASSETS		
Cash and cash equivalents	\$ 3,095	\$ 3,095
Loans receivable	916,395	916,395
Total assets	\$ 919,490	\$ 919,490
FUND BALANCES		
Nonspendable	\$ 385,512	\$ 385,512
Restricted	533,978	533,978
Total fund balances	919,490	919,490
Total fund balances	\$ 919,490	\$ 919,490

CITY OF BANGOR, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Permanent Funds
For the Fiscal Year Ended June 30, 2020

	Other Funds	Totals
Revenues		
Investment income	\$ 26,844	\$ 26,844
Lot sales	4,200	4,200
Total revenues	31,044	31,044
Expenditures		
Current:		
Payments to beneficiaries	131	131
Total expenditures	131	131
Excess of revenues over expenditures	30,913	30,913
Other financing uses		
Transfer to other funds	(35,000)	(35,000)
Total other financing uses	(35,000)	(35,000)
Net change in fund balances	(4,087)	(4,087)
Fund balances, beginning of year - Restated Note G	923,577	923,577
Fund balances, end of year	\$ 919,490	\$ 919,490

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.

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CITY OF BANGOR, MAINE
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2020

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	\$ 1,926,808	\$ 820,903	\$ 842,199	\$ 527,253	\$ 4,117,163
Accounts receivable	308,621	43,441	-	-	352,062
Prepaid items	-	4,112	93,515	-	97,627
Total current assets	2,235,429	868,456	935,714	527,253	4,566,852
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	-	-	11,337,000	-	11,337,000
Construction in process	-	170,350	-	-	170,350
Total capital assets	247,398	7,941,889	11,337,000	2,915,526	22,441,813
Less accumulated depreciation	(74,219)	(2,530,123)	(10,184,351)	(2,250,663)	(15,039,356)
Net capital assets	173,179	5,411,766	1,152,649	664,863	7,402,457
Loans receivable	-	1,298,604	-	-	1,298,604
Total noncurrent assets	173,179	6,710,370	1,152,649	664,863	8,701,061
Total assets	\$ 2,408,608	\$ 7,578,826	\$ 2,088,363	\$ 1,192,116	\$ 13,267,913
DEFERRED OUTFLOWS OF RESOURCES					
Net OPEB	\$ 6,102	\$ -	\$ -	\$ 5,832	\$ 11,934
Total deferred outflows of resources	\$ 6,102	\$ -	\$ -	\$ 5,832	\$ 11,934

Continued on next page

CITY OF BANGOR, MAINE
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2020

Business-type Activities - Enterprise Funds

	Stormwater Utility	Economic Development Fund	Parking Fund	Municipal Golf Course	Total Nonmajor Proprietary Funds
LIABILITIES					
Current liabilities					
Accounts payable	\$ 40,209	\$ 22,007	\$ 118,821	\$ 35,290	\$ 216,327
Accrued wages and benefits payable	5,401	-	-	18,426	23,827
Accrued interest	-	29,740	2,486	1,203	33,429
Workers' compensation	-	-	-	7,210	7,210
General obligation debt payable	74,133	285,512	250,612	35,866	646,123
Capital lease obligation payable	-	-	-	12,576	12,576
Accrued compensated absences	-	-	-	17,865	17,865
Total current liabilities	119,743	337,259	371,919	128,436	957,357
Long-term liabilities					
Workers' compensation	-	-	-	12,790	12,790
General obligation debt payable	618,756	1,293,912	96,991	185,192	2,194,851
Capital lease obligation payable	-	-	-	26,688	26,688
Accrued compensated absences	-	-	-	9,573	9,573
OPEB liability	33,725	-	-	58,434	92,159
Total long-term liabilities	652,481	1,293,912	96,991	292,677	2,336,061
Total liabilities	\$ 772,224	\$ 1,631,171	\$ 468,910	\$ 421,113	\$ 3,293,418
NET POSITION					
Net investment in capital assets	\$ 173,179	\$ 3,832,342	\$ 901,313	\$ 455,661	\$ 5,362,495
Unrestricted	1,469,307	2,115,313	718,140	321,174	4,623,934
Total net position	\$ 1,642,486	\$ 5,947,655	\$ 1,619,453	\$ 776,835	\$ 9,986,429

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CITY OF BANGOR, MAINE
Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds				
	Stormwater Utility	Economic Development Fund	Parking Fund	Municipal Golf Course	Total Nonmajor Proprietary Funds
Operating revenues					
Charges for services	\$ 1,283,193	\$ 399,939	\$ 872,201	\$ 716,166	\$ 3,271,499
Operating expenses					
Operating expenses other than depreciation	1,180,719	147,459	601,353	681,115	2,610,646
Depreciation	16,493	157,193	261,531	71,321	506,538
Total operating expenses	1,197,212	304,652	862,884	752,436	3,117,184
Operating income (loss)	85,981	95,287	9,317	(36,270)	154,315
Nonoperating revenue (expenses)					
Interest income	83,289	67,037	16,556	7,694	174,576
Interest expense	-	(74,531)	(19,754)	(9,532)	(103,817)
Loss on sale of assets	-	-	(23,155)	-	(23,155)
Total nonoperating revenue (expenses)	83,289	(7,494)	(26,353)	(1,838)	47,604
Net income (loss) before transfers	169,270	87,793	(17,036)	(38,108)	201,919
Grants/contributions received for capital assets	-	-	41,347	-	41,347
Transfers to other funds	(99,033)	-	(85,500)	-	(184,533)
Transfers from other funds	118,815	-	-	-	118,815
Change in net position	189,052	87,793	(61,189)	(38,108)	177,548
Net position, beginning of year	1,453,434	5,859,862	1,680,642	814,943	9,808,881
Net position, end of year	\$ 1,642,486	\$ 5,947,655	\$ 1,619,453	\$ 776,835	\$ 9,986,429

CITY OF BANGOR, MAINE
Combining Statement of Cash Flows - Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2020

Business-type Activities - Enterprise Funds					
	Economic		Municipal		Total
	Stormwater	Development	Parking	Golf	Nonmajor
	Utility	Fund	Fund	Course	Proprietary Funds
Cash flows from operating activities					
Cash received from customers	\$ 1,382,416	\$ 405,434	\$ 872,201	\$ 716,166	\$ 3,376,217
Cash paid to suppliers for goods and services	(1,017,530)	(126,998)	(543,147)	(247,899)	(1,935,574)
Cash paid to employees for services	(240,018)	-	(28,298)	(366,617)	(634,933)
Net cash provided by operating activities	124,868	278,436	300,756	101,650	805,710
Cash flows from noncapital financing activities					
Transfers in	118,815	-	-	-	118,815
Transfers out	(99,033)	-	(85,500)	-	(184,533)
Net cash provided by (used for) noncapital financing activities	19,782	-	(85,500)	-	(65,718)
Cash flows from capital and related financing activities					
Proceeds from general obligation bonds	-	142,500	-	-	142,500
Acquisition and construction of capital assets	-	(170,146)	(41,347)	-	(211,493)
Principal paid on general obligation bonds/capital leases	(74,133)	(263,659)	(238,643)	(35,205)	(611,640)
Interest paid on general obligation bonds/capital leases	-	(78,193)	(21,486)	(9,722)	(109,401)
Grants/contributions received for capital assets	-	-	41,347	-	41,347
Net cash used for capital and related financing activities	(74,133)	(369,498)	(260,129)	(44,927)	(748,687)
Cash flows from investing activities					
Interest on investments	83,289	67,037	16,556	7,694	174,576
Loan repayments	-	23,279	-	-	23,279
Net cash provided by investing activities	83,289	90,316	16,556	7,694	197,855
Net increase (decrease) in cash and cash equivalents	153,806	(746)	(28,317)	64,417	189,160
Cash and cash equivalents, beginning of year	1,773,002	821,649	870,516	462,836	3,928,003
Cash and cash equivalents, end of year	\$ 1,926,808	\$ 820,903	\$ 842,199	\$ 527,253	\$ 4,117,163

Schedule of noncash investing, capital and financing activities:

During the year, the Parking Fund disposed of assets resulting in a loss of \$23,155.

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CITY OF BANGOR, MAINE
Combining Statement of Cash Flows - Nonmajor Proprietary Funds
For the Fiscal Year Ended June 30, 2020

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)	\$ 85,981	\$ 95,287	\$ 9,317	\$ (36,270)	\$ 154,315
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation	16,493	157,193	261,531	71,321	506,538
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	99,223	(10,954)	-	-	88,269
(Increase) decrease in prepaid items	4,315	16,449	(1,073)	10,358	30,049
Increase (decrease) in accounts payable	(84,253)	20,461	59,279	26,491	21,978
Increase (decrease) in other liabilities	3,109	-	(28,298)	29,750	4,561
Total adjustments	38,887	183,149	291,439	137,920	651,395
Net cash provided by operating activities	\$ 124,868	\$ 278,436	\$ 300,756	\$ 101,650	\$ 805,710

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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.

Private Purpose Trust Funds – Private Purpose Trust Funds account for contributions received and scholarships awarded for Bangor High School graduates.



CITY OF BANGOR

CITY OF BANGOR, MAINE
Statement of Changes in Assets and Liabilities - Fiduciary Funds
Agency Funds
For the Fiscal Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
ASSETS				
Cash and cash equivalents:				
School Activity Funds	\$ 137,666	\$ 102,257	\$ 87,205	\$ 152,718
Total assets	137,666	102,257	87,205	152,718
LIABILITIES				
Amounts held for others:				
School Activity Funds	137,666	102,257	87,205	152,718
Total liabilities	\$ 137,666	\$ 102,257	\$ 87,205	\$ 152,718

CITY OF BANGOR, MAINE
Combining Statement of Net Position - Fiduciary Funds
Private Purpose Trusts
For the Fiscal Year Ended June 30, 2020

	School Scholarship Fund	Revolving Loan Fund	Total Private Purpose Trusts
ASSETS			
Cash and cash equivalents	\$ 77,045	\$ -	\$ 77,045
Investments	1,740,827	141,611	\$ 1,882,438
Total assets	\$ 1,817,872	\$ 141,611	\$ 1,959,483
LIABILITIES			
Amounts held for others	1,817,872	141,611	1,959,483
Total liabilities	\$ 1,817,872	\$ 141,611	\$ 1,959,483

CITY OF BANGOR, MAINE
Combining Statement of Changes in Net Position - Fiduciary Funds
Private Purpose Trusts
For the Fiscal Year Ended June 30, 2020

	School Scholarship Fund	Revolving Loan Fund	Total Private Purpose Trusts
Additions:			
Contributions	\$ 29,863	\$ -	\$ 29,863
Investment income	61,628	6,506	68,134
Total revenues	91,491	6,506	97,997
Deductions:			
Payments to beneficiaries	\$ 60,950	\$ 1,710	\$ 62,660
Other expenses	37,600	-	37,600
Total expenditures	98,550	1,710	100,260
Net increase (decrease) in net position	(7,059)	4,796	(2,263)
Net position, beginning of year - Restated Note G	1,824,931	136,815	1,961,746
Net position, end of year	\$ 1,817,872	\$ 141,611	\$ 1,959,483

See accompanying notes to financial statements.

**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, 2020

Function and Activity	Balance 2019	Additions	Deletions	Balance 2020
General government				
Community Connector	\$ 3,617,084	\$ 3,188,716	\$ 657,406	\$ 6,148,394
Central service	10,071	-	2,421	7,650
City hall	680,387	943,494	486,021	1,137,860
Code Enforcement	29,479	-	6,551	22,928
Community and economic development	8,502,034	-	486,812	8,015,222
Information services	214,470	103,420	55,076	262,814
Motor pool	2,762,623	199,747	555,467	2,406,903
Total general government	15,816,148	4,435,377	2,249,754	18,001,771
Public safety				
Fire	5,070,585	849,310	406,435	5,513,460
Police	8,101,714	430,304	330,088	8,201,930
Total public safety	13,172,299	1,279,614	736,523	13,715,390
Health, community services, and recreation				
Health & community services	-	20,595	1,030	19,565
Parks and recreation	3,631,116	1,015,180	688,648	3,957,648
Total health, community services, and recreation	3,631,116	1,035,775	689,678	3,977,213
Public services				
Public works	16,648,159	2,244,283	985,121	17,907,321
Total public services	16,648,159	2,244,283	985,121	17,907,321
Education	29,133,442	924,454	1,345,173	28,712,723
Total governmental fund capital assets	\$ 78,401,164	\$ 9,919,503	\$ 6,006,249	\$ 82,314,418

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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, 2020

VALUATION

Land and buildings	\$ 2,454,109,500
Land and buildings - Homestead exemption	97,368,900
Personal property	194,783,800
Personal property - BETE exemption	<u>149,003,100</u>
Total valuation	<u><u>\$ 2,895,265,300</u></u>

COMMITMENT

Real estate, personal property (excludes Homestead and BETE exemptions)	\$ 2,648,893,300
Tax rate	<u>0.02300</u>
Total commitment	60,924,546

ADD

Supplemental taxes committed	<u>15,037</u>
	60,939,583

LESS

Collections 2020	59,000,699
Abatements	<u>45,746</u>
2020 taxes receivable at June 30, 2020	<u><u>\$ 1,893,138</u></u>

CITY OF BANGOR, MAINE
General Fund Unassigned Fund Balance Sufficiency Calculation
For the Fiscal Year Ended June 30, 2020

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, 2020

General Fund expenditures/uses (Schedule A-2)

General government	\$ 5,434,779
Public safety	20,082,323
Health, community services and recreation	4,834,218
Public services	9,984,731
Other agencies	5,505,115
Education	56,925,104
Other appropriations	6,620,187
Other uses, gross*	<u>1,323,317</u>
Gross expenditures and uses	110,709,774
Less General Fund debt service	<u>7,322,179</u>
Net expenditures and uses	<u><u>\$ 103,387,595</u></u>
Indicated unassigned fund balance @ 8.33%	\$ 8,612,187
Unassigned fund balance - City (Schedule A-2)	\$ 14,547,264
Actual unassigned fund balance as a percentage of net expenditures and uses	14.07%

* 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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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	2020
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	\$ 53,392,631
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	7,838,489
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)	(9,572,219)
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	51,658,901
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	149,493,021
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	20,806,519
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	170,299,540
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	202,885,652
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	7,838,489
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	11,234,300
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	\$ 221,958,441

Table 2

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government	\$ 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	\$ 7,848,641
Public safety	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	20,871,023
Health, community services and recreation	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	9,845,591
Public services*	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	14,968,314
Other agencies	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	5,515,165
Education	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	58,764,946
Arena development	61,334	536,251	2,201,200	500,566	-	136	801,439	62,748	14,961	86,510
Community development	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	693,641
Waterfront	1,439,065	606,249	381,437	272,857	360,004	331,622	-	1,077,972	221,839	105,163
Public transportation	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	4,533,716
Economic development (tif)	1,383,662	1,502,503	1,334,470	1,440,452	1,568,811	929,322	711,220	632,185	757,396	730,471
Interest on debt	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	1,835,219
Total governmental activities expenses	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	125,798,400
Business-type activities:										
Sewer Utility	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	6,254,740
Airport	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	23,749,179
Park Woods	496,478	533,671	473,289	497,833	507,210	-	-	-	-	-
Stormwater Utility	-	-	-	149,590	241,082	400,924	509,884	692,174	901,614	1,197,212
Parking	1,206,989	995,631	972,327	925,595	978,658	931,676	1,037,558	1,001,359	872,502	882,638
Bass Park	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	7,107,209
Municipal Golf Course	664,311	671,113	687,317	643,323	849,164	613,930	604,127	703,104	711,448	761,968
Economic Development	618,980	615,816	586,140	628,252	698,294	508,234	466,485	394,026	477,066	379,183
Total business-type activities expenses	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	40,332,129
Total primary government expenses	\$ 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	\$ 166,130,529

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

Continued on next page

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 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	\$ 2,004,043
Public safety	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	3,105,928
Health, community services and recreation	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	1,247,814
Public services	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	1,583,305
Other agencies	20,248	103,560	-	46,882	-	-	-	19,490.00	20,234.00	-
Education	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	6,442,414
Arena development	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	563
Community development	323,494	588,587	474,013	994,546	273,269	313,396	442,445	31,708	25,190	298,755
Waterfront	-	-	-	-	-	-	-	-	21,248.00	-
Public transportation	1,025,080	1,023,717	1,045,793	816,819	857,013	1,048,974	774,195	790,936	751,711	634,594
Tax increment financing	-	-	-	-	-	-	-	-	127,666.00	-
Operating grants and contributions	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	40,562,677
Capital grants and contributions	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	4,410,094
Total governmental activities program revenues	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	60,290,187
Business-type activities:										
Charges for services										
Sewer Utility	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	9,448,625
Airport	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	18,233,077
Park Woods	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	1,283,193
Parking	1,057,710	1,012,109	960,947	1,002,164	1,022,305	1,030,872	1,008,494	967,704	947,136	872,201
Bass Park	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	2,165,685
Municipal Golf Course	643,501	628,869	592,825	575,020	611,132	732,016	644,303	734,578	649,698	716,166
Economic Development	585,785	409,486	462,033	515,339	589,383	674,066	503,905	395,032	402,728	399,939
Operating grants and contributions	-	-	-	-	193,061	-	-	-	-	-
Capital grants and contributions	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	5,056,332
Total business-type activities program revenues	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	38,175,218
Total primary government program revenues	\$ 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	\$ 98,465,405

Continued on next page

Table 2 (con't)

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net (expense)/revenue										
Governmental activities	\$ (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)	\$ (65,508,213)
Business-type activities	(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)	(2,156,911)
Total primary government expense	(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)	(67,665,124)
General revenues and other changes in net position										
Governmental activities:										
Property taxes	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	60,264,977
Payment in lieu of taxes	161,879	156,629	95,620	161,438	156,417	193,599	233,683	284,405	290,489	306,479
Excise taxes	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	5,789,454
Franchise taxes	367,672	372,542	362,088	350,014	341,605	336,979	346,303	348,512	370,278	368,470
Unrestricted grants and contributions	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	7,267,295
Unrestricted investment earnings	565,326	530,631	57,620	510,429	413,923	488,936	380,580	674,137	892,161	853,277
Gain (loss) on sale of asset	-	-	-	-	-	-	62,180	(6,771)	35,349	203,396
Miscellaneous	92,379	16,698	112,060	1,863	410,991	179,163	-	-	-	-
Transfers	(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)	(1,707,061)
Total governmental activities	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	73,346,287
Business-type activities:										
Property taxes	-	-	-	750,000	800,000	1,000,000	1,100,000	1,100,000	1,255,000	1,300,000
Unrestricted investment earnings	752,891	543,493	345,932	504,584	462,069	420,951	555,259	521,200	965,025	1,024,264
Gain (loss) on sale of asset	-	-	(260,857)	-	-	452,331	931,275	14,807	4,856	247,610
Special Item	-	-	-	-	(484,664)	-	-	-	-	-
Transfers	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	1,707,061
Total business-type activities	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	4,278,935
Total primary government	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	77,625,222
Change in net position										
Governmental activities	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	7,838,074
Business-type activities	(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	2,122,024
Total primary government	\$ 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	\$ 9,960,098

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Tax Revenues										
Property taxes	\$ 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	\$ 60,264,977
Excise taxes	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	5,789,454
Franchise taxes	367,672	372,542	362,088	350,014	341,605	336,979	346,303	348,512	370,278	368,470
Total tax revenues	\$ 52,910,754	\$ 53,489,879	\$ 54,887,898	\$ 54,887,898	\$ 61,490,018	\$ 62,671,832	\$ 63,238,124	\$ 63,580,796	\$ 65,143,306	\$ 66,422,901

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	2020
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	\$ 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	835,540
Restricted										
Education purposes	1,213,508	936,158	186,871	974,012	889,481	1,354,267	745,039	694,202	278,635	1,210,782
Municipal purposes	405,119	349,362	288,519	288,857	19,803	19,830	19,883	20,210	20,617	5,715
Committed - municipal purposes	19,033	373,753	10,583	2,623	110,933	5,406	288,743	118,316	233,988	286,801
Assigned										
Encumbrances	1,389,501	1,548,268	777,788	31,347	15,987	244,899	72,264	60,268	60,142	68,563
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	8,489,091
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	14,547,264
Total general fund	\$ 17,024,570	\$ 16,772,724	\$ 15,180,616	\$ 17,035,520	\$ 18,230,797	\$ 21,588,223	\$ 22,627,645	\$ 26,030,331	\$ 26,139,672	\$ 27,344,256
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	\$ 385,512
Capital Project Fund	-	-	-	-	-	-	1,120,229	-	-	642,000
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	5,702,502
Nonmajor Permanent Funds	410,337	449,974	466,951	483,284	495,623	506,007	514,652	523,122	542,248	533,978
Committed										
Nonmajor Special Revenue Funds	6,690,287	-	2,761,541	1,051,134	871,271	587,141	613,291	397,579	811,934	479,703
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	11,845,250
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)	-	-	-	-	-	-	(9,343)
Total all other governmental funds	\$ 10,507,445	\$ 562,705	\$ 10,334,325	\$ 8,914,988	\$ 8,607,611	\$ 10,424,963	\$ 7,097,495	\$ 13,291,113	\$ 15,380,566	\$ 19,579,602

Table 5

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Taxes:										
Property taxes	\$ 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	\$ 60,791,768
Excise taxes	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	5,789,454
Total tax revenues	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	66,581,222
Intergovernmental	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	49,867,696
Licenses and permits	601,202	948,267	576,559	1,389,717	831,968	755,273	644,795	1,014,170	741,027	681,420
Charges for services	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	13,830,649
Program income	314,203	575,460	462,380	765,142	247,549	284,619	407,403	31,208	11,006	277,835
Revenue from use of money and property	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	2,790,672
Other	279,426	561,118	165,686	156,659	516,714	227,243	275,771	332,400	368,750	1,176,183
Total revenues	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	135,205,677
Expenditures:										
General government*	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	5,747,168
Public safety	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	20,050,145
Health, community services and recreation	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	4,812,261
Public services	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	10,004,187
Other agencies	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	5,505,165
Education	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	58,753,118
Tax increment financing	165,133	524,013	550,308	632,364	724,347	717,260	711,220	745,170	757,396	888,476
Unclassified	118,216	260,685	2,323,972	590,627	74,128	104,422	44,568	15,319	29,818	13,711
Restricted grants	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	9,070,191
Capital outlay	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	13,080,007
Debt service										
Principal	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	4,334,371
Interest	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	1,687,944
Other charges	45,988	-	-	-	-	-	-	66,255	53,752	77,146
Total expenditures	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	134,023,890
Excess (deficiency) of revenues over (under) expenditures	(2,092,246)	(40,523,194)	(27,006,849)	(5,084,028)	(810,167)	3,932,612	(757,360)	454,677	(611,665)	1,181,787
Other financing sources/(uses)										
General obligation bonds issued	2,086,100	30,659,143	10,378,985	8,369,000	3,602,000	3,014,000	-	6,060,037	1,616,124	5,000,642
Refunding bonds issued	-	-	-	-	-	-	-	-	1,550,000	-
Capital leases	-	-	456,581	-	-	61,152	-	-	617,101	548,969
Payment to escrow agent	-	-	(4,233,486)	-	-	-	-	-	-	-
Premium on debt issuance	-	-	748,121	133,552	-	-	-	294,646	298,334	296,011
Financing proceeds	-	-	-	-	-	-	-	-	-	-
Sale of assets	117,558	84,507	186,709	187,760	565,717	179,163	144,369	91,550	210,988	220,087
Transfers to other funds	(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)	(6,740,439)
Transfers from other funds	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	5,033,378
Total other financing sources	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	4,358,648
Net change in fund balances	\$ (526,486)	\$ (10,196,586)	\$ (28,242,720)	\$ 435,567	\$ 887,900	\$ 5,174,778	\$ (2,288,046)	\$ 5,107,683	\$ 2,198,795	\$ 5,540,435
Debt service as a percentage of noncapital expenditures	5.52%	7.97%	19.34%	4.46%	4.97%	5.06%	6.21%	5.14%	6.09%	4.80%

* - 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
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
2020	\$ 2,454,109,500	194,783,800	2,648,893,300	21.49	\$ 97,368,900	149,003,100	1,131,953,400

* 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 2020 the rate was 59.4%.

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
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
2020	8.30	2.77	10.42	21.49	1.51	23.00

Table 8

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

Taxpayer	Business	2020			2011		
		Assessed Value	Rank	% of Total Tax Base	Assessed Value	Rank	% of Total Tax Base
GLP Capital L.P.	Gaming	\$ 75,565,400	1	2.85%	-	-	-
Emera Maine	Utility	43,887,500	2	1.66%	-	-	-
Bangor Savings Bank	Financial	36,471,800	3	1.38%	-	-	-
Bangor Mall LLC	Shopping mall	34,573,800	4	1.31%	\$ 57,608,500	3	2.24%
General Electric	Manufacturer	24,158,700	5	0.91%	64,318,500	2	2.50%
Bangor Gas Company LLC	Utility	21,929,000	6	0.83%	-	-	-
QV Realty Trust	Real estate interests	21,363,100	7	0.81%	15,859,900	6	0.62%
HC Bangor LLC	Gaming	20,231,400	8	0.76%	-	-	-
Walmart Stores	Retailer	19,591,300	9	0.74%	21,249,800	5	0.83%
GM Realty of Bangor LLC	Real estate interests	17,230,900	10	0.65%	-	-	-
Bangor Historic Track	Racino	-	-	-	117,846,300	1	4.58%
Bangor Hydro Electric	Utility	-	-	-	38,377,400	4	1.49%
Home Depot U.S.A. Inc	Retailer	-	-	-	14,249,400	9	0.55%
Inland Western Parkade	Shopping mall	-	-	-	15,396,100	7	0.60%
Harvest Sunbury Village	Retirement Living	-	-	-	14,106,400	10	0.55%
Grant Trailer Sales	Real estate interests	-	-	-	15,335,600	8	0.60%
Totals		<u>\$ 315,002,900</u>		<u>11.89%</u>	<u>\$ 374,347,900</u>		<u>14.56%</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			
2011	\$ 48,362,646	168,932	48,193,714	46,857,606	97.23%	\$ 1,306,784	48,164,390	99.94%
2012	\$ 48,529,834	175,844	48,353,990	47,025,587	97.25%	\$ 1,296,058	48,321,645	99.93%
2013	\$ 49,713,855	134,598	49,579,257	48,276,445	97.37%	\$ 1,265,016	49,541,461	99.92%
2014	\$ 53,077,993	43,339	53,034,654	51,692,178	97.47%	\$ 1,289,344	52,981,522	99.90%
2015	\$ 55,903,061	282,782	55,620,279	53,708,753	96.56%	\$ 1,847,164	55,555,917	99.88%
2016	\$ 57,090,091	445,799	56,644,292	55,557,652	98.08%	\$ 1,004,785	56,562,437	99.86%
2017	\$ 57,781,717	116,643	57,665,074	56,513,791	98.00%	\$ 1,060,934	57,574,725	99.84%
2018	\$ 58,013,766	79,288	57,934,478	56,868,240	98.16%	\$ 933,597	57,801,837	99.77%
2019	\$ 59,173,223	169,404	59,003,819	57,885,246	98.10%	\$ 588,072	58,473,318	99.10%
2020	\$ 60,939,583	45,746	60,893,837	59,000,699	96.89%	\$ -	59,000,699	96.89%

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*
2011	\$ 58,455,666	-	31,985,337	-	90,441,003	2,737.40	3.59%	7.06%
2012	\$ 80,674,158	-	28,707,990	-	109,382,148	3,314.61	4.34%	9.47%
2013	\$ 62,727,567	361,009	82,492,223	-	145,580,799	4,416.49	5.76%	11.71%
2014	\$ 67,154,638	277,728	82,983,011	41,699	150,457,076	4,604.94	5.90%	13.12%
2015	\$ 65,147,398	549,636	83,619,820	33,082	149,349,936	4,585.79	5.83%	12.64%
2016	\$ 62,635,756	408,687	81,041,828	29,210	144,115,481	4,449.24	5.54%	12.27%
2017	\$ 55,502,169	181,526	81,332,351	20,026	137,036,072	4,284.39	5.34%	12.01%
2018	\$ 55,917,971	24,306	77,867,785	61,903	133,871,965	4,196.22	5.21%	11.05%
2019	\$ 52,328,779	484,747	78,989,062	42,175	131,844,763	4,132.68	5.13%	10.88%
2020	\$ 51,912,434	759,336	79,353,077	61,215	132,086,062	4,115.09	5.12%	9.77%

* 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
2011	33,039	\$ 2,522,711,400	90,441,003	3.59%	2,737.40
2012	33,000	\$ 2,528,249,200	109,382,148	4.33%	3,314.61
2013	32,963	\$ 2,550,820,200	145,219,790	5.69%	4,405.54
2014	32,673	\$ 2,561,274,600	150,137,649	5.86%	4,595.16
2015	32,568	\$ 2,600,202,500	148,767,218	5.72%	4,567.90
2016	32,391	\$ 2,566,222,000	143,677,584	5.60%	4,435.73
2017	31,985	\$ 2,571,894,300	136,834,520	5.32%	4,278.08
2018	31,903	\$ 2,577,440,500	133,785,756	5.19%	4,193.52
2019	31,997	\$ 2,577,440,500	131,317,841	5.09%	4,104.07
2020	32,098	\$ 2,648,893,300	131,265,511	4.96%	4,089.52

* Source: U.S. Census Bureau.

CITY OF BANGOR, MAINE
Computation of Direct and Overlapping Debt
June 30, 2020

	Total Debt Outstanding	Percentage Applicable to Bangor	Amount Applicable to Bangor
Direct Debt			
City of Bangor			
General Obligation Bonds	\$ 51,912,434	100.00%	\$ 51,912,434
Capital Leases	759,336	100.00%	759,336
Overlapping Debt			
Penobscot County*	\$ 3,550,000	23.02%	\$ 817,350
Total Debt	<u>\$ 56,221,770</u>		<u>\$ 53,489,120</u>

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

Table 13

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

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Percentage of Net Debt to Debt Limit
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%
2020	\$ 400,072,500	131,265,511	268,806,989	32.81%

Legal Debt Margin Calculation for Fiscal Year 2020

Total State Valuation	\$ 2,667,150,000
Debt Limitation: 15 % of State Valuation	400,072,500
Debt Applicable to Debt Limitation:	
General Obligation Bonds:	
Municipal	96,483,073
School	11,304,621
Sewer	20,223,960
Total debt applicable to limit	<u>128,011,654</u>
Legal Debt margin	<u><u>\$ 272,060,846</u></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 ***
2011	33,039	38,775	25,344	36.7	3,830	7.30%
2012	33,000	34,993	25,344	37.5	3,819	7.50%
2013	32,963	37,707	24,945	36.8	3,875	6.30%
2014	32,673	35,107	23,791	36.5	3,810	5.20%
2015	32,568	36,272	23,977	35.9	3,765	4.00%
2016	32,391	36,272	23,977	35.9	3,780	3.80%
2017	31,985	35,674	23,928	35.4	3,759	3.60%
2018	31,903	37,987	25,318	35.7	3,715	3.30%
2019	31,997	40,071	27,115	37.0	3,707	2.80%
2020	32,098	42,115	30,245	37.6	3,701	7.00%

* 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

2020*				2011 ¹			
Employees	Employer	Location	Percentage of Total Employment ²	Employees	Employer	Location	Percentage of Total Employment ²
4001-4500	Eastern Maine Medical Center	Bangor	11.54%	1000-4000	Eastern Maine Medical Center	Bangor	6.93%
1501-2000	Northern Light Health	Throughout	4.75%	1000-4000	Bangor Mall	Bangor	6.93%
1001-1500	Hannaford Bros Co	Throughout	3.39%	1000-4000	University of Maine	Orono	6.93%
501-1000	City of Bangor	Bangor	3.00%	1000-4000	City of Bangor	Bangor	6.93%
501-1000	St. Joseph Hospital Inc	Bangor	2.04%	1000-4000	Hannaford Supermarkets	Throughout	6.93%
501-1000	Walmart/Sam's Club	Throughout	2.04%	500-999	Bangor Savings Bank	Bangor	2.08%
501-1000	Penobscot Community Health Care	Throughout	2.04%	500-999	Walmart	Bangor	2.08%
501-1000	Acadia Hospital	Bangor	2.04%	500-999	Microdyne	Orono	2.08%
501-1000	Husson University	Bangor	2.04%	500-999	Acadia Hospital	Bangor	2.08%
501-1000	Bangor Savings Bank	Throughout	2.04%	500-999	Verso Corp Paper Mill	Bucksport	2.08%
				500-999	St. Joseph Hospital	Bangor	2.08%
				500-999	Community Health & Counseling	Bangor	2.08%
				500-999	General Electric	Bangor	2.08%
			34.91%				51.28%

* 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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government	100	99	97	92	103	104	107	103	102	93
Public safety										
Police	97	96	96	96	93	91	94	95	93	98
Fire	95	95	95	91	87	90	89	88	94	95
Health, community services and recreation	47	49	48	46	41	34	36	47	40	38
Public building and services	81	78	78	76	63	62	61	71	72	70
Education	610	580	580	568	578	570	580	590	590	595
Sewer utility	21	24	24	24	24	27	27	26	26	22
Airport	87	88	93	77	85	106	107	109	95	92
Park woods	2	2	2	1	-	-	-	-	-	-
Parking	3	3	3	3	3	2	2	3	-	-
Bass park	7	6	5	-	-	-	-	-	-	-
Municipal golf course	8	8	8	8	8	8	8	8	3	3
Totals	1,158	1,128	1,129	1,082	1,085	1,094	1,111	1,140	1,115	1,106

* 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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Code enforcement										
Building permits	518	405	453	433	454	517	571	676	675	516
Certificates of occupancy	448	350	361	395	452	630	609	729	750	594
Sign permits	96	70	69	82	83	86	89	90	70	94
Electrical**	-	-	-	-	-	607	739	770	781	745
Police										
Calls for service	30,167	31,640	33,740	36,153	36,967	38,347	38,505	35,768	35,363	34,650
Fire										
Calls for service	8,000	9,020	9,044	9,031	9,292	10,048	10,110	9,832	9,903	9,108
Sewer										
Treated flow (billions of gallons)	2.81	3.10	2.68	2.69	3.20	2.57	2.44	2.76	3.21	3.48
Biosolids (tons)	6,518	6,789	5,832	6,309	5,821	6,230	6,101	5,569	6,036	6,250

* 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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	54	50	48	43	50	57	57	60	55	55
Fire:										
Stations	3	3	3	3	3	3	3	3	3	3
Vehicles	25	26	26	26	26	24	25	22	27	27
Public works										
Streets (miles)	429	431	431	431	431	432	432	432	432	360
Sidewalks (miles)	101.4	101.4	101.4	101.4	101.4	101.4	101.4	101.9	109.6	110.2
Parks and recreation										
Parks	29	29	29	29	29	29	29	29	29	29
Parks acreage	950	950	950	950	950	950	950	950	1227	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	101	101
Miles of combined sewers	44	44	47	49	49	49	49	49	43	44

* Source - City of Bangor Departmental records.

APPENDIX B

**PROPOSED FORMS
OF
LEGAL OPINION**

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Upon issuance and delivery of the Series A 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 \$2,313,000* 2021 General Obligation Bonds – Series A,
dated April 15, 2021

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 \$2,313,000* 2021 General Obligation Bonds – Series A dated April 15, 2021 (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 Bonds, including among other documents, certified copies of Order 19-284 adopted by the City Council on August 12, 2019 and Order 20-235 adopted by the City Council on August 10, 2020, and an approval of the City's Finance Committee dated March 30, 2021 (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 April 15, 2021. The Bonds have been issued as serial bonds in the denominations, bearing interest payable on each April 1 and October 1, commencing October 1, 2021, until maturity or redemption prior to maturity, and maturing on April 1 of each year as reflected below:

*Preliminary, subject to change

<u>April 1</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>April 1</u>	<u>Amount*</u>	<u>Interest Rate</u>
2022	\$178,000	%	2032	\$170,000	%
2023	\$175,000	%	2033	\$170,000	%
2024	\$175,000	%	2034	\$30,000	%
2025	\$175,000	%	2035	\$30,000	%
2026	\$175,000	%	2036	\$30,000	%
2027	\$175,000	%	2037	\$30,000	%
2028	\$170,000	%	2038	\$30,000	%
2029	\$170,000	%	2039	\$30,000	%
2030	\$170,000	%	2040	\$30,000	%
2031	\$170,000	%	2041	\$30,000	%

Bonds maturing on and before April 1, 2031 are not subject to optional redemption prior to their stated dates of maturity. Bonds maturing on and after April 1, 2032 are subject to redemption prior to their stated dates of maturity, at the option of the City, on and after April 1, 2031, 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 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,

*Preliminary, subject to change

148 and 265 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 a specific preference item for purposes of the alternative minimum tax under the Code.

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.

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 other offering material or similar information prepared or provided by the City with respect the Bonds.

This opinion letter speaks as of the time of its delivery on the date it bears. We have addressed only the laws of the United States and of the State of Maine and the opinions stated herein are limited solely to the matters expressly set forth above. 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. No assurance can be given that future legislation or common law will not contain provisions or create precedent which could directly or indirectly affect the matters set forth herein.

Very truly yours,

Merrill's Wharf
254 Commercial Street
Portland, ME 04101

207-791-1100 voice
207-791-1350 fax
info@pierceatwood.com
pierceatwood.com

Upon issuance and delivery of the Series B 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 \$2,305,000* 2021 General Obligation Bonds – Series B (Federally Taxable), dated April 15, 2021

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 \$2,305,000* 2021 General Obligation Bonds – Series B (Federally Taxable), dated April 15, 2021 (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 Bonds, including among other documents, certified copies of Order 20-256 adopted by the City Council on August 24, 2020, and an approval of the City's Finance Committee dated March __, 2021 (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 April 15, 2021. The Bonds have been issued as [term] bonds in the denominations, bearing interest payable on each April 1 and October 1, commencing October 1, 2021, until maturity or redemption prior to maturity, and maturing on April 1 of each year as reflected below:

\$455,000* ___% Term Bond due April 1, 2026
\$525,000* ___% Term Bond due April 1, 2031
\$615,000* ___% Term Bond due April 1, 2036
\$710,000* ___% Term Bond due April 1, 2041

*Preliminary, subject to change

Bonds maturing on and before April 1, 2031 are not subject to optional redemption prior to their stated dates of maturity. Bonds maturing on and after April 1, 2032 are subject to redemption prior to their stated dates of maturity, at the option of the City, on and after April 1, 2031, 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 are subject to mandatory redemption by the City prior to maturity, in part by lot, at a redemption price equal to the amounts set forth below plus accrued interest to the date of redemption thereof, on April 1 in the following years and principal amounts:

<u>Term Bond Due 2026</u>		<u>Term Bond Due 2031</u>		<u>Term Bond Due 2036</u>		<u>Term Bond Due 2041</u>	
<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2022	\$85,000	2027	\$100,000	2032	\$115,000	2037	\$135,000
2023	\$90,000	2028	\$100,000	2033	\$120,000	2038	\$140,000
2024	\$90,000	2029	\$105,000	2034	\$125,000	2039	\$140,000
2025	\$95,000	2030	\$110,000	2035	\$125,000	2040	\$145,000
2026**	\$95,000	2031**	\$110,000	2036**	\$130,000	2041**	\$150,000

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 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

*Preliminary, subject to change
 **Year of final maturity.

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. Interest payable on the Bonds is includable in the gross income of the owners thereof for purposes of federal income taxation.
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.

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.

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 other offering material or similar information prepared or provided by the City with respect the Bonds.

This opinion letter speaks as of the time of its delivery on the date it bears. We have addressed only the laws of the United States and of the State of Maine and the opinions stated herein are limited solely to the matters expressly set forth above. 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. No assurance can be given that future legislation or common law will not contain provisions or create precedent which could directly or indirectly affect the matters set forth herein.

Very truly yours,

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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 \$2,313,000 2021 General Obligation Bonds – Series A, dated April 15, 2021, and \$2,305,000 2021 General Obligation Bonds – Series B (Federally Taxable), dated April 15, 2021, 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 30, 2021 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 audited financial statements, 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: _____