

**CITY OF BREWER, MAINE**

**Annual Financial Report**

**For the Year Ended June 30, 2014**



**CITY OF BREWER, MAINE**  
**Annual Financial Report**  
**For the Year Ended June 30, 2014**

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Independent Auditor's Report

City Council  
City of Brewer, Maine

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brewer, Maine as of and for the year ended June 30, 2014, 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 of 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 opinions. 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, each major fund, and the aggregate remaining fund information of the City of Brewer, Maine as of June 30, 2014, and the respective changes in financial position, and where applicable, cash flows, thereof and budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 regarding 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 Brewer, Maine's basic financial statements. The combining and individual fund financial statements and schedule and operating data section, are presented for purposes of additional analysis and are not a required part of the financial statements.

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

The operating data section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2014, on our consideration of the City of Brewer, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Brewer, Maine's internal control over financial reporting and compliance.



December 22, 2014  
South Portland, Maine

**CITY OF BREWER, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2014**

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As management of the City of Brewer, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Brewer for the fiscal year ended June 30, 2014.

**Financial Highlights**

- ❖ The assets of the City of Brewer exceeded liabilities by \$43,840,302 (net position). Of this amount, \$1,802,881 was reported as unrestricted net position. Unrestricted net position represents the amount available to be used to meet the City's ongoing obligations to citizens and creditors. The City's total net position increased by \$614,557 from the prior year. Net position of Governmental Activities increased by \$618,024 while Business-type Activities decreased by \$3,467.
- ❖ At the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$8,411,189, which was an increase of \$244,214 from the prior fiscal year. This increase was comprised of a \$365,218 increase in the City's general fund, a \$273,638 decrease in the City's major capital projects fund and \$152,634 increase in the other governmental funds.
- ❖ The City's general fund reports an unassigned fund balance of \$3,683,909 and total fund balance of \$5,140,451, an increase of \$365,218. The City's unassigned fund balance is currently at 10.5% of budget and 10.9% of general fund expenditures.
- ❖ The City of Brewer completed two bond issuances, incurring an additional \$990,000 in long-term debt in the general fund and \$1,100,000 in the water fund. However, the City retired \$2,675,487 in old debt.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of Brewer's basic financial statements. The City of Brewer's basic financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) 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* are designed to provide readers with a broad overview of the City of Brewer's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Brewer's assets and liabilities, with the difference between the two 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 of Brewer 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 will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Brewer that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Brewer include general government, public safety, municipal buildings, culture and recreation, welfare, public works, unclassified (employee benefits), education, interest on debt, assessments, capital outlay, and state retirement contributions. The business-type activities of the City of Brewer include a water department and a wastewater treatment operation.

The government-wide financial statements can be found on pages 13-14 of this report.



**CITY OF BREWER, MAINE**  
**Management's Discussion and Analysis, Continued**

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**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 Brewer, 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 of Brewer can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the city's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

The City of Brewer maintains 45 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 two major funds: the general fund and the other capital projects fund. Data from the other 43 non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major funds is provided in the form of *combining statements* elsewhere in the report.

The City of Brewer adopts an annual appropriated budget for its general fund, as well as the capital improvement program, sewer fund and water fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on page 15 of this report.

**Proprietary funds.** The City of Brewer maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Brewer uses enterprise funds to account for its Water Department and Sewer Department.

Proprietary funds provide the same type of information as the government-wide financial statements only in more detail. The proprietary fund financial statements provide separate information on the individual enterprise funds.

The basic proprietary fund financial statements can be found on page 19 of this report.

**Fiduciary funds.** 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 statement because the resources of those funds are not available to support the City of Brewer's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 22 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-47 of this report.

**Other information.** The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual statements and schedules can be found on pages 51-87 of this report.

**CITY OF BREWER, MAINE**  
**Management's Discussion and Analysis, Continued**

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Brewer, governmental activity assets exceeded liabilities by \$21,995,341. Business-type activity assets exceeded liabilities by \$21,844,961 for a City-wide total net position of \$43,840,302 at the close of the most recent fiscal year. The Statement of Net Position can be found on page 13 of this report.

The largest portion of the City of Brewer's net position (90.02%) reflects its investment in capital assets (e.g., land, buildings and improvements, machinery, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City of Brewer uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City of Brewer'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 liquidate these liabilities.

An additional portion of the City's net position (5.86%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (4.11%, or \$1,802,881) may be used to meet the City's ongoing obligations to citizens and creditors.

**Net Position**

	Governmental Activities		Business-type Activities		Primary Government Total	
	2014	2013	2014	2013	2014	2013
<b>ASSETS</b>						
Current and other assets	\$ 12,460,077	\$ 11,392,593	\$ 219,008	\$ (390,736)	\$ 12,679,085	\$ 11,001,857
Capital assets	34,019,948	33,962,580	45,968,749	46,591,001	79,988,697	80,553,581
<b>Total assets</b>	<b>\$ 46,480,025</b>	<b>\$ 45,355,173</b>	<b>\$ 46,187,757</b>	<b>\$ 46,200,265</b>	<b>\$ 92,667,782</b>	<b>\$ 91,555,438</b>
<b>LIABILITIES</b>						
Long-term debt outstanding	20,902,107	21,200,396	23,289,218	23,409,211	44,191,325	44,609,607
Other liabilities	3,582,577	2,777,460	1,053,578	942,626	4,636,155	3,720,086
<b>Total liabilities</b>	<b>\$ 24,484,684</b>	<b>\$ 23,977,856</b>	<b>\$ 24,342,796</b>	<b>\$ 24,351,837</b>	<b>\$ 48,827,480</b>	<b>48,329,693</b>
<b>NET POSITION</b>						
Net investment in capital assets	17,594,180	15,834,577	22,679,531	23,181,790	40,273,711	39,016,367
Restricted	2,105,244	3,428,538	464,987	480,634	2,570,231	3,909,172
Unrestricted (deficit)	2,295,917	2,114,202	(1,299,557)	(1,813,996)	996,360 *	300,206
<b>Total net position</b>	<b>\$ 21,995,341</b>	<b>\$ 21,377,317</b>	<b>\$ 21,844,961</b>	<b>\$ 21,848,428</b>	<b>\$ 43,840,302</b>	<b>\$ 43,225,745</b>

\* In summary of significant accounting policies section there is an explanation as to why the above unrestricted net position does not equal to Statement of Net Position in the Basic Financial Statements section of this report.

**CITY OF BREWER, MAINE**  
**Management's Discussion and Analysis, Continued**

**City of Brewer**  
**Changes in Net Position**

	Governmental Activities		Business-type Activities		Primary Government Total	
	2014	2013	2014	2013	2014	2013
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 5,365,392	6,266,202	4,878,572	4,792,667	10,243,964	11,058,869
Operating grants & cont.	15,695,568	15,077,493	-	-	15,695,568	15,077,493
Capital grants & cont.	-	-	974,752	1,147,425	974,752	1,147,425
<b>General revenues:</b>						
Property taxes	16,169,914	14,807,613	-	-	16,169,914	14,807,613
Excise taxes	1,588,812	1,513,229	-	-	1,588,812	1,513,229
Interest & cost on taxes	95,803	85,914	-	-	95,803	85,914
Franchise fees	107,218	111,965	-	-	107,218	111,965
State Revenue Sharing	614,544	921,654	-	-	614,544	921,654
Homestead exemption	208,572	191,599	-	-	208,572	191,599
Other govt. revenues	51,861	53,569	-	-	51,861	53,569
Unrestricted invstmt. earnings	34,273	11,999	-	-	34,273	11,999
Misc. revenues	13,775	57,280	-	-	13,775	57,280
Loss on disposal assets	(147,290)	(3,239,633)	-	-	(147,290)	(3,239,633)
Forgiveness of debt	-	-	86,500	-	86,500	-
Transfers	168,036	168,036	(168,036)	(168,036)	-	-
<b>Total revenues</b>	<b>39,966,478</b>	<b>36,026,920</b>	<b>5,771,788</b>	<b>5,772,056</b>	<b>45,738,266</b>	<b>41,798,976</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Administration	2,017,707	1,851,558	-	-	2,017,707	1,851,558
Protection	4,642,829	4,637,871	-	-	4,642,829	4,637,871
Public Services	211,790	169,262	-	-	211,790	169,262
Public Works	3,085,001	3,044,545	-	-	3,085,001	3,044,545
Education	22,851,740	23,614,239	-	-	22,851,740	23,614,239
Unclassified	4,045,220	3,576,011	-	-	4,045,220	3,576,011
Assessments	931,073	1,096,333	-	-	931,073	1,096,333
Capital outlay	963,433	1,171,118	-	-	963,433	1,171,118
Interest on debt	599,661	686,268	-	-	599,661	686,268
Water	-	-	3,055,653	2,280,941	3,055,653	2,280,941
Sewer	-	-	2,719,602	2,657,274	2,719,602	2,657,274
<b>Total expenditures</b>	<b>39,348,454</b>	<b>39,847,205</b>	<b>5,775,255</b>	<b>4,938,215</b>	<b>45,123,709</b>	<b>44,785,420</b>
Change in net position	618,024	(3,820,285)	(3,467)	833,841	614,557	(2,986,444)
Net position, prior year	21,377,317	25,197,602	21,848,428	21,014,587	43,225,745	46,212,189
<b>Net position, current year</b>	<b>\$ 21,995,341</b>	<b>\$ 21,377,317</b>	<b>21,844,961</b>	<b>21,848,428</b>	<b>43,840,302</b>	<b>43,225,745</b>

**Financial Analysis of the Government's Funds**

As noted earlier, the City of Brewer uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City of Brewer's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

**CITY OF BREWER, MAINE**  
**Management's Discussion and Analysis, Continued**

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As of the end of the current fiscal year, the City of Brewer governmental funds reported combined ending fund balances at June 30, 2014 of \$8,411,189, an increase of \$244,214 in comparison with the prior year. Just over 41% of this total amount (\$3,500,520) constitutes unassigned fund balance, which is available for spending at the government's discretion. The balances reflect the compliance with G.A.A.P. accounting rules for the accrued teacher summer salaries. The remainder of the fund balance (\$4,910,669) is not available for new spending because it has already been restricted to use only for 1) various capital and other governmental purposes (\$3,077,691) and education (\$205,800), 2) non-expendable principal in investments, prepaid amounts and inventory (\$572,555), or 3) committed or assigned to specific uses (\$1,054,623).

The General Fund is the central operating fund of the City of Brewer. At the end of the current fiscal year, the fund balance was \$5,140,451. After adjusting for non-spendable amounts (\$224,838), the amount that is restricted for use for education (\$205,800) and items assigned to specific use (\$1,025,904 of which \$400,000 is for the 2015 budget and \$544,718 for accrued compensated absences), there is a net unassigned balance of \$3,683,909 that can be used to meet the ongoing needs of the City. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 10.3% of the total general fund expenditures (on a GAAP basis); total fund balance represents 14.3% of total general fund expenditures (on a GAAP basis).

The fund balance of the City of Brewer's General Fund increased \$365,218 during the current fiscal year. While revenues came in \$746,632 higher than budgeted and expenditures were \$1,335,936 lower than budgeted, these were partially offset by the City's \$1,127,791 budgeted use of fund balance and several other adjustments.

**Proprietary funds.** The City of Brewer's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net position of the City's Water Fund increased \$181,369 to \$12,638,695. The operating loss was \$586,466 while nonoperating revenues added \$767,835. Net position of the City's Sewer Fund decreased \$184,836 to \$9,206,266. The Sewer fund experienced an operating loss of \$310,217, which was partially offset by nonoperating income of \$125,381. Of the total net position, the amount classified as net investment in capital assets was \$10,154,854 and \$12,524,677 for the Water and Sewer Funds, respectively. Unrestricted net position was \$2,029,318 for the Water Fund and (\$3,328,875) for the Sewer Fund.

**General Fund Budgetary Highlights**

The City of Brewer had a \$294,431 difference between the original and amended FY 2014 budget. The changes are as follows:

City Departments	\$305,966
Unclassified	5,674
Assessments	47,791
Debt Service	(65,000)
<hr/>	
<b>Total</b>	<b><u>\$294,431</u></b>

These changes in appropriations were authorized by the Brewer City Council and appropriated from unanticipated revenues of \$143,732, prior year carryforward balances of \$122,908, and unassigned fund balance of \$27,791. The City of Brewer has a strong purchasing policy to prevent unnecessary departmental over expenditures.

**CITY OF BREWER, MAINE**  
**Management's Discussion and Analysis, Continued**

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**Capital Asset and Debt Administration**

**Capital Assets.** The City of Brewer's capital assets for its governmental activities as of June 30, 2014 amounts to \$63,439,393, net of accumulated depreciation of \$29,419,445, leaving a net book value of \$34,019,948. This is an increase of \$57,368, including \$1,921,646 in new additions, \$147,290 in asset retirements and removals and \$1,716,988 in depreciation expense. This investment in capital assets includes land, buildings and improvements, vehicles, machinery and equipment, as well as infrastructure. The City of Brewer maintains a capital improvement fund for the purpose of replacing and acquiring new assets and reconstruction of infrastructure.

The City of Brewer's capital assets for its business-type activities as of June 30, 2014 amounts to \$69,081,280, net of accumulated depreciation of \$23,112,531, leaving a net book value of \$45,968,749. This is a decrease of \$622,252, including \$697,644 in new additions, and \$1,319,896 in depreciation expense. This investment in capital assets includes land, buildings and improvements, vehicles, machinery and equipment, and water and sewer infrastructure.

**Long-term Debt.** At the end of the current fiscal year, the City of Brewer had total bonds outstanding of \$39,975,865. Of this amount, \$17,738,397 is for governmental activities and \$22,237,468 is for business-type activities. All debt is backed by the full faith and credit of the City.

The City of Brewer issued \$2,090,000 in new long-term debt during the current fiscal year for various capital improvements and retired \$2,675,487 in old debt.

State statutes limit the amount of general obligation debt a municipality may issue to 15% of its total state assessed valuation, with a further limit of no more than 7.5% of state assessed valuation in enterprise fund debt. The current debt limitation for the City of Brewer as a whole is \$107,362,500 and \$53,681,250 for its water and sewer funds, far exceeding the City's outstanding general obligation debt.

**Requests for information**

This financial report is designed to provide a general overview of the City of Brewer's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Brewer, Maine, 80 North Main Street, Brewer, ME 04412.



## **BASIC FINANCIAL STATEMENTS**





**CITY OF BREWER, MAINE**  
**Statement of Net Position**  
**June 30, 2014**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,216,306	1,100,550	7,316,856
Investments	1,075,353	-	1,075,353
Receivables:			
Taxes	75,459	-	75,459
Tax and sewer liens	567,923	40,502	608,425
Other receivables	2,420,594	788,498	3,209,092
Due from other governments	100	-	100
Prepaid expenses	224,838	-	224,838
Inventory	23,164	40,288	63,452
Other assets	-	105,510	105,510
Internal balances	1,856,340	(1,856,340)	-
Capital assets, not being depreciated	3,391,468	3,663,318	7,054,786
Capital assets, net	30,628,480	42,305,431	72,933,911
Total assets	46,480,025	46,187,757	92,667,782
<b>LIABILITIES</b>			
Accounts payable	1,294,560	231,031	1,525,591
Accrued payroll and related liabilities	2,086,570	143,226	2,229,796
Accrued interest payable	59,406	213,923	273,329
Taxes collected in advance	79,226	-	79,226
Unearned revenue	62,815	465,398	528,213
Noncurrent liabilities:			
Due within one year	1,699,250	1,226,195	2,925,445
Due in more than one year	19,202,857	22,063,023	41,265,880
Total liabilities	24,484,684	24,342,796	48,827,480
<b>NET POSITION</b>			
Net investment in capital assets	17,594,180	22,679,531	39,467,190
Restricted:			
Special revenues	1,192,716	-	1,192,716
Capital projects	579,283	-	579,283
Proprietary funds	-	464,987	464,987
Permanent funds:			
Nonexpendable	324,553	-	324,553
Expendable	8,692	-	8,692
Unrestricted	2,295,917	(1,299,557)	1,802,881
Total net position	\$ 21,995,341	21,844,961	43,840,302

*See accompanying notes to basic financial statements.*

CITY OF BREWER, MAINE  
Statement of Activities  
For the year ended June 30, 2014

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total
					Governmental activities	Business-type activities	
Primary government:							
Governmental activities:							
Administration	\$ 2,017,707	64,552	-	-	(1,953,155)	-	(1,953,155)
Protection	4,642,829	525,516	3,690	-	(4,113,623)	-	(4,113,623)
Public services	211,790	-	30,489	-	(181,301)	-	(181,301)
Public works	3,085,001	383,217	448,417	-	(2,253,367)	-	(2,253,367)
Unclassified	4,045,470	425,817	1,120,042	-	(2,499,611)	-	(2,499,611)
Education	21,461,860	3,930,077	12,703,050	-	(4,828,733)	-	(4,828,733)
State retirement contribution (Education)	1,389,880	-	1,389,880	-	-	-	-
Interest on debt	599,661	36,463	-	-	(563,198)	-	(563,198)
Assessments	931,073	-	-	-	(931,073)	-	(931,073)
Capital outlay	963,433	-	-	-	(963,433)	-	(963,433)
<b>Total governmental activities</b>	<b>39,348,704</b>	<b>5,365,642</b>	<b>15,695,568</b>	<b>-</b>	<b>(18,287,494)</b>	<b>-</b>	<b>(18,287,494)</b>
Business-type activities:							
Water	3,055,653	2,469,187	-	779,855	-	193,389	193,389
Sewer	2,719,602	2,409,385	-	194,897	-	(115,320)	(115,320)
<b>Total business-type activities</b>	<b>5,775,255</b>	<b>4,878,572</b>	<b>-</b>	<b>974,752</b>	<b>-</b>	<b>78,069</b>	<b>78,069</b>
<b>Total primary government</b>	<b>\$ 45,123,959</b>	<b>10,244,214</b>	<b>15,695,568</b>	<b>974,752</b>	<b>(18,287,494)</b>	<b>78,069</b>	<b>(18,209,425)</b>
General revenues:							
Property taxes					\$ 16,169,914	-	16,169,914
Excise taxes					1,588,812	-	1,588,812
Interest and costs on taxes					95,803	-	95,803
Franchise fees					107,218	-	107,218
Grants and contributions not restricted to specific programs:							
State Revenue Sharing					614,544	-	614,544
Homestead exemption					208,572	-	208,572
Other intergovernmental revenues					51,861	-	51,861
Unrestricted investment earnings					34,273	-	34,273
Miscellaneous revenues					13,775	-	13,775
Loss on disposal of assets					(147,290)	-	(147,290)
Forgiveness of debt					-	86,500	86,500
Transfers					168,036	(168,036)	-
<b>Total general revenues and transfers</b>					<b>18,905,518</b>	<b>(81,536)</b>	<b>18,823,982</b>
Change in net position					618,024	(3,467)	614,557
Net position - beginning					21,377,317	21,848,428	43,225,745
<b>Net position - ending</b>					<b>\$ 21,995,341</b>	<b>21,844,961</b>	<b>43,840,302</b>

See accompanying notes to basic financial statements.

CITY OF BREWER, MAINE  
Balance Sheet  
Governmental Funds  
June 30, 2014

	General	Other Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,007,659	1,100,245	108,402	6,216,306
Investments	732,277	-	343,076	1,075,353
Receivables:				
Taxes	75,459	-	-	75,459
Tax liens	567,923	-	-	567,923
Other receivables	1,647,919	28,500	744,175	2,420,594
Due from other governments	-	-	100	100
Prepaid expenditures	224,838	-	-	224,838
Interfund loans receivable	159,074	601,212	1,227,402	1,987,688
Inventory	-	-	23,164	23,164
<b>Total assets</b>	<b>\$ 8,415,149</b>	<b>1,729,957</b>	<b>2,446,319</b>	<b>12,591,425</b>
<b>LIABILITIES</b>				
Accounts payable	526,517	28,616	735,533	1,290,666
Accrued payroll and related liabilities	2,086,570	-	-	2,086,570
Taxes collected in advance	79,226	-	-	79,226
Unearned revenue	56,668	-	6,147	62,815
Interfund loans payable	-	-	135,242	135,242
<b>Total liabilities</b>	<b>2,748,981</b>	<b>28,616</b>	<b>876,922</b>	<b>3,654,519</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	525,717	-	-	525,717
<b>Total deferred inflows of resources</b>	<b>525,717</b>	<b>-</b>	<b>-</b>	<b>525,717</b>
<b>FUND BALANCES</b>				
Nonspendable	224,838	-	347,717	572,555
Restricted	205,800	1,736,552	1,341,139	3,283,491
Committed	-	-	28,719	28,719
Assigned	1,025,904	-	-	1,025,904
Unassigned	3,683,909	(35,211)	(148,178)	3,500,520
<b>Total fund balances</b>	<b>5,140,451</b>	<b>1,701,341</b>	<b>1,569,397</b>	<b>8,411,189</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 8,415,149</b>	<b>1,729,957</b>	<b>2,446,319</b>	

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.	34,019,948
Other long-term assets are not available to pay for current period expenditures and therefore, are unavailable in the funds.	525,717
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.	
General obligation bonds	(17,738,397)
Premium on bonds	(631,196)
Capital leases	(182,860)
Compensated absences	(1,999,901)
Other postemployment benefits liability	(349,753)
Accrued interest payable	(59,406)
<b>Net position of governmental activities</b>	<b>\$ 21,995,341</b>

*See accompanying notes to basic financial statements.*

**CITY OF BREWER, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2014**

	General	Other Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 17,851,205	-	-	17,851,205
Licenses and permits	510,271	-	-	510,271
Intergovernmental	12,083,601	-	2,141,084	14,224,685
Local sources	5,225,845	1,648,296	258,771	7,132,912
Unclassified	-	-	187,843	187,843
Interest earned	34,273	-	1,469	35,742
<b>Total revenues</b>	<b>35,705,195</b>	<b>1,648,296</b>	<b>2,589,167</b>	<b>39,942,658</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Administration	1,853,281	-	-	1,853,281
Protection	4,361,052	-	-	4,361,052
Public services	211,968	-	-	211,968
Public works	2,163,482	-	-	2,163,482
Unclassified	2,827,175	-	923,202	3,750,377
Education	19,773,257	-	1,485,967	21,259,224
Assessments	931,073	-	-	931,073
<b>Debt service</b>				
Principal	1,501,735	-	-	1,501,735
Interest	643,183	-	-	643,183
State retirement contribution	1,389,880	-	-	1,389,880
Capital outlay	173,845	2,788,877	2,348	2,965,070
<b>Total expenditures</b>	<b>35,829,931</b>	<b>2,788,877</b>	<b>2,411,517</b>	<b>41,030,325</b>
Deficiency of revenues under expenditures	(124,736)	(1,140,581)	177,650	(1,087,667)
<b>Other financing sources (uses):</b>				
Issuance of debt	173,845	990,000	-	1,163,845
Transfers from other funds	381,109	65,000	-	446,109
Transfers to other funds	(65,000)	(188,057)	(25,016)	(278,073)
<b>Total other financing sources (uses)</b>	<b>489,954</b>	<b>866,943</b>	<b>(25,016)</b>	<b>1,331,881</b>
<b>Net change in fund balances</b>	<b>365,218</b>	<b>(273,638)</b>	<b>152,634</b>	<b>244,214</b>
<b>Fund balances, beginning of year</b>	<b>4,775,233</b>	<b>1,974,979</b>	<b>1,416,763</b>	<b>8,166,975</b>
<b>Fund balances, end of year</b>	<b>\$ 5,140,451</b>	<b>1,701,341</b>	<b>1,569,397</b>	<b>8,411,189</b>

*See accompanying notes to basic financial statements.*

**CITY OF BREWER, MAINE**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the year ended June 30, 2014**

Net change in fund balances - total governmental funds (from Statement 4)	\$	244,214
<p>Amounts reported for governmental activities in the statement of activities (Statement 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 (\$1,921,646) exceeded depreciation (\$1,716,988) and the loss on disposal (\$147,290).</p>		
		57,368
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the change in unavailable revenue - property taxes.</p>		
		3,324
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. This is the decrease in accrued interest (\$75,241), plus the increase in compensated absences (\$82,135) and other post-employment benefits (\$66,150).</p>		
		(73,044)
<p>Due to a change in accounting standards, the City wrote-off bond issuance costs in the current year. The City is amortizing the issuance premium on bonds over the life of the new bond. This is the amount by which the write-off of issuance costs exceeded the amortization of bond premiums.</p>		
		(31,721)
<p>Bond and lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which bond (\$1,501,737) and lease (\$79,991) repayments exceeded bond (\$990,000) and capital lease (\$173,845) proceeds.</p>		
		417,883
<b>Change in net position of governmental activities (see Statement 2)</b>		<b>\$ 618,024</b>

*See accompanying notes to basic financial statements.*

**CITY OF BREWER, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - General Fund (Budgetary Basis)**  
**For the year ended June 30, 2014**

	General Fund			Variance with final budget positive (negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Taxes	\$ 17,597,649	17,597,649	17,851,205	253,556
Licenses and permits	380,488	469,728	510,271	40,543
Intergovernmental	10,671,590	10,695,590	10,693,721	(1,869)
Local sources	4,689,802	4,785,216	5,225,845	440,629
Interest earned	20,500	20,500	34,273	13,773
<b>Total revenues</b>	<b>33,360,029</b>	<b>33,568,683</b>	<b>34,315,315</b>	<b>746,632</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Administration	1,809,324	1,931,809	1,853,281	78,528
Protection	4,395,403	4,498,330	4,361,052	137,278
Public services	262,515	317,037	211,968	105,069
Public works	2,171,842	2,197,874	2,163,482	34,392
Unclassified	2,838,951	2,844,625	2,827,175	17,450
Education	20,304,969	20,304,969	19,306,668	998,301
Assessments	879,532	927,323	931,073	(3,750)
<b>Debt service:</b>				
Principal	1,501,735	1,501,735	1,501,735	-
Interest	676,851	611,851	643,183	(31,332)
<b>Total expenditures</b>	<b>34,841,122</b>	<b>35,135,553</b>	<b>33,799,617</b>	<b>1,335,936</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,481,093)</b>	<b>(1,566,870)</b>	<b>515,698</b>	<b>2,082,568</b>
<b>Other financing sources (uses):</b>				
Use of fund balance	1,100,000	1,127,791	-	(1,127,791)
Reserves and carryforwards	-	122,986	-	(122,986)
Transfers from other funds	381,093	381,093	381,109	16
Transfers to other funds	-	(65,000)	(65,000)	-
<b>Total other financing sources (uses)</b>	<b>1,481,093</b>	<b>1,566,870</b>	<b>316,109</b>	<b>(1,250,761)</b>
<b>Net change in fund balances - budgetary basis</b>	<b>-</b>	<b>-</b>	<b>831,807</b>	<b>831,807</b>
<b>Reconciliation to GAAP:</b>				
Change in accrued summer salaries and benefits			(466,589)	
<b>Total reconciling items to GAAP</b>			<b>(466,589)</b>	
<b>Net change in fund balances - GAAP basis</b>			<b>365,218</b>	
<b>Fund balances, beginning of year</b>			<b>4,775,233</b>	
<b>Fund balances, end of year</b>	<b>\$</b>		<b>5,140,451</b>	

*See accompanying notes to basic financial statements.*

**CITY OF BREWER, MAINE**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2014**

<b>Business-type Activities - Enterprise Funds</b>			
	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
	<b>Department</b>	<b>Department</b>	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,100,500	50	1,100,550
Accounts receivable	-	6,439	6,439
User fees receivable	141,936	640,123	782,059
Liens receivable	-	40,502	40,502
Interfund loans receivable	1,824,266	-	1,824,266
Inventory	40,288	-	40,288
Other assets	75,395	30,115	105,510
<b>Total current assets</b>	<b>3,182,385</b>	<b>717,229</b>	<b>3,899,614</b>
Noncurrent assets:			
Capital assets not being depreciated:			
Land	3,020,775	53,900	3,074,675
Construction in progress	522,888	65,755	588,643
<b>Total capital assets not being depreciated</b>	<b>3,543,663</b>	<b>119,655</b>	<b>3,663,318</b>
Capital assets being depreciated:			
Capital assets	29,680,791	35,737,171	65,417,962
Accumulated depreciation	(9,045,164)	(14,067,367)	(23,112,531)
<b>Total capital assets being depreciated</b>	<b>20,635,627</b>	<b>21,669,804</b>	<b>42,305,431</b>
<b>Total assets</b>	<b>27,361,675</b>	<b>22,506,688</b>	<b>49,868,363</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	144,638	86,393	231,031
Accrued payroll and related benefits	82,542	60,684	143,226
Accrued interest payable	118,905	95,018	213,923
Unearned revenue	352,459	112,939	465,398
Interfund loans payable	-	3,680,606	3,680,606
Current portion of bonds payable	572,067	654,128	1,226,195
<b>Total current liabilities</b>	<b>1,270,611</b>	<b>4,689,768</b>	<b>5,960,379</b>
Long-term liabilities:			
Bonds payable	13,452,369	8,610,654	22,063,023
<b>Total long-term liabilities</b>	<b>13,452,369</b>	<b>8,610,654</b>	<b>22,063,023</b>
<b>Total liabilities</b>	<b>14,722,980</b>	<b>13,300,422</b>	<b>28,023,402</b>
<b>NET POSITION</b>			
Net investment in capital assets	10,154,854	12,524,677	22,679,531
Restricted	454,523	10,464	464,987
Unrestricted	2,029,318	(3,328,875)	(1,299,557)
<b>Total net position</b>	<b>\$ 12,638,695</b>	<b>9,206,266</b>	<b>21,844,961</b>

*See accompanying notes to basic financial statements.*

**CITY OF BREWER, MAINE**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the year ended June 30, 2014**

<b>Business-type Activities - Enterprise Funds</b>			
	<b>Water Department</b>	<b>Sewer Department</b>	<b>Total</b>
<b>Operating revenues:</b>			
Charges for services	\$ 2,384,979	2,070,270	4,455,249
Other	84,208	339,115	423,323
<b>Total operating revenues</b>	<b>2,469,187</b>	<b>2,409,385</b>	<b>4,878,572</b>
<b>Operating expenses:</b>			
Operation - salaries and benefits	478,456	583,041	1,061,497
Operation - other	346,828	803,004	1,149,832
Administrative expenses - salaries and benefits	168,873	119,745	288,618
Administrative expenses - other	888,956	124,149	1,013,105
Interest on debt service	492,817	282,836	775,653
Depreciation and amortization	679,723	806,827	1,486,550
<b>Total operating expenses</b>	<b>3,055,653</b>	<b>2,719,602</b>	<b>5,775,255</b>
<b>Operating loss</b>	<b>(586,466)</b>	<b>(310,217)</b>	<b>(896,683)</b>
<b>Nonoperating revenues:</b>			
Capital grants and contributions	779,855	194,897	974,752
Forgiveness of debt	86,500	-	86,500
Transfers to General Fund - administration	(98,520)	(69,516)	(168,036)
<b>Total nonoperating revenues</b>	<b>767,835</b>	<b>125,381</b>	<b>893,216</b>
<b>Change in net position</b>	<b>181,369</b>	<b>(184,836)</b>	<b>(3,467)</b>
<b>Net position, beginning of year</b>	<b>12,457,326</b>	<b>9,391,102</b>	<b>21,848,428</b>
<b>Net position, end of year</b>	<b>\$ 12,638,695</b>	<b>9,206,266</b>	<b>21,844,961</b>

*See accompanying notes to basic financial statements.*



**CITY OF BREWER, MAINE**  
**Statement of Cash Flows - Proprietary Funds**  
**For the year ended June 30, 2014**

<b>Business-type Activities - Enterprise Funds</b>			
	<b>Water Department</b>	<b>Sewer Department</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>			
Receipts from customers and users	\$ 2,416,959	2,407,415	4,824,374
Payments to suppliers	(1,639,494)	(1,174,378)	(2,813,872)
Payments to employees	(643,999)	(704,443)	(1,348,442)
Interfund activity	160,006	99,303	259,309
Transfers to General Fund - administration	(98,520)	(69,516)	(168,036)
<b>Net cash provided by operating activities</b>	<b>194,952</b>	<b>558,381</b>	<b>753,333</b>
<b>Cash flows from capital and related financing activities:</b>			
Purchase of capital assets	(556,198)	(141,447)	(697,645)
Capital grants and contributions	779,855	194,897	974,752
Bond and lease proceeds	1,100,000	-	1,100,000
Principal payments on bonds	(475,420)	(611,831)	(1,087,251)
<b>Net cash provided (used) in capital and related financing activities</b>	<b>848,237</b>	<b>(558,381)</b>	<b>289,856</b>
<b>Net increase in cash</b>	<b>1,043,189</b>	<b>-</b>	<b>1,043,189</b>
<b>Cash, beginning of year</b>	<b>57,311</b>	<b>50</b>	<b>57,361</b>
<b>Cash, end of year</b>	<b>\$ 1,100,500</b>	<b>50</b>	<b>1,100,550</b>
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>			
Operating loss	\$ (586,466)	(310,217)	(896,683)
Transfers to General Fund - administration	(98,520)	(69,516)	(168,036)
<b>Adjustments to reconcile operating loss to net cash provided by operating activities:</b>			
Depreciation and amortization	679,723	806,827	1,486,550
(Increase) decrease in receivables	(14,516)	17,809	3,293
Decrease in inventory	2,850	-	2,850
Decrease in other assets	-	1,339	1,339
Increase in accounts payable	86,781	37,895	124,676
Decrease in accrued interest	(524)	(3,623)	(4,147)
Increase (decrease) in accrued wages and benefits	3,330	(1,657)	1,673
Decrease in unearned revenue	(37,712)	(19,779)	(57,491)
Decrease in interfund balances	160,006	99,303	259,309
<b>Net cash provided by operating activities</b>	<b>194,952</b>	<b>558,381</b>	<b>753,333</b>

*See accompanying notes to basic financial statements.*

**CITY OF BREWER, MAINE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2014**

	<u>Agency Funds</u>	<u>Private- purpose Trust Funds</u>
	Student Activity Funds	
<b>ASSETS</b>		
Cash and cash equivalents	\$ 250,887	14,438
Investments	-	659,844
Interfund loans receivable	-	3,894
<b>Total assets</b>	<b>250,887</b>	<b>678,176</b>
<b>LIABILITIES</b>		
Accounts payable	43,337	-
Due to student groups	207,550	-
<b>Total liabilities</b>	<b>250,887</b>	<b>-</b>
<b>NET POSITION</b>		
Held in trust	\$ -	678,176

*See accompanying notes to basic financial statements.*

**CITY OF BREWER, MAINE**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the year ended June 30, 2014**

	<b>Private- purpose Trust Funds</b>
<b>Additions:</b>	
Investment income	\$ 90,172
Donations and other	5,100
<b>Total additions</b>	<b>95,272</b>
<b>Deductions:</b>	
Scholarships	32,280
Other	10,690
<b>Total deductions</b>	<b>42,970</b>
Change in net position	52,302
Net position, beginning of year	625,874
<b>Net position, end of year</b>	<b>\$ 678,176</b>

*See accompanying notes to basic financial statements.*

**CITY OF BREWER, MAINE**  
**Notes to Basic Financial Statements**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The financial statements of the City of Brewer have been prepared in conformity with U.S. generally accepted accounting standards (GAAP) as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

**A. Reporting Entity**

The City of Brewer operates under an elected City Council and City Manager form of government. The City's School Department operates under an elected School Board. The City's major operations include water, sewer, public works, protection, public services, education, and general administrative services.

The accompanying financial statements present the government and its component unit, for which the City is considered financially accountable. A blended component unit is, in substance part of the City's operations, even though it is legally a separate entity. Thus, blended component units are presented as funds of the City.

**Blended Component Units:** Brewer Redevelopment LLC, a local development corporation, was organized by the City for the express purpose of ownership, management, and development of the City's defunct school buildings and associated land. The City is the sole member of Brewer Redevelopment LLC, which is managed and staffed by City employees. The financial statements of Brewer Redevelopment, LLC for the year ended June 30, 2014, have been incorporated into the City's Special Revenue Funds. Brewer Redevelopment, LLC was not included in the City's financial statements prior to the year ended June 30, 2013, as its fiscal activities were not considered material to the City's financial statements.

**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.

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

**CITY OF BREWER, MAINE**  
**Notes to Basic Financial Statements Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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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 and fiduciary 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 for property taxes and one year for other revenues. 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 **Other Capital Projects Fund** accounts for resources obtained and expended for the acquisition of major capital facilities other than those employed in the delivery of services accounted for in enterprise funds.

**CITY OF BREWER, MAINE**  
**Notes to Basic Financial Statements Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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The City reports the following major proprietary funds:

**Water Fund** accounts for the operation of the water system in Brewer.

**Sewer Fund** accounts for the operation of a sewer system in Brewer.

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 types:

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. The funds are used to account for assets that the City holds for others in an agency capacity.

Private-purpose Trust Funds are used to account for resources legally held in trust for school department scholarships.

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 Water and Sewer Funds 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.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 is 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 BREWER, MAINE**  
**Notes to Basic Financial Statements Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**D. Cash and Investments**

Cash and cash equivalents are considered to be cash on hand, amounts in demand deposits, savings accounts and certificates of deposit. State statutes authorize the City to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds money market mutual funds and repurchase agreements.

Investments are stated at fair value. For the purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

**E. Short-term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as interfund loans on the balance sheet.

**F. Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Unbilled revenues from the Water and Sewer Funds are recognized at the end of each fiscal year on a pro rata basis. This amount is based on billings during the months following the close of the fiscal year.

**G. Inventory**

School Lunch and the Water Fund supply inventories are valued at the lower of cost or market using the first-in, first-out method. The cost of inventories is recorded as expenditures/expenses when consumed rather than when purchased.

**H. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, 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 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if material to the financial statements, is included as part of the capitalized value of the assets constructed. Property, plant, and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

**CITY OF BREWER, MAINE**  
**Notes to Basic Financial Statements Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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Buildings	15-100 years
Infrastructure	50 years
Equipment	5-30 years

**I. Compensated Absences**

It is the government's policy to permit employees to accumulate earned, but unused vacation and sick pay benefits. Long-term accumulated vacation and sick leave is reported only in the entity-wide statement of net position and in the proprietary funds. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**J. 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.

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

**K. Deferred Inflows of Resources**

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.



**CITY OF BREWER, MAINE**  
**Notes to Basic Financial Statements Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**L. Fund Equity**

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

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

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

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

**M. Encumbrances**

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

**N. 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 BREWER, MAINE**  
**Notes to Basic Financial Statements Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**O. Comparative Data/Reclassifications**

Comparative data for the prior year have been presented only for certain funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**P. Net Position**

Net position represents the difference between assets and liabilities. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. Net position is reported as restricted when there are limitations imposed on its 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, 2014:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Primary Government</u>
Capital assets	\$ 63,439,393	69,081,280	132,520,673
Accumulated depreciation	(29,419,445)	(23,112,531)	(52,531,976)
Bonds payable (capital related)	(16,931,876)	(22,237,468)	(39,975,865) <sup>1</sup>
Bond premiums	(631,196)	(1,051,750)	(1,682,946)
Capital leases payable	(182,860)	-	(182,860)
Unspent bond proceeds	1,320,164	-	1,320,164
<b>Net investment in capital assets</b>	<b>\$ 17,594,180</b>	<b>22,679,531</b>	<b>39,467,190</b>

<sup>1</sup> This amount does not cross-foot due to the \$806,521 of bond principal remaining on the \$1,000,000 of bonds used by the Government Activities to purchase capital assets which were contributed to the business-type activities. This \$806,521 is not considered capital related in the governmental activities column, but is considered capital related in the primary government column.

**Q. New Pronouncements**

For the fiscal year ended June 30, 2014, the City has elected to implement the following Statement of the Governmental Accounting Standards Board:

- Statement No. 65 - *Items Previously Reported as Assets and Liabilities*

**CITY OF BREWER, MAINE**  
**Notes to Basic Financial Statements Continued**

**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

Budgets are adopted for the General Fund, Capital Improvement Program, Sewer Fund, and Water Fund and are adopted on a basis consistent with accounting principles generally accepted in the United States of America except, in the case of the General Fund, for teachers' salaries and benefits which are budgeted on a cash basis. The level of control (level at which expenditures may not exceed budget) is the Department for the general fund budget. Additionally, Maine Public Employees Retirement System on-behalf payments are not budgeted. Generally, all unexpended budgetary accounts lapse at the close of the fiscal year except some on-going projects which may be committed or assigned for subsequent year expenditure and some non-lapsing accounts which are carried forward to the next fiscal year. For the year ended June 30, 2014, expenditures exceeded appropriations in the following general fund departments as shown on Statement 6:

Assessments	\$	3,750
Debt service		31,332

**B. Revised Budget**

The revised budget presented for the General Fund in the statement of revenues, expenditures, and changes in fund balance-budget and actual (Statement 6), includes various adjustments as follows:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other financing sources</u>
2014 budget as originally adopted	\$ 33,360,029	(34,841,122)	1,481,093
Reclassify use of fund balance - City and School	(27,791)	-	27,791
Reclassify transfers to other funds	65,000	-	(65,000)
Use of prior year reserves and carryforwards	(122,986)	-	122,986
Subsequent authorizations	294,431	(294,431)	-
<b>Totals</b>	<b>\$33,568,683</b>	<b>(35,135,553)</b>	<b>1,566,870</b>

**C. Deficit Fund Equity**

The following funds had a deficit fund balance at June 30, 2014:

MMA Grant Fund	\$	2,117
City Small Grants and Programs		4,592
School Grants Fund		67,255
FHWA Route 15 Earmark		3,692
City Hall Rehab		18,586

These deficits are expected to be funded by future revenues or transfers from the General Fund.

**CITY OF BREWER, MAINE**  
**Notes to Basic Financial Statements Continued**

**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED**

**D. Budgetary vs. GAAP Basis of Accounting**

Through June 30, 2014, the City did not budget for expenditures related to teachers' summer pay or benefits on an accrual basis. The following is a reconciliation of fund balance for the General Fund – School Department on the basis of accounting principles generally accepted in the United States of America and on the budgetary basis.

Fund balance - School Department - June 30, 2014 - GAAP basis	\$ 205,800
Accrued teacher summer salaries	1,567,915
Accrued teacher summer benefits	431,844
<hr/>	
<b>Fund balance - School Department, June 30, 2014 - budgetary basis</b>	<b>\$ 2,205,559</b>

As required by generally accepted accounting principles (GAAP), the City has recorded a revenue and expenditure for Maine Public Employees Retirement System (MainePERS) contributions made by the State of Maine on behalf of the Brewer School Department. These amounts have not been budgeted and result in a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America of \$1,389,880. These amounts have been included as intergovernmental revenues and education expenditures in the General Fund on statement 4 (GAAP basis) and on the statement of activities (Statement 2). There is no effect on the fund balance at the end of the year.

**DEPOSITS AND INVESTMENTS**

**A. Deposits**

*Custodial Credit Risk-City Deposits* : Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy is that funds can only be invested in financial institutions that are insured by the FDIC. Any funds deposited or invested above the \$250,000 insurance limit must be collateralized by the financial institution at 110% of the face value of the deposit or preferably be fully insured by an independent agent. Any designated collateral shall consist of U.S. Treasury or U.S. Government Agency obligations. As of June 30, 2014, the City reported deposits of \$7,582,181 with a bank balance of \$7,784,565. Of the City's bank balances, \$6,436,162 was not covered by the F.D.I.C. but was collateralized by securities held in the City's name.

Deposits have been reported as follows:

Reported in governmental funds	\$ 6,216,306
Reported in business-type activities	1,100,550
Reported in fiduciary funds	265,325
<hr/>	
<b>Total deposits</b>	<b>\$ 7,582,181</b>

**CITY OF BREWER, MAINE**  
**Notes to Basic Financial Statements Continued**

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**DEPOSITS AND INVESTMENTS, CONTINUED**

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**B. Investments**

At June 30, 2014, the City had the following investments and maturities:

	<u>Fair value</u>	<u>N/A</u>	<u>Less than 1 year</u>	<u>1-5 years</u>
Money Market	\$ 1,735,197	1,735,197	-	-
<b>Total investments</b>	<b>\$ 1,735,197</b>	<b>1,735,197</b>	<b>-</b>	<b>-</b>

Investments have been reported as follows:

Reported in governmental funds	\$ 1,075,353
Reported in fiduciary funds	659,844
<b>Total investments</b>	<b>\$ 1,735,197</b>

*Interest Rate Risk:* The City has a policy that the maturity date of investments shall not fall beyond the time the City anticipates it will need the funds.

*Credit Risk:* Maine statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and certain corporate stocks and bonds. The City's policy is only to invest in legally authorized investments under 30A MRSA section 5706.

*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 an outside party. The City's policy is that funds can only be invested in financial institutions that are insured by the FDIC. Any funds deposited or invested above the \$250,000 insurance limit must be collateralized by the financial institution at 110% of the face value of the deposit or preferably be fully insured by an independent agent. Any designated collateral shall consist of U.S. Treasury or U.S. Government Agency obligations.

**CITY OF BREWER, MAINE**  
**Notes to Basic Financial Statements Continued**

**PROPERTY TAX**

Property taxes for the current year were committed on July 19, 2013 on the assessed value listed as of the previous April 1 for all real and personal property located in the City. All real and personal property taxes were due in two installments, 50% on September 10, 2013, and 50% on March 11, 2014. Interest at the rate of 7% per annum was charged on any amounts remaining unpaid after these respective due dates. Assessed values are periodically established by the City's Assessor at 100% of estimated market value. The assessed value of \$772,610,300 was 100% of the estimated market value and 107.9% of the 2014 state valuation of \$715,750,000.

The City is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$56,743 for the year ended June 30, 2014.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The City has the authority to foreclose on property eighteen months after the filing of the lien if the tax liens and associated costs remain unpaid.

Property taxes levied during the year were recorded as receivables at the time the levy was made.

The following summarizes the 2014 and 2013 levy:

	<u>2014</u>	<u>2013</u>
Total assessed valuation	\$ 772,610,300	779,637,300
Tax rate (per \$1,000)	20.92	18.99
<b>Commitment</b>	16,163,007	14,805,324
<b>Supplemental taxes assessed</b>	6,963	2,300
	16,169,970	14,807,624
<b>Less - collections and abatements</b>	(15,817,089)	(14,454,103)
<b>Receivable at end of year</b>	<b>\$ 352,881</b>	<b>353,521</b>
Consisting of:		
Real estate liens	343,338	334,364
Real estate and personal property taxes	9,543	19,157
<b>Receivable at end of year</b>	<b>\$ 352,881</b>	<b>353,521</b>
Collection rate	97.82%	97.63%

**CITY OF BREWER, MAINE**  
**Notes to Basic Financial Statements Continued**

**CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance June 30, <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2014</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated				
Land	\$ 2,025,092	-	-	2,025,092
Artwork and historical treasures	109,300	-	-	109,300
Construction in progress	544,573	712,503	-	1,257,076
<b>Total capital assets, not being depreciated</b>	<b>2,678,965</b>	<b>712,503</b>	<b>-</b>	<b>3,391,468</b>
Capital assets, being depreciated				
Land improvements	4,682,229	18,484	-	4,700,713
Buildings and building improvements	11,178,698	33,041	-	11,211,739
Machinery and equipment	4,452,311	268,616	(289,798)	4,431,129
Vehicles	3,036,986	462,108	(387,362)	3,111,732
Infrastructure	36,359,786	426,894	(194,068)	36,592,612
<b>Total capital assets, being depreciated</b>	<b>59,710,010</b>	<b>1,209,143</b>	<b>(871,228)</b>	<b>60,047,925</b>
Less accumulated depreciation for:				
Land improvements	(628,094)	(84,977)	-	(713,071)
Buildings and building improvements	(3,532,917)	(230,326)	-	(3,763,243)
Machinery and equipment	(2,463,730)	(405,802)	249,100	(2,620,432)
Vehicles	(2,000,468)	(277,892)	319,584	(1,958,776)
Infrastructure	(19,801,186)	(717,991)	155,254	(20,363,923)
<b>Total accumulated depreciation</b>	<b>(28,426,395)</b>	<b>(1,716,988)</b>	<b>723,938</b>	<b>(29,419,445)</b>
<b>Total capital assets, being depreciated, net</b>	<b>31,283,615</b>	<b>(507,845)</b>	<b>(147,290)</b>	<b>30,628,480</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 33,962,580</b>	<b>204,658</b>	<b>(147,290)</b>	<b>34,019,948</b>

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

<b>Governmental activities:</b>	
Administration	\$ 70,589
Protection	290,971
Public works, including depreciation of general infrastructure assets	919,930
Unclassified	295,093
Education	140,405
<b>Total depreciation expense - governmental activities</b>	<b>\$ 1,716,988</b>

**CITY OF BREWER, MAINE**  
**Notes to Basic Financial Statements Continued**

**CAPITAL ASSETS, CONTINUED**

	Balance June 30, <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2014</u>
<b>Business-type activities</b>				
Capital assets, not being depreciated				
Land	\$ 3,074,675	-	-	3,074,675
Construction in progress	305,301	535,489	(252,147)	588,643
<b>Total capital assets, not being depreciated</b>	<b>3,379,976</b>	<b>535,489</b>	<b>(252,147)</b>	<b>3,663,318</b>
Capital assets, being depreciated				
Water	29,599,750	81,041	-	29,680,791
Sewer	35,403,910	333,261	-	35,737,171
<b>Total capital assets, being depreciated</b>	<b>65,003,660</b>	<b>414,302</b>	<b>-</b>	<b>65,417,962</b>
Less accumulated depreciation for:				
Water	(8,532,094)	(513,069)	-	(9,045,163)
Sewer	(13,260,541)	(806,827)	-	(14,067,368)
<b>Total accumulated depreciation</b>	<b>(21,792,635)</b>	<b>(1,319,896)</b>	<b>-</b>	<b>(23,112,531)</b>
<b>Total capital assets, being depreciated, net</b>	<b>43,211,025</b>	<b>(905,594)</b>	<b>-</b>	<b>42,305,431</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 46,591,001</b>	<b>(370,105)</b>	<b>(252,147)</b>	<b>45,968,749</b>

Depreciation expense was charged to business-type funds as follows:

Business-type activities:	
Water fund	\$ 513,069
Sewer fund	806,827
<b>Total depreciation expense - business-type activities</b>	<b>\$ 1,319,896</b>



**CITY OF BREWER, MAINE**  
**Notes to Basic Financial Statements Continued**

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**INTERFUND LOAN BALANCES/TRANSFERS**

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During the course of normal operations, the City has numerous transactions between funds. The Water and Sewer funds regularly transfer amounts to the General Fund for administrative costs. Individual interfund receivable and payable balances and interfund transfers at June 30, 2014 arising from these transactions were as follows:

	Interfund Loans <u>Receivable</u>	Interfund Loans <u>Payable</u>	<u>Transfers</u>
<b>Major funds:</b>			
General fund	\$ 159,074	-	316,109
Other Capital Projects	601,212	-	(123,057)
<b>Other nonmajor governmental funds:</b>			
Brewer Centennial	1	-	-
Police Asset Forfeiture	83,137	-	-
CDBG Housing Rehab Grant	10,644	-	-
Recreation Banner Fund	23,046	-	-
Performance Bonds Payable	18,402	-	-
Technical Review Payable	115,661	-	-
Fire Equipment Reserve	1,860	-	-
Winterfest	3,378	-	-
PERC Contract Reserve	159,035	-	-
MMA Grant Fund	-	2,086	-
EPA Brownfield Rev Loan	388,310	-	-
Brewer Days	8,952	-	-
Children's Garden Fund	7,822	-	-
City Small Grants & Programs	-	6,753	-
Chamberlain Golf Classic	4,060	-	-
Computer Reserve	2,000	-	-
Stream Cleanup	2,629	-	-
Flags in Brewer	84	-	-
Recognition Coins	224	-	-
Fire Museum	1,520	-	-
Brewer Business & Commercial Park	121,168	-	-
Brewer Resources Program	2,000	-	-
Insurance Deductible Reserve	26,495	-	-
Food Service Fund	90,082	-	-
Grants Fund ( School Dept.)	5,365	-	-
FHWA Route 15 Earmark	-	3,692	-
City Hall Rehab	-	18,586	-
Impact Fee Fund	151,527	-	(25,016)
Cemetery Trust	-	104,125	-
<b>Total other nonmajor governmental funds</b>	<b>1,227,402</b>	<b>135,242</b>	<b>(25,016)</b>

**CITY OF BREWER, MAINE**  
**Notes to Basic Financial Statements Continued**

**INTERFUND LOAN BALANCES/TRANSFERS, CONTINUED**

	Interfund Loans Receivable	Interfund Loans Payable	Transfers
<b>Proprietary Funds:</b>			
Water Fund	\$ 1,824,266	-	(98,520)
Sewer Fund	-	3,680,606	(69,516)
<b>Total proprietary funds</b>	<b>1,824,266</b>	<b>3,680,606</b>	<b>(168,036)</b>
<b>Fiduciary Funds:</b>			
Cianbro Home Heating	395	-	-
Veteran's Memorial Fund	1,499	-	-
Robertson Memorial Fund	2,000	-	-
<b>Total fiduciary funds</b>	<b>3,894</b>	<b>-</b>	<b>-</b>
<b>Grand Total</b>	<b>\$ 3,815,848</b>	<b>3,815,848</b>	<b>-</b>

**CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2014, was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
<b>Governmental activities:</b>					
General obligation bonds	\$ 18,250,134	990,000	(1,501,737)	17,738,397	1,592,160
Premium on bonds	659,887	-	(28,691)	631,196	28,691
Capital leases	89,006	173,845	(79,991)	182,860	78,399
Compensated absences	1,917,766	82,135	-	1,999,901	-
OPEB liability	283,603	97,303	(31,153)	349,753	-
<b>Government activities long-term liabilities</b>	<b>21,200,396</b>	<b>1,343,283</b>	<b>(1,641,572)</b>	<b>20,902,107</b>	<b>1,699,250</b>
<b>Business-type activities:</b>					
Bonds payable	22,311,218	1,100,000	(1,173,750)	22,237,468	1,179,952
Premium on bonds	1,097,993	-	(46,243)	1,051,750	46,243
<b>Business-type activities long-term liabilities</b>	<b>23,409,211</b>	<b>1,100,000</b>	<b>(1,219,993)</b>	<b>23,289,218</b>	<b>1,226,195</b>
<b>Governmental and Business-type activities long-term liabilities</b>	<b>\$ 44,609,607</b>	<b>2,443,283</b>	<b>(2,861,565)</b>	<b>44,191,325</b>	<b>2,925,445</b>

**CITY OF BREWER, MAINE**  
**Notes to Basic Financial Statements Continued**

**LONG-TERM DEBT**

Long-term debt at June 30, 2014 is comprised of the following individual issues:

Bond issue	Year of issue	Amount issued	Maturity date	Interest rate	Governmental activities	Business- type activities	Balance June 30, 2014
Series B MMBB - City/Sewer	1997	\$ 4,000,000	11/01/17	3.16%	\$ 84,780	715,220	800,000
Series D MMBB High Sch./Sew.	1997	1,100,000	01/01/17	4.53 - 5.38%	142,010	77,990	220,000
Series C MMBB - Water	1998	1,715,000	11/01/18	4.53 - 5.38%	-	428,750	428,750
FRF MMBB - Sewer	1999	1,000,000	04/01/20	3.12%	-	300,000	300,000
SR MMBB - Sewer	2001	2,500,000	10/01/22	1.90%	-	1,125,000	1,125,000
FR MMBB - Sewer	2004	1,000,000	10/01/24	1.44%	-	550,000	550,000
Series D MMBB - City	2004	358,000	11/01/14	3.02 - 3.64%	35,800	-	35,800
Series E MMBB - City	2004	363,000	11/01/24	1.01 - 9.00%	199,650	-	199,650
Series E MMBB - City	2004	1,530,000	11/01/24	0.82 - 9.00%	719,100	-	719,100
Series C MMBB - City	2005	690,000	11/01/25	2.95 - 9.00%	384,000	-	384,000
Series C MMBB - Water	2005	725,000	11/01/25	3.05 - 9.00%	-	435,000	435,000
Series A MMBB - City	2006	1,070,000	11/01/26	2.00 - 5.50%	511,750	-	511,750
SR MMBB - City / Sewer	2006	448,000	04/01/26	1.77%	112,788	156,012	268,800
Series C MMBB - City	2007	1,735,000	11/01/26	2.30 - 6.00%	796,586	-	796,586
Series B MMBB - City	2008	600,000	11/01/27	2.00 - 5.50%	370,500	-	370,500
Series F MMBB	2009	593,395	04/01/29	0.00%	-	445,046	445,046
Series B MMBB	2009	1,442,000	11/01/29	2.08 - 5.58%	974,200	-	974,200
ARRA MMBB - Sewer	2010	750,877	10/01/29	0.00%	-	264,196	264,196
MMBB - Water	2010	735,000	04/01/30	1.00%	-	588,000	588,000
Public Works	2011	172,773	04/01/19	1.00%	107,983	-	107,983
Series C MMBB - City/Water	2011	2,168,000	11/01/31	2.12 - 5.62%	1,666,250	221,000	1,887,250
Series E MMBB - City/Sewer	2012	3,090,000	11/01/21	0.50 - 5.50%	2,283,000	27,000	2,310,000
GOB MMBB - Sewer	2012	1,775,000	01/25/41	3.00%	-	1,695,296	1,695,296
GOB - City/Water/Sewer	2012	21,610,000	06/30/42	2.00 - 4.00%	7,360,000	12,715,000	20,075,000
GOB USDA - Sewer	2013	485,000	08/28/41	2.75%	-	473,850	473,850
GOB USDA - Sewer	2013	800,000	08/28/41	2.75%	-	781,608	781,608
Series A MMBB - City/Sewer	2013	1,225,000	11/01/33	0.60 - 3.70%	1,000,000	225,000	1,225,000
2013 SRF \$1,100,000	2014	1,100,000	10/01/33	1.35%	-	1,013,500	1,013,500
2014 GOB \$990,000	2014	990,000	11/01/34	0.41 - 4.02%	990,000	-	990,000
<b>Totals</b>					<b>\$ 17,738,397</b>	<b>22,237,468</b>	<b>39,975,865</b>

**CITY OF BREWER, MAINE**  
**Notes to Basic Financial Statements Continued**

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**LONG-TERM DEBT, CONTINUED**

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All governmental activities long-term debt service requirements are paid by the General Fund. Business-type debt is paid by the proprietary enterprise funds. The annual requirements to amortize all debt outstanding as of June 30, 2014 are as follows:

Year ending June 30,	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 1,592,160	601,508	1,179,952	759,060	2,772,112	1,360,568
2016	1,529,485	550,587	1,192,037	726,156	2,721,522	1,276,743
2017	1,492,985	496,670	1,190,681	694,684	2,683,666	1,191,354
2018	1,405,485	448,892	1,202,888	662,601	2,608,373	1,111,493
2019	1,297,038	411,757	1,016,857	633,173	2,313,895	1,044,930
2020-2024	5,114,596	1,543,082	4,519,974	2,773,257	9,634,570	4,316,339
2025-2029	2,316,748	907,496	4,104,233	2,074,249	6,420,981	2,981,745
2030-2034	1,910,900	461,535	4,274,573	1,207,735	6,185,473	1,669,270
2035-2039	1,079,000	86,781	2,675,296	421,269	3,754,296	508,050
2040-2043	-	-	880,977	60,411	880,977	60,411
<b>Totals</b>	<b>\$ 17,738,397</b>	<b>5,508,308</b>	<b>22,237,468</b>	<b>10,012,595</b>	<b>39,975,865</b>	<b>15,520,903</b>

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**OPERATING LEASE**

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On April 30, 2013, the City entered into an agreement with the Cross Insurance Center for a Founding Partner sponsorship, which includes signage, advertising during events, parking, meeting room space, and a corporate suite in exchange for \$65,000 payable annually September 1<sup>st</sup> of each year. The term of this agreement began July 1, 2013 and ends June 30, 2020. Total payments for the year ended June 30, 2014 totaled \$65,000.

The annual requirements under this lease agreement as if June 30, 2014 are:

2015	\$ 65,000
2016	65,000
2017	65,000
2018	65,000
2019	65,000
2020	65,000
	<u>\$ 390,000</u>

**CITY OF BREWER, MAINE**  
**Notes to Basic Financial Statements Continued**

**CAPITAL LEASES**

The City has entered into various agreements as lessee for financing the acquisition of copiers. These lease agreements qualify as capital leases for accounting purposes. The assets are recorded as capital assets in the government-wide financial statements. The amount capitalized under capital leases is \$380,794. The leases have been recorded as a liability in the government-wide financial statements at the present value of the future minimum lease payments.

The following is a schedule of the future minimum lease payments under capital leases, and the present value of net minimum lease payments at June 30, 2014.

<u>Fiscal year ending</u>	<u>Governmental activities</u>
2015	\$ 84,014
2016	36,789
2017	36,789
2018	36,789
Total minimum lease payments	194,381
Less: amount representing interest	(11,521)
<b>Present value of future minimum lease payments</b>	<b>\$ 182,860</b>

**STATUTORY DEBT LIMIT**

The laws of the State of Maine limit types of municipal borrowing to specific percentages of the State valuation of the municipality. At June 30, 2014, the City was in compliance with these restrictions.

**OVERLAPPING DEBT AND OTHER CONTINGENCIES**

**Overlapping Debt**

The City's proportionate share of debt of all local government units which provide services within the City's boundaries, and which must be borne by properties in the City is summarized as follows:

<u>Units</u>	<u>Net debt outstanding June 30, 2014</u>	<u>Percentage applicable to the City</u>	<u>City's proportionate share of debt</u>
Penobscot County	\$ -	7.10%	-
Brewer High School District Trustees	37,281,128	100%	37,281,128

The City's proportionate share of the County debt, if any, is paid through annual assessments. The High School District Trustees submit debt service bills, which are paid by the City. Approximately \$24,765,000 of the Brewer High School District Trustees debt is being paid for by the State.

**CITY OF BREWER, MAINE**  
**Notes to Basic Financial Statements Continued**

**FUND BALANCE**

As of June 30, 2014, fund balance components consisted of the following:

	General Fund	Other Capital Projects	Other Governmental Funds
<b>Nonspendable:</b>			
Inventory	\$ -	-	23,164
Principal for permanent funds	-	-	324,553
Prepaid items	224,838	-	-
<b>Total nonspendable</b>	<b>224,838</b>	<b>-</b>	<b>347,717</b>
<b>Restricted:</b>			
Finance and administration	-	-	816,870
Community services	-	-	168,644
Public safety	-	-	83,028
Public works	-	-	2,629
Education	205,800	-	98,381
Capital projects	-	1,736,552	162,895
Permanent funds	-	-	8,692
<b>Total restricted</b>	<b>205,800</b>	<b>1,736,552</b>	<b>1,341,139</b>
<b>Committed:</b>			
Finance and administration	-	-	28,495
Community services	-	-	224
<b>Total committed</b>	<b>-</b>	<b>-</b>	<b>28,719</b>
<b>Assigned:</b>			
Reappropriated to 2015 budget	400,000	-	-
Accrued compensated absences	544,718	-	-
Manager - Web Page Updating	7,200	-	-
Finance - Audit Services	2,000	-	-
Technology - Training, Conferences & Meetings	870	-	-
Economic Devel. - Misc Professional Svcs	26,402	-	-
Economic Devel. - Marketing	375	-	-
Fire - Misc Supplies and Expense	567	-	-
General Protections - Equip Maint & Repair	7,475	-	-
Transit Operating Expense - The Bus	31,796	-	-
Public Works - Uniforms and Protective Equipment	598	-	-
Storm Sewer Maintenance - Contracted Services	2,933	-	-
Parks and Rec - Summer Prog/League	300	-	-
Library - Books (Connick & Faulkner donations)	285	-	-
Library - Special Events (Connick donations)	385	-	-
<b>Total assigned</b>	<b>1,025,904</b>	<b>-</b>	<b>-</b>
<b>Unassigned</b>	<b>\$ 3,683,909</b>	<b>(35,211)</b>	<b>(148,178)</b>
<b>Total fund balance</b>	<b>\$ 5,140,451</b>	<b>\$ 1,701,341</b>	<b>\$ 1,569,397</b>

**CITY OF BREWER, MAINE**  
**Notes to Basic Financial Statements Continued**

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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (Maine PERS)**

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

**Funding Policy** - Plan members are required to contribute 6.5% of their annual covered salary and the City is required to contribute an actuarially determined rate. The 2014 rate was 6.5% of annual covered payroll for the Regular Plan and 7.9% for Special Plan 2C. The contribution rates of plan members and the City of Brewer are established and may be amended by the State legislature. The City's contributions to the Maine Public Employees Retirement System Consolidated Plan for the years ended June 30, 2014, 2013 and 2012 were \$449,810, \$416,826, and \$348,778, respectively, equal to the required contributions for each year. The City's Initial Unpooled Unfunded Actuarial Liability was \$372,210 at June 30, 2013 (most recent date available). This unfunded liability is being amortized over a four year period beginning July 1, 2013.

**Teacher Group** - All school teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's teacher group. The teacher's group is a cost-sharing plan with a special funding situation, established by the Maine State legislature. The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Teacher's Group. 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.

**Funding Policy** - Plan members are required to contribute 7.65% of their compensation to the retirement system. The State of Maine Department of Education is required, to contribute the unfunded actuarial liability portion of the employer contribution rate (13.03%) and the health and benefit component (2.33%) for a total of 15.36%. This amounted to \$1,389,880 for the fiscal year 2014. This amount has been reported as an intergovernmental revenue and education expenditure in the GAAP basis financial statements (Statements 2 and 4). The School Department is required to contribute the normal cost of the employer contribution which amounts to 2.65% of their compensation. The School Department is required to contribute the entire amount of the employer contribution for federally funded teachers, for which the School Department contributed 18.48%. This cost is charged to the applicable grant.

**CITY OF BREWER, MAINE**  
**Notes to Basic Financial Statements Continued**

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**RETIREMENT PLANS**

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The City of Brewer offers all 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. Assets of the plan are placed in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets, were removed from the City's financial statements.

The City has an Internal Revenue Code section 401 defined contribution plan, administered by an independent plan administrator. This plan provides retirement benefits to the City Manager as well as other members of the City's management. Enrolled employees, other than the City Manager and Assistant City Manager, contribute at least 6.5% of their wages. The employer contribution rate for 2014 was 29% for the City Manager, 15% for the Assistant City Manager, 12% for the City Engineer and 9% for all other eligible employees. All eligible employees are vested at enrollment. The total cost to the City for the fiscal year ended June 30, 2014 was \$80,139.

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**RISK MANAGEMENT**

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The City is exposed to various risks of loss-related torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the City carries commercial insurance. The City participates in several public entity and self-insured risk pools sponsored by the Maine Municipal Association and Maine School Management Association for workers compensation and property and casualty. Based on the coverage provided by the pools, as well as coverage provided by commercial insurance purchased, the City is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2014.

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**OTHER POST EMPLOYMENT BENEFITS**

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The Governmental Accounting Standards Board (GASB) issued its Statement 45, which addressed the reporting and disclosure requirements for other post employment benefits (OPEB). GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, was implemented, as required, by the City of Brewer, Maine for the year ended June 30, 2009. Under this pronouncement, it requires that the long-term cost of retirement health care and obligations for other postemployment benefits be determined on an actuarial basis and reported similar to pension plans.

The City is a member of the Maine Municipal Employees Health Trust. The Health Trust contracted with an outside consultant to assist in the determination and valuation of the City's OPEB liability under GASB Statement 45. The most recent OPEB liability actuarial valuation was completed by the consultants in August 2014.

**Plan Descriptions** – In addition to providing pension benefits, the City offers health care benefits for certain retired employees (see following page).



**CITY OF BREWER, MAINE**  
**Notes to Basic Financial Statements Continued**

**OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

Health Insurance – To be eligible to receive the health care benefits, at retirement an employee must be covered under the City’s health insurance plan and eligible to retire according to the City’s Maine PERS retirement plan specifications. All eligible retirees are required to pay 100% of the health insurance premiums to receive health benefit coverage except certain public safety employees who may be eligible to share their premium costs with the State. Although the City does not pay any part of these retiree premiums, the retirees are receiving an implicit subsidy in that they have access to premiums under the City’s group plan that are lower than they would pay if they were rated on their own. It is the cost of this implicit subsidy that, together with the retiree life insurance costs addressed below, makes up the liability discussed in this section.

Life Insurance – To be eligible to receive life insurance benefits, at retirement an employee must have at least one level of life insurance coverage under Maine PERS. The City pays the life insurance premium on behalf of eligible retirees.

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

The following table represents the OPEB costs for the year and the annual required contribution:

Normal cost	\$ 45,736
Amortization of unfunded	49,677
Interest	1,890
Annual required contribution	<u>\$ 97,303</u>

Net OPEB Obligation - The City's net OPEB obligation was calculated as follows:

OPEB liability, June 30, 2012	\$ 230,651
Annual required contribution	82,439
Actual contribution	<u>(29,487)</u>
OPEB liability, June 30, 2013	\$ 283,603
OPEB liability, June 30, 2013	\$ 283,603
Annual required contribution	97,303
Actual contribution	<u>(31,153)</u>
OPEB liability, June 30, 2014	\$ 349,753

**CITY OF BREWER, MAINE**  
**Notes to Basic Financial Statements Continued**

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**OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

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**Funding Status and Funding Progress** – The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ending June 30, 2014 were as follows:

Annual required contribution	\$	97,303
Actual contribution		31,153
Percent contributed		32.02%
Actuarial accrued liability		893,379
Plan assets		-
Unfunded actuarial accrued liability		893,379
Covered payroll		5,581,437
Unfunded actuarial accrued liability as a percentage of covered payroll		16.01%

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

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

Actuarial valuation date	01/01/14
Actuarial cost method	Projected unit credit
Amortization method	Level dollar
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	3.0%
Healthcare inflation rate	4.6%

**CITY OF BREWER, MAINE**  
**Notes to Basic Financial Statements Continued**

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**OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

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The following is a census as of January 1, 2014 on which the actuarial liability was calculated:

	<u>Health Insurance</u>	<u>Life Insurance</u>
Active members	90	64
Retirees*	11	19

\* Under health insurance, this figure can include spouses.

**CITY OF BREWER, MAINE**  
**Required Supplementary Information**

**Schedule of Funding Progress**  
**Retiree Healthcare Plan**

<u>Fiscal Year</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b - a) / c]</u>
2010	01/01/09	\$ -	653,002	653,002	0.00%	5,624,738	11.61%
2012	01/11/11	\$ -	845,020	845,020	0.00%	5,377,644	15.71%
2013	01/11/11	\$ -	845,020	845,020	0.00%	5,564,172	15.19%
2014	01/11/11	\$ -	845,020	845,020	0.00%	5,373,720	15.73%
2015	01/01/14	\$ -	893,379	893,379	0.00%	5,581,437	16.01%

## **GENERAL FUND**

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



**CITY OF BREWER, MAINE**  
**General Fund**  
**Comparative Balance Sheets**  
**June 30, 2014 and 2013**

	2014	2013
<b>ASSETS</b>		
Cash and cash equivalents	\$ 5,007,659	5,757,076
Investments	732,277	729,562
Interfund loans receivable	159,074	-
Prepaid expenditures	224,838	221,621
Receivables:		
Taxes	75,459	83,296
Tax liens	567,923	541,979
Accounts	1,647,919	863,895
<b>Total assets</b>	<b>\$ 8,415,149</b>	<b>8,197,429</b>
<b>LIABILITIES</b>		
Accounts payable	526,517	488,252
Taxes collected in advance	79,226	70,251
Accrued payroll and related liabilities	2,086,570	1,670,983
Unearned revenue	56,668	94,589
Interfund loans payable	-	575,728
<b>Total liabilities</b>	<b>2,748,981</b>	<b>2,899,803</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	525,717	522,393
<b>Total deferred inflows of resources</b>	<b>525,717</b>	<b>522,393</b>
<b>FUND BALANCES</b>		
Nonspendable - prepaid expenditures	224,838	221,621
Restricted for education	205,800	42,423
Assigned	1,025,904	1,047,722
Unassigned	3,683,909	3,463,467
<b>Total fund balance</b>	<b>5,140,451</b>	<b>4,775,233</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 8,415,149</b>	<b>8,197,429</b>

**CITY OF BREWER, MAINE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual (Budgetary Basis)**  
**For the year ended June 30, 2014**

(with comparative actual amounts for the year ended June 30, 2013)

	2014			2013 Actual
	Final Budget	Actual	Variance positive (negative)	
<b>Revenues:</b>				
<b>Taxes:</b>				
Property	\$ 16,142,649	16,166,590	23,941	14,762,188
Automobile excise	1,380,000	1,581,059	201,059	1,505,871
Boat excise	8,000	7,753	(247)	7,358
Interest on taxes	52,000	71,521	19,521	61,717
Payments in lieu of taxes	15,000	24,282	9,282	24,197
<b>Total taxes</b>	<b>17,597,649</b>	<b>17,851,205</b>	<b>253,556</b>	<b>16,361,331</b>
<b>Licenses, permits and fees:</b>				
Licenses and clerk fees	26,450	34,703	8,253	31,861
Registration fees	24,000	24,641	641	25,151
Ambulance fees	414,378	445,719	31,341	299,074
All other	4,900	5,208	308	4,364
<b>Total licenses, permits and fees</b>	<b>469,728</b>	<b>510,271</b>	<b>40,543</b>	<b>360,450</b>
<b>Intergovernmental:</b>				
Road block grant program	136,000	136,316	316	135,485
State revenue sharing	600,000	614,544	14,544	921,654
Tree growth reimbursement	200	259	59	265
Veterans reimbursement	8,480	9,683	1,203	8,790
BETE reimbursement	25,000	29,359	4,359	38,824
Homestead exemption	193,768	208,572	14,804	191,599
General assistance	47,000	7,406	(39,594)	42,355
Transit bonus program	23,000	23,083	83	17,310
Police grant reimbursements	17,202	3,690	(13,512)	18,581
Worker's compensation reimbursement	-	12,560	12,560	5,690
School Department	9,644,940	9,648,249	3,309	9,223,785
<b>Total intergovernmental</b>	<b>10,695,590</b>	<b>10,693,721</b>	<b>(1,869)</b>	<b>10,604,338</b>
<b>Local sources:</b>				
Property leases	7,488	750	(6,738)	7,489
Parks and recreation	397,850	411,515	13,665	423,106
Sale of City property	-	5,433	5,433	593
Public safety	30,256	32,390	2,134	30,305
Code enforcement	39,450	47,407	7,957	50,527
Public works	315,605	383,217	67,612	332,569
Cable television	110,000	107,218	(2,782)	111,965
Deferred debt service	36,463	36,463	-	29,035
Library	13,975	12,834	(1,141)	12,210
TIF revenues	1,100,432	1,120,042	19,610	992,718
School Department revenue	2,726,443	3,054,801	328,358	2,957,732
All other	7,254	13,775	6,521	51,280
<b>Total local sources</b>	<b>4,785,216</b>	<b>5,225,845</b>	<b>440,629</b>	<b>4,999,529</b>
<b>Interest earned</b>	<b>20,500</b>	<b>34,273</b>	<b>13,773</b>	<b>11,999</b>
<b>Total revenues</b>	<b>33,568,683</b>	<b>34,315,315</b>	<b>746,632</b>	<b>32,337,647</b>



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

	2014		Variance positive (negative)	2013 Actual
	Final Budget	Actual		
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Administration:</b>				
City Council	\$ 12,147	11,802	345	11,690
City Manager	303,691	315,931	(12,240)	293,365
City Clerk	148,188	153,006	(4,818)	166,666
Elections	17,356	10,031	7,325	18,084
Assessing	192,590	183,768	8,822	186,360
Finance	518,297	495,639	22,658	503,542
Technology	126,364	118,746	7,618	124,587
Legal	80,000	78,928	1,072	83,026
City Hall	89,278	74,089	15,189	73,361
Economic Development	443,898	411,341	32,557	278,268
<b>Total administration</b>	<b>1,931,809</b>	<b>1,853,281</b>	<b>78,528</b>	<b>1,738,949</b>
<b>Protection:</b>				
Police department	1,714,207	1,623,468	90,739	1,602,988
Fire department	1,629,503	1,583,726	45,777	1,582,100
Code enforcement	125,959	130,150	(4,191)	123,169
General protections	891,555	885,638	5,917	886,383
Insurances	117,560	119,862	(2,302)	123,280
Animal control	19,546	18,208	1,338	18,069
<b>Total protection</b>	<b>4,498,330</b>	<b>4,361,052</b>	<b>137,278</b>	<b>4,335,989</b>
<b>Public services:</b>				
Health and human services	124,127	50,304	73,823	86,839
Transit system	183,922	152,676	31,246	72,774
Adult Ed	4,388	4,388	-	2,590
Non-profit organizations	4,600	4,600	-	3,938
<b>Total public services</b>	<b>317,037</b>	<b>211,968</b>	<b>105,069</b>	<b>166,141</b>
<b>Public works:</b>				
Public works	1,408,865	1,390,628	18,237	1,353,263
Solid waste disposal	549,778	533,612	16,166	537,556
Planning	86,959	85,084	1,875	74,477
Engineering	152,272	154,158	(1,886)	152,357
<b>Total public works</b>	<b>2,197,874</b>	<b>2,163,482</b>	<b>34,392</b>	<b>2,117,653</b>
<b>Education</b>	<b>20,304,969</b>	<b>19,306,668</b>	<b>998,301</b>	<b>19,180,056</b>

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

	2014			2013 Actual
	Final Budget	Actual	Variance positive (negative)	
Expenditures, continued:				
Current, continued:				
Unclassified:				
Employee benefits	\$ 238,099	240,674	(2,575)	237,005
Tax increment financing reimbursements	1,464,321	1,447,936	16,385	1,360,260
Municipal auditorium	164,422	168,911	(4,489)	157,580
Parks and cemeteries	222,225	230,856	(8,631)	230,104
Recreation/pool	503,721	480,467	23,254	471,552
Library	192,263	195,842	(3,579)	191,032
Dues	11,500	11,044	456	11,269
Contingencies	37,640	35,322	2,318	36,257
All other	10,434	16,123	(5,689)	10,100
Total unclassified	2,844,625	2,827,175	17,450	2,705,159
Debt service:				
Principal	1,501,735	1,501,735	-	1,501,735
Interest	611,851	643,183	(31,332)	624,348
Total debt service	2,113,586	2,144,918	(31,332)	2,126,083
Assessments:				
County tax	878,532	878,532	-	847,490
Abatements and bad debts	48,791	52,541	(3,750)	248,843
Total assessments	927,323	931,073	(3,750)	1,096,333
Total expenditures	35,135,553	33,799,617	1,335,936	33,466,363
Excess (deficiency) of revenues over (under) expenditures	(1,566,870)	515,698	2,082,568	(1,128,716)
Other financing sources (uses):				
Use of fund balance - City	427,791	-	(427,791)	-
Use of fund balance - School Department	700,000	-	(700,000)	-
Reserves and carryforwards	122,986	-	(122,986)	6,000
Transfers from other funds:				
Impact fee fund	25,000	25,016	16	42,483
Capital improvement program	188,057	188,057	-	150,821
Sewer fund	69,516	69,516	-	69,516
Water fund	98,520	98,520	-	98,520
Transfers to other funds:				
Special revenue funds	-	-	-	(2,759)
Capital improvement program	(65,000)	(65,000)	-	(309,921)
Total other financing sources (uses)	1,566,870	316,109	(1,250,761)	54,660
Net change in fund balance - budgetary basis	-	831,807	831,807	(1,074,056)
Reconciliation to GAAP:				
Change in accrued teacher summer salaries and benefits		(466,589)		12,189
Total reconciling items to GAAP		(466,589)		12,189
Net change in fund balance - GAAP basis		365,218		(1,061,867)
Fund balance, beginning of year		4,775,233		5,837,100
<b>Fund balance, end of year</b>	<b>\$</b>	<b>5,140,451</b>		<b>4,775,233</b>

**ALL OTHER GOVERNMENTAL FUNDS**



**CITY OF BREWER, MAINE**  
**All Other Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2014**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 14,108	-	94,294	108,402
Investments	-	-	343,076	343,076
Accounts receivable	744,175	-	-	744,175
Due from other governments	100	-	-	100
Interfund loans receivable	1,075,875	151,527	-	1,227,402
Inventory	23,164	-	-	23,164
<b>Total assets</b>	<b>\$ 1,857,422</b>	<b>151,527</b>	<b>437,370</b>	<b>2,446,319</b>
<b>LIABILITIES</b>				
Accounts payable	735,533	-	-	735,533
Unearned revenue	6,147	-	-	6,147
Interfund loans payable	8,839	22,278	104,125	135,242
<b>Total liabilities</b>	<b>750,519</b>	<b>22,278</b>	<b>104,125</b>	<b>876,922</b>
<b>FUND BALANCES</b>				
Nonspendable:				
Inventory	23,164	-	-	23,164
Permanent fund	-	-	324,553	324,553
Restricted:				
Special revenue fund	1,169,552	-	-	1,169,552
Capital projects fund	-	162,895	-	162,895
Permanent fund	-	-	8,692	8,692
Committed:				
Special revenue fund	28,719	-	-	28,719
Unassigned:				
Special revenue fund	(114,532)	-	-	(114,532)
Capital projects fund	-	(33,646)	-	(33,646)
<b>Total fund balances</b>	<b>1,106,903</b>	<b>129,249</b>	<b>333,245</b>	<b>1,569,397</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,857,422</b>	<b>151,527</b>	<b>437,370</b>	<b>2,446,319</b>

**CITY OF BREWER, MAINE**  
**All Other Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2014**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
<b>Revenues:</b>				
Intergovernmental	\$ 2,141,084	-	-	2,141,084
Lunch program	252,771	-	-	252,771
Local sources	-	6,000	-	6,000
Interest earned	1	-	1,468	1,469
Other income	184,343	3,500	-	187,843
<b>Total revenues</b>	<b>2,578,199</b>	<b>9,500</b>	<b>1,468</b>	<b>2,589,167</b>
<b>Expenditures:</b>				
Educational programs	838,712	-	-	838,712
Lunch program	647,255	-	-	647,255
Capital outlay	-	2,348	-	2,348
Unclassified	918,818	-	4,384	923,202
<b>Total expenditures</b>	<b>2,404,785</b>	<b>2,348</b>	<b>4,384</b>	<b>2,411,517</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>173,414</b>	<b>7,152</b>	<b>(2,916)</b>	<b>177,650</b>
<b>Other financing uses:</b>				
Transfers out	-	(25,016)	-	(25,016)
<b>Total other financing uses</b>	<b>-</b>	<b>(25,016)</b>	<b>-</b>	<b>(25,016)</b>
<b>Net change in fund balances</b>	<b>173,414</b>	<b>(17,864)</b>	<b>(2,916)</b>	<b>152,634</b>
<b>Fund balances, beginning of year</b>	<b>933,489</b>	<b>147,113</b>	<b>336,161</b>	<b>1,416,763</b>
<b>Fund balances, end of year</b>	<b>\$ 1,106,903</b>	<b>129,249</b>	<b>333,245</b>	<b>1,569,397</b>

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

Special revenue funds account for specific resources, the expenditure of which is restricted by law or administrative action for particular purposes.





**CITY OF BREWER, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet**  
**June 30, 2014**

		Brewer Centennial	Police Asset Forfeiture	CDBG Housing Rehab Grant	Recreation Banner Fund	Performance Bonds Payable	Technical Review Payable	Fire Equipment Reserve
<b>ASSETS</b>								
Cash and cash equivalents	\$	-	-	-	-	-	-	-
Accounts receivable		-	-	-	-	-	-	-
Due from other governments		-	-	-	-	-	-	-
Interfund loans receivable		1	83,137	10,644	23,046	18,402	115,661	1,860
Inventory		-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$</b>	<b>1</b>	<b>83,137</b>	<b>10,644</b>	<b>23,046</b>	<b>18,402</b>	<b>115,661</b>	<b>1,860</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable and accrued expenses		-	109	-	-	18,402	115,661	-
Unearned revenue		-	-	-	-	-	-	-
Interfund loans payable		-	-	-	-	-	-	-
<b>Total liabilities</b>		<b>-</b>	<b>109</b>	<b>-</b>	<b>-</b>	<b>18,402</b>	<b>115,661</b>	<b>-</b>
Fund balances (deficits):								
Nonspendable:								
Inventory		-	-	-	-	-	-	-
Restricted		1	83,028	10,644	23,046	-	-	1,860
Committed		-	-	-	-	-	-	-
Unassigned		-	-	-	-	-	-	-
<b>Total fund balances (deficits)</b>		<b>1</b>	<b>83,028</b>	<b>10,644</b>	<b>23,046</b>	<b>-</b>	<b>-</b>	<b>1,860</b>
<b>Total liabilities and fund balances</b>	<b>\$</b>	<b>1</b>	<b>83,137</b>	<b>10,644</b>	<b>23,046</b>	<b>18,402</b>	<b>115,661</b>	<b>1,860</b>

**CITY OF BREWER, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet, Continued**  
**June 30, 2014**

	Winterfest	PERC Contract Reserve	Day Rd. Cemetery Grant	MMA Grant Fund	EPA Brownfield Rev Loan	Brewer Days	Children's Garden Fund
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Interfund loans receivable	3,378	159,035	-	-	388,310	8,952	7,822
Inventory	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 3,378</b>	<b>159,035</b>	<b>-</b>	<b>-</b>	<b>388,310</b>	<b>8,952</b>	<b>7,822</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable and accrued expenses	-	1,035	-	31	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Interfund loans payable	-	-	-	2,086	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>1,035</b>	<b>-</b>	<b>2,117</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances (deficits):</b>							
<b>Nonspendable:</b>							
Inventory	-	-	-	-	-	-	-
Restricted	3,378	158,000	-	-	388,310	8,952	7,822
Committed	-	-	-	-	-	-	-
Unassigned	-	-	-	(2,117)	-	-	-
<b>Total fund balances (deficit)</b>	<b>3,378</b>	<b>158,000</b>	<b>-</b>	<b>(2,117)</b>	<b>388,310</b>	<b>8,952</b>	<b>7,822</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,378</b>	<b>159,035</b>	<b>-</b>	<b>-</b>	<b>388,310</b>	<b>8,952</b>	<b>7,822</b>

**CITY OF BREWER, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet, Continued**  
**June 30, 2014**

	City Small Grants & Programs	Chamberlain Golf Classic	Computer Reserve	Stream Cleanup	Flags In Brewer	Recognition Coins	Fire Museum
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	-	-	-	-	-	-
Accounts receivable	3,592	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Interfund loans receivable	-	4,060	2,000	2,629	84	224	1,520
Inventory	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 3,592</b>	<b>4,060</b>	<b>2,000</b>	<b>2,629</b>	<b>84</b>	<b>224</b>	<b>1,520</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable and accrued expenses	1,431	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Interfund loans payable	6,753	-	-	-	-	-	-
<b>Total liabilities</b>	<b>8,184</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances (deficits):							
Nonspendable:							
Inventory	-	-	-	-	-	-	-
Restricted	6,484	4,060	2,000	2,629	84	-	1,520
Committed	-	-	-	-	-	224	-
Unassigned	(11,076)	-	-	-	-	-	-
<b>Total fund balances (deficits)</b>	<b>(4,592)</b>	<b>4,060</b>	<b>2,000</b>	<b>2,629</b>	<b>84</b>	<b>224</b>	<b>1,520</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,592</b>	<b>4,060</b>	<b>2,000</b>	<b>2,629</b>	<b>84</b>	<b>224</b>	<b>1,520</b>

**CITY OF BREWER, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet, Continued**  
**June 30, 2014**

	Brewer Business & Comm'l Park	Insurance Deductible Reserve	Business Resources Program	Brewer Redevelopment LLC	School Department		Total Nonmajor Special Revenue Funds
					Food Service Fund	Grants Fund	
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	-	-	13,858	250	-	14,108
Accounts receivable	-	-	-	669,400	33,220	37,963	744,175
Due from other governments	-	-	-	-	100	-	100
Interfund loans receivable	121,168	26,495	2,000	-	90,082	5,365	1,075,875
Inventory	-	-	-	-	23,164	-	23,164
<b>Total assets</b>	<b>\$ 121,168</b>	<b>26,495</b>	<b>2,000</b>	<b>683,258</b>	<b>146,816</b>	<b>43,328</b>	<b>1,857,422</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable and accrued expenses	-	-	-	435,073	53,208	110,583	735,533
Unearned revenue	-	-	-	-	6,147	-	6,147
Interfund loans payable	-	-	-	-	-	-	8,839
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>435,073</b>	<b>59,355</b>	<b>110,583</b>	<b>750,519</b>
Fund balances (deficits):							
Nonspendable:							
Inventory	-	-	-	-	23,164	-	23,164
Restricted	121,168	-	-	248,185	64,297	34,084	1,169,552
Committed	-	26,495	2,000	-	-	-	28,719
Unassigned	-	-	-	-	-	(101,339)	(114,532)
<b>Total fund balances (deficits)</b>	<b>121,168</b>	<b>26,495</b>	<b>2,000</b>	<b>248,185</b>	<b>87,461</b>	<b>(67,255)</b>	<b>1,106,903</b>
<b>Total liabilities and fund balances</b>	<b>\$ 121,168</b>	<b>26,495</b>	<b>2,000</b>	<b>683,258</b>	<b>146,816</b>	<b>43,328</b>	<b>1,857,422</b>

**CITY OF BREWER, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2014**

	Brewer Centennial	Police Asset Forfeiture	CDBG Housing Rehab Grant	Recreation Banner Fund	Performance Bonds Payable	Technical Review Payable	Fire Equipment Reserve
Revenues:							
Intergovernmental	\$ -	191	4,621	-	-	-	-
Lunch program	-	-	-	-	-	-	-
Investment income	1	-	-	-	-	-	-
Other income	-	-	-	4,600	-	-	-
Total revenues	1	191	4,621	4,600	-	-	-
Expenditures:							
Educational programs	-	-	-	-	-	-	-
Lunch program	-	-	-	-	-	-	-
Unclassified	-	51,096	1,354	1,165	-	-	-
Total expenditures	-	51,096	1,354	1,165	-	-	-
Net change in fund balances	1	(50,905)	3,267	3,435	-	-	-
Fund balances (deficit), beginning of year	-	133,933	7,377	19,611	-	-	1,860
<b>Fund balances (deficit), end of year</b>	<b>\$ 1</b>	<b>83,028</b>	<b>10,644</b>	<b>23,046</b>	<b>-</b>	<b>-</b>	<b>1,860</b>

**CITY OF BREWER, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued**  
**For the year ended June 30, 2014**

	Winterfest	PERC Contract Reserve	Day Rd. Cemetery Grant	MMA Grant Fund	EPA Brownfield Rev Loan	Brewer Days	Children's Garden Fund
<b>Revenues:</b>							
Intergovernmental	\$ -	-	-	5,452	288,751	-	-
Lunch program	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-
Other income	6,021	50,000	-	-	-	5,275	-
<b>Total revenues</b>	<b>6,021</b>	<b>50,000</b>	<b>-</b>	<b>5,452</b>	<b>288,751</b>	<b>5,275</b>	<b>-</b>
<b>Expenditures:</b>							
Educational programs	-	-	-	-	-	-	-
Lunch program	-	-	-	-	-	-	-
Unclassified	4,643	-	1,460	6,369	61,044	4,599	-
<b>Total expenditures</b>	<b>4,643</b>	<b>-</b>	<b>1,460</b>	<b>6,369</b>	<b>61,044</b>	<b>4,599</b>	<b>-</b>
Net change in fund balances	1,378	50,000	(1,460)	(917)	227,707	676	-
Fund balances (deficit), beginning of year	2,000	108,000	1,460	(1,200)	160,603	8,276	7,822
<b>Fund balances (deficit), end of year</b>	<b>\$ 3,378</b>	<b>158,000</b>	<b>-</b>	<b>(2,117)</b>	<b>388,310</b>	<b>8,952</b>	<b>7,822</b>

**CITY OF BREWER, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued**  
**For the year ended June 30, 2014**

	City Small Grants & Programs	Chamberlain Golf Classic	Computer Reserve	Stream Cleanup	Flags In Brewer	Recognition Coins	Fire Museum
Revenues:							
Intergovernmental	\$ 13,277	-	-	-	-	-	-
Lunch program	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-
Other income	4,845	8,628	-	4,675	2,659	-	75
<b>Total revenues</b>	<b>18,122</b>	<b>8,628</b>	<b>-</b>	<b>4,675</b>	<b>2,659</b>	<b>-</b>	<b>75</b>
Expenditures:							
Educational programs	-	-	-	-	-	-	-
Lunch program	-	-	-	-	-	-	-
Unclassified	16,526	6,654	-	2,460	1,035	-	-
<b>Total expenditures</b>	<b>16,526</b>	<b>6,654</b>	<b>-</b>	<b>2,460</b>	<b>1,035</b>	<b>-</b>	<b>-</b>
Net change in fund balances	1,596	1,974	-	2,215	1,624	-	75
Fund balances (deficit), beginning of year	(6,188)	2,086	2,000	414	(1,540)	224	1,445
<b>Fund balances (deficit), end of year</b>	<b>\$ (4,592)</b>	<b>4,060</b>	<b>2,000</b>	<b>2,629</b>	<b>84</b>	<b>224</b>	<b>1,520</b>

**CITY OF BREWER, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued**  
**For the year ended June 30, 2014**

	Brewer Business & Comm'l Park	Insurance Deductible Reserve	Business Resources Program	Brewer Redevelopment LLC	School Department		Total Nonmajor Special Revenue Funds
					Food Service Fund	Grants Fund	
<b>Revenues:</b>							
Intergovernmental	\$ -	-	-	730,444	337,297	761,051	2,141,084
Lunch program	-	-	-	-	252,771	-	252,771
Investment income	-	-	-	-	-	-	1
Other income	-	8,845	-	69,756	1,400	17,564	184,343
<b>Total revenues</b>	-	8,845	-	800,200	591,468	778,615	2,578,199
<b>Expenditures:</b>							
Educational programs	-	-	-	-	-	838,712	838,712
Lunch program	-	-	-	-	647,255	-	647,255
Unclassified	-	-	-	760,413	-	-	918,818
<b>Total expenditures</b>	-	-	-	760,413	647,255	838,712	2,404,785
<b>Net change in fund balances</b>	-	8,845	-	39,787	(55,787)	(60,097)	173,414
<b>Fund balances (deficit), beginning of year</b>	121,168	17,650	2,000	208,398	143,248	(7,158)	933,489
<b>Fund balances (deficit), end of year</b>	\$ 121,168	26,495	2,000	248,185	87,461	(67,255)	1,106,903



**CITY OF BREWER, MAINE**  
**City Small Grants and Programs**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2014**

	Fund balances	Revenues			Fund balances
	(deficit)		Other	Expenditures	(deficit)
	beginning of	Intergovernmental	miscellaneous		end of
	year				year
Economic Development:					
CDBG EFP Planning Grant	\$ 272	-	-	-	272
Police:					
Bulletproof vest program	(675)	-	-	-	(675)
Police Canine Program	2,162	-	-	200	1,962
Byrne JAG	7	-	-	-	7
Byrne JAG - Bulletproof vest program	(589)	-	-	-	(589)
Byrne JAG - 2012 Bulletproof vest program	-	-	630	630	-
Byrne JAG - 2013 Bulletproof vest program	-	715	715	1,430	-
Byrne JAG - 2013	1,243	-	-	1,243	-
Byrne JAG - 2013 - September application	-	2,562	-	2,427	135
Safe medicine return box	50	-	-	-	50
MEMA - Active Shooter Tuition Grant	-	9,000	-	9,000	-
King Foundation - high visibility jackets	60	-	-	-	60
Library:					
Summer Reading Program	24	-	-	-	24
Rudman Book Club	-	500	-	-	500
Byers Grant	-	-	1,000	929	71
Efficiency Grant	(5,808)	-	-	-	(5,808)
Bodwell English Book Grant	96	-	-	-	96
Other:					
Gates Opportunity Grant	(4)	-	-	-	(4)
Bangor Health & Wellness Grant	445	-	-	-	445
Brewer Kiwanis Grant	524	500	-	567	457
King Foundation - history room	(4,000)	-	-	-	(4,000)
Walmart Wellness Grant	-	-	2,500	100	2,400
DHHS - SunShade Grant	5	-	-	-	5
<b>Totals</b>	<b>\$ (6,188)</b>	<b>13,277</b>	<b>4,845</b>	<b>16,526</b>	<b>(4,592)</b>

**CITY OF BREWER, MAINE**  
**School Department Grants Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2014**

	Fund balances (deficits) beginning of year	Revenues	Expenditures	Fund balances (deficits) end of year
<b>Federal Programs:</b>				
Title 1A - Disadvantaged	\$ (32,264)	301,694	311,592	(42,162)
Title 1A - Improvements	-	-	546	(546)
Local Entitlement	(7,487)	355,323	399,662	(51,826)
Title II - Improving Teacher Quality	(48)	83,659	85,248	(1,637)
<b>Total Federal programs</b>	<b>(39,799)</b>	<b>740,676</b>	<b>797,048</b>	<b>(96,171)</b>
<b>State Programs:</b>				
MEMA Security Grant	-	4,975	4,975	-
Standards based diploma	-	15,400	13,954	1,446
<b>Total State programs</b>	<b>-</b>	<b>20,375</b>	<b>18,929</b>	<b>1,446</b>
<b>Local Programs:</b>				
Drivers Ed	203	7,865	7,885	183
Arts and Education Grant	1,554	-	1,554	-
Construction Fund	3,222	-	-	3,222
Hannaford	1,313	-	1,313	-
JROTC	(499)	1,000	-	501
Brewer HOF	-	899	6,067	(5,168)
Ticket to Ride Grant	-	300	300	-
Drug Free Grant	-	2,000	-	2,000
Name-a-Seat Fund	21,071	2,000	-	23,071
Stephen King Foundation	1,692	-	1,692	-
Stephen King Kindle Grant	-	3,500	2,756	744
Community Transformation Grant	4,000	-	1,083	2,917
Wal-Mart WSS	85	-	85	-
<b>Total local programs</b>	<b>32,641</b>	<b>17,564</b>	<b>22,735</b>	<b>27,470</b>
<b>Totals</b>	<b>\$ (7,158)</b>	<b>778,615</b>	<b>838,712</b>	<b>(67,255)</b>

## **NONMAJOR GOVERNMENTAL FUNDS**

### **CAPITAL PROJECT FUNDS**

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



**CITY OF BREWER, MAINE**  
**Nonmajor Capital Projects Funds**  
**Combining Balance Sheet**  
**June 30, 2014**

	FHWA Route 15 Earmark	City Hall Rehab	Impact Fee Fund	Total Nonmajor Capital Project Funds
<b>ASSETS</b>				
Interfund loans receivable	\$ -	-	151,527	151,527
<b>Total assets</b>	<b>\$ -</b>	<b>-</b>	<b>151,527</b>	<b>151,527</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Interfund loans payable	3,692	18,586	-	22,278
<b>Total liabilities</b>	<b>3,692</b>	<b>18,586</b>	<b>-</b>	<b>22,278</b>
Fund balances (deficits):				
Restricted	-	-	162,895	162,895
Unassigned	(3,692)	(18,586)	(11,368)	(33,646)
<b>Total fund balances (deficits)</b>	<b>(3,692)</b>	<b>(18,586)</b>	<b>151,527</b>	<b>129,249</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>-</b>	<b>151,527</b>	<b>151,527</b>

**CITY OF BREWER, MAINE**  
**Nonmajor Capital Projects Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2014**

	FHWA Route 15 Earmark	City Hall Rehab	Impact Fee Fund	Total Nonmajor Capital Project Funds
<b>Revenues:</b>				
Local sources	\$ -	-	6,000	6,000
Other income	-	3,500	-	3,500
<b>Total revenues</b>	<b>-</b>	<b>3,500</b>	<b>6,000</b>	<b>9,500</b>
<b>Expenditures:</b>				
Capital outlay	-	418	1,930	2,348
<b>Total expenditures</b>	<b>-</b>	<b>418</b>	<b>1,930</b>	<b>2,348</b>
<b>Other financing uses:</b>				
Transfer to general fund	-	-	(25,016)	(25,016)
<b>Total other financing uses</b>	<b>-</b>	<b>-</b>	<b>(25,016)</b>	<b>(25,016)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>3,082</b>	<b>(20,946)</b>	<b>(17,864)</b>
<b>Fund balances (deficits), beginning of year</b>	<b>(3,692)</b>	<b>(21,668)</b>	<b>172,473</b>	<b>147,113</b>
<b>Fund balances (deficits), end of year</b>	<b>\$ (3,692)</b>	<b>(18,586)</b>	<b>151,527</b>	<b>129,249</b>

**CITY OF BREWER, MAINE**  
**Capital Improvements Program**  
**Schedule of Changes in Fund Balances**  
**For the year ended June 30, 2014**

	Fund balances (deficit) beginning of year	Revenue	Transfers/ reencumbered	Expenditures	Transfers from (to) unallocated	Fund balances (deficit) end of year
<b>Capital Improvements Programs:</b>						
<b>City Hall/Other:</b>						
School bldg remed & demolition	\$ 234,000	-	(115,000)	(50,032)	-	68,968
Bond financing costs	(5,935)	-	5,000	(4,962)	-	(5,897)
City hall infrastructure	35,833	-	35,000	(63,249)	-	7,584
City hall parking lot lights	-	-	20,000	(18,484)	-	1,516
Wide format scanner/printer	-	-	9,000	(8,925)	(75)	-
Economic Development rev loan fund	-	100,000	-	(74,000)	-	26,000
City-wide revaluation	295,648	-	-	(210,245)	-	85,403
<b>Total City Hall/other</b>	<b>559,546</b>	<b>100,000</b>	<b>(46,000)</b>	<b>(429,897)</b>	<b>(75)</b>	<b>183,574</b>
<b>Waterfront Development:</b>						
Property acquisitions	124,610	-	-	-	-	124,610
Youth waterfront projects	5,000	-	-	-	-	5,000
Waterfront Trail	213,352	32,000	-	(139,974)	-	105,378
Landscaping/public improvements	2,730	-	-	-	-	2,730
Shore stabilization	119,338	-	-	-	-	119,338
<b>Total waterfront development</b>	<b>465,030</b>	<b>32,000</b>	<b>-</b>	<b>(139,974)</b>	<b>-</b>	<b>357,056</b>
<b>Public Safety:</b>						
Police vehicles	105	26,000	2,000	-	-	28,105
Police forensic system	10,000	-	-	-	-	10,000
Public safety computer server	5,306	-	(5,000)	-	-	306
Police computer replacement	1,797	-	(1,800)	-	3	-
Fire turnout gear replacement	-	15,000	-	(12,028)	-	2,972
Fire computer replacement	-	-	5,000	(3,954)	-	1,046
Code enforcement software	5,500	-	-	-	-	5,500
<b>Total public safety</b>	<b>22,708</b>	<b>41,000</b>	<b>200</b>	<b>(15,982)</b>	<b>3</b>	<b>47,929</b>
<b>Public Works:</b>						
Paving	30,956	170,000	-	(152,614)	-	48,342
Landfill area closing	128,819	50,000	-	-	-	178,819
Landfill sloping	9,726	-	-	-	-	9,726
Landfill remediation	2,719	-	-	(1,895)	-	824
General road construction	12,111	25,000	-	(37,919)	-	(808)
Wilson Street widening	10,470	180,000	(10,325)	-	-	180,145
Eastern Ave. reconstruction	97,000	-	-	-	-	97,000
Dirigo Dr. Paving	34,627	-	(6,000)	(16,419)	-	12,208
Elm St. Overlay	24,377	-	(14,725)	-	-	9,652
Day Rd. resurface	-	200,000	-	(202,872)	-	(2,872)
Stormwater Drainage improvements	-	-	7,500	-	-	7,500
Wisell Rd. Overlay	-	125,000	-	(135,871)	-	(10,871)
Signal Improvement Projs	55,000	-	-	-	-	55,000
S Main Paving	23,000	-	-	-	-	23,000
Signal Replacement Pkwy So/Wils-City Share	2,659	-	(2,660)	-	1	-
Sterling LT7501 Wheeler	7,011	-	(7,000)	(962)	951	-
Dump/plow/sander 2 axle	-	135,000	-	(149,763)	-	(14,763)
Mid size dump truck	-	60,000	-	(60,570)	570	-
1 Ton dump/plow/sander truck	-	45,000	-	(33,267)	-	11,733
GPS hardware	755	-	(700)	-	(55)	-
<b>Total public works</b>	<b>439,230</b>	<b>990,000</b>	<b>(33,910)</b>	<b>(792,152)</b>	<b>1,467</b>	<b>604,635</b>

**CITY OF BREWER, MAINE**  
**Capital Improvements Program**  
**Schedule of Changes in Fund Balances, Continued**  
**For the year ended June 30, 2014**

	Fund balances (deficit) beginning of year	Revenue	Transfers/ reencumbered	Expenditures	Transfers from (to) unallocated	Fund balances (deficit) end of year
<b>Parks and Recreation:</b>						
Oak Hill erosion control	\$ 8,500	-	(3,000)	(2,392)	-	3,108
Eastern playground	21,516	-	-	-	-	21,516
Pendleton Rink	14,674	-	(14,675)	-	1	-
Wash St. rec complex	-	4,338	100,000	(11,560)	-	92,778
Auditorium parking lot	5,517	-	(5,515)	-	(2)	-
Auditorium doors, windows, entrance	6,883	-	10,000	(9,127)	-	7,756
John Deere tractor/loader	1,101	-	(1,100)	-	(1)	-
GMC pickup club cab	-	24,000	-	(23,168)	-	832
Field maintenance machine	980	-	-	-	-	980
<b>Total parks and recreation</b>	<b>59,171</b>	<b>28,338</b>	<b>85,710</b>	<b>(46,247)</b>	<b>(2)</b>	<b>126,970</b>
<b>Subtotal projects</b>	<b>1,545,685</b>	<b>1,191,338</b>	<b>6,000</b>	<b>(1,424,252)</b>	<b>1,393</b>	<b>1,320,164</b>
CIP - Unallocated	20,191	4,946	(6,000)	-	(1,393)	17,744
Tax Increment Financing Projects	409,103	1,507,012	-	(1,552,682)	-	363,433
<b>Subtotal non-impact fee CIP</b>	<b>1,974,979</b>	<b>2,703,296</b>	<b>-</b>	<b>(2,976,934)</b>	<b>-</b>	<b>1,701,341</b>
<b>Impact Fee Projects:</b>						
Parallel Road	(13,135)	2,007	-	-	-	(11,128)
Signal Coordination	85,961	175	-	-	-	86,136
Signal Preemption	10,008	42	-	-	-	10,050
Pierce Road relocation and signal	37,530	751	-	-	(22,121)	16,160
Wilson/Parkway South intersection	9,638	518	-	-	(2,895)	7,261
State and Washington intersection	7,448	88	-	-	-	7,536
City transit bus	13,994	261	-	-	-	14,255
Set up and administrative costs	21,269	228	-	-	-	21,497
Sewer	(240)	1,127	-	(1,127)	-	(240)
Water	-	803	-	(803)	-	-
<b>Total impact fee projects</b>	<b>172,473</b>	<b>6,000</b>	<b>-</b>	<b>(1,930)</b>	<b>(25,016)</b>	<b>151,527</b>
<b>Totals</b>	<b>\$ 2,147,452</b>	<b>2,709,296</b>	<b>-</b>	<b>(2,978,864)</b>	<b>(25,016)</b>	<b>1,852,868</b>



**NONMAJOR GOVERNMENTAL FUNDS**

**PERMANENT FUNDS**



**CITY OF BREWER, MAINE  
Nonmajor Permanent Funds  
Combining Balance Sheet  
June 30, 2014**

		Cemetery Trust	Elsie Olmstead Library	Ministerial and School Funds	Jefferds Educational Fund	Wallace Witham Fund	Woodlawn Revolving Cemetery Fund	Total Nonmajor Permanent Funds
<b>ASSETS</b>								
Cash and cash equivalents	\$	75,768	5,662	1,056	4,852	326	6,630	94,294
Investments		343,076	-	-	-	-	-	343,076
<b>Total assets</b>	<b>\$</b>	<b>418,844</b>	<b>5,662</b>	<b>1,056</b>	<b>4,852</b>	<b>326</b>	<b>6,630</b>	<b>437,370</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Interfund loans payable		104,125	-	-	-	-	-	104,125
<b>Total liabilities</b>		<b>104,125</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>104,125</b>
Fund balances:								
Nonspendable:								
Principal		311,881	4,538	939	4,533	275	2,387	324,553
Restricted:								
Unexpended income		2,838	1,124	117	319	51	4,243	8,692
<b>Total fund balances</b>		<b>314,719</b>	<b>5,662</b>	<b>1,056</b>	<b>4,852</b>	<b>326</b>	<b>6,630</b>	<b>333,245</b>
<b>Total liabilities and fund balances</b>	<b>\$</b>	<b>418,844</b>	<b>5,662</b>	<b>1,056</b>	<b>4,852</b>	<b>326</b>	<b>6,630</b>	<b>437,370</b>

**CITY OF BREWER, MAINE**  
**Nonmajor Permanent Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2014**

	Cemetery Trust	Elsie Olmstead Library	Ministerial and School Funds	Jefferds Educational Fund	Wallace Witham Fund	Woodlawn Revolving Cemetery Fund	Total Nonmajor Permanent Funds
<b>Revenues:</b>							
Investment income	\$ 1,468	-	-	-	-	-	1,468
<b>Total revenues</b>	<b>1,468</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,468</b>
<b>Expenditures:</b>							
Cemetery care	4,089	-	-	-	-	-	4,089
Other	-	84	19	76	6	110	295
<b>Total expenditures</b>	<b>4,089</b>	<b>84</b>	<b>19</b>	<b>76</b>	<b>6</b>	<b>110</b>	<b>4,384</b>
Net change in fund balances	(2,621)	(84)	(19)	(76)	(6)	(110)	(2,916)
Fund balances, beginning of year	317,340	5,746	1,075	4,928	332	6,740	336,161
<b>Fund balances, end of year</b>	<b>\$ 314,719</b>	<b>5,662</b>	<b>1,056</b>	<b>4,852</b>	<b>326</b>	<b>6,630</b>	<b>333,245</b>

## **AGENCY FUNDS**



**CITY OF BREWER, MAINE**  
**Agency Funds**  
**Statement of Additions, Deductions and Changes in Balances**  
**For the year ended June 30, 2014**

	Balances beginning of year	Additions	Deductions	Balances end of year
Activity funds:				
Brewer High School Student Activities	\$ 155,778	288,829	(284,048)	160,559
Brewer Community School Student Activities	32,308	58,764	(56,868)	34,204
Children's fund	51,720	17,086	(14,057)	54,749
Superintendent's Office	2,500	1,776	(2,901)	1,375
<b>Total</b>	<b>\$ 242,306</b>	<b>366,455</b>	<b>(357,874)</b>	<b>250,887</b>





# **SCHEDULE**



**CITY OF BREWER, MAINE**  
**Brewer School Department - General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - Budgetary Basis**  
**For the year ended June 30, 2014**  
**(with comparative actual amounts for the year ended June 30, 2013)**

	2014		Variance positive (negative)	2013 Actual
	Budget	Actual		
<b>Revenues:</b>				
State education subsidy	\$ 9,644,940	9,644,940	-	9,182,103
State agency clients	-	-	-	36,535
Medicaid reimbursement	-	3,309	3,309	5,147
District assessments	2,634,443	2,951,314	316,871	2,880,144
Local sources	92,000	103,487	11,487	77,588
<b>Total revenues</b>	<b>12,371,383</b>	<b>12,703,050</b>	<b>331,667</b>	<b>12,181,517</b>
<b>Expenditures:</b>				
Regular instruction	8,155,118	7,851,232	303,886	7,799,129
Special education instruction	2,728,528	2,424,621	303,907	2,492,699
Career and technical education	166,052	164,135	1,917	142,526
Other instruction	920,166	847,174	72,992	759,522
Student and staff support	1,295,380	1,266,971	28,409	1,208,399
System administration	558,066	550,156	7,910	548,390
School administration	934,323	867,919	66,404	856,656
Transportation and buses	484,788	444,995	39,793	448,228
Facilities maintenance	1,787,565	1,626,774	160,791	1,591,306
Debt service and other commitments	3,268,043	3,258,009	10,034	3,327,240
All other expenditures	6,938	4,682	2,256	5,961
<b>Total expenditures</b>	<b>20,304,967</b>	<b>19,306,668</b>	<b>998,299</b>	<b>19,180,056</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(7,933,584)</b>	<b>(6,603,618)</b>	<b>1,329,966</b>	<b>(6,998,539)</b>
<b>Other financing sources (uses):</b>				
City appropriation	7,233,584	7,233,584	-	6,156,621
Budgeted use of fund balance	700,000	-	(700,000)	-
<b>Total other financing sources (uses)</b>	<b>7,933,584</b>	<b>7,233,584</b>	<b>(700,000)</b>	<b>6,156,621</b>
<b>Net change in fund balances - budgetary basis</b>	<b>-</b>	<b>629,966</b>	<b>629,966</b>	<b>(841,918)</b>
<b>Reconciliation to GAAP:</b>				
Change in accrued summer salaries and benefits		(466,589)		12,189
<b>Net change in fund balances - GAAP basis</b>		<b>163,377</b>		<b>(829,729)</b>
<b>Fund balance, beginning of year</b>		<b>42,423</b>		<b>872,152</b>
<b>Fund balance, end of year</b>	<b>\$</b>	<b>205,800</b>		<b>42,423</b>



## **OPERATING DATA**



**CITY OF BREWER, MAINE**  
**Operating Data**  
**June 30, 2014**

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The City of Brewer, Maine (the "City") was incorporated as a Town in 1812 and incorporated as a City in 1889. The City is located in southern Penobscot County, adjacent to Bangor, Maine, about 140 miles northeast of Portland, Maine and 250 miles northeast of Boston, Massachusetts. The 2010 U.S. Census population is 9,482.

## **GOVERNMENT**

The City operates under a charter initially adopted on September 14, 1931, as amended most recently effective July 1, 2013 (the "Charter"). The Charter provides for a Council-Manager form of government with a five-member City Council, elected at-large for three-year staggered terms. The Council adopts an annual budget, provides for an annual audit, and has the ultimate policy and decision-making power in the City. The City Manager is the chief administrative officer of the City and is appointed by and reports solely to the City Council.

The Brewer public school system is administered by a five-member committee elected at large by the voters of Brewer for three-year staggered terms (the "School Committee"). The School Committee has the responsibility for school policy and hiring department employees, including the Superintendent. Final approval of the school budget lies with the City Council, subject to final budget ratification by the voters of the City. All public school buildings operated by the City are owned by the City of Brewer High School District.

## **MUNICIPAL SERVICES**

The City provides general governmental services for the territory within its boundaries, including police and fire protection, highways, streets and sidewalks, solid waste transfer, wastewater treatment, water service, social services, parks, recreation areas and a library. Public education is provided for grades pre-Kindergarten ("pre-K") through 12 with a consolidated pre-K to grade 8 school, opened in 2011, and a high school. The City operates its own water system, wastewater treatment system and sewer.

### **Technology Department**

The Brewer Technology Department is dedicated to providing reliable and secure access to information systems and computer technology to support the operations of all the City Departments. The department strives to provide quality customer service to all City users and promotes the efficient use of technology through coordinated planning and acquisition of services, while staying current with technology applications and solutions. The department is staffed by one Technology Director.

The Technology Department supports the computer and network needs of 100-plus users/workstations with multiple servers within the City departments. The Brewer Public Library provides free computer usage and Internet to the public; Police Department's cruisers are equipped with computers that provide access in the field to State and County information; the Fire Department uses the computer system to organize mobile, pre-incident plans and also have a computer in the lead fire truck.

The City's E-government includes items such as E-List, access to online auto registration and hunting and fishing licenses, the City web page, and social media. The City uses these tools to communicate City information such as spring cleanup, "Brewer Days", universal waste days, and City-sponsored activities to its citizens and local businesses. The City web page provides citizens and businesses with items such as the City ordinances and tax maps.

**CITY OF BREWER, MAINE**  
**Operating Data, Continued**

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**Public Safety**

The Police and Fire Departments are co-housed in a centrally located, state-of-the-art facility, constructed in 2008. In 2012, the City consolidated the leadership of these two departments under a single Public Safety Director.

The Police Department is staffed by 20.5 employees, which include the Deputy Police Chief, one Lieutenant, three command staff, a patrol division of 12 officers, a criminal investigations division of two detectives and 1.5 full-time equivalent ("FTE") civilian administrative employees. The Police Department partners with the School Department to provide two full-time uniformed School Resource Officers ("SROs") whose primary duties are performed in Brewer High School and the pre-K-8 Brewer Community School. In addition to these budgeted positions, the department has two Special Officers who serve part-time in the capacity of department Chaplain and Firearms Instructor, respectively. The Police Department maintains thirteen vehicles, all between one and seven years old.

The Fire Department is operated by the Deputy Fire Chief, three Captains, one Lieutenant, 13 full-time fire fighters, one part-time Administrative Secretary and three call fire fighters. The department operates from a single fire station and maintains seven vehicles. Through a partnership with Capital Ambulance, the station houses and helps staff two ambulances, which in turn bring in about \$320,000 per year in revenue to the City offsetting approximately 20% of the Fire Department's total annual operating expenses.

The Public Safety roster also includes a contracted part-time Animal Control Officer and one part-time Harbor Master.

**Engineering Department**

The Engineering Department provides professional design, project inspection, and other engineering services to various City departments, including Public Works, Planning, Code, Water and the Water Pollution Control Facility. The department is staffed with a City Engineer and an Engineering Project Manager, both licensed professional engineers.

**Department of Parks & Recreation**

The Parks and Recreation Department is comprised of three components: Auditorium, Parks & Cemeteries, and Recreation. The Parks and Recreation Department offers approximately 100 programs year round, a community center that is open 100 hours a week during the cold weather months, and an outdoor pool. The department is responsible for mowing and maintaining over 100 acres of municipal and school property and municipal parks. It is also responsible for administration and care of three cemeteries. The department is staffed with a Director of Parks and Recreation, one Deputy Director of Parks & Recreation, one Parks/Cemetery Supervisor, one Parks/Cemetery Foreman, an After School Program Coordinator, a Building Custodian, one Program/Facility Assistant and an Office Manager. The Parks and Recreation Department hires from 50 to 60 part-time personnel throughout the year.



**CITY OF BREWER, MAINE**  
**Operating Data, Continued**

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**Brewer Public Library**

The Brewer Public Library (the "Library") was established in 1908. In 2007, the Library moved into a former school building down the street from City Hall. The Library, a department of the City, is governed by the City Council and the City Manager and is operated by a staff comprised of a full-time librarian, a full-time Children's/Program Librarian, one part-time Cataloguer and three part-time Library Assistants. Volunteers and on-call paid staff are used to round out staffing needs. The City currently provides \$195,000 annually towards the Library's operating budget. The Brewer Library Association (the "BLA") is a private, nonprofit organization that maintains a nine-member Board of Trustees who oversees private trust funds for the library. The BLA typically contributes between \$5,000 and \$10,000 in funds and in kind contributions to the Library each year for the purchase of major reference materials, furniture and equipment.

The main portion of the Library houses the adult collection and space in an open format. The Library has a computer lab with nine public access computers, a history room with important Joshua Chamberlain memorabilia and a reading room. The Library has children's and young adult sections, with a separate picture book room, computer lab for children and "story time" areas; a meeting room with a 15-20 person capacity; and two handicap accessible restrooms available for patrons. The Library's collection has approximately 42,000 volumes, including large print materials, books-on-tape, DVD's, CDs and subscriptions to over 35 periodicals. The Library offers special services that include: story time, summer reading, interlibrary loan, knitting and book clubs and an outreach program for shut-ins. With over 4,300 cardholders, including 287 non-resident patrons, its circulation for 2013 was over 54,920 items.

**Public Works**

The Public Works Department provides maintenance of roads, storm and sanitary drainage systems, provides construction support for the Water Department and constructs minor capital improvement projects including road construction and storm drainage improvements. The Department is staffed with one Public Works Director, one administrative staff, one purchasing agent, one shop foreman, two mechanics, two environmental technicians, one landfill operator, one recycling coordinator and nine other full-time outside crew employees. The Department maintains over 50 vehicles and equipment.

Since 1988, the City has transported solid waste to the Penobscot Energy Recovery Company's ("PERC") waste-to-energy facility in the adjacent community of Orrington. The City's tipping fee for the second quarter of 2014 was \$77/ton of solid waste disposed. The tipping fee is adjusted quarterly based upon a formula set forth in an agreement between PERC and the City that expires in 2018. The tipping fee has been in the \$70 range since 2009. As an Equity Charter Member of PERC, the City also receives a quarterly performance credit. The credits scheduled for fiscal year 2014 brought the net tipping fee to \$51 per ton. The City, along with other Equity Charter Communities, is currently involved in the ownership of PERC. The Equity Charter Communities currently own approximately a 23% share of the limited partnership interest in the facility. The Charter Communities are currently working together to develop a plan for post-2018, when the current agreements with PERC expire. In anticipation of substantially higher post-contract tipping fees, in January 2011, the City implemented a "pay as you throw" trash program and switched to an enhanced single stream recycling program. The change has reduced Brewer's residential trash tonnage by 50% and has allowed the City to set aside funds each year to be used to help smooth the transition to the expected higher post-2018 costs.

The City operates a Phase II landfill under a Maine Department of Environmental Protection ("DEP") construction and demolition debris landfill license, dated February 24, 1994. No wastes other than construction and demolition debris are handled by the landfill. The landfill has approximately 60,000 cubic yards of remaining capacity with a life expectancy of about 12 years. The City has been actively managing and reducing the flow of waste to the landfill to preserve and extend its life for the benefit of Brewer residents and taxpayers.

**CITY OF BREWER, MAINE**  
**Operating Data, Continued**

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In May 2014, the City reduced the landfill's hours of operation from 6 days per week to 2 days per month and grass and leaf drop off every Tuesday from 7:00-11:30am. The City has also begun to set aside funds to help cover the closure costs, which were recently estimated at \$670,000.

**Sewer Department**

The City's Sewer Department maintains a Wastewater Treatment Plant (the "Treatment Plant") that processes flow, total suspended solids, and oxygen depleting organic pollutants (Biochemical Oxygen Demand or "BOD") from municipal sewers. The sewer system also includes 14 pumping stations and approximately 53 miles of sewer lines. The Sewer Department is staffed by one Superintendent and nine employees.

The Treatment Plant was constructed in 1975 and was originally designed to treat 3.03 million gallons per day ("MGD") of flow. Due to capacity limitations, excessive loadings, worn equipment and outdated original processes, in 1992 the DEP, the City and a former manufacturer entered into a Consent Agreement which required improvements to the Plant's capacity, physical needs and process efficiencies. In complying with its Consent Agreement the City established a \$7,000,000 phased plant remediation approach for its Treatment Plant that started in 1993 and was completed in 1998, designed for 5.2 MGD flow, engineered for a 20- year growth period and is classified as a Class V treatment operation. An additional 10 MGD can be treated through the storm water bypass during periods of snowmelt, high ground water and storm water runoff.

The City recently completed the required Combined Sewer Overflow ("CSO") abatement upgrades, mandated by the DEP in 1994. The separation projects have reduced the number of overflow events from 70 per year to virtually zero. The Sewer Department is established as an Enterprise Fund in that the intent of the City is for the department to provide services on a continuing basis financed entirely through user fees.

**Water Department**

The former Brewer Water District was formed under Chapter 146 of the Private and Special Laws of Maine (1945), as amended and supplemented by Chapters 111, 134, 64, 60, 44, 61 and 66 of the Private and Special Laws of Maine (1947), (1949), (1957), (1967), (1993), (1993) and (2002), respectively (the "Charter"), established as a quasi-municipal corporation and as a body politic and corporate, whose service area includes the territory constituting most of the City of Brewer and parts of the towns of Eddington, Holden and Orrington, Maine (the "Water System Territory"), for the purpose of supplying its inhabitants with pure water for domestic, sanitary, commercial and municipal purposes and public and private fire protection.

Chapter 66 of the Private and Special Laws of the State of Maine of 2001 ("An Act Providing for the Supply of Water to the City of Brewer") (the "Act") authorized the transfer of the assets and obligations of the Brewer Water District (the "Water District"), including its debt, to the City, subject to the approval of the voters of the City at a referendum election and the affirmative vote of the City Council and the trustees of the Water District. The voters of the City approved the transfer, pursuant to the Act, at a referendum held on June 11, 2002; the City Council voted affirmatively to approve the transfer on July 16, 2002; and the former trustees of the Water District voted to approve the transfer on August 26, 2002. The transfer occurred on December 31, 2002 at which time the operations of the Water District were converted to become a department of the City, operating as an Enterprise Activity, whereby the intent of the City is for the department to provide services on a continuing basis financed entirely through user charges and be self-supporting.

**CITY OF BREWER, MAINE**  
**Operating Data, Continued**

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The day-to-day administration, operation and maintenance of the waterworks facility are conducted by ten Water Department employees under the direction of its Superintendent. The Water Department serves approximately 3,564 customers in a territory with communities that have a consolidated population of approximately 18,516 inhabitants. The current source of the Water Department's water supply is primarily from the 2.92 square mile Hatcase Pond, a surface water aquifer with a 350 million square mile water shed area, a 1,960,200,000 gallon storage capacity and estimated daily "dry year" yield of 2 million gallons; with Flood's Pond as a back-up emergency source. The average daily draft is 790,400 gallons with maximum daily draft of 1,173,000 gallons.

The Water System includes three storage tanks with combined capacity of 2,895,000 gallons (or approximately 3.64 days average 2011 demand). The Water Department's water transmission and distribution system is comprised of approximately 252,738 feet of transmission and distribution mains. The Water Department provides service to 431 fire hydrants for communities in its territory.

**PUBLIC EDUCATION**

The City, through its School Department, operates its education program for grades pre-Kindergarten ("pre-K") through 12 under its own supervision in facilities currently owned by the City of Brewer High School District (described in the section below). Article III of the City's Charter provides that the public schools for the City be administered by a Superintending School Committee (the "School Committee") comprised of five 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 curriculum; care and management of the public schools of the City; and governs the affairs of the Brewer School Department. The School Committee prepares and submits its budget to the City Manager, who includes it in the budget process. The School's staff consists of a Superintendent, four full-time principals, and 132 full time equivalent teachers, various other professional and non-professional staff.

In addition to providing education to all students who are residents of the City, the School Department also provides education for grades 9 through 12 for certain contiguous communities or districts that do not have a high school on a tuition basis, as annually set by the State. The communities or districts that send some or all of their students to Brewer High School are AOS 47, AOS81, and the towns of Glenburn, Otis and Veazie.

The following table shows the actual school enrollment as of April 1, 2010 through 2014.

<u>April 1,</u>	<u>City of Brewer Students</u>			<u>Tuition Students</u>			<u>Total</u>
	<u>Pre-K to 8</u>	<u>9 to 12</u>	<u>City</u>	<u>AOS 81</u>	<u>AOS 47</u>	<u>Other</u>	
2014	973	364	1,337	186	122	23	1,668
2013	973	374	1,374	182	139	22	1,690
2012	970	389	1,359	181	127	14	1,681
2011	956	382	1,338	185	139	30	1,692
2010	929	408	1,337	193	139	24	1,693

SOURCE: State of Maine, Department of Education, "April 1 Census of Students Educated at Public Expense".

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**CITY OF BREWER, MAINE**  
**Operating Data, Continued**

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**City of Brewer High School District**

The City of Brewer High School District (the "CBHSD") is an entity coterminous with the residents and territory of the City. The CBHSD is not a department of the City but exists as a distinct body politic and corporate, as established by Chapter 4 of the Private and Special Laws of Maine (1925), as amended. The CBHSD was first established to erect, equip and maintain a high school upon land already secured for this purpose. By March 29, 1950, the CBHSD received additional powers "... to purchase land and to erect, equip and maintain one or more grammar schools, a junior high school, a high school and a vocational school or any or all of such schools...." The CBHSD currently owns all of the school buildings used by the City for its grades pre-Kindergarten through 12 educations programs.

The CBHSD is governed by a five-member Board of Trustees (the "Trustees") serving staggered five-year terms. A Trustee must be a resident of the territory encompassed by the CBHSD and any who cease to be a resident must vacate the respective office. The Trustees have the power to issue debt for the above stated purposes. Each year the Trustees determine the amount of monies due to meet the CBHSD's interest, principal and/or sinking fund obligations. On or before April 1st of each year, the Trustees issue a warrant to the assessor of the City, who is required to then collect the assessment from the City's taxpayers. Failure by the City to provide the CBHSD with the requisite assessment allows the Treasurer of the CBHSD the same authority as is vested in county officials for the collection of county taxes, including the power to seize and sell real and personal property. When payment of indebtedness is completed the respective school building is conveyed to the City. When all debt is retired, the Board of Trustees function is terminated.

The School Committee, who govern the affairs of the Brewer School Department, a department of the City, provide for the operation of the City's public schools, including maintenance and minor capital costs of the facilities; the Board of Trustees of the CBHSD are separate and distinct from the City. CBHSD received \$3,298,209 from Brewer for the year ended June 30, 2014, of which \$2,480,446 was debt service subsidy from the State. The debt obligations of the CBHSD are Overlapping Debt obligations of the City.

**Alternative Education**

Title 20-A, Chapter 313 of the Maine Revised Statutes, as amended, provides for "applied technology education" or a course or program of education which is designed to create or improve job-related skills that are part of a secondary school curriculum. The City is a member of the United Technologies Center, Region #4 ("Region #4"). Applied technology regions in Maine are quasi-municipal corporations established by the Legislature for the delivery of applied technology programs that are comprised of two or more school administrative units and governed by a cooperative board. Each school administrative unit is responsible for its proportionate share of the Region's operating expenses, including debt repayment, which is included in the respective unit's annual assessment to the Region. Region #4's territory encompasses three cities, including Brewer, 11 towns, one plantation, four School Administrative Districts ("SADs") and one Community School District ("CSD"). The City sent 40 students to Region #4 in FY2014. The City is responsible for its proportionate share of Region #4's operating expenses, including debt service, which is assessed to the City annually. The City's share of Region #4's FY2014 assessment was 6.5%, or \$164,135, of Region #4's total FY14 budget of \$2,510,839.

The City participates in the Southern Penobscot Regional Program for Exceptional Children, along with 15 SAUs in the region. This program specializes in classification of educational curriculum (and its location) for programs offered at: "Hearing Impaired" (Bangor); "Multiple Handicapped" (Bangor); "Severe Behavioral/Emotionally Disturbed" (Old Town); and "Moderate to Severe Development Disability" (Brewer).

**CITY OF BREWER, MAINE**  
**Operating Data, Continued**

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**LABOR RELATIONS**

The City employs approximately 348 full and part-time employees, approximately 228 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.

Union <sup>(1)</sup>	Bargaining Unit	Contract Expiration
IAFF, Local 2162	Firefighters	6/30/2017
AFSCME, Council 93	Fire Officers	6/30/2017
Fraternal Order of Police	Police Command	12/31/2014 <sup>(2)</sup>
Fraternal Order of Police	Patrol Officers	12/31/2014 <sup>(2)</sup>
AFSCME, Council 93	Public Works	6/30/2017
AFSCME, Council 93	Water Pollution Control	6/30/2017
BEA/MEA	Teachers	8/31/2013 <sup>(2)</sup>
BEA/MEA	Custodians/Food Service	8/31/2017
BEA/MEA	Education Technicians	8/31/2015

<sup>(1)</sup> "IAFF" indicates the International Association of Firefighters; "AFSCME" indicates the American Federation of State, County and Municipal Employees. All IAFF and AFSCME units are affiliated with the American Federation of Labor & Congress of Industrial Organizations ("AFL-CIO"), as separate bargaining units. "MEA" indicates the Maine Education Association of which the various components of the Brewer Education Association ("BEA") are affiliated, as separate bargaining units.

<sup>(2)</sup> The respective unit and the City are, or will be, negotiating on the terms of a new contract. The employees continue to perform duties pursuant to the terms of the expired contract. The City has provided in its budget amounts that it expects that the City would incur in the successor contract.

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**PHYSICAL AND ECONOMIC CHARACTERISTICS**

**General**

Brewer is the thirteenth largest city in Maine with a population of 9,482 (2010 census). The City is part of an 11-municipality employment and commercial center, having its hub in Bangor.

Brewer is situated on the eastern shore of the Penobscot River, which forms its northwestern border and separates the City from Bangor, across the River. Convenient access to Brewer is provided by five Bangor exits from U.S. Interstate Route 95 and from U.S. Interstate 395, which bisects the City. U.S. Route 1A also bisects the City from northwest to Southeast, while State Routes 9, 15 and 178 follow the Penobscot River along the City's western perimeter. The Bangor International Airport provides both domestic and international air traffic for the entire region. Brewer is also served by the Bar Harbor line of the Maine Central Railroad, which passes through the industrially zoned areas of the City.

The City has evolved from its predominate shipyards through stages of lumbering, textiles and home of Brewer Brick, and now includes a variety of diversified commercial, service or manufacturing business and various retail shopping centers along U.S. Route 1A. The City is an important retail shopping area to the region and a major distribution center for eastern and northern Maine.

**CITY OF BREWER, MAINE**  
**Operating Data, Continued**

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The City is an urban, commercial, industrial and suburban residential community with some rural characteristics. The City is comprised of residential, local business, industrial, commercial and resource protection zones, totaling 15.25 square miles.

**Principal Employers**

Major Employers	Business	Employees
Eastern Maine Healthcare Systems	Health Care	379
City of Brewer	Governmental	348
Eastern Maine Medical Center	Health Care	316
Wal-Mart	Retail	220
Lowe's	Retail	200
Somic America	Manufacturing	150
Hannaford	Retail	142
Downeast Toyota	Vehicle Sales and Service	133
UPS	Transportation	130

**Building Permits**

Calendar Yr. End Dec. 31,	Residential		Commercial & Industrial		Total	
	Permits	Est. Cost of Construction	Permits	Est. Cost of Construction	Permits	Est. Cost of Construction
2013	112	\$1,662,798	65	\$9,005,595	177	\$10,668,570
2012	124	1,904,192	73	7,103,610	197	9,007,802
2011	165	1,603,706	80	4,705,297	245	6,309,003
2010	149	1,737,889	84	2,557,687	233	4,295,576
2009	102	1,603,030	53	25,585,023	155	27,188,053
2008	96	1,675,710	53	39,127,874	149	40,803,584
2007	150	2,292,249	60	27,768,881	210	30,061,130
2006	162	4,755,229	56	6,525,694	218	11,280,923
2005	205	7,934,632	47	2,698,690	252	10,633,322

**Population Trends**

Census	Population
2010	9,482
2000	8,987
1990	9,021
1980	9,017

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

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**CITY OF BREWER, MAINE**  
**Operating Data, Continued**

**Age and Income Levels**

<b>Median age (years)<sup>(a)</sup></b>	<b><u>Brewer</u></b>	<b><u>Maine</u></b>	<b><u>USA</u></b>
2010	41.1	42.4	37.0
2000	41.1	42.7	37.2
<b>Median Family Income<sup>(b)</sup></b>	<b><u>Brewer</u></b>	<b><u>Maine</u></b>	<b><u>USA</u></b>
2010	\$66,544	\$60,021	\$61,455
2000	46,632	45,179	50,046
<b>Per Capita Income</b>	<b><u>Brewer</u></b>	<b><u>Maine</u></b>	<b><u>USA</u></b>
2010	\$27,242	\$26,195	\$27,915
2000	20,158	19,533	21,587

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

**CITY FINANCES**

**Budgetary 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 calendar year. The Charter provides that the budget (the “Budget”) will be comprised of two divisions: the Municipal Budget and the School Budget. The City Manager submits the Municipal Budget for the ensuing fiscal year to the City Council. The School Committee also submits its School Budget to the City Council, whereby the City Council may change the proposed appropriation for any line item but may not create additional line items. The School Committee may not approve transfers from line item categories without the prior approval of the City Council. The Council holds a public hearing before its subsequent final passage of the appropriation resolve (“Appropriation Resolve”). If the Appropriation Resolve establishes a property tax levy that exceeds the Property Tax Levy Limit described below, then the excess of the appropriation must be approved in a separate article by a majority of the entire City Council (i.e., a “super majority”). The school budget is subject to referendum by the voters of the City through a Budget Validation process. Upon adoption of the budget, a property tax levy is established and filed with the City Assessor. The following table sets forth the trends in the General Fund Budgets for the City for the last four fiscal years and for the current fiscal year:

**City of Brewer Budgets**  
**General Fund**  
**Fiscal Year Ending June 30,**

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>REVENUES</b>					
Taxes	\$15,030,617	\$15,216,463	\$16,102,149	\$17,597,649	\$17,556,786
Licenses and permits	378,119	376,113	391,153	469,728	389,510
Intergovernmental	10,956,351	11,285,395	10,716,097	10,695,590	10,816,333
Local sources	4,971,221	5,030,125	4,800,064	4,785,216	4,739,400
Interest	35,000	25,000	20,000	20,500	20,500
<b>TOTAL REVENUES</b>	<b>31,371,308</b>	<b>31,933,096</b>	<b>32,029,463</b>	<b>33,568,683</b>	<b>33,522,529</b>

**CITY OF BREWER, MAINE**  
**Operating Data, Continued**

**EXPENDITURES**

General government	\$ 1,779,486	\$1,870,136	\$1,909,733	\$1,931,809	\$ 1,857,153
Protection	4,207,142	4,380,016	4,467,289	4,498,330	4,358,213
Public services	284,553	335,354	335,074	317,037	249,809
Public works	1,962,277	2,196,332	2,203,850	2,197,874	2,157,419
Education	19,440,161	19,596,958	19,989,478	20,304,969	20,529,095
Unclassified	2,738,758	2,715,845	2,757,103	2,844,625	2,762,836
Debt service	2,339,520	2,166,412	2,183,243	2,113,586	2,227,258
Assessments	838,796	876,043	1,096,872	927,323	918,036
<b>TOTAL EXPENDITURES</b>	<b>33,590,693</b>	<b>34,137,096</b>	<b>34,942,642</b>	<b>35,135,553</b>	<b>35,059,819</b>

**OTHER FINANCING SOURCES**

Fund balance	1,792,135	1,675,000	2,726,571	1,127,791	1,247,000
Reserves and carryforwards	51,352	96,775	58,286	122,986	-
Operating transfers	375,898	432,225	128,322	316,093	290,290
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$2,219,385</b>	<b>\$2,204,000</b>	<b>\$2,913,179</b>	<b>\$1,566,870</b>	<b>\$1,537,290</b>

**Capital Improvement Program**

Chapter 2 of the City's Ordinance provides that the City will have a capital improvement plan ("CIP") to be prepared and presented with the annual budget. The CIP includes an inventory of possible capital projects, some of which may ultimately 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 CIP includes necessary large capital expenditures such as building construction and infra-structural needs for the City, exclusive of the School Department. The City projects the increased debt service and resultant impact on tax rates.

The CIP process starts with the submission of proposal projects by department heads to the City Manager. The City Manager develops a tentative CIP, which is reviewed at the staff level, and then developed into a draft CIP. The draft CIP is submitted to the City Council. The City Council reviews the draft CIP, develops recommendations and then approves a Capital Improvement/Investment Program. The following displays the current five-year Capital Improvements Program of the City:

**City of Brewer**  
**Current Capital Improvement Plan**  
**Fiscal Year Ending June 30,**

	2015	2016	2017	2018	2019	Total	Average
<b>EQUIPMENT</b>							
City Hall	\$89,500	\$135,000	\$ -	\$38,000	\$52,500	\$315,000	\$63,000
Public Safety	114,000	97,000	90,000	58,000	108,000	315,000	63,000
Public Works	213,000	788,000	333,000	215,000	620,500	2,169,500	433,900
Other	104,500	100,000	73,500	70,000	27,000	375,000	75,000
<b>Total Equipment</b>	<b>521,000</b>	<b>1,170,000</b>	<b>576,500</b>	<b>381,000</b>	<b>808,000</b>	<b>3,456,500</b>	<b>691,300</b>
<b>PLANT &amp; PROPERTY</b>							
Minor Structures & Reno.	115,000	1,588,000	71,000	81,000	117,000	1,972,000	394,400
Street Reconstruction	470,000	1,075,000	235,000	235,000	235,000	2,250,000	450,000
Major Structures	55,000	1,025,000	3,410,000	985,000	690,000	6,165,000	1,233,000
Financing Expenses	7,000	5,000	6,000	6,000	6,000	30,000	6,000
<b>Total Plant &amp; Property</b>	<b>647,000</b>	<b>3,693,000</b>	<b>3,722,000</b>	<b>1,307,000</b>	<b>1,048,000</b>	<b>10,417,000</b>	<b>2,083,400</b>
<b>TOTAL CIP</b>	<b>1,168,000</b>	<b>4,863,000</b>	<b>4,298,500</b>	<b>1,688,000</b>	<b>1,856,000</b>	<b>13,873,500</b>	<b>2,774,700</b>



**CITY OF BREWER, MAINE**  
**Operating Data, Continued**

**FUNDING SOURCES**

CIP Fund Balance	\$ 8,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 88,000	\$ 17,600
TIF Revenue	-	2,090,000	380,000	50,000	50,000	2,570,000	514,000
Impact Fee	30,000	-	-	-	-	30,000	6,000
Bond Financed	1,085,000	2,753,000	3,898,500	1,618,000	1,786,000	11,140,500	2,228,100
Other (grants, earmarks)	45,000	-	-	-	-	45,000	9,000
<b>TOTAL SOURCES</b>	<b>\$1,168,000</b>	<b>\$4,863,000</b>	<b>\$4,298,500</b>	<b>\$1,688,000</b>	<b>\$1,856,000</b>	<b>\$13,873,500</b>	<b>\$2,774,700</b>

**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. 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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
State Personal Income Factor:	1.78%	1.66%	1.43%	1.05%	1.09%
City Property Growth Factor:	<u>1.89</u>	<u>2.02</u>	<u>1.33</u>	<u>1.23</u>	<u>1.00</u>
Growth Limitation Factor:	3.67%	3.68%	2.76%	2.28%	2.09%
Property Tax Levy Limit:	\$7,885,348	\$8,230,111	\$8,494,683	\$8,764,911	\$9,074,149
Property Tax Levy:	<u>5,902,793</u>	<u>6,193,000</u>	<u>6,436,269</u>	<u>6,734,269</u>	<u>6,734,269</u>
Over/(below) Levy Limit:	(\$1,982,555)	(\$2,037,111)	(\$2,058,414)	(\$2,030,642)	(\$2,339,880)

**Fund Balance**

FUND BALANCE	(000s)					
	Fiscal Year Ended June 30,					
	2009	2010	2011	2012	2013	2014
Unassigned	\$3,817	\$3,634	\$3,407	\$3,643	\$3,463	\$3,662
Non-spendable, restricted, committed	\$1,964	\$1,989	\$2,559	\$2,194	\$1,312	\$1,478
<b>TOTAL FUND BALANCE</b>	<b>\$5,781</b>	<b>\$5,623</b>	<b>\$5,966</b>	<b>\$5,837</b>	<b>\$4,775</b>	<b>\$5,140</b>
Operating Expenditures	\$31,695	\$33,836	\$33,193	\$33,892	\$33,466	\$33,800
Gross Revenues	\$31,602	\$33,660	\$33,536	\$33,763	\$32,554	\$34,315
Unassigned Fund Balance as % of Op. Exp.	12.0%	10.7%	10.3%	10.7%	10.3%	10.8%
Total Fund Balance as % of Gross Rev.	18.3%	16.7%	17.8%	17.3%	14.7%	15.0%

**CITY OF BREWER, MAINE**  
**Operating Data, Continued**

**INVESTMENT POLICY**

The City adopted and has followed a formal Investment Policy since August 10, 1999, as amended. Pursuant to the Investment Policy and under Maine law [Title 30-A, Section 5706 et seq. of the Maine Revised Statutes, as amended (the "Act")], 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 the Act, 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 VI, Section 2 of the City's Charter provide that independent annual audits of the City's accounts be undertaken. The City, in conformance with this statute and its Charter currently engages the services of Runyon Kersteen Ouellette, Certified Public Accountants.

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

	2014	2013	2012	2011	2010
<b>ASSETS</b>					
Cash	\$5,007,659	\$5,757,076	\$5,946,736	\$6,326,303	\$6,852,286
Investments	732,277	729,562	709,240	711,263	705,576
Receivables:					
Taxes receivable	75,459	83,296	120,131	178,333	137,883
Tax liens	567,923	541,979	511,344	556,505	398,314
Other receivable	1,647,919	863,895	420,586	756,281	569,195
Due from other governments	-	-	-	-	-
Prepaid items	224,838	221,621	219,791	217,639	214,488
Inter-fund loans	159,074	-	1,922,681	-	-
<b>TOTAL ASSETS</b>	<b>\$8,415,149</b>	<b>\$8,197,429</b>	<b>\$9,850,509</b>	<b>\$8,746,864</b>	<b>\$8,877,742</b>
<b>LIABILITIES</b>					
Accounts payable	526,517	488,252	363,583	186,146	371,423
Accrued payroll	2,086,570	1,670,983	1,821,759	1,819,103	1,859,394
Taxes collected in advance	79,226	70,251	55,767	55,015	53,560
Deferred revenues	-	-	602,050	549,689	473,243
Unearned Revenue	56,668	94,589	-	-	-
Inter-fund loans	-	575,728	1,170,250	171,247	515,133
<b>TOTAL LIABILITIES</b>	<b>\$2,748,981</b>	<b>\$2,899,803</b>	<b>\$4,013,409</b>	<b>\$2,781,200</b>	<b>\$3,272,753</b>

**CITY OF BREWER, MAINE**  
**Operating Data, Continued**

**DEFERRED INFLOWS of RESOURCES<sup>(1)</sup>**

Unavailable revenue – property taxes	\$525,717	\$522,393	-	-	-
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**FUND EQUITY<sup>(1)</sup>**

Unreserved:					
Designated	-	-	-	-	2,327,710
Undesignated	-	-	-	-	3,277,279
Non-spendable	224,838	221,621	219,791	217,639	-
Restricted	205,800	42,423	872,152	1,158,973	-
Committed	-	-	-	18,380	-
Assigned	1,047,722	1,047,722	1,102,338	1,163,660	-
Unassigned	3,662,091	3,463,467	3,642,819	3,407,012	-
<b>TOTAL FUND EQUITY</b>	<b>\$5,140,451</b>	<b>\$4,775,233</b>	<b>\$5,837,100</b>	<b>\$5,965,664</b>	<b>\$5,604,989</b>

<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY</b>	<b>\$8,415,149</b>	<b>\$8,197,429</b>	<b>\$9,850,509</b>	<b>\$8,746,864</b>	<b>\$8,877,742</b>
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Prepared from Audited Financial Statements

NOTES: <sup>(1)</sup> Redefined, pursuant to GASB

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

	2014	2013	2012	2011	2010
<b>REVENUES</b>					
Taxes	\$17,851,205	\$16,361,331	\$15,481,028	\$15,423,197	\$15,758,951
Licenses and permits	510,271	360,450	427,092	397,916	334,281
Intergovernmental	12,083,601	12,070,127	12,664,312	12,308,600	10,891,022
Local sources	5,225,845	4,999,529	4,811,011	4,985,598	6,284,103
Interest earned	34,273	11,999	23,010	32,399	47,082
<b>TOTAL REVENUES</b>	<b>35,705,195</b>	<b>33,803,436</b>	<b>33,406,453</b>	<b>33,147,710</b>	<b>33,315,439</b>
<b>EXPENDITURES</b>					
Current:					
Administration	1,853,281	1,738,949	1,758,726	1,680,336	1,885,630
Protection	4,361,052	4,335,989	4,203,418	4,153,955	4,260,272
Public services	211,968	166,141	297,092	256,477	253,815
Public works	2,163,482	2,117,653	2,048,852	1,917,650	1,834,957
Unclassified	2,827,175	2,705,159	2,748,029	2,718,608	2,673,873
Education	19,773,257	19,167,867	18,401,626	17,951,858	16,439,231
Debt service	2,144,918	2,126,083	12,828,854	2,127,926	3,511,691
Assessments	931,073	1,096,333	870,461	839,247	1,200,760
MainePERS	1,389,880	1,465,789	1,468,991	1,547,287	1,598,006
Capital outlay	173,845	-	-	-	177,486
<b>TOTAL EXPENDITURES</b>	<b>35,829,931</b>	<b>34,919,963</b>	<b>44,626,049</b>	<b>33,193,344</b>	<b>33,835,721</b>

**CITY OF BREWER, MAINE**  
**Operating Data, Continued**

<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	\$ (124,736)	\$(1,116,527)	\$(11,219,596)	\$ (45,634)	\$(520,282)
<b>OTHER FINANCING SOURCES:</b>					
Bond or lease proceeds	173,845	-	10,764,162	-	177,486
Reserves and carry forwards	-	6,000	4,861	15,300	9,921
Operating transfers in	381,109	361,340	421,723	373,352	156,516
Operating transfers out	(65,000)	(312,680)	(22,000)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES):</b>	<b>489,954</b>	<b>54,660</b>	<b>11,091,032</b>	<b>388,652</b>	<b>349,923</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>365,218</b>	<b>(1,061,867)</b>	<b>(128,564)</b>	<b>343,018</b>	<b>(176,359)</b>
<b>BEGINNING FUND BALANCE</b>	<b>\$4,775,233</b>	<b>\$5,837,100</b>	<b>\$5,965,664</b>	<b>\$5,622,646</b>	<b>\$5,718,348</b>
<b>ENDING FUND BALANCE</b>	<b>\$5,140,451</b>	<b>\$4,775,233</b>	<b>\$5,837,100</b>	<b>\$5,965,664</b>	<b>\$5,541,989</b>

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 due in two installments. All taxes paid after the due dates are subject to interest, at the rate of 7.0% 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.

**Business Personal Property Tax**

In 2006 the Maine Legislature enacted LD 2056, codified as Title 36, Chapter 105, Subchapter 4-C of the Maine Revised Statutes, as amended, which exempts from taxation, beginning with the April 1, 2008 tax year, various types of tangible business personal property subject to an allowance for depreciation and some specialty types of real property improvements.

**CITY OF BREWER, MAINE**  
**Operating Data, Continued**

Through the Business Equipment Tax Exemption Program (“BETE”) the State will reimburse municipalities with respect to the lost property taxes associated with this new exemption. For property not in a grandfathered tax increment financing (“TIF”) district, the State reimbursement rate is 50% of the lost tax revenue or, for communities whose tax base is made up of at least 5% personal property, an enhanced rate. In FY2014 Brewer received reimbursement at the enhanced rate of 52.6%. The City receives 100% reimbursement for BETE value in a grandfathered TIF district.

For the purposes of identifying the municipality’s valuation for determining the local property tax rate, the value of all property made exempt by this legislation 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:

<b>Fiscal Year ended</b>	<b>Exempt BETE Value</b>		<b>Total</b>
	<b>June 30,</b>		
	<b>Not in TIF</b>	<b>In TIF Districts</b>	<b>BETE Value</b>
2014	\$2,627,900	\$2,907,400	\$5,535,300
2013	3,273,200	3,829,400	7,102,600
2012	3,360,600	3,802,000	7,162,600
2011	2,848,700	8,488,300	11,337,000
2010	3,561,610	10,549,200	14,110,810

The value of all property made exempt by this law in the City will also be considered part of that municipality’s equalized State Valuation to the extent the City is being reimbursed for its lost property taxes by the state with an additional adjustment for property in a tax increment financing district. The law 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.

**Largest Taxpayers**

The following is a list of the City’s ten largest taxpayers for fiscal 2014:

<b>Name</b>	<b>Nature of Business</b>	<b>Fiscal 2014 Assessed Valuation</b>	<b>% of Total Assessed Valuation</b>
Maritime & Northeast Pipe LLC	Utility	\$ 47,371,800	6.13%
Fransway Realty LLC	Real Estate	19,473,400	2.52
Wal-Mart	Retail	16,509,200	2.14
Lowe’s Home Centers Inc	Retail	15,309,900	1.98
Bangor Hydro Electric	Utility	12,787,600	1.66
Somic America Inc	Manufacturer	8,980,200	1.16
EODSR LLC/Darling Edward	Auto Dealer	8,753,200	1.13
Penobscot River Holdings LLC	Manufacturer	6,883,600	0.89
Woodlands LLC	Health Care	5,528,800	0.72
Machias Savings Bank	Financial	4,617,200	0.60
<b>Total</b>		<b>\$146,214,900</b>	<b>18.92%</b>

**CITY OF BREWER, MAINE**  
**Operating Data, Continued**

**Valuations**

Fiscal Year	Real Estate Valuation <sup>(1)</sup>	Personal Property Valuation <sup>(2)</sup>	Total Assessed Valuation	Tax Rate Per \$1,000 of Assessed Valuation	Gross Tax Levy (000s)	Tax Levy Per Capita <sup>(3)</sup>
2014	\$737,742,900	\$34,867,400	\$772,610,300	\$20.92	\$16,163	\$1,705
2013	743,804,600	35,832,700	779,637,300	18.99	14,805	1,561
2012	737,423,700	35,833,200	773,256,900	17.95	13,880	1,464
2011	739,477,800	39,046,600	778,524,400	17.95	13,975	1,474
2010	727,883,200	53,879,600	781,762,800	17.95	14,033	1,480

<sup>(1)</sup> Excludes Homestead Value Exemption.

<sup>(2)</sup> Excludes property eligible for the Business Equipment Tax Exemption.

<sup>(3)</sup> The 2010 Federal Census is 9,482.

**Tax Levy and Collections**

The following table compares the City's tax collections with its gross tax levies for the past five fiscal years.

Fiscal Year	Gross Tax Levy (000)	Collected Year End Levy (000)	% of Tax Levy	Collected as of 6/30/14 (000)	% of Tax Levy
2014	\$16,163	\$15,817	97.82	\$15,817	97.82%
2013	14,805	14,454	97.63	14,600	98.62
2012	13,880	13,552	97.64	13,812	99.51
2011	13,975	13,579	97.16	13,956	99.86
2010	14,033	13,758	98.04	14,018	99.89

**TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE DEVELOPMENT HOUSING DISTRICTS**

Chapter 206 and former 207 (now repealed) 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 1<sup>st</sup> preceding the date the Commissioner of the Department of Economic and Community Development, with respect to TIF Districts, or the Director of the Maine State Housing Authority, with respect to housing development districts, approves the designation of any such district each cannot each exceed 5% of the municipality's total value of taxable property. Excluded from this limit as applicable to TIF districts is any district involving project costs in excess of \$10,000,000, the geographic area of

**CITY OF BREWER, MAINE**  
**Operating Data, Continued**

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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 of the Maine Revised Statutes, as amended.

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.

In FY2014, the City had seven designated tax increment financing districts with \$70,123,400 in captured assessed value and no affordable development housing districts. It 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. In no event will the City's districts exceed the statutory limitation of total area and aggregate equalized value within all districts, determined as of their date of designation, as set out above.

**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 through a calculation that utilizes a number of factors that are subject to change each year. The subsidy formula itself is subject to change by the Legislature. Furthermore, subsidies for school administrative units are an annual item in the State's budgetary process and are subject to legislative appropriation in that process. The following table displays revenues received by the City from the State for the last five audited fiscal periods:

<b>Fiscal Yr. End June 30,</b>	<b>State Revenue Sharing</b>	<b>State School Subsidy</b>	<b>General Assistance</b>	<b>BETE</b>	<b>Homestead Exemption</b>	<b>Total</b>
2014	\$614,544	\$9,648,249	\$7,406	\$29,359	\$208,572	\$10,508,130
2013	921,654	9,223,785	42,355	38,824	191,599	10,418,217
2012	965,668	9,676,726	61,113	43,456	182,282	10,929,245
2011	1,015,857	9,278,777	68,936	42,033	183,898	10,589,501
2010	1,070,858	7,665,619	64,299	64,192	246,191	9,111,159

**CITY OF BREWER, MAINE**  
**Operating Data, Continued**

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**INDEBTEDNESS**

**Limitation 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 7 ½% 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 7 ½% 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."

The City's 2014 equalized state valuation ("equalized State Valuation") is \$715,750,000. The 15% debt limit is \$107,362,500. As of June 30, 2014, the City's long-term debt outstanding was \$39,975,865, or 5.59% of the equalized State Valuation.

**Five Years Outstanding Debt**

The following table sets forth the City's bonded debt, including bond anticipation notes and net debt as percentages of the City's state equalized valuation as of the end of the current fiscal year and the most recently completed fiscal years.

Fiscal Year End	G.O. Bonded Debt Outstanding	Total State Equalized Valuation <sup>(1)</sup>	Bonded Debt Per Capita	Total Bonded Debt as % of State Equalized Valuation	Levy Supported Debt as a % of State Equalized Valuation
2014	\$39,975,865	\$715,750,000	\$4,216	5.59%	2.48%
2013	40,561,352	716,000,000	4,278	5.66	2.55
2012	40,892,788	732,150,000	4,313	5.58	2.56
2011	41,540,415	737,900,000	4,381	5.63	2.63
2010	41,649,369	746,500,000	4,392	5.58	2.50

<sup>(1)</sup> As determined by the State of Maine.



**CITY OF BREWER, MAINE**  
**Operating Data, Continued**

**Debt Service Component of Operating Expenses**

	2011	2012	2013	2014	Budgeted 2015
Gross Current Debt Service:	\$4,087,052	\$4,183,258	\$4,163,869	\$4,011,714	\$4,200,811
(less Self Support Enterprise):	<u>(1,959,126)</u>	<u>(2,011,210)</u>	<u>(2,037,786)</u>	<u>(1,866,796)</u>	<u>(1,973,553)</u>
Tax Backed Current Debt Service:	2,127,926	2,172,048	2,126,083	2,144,918	2,227,258
Operating Expense:	\$31,695,231	\$32,439,654	\$33,466,363	\$33,799,617	\$32,500,767
Debt Service as % Oper. Expense:	6.71%	6.70%	6.35%	6.35%	6.85%

**Debt Ratios**

The following table sets forth the ratio of bonded debt to equalized State Valuation and per capita debt ratios for the end of the ten most recent audited fiscal years:

FY End June 30,	Total Debt	Eq. State Val. (000)	Assessed Val. (000)	Debt as % Eq. Val.	Per Capita Debt
2014	\$39,975,865	\$715,750	\$772,610	5.6%	\$4,216
2013	40,561,352	716,000	779,637	5.7	4,278
2012	40,892,788	732,150	773,257	5.6	4,313
2011	41,540,415	737,900	778,524	5.6	4,381
2010	41,649,369	746,500	781,763	5.6	4,392
2009	44,200,479	746,850	786,196	5.9	4,918
2008	36,421,161	738,950	735,733	4.9	4,053
2007	38,616,176	677,700	656,676	5.7	4,297
2006	39,507,109	623,450	616,589	6.3	4,396
2005	38,512,396	551,650	598,280	7.0	4,285

**Future Financing**

The City Manager develops a formal five-year Capital Improvement Plan ("CIP"), which includes an inventory of possible capital projects, some of which may ultimately be included in the annually approved CIP, and is an indication of future 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.

In July 2014, the City Council authorized the issuance of up to \$1,085,000 in general obligation bonds to finance planned capital improvements approved as part of the FY2015 budget process.

