

**CITY OF BREWER, MAINE**

**Annual Financial Report**

**For the Year Ended June 30, 2016**

**CITY OF BREWER, MAINE**  
**Annual Financial Report**  
**For the Year Ended June 30, 2016**

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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, 2016, 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 of 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 opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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### ***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, 2016, 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, the schedule of proportionate share of the net pension liability, the schedule of contributions, and the schedule of funding progress, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management 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, schedule and operating data section, are presented for purposes of additional analysis and are not a required part of the basic 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 29, 2016, 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 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 29, 2016  
South Portland, Maine

**CITY OF BREWER, MAINE**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2016**

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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, 2016.

### **Financial Highlights**

- ❖ The assets and deferred outflows of resources of the City of Brewer exceeded liabilities and deferred inflows of resources by **\$43,297,417** (net position). Of this amount, **(\$393,688)** was reported as unrestricted net position. The City's total net position increased by **\$1,864,674** from the prior year. Net position of Governmental Activities increased by **\$1,600,565** while Business-type Activities increased by **\$264,109**.
- ❖ At the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of **\$9,522,331**, which was an increase of **\$121,266** from the prior fiscal year. This increase was comprised of a **\$266,501** increase in the City's general fund, a **(\$222,427)** decrease in the City's major capital projects fund and **\$77,192** increase in the other governmental funds.
- ❖ The City's general fund reports an unassigned fund balance of **\$4,256,816** and total fund balance of **\$5,930,315**, an increase of **\$266,501**. The City's unassigned fund balance is currently at **11.87%** of budgeted expenditures and **11.92%** of general fund expenditures.
- ❖ The City of Brewer completed a bond issuance, incurring an additional **\$920,000** in long-term debt in the other capital project fund and **\$135,000** in the sewer fund. However, the City retired **\$2,763,369** in old bonds.
- ❖ The City of Brewer implemented GASB 68 in 2015, a standards ruling that applies to pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have certain characteristics. This establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expense/expenditures. This required the restating of certain beginning balances so that only the effect of fiscal 2015 calculations would be recognized in fiscal 2015 totals. See the fiscal year 2015 Audit footnotes for the detail on these adjustments.

### **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 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 the City of Brewer's assets and deferred outflows of resources less liabilities and deferred inflows of resources, with the difference 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).

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

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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 administration, protection, public services, public works, unclassified, education, state retirement contributions, interest on debt, assessments and capital outlay. The business-type activities of the City of Brewer include a water department and a sewer operation. The government-wide financial statements can be found on pages 13-14 of this report.

### **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 **37** 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 **35** 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 starting 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.



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

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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 starting 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 starting 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 **24-54** 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 are found on pages **57-95** of this report.

### **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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by **\$21,419,210**. Business-type activity assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by **\$21,878,207** for a City-wide total of net position of **\$43,297,417** 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 (**95.0%**) 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 (**5.9%**) represents resources that are subject to external restrictions on how they may be used. This means that the City has a negative unrestricted net position of **.91%** as far as being able to meet ongoing obligations. This was mostly a result of implementation of GASB #68, which does not impact the cash ability of the City to meet ongoing obligations.

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

**Summary Statement of Net Position**

	Governmental Activities		Business-type Activities		Primary Government Total	
	2016	2015	2016	2015	2016	2015
<b>ASSETS</b>						
Current and other assets	\$ 13,472,882	12,985,515	(627,886)	(527,000)	12,844,996	12,458,515
Capital assets	33,522,316	33,397,000	44,794,133	45,563,485	78,316,449	78,960,485
<b>Total assets</b>	<b>46,995,198</b>	<b>46,382,515</b>	<b>44,166,247</b>	<b>45,036,485</b>	<b>91,161,445</b>	<b>91,419,000</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Related to pensions	2,279,245	987,111	367,378	96,008	2,646,623	1,083,119
<b>Total deferred outflows</b>	<b>2,279,245</b>	<b>987,111</b>	<b>367,378</b>	<b>96,008</b>	<b>2,646,623</b>	<b>1,083,119</b>
<b>LIABILITIES</b>						
Long-term liabilities	23,795,717	22,756,741	21,541,854	22,303,512	45,337,571	45,060,253
Other liabilities	3,597,249	3,217,420	1,027,280	979,613	4,624,529	4,197,033
<b>Total liabilities</b>	<b>27,392,966</b>	<b>25,974,161</b>	<b>22,569,134</b>	<b>23,283,125</b>	<b>49,962,100</b>	<b>49,257,286</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Related to pensions	462,267	1,576,820	86,284	235,270	548,551	1,812,090
<b>Total deferred inflows</b>	<b>462,267</b>	<b>1,576,820</b>	<b>86,284</b>	<b>235,270</b>	<b>548,551</b>	<b>1,812,090</b>
<b>NET POSITION</b>						
Net investment in capital assets	17,985,417	17,673,683	23,909,165	23,529,104	41,152,564 *	40,460,769 *
Restricted	2,538,541	2,415,645	-	-	2,538,541	2,415,645
Unrestricted (deficit)	895,252	(270,683)	(2,030,958)	(1,915,006)	(393,688) *	(1,443,671) *
<b>Total net position</b>	<b>\$ 21,419,210</b>	<b>19,818,645</b>	<b>21,878,207</b>	<b>21,614,098</b>	<b>43,297,417</b>	<b>41,432,743</b>

\* The 2015 and 2016 amounts do not cross-foot due to the \$742,018 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 \$742,018 is not considered capital related in the governmental activities column, but is considered capital related in the primary government column.

**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	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 5,015,522	\$ 4,639,069	4,887,050	4,936,975	9,902,572	9,576,044
Operating grants & cont.	15,298,229	15,476,025	-	-	15,298,229	15,476,025
Capital grants & cont.	-	-	496,891	855,405	496,891	855,405
General revenues:						
Property taxes	16,401,894	16,050,121	-	-	16,401,894	16,050,121
Excise taxes	1,764,472	1,680,816	-	-	1,764,472	1,680,816
Interest & cost on taxes	94,267	98,167	-	-	94,267	98,167
Franchise fees	103,697	103,225	-	-	103,697	103,225
State Revenue Sharing	688,294	606,194	-	-	688,294	606,194
Homestead exemption	207,345	207,912	-	-	207,345	207,912
Other govt. revenues	54,690	71,188	-	-	54,690	71,188
Unrestricted invstmt. earnings	42,491	34,769	3,169	-	45,660	34,769
Misc. revenues	17,956	24,252	-	-	17,956	24,252
Loss on disposal of assets	-	(25,508)	-	(23,390)	-	(48,898)
Transfers	173,304	168,036	(173,304)	(168,036)	-	-
<b>Total revenues and transfers</b>	<b>39,862,161</b>	<b>39,134,266</b>	<b>5,213,806</b>	<b>5,600,954</b>	<b>45,075,967</b>	<b>44,735,220</b>
Expenses:						
Administration	1,442,770	1,272,931	-	-	1,442,770	1,272,931
Protection	4,828,347	4,752,426	-	-	4,828,347	4,752,426
Public Services	278,258	195,551	-	-	278,258	195,551
Public Works	2,336,170	2,991,980	-	-	2,336,170	2,991,980
Education	22,624,727	22,257,879	-	-	22,624,727	22,257,879
Unclassified	3,791,209	3,442,761	-	-	3,791,209	3,442,761
Assessments	903,844	1,039,021	-	-	903,844	1,039,021
Capital outlay	1,521,486	1,487,114	-	-	1,521,486	1,487,114
Interest on debt	534,785	633,102	-	-	534,785	633,102
Water	-	-	2,383,041	2,847,882	2,383,041	2,847,882
Sewer	-	-	2,566,656	2,590,943	2,566,656	2,590,943
<b>Total expenses</b>	<b>38,261,596</b>	<b>38,072,765</b>	<b>4,949,697</b>	<b>5,438,825</b>	<b>43,211,293</b>	<b>43,511,590</b>
Change in net position	1,600,565	1,061,501	264,109	162,129	1,864,674	1,223,630
Net position, prior year	19,818,645	18,757,144	21,614,098	21,451,969	41,432,743	40,209,113
<b>Net position, current year</b>	<b>\$21,419,210</b>	<b>19,818,645</b>	<b>21,878,207</b>	<b>21,614,098</b>	<b>43,297,417</b>	<b>41,432,743</b>

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

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**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. As of the end of the current fiscal year, the City of Brewer governmental funds reported combined ending fund balances at June 30, 2016 of **\$9,522,331**, an increase of **\$121,266** in comparison with the prior year. Just under **43%** of this total amount (**\$4,069,128**) 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 (**\$5,453,203**) is not available for new spending because it has already been restricted to use for: 1) various capital and other governmental purposes (**\$3,351,711**) and education (**\$354,969**), 2) non-expendable principal in investments, prepaid amounts and inventory (**\$577,232**), or 3) committed or assigned to specific uses (**\$1,169,291**).

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 **\$5,930,315**. After adjusting for non-spendable amounts (**\$228,124**), the amount that is restricted for use for education (**\$354,969**) and items assigned to specific use (**\$1,090,406** of which **\$400,000** is for the 2017 budget and **\$629,468** for accrued compensated absences), there is a net unassigned balance of **\$4,256,816** 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 **11.93%** of the total general fund expenditures; total fund balance represents **16.6%** of total general fund expenditures.

The fund balance of the City of Brewer's General Fund increased **\$266,501** during the current fiscal year. While revenues came in **\$766,659** higher than budgeted and expenditures were **\$1,432,500** lower than budgeted, these were partially offset by the City's **\$1,723,210** 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 by **\$400,726** to **\$13,079,229**. The operating income was **\$552,549** while net nonoperating expenses reduced income by **\$115,561** (debt service interest), which was reduced further by a transfer to the City General Fund of **\$100,512**. Net position of the City's Sewer Fund decreased **\$136,617** to **\$8,798,978**. The Sewer Fund experienced operating income of **\$63,716**, which was partially offset by nonoperating expenses of **\$63,291** and a transfer to the City General Fund of **\$72,792**. Of the total net position, the amount classified as net investment in capital assets was **\$11,104,140** and **\$12,805,025** for the Water and Sewer Funds, respectively. Unrestricted net position was **\$1,975,089** for the Water Fund and (**\$4,006,047**) for the Sewer Fund.

**General Fund Budgetary Highlights**

The City of Brewer had a **\$45,560** difference between the original and amended FY 2016 budget. The changes are as follows:

City Departments	\$167,213
Unclassified	10,084
Assessments	(4,237)
Debt Service	(127,500)
<b>Total</b>	<b>\$45,560</b>

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

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These changes in appropriations were authorized by the Brewer City Council and appropriated from prior year carryforward balances of \$**101,423**, and a transfer out increase of (\$**55,863**). The City of Brewer has a strong purchasing policy to prevent unnecessary departmental over expenditures.

**Capital Asset and Debt Administration**

**Capital Assets.** The City of Brewer's capital assets for its governmental activities as of June 30, 2016 amount to \$**65,428,590**, net of accumulated depreciation of \$**31,906,274**, leaving a net book value of \$**33,522,316**. This is an increase of \$**125,316**, including \$**1,862,626** in new additions, \$**98,491** loss on disposal and \$**1,638,819** 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, 2016 amounts to \$**70,038,382**, net of accumulated depreciation of \$**25,244,249**, leaving a net book value of \$**44,794,133**. This is a decrease of \$**769,352**, including \$**353,873** in new additions and \$**1,123,225** 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 \$**37,081,742**. Of this amount, \$**17,151,752** is for governmental activities and \$**19,929,990** is for business-type activities. All debt is backed by the full faith and credit of the City.

The City of Brewer issued \$**1,055,000** in new long-term debt during the current fiscal year for various capital improvements and retired \$**2,763,369** in old bonds.

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 \$**108,202,500** and \$**54,101,250** 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, 2016**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 9,246,751	550	9,247,301
Investments	1,078,561	-	1,078,561
Receivables:			
Taxes	74,102	-	74,102
Tax and sewer liens	550,688	46,907	597,595
Other receivables	592,058	725,832	1,317,890
Due from other governments	70,208	-	70,208
Prepaid expenses	228,124	-	228,124
Inventory	24,555	50,757	75,312
Other assets	-	155,903	155,903
Internal balances	1,607,835	(1,607,835)	-
Capital assets, not being depreciated	3,273,391	3,257,216	6,530,607
Capital assets, net	30,248,925	41,536,917	71,785,842
Total assets	46,995,198	44,166,247	91,161,445
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	2,279,245	367,378	2,646,623
Total deferred outflows of resources	2,279,245	367,378	2,646,623
<b>LIABILITIES</b>			
Accounts payable	1,048,010	216,311	1,264,321
Accrued payroll and related liabilities	2,330,297	181,019	2,511,316
Accrued interest payable	109,150	176,097	285,247
Taxes collected in advance	84,551	-	84,551
Unearned revenue	25,241	453,853	479,094
Noncurrent liabilities:			
Due within one year	1,723,915	1,287,020	3,010,935
Due in more than one year	22,071,802	20,254,834	42,326,636
Total liabilities	27,392,966	22,569,134	49,962,100
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	462,267	86,284	548,551
Total deferred inflows of resources	462,267	86,284	548,551
<b>NET POSITION</b>			
Net investment in capital assets	17,985,417	23,909,165	41,152,564
Restricted:			
Education	354,969	-	354,969
Grants and other programs	858,365	-	858,365
Capital projects	991,546	-	991,546
Permanent funds:			
Nonexpendable	324,553	-	324,553
Expendable	9,108	-	9,108
Unrestricted	895,252	(2,030,958)	(393,688)
Total net position	\$ 21,419,210	21,878,207	43,297,417

*See accompanying notes to basic financial statements.*

CITY OF BREWER, MAINE  
Statement of Activities  
For the year ended June 30, 2016

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	\$ 1,442,770	61,376	-	-	(1,381,394)	-	(1,381,394)
Protection	4,828,347	501,677	11,658	-	(4,315,012)	-	(4,315,012)
Public services	278,258	-	14,455	-	(263,803)	-	(263,803)
Public works	2,336,170	333,223	267,985	-	(1,734,962)	-	(1,734,962)
Unclassified	3,791,209	453,667	1,085,910	-	(2,251,632)	-	(2,251,632)
Education	21,464,346	3,662,966	12,757,840	-	(5,043,540)	-	(5,043,540)
State retirement contribution (Education)	1,160,381	-	1,160,381	-	-	-	-
Interest on debt	534,785	2,613	-	-	(532,172)	-	(532,172)
Assessments	903,844	-	-	-	(903,844)	-	(903,844)
Capital outlay	1,521,486	-	-	-	(1,521,486)	-	(1,521,486)
Total governmental activities	38,261,596	5,015,522	15,298,229	-	(17,947,845)	-	(17,947,845)
Business-type activities:							
Water	2,383,041	2,471,502	-	348,527	-	436,988	436,988
Sewer	2,566,656	2,415,548	-	148,364	-	(2,744)	(2,744)
Total business-type activities	4,949,697	4,887,050	-	496,891	-	434,244	434,244
<b>Total primary government</b>	<b>\$ 43,211,293</b>	<b>9,902,572</b>	<b>15,298,229</b>	<b>496,891</b>	<b>(17,947,845)</b>	<b>434,244</b>	<b>(17,513,601)</b>
General revenues:							
Property taxes					\$ 16,401,894	-	16,401,894
Excise taxes					1,764,472	-	1,764,472
Interest and costs on taxes					94,267	-	94,267
Franchise fees					103,697	-	103,697
Grants and contributions not restricted to specific programs:							
State Revenue Sharing					688,294	-	688,294
Homestead exemption					207,345	-	207,345
Other intergovernmental revenues					54,690	-	54,690
Unrestricted investment earnings					42,491	3,169	45,660
Miscellaneous revenues					17,956	-	17,956
Transfers					173,304	(173,304)	-
Total general revenues and transfers					19,548,410	(170,135)	19,378,275
Change in net position					1,600,565	264,109	1,864,674
Net position - beginning					19,818,645	21,614,098	41,432,743
<b>Net position - ending</b>					<b>\$ 21,419,210</b>	<b>21,878,207</b>	<b>43,297,417</b>

See accompanying notes to basic financial statements.



**CITY OF BREWER, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2016**

	General	Other Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,772,863	2,311,736	162,152	9,246,751
Investments	737,065	-	341,496	1,078,561
Receivables:				
Taxes	74,102	-	-	74,102
Tax liens	550,688	-	-	550,688
Other receivables	454,878	28,500	108,680	592,058
Due from other governments	-	-	70,208	70,208
Prepaid expenditures	228,124	-	-	228,124
Interfund loans receivable	549,016	213,491	1,039,678	1,802,185
Inventory	-	-	24,555	24,555
<b>Total assets</b>	<b>\$ 9,366,736</b>	<b>2,553,727</b>	<b>1,746,769</b>	<b>13,667,232</b>
<b>LIABILITIES</b>				
Accounts payable	542,785	256,004	244,100	1,042,889
Accrued payroll and related liabilities	2,330,297	-	-	2,330,297
Taxes collected in advance	84,551	-	-	84,551
Unearned revenue	16,336	-	8,905	25,241
Interfund loans payable	-	-	199,471	199,471
<b>Total liabilities</b>	<b>2,973,969</b>	<b>256,004</b>	<b>452,476</b>	<b>3,682,449</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	462,452	-	-	462,452
<b>Total deferred inflows of resources</b>	<b>462,452</b>	<b>-</b>	<b>-</b>	<b>462,452</b>
<b>FUND BALANCES</b>				
Nonspendable	228,124	-	349,108	577,232
Restricted	354,969	2,391,778	959,933	3,706,680
Committed	-	-	78,885	78,885
Assigned	1,090,406	-	-	1,090,406
Unassigned	4,256,816	(94,055)	(93,633)	4,069,128
<b>Total fund balances</b>	<b>5,930,315</b>	<b>2,297,723</b>	<b>1,294,293</b>	<b>9,522,331</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 9,366,736</b>	<b>2,553,727</b>	<b>1,746,769</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.	33,522,316
Other long-term assets are not available to pay for current period expenditures and therefore, are unavailable in the funds.	462,452
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	(17,151,752)
Premium on bonds	(573,814)
Capital leases	(70,598)
Accrued compensated absences	(1,891,402)
Net pension liability, including related deferred inflows and outflows of resources	(1,819,155)
Other postemployment benefits liability	(472,018)
Accrued interest payable	(109,150)

**Net position of governmental activities** **\$ 21,419,210**

*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, 2016**

	General	Other Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 18,285,093	-	-	18,285,093
Licenses and permits	463,094	-	-	463,094
Intergovernmental	12,259,536	-	1,223,375	13,482,911
Local sources	4,885,206	2,079,979	297,699	7,262,884
Unclassified	-	-	173,476	173,476
Interest earned	42,491	-	3,368	45,859
<b>Total revenues</b>	<b>35,935,420</b>	<b>2,079,979</b>	<b>1,697,918</b>	<b>39,713,317</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Administration	1,801,221	-	5,326	1,806,547
Protection	4,450,571	-	112,158	4,562,729
Public services	180,909	-	97,349	278,258
Public works	2,039,537	-	12,900	2,052,437
Unclassified	2,873,328	-	19,661	2,892,989
Education	20,179,838	-	1,326,664	21,506,502
Assessments	903,844	-	-	903,844
State retirement contribution	1,160,381	-	-	1,160,381
<b>Debt service:</b>				
Principal	1,529,485	-	-	1,529,485
Interest	574,208	-	-	574,208
Capital outlay	-	3,349,906	68,069	3,417,975
<b>Total expenditures</b>	<b>35,693,322</b>	<b>3,349,906</b>	<b>1,642,127</b>	<b>40,685,355</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>242,098</b>	<b>(1,269,927)</b>	<b>55,791</b>	<b>(972,038)</b>
<b>Other financing sources (uses):</b>				
Issuance of debt	-	920,000	-	920,000
Transfers from other funds	188,320	127,500	36,417	352,237
Transfers to other funds	(163,917)	-	(15,016)	(178,933)
<b>Total other financing sources</b>	<b>24,403</b>	<b>1,047,500</b>	<b>21,401</b>	<b>1,093,304</b>
<b>Net change in fund balances</b>	<b>266,501</b>	<b>(222,427)</b>	<b>77,192</b>	<b>121,266</b>
<b>Fund balances, beginning of year</b>	<b>5,663,814</b>	<b>2,520,150</b>	<b>1,217,101</b>	<b>9,401,065</b>
<b>Fund balances, end of year</b>	<b>\$ 5,930,315</b>	<b>2,297,723</b>	<b>1,294,293</b>	<b>9,522,331</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, 2016**

Net change in fund balances - total governmental funds (from Statement 4)	\$	121,266
<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 (\$1,862,626) exceeded depreciation expense (\$1,638,819) and the loss on disposal (\$98,491).</p>		
		125,316
<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>		
		(24,460)
<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 increase in other post-employment benefits (\$63,434), less the decrease in accrued interest (\$10,732), accrued compensated absences (\$78,555) and net pension liability with related deferred inflows and outflows (\$680,551).</p>		
		706,404
<p>The City is amortizing the issuance premium on bonds over the life of the new bond. This is the amount of amortization of bond premiums.</p>		
		28,691
<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 (\$1,529,485) and lease (\$33,863) repayments exceeded bond (\$920,000) proceeds.</p>		
		643,348
<b>Change in net position of governmental activities (see Statement 2)</b>		<b>\$ 1,600,565</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, 2016**

	General Fund			Variance with final budget positive (negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Taxes	\$ 17,961,802	17,961,802	18,285,093	323,291
Licenses and permits	458,988	459,173	463,094	3,921
Intergovernmental	10,767,799	10,849,799	11,099,155	249,356
Local sources	4,688,154	4,712,606	4,885,206	172,600
Interest earned	25,000	25,000	42,491	17,491
Total revenues	33,901,743	34,008,380	34,775,039	766,659
<b>Expenditures:</b>				
Current:				
Administration	1,890,125	1,913,578	1,801,221	112,357
Protection	4,466,943	4,548,998	4,450,571	98,427
Public services	223,838	256,751	180,909	75,842
Public works	2,183,973	2,212,765	2,039,537	173,228
Unclassified	2,953,951	2,964,035	2,873,328	90,707
Education	20,949,839	20,949,839	20,073,214	876,625
Assessments	918,194	913,957	903,844	10,113
Debt service:				
Principal	1,591,482	1,529,482	1,529,485	(3)
Interest	634,912	569,412	574,208	(4,796)
Total expenditures	35,813,257	35,858,817	34,426,317	1,432,500
Excess (deficiency) of revenues over (under) expenditures	(1,911,514)	(1,850,437)	348,722	2,199,159
<b>Other financing sources (uses):</b>				
Use of fund balance	1,723,210	1,723,210	-	(1,723,210)
Reserves and carryforwards	-	101,423	-	(101,423)
Transfers from other funds	188,304	188,304	188,320	16
Transfers to other funds	-	(162,500)	(163,917)	(1,417)
Total other financing sources	1,911,514	1,850,437	24,403	(1,826,034)
Net change in fund balances - budgetary basis	-	-	373,125	373,125
<b>Reconciliation to GAAP:</b>				
Change in accrued summer salaries and benefits			(106,624)	
Total reconciling items to GAAP			(106,624)	
Net change in fund balances - GAAP basis			266,501	
Fund balances, beginning of year			5,663,814	
<b>Fund balances, end of year</b>	<b>\$</b>		<b>5,930,315</b>	

*See accompanying notes to basic financial statements.*

**CITY OF BREWER, MAINE**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2016**

<b>Business-type Activities - Enterprise Funds</b>			
	<b>Water Department</b>	<b>Sewer Department</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 500	50	550
User fees receivable	124,980	600,852	725,832
Liens receivable	256	46,651	46,907
Interfund loans receivable	2,474,450	-	2,474,450
Inventory	50,757	-	50,757
Other assets	155,903	-	155,903
<b>Total current assets</b>	<b>2,806,846</b>	<b>647,553</b>	<b>3,454,399</b>
Noncurrent assets:			
Capital assets not being depreciated:			
Land	3,020,776	53,900	3,074,676
Construction in progress	118,255	64,285	182,540
<b>Total capital assets not being depreciated</b>	<b>3,139,031</b>	<b>118,185</b>	<b>3,257,216</b>
Capital assets being depreciated:			
Capital assets	30,889,503	35,891,663	66,781,166
Accumulated depreciation	(10,056,672)	(15,187,577)	(25,244,249)
<b>Total capital assets being depreciated</b>	<b>20,832,831</b>	<b>20,704,086</b>	<b>41,536,917</b>
<b>Total noncurrent assets</b>	<b>23,971,862</b>	<b>20,822,271</b>	<b>44,794,133</b>
<b>Total assets</b>	<b>26,778,708</b>	<b>21,469,824</b>	<b>48,248,532</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	183,689	183,689	367,378
<b>Total deferred outflows of resources</b>	<b>183,689</b>	<b>183,689</b>	<b>367,378</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	86,950	129,361	216,311
Accrued payroll and related benefits	90,948	90,071	181,019
Accrued interest payable	109,847	66,250	176,097
Unearned revenue	356,116	97,737	453,853
Interfund loans payable	-	4,082,285	4,082,285
Noncurrent liabilities, due in one year	590,785	696,235	1,287,020
<b>Total current liabilities</b>	<b>1,234,646</b>	<b>5,161,939</b>	<b>6,396,585</b>
Long-term liabilities:			
Noncurrent liabilities, due in more than one year	12,605,380	7,649,454	20,254,834
<b>Total long-term liabilities</b>	<b>12,605,380</b>	<b>7,649,454</b>	<b>20,254,834</b>
<b>Total liabilities</b>	<b>13,840,026</b>	<b>12,811,393</b>	<b>26,651,419</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	43,142	43,142	86,284
<b>Total deferred inflows of resources</b>	<b>43,142</b>	<b>43,142</b>	<b>86,284</b>
<b>NET POSITION</b>			
Net investment in capital assets	11,104,140	12,805,025	23,909,165
Unrestricted	1,975,089	(4,006,047)	(2,030,958)
<b>Total net position</b>	<b>\$ 13,079,229</b>	<b>8,798,978</b>	<b>21,878,207</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, 2016**

<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	\$ 2,397,057	2,089,133	4,486,190
Other	74,445	326,415	400,860
Total operating revenues	2,471,502	2,415,548	4,887,050
<b>Operating expenses:</b>			
Operation - salaries and benefits	522,783	604,835	1,127,618
Operation - other	327,645	890,124	1,217,769
Administrative expenses - salaries and benefits	176,900	137,940	314,840
Administrative expenses - other	376,571	126,424	502,995
Depreciation and amortization	515,054	592,509	1,107,563
Total operating expenses	1,918,953	2,351,832	4,270,785
Operating income	552,549	63,716	616,265
<b>Nonoperating revenues (expenses):</b>			
Other revenues	-	3,169	3,169
Capital grants and contributions	348,527	148,364	496,891
Interest on debt service	(464,088)	(214,824)	(678,912)
Total nonoperating expenses	(115,561)	(63,291)	(178,852)
Net income before transfers	436,988	425	437,413
<b>Transfers:</b>			
Transfers in (out)	64,250	(64,250)	-
Transfers to General Fund - administration	(100,512)	(72,792)	(173,304)
Total transfers	(36,262)	(137,042)	(173,304)
Change in net position	400,726	(136,617)	264,109
Net position, beginning of year	12,678,503	8,935,595	21,614,098
<b>Net position, end of year</b>	<b>\$ 13,079,229</b>	<b>8,798,978</b>	<b>21,878,207</b>

*See accompanying notes to basic financial statements.*

**CITY OF BREWER, MAINE**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2016**

<b>Business-type Activities - Enterprise Funds</b>			
	<b>Water Department</b>	<b>Sewer Department</b>	<b>Total</b>
Cash flows from operating activities:			
Receipts from customers and users	\$ 2,494,295	2,458,149	4,952,444
Payments to suppliers	(817,583)	(960,116)	(1,777,699)
Payments to employees	(708,025)	(752,884)	(1,460,909)
Net cash provided by operating activities	968,687	745,149	1,713,836
Cash flows from non-capital financing activities:			
Transfers (to) from other funds	(201,638)	(16,670)	(218,308)
Net cash provided used in non-capital financing activities	(201,638)	(16,670)	(218,308)
Cash flows from capital and related financing activities:			
Purchase of capital assets	(248,109)	(105,765)	(353,874)
Capital grants and contributions	348,527	148,364	496,891
Bond issuance proceeds	-	135,000	135,000
Principal payments on bonds	(546,095)	(687,789)	(1,233,884)
Interest payments	(470,183)	(218,289)	(688,472)
Net cash used in capital and related financing activities	(915,860)	(728,479)	(1,644,339)
Net increase (decrease) in cash	(148,811)	-	(148,811)
Cash, beginning of year	149,311	50	149,361
<b>Cash, end of year</b>	<b>\$ 500</b>	<b>50</b>	<b>550</b>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 552,549	63,716	616,265
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	515,054	592,509	1,107,563
Decrease in receivables	22,027	50,202	72,229
Decrease in inventory	9,793	-	9,793
Increase in accounts payable	7,490	42,422	49,912
Increase (decrease) in other liabilities	(130,650)	14,010	(116,640)
Increase in accrued wages and benefits	2,074	12,076	14,150
Increase in net pension liability	197,755	190,000	387,755
Increase in deferred outflows of resources	(137,068)	(134,302)	(271,370)
Decrease in deferred inflows of resources	(71,103)	(77,883)	(148,986)
Increase (decrease) in unearned revenue	766	(7,601)	(6,835)
Net cash provided by operating activities	968,687	745,149	1,713,836

*See accompanying notes to basic financial statements.*

**CITY OF BREWER, MAINE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2016**

	<b>Agency Funds</b>	<b>Private- purpose Trust Funds</b>
	<b>Student Activity Funds</b>	
<b>ASSETS</b>		
Cash and cash equivalents	\$ 228,835	9,075
Investments	-	641,641
Interfund loans receivable	-	5,121
<b>Total assets</b>	<b>228,835</b>	<b>655,837</b>
<b>LIABILITIES</b>		
Accounts payable	43,337	121
Due to student groups	185,498	-
<b>Total liabilities</b>	<b>228,835</b>	<b>121</b>
<b>NET POSITION</b>		
Held in trust	\$ -	655,716

*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, 2016**

	<b>Private- purpose Trust Funds</b>
<b>Additions:</b>	
Investment income (loss)	\$ (6,223)
Donations and other	86,853
<b>Total additions</b>	<b>80,630</b>
<b>Deductions:</b>	
Scholarships	45,741
Other	47,326
<b>Total deductions</b>	<b>93,067</b>
Change in net position	(12,437)
Net position, beginning of year	668,153
<b>Net position, end of year</b>	<b>\$ 655,716</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, 2016, 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.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

Buildings and building improvements	15-100 years
Machinery and equipment	5-30 years
Vehicles	5-30 years
Infrastructure	50 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 Outflows and Inflows of Resources**

In addition to assets and liabilities, the statement of net position and balance sheet will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time. The governmental funds only report one type of deferred inflow of resources, unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental activities have deferred outflows and inflows that relate to the net pension liability, which include the City's contributions subsequent to the measurement date, which is recognized as a reduction of the net pension liability in the subsequent year.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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They include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between City contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They include the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized over a five-year period. Deferred outflows and inflows of resources also include deferred charges on refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**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.

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**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.

**O. 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, 2016:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Primary Government</u>
Capital assets	\$ 65,428,590	70,038,382	135,466,972
Accumulated depreciation	(31,906,274)	(25,244,249)	(57,150,523)
Bonds payable (capital related)	(16,409,734)	(19,929,990)	(37,081,742) <sup>1</sup>
Bond premiums	(573,814)	(954,978)	(1,528,792)
Capital leases payable	(70,598)	-	(70,598)
Unspent bond proceeds	1,517,247	-	1,517,247
<b>Net investment in capital assets</b>	<b>\$ 17,985,417</b>	<b>23,909,165</b>	<b>41,152,564</b>

<sup>1</sup> This amount does not cross-foot due to the \$742,018 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 \$742,018 is not considered capital related in the governmental activities column, but is considered capital related in the primary government column.



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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**P. Pensions**

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

**Q. Comparative Data/Reclassifications**

Comparative data for the prior year has 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.

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**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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**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, 2016, expenditures exceeded appropriations in the following general fund departments as shown on Exhibit A-2:

City Hall	\$	1,062
General protections		24,343
Animal control		775
Adult ed		156
Solid waste disposal		37,163
Dues		3,947
Debt service		4,799

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

**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED**

**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 (uses)</u>
2016 budget as originally adopted	\$ 33,901,743	(35,813,257)	1,911,514
Reclassify transfers to other funds	162,500	-	(162,500)
Use of prior year reserves and carryforwards	-	(101,423)	101,423
Subsequent authorizations	(55,863)	55,863	-
<b>Totals</b>	<b>\$34,008,380</b>	<b>(35,858,817)</b>	<b>1,850,437</b>

**C. Deficit Fund Equity**

The following funds had a deficit fund balance at June 30, 2016:

MMA Grant Fund	\$	458
City Small Grants and Programs		10,255
Chamberlain Golf Classic		40
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.

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

Through June 30, 2016, 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, 2016 - GAAP basis	\$	354,969
Accrued teacher summer salaries		491,722
Accrued teacher summer benefits		1,653,379
<b>Fund balance - School Department, June 30, 2016 - budgetary basis</b>	<b>\$</b>	<b>2,500,070</b>

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

**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED**

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 \$1,160,381. These amounts have been included as intergovernmental revenues and education expenditures/expenses 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/net position 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 F.D.I.C. 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, 2016, the City reported deposits of \$9,485,211 with a bank balance of \$9,514,155. Of the City's bank balances, \$8,191,518 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	\$ 9,246,751
Reported in business-type activities	550
Reported in fiduciary funds	237,910
<b>Total deposits</b>	<b>\$ 9,485,211</b>

**B. Investments**

At June 30, 2016, the City had the following investments and maturities:

	Fair value	N/A	Less than 1 year	1-5 years
Money Market	\$ 1,720,202	1,720,202	-	-
<b>Total investments</b>	<b>\$ 1,720,202</b>	<b>1,720,202</b>	-	-

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

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**DEPOSITS AND INVESTMENTS, CONTINUED**

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Investments have been reported as follows:

Reported in governmental funds	\$ 1,078,561
Reported in fiduciary funds	641,641
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<b>Total investments</b>	<b>\$ 1,720,202</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 F.D.I.C. 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.

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**PROPERTY TAX**

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Property taxes for the current year were committed on July 29, 2015 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 8, 2015, and 50% on March 8, 2016. 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 \$761,862,130 was 100% of the estimated market value and 105.62% of the 2016 state valuation of \$721,350,000.

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 \$39,440 for the year ended June 30, 2016.

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.

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

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PROPERTY TAX, CONTINUED

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The following summarizes the 2016 and 2015 levy:

	<u>2016</u>	<u>2015</u>
Total assessed valuation	\$ 761,862,130	765,968,470
Tax rate (per \$1,000)	21.52	20.92
Commitment	16,395,273	16,024,060
Supplemental taxes assessed	6,622	26,060
	16,401,895	16,050,120
Less - collections and abatements	(16,100,164)	(15,721,581)
	<b>\$ 301,731</b>	<b>328,539</b>
<b>Receivable at end of year</b>		
Consisting of:		
Real estate liens	291,584	319,183
Real estate and personal property taxes	10,147	9,356
	<b>\$ 301,731</b>	<b>328,539</b>
<b>Receivable at end of year</b>		
Collection rate	98.16%	97.95%

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

**CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance June 30, <u>2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2016</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated				
Land	\$ 2,025,092	252,100	(45,276)	2,231,916
Artwork and historical treasures	109,300	-	-	109,300
Construction in progress	612,727	352,418	(32,970)	932,175
<b>Total capital assets, not being depreciated</b>	<b>2,747,119</b>	<b>604,518</b>	<b>(78,246)</b>	<b>3,273,391</b>
Capital assets, being depreciated				
Land improvements	5,519,819	472,755	-	5,992,574
Buildings and building improvements	11,360,888	-	-	11,360,888
Machinery and equipment	4,554,373	576,856	(231,555)	4,899,674
Vehicles	3,240,485	77,452	(211,946)	3,105,991
Infrastructure	36,632,057	164,015	-	36,796,072
<b>Total capital assets, being depreciated</b>	<b>61,307,622</b>	<b>1,291,078</b>	<b>(443,501)</b>	<b>62,155,199</b>
Less accumulated depreciation for:				
Land improvements	(806,473)	(104,120)	-	(910,593)
Buildings and building improvements	(4,001,077)	(242,318)	-	(4,243,395)
Machinery and equipment	(2,684,784)	(341,838)	178,340	(2,848,282)
Vehicles	(2,109,180)	(183,668)	211,946	(2,080,902)
Infrastructure	(21,056,227)	(766,875)	-	(21,823,102)
<b>Total accumulated depreciation</b>	<b>(30,657,741)</b>	<b>(1,638,819)</b>	<b>390,286</b>	<b>(31,906,274)</b>
<b>Total capital assets, being depreciated, net</b>	<b>30,649,881</b>	<b>(347,741)</b>	<b>(53,215)</b>	<b>30,248,925</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 33,397,000</b>	<b>256,777</b>	<b>(131,461)</b>	<b>33,522,316</b>

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

<b>Governmental activities:</b>	
Administration	\$ 117,994
Protection	259,167
Public works, including depreciation of general infrastructure assets	277,875
Unclassified	898,220
Education	85,563
<b>Total depreciation expense - governmental activities</b>	<b>\$ 1,638,819</b>

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

**CAPITAL ASSETS, CONTINUED**

	Balance June 30, <u>2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2016</u>
<b>Business-type activities</b>				
Capital assets, not being depreciated				
Land	\$ 3,074,675	-	-	3,074,675
Construction in progress	-	182,541	-	182,541
<b>Total capital assets, not being depreciated</b>	<b>3,074,675</b>	<b>182,541</b>	<b>-</b>	<b>3,257,216</b>
Capital assets, being depreciated				
Buildings and improvements	22,293,089	26,753	-	22,319,842
Machinery, equipment and vehicles	7,497,455	41,703	29,118	7,510,040
Infrastructure	36,848,408	102,876	-	36,951,284
<b>Total capital assets, being depreciated</b>	<b>66,638,952</b>	<b>171,332</b>	<b>29,118</b>	<b>66,781,166</b>
Less accumulated depreciation for:				
Buildings and improvements	(8,428,732)	(423,001)	-	(8,851,733)
Machinery, equipment and vehicles	(6,784,356)	(100,232)	29,118	(6,855,470)
Infrastructure	(8,937,054)	(599,992)	-	(9,537,046)
<b>Total accumulated depreciation</b>	<b>(24,150,142)</b>	<b>(1,123,225)</b>	<b>29,118</b>	<b>(25,244,249)</b>
<b>Total capital assets, being depreciated, net</b>	<b>42,488,810</b>	<b>(951,893)</b>	<b>58,236</b>	<b>41,536,917</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 45,563,485</b>	<b>(769,352)</b>	<b>58,236</b>	<b>44,794,133</b>

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

Business-type activities:	
Water fund	\$ 509,038
Sewer fund	614,187
<b>Total depreciation expense - business-type activities</b>	<b>\$ 1,123,225</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, 2016 arising from these transactions were as follows:

	Interfund Loans <u>Receivable</u>	Interfund Loans <u>Payable</u>	<u>Transfers</u>
Major governmental funds:			
General fund	\$ 549,016	-	24,403
Other Capital Projects	213,491	-	127,500
Total major governmental funds	762,507	-	151,903
Other nonmajor governmental funds:			
Police Asset Forfeiture	82,431	-	-
CDBG Housing Rehab Grant	-	60,640	-
Recreation Banner Fund	10,548	-	-
Performance Bonds Payable	9,271	-	-
Technical Review Payable	105,781	-	-
Winterfest	5,378	-	-
PERC Contract Reserve	258,000	-	-
MMA Grant Fund	-	3,955	-
EPA Brownfield Rev Loan	92,246	-	-
Brewer Days	8,109	-	-
Children's Garden Fund	8,656	-	-
City Small Grants and Programs	-	10,473	-
Chamberlain Golf Classic	-	40	-
Stream Cleanup	1,347	-	-
Flags in Brewer	3,711	-	5,000
Recognition Coins	224	-	-
Fire Museum	1,580	-	-
Police Academy Buyout	30,000	-	30,000
Brewer Business and Commercial Park	121,168	-	-
Brewer Resources Program	2,000	-	-
Insurance Deductible Reserve	46,661	-	-
Food Service Fund	109,418	-	-
Grants Fund ( School Dept.)	26,374	-	1,417
FHWA Route 15 Earmark	-	3,692	-
City Hall Rehab	-	18,586	-
Impact Fee Fund	116,775	-	(15,016)
Cemetery Trust	-	102,085	-
Total other nonmajor governmental funds	1,039,678	199,471	21,401



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

**INTERFUND LOAN BALANCES/TRANSFERS, CONTINUED**

	Interfund Loans Receivable	Interfund Loans Payable	Transfers
Proprietary Funds:			
Water Fund	\$ 2,474,450	-	(100,512)
Sewer Fund	-	4,082,285	(72,792)
Total proprietary funds	2,474,450	4,082,285	(173,304)
Fiduciary Funds - private purpose trust funds	5,121	-	-
<b>Grand Total</b>	<b>\$ 4,281,756</b>	<b>4,281,756</b>	<b>-</b>

**CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2016, was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
<b>Governmental activities:</b>					
General obligation bonds	\$ 17,761,237	920,000	(1,529,485)	17,151,752	1,660,412
Premium on bonds	602,505	-	(28,691)	573,814	28,691
Capital leases	104,461	-	(33,863)	70,598	34,812
Compensated absences	1,969,957	-	(78,555)	1,891,402	-
Net pension liability	1,909,997	1,726,136	-	3,636,133	-
OPEB liability	408,584	63,434	-	472,018	-
Government activities long-term liabilities	22,756,741	2,709,570	(1,670,594)	23,795,717	1,723,915
<b>Business-type activities:</b>					
Bonds payable	21,028,874	135,000	(1,233,884)	19,929,990	1,236,491
Premium on bonds	1,005,507	-	(50,529)	954,978	50,529
Net pension liability	269,131	387,755	-	656,886	-
Business-type activities long-term liabilities	22,303,512	522,755	(1,284,413)	21,541,854	1,287,020
<b>Governmental and Business-type activities long-term liabilities</b>	<b>\$ 45,060,253</b>	<b>3,232,325</b>	<b>(2,955,007)</b>	<b>45,337,571</b>	<b>3,010,935</b>

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

**LONG-TERM DEBT**

Long-term debt at June 30, 2016 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, 2016
Series B MMBB - City/Sewer	1997	\$ 4,000,000	11/01/17	3.16%	42,390	357,610	400,000
Series D MMBB High Sch./Sew.	1997	1,100,000	01/01/17	4.53 - 5.38%	71,005	38,994	109,999
Series C MMBB - Water	1998	1,715,000	11/01/18	4.53 - 5.38%	-	257,250	257,250
FRF MMBB - Sewer	1999	1,000,000	04/01/20	3.12%	-	200,000	200,000
SR MMBB - Sewer	2001	2,500,000	10/01/22	1.90%	-	875,000	875,000
FR MMBB - Sewer	2004	1,000,000	10/01/24	1.44%	-	450,000	450,000
Series E MMBB - City	2004	363,000	11/01/24	1.01 - 9.00%	163,350	-	163,350
Series E MMBB - City	2004	1,530,000	11/01/24	0.82 - 9.00%	566,100	-	566,100
Series C MMBB - City	2005	690,000	11/01/25	2.95 - 9.00%	320,000	-	320,000
Series C MMBB - Water	2005	725,000	11/01/25	3.05 - 9.00%	-	362,500	362,500
Series A MMBB - City	2006	1,070,000	11/01/26	2.00 - 5.50%	372,750	-	372,750
SR MMBB - City / Sewer	2006	448,000	04/01/26	1.77%	93,990	130,010	224,000
Series C MMBB - City	2007	1,735,000	11/01/26	2.30 - 6.00%	568,252	-	568,252
Series B MMBB - City	2008	600,000	11/01/27	2.00 - 5.50%	294,000	-	294,000
Series F MMBB	2009	593,395	04/01/29	0.00%	-	385,707	385,707
Series B MMBB	2009	1,442,000	11/01/29	2.08 - 5.58%	748,300	-	748,300
ARRA MMBB - Sewer	2010	750,877	10/01/29	0.00%	-	230,106	230,106
MMBB - Water	2010	735,000	04/01/30	1.00%	-	514,500	514,500
Public Works	2011	172,773	04/01/19	1.00%	64,790	-	64,790
Series C MMBB - City/Water	2011	2,168,000	11/01/31	2.12 - 5.62%	1,419,500	187,000	1,606,500
Series E MMBB - City/Sewer	2012	3,090,000	11/01/21	0.50 - 5.50%	1,560,000	-	1,560,000
GOB - City/Water/Sewer	2012	21,610,000	06/30/42	2.00 - 4.00%	6,620,000	11,985,000	18,605,000
GOB USDA - Sewer	2013	485,000	08/28/41	2.75%	-	450,620	450,620
GOB USDA - Sewer	2013	800,000	08/28/41	2.75%	-	743,293	743,293
Series A MMBB - City/Sewer	2013	1,225,000	11/01/33	0.60 - 3.70%	816,650	175,000	991,650
GOB - SRF	2014	1,100,000	10/01/33	1.35%	-	912,150	912,150
Series A MMBB	2014	990,000	11/01/34	0.41 - 4.02%	895,675	-	895,675
FR MMBB	2015	1,695,000	05/01/34	0.21%	-	1,540,250	1,540,250
Series A MMBB	2015	1,615,000	11/01/35	0.21%	1,615,000	-	1,615,000
Series A MMBB	2016	1,055,000	11/01/36	0.910-3.50%	920,000	135,000.00	1,055,000
<b>Totals</b>					<b>\$ 17,151,752</b>	<b>19,929,990</b>	<b>37,081,742</b>

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

**LONG-TERM DEBT, CONTINUED**

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, 2016 are as follows:

Year ending	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
<u>June 30,</u>						
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 1,660,412	521,552	1,236,491	639,695	2,896,903	1,161,247
2018	1,656,700	478,282	1,259,122	614,071	2,915,822	1,092,353
2019	1,548,639	453,292	1,076,725	590,993	2,625,364	1,044,285
2020	1,532,536	405,413	976,655	568,881	2,509,191	974,294
2021	1,389,691	361,694	947,611	543,351	2,337,302	905,045
2022-2026	4,710,517	1,314,852	4,509,843	2,355,692	9,220,360	3,670,544
2027-2031	2,361,941	767,842	4,257,598	1,633,913	6,619,539	2,401,755
2032-2036	1,907,941	303,693	3,864,841	768,452	5,772,782	1,072,145
2037-2041	383,375	15,034	1,558,011	197,457	1,941,386	212,491
2042-2043	-	-	243,093	8,935	243,093	8,935
<b>Totals</b>	<b>\$ 17,151,752</b>	<b>4,621,654</b>	<b>19,929,990</b>	<b>7,921,440</b>	<b>37,081,742</b>	<b>12,543,094</b>

In November 2015, the City Council authorized the borrowing of up to \$1,500,000 from USDA Rural Development to finance improvements to the City's water pollution control facilities, various sewer system repairs and acquisition of a replacement flusher truck. In July 2016, the City Council authorized the issuance of up to \$2,125,000 in general obligation bonds to finance planned capital improvements approved as part of the FY2017 budget process. The \$2.125m bond was issued in November 2016. The \$1.5m loan is expected to close late summer 2017.

**OPERATING LEASE**

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, 2016 totaled \$65,000.

The annual requirements under this lease agreement as of June 30, 2016 are:

2017	\$ 65,000
2018	65,000
2019	65,000
2020	65,000
<b>Total</b>	<b>\$ 260,000</b>

**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, 2016.

<u>Fiscal year ending</u>	<u>Governmental activities</u>
2017	\$ 36,789
2018	36,789
Total minimum lease payments	73,578
Less: amount representing interest	(2,980)
<b><u>Present value of future minimum lease payments</u></b>	<b><u>\$ 70,598</u></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, 2016, 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, 2016</u>	<u>Percentage applicable to the City</u>	<u>City's proportionate share of debt</u>
Penobscot County	\$ -	6.92%	-
Brewer High School District Trustees	32,953,714	100%	32,953,714

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 \$21,669,241 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, 2016, fund balance components consisted of the following:

	<u>General Fund</u>	<u>Other Capital Projects</u>	<u>Other Governmental Funds</u>
<b>Nonspendable:</b>			
Inventory	\$ -	-	24,555
Principal for permanent funds	-	-	324,553
Prepaid items	228,124	-	-
<b>Total nonspendable</b>	<b>228,124</b>	<b>-</b>	<b>349,108</b>
<b>Restricted:</b>			
Finance and administration	-	-	322,979
Community services	-	-	278,305
Public safety	-	-	79,988
Public works	-	-	1,347
Education	354,969	-	151,191
Capital projects	-	2,391,778	117,015
Permanent funds	-	-	9,108
<b>Total restricted</b>	<b>354,969</b>	<b>2,391,778</b>	<b>959,933</b>
<b>Committed:</b>			
Finance and administration	-	-	48,661
Community services	-	-	224
Public safety	-	-	30,000
<b>Total committed</b>	<b>-</b>	<b>-</b>	<b>78,885</b>
<b>Assigned:</b>			
Reappropriated to 2017 budget	400,000	-	-
Accrued compensated absences	629,468	-	-
Assessor - Software and Equipment	17,873	-	-
Finance - Training, Conferences and Meetings	522	-	-
Technology - Training, Conferences and Meetings	1,000	-	-
Technology - PC Replacement Plan	3,900	-	-
Transit Operating Expense - The Bus	34,158	-	-
Employee Benefits - Unemployment	3,485	-	-
<b>Total assigned</b>	<b>1,090,406</b>	<b>-</b>	<b>-</b>
<b>Unassigned</b>	<b>4,256,816</b>	<b>(94,055)</b>	<b>(93,633)</b>
<b>Total fund balance</b>	<b>\$ 5,930,315</b>	<b>\$ 2,297,723</b>	<b>\$ 1,294,293</b>

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

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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM**

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**Plan Description** – Employees of the City are provided with pensions through the Maine Public Employees Retirement System Consolidated Plan for Local Participating Districts (PLD Plan) and teaching-certified employees of the City are provided with pensions through the Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan), cost-sharing multiple-employer defined benefit pension plans, administered by the Maine Public Employees Retirement System (MPERS). Benefit terms are established in Maine statute. MPERS issues a publicly available financial report that can be obtained at [www.maineopers.org](http://www.maineopers.org).

**Benefits Provided** - The PLD and SET Plans provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 (65 for new members to the PLD Plan on or after July 1, 2014). For SET members, normal retirement age is 60, 62, or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MPERS also provides disability and death benefits, which are established by contract under applicable statutory provisions (PLD Plan) or by statute (SET Plan).

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

**PLD Plan** - For the year ended June 30, 2016, the City was required to contribute 8.9% of employees annual pay for both the regular plan and for the special plan. The employee's contractually required contribution rate for the year ended June 30, 2016 was 7.5% of annual payroll for both plans. Contributions to the pension plan from the City were \$666,183 for the year ended June 30, 2016.

**SET Plan** - Maine statute requires the State to contribute a portion of the City's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2016, was 13.38% of annual payroll of which 3.36% of payroll was required from the City and 10.02% was required from the State. Contributions to the pension plan from the City were \$310,832 for the year ended June 30, 2016.

***Pension Liabilities, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions***

The net pension liabilities were measured as of June 30, 2015, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date.

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

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED**

The City's proportion of the net pension liabilities were based on projections of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating local districts (PLD Plan) and of all participating School Administrative Units and the State (SET Plan), actuarially determined.

**PLD Plan** - At June 30, 2016, the City reported a liability of \$4,105,528 for its proportionate share of the net pension liability. At June 30, 2015, the City's proportion of the PLD Plan was 1.2868%.

**SETP Plan** - At June 30, 2016, the City reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the net pension liability	\$ 187,491
State's proportionate share of the net pension liability associated with the City	10,479,395
<b>Total</b>	<b>\$ 10,666,886</b>

At June 30, 2015, the City's proportion of the SET Plan was 0.0139%.

For the year ended June 30, 2016, the City recognized pension expense of \$3,014,869 for the PLD Plan and pension expense of \$1,083,549 and revenue of \$926,456 for support provided by the State for the SET Plan. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 443,615	\$ -	\$ 84,366
Changes of assumptions	304,769	-	58,050	-
Net difference between projected and actual earnings on pension plan investments	1,104,050	-	202,739	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	18,652	-	1,918
City contributions subsequent to the measurement date	870,426	-	106,589	-
<b>Total</b>	<b>\$ 2,279,245</b>	<b>\$ 462,267</b>	<b>\$ 367,378</b>	<b>\$ 86,284</b>

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

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED**

\$977,015 is reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2017	\$ 217,332	41,273
2018	226,605	41,274
2019	226,605	41,274
2020	276,012	50,685

**Actuarial Assumptions** - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PLD Plan</u>	<u>SET Plan</u>
Inflation	3.5%	3.5%
Salary Increases, per year	3.5% to 9.5%	3.5% to 13.5%
Investment return, per annum, compounded annually	7.125%	7.125%
Cost of living benefit increases, per annum	2.55%	2.55%

Mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2005 to June 30, 2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equities	20%	5.2%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real estate	10%	3.7%
Infrastructure	10%	4.0%
Hard assets	5%	4.8%
Fixed income	25%	0.7%
<b>Total</b>	<b>100%</b>	



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

**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED**

**Discount Rate** - The discount rate used to measure the total pension liability was 7.125% for the PLD Plan and the SET Plan. The projection of cash flows used to determine the discount rates assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liabilities.

**Sensitivity of the City's Proportionate Share of the Net Pension Liabilities to Changes in the Discount Rate** - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.125% for the PLD Plan and the SET Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.125% for PLD Plan and SET Plan) or 1 percentage-point higher (8.125% for PLD Plan and for SET Plan) than the current rate:

<u><b>PLD Plan</b></u>	1% Decrease <u>(6.125%)</u>	Current Discount Rate <u>(7.125%)</u>	1% Increase <u>(8.125%)</u>
City's proportionate share of the net pension liability	\$ 8,179,428	\$ 4,105,528	\$ 243,219
<u><b>SET Plan</b></u>	1% Decrease <u>(6.125%)</u>	Current Discount Rate <u>(7.125%)</u>	1% Increase <u>(8.125%)</u>
City's proportionate share of the net pension liability	\$ 328,252	\$ 187,491	\$ 70,253

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

**Payables to the Pension Plan** - None as of June 30, 2016.

**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 2016 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, 2016 was \$91,927.

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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, 2016.

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**OTHER POST EMPLOYMENT BENEFITS**

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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
Adjustment to the ARC		(23,628)
Interest		18,233
Annual required contribution	\$	90,018

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

OPEB liability, June 30, 2014	\$	349,753
Annual required contribution		91,067
Actual contribution		(32,236)
OPEB liability, June 30, 2015	\$	408,584
OPEB liability, June 30, 2015	\$	408,584
Annual required contribution		90,018
Actual contribution		(26,584)
OPEB liability, June 30, 2016	\$	472,018

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

**OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

**Funding Status and Funding Progress** - The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ending June 30, 2016 were as follows:

Annual required contribution	\$	90,018
Actual contribution		(26,584)
Percent contributed		29.53%
Actuarial accrued liability		893,379
Plan assets		-
<u>Unfunded actuarial accrued liability</u>		<u>893,379</u>
Covered payroll		5,616,597
Unfunded actuarial accrued liability		893,379
as a percentage of covered payroll		15.91%

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, Maine Public Employees Retirement System**

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**Schedule of City's Proportionate Share of the Net Pension Liability**  
**Maine Public Employees Retirement System Consolidated Plan (PLD)**  
**and State Employee and Teacher Plan (SET)**  
Last 10 Fiscal Years\*\*

	<u>2016*</u>	<u>2015*</u>
<b><u>PLD Plan</u></b>		
City's proportion of the net pension liability	1.2868%	1.3019%
City's proportionate share of the net pension liability	\$ 4,105,528	\$ 2,003,402
City's covered employee payroll	6,542,992	6,608,210
City's proportionate share of the net pension liability as a percentage of it covered employee payroll	62.75%	30.32%
Plan fiduciary net position as a percentage of the total pension liability	88.27%	94.10%
<b><u>SET Plan</u></b>		
City's proportion of the net pension liability	0.0139%	0.0163%
City's proportionate share of the net pension liability	\$ 187,491	\$ 175,726
State's proportionate share of the net pension liability associated with the City	10,479,395	8,548,683
<b>Total</b>	<b>\$ 10,666,886</b>	<b>\$ 8,724,409</b>
<hr/>		
City's covered employee payroll	\$ 9,246,064	\$ 9,049,956
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	2.03%	1.94%
Plan fiduciary net position as a percentage of the total pension liability	81.18%	83.91%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year.

\*\* Only two years of information available.

**CITY OF BREWER, MAINE**  
**Required Supplementary Information, Maine Public Employees Retirement System**

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**Schedule of City Contributions**  
**Maine Public Employees Retirement System Consolidated Plan (PLD)**  
**and State Employee and Teacher Plan (SET)**  
 Last 10 Fiscal Years\*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>PLD Plan</b>			
Contractually required contribution	\$ 666,183	\$ 526,003	\$ 451,334
Contributions in relation to the contractually required contribution	(666,183)	(526,003)	(451,334)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>SET Plan</b>			
Contractually required contribution	\$ 310,832	\$ 239,824	\$ 239,790
Contributions in relation to the contractually required contribution	(310,832)	(239,824)	(239,790)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
City's covered employee payroll	\$ 6,542,992	\$ 6,608,210	\$ 6,506,419
Contributions as a percentage of covered employee payroll	10.18%	7.96%	6.94%
City's covered employee payroll	\$ 9,246,064	\$ 9,049,956	\$ 9,048,695
Contributions as a percentage of covered employee payroll	3.36%	2.65%	2.65%

\* Only three years of information available.

**Notes to Required Supplementary Information, Maine Public Employees Retirement System**

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**Changes of Benefit Terms** - None

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

**CITY OF BREWER, MAINE**  
**Required Supplementary Information, Other Post Employment Benefits**

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

<u>Fiscal Year</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b - a) / c]</u>
2009	01/01/09	\$ -	653,002	653,002	0.00%	5,506,429	11.86%
2010	01/01/09	\$ -	653,002	653,002	0.00%	5,624,738	11.61%
2011	01/11/11	\$ -	845,020	845,020	0.00%	5,377,644	15.71%
2012	01/11/11	\$ -	845,020	845,020	0.00%	5,564,172	15.19%
2013	01/11/11	\$ -	845,020	845,020	0.00%	5,373,720	15.73%
2014	01/01/14	\$ -	893,379	893,379	0.00%	5,581,437	16.01%
2015	01/01/14	\$ -	893,379	893,379	0.00%	5,569,378	16.04%
2016	01/01/14	\$ -	893,379	893,379	0.00%	5,616,597	15.91%



## **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, 2016 and 2015**

	2016	2015
<b>ASSETS</b>		
Cash and cash equivalents	\$ 6,772,863	5,914,699
Investments	737,065	732,333
Receivables:		
Taxes	74,102	75,181
Tax liens	550,688	523,488
Accounts	454,878	876,013
Prepaid expenditures	228,124	225,560
Interfund loans receivable	549,016	597,037
<b>Total assets</b>	<b>\$ 9,366,736</b>	<b>8,944,311</b>
<b>LIABILITIES</b>		
Accounts payable	542,785	492,610
Accrued payroll and related liabilities	2,330,297	2,221,922
Taxes collected in advance	84,551	58,645
Unearned revenue	16,336	20,408
<b>Total liabilities</b>	<b>2,973,969</b>	<b>2,793,585</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	462,452	486,912
<b>Total deferred inflows of resources</b>	<b>462,452</b>	<b>486,912</b>
<b>FUND BALANCE</b>		
Nonspendable - prepaid expenditures	228,124	225,560
Restricted for education	354,969	609,076
Assigned	1,090,406	1,101,579
Unassigned	4,256,816	3,727,599
<b>Total fund balance</b>	<b>5,930,315</b>	<b>5,663,814</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 9,366,736</b>	<b>8,944,311</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, 2016**  
**(with comparative actual amounts for the year ended June 30, 2015)**

	2016			2015 Actual
	Final Budget	Actual	Variance positive (negative)	
Revenues:				
Taxes:				
Property	\$ 16,375,802	16,426,354	50,552	16,088,926
Automobile excise	1,500,000	1,756,324	256,324	1,672,827
Boat excise	8,000	8,148	148	7,989
Interest on taxes	60,000	60,715	715	65,211
Payments in lieu of taxes	18,000	33,552	15,552	32,956
Total taxes	17,961,802	18,285,093	323,291	17,867,909
Licenses and fees:				
Licenses and clerk fees	29,950	33,165	3,215	34,237
Registration fees	24,000	23,997	(3)	24,039
Ambulance fees	400,573	401,718	1,145	493,504
All other	4,650	4,214	(436)	4,427
Total licenses and fees	459,173	463,094	3,921	556,207
Intergovernmental:				
Road block grant program	125,000	127,600	2,600	125,056
State revenue sharing	640,000	688,294	48,294	606,194
Tree growth reimbursement	250	429	179	266
Veterans reimbursement	9,000	9,855	855	9,850
BETE reimbursement	25,000	44,354	19,354	34,398
Homestead exemption	204,000	207,345	3,345	207,912
General assistance	22,000	14,455	(7,545)	11,453
Police grant reimbursements	22,000	11,658	(10,342)	-
School Department	9,802,549	9,995,165	192,616	9,875,277
Total intergovernmental	10,849,799	11,099,155	249,356	10,870,406
Local sources:				
Property leases	1,650	8,126	6,476	1,650
Parks and recreation	424,690	433,365	8,675	436,192
Sale of City property	8,000	20,313	12,313	-
Public safety	26,537	36,885	10,348	28,431
Code enforcement	59,450	63,074	3,624	110,483
Public works	298,650	333,223	34,573	319,333
Cable television	98,000	103,697	5,697	103,225
Deferred debt service	2,613	2,613	-	28,227
Library	14,215	17,317	3,102	13,130
TIF revenues	1,116,755	1,085,910	(30,845)	1,103,429
Worker's compensation reimbursement	-	52	52	26,674
School Department revenue	2,654,771	2,762,675	107,904	2,918,084
All other	7,275	17,956	10,681	24,252
Total local sources	4,712,606	4,885,206	172,600	5,113,110
Interest earned	25,000	42,491	17,491	34,769
Total revenues	34,008,380	34,775,039	766,659	34,442,401

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

	2016		Variance positive (negative)	2015 Actual
	Final Budget	Actual		
Expenditures:				
Current:				
Administration:				
City Council	\$ 12,147	12,147	-	11,018
City Manager	321,552	317,336	4,216	324,268
City Clerk	109,734	104,336	5,398	107,213
Elections	19,290	12,203	7,087	15,367
Assessing	216,125	193,774	22,351	196,954
Finance	532,423	516,443	15,980	511,367
Technology	148,150	138,037	10,113	135,269
Legal	80,000	77,102	2,898	95,021
City Hall	78,438	79,500	(1,062)	78,155
Economic Development	395,719	350,343	45,376	347,453
Total administration	1,913,578	1,801,221	112,357	1,822,085
Protection:				
Police department	1,780,243	1,716,356	63,887	1,678,602
Fire department	1,600,938	1,559,039	41,899	1,612,161
Code enforcement	151,819	138,577	13,242	136,863
General protections	885,136	909,479	(24,343)	899,325
Insurances	111,000	106,483	4,517	101,857
Animal control	19,862	20,637	(775)	19,173
Total protection	4,548,998	4,450,571	98,427	4,447,981
Public services:				
Health and human services	76,338	51,692	24,646	54,432
Transit system	174,113	122,761	51,352	132,653
Adult Ed	4,800	4,956	(156)	4,784
Non-profit organizations	1,500	1,500	-	1,500
Total public services	256,751	180,909	75,842	193,369
Public works:				
Public works	1,434,798	1,226,897	207,901	1,409,732
Solid waste disposal	527,926	565,089	(37,163)	499,290
Planning	95,416	93,446	1,970	88,515
Engineering	154,625	154,105	520	150,177
Total public works	2,212,765	2,039,537	173,228	2,147,714
Education	20,949,839	20,073,214	876,625	19,491,492

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

	2016		Variance positive (negative)	2015 Actual
	Final Budget	Actual		
Expenditures, continued:				
Current, continued:				
Unclassified:				
Employee benefits	\$ 235,311	231,818	3,493	247,190
Tax increment financing reimbursements	1,485,948	1,444,287	41,661	1,326,163
Municipal auditorium	180,756	174,393	6,363	167,849
Parks and cemeteries	262,263	260,196	2,067	255,245
Recreation/pool	526,869	496,218	30,651	497,611
Library	204,283	196,999	7,284	183,015
Dues	11,500	15,447	(3,947)	11,157
Contingencies	37,440	35,922	1,518	36,972
All other	19,665	18,048	1,617	27,614
Total unclassified	2,964,035	2,873,328	90,707	2,752,816
Assessments:				
County tax	892,956	892,956	-	898,036
Abatements and bad debts	21,001	10,888	10,113	140,985
Total assessments	913,957	903,844	10,113	1,039,021
Debt service:				
Principal	1,529,482	1,529,485	(3)	1,592,161
Interest	569,412	574,208	(4,796)	601,316
Total debt service	2,098,894	2,103,693	(4,799)	2,193,477
Total expenditures	35,858,817	34,426,317	1,432,500	34,087,955
Excess (deficiency) of revenues over (under) expenditures	(1,850,437)	348,722	2,199,159	354,446
Other financing sources (uses):				
Use of fund balance - City	400,000	-	(400,000)	-
Use of fund balance - School Department	1,323,210	-	(1,323,210)	-
Reserves and carryforwards	101,423	-	(101,423)	-
Transfers from other funds:				
Impact Fee fund	15,000	15,016	16	-
Capital improvement program	-	-	-	94,000
Sewer fund	72,792	72,792	-	69,516
Water fund	100,512	100,512	-	98,520
Transfers to other funds:				
Grants fund	-	(1,417)	(1,417)	-
Flags in Brewer	(5,000)	(5,000)	-	-
Police academy buyout	(30,000)	(30,000)	-	-
Capital improvement program	(127,500)	(127,500)	-	(55,000)
Total other financing sources	1,850,437	24,403	(1,826,034)	207,036
Net change in fund balance - budgetary basis	-	373,125	373,125	561,482
Reconciliation to GAAP:				
Change in accrued teacher summer salaries and benefits		(106,624)		(38,119)
Total reconciling items to GAAP		(106,624)		(38,119)
Net change in fund balance - GAAP basis		266,501		523,363
Fund balance, beginning of year		5,663,814		5,140,451
<b>Fund balance, end of year</b>	<b>\$</b>	<b>5,930,315</b>		<b>5,663,814</b>

**ALL OTHER GOVERNMENTAL FUNDS**

**CITY OF BREWER, MAINE**  
**All Other Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2016**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 67,902	-	94,250	162,152
Investments	-	-	341,496	341,496
Accounts receivable	108,680	-	-	108,680
Due from other governments	70,208	-	-	70,208
Interfund loans receivable	922,903	116,775	-	1,039,678
Inventory	24,555	-	-	24,555
<b>Total assets</b>	<b>\$ 1,194,248</b>	<b>116,775</b>	<b>435,746</b>	<b>1,746,769</b>
<b>LIABILITIES</b>				
Accounts payable	244,100	-	-	244,100
Unearned revenue	8,905	-	-	8,905
Interfund loans payable	75,108	22,278	102,085	199,471
<b>Total liabilities</b>	<b>328,113</b>	<b>22,278</b>	<b>102,085</b>	<b>452,476</b>
<b>FUND BALANCES</b>				
Nonspendable	24,555	-	324,553	349,108
Restricted	833,810	117,015	9,108	959,933
Committed	78,885	-	-	78,885
Unassigned	(71,115)	(22,518)	-	(93,633)
<b>Total fund balances</b>	<b>866,135</b>	<b>94,497</b>	<b>333,661</b>	<b>1,294,293</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,194,248</b>	<b>116,775</b>	<b>435,746</b>	<b>1,746,769</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, 2016**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
<b>Revenues:</b>				
Intergovernmental	\$ 1,223,375	-	-	1,223,375
Lunch program	280,960	-	-	280,960
Local sources	-	16,739	-	16,739
Interest earned	383	-	2,985	3,368
Other income	172,471	-	1,005	173,476
<b>Total revenues</b>	<b>1,677,189</b>	<b>16,739</b>	<b>3,990</b>	<b>1,697,918</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Administration	5,326	-	-	5,326
Protection	112,158	-	-	112,158
Public services	97,349	-	-	97,349
Public works	12,900	-	-	12,900
Educational programs	1,326,664	-	-	1,326,664
Unclassified	17,708	-	1,953	19,661
Capital outlay	11,885	56,184	-	68,069
<b>Total expenditures</b>	<b>1,583,990</b>	<b>56,184</b>	<b>1,953</b>	<b>1,642,127</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>93,199</b>	<b>(39,445)</b>	<b>2,037</b>	<b>55,791</b>
<b>Other financing uses:</b>				
Transfers in	36,417	-	-	36,417
Transfers out	-	(15,016)	-	(15,016)
<b>Total other financing sources (uses)</b>	<b>36,417</b>	<b>(15,016)</b>	<b>-</b>	<b>21,401</b>
<b>Net change in fund balances</b>	<b>129,616</b>	<b>(54,461)</b>	<b>2,037</b>	<b>77,192</b>
<b>Fund balances, beginning of year</b>	<b>736,519</b>	<b>148,958</b>	<b>331,624</b>	<b>1,217,101</b>
<b>Fund balances, end of year</b>	<b>\$ 866,135</b>	<b>94,497</b>	<b>333,661</b>	<b>1,294,293</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, 2016**

		Police Brewer Centennial	Asset Forfeiture	CDBG Housing Rehab Grant	Recreation Banner Fund	Performance Bonds Payable	Technical Review Payable	Fire Museum
<b>ASSETS</b>								
Cash and cash equivalents	\$	-	-	-	-	-	-	-
Accounts receivable		-	-	94,651	-	-	-	-
Due from other governments		-	-	-	-	-	-	-
Interfund loans receivable		-	82,431	-	10,548	9,271	105,781	1,580
Inventory		-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$</b>	<b>-</b>	<b>82,431</b>	<b>94,651</b>	<b>10,548</b>	<b>9,271</b>	<b>105,781</b>	<b>1,580</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable and accrued expenses		-	2,443	13,706	-	9,271	105,781	-
Unearned revenue		-	-	-	-	-	-	-
Interfund loans payable		-	-	60,640	-	-	-	-
<b>Total liabilities</b>		<b>-</b>	<b>2,443</b>	<b>74,346</b>	<b>-</b>	<b>9,271</b>	<b>105,781</b>	<b>-</b>
Fund balances (deficits):								
Nonspendable		-	-	-	-	-	-	-
Restricted		-	79,988	20,305	10,548	-	-	1,580
Committed		-	-	-	-	-	-	-
Unassigned		-	-	-	-	-	-	-
<b>Total fund balances (deficits)</b>		<b>-</b>	<b>79,988</b>	<b>20,305</b>	<b>10,548</b>	<b>-</b>	<b>-</b>	<b>1,580</b>
<b>Total liabilities and fund balances</b>	<b>\$</b>	<b>-</b>	<b>82,431</b>	<b>94,651</b>	<b>10,548</b>	<b>9,271</b>	<b>105,781</b>	<b>1,580</b>

**CITY OF BREWER, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet, Continued**  
**June 30, 2016**

	Winterfest	PERC Contract Reserve	MMA Grant Fund	EPA Brownfield Rev Loan	Brewer Days	Children's Garden Fund
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	-	-	-	-	-
Accounts receivable	-	-	3,497	-	-	-
Due from other governments	-	-	-	-	-	-
Interfund loans receivable	5,378	258,000	-	92,246	8,109	8,656
Inventory	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 5,378</b>	<b>258,000</b>	<b>3,497</b>	<b>92,246</b>	<b>8,109</b>	<b>8,656</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued expenses	-	-	-	-	-	162
Unearned revenue	-	-	-	-	-	-
Interfund loans payable	-	-	3,955	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>3,955</b>	<b>-</b>	<b>-</b>	<b>162</b>
Fund balances (deficits):						
Nonspendable	-	-	-	-	-	-
Restricted	5,378	258,000	-	92,246	8,109	8,494
Committed	-	-	-	-	-	-
Unassigned	-	-	(458)	-	-	-
<b>Total fund balances (deficits)</b>	<b>5,378</b>	<b>258,000</b>	<b>(458)</b>	<b>92,246</b>	<b>8,109</b>	<b>8,494</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,378</b>	<b>258,000</b>	<b>3,497</b>	<b>92,246</b>	<b>8,109</b>	<b>8,656</b>

**CITY OF BREWER, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet, Continued**  
**June 30, 2016**

	City Small Grants and Programs	Chamberlain Golf Classic	Computer Reserve	Stream Cleanup	Flags In Brewer	Recognition Coins	Police Academy Buyout
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	-	-	-	-	-	-
Accounts receivable	238	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Interfund loans receivable	-	-	-	1,347	3,711	224	30,000
Inventory	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 238</b>	<b>-</b>	<b>-</b>	<b>1,347</b>	<b>3,711</b>	<b>224</b>	<b>30,000</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable and accrued expenses	20	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Interfund loans payable	10,473	40	-	-	-	-	-
<b>Total liabilities</b>	<b>10,493</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances (deficits):							
Nonspendable	-	-	-	-	-	-	-
Restricted	7,804	-	-	1,347	-	-	-
Committed	-	-	-	-	-	224	30,000
Unassigned	(18,059)	(40)	-	-	3,711	-	-
<b>Total fund balances (deficits)</b>	<b>(10,255)</b>	<b>(40)</b>	<b>-</b>	<b>1,347</b>	<b>3,711</b>	<b>224</b>	<b>30,000</b>
<b>Total liabilities and fund balances</b>	<b>\$ 238</b>	<b>-</b>	<b>-</b>	<b>1,347</b>	<b>3,711</b>	<b>224</b>	<b>30,000</b>

**CITY OF BREWER, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet, Continued**  
**June 30, 2016**

		Brewer Business and Comm'l Park	Insurance Deductible Reserve	Business Resources Program	Brewer Redevelopment LLC	School Department Food Service Fund	Grants Fund	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>								
Cash and cash equivalents	\$	-	-	-	67,652	250	-	67,902
Accounts receivable		-	-	-	-	10,294	-	108,680
Due from other governments		-	-	-	-	17,282	52,926	70,208
Interfund loans receivable		121,168	46,661	2,000	-	109,418	26,374	922,903
Inventory		-	-	-	-	24,555	-	24,555
<b>Total assets</b>	<b>\$</b>	<b>121,168</b>	<b>46,661</b>	<b>2,000</b>	<b>67,652</b>	<b>161,799</b>	<b>79,300</b>	<b>1,194,248</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable and accrued expenses		-	-	-	-	56,713	56,004	244,100
Unearned revenue		-	-	-	-	8,905	-	8,905
Interfund loans payable		-	-	-	-	-	-	75,108
<b>Total liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65,618</b>	<b>56,004</b>	<b>328,113</b>
Fund balances (deficits):								
Nonspendable		-	-	-	-	24,555	-	24,555
Restricted		121,168	-	-	67,652	71,626	79,565	833,810
Committed		-	46,661	2,000	-	-	-	78,885
Unassigned		-	-	-	-	-	(56,269)	(71,115)
<b>Total fund balances (deficits)</b>		<b>121,168</b>	<b>46,661</b>	<b>2,000</b>	<b>67,652</b>	<b>96,181</b>	<b>23,296</b>	<b>866,135</b>
<b>Total liabilities and fund balances</b>	<b>\$</b>	<b>121,168</b>	<b>46,661</b>	<b>2,000</b>	<b>67,652</b>	<b>161,799</b>	<b>79,300</b>	<b>1,194,248</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, 2016**

	Brewer Centennial	Police Asset Forfeiture	CDBG Housing Rehab Grant	Recreation Banner Fund	Performance Bonds Payable	Technical Review Payable	Fire Museum
Revenues:							
Intergovernmental	\$ -	51,046	94,651	-	-	-	-
Lunch program	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-
Other income	-	-	7,223	6,100	-	-	60
<b>Total revenues</b>	<b>-</b>	<b>51,046</b>	<b>101,874</b>	<b>6,100</b>	<b>-</b>	<b>-</b>	<b>60</b>
Expenditures:							
Administration	-	-	-	-	-	-	-
Protection	-	46,284	-	-	-	-	-
Public services	-	-	96,527	-	-	-	-
Public works	-	-	-	-	-	-	-
Educational programs	-	-	-	-	-	-	-
Unclassified	1	-	-	2,226	-	-	-
Capital outlay	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>1</b>	<b>46,284</b>	<b>96,527</b>	<b>2,226</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other financing uses:							
Transfers in	-	-	-	-	-	-	-
<b>Total other financing uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	(1)	4,762	5,347	3,874	-	-	60
Fund balances (deficit), beginning of year	1	75,226	14,958	6,674	-	-	1,520
<b>Fund balances (deficit), end of year</b>	<b>\$ -</b>	<b>79,988</b>	<b>20,305</b>	<b>10,548</b>	<b>-</b>	<b>-</b>	<b>1,580</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, 2016**

	Winterfest	PERC Contract Reserve	MMA Grant Fund	EPA Brownfield Rev Loan	Brewer Days	Children's Garden Fund
Revenues:						
Intergovernmental	\$ -	-	4,871	-	-	-
Lunch program	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Other income	-	50,000	-	-	7,768	2,205
<b>Total revenues</b>	-	<b>50,000</b>	<b>4,871</b>	-	<b>7,768</b>	<b>2,205</b>
Expenditures:						
Administration	-	-	-	-	-	-
Protection	-	-	-	-	-	-
Public services	-	-	-	-	-	-
Public works	-	-	-	12,900	-	-
Educational programs	-	-	-	-	-	-
Unclassified	-	-	3,423	-	6,685	1,533
Capital outlay	-	-	-	-	-	-
<b>Total expenditures</b>	-	-	<b>3,423</b>	<b>12,900</b>	<b>6,685</b>	<b>1,533</b>
Other financing uses:						
Transfers in	-	-	-	-	-	-
<b>Total other financing uses</b>	-	-	-	-	-	-
Net change in fund balances	-	50,000	1,448	(12,900)	1,083	672
Fund balances (deficit), beginning of year	5,378	208,000	(1,906)	105,146	7,026	7,822
<b>Fund balances (deficit), end of year</b>	<b>\$ 5,378</b>	<b>258,000</b>	<b>(458)</b>	<b>92,246</b>	<b>8,109</b>	<b>8,494</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, 2016**

	City Small Grants and Programs	Chamberlain Golf Classic	Computer Reserve	Stream Cleanup	Flags In Brewer	Recognition Coins	Police Academy Buyout
Revenues:							
Intergovernmental	\$ 45,734	-	-	-	-	-	-
Lunch program	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-
Other income	20,377	-	-	3,250	612	-	-
Total revenues	66,111	-	-	3,250	612	-	-
Expenditures:							
Administration	4,250	-	1,076	-	-	-	-
Protection	65,874	-	-	-	-	-	-
Public services	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Educational programs	-	-	-	-	-	-	-
Unclassified	726	-	-	3,110	4	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	70,850	-	1,076	3,110	4	-	-
Other financing uses:							
Transfers in	-	-	-	-	5,000	-	30,000
Total other financing uses	-	-	-	-	5,000	-	30,000
Net change in fund balances	(4,739)	-	(1,076)	140	5,608	-	30,000
Fund balances (deficit), beginning of year	(5,516)	(40)	1,076	1,207	(1,897)	224	-
<b>Fund balances (deficit), end of year</b>	<b>\$ (10,255)</b>	<b>(40)</b>	<b>-</b>	<b>1,347</b>	<b>3,711</b>	<b>224</b>	<b>30,000</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, 2016**

	Brewer Business and Comm'l Park	Insurance Deductible Reserve	Business Resources Program	Brewer Redevelopment LLC	School Department		Total Nonmajor Special Revenue Funds
					Food Service Fund	Grants Fund	
Revenues:							
Intergovernmental	\$ -	-	-	10,000	341,227	675,846	1,223,375
Lunch program	-	-	-	-	280,960	-	280,960
Investment income	-	-	-	383	-	-	383
Other income	-	14,166	-	207	-	60,503	172,471
<b>Total revenues</b>	<b>-</b>	<b>14,166</b>	<b>-</b>	<b>10,590</b>	<b>622,187</b>	<b>736,349</b>	<b>1,677,189</b>
Expenditures:							
Administration	-	-	-	-	-	-	5,326
Protection	-	-	-	-	-	-	112,158
Public services	-	-	-	822	-	-	97,349
Public works	-	-	-	-	-	-	12,900
Educational programs	-	-	-	-	611,094	715,570	1,326,664
Unclassified	-	-	-	-	-	-	17,708
Capital outlay	-	-	-	11,885	-	-	11,885
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,707</b>	<b>611,094</b>	<b>715,570</b>	<b>1,583,990</b>
Other financing sources:							
Transfer in	-	-	-	-	-	1,417	36,417
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,417</b>	<b>36,417</b>
Net change in fund balances	-	14,166	-	(2,117)	11,093	22,196	129,616
Fund balances, beginning of year	121,168	32,495	2,000	69,769	85,088	1,100	736,519
<b>Fund balances (deficit), end of year</b>	<b>\$ 121,168</b>	<b>46,661</b>	<b>2,000</b>	<b>67,652</b>	<b>96,181</b>	<b>23,296</b>	<b>866,135</b>

**CITY OF BREWER, MAINE**  
**City Small Grants and Programs**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2016**

	Fund balances (deficit) beginning of year	Revenues			Expenditures	Fund balances (deficit) end of year
		Intergovernmental	Other miscellaneous			
Economic Development:						
CDBG EFP planning grant	\$ 272	-	-	-	-	272
Chess table grant	-	-	2,000	4,250	-	(2,250)
Protection:						
Bulletproof vest program	(675)	-	-	-	-	(675)
Police canine program	1,962	-	-	-	-	1,962
Byrne JAG	7	-	-	-	-	7
Byrne JAG bulletproof vest program	(589)	-	-	-	-	(589)
Byrne JAG 2013	(398)	199	874	-	-	675
Byrne JAG 2013 - September application	135	-	-	-	-	135
Byrne JAG 2015 - Bulletproof vest program	(276)	1,538	1,300	2,634	-	(72)
MEMA MACTAC equipment and training	-	11,979	-	8,445	-	3,534
Safe medicine return box	50	-	-	-	-	50
Walmart local facility grant - body armor	2,000	-	-	2,247	-	(247)
MEMA MACTAC training aids	-	3,901	-	3,901	-	-
US DOJ Bulletproof vest program	-	-	-	1,115	-	(1,115)
County EMA simulator grant	-	25,000	15,429	40,429	-	-
Byrne JAG 2014 - rifle plates	-	-	-	2,504	-	(2,504)
King foundation - high visibility jackets	60	-	-	-	-	60
County EMA fire page grant	-	3,105	-	3,105	-	-
2015 ME forest service	-	-	774	1,494	-	(720)
Library:						
Summer reading program	24	-	-	-	-	24
Rudman book club	762	-	-	462	-	300
Byers grant	71	-	-	-	-	71
Efficiency grant	(5,808)	-	-	-	-	(5,808)
Bodwell english book grant	96	-	-	-	-	96
Gates opportunity grant	(4)	-	-	-	-	(4)
Bangor health & wellness grant	445	-	-	-	-	445
Brewer kiwanis grant	420	-	-	264	-	156
King foundation - history room	(4,000)	-	-	-	-	(4,000)
Walmart wellness grant	(75)	-	-	-	-	(75)
ME history records grant	-	12	-	-	-	12
Other:						
DHHS - sunShade grant	5	-	-	-	-	5
<b>Totals</b>	<b>\$ (5,516)</b>	<b>45,734</b>	<b>20,377</b>	<b>70,850</b>		<b>(10,255)</b>

**CITY OF BREWER, MAINE**  
**School Department Grants Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2016**

	Fund balances (deficits) beginning of year	Revenues	Expenditures	Transfers in (out)	Fund balances (deficits) end of year
Federal Programs:					
Title 1A - Disadvantaged	\$ -	195,508	204,596	-	(9,088)
Local Entitlement	(48,516)	375,497	373,838	-	(46,857)
Preschool	-	4,831	4,831	-	-
Title IIA - Improving Teacher Quality	-	77,899	77,899	-	-
Total Federal programs	(48,516)	653,735	661,164	-	(55,945)
State Programs:					
Proficiency Based Diploma	78	17,511	17,589	1,417	1,417
PEPG grant	-	4,600	4,600	-	-
Total State programs	78	22,111	22,189	1,417	1,417
Local Programs:					
Driver's Ed	5,192	10,490	10,313	-	5,369
Brewer HOF	5,138	4,820	4,923	-	5,035
BCS Laptop	5,830	6,871	1,959	-	10,742
BHS Laptop	1,717	15,920	2,066	-	15,571
Construction Fund	3,222	-	-	-	3,222
Name-a-Seat Fund	23,071	-	-	-	23,071
Drug Free Grant	2,000	-	400	-	1,600
MEABT Wellness Ambassador	-	500	494	-	6
Community Transformation Grant	3,262	-	800	-	2,462
Maine Integrated Youth Health Survey	100	-	-	-	100
ABC Ticket to Ride Grant	-	325	325	-	-
Plum Creek Forestry Grant	-	5,000	5,000	-	-
Project Unify Grant	-	3,930	3,893	-	37
Stephen King Storybird Grant	-	4,000	729	-	3,271
Project Canopy Maple Grant	-	-	324	-	(324)
ME Community Foundation Maple Grant	-	5,650	-	-	5,650
Verizon Grant Fund	-	750	750	-	-
Martha Gervais Fund	440	-	-	-	440
City of Brewer	-	250	241	-	9
Smokey Lawrence Tournament	-	318	-	-	318
Stephen King Kindle Grant	744	-	-	-	744
JROTC	(1,178)	1,679	-	-	501
Total local programs	49,538	60,503	32,217	-	77,824
<b>Totals</b>	<b>\$ 1,100</b>	<b>736,349</b>	<b>715,570</b>	<b>1,417</b>	<b>23,296</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, 2016**

	FHWA Route 15 Earmark	City Hall Rehab	Impact Fee Fund	Total Nonmajor Capital Project Funds
<b>ASSETS</b>				
Interfund loans receivable	\$ -	-	116,775	116,775
<b>Total assets</b>	<b>\$ -</b>	<b>-</b>	<b>116,775</b>	<b>116,775</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	-	-	117,015	117,015
Unassigned	(3,692)	(18,586)	(240)	(22,518)
<b>Total fund balances (deficits)</b>	<b>(3,692)</b>	<b>(18,586)</b>	<b>116,775</b>	<b>94,497</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>-</b>	<b>116,775</b>	<b>116,775</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, 2016**

	FHWA Route 15 Earmark	City Hall Rehab	Impact Fee Fund	Total Nonmajor Capital Project Funds
Revenues:				
Local sources	\$ -	-	16,739	16,739
Total revenues	-	-	16,739	16,739
Expenditures:				
Capital outlay	-	-	56,184	56,184
Total expenditures	-	-	56,184	56,184
Other financing uses:				
Transfer to general fund	-	-	(15,016)	(15,016)
Total other financing uses	-	-	(15,016)	(15,016)
Net change in fund balances	-	-	(54,461)	(54,461)
Fund balances (deficits), beginning of year	(3,692)	(18,586)	171,236	148,958
<b>Fund balances (deficits), end of year</b>	<b>\$ (3,692)</b>	<b>(18,586)</b>	<b>116,775</b>	<b>94,497</b>

**CITY OF BREWER, MAINE**  
**Capital Improvements Program**  
**Schedule of Changes in Fund Balances**  
**For the year ended June 30, 2016**

	Fund balances (deficit) beginning of year	Revenue	Bond Proceeds	Transfers/ encumbered	Expenditures	Fund balances (deficit) end of year
<b>Capital Improvements Programs:</b>						
<b>City Hall/Other:</b>						
School bldg remed & demolition	\$ 68,968	-	-	(50,000)	-	18,968
Bond financing costs	5,725	-	10,000	-	7,032	8,693
City hall infrastructure	(29)	-	-	25,000	6,403	18,568
Parking lot-former St and Middle School	405,682	-	-	-	352,949	52,733
Tech computer hardware	1,288	-	-	18,800	2,700	17,388
GIS - updates	27,500	-	-	-	24,000	3,500
Assessing server - vision	20,000	-	-	(20,000)	-	-
Economic Development rev loan fund	26,000	-	-	-	-	26,000
City-wide revaluation	(4,884)	-	-	-	-	(4,884)
<b>Total City Hall/other</b>	<b>550,250</b>	<b>-</b>	<b>10,000</b>	<b>(26,200)</b>	<b>393,084</b>	<b>140,966</b>
<b>Waterfront Development:</b>						
Property acquisitions	124,610	-	-	-	-	124,610
Hardy St. remediation	-	144,999	-	31,365	176,364	-
Youth waterfront projects	5,000	-	-	-	-	5,000
Waterfront Trail	75,411	24,000	-	-	12,442	86,969
Landscaping/public improvements	2,730	-	-	-	-	2,730
Shore stabilization	119,338	-	-	-	-	119,338
Public parking	-	68,255	-	-	68,255	-
Crosswalk improvements	-	-	-	-	7,640	(7,640)
<b>Total waterfront development</b>	<b>327,089</b>	<b>237,254</b>	<b>-</b>	<b>31,365</b>	<b>264,701</b>	<b>331,007</b>
<b>Protection:</b>						
Police vehicles	35,105	-	-	40,000	77,452	(2,347)
PSB - convert to natural gas	2,500	-	-	(2,500)	-	-
Police forensic system	10,000	-	-	-	-	10,000
Public safety computer server	306	-	-	23,694	23,879	121
Police computer replacement	1,873	-	-	(1,694)	-	179
Fire turnout gear replacement	2,972	-	-	(1,200)	-	1,772
Fire computer replacement	5,074	-	-	-	-	5,074
Code enforcement truck	1,902	-	-	(1,500)	-	402
Code enforcement software	5,500	-	-	-	-	5,500
Fire unit #301 refurbishment	-	10,000	-	8,000	3,740	14,260
Fire unit #305 refurbishment	-	-	-	7,000	-	7,000
<b>Total protection</b>	<b>65,232</b>	<b>10,000</b>	<b>-</b>	<b>71,800</b>	<b>105,071</b>	<b>41,961</b>
<b>Public Works:</b>						
Paving	94,832	-	124,000	46,000	51,147	213,685
Landfill area closing	179,643	-	-	-	-	179,643
Landfill sloping	9,726	-	-	(9,726)	-	-
Dirigo Dr. lighting	(460)	-	75,000	10,000	82,912	1,628
General road construction	27,025	-	15,000	-	16,716	25,309
Wilson Street widening	180,145	-	-	-	159,742	20,403
Eastern Ave. felts brook improvements	-	-	-	-	72,566	(72,566)
Eastern Ave. reconstruction	97,000	-	-	(97,000)	-	-
Culvert replace - Wiswell Rd.	(13,652)	-	147,500	2,500	67,450	68,898
Drainage - 184 Greenpoint Rd.	-	-	-	-	6,618	(6,618)
Dirigo Dr. paving	316	-	-	(316)	-	-
Elm St. overlay	5,652	-	-	(5,652)	-	-
Stormwater Drainage improvements	10,997	-	-	-	1,005	9,992
Wiswell Rd. overlay	39,129	-	-	(39,129)	-	-
State Street resurfacing	2,728	-	-	-	-	2,728
Elm Street resurfacing	45,000	-	-	-	-	45,000
Green Point overlay	3,678	-	-	-	-	3,678
Lower wilson street resurfacing - 10% city share	-	-	90,000	-	-	90,000
E-W industrial park resurfacing	-	-	-	76,726	-	76,726
Sweeper #430	-	-	196,000	12,675	176,959	31,716
Case loader #436	-	-	125,000	6,325	127,325	4,000
S Main Paving	23,000	-	-	-	19,182	3,818
1 Ton dump/plow/sander truck	10,545	-	-	(10,545)	-	-
Truck w/plow	4,163	-	-	(4,163)	-	-
Plow w/sander	8,191	-	-	(8,191)	-	-
Hydraulic floor lift	15,000	-	-	-	-	15,000
Brine tank	15,000	-	-	-	-	15,000
School zone and crosswalk lighting	2,226	-	-	15,000	9,900	7,326
Traffic signal battery backups	4,034	-	-	-	600	3,434
Snogo blower	-	-	120,000	-	113,935	6,065
Signal detection	-	-	-	3,000	-	3,000
<b>Total public works</b>	<b>763,918</b>	<b>-</b>	<b>892,500</b>	<b>(2,496)</b>	<b>906,057</b>	<b>747,865</b>

**CITY OF BREWER, MAINE**  
**Capital Improvements Program**  
**Schedule of Changes in Fund Balances, Continued**  
**For the year ended June 30, 2016**

	Fund balances (deficit) beginning of year	Revenue	Bond Proceeds	Transfers	Expenditures	Fund balances (deficit) end of year
Parks and Recreation:						
Oak Hill erosion control	\$ 3,108	-	-	(1,810)	-	1,298
Woodlawn paving	25,000	-	-	7,233	32,233	-
Eastern playground	21,516	-	-	-	9,581	11,935
Wash St. rec complex	128,634	105,333	-	80,000	204,265	109,702
Oak Hill monument repair	-	-	-	9,000	3,980	5,020
Auditorium doors, windows, entrance	12,246	-	-	10,000	12,223	10,023
Pool rehabilitation	100,000	-	-	-	3,150	96,850
Tennis court resurfacing	-	-	-	6,500	4,025	2,475
Sunset basketball court repave	-	-	17,500	-	-	17,500
72" riding mower	4,574	-	-	-	3,929	645
Walk behind mower	1,101	-	-	(1,101)	-	-
Automatic floor scrubber	200	-	-	(200)	-	-
Total parks and recreation	296,379	105,333	17,500	109,622	273,386	255,448
<b>Subtotal projects</b>	<b>2,002,868</b>	<b>352,587</b>	<b>920,000</b>	<b>184,091</b>	<b>1,942,299</b>	<b>1,517,247</b>
CIP - Unallocated	39,823	107,418	-	(56,591)	-	90,650
Tax Increment Financing Projects	477,459	1,619,974	-	-	1,407,607	689,826
<b>Total</b>	<b>\$ 2,520,150</b>	<b>2,079,979</b>	<b>920,000</b>	<b>127,500</b>	<b>3,349,906</b>	<b>2,297,723</b>



**CITY OF BREWER, MAINE**  
**Impact Fee Projects**  
**Schedule of Changes in Fund Balances**  
**For the year ended June 30, 2016**

	Fund balances (deficit) beginning of year	Revenue	Expenditures	Transfers from (to) unallocated	Fund balances (deficit) end of year
Impact Fee Projects:					
Parallel Road	\$ 1,590	7,246	-	-	8,836
Signal Coordination	81,460	632	49,850	-	32,242
Signal Preemption	10,317	152	1,848	-	8,621
Pierce Road relocation and signal	20,921	2,713	-	(5,642)	17,992
Wilson/Parkway South intersection	10,549	1,873	-	-	12,422
State and Washington intersection	8,092	317	-	-	8,409
City transit bus	15,909	943	-	-	16,852
Set up and administrative costs	22,638	1,877	3,500	(9,374)	11,641
Sewer	(240)	576	576	-	(240)
Water	-	410	410	-	-
<b>Total impact fee projects</b>	<b>\$ 171,236</b>	<b>16,739</b>	<b>56,184</b>	<b>(15,016)</b>	<b>116,775</b>

**NONMAJOR GOVERNMENTAL FUNDS**

**PERMANENT FUNDS**

**CITY OF BREWER, MAINE  
Nonmajor Permanent Funds  
Combining Balance Sheet  
June 30, 2016**

		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	\$	75,923	5,607	1,042	4,802	322	6,554	94,250
Investments		341,496	-	-	-	-	-	341,496
<b>Total assets</b>	<b>\$</b>	<b>417,419</b>	<b>5,607</b>	<b>1,042</b>	<b>4,802</b>	<b>322</b>	<b>6,554</b>	<b>435,746</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Interfund loans payable		102,085	-	-	-	-	-	102,085
<b>Total liabilities</b>		<b>102,085</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>102,085</b>
Fund balances:								
Nonspendable		311,881	4,538	939	4,533	275	2,387	324,553
Restricted		3,453	1,069	103	269	47	4,167	9,108
<b>Total fund balances</b>		<b>315,334</b>	<b>5,607</b>	<b>1,042</b>	<b>4,802</b>	<b>322</b>	<b>6,554</b>	<b>333,661</b>
<b>Total liabilities and fund balances</b>	<b>\$</b>	<b>417,419</b>	<b>5,607</b>	<b>1,042</b>	<b>4,802</b>	<b>322</b>	<b>6,554</b>	<b>435,746</b>

**CITY OF BREWER, MAINE**  
**Nonmajor Permanent Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2016**

	Cemetery Trust	Elsie Olmstead Library	Ministerial and School Funds	Jefferds Educational Fund	Wallace Witham Fund	Woodlawn Revolving Cemetery Fund	Total Nonmajor Permanent Funds
Revenues:							
Investment income	\$ 2,849	45	7	37	2	45	2,985
Lot sales	1,005	-	-	-	-	-	1,005
Total revenues	3,854	45	7	37	2	45	3,990
Expenditures:							
Cemetery care	1,838	-	-	-	-	-	1,838
Other	-	37	6	31	2	39	115
Total expenditures	1,838	37	6	31	2	39	1,953
Net change in fund balances	2,016	8	1	6	-	6	2,037
Fund balances, beginning of year	313,318	5,599	1,041	4,796	322	6,548	331,624
<b>Fund balances, end of year</b>	<b>\$ 315,334</b>	<b>5,607</b>	<b>1,042</b>	<b>4,802</b>	<b>322</b>	<b>6,554</b>	<b>333,661</b>

## **AGENCY FUNDS**

**CITY OF BREWER, MAINE**  
**Agency Funds**  
**Statement of Additions, Deductions and Changes in Balances**  
**For the year ended June 30, 2016**

		<b>Balances beginning of year</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balances end of year</b>
Activity funds:					
Brewer High School Student Activities	\$	144,890	299,461	331,763	112,588
Brewer Community School Student Activities		33,901	33,036	31,999	34,938
Brewer Performing Arts Center		16,896	15,683	12,240	20,339
Children's fund		57,031	9,616	7,300	59,347
Superintendent's Office		2,500	313	1,190	1,623
<b>Total</b>	<b>\$</b>	<b>255,218</b>	<b>358,109</b>	<b>384,492</b>	<b>228,835</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, 2016**  
**(with comparative actual amounts for the year ended June 30, 2015)**

	2016		Variance positive (negative)	2015 Actual
	Budget	Actual		
<b>Revenues:</b>				
State education subsidy	\$ 9,802,549	9,978,621	176,072	9,854,653
State agency clients	-	16,544	16,544	2,406
Medicaid reimbursement	-	-	-	18,217
District assessments	2,556,771	2,630,194	73,423	2,812,534
Local sources	98,000	132,481	34,481	105,550
<b>Total revenues</b>	<b>12,457,320</b>	<b>12,757,840</b>	<b>300,520</b>	<b>12,793,360</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Regular instruction	8,428,563	8,255,050	173,513	7,822,005
Special education instruction	2,872,018	2,562,760	309,258	2,410,614
Career and technical education	193,000	192,997	3	171,519
Other instruction	984,411	902,243	82,168	863,655
Student and staff support	1,382,633	1,330,637	51,996	1,311,061
System administration	570,276	522,478	47,798	548,225
School administration	995,891	957,984	37,907	905,473
Transportation and buses	507,415	427,388	80,027	437,404
Facilities maintenance	1,811,411	1,729,414	81,997	1,795,751
All other expenditures	8,163	10,636	(2,473)	6,089
Debt service and other commitments	3,196,058	3,181,628	14,430	3,219,696
<b>Total expenditures</b>	<b>20,949,839</b>	<b>20,073,215</b>	<b>876,624</b>	<b>19,491,492</b>
Deficiency of revenues under expenditures	(8,492,519)	(7,315,375)	1,177,144	(6,698,132)
<b>Other financing sources (uses):</b>				
City appropriation	7,169,309	7,169,309	-	7,139,527
Budgeted use of fund balance	1,323,210	-	(1,323,210)	-
Transfers out	-	(1,417)	(1,417)	-
<b>Total other financing sources</b>	<b>8,492,519</b>	<b>7,167,892</b>	<b>(1,324,627)</b>	<b>7,139,527</b>
Net change in fund balances - budgetary basis	-	(147,483)	(147,483)	441,395
<b>Reconciliation to GAAP:</b>				
Change in accrued summer salaries and benefits		(106,624)		(38,119)
Net change in fund balances - GAAP basis		(254,107)		403,276
Fund balance, beginning of year		609,076		205,800
<b>Fund balance, end of year</b>	<b>\$</b>	<b>354,969</b>		<b>609,076</b>



## **OPERATING DATA**

## **CITY OF BREWER Operating Data**

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 December 1, 2015 (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, GIS, 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.

## **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 21.9 employees, which include the Deputy Police Chief, one Lieutenant, three command staff, a patrol division of 12 officers, a criminal investigations division of three detectives (one of whom is tasked full time to the Maine Drug Enforcement Agency) and 1.9 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 14 vehicles, all between one and 11 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 one live-in student call fire fighter. 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 almost \$400,000 per year in revenue to the City offsetting approximately 25% 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.

### **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 \$214,000 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 to benefit 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 seven 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 separate picture book 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 36,000 volumes, including large print materials, books-on-tape, DVD's, CDs and subscriptions to over 25 periodicals, access to the Maine Virtual Library databases, and free ebooks from Maine InfoNet’s Download Library. The Library offers special services that include: story time, summer reading, therapy-dog reading programs, interlibrary loan, author visits, knitting socials and book clubs, free family and community programs, and an outreach program for shut-ins. With over 5,000 cardholders, including 1,000 non-resident patrons, its circulation for 2015 was 47,800 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, and nine other full-time 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 third quarter of 2016 was \$79/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 2016 brought the net tipping fee to \$59 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 have developed a plan for a new waste processing facility 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 40,000 cubic yards of remaining capacity with a life expectancy of about 7 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. 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 completed the required Combined Sewer Overflow (“CSO”) abatement upgrades mandated by the DEP in 1994, and in October 2014, it received formal notice from the DEP that the Consent Agreement had been closed out and conditions met. 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 Fund, 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.

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 125 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 2015.

<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>	
2016	942	389	1,331	142	116	12	1,601
2015	940	377	1,317	161	131	11	1,620
2014	973	364	1,337	186	122	23	1,668
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".

### **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 \$3,224,241 from Brewer for the year ended June 30, 2016, of which \$2,414,200 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 52 students to Region #4 in FY2016. 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 FY2016 assessment was 7.2%, or \$192,997, of Region #4’s total FY16 budget of \$2,687,777.

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).

**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.

<b>Union<sup>(1)</sup></b>	<b>Bargaining Unit</b>	<b>Contract Expiration</b>
IAFF, Local 2162	Firefighters	6/30/2017
AFSCME, Council 93	Fire Officers	6/30/2017
Fraternal Order of Police	Police Command	6/30/2017
Fraternal Order of Police	Patrol Officers	6/30/2017
AFSCME, Council 93	Public Works	6/30/2017
AFSCME, Council 93	Water Pollution Control	6/30/2017
BEA/MEA	Teachers	8/31/2017
BEA/MEA	Custodians/Food Service	8/31/2017
BEA/MEA	Education Technicians	8/31/2018

NOTE: <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.



## 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.

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	551
City of Brewer	Governmental	348
Eastern Maine Medical Center	Health Care	254
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
2015	117	\$2,702,974	87	\$10,081,492	204	\$12,784,466
2014	78	1,639,298	96	9,407,068	174	11,046,366
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.

### Age and Income Levels

<b>Median age (years)<sup>(a)</sup></b>	<b>Brewer</b>	<b>Maine</b>	<b>USA</b>
2010	41.1	42.4	37.0
2000	41.1	42.7	37.2
<b>Median Family Income<sup>(b)</sup></b>	<b>Brewer</b>	<b>Maine</b>	<b>USA</b>
2010	\$66,544	\$60,021	\$61,455
2000	46,632	45,179	50,046
<b>Per Capita Income</b>	<b>Brewer</b>	<b>Maine</b>	<b>USA</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,**

	2013	2014	2015	2016	2017
<b>REVENUES</b>					
Taxes	\$16,102,149	\$17,597,649	\$17,556,786	\$17,961,833	\$18,017,827
Licenses and permits	391,153	469,728	389,510	459,838	458,706
Intergovernmental	10,716,097	10,695,590	10,816,333	10,767,799	11,044,948
Local Sources	4,800,064	4,785,216	4,739,400	4,683,692	4,697,163
Interest	20,000	20,500	20,500	25,000	30,000
<b>TOTAL REVENUES</b>	<b>32,029,463</b>	<b>33,568,683</b>	<b>33,522,529</b>	<b>33,898,162</b>	<b>\$34,248,644</b>
<b>EXPENDITURES</b>					
General government	1,909,733	1,931,809	1,857,153	1,890,125	2,003,829
Protection	4,467,289	4,498,330	4,358,213	4,447,082	4,655,461
Public services	335,074	317,037	249,809	243,700	228,484
Public works	2,203,850	2,197,874	2,157,419	2,188,210	2,270,615
Education	19,989,478	20,304,969	20,529,095	20,949,839	20,780,341
Unclassified	2,757,103	2,844,625	2,762,836	2,953,983	2,910,057
Debt service	2,183,243	2,113,586	2,227,258	2,226,394	2,224,207
Assessments	1,096,872	927,323	918,036	912,956	946,298
<b>TOTAL EXPENDITURES</b>	<b>34,942,642</b>	<b>35,135,553</b>	<b>35,059,819</b>	<b>35,812,289</b>	<b>36,019,292</b>
<b>OTHER FINANCING SOURCES</b>					
Fund balance	2,726,571	1,127,791	1,247,000	1,723,210	\$1,577,151
Reserves and carryforwards	58,286	122,986	-	2,613	2,613
Operating transfers	128,322	316,093	290,290	188,304	190,884
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$2,913,179</b>	<b>\$1,566,870</b>	<b>\$1,537,290</b>	<b>\$1,914,127</b>	<b>\$1,770,648</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,**

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>Total</b>
<b>EQUIPMENT</b>						
City Hall	\$ 25,000	\$146,000	\$ 35,000	\$342,500	\$ 53,000	\$ 601,500
Public Safety	129,000	105,000	181,000	482,000	125,000	1,022,000
Public Works	557,500	408,000	635,500	242,000	415,000	2,258,000
Other	148,500	239,200	207,000	30,000	30,000	654,700
<b>Total Equipment</b>	<b>860,000</b>	<b>898,200</b>	<b>1,058,500</b>	<b>1,096,500</b>	<b>623,000</b>	<b>4,536,200</b>
<b>PLANT &amp; PROPERTY</b>						
Minor Struct & Reno.	64,000	101,500	60,000	89,500	116,000	431,000
Street Reconstruction	1,131,000	430,000	235,000	235,000	235,000	2,266,000
Major Structures	795,000	1,170,000	2,965,000	490,000	690,000	6,110,000
Financing Expenses	10,000	10,000	10,000	10,000	10,000	50,000
<b>Total Plant &amp; Property</b>	<b>2,000,000</b>	<b>1,711,500</b>	<b>3,270,000</b>	<b>824,500</b>	<b>1,051,000</b>	<b>8,857,000</b>
<b>TOTAL CIP</b>	<b>2,860,000</b>	<b>2,609,700</b>	<b>4,328,500</b>	<b>1,921,000</b>	<b>1,674,000</b>	<b>13,393,200</b>
<b>FUNDING SOURCES</b>						
CIP Fund Balance	35,000	175,000	50,000	50,000	50,000	360,000
TIF Revenue	170,000	290,000	2,300,000	50,000	500,000	3,310,000
Impact Fee	44,000	-	-	-	-	44,000
Bond Financed	2,125,000	2,131,500	1,953,500	1,771,000	1,094,000	9,075,000
Other (grants, earmarks)	486,000	13,200	25,000	50,000	30,000	604,200
<b>TOTAL SOURCES</b>	<b>\$2,860,000</b>	<b>\$2,609,700</b>	<b>\$4,328,500</b>	<b>\$1,921,000</b>	<b>\$1,674,000</b>	<b>13,393,200</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:	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
State Personal Income Factor:	1.66%	1.43%	1.05%	1.09%	0.86%
City Property Growth Factor:	<u>2.02</u>	<u>1.33</u>	<u>1.23</u>	<u>1.00</u>	<u>1.56</u>
Growth Limitation Factor:	3.68%	2.76%	2.28%	2.09%	2.42%
Property Tax Levy Limit:	\$8,230,111	\$8,494,683	\$8,764,911	\$9,074,149	\$9,497,720
Property Tax Levy:	<u>6,193,000</u>	<u>6,436,269</u>	<u>6,734,269</u>	<u>6,734,269</u>	<u>6,807,588</u>
Over/(below) Levy Limit:	(\$2,037,111)	(\$2,058,414)	(\$2,030,642)	(\$2,339,880)	(\$2,690,132)

## Fund Balance

	(000s)					
	Fiscal Year Ended June 30,					
FUND BALANCE	2011	2012	2013	2014	2015	2016
Unassigned	\$3,407	\$3,643	\$3,463	\$3,662	\$3,728	\$4,257
Non-spendable, restricted, committed	\$2,559	\$2,194	\$1,312	\$1,478	\$1,936	\$1,673
<b>TOTAL FUND BALANCE</b>	<b>\$5,966</b>	<b>\$5,837</b>	<b>\$4,775</b>	<b>\$5,140</b>	<b>\$5,664</b>	<b>\$5,930</b>
Operating Expenditures	\$33,193	\$33,892	\$33,466	\$33,800	\$34,088	\$34,426
Gross Revenues	\$33,536	\$33,763	\$32,554	\$34,315	\$34,442	\$34,775
Unassgn. Fund Balance as % of Op. Exp.	10.3%	10.7%	10.3%	10.8%	10.9%	12.4%
Total Fund Balance as % of Gross Rev.	17.8%	17.3%	14.7%	15.0%	16.4%	17.0%

## 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,)**

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>ASSETS</b>					
Cash	\$6,772,863	\$5,914,699	\$5,007,659	\$5,757,076	\$5,946,736
Investments	737,065	732,333	732,277	729,562	709,240
Receivables:					
Taxes receivable	74,102	75,181	75,459	83,296	120,131
Tax liens	550,688	523,488	567,923	541,979	511,344
Other receivable	454,878	876,013	1,647,919	863,895	420,586
Prepaid items	228,124	225,560	224,838	221,621	219,791
Inter-fund loans	549,016	597,037	159,074	-	1,922,681
<b>TOTAL ASSETS</b>	<b>\$9,366,736</b>	<b>\$8,944,311</b>	<b>\$8,415,149</b>	<b>\$8,197,429</b>	<b>\$9,850,509</b>
<b>LIABILITIES</b>					
Accounts payable	542,785	497,960	526,517	488,252	363,583
Accrued payroll	2,330,297	2,216,572	2,086,570	1,670,983	1,821,759
Taxes collected in advance	84,551	58,645	79,226	70,251	55,767
Deferred revenues	-	-	-	-	602,050
Unearned Revenue	16,336	20,408	56,668	94,589	-
Inter-fund loans	-	-	-	575,728	1,170,250
<b>TOTAL LIABILITIES</b>	<b>\$2,973,969</b>	<b>\$2,793,585</b>	<b>\$2,748,981</b>	<b>\$2,899,803</b>	<b>\$4,013,409</b>
<b>DEFERRED INFLOWS of RESOURCES<sup>(1)</sup></b>					
Unavailable revenue – property taxes	\$462,452	\$486,912	\$525,717	\$522,393	-
<b>FUND EQUITY<sup>(1)</sup></b>					
Nonspendable	228,124	225,560	224,838	221,621	219,791
Restricted	354,969	609,076	205,800	42,423	872,152
Assigned	1,090,406	1,101,579	1,047,722	1,047,722	1,102,338
Unassigned	4,256,816	3,727,599	3,662,091	3,463,467	3,642,819
<b>TOTAL FUND EQUITY</b>	<b>\$5,930,315</b>	<b>\$5,663,814</b>	<b>\$5,140,451</b>	<b>\$4,775,233</b>	<b>\$5,837,100</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY</b>	<b>\$9,366,736</b>	<b>\$8,944,311</b>	<b>\$8,415,149</b>	<b>\$8,197,429</b>	<b>\$9,850,509</b>

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,)**

	2016	2015	2014	2013	2012
<b>REVENUES</b>					
Taxes	\$18,285,093	\$17,867,909	\$17,851,205	\$16,361,331	\$15,481,028
Licenses and permits	463,094	556,207	510,271	360,450	427,092
Intergovernmental	12,259,536	12,271,768	12,083,601	12,070,127	12,664,312
Local sources	4,885,206	5,086,436	5,225,845	4,999,529	4,811,011
Interest earned	42,491	34,769	34,273	11,999	23,010
<b>TOTAL REVENUES</b>	<b>35,935,420</b>	<b>35,817,089</b>	<b>35,705,590</b>	<b>33,803,436</b>	<b>33,406,453</b>
<b>EXPENDITURES</b>					
Current:					
Administration	1,801,221	1,822,085	1,853,281	1,738,949	1,758,726
Protection	4,450,571	4,447,981	4,361,052	4,335,989	4,203,418
Public services	180,909	193,369	211,968	166,141	297,092
Public works	2,039,537	2,147,714	2,163,482	2,117,653	2,048,852
Unclassified	2,874,745	2,752,816	2,827,175	2,705,159	2,748,029
Education	20,178,421	19,529,611	19,773,257	19,167,867	18,401,626
Debt service	2,103,693	2,193,477	2,144,918	2,126,083	12,828,854
Assessments	903,844	1,039,021	931,073	1,096,333	870,461
MainePERS	1,160,381	1,374,688	1,389,880	1,465,789	1,468,991
Capital outlay	-	-	173,845	-	-
<b>TOTAL EXPENDITURES</b>	<b>35,693,322</b>	<b>35,500,762</b>	<b>35,829,931</b>	<b>34,919,963</b>	<b>44,626,049</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>242,098</b>	<b>316,327</b>	<b>(124,736)</b>	<b>(1,116,527)</b>	<b>(11,219,596)</b>
<b>OTHER FINANCING SOURCES:</b>					
Bond or lease proceeds	-	-	173,845	-	10,764,162
Reserves and carry forwards	-	-	-	6,000	4,861
Operating transfers in	188,320	262,036	381,109	361,340	421,723
Operating transfers out	(163,917)	(55,000)	(65,000)	(312,680)	(22,000)
<b>TOTAL OTHER FINANCING SOURCES (USES):</b>	<b>24,403</b>	<b>207,036</b>	<b>489,954</b>	<b>54,660</b>	<b>11,091,032</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>266,501</b>	<b>523,363</b>	<b>365,218</b>	<b>(1,061,867)</b>	<b>(128,564)</b>
<b>BEGINNING FUND BALANCE</b>	<b>\$5,663,814</b>	<b>\$5,140,451</b>	<b>\$4,775,233</b>	<b>\$5,837,100</b>	<b>\$5,965,664</b>
<b>ENDING FUND BALANCE</b>	<b>\$5,930,315</b>	<b>\$5,663,814</b>	<b>\$5,140,451</b>	<b>\$4,775,233</b>	<b>\$5,837,100</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.

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 FY2016 Brewer received reimbursement at the enhanced rate of 52.79%. 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><u>June 30,</u></b>	<b><u>Not in TIF</u></b>		<b><u>In TIF Districts</u></b>
2016		\$2,910,200	\$8,663,500	\$11,573,700
2015		2,817,200	4,231,500	7,048,700
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 2016:

Name	Nature of Business	Fiscal 2016 Assessed Valuation	% of Total Assessed Valuation
Maritime & Northeast Pipe LLC	Utility	\$ 46,526,400	6.07%
Fransway Realty LLC	Real Estate	20,224,300	2.64%
Walmart	Retail	16,899,800	2.21%
Lowe's Home Centers Inc	Retail	14,655,600	1.91%
Emera Maine	Utility	13,708,800	1.79%
EODSR LLC/Darling Edward	Auto Dealer	8,877,000	1.16%
Machias Savings Bank	Financial	8,262,800	1.08%
Somic America Inc	Manufacturer	8,015,400	1.05%
Penobscot River Holdings LLC	Manufacturer	6,965,200	0.91%
Woodlands LLC	Health Care	5,373,700	0.70%
Total		<u>\$149,509,000</u>	<u>19.52%</u>

### 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>
2016	\$730,346,030	\$31,516,100	\$761,862,130	\$21.52	\$16,395	\$1,729
2015	732,470,870	33,497,600	765,968,470	20.92	16,024	1,690
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

<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 six fiscal years.

Fiscal Year	Gross Tax Levy (000)	Collected Year End Levy (000)	% of Tax Levy	Collected as of 6/30/16 (000)	% of Tax Levy
2016	\$16,395	\$16,093	98.16%	\$16,093	98.16%
2015	16,024	15,651	97.67	15,863	99.00
2014	16,163	15,817	97.86	16,129	99.79
2013	14,805	14,452	97.62	14,782	99.84
2012	13,880	13,552	97.64	13,862	99.87
2011	13,975	13,609	97.38	13,962	99.91

## 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 exceed 5% of the municipality’s total value of taxable property. Excluded from this limit as applicable to TIF districts is any district involving project costs in excess of \$10,000,000, the geographic area of which consists entirely of contiguous property owned by a single taxpayer with an assessed value in excess of 10% of the municipality’s total assessed value. In addition, the foregoing limitations do not apply to approved downtown TIF districts, TIF districts included within Pine Tree Development Zones or TIF districts that consist solely of one or more community wind power generation facilities owned by a community wind power generator that has been certified by the Public Utilities Commission pursuant to Title 35-A, section, 3403, subsection 3 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 FY2016, the City had eight designated tax increment financing districts with \$77,392,100 in captured assessed value. This includes one affordable development housing district. 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 seven 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>
2016	\$688,294	\$9,995,165	\$14,455	\$44,354	\$207,345	\$10,949,613
2015	606,194	9,875,277	11,453	34,398	207,912	10,735,234
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

## 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 7½% of its last full state valuation, or any lower percentage or amount that a municipality may set. A municipality may incur debt for school purposes to an amount outstanding at any time not exceeding 10% of its last full state valuation, or any lower percentage or

amount that a municipality may set, for storm and sewer purposes to an amount outstanding at any time not exceeding 7½% of its last full state valuation, or any lower percentage or amount that a municipality may set, and for municipal airport and special district purposes to an amount outstanding at any time not exceeding 3% of its last full state valuation, or any lower percentage or amount that a municipality may set; provided, however, that in no event shall any municipality incur debt which would cause its total debt outstanding at any time to exceed 15% of its last full state valuation, or any lower percentage or amount that a municipality may set.”

Title 30-A, Section 5703 of the Maine Revised Statutes, as amended, provides that the limitations on municipal debt contained in Section 5702 do not apply “... to any funds received in trust by any municipality, any loan which has been funded or refunded, notes issued in anticipation of federal or state aid or revenue sharing money, tax anticipation loans, notes maturing in the current municipal year, indebtedness of entities other than municipalities, indebtedness of any municipality to the Maine School Building Authority, debt issued under Chapter 235 and Title 10, chapter 110, subchapter IV, obligations payable from revenues of the current municipal year or from other revenues previously appropriated by or committed to the municipality, and the state reimbursable portion of school debt.”

The City’s 2016 equalized state valuation (“equalized State Valuation”) is \$721,350,000. The 15% debt limit is \$108,202,500. As of June 30, 2016, the City’s long-term debt outstanding was \$37,081,743, or 5.14% of the equalized State Valuation.

### 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
2016	\$37,081,742	\$721,350,000	\$3,911	5.14%	2.38%
2015	38,790,111	707,400,000	4,091	5.48	2.51
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.

### Debt Service Component of Operating Expenses

	2013	2014	2015	2016	Budgeted 2017
Gross Current Debt Service:	\$4,163,869	4,011,714	4,129,500	4,021,957	4,122,790
(less Self Support Enterprise):	<u>(2,037,786)</u>	<u>(1,866,796)</u>	<u>(1,936,023)</u>	<u>(1,918,264)</u>	<u>(1,898,583)</u>
Tax Backed Current Debt Svc:	2,126,083	2,144,918	2,193,477	2,103,693	2,224,207
Operating Expense:	\$33,466,363	\$33,799,617	\$34,088,000	\$34,426,000	\$34,622,660
Debt Service as % Oper. Exp:	6.35%	6.35%	6.43%	6.11%	6.42%

### 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
2016	\$37,081,743	\$721,350	\$761,862	5.1%	\$3,911
2015	38,790,111	707,400	765,968	5.5	4,091
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

### 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 November 2015, the City Council authorized the borrowing of up to \$1,500,000 from USDA Rural Development to finance improvements to the City’s water pollution control facilities, various sewer system repairs and acquisition of a replacement flusher truck. In July 2016, the City Council authorized the issuance of up to \$2,125,000 in general obligation bonds to finance planned capital improvements approved as part of the FY2017 budget process. The \$2.125m bond was issued in November 2016. The \$1.5m loan is expected to close late summer 2017.