

**CITY OF BREWER, MAINE**

**Annual Financial Report**

**For the Year Ended June 30, 2019**

**CITY OF BREWER, MAINE**  
**Annual Financial Report**  
**For the Year Ended June 30, 2019**

---

**Table of Contents**

	<u>Statement</u>	<u>Page</u>
<b>FINANCIAL SECTION</b>		
Independent Auditor's Report		1 - 3
Management's Discussion and Analysis		4 - 10
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	13
Statement of Activities	2	14
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	4	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5	17
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund (Budgetary Basis)	6	18
Statement of Net Position - Proprietary Funds	7	19
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	8	20
Statement of Cash Flows - Proprietary Funds	9	21
Statement of Fiduciary Net Position - Fiduciary Funds	10	22
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	11	23
Notes to Basic Financial Statements		24-58
Required Supplementary Information		59-66
Combining and Individual Fund Financial Statements and Schedule:		
General Fund:		
Comparative Balance Sheets	<u>Exhibit</u> A-1	69
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)	A-2	70-72

**CITY OF BREWER, MAINE**  
**Annual Financial Report**  
**For the Year Ended June 30, 2019**

---

**Table of Contents**

	<u>Exhibit</u>	<u>Page</u>
<b>FINANCIAL SECTION, CONTINUED</b>		
All Other Governmental Funds:		
Combining Balance Sheet	B-1	75
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	B-2	76
Nonmajor Special Revenue Funds:		
Combining Balance Sheet	C-1	79-82
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	C-2	83-86
City Small Grants and Programs - Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	87
School Department Grants Fund - Statement of Revenues, Expenditures, and Changes in Fund Balances	C-4	88
Nonmajor Capital Project Funds:		
Combining Balance Sheet	D-1	91
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	D-2	92
Capital Improvement Program - Combining Schedule of Changes in Fund Balances	D-3	93-94
Impact Fee Projects - Combining Schedule of Changes in Fund Balances	D-4	95
Nonmajor Permanent Funds:		
Combining Balance Sheet	E-1	99
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	E-2	100
Agency Funds:		
Statement of Additions, Deductions, and Changes in Balances	F	103
Schedule:		
Brewer School Department - General Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Budgetary Basis	1	107
Operating Data Section:		
Operating Data		111-130

## 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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brewer, Maine as of June 30, 2019, 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, and schedules related to the pension and OPEB liabilities, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of 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 23, 2019 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Brewer, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Brewer, Maine's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Rungun Kursten Ouellette". The signature is written in a cursive, flowing style.

December 23, 2019  
South Portland, Maine

**CITY OF BREWER, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2019**

---

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, 2019.

### **Financial Highlights**

- ❖ The assets and deferred outflows of resources of the City of Brewer exceeded liabilities and deferred inflows of resources by **\$39,819,573** (net position). Of this amount, a deficit of **(\$7,708,473)** was reported as unrestricted net position. The City's total net position increased by **\$3,471,589** from the prior year. Net position of Governmental Activities increased by **\$2,993,990** while Business-type Activities increased by **\$477,599**.
- ❖ At the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of **\$9,829,165**, which was a decrease of **(\$1,371,478)** from the prior fiscal year. This decrease was comprised of an **\$186,506** increase in the City's general fund, a **(\$1,524,098)** decrease in the City's major capital projects fund and **(\$33,886)** decrease in the other governmental funds.
- ❖ The City's general fund reports an unassigned fund balance of **\$4,734,577** and total fund balance of **\$6,334,842**, an increase of **\$186,506**. The City's unassigned fund balance is currently at **12.28%** of budgeted expenditures and **12.75%** of general fund expenditures (see statement 6).
- ❖ The City of Brewer authorized bond funding, which was not issued until October 2019, approving an additional **\$500,000** in long-term debt in the capital projects fund. However, the City retired **\$2,926,860** in old bonds.

### **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).

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*).

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

---

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, and are denoted in the top right corner as Statement 1 and Statement 2.

### **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 **36** 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 **34** 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 are found starting on page **15** of this report, denoted as Statement 3.

**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 and Sewer Departments.

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 are found starting on page **19** of this report, denoted as Statement 7.



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

---

**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 are found starting on pages **22** of this report, denoted as Statement 10.

**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 **24-58** 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 **69-107** 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 **\$17,811,014**. Business-type activity assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by **\$22,008,559** for a City-wide total of net position of **\$39,819,573** 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 **112.18%** 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, **7.18%**, 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 **(19.36%)** as far as being able to meet ongoing obligations. This was mostly a result of implementation of GASBs #68 and #75, 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	
	2019	2018	2019	2018	2019	2018
<b>ASSETS</b>						
Current and other assets	\$ 14,022,624	15,423,014	(1,884,541)	(1,313,177)	12,138,083	14,109,837
Capital assets	35,800,691	34,655,318	43,345,029	43,575,280	79,145,720	78,230,598
<b>Total assets</b>	<b>49,823,315</b>	<b>50,078,332</b>	<b>41,460,488</b>	<b>42,262,103</b>	<b>91,283,803</b>	<b>92,340,435</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Related to pensions and OPEB	1,906,305	1,465,561	219,002	200,891	2,125,307	1,666,452
<b>Total deferred outflows</b>	<b>1,906,305</b>	<b>1,465,561</b>	<b>219,002</b>	<b>200,891</b>	<b>2,125,307</b>	<b>1,666,452</b>
<b>LIABILITIES</b>						
Long-term liabilities	26,983,753	25,209,892	17,226,918	18,558,796	44,210,671	43,768,688
Other liabilities	5,877,771	5,825,205	2,300,059	2,307,864	8,177,830	8,133,069
<b>Total liabilities</b>	<b>32,861,524</b>	<b>31,035,097</b>	<b>19,526,977</b>	<b>20,866,660</b>	<b>52,388,501</b>	<b>51,901,757</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Related to pensions and OPEB	1,057,082	423,028	143,954	65,374	1,201,036	488,402
<b>Total deferred inflows</b>	<b>1,057,082</b>	<b>423,028</b>	<b>143,954</b>	<b>65,374</b>	<b>1,201,036</b>	<b>488,402</b>
<b>NET POSITION</b>						
Net investment in capital assets	19,332,445	16,771,746	25,878,004	24,886,984	44,668,824 *	41,058,730 *
Restricted	2,859,222	3,029,214	-	-	2,859,222	3,029,214
Unrestricted (deficit)	(4,380,653)	284,808	(3,869,445)	(3,356,024)	(7,708,473) *	(2,471,216) *
<b>Total net position</b>	<b>\$ 17,811,014</b>	<b>20,085,768</b>	<b>22,008,559</b>	<b>21,530,960</b>	<b>39,819,573</b>	<b>41,616,728</b>

\* These amounts do not cross-foot due to the 2019 amount of \$541,625 and 2018 amount of \$600,000 pertaining to 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. These amounts are not considered capital related in the governmental activities' column, but are 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**

	<b>Governmental</b>		<b>Business-type</b>		<b>Primary Government</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Total</b>	
	2019	2018	2019	2018	2019	2018
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 4,731,867	\$ 4,852,289	5,221,765	5,243,513	9,953,632	10,095,802
Operating grants and cont.	14,172,537	14,809,499	-	-	14,172,537	14,809,499
Capital grants and cont.	221,145	-	633,386	264,932	854,531	264,932
General revenues:						
Property taxes	17,014,172	16,922,057	-	-	17,014,172	16,922,057
Excise taxes	2,001,103	1,972,803	-	-	2,001,103	1,972,803
Interest and costs on taxes	91,386	90,484	-	-	91,386	90,484
Franchise fees	124,566	114,680	-	-	124,566	114,680
State Revenue Sharing	698,879	673,342	-	-	698,879	673,342
Homestead exemption	533,531	421,425	-	-	533,531	421,425
Other govt. revenues	150,119	110,753	-	-	150,119	110,753
Unrestricted invstmt. earnings	168,624	38,717	-	7,568	168,624	46,285
Miscellaneous revenues	10,879	2,796	1,161	-	12,040	2,796
Transfers	169,893	185,664	(169,893)	(185,664)	-	-
<b>Total revenues and transfers</b>	<b>40,088,701</b>	<b>40,194,509</b>	<b>5,686,419</b>	<b>5,330,349</b>	<b>45,775,120</b>	<b>45,524,858</b>
<b>Expenses:</b>						
Administration	1,086,121	2,317,709	-	-	1,086,121	2,317,709
Protection	4,236,090	5,090,731	-	-	4,236,090	5,090,731
Public services	232,177	437,236	-	-	232,177	437,236
Public works	3,689,058	2,518,774	-	-	3,689,058	2,518,774
Education	24,754,971	23,927,458	-	-	24,754,971	23,927,458
Unclassified	1,461,005	2,710,918	-	-	1,461,005	2,710,918
Assessments	1,119,252	1,015,313	-	-	1,119,252	1,015,313
Capital outlay	-	1,240,223	-	-	-	1,240,223
Interest on debt	516,037	494,722	-	-	516,037	494,722
Water	-	-	2,447,408	2,429,941	2,447,408	2,429,941
Sewer	-	-	2,761,412	2,750,824	2,761,412	2,750,824
<b>Total expenses</b>	<b>37,094,711</b>	<b>39,753,084</b>	<b>5,208,820</b>	<b>5,180,765</b>	<b>42,303,531</b>	<b>44,933,849</b>
Change in net position	2,993,990	441,425	477,599	149,584	3,471,589	591,009
Net position, prior year - as restated	14,817,024	14,375,599	21,530,960	21,381,376	36,347,984	35,756,975
<b>Net position, current year</b>	<b>\$ 17,811,014</b>	<b>\$ 14,817,024</b>	<b>22,008,559</b>	<b>21,530,960</b>	<b>39,819,573</b>	<b>36,347,984</b>

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

---

**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's governmental funds reported combined ending fund balances at June 30, 2019 of **\$9,829,165**, a decrease of **(\$1,371,478)** in comparison with the prior year. Just under **46.03%** of this total amount, **\$4,266,644** constitutes unassigned fund balance, which is available for spending at the government's discretion. The balances reflect compliance with G.A.A.P. accounting rules for the accrued teacher summer salaries. The remainder of the fund balance, **\$5,562,521**, is not available for new spending because it has already been restricted to use for: 1) various capital and other governmental purposes **\$2,378,464**, and education **\$127,277**; 2) nonexpendable principal in investments, prepaid amounts and inventory, **\$585,245**; or 3) committed or assigned to specific uses **\$2,471,535**.

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 **\$6,334,842**. After adjusting for non-spendable amounts **\$231,764**, the amount that is restricted for education use **\$127,277** and items assigned to specific use **\$1,241,224** (of which **\$450,000** is from fund balance), plus the FY19 carryforward encumbrance to FY20 of **\$112,161** and **\$679,063** is for accrued compensated absences, there is a net unassigned balance of **\$4,734,577** 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 **12.21%** of the total general fund expenditures; total fund balance represents **16.34%** of total general fund expenditures (see statement 4).

The fund balance of the City of Brewer's General Fund increased by **\$186,506** during the current fiscal year. While revenues came in **\$798,848** higher than budgeted and expenditures were **\$1,452,266** lower than budgeted, these were partially offset by the City's **\$1,975,722** 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 **\$423,811** to **\$13,804,701**. The operating income was higher by **\$606,813** while net nonoperating expenses reduced income by **\$76,542**, which was reduced further by a transfer to the City General Fund of **\$106,460**. Net position of the City's Sewer Fund increased by **\$53,788** to **\$8,203,858**. The Sewer Fund experienced operating loss of **\$1,748**, which was reduced by nonoperating income of **\$118,969** and further reduced by a net transfer out of **\$63,433**. Of the total net position, the amount classified as net investment in capital assets was **\$11,418,489** and **\$14,459,515** for the Water and Sewer Funds, respectively. Unrestricted net position was **\$2,386,212** for the Water Fund and **(\$6,255,657)** for the Sewer Fund.

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

---

**General Fund Budgetary Highlights**

The City of Brewer had a **\$198,478** difference between the original and amended expenditures in the FY 2019 budget. The changes are as follows:

Administration	\$ 53,856
Protection	41,714
Public Services	38,846
Public Works	88,235
Unclassified	9,195
Assessments	87,032
Debt Service – Principal	<u>(120,400)</u>
<b>Total</b>	<b><u>\$198,478</u></b>

These changes in appropriations were authorized by the Brewer City Council and appropriated from prior year carryforward balances of **\$182,108**, a net transfer increase of **(\$120,400)**, an increase in use of fund balance of **\$111,046**, and an increase in budgeted revenues of **\$25,724**. Categories increased/(decreased) for budgeted revenues included: taxes of **\$13,542**; licenses and permits of **\$650**; and local sources of **\$11,532**. 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, 2019 amount to **\$72,114,262**, net of accumulated depreciation of **\$36,313,571**, leaving a net book value of **\$35,800,691**. This is an increase of **\$1,145,373**, including **\$3,780,636** in new additions, **(\$133,351)** net loss on disposal and **(\$2,501,912)** 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, 2019 amounts to **\$70,996,381**, net of accumulated depreciation of **\$27,651,352**, leaving a net book value of **\$43,345,029**. This is a decrease of **(\$230,251)**, including **\$943,193** in new additions, **(\$8,165)** in net loss on disposals, and **(\$1,165,279)** 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 **\$33,482,676**. Of this amount, **\$16,819,042** is for governmental activities and **\$16,663,634** is for business-type activities. All debt is backed by the full faith and credit of the City.

The City of Brewer has authorized, but not yet issued **\$6,200,000** in new long-term debt during the current fiscal year (FY2019) for various capital improvements and retired **\$2,926,860** in old bonds. Of the total authorized and unissued debt, **\$500,000** will be issued as municipal bonds, and **\$5,700,000**, for sewer system improvements, will be issued in two increments, **\$1,500,000** (authorized in 2016) and **\$4,200,000** (authorized in 2017) through the US Department of Agriculture, Rural Development (USDA) office, as long term loans.

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 **\$109,905,000** and **\$54,952,500** 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, 2019**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,018,995	550	8,019,545
Investments	1,130,809	-	1,130,809
Receivables:			
Taxes	75,047	-	75,047
Tax and sewer liens	553,555	33,452	587,007
Other receivables	602,603	846,075	1,448,678
Due from other governments	167,319	-	167,319
Prepaid expenses	231,764	-	231,764
Inventory	28,928	40,558	69,486
Other assets	-	408,428	408,428
Internal balances	3,213,604	(3,213,604)	-
Capital assets, not being depreciated	2,389,227	3,299,716	5,688,943
Capital assets, net	33,411,464	40,045,313	73,456,777
Total assets	49,823,315	41,460,488	91,283,803
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	1,707,040	215,867	1,922,907
Deferred outflows of resources related to OPEB	199,265	3,135	202,400
Total deferred outflows of resources	1,906,305	219,002	2,125,307
<b>LIABILITIES</b>			
Accounts payable	928,461	379,625	1,308,086
Accrued payroll and related liabilities	2,641,507	227,615	2,869,122
Accrued interest payable	105,076	159,042	264,118
Taxes collected in advance	68,233	-	68,233
Unearned revenue	17,989	456,593	474,582
Noncurrent liabilities:			
Due within one year	2,116,505	1,077,184	3,193,689
Due in more than one year	26,983,753	17,226,918	44,210,671
Total liabilities	32,861,524	19,526,977	52,388,501
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	789,807	134,696	924,503
Deferred inflows of resources related to OPEB	267,275	9,258	276,533
Total deferred inflows of resources	1,057,082	143,954	1,201,036
<b>NET POSITION</b>			
Net investment in capital assets	19,332,445	25,878,004	44,668,824
Restricted:			
Education	127,277	-	127,277
Grants and other programs	1,103,538	-	1,103,538
Capital projects	1,285,737	-	1,285,737
Permanent funds:			
Nonexpendable	324,553	-	324,553
Expendable	18,117	-	18,117
Unrestricted	(4,380,653)	(3,869,445)	(7,708,473)
<b>Total net position</b>	<b>\$ 17,811,014</b>	<b>22,008,559</b>	<b>39,819,573</b>

*See accompanying notes to basic financial statements.*

CITY OF BREWER, MAINE  
Statement of Activities  
For the year ended June 30, 2019

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	\$ 1,086,121	54,053	-	-	(1,032,068)	-	(1,032,068)
Protection	4,236,090	314,312	67,648	120,000	(3,734,130)	-	(3,734,130)
Public services	232,177	-	6,193	-	(225,984)	-	(225,984)
Public works	3,689,058	320,741	214,150	101,145	(3,053,022)	-	(3,053,022)
Unclassified	1,461,005	869,670	-	-	(591,335)	-	(591,335)
Education	23,254,957	3,172,576	12,384,532	-	(7,697,849)	-	(7,697,849)
State retirement contribution (Education)	1,500,014	-	1,500,014	-	-	-	-
Interest on debt	516,037	515	-	-	(515,522)	-	(515,522)
Assessments	1,119,252	-	-	-	(1,119,252)	-	(1,119,252)
Total governmental activities	37,094,711	4,731,867	14,172,537	221,145	(17,969,162)	-	(17,969,162)
Business-type activities:							
Water	2,447,408	2,644,291	-	333,388	-	530,271	530,271
Sewer	2,761,412	2,577,474	-	299,998	-	116,060	116,060
Total business-type activities	5,208,820	5,221,765	-	633,386	-	646,331	646,331
<b>Total primary government</b>	<b>\$ 42,303,531</b>	<b>9,953,632</b>	<b>14,172,537</b>	<b>854,531</b>	<b>(17,969,162)</b>	<b>646,331</b>	<b>(17,322,831)</b>
General revenues:							
Property taxes					\$ 17,014,172	-	17,014,172
Excise taxes					2,001,103	-	2,001,103
Interest and costs on taxes					91,386	-	91,386
Franchise fees					124,566	-	124,566
Grants and contributions not restricted to specific programs:							
State Revenue Sharing					698,879	-	698,879
Homestead exemption					533,531	-	533,531
Other intergovernmental revenues					150,119	-	150,119
Unrestricted investment earnings					168,624	-	168,624
Miscellaneous revenues					10,879	1,161	12,040
Transfers					169,893	(169,893)	-
Total general revenues and transfers					20,963,152	(168,732)	20,794,420
Change in net position					2,993,990	477,599	3,471,589
Net position - beginning, as restated					14,817,024	21,530,960	36,347,984
<b>Net position - ending</b>					<b>\$ 17,811,014</b>	<b>22,008,559</b>	<b>39,819,573</b>

*See accompanying notes to basic financial statements.*



**CITY OF BREWER, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	General	Other Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,519,309	421,154	78,532	8,018,995
Investments	767,484	-	363,325	1,130,809
Receivables:				
Taxes	75,047	-	-	75,047
Tax liens	553,555	-	-	553,555
Other receivables	529,979	44,368	28,256	602,603
Due from other governments	-	-	167,319	167,319
Prepaid expenditures	231,764	-	-	231,764
Interfund loans receivable	477,248	1,601,937	1,260,651	3,339,836
Inventory	-	-	28,928	28,928
<b>Total assets</b>	<b>\$ 10,154,386</b>	<b>2,067,459</b>	<b>1,927,011</b>	<b>14,148,856</b>
<b>LIABILITIES</b>				
Accounts payable	564,857	23,925	326,861	915,643
Accrued payroll and related liabilities	2,641,507	-	-	2,641,507
Taxes collected in advance	68,233	-	-	68,233
Unearned revenue	7,678	-	10,311	17,989
Interfund loans payable	-	-	139,050	139,050
<b>Total liabilities</b>	<b>3,282,275</b>	<b>23,925</b>	<b>476,222</b>	<b>3,782,422</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	537,269	-	-	537,269
<b>Total deferred inflows of resources</b>	<b>537,269</b>	<b>-</b>	<b>-</b>	<b>537,269</b>
<b>FUND BALANCES</b>				
Nonspendable	231,764	-	353,481	585,245
Restricted	127,277	1,192,755	1,185,709	2,505,741
Committed	-	1,186,671	43,640	1,230,311
Assigned	1,241,224	-	-	1,241,224
Unassigned	4,734,577	(335,892)	(132,041)	4,266,644
<b>Total fund balances</b>	<b>6,334,842</b>	<b>2,043,534</b>	<b>1,450,789</b>	<b>9,829,165</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 10,154,386</b>	<b>2,067,459</b>	<b>1,927,011</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.				35,800,691
Other long-term assets are not available to pay for current period expenditures and therefore, are unavailable in the funds.				537,269
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.				
Bonds and notes				(16,819,042)
Premium on bonds				(487,741)
Capital leases				(124,242)
Accrued compensated absences				(1,028,551)
Net pension liability, including related deferred inflows and outflows of resources				(2,411,059)
Landfill closure and postclosure				(670,363)
Other postemployment benefits liability, including related deferred inflows and outflows of resources				(6,710,037)
Accrued interest payable				(105,076)
<b>Net position of governmental activities</b>				<b>\$ 17,811,014</b>

*See accompanying notes to basic financial statements.*

**CITY OF BREWER, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2019**

	General	Other Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 18,980,802	-	-	18,980,802
Licenses and permits	238,711	-	-	238,711
Intergovernmental	14,074,122	-	1,393,888	15,468,010
Local sources	4,029,792	483,180	344,316	4,857,288
Unclassified	-	-	79,514	79,514
Investment earnings	153,597	-	15,027	168,624
<b>Total revenues</b>	<b>37,477,024</b>	<b>483,180</b>	<b>1,832,745</b>	<b>39,792,949</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Administration	1,976,049	-	-	1,976,049
Protection	4,657,825	-	64,228	4,722,053
Public services	232,021	-	156	232,177
Public works	2,266,676	-	-	2,266,676
Unclassified	1,512,741	-	79,854	1,592,595
Education	21,696,041	-	1,648,732	23,344,773
Assessments	1,119,252	-	-	1,119,252
State retirement contribution	1,500,014	-	-	1,500,014
<b>Debt service:</b>				
Principal	1,756,118	-	-	1,756,118
Interest	553,819	-	-	553,819
Capital outlay	-	2,264,755	6,039	2,270,794
<b>Total expenditures</b>	<b>37,270,556</b>	<b>2,264,755</b>	<b>1,799,009</b>	<b>41,334,320</b>
Excess (deficiency) of revenues over (under) expenditures	206,468	(1,781,575)	33,736	(1,541,371)
<b>Other financing sources (uses):</b>				
Transfers from other funds	1,476,349	257,477	1,200	1,735,026
Transfers to other funds	(1,496,311)	-	(68,822)	(1,565,133)
<b>Total other financing sources (uses)</b>	<b>(19,962)</b>	<b>257,477</b>	<b>(67,622)</b>	<b>169,893</b>
<b>Net change in fund balances</b>	<b>186,506</b>	<b>(1,524,098)</b>	<b>(33,886)</b>	<b>(1,371,478)</b>
Fund balances, beginning of year	6,148,336	3,567,632	1,484,675	11,200,643
<b>Fund balances, end of year</b>	<b>\$ 6,334,842</b>	<b>2,043,534</b>	<b>1,450,789</b>	<b>9,829,165</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, 2019**

Net change in fund balances - total governmental funds (from Statement 4)	\$	(1,371,478)
<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 (\$3,780,636) exceeded depreciation expense (\$2,501,912) and loss on disposal (\$133,351).</p>		
		1,145,373
<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>		
		125,859
<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 change in other postemployment benefits with related deferred inflows and outflows (\$52,477), accrued compensated absences (-\$71,496), accrued interest (-\$9,091) and net pension liability with related deferred inflows and outflows (-\$1,166,049).</p>		
		1,194,159
<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, notes 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 of principal payments.</p>		
		1,871,386
<hr/>		
<b>Change in net position of governmental activities (see Statement 2)</b>	<b>\$</b>	<b>2,993,990</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, 2019**

	General Fund			Variance with final budget positive (negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Taxes	\$ 18,715,440	18,728,982	18,980,802	251,820
Licenses and permits	242,415	243,065	238,711	(4,354)
Intergovernmental	12,509,094	12,509,094	12,574,108	65,014
Local sources	3,635,814	3,647,346	4,029,792	382,446
Interest earned	45,000	45,000	153,597	108,597
Total revenues	35,147,763	35,173,487	35,977,010	803,523
<b>Expenditures:</b>				
Current:				
Administration	2,043,732	2,097,588	1,976,049	121,539
Protection	4,822,241	4,863,955	4,657,825	206,130
Public services	259,520	298,366	232,021	66,345
Public works	2,369,531	2,457,766	2,266,676	191,090
Unclassified	1,509,690	1,518,885	1,512,741	6,144
Education	22,407,353	22,407,353	21,555,539	851,814
Assessments	1,033,766	1,120,798	1,119,252	1,546
Debt service:				
Principal	1,885,583	1,765,183	1,756,118	9,065
Interest	552,412	552,412	553,819	(1,407)
Total expenditures	36,883,828	37,082,306	35,630,040	1,452,266
Excess (deficiency) of revenues over (under) expenditures	(1,736,065)	(1,908,819)	346,970	2,255,789
<b>Other financing sources (uses):</b>				
Use of fund balance	1,652,568	1,763,614	-	(1,763,614)
Reserves and carryforwards	30,000	212,108	-	(212,108)
Transfers from other funds	1,427,197	1,427,197	1,476,349	49,152
Transfers to other funds	(1,373,700)	(1,494,100)	(1,496,311)	(2,211)
Total other financing sources (uses)	1,736,065	1,908,819	(19,962)	(1,928,781)
Net change in fund balances - budgetary basis	-	-	327,008	327,008
<b>Reconciliation to GAAP:</b>				
Change in accrued summer salaries and benefits			(140,502)	
Total reconciling items to GAAP			(140,502)	
Net change in fund balances - GAAP basis			186,506	
Fund balances, beginning of year			6,148,336	
<b>Fund balances, end of year</b>	<b>\$</b>		<b>6,334,842</b>	

*See accompanying notes to basic financial statements.*

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

<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	126,171	719,904	846,075
Liens receivable	550	32,902	33,452
Interfund loans receivable	2,749,815	-	2,749,815
Inventory	40,558	-	40,558
Other assets	408,428	-	408,428
<b>Total current assets</b>	<b>3,326,022</b>	<b>752,856</b>	<b>4,078,878</b>
Noncurrent assets:			
Capital assets not being depreciated:			
Land and land rights	2,882,525	53,900	2,936,425
Organizational costs	121,750	-	121,750
Construction in progress	16,469	225,072	241,541
<b>Total capital assets not being depreciated</b>	<b>3,020,744</b>	<b>278,972</b>	<b>3,299,716</b>
Capital assets being depreciated:			
Capital assets	31,088,983	36,607,682	67,696,665
Accumulated depreciation	(11,442,025)	(16,209,327)	(27,651,352)
<b>Total capital assets being depreciated</b>	<b>19,646,958</b>	<b>20,398,355</b>	<b>40,045,313</b>
<b>Total noncurrent assets</b>	<b>22,667,702</b>	<b>20,677,327</b>	<b>43,345,029</b>
<b>Total assets</b>	<b>25,993,724</b>	<b>21,430,183</b>	<b>47,423,907</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	100,738	115,129	215,867
Deferred outflows of resources related to OPEB	1,208	1,927	3,135
<b>Total deferred outflows of resources</b>	<b>101,946</b>	<b>117,056</b>	<b>219,002</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	29,482	350,143	379,625
Accrued payroll and related benefits	103,955	123,660	227,615
Accrued interest payable	101,206	57,836	159,042
Unearned revenue	374,207	82,386	456,593
Interfund loans payable	-	5,963,419	5,963,419
Noncurrent liabilities, due in one year	535,874	541,310	1,077,184
<b>Total current liabilities</b>	<b>1,144,724</b>	<b>7,118,754</b>	<b>8,263,478</b>
Long-term liabilities:			
Noncurrent liabilities, due in more than one year	11,079,820	6,147,098	17,226,918
<b>Total long-term liabilities</b>	<b>11,079,820</b>	<b>6,147,098</b>	<b>17,226,918</b>
<b>Total liabilities</b>	<b>12,224,544</b>	<b>13,265,852</b>	<b>25,490,396</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	62,858	71,838	134,696
Deferred inflows of resources related to OPEB	3,567	5,691	9,258
<b>Total deferred inflows of resources</b>	<b>66,425</b>	<b>77,529</b>	<b>143,954</b>
<b>NET POSITION</b>			
Net investment in capital assets	11,418,489	14,459,515	25,878,004
Unrestricted	2,386,212	(6,255,657)	(3,869,445)
<b>Total net position</b>	<b>\$ 13,804,701</b>	<b>8,203,858</b>	<b>22,008,559</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, 2019**

<b>Business-type Activities - Enterprise Funds</b>			
	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
	<b>Department</b>	<b>Department</b>	
Operating revenues:			
Charges for services	\$ 2,543,252	2,237,679	4,780,931
Other	101,039	339,795	440,834
Total operating revenues	2,644,291	2,577,474	5,221,765
Operating expenses:			
Operation - salaries and benefits	469,713	598,566	1,068,279
Operation - other	372,552	1,045,018	1,417,570
Administrative expenses - salaries and benefits	200,423	181,105	381,528
Administrative expenses - other	429,990	156,556	586,546
Depreciation and amortization	564,800	597,977	1,162,777
Total operating expenses	2,037,478	2,579,222	4,616,700
Operating income (loss)	606,813	(1,748)	605,065
Nonoperating revenues (expenses):			
Other revenues	-	1,161	1,161
Capital grants and contributions	333,388	299,998	633,386
Interest on debt service	(418,095)	(182,190)	(600,285)
Gain on disposal of capital assets	8,165	-	8,165
Total nonoperating expenses	(76,542)	118,969	42,427
Net income (loss) before transfers	530,271	117,221	647,492
Transfers:			
Transfers in	-	24,488	24,488
Transfers to General Fund - administration	(106,460)	(87,921)	(194,381)
Total transfers	(106,460)	(63,433)	(169,893)
Change in net position	423,811	53,788	477,599
Net position, beginning of year	13,380,890	8,150,070	21,530,960
<b>Net position, end of year</b>	<b>\$ 13,804,701</b>	<b>8,203,858</b>	<b>22,008,559</b>

*See accompanying notes to basic financial statements.*

**CITY OF BREWER, MAINE**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2019**

<b>Business-type Activities - Enterprise Funds</b>			
	<b>Water Department</b>	<b>Sewer Department</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>			
Receipts from customers and users	\$ 2,634,313	2,514,262	5,148,575
Payments to suppliers	(824,959)	(1,276,056)	(2,101,015)
Payments to employees	(754,438)	(862,936)	(1,617,374)
Net cash provided by (used in) operating activities	1,054,916	375,270	1,430,186
<b>Cash flows from non-capital financing activities:</b>			
Transfers (to) from other funds	(331,101)	987,200	656,099
Net cash provided by (used in) non-capital financing activities	(331,101)	987,200	656,099
<b>Cash flows from capital and related financing activities:</b>			
Purchase of capital assets	(70,151)	(873,042)	(943,193)
Capital grants and contributions	333,388	299,998	633,386
Principal payments on bonds	(566,095)	(604,647)	(1,170,742)
Interest payments	(420,957)	(184,779)	(605,736)
Net cash provided by (used in) capital and related financing activities	(723,815)	(1,362,470)	(2,086,285)
Net increase (decrease) in cash	-	-	-
Cash, beginning of year	500	50	550
<b>Cash, end of year</b>	<b>\$ 500</b>	<b>50</b>	<b>550</b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	\$ 606,813	(1,748)	605,065
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:</b>			
Depreciation and amortization	564,800	597,977	1,162,777
(Increase) decrease in receivables	(13,378)	(63,062)	(76,440)
(Increase) decrease in inventory	(9,445)	-	(9,445)
Increase (decrease) in accounts payable	12,782	(33,780)	(20,998)
Increase (decrease) in other liabilities	(25,754)	(40,702)	(66,456)
Increase (decrease) in accrued wages and benefits	9,612	19,388	29,000
Increase (decrease) in net pension liability	(110,423)	(126,199)	(236,622)
Increase (decrease) in OPEB liability	(6,956)	(11,099)	(18,055)
(Increase) decrease in deferred outflows of resources	(9,039)	(7,864)	(16,903)
Increase (decrease) in deferred inflows of resources	32,504	42,509	75,013
Increase (decrease) in unearned revenue	3,400	(150)	3,250
Net cash provided by (used in) operating activities	1,054,916	375,270	1,430,186

*See accompanying notes to basic financial statements.*

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

	<b>Agency Funds</b>	<b>Private- purpose Trust Funds</b>
	<b>Student Activity Funds</b>	
<b>ASSETS</b>		
Cash and cash equivalents	\$ 242,225	23,477
Investments	-	751,246
Interfund loans receivable	-	12,818
<b>Total assets</b>	<b>242,225</b>	<b>787,541</b>
<b>LIABILITIES</b>		
Due to student groups	242,225	-
<b>Total liabilities</b>	<b>242,225</b>	<b>-</b>
<b>NET POSITION</b>		
Held in trust	\$ -	<b>787,541</b>

*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, 2019**

		<b>Private- purpose Trust Funds</b>
<hr/>		
Additions:		
Investment income	\$	6,733
Donations and other		69,845
Total additions		<hr/> 76,578 <hr/>
Deductions:		
Scholarships		63,985
Other		17,234
Total deductions		<hr/> 81,219 <hr/>
Change in net position		(4,641)
Net position, beginning of year		<hr/> 792,182 <hr/>
<b>Net position, end of year</b>	<b>\$</b>	<b>787,541</b>

*See accompanying notes to basic financial statements.*

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

---

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

---

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.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City of Brewer, Maine (the primary government) and its component units. The decision to include a potential component unit was made by applying the criteria set forth in accounting principles generally accepted in the United States of America, which defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability of the primary government to impose its will on the component unit, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Based upon the application of these criteria, there were no potential component units required to be included in this report.

**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**

---

---

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

---

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund 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**

---

---

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

---

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**

---

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

---

**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. Inventories and Prepaid Expenditures**

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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures in both the government-wide and fund financial statements. The cost of prepaid expenditures 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 acquisition cost 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.

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

---

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

---

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

Buildings, building improvements and land 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 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 and OPEB liabilities, which include the City's contributions subsequent to the measurement date, which are recognized as a reduction of the net pension and OPEB liabilities in the subsequent year.

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

---

---

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

---

They also 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 also include the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized over a five-year period.

**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**

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, 2019:

	Governmental <u>activities</u>	Business-type <u>activities</u>	Primary <u>Government</u>
Capital assets	\$ 72,114,262	70,996,381	143,110,643
Accumulated depreciation	(36,313,571)	(27,651,352)	(63,964,923)
Bonds and notes payable*	(16,277,417)	(16,663,634)	(33,482,676)
Bond premiums	(487,741)	(803,391)	(1,291,132)
Capital leases payable	(124,242)	-	(124,242)
<u>Unspent bond proceeds</u>	<u>421,154</u>	<u>-</u>	<u>421,154</u>
<b><u>Net investment in capital assets</u></b>	<b><u>\$ 19,332,445</u></b>	<b><u>25,878,004</u></b>	<b><u>44,668,824</u></b>

\*This amount does not cross-foot due to the \$541,625 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 \$541,625 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**

---

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

---

**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. Other Post-Employment Benefits (OPEB)**

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

**R. 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.

---

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

---

**A. Budgetary Information**

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

For the year ended June 30, 2019, expenditures exceeded appropriations in the following general fund departments as shown on Exhibit A-2:

City manager	\$12,109
Employee benefits	19,470
Municipal auditorium	2,862
Unclassified - all other	11,156

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

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</u>
2019 budget as originally adopted	\$35,147,763	(36,883,828)	1,736,065
Use of prior year reserves and carryforwards	-	(172,754)	172,754
Subsequent authorizations	25,724	(25,724)	-
<b>Totals</b>	<b>\$ 35,173,487</b>	<b>(37,082,306)</b>	<b>1,908,819</b>

**C. Deficit Fund Equity**

The following funds had a deficit fund balance at:

MMA Grant Fund	\$1,427
Chamberlain Golf Classic	40
Flags in Brewer	1,196
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, 2019, 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, 2019 - GAAP basis	\$ 127,277
Accrued teacher summer salaries	546,914
Accrued teacher summer benefits	1,854,367
<b>Fund balance - School Department, June 30, 2019 - budgetary basis</b>	<b>\$ 2,528,558</b>

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

**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 \$1,500,014. 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, 2019, the City reported deposits of \$8,285,247 with a bank balance of \$8,656,473. Of the City's bank balances, \$7,850,169 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	\$ 8,018,995
Reported in business-type activities	550
Reported in fiduciary funds	<u>265,702</u>
<b>Total deposits</b>	<b><u>\$ 8,285,247</u></b>

**B. Investments**

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

	<u>Fair</u> <u>value</u>	<u>Less than</u> <u>1 year</u>	<u>1-5 years</u>	<u>Over</u> <u>5 years</u>	<u>Level 1</u> <u>Input</u>
Money market	\$ 799,189		not applicable		NA
U.S. Treasury notes	50,078	50,078	-	-	Yes
Certificates of deposit	<u>1,032,788</u>	<u>149,945</u>	<u>746,961</u>	<u>135,882</u>	<u>NA</u>
<b>Total investments</b>	<b><u>\$1,882,055</u></b>	<b><u>200,023</u></b>	<b><u>746,961</u></b>	<b><u>135,882</u></b>	

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

---

DEPOSITS AND INVESTMENTS, CONTINUED

---

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

Investments have been reported as follows:

Reported in governmental funds	\$ 1,130,809
<u>Reported in fiduciary funds</u>	<u>751,246</u>
<b><u>Total investments</u></b>	<b><u>\$ 1,882,055</u></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.

---

PROPERTY TAX

---

Property taxes for the current year were committed on July 2, 2018 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 11, 2018, and 50% on March 12, 2019. Interest at the rate of 8% 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 \$753,614,683 was 100% of the estimated market value and 103% of the 2019 state valuation of \$732,700,000.

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 \$142,638 for the year ended June 30, 2019.

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**

---

PROPERTY TAX, CONTINUED

---

The following summarizes the 2019 and 2018 levy:

	<u>2019</u>	<u>2018</u>
Total assessed valuation	\$753,614,683	752,091,440
Tax rate (per \$1,000)	22.50	22.50
Commitment	16,956,330	16,922,057
Supplemental taxes assessed	1,100	-
	16,957,430	16,922,057
Less - collections and abatements	(16,587,441)	(16,626,686)
	<b>369,989</b>	<b>295,371</b>
<b>Receivable at end of year</b>		
Consisting of:		
Real estate liens	355,313	281,583
Real estate and personal property taxes	14,676	13,788
	<b>\$ 369,989</b>	<b>295,371</b>
<b>Receivable at end of year</b>		
Collection rate	97.82%	98.25%

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

---

**CAPITAL ASSETS**

---

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

	Balance June 30, <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2019</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,237,921	-	-	2,237,921
Artwork and historical treasures	109,300	-	-	109,300
Construction in progress	796,354	38,500	792,848	42,006
<b>Total capital assets, not being depreciated</b>	<b>3,143,575</b>	<b>38,500</b>	<b>792,848</b>	<b>2,389,227</b>
Capital assets, being depreciated:				
Buildings and improvements	17,816,257	1,685,250	10,858	19,490,649
Machinery and equipment	4,945,892	745,310	478,997	5,212,205
Vehicles	3,462,200	1,899,910	176,687	5,185,423
Infrastructure	39,632,244	204,514	-	39,836,758
<b>Total capital assets being depreciated</b>	<b>65,856,593</b>	<b>4,534,984</b>	<b>666,542</b>	<b>69,725,035</b>
Less accumulated depreciation for:				
Buildings and improvements	5,857,983	387,382	7,289	6,238,076
Machinery and equipment	3,235,417	476,453	355,891	3,355,979
Vehicles	1,853,025	321,806	170,011	2,004,820
Infrastructure	23,398,425	1,316,271	-	24,714,696
<b>Total accumulated depreciation</b>	<b>34,344,850</b>	<b>2,501,912</b>	<b>533,191</b>	<b>36,313,571</b>
<b>Total capital assets being depreciated, net</b>	<b>31,511,743</b>	<b>2,033,072</b>	<b>133,351</b>	<b>33,411,464</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 34,655,318</b>	<b>2,071,572</b>	<b>926,199</b>	<b>35,800,691</b>

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

Governmental activities:	
Administration	\$112,270
Protection	363,794
Public works, including depreciation of general infrastructure assets	1,694,298
Unclassified	237,673
Education	93,877
<b>Total depreciation expense – governmental activities</b>	<b>\$ 2,501,912</b>

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

**CAPITAL ASSETS, CONTINUED**

	Balance June 30, <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2019</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land and land rights	\$ 2,936,425	-	-	2,936,425
Organizational costs	121,750	-	-	121,750
Construction in progress	423,757	235,829	418,045	241,541
<b>Total capital assets, not being depreciated</b>	<b>3,481,932</b>	<b>235,829</b>	<b>418,045</b>	<b>3,299,716</b>
Capital assets, being depreciated:				
Buildings and improvements	22,481,604	305,281	-	22,786,885
Machinery and equipment	6,679,372	10,749	73,293	6,616,828
Vehicles	223,275	421,168	-	644,443
Infrastructure	37,288,828	388,211	28,530	37,648,509
<b>Total capital assets being depreciated</b>	<b>66,673,079</b>	<b>1,125,409</b>	<b>101,823</b>	<b>67,696,665</b>
Less accumulated depreciation for:				
Buildings and improvements	9,989,325	508,125	-	10,497,450
Machinery and equipment	6,240,171	56,780	70,584	6,226,367
Vehicles	230,492	34,553	-	265,045
Infrastructure	10,119,743	565,821	23,074	10,662,490
<b>Total accumulated depreciation</b>	<b>26,579,731</b>	<b>1,165,279</b>	<b>93,658</b>	<b>27,651,352</b>
<b>Total capital assets being depreciated, net</b>	<b>40,093,348</b>	<b>(39,870)</b>	<b>8,165</b>	<b>40,045,313</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 43,575,280</b>	<b>195,959</b>	<b>426,210</b>	<b>43,345,029</b>

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

Business-type activities:	
Water Fund	\$ 556,463
Sewer Fund	608,816
<b>Total depreciation expense – business-type activities</b>	<b>\$ 1,165,279</b>

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

---

**INTERFUND LOAN BALANCES/TRANSFERS**

---

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, 2019 arising from these transactions were as follows:

	<u>Interfund loans receivable</u>	<u>Interfund loans receivable</u>	<u>Transfers</u>
Major funds:			
General Fund	\$ 477,248	-	(19,962)
Other Capital Projects	1,601,937	-	257,477
Total major governmental funds	<u>2,079,185</u>	<u>-</u>	<u>237,515</u>

Other governmental funds:

Police Asset Forfeiture	54,369	-	-
CDBG Housing Rehab Grant	31,632	-	-
Recreation Banner Fund	18,021	-	-
Performance Bonds Payable	9,271	-	-
Technical Review Payable	114,398	-	-
Fire Museum	1,433	-	-
Winterfest	2,784	-	-
PERC Contract Reserve	391,110	-	(45,000)
FEMA Windstorm Grant	25,920	-	-
MMA Grant Fund	-	1,427	-
EPA Brownfield Rev. Loan	92,246	-	-
Brewer Days	5,008	-	1,200
Children's Garden Fund	8,276	-	-
City Small Grants and Programs	34,942	-	-
Chamberlain Golf Classic	-	40	-
Computer reserve	-	-	(8,798)
Stream Cleanup	2,595	-	-
Flags in Brewer	-	1,196	-
Recognition Coins	224	-	-
Police Academy Buyout	5,000	-	-
Brewer Business & Commercial Park	126,168	-	-
Insurance Deductible Reserve	36,416	-	-
Brewer Resources Program	2,000	-	-
Food Service Fund	205,856	-	-
Grants Fund (School Dept.)	-	15,172	-
FHWA Route 15 Earmark	-	3,692	-
City Hall Rehab	-	18,586	-
Impact Fee Fund	92,982	-	(15,024)
Cemetery Trust	-	98,924	-
Elsie Olmstead Library	-	13	-
Total other governmental funds	<u>1,260,651</u>	<u>139,050</u>	<u>(67,622)</u>



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

---

**INTERFUND LOAN BALANCES/TRANSFERS**

---

	<u>Interfund loans receivable</u>	<u>Interfund loans receivable</u>	<u>Transfers</u>
<b>Proprietary Funds:</b>			
Water Fund	\$ 2,749,815	-	(106,460)
Sewer Fund	-	5,963,419	(63,433)
<b>Total proprietary Funds</b>	<b>2,749,815</b>	<b>5,963,419</b>	<b>(169,893)</b>
<b>Fiduciary Funds:</b>			
Private-purpose trust funds	12,818	-	-
<b>Grand Total</b>	<b>\$ 6,102,469</b>	<b>6,102,469</b>	<b>-</b>

---

**CHANGES IN LONG-TERM LIABILITIES**

---

	<u>Beginning balance (Restated)</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
<b>Governmental activities:</b>					
Bonds and notes	\$ 18,575,160	-	1,756,118	16,819,042	2,005,623
Premium on bonds	516,432	-	28,691	487,741	28,691
Capital leases	239,510	-	115,268	124,242	82,191
Compensated absences	1,100,047	-	71,496	1,028,551	-
Net pension liability	4,623,415	-	1,295,123	3,328,292	-
Landfill closure	670,363	-	-	670,363	-
OPEB liability	6,805,516	-	163,489	6,642,027	-
<b>Government activities long-term liabilities</b>	<b>32,530,443</b>	<b>-</b>	<b>3,430,185</b>	<b>29,100,258</b>	<b>2,116,505</b>
<b>Business-type activities:</b>					
Bonds and notes	17,834,376	-	1,170,742	16,663,634	1,026,655
Premium on bonds	853,920	-	50,529	803,391	50,529
Net pension liability	776,889	-	236,622	540,267	-
OPEB liability	314,865	-	18,055	296,810	-
<b>Business-type activities long-term liabilities</b>	<b>19,780,050</b>	<b>-</b>	<b>1,475,948</b>	<b>18,304,102</b>	<b>1,077,184</b>
<b>Governmental and Business-type activities</b>	<b>52,310,493</b>	<b>-</b>	<b>4,906,133</b>	<b>47,404,360</b>	<b>3,193,689</b>

---

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

**LONG-TERM DEBT**

Debt issue	Year of issue	Amount issued	Maturity date	Interest rate	Governmental activities	Business- type activities	Balance June 30, 2019
FRF MMBB - Sewer	1999	1,000,000	04/01/20	3.12%	\$ -	50,000	50,000
SR MMBB - Sewer	2001	2,500,000	10/01/22	1.90%	-	500,000	500,000
FR MMBB - Sewer	2004	1,000,000	10/01/24	1.44%	-	300,000	300,000
Series E MMBB - City	2004	363,000	11/01/24	1.01 - 9.00%	108,900	-	108,900
Series E MMBB - City	2004	1,530,000	11/01/24	0.82 - 9.00%	377,400	-	377,400
Series C MMBB - City	2005	690,000	11/01/25	2.95 - 9.00%	224,000	-	224,000
Series C MMBB - Water	2005	725,000	11/01/25	3.05 - 9.00%	-	253,750	253,750
Series A MMBB - City	2006	1,070,000	11/01/26	2.00 - 5.50%	250,800	-	250,800
SR MMBB - City / Sewer	2006	448,000	04/01/26	1.77%	65,793	91,007	156,800
Series C MMBB - City	2007	1,735,000	11/01/26	2.30 - 6.00%	328,201	-	328,201
Series B MMBB - City	2008	600,000	11/01/27	2.00 - 5.50%	184,250	-	184,250
Series F MMBB	2009	593,395	04/01/29	0.00%	-	296,698	296,698
Series B MMBB	2009	1,442,000	11/01/29	2.08 - 5.58%	438,200	-	438,200
ARRA MMBB - Sewer	2010	750,877	10/01/29	0.00%	-	178,952	178,952
MMBB - Water	2010	735,000	04/01/30	1.00%	-	404,250	404,250
Series C MMBB - City/Water	2011	2,168,000	11/01/31	2.12 - 5.62%	1,049,375	136,000	1,185,375
Series E MMBB - City/Sewer	2012	3,090,000	11/01/21	0.50 - 5.50%	695,000	-	695,000
GOB - City/Water/Sewer	2012	21,610,000	06/30/42	2.00 - 4.00%	5,545,000	10,815,000	16,360,000
GOB USDA - Sewer	2013	485,000	08/28/41	2.75%	-	413,325	413,325
GOB USDA - Sewer	2013	800,000	08/28/41	2.75%	-	681,777	681,777
Series A MMBB - City/Sewer	2013	1,225,000	11/01/33	0.60 - 3.70%	541,625	100,000	641,625
GOB - SRF	2014	1,100,000	10/01/33	1.35%	-	760,125	760,125
Series A MMBB	2014	990,000	11/01/34	0.41 - 4.02%	612,700	-	612,700
FR MMBB	2015	1,695,000	05/01/34	0.21%	-	1,255,250	1,255,250
Series A MMBB	2015	1,615,000	11/01/35	0.21%	1,111,891	-	1,111,891
Series A MMBB	2016	1,055,000	11/01/36	0.91-3.50%	752,866	121,500	874,366
Series C MMBB	2017	2,125,000	11/01/36	1.16-3.49%	1,710,041	-	1,710,041
Series A MMBB	2018	3,223,000	11/01/32	1.92-3.62%	2,823,000	306,000	3,129,000
<b>Total</b>					<b>\$ 16,819,042</b>	<b>\$ 16,663,634</b>	<b>\$ 33,482,676</b>

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

---

**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, 2019 are as follows:

Year ended June 30,	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Totals</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 2,005,623	501,940	1,026,655	573,867	3,032,278	1,075,807
2021	1,862,778	440,249	1,054,611	556,353	2,917,389	996,602
2022	1,820,916	391,281	1,082,593	531,072	2,903,509	922,353
2023	1,484,992	359,261	991,353	491,970	2,476,345	851,231
2024	1,331,545	325,827	867,390	469,142	2,198,935	794,969
2025-2029	4,542,455	1,156,645	4,256,030	1,908,855	8,798,485	3,065,500
2030-2034	2,552,408	527,301	4,384,532	1,085,439	6,936,940	1,612,740
2035-2039	1,218,325	93,919	2,296,129	359,174	3,514,454	453,093
2040-2042	-	-	704,341	52,430	704,341	52,430
<b>Totals</b>	<b>16,819,042</b>	<b>3,796,423</b>	<b>16,663,634</b>	<b>6,028,302</b>	<b>33,482,676</b>	<b>9,824,725</b>

As of June 30, 2019, the City had the following authorized, but unissued long term-debt: 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 and various sewer system repairs. In November 2017, the Council approved up to \$4,200,000 from USDA Rural Development to finance additional sewer improvements. On June 5, 2018 (for FY19), the City Council authorized the issuance of up to \$500,000 in general obligation bonds to finance various capital improvement projects. On June 9, 2019 (for FY20), the City Council authorized the issuance of up to \$931,500 in general obligation bonds to finance various capital improvement projects. The June 2018 and June 2019 authorizations were combined and issued in October 2019, with a total of bond of \$1,431,500. On October 8, 2019, the City Council authorized the issuance of \$3,246,140 in general obligation bonds to finance the upgrades and improvements to the City's water treatment plant, and may utilize a DWSRF loan.

---

**OVERLAPPING DEBT AND OTHER CONTINGENCIES**

---

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>Governmental Unit</u>	<u>Net debt outstanding</u>	<u>Applicable to City</u>	<u>City's share of debt</u>
Brewer High School District Trustees	\$ 26,446,590	100%	26,446,590

The High School District Trustees submit debt service bills, which are paid by the City. Approximately \$17,025,906 of the Brewer High School District Trustees debt is being paid for by the State.

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

**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, 2019 totaled \$65,000.

The annual requirements under this lease agreement as of June 30, 2019 are:

2019	\$ 65,000
<b>Total</b>	<b>\$ 65,000</b>

**CAPITAL LEASES**

The City has entered into various agreements as lessee for financing the acquisition of copiers and computers. These lease agreements qualify as capital leases for accounting purposes. The related assets are not recorded as capital assets in the government-wide financial statements as they are individually below the City's capitalization threshold. 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, 2019.

Fiscal year <u>ending</u>	Governmental <u>activities</u>
2020	\$ 84,543
2021	22,638
2022	21,792
Total minimum lease payments	128,973
Less: amount representing interest	(4,731)
<b>Present value of future minimum lease payments</b>	<b>\$ 124,242</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, 2019, the City was in compliance with these restrictions.

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

---

**FUND BALANCE**

---

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

	General <u>Fund</u>	Other Capital <u>Projects</u>	Other Govt. <u>Funds</u>
<b>Nonspendable:</b>			
Inventory	\$ -	-	28,928
Principal for permanent funds	-	-	324,553
Prepaid items	231,764	-	-
<u>Total nonspendable</u>	<u>231,764</u>	<u>-</u>	<u>353,481</u>

**Restricted:**

Finance and administration	-	-	300,306
Community services	-	-	422,742
Public safety	-	-	52,995
Public works	-	-	9,715
Education	127,277	-	288,852
Capital projects	-	1,192,755	92,982
Permanent funds	-	-	18,117
<u>Total restricted</u>	<u>127,277</u>	<u>1,192,755</u>	<u>1,185,709</u>

**Committed:**

Finance and administration	-	-	38,416
Community services	-	-	224
Public safety	-	-	5,000
Capital projects	-	1,186,671	-
<u>Total committed</u>	<u>-</u>	<u>1,186,671</u>	<u>43,640</u>

**Assigned:**

Reappropriated to 2020 budget	450,000	-	-
Accrued compensated absences	679,063	-	-
Assessor - GIS costs	3,000	-	-
Assessor - computer software	5,000	-	-
Legal services	3,090	-	-
Legal services - Assessing	1,149	-	-
Finance - miscellaneous professional services	640	-	-
Technology - training, conferences and meetings	674	-	-
Technology - computer supplies and expenses	3,864	-	-
Economic Development - beautification	1,245	-	-
Police patrol - training, conferences and meetings	230	-	-
Police patrol – minor equipment	3,690	-	-
General protections - equipment maintenance and repair	27,199	-	-
Transit operation expense - The Bus	44,170	-	-
Public Works - safety supplies	687	-	-
Public Works - materials and supplies	714	-	-
Public Works - vehicle maintenance and repair	194	-	-

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

---

**FUND BALANCE, CONTINUED**

---

Public Works - recycling fees	\$ 15,616	-	-
Library - office supplies	38	-	-
Library - books	381	-	-
Library - equipment maintenance and repair	580	-	-
Total assigned	1,241,224	-	-

---

**NET PENSION LIABILITY**

---

**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 (MainePERS). Benefit terms are established in Maine statute. MainePERS 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, 2019, the City was required to contribute 10% of employee's annual pay for the regular plans AC-60 and AC-65, 10.5% for the special 2C plan, and 12.70% for the special 3C plan. The employee's contractually required contribution rate for the regular and special 2C plans was 8% and 9.5% for the special 3C plan. Contributions to the pension plan from the City were \$814,300 for the year ended June 30, 2019.

**SET Plan** - Maine statute requires the State to contribute a portion of the City's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2019, was 15.05% of annual payroll of which 3.97% of payroll was required from the City and 11.08% was required from the State. Contributions to the pension plan from the City were \$396,555 for the year ended June 30, 2019.

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

---

NET PENSION LIABILITY, CONTINUED

---

***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, 2018, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date. The City's proportion of the net pension liabilities were based on projections of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating local districts (PLD Plan) and of all participating School Administrative Units and the State (SET Plan), actuarially determined.

**PLD Plan** - At June 30, 2019, the City reported a liability of \$3,061,507 for governmental activities and \$540,267 for business-type activities for its proportionate share of the net pension liability. At June 30, 2018, the City's proportion of the PLD Plan was 1.3161%.

**SET Plan** - At June 30, 2019, 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	\$ 266,785
State's proportionate share of the net pension liability associated with the City	<u>10,059,509</u>
<b>Total</b>	<b><u>\$ 10,326,294</u></b>

At June 30, 2018, the City's proportion of the SET Plan was 0.0198%.

For the year ended June 30, 2019, the City recognized pension gain of \$538,959 for governmental activities and \$95,110 for business-type activities for the PLD Plan and also recognized a pension expense of \$1,502,217 and revenue of \$1,106,757 for support provided by the State for the SET Plan. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

**NET PENSION LIABILITY, CONTINUED**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	15,893	-	4,242
Changes of assumptions	505,419	-	86,230	-
Net difference between projected and actual earnings on pension plan investments	-	773,914	-	130,454
Changes in proportion and differences between City contributions and proportionate share of contributions	179,072	-	19,167	-
City contributions subsequent to the measurement date	1,022,549	-	110,470	-
<b>Total</b>	<b>\$ 1,707,040</b>	<b>789,807</b>	<b>215,867</b>	<b>134,696</b>

An amount of \$1,022,549 for governmental activities and \$110,470 for business-type activities 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, 2020. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2020	\$ 521,637	79,693
2021	101,009	13,471
2022	(527,586)	(88,746)
2023	(200,376)	(33,717)

**Actuarial Assumptions** - The total pension liability in the June 30, 2018 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	2.75%	2.75%
Salary Increases, per year	2.75% to 9.0%	2.75% to 14.5%
Investment return, per annum, compounded annually	6.75%	6.75%
Cost of living benefit increases, per annum	1.91%	2.20%

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

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



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

**NET PENSION LIABILITY, CONTINUED**

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

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

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

<u>PLD Plan</u>	1% Decrease <u>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
City's proportionate share of the net pension liability	\$ 8,488,899	3,601,774	(966,350)

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

---

NET PENSION LIABILITY, CONTINUED

---

<u>SET Plan</u>	1% Decrease <u>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
City's proportionate share of the net pension liability	\$ 493,018	266,785	78,369

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

**Payables to the Pension Plan** - None as of June 30, 2019.

---

RETIREMENT PLANS

---

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. In 2019, enrolled employees contributed the following percentages of their wages: City Manager 0%, Assistant City Manager 2.0%, and all other employees 8.0%. The employer contribution rate for 2019 was 29% for the City Manager, 16% for the Assistant City Manager, 13% for the City Engineer and 10% for all other eligible employees. All eligible employees are vested at enrollment. The total cost to the City for the fiscal year ended was \$98,821.

---

RISK MANAGEMENT

---

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, 2019.

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – MAINE MUNICIPAL EMPLOYEE HEALTH TRUST

**General Information about the OPEB Plan**

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

**Benefits Provided** - MMEHT provides healthcare benefits for retirees and their dependents. City employees over the age of 55 with 5 years of continuous service are allowed to participate in the plan. 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. For those City employees eligible for Medicare (post-65 Retiree Plan), the plan is offered in conjunction with Medicare Parts A and B and the Companion Plan B.

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

Inactive employees or beneficiaries currently receiving benefits	6
Inactive employee entitled to but not yet receiving benefits	-
Active employees	88
Total	94

**Total OPEB Liability**

The City’s total OPEB liability of \$1,356,532 was measured as of January 1, 2019, and was determined by an actuarial valuation as of January 1, 2018.

**Actuarial Assumptions and Other Inputs** – The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00% per year
Salary increases	2.75% per year
Discount rate	4.10%
Healthcare cost trend rates	Initial trend of 8.20% grading over 14 years to 4.00% per annum
Retirees’ share of the benefit related costs	100% of projected health insurance premiums

The discount rate was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index.

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

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – MAINE MUNICIPAL EMPLOYEE HEALTH TRUST, CONTINUED

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

***Changes in the Total OPEB Liability***

		<b>Total OPEB Liability</b>
Balance at June 30, 2018	\$	1,439,053
Changes for the year:		
Service cost		48,142
Interest		50,671
Changes in assumptions or other inputs		(152,682)
Benefit payments		(28,652)
Net changes		(82,521)
Balance at June 30, 2019	\$	<u>1,356,532</u>

Change in assumptions reflects a change in the discount rate from 3.44% to 4.10%.

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate** – The following presents the City’s total OPEB liability calculated using the discount rate of 4.10%, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (3.10%) or 1 percentage-point higher (5.10%) than the current rate:

		<b>1% Decrease (3.10%)</b>	<b>Discount Rate (4.10%)</b>	<b>1% Increase (5.10%)</b>
Total OPEB liability	\$	<u>1,597,443</u>	<u>1,356,532</u>	<u>1,164,432</u>

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates** – The following presents the City’s total OPEB liability calculated using the healthcare cost trend rates of 8.20% grading over 14 years to 4% per annum, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

		<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Total OPEB liability	\$	<u>1,226,671</u>	<u>1,356,532</u>	<u>1,519,504</u>

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended June 30, 2019, the City recognized OPEB expense of \$51,963. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – MAINE MUNICIPAL EMPLOYEE HEALTH TRUST, CONTINUED

	<b>Governmental Activities</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	7,414
Changes of assumptions		34,900
Contributions subsequent to measurement date	14,326	-
Total	\$ 14,326	42,314

\$14,326 is reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2020. The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended June 30:</b>		
2020	\$	(3,872)
2021		(3,872)
2022		(3,872)
2023		(3,872)
2024		(3,872)
Thereafter		(22,954)

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – MAINE EDUCATION ASSOCIATION BENEFITS TRUST

**General Information about the OPEB Plan**

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

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

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – MAINE EDUCATION ASSOCIATION BENEFITS TRUST, CONTINUED

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

Inactive employees or beneficiaries currently receiving benefits	134
Inactive employee entitled to but not yet receiving benefits	-
Active employees	<u>184</u>
Total	<u>318</u>

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

The City’s total OPEB liability of \$5,261,901 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

*Changes in the Total OPEB Liability*

Balance at June 30, 2018	\$ 5,420,474
Changes for the year:	
Service cost	24,452
Interest	192,236
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(223,531)
Benefit payments	<u>(151,730)</u>
Net changes	<u>(158,573)</u>
Balance at June 30, 2019	<u>\$ 5,261,901</u>

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

For the year ended June 30, 2019, The City recognized OPEB expense of \$171,982. At June 30, 2019, The City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumption	\$ -	178,825
City contributions subsequent to measurement date	<u>157,162</u>	-
Total	<u>\$ 157,162</u>	<u>178,825</u>

\$157,162 is reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – MAINE EDUCATION ASSOCIATION BENEFITS TRUST, CONTINUED

Year ended June 30:	
2020	\$ (44,706)
2021	(44,706)
2022	(44,706)
2023	(44,707)

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

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

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

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

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

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate** - The following presents the City's total OPEB liability calculated using the discount rate of 3.87%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.87%) or 1 percentage-point higher (4.87%) than the current rate:

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB liability	\$ 6,094,279	5,261,901	4,585,679

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates** - The following presents the City's total OPEB liability calculated using the healthcare cost trend rates, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

		Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$	1% Decrease 4,556,033	5,261,901
			6,127,018

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

---

---

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE

---

***General Information about the OPEB Plans***

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

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

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

PLD OPEB Plan - Premiums total \$0.46 per \$1,000 of coverage per month during the post-employment retirement period. Contributions to the PLD OPEB plan from the City were \$2,719 for the year ended June 30, 2019.

SET OPEB Plan - The State of Maine is required to remit the total dollar amount of each year's annual required contribution. Contributions to the OPEB plan by the State of Maine on-behalf of the City were \$36,657 for the year ended June 30, 2019. Employers and employees are not required to contribute to the SET OPEB plan.

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

The net OPEB liability for both the PLD and SET OPEB plans was measured as of June 30, 2018, and the net OPEB liabilities used to calculate the net OPEB liabilities was determined by actuarial valuations as of that date. The City's proportion of the net OPEB liabilities were based on a projection of the City's long-term share of contributions to the PLD and SET OPEB plans relative to the projected contributions of all participating employers, actuarially determined.

PLD OPEB Plan - At June 30, 2019, the City reported a liability of \$320,403 for its proportionate share of the net OPEB liability. At June 30, 2018, the City's proportion was 1.5861%.

SET OPEB Plan - At June 30, 2019, the City reported no liability related to the plan. The State of Maine's proportionate share of the net OPEB liability associated with the City was \$401,725 as of June 30, 2019. At June 30, 2018, the City's proportion was 0.00%.



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

**OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, CONTINUED**

For the year ended June 30, 2019, the City recognized OPEB expense of \$218 for the PLD OPEB Plan. For the year ended June 30, 2019, the City recognized OPEB expense of \$36,657 and also revenues of \$36,657 for support provided by the State related to the SET OPEB plan. At June 30, 2019, the City reported no deferred outflows of resources nor deferred inflows of resources related to the SET OPEB plan.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 27,038	-
Changes of assumptions	-	38,580
Net difference between projected and actual earnings on OPEB plan investments	-	16,814
Changes in proportion and differences between City contributions and proportionate share of contributions	1,155	-
City contributions subsequent to the measurement date	2,719	-
<b>Total</b>	<b>\$ 30,912</b>	<b>55,394</b>

An amount of \$2,719 is reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended June 30:</b>	
2020	\$ (10,213)
2021	(10,213)
2022	(10,213)
2023	(7,039)
2024	10,477

**Actuarial Assumptions** - The net OPEB liability in the June 30, 2018 actuarial valuations was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

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

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

**OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, CONTINUED**

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

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	70.0%	6.0%
Real estate	5.0%	5.2%
Traditional credit	15.0%	3.0%
US government securities	10.0%	2.3%

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

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

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

	1% Decrease (4.13%)	Discount Rate (5.13%)	1% Increase (6.13%)
Net OPEB liability	\$ 423,300	320,403	239,275

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

---

---

**OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, CONTINUED**

---

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

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

---

**LANDFILL CLOSURE AND POSTCLOSURE COSTS**

---

The City operates a Phase II landfill under a Maine Department of Environmental Protection (“DEP”) construction and demolition debris (CDD) landfill license, dated February 24, 1994. The CDD landfill is licensed under 06-096 CMR Chapter 400 (General Provisions) and 401 (Landfill Siting, Design and Operation), Section 7 (Special Requirements for Licensing Construction/Demolition Debris, Land Clearing Debris, and Wood Waste Landfills). No wastes other than construction and demolition debris are handled by the landfill. State and Federal laws and regulations require the City to place a final cover on its landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for ten years after closure.

Although closure and postclosure care costs will be paid only near or after the dates that the landfill stops accepting waste, in 2018, the City began recognizing a liability for these closure costs.

In October 2011, the City obtained an engineering estimate for the closure costs of the landfill. The previous estimate was completed around fiscal year 1999. The closure costs projected in the 2011 engineering estimate totaled \$670,363. As of June 30, 2019, the landfill had less than 30,000 cubic yards of remaining capacity with a life expectancy of less than 5 years at the current disposal rate

Actual cost to close the landfill may be higher due to inflation, changes in technology, or changes in regulations. The City has retained an environmental engineering firm to prepare an estimate of postclosure care costs for its landfill. As of June 30, 2019, the City had \$179,643 set aside in a landfill closure account and another \$391,110 set aside in a reserve dedicated to solid waste related costs. At the time of closure, the City anticipates financing costs with a combination of reserves, state grants, bonding and/or property taxes, if needed.

---

**TAX INCREMENT FINANCING DISTRICTS**

---

In FY19, the City had six tax increment financing (TIF) districts and one affordable housing development district established in accordance with M RSA Title 30-A, Chapter 206.

Tax increment financing is an economic development tool that permits a municipality to use some or all of the new property taxes from a capital investment within a designated geographic district to support local economic development objectives. Similarly, affordable housing development districts allow a municipality to use some of all of the new “incremental” taxes generated by a development to facilitate the creation of affordable housing within the district. The designation of TIF and affordable housing districts require proper notice, a local public hearing, the majority vote of the municipal legislative body, and state approval.

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

---

---

**TAX INCREMENT FINANCING DISTRICTS, CONTINUED**

---

In addition to fostering local economic development and affordable housing goals, the establishment of TIF and affordable housing districts benefits the residents and taxpayers of Brewer by sheltering (removing) the increased property valuation in the districts from the state computation of taxable value. This lowers Brewer's state valuation, which in turn results in higher General Purpose Aid to Education and Municipal Revenue Sharing subsidies to Brewer from the state and a lower tax bill from Penobscot County.

In FY2019, the City captured \$1,590,526 in TIF and affordable housing property tax revenue and disbursed \$117,441 in payments to the two developers below:

- \$42,451 to Somerset Place Housing Associates to help fund the operating costs and maintain affordable rents for this 28 unit residential building for the elderly. Fiscal year 2019 was the fourth of 15 scheduled years of payments.
- \$74,990 to Village Centre Housing Partners, LP to help fund the operating costs and maintain affordable rents for this 48 unit apartment building for families. Fiscal year 2019 was the third of 15 scheduled years of payments to this organization.

---

**RESTATEMENT OF NET POSITION**

---

For the fiscal year ended June 30, 2019, the City has restated beginning net position in the government-wide statement of net position to account for the addition of the City's total OPEB liability in regards to an implicit liability for retiree health insurance through the Maine Education Association Benefits Trust (MEABT), which effectively decreased the City's net position as of July 1, 2018 by \$5,268,744.

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

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

	<u>2019*</u>	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>
<b><u>PLD Plan</u></b>					
City's proportion of the net pension liability	1.3161%	1.2650%	1.2410%	1.2868%	1.3019%
City's proportionate share of the net pension liability	\$ 3,601,774	5,179,257	6,593,718	4,105,528	2,003,402
City's covered payroll	7,349,329	6,918,825	6,542,992	6,608,210	6,506,419
City's proportionate share of the net pension liability as a percentage of its covered payroll	49.01%	74.86%	100.78	62.13%	30.79
Plan fiduciary net position as a percentage of the total pension liability	91.14%	86.43%	81.61%	88.27%	94.10%
<b><u>SET Plan</u></b>					
City's proportion of the net pension liability	0.0198%	0.0152%	0.0096%	0.0139%	0.0163%
City's proportionate share of the net pension liability	266,785	221,047	170,412	187,491	175,726
State's proportionate share of the net pension liability	10,059,509	10,762,537	13,744,363	10,479,395	8,548,683
Total	\$ 10,326,294	10,983,584	13,914,775	10,666,886	8,724,409
City's covered payroll	\$ 9,408,162	8,951,795	9,246,065	9,049,956	9,048,695
City's proportionate share of the net pension liability as a percentage of its covered payroll	2.85%	2.47%	1.84%	2.07%	1.94%
Plan fiduciary net position as a percentage of the total pension liability	82.90%	80.78%	76.21%	81.18%	83.91%

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

\*\* Only five years of information available.

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b><u>PLD Plan</u></b>						
Contractually required contribution	\$ 814,300	730,581	648,372	666,183	526,003	451,334
Contributions in relation to the contractually required contribution	(814,300)	(730,581)	(648,372)	(666,183)	(526,003)	(451,334)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>SET Plan</u></b>						
Contractually required contribution	\$ 396,555	\$ 373,596	\$ 300,795	\$ 310,832	\$ 239,824	\$ 239,790
Contributions in relation to the contractually required contribution	(396,555)	(373,596)	(300,795)	(310,832)	(239,824)	(239,790)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
City's covered payroll	\$ 7,725,775	\$ 7,349,329	\$ 6,918,825	\$ 6,542,992	\$ 6,608,210	\$ 6,506,419
Contributions as a percentage of covered payroll	10.54%	9.94%	9.37%	10.18%	7.96%	6.94%
City's covered payroll	\$9,988,793	\$ 9,408,162	\$ 8,951,795	\$ 9,246,065	\$ 9,049,956	\$ 9,048,695
Contributions as a percentage of covered payroll	3.97%	3.97%	3.36%	3.36%	2.65%	2.65%

\* Only six years of information available.

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

**Schedule of Changes in the City's Total Health Plan - MMEHT OPEB Liability and Related Ratios**  
Last 10 Fiscal Years\*

	<b>2019</b>	<b>2018</b>
<b>Total OPEB Liability</b>		
Service cost	\$ 48,142	38,975
Interest	50,671	48,442
Changes of benefit terms	-	-
Differences between expected and actual experience	-	(9,886)
Changes of assumptions	(152,682)	131,595
Benefit payments	(28,652)	(25,054)
<b>Net change in total OPEB Liability</b>	<b>(82,521)</b>	<b>184,072</b>
Total OPEB liability - beginning	1,439,053	1,254,981
Total OPEB liability - ending	\$ 1,356,532	1,439,053
Covered-employee payroll	\$ 4,328,349	4,328,349
Total OPEB liability as a percentage of covered-employee payroll	31.34%	33.25%

\* Only two years of information available.

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

---

**Schedule of Changes in the City's Total Health Plan – MEABT OPEB Liability and Related Ratios**  
Last 10 Fiscal Years\*

	<u>2019</u>
<b>Total OPEB Liability</b>	
Service cost	\$ 24,452
Interest	192,236
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	(223,531)
Benefit payments	<u>(151,730)</u>
<b>Net change in total OPEB Liability</b>	<u>(158,730)</u>
Total OPEB liability - beginning	<u>5,420,474</u>
Total OPEB liability - ending	\$ <u><u>5,261,901</u></u>
Covered-employee payroll	\$ 8,467,390
Total OPEB liability as a percentage of covered-employee payroll	62.1%

\* Only one year of information available.



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

**Schedule of City's Proportionate Share of the Net OPEB Liability**  
Last 10 Fiscal Years\*

	<u>2019</u>	<u>2018</u>
<b><u>PLD OPEB Plan</u></b>		
City's proportion of the net OPEB liability	1.5861%	1.5600%
City's proportionate share of the net OPEB liability	\$ 320,403	260,854
City's covered-employee payroll	7,349,329	6,918,825
City's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	4.36%	3.77%
Plan fiduciary net position as a percentage of the total OPEB liability	43.92%	47.42%
<b><u>SET OPEB Plan</u></b>		
City's proportion of the net OPEB liability	0.00%	0.00%
City's proportionate share of the net OPEB liability	\$ -	-
State's proportionate share of the net OPEB liability associated with the City	401,725	370,250
Total	<u>401,725</u>	<u>370,250</u>
Plan fiduciary net position as a percentage of the total OPEB liability	48.04%	47.29%

\* Only two years of information available. Amounts presented for each fiscal year were determined as of the end of the previous fiscal year.

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

---

**Schedule of City OPEB Contributions**  
Last 10 Fiscal Years\*

	<b>2019</b>	<b>2018</b>
<b><u>PLD OPEB Plan</u></b>		
Contractually required contribution	\$ 2,719	2,790
Contributions in relation to the contractually required contribution	<u>(2,719)</u>	<u>(2,790)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>
City's covered-employee payroll	\$ 7,363,174	7,349,329
Contributions as a percentage of covered-employee payroll	0.04%	0.04%

\* *Only two years of information available*

**CITY OF BREWER, MAINE**  
**Notes to Required Supplementary information**

---

**Changes of Benefit Terms (Pension) - None**

**Changes of Assumptions (Pension)** - The following are changes in actuarial assumptions used in the most recent valuations:

	<u>2018</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Discount rate – PLD	6.750%	6.875%	7.125%	7.250%	7.250%
Discount rate – SET	6.750%	6.875%	7.125%	7.125%	7.250%
Inflation rate	2.75%	2.75%	3.50%	3.50%	3.50%
Salary increases – PLD	2.75-9.00%	2.75-9.00%	3.50-9.50%	3.50-9.50%	3.50-9.50%
Salary increases – SET	2.75-14.50%	2.75-14.50%	3.50-13.50%	3.50-13.50%	3.50-13.50%
Cost of living increases – PLD	1.91%	2.20%	2.55%	3.12%	3.12%
Cost of living increases – SET	2.20%	2.20%	2.55%	2.55%	2.55%

*\* This schedule is intended to show information for ten years, but only the years in which changes occurred have been displayed. Additional years' information will be displayed as it becomes available.*

**Mortality rates:**

In 2015, mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA. In 2016 and going forward, mortality rates were based on the RP2014 Total Data Set Health Annuitant Mortality Table.

**Changes of Benefit Terms (OPEB) - None**

**Changes of Assumptions (OPEB)** - The following are changes in actuarial assumptions used in the most recent valuations regarding the MPERS life insurance plans:

	<u>2018</u>	<u>2017</u>
Discount rate – SET	6.750%	6.875%
Discount rate – PLD	5.13%	5.41%

Under the Health Plan - MMEHT, changes of assumptions and other inputs reflects the changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal Year	Discount Rate
2019	4.10%
2018	3.44%
2017	3.78%

**CITY OF BREWER, MAINE**  
**Notes to Required Supplementary information, Continued**

---

Under the Health Plan – MEABT, changes of assumptions and other inputs reflects the changes in the discount rate each period. The following are the discount rates used in each period:

<b>Fiscal Year</b>	<b>Discount Rate</b>
2019	3.87%
2018	3.58%

Additionally, the valuation method was changed from the Projected Unit Credit funding method in 2017 to the Entry Age Normal funding method in 2018.

## **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, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 7,519,309	7,716,453
Investments	767,484	732,671
Receivables:		
Taxes	75,047	69,373
Tax liens	553,555	444,403
Accounts	529,979	408,706
Prepaid expenditures	231,764	233,330
Interfund loans receivable	477,248	146,478
<b>Total assets</b>	<b>\$ 10,154,386</b>	<b>9,751,414</b>
<b>LIABILITIES</b>		
Accounts payable	564,857	540,957
Accrued payroll and related liabilities	2,641,507	2,531,353
Taxes collected in advance	68,233	111,165
Unearned revenue	7,678	8,193
<b>Total liabilities</b>	<b>3,282,275</b>	<b>3,191,668</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	537,269	411,410
<b>Total deferred inflows of resources</b>	<b>537,269</b>	<b>411,410</b>
<b>FUND BALANCE</b>		
Nonspendable - prepaid expenditures	231,764	233,330
Restricted for education	127,277	203,981
Assigned	1,241,224	1,255,364
Unassigned	4,734,577	4,455,661
<b>Total fund balance</b>	<b>6,334,842</b>	<b>6,148,336</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 10,154,386</b>	<b>9,751,414</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, 2019**  
**(with comparative actual amounts for the year ended June 30, 2018)**

	2019		Variance positive (negative)	2018 Actual
	Final Budget	Actual		
Revenues:				
Taxes:				
Property	\$ 16,847,232	16,888,313	41,081	16,856,958
Automobile excise	1,775,000	1,993,593	218,593	1,964,622
Boat excise	8,000	7,510	(490)	8,181
Interest on taxes	60,000	56,144	(3,856)	48,265
Payments in lieu of taxes	38,750	35,242	(3,508)	42,219
Total taxes	18,728,982	18,980,802	251,820	18,920,245
Licenses and fees:				
Licenses and clerk fees	28,700	26,568	(2,132)	32,725
Registration fees	24,000	22,434	(1,566)	23,149
Ambulance and other public safety revenue	184,865	184,658	(207)	217,096
All other	5,500	5,051	(449)	17,683
Total licenses and fees	243,065	238,711	(4,354)	290,653
Intergovernmental:				
Road block grant program	128,000	128,880	880	129,412
State revenue sharing	670,000	698,879	28,879	673,342
Tree growth reimbursement	400	438	38	415
Veterans reimbursement	9,000	9,968	968	10,350
BETE reimbursement	85,000	133,337	48,337	68,679
Homestead exemption	538,594	533,531	(5,063)	421,425
General assistance	22,000	6,193	(15,807)	10,200
Police grant reimbursements	166,936	67,648	(99,288)	12,716
School Department	10,889,164	10,995,234	106,070	10,181,025
Total intergovernmental	12,509,094	12,574,108	65,014	11,507,564
Local sources:				
Property leases	4,701	6,742	2,041	4,695
Parks and recreation	463,485	446,376	(17,109)	452,777
Sale of City property	-	-	-	25
Public safety	25,100	30,708	5,608	28,956
Code enforcement	70,750	98,946	28,196	77,853
Public works	296,579	320,741	24,162	338,150
Cable television	107,000	124,566	17,566	114,680
Deferred debt service	515	515	-	2,613
Library	16,034	29,147	13,113	30,410
Worker's compensation reimbursement	-	6,376	6,376	31,309
School Department revenue	2,646,312	2,954,796	308,484	2,869,468
All other	16,870	10,879	(5,991)	2,796
Total local sources	3,647,346	4,029,792	382,446	3,953,732
Investment earnings	45,000	153,597	108,597	38,717
Total revenues	35,173,487	35,977,010	803,523	34,710,911

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

	2019		Variance positive (negative)	2018 Actual
	Final Budget	Actual		
Expenditures:				
Current:				
Administration:				
City Council	\$ 11,347	10,365	982	9,259
City Manager	344,462	356,571	(12,109)	354,159
City Clerk	75,599	68,283	7,316	101,743
Elections	15,700	6,753	8,947	7,535
Assessing	248,575	226,054	22,521	205,014
Finance	603,869	588,636	15,233	572,572
Technology	180,824	175,221	5,603	155,456
Legal	103,478	56,852	46,626	85,313
City Hall	75,713	68,379	7,334	71,791
Economic Development	438,021	418,935	19,086	368,901
Total administration	2,097,588	1,976,049	121,539	1,931,743
Protection:				
Police department	2,161,971	2,050,022	111,949	2,002,128
Fire department	1,559,757	1,508,551	51,206	1,502,684
Code enforcement	192,267	190,451	1,816	185,748
General protections	822,839	789,011	33,828	906,198
Insurances	106,900	100,090	6,810	105,657
Animal control	20,221	19,700	521	19,436
Total protection	4,863,955	4,657,825	206,130	4,721,851
Public services:				
Health and human services	65,320	44,138	21,182	49,035
Transit system	226,546	181,399	45,147	151,396
Adult Ed	5,000	4,984	16	4,953
Non-profit organizations	1,500	1,500	-	1,500
Total public services	298,366	232,021	66,345	206,884
Public works:				
Public works	1,564,361	1,404,120	160,241	1,387,694
Solid waste disposal	637,763	610,395	27,368	540,960
Planning	101,966	99,575	2,391	96,960
Engineering	153,676	152,586	1,090	151,564
Total public works	2,457,766	2,266,676	191,090	2,177,178
Education	22,407,353	21,555,539	851,814	20,673,821



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

	2019			2018 Actual
	Final Budget	Actual	Variance positive (negative)	
Expenditures, continued:				
Current, continued:				
Unclassified:				
Employee benefits	\$ 186,483	205,953	(19,470)	208,199
Municipal auditorium	190,174	193,036	(2,862)	181,530
Parks and cemeteries	256,882	247,735	9,147	249,949
Recreation/pool	587,907	571,430	16,477	546,618
Library	239,834	231,541	8,293	218,631
Dues	10,500	8,602	1,898	10,150
Contingencies	37,440	33,623	3,817	36,379
All other	9,665	20,821	(11,156)	11,458
Total unclassified	1,518,885	1,512,741	6,144	1,462,914
Assessments:				
County tax	1,004,583	1,004,583	-	951,756
Abatements and bad debts	116,215	114,669	1,546	63,557
Total assessments	1,120,798	1,119,252	1,546	1,015,313
Debt service:				
Principal	1,765,183	1,756,118	9,065	1,864,180
Interest	552,412	553,819	(1,407)	516,871
Total debt service	2,317,595	2,309,937	7,658	2,381,051
Total expenditures	37,082,306	35,630,040	1,452,266	34,570,755
Excess (deficiency) of revenues over (under) expenditures	(1,908,819)	346,970	2,255,789	140,156
Other financing sources (uses):				
Use of fund balance - City	561,046	-	(561,046)	-
Use of fund balance - School Department	1,202,568	-	(1,202,568)	-
Reserves and carryforwards	212,108	-	(212,108)	-
Transfers from other funds:				
TIF projects fund	1,217,821	1,213,146	(4,675)	1,174,999
Impact Fee Fund	15,000	15,024	24	15,000
Sewer Fund	87,924	87,921	(3)	82,908
Water Fund	106,452	106,460	8	102,756
PERC contract reserve	-	45,000	45,000	-
Computer Reserve	-	8,798	8,798	-
Transfers to other funds:				
Brewer Days	(1,200)	(1,200)	-	(1,200)
TIF projects fund	(1,372,500)	(1,372,500)	-	(1,438,261)
Capital Improvement Program	(120,400)	(122,611)	(2,211)	-
Total other financing sources (uses)	1,908,819	(19,962)	(1,928,781)	(63,798)
Net change in fund balance - budgetary basis	-	327,008	327,008	76,358
Reconciliation to GAAP:				
Change in accrued teacher summer salaries and benefits		(140,502)		(165,253)
Total reconciling items to GAAP		(140,502)		(165,253)
Net change in fund balance - GAAP basis		186,506		(88,895)
Fund balance, beginning of year		6,148,336		6,237,231
<b>Fund balance, end of year</b>	<b>\$</b>	<b>6,334,842</b>		<b>6,148,336</b>

**ALL OTHER GOVERNMENTAL FUNDS**

**CITY OF BREWER, MAINE**  
**All Other Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2019**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 250	-	78,282	78,532
Investments	-	-	363,325	363,325
Accounts receivable	28,256	-	-	28,256
Due from other governments	167,319	-	-	167,319
Interfund loans receivable	1,167,669	92,982	-	1,260,651
Inventory	28,928	-	-	28,928
<b>Total assets</b>	<b>\$ 1,392,422</b>	<b>92,982</b>	<b>441,607</b>	<b>1,927,011</b>
<b>LIABILITIES</b>				
Accounts payable	326,861	-	-	326,861
Unearned revenue	10,311	-	-	10,311
Interfund loans payable	17,835	22,278	98,937	139,050
<b>Total liabilities</b>	<b>355,007</b>	<b>22,278</b>	<b>98,937</b>	<b>476,222</b>
<b>FUND BALANCES</b>				
Nonspendable	28,928	-	324,553	353,481
Restricted	1,074,610	92,982	18,117	1,185,709
Committed	43,640	-	-	43,640
Unassigned	(109,763)	(22,278)	-	(132,041)
<b>Total fund balances</b>	<b>1,037,415</b>	<b>70,704</b>	<b>342,670</b>	<b>1,450,789</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,392,422</b>	<b>92,982</b>	<b>441,607</b>	<b>1,927,011</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, 2019**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
Revenues:				
Intergovernmental	\$ 1,393,888	-	-	1,393,888
Lunch program	330,217	-	-	330,217
Local sources	-	14,099	-	14,099
Investment income (loss)	-	-	15,027	15,027
Other income	77,279	-	2,235	79,514
Total revenues	1,801,384	14,099	17,262	1,832,745
Expenditures:				
Current:				
Protection	64,228	-	-	64,228
Public services	156	-	-	156
Educational programs	1,648,732	-	-	1,648,732
Unclassified	79,261	-	593	79,854
Capital outlay	-	6,039	-	6,039
Total expenditures	1,792,377	6,039	593	1,799,009
Excess (deficiency) of revenues over (under) expenditures	9,007	8,060	16,669	33,736
Other financing sources (uses):				
Transfers in	1,200	-	-	1,200
Transfers out	(53,798)	(15,024)	-	(68,822)
Total other financing sources (uses)	(52,598)	(15,024)	-	(67,622)
Net change in fund balances	(43,591)	(6,964)	16,669	(33,886)
Fund balances, beginning of year	1,081,006	77,668	326,001	1,484,675
<b>Fund balances, end of year</b>	<b>\$ 1,037,415</b>	<b>70,704</b>	<b>342,670</b>	<b>1,450,789</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, 2019**

	Police 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	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Interfund loans receivable	54,369	31,632	18,021	9,271	114,398	1,433
Inventory	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 54,369</b>	<b>31,632</b>	<b>18,021</b>	<b>9,271</b>	<b>114,398</b>	<b>1,433</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued expenses	1,374	-	-	9,271	114,398	-
Unearned revenue	-	-	-	-	-	-
Interfund loans payable	-	-	-	-	-	-
<b>Total liabilities</b>	<b>1,374</b>	<b>-</b>	<b>-</b>	<b>9,271</b>	<b>114,398</b>	<b>-</b>
Fund balances (deficits):						
Nonspendable	-	-	-	-	-	-
Restricted	52,995	31,632	18,021	-	-	1,433
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balances (deficits)</b>	<b>52,995</b>	<b>31,632</b>	<b>18,021</b>	<b>-</b>	<b>-</b>	<b>1,433</b>
<b>Total liabilities and fund balances</b>	<b>\$ 54,369</b>	<b>31,632</b>	<b>18,021</b>	<b>9,271</b>	<b>114,398</b>	<b>1,433</b>

**CITY OF BREWER, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet, Continued**  
**June 30, 2019**

	Winterfest	PERC Contract Reserve	FEMA Windstorm Grant	MMA Grant Fund	EPA Brownfield Rev Loan	Brewer Days	Children's Garden Fund
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Interfund loans receivable	2,784	391,110	25,920	-	92,246	5,008	8,276
Inventory	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 2,784</b>	<b>391,110</b>	<b>25,920</b>	<b>-</b>	<b>92,246</b>	<b>5,008</b>	<b>8,276</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable and accrued expenses	-	-	18,800	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Interfund loans payable	-	-	-	1,427	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>18,800</b>	<b>1,427</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances (deficits):							
Nonspendable	-	-	-	-	-	-	-
Restricted	2,784	391,110	7,120	-	92,246	5,008	8,276
Committed	-	-	-	-	-	-	-
Unassigned	-	-	-	(1,427)	-	-	-
<b>Total fund balances (deficits)</b>	<b>2,784</b>	<b>391,110</b>	<b>7,120</b>	<b>(1,427)</b>	<b>92,246</b>	<b>5,008</b>	<b>8,276</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,784</b>	<b>391,110</b>	<b>25,920</b>	<b>-</b>	<b>92,246</b>	<b>5,008</b>	<b>8,276</b>

**CITY OF BREWER, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet, Continued**  
**June 30, 2019**

	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	11,428	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Interfund loans receivable	34,942	-	-	2,595	-	224	5,000
Inventory	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 46,370</b>	<b>-</b>	<b>-</b>	<b>2,595</b>	<b>-</b>	<b>224</b>	<b>5,000</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable and accrued expenses	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Interfund loans payable	-	40	-	-	1,196	-	-
<b>Total liabilities</b>	<b>-</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>1,196</b>	<b>-</b>	<b>-</b>
Fund balances (deficits):							
Nonspendable	-	-	-	-	-	-	-
Restricted	46,370	-	-	2,595	-	-	-
Committed	-	-	-	-	-	224	5,000
Unassigned	-	(40)	-	-	(1,196)	-	-
<b>Total fund balances (deficits)</b>	<b>46,370</b>	<b>(40)</b>	<b>-</b>	<b>2,595</b>	<b>(1,196)</b>	<b>224</b>	<b>5,000</b>
<b>Total liabilities and fund balances</b>	<b>\$ 46,370</b>	<b>-</b>	<b>-</b>	<b>2,595</b>	<b>-</b>	<b>224</b>	<b>5,000</b>



**CITY OF BREWER, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet, Continued**  
**June 30, 2019**

	Brewer Business and Comm'l Park	Insurance Deductible Reserve	Business Resources Program	School Department		Total Nonmajor Special Revenue Funds
				Food Service Fund	Grants Fund	
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	-	-	250	-	250
Accounts receivable	-	-	-	16,828	-	28,256
Due from other governments	-	-	-	19,892	147,427	167,319
Interfund loans receivable	126,168	36,416	2,000	205,856	-	1,167,669
Inventory	-	-	-	28,928	-	28,928
<b>Total assets</b>	<b>\$ 126,168</b>	<b>36,416</b>	<b>2,000</b>	<b>271,754</b>	<b>147,427</b>	<b>1,392,422</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued expenses	-	-	-	75,176	107,842	326,861
Unearned revenue	-	-	-	10,311	-	10,311
Interfund loans payable	-	-	-	-	15,172	17,835
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>85,487</b>	<b>123,014</b>	<b>355,007</b>
Fund balances (deficits):						
Nonspendable	-	-	-	28,928	-	28,928
Restricted	126,168	-	-	157,339	131,513	1,074,610
Committed	-	36,416	2,000	-	-	43,640
Unassigned	-	-	-	-	(107,100)	(109,763)
<b>Total fund balances (deficits)</b>	<b>126,168</b>	<b>36,416</b>	<b>2,000</b>	<b>186,267</b>	<b>24,413</b>	<b>1,037,415</b>
<b>Total liabilities and fund balances</b>	<b>\$ 126,168</b>	<b>36,416</b>	<b>2,000</b>	<b>271,754</b>	<b>147,427</b>	<b>1,392,422</b>

**CITY OF BREWER, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2019**

	Police Asset Forfeiture	CDBG Housing Rehab Grant	Recreation Banner Fund	Performance Bonds Payable	Technical Review Payable	Fire Museum
Revenues:						
Intergovernmental	\$ 14,579	515	-	-	-	-
Lunch program	-	-	-	-	-	-
Other income	-	-	6,700	-	-	-
Total revenues	14,579	515	6,700	-	-	-
Expenditures:						
Protection	7,776	-	-	-	-	-
Public services	-	156	-	-	-	-
Educational programs	-	-	-	-	-	-
Unclassified	-	-	2,853	-	-	147
Total expenditures	7,776	156	2,853	-	-	147
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfer out	-	-	-	-	-	-
Other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	6,803	359	3,847	-	-	(147)
Fund balances (deficits), beginning of year	46,192	31,273	14,174	-	-	1,580
<b>Fund balances (deficits), end of year</b>	<b>\$ 52,995</b>	<b>31,632</b>	<b>18,021</b>	<b>-</b>	<b>-</b>	<b>1,433</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, 2019**

	Winterfest	PERC Contract Reserve	FEMA Windstorm Grant	MMA Grant Fund	EPA Brownfield Rev Loan	Brewer Days	Children's Garden Fund
Revenues:							
Intergovernmental	\$ -	-	17,178	-	-	-	-
Lunch program	-	-	-	-	-	-	-
Other income	-	-	-	3,400	-	5,572	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>17,178</b>	<b>3,400</b>	<b>-</b>	<b>5,572</b>	<b>-</b>
Expenditures:							
Protection	-	-	-	-	-	-	-
Public services	-	-	-	-	-	-	-
Educational programs	-	-	-	-	-	-	-
Unclassified	2,594	-	58,310	3,921	-	5,607	-
<b>Total expenditures</b>	<b>2,594</b>	<b>-</b>	<b>58,310</b>	<b>3,921</b>	<b>-</b>	<b>5,607</b>	<b>-</b>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	1,200	-
Transfer out	-	(45,000)	-	-	-	-	-
<b>Other financing sources (uses)</b>	<b>-</b>	<b>(45,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,200</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(2,594)</b>	<b>(45,000)</b>	<b>(41,132)</b>	<b>(521)</b>	<b>-</b>	<b>1,165</b>	<b>-</b>
Fund balances (deficits), beginning of year	5,378	436,110	48,252	(906)	92,246	3,843	8,276
<b>Fund balances (deficits), end of year</b>	<b>\$ 2,784</b>	<b>391,110</b>	<b>7,120</b>	<b>(1,427)</b>	<b>92,246</b>	<b>5,008</b>	<b>8,276</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, 2019

	City Small Grants and Programs	Chamberlain Golf Classic	Computer Reserve	Stream Cleanup	Flags In Brewer	Recognition Coins	Police Academy Buyout
Revenues:							
Intergovernmental	\$ 84,755	-	-	-	-	-	-
Lunch program	-	-	-	-	-	-	-
Other income	7,881	-	-	1,489	-	-	-
<b>Total revenues</b>	<b>92,636</b>	<b>-</b>	<b>-</b>	<b>1,489</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenditures:							
Protection	56,452	-	-	-	-	-	-
Public services	-	-	-	-	-	-	-
Educational programs	-	-	-	-	-	-	-
Unclassified	2,966	-	-	687	2,176	-	-
<b>Total expenditures</b>	<b>59,418</b>	<b>-</b>	<b>-</b>	<b>687</b>	<b>2,176</b>	<b>-</b>	<b>-</b>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfer out	-	-	(8,798)	-	-	-	-
<b>Other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(8,798)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>33,218</b>	<b>-</b>	<b>(8,798)</b>	<b>802</b>	<b>(2,176)</b>	<b>-</b>	<b>-</b>
Fund balances (deficits), beginning of year	13,152	(40)	8,798	1,793	980	224	5,000
<b>Fund balances (deficits), end of year</b>	<b>\$ 46,370</b>	<b>(40)</b>	<b>-</b>	<b>2,595</b>	<b>(1,196)</b>	<b>224</b>	<b>5,000</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, 2019

	Brewer Business and Comm'l Park	Insurance Deductible Reserve	Business Resources Program	School Department		Total Nonmajor Special Revenue Funds
				Food Service Fund	Grants Fund	
Revenues:						
Intergovernmental	\$ -	-	-	357,767	919,094	1,393,888
Lunch program	-	-	-	330,217	-	330,217
Other income	-	-	-	-	52,237	77,279
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>687,984</b>	<b>971,331</b>	<b>1,801,384</b>
Expenditures:						
Protection	-	-	-	-	-	64,228
Public services	-	-	-	-	-	156
Educational programs	-	-	-	668,867	979,865	1,648,732
Unclassified	-	-	-	-	-	79,261
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>668,867</b>	<b>979,865</b>	<b>1,792,377</b>
Other financing sources (uses):						
Transfer in	-	-	-	-	-	1,200
Transfer out	-	-	-	-	-	(53,798)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(52,598)</b>
Net change in fund balances	-	-	-	19,117	(8,534)	(43,591)
Fund balances (deficits), beginning of year	126,168	36,416	2,000	167,150	32,947	1,081,006
<b>Fund balances (deficits), end of year</b>	<b>\$ 126,168</b>	<b>36,416</b>	<b>2,000</b>	<b>186,267</b>	<b>24,413</b>	<b>1,037,415</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, 2019**

	Fund balances beginning of year	Revenues			Expenditures	Fund balances end of year
		Intergovernmental	Other miscellaneous			
Public Safety:						
Police canine program	\$ 1,962	-	-	-	1,962	
Safe medicine return box	50	-	-	-	50	
MEMA MACTAC equipment and training	3,534	-	-	-	3,534	
USDOJ BJA bulletproof vest partnership program	-	238	237	475	-	
Gero vest carrier grant	490	-	-	-	490	
Public safety hosted training	3,372	-	350	-	3,722	
Body camera grant	-	5,000	834	-	5,834	
Byrne/Jag 2018 grant	-	6,520	-	6,520	-	
2017 FEMA / DHS AFG Fire Equipment	-	40,588	4,021	44,609	-	
FY19 ME Forest Service Grant	-	2,409	2,439	4,848	-	
FY19 King Foundation Grant - Turnout Gear	-	30,000	-	-	30,000	
Library:						
Bangor health & wellness grant	445	-	-	131	314	
Brewer kiwanis grant	527	-	-	341	186	
Rudman book club	260	-	-	-	260	
ME history records grant	12	-	-	-	12	
In Memoriam Bettie Ann Lawrence	2,500	-	-	2,494	6	
<b>Totals</b>	<b>\$ 13,152</b>	<b>84,755</b>	<b>7,881</b>	<b>59,418</b>	<b>46,370</b>	

**CITY OF BREWER, MAINE**  
**School Department Grants Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2019**

	Fund balances (deficits) beginning of year	Revenues	Expenditures	Fund balances (deficits) end of year
Federal Programs:				
Title 1A - Disadvantaged	\$ (45,664)	393,384	405,106	(57,386)
Title IVA	-	23,177	23,177	-
Local Entitlement	(62,997)	361,148	347,865	(49,714)
Preschool	-	4,922	4,922	-
Title V - Rural and Low Income Grant	-	13,822	13,822	-
Title IIA	-	61,841	61,841	-
Total federal programs	(108,661)	858,294	856,733	(107,100)
State Programs:				
MLTI Laptop Grant	60,800	60,800	60,800	60,800
Total state programs	60,800	60,800	60,800	60,800
Local Programs:				
Driver's Ed	6,152	13,475	11,651	7,976
Brewer HOF	7,495	9,421	8,394	8,522
BCS Laptop	11,826	-	10,275	1,551
BHS Laptop	18,339	16,764	23,521	11,582
Construction Fund	3,222	-	-	3,222
Name-a-Seat Fund	23,071	-	-	23,071
Drug Free Grant	1,600	-	-	1,600
MEABT Wellness Ambassador	-	500	500	-
Community Transformation Grant	1,687	-	28	1,659
Project Unify Grant	2,464	2,022	1,820	2,666
Stephen King Storybird Grant	1,476	-	732	744
Courageous Steps Project Grant	602	250	-	852
TAP Program	600	-	-	600
ME Agriculture in the Classroom Maple Grant	11	-	11	-
Grammy Foundation	92	-	92	-
Onion Foundation	13	-	13	-
Ticket to Ride Grant	300	500	800	-
Smokey Lawrence Tournament	1,357	-	1,357	-
Wights PBIS Fund Proceeds	-	139	138	1
Maine Rural Grant (UMFK)	-	1,800	1,800	-
BHS Athletic Banners	-	1,070	-	1,070
Target/Challenger Foundation	-	1,200	1,200	-
D. Jeffrey Funds to Alpha	-	392	-	392
Maine Discovery Museum	-	350	-	350
Class of 2018 Donation to SEL	-	4,354	-	4,354
JROTC	501	-	-	501
Total local programs	80,808	52,237	62,332	70,713
<b>Totals</b>	<b>\$ 32,947</b>	<b>971,331</b>	<b>979,865</b>	<b>24,413</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, 2019**

	FHWA Route 15 Earmark	City Hall Rehab	Impact Fee Fund	Total Nonmajor Capital Project Funds
<b>ASSETS</b>				
Interfund loans receivable	\$ -	-	92,982	92,982
<b>Total assets</b>	<b>\$ -</b>	<b>-</b>	<b>92,982</b>	<b>92,982</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	-	-	92,982	92,982
Unassigned	(3,692)	(18,586)	-	(22,278)
<b>Total fund balances (deficits)</b>	<b>(3,692)</b>	<b>(18,586)</b>	<b>92,982</b>	<b>70,704</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>-</b>	<b>92,982</b>	<b>92,982</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, 2019**

	FHWA Route 15 Earmark	City Hall Rehab	Impact Fee Fund	Total Nonmajor Capital Project Funds
Revenues:				
Local sources	\$ -	-	14,099	14,099
Total revenues	-	-	14,099	14,099
Expenditures:				
Capital outlay	-	-	6,039	6,039
Total expenditures	-	-	6,039	6,039
Excess (deficiency) of revenues over (under) expenditures	-	-	8,060	8,060
Other financing sources (uses):				
Transfer to general fund	-	-	(15,024)	(15,024)
Total other financing sources (uses)	-	-	(15,024)	(15,024)
Net change in fund balances	-	-	(6,964)	(6,964)
Fund balances (deficits), beginning of year	(3,692)	(18,586)	99,946	77,668
<b>Fund balances (deficits), end of year</b>	<b>\$ (3,692)</b>	<b>(18,586)</b>	<b>92,982</b>	<b>70,704</b>

**CITY OF BREWER, MAINE**  
**Capital Improvements Program**  
**Combining Schedule of Changes in Fund Balances**  
**For the year ended June 30, 2019**

	Fund balances (deficit) beginning of year	Revenue	Expenditures	Transfers	Fund balances (deficit) end of year
<b>Capital Improvements Programs:</b>					
City Hall/Other:					
School bldg remed & demolition	\$ 67,748	-	-	(45,000)	22,748
City hall infrastructure	33,001	-	3,433	-	29,568
Parking lot-former St and Middle School	52,733	-	-	-	52,733
Tech computer hardware	(1,375)	-	-	-	(1,375)
Network improvements - City and Police	-	-	6,870	8,500	1,630
Finance computer hardware	(494)	-	-	-	(494)
Copiers	-	-	23,910	20,000	(3,910)
Bond financing costs	2,563	-	-	8,000	10,563
Economic Development rev loan fund	26,000	-	-	-	26,000
Economic development - facade improvement fund	-	-	-	100,000	100,000
Total City Hall/other	180,176	-	34,213	91,500	237,463
<b>Waterfront Development:</b>					
Property acquisitions	124,562	-	-	-	124,562
Shore stabilization	92,441	-	-	(92,441)	-
Waterfront Trail	-	2,485	299,473	296,988	-
Landscaping/public improvements	22,730	-	-	-	22,730
Youth waterfront projects	5,000	-	-	-	5,000
Total waterfront development	244,733	2,485	299,473	204,547	152,292
<b>Protection:</b>					
Public safety building improvements	3,671	-	38,500	11,400	(23,429)
Police computer replacement	179	-	-	(160)	19
Police vehicles	438	-	39,831	41,500	2,107
SCBA	-	120,000	126,000	4,000	(2,000)
Public safety computer server	121	-	-	21,000	21,121
Fire computer replacement	1,639	-	1,799	160	-
Fire portable radios	123	-	-	(123)	-
Fire pickup w/ plow	9,296	-	-	(9,296)	-
Fire hose	22	-	-	9,978	10,000
Fire Engine 302 Replacement	(4,297)	-	-	4,297	-
Fire Unit 301 replacement	22,111	-	18,596	(3,515)	-
Fire unit 305 ladder refurb	650,000	-	585,172	(782)	64,046
Police Tasers	-	-	10,712	10,712	-
Total protection	683,303	120,000	820,610	89,171	71,864
<b>Public Works:</b>					
Landfill area closing	179,643	-	-	-	179,643
LED street lights	75,658	-	2,800	-	72,858
General road construction	24,170	-	23,744	-	426
Paving	374,035	-	409,165	115,000	79,870
Parkway so. Resurface - City share	1,074	-	-	-	1,074
Eastern Ave. felts brook improvements	3,276	-	-	(3,276)	-
S Main Paving	31	-	-	(31)	-
Stormwater Drainage improvements	67,231	-	-	-	67,231
Elm Street resurfacing	14,694	-	-	(14,694)	-
Green Point overlay	28	-	-	(28)	-
Lower wilson street resurfacing - 10% city share	11,907	-	-	(23,000)	(11,093)
E-W industrial park resurfacing	73,972	-	-	(73,972)	-
Outer Lambert Rd. repair and chip seal	1,003	-	-	(1,003)	-
Chamberlain St. resurface	11,044	-	-	-	11,044
Eastern Ave repave 50-50 MPI	-	-	-	-	-
Mill St. resurface and drainage improvements	(176,135)	98,660	436	-	(77,911)
Sweeper #430	1,526	-	-	(1,526)	-
Stow Roller #11	-	-	12,389	-	(12,389)
Engineering hardware upgrades	2,388	-	-	(2,388)	-
Flail mower head	-	-	9,248	10,000	752
Sterling sand/plow	130,000	-	130,452	452	-
Elgin Street Sweeper #449	-	-	213,935	10,644	(203,291)
Traffic signal battery backups	3,434	-	-	(3,434)	-
Signal detection	2,808	-	-	-	2,808
N. Main and Betton signal and intersection improvement	482	-	-	-	482
Sterling plow / sander #437	7,182	-	-	(7,182)	-
Cat D4H dozer #429	140,000	-	88,100	-	51,900
CAT 420 backhoe/loader #432	120,000	-	76,974	-	43,026
Wilsn/thmpsn int. imprvmts-10% share-PIN 20897	2,769	-	-	-	2,769
Pavement saw - self propelled	-	-	5,500	5,500	-
Total public works	1,072,220	98,660	972,743	11,062	209,199

**CITY OF BREWER, MAINE**  
**Capital Improvements Program**  
**Combining Schedule of Changes in Fund Balances, Continued**  
**For the year ended June 30, 2019**

	Fund balances (deficit) beginning of year	Revenue	Expenditures	Transfers	Fund balances (deficit) end of year
Parks and Recreation:					
Wash St. rec complex	\$ 28,048	-	548	-	27,500
Eastern playground	10,832	-	-	-	10,832
Auditorium doors, windows, entrance	4,557	-	1,005	-	3,552
Pool rehabilitation	11,457	-	-	-	11,457
Capri St park renovation	-	-	-	45,000	45,000
Doyle Field Goal Posts	(5,396)	-	1,230	8,500	1,874
Auditorium stage rehab	-	-	7,492	7,500	8
4x4 diesel pickup w/ plow	5,092	-	-	(5,092)	-
72" riding mower 1145	1,010	-	-	(1,010)	-
Auditorium heating software	200	-	-	(200)	-
60" riding mower - woodlawn	-	-	10,000	11,000	1,000
Auditorium - playground rehab	3,135	-	-	-	3,135
Total parks and recreation	58,935	-	20,275	65,698	104,358
<b>Subtotal projects</b>	<b>2,239,367</b>	<b>221,145</b>	<b>2,147,314</b>	<b>461,978</b>	<b>775,176</b>
CIP - Unallocated	66,414	44,009	-	(34,820)	75,603
Tax Increment Financing Projects:					
BAC	98,615	196,238	-	(185,090)	109,763
Lemforder	45,578	594	-	(37,627)	8,545
Woodlands	25,541	2,062	-	(21,236)	6,367
Cianbro	364,186	18,090	-	74,004	456,280
Brewer Econ Developmt	721,215	-	-	(116,131)	605,084
Penobscot Eye Care	-	1,042	-	(1,042)	-
AHTIF - Somerset Place	2,672	-	42,451	42,451	2,672
AHTIF - Village Centre	4,044	-	74,990	74,990	4,044
Total Tax Increment Financing Projects	1,261,851	218,026	117,441	(169,681)	1,192,755
<b>Total</b>	<b>\$ 3,567,632</b>	<b>483,180</b>	<b>2,264,755</b>	<b>257,477</b>	<b>2,043,534</b>

**CITY OF BREWER, MAINE**  
**Impact Fee Projects**  
**Combing Schedule of Changes in Fund Balances**  
**For the year ended June 30, 2019**

	Fund balances (deficit) beginning of year	Revenue	Expenditures	Transfers	Fund balances (deficit) end of year
Impact Fee Projects:					
Parallel Road	\$ 643	3,172	-	-	3,815
Signal Coordination	3,229	3,172	-	-	6,401
Signal Preemption	7,976	-	-	(195)	7,781
Pierce Road relocation and signal	7,293	-	-	(3,916)	3,377
Wilson/Parkway South intersection	5,035	-	-	(2,705)	2,330
State and Washington intersection	6,489	-	6,039	-	450
City transit bus	58,773	5,012	-	(1,497)	62,288
Set up and administrative costs	10,748	392	-	(6,711)	4,429
Sewer	(240)	2,351	-	-	2,111
<b>Total impact fee projects</b>	<b>\$ 99,946</b>	<b>14,099</b>	<b>6,039</b>	<b>(15,024)</b>	<b>92,982</b>

**NONMAJOR GOVERNMENTAL FUNDS**

**PERMANENT FUNDS**

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

		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	\$	78,282	-	-	-	-	-	78,282
Investments		345,013	5,612	1,037	4,800	322	6,541	363,325
<b>Total assets</b>	<b>\$</b>	<b>423,295</b>	<b>5,612</b>	<b>1,037</b>	<b>4,800</b>	<b>322</b>	<b>6,541</b>	<b>441,607</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Interfund loans payable		98,924	13	-	-	-	-	98,937
<b>Total liabilities</b>		<b>98,924</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>98,937</b>
Fund balances:								
Nonspendable		311,881	4,538	939	4,533	275	2,387	324,553
Restricted		12,490	1,061	98	267	47	4,154	18,117
<b>Total fund balances</b>		<b>324,371</b>	<b>5,599</b>	<b>1,037</b>	<b>4,800</b>	<b>322</b>	<b>6,541</b>	<b>342,670</b>
<b>Total liabilities and fund balances</b>	<b>\$</b>	<b>423,295</b>	<b>5,612</b>	<b>1,037</b>	<b>4,800</b>	<b>322</b>	<b>6,541</b>	<b>441,607</b>

CITY OF BREWER, MAINE  
 Nonmajor Permanent Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 For the year ended June 30, 2019

	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 earnings (loss)	\$ 14,427	178	33	162	10	217	15,027
Lot sales	2,235	-	-	-	-	-	2,235
Total revenues	16,662	178	33	162	10	217	17,262
Expenditures:							
Cemetery care	571	-	-	-	-	-	571
Other	-	7	1	6	-	8	22
Total expenditures	571	7	1	6	-	8	593
Net change in fund balances	16,091	171	32	156	10	209	16,669
Fund balances, beginning of year	308,280	5,428	1,005	4,644	312	6,332	326,001
<b>Fund balances, end of year</b>	<b>\$ 324,371</b>	<b>5,599</b>	<b>1,037</b>	<b>4,800</b>	<b>322</b>	<b>6,541</b>	<b>342,670</b>



## **AGENCY FUNDS**

**CITY OF BREWER, MAINE**  
**Agency Funds**  
**Statement of Additions, Deductions and Changes in Balances**  
**For the year ended June 30, 2019**

	<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	\$ 131,258	200,529	199,582	132,205
Brewer Community School Student Activities	33,074	23,556	29,570	27,060
Brewer Performing Arts Center	20,724	17,543	17,582	20,685
Children's fund	60,800	11,376	12,445	59,731
Superintendent's Office	2,603	5,192	5,251	2,544
<b>Total</b>	<b>\$ 248,459</b>	<b>258,196</b>	<b>264,430</b>	<b>242,225</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, 2019**  
**(with comparative actual amounts for the year ended June 30, 2018)**

	2019		Variance positive (negative)	2018 Actual
	Budget	Actual		
<b>Revenues:</b>				
State education subsidy	\$ 10,889,164	10,964,623	75,459	10,077,299
State agency clients	-	14,175	14,175	71,291
Medicaid reimbursement	-	16,436	16,436	32,435
District assessments	2,542,312	2,842,359	300,047	2,704,142
Local sources	104,000	112,437	8,437	165,325
Total revenues	13,535,476	13,950,030	414,554	13,050,492
<b>Expenditures:</b>				
<b>Current:</b>				
Regular instruction	9,118,079	8,668,900	449,179	8,307,810
Special education instruction	3,956,235	3,861,833	94,402	3,257,413
Career and technical education	-	-	-	180,947
Other instruction	1,104,854	997,799	107,055	1,042,208
Student and staff support	1,524,500	1,480,808	43,692	1,529,965
System administration	564,901	566,431	(1,530)	517,751
School administration	1,020,669	976,019	44,650	917,263
Transportation and buses	568,500	542,801	25,699	518,664
Facilities maintenance	1,865,752	1,788,888	76,864	1,700,642
All other expenditures	12,368	9,736	2,632	6,692
Debt service and other commitments	2,671,495	2,662,326	9,169	2,694,466
Total expenditures	22,407,353	21,555,541	851,812	20,673,821
Excess (deficiency) of revenues over (under) expenditures	(8,871,877)	(7,605,511)	1,266,366	(7,623,329)
<b>Other financing sources (uses):</b>				
City appropriation	7,669,309	7,669,309	-	7,669,310
Budgeted use of fund balance	1,202,568	-	(1,202,568)	-
Total other financing sources (uses)	8,871,877	7,669,309	(1,202,568)	7,669,310
Net change in fund balances - budgetary basis	-	63,798	63,798	45,981
<b>Reconciliation to GAAP:</b>				
Change in accrued summer salaries and benefits		(140,502)		(165,253)
Net change in fund balances - GAAP basis		(76,704)		(119,272)
Fund balance, beginning of year		203,981		323,253
<b>Fund balance, end of year</b>	<b>\$</b>	<b>127,277</b>		<b>203,981</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.

#### **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; and the Parks & Recreation Department offers online registrations and payments for their programs.

The City’s E-government includes items such as E-List, GIS, access to online auto registration, 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. Two (2) full-time and one (1) part-time civilian employees are shared between the Police and Fire Departments.

In addition to the Public Safety Director (Police Chief), the Police Department is staffed by an additional twenty-one (21) sworn officers and one (1) part-time civilian court officer. The Police Department roster includes a Deputy Police Chief, a Captain, three (3) patrol sergeants, three (3) corporals assigned to the patrol division, and an additional ten (10) officers, two (2) of whom are assigned as School Resource Officers during the school year. Three officers in total are also assigned to the Detective Division, two of which work at Brewer Police Department and the other is assigned to the Maine Drug Enforcement Agency. In addition to these budgeted positions, the department has two Special Officers, one of whom serves as a volunteer chaplain and the other as an on-call reserve officer.

The Fire Department is operated by the Deputy Fire Chief, two (2) Captains, two (2) Lieutenants, and thirteen (13) full-time fire fighters. The department operates from a single fire station and maintains six vehicles. Through a partnership with Capital Ambulance, the station houses and helps staff an ambulance, which in turn generated almost \$182,945 in FY19 revenue to the City, offsetting approximately 12% of the Fire Department's total annual operating expenses.

The Public Safety roster also includes a contracted, part-time Animal Control Officer and a 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 four components: Auditorium, Parks & Cemeteries, Recreation, and Swimming Pool. 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 eight-week swimming program. The department is responsible for mowing and maintaining over 75 acres of municipal and school property, including municipal parks. The department maintains six athletic fields, five playgrounds, along with numerous 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. The entire department was approximately 44% self-supporting in FY 2019, with the recreation division at almost 76%.

## **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 Library Director, a full-time Children's/Program Librarian, one part-time Cataloging Assistant, and one part-time Inter-Library-Loan Assistant. Volunteers and on-call paid staff are used to round out staffing needs. The City provided approximately \$232,000 in FY2019 towards the Library’s operating budget. The Brewer Library Association (the “BLA”) is a private, nonprofit organization that maintains a Board of Trustees who oversees private trust funds to benefit the Library. The BLA typically contributes between \$5,000 to \$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 houses important Joshua Chamberlain and City of Brewer memorabilia and primary documents in the History 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; a small reading room; several desks and other seating areas; a public computer lab with printing capabilities; and two handicap accessible restrooms available for patrons.

Photocopying, faxing, and scanning services are available at the front desk; and the Library is a federally certified passport acceptance facility. The Library’s collection has approximately 37,000 volumes, including large print materials, audiobooks (CD and DVDs), music CDs and subscriptions to over 25 periodicals. Library patrons have free access to the Digital Maine Library databases; and to free e-books from Maine InfoNet’s cloudLibrary.

The Library offers special services that include: story time, summer reading, therapy-dog reading programs, interlibrary loan services, author visits, knitting socials, book club, free family and community programs, and an outreach book-delivery program for homebound citizens of Brewer. With over 6,100 cardholders, including 1,000 non-resident patrons, the Library’s circulation for FY2019 was 39,085 physical checkouts and 1,911 digital checkouts.

## **Public Works**

The Public Works Department provides maintenance of approximately 62 miles of roads, 40 miles of sidewalks, along with storm and sanitary drainage systems. Public Works provides construction and manpower support for all City Departments. Public Works constructs minor capital improvement projects including road construction, sidewalk improvements, and storm drainage improvements.

Public Works is responsible for all snow removal on roads, sidewalks, City owned parking lots, and most School facilities. For snow removal activities the department uses 2, 12-yard dump trucks; 6, 6-yard dump trucks; 2, 1-ton dump trucks; and 1 wheel loader. Each has a designated plow route that takes 3 – 4 hours to cover depending on the intensity of the storm. The plowing of sidewalks is done on a limited basis during storms but the actual cleanup doesn’t start until the conclusion of storms.

The Public Works vehicle maintenance crew, maintains approximately 130 City owned vehicles and equipment, which includes all City Departments.

The Department is staffed with a 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 members.

The City contracts with a private hauler for curbside collection, processing, and disposal of municipal solid waste (“MSW”) from residential properties of 4 units or less. In January 2011, the City implemented “pay as you throw”, requiring all MSW placed curbside to be in official City of Brewer orange trash bags, which cost \$1.25 for a 15-



gallon bag or \$2.00 for a 33-gallon bag. The City has a contract through at least 2034 with the nonprofit Municipal Review Committee (“MRC”) to dispose of MSW generated in Brewer at the Coastal Resources of Maine, LLC advanced MSW recycling & processing facility in Hampden, Maine.

MSW tipping fees are \$70 per ton and receive a CPI adjustment annually. Under the public-private partnership that MRC has with Coastal, the City has the potential to share in rebates based on facility profits. Through at least 2021, MRC will use reserve funds to reduce Brewer’s MSW tip fees by \$5 per ton if facility profits are not sufficient to generate this level of rebate.

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 22,000 cubic yards of remaining capacity with a life expectancy of less than 4 years at the current disposal rate. 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 ten employees. The operation and maintenance of the Brewer Water Pollution Control Facility, the 14 pump stations and the 53 miles of sewer which includes 1400 manholes are all funded by the wastewater budget.

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. After completing the upgrades, the plant was 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.

In 1994, the City started a very successful 20-year combined sewer overflow (“CSO”) Abatement Program that reduced the volume of untreated water entering the Penobscot River by 99.99%. To achieve this level of success the City’s sewer users have invested over \$19,300,000 to date to comply with Federal and State CSO elimination mandates.

The City completed the required Combined Sewer Overflow (“CSO”) abatement upgrades mandated by the 1992 consent agreement in 2012, 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 77 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, 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 10.5 Water Department employees under the direction of its Superintendent. The Water Department serves approximately 3,606 customers in a territory with communities that have a consolidated population of approximately 18,000 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 an estimated daily “dry year” yield of 2 million gallons; with Flood’s Pond as a back-up emergency source. The average daily draft is 755,000 gallons with maximum daily draft of 1,138,000 gallons.

The Water System includes three storage tanks with combined capacity of 2,895,000 gallons (or approximately 3.64 days average 2018 demand). The Water Department’s water transmission and distribution system is comprised of approximately 253,188 feet (almost 48 miles) of transmission and distribution mains. The Water Department provides service to 475 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 133 full time equivalent teachers, and 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, AOS 81, and the towns of Glenburn and Veazie.

The following table shows the actual school enrollment as of April 1, 2015 through 2019.

<b>April 1,</b>	<b>City of Brewer Students</b>			<b>Tuition Students</b>			<b>Total</b>
	<b>Pre-K to 8</b>	<b>9 to 12</b>	<b>City</b>	<b>AOS 81</b>	<b>AOS 47</b>	<b>Other</b>	
2019	979	407	1,386	132	109	24	1,651
2018	990	417	1,407	124	102	28	1,661
2017	1,007	409	1,416	106	130	19	1,671
2016	942	389	1,331	142	116	12	1,601
2015	940	377	1,317	161	131	11	1,620

SOURCE: State of Maine, Department of Education, "April 1 Attending Count".

### 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 governs the affairs of the Brewer School Department, a department of the City, provides 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 \$2,702,826 from Brewer for the year ended June 30, 2019, of which \$1,894,979 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 Region now receives direct General-Purpose Aid from the State of Maine, and there is no longer an assessment to the school administrative units. Region #4's territory encompasses 34 towns, including Brewer. The City sent 64 students to Region #4 in FY2019. The total operating budget for Region #4 in FY19 was \$2,974,859.

The City participates in the Southern Penobscot Regional Program for Children with Exceptionalities (SPRPCE), along with 23 additional SAUs in the region. This program specializes in classification of educational curriculum for programs offered at the Bangor, Maine campus. Specialized areas include Multiple Handicapped programs; Severe Behavioral/Emotionally Disturbed programs; and Moderate to Severe Development Disability programs.

**LABOR RELATIONS**

The City employs approximately 448 full and part-time employees, approximately 259 of whom are employed by the School Department. The following lists the various bargaining units that are represented by a union, and the status of its current contract. City Employees not included in the below table are not represented by unions.

Union <sup>(1)</sup>	Bargaining Unit	Contract Expiration
IAFF, Local 2162	Firefighters	6/30/2020
AFSCME, Council 93	Fire Officers	6/30/2020
Fraternal Order of Police	Police Command	6/30/2020
Fraternal Order of Police	Patrol Officers	6/30/2020
AFSCME, Council 93	Water Pollution Control	6/30/2020
BEA/MEA	Teachers	8/31/2021
BEA/MEA	Custodians/Food Service	8/31/2020
BEA/MEA	Education Technicians	8/31/2021

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.

## Economic Development Department

Brewer’s Department of Economic Development was established to increase wages and create jobs for City residents and those who live in the Brewer region; to expand the City’s tax base, thereby reducing the tax burden on Brewer residents; to promote development consistent with the City’s values and needs; and to help Brewer to become an economic leader in the State of Maine.

The primary objective of the Economic Development Department is the creation of an environment in Brewer that is conducive to business attraction and growth, with special emphasis on encouraging projects consistent with the City’s Comprehensive Plan and likely to grow the tax base. Objectives are achieved through business attraction efforts and quick turn-around customer service, community outreach, planning and implementation designed to capitalize on broader economic trends, the creative use of incentives and facilitation services designed to support business growth, and the development of partnerships with neighboring communities to advance regional development goals. The Department of Economic Development also takes on leadership roles in regional and State development organizations in order to impact regional and State policy and advance the development-related interests of the City of Brewer. The Department is staffed with an Economic Development Director and an Economic Development Specialist.

### Principal Employers

Major Employers	Business	Employees
Northern Light Health (formerly EMMC & EMHC)	Health Care	1,102
City of Brewer	Governmental	448
Wal-Mart	Retail	300
UPS	Transportation	250
Hannaford	Retail	150
Downeast Toyota	Vehicle Sales and Service	150
Lowes	Retail	140
Somic America	Manufacturing	104
Marden’s Brewer	Retail	78
Cianbro	Manufacturing	62

### 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
2018	134	\$1,793,125	81	\$11,138,524	215	\$ 12,931,649
2017	120	2,142,660	90	4,207,111	210	6,349,771
2016	136	1,880,328	60	2,019,533	196	3,899,861
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	10,668,393
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

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

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

## CITY FINANCES

### Budgetary Process

The fiscal year (or “budget year”) of the City begins on the first day of July and ends on the thirtieth day of June of the following calendar year. The Charter provides that the budget (the “Budget”) will be comprised of two divisions: the Municipal Budget and the School Budget. The City Manager submits the Municipal Budget for the ensuing fiscal year to the City Council. The School Committee also submits its School Budget to the City Council, whereby the City Council may change the proposed appropriation for any line item but may not create additional line items. The School Committee may not approve transfers from line item categories without the prior approval of the City Council. The City 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 originally adopted General Fund Budgets for the City for the last four fiscal years and for the current fiscal year:

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

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>REVENUES</b>					
Taxes	\$17,961,833	\$18,017,827	\$18,627,173	\$18,715,440	\$19,317,602
Licenses and permits	459,838	458,706	240,092	243,265	248,352
Intergovernmental	10,767,799	11,044,948	11,548,276	12,509,093	13,244,927
Local sources	4,683,692	4,697,163	4,727,716	4,852,270	4,981,715
Interest	25,000	30,000	36,000	45,000	100,000
<b>TOTAL REVENUES</b>	<b>\$33,898,162</b>	<b>\$34,248,644</b>	<b>\$35,179,257</b>	<b>\$36,365,068</b>	<b>\$37,892,596</b>
<b>EXPENDITURES</b>					
General government	1,890,125	2,003,829	2,010,945	2,044,931	2,100,559
Protection	4,447,082	4,655,461	4,800,503	4,802,020	4,893,453
Public services	243,700	228,484	252,308	279,741	305,463
Public works	2,188,210	2,270,615	2,297,132	2,369,531	2,428,441
Education	20,949,839	20,780,341	21,567,284	22,407,353	23,497,794
Unclassified	2,953,983	2,910,057	2,925,969	2,909,745	3,036,002
Debt service	2,226,394	2,224,207	2,381,450	2,439,623	2,508,091
Assessments	912,956	946,298	971,757	1,004,583	1,061,193
<b>TOTAL EXPENDITURES</b>	<b>\$35,812,289</b>	<b>\$36,019,292</b>	<b>\$37,207,348</b>	<b>\$38,257,527</b>	<b>\$39,830,996</b>
<b>OTHER FINANCING SOURCES</b>					
Fund balance	1,723,210	1,577,151	1,824,814	1,652,568	1,709,209
Reserves and carryforwards	2,613	2,613	2,613	515	515
Operating transfers	188,304	190,884	200,664	239,376	228,676
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$1,914,127</b>	<b>\$1,770,648</b>	<b>\$2,028,091</b>	<b>\$1,892,459</b>	<b>\$1,938,400</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 infrastructural 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,**

	2020	2021	2022	2023	2024	Total
<b>EQUIPMENT</b>						
City Hall	\$ 18,800	\$105,500	\$ 438,000	\$5,500	\$ 71,500	\$ 639,300
Public Safety	211,500	96,500	123,500	163,000	43,000	637,500
Public Works	251,000	615,500	535,000	439,000	380,000	2,220,500
Other	165,000	152,000	134,000	51,000	15,000	517,000
<b>Total Equipment</b>	646,300	969,500	1,230,500	658,500	509,500	4,014,300
<b>PLANT &amp; PROPERTY</b>						
Minor Struct. & Reno.	209,000	450,000	64,500	46,500	40,000	810,000
Street Reconstruction	610,000	545,000	835,000	235,000	235,000	2,460,000
Major Structures	170,000	1,610,000	2,270,000	1,100,000	2,375,000	7,525,000
Financing Expenses	10,000	10,000	10,000	10,000	10,000	50,000
<b>Total Plant &amp; Property</b>	999,000	2,615,000	3,179,500	1,391,500	2,660,000	10,845,000
<b>TOTAL CIP</b>	\$1,645,300	\$3,584,500	\$4,410,000	\$2,050,000	\$3,169,500	\$14,859,300
<b>FUNDING SOURCES</b>						
CIP Fund Balance	332,800	50,000	50,000	50,000	258,500	710,500
TIF Revenue	226,000	250,000	800,000	800,000	850,000	2,862,000
Bond Financed	931,500	3,234,500	3,530,000	1,170,000	2,031,000	10,897,000
Other (grants, general fund)	155,000	50,000	30,000	30,000	30,000	389,800
<b>TOTAL SOURCES</b>	\$1,645,300	\$3,584,500	\$4,410,000	\$2,050,000	\$3,169,500	\$14,859,300

**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><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
State Personal Income Factor:	1.09%	0.86%	2.67%	2.84%	2.61%
City Property Growth Factor:	<u>1.00</u>	<u>1.56</u>	<u>1.23</u>	<u>0.53</u>	<u>0.26</u>
Growth Limitation Factor:	2.09%	2.42%	3.90%	3.37%	2.87%
Property Tax Levy Limit:	\$9,074,149	\$9,497,720	\$9,786,013	\$10,144,879	\$10,440,681
Property Tax Levy:	<u>6,734,269</u>	<u>6,807,588</u>	<u>6,807,588</u>	<u>6,767,301</u>	<u>6,767,301</u>
Over/(below) Levy Limit:	(\$2,339,880)	(\$2,690,132)	(\$2,978,425)	(\$3,377,578)	(\$3,673,380)



**Fund Balance**

	(000s)					
	Fiscal Year Ended June 30,					
FUND BALANCE	2014	2015	2016	2017	2018	2019
Unassigned	\$3,662	\$3,728	\$4,257	\$4,362	\$4,456	\$4,734
Non-spendable, restricted, committed	\$1,478	\$1,936	\$1,673	\$1,913	\$1,693	\$1,601
<b>TOTAL FUND BALANCE</b>	<u>\$5,140</u>	<u>\$5,664</u>	<u>\$5,930</u>	<u>\$6,275</u>	<u>\$6,149</u>	<u>\$6,335</u>
<b>Operating Expenditures</b>	\$33,800	\$34,088	\$34,426	\$36,266	\$37,781	\$38,643
<b>Gross Revenues</b>	\$34,315	\$34,442	\$34,775	\$36,625	\$37,408	\$38,830
<b>Unassgn. Fund Balance as % of Op. Exp.</b>	10.8%	10.9%	12.4%	12.0%	11.8%	12.3%
<b>Total Fund Balance as % of Gross Rev.</b>	15.0%	16.4%	17.0%	17.1%	16.4%	16.3%

**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, as well as FDIC insured Certificates of Deposit in FY19. 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,)**

	2019	2018	2017	2016	2015
<b>ASSETS</b>					
Cash	\$7,519,309	\$7,716,453	\$7,778,081	\$6,772,863	\$5,914,699
Investments	767,484	732,671	709,781	737,065	732,333
Receivables:					
Taxes receivable	75,047	69,373	66,985	74,102	75,181
Tax liens	553,555	444,403	448,088	550,688	523,488
Other receivables	529,979	408,706	538,979	454,878	876,013
Prepaid items	231,764	233,330	230,010	228,124	225,560
Inter-fund loans	477,248	146,478	-	549,016	597,037
<b>TOTAL ASSETS</b>	<b>\$10,154,386</b>	<b>\$9,751,414</b>	<b>\$9,771,924</b>	<b>\$9,366,736</b>	<b>\$8,944,311</b>
<b>LIABILITIES</b>					
Accounts payable	564,857	540,957	662,844	542,785	497,960
Accrued payroll	2,641,507	2,531,353	2,286,493	2,330,297	2,216,572
Taxes collected in advance	68,233	111,165	99,928	84,551	58,645
Unearned revenue	7,678	8,193	12,265	16,336	20,408
Inter-fund loans	-	-	89,704	-	-
<b>TOTAL LIABILITIES</b>	<b>\$3,282,275</b>	<b>\$3,191,668</b>	<b>\$3,151,234</b>	<b>\$2,973,969</b>	<b>\$2,793,585</b>
<b>DEFERRED INFLOWS of RESOURCES<sup>(1)</sup></b>					
Unavailable revenue – property taxes	\$537,269	\$411,410	\$346,311	\$462,452	\$486,912
<b>FUND EQUITY<sup>(1)</sup></b>					
Non-spendable	231,764	233,330	230,010	228,124	225,560
Restricted	127,277	203,981	323,253	354,969	609,076
Assigned	1,241,224	1,255,364	1,359,555	1,090,406	1,101,579
Unassigned	4,734,577	4,455,661	4,361,561	4,256,816	3,727,599
<b>TOTAL FUND EQUITY</b>	<b>\$6,334,842</b>	<b>\$6,148,336</b>	<b>\$6,274,379</b>	<b>\$5,930,315</b>	<b>\$5,663,814</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY</b>	<b>\$10,154,386</b>	<b>\$9,751,414</b>	<b>\$9,771,924</b>	<b>\$9,366,736</b>	<b>\$8,944,311</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,)**

	2019	2018	2017	2016	2015
<b>REVENUES</b>					
Taxes	\$18,980,802	\$18,920,245	\$18,455,024	\$18,285,093	\$17,867,909
Licenses and permits	238,711	290,653	407,624	463,094	556,207
Intergovernmental	14,074,122	12,829,096	12,151,674	12,259,536	12,271,768
Local sources	5,242,938	5,128,731	5,378,923	4,885,206	5,086,436
Interest earned	153,597	38,717	38,873	42,491	34,769
<b>TOTAL REVENUES</b>	<b>38,690,170</b>	<b>37,207,442</b>	<b>36,432,118</b>	<b>35,935,420</b>	<b>35,817,089</b>
<b>EXPENDITURES</b>					
Current:					
Administration	1,976,049	1,931,743	1,912,043	1,801,221	1,822,085
Protection	4,657,825	4,721,851	4,810,350	4,450,571	4,447,981
Public services	232,021	206,884	221,461	180,909	193,369
Public works	2,266,676	2,177,178	2,177,707	2,039,537	2,147,714
Unclassified	2,885,241	2,901,175	2,895,402	2,874,745	2,752,816
Education	21,696,041	20,839,074	19,948,929	20,178,421	19,529,611
Debt service	2,309,937	2,381,051	2,203,077	2,103,693	2,193,477
Assessments	1,119,252	1,015,313	962,275	903,844	1,039,021
MainePERS	1,500,014	1,321,532	1,135,088	1,160,381	1,374,688
Capital outlay	0	285,619	106,580	0	0
<b>TOTAL EXPENDITURES</b>	<b>38,643,056</b>	<b>37,781,420</b>	<b>36,372,912</b>	<b>35,693,322</b>	<b>35,500,762</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>47,114</b>	<b>(573,978)</b>	<b>59,206</b>	<b>242,098</b>	<b>316,327</b>
<b>OTHER FINANCING SOURCES:</b>					
Bond or lease proceeds	-	285,619	106,580	-	-
Operating transfers in	263,203	200,664	215,884	188,320	262,036
Operating transfers out	(123,811)	(1,200)	(37,606)	(163,917)	(55,000)
<b>TOTAL OTHER FINANCING SOURCES (USES):</b>	<b>139,392</b>	<b>485,083</b>	<b>284,858</b>	<b>24,403</b>	<b>207,036</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>186,506</b>	<b>(88,895)</b>	<b>344,064</b>	<b>266,501</b>	<b>523,363</b>
<b>BEGINNING FUND BALANCE</b>	<b>\$6,148,336</b>	<b>\$6,237,231</b>	<b>\$5,930,315</b>	<b>\$5,663,814</b>	<b>\$5,140,451</b>
<b>ENDING FUND BALANCE</b>	<b>\$6,334,842</b>	<b>\$6,148,336</b>	<b>\$6,274,379</b>	<b>\$5,930,315</b>	<b>\$5,663,814</b>

Prepared from Audited Financial Statements

## **ASSESSING DEPARTMENT**

The Assessing Department is responsible for the valuation of all property for the purpose of taxation within the City of Brewer. The Assessing office is staffed by 3 employees who work to discover, list, equalize, and value all taxable property, real and personal, as of its status on April 1<sup>st</sup> of each year. It utilizes deeds, court records, probate documents, subdivision plans, building permits, site inspections', declarations of value and other inquiries to assist it in ensuring compliance with State of Maine Statutes. The Assessing Department processes tax exemption and current use applications, as well as maintaining tax maps and E911 address assignments for all properties. Once per year, the assessment roll is committed and sent to the Tax Collector for accounts receivable tax collection purposes.

## **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<sup>st</sup> 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 8.0% per annum, in FY2019.

### **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 FY2019, Brewer received reimbursement at the enhanced rate of 53.24%. 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:

Fiscal Year ended	Exempt BETE Value		Total BETE Value	
	June 30,	Not in TIF		In TIF Districts
2019		\$11,425,900	\$9,525,700	\$20,951,600
2018		5,567,500	8,657,400	14,224,900
2017		3,380,300	7,826,800	11,207,100
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

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 2019:

Name	Nature of Business	Fiscal 2019 Assessed Valuation	% of Total Assessed Valuation
Maritime & Northeast Pipe LLC	Utility	\$ 45,412,200	6.03%
Fransway Realty LLC	Real Estate	18,923,100	2.51%
Walmart	Retail	16,986,300	2.25%
Lowe's Home Centers Inc	Retail	14,239,800	1.89%
Emera Maine	Utility	13,592,500	1.80%
EODSR LLC/Darling Edward	Auto Dealer	7,897,700	1.05%
Somic America Inc	Manufacturer	7,746,100	1.03%
Penobscot River Holdings LLC	Manufacturer	6,911,500	0.92%
Woodlands LLC	Health Care	5,185,800	0.69%
Village Centre Housing Partners LP	Residential Real Estate	4,756,000	0.63%
Total		<u>\$141,651,000</u>	<u>18.80%</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>
2019	\$724,376,483	\$29,238,200	\$753,614,683	\$22.50	\$16,956	\$1,789
2018	721,369,640	30,721,800	752,091,440	22.50	16,922	1,785
2017	728,845,994	31,499,500	760,345,494	21.52	16,363	1,726
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

<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 seven fiscal years.

Fiscal Year	Gross Tax Levy (000)	Collected Year End Levy (000)	% of Tax Levy	Collected as of 6/30/19 (000)	% of Tax Levy
2019	\$16,956	\$16,587	97.82%	\$16,587	97.82%
2018	16,922	16,627	98.25	16,913	99.95
2017	16,363	16,276	99.46	16,359	99.98
2016	16,395	16,167	98.60	16,391	99.97
2015	16,024	15,657	97.70	16,021	99.98
2014	16,163	15,821	97.88	16,159	99.97
2013	14,805	14,453	97.62	14,800	99.97

## 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 FY2019, the City had seven designated tax increment financing districts with \$64,000,000 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>
2019	\$698,879	\$10,995,234	\$6,193	\$133,337	\$533,531	\$12,367,174
2018	673,342	10,181,025	10,200	68,679	421,425	11,354,671
2017	635,042	9,835,416	9,246	48,885	307,515	10,836,104
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

**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 2019 equalized state valuation (“equalized State Valuation”) is \$732,700,000. The 15% debt limit is \$109,905,000. As of June 30, 2019, the City’s long-term debt outstanding was \$33,482,676, or 4.57% 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>(2)</sup>	Bonded Debt Per Capita <sup>(1)</sup>	Total Bonded Debt as % of State Equalized Valuation	Levy Supported Debt as a % of State Equalized Valuation
2019	\$33,482,676	\$732,700,000	\$3,531	4.57%	2.31%
2018	36,409,536	721,000,000	3,840	5.00	2.35
2017	36,309,839	718,900,000	3,829	5.05	2.45
2016	37,081,743	721,350,000	3,911	5.10	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

(1) The 2010 Federal Census is 9,482.

(2) As determined by the State of Maine.

### Debt Service Component of Operating Expenses

	2015	2016	2017	2018	2019
Gross Current Debt Service:	\$4,129,500	\$4,021,957	\$4,091,727	\$4,266,923	\$4,093,004
(less Self Support Enterprise):	<u>(1,936,023)</u>	<u>(1,918,264)</u>	<u>(1,889,023)</u>	<u>(1,885,474)</u>	<u>(1,782,847)</u>
Tax Backed Current Debt Svc:	2,193,477	2,103,693	2,202,704	2,381,449	2,310,157
Operating Expense:	\$34,088,000	\$34,426,000	\$36,266,332	\$37,495,801	\$38,643,056
Debt Service as % Oper. Exp:	6.43%	6.11%	6.07%	6.35%	5.98%

### 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 seven 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
2019	\$33,482,676	\$732,700	\$753,615	4.6%	\$3,531
2018	36,409,536	721,000	752,091	5.0	3,840
2017	36,309,839	718,900	760,345	5.1	3,829
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



## **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, and various sewer system repairs. The \$1.5m loan is expected to close in the fall of 2020.

In November 2017, the City Council approved up to \$4,200,000 from USDA Rural Development to finance additional sewer improvements. This loan is not expected to close until 2021 or later and will require some level of interim financing.

In June 2018, the City Council authorized the issuance of up to \$500,000 in general obligation bonds to finance planned capital improvements approved as part of the FY2019 budget process, which occurred in the fall of 2019, in aggregate with the below.

In June 2019, the City Council authorized the issuance of up to \$931,500 in general obligation bonds to finance planned capital improvements approved as part of the FY2020 budget process, which occurred in the fall of 2019. This was an aggregate, FY2019 and FY2020 bond issuance which totaled \$1,431,500.