

**CITY OF BREWER, MAINE**

**Annual Financial Report**

**For the Year Ended June 30, 2020**

**CITY OF BREWER, MAINE**  
**Annual Financial Report**  
**For the Year Ended June 30, 2020**

---

**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	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, 2020**

---

**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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brewer, Maine as of June 30, 2020, 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 29, 2020 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 "Remya Kristen Ouellette". The signature is written in a cursive style with a large initial 'R'.

December 29, 2020

South Portland, Maine

**CITY OF BREWER, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2020**

---

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, 2020.

**Financial Highlights**

- ❖ The assets and deferred outflows of resources of the City of Brewer exceeded liabilities and deferred inflows of resources by **\$40,868,100** (net position). Of this amount, a deficit of **(\$9,869,396)** was reported as unrestricted net position. The City's total net position increased by **\$1,048,527** from the prior year. Net position of Governmental Activities increased by **\$546,948**, while Business-type Activities increased by **\$501,579**.
- ❖ At the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of **\$11,537,758**, which was an increase of **\$1,708,593** from the prior fiscal year. This increase was comprised of an **\$1,042,573** increase in the City's general fund, an **\$831,894** increase in the City's major capital projects fund and **(\$165,874)** decrease in the other governmental funds.
- ❖ The City's general fund reports an unassigned fund balance of **\$4,882,182** and total fund balance of **\$7,377,415**, an increase of **\$1,042,573**. The City's unassigned fund balance is currently at **12.21%** of budgeted expenditures and **12.86%** of general fund expenditures (see statement 6).
- ❖ The City of Brewer authorized FY20 CIP bond funding of **\$931,500**, which was issued on October 31, 2020 in conjunction with FY19 CIP authorized bond funding of **\$500,000**, adding an additional **\$1,431,500** in long-term debt in the capital projects fund. However, the City retired **\$3,032,259** in old bonds and notes.

**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 **\$18,357,962**. Business-type activity assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by **\$22,510,138** for a City-wide total of net position of **\$40,868,100** 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 **115.12%** 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, **9.03%**, 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 **(24.15%)** 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		Business-type		Primary	
	Activities		Activities		Government Total	
	2020	2019	2020	2019	2020	2019
<b>ASSETS</b>						
Current and other assets	\$ 16,302,495	14,022,624	(3,578,946)	(1,884,541)	12,723,549	12,138,083
Capital assets	34,830,814	35,800,691	44,720,859	43,345,029	79,551,673	79,145,720
<b>Total assets</b>	<b>51,133,309</b>	<b>49,823,315</b>	<b>41,141,913</b>	<b>41,460,488</b>	<b>92,275,222</b>	<b>91,283,803</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Related to pensions and OPEB	2,313,481	1,906,305	277,037	219,002	2,590,518	2,125,307
<b>Total deferred outflows</b>	<b>2,313,481</b>	<b>1,906,305</b>	<b>277,037</b>	<b>219,002</b>	<b>2,590,518</b>	<b>2,125,307</b>
<b>LIABILITIES</b>						
Long-term liabilities	27,447,250	26,983,753	16,120,981	17,226,918	43,568,231	44,210,671
Other liabilities	6,316,551	5,877,771	2,531,374	2,300,059	8,847,925	8,177,830
<b>Total liabilities</b>	<b>33,763,801</b>	<b>32,861,524</b>	<b>18,652,355</b>	<b>19,526,977</b>	<b>52,416,156</b>	<b>52,388,501</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Related to pensions and OPEB	1,325,027	1,057,082	256,457	143,954	1,581,484	1,201,036
<b>Total deferred inflows</b>	<b>1,325,027</b>	<b>1,057,082</b>	<b>256,457</b>	<b>143,954</b>	<b>1,581,484</b>	<b>1,201,036</b>
<b>NET POSITION</b>						
Net investment in capital assets	19,168,057	19,332,445	28,330,999	25,878,004	47,049,106 *	44,668,824 *
Restricted	3,688,390	2,859,222	-	-	3,688,390	2,859,222
Unrestricted (deficit)	(4,498,485)	(4,380,653)	(5,820,861)	(3,869,445)	(9,869,396) *	(7,708,473) *
<b>Total net position</b>	<b>\$ 18,357,962</b>	<b>17,811,014</b>	<b>22,510,138</b>	<b>22,008,559</b>	<b>40,868,100</b>	<b>39,819,573</b>

\* These amounts do not cross-foot due to the 2020 amount of **\$449,950** and 2019 amount of **\$541,625** 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**

	Governmental		Business-type		Primary Government	
	Activities		Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 6,345,288	\$ 4,731,867	5,276,410	5,221,765	11,621,698	9,953,632
Operating grants and cont.	15,097,384	14,172,537	-	-	15,097,384	14,172,537
Capital grants and cont.	146,000	221,145	1,540,809	633,386	1,686,809	854,531
General revenues:						
Property taxes	17,519,340	17,014,172	-	-	17,519,340	17,014,172
Excise taxes	1,791,056	2,001,103	-	-	1,791,056	2,001,103
Interest and costs on taxes	127,213	91,386	-	-	127,213	91,386
Franchise fees	125,340	124,566	-	-	125,340	124,566
State Revenue Sharing	1,110,704	698,879	-	-	1,110,704	698,879
Homestead exemption	540,840	533,531	-	-	540,840	533,531
Other govt. revenues	244,515	150,119	-	-	244,515	150,119
Unrestricted invstmt. earnings	176,249	168,624	-	-	176,249	168,624
Miscellaneous revenues	35,897	10,879	341	1,161	36,238	12,040
Transfers	176,188	169,893	(176,188)	(169,893)	-	-
<b>Total revenues and transfers</b>	<b>43,436,014</b>	<b>40,088,701</b>	<b>6,641,372</b>	<b>5,686,419</b>	<b>50,077,386</b>	<b>45,775,120</b>
Expenses:						
Administration	2,634,916	1,086,121	-	-	2,634,916	1,086,121
Protection	5,425,422	4,236,090	-	-	5,425,422	4,236,090
Public services	416,876	232,177	-	-	416,876	232,177
Public works	3,082,126	3,689,058	-	-	3,082,126	3,689,058
Education	25,460,843	24,754,971	-	-	25,460,843	24,754,971
Unclassified	2,500,661	1,461,005	-	-	2,500,661	1,461,005
Assessments	1,075,191	1,119,252	-	-	1,075,191	1,119,252
Capital outlay	1,814,580	-	-	-	1,814,580	-
Interest on debt	478,451	516,037	-	-	478,451	516,037
Water	-	-	3,383,170	2,447,408	3,383,170	2,447,408
Sewer	-	-	2,756,623	2,761,412	2,756,623	2,761,412
<b>Total expenses</b>	<b>42,889,066</b>	<b>37,094,711</b>	<b>6,139,793</b>	<b>5,208,820</b>	<b>49,028,859</b>	<b>42,303,531</b>
Change in net position	546,948	2,993,990	501,579	477,599	1,048,527	3,471,589
Net position, prior year	17,811,014	14,817,024	22,008,559	21,530,960	39,819,573	36,347,984
<b>Net position, current year</b>	<b>\$ 18,357,962</b>	<b>\$ 17,811,014</b>	<b>22,510,138</b>	<b>22,008,559</b>	<b>40,868,100</b>	<b>39,819,573</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, 2020 of **\$11,537,758**, an increase of **\$1,708,593** in comparison with the prior year. Just under **40.72%** of this total amount, **\$4,698,359** 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, **\$6,839,399**, is not available for new spending because it has already been restricted to use for: 1) various capital and other governmental purposes **\$2,493,450**, and education **\$836,662**; 2) nonexpendable principal in investments, prepaid amounts and inventory, **\$593,764**; or 3) committed or assigned to specific uses **\$2,915,523**.

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 **\$7,377,415**. After adjusting for non-spendable amounts **\$235,486**, the amount that is restricted for education use **\$836,662** and items assigned to specific use **\$1,423,085** (of which **\$530,000** is from fund balance), plus the FY20 carryforward encumbrance to FY21 of **\$118,666** and **\$774,419** is for accrued compensated absences, there is a net unassigned balance of **\$4,882,182** that can be used to meet the ongoing needs of the City. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents **11.82%** of the total general fund expenditures; total fund balance represents **17.86%** of total general fund expenditures (see statement 4).

The fund balance of the City of Brewer's General Fund increased by **\$1,042,573** during the current fiscal year. While revenues came in **\$840,413** higher than budgeted and expenditures were **\$2,023,554** lower than budgeted, these were partially offset by the City's **\$1,710,897** 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 **\$510,455** to **\$14,315,156**. The operating income was lower by **(\$354,198)**, while net nonoperating expenses increased income by **\$968,585**, which was reduced by a transfer to the City General Fund of **\$103,932**. Net position of the City's Sewer Fund decreased by **(\$8,876)** to **\$8,194,982**. The Sewer Fund experienced an operating income of **\$88,628**, which was reduced by nonoperating expenses of **(\$25,248)** and further reduced by a net transfer out of **(\$72,256)**. Of the total net position, the amount classified as net investment in capital assets was **\$12,498,140** and **\$15,832,859** for the Water and Sewer Funds, respectively. Unrestricted net position was **\$1,817,016** for the Water Fund and **(\$7,637,877)** for the Sewer Fund.

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

---

**General Fund Budgetary Highlights**

The City of Brewer had a **\$129,508** difference between the original and amended expenditures in the FY 2020 budget. The changes are as follows:

Administration	\$ 18,749
Protection	44,570
Public Services	44,170
Public Works	17,687
Unclassified	<u>4,332</u>
<b>Total</b>	<b><u>\$129,508</u></b>

These changes in appropriations were authorized by the Brewer City Council and appropriated from an increase in use of fund balance of **\$114,205**, and an increase in budgeted revenues of **\$15,303**. Categories increased/(decreased) for budgeted revenues included: taxes of **(\$12,148)**; and local sources of **\$27,451**. 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, 2020 amount to **\$72,223,798**, net of accumulated depreciation of **(\$37,392,984)**, leaving a net book value of **\$34,830,814**. This is a decrease of **(\$969,877)**, including **\$1,148,447** in new additions, **(\$103,127)** net loss on disposal and **(\$2,015,197)** 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, 2020 amounts to **\$73,432,678**, net of accumulated depreciation of **(\$28,711,819)** leaving a net book value of **\$44,720,859**. This is an increase of **\$1,375,830**, including **\$2,695,961** in new additions, **(\$166,762)** in net loss on disposals, and **(\$1,153,369)** 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 and notes outstanding of **\$31,881,917**. Of this amount, **\$16,244,919** is for governmental activities and **\$15,636,998** 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 **\$8,946,140** in new long-term debt during the current fiscal year (FY2020) for various capital improvements and retired **\$3,032,259** in old bonds and notes. Of the total authorized and unissued debt, **\$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). Long term financing will be through the US Department of Agriculture, Rural Development (USDA) office, as long-term loans. Additionally, \$3,246,140 for an ozone generation and application system for the City's drinking water treatment plant, which will be financed long term thru a DWSRF (drinking water state revolving program).

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 **\$114,352,500** and **\$57,176,250** for its water and sewer funds, far exceeding the City's outstanding general obligation debt.

**Requests for information**

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

# **BASIC FINANCIAL STATEMENTS**

**CITY OF BREWER, MAINE**  
**Statement of Net Position**  
**June 30, 2020**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,398,376	550	8,398,926
Investments	1,196,816	-	1,196,816
Receivables:			
Taxes	105,622	-	105,622
Tax and sewer liens	626,297	15,748	642,045
Other receivables	579,530	748,847	1,328,377
Due from other governments	82,512	-	82,512
Prepaid expenses	235,486	-	235,486
Inventory	33,725	32,940	66,665
Other assets	-	667,100	667,100
Internal balances	5,044,131	(5,044,131)	-
Capital assets, not being depreciated	2,356,460	4,346,980	6,703,440
Capital assets, net	32,474,354	40,373,879	72,848,233
Total assets	51,133,309	41,141,913	92,275,222
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	1,880,680	243,512	2,124,192
Deferred outflows of resources related to OPEB	432,801	33,525	466,326
Total deferred outflows of resources	2,313,481	277,037	2,590,518
<b>LIABILITIES</b>			
Accounts payable	1,418,300	579,975	1,998,275
Accrued payroll and related liabilities	2,636,086	239,534	2,875,620
Accrued interest payable	97,839	153,603	251,442
Taxes collected in advance	49,510	-	49,510
Unearned revenue	26,752	453,122	479,874
Noncurrent liabilities:			
Due within one year	2,088,064	1,105,140	3,193,204
Due in more than one year	27,447,250	16,120,981	43,568,231
Total liabilities	33,763,801	18,652,355	52,416,156
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	910,108	152,874	1,062,982
Deferred inflows of resources related to OPEB	414,919	103,583	518,502
Total deferred inflows of resources	1,325,027	256,457	1,581,484
<b>NET POSITION</b>			
Net investment in capital assets	19,168,057	28,330,999	47,049,106
Restricted:			
Education	836,662	-	836,662
Grants and other programs	959,280	-	959,280
Capital projects	1,527,429	-	1,527,429
Permanent funds:			
Nonexpendable	324,553	-	324,553
Expendable	40,466	-	40,466
Unrestricted	(4,498,485)	(5,820,861)	(9,869,396)
Total net position	\$ 18,357,962	22,510,138	40,868,100

*See accompanying notes to basic financial statements.*

**CITY OF BREWER, MAINE**  
**Statement of Activities**  
**For the year ended June 30, 2020**

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total
					Governmental activities	Business-type activities	
Primary government:							
Governmental activities:							
Administration	\$ 2,634,916	56,041	-	-	(2,578,875)	-	(2,578,875)
Protection	5,425,422	281,268	97,294	46,000	(5,000,860)	-	(5,000,860)
Public services	416,876	-	12,172	-	(404,704)	-	(404,704)
Public works	3,082,126	298,795	214,438	100,000	(2,468,893)	-	(2,468,893)
Unclassified	2,500,661	2,325,745	-	-	(174,916)	-	(174,916)
Education	23,563,102	3,382,924	12,875,739	-	(7,304,439)	-	(7,304,439)
State retirement contribution (Education)	1,897,741	-	1,897,741	-	-	-	-
Interest on debt	478,451	515	-	-	(477,936)	-	(477,936)
Assessments	1,075,191	-	-	-	(1,075,191)	-	(1,075,191)
Capital maintenance	1,814,580	-	-	-	(1,814,580)	-	(1,814,580)
Total governmental activities	42,889,066	6,345,288	15,097,384	146,000	(21,300,394)	-	(21,300,394)
Business-type activities:							
Water	3,383,170	2,623,968	-	1,373,589	-	614,387	614,387
Sewer	2,756,623	2,652,442	-	167,220	-	63,039	63,039
Total business-type activities	6,139,793	5,276,410	-	1,540,809	-	677,426	677,426
<b>Total primary government</b>	<b>\$ 49,028,859</b>	<b>11,621,698</b>	<b>15,097,384</b>	<b>1,686,809</b>	<b>(21,300,394)</b>	<b>677,426</b>	<b>(20,622,968)</b>
General revenues:							
Property taxes					\$ 17,519,340	-	17,519,340
Excise taxes					1,791,056	-	1,791,056
Interest and costs on taxes					127,213	-	127,213
Franchise fees					125,340	-	125,340
Grants and contributions not restricted to specific programs:							
State Revenue Sharing					1,110,704	-	1,110,704
Homestead exemption					540,840	-	540,840
Other intergovernmental revenues					244,515	-	244,515
Unrestricted investment earnings					176,249	-	176,249
Miscellaneous revenues					35,897	341	36,238
Transfers					176,188	(176,188)	-
Total general revenues and transfers					21,847,342	(175,847)	21,671,495
Change in net position					546,948	501,579	1,048,527
Net position - beginning					17,811,014	22,008,559	39,819,573
<b>Net position - ending</b>					<b>\$ 18,357,962</b>	<b>22,510,138</b>	<b>40,868,100</b>

*See accompanying notes to basic financial statements.*



**CITY OF BREWER, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2020**

	General	Other Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,645,370	673,145	79,861	8,398,376
Investments	814,991	-	381,825	1,196,816
Receivables:				
Taxes	105,622	-	-	105,622
Tax liens	626,297	-	-	626,297
Other receivables	537,640	14,368	27,522	579,530
Due from other governments	-	-	82,512	82,512
Prepaid expenditures	235,486	-	-	235,486
Interfund loans receivable	1,596,527	2,360,200	1,192,209	5,148,936
Inventory	-	-	33,725	33,725
<b>Total assets</b>	<b>\$ 11,561,933</b>	<b>3,047,713</b>	<b>1,797,654</b>	<b>16,407,300</b>
<b>LIABILITIES</b>				
Accounts payable	857,670	172,285	372,827	1,402,782
Accrued payroll and related liabilities	2,636,086	-	-	2,636,086
Taxes collected in advance	49,510	-	-	49,510
Unearned revenue	7,163	-	19,589	26,752
Interfund loans payable	-	-	120,323	120,323
<b>Total liabilities</b>	<b>3,550,429</b>	<b>172,285</b>	<b>512,739</b>	<b>4,235,453</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	634,089	-	-	634,089
<b>Total deferred inflows of resources</b>	<b>634,089</b>	<b>-</b>	<b>-</b>	<b>634,089</b>
<b>FUND BALANCES</b>				
Nonspendable	235,486	-	358,278	593,764
Restricted	836,662	1,477,021	1,016,429	3,330,112
Committed	-	1,431,708	60,640	1,492,348
Assigned	1,423,085	-	-	1,423,085
Unassigned	4,882,182	(33,301)	(150,432)	4,698,449
<b>Total fund balances</b>	<b>7,377,415</b>	<b>2,875,428</b>	<b>1,284,915</b>	<b>11,537,758</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 11,561,933</b>	<b>3,047,713</b>	<b>1,797,654</b>	

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	34,830,814
Other long-term assets are not available to pay for current period expenditures and therefore, are unavailable in the funds.	634,089
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	(16,244,919)
Premium on bonds	(459,050)
Financed purchases	(81,883)
Accrued compensated absences	(1,155,238)
Net pension liability, including related deferred inflows and outflows of resources	(2,798,457)
Landfill closure and postclosure	(1,028,053)
Other postemployment benefits liability, including related deferred inflows and outflows of resources	(6,779,260)
Accrued interest payable	(97,839)

**Net position of governmental activities**

**\$ 18,357,962**

*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, 2020**

	General	Other Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 19,340,789	-	-	19,340,789
Licenses and permits	243,159	-	-	243,159
Intergovernmental	15,598,707	-	1,295,180	16,893,887
Local sources	4,241,426	1,872,431	294,103	6,407,960
Unclassified	-	-	100,960	100,960
Investment earnings	155,813	-	20,436	176,249
Total revenues	39,579,894	1,872,431	1,710,679	43,163,004
<b>Expenditures:</b>				
Current:				
Administration	2,012,509	-	-	2,012,509
Protection	4,806,523	-	113,265	4,919,788
Public services	323,225	-	93,651	416,876
Public works	2,256,038	-	-	2,256,038
Unclassified	1,456,481	-	64,904	1,521,385
Education	22,059,633	-	1,508,979	23,568,612
Assessments	1,075,191	-	-	1,075,191
Retirement and group term life contributions	1,897,741	-	-	1,897,741
Debt service:				
Principal	2,005,623	-	-	2,005,623
Interest	514,379	-	-	514,379
Capital outlay	1,482,069	1,342,962	99,495	2,924,526
Total expenditures	39,889,412	1,342,962	1,880,294	43,112,668
Excess (deficiency) of revenues over (under) expenditures	(309,518)	529,469	(169,615)	50,336
<b>Other financing sources (uses):</b>				
Notes from direct borrowing proceeds	1,431,500	-	-	1,431,500
Financed purchases proceeds	50,569	-	-	50,569
Transfers from other funds	1,294,452	302,425	17,000	1,613,877
Transfers to other funds	(1,424,430)	-	(13,259)	(1,437,689)
Total other financing sources (uses)	1,352,091	302,425	3,741	1,658,257
Net change in fund balances	1,042,573	831,894	(165,874)	1,708,593
Fund balances, beginning of year	6,334,842	2,043,534	1,450,789	9,829,165
<b>Fund balances, end of year</b>	<b>\$ 7,377,415</b>	<b>2,875,428</b>	<b>1,284,915</b>	<b>11,537,758</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, 2020**

Net change in fund balances - total governmental funds (from Statement 4)	\$	1,708,593
<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 depreciation expense (\$2,015,197) and loss on disposal (\$64,627) exceeded capital outlays (\$1,109,947).</p>		
		(969,877)
<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>		
		96,820
<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 post-employment benefits with related deferred inflows and outflows (\$69,223), accrued compensated absences (\$126,687), accrued interest (-\$7,240), net pension liability with related deferred inflows and outflows (\$387,401) and landfill closure and postclosure costs (\$357,690).</p>		
		(933,761)
<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 financed purchase agreements provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond, notes and financed purchase agreements principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments of bonds, notes and financed purchase agreements (\$2,098,551) exceeded proceeds (\$1,482,069).</p>		
		616,482
<hr/>		
<b>Change in net position of governmental activities (see Statement 2)</b>	<b>\$</b>	<b>546,948</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, 2020**

	General Fund			Variance with final budget positive (negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Taxes	\$ 19,329,750	19,317,602	19,340,789	23,187
Licenses and permits	248,197	248,197	243,159	(5,038)
Intergovernmental	13,244,927	13,244,927	13,700,966	456,039
Local sources	3,903,563	3,931,014	4,241,426	310,412
Interest earned	100,000	100,000	155,813	55,813
Total revenues	36,826,437	36,841,740	37,682,153	840,413
<b>Expenditures:</b>				
Current:				
Administration	2,100,431	2,119,180	2,012,509	106,671
Protection	4,913,548	4,958,118	4,806,523	151,595
Public services	285,242	329,412	323,225	6,187
Public works	2,427,941	2,445,628	2,256,038	189,590
Unclassified	1,626,431	1,630,763	1,456,481	174,282
Education	23,497,794	23,497,794	22,099,344	1,398,450
Assessments	1,083,881	1,083,881	1,075,191	8,690
Debt service:				
Principal	2,005,623	2,005,623	2,005,623	-
Interest	502,468	502,468	514,379	(11,911)
Total expenditures	38,443,359	38,572,867	36,549,313	2,023,554
Excess (deficiency) of revenues over (under) expenditures	(1,616,922)	(1,731,127)	1,132,840	2,863,967
<b>Other financing sources (uses):</b>				
Use of fund balance	1,596,692	1,710,897	-	(1,710,897)
Reserves and carryforwards	128,772	128,772	-	(128,772)
Transfers from other funds	1,293,848	1,293,848	1,294,452	604
Transfers to other funds	(1,402,390)	(1,402,390)	(1,424,430)	(22,040)
Total other financing sources (uses)	1,616,922	1,731,127	(129,978)	(1,861,105)
Net change in fund balances - budgetary basis	-	-	1,002,862	1,002,862
<b>Reconciliation to GAAP:</b>				
Change in accrued summer salaries and benefits			39,711	
Total reconciling items to GAAP			39,711	
Net change in fund balances - GAAP basis			1,042,573	
Fund balances, beginning of year			6,334,842	
<b>Fund balances, end of year</b>	<b>\$</b>		<b>7,377,415</b>	

*See accompanying notes to basic financial statements.*

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

<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	108,039	640,808	748,847
Liens receivable	137	15,611	15,748
Interfund loans receivable	2,101,339	-	2,101,339
Inventory	32,940	-	32,940
Other assets	667,100	-	667,100
Total current assets	2,910,055	656,469 -	3,566,524
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	1,022,801	266,004	1,288,805
Total capital assets not being depreciated	4,027,076	319,904	4,346,980
Capital assets being depreciated:			
Capital assets	31,116,593	37,969,105	69,085,698
Accumulated depreciation	(11,932,189)	(16,779,630)	(28,711,819)
Total capital assets being depreciated	19,184,404	21,189,475	40,373,879
Total noncurrent assets	23,211,480	21,509,379	44,720,859
<b>Total assets</b>	<b>26,121,535</b>	<b>22,165,848 -</b>	<b>48,287,383</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	113,639	129,873	243,512
Deferred outflows of resources related to OPEB	16,723	16,802	33,525
Total deferred outflows of resources	130,362	146,675 -	277,037
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	113,996	465,979	579,975
Accrued payroll and related benefits	120,538	118,996	239,534
Accrued interest payable	97,450	56,153	153,603
Unearned revenue	370,885	82,237	453,122
Interfund loans payable	-	7,145,470	7,145,470
Noncurrent liabilities, due in one year	550,874	554,266 -	1,105,140
Total current liabilities	1,253,743	8,423,101	9,676,844
Long-term liabilities:			
Noncurrent liabilities, due in more than one year	10,559,987	5,560,994	16,120,981
Total long-term liabilities	10,559,987	5,560,994	16,120,981
<b>Total liabilities</b>	<b>11,813,730</b>	<b>13,984,095 -</b>	<b>25,797,825</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	71,341	81,533	152,874
Deferred inflows of resources related to OPEB	51,670	51,913	103,583
Total deferred inflows of resources	123,011	133,446 -	256,457
<b>NET POSITION</b>			
Net investment in capital assets	12,498,140	15,832,859	28,330,999
Unrestricted	1,817,016	(7,637,877)	(5,820,861)
<b>Total net position</b>	<b>\$ 14,315,156</b>	<b>8,194,982</b>	<b>22,510,138</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, 2020**

<b>Business-type Activities - Enterprise Funds</b>			
	<b>Water Department</b>	<b>Sewer Department</b>	<b>Total</b>
<b>Operating revenues:</b>			
Charges for services	\$ 2,529,948	2,332,304	4,862,252
Other	94,020	320,138	414,158
Total operating revenues	2,623,968	2,652,442	5,276,410
<b>Operating expenses:</b>			
Operation - salaries and benefits	651,308	656,541	1,307,849
Operation - other	1,452,702	1,007,961	2,460,663
Administrative expenses - salaries and benefits	205,790	176,845	382,635
Administrative expenses - other	129,792	115,932	245,724
Depreciation and amortization	538,574	606,535	1,145,109
Total operating expenses	2,978,166	2,563,814	5,541,980
Operating income (loss)	(354,198)	88,628	(265,570)
<b>Nonoperating revenues (expenses):</b>			
Other revenues	-	341	341
Capital grants and contributions	1,373,589	167,220	1,540,809
Interest on debt service	(405,004)	(174,258)	(579,262)
Gain (loss) on disposal of capital assets	-	(18,551)	(18,551)
Total nonoperating revenues (expenses)	968,585	(25,248)	943,337
Net income (loss) before transfers	614,387	63,380	677,767
<b>Transfers:</b>			
Transfers in	-	24,488	24,488
Transfers to General Fund - administration	(103,932)	(96,744)	(200,676)
Total transfers	(103,932)	(72,256)	(176,188)
Change in net position	510,455	(8,876)	501,579
Net position, beginning of year	13,804,701	8,203,858	22,008,559
<b>Net position, end of year</b>	<b>\$ 14,315,156</b>	<b>8,194,982</b>	<b>22,510,138</b>

*See accompanying notes to basic financial statements.*

**CITY OF BREWER, MAINE**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2020**

<b>Business-type Activities - Enterprise Funds</b>			
	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
	<b>Department</b>	<b>Department</b>	
Cash flows from operating activities:			
Receipts from customers and users	\$ 2,380,516	2,748,530	5,129,046
Payments to suppliers	(1,508,520)	(996,708)	(2,505,228)
Payments to employees	(816,252)	(843,608)	(1,659,860)
Net cash provided by (used in) operating activities	55,744	908,214	963,958
Cash flows from non-capital financing activities:			
Transfers (to) from other funds	544,544	1,109,795	1,654,339
Net cash provided by (used in) non-capital financing activities	544,544	1,109,795	1,654,339
Cash flows from capital and related financing activities:			
Purchase of capital assets	(1,079,772)	(1,467,978)	(2,547,750)
Capital grants and contributions	1,373,589	167,220	1,540,809
Principal payments on bonds	(485,345)	(541,310)	(1,026,655)
Interest payments	(408,760)	(175,941)	(584,701)
Net cash provided by (used in) capital and related financing activities	(600,288)	(2,018,009)	(2,618,297)
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>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (354,198)	88,628	(265,570)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	538,574	606,535	1,145,109
(Increase) decrease in receivables	18,545	96,387	114,932
(Increase) decrease in inventory	7,618	-	7,618
(Increase) decrease in other assets	(258,675)	-	(258,675)
Increase (decrease) in accounts payable	84,514	115,836	200,350
Increase (decrease) in other liabilities	(18,158)	11,349	(6,809)
Increase (decrease) in accrued wages and benefits	16,583	(4,664)	11,919
Increase (decrease) in net pension liability	32,698	37,370	70,068
Increase (decrease) in OPEB liability	(1,658)	(69,226)	(70,884)
(Increase) decrease in deferred outflows of resources	(11,693)	(29,619)	(41,312)
Increase (decrease) in deferred inflows of resources	4,916	55,917	60,833
Increase (decrease) in unearned revenue	(3,322)	(299)	(3,621)
Net cash provided by (used in) operating activities	55,744	908,214	963,958

*See accompanying notes to basic financial statements.*

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

	<b>Agency Funds</b>	<b>Private- purpose Trust Funds</b>
	<b>Student Activity Funds</b>	
<b>ASSETS</b>		
Cash and cash equivalents	\$ 277,524	14,976
Investments	-	736,790
Interfund loans receivable	-	15,518
<b>Total assets</b>	<b>277,524</b>	<b>767,284</b>
<b>LIABILITIES</b>		
Due to student groups	277,524	-
<b>Total liabilities</b>	<b>277,524</b>	<b>-</b>
<b>NET POSITION</b>		
Held in trust	\$ -	<b>767,284</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, 2020**

		<b>Private- purpose Trust Funds</b>
<hr/>		
Additions:		
Investment income	\$	17,484
Donations and other		20,357
Total additions		<hr/> 37,841
<hr/>		
Deductions:		
Scholarships		41,840
Other		16,258
Total deductions		<hr/> 58,098
<hr/>		
Change in net position		(20,257)
<hr/>		
Net position, beginning of year		787,541
<hr/>		
<b>Net position, end of year</b>	<b>\$</b>	<b>767,284</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 (\$50,000 for infrastructure), 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.

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

---

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

---

Major outlays for capital assets, improvements and infrastructure are categorized by project or location. For constructed assets they are capitalized as built-in construction in progress, but not depreciated until completed

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.

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

---

---

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

---

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.

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 financed purchases 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, 2020:

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Primary Government</u>
Capital assets	\$ 72,223,798	73,432,678	145,656,476
Accumulated depreciation	(37,392,984)	(28,711,819)	(66,104,803)
Bonds and notes payable*	(15,794,969)	(15,636,998)	(31,881,917)
Bond premiums	(459,050)	(752,862)	(1,211,912)
Financed purchases payable	(81,883)	-	(81,883)
Unspent bond proceeds	673,145	-	673,145
<b><u>Net investment in capital assets</u></b>	<b><u>\$ 19,168,057</u></b>	<b><u>28,330,999</u></b>	<b><u>47,049,106</u></b>

\*This amount does not cross-foot due to the \$449,950 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 \$449,950 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, 2020, expenditures exceeded appropriations in the following general fund departments as shown on Exhibit A-2:

City Manager	\$ 12,793
Animal control	2,183
Transit system	4,493
Solid waste disposal	11,517

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

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

**A. Budgetary Information, continued**

Engineering	\$ 765
Debt service – interest	11,911

**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>
2020 budget as originally adopted	\$36,826,437	(38,443,359)	1,616,922
Use of prior year reserves and carryforwards	-	(114,205)	114,205
Subsequent authorizations	15,303	(15,303)	-
<b>Totals</b>	<b>\$ 36,841,740</b>	<b>(38,572,867)</b>	<b>1,731,127</b>

**C. Deficit Fund Equity**

The following funds had a deficit fund balance at June 20, 2020:

Chamberlain Golf Classic	\$ 40
Flags in Brewer	982
School Department Grants Fund	52,162
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, 2020, 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, 2020 - GAAP basis	\$ 836,662
Accrued teacher summer salaries	508,818
Accrued teacher summer benefits	1,852,753
<b>Fund balance - School Department, June 30, 2020 - budgetary basis</b>	<b>\$ 3,198,233</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 \$1,897,741. 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, 2020, the City reported deposits of \$8,691,426 with a bank balance of \$8,897,151. Of the City's bank balances, all were insured by the F.D.I.C. or collateralized by securities held in the City's name.

Deposits have been reported as follows:

Reported in governmental funds	\$ 8,398,376
Reported in business-type activities	550
Reported in fiduciary funds	292,500
<b>Total deposits</b>	<b>\$ 8,691,426</b>

**B. Investments**

At June 30, 2020, 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	\$ 1,042,884		not applicable		1,042,884
U.S. Treasury notes	50,227	50,227	-	-	50,227
Corporate bonds	840,495	-	840,495	-	840,495
<b>Total investments</b>	<b>\$ 1,933,606</b>	<b>50,227</b>	<b>840,495</b>	<b>-</b>	<b>1,933,606</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	\$ 1,196,816
<u>Reported in fiduciary funds</u>	<u>736,790</u>
<b><u>Total investments</u></b>	<b><u>\$ 1,933,606</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 1, 2019 on the assessed value listed as of the previous April 1 for all real and personal property located in the City. All real and personal property taxes were due in two installments, 50% on September 10, 2019, and 50% on March 10, 2020. Interest at the rate of 9% per annum was charged on any amounts remaining unpaid after these respective due dates. Assessed values are periodically established by the City's Assessor at 100% of estimated market value. The assessed value of \$761,763,273 was 100% of the estimated market value and 99.92% of the 2020 state valuation of \$762,350,000.

The City is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$207,336 for the year ended June 30, 2020.

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 2020 and 2019 levy:

	<u>2020</u>	<u>2019</u>
Total assessed valuation	\$ 761,763,273	753,614,683
Tax rate (per \$1,000)	22.99	22.50
Commitment	17,512,938	16,956,330
Supplemental taxes assessed	-	1,100
	17,512,938	16,957,430
Less - collections and abatements	(17,090,764)	(16,587,441)
<b>Receivable at end of year</b>	<b>\$ 422,174</b>	<b>369,989</b>
Consisting of:		
Real estate liens	385,029	355,313
Real estate and personal property taxes	37,145	14,676
<b>Receivable at end of year</b>	<b>\$ 422,174</b>	<b>369,989</b>
Collection rate	97.59%	97.82%

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

---

**CAPITAL ASSETS**

---

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance June 30, <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2020</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
<u>Construction in progress</u>	<u>42,006</u>	<u>5,733</u>	<u>38,500</u>	<u>9,239</u>
Total capital assets, not being depreciated	2,389,227	5,733	38,500	2,356,460
Capital assets, being depreciated:				
Buildings and improvements	19,490,649	89,483	-	19,580,132
Machinery and equipment	5,212,205	231,447	463,921	4,979,731
Vehicles	5,185,423	547,990	536,490	5,196,923
<u>Infrastructure</u>	<u>39,836,758</u>	<u>273,794</u>	<u>-</u>	<u>40,110,552</u>
Total capital assets being depreciated	69,725,035	1,142,714	1,000,411	69,867,338
Less accumulated depreciation for:				
Buildings and improvements	6,238,076	394,564	-	6,632,640
Machinery and equipment	3,355,979	496,460	444,915	3,407,524
Vehicles	2,004,820	425,333	490,869	1,939,284
<u>Infrastructure</u>	<u>24,714,696</u>	<u>698,840</u>	<u>-</u>	<u>25,413,536</u>
Total accumulated depreciation	36,313,571	2,015,197	935,784	37,392,984
<u>Total capital assets being depreciated, net</u>	<u>33,411,464</u>	<u>(872,483)</u>	<u>64,627</u>	<u>32,474,354</u>
<b><u>Governmental activities capital assets, net</u></b>	<b><u>\$ 35,800,691</u></b>	<b><u>(866,750)</u></b>	<b><u>103,127</u></b>	<b><u>34,830,814</u></b>

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

Governmental activities:	
Administration	\$ 68,875
Protection	446,518
Public works, including depreciation of general infrastructure assets	464,440
Unclassified	979,276
Education	56,088
<b><u>Total depreciation expense – governmental activities</u></b>	<b><u>\$ 2,015,197</u></b>

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

**CAPITAL ASSETS, CONTINUED**

	Balance June 30, <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2020</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	241,541	1,195,475	148,211	1,288,805
<b>Total capital assets, not being depreciated</b>	<b>3,299,716</b>	<b>1,195,475</b>	<b>148,211</b>	<b>4,346,980</b>
Capital assets, being depreciated:				
Buildings and improvements	22,633,778	46,557	19,800	22,660,535
Machinery and equipment	6,940,201	44,934	21,347	6,963,788
Vehicles	731,614	77,835	27,968	781,481
<b>Infrastructure</b>	<b>37,391,072</b>	<b>1,331,160</b>	<b>42,338</b>	<b>38,679,894</b>
<b>Total capital assets being depreciated</b>	<b>67,696,665</b>	<b>1,500,486</b>	<b>111,453</b>	<b>69,085,698</b>
Less accumulated depreciation for:				
Buildings and improvements	10,497,450	500,431	1,249	10,996,632
Machinery and equipment	6,226,367	49,791	21,347	6,254,811
Vehicles	265,045	41,036	27,968	278,113
<b>Infrastructure</b>	<b>10,662,490</b>	<b>562,111</b>	<b>42,338</b>	<b>11,182,263</b>
<b>Total accumulated depreciation</b>	<b>27,651,352</b>	<b>1,153,369</b>	<b>92,902</b>	<b>28,711,819</b>
<b>Total capital assets being depreciated, net</b>	<b>40,045,313</b>	<b>347,117</b>	<b>18,551</b>	<b>40,373,879</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 43,345,029</b>	<b>1,542,592</b>	<b>166,762</b>	<b>44,720,859</b>

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

Business-type activities:	
Water Fund	\$ 535,994
Sewer Fund	617,375
<b>Total depreciation expense – business-type activities</b>	<b>\$ 1,153,369</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, 2020 arising from these transactions were as follows:

Major funds:	Interfund loans <u>receivable</u>	Interfund loans <u>payable</u>	<u>Transfers</u>
General Fund	\$ 1,596,527	-	(129,978)
Other Capital Projects	2,360,200	-	302,425
Total major governmental funds	3,956,727	-	172,447

Other governmental funds:

Police Asset Forfeiture	88,959	-	-
CDBG Housing Rehab Grant	7,570	-	-
Recreation Banner Fund	23,065	-	-
Performance Bonds Payable	9,271	-	-
Technical Review Payable	118,082	-	-
Fire Museum	1,433	-	-
Winterfest	2,814	-	-
PERC Contract Reserve	391,110	-	-
FEMA Windstorm Grant	10,055	-	-
MMA Grant Fund	-	606	-
EPA Brownfield Rev. Loan	90,103	-	-
Brewer Days	5,018	-	-
Children's Garden Fund	8,276	-	-
City Small Grants and Programs	7,331	-	-
Chamberlain Golf Classic	-	40	-
Computer reserve	5,000	-	5,000
Stream Cleanup	2,845	-	-
Flags in Brewer	-	982	-
Recognition Coins	224	-	-
Police Academy Buyout	10,000	-	5,000
Brewer Business & Commercial Park	126,168	-	-
Insurance Deductible Reserve	36,416	-	-
Street Light Replacement Reserve	7,000	-	7,000
Brewer Resources Program	2,000	-	-
Food Service Fund	178,075	-	-
Grants Fund (School Dept.)	11,226	-	-
FHWA Route 15 Earmark	-	3,692	-
City Hall Rehab	-	18,586	-
Impact Fee Fund	50,168	-	(13,259)
Cemetery Trust	-	96,404	-
Elsie Olmstead Library	-	13	-
Total other governmental funds	1,192,209	120,323	3,741



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

---

**INTERFUND LOAN BALANCES/TRANSFERS**

---

	<u>Interfund loans receivable</u>	<u>Interfund loans payable</u>	<u>Transfers</u>
<b>Proprietary Funds:</b>			
Water Fund	\$ 2,101,339	-	(103,932)
Sewer Fund	-	7,145,470	(72,256)
<b>Total proprietary funds</b>	<b>2,101,339</b>	<b>7,145,470</b>	<b>(176,188)</b>
<b>Fiduciary Funds:</b>			
Private-purpose trust funds	15,518	-	-
<b>Grand Total</b>	<b>\$ 7,265,793</b>	<b>7,265,793</b>	<b>-</b>

---

**CHANGES IN LONG-TERM LIABILITIES**

---

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
<b>Governmental activities:</b>					
Bonds and notes	\$ 16,819,042	1,431,500	2,005,623	16,244,919	2,028,869
Premium on bonds	487,741	-	28,691	459,050	28,691
Financed purchases	124,242	50,569	92,928	81,883	30,504
Compensated absences	1,028,551	126,687	-	1,155,238	-
Net pension liability	3,328,292	440,737	-	3,769,029	-
Landfill closure	670,363	357,690	-	1,028,053	-
OPEB liability	6,642,027	155,115	-	6,797,142	-
<b>Government activities long-term liabilities</b>	<b>29,100,258</b>	<b>2,562,298</b>	<b>2,127,242</b>	<b>29,535,314</b>	<b>2,088,064</b>
<b>Business-type activities:</b>					
Bonds and notes	16,663,634	-	1,026,636	15,636,998	1,054,611
Premium on bonds	803,391	-	50,529	752,862	50,529
Net pension liability	540,267	70,068	-	610,335	-
OPEB liability	296,810	-	70,884	225,926	-
<b>Business-type activities long-term liabilities</b>	<b>18,304,102</b>	<b>70,068</b>	<b>1,148,049</b>	<b>17,226,121</b>	<b>1,105,140</b>
<b>Governmental and Business-type activities long-term liabilities</b>	<b>\$ 47,404,360</b>	<b>2,632,366</b>	<b>3,275,291</b>	<b>46,761,435</b>	<b>3,193,204</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, 2020
SR MMBB - Sewer	2001	2,500,000	10/01/22	1.90%	\$ -	375,000	375,000
FR MMBB - Sewer	2004	1,000,000	10/01/24	1.44%	-	250,000	250,000
Series E MMBB - City	2004	363,000	11/01/24	1.01 - 9.00%	90,750	-	90,750
Series E MMBB - City	2004	1,530,000	11/01/24	0.82 - 9.00%	314,500	-	314,500
Series C MMBB - City	2005	690,000	11/01/25	2.95 - 9.00%	192,000	-	192,000
Series C MMBB - Water	2005	725,000	11/01/25	3.05 - 9.00%	-	217,500	217,500
Series A MMBB - City	2006	1,070,000	11/01/26	2.00 - 5.50%	219,450	-	219,450
SR MMBB - City / Sewer	2006	448,000	04/01/26	1.77%	56,394	78,006	134,400
Series C MMBB - City	2007	1,735,000	11/01/26	2.30 - 6.00%	256,384	-	256,384
Series B MMBB - City	2008	600,000	11/01/27	2.00 - 5.50%	150,996	-	150,996
Series F MMBB	2009	593,395	04/01/29	0.00%	-	267,028	267,028
Series B MMBB	2009	1,442,000	11/01/29	2.08 - 5.58%	346,000	-	346,000
ARRA MMBB - Sewer	2010	750,877	10/01/29	0.00%	-	161,926	161,926
MMBB - Water	2010	735,000	04/01/30	1.00%	-	367,500	367,500
Series C MMBB - City/Water	2011	2,168,000	11/01/31	2.12 - 5.62%	926,000	119,000	1,045,000
Series E MMBB - City/Sewer	2012	3,090,000	11/01/21	0.50 - 5.50%	420,000	-	420,000
GOB - City/Water/Sewer	2012	21,610,000	06/30/42	2.00 - 4.00%	5,200,000	10,410,000	15,610,000
GOB USDA - Sewer	2013	485,000	08/28/41	2.75%	-	400,204	400,204
GOB USDA - Sewer	2013	800,000	08/28/41	2.75%	-	660,134	660,134
Series A MMBB - City/Sewer	2013	1,225,000	11/01/33	0.60 - 3.70%	449,950	80,000	529,950
GOB - SRF	2014	1,100,000	10/01/33	1.35%	-	709,450	709,450
Series A MMBB	2014	990,000	11/01/34	0.41 - 4.02%	518,375	-	518,375
FR MMBB	2015	1,695,000	05/01/34	0.21%	-	1,170,500	1,170,500
Series A MMBB	2015	1,615,000	11/01/35	0.21%	943,367	-	943,367
Series A MMBB	2016	1,055,000	11/01/36	0.91-3.50%	669,299	114,750	784,049
Series C MMBB	2017	2,125,000	11/01/36	1.16-3.49%	1,502,564	-	1,502,564
Series A MMBB	2018	3,223,000	11/01/32	1.92-3.62%	2,557,390	256,000	2,813,390
Series B MMBB	2019	1,431,500	11/01/29	1.610-1.930%	1,431,500	-	1,431,500
<b>Total</b>					<b>\$ 16,244,919</b>	<b>15,636,998</b>	<b>31,881,917</b>

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, 2020 are as follows:

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

---

LONG-TERM DEBT, CONTINUED

---

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 2,028,869	463,040	1,054,611	556,353
2022	1,987,005	411,390	1,082,594	531,072
2023	1,651,082	376,679	991,353	491,970
2024	1,497,634	340,546	867,390	469,142
2025	1,399,861	302,119	868,206	440,077
2026-2030	4,488,813	1,042,428	4,254,371	1,757,179
2031-2035	2,374,305	422,831	4,106,959	911,076
2036-2040	817,350	46,954	1,931,966	271,005
2041-2042	-	-	479,548	26,560
<b>Totals</b>	<b>\$ 16,244,919</b>	<b>3,405,987</b>	<b>15,636,998</b>	<b>5,454,434</b>

As of June 30, 2020, 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. For cash flow reasons, the City i on December 30, 2020. The note will be drawn as needed and is payable on or before February 15, 2021.

In November 2017, the Council approved up to \$4,200,000 from USDA Rural Development to finance additional sewer improvements.

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. As the project is coming under budget, the City decided to borrow only what is needed and closed on a \$2,959,000 Drinking Water SRF loan on December 22, 2020.

On August 11, 2020, the City Council authorized the issuance of \$1,550,000 in general obligation bonds to fund the City's FY21 Capital Improvement Program as well as a water pollution control facility improvement project.

---

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</u> <u>outstanding</u>	<u>Applicable</u> <u>to City</u>	<u>City's</u> <u>share of debt</u>
Brewer High School District Trustees	\$ 24,490,958	100%	24,490,958

The High School District Trustees submit debt service bills, which are paid by the City. Approximately \$15,478,030 of the Brewer High School.

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

---

**FINANCED PURCHASES**

---

The City has entered into various agreements as financed purchase agreements for financing the acquisition of copiers, computers, and a truck. The copiers and computers are not recorded as capital assets in the government-wide financial statements as they are individually below the City's capitalization threshold. The financed purchases 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 financed purchase, and the present value of net minimum lease payments at June 30, 2020.

Fiscal year <u>Ending</u>	Governmental <u>activities</u>
2021	\$ 33,482
2022	32,636
2023	10,965
<u>2024</u>	<u>10,965</u>
Total minimum lease payments	88,048
<u>Less: amount representing interest</u>	<u>(6,165)</u>
<b><u>Present value of future minimum lease payments</u>    <u>\$ 81,883</u></b>	

---

**STATUTORY DEBT LIMIT**

---

The laws of the State of Maine limit types of municipal borrowing to specific percentages of the State valuation of the municipality. At June 30, 2020, the City was in compliance with these restrictions.

---

**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

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

---

NET PENSION LIABILITY, CONTINUED

---

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, 2020, the City was required to contribute 10% of employee's annual pay for the regular plans AC-60 and AC-65, 10.6% for the special 2C plan, and 12.80% for the special 3C plan. The employee's contractually required contribution rate for the regular plan was 7.35% to 8.1% of their annual pay, 8% for the 2c plan and 9.5% for the special 3C plan. Contributions to the pension plan from the City were \$832,731 for the year ended June 30, 2020.

**SET Plan** - Maine statute requires the State to contribute a portion of the City's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The School Unit's contractually required contribution rate for the year ended June 30, 2020 was 18.49% of annual payroll of which 4.16% of payroll was required from the School Unit and 14.33% was required from the State. Contributions to the pension plan from the City were \$432,717 for the year ended June 30, 2020.

***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, 2019, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date. The City's proportion of the net pension liabilities were based on projections of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating local districts (PLD Plan) and of all participating School Administrative Units and the State (SET Plan), actuarially determined.

**PLD Plan** - At June 30, 2020, the City reported a liability of \$3,458,556 for governmental activities and \$610,335 for business-type activities for its proportionate share of the net pension liability. At June 30, 2019, the City's proportion of the PLD Plan was 1.3312%.

**SET Plan** - At June 30, 2020, 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	\$ 310,473
State's proportionate share of the net pension liability associated with the City	11,152,874
<b>Total</b>	<b>\$ 11,463,347</b>

At June 30, 2019, the City's proportion of the SET Plan was 0.0212%.

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

**NET PENSION LIABILITY, CONTINUED**

For the year ended June 30, 2020, the City recognized pension expense of \$1,051,226 for governmental activities and \$185,541 for business-type activities for the PLD Plan and also recognized a pension expense of \$1,966,762 and revenue of \$1,490,055 for support provided by the State for the SET Plan. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 433,654	-	72,267	-
Changes of assumptions	184,142	-	30,909	-
Net difference between projected and actual earnings on pension plan investments	-	910,108	-	152,874
Changes in proportion and differences between City contributions and proportionate share of contributions	122,346	-	15,426	-
City contributions subsequent to the measurement date	1,140,538	-	124,910	-
<b>Total</b>	<b>\$ 1,880,680</b>	<b>910,108</b>	<b>243,512</b>	<b>152,874</b>

An amount of \$1,140,538 for governmental activities and \$124,910 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, 2021. 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>
2021	\$ 263,090	38,902
2022	(373,446)	(64,369)
2034	(59,193)	(8,708)
2024	(417)	(97)

**Actuarial Assumptions** - The total pension liability in the June 30, 2019 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 14.50%
Investment return, per annum, compounded annually	6.75%	6.75%
Cost of living benefit increases, per annum	1.91%	2.20%

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

**NET PENSION LIABILITY, CONTINUED**

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 are summarized in the following table:

<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%

**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>	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
City's proportionate share of the net pension liability	\$ 9,268,667	4,068,891	(795,006)

**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	\$ 561,327	310,473	101,431

**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, 2020.

---

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. Enrolled employees, other than the City Manager and Assistant City Manager, contribute at least 8.1% of their wages. The employer contribution rate for 2020 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 \$103,571.

---

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, 2020.



**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, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	5
Inactive employee entitled to but not yet receiving benefits	-
Active employees	86
Total	91

**Total OPEB Liability**

The City’s total OPEB liability of \$1,060,188 was measured as of January 1, 2020, and was determined by an actuarial valuation as of that date.

**Actuarial Assumptions** - The total OPEB liability in the January 1, 2020 measurement for the Health Plan was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00% per annum
Salary increases	1.50% per annum
Discount rate	2.74% per annum
Healthcare cost trend rates	8.55% for 2020, decreasing to 3.53% for 2040
Retirees’ share of the benefit related costs	100% of projected health insurance premiums

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

The actuarial assumptions used in the January 1, 2020 valuation for the Health Plan were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

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

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

**Changes in the Total OPEB Liability**

		<b>Total OPEB Liability</b>
Balance at June 30, 2019	\$	1,356,532
Changes for the year:		
Service cost		42,058
Interest		56,737
Changed in benefit terms		(21,392)
Difference between expected and actual		(548,452)
Changes in assumptions or other inputs		204,503
Benefit payments		(29,798)
Net changes		<u>(296,344)</u>
Balance at June 30, 2020	\$	<u>1,060,188</u>

At June 30, 2020, the City reported a liability of \$834,262 for governmental activities and \$225,926 for business-type activities for its proportionate share of the OPEB liability.

Change in assumptions reflects a change in the discount rate from 4.10% to 2.74%.

**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 2.74%, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.74%) or 1 percentage-point higher (3.74%) than the current rate:

		1% Decrease (1.74%)	Discount Rate (2.74%)	1% Increase (3.74%)
Total OPEB liability	\$	<u>1,233,195</u>	1,060,188	<u>918,847</u>

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

		1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$	<u>911,935</u>	1,060,188	<u>1,245,138</u>

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

For the year ended June 30, 2020, the City recognized OPEB expense of \$4,423. At June 30, 2020, 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

	<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	\$ -	382,491	-	103,583
Changes of assumptions	115,420	-	31,257	-
City contributions subsequent to the measurement date	8,374	-	2,268	-
<b>Total</b>	<b>\$ 123,794</b>	<b>382,491</b>	<b>33,525</b>	<b>103,583</b>

\$10,642 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, 2021. 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>	
2021	\$ (46,866)
2022	(46,866)
2023	(46,866)
2024	(46,866)
2025	(46,861)
Thereafter	(105,072)

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	184
Total	318

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

The City’s total OPEB liability of \$5,610,910 was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2018.

*Changes in the Total OPEB Liability*

Balance at June 30, 2019	\$ 5,261,901
Changes for the year:	
Service cost	22,635
Interest	201,499
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	282,037
Benefit payments	(157,162)
Net changes	349,009
Balance at June 30, 2020	\$ 5,610,910

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

For the year ended June 30, 2020, The City recognized OPEB expense of \$235,835. At June 30, 2020, 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	\$ 91,511	-
City contributions subsequent to measurement date	180,741	-
Total	\$ 272,252	-

\$180,741 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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

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

Year ended June 30:	
2021	\$ 11,701
2022	11,701
2023	11,700
2024	56,409

**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	3.50% per annum
Healthcare cost trend rates - Pre-Medicare	5.55% for 2018 grading over 15 years to 3.73%
Healthcare cost trend rates - Medicare	3.72% for 2018 grading over 15 years to 2.81%
Retirees' share of the benefit related costs	55% of the blended premium rate with a State subsidy for the remaining 45% of the blended premium rate

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

The actuarial assumptions used in the June 30, 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 3.50% per annum. Since the plan is pay as you go and is not funded, the discount rate was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index.

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate** - The following presents the City's total OPEB liability calculated using the discount rate of 3.50%, 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 (2.50%) or 1 percentage-point higher (4.50%) than the current rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 6,492,302	5,610,910	4,894,861

**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	\$	4,817,085	5,610,910
			6,589,049

**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 \$2,432 for the year ended June 30, 2020.

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 \$37,512 for the year ended June 30, 2020. 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, 2019, 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, 2020, the City reported a liability of \$351,970 for its proportionate share of the net OPEB liability. At June 30, 2019, the City's proportion was 1.7423%.

SET OPEB Plan - At June 30, 2020, the City reported no liability related to the plan. The State of Maine's proportionate share of the net OPEB liability associated with the City was \$407,543 as of June 30, 2020. At June 30, 2019, 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, 2020, the City recognized OPEB expense of \$5,190 for the PLD OPEB Plan. For the year ended June 30, 2020, the City recognized OPEB expense of \$37,512 and also revenues of \$37,512 for support provided by the State related to the SET OPEB plan. At June 30, 2020, the City reported no deferred outflows of resources nor deferred inflows of resources related to the SET OPEB plan.

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to the PLD OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 22,433	-
Changes of assumptions	-	16,690
Net difference between projected and actual earnings on OPEB plan investments	-	15,738
Changes in proportion and differences between City contributions and proportionate share of contributions	11,890	-
City contributions subsequent to the measurement date	2,432	-
<b>Total</b>	<b>\$ 36,755</b>	<b>32,428</b>

An amount of \$2,432 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, 2021. 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	\$ (6,858)
2021	(6,858)
2022	(3,566)
2023	14,570
2024	4,607

**Actuarial Assumptions** - The net OPEB liability in the June 30, 2019 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 4.98% which is a blend of the assumed long-term expected rate of return of 6.75% and a municipal bond index rate of 3.5%, 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 4.98%, as well as what the City’s proportionate share of the net PLD OPEB plan liability would be if it were calculated using a discount rate that is 1 percentage-point lower (3.98%) or 1 percentage-point higher (5.98%) than the current rate:

	1% Decrease (3.98%)	Discount Rate (4.98%)	1% Increase (5.98%)
Net OPEB liability	\$ 464,810	351,970	263,012



**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.

---

FUND BALANCE

---

As of June 30, 2020, fund balance components consisted of the following:

	<u>General Fund</u>	<u>Other Capital Projects</u>	<u>Other Govt. Funds</u>
<b>Nonspendable:</b>			
Inventory	\$ -	-	33,725
Principal for permanent funds	-	-	324,553
<u>Prepaid items</u>	<u>235,486</u>	-	-
Total nonspendable	235,486	-	358,278
<b>Restricted:</b>			
Finance and administration	-	-	165,378
Community services	-	-	398,680
Public safety	-	-	88,959
Public works	-	-	50,045
Education	836,662	-	222,493
Capital projects	-	1,477,021	50,408
Permanent funds	-	-	40,466
Total restricted	836,662	1,477,021	1,016,429
<b>Committed:</b>			
Finance and administration	-	-	50,416
Community services	-	-	224
Public safety	-	-	10,000
<u>Capital projects</u>	-	<u>1,431,798</u>	-
Total committed	-	1,431,798	60,640

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

---

**FUND BALANCE, CONTINUED**

---

Assigned:			
Reappropriated to 2021 budget	\$ 530,000	-	-
Accrued compensated absences	774,419	-	-
Assessor - miscellaneous professional services	10,000	-	-
Assessor - GIS costs	3,000	-	-
Assessor - computer software	5,000	-	-
Legal services - personnel	17,355	-	-
Technology - training, conferences and meetings	1,401	-	-
Technology - computer supplies and expenses	6,096	-	-
Economic Development - beautification	6,570	-	-
Police patrol - uniforms and protective clothing	9,965	-	-
Police patrol - other expenses	2,780	-	-
General protections - street lights	24	-	-
General protections - equipment maintenance and repair	710	-	-
Public works - street maintenance	28,227	-	-
Employee benefits - unemployment	27,447	-	-
Library - books	91	-	-
Total assigned	\$ 1,423,085	-	-

---

**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.

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

**LANDFILL CLOSURE AND POSTCLOSURE COSTS, CONTINUED**

In January 2020, the City obtained a life cycle cost estimate of its landfill from its engineering firm. Using an estimate of tons disposed in 2019, the report estimated the landfill has a remaining disposal capacity of 18,500 cubic yards, which will provide disposal life through calendar year 2022. Based on actual tons disposed in 2019 and an estimate of tons disposed year to date in 2020, we estimate a remaining landfill disposal capacity of 17,885 tons as of June 30, 2020. Assuming landfill closure construction occurs during 2023, the report estimates the present value of the closure construction at \$1,155,537 and annual post-closure monitoring cost at \$15,500. Actual cost to close the landfill may be higher due to inflation, changes in technology, or changes in regulations. The City’s rate of use of the landfill will affect the exact timing of the closure.

As of June 30, 2020, 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.

	<u>2020</u>
Total estimated future landfill closure and postclosure care costs	\$ 1,171,037
Estimated capacity used	87.79%
Estimated gross landfill closure and postclosure care costs – end of year	1,028,053
Amounts actually expended	<u>-</u>
<u>Estimated liability for landfill closure and postclosure care costs - end of year</u>	<u>1,028,053</u>
<u>Estimated remaining landfill closure and postclosure care costs to be recognized</u>	<u>\$ 142,984</u>

**TAX INCREMENT FINANCING DISTRICTS**

In FY20, the City had five tax increment financing (TIF) districts and one affordable housing development district established in accordance with MRSA 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.

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.

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

---

---

**TAX INCREMENT FINANCING DISTRICTS, CONTINUED**

---

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 FY2020, the City captured \$1,639,783 in TIF and affordable housing property tax revenue and disbursed \$120,980 in payments to the two developers below:

- \$43,704 to Somerset Place Housing Associates to help fund the operating costs and maintain affordable rents for this 28 unit residential building for the elderly. FY20 was the fifth of 15 scheduled years of payments.
  
- \$77,276 to Village Centre Housing Partners, LP to help fund the operating costs and maintain affordable rents for this 48 unit apartment building for families. FY20 was the fourth of 15 scheduled years of payments to this organization.

**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>2020*</u>	<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	1.3312%	1.3161%	1.2650%	1.2410%	1.2868%	1.3019%
City's proportionate share of the net pension liability	\$ 4,068,889	3,601,774	5,179,257	6,593,718	4,105,528	2,003,402
City's covered payroll	7,363,174	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	55.26%	49.01%	74.86%	100.78%	62.13%	30.79%
Plan fiduciary net position as a percentage of the total pension liability	90.62%	91.14%	86.43%	81.61%	88.27%	94.10%
<b><u>SET Plan</u></b>						
City's proportion of the net pension liability	.0212%	0.0198%	0.0152%	0.0096%	0.0139%	0.0163%
City's proportionate share of the net pension liability	310,473	266,785	221,047	170,412	187,491	175,726
State's proportionate share of the net pension liability	11,152,874	10,059,509	10,762,537	13,744,363	10,479,395	8,548,683
<b>Total</b>	<b>\$ 11,463,347</b>	<b>10,326,294</b>	<b>10,983,584</b>	<b>13,914,775</b>	<b>10,666,886</b>	<b>8,724,409</b>
City's covered payroll	\$ 9,988,793	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	3.11%	2.83%	2.47%	1.84%	2.07%	1.94%
Plan fiduciary net position as a percentage of the total pension liability	82.73%	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 six 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>2020</u>	<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	\$ 832,731	736,463	730,581	648,372	666,183	526,003	451,334
Contributions in relation to the contractually required contribution	(832,731)	(736,463)	(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>-</b>
City's covered payroll	\$ 7,867,423	7,363,174	7,349,329	6,918,825	6,542,992	6,608,210	6,506,419
Contributions as a percentage of covered payroll	10.59%	10.00%	9.94%	9.37%	10.18%	7.96%	6.94%
<b><u>SET Plan</u></b>							
Contractually required contribution	432,717	396,555	373,596	300,795	310,832	239,824	239,790
Contributions in relation to the contractually required contribution	(432,717)	(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>	<b>-</b>
City's covered payroll	\$ 10,398,148	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	4.16%	3.97%	3.97%	3.36%	3.36%	2.65%	2.65%

\* Only seven 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\*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>			
Service cost	\$ 42,058	48,142	38,975
Interest	56,737	50,671	48,442
Changes of benefit terms	(21,392)	-	-
Differences between expected and actual experience	(548,452)	-	(9,886)
Changes of assumptions	204,503	(152,682)	131,595
Benefit payments	<u>(29,798)</u>	<u>(28,652)</u>	<u>(25,054)</u>
<b>Net change in total OPEB Liability</b>	<b>(296,344)</b>	<b>(82,521)</b>	<b>184,072</b>
Total OPEB liability - beginning	<u>1,356,532</u>	<u>1,439,053</u>	<u>1,254,981</u>
Total OPEB liability - ending	\$ <u>1,060,188</u>	<u>1,356,532</u>	<u>1,439,053</u>
Covered-employee payroll	\$ 4,489,969	4,328,349	4,328,349
Total OPEB liability as a percentage of covered-employee payroll	23.61%	31.34%	33.25%

\* Only three years of information available.

**CITY OF BREWER, 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>2020</u>	<u>2019</u>
<b>Total OPEB Liability</b>		
Service cost	\$ 22,635	24,452
Interest	201,499	192,236
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions or other inputs	282,037	(223,531)
Benefit payments	<u>(157,162)</u>	<u>(151,730)</u>
<b>Net change in total OPEB Liability</b>	349,009	(158,730)
Total OPEB liability - beginning	<u>5,261,901</u>	<u>5,420,474</u>
Total OPEB liability - ending	\$ <u>5,610,910</u>	<u>5,261,901</u>
Covered-employee payroll	\$ 8,700,243	8,467,390
Total OPEB liability as a percentage of covered-employee payroll	64.5%	62.1%

\* Only two years 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>2020</u>	<u>2019</u>	<u>2018</u>
<b><u>PLD OPEB Plan</u></b>			
City's proportion of the net OPEB liability	1.7423%	1.5861%	1.5600%
City's proportionate share of the net OPEB liability	\$ 351,970	320,403	260,854
City's covered-employee payroll	7,363,174	7,349,329	6,918,825
City's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	4.78%	4.36%	3.77%
Plan fiduciary net position as a percentage of the total OPEB liability	43.18%	43.92%	47.42%
<b><u>SET OPEB Plan</u></b>			
City's proportion of the net OPEB liability	0.00%	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	<u>407,543</u>	<u>401,725</u>	<u>370,250</u>
Total	\$ <u>407,543</u>	<u>401,725</u>	<u>370,250</u>
Plan fiduciary net position as a percentage of the total OPEB liability	49.22%	48.04%	47.29%

\* Only three 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\*

		<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><u>PLD OPEB Plan</u></b>				
Contractually required contribution	\$	2,432	2,719	2,790
Contributions in relation to the contractually required contribution		<u>(2,432)</u>	<u>(2,719)</u>	<u>(2,790)</u>
Contribution deficiency (excess)	\$	<u>-</u>	<u>-</u>	<u>-</u>
City's covered-employee payroll	\$	7,867,423	7,363,174	7,349,329
Contributions as a percentage of covered-employee payroll		0.03%	0.04%	0.04%

\* Only three 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>2019</u>	<u>2018</u>	<u>2017</u>
Discount rate – SET	6.750%	6.750%	6.875%
Discount rate – PLD	4.98%	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:

<u>Fiscal Year</u>	<u>Discount Rate</u>
2020	2.74%
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:

<u>Fiscal Year</u>	<u>Discount Rate</u>
2020	3.50%
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, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 7,645,370	7,519,309
Investments	814,991	767,484
Receivables:		
Taxes	105,622	75,047
Tax liens	626,297	553,555
Accounts	537,640	529,979
Prepaid expenditures	235,486	231,764
Interfund loans receivable	1,596,527	477,248
<b>Total assets</b>	<b>\$ 11,561,933</b>	<b>10,154,386</b>
<b>LIABILITIES</b>		
Accounts payable	857,670	564,857
Accrued payroll and related liabilities	2,636,086	2,641,507
Taxes collected in advance	49,510	68,233
Unearned revenue	7,163	7,678
<b>Total liabilities</b>	<b>3,550,429</b>	<b>3,282,275</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	634,089	537,269
<b>Total deferred inflows of resources</b>	<b>634,089</b>	<b>537,269</b>
<b>FUND BALANCE</b>		
Nonspendable - prepaid expenditures	235,486	231,764
Restricted for education	836,662	127,277
Assigned	1,423,085	1,241,224
Unassigned	4,882,182	4,734,577
<b>Total fund balance</b>	<b>7,377,415</b>	<b>6,334,842</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 11,561,933</b>	<b>10,154,386</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, 2020**

(with comparative actual amounts for the year ended June 30, 2019)

	2020		Variance positive (negative)	2019 Actual
	Final Budget	Actual		
Revenues:				
Taxes:				
Property	\$ 17,325,602	17,422,520	96,918	16,888,313
Automobile excise	1,885,250	1,784,196	(101,054)	1,993,593
Boat excise	8,000	6,860	(1,140)	7,510
Interest on taxes	60,000	87,727	27,727	56,144
Payments in lieu of taxes	38,750	39,486	736	35,242
Total taxes	19,317,602	19,340,789	23,187	18,980,802
Licenses and fees:				
Licenses and clerk fees	28,700	29,552	852	26,568
Registration fees	24,000	22,723	(1,277)	22,434
Ambulance and other public safety revenue	189,997	187,118	(2,879)	184,658
All other	5,500	3,766	(1,734)	5,051
Total licenses and fees	248,197	243,159	(5,038)	238,711
Intergovernmental:				
Road block grant program	128,000	132,588	4,588	128,880
State revenue sharing	845,059	1,110,704	265,645	698,879
Tree growth reimbursement	400	424	24	438
Veterans reimbursement	9,000	8,970	(30)	9,968
BETE reimbursement	100,859	216,661	115,802	133,337
Homestead exemption	538,594	540,840	2,246	533,531
General assistance	22,000	12,172	(9,828)	6,193
Police grant reimbursements	99,494	97,294	(2,200)	67,648
School Department	11,501,521	11,581,313	79,792	10,995,234
Total intergovernmental	13,244,927	13,700,966	456,039	12,574,108
Local sources:				
Property leases	4,701	6,805	2,104	6,742
Parks and recreation	487,591	338,760	(148,831)	446,376
Public safety	35,190	25,749	(9,441)	30,708
Code enforcement	75,750	68,401	(7,349)	98,946
Public works	315,723	298,795	(16,928)	320,741
Cable television	115,000	125,340	10,340	124,566
Deferred debt service	515	515	-	515
Library	21,607	13,715	(7,892)	29,147
Worker's compensation reimbursement	-	18,460	18,460	6,376
School Department revenue	2,858,350	3,308,991	450,641	2,954,796
All other	16,587	35,895	19,308	10,879
Total local sources	3,931,014	4,241,426	310,412	4,029,792
Investment earnings	100,000	155,813	55,813	153,597
Total revenues	36,841,740	37,682,153	840,413	35,977,010

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

	2020			2019 Actual
	Final Budget	Actual	Variance positive (negative)	
Expenditures:				
Current:				
Administration:				
City Council	\$ 11,347	9,241	2,106	10,365
City Manager	358,400	371,193	(12,793)	356,571
City Clerk	76,886	74,649	2,237	68,283
Elections	15,700	10,181	5,519	6,753
Assessing	237,638	214,998	22,640	226,054
Finance	627,082	591,960	35,122	588,636
Technology	173,997	171,060	2,937	175,221
Legal	92,605	58,227	34,378	56,852
City Hall	75,788	65,372	10,416	68,379
Economic Development	449,737	445,628	4,109	418,935
Total administration	2,119,180	2,012,509	106,671	1,976,049
Protection:				
Police department	2,248,908	2,149,165	99,743	2,050,022
Fire department	1,569,303	1,542,039	27,264	1,508,551
Code enforcement	189,556	185,094	4,462	190,451
General protections	823,230	808,121	15,109	789,011
Insurances	106,900	99,700	7,200	100,090
Animal control	20,221	22,404	(2,183)	19,700
Total protection	4,958,118	4,806,523	151,595	4,657,825
Public services:				
Health and human services	66,042	55,370	10,672	44,138
Transit system	256,870	261,363	(4,493)	181,399
Adult Ed	5,000	4,992	8	4,984
Non-profit organizations	1,500	1,500	-	1,500
Total public services	329,412	323,225	6,187	232,021
Public works:				
Public works	1,587,432	1,387,465	199,967	1,404,120
Solid waste disposal	596,753	608,270	(11,517)	610,395
Planning	105,011	103,106	1,905	99,575
Engineering	156,432	157,197	(765)	152,586
Total public works	2,445,628	2,256,038	189,590	2,266,676
Education	23,497,794	22,099,344	1,398,450	21,555,539



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

	2020			2019 Actual
	Final Budget	Actual	Variance positive (negative)	
Expenditures, continued:				
Current, continued:				
Unclassified:				
Employee benefits	\$ 234,671	224,388	10,283	205,953
Municipal auditorium	188,345	138,638	49,707	193,036
Parks and cemeteries	267,921	237,606	30,315	247,735
Recreation/pool	606,252	565,200	41,052	571,430
Library	277,965	239,012	38,953	231,541
Dues	9,000	8,722	278	8,602
Contingencies	37,440	34,980	2,460	33,623
All other	9,169	7,935	1,234	20,821
Total unclassified	1,630,763	1,456,481	174,282	1,512,741
Assessments:				
County tax	1,061,193	1,061,193	-	1,004,583
Abatements and bad debts	22,688	13,998	8,690	114,669
Total assessments	1,083,881	1,075,191	8,690	1,119,252
Debt service:				
Principal	2,005,623	2,005,623	-	1,756,118
Interest	502,468	514,379	(11,911)	553,819
Total debt service	2,508,091	2,520,002	(11,911)	2,309,937
Total expenditures	38,572,867	36,549,313	2,023,554	35,630,040
Excess (deficiency) of revenues over (under) expenditures	(1,731,127)	1,132,840	2,863,967	346,970
Other financing sources (uses):				
Use of fund balance - City	451,688	-	(451,688)	-
Use of fund balance - School Department	1,259,209	-	(1,259,209)	-
Reserves and carryforwards	128,772	-	(128,772)	-
Transfers from other funds:				
TIF projects fund	1,080,172	1,080,517	345	1,213,146
Impact Fee Fund	13,000	13,259	259	15,024
Sewer Fund	96,744	96,744	-	87,921
Water Fund	103,932	103,932	-	106,460
PERC contract reserve	-	-	-	45,000
Computer Reserve	-	-	-	8,798
Transfers to other funds:				
Street Light Replacement Reserve	-	(7,000)	(7,000)	-
Computer Reserve	-	(5,000)	(5,000)	-
Police Academy Buyout	-	(5,000)	(5,000)	-
Brewer Days	-	-	-	(1,200)
TIF projects fund	(1,402,390)	(1,402,390)	-	(1,372,500)
Capital Improvement Program	-	(5,040)	(5,040)	(122,611)
Total other financing sources (uses)	1,731,127	(129,978)	(1,861,105)	(19,962)
Net change in fund balance - budgetary basis	-	1,002,862	1,002,862	327,008
Reconciliation to GAAP:				
Change in accrued teacher summer salaries and benefits		39,711		(140,502)
Total reconciling items to GAAP		39,711		(140,502)
Net change in fund balance - GAAP basis		1,042,573		186,506
Fund balance, beginning of year		6,334,842		6,148,336
<b>Fund balance, end of year</b>	<b>\$</b>	<b>7,377,415</b>		<b>6,334,842</b>

**ALL OTHER GOVERNMENTAL FUNDS**

**CITY OF BREWER, MAINE**  
**All Other Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2020**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 250	-	79,611	79,861
Investments	-	-	381,825	381,825
Accounts receivable	27,522	-	-	27,522
Due from other governments	82,512	-	-	82,512
Interfund loans receivable	1,142,041	50,168	-	1,192,209
Inventory	33,725	-	-	33,725
<b>Total assets</b>	<b>\$ 1,286,050</b>	<b>50,168</b>	<b>461,436</b>	<b>1,797,654</b>
<b>LIABILITIES</b>				
Accounts payable	372,827	-	-	372,827
Unearned revenue	19,589	-	-	19,589
Interfund loans payable	1,628	22,278	96,417	120,323
Total liabilities	394,044	22,278	96,417	512,739
<b>FUND BALANCES</b>				
Nonspendable	33,725	-	324,553	358,278
Restricted	925,555	50,408	40,466	1,016,429
Committed	60,640	-	-	60,640
Unassigned	(127,914)	(22,518)	-	(150,432)
Total fund balances	892,006	27,890	365,019	1,284,915
<b>Total liabilities and fund balances</b>	<b>\$ 1,286,050</b>	<b>50,168</b>	<b>461,436</b>	<b>1,797,654</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, 2020**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
Revenues:				
Intergovernmental	\$ 1,295,180	-	-	1,295,180
Lunch program	224,163	-	-	224,163
Local sources	-	69,940	-	69,940
Investment income (loss)	-	-	20,436	20,436
Other income	98,440	-	2,520	100,960
Total revenues	1,617,783	69,940	22,956	1,710,679
Expenditures:				
Current:				
Protection	113,265	-	-	113,265
Public services	93,651	-	-	93,651
Educational programs	1,508,979	-	-	1,508,979
Unclassified	64,297	-	607	64,904
Capital outlay	-	99,495	-	99,495
Total expenditures	1,780,192	99,495	607	1,880,294
Excess (deficiency) of revenues over (under) expenditures	(162,409)	(29,555)	22,349	(169,615)
Other financing sources (uses):				
Transfers in	17,000	-	-	17,000
Transfers out	-	(13,259)	-	(13,259)
Total other financing sources (uses)	17,000	(13,259)	-	3,741
Net change in fund balances	(145,409)	(42,814)	22,349	(165,874)
Fund balances, beginning of year	1,037,415	70,704	342,670	1,450,789
<b>Fund balances, end of year</b>	<b>\$ 892,006</b>	<b>27,890</b>	<b>365,019</b>	<b>1,284,915</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, 2020**

	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	88,959	7,570	23,065	9,271	118,082	1,433
Inventory	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 88,959</b>	<b>7,570</b>	<b>23,065</b>	<b>9,271</b>	<b>118,082</b>	<b>1,433</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued expenses	-	-	500	9,271	118,082	-
Unearned revenue	-	-	-	-	-	-
Interfund loans payable	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>9,271</b>	<b>118,082</b>	<b>-</b>
Fund balances (deficits):						
Nonspendable	-	-	-	-	-	-
Restricted	88,959	7,570	22,565	-	-	1,433
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balances (deficits)</b>	<b>88,959</b>	<b>7,570</b>	<b>22,565</b>	<b>-</b>	<b>-</b>	<b>1,433</b>
<b>Total liabilities and fund balances</b>	<b>\$ 88,959</b>	<b>7,570</b>	<b>23,065</b>	<b>9,271</b>	<b>118,082</b>	<b>1,433</b>

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

	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	-	-	-	814	-	-	-
Due from other governments	-	-	-	-	2,440	-	-
Interfund loans receivable	2,814	391,110	10,055	-	90,103	5,018	8,276
Inventory	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 2,814</b>	<b>391,110</b>	<b>10,055</b>	<b>814</b>	<b>92,543</b>	<b>5,018</b>	<b>8,276</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable and accrued expenses	-	-	-	-	69,886	-	-
Unearned revenue	-	-	-	-	-	-	-
Interfund loans payable	-	-	-	606	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>606</b>	<b>69,886</b>	<b>-</b>	<b>-</b>
Fund balances (deficits):							
Nonspendable	-	-	-	-	-	-	-
Restricted	2,814	391,110	10,055	-	22,657	5,018	8,276
Committed	-	-	-	-	-	-	-
Unassigned	-	-	-	208	-	-	-
<b>Total fund balances (deficits)</b>	<b>2,814</b>	<b>391,110</b>	<b>10,055</b>	<b>208</b>	<b>22,657</b>	<b>5,018</b>	<b>8,276</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,814</b>	<b>391,110</b>	<b>10,055</b>	<b>814</b>	<b>92,543</b>	<b>5,018</b>	<b>8,276</b>

**CITY OF BREWER, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet, Continued**  
**June 30, 2020**

	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	6,313	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Interfund loans receivable	7,331	-	5,000	2,845	-	224	10,000
Inventory	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 13,644</b>	<b>-</b>	<b>5,000</b>	<b>2,845</b>	<b>-</b>	<b>224</b>	<b>10,000</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable and accrued expenses	52	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Interfund loans payable	-	40	-	-	982	-	-
<b>Total liabilities</b>	<b>52</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>982</b>	<b>-</b>	<b>-</b>
Fund balances (deficits):							
Nonspendable	-	-	-	-	-	-	-
Restricted	13,592	-	-	2,845	-	-	-
Committed	-	-	5,000	-	-	224	10,000
Unassigned	-	(40)	-	-	(982)	-	-
<b>Total fund balances (deficits)</b>	<b>13,592</b>	<b>(40)</b>	<b>5,000</b>	<b>2,845</b>	<b>(982)</b>	<b>224</b>	<b>10,000</b>
<b>Total liabilities and fund balances</b>	<b>\$ 13,644</b>	<b>-</b>	<b>5,000</b>	<b>2,845</b>	<b>-</b>	<b>224</b>	<b>10,000</b>



**CITY OF BREWER, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet, Continued**  
**June 30, 2020**

	Brewer Business and Comm'l Park	Insurance Deductible Reserve	Street Light Replacement 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	-	-	-	-	20,395	-	27,522
Due from other governments	-	-	-	-	13,608	66,464	82,512
Interfund loans receivable	126,168	36,416	7,000	2,000	178,075	11,226	1,142,041
Inventory	-	-	-	-	33,725	-	33,725
<b>Total assets</b>	<b>\$ 126,168</b>	<b>36,416</b>	<b>7,000</b>	<b>2,000</b>	<b>246,053</b>	<b>77,690</b>	<b>1,286,050</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable and accrued expenses	-	-	-	-	45,184	129,852	372,827
Unearned revenue	-	-	-	-	19,589	-	19,589
Interfund loans payable	-	-	-	-	-	-	1,628
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>64,773</b>	<b>129,852</b>	<b>394,044</b>
Fund balances (deficits):							
Nonspendable	-	-	-	-	33,725	-	33,725
Restricted	126,168	-	-	-	147,555	74,938	925,555
Committed	-	36,416	7,000	2,000	-	-	60,640
Unassigned	-	-	-	-	-	(127,100)	(127,914)
<b>Total fund balances (deficits)</b>	<b>126,168</b>	<b>36,416</b>	<b>7,000</b>	<b>2,000</b>	<b>181,280</b>	<b>(52,162)</b>	<b>892,006</b>
<b>Total liabilities and fund balances</b>	<b>\$ 126,168</b>	<b>36,416</b>	<b>7,000</b>	<b>2,000</b>	<b>246,053</b>	<b>77,690</b>	<b>1,286,050</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, 2020**

	Police Asset Forfeiture	CDBG Housing Rehab Grant	Recreation Banner Fund	Performance Bonds Payable	Technical Review Payable	Fire Museum
Revenues:						
Intergovernmental	\$ 63,408	-	-	-	-	-
Lunch program	-	-	-	-	-	-
Other income	-	-	4700	-	-	-
<b>Total revenues</b>	<b>63,408</b>	<b>-</b>	<b>4700</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenditures:						
Protection	27,444	-	-	-	-	-
Public services	-	24,062	-	-	-	-
Educational programs	-	-	-	-	-	-
Unclassified	-	-	156	-	-	-
<b>Total expenditures</b>	<b>27,444</b>	<b>24,062</b>	<b>156</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
<b>Other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	35,964	(24,062)	4544	-	-	-
Fund balances (deficits), beginning of year	52,995	31,632	18021	-	-	1,433
<b>Fund balances (deficits), end of year</b>	<b>\$ 88,959</b>	<b>7,570</b>	<b>22565</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, 2020

	Winterfest	PERC Contract Reserve	FEMA Windstorm Grant	MMA Grant Fund	EPA Brownfield Rev Loan	Brewer Days	Children's Garden Fund
Revenues:							
Intergovernmental	\$ -	-	5,726	-	-	-	-
Lunch program	-	-	-	-	-	-	-
Other income	30	-	-	5950	-	4960	-
<b>Total revenues</b>	<b>30</b>	<b>-</b>	<b>5,726</b>	<b>5950</b>	<b>-</b>	<b>4960</b>	<b>-</b>
Expenditures:							
Protection	-	-	-	-	-	-	-
Public services	-	-	-	-	69,589	-	-
Educational programs	-	-	-	-	-	-	-
Unclassified	-	-	2791	4315	-	4950	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>2791</b>	<b>4315</b>	<b>69,589</b>	<b>4950</b>	<b>-</b>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
<b>Other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	30	-	2,935	1,635	(69,589)	10	-
Fund balances (deficits), beginning of year	2,784	391,110	7,120	(1,427)	92,246	5,008	8,276
<b>Fund balances (deficits), end of year</b>	<b>\$ 2,814</b>	<b>391,110</b>	<b>10,055</b>	<b>208</b>	<b>22,657</b>	<b>5,018</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, 2020**

	City Small Grants and Programs	Chamberlain Golf Classic	Computer Reserve	Stream Cleanup	Flags In Brewer	Recognition Coins	Police Academy Buyout
Revenues:							
Intergovernmental	\$ 81,850	-	-	-	-	-	-
Lunch program	-	-	-	-	-	-	-
Other income	23,278	-	-	250	214	-	-
Total revenues	105,128	-	-	250	214	-	-
Expenditures:							
Protection	85,821	-	-	-	-	-	-
Public services	-	-	-	-	-	-	-
Educational programs	-	-	-	-	-	-	-
Unclassified	52,085	-	-	-	-	-	-
Total expenditures	137,906	-	-	-	-	-	-
Other financing sources (uses):							
Transfers in	-	-	5,000	-	-	-	5,000
Other financing sources (uses)	-	-	5,000	-	-	-	5,000
Net change in fund balances	(32,778)	-	5,000	250	214	-	5,000
Fund balances (deficits), beginning of year	46,370	(40)	-	2,595	(1,196)	224	5,000
<b>Fund balances (deficits), end of year</b>	<b>\$ 13,592</b>	<b>(40)</b>	<b>5,000</b>	<b>2,845</b>	<b>(982)</b>	<b>224</b>	<b>10,000</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, 2020

	Brewer Business and Comm'l Park	Insurance Deductible Reserve	Street Light Replacement Reserve	Business Resources Program	School Department		Total Nonmajor Special Revenue Funds
					Food Service Fund	Grants Fund	
Revenues:							
Intergovernmental	\$ -	-	-	-	357,124	787,072	1,295,180
Lunch program	-	-	-	-	224,163	-	224,163
Other income	-	-	-	-	-	59,058	98,440
<b>Total revenues</b>	-	-	-	-	<b>581,287</b>	<b>846,130</b>	<b>1,617,783</b>
Expenditures:							
Protection	-	-	-	-	-	-	113,265
Public services	-	-	-	-	-	-	93,651
Educational programs	-	-	-	-	586,274	922,705	1,508,979
Unclassified	-	-	-	-	-	-	64,297
<b>Total expenditures</b>	-	-	-	-	<b>586,274</b>	<b>922,705</b>	<b>1,780,192</b>
Other financing sources (uses):							
Transfer in	-	-	7,000	-	-	-	17,000
<b>Total other financing sources (uses)</b>	-	-	<b>7,000</b>	-	-	-	<b>17,000</b>
Net change in fund balances	-	-	7,000	-	(4,987)	(76,575)	(145,409)
Fund balances (deficits), beginning of year	126,168	36,416	-	2,000	186,267	24,413	1,037,415
<b>Fund balances (deficits), end of year</b>	<b>\$ 126,168</b>	<b>36,416</b>	<b>7,000</b>	<b>2,000</b>	<b>181,280</b>	<b>(52,162)</b>	<b>892,006</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, 2020**

	Fund balances beginning of year	Revenues		Expenditures	Fund balances end of year
		Intergovernmental	Other miscellaneous		
Economic Development:					
CDBG waltzing matilda grant	\$ -	50,000	-	50,000	-
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	-	2,467	2,449	4,916	-
Gero vest carrier grant	490	-	-	-	490
Public safety hosted training	3,722	-	10,250	12,719	1,253
Body camera grant	5,834	-	-	5,834	-
Byrne/Jag 2017 grant	-	7,866	834	8,700	-
FY20 Walmart grant	-	-	5,000	-	5,000
FY19 King Foundation Grant - Turnout Gear	30,000	-	-	30,000	-
FY19 FEMA afg hoses	-	17,371	761	18,132	-
FY20 DHS grant - stabilizers	-	2,340	-	2,340	-
FY20 ME Forest Service - wld equipment	-	1,506	1,674	3,180	-
Library:					
Bangor health & wellness grant	314	-	-	-	314
Brewer kiwanis grant	186	-	-	-	186
Rudman book club	260	-	749	524	485
ME history records grant	12	-	-	-	12
Greendrinks bike rack grant	-	-	1,561	1,561	-
ME Arts Commission bicentennial	-	300	-	-	300
In Memoriam Bettie Ann Lawrence	6	-	-	-	6
<b>Totals</b>	<b>\$ 46,370</b>	<b>81,850</b>	<b>23,278</b>	<b>137,906</b>	<b>13,592</b>

**CITY OF BREWER, MAINE**  
**School Department Grants Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2020**

	Fund balances (deficits) beginning of year	Revenues	Expenditures	Fund balances (deficits) end of year
<b>Federal Programs:</b>				
Title 1A - Disadvantaged	\$ (57,386)	319,734	321,422	(59,074)
Title IVA	-	9,497	9,497	-
Local Entitlement	(49,714)	361,086	378,994	(67,622)
Preschool	-	5,156	5,156	-
Title V - Rural and Low Income Grant	-	28,439	28,843	(404)
Title IIA	-	63,160	63,160	-
Total federal programs	(107,100)	787,072	807,072	(127,100)
<b>State Programs:</b>				
MLTI Laptop Grant	60,800	-	60,800	-
Total state programs	60,800	-	60,800	-
<b>Local Programs:</b>				
Driver's Ed	7,976	6,670	8,061	6,585
Athletic Complex	-	100	-	100
Brewer HOF	8,522	11,045	7,648	11,919
BCS Laptop	1,551	1,495	432	2,614
BHS Laptop	11,582	16,128	21,752	5,958
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	130	370
Community Transformation Grant	1,659	-	-	1,659
Project Unify Grant	2,666	1,988	2,133	2,521
BHS Athletic Banners	1,070	6,355	7,230	195
Wights PBIS Fund Proceeds	1	298	299	-
Courageous Steps Project Grant	852	-	248	604
TAP Program	600	400	629	371
D. Jeffrey Funds to Alpha	392	-	-	392
Maine Discovery Museum	350	-	-	350
Class of 2018 Donation to SEL	4,354	-	2,409	1,945
Onion Foundation	-	800	715	85
Smokey Lawrence BB Tourney	-	1,573	565	1,008
WalMart Bldg Comm Grant	-	3,000	1,000	2,000
Stephen King Storybird Grant	744	5,000	376	5,368
Nancy Snowdeal Snack Program	-	2,500	-	2,500
National Board Certified Scholarship	-	475	475	-
JROTC	501	731	731	501
Total local programs	70,713	59,058	54,833	74,938
<b>Totals</b>	<b>\$ 24,413</b>	<b>846,130</b>	<b>922,705</b>	<b>(52,162)</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, 2020**

	FHWA Route 15 Earmark	City Hall Rehab	Impact Fee Fund	Total Nonmajor Capital Project Funds
<b>ASSETS</b>				
Interfund loans receivable	\$ -	-	50,168	50,168
<b>Total assets</b>	<b>\$ -</b>	<b>-</b>	<b>50,168</b>	<b>50,168</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Interfund loans payable	3692	18586	-	22,278
<b>Total liabilities</b>	<b>3692</b>	<b>18586</b>	<b>-</b>	<b>22,278</b>
Fund balances (deficits):				
Restricted	-	-	50,408	50,408
Unassigned	(3,692)	(18,586)	(240)	(22,518)
<b>Total fund balances (deficits)</b>	<b>(3,692)</b>	<b>(18,586)</b>	<b>50,168</b>	<b>27,890</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>-</b>	<b>50,168</b>	<b>50,168</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, 2020**

	FHWA Route 15 Earmark	City Hall Rehab	Impact Fee Fund	Total Nonmajor Capital Project Funds
Revenues:				
Local sources	\$ -	-	69,940	69,940
Total revenues	-	-	69,940	69,940
Expenditures:				
Capital outlay	-	-	99,495	99,495
Total expenditures	-	-	99,495	99,495
Excess (deficiency) of revenues over (under) expenditures	-	-	(29,555)	(29,555)
Other financing sources (uses):				
Transfer to general fund	-	-	(13,259)	(13,259)
Total other financing sources (uses)	-	-	(13,259)	(13,259)
Net change in fund balances	-	-	(42,814)	(42,814)
Fund balances (deficits), beginning of year	(3,692)	(18,586)	92,982	70,704
<b>Fund balances (deficits), end of year</b>	<b>\$ (3,692)</b>	<b>(18,586)</b>	<b>50,168</b>	<b>27,890</b>

**CITY OF BREWER, MAINE**  
**Capital Improvements Program**  
**Combining Schedule of Changes in Fund Balances**  
**For the year ended June 30, 2020**

	Fund balances (deficit) beginning of year	Revenue	Expenditures	Transfers	Fund balances (deficit) end of year
<b>Capital Improvements Programs:</b>					
<b>City Hall/Other:</b>					
School bldg remed & demolition	\$ 22,748	-	-	(17,000)	5,748
City hall infrastructure	29,568	30,000	3,223	-	56,345
Library carpet replacement	-	25,000	-	-	25,000
Parking lot-former st and Middle School	52,733	-	-	-	52,733
Tech computer hardware	(1,375)	-	-	-	(1,375)
Network improvements - City and Police	1,630	-	2,228	11,000	10,402
Finance computer hardware	(494)	-	-	90	(404)
Copiers	(3,910)	-	-	3,910	-
Bond financing costs	10,563	-	6,527	-	4,036
Economic development rev loan fund	26,000	-	-	100,000	126,000
Economic development - facade improvement fund	100,000	-	31,010	-	68,990
<b>Total City Hall/other</b>	<b>237,463</b>	<b>55,000</b>	<b>42,988</b>	<b>98,000</b>	<b>347,475</b>
<b>Waterfront Development:</b>					
Property acquisitions	124,562	-	-	-	124,562
Waterfront Trail	-	-	29,533	29,533	-
Landscaping/public improvements	22,730	-	-	-	22,730
Youth waterfront projects	5,000	-	-	-	5,000
<b>Total waterfront development</b>	<b>152,292</b>	<b>-</b>	<b>29,533</b>	<b>29,533</b>	<b>152,292</b>
<b>Protection:</b>					
Public safety building improvements	(23,429)	16,000	8,105	19,000	3,466
Police vehicles	2,107	39,500	40,531	(1,076)	-
Police unmarked/admin vehicles	-	37,400	74,763	36,076	(1,287)
SCBA	(2,000)	46,000	-	(44,000)	-
Fire staff vehicle	-	33,000	32,882	(118)	-
Public safety computer server	21,121	-	5,545	-	15,576
Police body and car cameras	-	60,000	63,075	5,000	1,925
Police computer replacement	19	21,000	21,176	157	-
Fire hose	10,000	-	-	-	10,000
Fire unit 305 ladder refurb	64,046	-	-	(56,100)	7,946
Police portable radios	-	-	-	16,000	16,000
<b>Total protection</b>	<b>71,864</b>	<b>252,900</b>	<b>246,077</b>	<b>(25,061)</b>	<b>53,626</b>
<b>Public Works:</b>					
Landfill area closing	179,643	-	-	-	179,643
LED street lights	72,858	-	-	(72,858)	-
General road construction	426	45,000	15,921	-	29,505
Paving	79,870	151,000	136,674	74,000	168,196
Parkway so. resurface - City share	1,074	-	-	(1,074)	-
Drainage and sidewalks--Brdlwn and Hillcrst	-	-	17,490	25,000	7,510
S Main paving	-	100,000	48,962	-	51,038
Stormwater Drainage improvements	67,231	-	5,733	15,000	76,498
Lower Wilson Street resurfacing - 10% city share	(11,093)	50,000	15,817	-	23,090
Chamberlain St. resurface	11,044	-	-	-	11,044
Eastern Ave repave 50-50 MPI	-	289,518	273,794	-	15,724
Mill St. resurface and drainage improvements	(77,911)	100,000	-	-	22,089
Stow roller #11	(12,389)	25,000	-	(11,000)	1,611
Engineering pickup	-	35,000	34,000	-	1,000
Flail mower head	752	-	-	(752)	-
Ford F-150 pickup #405	-	26,000	29,681	3,681	-
Dump/plow replacement #424	-	88,000	150,209	44,000	(18,209)
Elgin street sweeper #449	(203,291)	204,000	-	(709)	-
Chevy 2500 HD crewcab #410	-	33,000	-	(33,000)	-
Signal detection	2,808	-	-	-	2,808
N. Main and Betton signal and intersection improvement	482	-	-	-	482
Cat D4H dozer #429	51,900	-	-	(51,900)	-
CAT 420 backhoe/loader #432	43,026	-	-	(43,026)	-
Wilsn/thmpsn int. imprvmts-10% share-PIN 20897	2,769	-	-	-	2,769
Skidsteer loader - track model	-	60,000	62,082	-	(2,082)
Crosswalk N. Main and Church	-	38,000	40,473	2,473	-
Hot box/asphalt recycler	-	-	34,329	34,329	-
Wils /Dirigo traffic signals	-	-	9,944	-	(9,944)
<b>Total public works</b>	<b>209,199</b>	<b>1,244,518</b>	<b>875,109</b>	<b>(15,836)</b>	<b>562,772</b>

**CITY OF BREWER, MAINE**  
**Capital Improvements Program**  
**Combining Schedule of Changes in Fund Balances, Continued**  
**For the year ended June 30, 2020**

	Fund balances (deficit) beginning of year	Revenue	Expenditures	Transfers	Fund balances (deficit) end of year
Parks and Recreation:					
Wash St. rec complex	\$ 27,500	-	-	-	27,500
Eastern playground	10,832	-	-	-	10,832
Auditorium doors, windows, entrance	3,552	-	4,670	10,000	8,882
Pool rehabilitation	11,457	-	-	-	11,457
Tennis court resurfacing	-	-	-	6,000	6,000
Capri St park renovation	45,000	-	-	-	45,000
Doyle Field goal posts	1,874	-	-	(1,874)	-
Auditorium stage rehab	8	-	-	43,000	43,008
Auditorium HVAC Improvements	-	28,000	-	-	28,000
Crewcab replacement	-	30,000	23,294	-	6,706
60" riding mower - woodlawn	1,000	-	-	(1,000)	-
Auditorium - playground rehab	3,135	-	-	-	3,135
Total parks and recreation	104,358	58,000	27,964	56,126	190,520
<b>Subtotal projects</b>	<b>775,176</b>	<b>1,610,418</b>	<b>1,221,671</b>	<b>142,762</b>	<b>1,306,685</b>
CIP - unallocated	75,603	24,620	311	(8,190)	91,722
Tax Increment Financing Projects:					
BAC	109,763	176,680	-	(179,406)	107,037
Lemforder	8,545	-	-	(8,545)	-
Woodlands	6,367	-	-	-	6,367
Cianbro	456,280	57,914	-	74,581	588,775
Brewer econ developmt	605,084	-	-	163,043	768,127
Penobscot Eye Care	-	915	-	(915)	-
AHTIF - Somerset Place	2,672	949	43,704	42,754	2,671
AHTIF - Village Centre	4,044	935	77,276	76,341	4,044
Total Tax Increment Financing Projects	1,192,755	237,393	120,980	167,853	1,477,021
<b>Total</b>	<b>\$ 2,043,534</b>	<b>1,872,431</b>	<b>1,342,962</b>	<b>302,425</b>	<b>2,875,428</b>

**CITY OF BREWER, MAINE**  
**Impact Fee Fund**  
**Combing Schedule of Changes in Fund Balances**  
**For the year ended June 30, 2020**

	Fund balances (deficit) beginning of year	Revenue	Expenditures	Transfers	Fund balances (deficit) end of year
Impact Fee Projects:					
Parallel Road	\$ 3,815	10,062	-	(2,336)	11,541
Signal Coordination	6,401	10,062	-	(3,228)	13,235
Signal Preemption	7,781	-	-	(202)	7,579
Pierce Road relocation and signal	3,377	-	-	(3,375)	2
Wilson/Parkway South intersection	2,330	-	-	(2,330)	-
State and Washington intersection	450	-	450	-	-
City transit bus	62,288	41,898	91,249	-	12,937
Set up and administrative costs	4,429	2,473	-	(1,788)	5,114
Sewer	2,111	5,445	7,796	-	(240)
<b>Total impact fee projects</b>	<b>\$ 92,982</b>	<b>69,940</b>	<b>99,495</b>	<b>(13,259)</b>	<b>50,168</b>

**NONMAJOR GOVERNMENTAL FUNDS**

**PERMANENT FUNDS**

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

		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	\$	79,611	-	-	-	-	-	79,611
Investments		362,647	5,881	1,084	5,028	337	6,848	381,825
<b>Total assets</b>	<b>\$</b>	<b>442,258</b>	<b>5,881</b>	<b>1,084</b>	<b>5,028</b>	<b>337</b>	<b>6,848</b>	<b>461,436</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Interfund loans payable		96404	13	-	-	-	-	96,417
<b>Total liabilities</b>		<b>96404</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>96,417</b>
Fund balances:								
Nonspendable		311,881	4,538	939	4,533	275	2,387	324,553
Restricted		33,973	1,330	145	495	62	4,461	40,466
<b>Total fund balances</b>		<b>345,854</b>	<b>5,868</b>	<b>1,084</b>	<b>5,028</b>	<b>337</b>	<b>6,848</b>	<b>365,019</b>
<b>Total liabilities and fund balances</b>	<b>\$</b>	<b>442,258</b>	<b>5,881</b>	<b>1,084</b>	<b>5,028</b>	<b>337</b>	<b>6,848</b>	<b>461,436</b>

**CITY OF BREWER, MAINE**  
**Nonmajor Permanent Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2020**

	Cemetery Trust	Elsie Olmstead Library	Ministerial and School Funds	Jefferds Educational Fund	Wallace Witham Fund	Woodlawn Revolving Cemetery Fund	Total Nonmajor Permanent Funds
<b>Revenues:</b>							
Investment earnings (loss)	\$ 19,548	276	48	234	15	315	20,436
Lot sales	2,520	-	-	-	-	-	2,520
<b>Total revenues</b>	<b>22,068</b>	<b>276</b>	<b>48</b>	<b>234</b>	<b>15</b>	<b>315</b>	<b>22,956</b>
<b>Expenditures:</b>							
Cemetery care	585	-	-	-	-	-	585
Other	-	7	1	6	-	8	22
<b>Total expenditures</b>	<b>585</b>	<b>7</b>	<b>1</b>	<b>6</b>	<b>-</b>	<b>8</b>	<b>607</b>
Net change in fund balances	21,483	269	47	228	15	307	22,349
Fund balances, beginning of year	324,371	5,599	1,037	4,800	322	6,541	342,670
<b>Fund balances, end of year</b>	<b>\$ 345,854</b>	<b>5,868</b>	<b>1,084</b>	<b>5,028</b>	<b>337</b>	<b>6,848</b>	<b>365,019</b>



## **AGENCY FUNDS**

**CITY OF BREWER, MAINE**  
**Agency Funds**  
**Statement of Additions, Deductions and Changes in Balances**  
**For the year ended June 30, 2020**

		<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	\$	132,205	181,762	156,407	157,560
Brewer Community School Student Activities		27,060	16,049	14,525	28,584
Brewer Performing Arts Center		20,685	7,444	6,937	21,192
Children's fund		59,731	12,198	4,241	67,688
Superintendent's Office		2,544	5,188	5,232	2,500
<b>Total</b>	<b>\$</b>	<b>242,225</b>	<b>222,641</b>	<b>187,342</b>	<b>277,524</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, 2020**  
**(with comparative actual amounts for the year ended June 30, 2019)**

	2020		Variance positive (negative)	2019 Actual
	Budget	Actual		
<b>Revenues:</b>				
State education subsidy	\$ 11,501,521	11,530,172	28,651	10,964,623
State agency clients	-	12,643	12,643	14,175
Mainecare reimbursement	-	38,498	38,498	16,436
District assessments	2,754,350	3,158,761	404,411	2,842,359
Local sources	104,000	150,230	46,230	112,437
Total revenues	14,359,871	14,890,304	530,433	13,950,030
<b>Expenditures:</b>				
Current:				
Regular instruction	9,240,520	8,789,073	451,447	8,668,900
Special education instruction	4,314,962	3,875,183	439,779	3,861,833
Other instruction	1,151,311	1,021,969	129,342	997,799
Student and staff support	1,533,867	1,473,855	60,012	1,480,808
System administration	551,215	522,054	29,161	566,431
School administration	1,075,827	1,033,445	42,382	976,019
Transportation and buses	592,100	524,538	67,562	542,801
Facilities maintenance	2,023,441	1,857,826	165,615	1,788,888
All other expenditures	7,893	4,822	3,071	9,736
Debt service and other commitments	3,006,658	2,996,579	10,079	2,662,326
Total expenditures	23,497,794	22,099,344	1,398,450	21,555,541
Excess (deficiency) of revenues over (under) expenditures	(9,137,923)	(7,209,040)	1,928,883	(7,605,511)
<b>Other financing sources (uses):</b>				
City appropriation	7,878,714	7,878,714	-	7,669,309
Budgeted use of fund balance	1,259,209	-	(1,259,209)	-
Total other financing sources (uses)	9,137,923	7,878,714	(1,259,209)	7,669,309
Net change in fund balances - budgetary basis	-	669,674	669,674	63,798
<b>Reconciliation to GAAP:</b>				
Change in accrued summer salaries and benefits		39,711		(140,502)
Net change in fund balances - GAAP basis		709,385		(76,704)
Fund balance, beginning of year		127,277		203,981
<b>Fund balance, end of year</b>	<b>\$</b>	<b>836,662</b>		<b>127,277</b>

## **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 Technology Department strives to provide quality customer service to all city staff and promotes the efficient use of technology through coordinated planning and acquisition of services, while staying current with technology applications and solutions. The Technology Department supports the computer and network needs of 100 plus users/workstations with multiple servers within the city departments. This department is continually expanding as more staff uses computers as a tool in their jobs and as more of their tools run with software and contact to the Internet.

The primary goal of the Technology Department is to ensure that the City computer network operates efficiently and effectively on a daily basis. The City encourages its employees to be independent and responsible users of technology.

The FY2020 priority was upgrading Windows7 computers to Windows10 software. Microsoft no longer supported Windows7 beyond January 2020. This was a very labor intense project. New body cam and cruiser surveillance video systems were installed for the Brewer Police Department.

FY2020 presented new challenges for the Technology Department with the Pandemic of COVID-19. Staff was setup to work remotely from home using the current equipment owned by the City. Payroll and Accounts Payables were processed remotely. Zoom was added to the City’s box of technology tools to enable staff to do public meetings.

## **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 full-time civilian employees are shared between the Police and Fire Departments. One part-time position is available, but went unfilled in FY20.

In addition to the Public Safety Director (Police Chief), the Police Department is staffed by an additional twenty-two sworn officers and one part-time civilian court officer. The Police Department roster includes a Deputy Police Chief, a Captain, three patrol sergeants, three corporals assigned to the patrol division, and an additional ten officers, two 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 that serve as on-call reserve officers.

The Fire Department is operated by the Deputy Fire Chief, two Captains, two Lieutenants, and thirteen 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 \$185,634 in FY20 revenue to the City, offsetting approximately 11.84% 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 36% self-supporting in FY 2020, with the recreation division at almost 61%. This is down from 44% and for recreation division 76% in FY19, due to the coronavirus pandemic.

## **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 round out staffing needs. The City provided approximately \$276,000 in FY2020 towards the Library's operating budget. The Brewer Library Association (the "BLA") is a private, nonprofit organization that maintains a Board of Trustees who oversee private trust funds that benefit the Library. The BLA typically contributes about \$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. The Library also houses important Joshua Chamberlain and City of Brewer memorabilia and primary documents in the Research Room and has children's and young adult sections, with separate picture book and "story time" areas. The library also contains 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.

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 33,000 volumes, including large print materials, audiobooks, DVDs, music CDs and subscriptions to over 25 periodicals. Library patrons have free access to the Digital Maine Library databases and 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 FY2020 was 27,594 physical checkouts and 2,961 digital checkouts.

Due to Covid-19, the library closed to public on March 15<sup>th</sup>. We kept an online presence throughout the spring, offering story times on Facebook and lectures via Zoom. During this time, we also encouraged digital checkouts through CloudLibrary. Prior to our closure, we averaged about 185 digital checkouts a month. During our closure, we averaged 432 monthly digital checkouts. On June 1<sup>st</sup>, we opened for curbside pickup, and 791 physical books were checked out during that month.

## **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. On an annual basis the Department also mows roadsides, paints intersections and crosswalks, cleans storm water basins, and trims trees and brush along roadways and sidewalks as needed. Most operations of the CDD landfill are done by the Department, however licensing, permitting and reporting is handled by the Environmental Services Department.

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 two 12-yard dump trucks; six 6-yard dump trucks; two 1-ton dump trucks; and one 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”, which generated approximately \$250,000 in revenue annually. On March 30, 2020, the City temporarily suspended the program in recognition of the economic hardships facing residents as a result of the coronavirus pandemic. In June 2020, the City Council voted to eliminate the pay as you throw program entirely.

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 \$71.44 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 is using 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.

On May 27, 2020, Coastal Resources ran out of funds and was forced to close the plant. The MRC is arranging waste disposal at the same tipping fee in the interim while it works with the parties to re-open the plant.

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 13,000 cubic yards of remaining capacity with a life expectancy of less than 2 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. Additionally, the City is considering a CDD Landfill expansion that will give the Brewer residents approximately 20 years of disposal capacity. The City has also begun to set aside funds to help cover the closure costs, which were recently estimated at \$1,200,000.

## **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 seventy-seven 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 ten and a half 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, 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 2020 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 one hundred thirty-four 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, 2016 through 2020.

April 1,	City of Brewer Students			Tuition Students			Total
	Pre-K to 8	9 to 12	City	AOS 81	AOS 47	Other	
2020	967	388	1,355	134	142	19	1,650
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

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 \$3,037,079 from Brewer for the year ended June 30, 2020, of which \$2,198,507 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 FY2020. The total operating budget for Region #4 in FY20 was \$2,981,842.

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.

<b>Union<sup>(1)</sup></b>	<b>Bargaining Unit</b>	<b>Contract Expiration</b>
IAFF, Local 2162	Firefighters	6/30/2020
AFSCME, Council 93	Fire Officers	6/30/2021
Fraternal Order of Police	Police Command	6/30/2020
Fraternal Order of Police	Patrol Officers	6/30/2020
AFSCME, Council 93	Water Pollution Control	6/30/2021
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 eleven-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 it from the City from Bangor. 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 businesses 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**

The City’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
Lowe’s	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
2019	109	\$1,757,015	78	\$10,436,803	187	\$12,193,818
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

Median age (years) <sup>(a)</sup>	<u>Brewer</u>	<u>Maine</u>	<u>USA</u>
2010	41.1	42.4	37.0
2000	41.1	42.7	37.2
Median Family Income <sup>(b)</sup>	<u>Brewer</u>	<u>Maine</u>	<u>USA</u>
2010	\$66,544	\$60,021	\$61,455
2000	46,632	45,179	50,046
Per Capita Income	<u>Brewer</u>	<u>Maine</u>	<u>USA</u>
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>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>REVENUES</b>					
Taxes	\$18,017,827	\$18,627,173	\$18,715,440	\$19,317,602	\$19,795,234
Licenses and permits	458,706	240,092	243,265	248,352	247,043
Intergovernmental	11,044,948	11,548,276	12,509,093	13,244,927	14,121,110
Local sources	4,697,163	4,727,716	4,852,270	4,981,715	4,607,325
Interest	30,000	36,000	45,000	100,000	40,000
<b>TOTAL REVENUES</b>	<b>\$34,248,644</b>	<b>\$35,179,257</b>	<b>\$36,365,068</b>	<b>\$37,892,596</b>	<b>\$38,810,712</b>
<b>EXPENDITURES</b>					
General government	2,003,829	2,010,945	2,044,931	2,100,559	2,088,548
Protection	4,655,461	4,800,503	4,802,020	4,893,453	4,928,037
Public services	228,484	252,308	279,741	305,463	315,811
Public works	2,270,615	2,297,132	2,369,531	2,428,441	2,705,509
Education	20,780,341	21,567,284	22,407,353	23,497,794	23,967,934
Unclassified	2,910,057	2,925,969	2,909,745	3,036,002	2,978,615
Debt service	2,224,207	2,381,450	2,439,623	2,508,091	2,542,428
Assessments	946,298	971,757	1,004,583	1,061,193	1,100,233
<b>TOTAL EXPENDITURES</b>	<b>\$36,019,292</b>	<b>\$37,207,348</b>	<b>\$38,257,527</b>	<b>\$39,830,996</b>	<b>\$40,627,115</b>
<b>OTHER FINANCING SOURCES</b>					
Fund balance	1,577,151	1,824,814	1,652,568	1,709,209	1,580,000
Reserves and carryforwards	2,613	2,613	515	515	515
Operating transfers	190,884	200,664	239,376	228,676	235,888
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$1,770,648</b>	<b>\$2,028,091</b>	<b>\$1,892,459</b>	<b>\$1,938,400</b>	<b>\$1,816,403</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,**

	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>Total</b>
<b>EQUIPMENT</b>						
City Hall	\$ 55,500	\$185,500	\$ 40,500	\$96,500	\$ 321,000	\$ 699,000
Public Safety	119,500	133,500	175,000	43,000	175,000	646,000
Public Works	320,000	708,000	471,000	585,000	353,000	2,437,000
Other	51,000	181,500	90,000	45,000	56,000	423,500
<b>Total Equipment</b>	<b>546,000</b>	<b>1,208,500</b>	<b>776,500</b>	<b>769,500</b>	<b>905,000</b>	<b>4,205,500</b>
<b>PLANT &amp; PROPERTY</b>						
Minor Struct. & Reno.	70,000	759,500	46,500	40,000	997,000	1,913,000
Street Reconstruction	365,000	2,140,000	1,235,000	1,235,000	735,000	5,710,000
Major Structures	265,000	1,010,000	1,550,000	2,675,000	645,000	6,145,000
Financing Expenses	8,000	10,000	10,000	10,000	10,000	48,000
<b>Total Plant &amp; Property</b>	<b>708,000</b>	<b>3,919,500</b>	<b>2,841,500</b>	<b>3,960,000</b>	<b>2,387,000</b>	<b>13,816,000</b>
<b>TOTAL CIP</b>	<b>\$1,254,000</b>	<b>\$5,128,000</b>	<b>\$3,618,000</b>	<b>\$4,729,500</b>	<b>\$3,292,000</b>	<b>\$18,021,500</b>
<b>FUNDING SOURCES</b>						
CIP Fund Balance	29,000	50,000	50,000	50,000	258,500	437,500
TIF Revenue	175,000	250,000	800,000	800,000	850,000	2,875,000
Bond Financed	1,050,000	4,778,000	2,718,000	3,829,000	2,133,500	14,508,500
Other (grants, general fund)	0	50,000	50,000	50,500	50,000	200,500
<b>TOTAL SOURCES</b>	<b>\$1,254,000</b>	<b>\$5,128,000</b>	<b>\$3,618,000</b>	<b>\$4,729,500</b>	<b>\$3,292,000</b>	<b>\$18,021,500</b>

**Property Tax Levy Limit**

Unless the City follows certain procedural requirements under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, the City is limited to an increase in the City's property tax levy from one year to the next to an amount not more than its Municipal Property Tax Levy Limit. The City's Municipal Property Tax Limit for subsequent fiscal years is the Municipal Property Tax Levy Limit for the preceding year multiplied by the Growth Limitation Factor. Additionally, if the state revenue sharing distribution is reduced from the previous year rather than increased, the City's property tax levy limit is adjusted upwards to reflect that loss in the state-based financial support. 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>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
State Personal Income Factor:	0.86%	2.67%	2.84%	2.61%	2.77%
City Property Growth Factor:	<u>1.56</u>	<u>1.23</u>	<u>0.53</u>	<u>0.26</u>	<u>0.31</u>
Growth Limitation Factor:	2.42%	3.90%	3.37%	2.87%	3.08%
Property Tax Levy Limit:	\$9,497,720	\$9,786,013	\$10,144,879	\$10,440,681	\$10,747,749
Property Tax Levy:	<u>6,807,588</u>	<u>6,807,588</u>	<u>6,767,301</u>	<u>6,767,301</u>	<u>6,963,305</u>
Over/(below) Levy Limit:	(\$2,690,132)	(\$2,978,425)	(\$3,377,578)	(\$3,673,380)	(\$3,784,444)

## Fund Balance

	(000s)					
	Fiscal Year Ended June 30,					
FUND BALANCE	2015	2016	2017	2018	2019	2020
Unassigned	\$3,728	\$4,257	\$4,362	\$4,456	\$4,735	\$4,882
Non-spendable, restricted, committed	\$1,936	\$1,673	\$1,913	\$1,693	\$1,600	\$2,495
<b>TOTAL FUND BALANCE</b>	<b>\$5,664</b>	<b>\$5,930</b>	<b>\$6,275</b>	<b>\$6,149</b>	<b>\$6,335</b>	<b>\$7,377</b>
Operating Expenditures	\$34,088	\$34,426	\$36,266	\$37,781	\$38,767	\$39,832
Gross Revenues	\$34,442	\$34,775	\$36,625	\$37,408	\$38,953	\$40,874
Unassgn. Fund Balance as % of Op. Exp.	10.9%	12.4%	12.0%	11.8%	12.2%	12.3%
Total Fund Balance as % of Gross Rev.	16.4%	17.0%	17.1%	16.4%	16.3%	18.1%

## 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 FY20. The City is not invested in any obligations typically referred to as derivatives, meaning obligations created from, or whose value depends on or is derived from the value of one or more underlying assets or indexes of asset values in which the municipality owns no direct interest.

## FINANCIAL STATEMENTS

Title 30-A, Chapter 223, Subchapter VIII of the Maine Revised Statutes, as amended, and Article VI, Section 2 of the City's Charter provide that independent annual audits of the City's accounts be undertaken. The City, in conformance with this statute and its Charter currently engages the services of Runyon Kersteen Ouellette, Certified Public Accountants.



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

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>					
Cash	\$7,645,370	\$7,519,309	\$7,716,453	\$7,778,081	\$6,772,863
Investments	814,991	767,484	732,671	709,781	737,065
Receivables:					
Taxes receivable	105,622	75,047	69,373	66,985	74,102
Tax liens	626,297	553,555	444,403	448,088	550,688
Other receivables	537,640	529,979	408,706	538,979	454,878
Prepaid items	235,486	231,764	233,330	230,010	228,124
Inter-fund loans	1,596,527	477,248	146,478	-	549,016
<b>TOTAL ASSETS</b>	<b>\$11,561,933</b>	<b>\$10,154,386</b>	<b>\$9,751,414</b>	<b>\$9,771,924</b>	<b>\$9,366,736</b>
<b>LIABILITIES</b>					
Accounts payable	857,670	564,857	540,957	662,844	542,785
Accrued payroll	2,636,086	2,641,507	2,531,353	2,286,493	2,330,297
Taxes collected in advance	49,510	68,233	111,165	99,928	84,551
Unearned revenue	7,163	7,678	8,193	12,265	16,336
Inter-fund loans	-	-	-	89,704	-
<b>TOTAL LIABILITIES</b>	<b>\$3,550,429</b>	<b>\$3,282,275</b>	<b>\$3,191,668</b>	<b>\$3,151,234</b>	<b>\$2,973,969</b>
<b>DEFERRED INFLOWS of RESOURCES<sup>(1)</sup></b>					
Unavailable revenue – property taxes	\$634,089	\$537,269	\$411,410	\$346,311	\$462,452
<b>FUND EQUITY<sup>(1)</sup></b>					
Non-spendable	235,486	231,764	233,330	230,010	228,124
Restricted	836,662	127,277	203,981	323,253	354,969
Committed	-	-	-	-	-
Assigned	1,423,085	1,241,224	1,255,364	1,359,555	1,090,406
Unassigned	4,882,182	4,734,577	4,455,661	4,361,561	4,256,816
<b>TOTAL FUND EQUITY</b>	<b>\$7,377,415</b>	<b>\$6,334,842</b>	<b>\$6,148,336</b>	<b>\$6,274,379</b>	<b>\$5,930,315</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY</b>	<b>\$11,561,933</b>	<b>\$10,154,386</b>	<b>\$9,751,414</b>	<b>\$9,771,924</b>	<b>\$9,366,736</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,)**

	2020	2019	2018	2017	2016
<b>REVENUES</b>					
Taxes	\$19,340,789	\$18,980,802	\$18,920,245	\$18,455,024	\$18,285,093
Licenses and permits	243,159	238,711	290,653	407,624	463,094
Intergovernmental	15,598,707	14,074,122	12,829,096	12,151,674	12,259,536
Local sources	4,241,426	5,242,938	5,128,731	5,378,923	4,885,206
Interest earned	155,813	153,597	38,717	38,873	42,491
<b>TOTAL REVENUES</b>	<b>39,579,894</b>	<b>38,690,170</b>	<b>37,207,442</b>	<b>36,432,118</b>	<b>35,935,420</b>
<b>EXPENDITURES</b>					
Current:					
Administration	2,012,509	1,976,049	1,931,743	1,912,043	1,801,221
Protection	4,806,523	4,657,825	4,721,851	4,810,350	4,450,571
Public services	323,225	232,021	206,884	221,461	180,909
Public works	2,256,038	2,266,676	2,177,178	2,177,707	2,039,537
Unclassified	1,456,481	2,885,241	2,901,175	2,895,402	2,874,745
Education	22,059,633	21,696,041	20,839,074	19,948,929	20,178,421
Debt service	2,520,002	2,309,937	2,381,051	2,203,077	2,103,693
Assessments	1,075,191	1,119,252	1,015,313	962,275	903,844
MainePERS	1,897,741	1,500,014	1,321,532	1,135,088	1,160,381
Capital outlay	1,482,069	-	285,619	106,580	-
<b>TOTAL EXPENDITURES</b>	<b>39,889,412</b>	<b>38,643,056</b>	<b>37,781,420</b>	<b>36,372,912</b>	<b>35,693,322</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>(309,518)</b>	<b>47,114</b>	<b>(573,978)</b>	<b>59,206</b>	<b>242,098</b>
<b>OTHER FINANCING SOURCES:</b>					
Bond or financed purchases proceeds	1,482,069	-	285,619	106,580	-
Operating transfers in	1,294,452	263,203	200,664	215,884	188,320
Operating transfers out	(1,424,430)	(123,811)	(1,200)	(37,606)	(163,917)
<b>TOTAL OTHER FINANCING SOURCES (USES):</b>	<b>1,352,091</b>	<b>139,392</b>	<b>485,083</b>	<b>284,858</b>	<b>24,403</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>1,042,573</b>	<b>186,506</b>	<b>(88,895)</b>	<b>344,064</b>	<b>266,501</b>
<b>BEGINNING FUND BALANCE</b>	<b>\$6,334,842</b>	<b>\$6,148,336</b>	<b>\$6,237,231</b>	<b>\$5,930,315</b>	<b>\$5,663,814</b>
<b>ENDING FUND BALANCE</b>	<b>\$7,377,415</b>	<b>\$6,334,842</b>	<b>\$6,148,336</b>	<b>\$6,274,379</b>	<b>\$5,930,315</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 three 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 FY2020.

### **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 FY2020, 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, 2020	Not in TIF	
2020	\$17,714,900	\$10,204,200	\$27,919,100
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

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 2020:

Name	Nature of Business	Fiscal 2020 Assessed Valuation	% of Total Assessed Valuation
Maritime & Northeast Pipe LLC	Utility	\$ 45,441,400	5.96%
Fransway Realty LLC	Real Estate	18,965,600	2.49%
Walmart	Retail	18,619,000	2.44%
Emera Maine (Versant Energy)	Utility	14,380,200	1.89%
Lowe's Home Centers Inc	Retail	14,132,200	1.86%
EODSR LLC/Darling Edward O	Auto Dealer	8,969,400	1.18%
Penobscot River Holdings LLC/CIANBRO	Manufacturer	7,267,400	0.95%
Somic America Inc	Manufacturer	7,013,200	0.92%
Woodlands LLC	Health Care	5,128,500	0.67%
Village Centre Housing Partners LP	Residential Real Estate	4,688,000	0.62%
Total		<u>\$144,604,900</u>	<u>18.98%</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>
2020	\$731,471,173	\$30,517,200	\$761,988,373	\$22.99	\$18,300	\$1,930
2019	724,376,483	29,238,200	753,614,683	22.50	17,698	1,867
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

<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 6/30/20 (000)	% of Tax Levy
2020	\$17,513	\$17,093	97.60%	\$17,093	97.60%
2019	16,956	16,587	97.82	16,945	99.93
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

## 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 dedicate 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.

The Commissioner of the Maine 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, must approve the designation of any such district.

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 cannot exceed 5% of the municipality's total value of taxable property.

Excluded from these limits 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 FY2020, the City had five designated tax increment financing districts and one affordable development housing district with a total of \$61,000,000 in captured assessed value. 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>
2020	\$1,110,704	\$11,880,029	\$12,172	\$216,661	\$540,840	\$13,760,406
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

**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 2020 equalized state valuation (“equalized State Valuation”) is \$762,350,000. The 15% debt limit is \$114,352,500. As of June 30, 2020, the City’s long-term debt outstanding was \$31,881,917, or 4.18% 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
2020	\$31,881,917	\$762,350,000	\$3,362	4.18%	2.13%
2019	33,482,695	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**

	2016	2017	2018	2019	2020
Gross Current Debt Service:	\$4,021,957	\$4,091,727	\$4,266,923	\$4,092,529	\$4,136,228
(less Self Support Enterprise):	(1,918,264)	(1,889,023)	(1,885,474)	(1,782,847)	(1,617,689)
Tax Backed Current Debt Svc:	2,103,693	2,202,704	2,381,449	2,309,682	2,518,539
Operating Expense:	\$34,426,000	\$36,266,332	\$37,495,801	\$38,643,056	\$39,831,773
Debt Service as % Oper. Exp:	6.11%	6.07%	6.35%	5.98%	6.32%

**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
2020	\$31,881,917	\$762,350	\$761,988	4.2%	\$3,531
2019	33,482,695	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

## **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 loan is expected to close in the spring of 2021.

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.

On October 9, 2019, the City Council authorized the issuance of up to \$3,246,140 in general obligation bonds to finance ozone generation and application system replacement and other upgrades, improvements, machinery and equipment to and for the City’s Water Treatment Plant. This is planned to occur in December of 2020, dependent on the availability of potential grant funds that could be used to supplement borrowing.

In August 2020, the City Council authorized the issuance of up to \$1,550,000 in general obligation bonds to finance planned capital improvements approved as part of the FY2021 budget process, which is planned to occur in the spring of 2021.