

CITY OF BREWER, MAINE

Annual Financial Report

For the Year Ended June 30, 2017

CITY OF BREWER, MAINE
Annual Financial Report
For the Year Ended June 30, 2017

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Independent Auditor's Report

City Council
City of Brewer, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brewer, Maine as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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, 2017, and the respective changes in financial position, and where applicable, cash flows, thereof and budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability, the schedule of contributions, and the schedule of funding progress, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Brewer, Maine's basic financial statements. The combining and individual fund financial statements, schedule and operating data section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2017, on our consideration of the City of Brewer, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Brewer, Maine's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Remya Kristen Ouellette". The signature is written in a cursive style with a large initial 'R'.

December 20, 2017
South Portland, Maine

CITY OF BREWER, MAINE
Management's Discussion and Analysis
June 30, 2017

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, 2017.

Financial Highlights

- ❖ The assets and deferred outflows of resources of the City of Brewer exceeded liabilities and deferred inflows of resources by **\$42,805,425** (net position). Of this amount, a deficit of **\$1,504,235** was reported as unrestricted net position. The City's total net position decreased by **\$1,440,876** from the prior year. Net position of Governmental Activities decreased by **\$1,221,283** while Business-type Activities decreased by **\$219,593**.
- ❖ At the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of **\$10,744,851**, which was an increase of **\$1,222,521** from the prior fiscal year. This increase was comprised of a **\$344,064** increase in the City's general fund, an **\$856,963** increase in the City's major capital projects fund and **\$21,494** increase in the other governmental funds.
- ❖ The City's general fund reports an unassigned fund balance of **\$4,361,561** and total fund balance of **\$6,274,379**, an increase of **\$344,064**. The City's unassigned fund balance is currently at **11.98%** of budgeted expenditures and **12.40%** of general fund expenditures.
- ❖ The City of Brewer completed a bond issuance, incurring an additional **\$2,125,000** in long-term debt in the capital project fund. However, the City retired **\$2,896,903** in old bonds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Brewer's basic financial statements. The City of Brewer's basic financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Brewer's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on the City of Brewer's assets and deferred outflows of resources less liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Brewer is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Brewer that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

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 **37** individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the two major funds: the general fund and the other capital projects fund. Data from the other **35** non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major funds is provided in the form of *combining statements* elsewhere in the report.

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

The basic governmental fund financial statements 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.

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.

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

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 **24-52** 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 **59-97** of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Brewer, governmental activity assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by **\$21,146,811**. Business-type activity assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by **\$21,658,614** for a City-wide total of net position of **\$42,805,425** 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 (**97.30%**) 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 (**6.21%**) 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 **3.51%** as far as being able to meet ongoing obligations. This was mostly a result of implementation of GASB #68, which does not impact the cash ability of the City to meet ongoing obligations.

Summary Statement of Net Position

	Governmental Activities		Business-type Activities		Primary Government Total	
	2017	2016	2017	2016	2017	2016
ASSETS						
Current and other assets	\$ 14,701,634	13,472,882	(1,217,566)	(627,886)	13,484,068	12,844,996
Capital assets	33,448,395	33,522,316	44,188,883	44,794,133	77,637,278	78,316,449
Total assets	48,150,029	46,995,198	42,971,317	44,166,247	91,121,346	91,161,445
DEFERRED OUTFLOWS OF RESOURCES						
Related to pensions	2,634,071	2,279,245	472,218	367,378	3,106,289	2,646,623
Total deferred outflows	2,634,071	2,279,245	472,218	367,378	3,106,289	2,646,623
LIABILITIES						
Long-term liabilities	25,445,690	23,795,717	20,718,881	21,541,854	46,164,571	45,337,571
Other liabilities	3,718,097	3,597,249	978,909	1,027,280	4,697,006	4,624,529
Total liabilities	29,163,787	27,392,966	21,697,790	22,569,134	50,861,577	49,962,100
DEFERRED INFLOWS OF RESOURCES						
Related to pensions	473,502	462,267	87,131	86,284	560,633	548,551
Total deferred inflows	473,502	462,267	87,131	86,284	560,633	548,551
NET POSITION						
Net investment in capital assets	17,736,869	17,985,417	24,590,935	23,909,165	41,650,269	41,152,564 *
Restricted	2,659,391	2,538,541	-	-	2,659,391	2,538,541
Unrestricted (deficit)	750,551	895,252	(2,932,321)	(2,030,958)	(1,504,235)	(393,688) *
Total net position	\$ 21,146,811	21,419,210	21,658,614	21,878,207	42,805,425	43,297,417

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

* These amount do not cross-foot due to the principal remaining on the \$1,000,000 of bonds used by the Government Activities to purchase capital assets (\$677,535 at June 30, 2017 and \$742,018 at June 30, 2016), 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
Changes in Net Position

	Governmental Activities		Business-type Activities		Primary Government Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 4,879,640	\$ 5,015,522	5,247,551	4,887,050	10,127,191	9,902,572
Operating grants and contributions	15,343,654	15,298,229	-	-	15,343,654	15,298,229
Capital grants and contributions	-	-	121,641	496,891	121,641	496,891
General revenues:						
Property taxes	16,367,026	16,401,894	-	-	16,367,026	16,401,894
Excise taxes	1,871,756	1,764,472	-	-	1,871,756	1,764,472
Interest and costs on taxes	100,101	94,267	-	-	100,101	94,267
Franchise fees	109,295	103,697	-	-	109,295	103,697
State Revenue Sharing	635,042	688,294	-	-	635,042	688,294
Homestead exemption	307,515	207,345	-	-	307,515	207,345
Other govt. revenues	93,233	54,690	-	-	93,233	54,690
Unrestricted invstmt. earnings	38,873	42,491	-	3,169	38,873	45,660
Miscellaneous revenues	14,703	17,956	129	-	14,832	17,956
Transfers	175,884	173,304	(175,884)	(173,304)	-	-
Total revenues and transfers	39,936,722	39,862,161	5,193,437	5,213,806	45,130,159	45,075,967
Expenses:						
Administration	3,875,981	1,442,770	-	-	3,875,981	1,442,770
Protection	5,164,298	4,828,347	-	-	5,164,298	4,828,347
Public services	305,710	278,258	-	-	305,710	278,258
Public works	2,482,844	2,336,170	-	-	2,482,844	2,336,170
Education	22,661,531	22,624,727	-	-	22,661,531	22,624,727
Unclassified	3,783,078	3,791,209	-	-	3,783,078	3,791,209
Assessments	962,275	903,844	-	-	962,275	903,844
Capital outlay	1,409,839	1,521,486	-	-	1,409,839	1,521,486
Interest on debt	512,449	534,785	-	-	512,449	534,785
Water	-	-	2,527,724	2,383,041	2,527,724	2,383,041
Sewer	-	-	2,885,306	2,566,656	2,885,306	2,566,656
Total expenses	41,158,005	38,261,596	5,413,030	4,949,697	46,571,035	43,211,293
Change in net position	(1,221,283)	1,600,565	(219,593)	264,109	(1,440,876)	1,864,674
Net position, prior year - as restated	22,368,094	19,818,645	21,878,207	21,614,098	44,246,301	41,432,743
Net position, current year	\$ 21,146,811	21,419,210	21,658,614	21,878,207	42,805,425	43,297,417

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, 2017 of **\$10,744,851**, an increase of **\$1,222,521** in comparison with the prior year. Just under **40%** of this total amount (**\$4,233,865**) 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 (**\$6,510,986**) is not available for new spending because it has already been restricted to use for: 1) various capital and other governmental purposes (**\$4,186,892**) and education (**\$323,253**), 2) nonexpendable principal in investments, prepaid amounts and inventory (**\$578,603**), or 3) committed or assigned to specific uses (**\$1,422,238**).

The General Fund is the central operating fund of the City of Brewer. At the end of the current fiscal year, the fund balance was **\$6,274,379**. After adjusting for non-spendable amounts (**\$230,010**), the amount that is restricted for use for education (**\$323,253**) and items assigned to specific use (**\$1,359,555** of which **\$530,000** is for the 2018 budget and **\$829,555** for accrued compensated absences), there is a net unassigned balance of **\$4,361,561** that can be used to meet the ongoing needs of the City. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents **12.40%** of the total general fund expenditures; total fund balance represents **17.83%** of total general fund expenditures.

The fund balance of the City of Brewer's General Fund increased **\$344,064** during the current fiscal year. While revenues came in **\$732,246** higher than budgeted and expenditures were **\$1,221,588** lower than budgeted, these were partially offset by the City's **\$1,589,109** 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 **\$144,853** to **\$13,224,082**. The operating income was higher by **\$254,294** while net nonoperating expenses reduced income by **\$144,972**, which was reduced further by a transfer to the City General Fund of **\$98,040**. Net position of the City's Sewer Fund decreased **\$364,446** to **\$8,434,532**. The Sewer Fund experienced operating expenses of **\$2,521,755**, which was partially offset by nonoperating expenses of **\$2,687,899** and a transfer to the City General Fund of **\$77,844**. Of the total net position, the amount classified as net investment in capital assets was **\$11,333,482** and **\$13,257,453** for the Water and Sewer Funds, respectively. Unrestricted net position was **\$1,890,600** for the Water Fund and (**\$4,822,921**) for the Sewer Fund.

General Fund Budgetary Highlights

The City of Brewer had a **\$371,254** difference between the original and amended expenditures in the FY 2017 budget. The changes are as follows:

City Departments	\$ 378,417
Unclassified	6,781
Assessments	5,056
Debt Service	(19,000)
Total	\$ 371,254

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

These changes in appropriations were authorized by the Brewer City Council and appropriated from prior year carryforward balances of \$61,438, a net transfer increase of (\$3,808), an increase in use of fund balance of \$11,958, and an increase in budgeted revenues of \$301,666. Categories increase for budgeted revenues included: taxes (\$26,498); licenses and permits (\$2,045); and local sources (\$273,123). 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, 2017 amount to \$66,427,074, net of accumulated depreciation of \$32,978,679, leaving a net book value of \$33,448,395. This is a decrease of (\$73,921), including \$1,632,118 in new additions, \$70,681 loss on disposal and \$1,635,358 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, 2017 amounts to \$70,411,573, net of accumulated depreciation of \$26,222,690, leaving a net book value of \$44,188,883. This is a decrease of (\$605,250), including \$526,654 in new additions, \$22,769 in loss on disposals, and \$1,109,135 in depreciation expense. This investment in capital assets includes land, buildings and improvements, vehicles, machinery and equipment, and water and sewer infrastructure.

Long-term Debt. At the end of the current fiscal year, the City of Brewer had total bonds outstanding of \$36,309,839. Of this amount, \$17,616,340 is for governmental activities and \$18,693,499 is for business-type activities. All debt is backed by the full faith and credit of the City.

The City of Brewer has authorized, but not yet issued \$6,783,000 in new long-term debt at June 30, 2017 and retired \$2,896,903 in old bonds. Of the total authorized and unissued debt, \$1,083,000 will be issued as municipal bonds, and \$5,700,000, for sewer system improvements, will be issued in two increments, \$1,500,000 (authorized in 2016) and \$4,200,000 (authorized in 2017) thru the US Department of Agriculture, Rural Development (USDA) Office, as long term loans.

State statutes limit the amount of general obligation debt a municipality may issue to 15% of its total state assessed valuation, with a further limit of no more than 7.5% of state assessed valuation in enterprise fund debt. The current debt limitation for the City of Brewer as a whole is \$107,835,000 and \$53,917,500 for its water and sewer funds, far exceeding the City's outstanding general obligation debt.

Requests for information

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

BASIC FINANCIAL STATEMENTS

CITY OF BREWER, MAINE
Statement of Net Position
June 30, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 9,965,769	550	9,966,319
Investments	1,065,120	-	1,065,120
Receivables:			
Taxes	66,985	-	66,985
Tax and sewer liens	448,088	25,616	473,704
Other receivables	562,987	700,602	1,263,589
Due from other governments	117,484	-	117,484
Prepaid expenses	230,010	-	230,010
Inventory	24,040	39,131	63,171
Other assets	-	237,686	237,686
Internal balances	2,221,151	(2,221,151)	-
Capital assets, not being depreciated	3,337,671	3,363,149	6,700,820
Capital assets, net	30,110,724	40,825,734	70,936,458
Total assets	48,150,029	42,971,317	91,121,346
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	2,634,071	472,218	3,106,289
Total deferred outflows of resources	2,634,071	472,218	3,106,289
LIABILITIES			
Accounts payable	1,202,731	177,285	1,380,016
Accrued payroll and related liabilities	2,286,493	182,978	2,469,471
Accrued interest payable	107,625	169,732	277,357
Taxes collected in advance	99,928	-	99,928
Unearned revenue	21,320	448,914	470,234
Noncurrent liabilities:			
Due within one year	1,962,576	1,309,651	3,272,227
Due in more than one year	23,483,114	19,409,230	42,892,344
Total liabilities	29,163,787	21,697,790	50,861,577
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	473,502	87,131	560,633
Total deferred inflows of resources	473,502	87,131	560,633
NET POSITION			
Net investment in capital assets	17,736,869	24,590,935	41,650,269
Restricted:			
Education	323,253	-	323,253
Grants and other programs	896,714	-	896,714
Capital projects	1,109,872	-	1,109,872
Permanent funds:			
Nonexpendable	324,553	-	324,553
Expendable	4,999	-	4,999
Unrestricted	750,551	(2,932,321)	(1,504,235)
Total net position	\$ 21,146,811	21,658,614	42,805,425

See accompanying notes to basic financial statements.

CITY OF BREWER, MAINE
Statement of Activities
For the year ended June 30, 2017

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	\$ 3,875,981	59,099	-	-	(3,816,882)	-	(3,816,882)
Protection	5,164,298	447,149	43,087	-	(4,674,062)	-	(4,674,062)
Public services	305,710	-	9,246	-	(296,464)	-	(296,464)
Public works	2,482,844	349,921	265,387	-	(1,867,536)	-	(1,867,536)
Unclassified	3,783,078	454,688	1,142,947	-	(2,185,443)	-	(2,185,443)
Education	21,526,443	3,566,170	12,747,899	-	(5,212,374)	-	(5,212,374)
State retirement contribution (Education)	1,135,088	-	1,135,088	-	-	-	-
Interest on debt	512,449	2,613	-	-	(509,836)	-	(509,836)
Assessments	962,275	-	-	-	(962,275)	-	(962,275)
Capital outlay	1,409,839	-	-	-	(1,409,839)	-	(1,409,839)
Total governmental activities	41,158,005	4,879,640	15,343,654	-	(20,934,711)	-	(20,934,711)
Business-type activities:							
Water	2,527,724	2,725,796	-	44,821	-	242,893	242,893
Sewer	2,885,306	2,521,755	-	76,820	-	(286,731)	(286,731)
Total business-type activities	5,413,030	5,247,551	-	121,641	-	(43,838)	(43,838)
Total primary government	\$ 46,571,035	10,127,191	15,343,654	121,641	(20,934,711)	(43,838)	(20,978,549)
General revenues:							
Property taxes					\$ 16,367,026	-	16,367,026
Excise taxes					1,871,756	-	1,871,756
Interest and costs on taxes					100,101	-	100,101
Franchise fees					109,295	-	109,295
Grants and contributions not restricted to specific programs:							
State Revenue Sharing					635,042	-	635,042
Homestead exemption					307,515	-	307,515
Other intergovernmental revenues					93,233	-	93,233
Unrestricted investment earnings					38,873	129	39,002
Miscellaneous revenues					14,703	-	14,703
Transfers					175,884	(175,884)	-
Total general revenues and transfers					19,713,428	(175,755)	19,537,673
Change in net position					(1,221,283)	(219,593)	(1,440,876)
Net position - beginning, as restated					22,368,094	21,878,207	44,246,301
Net position - ending	\$				21,146,811	21,658,614	42,805,425

See accompanying notes to basic financial statements.

CITY OF BREWER, MAINE
Balance Sheet
Governmental Funds
June 30, 2017

	General	Other Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 7,778,081	2,111,261	76,427	9,965,769
Investments	709,781	-	355,339	1,065,120
Receivables:				
Taxes	66,985	-	-	66,985
Tax liens	448,088	-	-	448,088
Other receivables	538,979	-	24,008	562,987
Due from other governments	-	-	117,484	117,484
Prepaid expenditures	230,010	-	-	230,010
Interfund loans receivable	-	1,286,713	1,142,330	2,429,043
Inventory	-	-	24,040	24,040
Total assets	\$ 9,771,924	3,397,974	1,739,628	14,909,526
LIABILITIES				
Accounts payable	662,844	243,289	288,985	1,195,118
Accrued payroll and related liabilities	2,286,493	-	-	2,286,493
Taxes collected in advance	99,928	-	-	99,928
Unearned revenue	12,265	-	9,055	21,320
Interfund loans payable	89,704	-	125,801	215,505
Total liabilities	3,151,234	243,289	423,841	3,818,364
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	346,311	-	-	346,311
Total deferred inflows of resources	346,311	-	-	346,311
FUND BALANCES				
Nonspendable	230,010	-	348,593	578,603
Restricted	323,253	3,157,350	1,029,542	4,510,145
Committed	-	-	62,683	62,683
Assigned	1,359,555	-	-	1,359,555
Unassigned	4,361,561	(2,665)	(125,031)	4,233,865
Total fund balances	6,274,379	3,154,685	1,315,787	10,744,851
Total liabilities, deferred inflows of resources, and fund balances	\$ 9,771,924	3,397,974	1,739,628	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.				33,448,395
Other long-term assets are not available to pay for current period expenditures and therefore, are unavailable in the funds.				346,311
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.				
General obligation bonds				(17,616,340)
Premium on bonds				(545,123)
Capital leases				(107,012)
Accrued compensated absences				(990,307)
Net pension liability, including related deferred inflows and outflows of resources				(3,482,628)
Other postemployment benefits liability				(543,711)
Accrued interest payable				(107,625)
Net position of governmental activities				\$ 21,146,811

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, 2017

	General	Other Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 18,455,024	-	-	18,455,024
Licenses and permits	407,624	-	-	407,624
Intergovernmental	12,151,674	-	1,313,479	13,465,153
Local sources	5,378,923	1,700,612	299,377	7,378,912
Unclassified	-	-	132,437	132,437
Interest earned	38,873	-	(1,044)	37,829
Total revenues	36,432,118	1,700,612	1,744,249	39,876,979
Expenditures:				
Current:				
Administration	1,912,043	-	272	1,912,315
Protection	4,810,350	-	77,141	4,887,491
Public services	221,461	-	84,249	305,710
Public works	2,177,707	-	-	2,177,707
Unclassified	2,895,402	-	22,199	2,917,601
Education	19,948,929	-	1,499,606	21,448,535
Assessments	962,275	-	-	962,275
State retirement contribution	1,135,088	-	-	1,135,088
Debt service:				
Principal	1,660,412	-	-	1,660,412
Interest	542,665	-	-	542,665
Capital outlay	106,580	2,987,397	18,146	3,112,123
Total expenditures	36,372,912	2,987,397	1,701,613	41,061,922
Excess (deficiency) of revenues over (under) expenditures	59,206	(1,286,785)	42,636	(1,184,943)
Other financing sources (uses):				
Issuance of debt	106,580	2,057,000	68,000	2,231,580
Transfers from other funds	215,884	86,748	18,606	321,238
Transfers to other funds	(37,606)	-	(107,748)	(145,354)
Total other financing sources (uses)	284,858	2,143,748	(21,142)	2,407,464
Net change in fund balances	344,064	856,963	21,494	1,222,521
Fund balances, beginning of year	5,930,315	2,297,722	1,294,293	9,522,330
Fund balances, end of year	\$ 6,274,379	3,154,685	1,315,787	10,744,851

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, 2017

Net change in fund balances - total governmental funds (from Statement 4)	\$	1,222,521
<p>Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$1,632,118) exceeded depreciation expense (\$1,635,358) and loss on disposal (\$70,681).</p>		(73,921)
<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>		(116,141)
<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 (\$71,693), accrued compensated absences (\$47,790), accrued interest (-\$1,525) and net pension liability with related deferred inflows and outflows (\$1,663,473).</p>		(1,781,431)
<p>The City is amortizing the issuance premium on bonds over the life of the new bond. This is the amount of amortization of bond premiums.</p>		28,691
<p>Bond and lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which new bond (\$2,125,000) and lease proceeds (\$106,580) exceeded repayments (\$1,730,578)</p>		(501,002)
<hr/>		
Change in net position of governmental activities (see Statement 2)	\$	(1,221,283)

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, 2017

	General Fund			Variance with final budget positive (negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 18,028,688	18,055,186	18,455,024	399,838
Licenses and permits	457,856	459,901	407,624	(52,277)
Intergovernmental	11,044,948	11,044,948	11,016,586	(28,362)
Local sources	4,701,626	4,974,749	5,378,923	404,174
Interest earned	30,000	30,000	38,873	8,873
Total revenues	34,263,118	34,564,784	35,297,030	732,246
Expenditures:				
Current:				
Administration	2,003,829	2,081,120	1,912,043	169,077
Protection	4,655,461	4,897,230	4,810,350	86,880
Public services	228,484	287,642	221,461	66,181
Public works	2,270,615	2,270,814	2,177,707	93,107
Unclassified	2,910,057	2,916,838	2,895,402	21,436
Education	20,780,341	20,780,341	19,998,504	781,837
Assessments	958,159	963,215	962,275	940
Debt service:				
Principal	1,664,868	1,664,868	1,660,412	4,456
Interest	559,339	540,339	542,665	(2,326)
Total expenditures	36,031,153	36,402,407	35,180,819	1,221,588
Excess (deficiency) of revenues over (under) expenditures	(1,768,035)	(1,837,623)	116,211	1,953,834
Other financing sources (uses):				
Use of fund balance	1,577,151	1,589,109	-	(1,589,109)
Reserves and carryforwards	-	61,438	-	(61,438)
Transfers from other funds	190,884	215,884	215,884	-
Transfers to other funds	-	(28,808)	(37,606)	(8,798)
Total other financing sources	1,768,035	1,837,623	178,278	(1,659,345)
Net change in fund balances - budgetary basis	-	-	294,489	294,489
Reconciliation to GAAP:				
Change in accrued summer salaries and benefits			49,575	
Total reconciling items to GAAP			49,575	
Net change in fund balances - GAAP basis			344,064	
Fund balances, beginning of year			5,930,315	
Fund balances, end of year	\$		6,274,379	

See accompanying notes to basic financial statements.

CITY OF BREWER, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2017

Business-type Activities - Enterprise Funds			
	Water Department	Sewer Department	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 500	50	550
User fees receivable	98,284	602,318	700,602
Liens receivable	331	25,285	25,616
Interfund loans receivable	2,455,049	-	2,455,049
Inventory	39,131	-	39,131
Other assets	237,686	-	237,686
Total current assets	2,830,981	627,653	3,458,634
Noncurrent assets:			
Capital assets not being depreciated:			
Land	3,004,276	53,900	3,058,176
Construction in progress	-	304,973	304,973
Total capital assets not being depreciated	3,004,276	358,873	3,363,149
Capital assets being depreciated:			
Capital assets	31,056,095	35,992,329	67,048,424
Accumulated depreciation	(10,449,951)	(15,772,739)	(26,222,690)
Total capital assets being depreciated	20,606,144	20,219,590	40,825,734
Total noncurrent assets	23,610,420	20,578,463	44,188,883
Total assets	26,441,401	21,206,116	47,647,517
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	222,220	249,998	472,218
Total deferred outflows of resources	222,220	249,998	472,218
LIABILITIES			
Current liabilities:			
Accounts payable	33,240	144,045	177,285
Accrued payroll and related benefits	95,219	87,759	182,978
Accrued interest payable	106,863	62,869	169,732
Unearned revenue	358,778	90,136	448,914
Interfund loans payable	-	4,676,200	4,676,200
Noncurrent liabilities, due in one year	600,785	708,866	1,309,651
Total current liabilities	1,194,885	5,769,875	6,964,760
Long-term liabilities:			
Noncurrent liabilities, due in more than one year	12,203,651	7,205,579	19,409,230
Total long-term liabilities	12,203,651	7,205,579	19,409,230
Total liabilities	13,398,536	12,975,454	26,373,990
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	41,003	46,128	87,131
Total deferred inflows of resources	41,003	46,128	87,131
NET POSITION			
Net investment in capital assets	11,333,482	13,257,453	24,590,935
Unrestricted	1,890,600	(4,822,921)	(2,932,321)
Total net position	\$ 13,224,082	8,434,532	21,658,614

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, 2017

Business-type Activities - Enterprise Funds			
	Water Department	Sewer Department	Total
Operating revenues:			
Charges for services	\$ 2,687,789	2,163,908	4,851,697
Other	38,007	357,847	395,854
Total operating revenues	2,725,796	2,521,755	5,247,551
Operating expenses:			
Operation - salaries and benefits	394,208	695,644	1,089,852
Operation - other	660,786	922,032	1,582,818
Administrative expenses - salaries and benefits	312,615	357,928	670,543
Administrative expenses - other	295,885	137,973	433,858
Depreciation and amortization	400,431	574,322	974,753
Total operating expenses	2,063,925	2,687,899	4,751,824
Operating income (loss)	661,871	(166,144)	495,727
Nonoperating revenues (expenses):			
Other revenues	-	129	129
Capital grants and contributions	44,821	76,820	121,641
Interest on debt service	(441,030)	(197,407)	(638,437)
Loss on disposal of capital assets	(22,769)	-	(22,769)
Total nonoperating expenses	(418,978)	(120,458)	(539,436)
Net income (loss) before transfers	242,893	(286,602)	(43,709)
Transfers:			
Transfers to General Fund - administration	(98,040)	(77,844)	(175,884)
Total transfers	(98,040)	(77,844)	(175,884)
Change in net position	144,853	(364,446)	(219,593)
Net position, beginning of year	13,079,229	8,798,978	21,878,207
Net position, end of year	\$ 13,224,082	8,434,532	21,658,614

See accompanying notes to basic financial statements.

CITY OF BREWER, MAINE
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2017

Business-type Activities - Enterprise Funds			
	Water	Sewer	Total
	Department	Department	
Cash flows from operating activities:			
Receipts from customers and users	\$ 2,755,079	2,534,054	5,289,133
Payments to suppliers	(996,687)	(1,045,190)	(2,041,877)
Payments to employees	(544,167)	(854,215)	(1,398,382)
Net cash provided by operating activities	1,214,225	634,649	1,848,874
Cash flows from non-capital financing activities:			
Transfers (to) from other funds	(78,639)	516,071	437,432
Net cash provided by (used in) non-capital financing activities	(78,639)	516,071	437,432
Cash flows from capital and related financing activities:			
Purchase of capital assets	(185,298)	(341,356)	(526,654)
Capital grants and contributions	44,821	76,820	121,641
Principal payments on bonds	(551,095)	(685,396)	(1,236,491)
Interest payments	(444,014)	(200,788)	(644,802)
Net cash used in capital and related financing activities	(1,135,586)	(1,150,720)	(2,286,306)
Net increase (decrease) in cash	-	-	-
Cash, beginning of year	500	50	550
Cash, end of year	\$ 500	50	550
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 661,871	(166,144)	495,727
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	400,431	574,322	974,753
Decrease in receivables	26,621	19,900	46,521
Decrease in inventory	11,626	-	11,626
Increase (decrease) in accounts payable	(53,710)	14,684	(39,026)
Increase in other liabilities	2,068	131	2,199
Increase (decrease) in accrued wages and benefits	4,271	(2,312)	1,959
Increase in net pension liability	199,055	264,992	464,047
Increase in deferred outflows of resources	(38,531)	(66,309)	(104,840)
Increase (decrease) in deferred inflows of resources	(2,139)	2,986	847
Increase (decrease) in unearned revenue	2,662	(7,601)	(4,939)
Net cash provided by operating activities	1,214,225	634,649	1,848,874

See accompanying notes to basic financial statements.

CITY OF BREWER, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

		Agency Funds	Private- purpose Trust Funds
		Student Activity Funds	
ASSETS			
Cash and cash equivalents	\$	245,993	10,310
Investments		-	722,102
Interfund loans receivable		-	7,613
Total assets		245,993	740,025
LIABILITIES			
Accounts payable		43,337	-
Due to student groups		202,656	-
Total liabilities		245,993	-
NET POSITION			
Held in trust	\$	-	740,025

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, 2017

	Private- purpose Trust Funds
Additions:	
Investment income	\$ 89,020
Donations and other	101,087
Total additions	190,107
Deductions:	
Scholarships	92,171
Other	13,627
Total deductions	105,798
Change in net position	84,309
Net position, beginning of year	655,716
Net position, end of year	\$ 740,025

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.

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

Blended Component Units: Brewer Redevelopment LLC, a local development corporation, was organized by the City for the express purpose of ownership, management, and development of the City's defunct school buildings and associated land. The City is the sole member of Brewer Redevelopment LLC, which is managed and staffed by City employees. The financial statements of Brewer Redevelopment, LLC for the year ended June 30, 2017, have been incorporated into the City's Special Revenue Funds. Brewer Redevelopment, LLC was not included in the City's financial statements prior to the year ended June 30, 2013, as its fiscal activities were not considered material to the City's financial statements. During 2017, the City Council voted for the dissolution of Brewer Redevelopment, LLC with any remaining equity to be transferred to the City.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

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 Continued

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 Continued

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. Inventory

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

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if material to the financial statements, is included as part of the capitalized value of the assets constructed.

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

Buildings and building improvements	15-100 years
Machinery and equipment	5-30 years
Vehicles	5-30 years
Infrastructure	50 years

I. Compensated Absences

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

J. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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

K. Deferred Outflows and Inflows of Resources

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

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

L. Fund Equity

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

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

The City Council has the responsibility for committing fund balance amounts and likewise would be required to modify or rescind those commitments. Likewise, the City Council or a body or official delegated by the City Council may assign unspent budgeted amounts to specific purposes in the General Fund at year end based on Department requests. Although not a formal policy, when both restricted and unrestricted resources are available for use, it is the City’s intent to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned and unassigned resources are available for use, it is the City’s intent to use committed or assigned resources first, and then unassigned resources as they are needed.

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

M. Encumbrances

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

N. Use of Estimates

Preparation of the City's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

O. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City's net investment in capital assets was calculated as follows at June 30, 2017:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Primary Government</u>
Capital assets	\$ 66,427,074	70,411,573	136,838,647
Accumulated depreciation	(32,978,679)	(26,222,690)	(59,201,369)
Bonds payable (capital related)	(16,938,805)	(18,693,499)	(36,309,839) ¹
Bond premiums	(545,123)	(904,449)	(1,449,572)
Capital leases payable	(107,012)	-	(107,012)
Unspent bond proceeds	1,879,414	-	1,879,414
Net investment in capital assets	\$ 17,736,869	24,590,935	41,650,269

¹ This amount does not cross-foot due to the \$677,535 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 \$677,535 is not considered capital related in the governmental activities column, but is considered capital related in the primary government column.

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

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. 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, 2017, expenditures exceeded appropriations in the following general fund departments as shown on Exhibit A-2:

Finance	\$ 15,874
City Hall	1,514
General protections	7,763
Non-profit organizations	500
Solid waste disposal	55,339
Engineering	5,205
Tax increment financing reimbursements	38,389
Unclassified - all other	4,976

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

B. Revised Budget

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

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other financing sources (uses)</u>
2017 budget as originally adopted	\$ 34,263,118	(36,031,153)	1,768,035
Reclassify transfers to other funds	28,808	-	(28,808)
Use of prior year reserves and carryforwards	-	(98,396)	98,396
Subsequent authorizations	272,858	(272,858)	-
Totals	\$34,564,784	(36,402,407)	1,837,623

C. Deficit Fund Equity

The following funds had a deficit fund balance at June 30, 2017:

MMA Grant Fund	\$	1,025
Chamberlain Golf Classic		40
School Department Grants Fund		6,477
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, 2017, 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, 2017 - GAAP basis	\$	323,253
Accrued teacher summer salaries		500,149
Accrued teacher summer benefits		1,595,377
Fund balance - School Department, June 30, 2017 - budgetary basis	\$	2,418,779

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

As required by generally accepted accounting principles (GAAP), the City has recorded a revenue and expenditure for Maine Public Employees Retirement System (MainePERS) contributions made by the State of Maine on behalf of the Brewer School Department. These amounts have not been budgeted and result in a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America of \$1,135,088. 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, 2017, the City reported deposits of \$10,222,622 with a bank balance of \$10,521,875. Of the City's bank balances, \$9,753,019 was not covered by the F.D.I.C., but was collateralized by securities held in the City's name.

Deposits have been reported as follows:

Reported in governmental funds	\$ 9,965,769
Reported in business-type activities	550
Reported in fiduciary funds	256,303
Total deposits	\$ 10,222,622

B. Investments

At June 30, 2017, the City had the following investments and maturities:

	Fair value	N/A	Less than <u>1 year</u>	1-5 <u>years</u>
Money Market	\$ 1,787,222	1,787,222	-	-
Total investments	\$ 1,787,222	1,787,222	-	-

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

DEPOSITS AND INVESTMENTS, CONTINUED

Investments have been reported as follows:

Reported in governmental funds	\$ 1,065,120
Reported in fiduciary funds	722,102
<hr/>	
Total investments	\$ 1,787,222

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 August 1, 2016 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 13, 2016, and 50% on March 14, 2017. Interest at the rate of 7% per annum was charged on any amounts remaining unpaid after these respective due dates. Assessed values are periodically established by the City's Assessor at 100% of estimated market value. The assessed value of \$760,345,494 was 100% of the estimated market value and 105.76% of the 2017 state valuation of \$718,900,000.

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 \$91,270 for the year ended June 30, 2017.

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

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

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

PROPERTY TAX, CONTINUED

The following summarizes the 2017 and 2016 levy:

	<u>2017</u>	<u>2016</u>
Total assessed valuation	\$ 760,345,494	761,862,130
Tax rate (per \$1,000)	21.52	21.52
Commitment	16,362,635	16,395,273
Supplemental taxes assessed	15	6,622
	16,362,650	16,401,895
Less - collections and abatements	(16,056,451)	(16,100,164)
	\$ 306,199	301,731
Receivable at end of year		
Consisting of:		
Real estate liens	294,316	291,584
Real estate and personal property taxes	11,883	10,147
	\$ 306,199	301,731
Receivable at end of year		
Collection rate	98.13%	98.16%

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance June 30, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2017</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 2,231,916	-	(20,580)	2,211,336
Artwork and historical treasures	109,300	-	-	109,300
Construction in progress	932,175	169,426	(84,566)	1,017,035
Total capital assets, not being depreciated	3,273,391	169,426	(105,146)	3,337,671
Capital assets, being depreciated				
Land improvements	5,992,574	-	(54,061)	5,938,513
Buildings and building improvements	11,360,888	-	-	11,360,888
Machinery and equipment	4,899,674	263,108	(288,747)	4,874,035
Vehicles	3,105,991	490,230	(270,246)	3,325,975
Infrastructure	36,796,072	793,920	-	37,589,992
Total capital assets, being depreciated	62,155,199	1,547,258	(613,054)	63,089,403
Less accumulated depreciation for:				
Land improvements	(910,593)	(110,615)	5,551	(1,015,657)
Buildings and building improvements	(4,243,395)	(241,517)	-	(4,484,912)
Machinery and equipment	(2,848,282)	(357,255)	287,156	(2,918,381)
Vehicles	(2,080,902)	(175,384)	270,246	(1,986,040)
Infrastructure	(21,823,102)	(750,587)	-	(22,573,689)
Total accumulated depreciation	(31,906,274)	(1,635,358)	562,953	(32,978,679)
Total capital assets, being depreciated, net	30,248,925	(88,100)	(50,101)	30,110,724
Governmental activities capital assets, net	\$ 33,522,316	81,326	(155,247)	33,448,395

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

Governmental activities:	
Administration	\$ 121,398
Protection	270,173
Public works, including depreciation of general infrastructure assets	297,921
Unclassified	865,477
Education	80,389
Total depreciation expense - governmental activities	\$ 1,635,358

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

CAPITAL ASSETS, CONTINUED

	Balance June 30, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2017</u>
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 3,074,676	-	(16,500)	3,058,176
Construction in progress	182,540	286,945	(164,512)	304,973
Total capital assets, not being depreciated	3,257,216	286,945	(181,012)	3,363,149
Capital assets, being depreciated				
Buildings and improvements	22,319,842	211,553	(8,635)	22,522,760
Machinery, equipment and vehicles	7,510,040	27,576	(68,072)	7,469,544
Infrastructure	36,951,284	165,092	(60,256)	37,056,120
Total capital assets, being depreciated	66,781,166	404,221	(136,963)	67,048,424
Less accumulated depreciation for:				
Buildings and improvements	(8,851,733)	(504,085)	4,752	(9,351,066)
Machinery, equipment and vehicles	(6,855,470)	(92,801)	65,686	(6,882,585)
Infrastructure	(9,537,046)	(512,249)	60,256	(9,989,039)
Total accumulated depreciation	(25,244,249)	(1,109,135)	130,694	(26,222,690)
Total capital assets, being depreciated, net	41,536,917	(704,914)	(6,269)	40,825,734
Business-type activities capital assets, net	\$ 44,794,133	(417,969)	(187,281)	44,188,883

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

Business-type activities:	
Water fund	\$ 523,974
Sewer fund	585,161
Total depreciation expense - business-type activities	\$ 1,109,135

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

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, 2017 arising from these transactions were as follows:

	Interfund Loans <u>Receivable</u>	Interfund Loans <u>Payable</u>	<u>Transfers</u>
Major governmental funds:			
General fund	\$ -	89,704	178,278
Other Capital Projects	1,286,713	-	86,748
Total major governmental funds	1,286,713	89,704	265,026
Other nonmajor governmental funds:			
Police Asset Forfeiture	69,967	-	-
CDBG Housing Rehab Grant	31,374	-	-
Recreation Banner Fund	14,025	-	-
Performance Bonds Payable	9,271	-	-
Technical Review Payable	109,626	-	-
Winterfest	5,378	-	-
PERC Contract Reserve	308,000	-	-
MMA Grant Fund	-	1,025	-
EPA Brownfield Rev Loan	92,246	-	-
Brewer Days	5,107	-	-
Children's Garden Fund	8,494	-	-
City Small Grants and Programs	-	494	9,808
Chamberlain Golf Classic	-	40	-
Computer Reserve	8,798	-	8,798
Stream Cleanup	1,713	-	-
Flags in Brewer	1,743	-	-
Recognition Coins	224	-	-
Fire Museum	1,580	-	-
Police Academy Buyout	5,000	-	(25,000)
Brewer Business and Commercial Park	126,168	-	-
Insurance Deductible Reserve	46,661	-	-
Brewer Resources Program	2,000	-	-
Brewer Redevelopment LLC	-	-	(67,748)
Food Service Fund	138,605	-	-
Grants Fund (School Dept.)	4,721	-	-
FHWA Route 15 Earmark	-	3,692	-
City Hall Rehab	-	18,586	-
Impact Fee Fund	151,629	-	(15,000)
Cemetery Trust	-	101,964	-
Total other nonmajor governmental funds	1,142,330	125,801	(89,142)

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

INTERFUND LOAN BALANCES/TRANSFERS, CONTINUED

	Interfund Loans <u>Receivable</u>	Interfund Loans <u>Payable</u>	<u>Transfers</u>
Proprietary Funds:			
Water Fund	\$ 2,455,049	-	(98,040)
Sewer Fund	-	4,676,200	(77,844)
Total proprietary funds	2,455,049	4,676,200	(175,884)
Fiduciary Funds - private purpose trust funds	7,613	-	-
Grand Total	\$ 4,891,705	4,891,705	-

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2017 was as follows:

	Beginning balance (Restated)	Additions	Reductions	Ending balance	Due within one year
Governmental activities:					
General obligation bonds	\$ 17,151,752	2,125,000	(1,660,412)	17,616,340	1,864,180
Premium on bonds	573,814	-	(28,691)	545,123	28,691
Capital leases	70,598	106,580	(70,166)	107,012	69,705
Compensated absences	942,517	47,790	-	990,307	-
Net pension liability	3,636,133	2,007,064	-	5,643,197	-
OPEB liability	472,018	71,693	-	543,711	-
Government activities long-term liabilities	22,846,832	4,358,127	(1,759,269)	25,445,690	1,962,576
Business-type activities:					
Bonds payable	19,929,990	-	(1,236,491)	18,693,499	1,259,122
Premium on bonds	954,978	-	(50,529)	904,449	50,529
Net pension liability	656,886	464,047	-	1,120,933	-
Business-type activities long-term liabilities	21,541,854	464,047	(1,287,020)	20,718,881	1,309,651
Governmental and Business-type activities long-term liabilities	\$ 44,388,686	4,822,174	(3,046,289)	46,164,571	3,272,227

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

LONG-TERM DEBT

Long-term debt at June 30, 2017 is comprised of the following individual issues:

Bond issue	Year of issue	Amount issued	Maturity date	Interest rate	Governmental activities	Business- type activities	Balance June 30, 2017
Series B MMBB - City/Sewer	1997	\$ 4,000,000	11/01/17	3.16%	21,195	178,805	200,000
Series D MMBB High Sch./Sew.	1997	1,100,000	01/01/17	4.53 - 5.38%	35,503	19,497	55,000
Series C MMBB - Water	1998	1,715,000	11/01/18	4.53 - 5.38%	-	171,500	171,500
FRF MMBB - Sewer	1999	1,000,000	04/01/20	3.12%	-	150,000	150,000
SR MMBB - Sewer	2001	2,500,000	10/01/22	1.90%	-	750,000	750,000
FR MMBB - Sewer	2004	1,000,000	10/01/24	1.44%	-	400,000	400,000
Series E MMBB - City	2004	363,000	11/01/24	1.01 - 9.00%	145,200	-	145,200
Series E MMBB - City	2004	1,530,000	11/01/24	0.82 - 9.00%	503,200	-	503,200
Series C MMBB - City	2005	690,000	11/01/25	2.95 - 9.00%	288,000	-	288,000
Series C MMBB - Water	2005	725,000	11/01/25	3.05 - 9.00%	-	326,250	326,250
Series A MMBB - City	2006	1,070,000	11/01/26	2.00 - 5.50%	313,500	-	313,500
SR MMBB - City / Sewer	2006	448,000	04/01/26	1.77%	84,591	117,009	201,600
Series C MMBB - City	2007	1,735,000	11/01/26	2.30 - 6.00%	471,835	-	471,835
Series B MMBB - City	2008	600,000	11/01/27	2.00 - 5.50%	255,750	-	255,750
Series F MMBB	2009	593,395	04/01/29	0.00%	-	356,037	356,037
Series B MMBB	2009	1,442,000	11/01/29	2.08 - 5.58%	639,350	-	639,350
ARRA MMBB - Sewer	2010	750,877	10/01/29	0.00%	-	213,061	213,061
MMBB - Water	2010	735,000	04/01/30	1.00%	-	477,750	477,750
Public Works	2011	172,773	04/01/19	1.00%	43,193	-	43,193
Series C MMBB - City/Water	2011	2,168,000	11/01/31	2.12 - 5.62%	1,296,125	170,000	1,466,125
Series E MMBB - City/Sewer	2012	3,090,000	11/01/21	0.50 - 5.50%	1,245,000	-	1,245,000
GOB - City/Water/Sewer	2012	21,610,000	06/30/42	2.00 - 4.00%	6,255,000	11,605,000	17,860,000
GOB USDA - Sewer	2013	485,000	08/28/41	2.75%	-	438,524	438,524
GOB USDA - Sewer	2013	800,000	08/28/41	2.75%	-	723,341	723,341
Series A MMBB - City/Sewer	2013	1,225,000	11/01/33	0.60 - 3.70%	724,975	150,000	874,975
GOB - SRF	2014	1,100,000	10/01/33	1.35%	-	861,475	861,475
Series A MMBB	2014	990,000	11/01/34	0.41 - 4.02%	801,350	-	801,350
FR MMBB	2015	1,695,000	05/01/34	0.21%	-	1,450,250	1,450,250
Series A MMBB	2015	1,615,000	11/01/35	0.21%	1,447,573	-	1,447,573
Series A MMBB	2016	1,055,000	11/01/36	0.91-3.50%	920,000	135,000.00	1,055,000
Series C MMBB	2017	2,125,000	11/01/36	1.16-3.49%	2,125,000	-	2,125,000
Totals					\$ 17,616,340	18,693,499	36,309,839

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

LONG-TERM DEBT, CONTINUED

All governmental activities long-term debt service requirements are paid by the General Fund. Business-type debt is paid by the proprietary enterprise funds. The annual requirements to amortize all debt outstanding as of June 30, 2017 are as follows:

Year ending <u>June 30,</u>	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 1,864,180	514,870	1,259,122	614,071	3,123,302	1,128,941
2019	1,756,118	487,412	1,076,725	590,993	2,832,843	1,078,405
2020	1,740,013	436,918	976,655	568,881	2,716,668	1,005,799
2021	1,597,168	390,408	947,611	543,351	2,544,779	933,759
2022	1,555,306	348,634	963,594	519,224	2,518,900	867,858
2023-2027	4,652,354	1,268,915	4,367,424	2,226,376	9,019,778	3,495,291
2028-2032	2,432,526	709,559	4,327,490	1,469,511	6,760,016	2,179,070
2033-2037	2,018,675	237,664	3,395,660	610,408	5,414,335	848,072
2038-2042	-	-	1,379,218	138,929	1,379,218	138,929
Totals	\$ 17,616,340	4,394,380	18,693,499	7,281,744	36,309,839	11,676,124

As of June 30, 2017, 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, various sewer system repairs and acquisition of a replacement flusher truck. In July 2017, the City Council authorized the issuance of up to \$1,083,000 in general obligation bonds to finance various capital improvement projects. In November 2017, the Council approved up to \$4,200,000 from USDA Rural Development to finance sewer improvements.

OPERATING LEASE

On April 30, 2013, the City entered into an agreement with the Cross Insurance Center for a Founding Partner sponsorship, which includes signage, advertising during events, parking, meeting room space, and a corporate suite in exchange for \$65,000 payable annually September 1st of each year. The term of this agreement began July 1, 2013 and ends June 30, 2020. Total payments for the year ended June 30, 2017 totaled \$65,000.

The annual requirements under this lease agreement as of June 30, 2017 are:

2018	\$ 65,000
2019	65,000
2020	65,000
Total	\$ 195,000

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

CAPITAL LEASES

The City has entered into various agreements as lessee for financing the acquisition of copiers and computers. These lease agreements qualify as capital leases for accounting purposes. The assets are recorded as capital assets in the government-wide financial statements. The amount capitalized under capital leases is \$186,332. The leases have been recorded as a liability in the government-wide financial statements at the present value of the future minimum lease payments.

The following is a schedule of the future minimum lease payments under capital leases, and the present value of net minimum lease payments at June 30, 2017.

<u>Fiscal year</u> <u>ending</u>	<u>Governmental</u> <u>activities</u>
2018	\$ 72,664
2019	35,875
2020	1,128
2021	1,128
2022	282
<u>Total minimum lease payments</u>	<u>111,077</u>
<u>Less: amount representing interest</u>	<u>(4,065)</u>
<u>Present value of future minimum lease payments</u>	<u>\$ 107,012</u>

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, 2017, the City was in compliance with these restrictions.

OVERLAPPING DEBT AND OTHER CONTINGENCIES

Overlapping Debt

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

<u>Units</u>	<u>Net debt</u> <u>outstanding</u> <u>June 30, 2017</u>	<u>Percentage</u> <u>applicable</u> <u>to the City</u>	<u>City's</u> <u>proportionate</u> <u>share of debt</u>
Penobscot County	\$ -	6.92%	-
Brewer High School District Trustees	30,945,791	100%	30,945,791

The City's proportionate share of the County debt, if any, is paid through annual assessments. The High School District Trustees submit debt service bills, which are paid by the City. Approximately \$20,121,438 of the Brewer High School District Trustees debt is being paid for by the State.

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

FUND BALANCE

As of June 30, 2017, fund balance components consisted of the following:

	General Fund	Other Capital Projects	Other Governmental Funds
Nonspendable:			
Inventory	\$ -	-	24,040
Principal for permanent funds	-	-	324,553
Prepaid items	230,010	-	-
Total nonspendable	230,010	-	348,593
Restricted:			
Finance and administration	-	-	263,168
Community services	-	-	339,317
Public safety	-	-	66,667
Public works	-	-	1,813
Education	323,253	-	201,709
Capital projects	-	3,157,350	151,869
Permanent funds	-	-	4,999
Total restricted	323,253	3,157,350	1,029,542
Committed:			
Finance and administration	-	-	57,459
Community services	-	-	224
Public safety	-	-	5,000
Total committed	-	-	62,683
Assigned:			
Reappropriated to 2018 budget	586,648	-	-
Accrued compensated absences	699,592	-	-
Assessor - computer software	29,173	-	-
Technology - annual recertification	1,098	-	-
Economic development - training, conferences, meetings	1,160	-	-
Economic development - misc. professional services	3,050	-	-
Economic development - marketing	1,350	-	-
General protections - equipment maintenance and repair	695	-	-
Transit operating expense - the bus	36,594	-	-
Engineering - computer supplies and expenses	195	-	-
Total assigned	1,359,555	-	-
Unassigned	4,361,561	(2,665)	(125,031)
Total fund balance	\$ 6,274,379	\$ 3,154,685	\$ 1,315,787

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

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

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

PLD Plan - For the year ended June 30, 2017, the City was required to contribute 9.5% of employees annual pay for the regular plan and 9.10% for the special plan, respectively. The employee's contractually required contribution rate for the year ended June 30, 2017 was 8% of annual payroll for both plans. Contributions to the pension plan from the City were \$648,372 for the year ended June 30, 2017.

SET Plan - Maine statute requires the State to contribute a portion of the City's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2017, was 13.38% of annual payroll of which 3.36% of payroll was required from the City and 10.02% was required from the State. Contributions to the pension plan from the City were \$300,795 for the year ended June 30, 2017.

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, 2016, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date.

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

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

PLD Plan - At June 30, 2017, the City reported a liability of \$6,593,718 for its proportionate share of the net pension liability. At June 30, 2016, the City's proportion of the PLD Plan was 1.2410%.

SETP Plan - At June 30, 2017, 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	\$ 170,412
State's proportionate share of the net pension liability associated with the City	13,744,363
Total	\$ 13,914,775

At June 30, 2016, the City's proportion of the SET Plan was 0.0096%.

For the year ended June 30, 2017, the City recognized pension expense of \$2,628,188 for the PLD Plan and pension expense of \$1,241,475 and revenue of \$896,970 for support provided by the State for the SET Plan. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities		Business-type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 282,686	\$ -	\$ 58,509
Changes of assumptions	582,320	-	120,167	-
Net difference between projected and actual earnings on pension plan investments	1,212,810	-	241,828	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	190,816	-	28,622
City contributions subsequent to the measurement date	838,941	-	110,223	-
Total	\$ 2,634,071	\$ 473,502	\$ 472,218	\$ 87,131

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

\$949,164 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>		<u>Governmental Activities</u>	<u>Business-type Activities</u>
2018	\$	188,106	44,303
2019		152,176	34,429
2020		657,485	131,526
2021		323,859	64,604

Actuarial Assumptions - The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PLD Plan</u>	<u>SET Plan</u>
Inflation	2.75%	2.75%
Salary Increases, per year	2.75% to 9.0%	2.75% to 14.5%
Investment return, per annum, compounded annually	6.875%	6.875%
Cost of living benefit increases, per annum	2.20%	2.20%

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table.

The actuarial assumptions used in the June 30, 2016 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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equities	20%	5.7%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real estate	10%	5.2%
Infrastructure	10%	5.3%
Hard assets	5%	5.0%
Fixed income	25%	2.9%
Total	100%	

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

Discount Rate - The discount rate used to measure the total pension liability was 6.875% for both 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 6.875% for both 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 (5.875%) or 1 percentage-point higher (7.875%) than the current rate:

<u>PLD Plan</u>	1% Decrease <u>(5.875%)</u>	Current Discount Rate <u>(6.875%)</u>	1% Increase <u>(7.875%)</u>
City's proportionate share of the net pension liability	\$ 10,944,385	\$ 6,593,718	\$ 2,497,721
<u>SET Plan</u>	1% Decrease <u>(5.875%)</u>	Current Discount Rate <u>(6.875%)</u>	1% Increase <u>(7.875%)</u>
City's proportionate share of the net pension liability	\$ 272,873	\$ 170,412	\$ 85,012

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

Payables to the Pension Plan - None as of June 30, 2017.

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

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% of their wages. The employer contribution rate for 2017 was 29% for the City Manager, 15.5% for the Assistant City Manager, 12.5% for the City Engineer and 9.5% for all other eligible employees. All eligible employees are vested at enrollment. The total cost to the City for the fiscal year ended June 30, 2017 was \$93,568.

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, 2017.

OTHER POST EMPLOYMENT BENEFITS

The City is a member of the Maine Municipal Employees Health Trust. The Health Trust contracted with an outside consultant to assist in the determination and valuation of the City's OPEB liability under GASB Statement 45. The most recent OPEB liability actuarial valuation was completed by the consultants in August 2017.

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

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

OTHER POST EMPLOYMENT BENEFITS, CONTINUED

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

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

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

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

Normal cost	\$	36,733
Amortization of unfunded		66,855
Adjustment to the ARC		(27,297)
Interest		20,932
Annual required contribution	\$	97,223

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

OPEB liability, June 30, 2015	\$	408,584
Annual required contribution		90,018
Actual contribution		(26,584)
OPEB liability, June 30, 2016	\$	472,018
OPEB liability, June 30, 2016	\$	472,018
Annual required contribution		97,223
Actual contribution		(25,530)
OPEB liability, June 30, 2017	\$	543,711

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

OTHER POST EMPLOYMENT BENEFITS, CONTINUED

Funding Status and Funding Progress - The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ending June 30, 2017 were as follows:

Annual required contribution	\$	97,223
Actual contribution		(25,530)
Percent contributed		26.26%
Actuarial accrued liability		1,202,298
Plan assets		-
<u>Unfunded actuarial accrued liability</u>		<u>1,202,298</u>
Covered payroll		5,871,522
Unfunded actuarial accrued liability		1,202,298
as a percentage of covered payroll		20.48%

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

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

Actuarial valuation date	01/01/17
Actuarial cost method	Entry age normal
Amortization method	Level dollar open
Remaining amortization period	30 years
Actuarial assumptions:	
Discount rate	4.0%
Rate of salary increases	2.8%
Ultimate rate of medical inflation	4.0%

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

OTHER POST EMPLOYMENT BENEFITS, CONTINUED

The following is a census as of January 1, 2017 on which the actuarial liability was calculated:

	<u>Health Insurance</u>	<u>Life Insurance</u>
Active members	86	65
Retirees*	7	23

* Under health insurance, this figure can include spouses.

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

TAX INCREMENT FINANCING DISTRICTS

In FY17, the City had nine 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. 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 FY17, the City captured \$1,593,257 in TIF and affordable housing property tax revenue and disbursed \$121,778 in payments to the three developers below. The remaining TIF tax revenues were applied toward eligible local expenditures.

- \$11,417 to Ken Peters, developer of Trans Tech Industries, Inc. (now known as Westmor Industries, LLC), to compensate for project costs. FY17 was the 17th and final year of this TIF district and its associated payments.
- \$39,944 to Somerset Place Housing Associates to help fund the operating costs and maintain affordable rents for this 28 unit residential building for the elderly. FY17 was the second of 15 scheduled years of payments.
- \$70,417 to Village Centre Housing Partners, LP to help fund the operating costs and maintain affordable rents for this 48 unit apartment building for families. FY17 was the first of 15 scheduled years of payments to this organization.

RESTATEMENT OF NET POSITION

For the fiscal year ended June 30, 2016, there was an error in calculating School Department accrued compensated absences. As such, the June 30, 2016 governmental activities ending net position in the statement of net position, equal to \$21,419,210, has been restated by \$948,884 to equal \$22,368,094.

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

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>2017*</u>	<u>2016*</u>	<u>2015*</u>
<u>PLD Plan</u>			
City's proportion of the net pension liability	1.2410%	1.2868%	1.3019%
City's proportionate share of the net pension liability	\$ 6,593,718	\$ 4,105,528	\$ 2,003,402
City's covered payroll	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	100.78%	62.13%	30.79%
Plan fiduciary net position as a percentage of the total pension liability	81.61%	88.27%	94.10%
<u>SET Plan</u>			
City's proportion of the net pension liability	0.0096%	0.0139%	0.0163%
City's proportionate share of the net pension liability	\$ 170,412	\$ 187,491	\$ 175,726
State's proportionate share of the net pension liability associated with the City	13,744,363	10,479,395	8,548,683
Total	\$ 13,914,775	\$ 10,666,886	\$ 8,724,409
City's covered payroll	\$ 9,246,064	\$ 9,049,956	\$ 9,048,695
City's proportionate share of the net pension liability as a percentage of its covered payroll	1.84%	2.07%	1.94%
Plan fiduciary net position as a percentage of the total pension liability	76.21%	81.18%	83.91%

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

** Only three years of information available.

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
PLD Plan				
Contractually required contribution	\$ 648,372	\$ 666,183	\$ 526,003	\$ 451,334
Contributions in relation to the contractually required contribution	(648,372)	(666,183)	(526,003)	(451,334)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
SET Plan				
Contractually required contribution	\$ 300,795	\$ 310,832	\$ 239,824	\$ 239,790
Contributions in relation to the contractually required contribution	(300,795)	(310,832)	(239,824)	(239,790)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 6,918,825	\$ 6,542,992	\$ 6,608,210	\$ 6,506,419
Contributions as a percentage of covered payroll	9.37%	10.18%	7.96%	6.94%
City's covered payroll	\$ 8,951,795	\$ 9,246,064	\$ 9,049,956	\$ 9,048,695
Contributions as a percentage of covered payroll	3.36%	3.36%	2.65%	2.65%

* Only four years of information available.

Notes to Required Supplementary Information, Maine Public Employees Retirement System

Changes of Benefit Terms - None

Changes of Assumptions - The following are changes in actuarial assumptions used in the most recent valuation (6/30/16):

	<u>2017</u>	<u>2016</u>
Discount rate	6.875%	7.125%
Inflation rate	2.75%	3.50%
Salary increases - PLD	2.75% to 9.00%	3.50% to 9.50%
Salary increases - SET	2.75% to 14.50%	3.50% to 13.50%
Cost of living increase	2.20%	2.55%
Long-term expected real rate of return on assets:		
US equities	5.70%	5.20%
Real estate	5.20%	3.70%
Infrastructure	5.30%	4.00%
Hard assets	5.00%	4.80%
Fixed income	2.90%	0.70%

In addition, mortality rates for the June 30, 2015 valuation were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA; for the June 30, 2016 valuation, the mortality rates were based on the RP2014 Total Data Set Healthy Annuitant Mortality Table.

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

Schedule of Funding Progress
Retiree Healthcare Plan

<u>Fiscal Year</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL) - Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b - a) / c]</u>
2009	01/01/09	\$ -	653,002	653,002	0.00%	5,506,429	11.86%
2010	01/01/09	\$ -	653,002	653,002	0.00%	5,624,738	11.61%
2011	01/11/11	\$ -	845,020	845,020	0.00%	5,377,644	15.71%
2012	01/11/11	\$ -	845,020	845,020	0.00%	5,564,172	15.19%
2013	01/11/11	\$ -	845,020	845,020	0.00%	5,373,720	15.73%
2014	01/01/14	\$ -	893,379	893,379	0.00%	5,581,437	16.01%
2015	01/01/14	\$ -	893,379	893,379	0.00%	5,569,378	16.04%
2016	01/01/14	\$ -	893,379	893,379	0.00%	5,616,597	15.91%
2017	01/01/17	\$ -	1,202,298	1,202,298	0.00%	5,871,522	20.48%

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, 2017 and 2016

	2017	2016
ASSETS		
Cash and cash equivalents	\$ 7,778,081	6,772,863
Investments	709,781	737,065
Receivables:		
Taxes	66,985	74,102
Tax liens	448,088	550,688
Accounts	538,979	454,878
Prepaid expenditures	230,010	228,124
Interfund loans receivable	-	549,016
Total assets	\$ 9,771,924	9,366,736
LIABILITIES		
Accounts payable	662,844	542,785
Accrued payroll and related liabilities	2,286,493	2,330,297
Taxes collected in advance	99,928	84,551
Unearned revenue	12,265	16,336
Interfund loans payable	89,704	-
Total liabilities	3,151,234	2,973,969
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	346,311	462,452
Total deferred inflows of resources	346,311	462,452
FUND BALANCE		
Nonspendable - prepaid expenditures	230,010	228,124
Restricted for education	323,253	354,969
Assigned	1,359,555	1,090,406
Unassigned	4,361,561	4,256,816
Total fund balance	6,274,379	5,930,315
Total liabilities, deferred inflows of resources and fund balance	\$ 9,771,924	9,366,736

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, 2017
(with comparative actual amounts for the year ended June 30, 2016)

	2017			2016 Actual
	Final Budget	Actual	Variance positive (negative)	
Revenues:				
Taxes:				
Property	\$ 16,323,786	16,483,167	159,381	16,426,354
Automobile excise	1,643,400	1,863,866	220,466	1,756,324
Boat excise	8,000	7,890	(110)	8,148
Interest on taxes	60,000	62,141	2,141	60,715
Payments in lieu of taxes	20,000	37,960	17,960	33,552
Total taxes	18,055,186	18,455,024	399,838	18,285,093
Licenses and fees:				
Licenses and clerk fees	28,900	30,239	1,339	33,165
Registration fees	24,000	24,728	728	23,997
Ambulance fees	402,201	348,525	(53,676)	401,718
All other	4,800	4,132	(668)	4,214
Total licenses and fees	459,901	407,624	(52,277)	463,094
Intergovernmental:				
Road block grant program	125,000	127,388	2,388	127,600
State revenue sharing	610,000	635,042	25,042	688,294
Tree growth reimbursement	250	409	159	429
Veterans reimbursement	9,000	9,598	598	9,855
BETE reimbursement	30,000	48,885	18,885	44,354
Homestead exemption	311,007	307,515	(3,492)	207,345
General assistance	22,000	9,246	(12,754)	14,455
Police grant reimbursements	67,018	43,087	(23,931)	11,658
School Department	9,870,673	9,835,416	(35,257)	9,995,165
Total intergovernmental	11,044,948	11,016,586	(28,362)	11,099,155
Local sources:				
Property leases	6,025	6,355	330	8,126
Parks and recreation	424,040	423,220	(820)	433,365
Sale of City property	231,350	251,813	20,463	20,313
Public safety	17,750	22,022	4,272	36,885
Code enforcement	84,750	76,602	(8,148)	63,074
Public works	296,199	349,921	53,722	333,223
Cable television	98,000	109,295	11,295	103,697
Deferred debt service	2,613	2,613	-	2,613
Library	22,774	32,608	9,834	17,317
TIF revenues	1,214,095	1,142,947	(71,148)	1,085,910
Worker's compensation reimbursement	-	34,341	34,341	52
School Department revenue	2,563,208	2,912,483	349,275	2,762,675
All other	13,945	14,703	758	17,956
Total local sources	4,974,749	5,378,923	404,174	4,885,206
Interest earned	30,000	38,873	8,873	42,491
Total revenues	34,564,784	35,297,030	732,246	34,775,039

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

	2017		Variance positive (negative)	2016 Actual
	Final Budget	Actual		
Expenditures:				
Current:				
Administration:				
City Council	\$ 12,247	8,992	3,255	12,147
City Manager	358,810	324,199	34,611	317,336
City Clerk	113,354	96,635	16,719	104,336
Elections	18,627	14,505	4,122	12,203
Assessing	241,177	206,535	34,642	193,774
Finance	553,081	568,955	(15,874)	516,443
Technology	154,652	144,055	10,597	138,037
Legal	121,100	110,564	10,536	77,102
City Hall	78,858	80,372	(1,514)	79,500
Economic Development	429,214	357,231	71,983	350,343
Total administration	2,081,120	1,912,043	169,077	1,801,221
Protection:				
Police department	1,860,954	1,855,376	5,578	1,716,356
Fire department	1,614,768	1,551,888	62,880	1,559,039
Code enforcement	382,610	367,772	14,838	138,577
General protections	907,912	915,675	(7,763)	909,479
Insurances	111,100	102,045	9,055	106,483
Animal control	19,886	17,594	2,292	20,637
Total protection	4,897,230	4,810,350	86,880	4,450,571
Public services:				
Health and human services	77,584	49,773	27,811	51,692
Transit system	203,358	164,735	38,623	122,761
Adult Ed	5,200	4,953	247	4,956
Non-profit organizations	1,500	2,000	(500)	1,500
Total public services	287,642	221,461	66,181	180,909
Public works:				
Public works	1,452,376	1,305,390	146,986	1,226,897
Solid waste disposal	563,157	618,496	(55,339)	565,089
Planning	98,017	91,352	6,665	93,446
Engineering	157,264	162,469	(5,205)	154,105
Total public works	2,270,814	2,177,707	93,107	2,039,537
Education	20,780,341	19,998,504	781,837	20,073,214

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

	2017			2016 Actual
	Final Budget	Actual	Variance positive (negative)	
Expenditures, continued:				
Current, continued:				
Unclassified:				
Employee benefits	\$ 255,270	235,214	20,056	231,818
Tax increment financing reimbursements	1,396,632	1,435,021	(38,389)	1,444,287
Municipal auditorium	182,327	179,595	2,732	174,393
Parks and cemeteries	259,136	246,096	13,040	260,196
Recreation/pool	544,237	523,602	20,635	496,218
Library	216,130	212,909	3,221	196,999
Dues	15,000	10,272	4,728	15,447
Contingencies	37,440	37,051	389	35,922
All other	10,666	15,642	(4,976)	18,048
Total unclassified	2,916,838	2,895,402	21,436	2,873,328
Assessments:				
County tax	926,298	926,298	-	892,956
Abatements and bad debts	36,917	35,977	940	10,888
Total assessments	963,215	962,275	940	903,844
Debt service:				
Principal	1,664,868	1,660,412	4,456	1,529,485
Interest	540,339	542,665	(2,326)	574,208
Total debt service	2,205,207	2,203,077	2,130	2,103,693
Total expenditures	36,402,407	35,180,819	1,221,588	34,426,317
Excess (deficiency) of revenues over (under) expenditures	(1,837,623)	116,211	1,953,834	348,722
Other financing sources (uses):				
Use of fund balance - City	411,958	-	(411,958)	-
Use of fund balance - School Department	1,177,151	-	(1,177,151)	-
Reserves and carryforwards	61,438	-	(61,438)	-
Transfers from other funds:				
Police Academy Buyout	25,000	25,000	-	-
Impact Fee Fund	15,000	15,000	-	15,016
Sewer Fund	75,732	77,844	2,112	72,792
Water Fund	100,152	98,040	(2,112)	100,512
Transfers to other funds:				
Grants Fund	-	-	-	(1,417)
Flags in Brewer	-	-	-	(5,000)
Police Academy Buyout	-	-	-	(30,000)
City Small Grants and Programs	(9,808)	(9,808)	-	-
Computer Reserve	-	(8,798)	(8,798)	-
Capital Improvement Program	(19,000)	(19,000)	-	(127,500)
Total other financing sources	1,837,623	178,278	(1,659,345)	24,403
Net change in fund balance - budgetary basis	-	294,489	294,489	373,125
Reconciliation to GAAP:				
Change in accrued teacher summer salaries and benefits		49,575		(106,624)
Total reconciling items to GAAP		49,575		(106,624)
Net change in fund balance - GAAP basis		344,064		266,501
Fund balance, beginning of year		5,930,315		5,663,814
Fund balance, end of year	\$	6,274,379		5,930,315

ALL OTHER GOVERNMENTAL FUNDS

CITY OF BREWER, MAINE
All Other Governmental Funds
Combining Balance Sheet
June 30, 2017

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 250	-	76,177	76,427
Investments	-	-	355,339	355,339
Accounts receivable	24,008	-	-	24,008
Due from other governments	117,484	-	-	117,484
Interfund loans receivable	990,701	151,629	-	1,142,330
Inventory	24,040	-	-	24,040
Total assets	\$ 1,156,483	151,629	431,516	1,739,628
LIABILITIES				
Accounts payable	288,985	-	-	288,985
Unearned revenue	9,055	-	-	9,055
Interfund loans payable	1,559	22,278	101,964	125,801
Total liabilities	299,599	22,278	101,964	423,841
FUND BALANCES				
Nonspendable	24,040	-	324,553	348,593
Restricted	872,674	151,869	4,999	1,029,542
Committed	62,683	-	-	62,683
Unassigned	(102,513)	(22,518)	-	(125,031)
Total fund balances	856,884	129,351	329,552	1,315,787
Total liabilities and fund balances	\$ 1,156,483	151,629	431,516	1,739,628

CITY OF BREWER, MAINE
All Other Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2017

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
Revenues:				
Intergovernmental	\$ 1,313,479	-	-	1,313,479
Lunch program	299,377	-	-	299,377
Investment income (loss)	96	-	(1,140)	(1,044)
Other income	131,117	-	1,320	132,437
Total revenues	1,744,069	-	180	1,744,249
Expenditures:				
Current:				
Administration	272	-	-	272
Protection	77,141	-	-	77,141
Public services	84,249	-	-	84,249
Educational programs	1,499,606	-	-	1,499,606
Unclassified	17,910	-	4,289	22,199
Capital outlay	-	18,146	-	18,146
Total expenditures	1,679,178	18,146	4,289	1,701,613
Excess (deficiency) of revenues over (under) expenditures	64,891	(18,146)	(4,109)	42,636
Other financing sources (uses):				
Issuance of debt	-	68,000	-	68,000
Transfers in	18,606	-	-	18,606
Transfers out	(92,748)	(15,000)	-	(107,748)
Total other financing sources (uses)	(74,142)	53,000	-	(21,142)
Net change in fund balances	(9,251)	34,854	(4,109)	21,494
Fund balances, beginning of year	866,135	94,497	333,661	1,294,293
Fund balances, end of year	\$ 856,884	129,351	329,552	1,315,787

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, 2017

	Police Asset Forfeiture	CDBG Housing Rehab Grant	Recreation Banner Fund	Performance Bonds Payable	Technical Review Payable	Fire Museum
ASSETS						
Cash and cash equivalents	\$ -	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Interfund loans receivable	69,967	31,374	14,025	9,271	109,626	1,580
Inventory	-	-	-	-	-	-
Total assets	\$ 69,967	31,374	14,025	9,271	109,626	1,580
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued expenses	3,300	57	1,072	9,271	109,626	-
Unearned revenue	-	-	-	-	-	-
Interfund loans payable	-	-	-	-	-	-
Total liabilities	3,300	57	1,072	9,271	109,626	-
Fund balances (deficits):						
Nonspendable	-	-	-	-	-	-
Restricted	66,667	31,317	12,953	-	-	1,580
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	66,667	31,317	12,953	-	-	1,580
Total liabilities and fund balances	\$ 69,967	31,374	14,025	9,271	109,626	1,580

CITY OF BREWER, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet, Continued
June 30, 2017

	Winterfest	PERC Contract Reserve	MMA Grant Fund	EPA Brownfield Rev Loan	Brewer Days	Children's Garden Fund
ASSETS						
Cash and cash equivalents	\$ -	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Interfund loans receivable	5,378	308,000	-	92,246	5,107	8,494
Inventory	-	-	-	-	-	-
Total assets	\$ 5,378	308,000	-	92,246	5,107	8,494
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued expenses	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Interfund loans payable	-	-	1,025	-	-	-
Total liabilities	-	-	1,025	-	-	-
Fund balances (deficits):						
Nonspendable	-	-	-	-	-	-
Restricted	5,378	308,000	-	92,246	5,107	8,494
Committed	-	-	-	-	-	-
Unassigned	-	-	(1,025)	-	-	-
Total fund balances (deficits)	5,378	308,000	(1,025)	92,246	5,107	8,494
Total liabilities and fund balances	\$ 5,378	308,000	-	92,246	5,107	8,494

CITY OF BREWER, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet, Continued
June 30, 2017

	City Small Grants and Programs	Chamberlain Golf Classic	Computer Reserve	Stream Cleanup	Flags In Brewer	Recognition Coins	Police Academy Buyout
ASSETS							
Cash and cash equivalents	\$ -	-	-	-	-	-	-
Accounts receivable	9,996	-	-	100	-	-	-
Due from other governments	-	-	-	-	-	-	-
Interfund loans receivable	-	-	8,798	1,713	1,743	224	5,000
Inventory	-	-	-	-	-	-	-
Total assets	\$ 9,996	-	8,798	1,813	1,743	224	5,000
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued expenses	3	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Interfund loans payable	494	40	-	-	-	-	-
Total liabilities	497	40	-	-	-	-	-
Fund balances (deficits):							
Nonspendable	-	-	-	-	-	-	-
Restricted	9,499	-	-	1,813	1,743	-	-
Committed	-	-	8,798	-	-	224	5,000
Unassigned	-	(40)	-	-	-	-	-
Total fund balances (deficits)	9,499	(40)	8,798	1,813	1,743	224	5,000
Total liabilities and fund balances	\$ 9,996	-	8,798	1,813	1,743	224	5,000

CITY OF BREWER, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet, Continued
June 30, 2017

		Brewer Business and Comm'l Park	Insurance Deductible Reserve	Business Resources Program	Brewer Redevelopment LLC	School Department Food Service Fund	Grants Fund	Total Nonmajor Special Revenue Funds
ASSETS								
Cash and cash equivalents	\$	-	-	-	-	250	-	250
Accounts receivable		-	-	-	-	13,912	-	24,008
Due from other governments		-	-	-	-	25,226	92,258	117,484
Interfund loans receivable		126,168	46,661	2,000	-	138,605	4,721	990,701
Inventory		-	-	-	-	24,040	-	24,040
Total assets	\$	126,168	46,661	2,000	-	202,033	96,979	1,156,483
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued expenses		-	-	-	-	62,200	103,456	288,985
Unearned revenue		-	-	-	-	9,055	-	9,055
Interfund loans payable		-	-	-	-	-	-	1,559
Total liabilities		-	-	-	-	71,255	103,456	299,599
Fund balances (deficits):								
Nonspendable		-	-	-	-	24,040	-	24,040
Restricted		126,168	-	-	-	106,738	94,971	872,674
Committed		-	46,661	2,000	-	-	-	62,683
Unassigned		-	-	-	-	-	(101,448)	(102,513)
Total fund balances (deficits)		126,168	46,661	2,000	-	130,778	(6,477)	856,884
Total liabilities and fund balances	\$	126,168	46,661	2,000	-	202,033	96,979	1,156,483

CITY OF BREWER, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2017

	Police Asset Forfeiture	CDBG Housing Rehab Grant	Recreation Banner Fund	Performance Bonds Payable	Technical Review Payable	Fire Museum
Revenues:						
Intergovernmental	\$ 19,876	95,261	-	-	-	-
Lunch program	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Other income	-	-	5,600	-	-	-
Total revenues	19,876	95,261	5,600	-	-	-
Expenditures:						
Administration	-	-	-	-	-	-
Protection	33,197	-	-	-	-	-
Public services	-	84,249	-	-	-	-
Educational programs	-	-	-	-	-	-
Unclassified	-	-	3,195	-	-	-
Total expenditures	33,197	84,249	3,195	-	-	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfer out	-	-	-	-	-	-
Other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	(13,321)	11,012	2,405	-	-	-
Fund balances (deficit), beginning of year	79,988	20,305	10,548	-	-	1,580
Fund balances (deficit), end of year	\$ 66,667	31,317	12,953	-	-	1,580

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, 2017

	Winterfest	PERC Contract Reserve	MMA Grant Fund	EPA Brownfield Rev Loan	Brewer Days	Children's Garden Fund
Revenues:						
Intergovernmental	\$ -	-	-	-	-	-
Lunch program	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Other income	-	50,000	2,992	-	2,920	-
Total revenues	-	50,000	2,992	-	2,920	-
Expenditures:						
Administration	-	-	-	-	-	-
Protection	-	-	-	-	-	-
Public services	-	-	-	-	-	-
Educational programs	-	-	-	-	-	-
Unclassified	-	-	3,559	-	5,922	-
Total expenditures	-	-	3,559	-	5,922	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfer out	-	-	-	-	-	-
Other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	-	50,000	(567)	-	(3,002)	-
Fund balances (deficit), beginning of year	5,378	258,000	(458)	92,246	8,109	8,494
Fund balances (deficit), end of year	\$ 5,378	308,000	(1,025)	92,246	5,107	8,494

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, 2017

	City Small Grants and Programs	Chamberlain Golf Classic	Computer Reserve	Stream Cleanup	Flags In Brewer	Recognition Coins	Police Academy Buyout
Revenues:							
Intergovernmental	\$ 42,738	-	-	-	-	-	-
Lunch program	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-
Other income	12,056	-	-	3,100	-	-	-
Total revenues	54,794	-	-	3,100	-	-	-
Expenditures:							
Administration	272	-	-	-	-	-	-
Protection	43,944	-	-	-	-	-	-
Public services	-	-	-	-	-	-	-
Educational programs	-	-	-	-	-	-	-
Unclassified	632	-	-	2,634	1,968	-	-
Total expenditures	44,848	-	-	2,634	1,968	-	-
Other financing sources (uses):							
Transfers in	9,808	-	8,798	-	-	-	-
Transfer out	-	-	-	-	-	-	(25,000)
Other financing sources (uses)	9,808	-	8,798	-	-	-	(25,000)
Net change in fund balances	19,754	-	8,798	466	(1,968)	-	(25,000)
Fund balances (deficit), beginning of year	(10,255)	(40)	-	1,347	3,711	224	30,000
Fund balances (deficit), end of year	\$ 9,499	(40)	8,798	1,813	1,743	224	5,000

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, 2017

	Brewer Business and Comm'l Park	Insurance Deductible Reserve	Business Resources Program	Brewer Redevelopment LLC	School Department		Total Nonmajor Special Revenue Funds
					Food Service Fund	Grants Fund	
Revenues:							
Intergovernmental	\$ 5,000	-	-	-	364,633	785,971	1,313,479
Lunch program	-	-	-	-	299,377	-	299,377
Investment income	-	-	-	96	-	-	96
Other income	-	-	-	-	-	54,449	131,117
Total revenues	5,000	-	-	96	664,010	840,420	1,744,069
Expenditures:							
Administration	-	-	-	-	-	-	272
Protection	-	-	-	-	-	-	77,141
Public services	-	-	-	-	-	-	84,249
Educational programs	-	-	-	-	629,413	870,193	1,499,606
Unclassified	-	-	-	-	-	-	17,910
Total expenditures	-	-	-	-	629,413	870,193	1,679,178
Other financing sources (uses):							
Transfer in	-	-	-	-	-	-	18,606
Transfer out	-	-	-	(67,748)	-	-	(92,748)
Total other financing sources (uses)	-	-	-	(67,748)	-	-	(74,142)
Net change in fund balances	5,000	-	-	(67,652)	34,597	(29,773)	(9,251)
Fund balances, beginning of year	121,168	46,661	2,000	67,652	96,181	23,296	866,135
Fund balances (deficit), end of year	\$ 126,168	46,661	2,000	-	130,778	(6,477)	856,884

CITY OF BREWER, MAINE
City Small Grants and Programs
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2017

	Fund balances (deficit) beginning of year	Revenues			Expenditures	Transfers in (out)	Fund balances (deficit) end of year
		Intergovernmental	Other miscellaneous				
Economic Development:							
CDBG EFP planning grant	\$ 272	-	-	272	-	-	-
Chess table grant	(2,250)	-	2,250	-	-	-	-
Protection:							
Bulletproof vest program	(675)	-	675	-	-	-	-
Police canine program	1,962	-	-	-	-	-	1,962
Byrne JAG	7	-	-	7	-	-	-
Byrne JAG bulletproof vest program	(589)	-	589	-	-	-	-
Byrne JAG 2013	675	-	-	675	-	-	-
Byrne JAG 2013 - September application	135	-	-	135	-	-	-
Byrne JAG 2015 - Bulletproof vest program	(72)	-	72	-	-	-	-
MEMA MACTAC equipment and training	3,534	-	-	-	-	-	3,534
Safe medicine return box	50	-	-	-	-	-	50
Walmart local facility grant - body armor	(247)	-	247	-	-	-	-
US DOJ Bulletproof vest program	(1,115)	814	1,217	916	-	-	-
Byrne JAG 2014 - rifle plates	(2,504)	2,433	71	-	-	-	-
Byrne JAG 2016 - body armor	-	2,065	-	2,065	-	-	-
Gero Vest Carrier Grant	-	5,000	-	4,510	-	-	490
2016 MEMA - Fire Thermal Imaging Camera	-	7,130	-	7,130	-	-	-
2017 King Foundation - Thermal Camera	-	10,000	-	10,000	-	-	-
2016 MEMA Homeland Secrty Simulator Grant	-	8,570	-	8,570	-	-	-
Public Safety Hosted Training	-	-	5,430	4,794	-	-	636
King foundation - high visibility jackets	60	-	-	60	-	-	-
2015 ME forest service	(720)	720	-	-	-	-	-
2017 Walmart grant - helmet lights and pagers	-	2,230	-	2,230	-	-	-
2017 ME Forest Service VFA Grant	-	1,426	1,426	2,852	-	-	-
Library:							
Summer reading program	24	-	-	24	-	-	-
Rudman book club	300	850	-	-	-	-	1,150
Byers grant	71	-	-	71	-	-	-
Efficiency grant	(5,808)	-	-	-	5,808	-	-
Bodwell english book grant	96	-	-	96	-	-	-
Gates opportunity grant	(4)	-	4	-	-	-	-
Bangor health & wellness grant	445	-	-	-	-	-	445
Brewer kiwanis grant	156	500	-	276	-	-	380
King foundation - history room	(4,000)	-	-	-	4,000	-	-
Walmart wellness grant	(75)	-	75	-	-	-	-
ME history records grant	12	-	-	-	-	-	12
Maine Public Library Fund Grant	-	1,000	-	160	-	-	840
Other:							
DHHS - sunShade grant	5	-	-	5	-	-	-
Totals	\$ (10,255)	42,738	12,056	44,848	9,808	9,499	

CITY OF BREWER, MAINE
School Department Grants Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2017

	Fund balances (deficits) beginning of year	Revenues	Expenditures	Transfers in (out)	Fund balances (deficits) end of year
Federal Programs:					
Title 1A - Disadvantaged	\$ (9,088)	307,453	339,063	-	(40,698)
Local Entitlement	(46,857)	378,340	389,911	-	(58,428)
Preschool	-	10,121	10,121	-	-
Title IIA - Improving Teacher Quality	-	72,914	72,914	-	-
Total Federal programs	(55,945)	768,828	812,009	-	(99,126)
State Programs:					
Proficiency Based Diploma	1,417	17,143	14,192	-	4,368
Local Programs:					
Driver's Ed	5,369	11,070	10,586	-	5,853
Brewer HOF	5,035	8,202	6,036	-	7,201
BCS Laptop	10,742	3,700	459	-	13,983
BHS Laptop	15,571	16,695	6,943	-	25,323
Construction Fund	3,222	-	-	-	3,222
Name-a-Seat Fund	23,071	-	-	-	23,071
Drug Free Grant	1,600	-	-	-	1,600
MEABT Wellness Ambassador	6	500	500	-	6
Community Transformation Grant	2,462	-	375	-	2,087
Maine Integrated Youth Health Survey	100	-	100	-	-
Project Unify Grant	37	3,502	980	440	2,999
Stephen King Storybird Grant	3,271	-	1,689	619	2,201
Ticket to Ride Grant	-	300	300	-	-
Wal-Mart B.C.T.A.	-	1,000	1,000	-	-
Corageous Steps Project Grant	-	1,000	1,250	-	(250)
TAP Program	-	600	-	-	600
Project Canopy Maple Grant	(324)	-	1,748	-	(2,072)
ME Community Foundation Maple Grant	5,650	-	5,650	-	-
ME Agriculture in the Classroom Maple Grant	-	2,900	2,555	-	345
National Resource Council Maple Grant	-	500	500	-	-
Grammy Foundation	-	2,000	1,908	-	92
Onion Foundation	-	2,000	1,279	-	721
Martha Gervais Fund	440	-	-	(440)	-
City of Brewer	9	-	9	-	-
Smokey Lawrence Tournament	318	480	-	-	798
Stephen King Kindle Grant	744	-	125	(619)	-
JROTC	501	-	-	-	501
Total local programs	77,824	54,449	43,992	-	88,281
Totals	\$ 23,296	840,420	870,193	-	(6,477)

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, 2017

	FHWA Route 15 Earmark	City Hall Rehab	Impact Fee Fund	Total Nonmajor Capital Project Funds
ASSETS				
Interfund loans receivable	\$ -	-	151,629	151,629
Total assets	\$ -	-	151,629	151,629
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund loans payable	3,692	18,586	-	22,278
Total liabilities	3,692	18,586	-	22,278
Fund balances (deficits):				
Restricted	-	-	151,869	151,869
Unassigned	(3,692)	(18,586)	(240)	(22,518)
Total fund balances (deficits)	(3,692)	(18,586)	151,629	129,351
Total liabilities and fund balances	\$ -	-	151,629	151,629

CITY OF BREWER, MAINE
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2017

	FHWA Route 15 Earmark	City Hall Rehab	Impact Fee Fund	Total Nonmajor Capital Project Funds
Revenues:				
Local sources	\$ -	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Capital outlay	-	-	18,146	18,146
Total expenditures	-	-	18,146	18,146
Other financing uses:				
Issuance of debt	-	-	68,000	68,000
Transfer to general fund	-	-	(15,000)	(15,000)
Total other financing uses	-	-	53,000	53,000
 Net change in fund balances	 -	 -	 34,854	 34,854
Fund balances (deficits), beginning of year	(3,692)	(18,586)	116,775	94,497
Fund balances (deficits), end of year	\$ (3,692)	(18,586)	151,629	129,351

CITY OF BREWER, MAINE
Capital Improvements Program
Schedule of Changes in Fund Balances
For the year ended June 30, 2017

	Fund balances (deficit) beginning of year	Revenue	Bond Proceeds	Transfers/ encumbered	Expenditures	Fund balances (deficit) end of year
Capital Improvements Programs:						
City Hall/Other:						
School bldg remed & demolition	\$ 18,968	-	-	48,780	-	67,748
City hall infrastructure	18,568	-	25,000	25,550	66,117	3,001
Library Building Improvements	-	12,699	15,000	-	12,699	15,000
Parking lot-former St and Middle School	52,733	-	-	-	-	52,733
Tech computer hardware	17,388	-	25,000	-	42,333	55
GIS - updates	3,500	-	-	(3,500)	-	-
Bond financing costs	8,693	-	10,000	(1,384)	7,022	10,287
City-wide revaluation	(4,884)	-	-	4,884	-	-
Economic Development rev loan fund	26,000	-	-	-	-	26,000
Total City Hall/other	140,966	12,699	75,000	74,330	128,171	174,824
Waterfront Development:						
Property acquisitions	124,610	22,952	-	-	-	147,562
Shore stabilization	119,338	-	-	-	-	119,338
Waterfront Trail	86,969	-	-	-	69,601	17,368
Landscaping/public improvements	2,730	-	20,000	-	-	22,730
Youth waterfront projects	5,000	-	-	-	-	5,000
Crosswalk improvements	(7,640)	35,868	-	-	28,228	-
Total waterfront development	331,007	58,820	20,000	-	97,829	311,998
Protection:						
Public safety building improvements	-	-	24,000	(17,000)	8,614	(1,614)
Fire plymovent air system	-	-	-	46,918	-	46,918
Police computer replacement	179	-	20,000	-	19,077	1,102
Fire turnout gear replacement	1,772	-	-	-	-	1,772
Code enforcement software	5,500	-	-	-	-	5,500
Police vehicles	(2,347)	-	40,000	(5,138)	30,309	2,206
Code enforcement truck	402	-	-	-	-	402
Police unmarked / admin vehicles	-	-	25,000	788	25,788	-
Public safety computer server	121	-	-	-	-	121
Police forensic system	10,000	-	-	-	8,633	1,367
Fire computer replacement	5,074	-	-	(5,074)	-	-
Police radio repeater	-	-	10,000	(2,555)	6,366	1,079
Fire unit #301 refurbishment	14,260	-	-	-	-	14,260
Fire unit #305 refurbishment	7,000	-	-	-	-	7,000
Police in care radios	-	-	-	4,377	4,377	-
Fire extracor and dryer	-	-	20,000	2,555	22,555	-
Fire thermal imaging cameras	-	-	-	5,074	-	5,074
Fire gas meters to detect natural gases	-	-	-	5,000	3,661	1,339
Fire portable radios	-	-	-	9,000	8,877	123
Total protection	41,961	-	139,000	43,945	185,175	39,731
Public Works:						
Landfill area closing	179,643	-	-	-	-	179,643
Dirigo Dr. lighting	1,628	-	-	-	-	1,628
General road construction	25,309	-	20,000	-	36,381	8,928
Paving	213,685	-	170,000	-	37,151	346,534
Wilson Street widening	20,403	-	-	-	-	20,403
Retaining wall - N. Main / St. Patrick	-	-	-	9,037	9,037	-
Parkway so. Resurface - City share	-	-	90,000	-	6,000	84,000
Eastern Ave. felts brook improvements	(72,566)	-	500,000	-	340,907	86,527
Culvert replace - Wiswell Rd.	68,898	-	-	(6,618)	-	62,280
Drainage - 184 Greenpoint Rd.	(6,618)	-	-	6,618	-	-
S Main Paving	3,818	-	-	-	-	3,818
Stormwater Drainage improvements	9,992	-	100,000	-	42,393	67,599
State Street resurfacing	2,728	-	-	-	-	2,728
Elm Street resurfacing	45,000	-	-	-	30,306	14,694
Green Point overlay	3,678	-	-	-	-	3,678
Lower wilson street resurfacing - 10% city share	90,000	-	-	-	61,775	28,225
E-W industrial park resurfacing	76,726	-	121,000	-	-	197,726
Outer Lambert Rd. repair and chip seal	-	-	50,000	30,000	76,286	3,714
Chamberlain St. resurface	-	-	180,000	-	17,004	162,996
Mill St. resurface and drainage improvements	-	-	-	-	75	(75)
Sweeper #430	31,716	-	-	(13,192)	-	18,524
Ford muliuse replacement	-	-	180,000	13,192	188,192	5,000
Case loader #436	4,000	-	-	-	4,000	-
Hydraulic floor lift	15,000	-	33,000	-	47,343	657
Brine tank	15,000	-	-	2,814	17,814	-
School zone and crosswalk lighting	7,326	-	-	-	-	7,326
Traffic signal battery backups	3,434	-	-	-	-	3,434
Snogo blower	6,065	-	-	(2,814)	-	3,251
Signal detection	3,000	-	2,000	-	-	5,000
N. Main and Betton signal and intersection improvement	-	-	7,000	-	1,515	5,485
#409 Ford 150	-	-	23,000	-	-	23,000
#415 Ford F350 1 ton dump truck	-	-	36,500	4,637	41,137	-
Sterling plow / sander #437	-	-	130,000	(4,637)	118,181	7,182
Cat D4H dozer #429	-	-	140,000	-	-	140,000
Total public works	747,865	-	1,782,500	39,037	1,075,497	1,493,905

CITY OF BREWER, MAINE
Capital Improvements Program
Schedule of Changes in Fund Balances, Continued
For the year ended June 30, 2017

	Fund balances (deficit) beginning of year	Revenue	Bond Proceeds	Transfers	Expenditures	Fund balances (deficit) end of year
Parks and Recreation:						
Oak Hill erosion control	\$ 1,298	-	-	(532)	-	766
Wash St. rec complex	109,702	-	-	(6,582)	24,591	78,529
Oak Hill monument repair	5,020	-	-	-	1,050	3,970
Eastern playground	11,935	-	-	-	1,103	10,832
Auditorium doors, windows, entrance	10,023	-	10,000	-	20,999	(976)
Pool rehabilitation	96,850	-	-	-	79,568	17,282
Tennis court resurfacing	2,475	-	-	-	-	2,475
Sunset basketball court repave	17,500	-	-	-	14,059	3,441
72" riding mower	645	-	-	(645)	-	-
72" riding mower 1145	-	-	13,000	1,266	14,266	-
Auditorium - playground rehab	-	-	8,500	500	5,865	3,135
Athletic field pro groomer	-	-	-	5,500	5,235	265
Utility vehicle - athletic fields	-	-	9,000	(90)	8,910	-
Total parks and recreation	255,448	-	40,500	(583)	175,646	119,719
Subtotal projects	1,517,247	71,519	2,057,000	156,729	1,662,318	2,140,177
CIP - Unallocated	90,650	35,836	-	(69,981)	-	56,505
Tax Increment Financing Projects:						
BAC	-	196,439	-	-	180,868	15,571
Lemforder	27,943	38,102	-	-	27,943	38,102
Trans Tech	-	11,417	-	-	11,417	-
Woodlands	-	115,425	-	-	100,000	15,425
Cianbro	243,848	156,427	-	-	101,640	298,635
Brewer Econ Developmt	415,362	897,963	-	-	727,782	585,543
Penobscot Eye Care	-	19,968	-	-	19,968	-
AHTIF - Somerset Place	2,672	55,044	-	-	55,044	2,672
AHTIF - Village Centre	-	102,472	-	-	100,417	2,055
Total tax Increment Financing Projects	689,825	1,593,257	-	-	1,325,079	958,003
Total	\$ 2,297,722	1,700,612	2,057,000	86,748	2,987,397	3,154,685

CITY OF BREWER, MAINE
Impact Fee Projects
Schedule of Changes in Fund Balances
For the year ended June 30, 2017

	Fund balances (deficit) beginning of year	Revenue	Bond Proceeds	Expenditures	Transfers from (to) unallocated	Fund balances (deficit) end of year
Impact Fee Projects:						
Parallel Road	\$ 8,836	-	-	-	(1,286)	7,550
Signal Coordination	32,242	-	18,000	17,646	-	32,596
Signal Preemption	8,621	-	-	500	-	8,121
Pierce Road relocation and signal	17,992	-	-	-	(8,112)	9,880
Wilson/Parkway South intersection	12,422	-	-	-	(5,602)	6,820
State and Washington intersection	8,409	-	-	-	-	8,409
City transit bus	16,852	-	50,000	-	-	66,852
Set up and administrative costs	11,641	-	-	-	-	11,641
Sewer	(240)	-	-	-	-	(240)
Total impact fee projects	\$ 116,775	-	68,000	18,146	(15,000)	151,629

NONMAJOR GOVERNMENTAL FUNDS

PERMANENT FUNDS

CITY OF BREWER, MAINE
Nonmajor Permanent Funds
Combining Balance Sheet
June 30, 2017

		Cemetery Trust	Elsie Olmstead Library	Ministerial and School Funds	Jefferds Educational Fund	Wallace Witham Fund	Woodlawn Revolving Cemetery Fund	Total Nonmajor Permanent Funds
ASSETS								
Cash and cash equivalents	\$	76,177	-	-	-	-	-	76,177
Investments		337,319	5,517	1,023	4,722	317	6,441	355,339
Total assets	\$	413,496	5,517	1,023	4,722	317	6,441	431,516
LIABILITIES AND FUND BALANCES								
Liabilities:								
Interfund loans payable		101,964	-	-	-	-	-	101,964
Total liabilities		101,964	-	-	-	-	-	101,964
Fund balances:								
Nonspendable		311,881	4,538	939	4,533	275	2,387	324,553
Restricted		(349)	979	84	189	42	4,054	4,999
Total fund balances		311,532	5,517	1,023	4,722	317	6,441	329,552
Total liabilities and fund balances	\$	413,496	5,517	1,023	4,722	317	6,441	431,516

CITY OF BREWER, MAINE
Nonmajor Permanent Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2017

	Cemetery Trust	Elsie Olmstead Library	Ministerial and School Funds	Jefferds Educational Fund	Wallace Witham Fund	Woodlawn Revolving Cemetery Fund	Total Nonmajor Permanent Funds
Revenues:							
Investment income (loss)	\$ (990)	(42)	(10)	(38)	(3)	(57)	(1,140)
Lot sales	1,320	-	-	-	-	-	1,320
Total revenues	330	(42)	(10)	(38)	(3)	(57)	180
Expenditures:							
Cemetery care	4,132	-	-	-	-	-	4,132
Other	-	48	9	42	2	56	157
Total expenditures	4,132	48	9	42	2	56	4,289
Net change in fund balances	(3,802)	(90)	(19)	(80)	(5)	(113)	(4,109)
Fund balances, beginning of year	315,334	5,607	1,042	4,802	322	6,554	333,661
Fund balances, end of year	\$ 311,532	5,517	1,023	4,722	317	6,441	329,552

AGENCY FUNDS

CITY OF BREWER, MAINE
Agency Funds
Statement of Additions, Deductions and Changes in Balances
For the year ended June 30, 2017

		Balances beginning of year	Additions	Deductions	Balances end of year
Activity funds:					
Brewer High School Student Activities	\$	112,589	245,964	234,044	124,509
Brewer Community School Student Activities		34,938	27,685	26,541	36,082
Brewer Performing Arts Center		23,339	20,154	21,646	21,847
Children's fund		59,347	11,829	10,120	61,056
Superintendent's Office		1,623	5,721	4,845	2,499
Total	\$	231,836	311,353	297,196	245,993

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, 2017
(with comparative actual amounts for the year ended June 30, 2016)

	2017		Variance positive (negative)	2016 Actual
	Budget	Actual		
Revenues:				
State education subsidy	\$ 9,870,673	9,795,778	(74,895)	9,978,621
State agency clients	-	14,440	14,440	16,544
Medicaid reimbursement	-	25,198.45	25,198	-
District assessments	2,473,208	2,783,760	310,552	2,630,194
Local sources	90,000	128,728	38,728	132,481
Total revenues	12,433,881	12,747,904	314,023	12,757,840
Expenditures:				
Current:				
Regular instruction	8,262,246	7,983,323	278,923	8,255,050
Special education instruction	3,018,485	2,782,785	235,700	2,562,760
Career and technical education	181,000	180,720	280	192,997
Other instruction	984,606	928,925	55,681	902,243
Student and staff support	1,415,230	1,381,872	33,358	1,330,637
System administration	564,222	557,849	6,373	522,478
School administration	916,445	883,899	32,546	957,984
Transportation and buses	505,765	469,786	35,979	427,388
Facilities maintenance	1,763,884	1,747,514	16,370	1,729,414
All other expenditures	10,924	8,650	2,274	10,636
Debt service and other commitments	3,157,534	3,073,181	84,353	3,181,628
Total expenditures	20,780,341	19,998,504	781,837	20,073,215
Deficiency of revenues under expenditures	(8,346,460)	(7,250,600)	1,095,860	(7,315,375)
Other financing sources (uses):				
City appropriation	7,169,309	7,169,309	-	7,169,309
Budgeted use of fund balance	1,177,151	-	(1,177,151)	-
Transfers out	-	-	-	(1,417)
Total other financing sources	8,346,460	7,169,309	(1,177,151)	7,167,892
Net change in fund balances - budgetary basis	-	(81,291)	(81,291)	(147,483)
Reconciliation to GAAP:				
Change in accrued summer salaries and benefits		49,575		(106,624)
Net change in fund balances - GAAP basis		(31,716)		(254,107)
Fund balance, beginning of year		354,969		609,076
Fund balance, end of year	\$	323,253		354,969

OPERATING DATA

CITY OF BREWER Operating Data

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

GOVERNMENT

The City operates under a charter initially adopted on September 14, 1931, as amended most recently effective December 1, 2015 (the “Charter”). The Charter provides for a Council-Manager form of government with a five-member City Council, elected at-large for three-year staggered terms. The Council adopts an annual budget, provides for an annual audit, and has the ultimate policy and decision-making power in the City. The City Manager is the chief administrative officer of the City and is appointed by and reports solely to the City Council.

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

MUNICIPAL SERVICES

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

Technology Department

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

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

The City’s E-government includes items such as E-List, GIS, access to online auto registration and hunting and fishing licenses, the City web page, and social media. The City uses these tools to communicate City

information such as spring cleanup, “Brewer Days”, universal waste days, and City-sponsored activities to its citizens and local businesses. The City web page provides citizens and businesses with items such as the City ordinances and tax maps.

Public Safety

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

The Police Department is staffed by 21.9 employees, which include the Deputy Police Chief, one Lieutenant, three command staff, a patrol division of 12 officers, a criminal investigations division of two and 1.9 full-time equivalent (“FTE”) civilian administrative employees. Both civilian employees serve the entire Public Safety Department. The Police Department partners with the School Department to provide two full-time uniformed School Resource Officers (“SROs”) whose primary duties are performed in Brewer High School and the pre-K through 8 Brewer Community School. In addition to these budgeted positions, the department has two Special Officers who serve part-time in the capacity of department Chaplain and Firearms Instructor. The Police Department maintains 14 vehicles, all between one and eleven years old.

The Fire Department is operated by the Deputy Fire Chief, two Captains, two Lieutenants, and 13 full-time fire fighters. The department operates from a single fire station and maintains seven vehicles. Through a partnership with Capital Ambulance, the station houses and helps staff two ambulances, which in turn generated almost \$360,000 in FY17 revenue to the City offsetting approximately 25% of the Fire Department’s total annual operating expenses.

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

Engineering Department

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

Department of Parks & Recreation

The Parks and Recreation Department is comprised of 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, and 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 45% self-supporting in FY 2017, with the recreation division at 75%.

Brewer Public Library

The Brewer Public Library (the “Library”) was established in 1908. In 2007, the Library moved into a former school building down the street from City Hall. The Library, a department of the City, is governed by the City Council and the City Manager and is operated by a staff comprised of a full-time librarian, a full-time Children's/Program Librarian, one part-time Cataloguer and three part-time Library Assistants. Volunteers and on-call paid staff are used to round out staffing needs. The City currently provides \$215,000 annually towards the Library’s operating budget. The Brewer Library Association (the “BLA”) is a private, nonprofit organization that maintains a thirteen-member Board of Trustees who oversees private trust funds to benefit the Library. The BLA typically contributes between \$5,000 to \$10,000 in funds and in kind contributions to the Library each year for the purchase of major reference materials, furniture and equipment.

The main portion of the Library houses the adult collection and space in an open format. The Library has a computer lab with seven public access computers, a history room with important Joshua Chamberlain memorabilia and a reading room. The Library has children’s and young adult sections, with separate picture book and “story time” areas; a meeting room with a 15-20 person capacity; a public computer lab with printing capabilities; and two handicap accessible restrooms available for patrons. Photocopying, faxing, and scanning services are available at the front desk; and the Library is a federally certified passport acceptance facility. The Library’s collection has approximately 37,000 volumes, including large print materials, books-on-tape, DVD’s, CDs and subscriptions to over 25 periodicals, access to the Maine Virtual Library databases; and its digital collection offers access to free e-books from Maine InfoNet’s cloud Library. 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 program for homebound citizens of Brewer. With over 5,000 cardholders, including 1,000 non-resident patrons, the Library’s circulation for 2016 was 47,834 physical checkouts and 2,168 digital checkouts.

Public Works

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

Since 1988, the City has transported solid waste to the Penobscot Energy Recovery Company’s (“PERC”) waste-to-energy facility in the adjacent community of Orrington. The City’s tipping fee for the third quarter of 2017 was \$78.50/ton of solid waste disposed. The tipping fee is adjusted quarterly based upon a formula set forth in an agreement between PERC and the City that expires on March 31, 2018. The tipping fee has been in the \$70 range since 2009. As an Equity Charter Member of PERC, the City also receives a quarterly performance credit. The credits scheduled for fiscal year 2017 brought the net tipping fee to \$63 per ton.

The City, along with other Equity Charter Communities, is currently involved in the ownership of PERC. However, on September 12, 2017, the Brewer City Council authorized the exercise of its put option to sell its limited partnership interest back to PERC in exchange for a cash payment. This transfer is

expected to take place sometime after the option deadline of December 15, 2017 and before June 30, 2018. The Equity Charter Communities have developed a plan for a new waste processing facility for 2018, when the current agreements with PERC expires.

In January 2011, in anticipation of the end of the 30-year PERC disposal contract and with the desire to lower trash tonnage to manage costs, the City implemented a “pay as you throw” trash program and switched to an enhanced single stream recycling program. The change has reduced Brewer’s residential trash tonnage by 50% and has allowed the City to set aside funds each year to be used to help smooth the transition to the expected higher post-PERC contract costs.

On February 2, 2016, the City of Brewer entered into a new 15-year waste agreement starting April 1, 2018 with the Municipal Review Committee to dispose of municipal solid waste generated in Brewer at the Fiberight facility currently under construction in Hampden, Maine. Tipping fees will be \$70 per ton the first year and will receive a CPI adjustment annually thereafter. The City has the potential to share in rebates; however, none are expected within the first few years of the Fiberight waste processing facility’s operation.

The City operates a Phase II landfill under a Maine Department of Environmental Protection (“DEP”) construction and demolition debris landfill license, dated February 24, 1994. No wastes other than construction and demolition debris are handled by the landfill. The landfill has approximately 40,000 cubic yards of remaining capacity with a life expectancy of about 7 years. The City has been actively managing and reducing the flow of waste to the landfill to preserve and extend its life for the benefit of Brewer residents and taxpayers. In May 2014, the City reduced the landfill’s hours of operation from 6 days per week to 2 days per month and grass and leaf drop off every Tuesday from 7:00-11:30am. The City has also begun to set aside funds to help cover the closure costs, which were recently estimated at \$670,000.

Sewer Department

The City's Sewer Department maintains a Wastewater Treatment Plant (the “Treatment Plant”) that processes flow, total suspended solids, and oxygen depleting organic pollutants (Biochemical Oxygen Demand or “BOD”) from municipal sewers. The sewer system also includes 14 pumping stations and approximately 53 miles of sewer lines. The Sewer Department is staffed by one Superintendent and nine employees. The 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, 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 CSO Abatement Program that reduced the volume of untreated water entering the Penobscot River by 99.99%. To achieve this level of success the City's sewer users have invested over \$19,300,000 to date to comply with Federal and State CSO elimination mandates. The City completed the required Combined Sewer Overflow ("CSO") abatement upgrades mandated by the 1992 consent agreement in 2012, and in October 2014, it received formal notice from the DEP that the Consent Agreement had been closed out and conditions met. The separation projects have reduced the number of overflow events from 77 per year to virtually zero. The Sewer Department is established as an Enterprise Fund in that the intent of the City is for the department to provide services on a continuing basis financed entirely through user fees.

Water Department

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

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

The day-to-day administration, operation and maintenance of the waterworks facility are conducted by 10.5 Water Department employees under the direction of its Superintendent. The Water Department serves approximately 3,582 customers in a territory with communities that have a consolidated population of approximately 18,000 inhabitants. The current source of the Water Department's water supply is primarily from the 2.92 square mile Hatcase Pond, a surface water aquifer with a 350 million square mile water shed area, a 1,960,200,000 gallon storage capacity and estimated daily "dry year" yield of 2 million gallons; with Flood's Pond as a back-up emergency source. The average daily draft is 790,400 gallons with maximum daily draft of 1,173,000 gallons.

The Water System includes three storage tanks with combined capacity of 2,895,000 gallons (or approximately 3.64 days average 2017 demand). The Water Department's water transmission and distribution system is comprised of approximately 252,738 feet (almost 48 miles) of transmission and distribution mains. The Water Department provides service to 444 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 130 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, 2013 through 2017.

April 1,	City of Brewer Students			Tuition Students			Total
	Pre-K to 8	9 to 12	City	AOS 81	AOS 47	Other	
2017	1,007	409	1,416	106	130	19	1,671
2016	942	389	1,331	142	116	12	1,601
2015	940	377	1,317	161	131	11	1,620
2014	973	364	1,337	186	122	23	1,668
2013	973	374	1,347	190	136	18	1,691

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

City of Brewer High School District

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

The CBHSD is governed by a five-member Board of Trustees (the “Trustees”) serving staggered five-year terms. A Trustee must be a resident of the territory encompassed by the CBHSD and any who cease to be a resident must vacate the respective office. The Trustees have the power to issue debt for the above stated purposes. Each year the Trustees determine the amount of monies due to meet the CBHSD’s interest, principal and/or sinking fund obligations. On or before April 1st of each year, the Trustees issue

a warrant to the assessor of the City, who is required to then collect the assessment from the City's taxpayers. Failure by the City to provide the CBHSD with the requisite assessment allows the Treasurer of the CBHSD the same authority as is vested in county officials for the collection of county taxes, including the power to seize and sell real and personal property. When payment of indebtedness is completed the respective school building is conveyed to the City. When all debt is retired, the Board of Trustees function is terminated.

The School Committee, who govern the affairs of the Brewer School Department, a department of the City, provide for the operation of the City's public schools, including maintenance and minor capital costs of the facilities; the Board of Trustees of the CBHSD are separate and distinct from the City. CBHSD received \$3,113,681 from Brewer for the year ended June 30, 2017, of which \$2,306,182 was debt service subsidy from the State. The debt obligations of the CBHSD are Overlapping Debt obligations of the City.

Alternative Education

Title 20-A, Chapter 313 of the Maine Revised Statutes, as amended, provides for "applied technology education" or a course or program of education which is designed to create or improve job-related skills that are part of a secondary school curriculum. The City is a member of the United Technologies Center, Region #4 ("Region #4"). Applied technology regions in Maine are quasi-municipal corporations established by the Legislature for the delivery of applied technology programs that are comprised of two or more school administrative units and governed by a cooperative board. Each school administrative unit is responsible for its proportionate share of the Region's operating expenses, including debt repayment, which is included in the respective unit's annual assessment to the Region. Region #4's territory encompasses three cities, including Brewer, 11 towns, one plantation, four School Administrative Districts ("SADs") and one Community School District ("CSD"). The City sent 36 students to Region #4 in FY2017. The City is responsible for its proportionate share of Region #4's operating expenses, including debt service, which is assessed to the City annually. The City's share of Region #4's FY2017 assessment was 7.4%, or \$180,720, of Region #4's total FY17 budget of \$2,456,047.

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

LABOR RELATIONS

The City employs approximately 415 full and part-time employees, approximately 262 of whom are employed by the School Department. The following lists the various bargaining units that are represented by a union, and the status of its current contract. City Employees not included in the below table are not represented by unions.

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

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

PHYSICAL AND ECONOMIC CHARACTERISTICS

General

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

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

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

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

Principal Employers

Major Employers	Business	Employees
Eastern Maine Healthcare Systems	Health Care	548
City of Brewer	Governmental	415
Eastern Maine Medical Center	Health Care	390
Hannaford	Retail	150
Downeast Toyota	Vehicle Sales and Service	150
Lowe's	Retail	130
Wal-Mart	Retail	110
Somic America	Manufacturing	105
UPS	Transportation	100

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
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	10,668,570
2012	124	1,904,192	73	7,103,610	197	9,007,802
2011	165	1,603,706	80	4,705,297	245	6,309,003
2010	149	1,737,889	84	2,557,687	233	4,295,576
2009	102	1,603,030	53	25,585,023	155	27,188,053
2008	96	1,675,710	53	39,127,874	149	40,803,584
2007	150	2,292,249	60	27,768,881	210	30,061,130
2006	162	4,755,229	56	6,525,694	218	11,280,923
2005	205	7,934,632	47	2,698,690	252	10,633,322

Population Trends

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

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

Age and Income Levels

Median age (years)^(a)	<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^(b)	<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 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,**

	2014	2015	2016	2017	2018
REVENUES					
Taxes	\$17,597,649	\$17,556,786	\$17,961,833	\$18,017,827	\$18,627,173
Licenses and permits	469,728	389,510	459,838	458,706	240,092
Intergovernmental	10,695,590	10,816,333	10,767,799	11,044,948	11,548,276
Local sources	4,785,216	4,739,400	4,683,692	4,697,163	4,727,716
Interest	20,500	20,500	25,000	30,000	36,000
TOTAL REVENUES	33,568,683	33,522,529	33,898,162	\$34,248,644	\$35,179,257
EXPENDITURES					
General government	1,931,809	1,857,153	1,890,125	2,003,829	2,010,945
Protection	4,498,330	4,358,213	4,447,082	4,655,461	4,800,503
Public services	317,037	249,809	243,700	228,484	252,308
Public works	2,197,874	2,157,419	2,188,210	2,270,615	2,297,132
Education	20,304,969	20,529,095	20,949,839	20,780,341	21,567,284
Unclassified	2,844,625	2,762,836	2,953,983	2,910,057	2,925,969
Debt service	2,113,586	2,227,258	2,226,394	2,224,207	2,381,450
Assessments	927,323	918,036	912,956	946,298	971,757
TOTAL EXPENDITURES	35,135,553	35,059,819	35,812,289	36,019,292	37,207,348
OTHER FINANCING SOURCES					
Fund balance	\$1,127,791	\$1,247,000	\$1,723,210	\$1,577,151	\$1,824,814
Reserves and carryforwards	122,986	0	2,613	2,613	2,613
Operating transfers	316,093	290,290	188,304	190,884	200,664
TOTAL OTHER FINANCING SOURCES	\$1,566,870	\$1,537,290	\$1,914,127	\$1,770,648	\$2,028,091

Capital Improvement Program

Chapter 2 of the City’s Ordinance provides that the City will have a capital improvement plan (“CIP”) to be prepared and presented with the annual budget. The CIP includes an inventory of possible capital projects, some of which may ultimately be financed through the issuance of indebtedness. The issuance of debt, however, is subject to the prior review and approval of the City Council. The CIP includes necessary large capital expenditures such as building construction and infra-structural needs for the City, exclusive of the School Department. The City projects the increased debt service and resultant impact on tax rates.

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

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

	2018	2019	2020	2021	2022	Total
EQUIPMENT						
City Hall	\$35,000	\$63,000	\$142,500	\$53,000	\$345,000	\$ 638,500
Public Safety	143,000	892,500	105,500	1,026,500	494,500	2,662,000
Public Works	276,000	635,500	377,000	415,000	275,000	1,978,500
Other	511,000	173,200	79,000	106,000	187,500	1,056,700
Total Equipment	965,000	1,764,200	704,000	1,600,500	1,302,000	6,335,700
PLANT & PROPERTY						
Minor Struct. & Reno.	27,400	213,500	96,000	125,000	44,500	506,400
Street Reconstruction	365,000	695,000	235,000	235,000	235,000	1,765,000
Major Structures	30,000	3,530,000	1,440,000	990,000	990,000	6,980,000
Financing Expenses	0	10,000	10,000	10,000	10,000	40,000
Total Plant & Property	422,400	4,448,500	1,781,000	1,360,000	1,279,500	9,291,400
TOTAL CIP	1,387,400	6,212,700	2,485,000	2,960,500	2,581,500	15,627,100
FUNDING SOURCES						
CIP Fund Balance	304,400	50,000	50,000	50,000	50,000	504,400
TIF Revenue	0	2,300,000	50,000	500,000	500,000	3,350,000
Impact Fee	0	0	0	0	0	0
Bond Financed	1,083,000	3,837,700	2,335,000	2,380,500	2,001,500	11,637,700
Other (grants, earmarks)	0	25,000	50,000	30,000	30,000	135,000
TOTAL SOURCES	\$1,387,400	\$6,212,700	\$2,485,000	\$2,960,500	\$2,581,500	\$15,627,100

Property Tax Levy Limit

Unless the City follows certain procedural requirements under Title 30-A, Section 5721-A of the Maine Revised Statutes, as amended, the City is limited to an increase in the City's property tax levy from one year to the next to an amount not more than its Municipal Property Tax Levy Limit. The City's Municipal Property Tax Limit for subsequent fiscal years is the Municipal Property Tax Levy Limit for the preceding year multiplied by the Growth Limitation Factor. Therefore, in cases where the amount of the prior year's Municipal Property Tax Levy Limit exceeds the amount of the City's actual property tax levy ("Property Tax Levy"), the City may carry-forward that difference in establishing its future years' property tax levy. The following table displays the City's limitation on Municipal Property Tax Levy:

Fiscal year:	2013	2014	2015	2016	2017
State Personal Income Factor:	1.43%	1.05%	1.09%	0.86%	2.67%
City Property Growth Factor:	<u>1.33</u>	<u>1.23</u>	<u>1.00</u>	<u>1.56</u>	<u>1.23</u>
Growth Limitation Factor:	2.76%	2.28%	2.09%	2.42%	3.90%
Property Tax Levy Limit:	\$8,494,683	\$8,764,911	\$9,074,149	\$9,497,720	\$9,786,013
Property Tax Levy:	<u>6,436,269</u>	<u>6,734,269</u>	<u>6,734,269</u>	<u>6,807,588</u>	<u>6,767,301</u>
Over/(below) Levy Limit:	(\$2,058,414)	(\$2,030,642)	(\$2,339,880)	(\$2,690,132)	(\$3,018,712)

Fund Balance

	(000s)					
	Fiscal Year Ended June 30,					
FUND BALANCE	2012	2013	2014	2015	2016	2017
Unassigned	\$3,643	\$3,463	\$3,662	\$3,728	\$4,257	\$4,362
Non-spendable, restricted, committed	\$2,194	\$1,312	\$1,478	\$1,936	\$1,673	\$1,913
TOTAL FUND BALANCE	\$5,837	\$4,775	\$5,140	\$5,664	\$5,930	\$6,274
Operating Expenditures	\$33,892	\$33,466	\$33,800	\$34,088	\$34,426	\$35,181
Gross Revenues	\$33,763	\$32,554	\$34,315	\$34,442	\$34,775	\$35,297
Unassgn. Fund Balance as % of Op. Exp.	10.7%	10.3%	10.8%	10.9%	12.4%	12.4%
Total Fund Balance as % of Gross Rev.	17.3%	14.7%	15.0%	16.4%	17.0%	17.8%

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 FY17. 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,)**

	2017	2016	2015	2014	2013
ASSETS					
Cash	\$7,778,081	\$6,772,863	\$5,914,699	\$5,007,659	\$5,757,076
Investments	709,781	737,065	732,333	732,277	729,562
Receivables:					
Taxes receivable	66,985	74,102	75,181	75,459	83,296
Tax liens	448,088	550,688	523,488	567,923	541,979
Other receivable	538,979	454,878	876,013	1,647,919	863,895
Prepaid items	230,010	228,124	225,560	224,838	221,621
Inter-fund loans	0	549,016	597,037	159,074	0
TOTAL ASSETS	\$9,771,924	\$9,366,736	\$8,944,311	\$8,415,149	\$8,197,429
LIABILITIES					
Accounts payable	662,844	542,785	497,960	526,517	488,252
Accrued payroll	2,286,493	2,330,297	2,216,572	2,086,570	1,670,983
Taxes collected in advance	99,928	84,551	58,645	79,226	70,251
Unearned revenue	12,265	16,336	20,408	56,668	94,589
Inter-fund loans	89,704	0	0	0	575,728
TOTAL LIABILITIES	\$3,151,234	\$2,973,969	\$2,793,585	\$2,748,981	\$2,899,803
DEFERRED INFLWS of RESOURCES⁽¹⁾					
Unavailable revenue – property taxes	\$346,311	\$462,452	\$486,912	\$525,717	\$522,393
FUND EQUITY⁽¹⁾					
Nonspendable	230,010	228,124	225,560	224,838	221,621
Restricted	323,253	354,969	609,076	205,800	42,423
Assigned	1,359,555	1,090,406	1,101,579	1,047,722	1,047,722
Unassigned	4,361,561	4,256,816	3,727,599	3,662,091	3,463,467
TOTAL FUND EQUITY	\$6,274,379	\$5,930,315	\$5,663,814	\$5,140,451	\$4,775,233
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY	\$9,771,924	\$9,366,736	\$8,944,311	\$8,415,149	\$8,197,429

Prepared from Audited Financial Statements

NOTES: ⁽¹⁾ 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,)

	2017	2016	2015	2014	2013
REVENUES					
Taxes	\$18,455,024	\$18,285,093	\$17,867,909	\$17,851,205	\$16,361,331
Licenses and permits	407,624	463,094	556,207	510,271	360,450
Intergovernmental	12,151,674	12,259,536	12,271,768	12,083,601	12,070,127
Local sources	5,378,923	4,885,206	5,086,436	5,225,845	4,999,529
Interest earned	38,873	42,491	34,769	34,273	11,999
TOTAL REVENUES	36,432,118	35,935,420	35,817,089	35,705,590	33,803,436
EXPENDITURES					
Current:					
Administration	1,912,043	1,801,221	1,822,085	1,853,281	1,738,949
Protection	4,810,350	4,450,571	4,447,981	4,361,052	4,335,989
Public services	221,461	180,909	193,369	211,968	166,141
Public works	2,177,707	2,039,537	2,147,714	2,163,482	2,117,653
Unclassified	2,895,402	2,874,745	2,752,816	2,827,175	2,705,159
Education	19,948,929	20,178,421	19,529,611	19,773,257	19,167,867
Debt service	2,203,077	2,103,693	2,193,477	2,144,918	2,126,083
Assessments	962,275	903,844	1,039,021	931,073	1,096,333
MainePERS	1,135,088	1,160,381	1,374,688	1,389,880	1,465,789
Capital outlay	106,580	0	0	173,845	0
TOTAL EXPENDITURES	36,372,912	35,693,322	35,500,762	35,829,931	34,919,963
EXCESS OF REVENUES OVER EXPENDITURES	59,206	242,098	316,327	(124,736)	(1,116,527)
OTHER FINANCING SOURCES:					
Bond or lease proceeds	106,580	0	0	173,845	0
Reserves and carry forwards	0	0	0	0	6,000
Operating transfers in	215,884	188,320	262,036	381,109	361,340
Operating transfers out	(37,606)	(163,917)	(55,000)	(65,000)	(312,680)
TOTAL OTHER FINANCING SOURCES (USES):	284,858	24,403	207,036	489,954	54,660
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	344,064	266,501	523,363	365,218	(1,061,867)
BEGINNING FUND BALANCE	\$5,930,315	\$5,663,814	\$5,140,451	\$4,775,233	\$5,837,100
ENDING FUND BALANCE	\$6,274,379	\$5,930,315	\$5,663,814	\$5,140,451	\$4,775,233

Prepared from Audited Financial Statements

PROPERTY TAXATION

The principal tax of the City is the tax on real and personal property. A single tax applies for each fiscal year to the assessed value of the taxable real or personal property. The City's Tax Collector receives the tax commitment from the City Assessor, with assessed values as of April 1 of each year, after which time the tax bills are due in two installments. All taxes paid after the due dates are subject to interest, at the rate of 7.0% per annum.

Real Estate Tax

Collection of real estate taxes is ordinarily enforced in the City by the "tax lien" procedure as provided in the Maine Revised Statutes, as amended, to the collection of delinquent real estate taxes. Real Estate Tax Liens are recorded against the individual property at the County Registry of Deeds. This lien has priority over all mortgages, liens, attachments and encumbrances of any nature, subject to any paramount federal tax lien and subject to bankruptcy and insolvency laws. If the account is not satisfied within 18 months, the property becomes tax acquired and may be disposed of by the City.

Business Personal Property Tax

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

Through the Business Equipment Tax Exemption Program ("BETE") the State will reimburse municipalities with respect to the lost property taxes associated with this new exemption. For property not in a grandfathered tax increment financing ("TIF") district, the State reimbursement rate is 50% of the lost tax revenue or, for communities whose tax base is made up of at least 5% personal property, an enhanced rate. In FY2017 Brewer received reimbursement at the enhanced rate of 52.77%. 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	
	<u>June 30,</u>	<u>Not in TIF</u>		<u>In TIF Districts</u>
2017		\$3,380,300	\$7,826,800	\$11,207,100
2016		2,910,200	8,663,500	11,573,700
2015		2,817,200	4,231,500	7,048,700
2014		2,627,900	2,907,400	5,535,300
2013		3,273,200	3,829,400	7,102,600
2012		3,360,600	3,802,000	7,162,600
2011		2,848,700	8,488,300	11,337,000

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 2017:

Name	Nature of Business	Fiscal 2017 Assessed Valuation	% of Total Assessed Valuation
Maritime & Northeast Pipe LLC	Utility	\$ 46,166,000	6.46%
Fransway Realty LLC	Real Estate	18,912,400	2.55%
Walmart	Retail	17,026,800	2.29%
Lowe's Home Centers Inc	Retail	14,523,300	1.95%
Emera Maine	Utility	13,382,200	1.79%
EODSR LLC/Darling Edward	Auto Dealer	8,675,200	1.15%
Somic America Inc	Manufacturer	7,729,000	1.03%
Penobscot River Holdings LLC	Manufacturer	6,912,000	0.92%
Woodlands LLC	Health Care	5,385,300	0.71%
Village Centre Housing Partners LP	Residential Real Estate	4,761,700	0.64%
Total		<u>\$143,473,900</u>	<u>19.49%</u>

Valuations

Fiscal Year	Real Estate Valuation ⁽¹⁾	Personal Property Valuation ⁽²⁾	Total Assessed Valuation	Tax Rate Per \$1,000 of Assessed Valuation	Gross Tax Levy (000s)	Tax Levy Per Capita ⁽³⁾
2017	\$728,845,994	\$31,499,500	\$760,345,494	\$21.52	\$16,363	\$1,726
2016	730,346,030	31,516,100	761,862,130	21.52	16,395	1,729
2015	732,470,870	33,497,600	765,968,470	20.92	16,024	1,690
2014	737,742,900	34,867,400	772,610,300	20.92	16,163	1,705
2013	743,804,600	35,832,700	779,637,300	18.99	14,805	1,561
2012	737,423,700	35,833,200	773,256,900	17.95	13,880	1,464

⁽¹⁾ Excludes Homestead Value Exemption.

⁽²⁾ Excludes property eligible for the Business Equipment Tax Exemption.

⁽³⁾ The 2010 Federal Census is 9,482.

Tax Levy and Collections

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

Fiscal Year	Gross Tax Levy (000)	Collected Year End Levy (000)	% of Tax Levy	Collected as of 6/30/17 (000)	% of Tax Levy
2017	\$16,363	\$16,057	98.13%	\$16,057	98.13%
2016	16,395	16,093	98.16	16,317	99.52
2015	16,024	15,651	97.67	16,002	99.86
2014	16,163	15,817	97.86	16,147	99.90
2013	14,805	14,452	97.62	14,791	99.91
2012	13,880	13,552	97.64	13,869	99.92

TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE DEVELOPMENT HOUSING DISTRICTS

Chapter 206 and former 207 (now repealed) of Title 30-A of the Maine Revised Statutes, as amended, enables a municipality to finance qualified development by borrowing against the future increased property tax receipts attributable to that development. Under the statutory framework, the municipality designates a tax increment financing ("TIF") district or an affordable housing development district (a "housing district") for a period of up to 30 years and adopts a development program (the "Development Program") stating the means and objectives for the development of that district. The municipality may designate, or "capture", all or a portion of the increase in assessed value resulting from development within the district and dedicates the increased property taxes it receives in future years generated by the "captured" assessed value to payment of the costs of the Development Program, which may include debt service on borrowing to fund such costs. Such districts are subject to statutory limits on their size, including the following limitations: (a) the total area of a single district may not exceed 2% of the total acreage of the municipality, (b) the total area of all TIF districts or housing districts within a municipality each may not exceed 5% of the total acreage of the municipality, and (c) the aggregate original assessed value of all TIF districts and the aggregate original assessed value of all housing districts within the municipality as of the April 1st preceding the date the Commissioner of the Department of Economic and Community Development, with respect to TIF Districts, or the Director of the Maine State Housing Authority, with respect to housing development districts, approves the designation of any such district each cannot exceed 5% of the municipality's total value of taxable property. Excluded from this limit as applicable to TIF districts is any district involving project costs in excess of \$10,000,000, the geographic area of which consists entirely of contiguous property owned by a single taxpayer with an assessed value in excess of 10% of the municipality's total assessed value. In addition, the foregoing limitations do not apply to approved downtown TIF districts, TIF districts included within Pine Tree Development Zones or TIF districts that consist solely of one or more community wind power generation facilities owned by a community wind power generator that has been certified by the Public Utilities Commission pursuant to Title 35-A, section, 3403, subsection 3 of the Maine Revised Statutes, as amended.

The increase in assessed value captured by the municipality is excluded from the municipality's equalized just value for each year's State valuation filed with the Secretary of State in accordance with Title 36, Sections 208 and 305 of Maine Revised Statutes, as amended, and is therefore not included in calculating that municipality's share of State educational aid, State municipal revenue sharing, the county tax or the

15% debt limitation for the municipality pursuant to Title 30-A, Section 5702 of the Maine Revised Statutes, as amended.

In FY2017, the City had nine designated tax increment financing districts with \$76,101,600 in captured assessed value. This includes one affordable development housing district. It may consider proposals for other districts on an ongoing basis. All districts will be evaluated based upon the City’s comprehensive plan for economic development, which includes tax increment financing as one of its aspects. In no event will the City’s districts exceed the statutory limitation of total area and aggregate equalized value within all districts, determined as of their date of designation, as set out above.

REVENUES FROM THE STATE

The State provides revenue to the City in a number of areas including aid to the City in the areas of education and road maintenance, reimbursement for general assistance, homestead exemption and BETE and revenue sharing. The amount of revenue in each category is based upon a number of formulas, many of which contain variables that change annually. Further, most categories of State disbursements are governed by laws that may be changed by the State Legislature and are subject to appropriation by the State Legislature in its budgetary process.

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

Fiscal Yr. End June 30,	State Revenue Sharing	State School Subsidy	General Assistance	BETE	Homestead Exemption	Total
2017	\$635,042	\$9,835,416	\$9,246	\$48,885	\$307,515	\$10,836,104
2016	688,294	9,995,165	14,455	44,354	207,345	10,949,613
2015	606,194	9,875,277	11,453	34,398	207,912	10,735,234
2014	614,544	9,648,249	7,406	29,359	208,572	10,508,130
2013	921,654	9,223,785	42,355	38,824	191,599	10,418,217
2012	965,668	9,676,726	61,113	43,456	182,282	10,929,245
2011	1,015,857	9,278,777	68,936	42,033	183,898	10,589,501

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 2017 equalized state valuation (“equalized State Valuation”) is \$718,900,000. The 15% debt limit is \$107,835,000. As of June 30, 2017, the City’s long-term debt outstanding was \$36,309,840, or 5.05% 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 ⁽¹⁾	Bonded Debt Per Capita	Total Bonded Debt as % of State Equalized Valuation	Levy Supported Debt as a % of State Equalized Valuation
2017	\$36,309,840	\$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
2012	40,892,788	732,150,000	4,313	5.58	2.56
2011	41,540,415	737,900,000	4,381	5.63	2.63

⁽¹⁾ As determined by the State of Maine.

Debt Service Component of Operating Expenses

	2014	2015	2016	2017	Budgeted 2018
Gross Current Debt Service:	4,011,714	4,129,500	4,021,957	4,092,100	4,266,923
(less Self Support Enterprise):	<u>(1,866,796)</u>	<u>(1,936,023)</u>	<u>(1,918,264)</u>	<u>(1,889,023)</u>	<u>(1,885,474)</u>
Tax Backed Current Debt Svc:	2,144,918	2,193,477	2,103,693	2,203,077	2,381,449
Operating Expense:	\$33,799,617	\$34,087,955	\$34,426,317	\$35,180,819	\$35,950,000
Debt Service as % Oper. Exp:	6.35%	6.43%	6.11%	6.26%	6.62%

Debt Ratios

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

FY End June 30,	Total Debt	Eq. State Val. (000)	Assessed Val. (000)	Debt as % Eq. Val.	Per Capita Debt
2017	\$36,309,840	\$718,900	\$760,345	5.1%	\$3,829
2016	37,081,743	721,350	761,862	5.1	3,911
2015	38,790,111	707,400	765,968	5.5	4,091
2014	39,975,865	715,750	772,610	5.6	4,216
2013	40,561,352	716,000	779,637	5.7	4,278
2012	40,892,788	732,150	773,257	5.6	4,313
2011	41,540,415	737,900	778,524	5.6	4,381
2010	41,649,369	746,500	781,763	5.6	4,392
2009	44,200,479	746,850	786,196	5.9	4,918
2008	36,421,161	738,950	735,733	4.9	4,053

Future Financing

The City Manager develops a formal five-year Capital Improvement Plan (“CIP”), which includes an inventory of possible capital projects, some of which may ultimately be included in the annually approved CIP, and is an indication of future projects that may be financed through the issuance of indebtedness. The issuance of debt, however, is subject to the prior review and approval of the City Council.

In November 2015, the City Council authorized the borrowing of up to \$1,500,000 from USDA Rural Development to finance improvements to the City’s water pollution control facilities, various sewer system repairs and acquisition of a replacement flusher truck. The \$1.5m loan is expected to close in the spring of 2018.

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

In July 2017, the City Council authorized the issuance of up to \$1,083,000 in general obligation bonds to finance planned capital improvements approved as part of the FY2018 budget process, which is expected to occur in the spring of 2018.