

**CITY OF BREWER, MAINE**

**Annual Financial Report**

**For the Year Ended June 30, 2018**

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**Annual Financial Report**  
**For the Year Ended June 30, 2018**

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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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brewer, Maine as of June 30, 2018, 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.

### ***Change in Accounting Principle***

As described in the notes to basic financial statements, in 2018, the City adopted new accounting guidance, GASBS No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Information***

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2018, on our consideration of the City of Brewer, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Brewer's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Brewer, Maine's internal control over financial reporting and compliance.

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

December 28, 2018

South Portland, Maine

**CITY OF BREWER, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2018**

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As management of the City of Brewer, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Brewer for the fiscal year ended June 30, 2018.

### **Financial Highlights**

- ❖ The assets and deferred outflows of resources of the City of Brewer exceeded liabilities and deferred inflows of resources by **\$41,616,728** (net position). Of this amount, a deficit of **(\$2,471,216)** was reported as unrestricted net position. The City's total net position increased by **\$591,009** from the prior year. Net position of Governmental Activities increased by **\$441,425** while Business-type Activities increased by **\$149,584**.
- ❖ At the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of **\$11,200,643**, which was an increase of **\$492,940** from the prior fiscal year. This increase was comprised of a **(\$88,895)** decrease in the City's general fund, a **\$412,947** increase in the City's major capital projects fund and **\$168,888** increase in the other governmental funds.
- ❖ The City's general fund reports an unassigned fund balance of **\$4,455,661** and total fund balance of **\$6,148,336**, a decrease of **(\$88,895)**. The City's unassigned fund balance is currently at **11.90%** of budgeted expenditures and **12.37%** of general fund expenditures.
- ❖ The City of Brewer completed a bond issuance, incurring an additional **\$3,223,000** in long-term debt in the capital project **(\$2,823,000)** and sewer enterprise funds **(\$400,000)**. However, the City retired **\$3,123,303** 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 **39** 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 **37** 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.

**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 **24-55** of this report.



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

**Other information.** The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual statements and schedules are found on pages **69-101** 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 **\$20,085,768**. Business-type activity assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by **\$21,530,960** for a City-wide total of net position of **\$41,616,728** 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 (**98.66%**) reflects its investment in capital assets (e.g., land, buildings and improvements, machinery, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City of Brewer uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City of Brewer's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position **7.28%** 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 (**5.93%**) as far as being able to meet ongoing obligations. This was mostly a result of implementation of GASBs #68 and #75, which does not impact the cash ability of the City to meet ongoing obligations.

**Summary Statement of Net Position**

	Governmental Activities		Business-type Activities		Primary Government Total	
	2018	2017	2018	2017	2018	2017
<b>ASSETS</b>						
Current and other assets	\$ 15,423,014	14,701,634	(1,313,177)	(1,217,566)	14,109,837	13,484,068
Capital assets	34,655,318	33,448,395	43,575,280	44,188,883	78,230,598	77,637,278
<b>Total assets</b>	<b>50,078,332</b>	<b>48,150,029</b>	<b>42,262,103</b>	<b>42,971,317</b>	<b>92,340,435</b>	<b>91,121,346</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Related to pensions and OPEB	1,465,561	2,634,071	200,891	472,218	1,666,452	3,106,289
<b>Total deferred outflows</b>	<b>1,465,561</b>	<b>2,634,071</b>	<b>200,891</b>	<b>472,218</b>	<b>1,666,452</b>	<b>3,106,289</b>
<b>LIABILITIES</b>						
Long-term liabilities	25,209,892	25,445,690	18,558,796	20,718,881	43,768,688	46,164,571
Other liabilities	5,825,205	3,718,097	2,307,864	978,909	8,133,069	4,697,006
<b>Total liabilities</b>	<b>31,035,097</b>	<b>29,163,787</b>	<b>20,866,660</b>	<b>21,697,790</b>	<b>51,901,757</b>	<b>50,861,577</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Related to pensions and OPEB	423,028	473,502	65,374	87,131	488,402	560,633
<b>Total deferred inflows</b>	<b>423,028</b>	<b>473,502</b>	<b>65,374</b>	<b>87,131</b>	<b>488,402</b>	<b>560,633</b>
<b>NET POSITION</b>						
Net investment in capital assets	16,771,746	17,736,869	24,886,984	24,590,935	41,058,730 *	41,650,269 *
Restricted	3,029,214	2,659,391	-	-	3,029,214	2,659,391
Unrestricted (deficit)	284,808	750,551	(3,356,024)	(2,932,321)	(2,471,216) *	(1,504,235) *
<b>Total net position</b>	<b>\$ 20,085,768</b>	<b>21,146,811</b>	<b>21,530,960</b>	<b>21,658,614</b>	<b>41,616,728</b>	<b>42,805,425</b>

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

\* These amounts do not cross-foot due to the 2018 amount of \$600,000 and 2017 amount of \$677,535 pertaining to bond principal remaining on the \$1,000,000 of bonds used by the Government Activities to purchase capital assets, which were contributed to the business-type activities. These amounts are not considered capital related in the governmental activities column, but are considered capital related in the primary government column.

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Primary Government Total</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Revenues:						
Program revenues:						
Charges for services	\$ 4,852,289	\$ 4,879,640	5,243,513	5,247,551	10,095,802	10,127,191
Operating grants and cont.	14,809,499	15,343,654	-	-	14,809,499	15,343,654
Capital grants and cont.	-	-	264,932	121,641	264,932	121,641
General revenues:						
Property taxes	18,097,056	16,367,026	-	-	18,097,056	16,367,026
Excise taxes	1,972,803	1,871,756	-	-	1,972,803	1,871,756
Interest and costs on taxes	90,484	100,101	-	-	90,484	100,101
Franchise fees	114,680	109,295	-	-	114,680	109,295
State Revenue Sharing	673,342	635,042	-	-	673,342	635,042
Homestead exemption	421,425	307,515	-	-	421,425	307,515
Other govt. revenues	110,753	93,233	-	-	110,753	93,233
Unrestricted invstmt. earnings	38,717	38,873	7,568	-	46,285	38,873
Miscellaneous revenues	2,796	14,703	-	129	2,796	14,832
Transfers	185,664	175,884	(185,664)	(175,884)	-	-
<b>Total revenues and transfers</b>	<b>41,369,508</b>	<b>39,936,722</b>	<b>5,330,349</b>	<b>5,193,437</b>	<b>46,699,857</b>	<b>45,130,159</b>
Expenses:						
Administration	2,317,709	3,875,981	-	-	2,317,709	3,875,981
Protection	5,090,731	5,164,298	-	-	5,090,731	5,164,298
Public services	437,236	305,710	-	-	437,236	305,710
Public works	2,518,774	2,482,844	-	-	2,518,774	2,482,844
Education	23,927,458	22,661,531	-	-	23,927,458	22,661,531
Unclassified	3,885,917	3,783,078	-	-	3,885,917	3,783,078
Assessments	1,015,313	962,275	-	-	1,015,313	962,275
Capital outlay	1,240,223	1,409,839	-	-	1,240,223	1,409,839
Interest on debt	494,722	512,449	-	-	494,722	512,449
Water	-	-	2,429,941	2,527,724	2,429,941	2,527,724
Sewer	-	-	2,750,824	2,885,306	2,750,824	2,885,306
<b>Total expenses</b>	<b>40,928,083</b>	<b>41,158,005</b>	<b>5,180,765</b>	<b>5,413,030</b>	<b>46,108,848</b>	<b>46,571,035</b>
Change in net position	441,425	(1,221,283)	149,584	(219,593)	591,009	(1,440,876)
Net position, prior year - as restated	19,644,343	22,368,094	21,381,376	21,878,207	41,025,719	44,246,301
<b>Net position, current year</b>	<b>\$ 20,085,768</b>	<b>\$ 21,146,811</b>	<b>21,530,960</b>	<b>21,658,614</b>	<b>41,616,728</b>	<b>42,805,425</b>

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

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

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

**Governmental funds.** The focus of the City of Brewer's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the City of Brewer's governmental funds reported combined ending fund balances at June 30, 2018 of **\$11,200,643**, an increase of **\$492,940** in comparison with the prior year. Just under **37.02%** of this total amount, **\$4,146,116** 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, **\$7,054,527**, is not available for new spending because it has already been restricted to use for: 1) various capital and other governmental purposes **\$2,468,519**, and education **\$203,981**; 2) nonexpendable principal in investments, prepaid amounts and inventory, **\$590,044**; or 3) committed or assigned to specific uses **\$3,791,983**.

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 **\$6,148,336**. After adjusting for non-spendable amounts (**\$233,330**), the amount that is restricted for use for education (**\$203,981**) and items assigned to specific use (**\$1,255,364**) of which **\$450,000** is for the 2019 budget and **\$805,364** is for accrued compensated absences, there is a net unassigned balance of **\$4,455,661** 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 **12.37%** of the total general fund expenditures; total fund balance represents **17.07%** of total general fund expenditures.

The fund balance of the City of Brewer's General Fund decreased by (**\$88,895**) during the current fiscal year. While revenues came in **\$641,755** higher than budgeted and expenditures were **\$1,437,542** lower than budgeted, these were partially offset by the City's **\$2,002,939** 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 **\$265,007** to **\$13,380,890**. The operating income was lower by (**\$197,024**) while net nonoperating expenses reduced income by **\$159,416**, which was reduced further by a transfer to the City General Fund of **\$102,756**. Net position of the City's Sewer Fund decreased (**\$115,423**) to **\$8,150,070**. The Sewer Fund experienced operating income of **\$149,074**, which was partially offset by nonoperating expenses of **\$181,589** and a transfer to the City General Fund of **\$82,908**. Of the total net position, the amount classified as net investment in capital assets was **\$11,479,508** and **\$13,407,476** for the Water and Sewer Funds, respectively. Unrestricted net position was **\$1,901,382** for the Water Fund and (**\$5,257,406**) for the Sewer Fund.

**General Fund Budgetary Highlights**

The City of Brewer had a **\$176,051** difference between the original and amended expenditures in the FY 2018 budget. The changes are as follows:

Administration	\$86,281
Protection	37,041
Public Services	36,594
Public Works	31,071
Unclassified	5,064
Assessments	<u>(20,000)</u>
<b>Total</b>	<b><u>\$176,051</u></b>

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

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These changes in appropriations were authorized by the Brewer City Council and appropriated from prior year carryforward balances of **\$134,765**, a net transfer increase of **\$12,881**, an increase in use of fund balance of **\$43,359**, and a decrease in budgeted revenues of **(\$14,954)**. Categories increased/(decreased) for budgeted revenues included: taxes of **(\$63,359)**; licenses and permits of **\$10,365**; intergovernmental of **\$30,000**; and local sources of **\$8,040**. 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, 2018 amount to **\$69,000,168**, net of accumulated depreciation of **\$34,344,850**, leaving a net book value of **\$34,655,318**. This is a increase of **(\$1,206,923)**, including **\$3,107,215** in new additions, **\$127,778** loss on disposal and **\$1,772,514** 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, 2018 amounts to **\$70,155,011**, net of accumulated depreciation of **\$26,579,731**, leaving a net book value of **\$43,575,280**. This is a decrease of **(\$613,602)**, including **\$499,625** in new additions, **(\$1,350)** in loss on disposals, and **\$1,111,877** 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 **\$36,409,536**. Of this amount, **\$18,575,160** is for governmental activities and **\$17,834,376** is for business-type activities. All debt is backed by the full faith and credit of the City.

The City of Brewer has authorized, but not yet issued **\$6,200,000** in new long-term debt during the current fiscal year (FY2019) for various capital improvements and retired **\$3,123,303** in old bonds. Of the total authorized and unissued debt, **\$500,000** will be issued as municipal bonds, and **\$5,700,000**, for sewer system improvements, will be issued in two increments, **\$1,500,000** (authorized in 2016) and **\$4,200,000** (authorized in 2017) through the US Department of Agriculture, Rural Development (USDA) office, as long term loans.

State statutes limit the amount of general obligation debt a municipality may issue to 15% of its total state assessed valuation, with a further limit of no more than 7.5% of state assessed valuation in enterprise fund debt. The current debt limitation for the City of Brewer as a whole is **\$108,150,000** and **\$54,075,000** 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, 2018**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 10,452,640	550	10,453,190
Investments	1,083,099	-	1,083,099
Receivables:			
Taxes	69,373	-	69,373
Tax and sewer liens	444,403	28,865	473,268
Other receivables	538,864	774,222	1,313,086
Due from other governments	181,532	-	181,532
Prepaid expenses	233,330	-	233,330
Inventory	32,161	31,113	63,274
Other assets	-	239,685	239,685
Internal balances	2,387,612	(2,387,612)	-
Capital assets, not being depreciated	3,143,575	3,481,932	6,625,507
Capital assets, net	31,511,743	40,093,348	71,605,091
Total assets	50,078,332	42,262,103	92,340,435
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	1,372,819	175,697	1,548,516
Deferred outflows of resources related to OPEB	92,742	25,194	117,936
Total deferred outflows of resources	1,465,561	200,891	1,666,452
<b>LIABILITIES</b>			
Accounts payable	1,148,439	270,160	1,418,599
Accrued payroll and related liabilities	2,531,353	198,615	2,729,968
Accrued interest payable	114,167	164,493	278,660
Taxes collected in advance	111,165	-	111,165
Unearned revenue	20,004	453,343	473,347
Noncurrent liabilities:			
Due within one year	1,900,077	1,221,253	3,121,330
Due in more than one year	25,209,892	18,558,796	43,768,688
Total liabilities	31,035,097	20,866,660	51,901,757
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	326,512	63,482	389,994
Deferred inflows of resources related to OPEB	96,516	1,892	98,408
Total deferred inflows of resources	423,028	65,374	488,402
<b>NET POSITION</b>			
Net investment in capital assets	16,771,746	24,886,984	41,058,730
Restricted:			
Education	203,981	-	203,981
Grants and other programs	1,137,195	-	1,137,195
Capital projects	1,362,037	-	1,362,037
Permanent funds:			
Nonexpendable	324,553	-	324,553
Expendable	1,448	-	1,448
Unrestricted	284,808	(3,356,024)	(2,471,216)
Total net position	\$ 20,085,768	21,530,960	41,616,728

*See accompanying notes to basic financial statements.*

CITY OF BREWER, MAINE  
Statement of Activities  
For the year ended June 30, 2018

Functions/programs		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	
Expenses							
Primary government:							
Governmental activities:							
Administration	\$ 2,317,709	73,557	-	-	(2,244,152)	-	(2,244,152)
Protection	5,090,731	323,905	12,716	-	(4,754,110)	-	(4,754,110)
Public services	437,236	-	10,200	-	(427,036)	-	(427,036)
Public works	2,518,774	338,150	414,558	-	(1,766,066)	-	(1,766,066)
Unclassified	3,885,917	479,392	-	-	(3,406,525)	-	(3,406,525)
Education	22,605,926	3,634,672	13,050,493	-	(5,920,761)	-	(5,920,761)
State retirement contribution (Education)	1,321,532	-	1,321,532	-	-	-	-
Interest on debt	494,722	2,613	-	-	(492,109)	-	(492,109)
Assessments	1,015,313	-	-	-	(1,015,313)	-	(1,015,313)
Capital outlay	1,240,223	-	-	-	(1,240,223)	-	(1,240,223)
Total governmental activities	40,928,083	4,852,289	14,809,499	-	(21,266,295)	-	(21,266,295)
Business-type activities:							
Water	2,429,941	2,528,772	-	264,932	-	363,763	363,763
Sewer	2,750,824	2,714,741	-	-	-	(36,083)	(36,083)
Total business-type activities	5,180,765	5,243,513	-	264,932	-	327,680	327,680
Total primary government	\$ 46,108,848	10,095,802	14,809,499	264,932	(21,266,295)	327,680	(20,938,615)
General revenues:							
Property taxes					\$ 18,097,056	-	18,097,056
Excise taxes					1,972,803	-	1,972,803
Interest and costs on taxes					90,484	-	90,484
Franchise fees					114,680	-	114,680
Grants and contributions not restricted to specific programs:							
State Revenue Sharing					673,342	-	673,342
Homestead exemption					421,425	-	421,425
Other intergovernmental revenues					110,753	-	110,753
Unrestricted investment earnings					38,717		38,717
Miscellaneous revenues					2,796	7,568	10,364
Transfers					185,664	(185,664)	-
Total general revenues and transfers					21,707,720	(178,096)	21,529,624
Change in net position					441,425	149,584	591,009
Net position - beginning, as restated					19,644,343	21,381,376	41,025,719
Net position - ending					\$ 20,085,768	21,530,960	41,616,728

See accompanying notes to basic financial statements.

**CITY OF BREWER, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

	General	Other Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,716,453	2,659,205	76,982	10,452,640
Investments	732,671	-	350,428	1,083,099
Receivables:				
Taxes	69,373	-	-	69,373
Tax liens	444,403	-	-	444,403
Other receivables	408,706	800	129,358	538,864
Due from other governments	-	-	181,532	181,532
Prepaid expenditures	233,330	-	-	233,330
Interfund loans receivable	146,478	1,214,539	1,181,531	2,542,548
Inventory	-	-	32,161	32,161
<b>Total assets</b>	<b>\$ 9,751,414</b>	<b>3,874,544</b>	<b>1,951,992</b>	<b>15,577,950</b>
<b>LIABILITIES</b>				
Accounts payable	540,957	306,912	290,387	1,138,256
Accrued payroll and related liabilities	2,531,353	-	-	2,531,353
Taxes collected in advance	111,165	-	-	111,165
Unearned revenue	8,193	-	11,811	20,004
Interfund loans payable	-	-	165,119	165,119
<b>Total liabilities</b>	<b>3,191,668</b>	<b>306,912</b>	<b>467,317</b>	<b>3,965,897</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	411,410	-	-	411,410
<b>Total deferred inflows of resources</b>	<b>411,410</b>	<b>-</b>	<b>-</b>	<b>411,410</b>
<b>FUND BALANCES</b>				
Nonspendable	233,330	-	356,714	590,044
Restricted	203,981	1,261,851	1,206,668	2,672,500
Committed	-	2,489,181	47,438	2,536,619
Assigned	1,255,364	-	-	1,255,364
Unassigned	4,455,661	(183,400)	(126,145)	4,146,116
<b>Total fund balances</b>	<b>6,148,336</b>	<b>3,567,632</b>	<b>1,484,675</b>	<b>11,200,643</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 9,751,414</b>	<b>3,874,544</b>	<b>1,951,992</b>	

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	34,655,318
Other long-term assets are not available to pay for current period expenditures and therefore, are unavailable in the funds.	411,410
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	(18,575,160)
Premium on bonds	(516,432)
Capital leases	(239,510)
Accrued compensated absences	(1,100,047)
Net pension liability, including related deferred inflows and outflows of resources	(3,577,108)
Landfill closure and postclosure	(670,363)
Other postemployment benefits liability, including related deferred inflows and outflows of resources	(1,388,816)
Accrued interest payable	(114,167)

<b>Net position of governmental activities</b>	<b>\$ 20,085,768</b>
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*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, 2018**

	General	Other Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 18,920,245	-	-	18,920,245
Licenses and permits	290,653	-	-	290,653
Intergovernmental	12,829,096	-	1,631,221	14,460,317
Local sources	5,128,731	1,729,903	350,974	7,209,608
Unclassified	-	-	203,000	203,000
Investment earnings (loss)	38,717	-	(3,795)	34,922
Total revenues	37,207,442	1,729,903	2,181,400	41,118,745
Expenditures:				
Current:				
Administration	1,931,743	-	-	1,931,743
Protection	4,721,851	-	79,840	4,801,691
Public services	206,884	-	230,352	437,236
Public works	2,177,178	-	-	2,177,178
Unclassified	2,901,175	-	37,210	2,938,385
Education	20,839,074	-	1,576,326	22,415,400
Assessments	1,015,313	-	-	1,015,313
State retirement contribution	1,321,532	-	-	1,321,532
Debt service:				
Principal	1,864,180	-	-	1,864,180
Interest	516,871	-	-	516,871
Capital outlay	285,619	4,139,956	74,984	4,500,559
Total expenditures	37,781,420	4,139,956	1,998,712	43,920,088
Excess (deficiency) of revenues over (under) expenditures	(573,978)	(2,410,053)	182,688	(2,801,343)
Other financing sources (uses):				
Issuance of debt	285,619	2,823,000	-	3,108,619
Transfers from other funds	200,664	-	1,200	201,864
Transfers to other funds	(1,200)	-	(15,000)	(16,200)
Total other financing sources (uses)	485,083	2,823,000	(13,800)	3,294,283
Net change in fund balances	(88,895)	412,947	168,888	492,940
Fund balances, beginning of year	6,237,231	3,154,685	1,315,787	10,707,703
<b>Fund balances, end of year</b>	<b>\$ 6,148,336</b>	<b>3,567,632</b>	<b>1,484,675</b>	<b>11,200,643</b>

*See accompanying notes to basic financial statements.*

**CITY OF BREWER, MAINE**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the year ended June 30, 2018**

Net change in fund balances - total governmental funds (from Statement 4)	\$	492,940
Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$3,107,215) exceeded depreciation expense (\$1,772,514) and loss on disposal (\$127,778).		
		1,206,923
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.		
		65,099
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. This is the change in other post-employment benefits with related deferred inflows and outflows (\$50,148), accrued compensated absences (\$109,740), accrued interest (\$6,542) and net pension liability with related deferred inflows and outflows (\$94,480).		
		(260,910)
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.		
		28,691
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 (\$2,823,000) and lease proceeds (\$285,619) exceeded repayments (\$2,017,301).		
		(1,091,318)
<b>Change in net position of governmental activities (see Statement 2)</b>	<b>\$</b>	<b>441,425</b>

*See accompanying notes to basic financial statements.*

**CITY OF BREWER, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - General Fund (Budgetary Basis)**  
**For the year ended June 30, 2018**

	General Fund			Variance with final budget positive (negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 18,690,532	18,627,173	18,920,245	293,072
Licenses and permits	253,223	263,588	290,653	27,065
Intergovernmental	11,548,276	11,578,276	11,507,564	(70,712)
Local sources	4,731,078	4,739,118	5,128,731	389,613
Interest earned	36,000	36,000	38,717	2,717
Total revenues	35,259,109	35,244,155	35,885,910	641,755
Expenditures:				
Current:				
Administration	2,009,745	2,096,026	1,931,743	164,283
Protection	4,820,365	4,857,406	4,721,851	135,555
Public services	232,447	269,041	206,884	62,157
Public works	2,297,132	2,328,203	2,177,178	151,025
Unclassified	2,925,969	2,931,033	2,901,175	29,858
Education	21,567,284	21,567,284	20,673,821	893,463
Assessments	1,036,115	1,016,115	1,015,313	802
Debt service:				
Principal	1,864,180	1,864,180	1,864,180	-
Interest	517,270	517,270	516,871	399
Total expenditures	37,270,507	37,446,558	36,009,016	1,437,542
Deficiency of revenues under expenditures	(2,011,398)	(2,202,403)	(123,106)	2,079,297
Other financing sources (uses):				
Use of fund balance	1,824,815	1,868,174	-	(1,868,174)
Reserves and carryforwards	-	134,765	-	(134,765)
Transfers from other funds	187,783	200,664	200,664	-
Transfers to other funds	(1,200)	(1,200)	(1,200)	-
Total other financing sources	2,011,398	2,202,403	199,464	(2,002,939)
Net change in fund balances - budgetary basis	-	-	76,358	76,358
Reconciliation to GAAP:				
Change in accrued summer salaries and benefits			(165,253)	
Total reconciling items to GAAP			(165,253)	
Net change in fund balances - GAAP basis			(88,895)	
Fund balances, beginning of year			6,237,231	
<b>Fund balances, end of year</b>	<b>\$</b>		<b>6,148,336</b>	

*See accompanying notes to basic financial statements.*

**CITY OF BREWER, MAINE**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2018**

<b>Business-type Activities - Enterprise Funds</b>			
	<b>Water Department</b>	<b>Sewer Department</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 500	50	550
User fees receivable	112,820	661,402	774,222
Liens receivable	523	28,342	28,865
Interfund loans receivable	2,525,174	-	2,525,174
Inventory	31,113	-	31,113
Other assets	239,685	-	239,685
<b>Total current assets</b>	<b>2,909,815</b>	<b>689,794</b>	<b>3,599,609</b>
Noncurrent assets:			
Capital assets not being depreciated:			
Land	3,004,276	53,900	3,058,176
Construction in progress	2,389	421,367	423,756
<b>Total capital assets not being depreciated</b>	<b>3,006,665</b>	<b>475,267</b>	<b>3,481,932</b>
Capital assets being depreciated:			
Capital assets	31,077,028	35,596,051	66,673,079
Accumulated depreciation	(10,921,514)	(15,658,217)	(26,579,731)
<b>Total capital assets being depreciated</b>	<b>20,155,514</b>	<b>19,937,834</b>	<b>40,093,348</b>
<b>Total noncurrent assets</b>	<b>23,162,179</b>	<b>20,413,101</b>	<b>43,575,280</b>
<b>Total assets</b>	<b>26,071,994</b>	<b>21,102,895</b>	<b>47,174,889</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	81,992	93,705	175,697
Deferred outflows of resources related to OPEB	9,707	15,487	25,194
<b>Total deferred outflows of resources</b>	<b>91,699</b>	<b>109,192</b>	<b>200,891</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	16,700	253,460	270,160
Accrued payroll and related benefits	94,343	104,272	198,615
Accrued interest payable	104,068	60,425	164,493
Unearned revenue	370,807	82,536	453,343
Interfund loans payable	-	4,912,786	4,912,786
Noncurrent liabilities, due in one year	616,623	604,630	1,221,253
<b>Total current liabilities</b>	<b>1,202,541</b>	<b>6,018,109</b>	<b>7,220,650</b>
Long-term liabilities:			
Noncurrent liabilities, due in more than one year	11,549,908	7,008,888	18,558,796
<b>Total long-term liabilities</b>	<b>11,549,908</b>	<b>7,008,888</b>	<b>18,558,796</b>
<b>Total liabilities</b>	<b>12,752,449</b>	<b>13,026,997</b>	<b>25,779,446</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	29,625	33,857	63,482
Deferred inflows of resources related to OPEB	729	1,163	1,892
<b>Total deferred inflows of resources</b>	<b>30,354</b>	<b>35,020</b>	<b>65,374</b>
<b>NET POSITION</b>			
Net investment in capital assets	11,479,508	13,407,476	24,886,984
Unrestricted	1,901,382	(5,257,406)	(3,356,024)
<b>Total net position</b>	<b>\$ 13,380,890</b>	<b>8,150,070</b>	<b>21,530,960</b>

*See accompanying notes to basic financial statements.*

**CITY OF BREWER, MAINE**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the year ended June 30, 2018**

<b>Business-type Activities - Enterprise Funds</b>			
	<b>Water Department</b>	<b>Sewer Department</b>	<b>Total</b>
Operating revenues:			
Charges for services	\$ 2,433,138	2,258,383	4,691,521
Other	95,634	456,358	551,992
<b>Total operating revenues</b>	<b>2,528,772</b>	<b>2,714,741</b>	<b>5,243,513</b>
Operating expenses:			
Operation - salaries and benefits	527,741	682,239	1,209,980
Operation - other	410,008	959,540	1,369,548
Administrative expenses - salaries and benefits	197,257	173,787	371,044
Administrative expenses - other	327,768	184,066	511,834
Depreciation and amortization	538,819	566,035	1,104,854
<b>Total operating expenses</b>	<b>2,001,593</b>	<b>2,565,667</b>	<b>4,567,260</b>
<b>Operating income</b>	<b>527,179</b>	<b>149,074</b>	<b>676,253</b>
Nonoperating revenues (expenses):			
Other revenues	4,000	3,568	7,568
Capital grants and contributions	264,932	-	264,932
Interest on debt service	(429,698)	(185,157)	(614,855)
Loss on disposal of capital assets	1,350	-	1,350
<b>Total nonoperating expenses</b>	<b>(159,416)</b>	<b>(181,589)</b>	<b>(341,005)</b>
<b>Net income (loss) before transfers</b>	<b>367,763</b>	<b>(32,515)</b>	<b>335,248</b>
Transfers:			
Transfers to General Fund - administration	(102,756)	(82,908)	(185,664)
<b>Total transfers</b>	<b>(102,756)</b>	<b>(82,908)</b>	<b>(185,664)</b>
<b>Change in net position</b>	<b>265,007</b>	<b>(115,423)</b>	<b>149,584</b>
<b>Net position, beginning of year - as restated</b>	<b>13,115,883</b>	<b>8,265,493</b>	<b>21,381,376</b>
<b>Net position, end of year</b>	<b>\$ 13,380,890</b>	<b>8,150,070</b>	<b>21,530,960</b>

*See accompanying notes to basic financial statements.*

**CITY OF BREWER, MAINE**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2018**

<b>Business-type Activities - Enterprise Funds</b>				
	<b>Water</b>	<b>Sewer</b>	<b>Total</b>	
	<b>Department</b>	<b>Department</b>		
Cash flows from operating activities:				
Receipts from customers and users	\$ 2,526,073	2,645,000	5,171,073	
Payments to suppliers	(789,966)	(1,037,387)	(1,827,353)	
Payments to employees	(746,457)	(864,151)	(1,610,608)	
Net cash provided by operating activities	989,650	743,462	1,733,112	
Cash flows from non-capital financing activities:				
Transfers (to) from other funds	(172,881)	153,678	(19,203)	
Net cash provided by (used in) non-capital financing activities	(172,881)	153,678	(19,203)	
Cash flows from capital and related financing activities:				
Purchase of capital assets	(88,113)	(411,512)	(499,625)	
Capital grants and contributions	264,932	-	264,932	
Bond issuance proceeds	-	400,000	400,000	
Principal payments on bonds	(561,095)	(698,027)	(1,259,122)	
Interest payments	(432,493)	(187,601)	(620,094)	
Net cash used in capital and related financing activities	(816,769)	(897,140)	(1,713,909)	
Net increase (decrease) in cash	-	-	-	
Cash, beginning of year	500	50	550	
<b>Cash, end of year</b>	<b>\$ 500</b>	<b>50</b>	<b>550</b>	
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income	\$ 527,179	149,074	676,253	
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	538,819	566,035	1,104,854	
Increase in receivables	(14,728)	(62,141)	(76,869)	
Decrease in inventory	8,018	-	8,018	
Increase (decrease) in accounts payable	(16,540)	109,415	92,875	
Decrease in other liabilities	(43,668)	(3,196)	(46,864)	
Increase (decrease) in accrued wages and benefits	(876)	16,513	15,637	
Decrease in net pension liability	(164,950)	(179,094)	(344,044)	
Increase in OPEB liability	15,517	24,758	40,275	
Decrease in deferred outflows of resources	140,228	140,806	281,034	
Decrease in deferred inflows of resources	(11,378)	(11,108)	(22,486)	
Increase (decrease) in unearned revenue	12,029	(7,600)	4,429	
Net cash provided by operating activities	989,650	743,462	1,733,112	

*See accompanying notes to basic financial statements.*

**CITY OF BREWER, MAINE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2018**

	<b>Agency Funds</b>	<b>Private- purpose Trust Funds</b>
	<b>Student Activity Funds</b>	
<b>ASSETS</b>		
Cash and cash equivalents	\$ 248,459	31,381
Investments	-	750,618
Interfund loans receivable	-	10,183
<b>Total assets</b>	<b>248,459</b>	<b>792,182</b>
<b>LIABILITIES</b>		
Due to student groups	248,459	-
<b>Total liabilities</b>	<b>248,459</b>	<b>-</b>
<b>NET POSITION</b>		
Held in trust	\$ -	<b>792,182</b>

*See accompanying notes to basic financial statements.*

**CITY OF BREWER, MAINE**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the year ended June 30, 2018**

	<b>Private- purpose Trust Funds</b>
Additions:	
Investment income	\$ 72,960
Donations and other	43,527
<b>Total additions</b>	<b>116,487</b>
Deductions:	
Scholarships	46,795
Other	17,535
<b>Total deductions</b>	<b>64,330</b>
Change in net position	52,157
Net position, beginning of year	740,025
<b>Net position, end of year</b>	<b>\$ 792,182</b>

*See accompanying notes to basic financial statements.*



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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

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

**B. Government-wide and Fund Financial Statements**

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

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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period for property taxes and one year for other revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as certain compensated absences and claims and judgments, are recorded only when the payment is due.

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund type:

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent on behalf of others. The City's fiduciary funds include the following fund types:

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's Water and Sewer Funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary fund is charges to customers for sales and services; operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**D. Cash and Investments**

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

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

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

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

**F. Receivables**

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

**G. Inventories and Prepaid Expenditures**

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures in both the government-wide and fund financial statements. The cost of prepaid expenditures is recorded as expenditures/expenses when consumed rather than when purchased.

**H. Capital Assets**

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

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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

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

**I. Compensated Absences**

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

**J. Long-term Obligations**

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

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

**K. Deferred Outflows and Inflows of Resources**

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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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They include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between City contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They include the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized over a five-year period.

**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**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**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, 2018:

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	Primary <u>Government</u>
Capital assets	\$ 69,000,168	70,155,011	139,155,179
Accumulated depreciation	(34,344,850)	(26,579,731)	(60,924,581)
Bonds payable (capital related)	(17,975,160)	(17,834,376)	(36,409,536) <sup>1</sup>
Bond premiums	(516,432)	(853,920)	(1,370,352)
Capital leases payable	(239,510)	-	(239,510)
Unspent bond proceeds	847,530	-	847,530
<b>Net investment in capital assets</b>	<b>\$ 16,771,746</b>	<b>24,886,984</b>	<b>41,058,730</b>

<sup>1</sup> This amount does not cross-foot due to the \$600,000 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 \$600,000 is not considered capital related in the governmental activities column, but is considered capital related in the primary government column.

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**P. Pensions**

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

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

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

**R. Comparative Data/Reclassifications**

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

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**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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**A. Budgetary Information**

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

For the year ended June 30, 2018, expenditures exceeded appropriations in the following general fund departments as shown on Exhibit A-2:

City manager	\$	12,868
General protections		19,307
Employee benefits		31,416
Unclassified - all other		1,793



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

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**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED**

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**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>
2018 budget as originally adopted	\$ 35,259,109	(37,270,507)	2,011,398
Use of prior year reserves and carryforwards	-	(191,005)	191,005
Subsequent authorizations	(14,954)	14,954	-
<b>Totals</b>	<b>\$35,244,155</b>	<b>(37,446,558)</b>	<b>2,202,403</b>

**C. Deficit Fund Equity**

The following funds had a deficit fund balance at June 30, 2018:

MMA Grant Fund	\$ 906
Chamberlain Golf Classic	40
FHWA Route 15 Earmark	3,692
City Hall Rehab	18,586

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

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

Through June 30, 2018, 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, 2018 - GAAP basis	\$ 203,981
Accrued teacher summer salaries	1,690,072
Accrued teacher summer benefits	570,707
<b>Fund balance - School Department, June 30, 2018 - budgetary basis</b>	<b>\$ 2,464,760</b>

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

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**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED**

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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 \$1,321,532. 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.

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**DEPOSITS AND INVESTMENTS**

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**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, 2018, the City reported deposits of \$10,733,030 with a bank balance of \$10,993,716. Of the City's bank balances, \$80,993 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	\$ 10,452,640
Reported in business-type activities	550
Reported in fiduciary funds	279,840
<b>Total deposits</b>	<b>\$ 10,733,030</b>

**B. Investments**

At June 30, 2018, the City had the following investments and maturities:

	<u>Fair value</u>	<u>N/A</u>	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>Level 1 input</u>
Money market	\$ 750,618	750,618	-	-	Yes
U.S Treasury notes	49,387	-	-	49,387	Yes
Certificates of deposit	1,033,712	-	149,975	883,737	N/A
<b>Total investments</b>	<b>\$ 1,833,717</b>	<b>750,618</b>	<b>149,975</b>	<b>933,124</b>	

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

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**DEPOSITS AND INVESTMENTS, CONTINUED**

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

Investments have been reported as follows:

Reported in governmental funds	\$ 1,083,099
Reported in fiduciary funds	750,618
<hr/>	
<b>Total investments</b>	<b>\$ 1,833,717</b>

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

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

*Custodial Credit Risk - investments:* For investments, custodial credit risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's policy is that funds can only be invested in financial institutions that are insured by the F.D.I.C. Any funds deposited or invested above the \$250,000 insurance limit must be collateralized by the financial institution at 110% of the face value of the deposit or preferably be fully insured by an independent agent. Any designated collateral shall consist of U.S. Treasury or U.S. Government Agency obligations.

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**PROPERTY TAX**

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Property taxes for the current year were committed on July 1, 2017 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 21, 2017, and 50% on March 13, 2018. 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 \$752,091,440 was 100% of the estimated market value and 104% of the 2018 state valuation of \$721,000,000.

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 \$93,690 for the year ended June 30, 2018.

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

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

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

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**PROPERTY TAX, CONTINUED**

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The following summarizes the 2018 and 2017 levy:

	<u>2018</u>	<u>2017</u>
Total assessed valuation	\$ 752,091,440	760,345,494
Tax rate (per \$1,000)	22.50	21.52
Commitment	16,922,057	16,362,635
Supplemental taxes assessed	-	15
	16,922,057	16,362,650
Less - collections and abatements	(16,626,686)	(16,056,451)
<b>Receivable at end of year</b>	<b>\$ 295,371</b>	<b>306,199</b>
Consisting of:		
Real estate liens	281,583	294,316
Real estate and personal property taxes	13,788	11,883
<b>Receivable at end of year</b>	<b>\$ 295,371</b>	<b>306,199</b>
Collection rate	98.25%	98.13%

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

**CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance June 30, <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2018</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated				
Land	\$ 2,211,336	26,585	-	2,237,921
Artwork and historical treasures	109,300	-	-	109,300
Construction in progress	1,017,035	765,910	(986,591)	796,354
<b>Total capital assets, not being depreciated</b>	<b>3,337,671</b>	<b>792,495</b>	<b>(986,591)</b>	<b>3,143,575</b>
Capital assets, being depreciated				
Land improvements	5,938,513	516,856	-	6,455,369
Buildings and building improvements	11,360,888	-	-	11,360,888
Machinery and equipment	4,874,035	102,947	(31,090)	4,945,892
Vehicles	3,325,975	639,256	(503,031)	3,462,200
Infrastructure	37,589,992	2,042,252	-	39,632,244
<b>Total capital assets, being depreciated</b>	<b>63,089,403</b>	<b>3,301,311</b>	<b>(534,121)</b>	<b>65,856,593</b>
Less accumulated depreciation for:				
Land improvements	(1,015,657)	(117,097)	-	(1,132,754)
Buildings and building improvements	(4,484,912)	(240,317)	-	(4,725,229)
Machinery and equipment	(2,918,381)	(348,126)	31,090	(3,235,417)
Vehicles	(1,986,040)	(242,238)	375,253	(1,853,025)
Infrastructure	(22,573,689)	(824,736)	-	(23,398,425)
<b>Total accumulated depreciation</b>	<b>(32,978,679)</b>	<b>(1,772,514)</b>	<b>406,343</b>	<b>(34,344,850)</b>
<b>Total capital assets, being depreciated, net</b>	<b>30,110,724</b>	<b>1,528,797</b>	<b>(127,778)</b>	<b>31,511,743</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 33,448,395</b>	<b>2,321,292</b>	<b>(1,114,369)</b>	<b>34,655,318</b>

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

Governmental activities:	
Administration	\$ 127,313
Protection	292,954
Public works, including depreciation of general infrastructure assets	341,388
Unclassified	947,532
Education	63,327
<b>Total depreciation expense - governmental activities</b>	<b>\$ 1,772,514</b>

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

**CAPITAL ASSETS, CONTINUED**

	Balance June 30, <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2018</u>
<b>Business-type activities</b>				
Capital assets, not being depreciated				
Land	\$ 3,058,176	-	-	3,058,176
Construction in progress	304,973	369,278	(250,495)	423,756
<b>Total capital assets, not being depreciated</b>	<b>3,363,149</b>	<b>369,278</b>	<b>(250,495)</b>	<b>3,481,932</b>
Capital assets, being depreciated				
Buildings and improvements	22,522,760	-	(41,156)	22,481,604
Machinery, equipment and vehicles	7,469,543	87,352	(654,248)	6,902,647
Infrastructure	37,056,119	293,490	(60,781)	37,288,828
<b>Total capital assets, being depreciated</b>	<b>67,048,422</b>	<b>380,842</b>	<b>(756,185)</b>	<b>66,673,079</b>
Less accumulated depreciation for:				
Buildings and improvements	(9,351,066)	(467,081)	41,156	(9,776,991)
Machinery, equipment and vehicles	(6,882,585)	(105,253)	652,898	(6,334,940)
Infrastructure	(9,989,038)	(539,543)	60,781	(10,467,800)
<b>Total accumulated depreciation</b>	<b>(26,222,689)</b>	<b>(1,111,877)</b>	<b>754,835</b>	<b>(26,579,731)</b>
<b>Total capital assets, being depreciated, net</b>	<b>40,825,733</b>	<b>(731,035)</b>	<b>(1,350)</b>	<b>40,093,348</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 44,188,882</b>	<b>(361,757)</b>	<b>(251,845)</b>	<b>43,575,280</b>

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

Business-type activities:	
Water fund	\$ 535,003
Sewer fund	576,874
<b>Total depreciation expense - business-type activities</b>	<b>\$ 1,111,877</b>

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

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**INTERFUND LOAN BALANCES/TRANSFERS**

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During the course of normal operations, the City has numerous transactions between funds. The Water and Sewer funds regularly transfer amounts to the General Fund for administrative costs. Individual interfund receivable and payable balances and interfund transfers at June 30, 2018 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	\$ 146,478	-	199,464
Other Capital Projects	1,214,539	-	-
Total major governmental funds	1,361,017	-	199,464
Other nonmajor governmental funds:			
Police Asset Forfeiture	46,192	-	-
CDBG Housing Rehab Grant	-	26,602	-
Recreation Banner Fund	14,174	-	-
Performance Bonds Payable	9,271	-	-
Technical Review Payable	109,973	-	-
Fire Museum	1,580	-	-
Winterfest	5,378	-	-
PERC Contract Reserve	436,110	-	-
MMA Grant Fund	-	906	-
EPA Brownfield Rev Loan	92,246	-	-
Brewer Days	3,843	-	1,200
Children's Garden Fund	8,276	-	-
City Small Grants and Programs	7,033	-	-
Chamberlain Golf Classic	-	40	-
Computer Reserve	8,798	-	-
Stream Cleanup	1,793	-	-
Flags in Brewer	980	-	-
Recognition Coins	224	-	-
Police Academy Buyout	5,000	-	-
Brewer Business and Commercial Park	126,168	-	-
Insurance Deductible Reserve	36,416	-	-
Brewer Resources Program	2,000	-	-
Food Service Fund	166,130	-	-
Grants Fund ( School Dept.)	-	14,134	-
FHWA Route 15 Earmark	-	3,692	-
City Hall Rehab	-	18,586	-
Impact Fee Fund	99,946	-	(15,000)
Cemetery Trust	-	101,159	-
Total other nonmajor governmental funds	1,181,531	165,119	(13,800)

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**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	\$ 2,525,174	-	(102,756)
Sewer Fund	-	4,912,786	(82,908)
Total proprietary funds	2,525,174	4,912,786	(185,664)
Fiduciary Funds - private purpose trust funds	10,183	-	-
<b>Grand Total</b>	<b>\$ 5,077,905</b>	<b>5,077,905</b>	<b>-</b>

**CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2018 was as follows:

	Beginning balance <u>(Restated)</u>	<u>Additions</u>	<u>Reductions</u>	Ending balance	Due within <u>one year</u>
<b>Governmental activities:</b>					
General obligation bonds	\$ 17,616,340	2,823,000	(1,864,180)	18,575,160	1,756,118
Premium on bonds	545,123	-	(28,691)	516,432	28,691
Capital leases	107,012	285,619	(153,121)	239,510	115,268
Compensated absences	990,307	109,740	-	1,100,047	-
Net pension liability	5,643,197	-	(1,019,782)	4,623,415	-
Landfill closure and postclosure	670,363	-	-	670,363	-
OPEB liability	1,338,668	46,374	-	1,385,042	-
Government activities					
long-term liabilities	26,911,010	3,264,733	(3,065,774)	27,109,969	1,900,077
<b>Business-type activities:</b>					
Bonds payable	18,693,499	400,000	(1,259,123)	17,834,376	1,170,724
Premium on bonds	904,449	-	(50,529)	853,920	50,529
Net pension liability	1,120,933	-	(344,044)	776,889	-
OPEB liability	274,590	40,275	-	314,865	-
Business-type activities					
long-term liabilities	20,993,471	440,275	(1,653,696)	19,780,050	1,221,253
<b>Governmental and Business-type activities</b>					
long-term liabilities	<b>\$ 47,904,481</b>	<b>3,705,008</b>	<b>(4,719,470)</b>	<b>46,890,019</b>	<b>3,121,330</b>



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

**LONG-TERM DEBT**

Long-term debt at June 30, 2018 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, 2018
Series C MMBB - Water	1998	1,715,000	11/01/18	4.53 - 5.38%	-	85,750	85,750
FRF MMBB - Sewer	1999	1,000,000	04/01/20	3.12%	-	100,000	100,000
SR MMBB - Sewer	2001	2,500,000	10/01/22	1.90%	-	625,000	625,000
FR MMBB - Sewer	2004	1,000,000	10/01/24	1.44%	-	350,000	350,000
Series E MMBB - City	2004	363,000	11/01/24	1.01 - 9.00%	127,050	-	127,050
Series E MMBB - City	2004	1,530,000	11/01/24	0.82 - 9.00%	440,300	-	440,300
Series C MMBB - City	2005	690,000	11/01/25	2.95 - 9.00%	256,000	-	256,000
Series C MMBB - Water	2005	725,000	11/01/25	3.05 - 9.00%	-	290,000	290,000
Series A MMBB - City	2006	1,070,000	11/01/26	2.00 - 5.50%	282,150	-	282,150
SR MMBB - City / Sewer	2006	448,000	04/01/26	1.77%	75,192	104,008	179,200
Series C MMBB - City	2007	1,735,000	11/01/26	2.30 - 6.00%	400,018	-	400,018
Series B MMBB - City	2008	600,000	11/01/27	2.00 - 5.50%	217,500	-	217,500
Series F MMBB	2009	593,395	04/01/29	0.00%	-	326,366	326,366
Series B MMBB	2009	1,442,000	11/01/29	2.08 - 5.58%	530,400	-	530,400
ARRA MMBB - Sewer	2010	750,877	10/01/29	0.00%	-	196,016	196,016
MMBB - Water	2010	735,000	04/01/30	1.00%	-	441,000	441,000
Public Works	2011	172,773	04/01/19	1.00%	21,597	-	21,597
Series C MMBB - City/Water	2011	2,168,000	11/01/31	2.12 - 5.62%	1,172,750	153,000	1,325,750
Series E MMBB - City/Sewer	2012	3,090,000	11/01/21	0.50 - 5.50%	970,000	-	970,000
GOB - City/Water/Sewer	2012	21,610,000	06/30/42	2.00 - 4.00%	5,885,000	11,215,000	17,100,000
GOB USDA - Sewer	2013	485,000	08/28/41	2.75%	-	426,096	426,096
GOB USDA - Sewer	2013	800,000	08/28/41	2.75%	-	702,840	702,840
Series A MMBB - City/Sewer	2013	1,225,000	11/01/33	0.60 - 3.70%	633,300	125,000	758,300
GOB - SRF	2014	1,100,000	10/01/33	1.35%	-	810,800	810,800
Series A MMBB	2014	990,000	11/01/34	0.41 - 4.02%	707,025	-	707,025
FR MMBB	2015	1,695,000	05/01/34	0.21%	-	1,355,250	1,355,250
Series A MMBB	2015	1,615,000	11/01/35	0.21%	1,279,925	-	1,279,925
Series A MMBB	2016	1,055,000	11/01/36	0.91-3.50%	836,433	128,250	964,683
Series C MMBB	2017	2,125,000	11/01/36	1.16-3.49%	1,917,520	-	1,917,520
Series A MMBB	2018	3,223,000	11/01/32	1.92-3.62%	2,823,000	400,000	3,223,000
<b>Totals</b>					<b>\$ 18,575,160</b>	<b>17,834,376</b>	<b>36,409,536</b>

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

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**LONG-TERM DEBT, CONTINUED**

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All governmental activities long-term debt service requirements are paid by the General Fund. Business-type debt is paid by the proprietary enterprise funds. The annual requirements to amortize all debt outstanding as of June 30, 2018 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>
2019	\$	1,756,118	552,412	1,170,724	594,034	2,926,842	1,146,446
2020		2,005,623	501,940	1,026,655	573,867	3,032,278	1,075,807
2021		1,862,778	440,249	1,054,611	556,353	2,917,389	996,602
2022		1,820,916	391,281	1,082,593	531,072	2,903,509	922,353
2023		1,484,992	359,261	991,353	491,970	2,476,345	851,231
2024-2028		5,171,994	1,306,700	4,250,651	2,056,740	9,422,645	3,363,440
2029-2033		2,856,739	640,753	4,404,300	1,264,112	7,261,039	1,904,865
2034-2038		1,616,000	156,239	2,900,921	466,686	4,516,921	622,925
2039-2042		-	-	952,568	87,501	952,568	87,501
<b>Totals</b>	<b>\$</b>	<b>18,575,160</b>	<b>4,348,835</b>	<b>17,834,376</b>	<b>6,622,335</b>	<b>36,409,536</b>	<b>10,971,170</b>

As of June 30, 2018, the City had the following authorized, but unissued long term-debt: In November 2015, the City Council authorized the borrowing of up to \$1,500,000 from USDA Rural Development to finance improvements to the City's water pollution control facilities and various sewer system repairs. In November 2017, the Council approved up to \$4,200,000 from USDA Rural Development to finance additional sewer improvements. In July 2018, the City Council authorized the issuance of up to \$500,000 in general obligation bonds to finance various capital improvement projects.

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**OPERATING LEASE**

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On April 30, 2013, the City entered into an agreement with the Cross Insurance Center for a Founding Partner sponsorship, which includes signage, advertising during events, parking, meeting room space, and a corporate suite in exchange for \$65,000 payable annually September 1<sup>st</sup> of each year. The term of this agreement began July 1, 2013 and ends June 30, 2020. Total payments for the year ended June 30, 2018 totaled \$65,000.

The annual requirements under this lease agreement as of June 30, 2018 are:

2019	\$	65,000
2020		65,000
<b>Total</b>	<b>\$</b>	<b>130,000</b>

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

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**CAPITAL LEASES**

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The City has entered into various agreements as lessee for financing the acquisition of copiers and computers. These lease agreements qualify as capital leases for accounting purposes. The related assets are not recorded as capital assets in the government-wide financial statements as they are individually below the City's capitalization threshold. The leases have been recorded as a liability in the government-wide financial statements at the present value of the future minimum lease payments.

The following is a schedule of the future minimum lease payments under capital leases, and the present value of net minimum lease payments at June 30, 2018.

Fiscal year ending	Governmental activities
2019	\$ 119,290
2020	84,543
2021	22,638
2022	21,792
Total minimum lease payments	248,263
Less: amount representing interest	(8,753)
<b>Present value of future minimum lease payments</b>	<b>\$ 239,510</b>

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**STATUTORY DEBT LIMIT**

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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, 2018, the City was in compliance with these restrictions.

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**OVERLAPPING DEBT AND OTHER CONTINGENCIES**

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**Overlapping Debt**

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

<u>Units</u>	<u>Net debt outstanding June 30, 2018</u>	<u>Percentage applicable to the City</u>	<u>City's proportionate share of debt</u>
Penobscot County	\$ -	6.81%	-
Brewer High School District Trustees	28,703,898	100%	28,703,898

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 \$18,573,716 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, 2018, fund balance components consisted of the following:

	General <u>Fund</u>	Other Capital <u>Projects</u>	Other Governmental <u>Funds</u>
Nonspendable:			
Inventory	\$ -	-	32,161
Principal for permanent funds	-	-	324,553
Prepaid items	233,330	-	-
<b>Total nonspendable</b>	<b>233,330</b>	<b>-</b>	<b>356,714</b>
Restricted:			
Finance and administration	-	-	264,817
Community services	-	-	467,383
Public safety	-	-	46,192
Public works	-	-	50,045
Education	203,981	-	276,597
Capital projects	-	1,261,851	100,186
Permanent funds	-	-	1,448
<b>Total restricted</b>	<b>203,981</b>	<b>1,261,851</b>	<b>1,206,668</b>
Committed:			
Finance and administration	-	-	47,214
Community services	-	-	224
Capital projects	-	2,489,181	-
<b>Total committed</b>	<b>-</b>	<b>2,489,181</b>	<b>47,438</b>
Assigned:			
Reappropriated to 2019 budget	450,000	-	-
Accrued compensated absences	682,133	-	-
Assessor - computer software	22,800	-	-
Legal services – Kelleher land use	445	-	-
Legal services – employee and union negotiations	12,280	-	-
Legal services – Emera appeal	754	-	-
Technology – computer supplies and expenses	1,632	-	-
Technology – HCP network support	5,000	-	-
Technology – HCP PC replacement plan	999	-	-
Technology – CGCIO recertification	1,069	-	-
General protections – equip maintenance and repair	32,469	-	-
Transit operating expense- the bus	38,846	-	-
Park and Recreation – cleaning and sanitary supplies	175	-	-
Public works – SW PH2, consulting services	6,033	-	-
Public works - residential waste tipping fee	429	-	-
Legal Services – Maine DOL, unemployment	300	-	-
<b>Total assigned</b>	<b>1,255,364</b>	<b>-</b>	<b>-</b>
<b>Unassigned</b>	<b>4,455,661</b>	<b>(183,400)</b>	<b>(126,145)</b>
<b>Total fund balance</b>	<b>\$ 6,148,336</b>	<b>\$ 3,567,632</b>	<b>\$ 1,484,675</b>

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

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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM**

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

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

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

**PLD Plan** - For the year ended June 30, 2018, the City was required to contribute 9.6% of employees annual pay for the regular plan and 10.1% for the special 2C plan, respectively. The employee's contractually required contribution rate for the year ended June 30, 2018 for both of these plans was 8% of annual payroll. On January 1, 2018, the City's Police officers moved from the 2C special plan to the 3C special plan. The City's required contribution to this plan as of June 30, 2018 was 12.2% of employees annual pay. The employees contribution rate was 9.5%. Contributions to the pension plan from the City were \$730,581 for the year ended June 30, 2018.

**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, 2018, was 15.05% of annual payroll of which 3.97% of payroll was required from the City and 11.08% was required from the State. Contributions to the pension plan from the City were \$373,596 for the year ended June 30, 2018.

***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, 2017, 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**

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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED**

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The City's proportion of the net pension liabilities was 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, 2018, the City reported a liability of \$5,179,257 for its proportionate share of the net pension liability. At June 30, 2017, the City's proportion of the PLD Plan was 1.2650%.

**SETP Plan** - At June 30, 2018, 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	\$ 221,047
State's proportionate share of the net pension liability associated with the City	10,762,537
<b>Total</b>	<b>\$ 10,983,584</b>

At June 30, 2017, the City's proportion of the SET Plan was 0.0152%.

For the year ended June 30, 2018, the City recognized pension expense of \$833,241 for the PLD Plan and pension expense of \$1,336,666 and revenue of \$1,042,424 for support provided by the State for the SET Plan. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 202,206	\$ -	\$ 37,325
Changes of assumptions	371,161	-	66,109	-
Net difference between projected and actual earnings on pension plan investments	-	124,306	-	21,363
Changes in proportion and differences between City contributions and proportionate share of contributions	7,069	-	-	4,794
City contributions subsequent to the measurement date	994,589	-	109,588	-
<b>Total</b>	<b>\$ 1,372,819</b>	<b>\$ 326,512</b>	<b>\$ 175,697</b>	<b>\$ 63,482</b>

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

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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED**

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\$1,104,177 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, 2019. 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>
2019	\$ (100,206)	(18,495)
2020	432,477	68,603
2021	31,014	5,212
2022	(311,366)	(52,894)

**Actuarial Assumptions** - The total pension liability in the June 30, 2017 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, 2017 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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public equities	30%	6.0%
US Government	8%	2.3%
Private equity	15%	7.6%
Real estate	10%	5.2%
Infrastructure	10%	5.3%
Natural resources	5%	5.0%
Traditional credit	8%	3.0%
Alternative credit	5%	4.2%
Diversifiers	10%	5.9%

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

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**MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED**

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**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><b>PLD Plan</b></u>	1%	Current	1%
	Decrease	Discount Rate	Increase
	<u>(5.875%)</u>	<u>(6.875%)</u>	<u>(7.875%)</u>
City's proportionate share of the net pension liability	\$ 10,391,179	\$ 5,179,257	\$ 1,255,486
<u><b>SET Plan</b></u>	1%	Current	1%
	Decrease	Discount Rate	Increase
	<u>(5.875%)</u>	<u>(6.875%)</u>	<u>(7.875%)</u>
City's proportionate share of the net pension liability	\$ 387,872	\$ 221,047	\$ 83,309

**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, 2018.



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

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**RETIREMENT PLANS**

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The City of Brewer offers all its employees a deferred compensation plan created in accordance with Internal Revenue (IRC) Section 457. The plan permits participating employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Assets of the plan are placed in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets, were removed from the City's financial statements.

The City has an Internal Revenue Code section 401 defined contribution plan, administered by an independent plan administrator. This plan provides retirement benefits to the City Manager as well as other members of the City's management. Enrolled employees, other than the City Manager and Assistant City Manager, contribute 8% of their wages. The employer contribution rate for 2018 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, 2018 was \$95,902.

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**RISK MANAGEMENT**

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The City is exposed to various risks of loss-related torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the City carries commercial insurance. The City participates in several public entity and self-insured risk pools sponsored by the Maine Municipal Association and Maine School Management Association for workers compensation and property and casualty. Based on the coverage provided by the pools, as well as coverage provided by commercial insurance purchased, the City is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2018.

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**SUBSEQUENT EVENT**

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On December 6, 2018 the Public Works Union was dissolved/de-certified. The Union's contract had expired on June 30, 2018.

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**OTHER POST EMPLOYMENT BENEFITS**

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

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

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

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**OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

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

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

Retirees with a minimum of age 55 and 5 years of service at retirement are eligible for postretirement health Insurance benefits. Eligible retirees are required to pay 100% of health insurance premiums to receive health benefit coverage and therefore, the City makes no actual contributions.

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

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

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

Health OPEB Plan – Eligible retirees are required to pay 100% of health insurance premiums to receive health benefit coverage and therefore, the City makes no actual contributions.

PLD OPEB Plan - The City is required to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retirement period. Contributions to the PLD OPEB plan from the City were \$2,790 for the year ended June 30, 2018. Employees are not required to contribute to the PLD OPEB plan.

SET OPEB Plan - The State of Maine is required to remit the total dollar amount of each year's annual required contribution. Contributions to the OPEB plan by the State of Maine on-behalf of the City were \$33,555 for the year ended June 30, 2018. Employers and employees are not required to contribute to the SET OPEB plan.

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

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**OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

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

The net OPEB liability for both the PLD and SET OPEB plans was measured as of June 30, 2017, and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by actuarial valuations as of that date. The City's proportion of the net OPEB liabilities was based on a projection of the City's long-term share of contributions to the PLD and SET OPEB plans relative to the projected contributions of all participating employers, actuarially determined.

PLD OPEB Plan – At June 30, 2018, the City reported a liability of \$260,854 for its proportionate share of the net OPEB liability. At June 30, 2017, the City's proportion was 1.56%.

SET OPEB Plan – At June 30, 2018, the City reported no liability related to the plan. The State of Maine's proportionate share of the net OPEB liability associated with the City was \$370,250 as of June 30, 2018. At June 30, 2017 the City's proportion was 0.00%.

The City's total Health Plan OPEB liability of \$1,439,053 was measured as of January 1, 2018, and was determined by an actuarial valuation as of that date.

*Changes in the Total Health Plan OPEB Liability*

	<b>Total OPEB Liability</b>
Balance at June 30, 2017	\$ 1,254,981
Changes for the year:	
Service Cost	38,975
Interest	48,442
Changes of benefit terms	-
Differences between expected and actual experience	(9,886)
Changes in assumptions or other inputs	131,595
Benefit payments	(25,054)
Net changes	184,072
Balance at June 30, 2018	\$ 1,439,053

Change in assumptions reflects a change in the discount rate from 3.78% to 3.44% and also a change in valuation method from Projected Unit Credit to the Entry Age Normal funding method.

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

**OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

For the year ended June 30, 2018, the City recognized OPEB gain of \$7,665 for the PLD OPEB Plan. For the year ended June 30, 2018, the City recognized OPEB expense of \$33,555 and also revenues of \$33,555 for support provided by the State related to the SET OPEB plan. At June 30, 2018, the City reported no deferred outflows of resources nor deferred inflows of resources related to the SET OPEB plan. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the PLD OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Changes of assumptions	\$ -	72,686
Net difference between projected and actual earnings on OPEB plan investments	-	12,488
Changes in proportion and differences between City contributions and proportionate share of contributions	-	4,584
City contributions subsequent to measurement date	2,790	-
Total	<u>\$ 2,790</u>	<u>89,758</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Year ended June 30:**

2019	\$ (18,576)
2020	(18,576)
2021	(18,576)
2022	(18,576)
2023	(15,454)

For the year ended June 30, 2018, the City recognized OPEB expense of \$77,576 related to the Health Plan. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the Health Plan from the following sources:

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ -	6,758	-	1,892
Change of assumption or other inputs	89,952	-	25,194	-
Total	<u>\$ 89,952</u>	<u>6,758</u>	<u>25,194</u>	<u>1,892</u>

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

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**OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

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Reported as deferred outflows of resources and deferred inflows of resources related to the Health Plan OPEB will be recognized in OPEB expense as follows:

	<u><b>Governmental Activities</b></u>	<u><b>Business-type Activities</b></u>
Year ended June 30:		
2019	11,884	3,329
2020	11,884	3,329
2021	11,884	3,329
2022	11,884	3,329
2023	11,884	3,329
Thereafter	23,773	6,658

**Actuarial Assumptions and Other Inputs** – The total OPEB liability in the June 30, 2017 actuarial valuations for both the PLD and SET OPEB plans was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

	<u><b>PLD OPEB Plan</b></u>	<u><b>SET OPEB Plan</b></u>
Inflation	2.75%	2.75%
Salary increases	2.75% - 9.00%	2.75% - 14.50%
Investment rate of return	6.88%	6.88%

Mortality rates for both the PLD and SET OPEB plans were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, with adjustments ranging 104% to 120% based on actuarially determined demographic differences.

The actuarial assumptions used in the June 30, 2017 valuations for both the PLD and SET OPEB plans were based on the results of an actuarial experience study conducted for the period June 30, 2012 to June 30, 2015.

The total OPEB liability in the January 1, 2018 actuarial valuation for the Health Plan was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00% per year
Salary increases	2.75% per year
Discount rate	3.44%
Healthcare cost trend rates	8.27% for 2018, decreasing 0.28% per year
Retirees' share of benefit related costs	5%-100% of projected health insurance premiums

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

The actuarial assumptions used in the January 1, 2018 valuation for the Health Plan were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

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

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**OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	70.0%	6.0%
Real estate	5.0%	5.2%
Traditional credit	16.0%	3.0%
US Govt. Securities	9.0%	2.3%
Total	100.0%	

**Discount Rate** – The rate used to measure the net OPEB liability for the PLD OPEB plan was 5.41% which is a blend of the assumed long-term expected rate of return of 6.875% and a municipal bond index rate of 3.58%, based on the Bond Buyer GO 20-Year Municipal Bond Index as of June 30, 2017. Projections of the plan’s fiduciary net position indicate that it is not expected to be sufficient to make projected benefit payments for current members beyond 2052. Therefore, the portion of the future projected benefit payments after 2052 are discounted at the municipal bond index rate. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined.

The rate used to measure the net OPEB liability for the SET OPEB plan was 6.875%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined. Based on this assumption, the OPEB plans fiduciary net position was projected to be available to make all projected OPEB payments for current and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The rate used to measure the total OPEB liability for the Health Plan was 3.44%. The discount rate was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index.

**Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** – The following presents the City’s proportionate share of the net PLD OPEB plan liability calculated using the discount rate of 5.41%, as well as what the City’s proportionate share of the net PLD OPEB plan liability would be if it were calculated using a discount rate that is 1 percentage-point lower (4.41%) or 1 percentage-point higher (6.41%) than the current rate:

	1% Decrease	Discount Rate	1% Increase
	<u>-4.41%</u>	<u>-5.41%</u>	<u>-6.41%</u>
Net OPEB liability	\$ 350,083	260,854	190,412

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

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

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**OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

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**Sensitivity of the Total Health Plan OPEB Liability to Changes in the Discount Rate** – The following presents the City’s total OPEB liability related to the Health Plan calculated using the discount rate of 3.44%, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.44%) or 1 percentage-point higher (4.44%) than the current rate:

	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b><u>-2.44%</u></b>	<b><u>-3.44%</u></b>	<b><u>-4.44%</u></b>
Total OPEB liability	\$ 1,712,551	1,439,053	1,222,734

**Sensitivity of the Total Health Plan OPEB Liability to Changes in the Healthcare Cost Trend Rates** – The following presents the City’s total OPEB liability related to the Health Plan calculated using the healthcare cost trend rates of 8.27% decreasing 0.28% per year, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower (7.27% decreasing 0.28% per year) or 1 percentage-point higher (9.27% decreasing 0.28% per year) than the current healthcare cost trend rates:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
	<b><u></u></b>	<b><u></u></b>	<b><u></u></b>
Total OPEB liability	\$ 1,302,338	1,439,053	1,611,309

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

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**LANDFILL CLOSURE AND POSTCLOSURE COSTS**

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

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

In October 2011, the City obtained an engineering estimate for the closure costs of the landfill. The previous estimate was completed around fiscal year 1999. The closure costs projected in the 2011 engineering estimate totaled \$670,363. As of June 30, 2018, the landfill had less than 30,000 cubic yards of remaining capacity with a life expectancy of less than 5 years at the current disposal rate.

Actual cost to close the landfill may be higher due to inflation, changes in technology, or changes in regulations. Also, the City does not yet have an estimate of postclosure care costs for its landfill, but plans to obtain this estimate in 2019. As of June 30, 2018, the City had \$179,643 set aside in a landfill closure account and another \$436,110 set aside in a reserve dedicated to solid waste related costs. At the time of closure, the City anticipates financing costs with a combination of reserves, state grants, bonding and/or property taxes, if needed.

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

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**TAX INCREMENT FINANCING DISTRICTS**

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In FY18, the City had six 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 or 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 FY18, the City captured \$1,632,734 in TIF and tax revenue and disbursed \$117,441 in payments to the two developers below. The remaining TIF tax revenues were applied toward eligible local expenditures.

- \$42,451 to Somerset Place Housing Associates to help fund the operating costs and maintain affordable rents for this 28 unit residential building for the elderly. FY18 was the third of 15 scheduled years of payments.
- \$74,990 to Village Centre Housing Partners, LP to help fund the operating costs and maintain affordable rents for this 48 unit apartment building for families. FY18 was the second of 15 scheduled years of payments to this organization.

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**NEW PRONOUNCEMENT AND RESTATEMENT OF NET POSITION**

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For the fiscal year ended June 30, 2018, the City has elected to implement Statement No. 75 of the Governmental Accounting Standards Board – *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, an amendment of GASB Statement No. 45. As a result of implementing GASB Statement No. 75, the City has restated beginning net position in the governmental and business-type activities financial statements to account for the addition of the City’s proportionate share of the net OPEB liabilities and related deferred outflows of resources, which effectively decreased the City’s net positions as of July 1, 2017 by \$794,957 and \$274,590, respectively.

During the the year, the City determined that the June 30, 2017 payroll withholding accounts contained errors and restated beginning fund balance and net position in the general fund and governmental activities financial statements, which decreased the City’s fund balance and net position as of July 1, 2017 by \$37,146. Similarly, the business-type activities financial statements were also restated, which decreased the June 30, 2017 net position by \$2,648.

Also during the year, the City recognized a \$670,363 prior year restatement related to estimated closure costs for its Phase II landfill, which decreased the City’s July 1, 2017 net position by \$670,363. Previously, the City had not recognized a liability for these estimated costs.



**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>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>
<b><u>PLD Plan</u></b>				
City's proportion of the net pension liability	1.2650%	1.2410%	1.2868%	1.3019%
City's proportionate share of the net pension liability	\$ 5,179,257	\$ 6,593,718	\$ 4,105,528	\$ 2,003,402
City's covered payroll	6,918,825	6,542,992	6,608,210	6,506,419
City's proportionate share of the net pension liability as a percentage of it covered payroll	74.86%	100.78%	62.13%	30.79%
Plan fiduciary net position as a percentage of the total pension liability	86.43%	81.61%	88.27%	94.10%
<b><u>SET Plan</u></b>				
City's proportion of the net pension liability	0.0152%	0.0096%	0.0139%	0.0163%
City's proportionate share of the net pension liability	221,047	170,412	187,491	175,726
State's proportionate share of the net pension liability associated with the City	10,762,537	13,744,363	10,479,395	8,548,683
<b>Total</b>	<b>\$ 10,983,584</b>	<b>\$ 13,914,775</b>	<b>\$ 10,666,886</b>	<b>\$ 8,724,409</b>
City's covered payroll	\$ 8,951,795	\$ 9,246,065	\$ 9,049,956	\$ 9,048,695
City's proportionate share of the net pension liability as a percentage of its covered payroll	2.47%	1.84%	2.07%	1.94%
Plan fiduciary net position as a percentage of the total pension liability	83.35%	76.21%	81.18%	83.91%

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

\*\* Only four years of information available.

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

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

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

\* Only five years of information available.

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

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

	<u><b>2018</b></u>
<b>Total OPEB Liability</b>	
Service Cost	
Interest	\$ 38,975
Changes of benefit terms	48,442
Differences between expected and actual experience	-
Changes of assumptions or other inputs	(9,886)
Benefit payments	131,595
<b>Net change in total OPEB Liability</b>	<u>(25,054)</u>
	184,072
 Total OPEB liability - beginning	
Total OPEB liability - ending	<u>1,254,981</u>
	<u><u>\$ 1,439,053</u></u>
 Covered-employee payroll	\$ 4,328,349
Total OPEB liability as a percentage of covered-employee payroll	33.25%

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

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

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

	<b>2018</b>
<b><u>PLD OPEB Plan</u></b>	
City's proportion of the net OPEB liability	1.56%
City's proportionate share of the net OPEB liability	\$ 260,854
City's covered-employee payroll	6,918,825
City's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	3.77%
Plan fiduciary net position as a percentage of the total OPEB liability	47.42%
<b><u>SET OPEB Plan</u></b>	
City's proportion of the net OPEB liability	-
City's proportionate share of the net OPEB liability	-
State's proportionate share of the net OPEB liability associated with the City	370,250
Total	<u><u>\$ 370,250</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	47.29%

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

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

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

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

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**Net OPEB Liability**

**Changes of Benefit Terms - None**

Changes of Assumptions – None related to the PLD and SET OPEB plans. Under the Health Plan, changes of assumptions and other inputs reflects the changes in the discount rate each period. The following are the discount rates used in each period:

<b>Fiscal Year</b>	<b>Discount Rate</b>
2018	3.44%
2017	3.78%

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

**Net Pension Liability**

**Changes of Benefit Terms - None**

**Changes of Assumptions:**

The PLD and SET Plans changed the discount rate of 7.125%, inflation rate of 3.5%, and the cost of living increase of 2.55% in the 2015 valuation to 6.875%, 2.75%, and 2.20%, respectively in the 2016 valuation. The PLD Plan changed the salary increases in the 2015 valuation of 3.5% - 13.5% to 2.75% - 9.0% in the 2016 valuation. The SET Plan changed the salary increases in the 2015 valuation of 3.5% - 9.5% to 2.75% - 14.5% in the 2016 valuation. In addition, mortality rates were previously based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA, which, in the 2016 valuation, was changed to mortality rates that were based on the RP2014 Total Data Set Healthy Annuitant Mortality Table.

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

The SET Plan changed the discount rate from 7.25% in the 2013 valuation to 7.125% in the 2014 valuation.

## **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, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 7,716,453	7,778,081
Investments	732,671	709,781
Receivables:		
Taxes	69,373	66,985
Tax liens	444,403	448,088
Accounts	408,706	538,979
Prepaid expenditures	233,330	230,010
Interfund loans receivable	146,478	-
<b>Total assets</b>	<b>\$ 9,751,414</b>	<b>9,771,924</b>
<b>LIABILITIES</b>		
Accounts payable	540,957	662,844
Accrued payroll and related liabilities	2,531,353	2,286,493
Taxes collected in advance	111,165	99,928
Unearned revenue	8,193	12,265
Interfund loans payable	-	89,704
<b>Total liabilities</b>	<b>3,191,668</b>	<b>3,151,234</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	411,410	346,311
<b>Total deferred inflows of resources</b>	<b>411,410</b>	<b>346,311</b>
<b>FUND BALANCE</b>		
Nonspendable - prepaid expenditures	233,330	230,010
Restricted for education	203,981	323,253
Assigned	1,255,364	1,359,555
Unassigned	4,455,661	4,361,561
<b>Total fund balance</b>	<b>6,148,336</b>	<b>6,274,379</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 9,751,414</b>	<b>9,771,924</b>

**CITY OF BREWER, MAINE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual (Budgetary Basis)**  
**For the year ended June 30, 2018**  
**(with comparative actual amounts for the year ended June 30, 2017)**

	2018			2017 Actual
	Final Budget	Actual	Variance positive (negative)	
Revenues:				
Taxes:				
Property	\$ 16,848,423	16,856,958	8,535	16,483,167
Automobile excise	1,675,000	1,964,622	289,622	1,863,866
Boat excise	8,000	8,181	181	7,890
Interest on taxes	60,000	48,265	(11,735)	62,141
Payments in lieu of taxes	35,750	42,219	6,469	37,960
Total taxes	18,627,173	18,920,245	293,072	18,455,024
Licenses and fees:				
Licenses and clerk fees	28,700	32,725	4,025	30,239
Registration fees	24,000	23,149	(851)	24,728
Ambulance and other public safety revenue	192,657	217,096	24,439	348,525
All other	18,231	17,683	(548)	4,132
Total licenses and fees	263,588	290,653	27,065	407,624
Intergovernmental:				
Road block grant program	125,000	129,412	4,412	127,388
State revenue sharing	650,000	673,342	23,342	635,042
Tree growth reimbursement	250	415	165	409
Veterans reimbursement	9,000	10,350	1,350	9,598
BETE reimbursement	70,000	68,679	(1,321)	48,885
Homestead exemption	538,605	421,425	(117,180)	307,515
General assistance	23,000	10,200	(12,800)	9,246
Police grant reimbursements	85,122	12,716	(72,406)	43,087
School Department	10,077,299	10,181,025	103,726	9,835,416
Total intergovernmental	11,578,276	11,507,564	(70,712)	11,016,586
Local sources:				
Property leases	6,351	4,695	(1,656)	6,355
Parks and recreation	447,095	452,777	5,682	423,220
Sale of City property	-	25	25	251,813
Public safety	18,650	28,956	10,306	22,022
Code enforcement	64,750	77,853	13,103	76,602
Public works	332,175	338,150	5,975	349,921
Cable television	102,000	114,680	12,680	109,295
Deferred debt service	2,613	2,613	-	2,613
Library	14,074	30,410	16,336	32,608
TIF revenues	1,216,475	1,174,999	(41,476)	1,142,947
Worker's compensation reimbursement	-	31,309	31,309	34,341
School Department revenue	2,525,860	2,869,468	343,608	2,912,483
All other	9,075	2,796	(6,279)	14,703
Total local sources	4,739,118	5,128,731	389,613	5,378,923
Investment earnings	36,000	38,717	2,717	38,873
Total revenues	35,244,155	35,885,910	641,755	35,297,030



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

	2018		Variance positive (negative)	2017 Actual
	Final Budget	Actual		
Expenditures:				
Current:				
Administration:				
City Council	\$ 11,347	9,259	2,088	8,992
City Manager	341,291	354,159	(12,868)	324,199
City Clerk	111,262	101,743	9,519	96,635
Elections	17,100	7,535	9,565	14,505
Assessing	254,771	205,014	49,757	206,535
Finance	581,127	572,572	8,555	568,955
Technology	165,240	155,456	9,784	144,055
Legal	104,000	85,313	18,687	110,564
City Hall	79,870	71,791	8,079	80,372
Economic Development	430,018	368,901	61,117	357,231
Total administration	2,096,026	1,931,743	164,283	1,912,043
Protection:				
Police department	2,056,402	2,002,128	54,274	1,855,376
Fire department	1,584,073	1,502,684	81,389	1,551,888
Code enforcement	193,279	185,748	7,531	367,772
General protections	886,891	906,198	(19,307)	915,675
Insurances	116,900	105,657	11,243	102,045
Animal control	19,861	19,436	425	17,594
Total protection	4,857,406	4,721,851	135,555	4,810,350
Public services:				
Health and human services	67,747	49,035	18,712	49,773
Transit system	194,794	151,396	43,398	164,735
Adult Ed	5,000	4,953	47	4,953
Non-profit organizations	1,500	1,500	-	2,000
Total public services	269,041	206,884	62,157	221,461
Public works:				
Public works	1,507,963	1,387,694	120,269	1,305,390
Solid waste disposal	566,822	540,960	25,862	618,496
Planning	100,622	96,960	3,662	91,352
Engineering	152,796	151,564	1,232	162,469
Total public works	2,328,203	2,177,178	151,025	2,177,707
Education	21,567,284	20,673,821	893,463	19,998,504

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

	2018		Variance positive (negative)	2017 Actual
	Final Budget	Actual		
Expenditures, continued:				
Current, continued:				
Unclassified:				
Employee benefits	\$ 176,783	208,199	(31,416)	235,214
Tax increment financing reimbursements	1,440,055	1,438,261	1,794	1,435,021
Municipal auditorium	188,250	181,530	6,720	179,595
Parks and cemeteries	272,549	249,949	22,600	246,096
Recreation/pool	566,173	546,618	19,555	523,602
Library	229,618	218,631	10,987	212,909
Dues	10,500	10,150	350	10,272
Contingencies	37,440	36,379	1,061	37,051
All other	9,665	11,458	(1,793)	15,642
Total unclassified	2,931,033	2,901,175	29,858	2,895,402
Assessments:				
County tax	951,757	951,756	1	926,298
Abatements and bad debts	64,358	63,557	801	35,977
Total assessments	1,016,115	1,015,313	802	962,275
Debt service:				
Principal	1,864,180	1,864,180	-	1,660,412
Interest	517,270	516,871	399	542,665
Total debt service	2,381,450	2,381,051	399	2,203,077
Total expenditures	37,446,558	36,009,016	1,437,542	35,180,819
Excess (deficiency) of revenues over (under) expenditures	(2,202,403)	(123,106)	2,079,297	116,211
Other financing sources (uses):				
Use of fund balance - City	573,359	-	(573,359)	-
Use of fund balance - School Department	1,294,815	-	(1,294,815)	-
Reserves and carryforwards	134,765	-	(134,765)	-
Transfers from other funds:				
Police Academy Buyout	-	-	-	25,000
Impact Fee Fund	15,000	15,000	-	15,000
Sewer Fund	82,908	82,908	-	77,844
Water Fund	102,756	102,756	-	98,040
Transfers to other funds:				
Brewer Days	(1,200)	(1,200)	-	-
City Small Grants and Programs	-	-	-	(9,808)
Computer Reserve	-	-	-	(8,798)
Capital Improvement Program	-	-	-	(19,000)
Total other financing sources	2,202,403	199,464	(2,002,939)	178,278
Net change in fund balance - budgetary basis	-	76,358	76,358	294,489
Reconciliation to GAAP:				
Change in accrued teacher summer salaries and benefits		(165,253)		49,575
Total reconciling items to GAAP		(165,253)		49,575
Net change in fund balance - GAAP basis		(88,895)		344,064
Fund balance, beginning of year - as restated		6,237,231		5,930,315
<b>Fund balance, end of year</b>	<b>\$</b>	<b>6,148,336</b>		<b>6,274,379</b>

## **ALL OTHER GOVERNMENTAL FUNDS**

**CITY OF BREWER, MAINE**  
**All Other Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2018**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 250	-	76,732	76,982
Investments	-	-	350,428	350,428
Accounts receivable	129,358	-	-	129,358
Due from other governments	181,532	-	-	181,532
Interfund loans receivable	1,081,585	99,946	-	1,181,531
Inventory	32,161	-	-	32,161
<b>Total assets</b>	<b>\$ 1,424,886</b>	<b>99,946</b>	<b>427,160</b>	<b>1,951,992</b>
<b>LIABILITIES</b>				
Accounts payable	290,387	-	-	290,387
Unearned revenue	11,811	-	-	11,811
Interfund loans payable	41,682	22,278	101,159	165,119
<b>Total liabilities</b>	<b>343,880</b>	<b>22,278</b>	<b>101,159</b>	<b>467,317</b>
<b>FUND BALANCES</b>				
Nonspendable	32,161	-	324,553	356,714
Restricted	1,105,034	100,186	1,448	1,206,668
Committed	47,438	-	-	47,438
Unassigned	(103,627)	(22,518)	-	(126,145)
<b>Total fund balances</b>	<b>1,081,006</b>	<b>77,668</b>	<b>326,001</b>	<b>1,484,675</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,424,886</b>	<b>99,946</b>	<b>427,160</b>	<b>1,951,992</b>

**CITY OF BREWER, MAINE**  
**All Other Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2018**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
Revenues:				
Intergovernmental	\$ 1,631,221	-	-	1,631,221
Lunch program	312,673	-	-	312,673
Local sources	-	38,301	-	38,301
Investment income (loss)	-	-	(3,795)	(3,795)
Other income	201,095	-	1,905	203,000
Total revenues	2,144,989	38,301	(1,890)	2,181,400
Expenditures:				
Current:				
Protection	79,840	-	-	79,840
Public services	230,352	-	-	230,352
Educational programs	1,576,326	-	-	1,576,326
Unclassified	35,549	-	1,661	37,210
Capital outlay	-	74,984	-	74,984
Total expenditures	1,922,067	74,984	1,661	1,998,712
Excess (deficiency) of revenues over (under) expenditures	222,922	(36,683)	(3,551)	182,688
Other financing sources (uses):				
Transfers in	1,200	-	-	1,200
Transfers out	-	(15,000)	-	(15,000)
Total other financing sources (uses)	1,200	(15,000)	-	(13,800)
Net change in fund balances	224,122	(51,683)	(3,551)	168,888
Fund balances, beginning of year	856,884	129,351	329,552	1,315,787
Fund balances, end of year	\$ 1,081,006	77,668	326,001	1,484,675

## **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, 2018**

	Police Asset Forfeiture	CDBG Housing Rehab Grant	Recreation Banner Fund	Performance Bonds Payable	Technical Review Payable	Fire Museum
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	-	-	-	-	-
Accounts receivable	-	57,875	-	-	-	-
Due from other governments	-	-	-	-	-	-
Interfund loans receivable	46,192	-	14,174	9,271	109,973	1,580
Inventory	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 46,192</b>	<b>57,875</b>	<b>14,174</b>	<b>9,271</b>	<b>109,973</b>	<b>1,580</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued expenses	-	-	-	9,271	109,973	-
Unearned revenue	-	-	-	-	-	-
Interfund loans payable	-	26,602	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>26,602</b>	<b>-</b>	<b>9,271</b>	<b>109,973</b>	<b>-</b>
Fund balances (deficits):						
Nonspendable	-	-	-	-	-	-
Restricted	46,192	31,273	14,174	-	-	1,580
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balances (deficits)</b>	<b>46,192</b>	<b>31,273</b>	<b>14,174</b>	<b>-</b>	<b>-</b>	<b>1,580</b>
<b>Total liabilities and fund balances</b>	<b>\$ 46,192</b>	<b>57,875</b>	<b>14,174</b>	<b>9,271</b>	<b>109,973</b>	<b>1,580</b>

**CITY OF BREWER, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet, Continued**  
**June 30, 2018**

		PERC Contract Winterfest	FEMA Windstorm Grant	MMA Grant Fund	EPA Brownfield Rev Loan	Brewer Days	Children's Garden Fund
<b>ASSETS</b>							
Cash and cash equivalents	\$	-	-	-	-	-	-
Accounts receivable		-	-	48,252	-	-	-
Due from other governments		-	-	-	-	-	-
Interfund loans receivable		5,378	436,110	-	-	92,246	3,843
Inventory		-	-	-	-	-	-
<b>Total assets</b>	<b>\$</b>	<b>5,378</b>	<b>436,110</b>	<b>48,252</b>	<b>-</b>	<b>92,246</b>	<b>3,843</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable and accrued expenses		-	-	-	-	-	-
Unearned revenue		-	-	-	-	-	-
Interfund loans payable		-	-	-	906	-	-
<b>Total liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>906</b>	<b>-</b>	<b>-</b>
Fund balances (deficits):							
Nonspendable		-	-	-	-	-	-
Restricted		5,378	436,110	48,252	-	92,246	3,843
Committed		-	-	-	-	-	-
Unassigned		-	-	-	(906)	-	-
<b>Total fund balances (deficits)</b>		<b>5,378</b>	<b>436,110</b>	<b>48,252</b>	<b>(906)</b>	<b>92,246</b>	<b>3,843</b>
<b>Total liabilities and fund balances</b>	<b>\$</b>	<b>5,378</b>	<b>436,110</b>	<b>48,252</b>	<b>-</b>	<b>92,246</b>	<b>3,843</b>



**CITY OF BREWER, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet, Continued**  
**June 30, 2018**

	City Small Grants and Programs	Chamberlain Golf Classic	Computer Reserve	Stream Cleanup	Flags In Brewer	Recognition Coins	Police Academy Buyout
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	-	-	-	-	-	-
Accounts receivable	7,808	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Interfund loans receivable	7,033	-	8,798	1,793	980	224	5,000
Inventory	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 14,841</b>	<b>-</b>	<b>8,798</b>	<b>1,793</b>	<b>980</b>	<b>224</b>	<b>5,000</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable and accrued expenses	1,689	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Interfund loans payable	-	40	-	-	-	-	-
<b>Total liabilities</b>	<b>1,689</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances (deficits):							
Nonspendable	-	-	-	-	-	-	-
Restricted	13,152	-	-	1,793	-	-	-
Committed	-	-	8,798	-	-	224	-
Unassigned	-	(40)	-	-	980	-	5,000
<b>Total fund balances (deficits)</b>	<b>13,152</b>	<b>(40)</b>	<b>8,798</b>	<b>1,793</b>	<b>980</b>	<b>224</b>	<b>5,000</b>
<b>Total liabilities and fund balances</b>	<b>\$ 14,841</b>	<b>-</b>	<b>8,798</b>	<b>1,793</b>	<b>980</b>	<b>224</b>	<b>5,000</b>

CITY OF BREWER, MAINE  
Nonmajor Special Revenue Funds  
Combining Balance Sheet, Continued  
June 30, 2018

	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	
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	-	-	-	250	-	250
Accounts receivable	-	-	-	-	15,423	-	129,358
Due from other governments	-	-	-	-	23,075	158,457	181,532
Interfund loans receivable	126,168	36,416	2,000	-	166,130	-	1,081,585
Inventory	-	-	-	-	32,161	-	32,161
<b>Total assets</b>	<b>\$ 126,168</b>	<b>36,416</b>	<b>2,000</b>	<b>-</b>	<b>237,039</b>	<b>158,457</b>	<b>1,424,886</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable and accrued expenses	-	-	-	-	58,078	111,376	290,387
Unearned revenue	-	-	-	-	11,811	-	11,811
Interfund loans payable	-	-	-	-	-	14,134	41,682
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69,889</b>	<b>125,510</b>	<b>343,880</b>
Fund balances (deficits):							
Nonspendable	-	-	-	-	32,161	-	32,161
Restricted	126,168	-	-	-	134,989	141,608	1,105,034
Committed	-	36,416	2,000	-	-	-	47,438
Unassigned	-	-	-	-	-	(108,661)	(103,627)
<b>Total fund balances (deficits)</b>	<b>126,168</b>	<b>36,416</b>	<b>2,000</b>	<b>-</b>	<b>167,150</b>	<b>32,947</b>	<b>1,081,006</b>
<b>Total liabilities and fund balances</b>	<b>\$ 126,168</b>	<b>36,416</b>	<b>2,000</b>	<b>-</b>	<b>237,039</b>	<b>158,457</b>	<b>1,424,886</b>

**CITY OF BREWER, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2018**

	<b>Police Asset Forfeiture</b>	<b>CDBG Housing Rehab Grant</b>	<b>Recreation Banner Fund</b>	<b>Performance Bonds Payable</b>	<b>Technical Review Payable</b>	<b>Fire Museum</b>
Revenues:						
Intergovernmental	\$ 5,418	230,308	-	-	-	-
Lunch program	-	-	-	-	-	-
Other income	-	-	3,800	-	-	-
<b>Total revenues</b>	<b>5,418</b>	<b>230,308</b>	<b>3,800</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenditures:						
Administration	-	-	-	-	-	-
Protection	25,893	-	-	-	-	-
Public services	-	230,352	-	-	-	-
Educational programs	-	-	-	-	-	-
Unclassified	-	-	2,579	-	-	-
<b>Total expenditures</b>	<b>25,893</b>	<b>230,352</b>	<b>2,579</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other financing sources:						
Transfers in	-	-	-	-	-	-
<b>Other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(20,475)</b>	<b>(44)</b>	<b>1,221</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances (deficits), beginning of year</b>	<b>66,667</b>	<b>31,317</b>	<b>12,953</b>	<b>-</b>	<b>-</b>	<b>1,580</b>
<b>Fund balances (deficits), end of year</b>	<b>\$ 46,192</b>	<b>31,273</b>	<b>14,174</b>	<b>-</b>	<b>-</b>	<b>1,580</b>

**CITY OF BREWER, MAINE**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued**  
**For the year ended June 30, 2018**

	Winterfest	PERC Contract Reserve	FEMA Windstorm Grant	MMA Grant Fund	EPA Brownfield Rev Loan	Brewer Days	Children's Garden Fund
Revenues:							
Intergovernmental	\$ -	-	48,252	-	-	-	-
Lunch program	-	-	-	-	-	-	-
Other income	-	128,110	-	3,438	-	5,014	-
Total revenues	-	128,110	48,252	3,438	-	5,014	-
Expenditures:							
Administration	-	-	-	-	-	-	-
Protection	-	-	-	-	-	-	-
Public services	-	-	-	-	-	-	-
Educational programs	-	-	-	-	-	-	-
Unclassified	-	-	-	3,319	-	7,478	218
Total expenditures	-	-	-	3,319	-	7,478	218
Other financing sources:							
Transfers in	-	-	-	-	-	1,200	-
Other financing sources	-	-	-	-	-	1,200	-
Net change in fund balances	-	128,110	48,252	119	-	(1,264)	(218)
Fund balances (deficits), beginning of year	5,378	308,000	-	(1,025)	92,246	5,107	8,494
Fund balances (deficits), end of year	\$ 5,378	436,110	48,252	(906)	92,246	3,843	8,276

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, 2018

	City Small Grants and Programs	Chamberlain Golf Classic	Computer Reserve	Stream Cleanup	Flags In Brewer	Recognition Coins	Police Academy Buyout
Revenues:							
Intergovernmental	\$ 54,838	-	-	-	-	-	-
Lunch program	-	-	-	-	-	-	-
Other income	4,845	-	-	807	116	-	-
Total revenues	59,683	-	-	807	116	-	-
Expenditures:							
Administration	-	-	-	-	-	-	-
Protection	53,947	-	-	-	-	-	-
Public services	-	-	-	-	-	-	-
Educational programs	-	-	-	-	-	-	-
Unclassified	2,083	-	-	827	879	-	-
Total expenditures	56,030	-	-	827	879	-	-
Other financing sources:							
Transfers in	-	-	-	-	-	-	-
Other financing sources	-	-	-	-	-	-	-
Net change in fund balances	3,653	-	-	(20)	(763)	-	-
Fund balances (deficits), beginning of year	9,499	(40)	8,798	1,813	1,743	224	5,000
Fund balances (deficits), end of year	\$ 13,152	(40)	8,798	1,793	980	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, 2018

	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	\$ -	-	-	-	358,205	934,200	1,631,221
Lunch program	-	-	-	-	312,673	-	312,673
Other income	-	7,921	-	-	-	47,044	201,095
Total revenues	-	7,921	-	-	670,878	981,244	2,144,989
Expenditures:							
Administration	-	-	-	-	-	-	-
Protection	-	-	-	-	-	-	79,840
Public services	-	-	-	-	-	-	230,352
Educational programs	-	-	-	-	634,506	941,820	1,576,326
Unclassified	-	18,166	-	-	-	-	35,549
Total expenditures	-	18,166	-	-	634,506	941,820	1,922,067
Other financing sources:							
Transfer in	-	-	-	-	-	-	1,200
Total other financing sources	-	-	-	-	-	-	1,200
Net change in fund balances	-	(10,245)	-	-	36,372	39,424	224,122
Fund balances (deficits), beginning of year	126,168	46,661	2,000	-	130,778	(6,477)	856,884
Fund balances (deficits), end of year	\$ 126,168	36,416	2,000	-	167,150	32,947	1,081,006

**CITY OF BREWER, MAINE**  
**City Small Grants and Programs**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2018**

	Fund balances beginning of year	Revenues Intergovernmental	Other miscellaneous	Expenditures	Fund balances end of year
Protection:					
Police canine program	\$ 1,962	-	-	-	1,962
MEMA MACTAC equipment and training	3,534	-	-	-	3,534
Safe medicine return box	50	-	-	-	50
Gero vest carrier grant	490	-	-	-	490
Public safety hosted training	636	35,461	-	32,725	3,372
2017 Byrne JAG - lethal I&p	-	2,335	-	2,335	-
2017 County EMA - homeland security grant	-	11,000	-	11,000	-
2018 County EMA - homeland security grant - air bags	-	4,234	-	4,234	-
2018 Maine Forest Service VFA grant	-	1,808	1,845	3,653	-
Library:					
Summer reading program	-	-	-	-	-
Rudman book club	1,150	-	-	890	260
Bangor health & wellness grant	445	-	-	-	445
Brewer kiwanis grant	380	-	500	353	527
ME history records grant	12	-	-	-	12
Maine Public Library Fund Grant	840	-	-	840	-
In Memoriam Bettie Ann Lawrence	-	-	2,500	-	2,500
<b>Totals</b>	<b>\$ 9,499</b>	<b>54,838</b>	<b>4,845</b>	<b>56,030</b>	<b>13,152</b>

**CITY OF BREWER, MAINE**  
**School Department Grants Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2018**

		<b>Fund balances (deficits) beginning of year</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>Fund balances (deficits) end of year</b>
<b>Federal Programs:</b>					
Title 1A - Disadvantaged	\$	(40,698)	374,271	379,237	(45,664)
Title IVA		-	8,552	8,552	-
Local Entitlement		(58,428)	393,889	398,458	(62,997)
Preschool		-	4,556	4,556	-
Title IIA		-	31,332	31,332	-
Total federal programs		(99,126)	812,600	822,135	(108,661)
<b>State Programs:</b>					
MLTI Laptop Grant		-	121,600	60,800	60,800
Proficiency Based Diploma		4,368	-	4,368	-
Total state programs		4,368	121,600	65,168	60,800
<b>Local Programs:</b>					
Driver's Ed		5,853	11,450	11,151	6,152
Brewer HOF		7,201	10,300	10,006	7,495
BCS Laptop		13,983	-	2,157	11,826
BHS Laptop		25,323	16,649	23,633	18,339
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	506	-
Community Transformation Grant		2,087	-	400	1,687
Project Unify Grant		2,999	1,691	2,226	2,464
Stephen King Storybird Grant		2,201	-	725	1,476
Courageous Steps Project Grant		(250)	1,350	498	602
TAP Program		600	-	-	600
Project Canopy Maple Grant		(2,072)	3,290	1,218	-
ME Agriculture in the Classroom Maple Grant		345	300	634	11
Grammy Foundation		92	-	-	92
Onion Foundation		721	-	708	13
Ticket to Ride Grant		-	300	-	300
Smokey Lawrence Tournament		798	1,214	655	1,357
JROTC		501	-	-	501
Total local programs		88,281	47,044	54,517	80,808
<b>Totals</b>	<b>\$</b>	<b>(6,477)</b>	<b>981,244</b>	<b>941,820</b>	<b>32,947</b>



## **NONMAJOR GOVERNMENTAL FUNDS**

### **CAPITAL PROJECT FUNDS**

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

**CITY OF BREWER, MAINE**  
**Nonmajor Capital Projects Funds**  
**Combining Balance Sheet**  
**June 30, 2018**

	<b>FHWA Route 15 Earmark</b>	<b>City Hall Rehab</b>	<b>Impact Fee Fund</b>	<b>Total Nonmajor Capital Project Funds</b>
<b>ASSETS</b>				
Interfund loans receivable	\$ -	-	99,946	99,946
<b>Total assets</b>	<b>\$ -</b>	<b>-</b>	<b>99,946</b>	<b>99,946</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Interfund loans payable	3,692	18,586	-	22,278
<b>Total liabilities</b>	<b>3,692</b>	<b>18,586</b>	<b>-</b>	<b>22,278</b>
Fund balances (deficits):				
Restricted	-	-	100,186	100,186
Unassigned	(3,692)	(18,586)	(240)	(22,518)
<b>Total fund balances (deficits)</b>	<b>(3,692)</b>	<b>(18,586)</b>	<b>99,946</b>	<b>77,668</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>-</b>	<b>99,946</b>	<b>99,946</b>

**CITY OF BREWER, MAINE**  
**Nonmajor Capital Projects Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2018**

	<b>FHWA Route 15 Earmark</b>	<b>City Hall Rehab</b>	<b>Impact Fee Fund</b>	<b>Total Nonmajor Capital Project Funds</b>
Revenues:				
Local sources	\$ -	-	38,301	38,301
Total revenues	-	-	38,301	38,301
Expenditures:				
Capital outlay	-	-	74,984	74,984
Total expenditures	-	-	74,984	74,984
Excess (deficiency) of revenues over (under) expenditures	-	-	(36,683)	(36,683)
Other financing uses:				
Transfer to general fund	-	-	(15,000)	(15,000)
Total other financing uses	-	-	(15,000)	(15,000)
Net change in fund balances	-	-	(51,683)	(51,683)
Fund balances (deficits), beginning of year	(3,692)	(18,586)	151,629	129,351
<b>Fund balances (deficits), end of year</b>	<b>\$ (3,692)</b>	<b>(18,586)</b>	<b>99,946</b>	<b>77,668</b>

**CITY OF BREWER, MAINE**  
**Capital Improvements Program**  
**Combining Schedule of Changes in Fund Balances**  
**For the year ended June 30, 2018**

	Fund balances (deficit) beginning of year	Revenue	Bond Proceeds	Transfers/ encumbered	Expenditures	Fund balances (deficit) end of year
<b>Capital Improvements Programs:</b>						
<b>City Hall/Other:</b>						
School bldg remed & demolition	\$ 67,748	-	-	-	-	67,748
City hall infrastructure	3,001	-	26,640	3,360	-	33,001
Library Building Improvements	15,000	-	-	(15,000)	-	-
Parking lot-former St and Middle School	52,733	-	-	-	-	52,733
Tech computer hardware	55	-	-	5,000	6,430	(1,375)
Finance computer hardware	-	-	30,000	-	30,494	(494)
Bond financing costs	10,287	-	-	-	7,724	2,563
Economic Development rev loan fund	26,000	-	-	-	-	26,000
Total City Hall/other	174,824	-	56,640	(6,640)	44,648	180,176
<b>Waterfront Development:</b>						
Property acquisitions	147,562	-	-	-	23,000	124,562
Shore stabilization	119,338	-	-	(26,897)	-	92,441
Waterfront Trail	17,368	76,993	-	26,897	121,258	-
Landscaping/public improvements	22,730	-	-	-	-	22,730
Youth waterfront projects	5,000	-	-	-	-	5,000
Total waterfront development	311,998	76,993	-	-	144,258	244,733
<b>Protection:</b>						
Public safety building improvements	(1,614)	5,285	-	-	-	3,671
Police computer replacement	1,102	-	-	-	923	179
Fire turnout gear replacement	1,772	-	-	(1,772)	-	-
Code enforcement software	5,500	-	-	(5,500)	-	-
Police vehicles	2,206	-	37,800	(30)	39,538	438
Code enforcement truck	402	-	-	(402)	-	-
Police unmarked / admin vehicles	-	-	30,000	30	30,030	-
Public safety computer server	121	-	-	-	-	121
Police forensic system	1,367	-	-	(1,367)	-	-
Fire computer replacement	-	-	-	5,000	3,361	1,639
Police radio repeater	1,079	-	-	(1,079)	-	-
Fire unit #301 refurbishment	14,260	-	-	(14,260)	-	-
Fire unit #305 refurbishment	7,000	-	-	(7,000)	-	-
Fire thermal imaging cameras	5,074	-	-	(5,074)	-	-
Fire gas meters to detect natural gases	1,339	-	-	(1,339)	-	-
Fire portable radios	123	-	-	-	-	123
Fire pickup w/ plow	-	-	-	48,000	38,704	9,296
Fire hose	-	-	16,560	3,441	19,979	22
Fire engine 302 replacement	-	-	450,000	4,298	454,298	-
Fire Unit 301 replacement	-	-	640,000	-	617,889	22,111
Fire unit 305 ladder refurb	-	-	650,000	(4,297)	-	645,703
Total protection	39,731	5,285	1,824,360	18,649	1,204,722	683,303
<b>Public Works:</b>						
Landfill area closing	179,643	-	-	-	-	179,643
Dirigo Dr. lighting	1,628	-	-	(1,628)	-	-
LED street lights	-	-	255,000	195,000	374,342	75,658
General road construction	8,928	-	35,000	-	19,758	24,170
Paving	346,534	-	170,000	-	142,499	374,035
Wilson Street widening	20,403	-	-	(20,403)	-	-
Parkway so. Resurface - City share	84,000	-	-	-	82,926	1,074
Eastern Ave. felts brook improvements	86,527	-	-	(81,974)	1,277	3,276
Culvert replace - Wiswell Rd.	62,280	-	-	(62,280)	-	-
S Main Paving	3,818	-	-	(3,787)	-	31
Stormwater Drainage improvements	67,599	-	-	-	368	67,231
State Street resurfacing	2,728	-	-	(2,728)	-	-
Elm Street resurfacing	14,694	-	-	-	-	14,694
Green Point overlay	3,678	-	-	(3,650)	-	28
Lower wilson street resurfacing - 10% city share	28,225	-	-	-	16,318	11,907
E-W industrial park resurfacing	197,726	-	145,000	-	268,754	73,972
Outer Lambert Rd. repair and chip seal	3,714	-	-	(2,711)	-	1,003
Chamberlain St. resurface	162,996	-	-	-	151,952	11,044
Mill St. resurface and drainage improvements	(75)	-	15,000	-	191,060	(176,135)
Sweeper #430	18,524	-	-	(16,998)	-	1,526
Ford muliuse replacement	5,000	-	-	-	5,000	-
Engineering hardware upgrades	-	-	-	9,884	7,496	2,388
Ford F-150 pickup #405	-	-	26,000	117	26,117	-
Sterling sand/plow	-	-	130,000	-	-	130,000
Mobile heavy lift syst	657	-	-	(657)	-	-
School zone and crosswalk lighting	7,326	-	-	(7,326)	-	-
Traffic signal battery backups	3,434	-	-	-	-	3,434
Snogo blower	3,251	-	-	(3,251)	-	-
Signal detection	5,000	-	-	-	2,192	2,808
N. Main and Betton signal and intersection improvement	5,485	-	-	-	5,003	482
#409 Ford 150	23,000	-	-	2,711	25,711	-
Sterling plow / sander #437	7,182	-	-	-	-	7,182
Cat D4H dozer #429	140,000	-	-	-	-	140,000
CAT 420 bachhoe/loader #432	-	-	120,000	-	-	120,000
Wilsn/thmpsn int. imprvmts-10% share-PIN 20897	-	-	-	5,000	2,231	2,769
Total public works	1,493,905	-	896,000	5,319	1,323,004	1,072,220

**CITY OF BREWER, MAINE**  
**Capital Improvements Program**  
**Combining Schedule of Changes in Fund Balances, Continued**  
**For the year ended June 30, 2018**

	<b>Fund balances (deficit) beginning of year</b>	<b>Revenue</b>	<b>Bond Proceeds</b>	<b>Transfers</b>	<b>Expenditures</b>	<b>Fund balances (deficit) end of year</b>
Parks and Recreation:						
Oak Hill erosion control	\$ 766	-	-	(766)	-	-
Wash St. rec complex	78,529	-	-	(27,091)	23,390	28,048
Oak Hill monument repair	3,970	-	-	(3,970)	-	-
Eastern playground	10,832	-	-	-	-	10,832
Auditorium doors, windows, entrance	(976)	-	-	10,000	4,467	4,557
Pool rehabilitation	17,282	-	-	-	5,825	11,457
Tennis court resurfacing	2,475	-	-	(2,475)	-	-
Sunset basketball court repave	3,441	-	-	(3,441)	-	-
Doyle Field Goal Posts	-	-	-	-	5,396	(5,396)
4x4 diesel pickup w/ plow	-	-	34,000	-	28,908	5,092
72" riding mower 1145	-	-	12,000	-	10,990	1,010
Auditorium heating software	-	-	-	17,400	17,200	200
Auditorium - playground rehab	3,135	-	-	-	-	3,135
Athletic field pro groomer	265	-	-	(265)	-	-
Total parks and recreation	119,719	-	46,000	(10,608)	96,176	58,935
<b>Subtotal projects</b>	<b>2,140,177</b>	<b>82,278</b>	<b>2,823,000</b>	<b>6,720</b>	<b>2,812,808</b>	<b>2,239,367</b>
CIP - Unallocated	56,505	16,629	-	(6,720)	-	66,414
Tax Increment Financing Projects:						
BAC	15,571	233,044	-	-	150,000	98,615
Lemforder	38,102	42,476	-	-	35,000	45,578
Woodlands	15,425	120,116	-	-	110,000	25,541
Cianbro	298,635	164,473	-	-	98,922	364,186
Brewer Econ Developmt	585,543	885,629	-	-	749,957	721,215
Penobscot Eye Care	-	20,728	-	-	20,728	-
AHTIF - Somerset Place	2,672	57,551	-	-	57,551	2,672
AHTIF - Village Centre	2,055	106,979	-	-	104,990	4,044
Total tax Increment Financing Projects	958,003	1,630,996	-	-	1,327,148	1,261,851
<b>Total</b>	<b>\$ 3,154,685</b>	<b>1,729,903</b>	<b>2,823,000</b>	<b>-</b>	<b>4,139,956</b>	<b>3,567,632</b>

**CITY OF BREWER, MAINE**  
**Impact Fee Projects**  
**Combing Schedule of Changes in Fund Balances**  
**For the year ended June 30, 2018**

	<b>Fund balances (deficit) beginning of year</b>	<b>Revenue</b>	<b>Bond Proceeds</b>	<b>Expenditures</b>	<b>Transfers from (to) unallocated</b>	<b>Fund balances (deficit) end of year</b>
Impact Fee Projects:						
Parallel Road	\$ 7,550	-	-	-	(6,907)	643
Signal Coordination	32,596	37,651	-	65,884	(1,134)	3,229
Signal Preemption	8,121	-	-	-	(145)	7,976
Pierce Road relocation and signal	9,880	-	-	-	(2,587)	7,293
Wilson/Parkway South intersection	6,820	-	-	-	(1,785)	5,035
State and Washington intersection	8,409	-	-	1,920	-	6,489
City transit bus	66,852	-	-	7,180	(899)	58,773
Set up and administrative costs	11,641	650	-	-	(1,543)	10,748
Sewer	(240)	-	-	-	-	(240)
<b>Total impact fee projects</b>	<b>\$ 151,629</b>	<b>38,301</b>	<b>-</b>	<b>74,984</b>	<b>(15,000)</b>	<b>99,946</b>

**NONMAJOR GOVERNMENTAL FUNDS**

**PERMANENT FUNDS**

CITY OF BREWER, MAINE  
Nonmajor Permanent Funds  
Combining Balance Sheet  
June 30, 2018

		Cemetery Trust	Elsie Olmstead Library	Ministerial and School Funds	Jefferds Educational Fund	Wallace Witham Fund	Woodlawn Revolving Cemetery Fund	Total Nonmajor Permanent Funds
<b>ASSETS</b>								
Cash and cash equivalents	\$	76,732	-	-	-	-	-	76,732
Investments		332,707	5,428	1,005	4,644	312	6,332	350,428
<b>Total assets</b>	<b>\$</b>	<b>409,439</b>	<b>5,428</b>	<b>1,005</b>	<b>4,644</b>	<b>312</b>	<b>6,332</b>	<b>427,160</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Interfund loans payable		101,159	-	-	-	-	-	101,159
<b>Total liabilities</b>		<b>101,159</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>101,159</b>
Fund balances:								
Nonspendable		311,881	4,538	939	4,533	275	2,387	324,553
Restricted		(3,601)	890	66	111	37	3,945	1,448
<b>Total fund balances</b>		<b>308,280</b>	<b>5,428</b>	<b>1,005</b>	<b>4,644</b>	<b>312</b>	<b>6,332</b>	<b>326,001</b>
<b>Total liabilities and fund balances</b>	<b>\$</b>	<b>409,439</b>	<b>5,428</b>	<b>1,005</b>	<b>4,644</b>	<b>312</b>	<b>6,332</b>	<b>427,160</b>



CITY OF BREWER, MAINE  
Nonmajor Permanent Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the year ended June 30, 2018

	Cemetery Trust	Elsie Olmstead Library	Ministerial and School Funds	Jefferds Educational Fund	Wallace Witham Fund	Woodlawn Revolving Cemetery Fund	Total Nonmajor Permanent Funds
Revenues:							
Investment earnings (loss)	\$ (3,517)	(82)	(17)	(72)	(5)	(102)	(3,795)
Lot sales	1,905	-	-	-	-	-	1,905
Total revenues	(1,612)	(82)	(17)	(72)	(5)	(102)	(1,890)
Expenditures:							
Cemetery care	1,640	-	-	-	-	-	1,640
Other	-	7	1	6	-	7	21
Total expenditures	1,640	7	1	6	-	7	1,661
Net change in fund balances	(3,252)	(89)	(18)	(78)	(5)	(109)	(3,551)
Fund balances, beginning of year	311,532	5,517	1,023	4,722	317	6,441	329,552
Fund balances, end of year	\$ 308,280	5,428	1,005	4,644	312	6,332	326,001

## **AGENCY FUNDS**

**CITY OF BREWER, MAINE**  
**Agency Funds**  
**Statement of Additions, Deductions and Changes in Balances**  
**For the year ended June 30, 2018**

		<b>Balances beginning of year</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balances end of year</b>
Activity funds:					
Brewer High School Student Activities	\$	124,509	204,766	198,017	131,258
Brewer Community School Student Activities		36,082	27,847	30,855	33,074
Brewer Performing Arts Center		21,847	14,818	15,941	20,724
Children's fund		61,056	13,598	13,854	60,800
Superintendent's Office		2,499	1,159	1,055	2,603
<b>Total</b>	<b>\$</b>	<b>245,993</b>	<b>262,188</b>	<b>259,722</b>	<b>248,459</b>

## **SCHEDULE**

**CITY OF BREWER, MAINE**  
**Brewer School Department - General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - Budgetary Basis**  
**For the year ended June 30, 2018**  
**(with comparative actual amounts for the year ended June 30, 2017)**

	2018		Variance positive (negative)	2017 Actual
	Budget	Actual		
Revenues:				
State education subsidy	\$ 10,077,299	10,077,299	-	9,795,778
State agency clients	-	71,291	71,291	14,440
Medicaid reimbursement	-	32,435	32,435	25,198
District assessments	2,426,860	2,704,142	277,282	2,783,760
Local sources	99,000	165,325	66,325	128,728
Total revenues	12,603,159	13,050,492	447,333	12,747,904
Expenditures:				
Current:				
Regular instruction	8,701,089	8,307,810	393,279	7,983,323
Special education instruction	3,596,870	3,257,413	339,457	2,782,785
Career and technical education	182,057	180,947	1,110	180,720
Other instruction	1,062,293	1,042,208	20,085	928,925
Student and staff support	1,519,908	1,529,965	(10,057)	1,381,872
System administration	547,823	517,751	30,072	557,849
School administration	953,864	917,263	36,601	883,899
Transportation and buses	503,000	518,664	(15,664)	469,786
Facilities maintenance	1,791,673	1,700,642	91,031	1,747,514
All other expenditures	11,048	6,692	4,356	8,650
Debt service and other commitments	2,697,659	2,694,466	3,193	3,073,181
Total expenditures	21,567,284	20,673,821	893,463	19,998,504
Deficiency of revenues under expenditures	(8,964,125)	(7,623,329)	1,340,796	(7,250,600)
Other financing sources (uses):				
City appropriation	7,669,310	7,669,310	-	7,169,309
Budgeted use of fund balance	1,294,815	-	(1,294,815)	-
Total other financing sources	8,964,125	7,669,310	(1,294,815)	7,169,309
Net change in fund balances - budgetary basis	-	45,981	45,981	(81,291)
Reconciliation to GAAP:				
Change in accrued summer salaries and benefits		(165,253)		49,575
Net change in fund balances - GAAP basis		(119,272)		(31,716)
Fund balance, beginning of year		323,253		354,969
Fund balance, end of year	\$	203,981		323,253

## **OPERATING DATA**

## **CITY OF BREWER**

### **Operating Data**

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

### **GOVERNMENT**

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

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

### **MUNICIPAL SERVICES**

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

### **Technology Department**

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

The Technology Department supports the computer and network needs of 100-plus users/workstations with multiple servers within the City departments. The Brewer Public Library provides free computer usage and internet to the public; Police Department’s cruisers are equipped with computers that provide access in the field to State and County information; and the Parks & Recreation Department offers online registrations and payments for their programs.

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

## **Public Safety**

The Police and Fire Departments are co-housed in a centrally located, state-of-the art-facility, constructed in 2008. In 2012, the City consolidated the leadership of these two departments under a single Public Safety Director. Two (2) full time and one (1) part time civilian employees are shared between the Police and Fire Departments.

In addition to the Public Safety Director (Police Chief), the Police Department is staffed by an additional nineteen (19) sworn officers and one (1) part time civilian court officer. The Police Department roster includes a Deputy Police Chief, a Lieutenant, three Sergeants, a patrol division of 12 officers, and criminal investigations division consisting of two (2) assigned officers. The Police Department partners with the School Department to provide two (2) 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, one of whom serves as a volunteer chaplain and the other as an on-call reserve officer. 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 an ambulance, which in turn generated almost \$203,724 in FY18 revenue to the City, offsetting approximately 14% 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, an After School Program Coordinator, a Building Custodian, one Program/Facility Assistant, and an Office Manager. The Parks and Recreation Department hires from 50 to 60 part-time personnel throughout the year. The entire department was approximately 46% self-supporting in FY 2018, with the recreation division at almost 80%.



## **Brewer Public Library**

The Brewer Public Library (the “Library”) was established in 1908. In 2007, the Library moved into a former school building down the street from City Hall. The Library, a department of the City, is governed by the City Council and the City Manager and is operated by a staff comprised of a full-time Library Director, a full-time Children's/Program Librarian, one part-time Cataloging Assistant, and two part-time Library Assistants, who oversee InterLibrary Loan services and the Archives and Digitization program. Volunteers and on-call paid staff are used to round out staffing needs. The City currently provides approximately \$230,000 annually towards the Library’s operating budget. The Brewer Library Association (the “BLA”) is a private, nonprofit organization that maintains a Board of Trustees who oversees private trust funds to benefit the Library. The BLA typically contributes between \$5,000 to \$10,000 in funds and in kind contributions to the Library each year for the purchase of major reference materials, furniture, and equipment.

The main portion of the Library houses the adult collection and space in an open format. The Library houses important Joshua Chamberlain and City of Brewer memorabilia and primary documents in the History Room. The Library has children’s and young adult sections, with separate picture book and “story time” areas; a meeting room with a 15-20 person capacity; a small reading room; several desks and other seating areas; a public computer lab with printing capabilities; and two handicap accessible restrooms available for patrons.

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

The Library offers special services that include: story time, summer reading, therapy-dog reading programs, interlibrary loan services, author visits, knitting socials, book club, free family and community programs, and an outreach book-delivery program for homebound citizens of Brewer. With over 5,800 cardholders, including 1,000 non-resident patrons, the Library’s circulation for 2018 was 43,109 physical checkouts and 1,832 digital checkouts.

## **Public Works**

The Public Works Department provides maintenance of approximately 62 miles of roads, 40 miles of sidewalks, along with storm and sanitary drainage systems. Public Works provides construction and manpower support for all City Departments. Public Works constructs minor capital improvement projects including road construction, sidewalk improvements, and storm drainage improvements. Public Works is responsible for all snow removal on roads, sidewalks, City owned parking lots, and most School facilities. The Public Works Maintenance crew maintains all City owned vehicles and equipment.

The Department is staffed with a Public Works Director, one administrative staff, one purchasing agent, one shop foreman, two mechanics, two environmental technicians, one landfill operator, and nine other full-time crew members.

The City contracts with a private hauler for curbside collection, processing, and disposal of municipal solid waste (“MSW”) and single stream recycling from residential properties of 4 units or less. On March 31, 2018, the City’s 30-year contract for disposal of MSW at the Penobscot Energy Recovery Company’s (“PERC”) waste-to-energy facility in the adjacent community of Orrington expired. On April 1, 2018, the City of Brewer began a new 15-year waste agreement with the nonprofit Municipal Review Committee (“MRC”) to dispose of MSW generated in Brewer at the Coastal Resources of Maine, LLC advanced MSW recycling & processing facility currently under construction nearby in Hampden, Maine.

MSW tipping fees are \$70 per ton the first year and will receive a CPI adjustment annually thereafter. Under the public-private partnership that MRC has with Coastal, the City has the potential to share in rebates based on facility profits. For the first three years, MRC will use reserve funds to reduce Brewer's MSW tip fees by \$5 per ton if facility profits are not sufficient to generate this level of rebate. The City will send its recycling to the Coastal facility for processing when it opens in 2019 for a tip fee equal to 50% of the MSW tip fee.

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 allowed the City to set aside \$300,000 to be used to offset future solid waste costs.

The City operates a Phase II landfill under a Maine Department of Environmental Protection ("DEP") construction and demolition debris landfill license, dated February 24, 1994. No wastes other than construction and demolition debris are handled by the landfill. The landfill has approximately 30,000 cubic yards of remaining capacity with a life expectancy of less than 5 years at the current disposal rate. The City has been actively managing and reducing the flow of waste to the landfill to preserve and extend its life for the benefit of Brewer residents and taxpayers. In May 2014, the City reduced the landfill's hours of operation from 6 days per week to 2 days per month and grass and leaf drop off every Tuesday from 7:00-11:30am. The City has also begun to set aside funds to help cover the closure costs, which were recently estimated at \$670,000.

## **Sewer Department**

The City's Sewer Department maintains a Wastewater Treatment Plant (the "Treatment Plant") that processes flow, total suspended solids, and oxygen depleting organic pollutants (Biochemical Oxygen Demand or "BOD") from municipal sewers. The sewer system also includes 14 pumping stations and approximately 53 miles of sewer lines. The Sewer Department is staffed by one Superintendent and ten employees. The operation and maintenance of the Brewer Water Pollution Control Facility, the 14 pump stations and the 53 miles of sewer which includes 1400 manholes are all funded by the wastewater budget.

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

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

The City completed the required Combined Sewer Overflow ("CSO") abatement upgrades mandated by the 1992 consent agreement in 2012, and in October 2014, it received formal notice from the DEP that the Consent Agreement had been closed out and conditions met. The separation projects have reduced the number of overflow events from 77 per year to virtually zero. The Sewer Department is established as an Enterprise Fund in that the intent of the City is for the department to provide services on a continuing basis financed entirely through user fees.

## **Water Department**

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

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

The day-to-day administration, operation and maintenance of the waterworks facility are conducted by 10.5 Water Department employees under the direction of its Superintendent. The Water Department serves approximately 3,593 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 755,000 gallons with maximum daily draft of 1,138,000 gallons.

The Water System includes three storage tanks with combined capacity of 2,895,000 gallons (or approximately 3.64 days average 2018 demand). The Water Department’s water transmission and distribution system is comprised of approximately 253,188 feet (almost 48 miles) of transmission and distribution mains. The Water Department provides service to 475 fire hydrants for communities in its territory.

## **PUBLIC EDUCATION**

The City, through its School Department, operates its education program for grades pre-Kindergarten (“pre-K”) through 12 under its own supervision in facilities currently owned by the City of Brewer High School District (described in the section below). Article III of the City’s Charter provides that the public schools for the City be administered by a Superintending School Committee (the “School Committee”) comprised of five members, who are elected by the voters of the City at-large for three-year staggered terms. The School Committee performs all duties and functions in regard to the curriculum; care and management of the public schools of the City; and governs the affairs of the Brewer School Department. The School Committee prepares and submits its budget to the City Manager, who includes it in the budget process. The School’s staff consists of a Superintendent, four full-time principals, and 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, 2014 through 2018.

<u>April 1,</u>	<u>City of Brewer Students</u>			<u>Tuition Students</u>			<u>Total</u>
	<u>Pre-K to 8</u>	<u>9 to 12</u>	<u>City</u>	<u>AOS 81</u>	<u>AOS 47</u>	<u>Other</u>	
2018	990	417	1,407	124	102	28	1,661
2017	1,007	409	1,416	106	130	19	1,671
2016	942	389	1,331	142	116	12	1,601
2015	940	377	1,317	161	131	11	1,620
2014	973	364	1,337	186	122	23	1,668

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

### **City of Brewer High School District**

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

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

The School Committee, who governs the affairs of the Brewer School Department, a department of the City, provides for the operation of the City's public schools, including maintenance and minor capital costs of the facilities; the Board of Trustees of the CBHSD are separate and distinct from the City. CBHSD received \$2,694,466 from Brewer for the year ended June 30, 2018, of which \$1,914,920 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 48 students to Region #4 in FY2018. 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 FY2018 assessment was 6.6%, or \$180,947, of Region #4’s total FY18 budget of \$2,721,957.

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 434 full and part-time employees, approximately 284 of whom are employed by the School Department. The following lists the various bargaining units that are represented by a union, and the status of its current contract. City Employees not included in the below table are not represented by unions.

Union <sup>(1)</sup>	Bargaining Unit	Contract Expiration
IAFF, Local 2162	Firefighters	6/30/2020
AFSCME, Council 93	Fire Officers	6/30/2020
Fraternal Order of Police	Police Command	6/30/2020
Fraternal Order of Police	Patrol Officers	6/30/2020
AFSCME, Council 93	Public Works-Certification	6/30/2017
	Revoked 12/5/18	
AFSCME, Council 93	Water Pollution Control	6/30/2020
BEA/MEA	Teachers	8/31/2018
BEA/MEA	Custodians/Food Service	8/31/2020
BEA/MEA	Education Technicians	8/31/2018

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

## **PHYSICAL AND ECONOMIC CHARACTERISTICS**

### **General**

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

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

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

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

### **Economic Development Department**

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

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

## Principal Employers

Major Employers	Business	Employees
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
Lowes	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
2017	120	\$2,142,660	90	\$ 4,207,111	210	\$ 6,349,771
2016	136	1,880,328	60	2,019,533	196	3,899,861
2015	117	2,702,974	87	10,081,492	204	12,784,466
2014	78	1,639,298	96	9,407,068	174	11,046,366
2013	112	1,662,798	65	9,005,595	177	10,668,393
2012	124	1,904,192	73	7,103,610	197	9,007,802
2011	165	1,603,706	80	4,705,297	245	6,309,003
2010	149	1,737,889	84	2,557,687	233	4,295,576
2009	102	1,603,030	53	25,585,023	155	27,188,053
2008	96	1,675,710	53	39,127,874	149	40,803,584
2007	150	2,292,249	60	27,768,881	210	30,061,130
2006	162	4,755,229	56	6,525,694	218	11,280,923
2005	205	7,934,632	47	2,698,690	252	10,633,322

## Population Trends

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

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

## Age and Income Levels

<b>Median age (years)<sup>(a)</sup></b>	<b><u>Brewer</u></b>	<b><u>Maine</u></b>	<b><u>USA</u></b>
2010	41.1	42.4	37.0
2000	41.1	42.7	37.2

  

<b>Median Family Income<sup>(b)</sup></b>	<b><u>Brewer</u></b>	<b><u>Maine</u></b>	<b><u>USA</u></b>
2010	\$66,544	\$60,021	\$61,455
2000	46,632	45,179	50,046

  

<b>Per Capita Income</b>	<b><u>Brewer</u></b>	<b><u>Maine</u></b>	<b><u>USA</u></b>
2010	\$27,242	\$26,195	\$27,915
2000	20,158	19,533	21,587

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

## CITY FINANCES

### Budgetary Process

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



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

	2015	2016	2017	2018	2019
<b>REVENUES</b>					
Taxes	\$17,556,786	\$17,961,833	\$18,017,827	\$18,627,173	\$18,715,440
Licenses and permits	389,510	459,838	458,706	240,092	243,265
Intergovernmental	10,816,333	10,767,799	11,044,948	11,548,276	12,509,093
Local sources	4,739,400	4,683,692	4,697,163	4,727,716	4,852,270
Interest	20,500	25,000	30,000	36,000	45,000
<b>TOTAL REVENUES</b>	<b>33,522,529</b>	<b>33,898,162</b>	<b>\$34,248,644</b>	<b>\$35,179,257</b>	<b>\$36,365,068</b>
<b>EXPENDITURES</b>					
General government	1,857,153	1,890,125	2,003,829	2,010,945	2,044,931
Protection	4,358,213	4,447,082	4,655,461	4,800,503	4,802,020
Public services	249,809	243,700	228,484	252,308	279,741
Public works	2,157,419	2,188,210	2,270,615	2,297,132	2,369,531
Education	20,529,095	20,949,839	20,780,341	21,567,284	22,407,353
Unclassified	2,762,836	2,953,983	2,910,057	2,925,969	2,909,745
Debt service	2,227,258	2,226,394	2,224,207	2,381,450	2,439,623
Assessments	918,036	912,956	946,298	971,757	1,004,583
<b>TOTAL EXPENDITURES</b>	<b>35,059,819</b>	<b>35,812,289</b>	<b>36,019,292</b>	<b>37,207,348</b>	<b>38,257,527</b>
<b>OTHER FINANCING SOURCES</b>					
Fund balance	1,247,000	1,723,210	1,577,151	1,824,814	1,652,568
Reserves and carryforwards	0	2,613	2,613	2,613	515
Operating transfers	290,290	188,304	190,884	200,664	239,376
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$1,537,290</b>	<b>\$1,914,127</b>	<b>\$1,770,648</b>	<b>\$2,028,091</b>	<b>\$1,892,459</b>

**Capital Improvement Program**

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

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

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

	2019	2020	2021	2022	2023	Total
<b>EQUIPMENT</b>						
City Hall	\$ 28,500	\$145,500	\$ 78,000	\$345,000	\$ 5,500	\$ 602,500
Public Safety	207,000	150,900	126,500	123,500	163,000	770,900
Public Works	255,500	407,000	475,500	535,000	405,000	2,078,000
Other	11,000	215,000	141,000	95,000	21,000	483,000
<b>Total Equipment</b>	<b>502,000</b>	<b>918,400</b>	<b>821,000</b>	<b>1,098,500</b>	<b>594,500</b>	<b>3,934,400</b>
<b>PLANT &amp; PROPERTY</b>						
Minor Struct. & Reno.	76,000	271,000	145,000	64,500	21,500	578,000
Street Reconstruction	455,000	665,000	235,000	235,000	235,000	1,825,000
Major Structures	540,000	2,560,000	1,940,000	1,540,000	800,000	7,380,000
Financing Expenses	8,000	10,000	10,000	10,000	10,000	48,000
<b>Total Plant &amp; Property</b>	<b>1,079,000</b>	<b>3,506,000</b>	<b>2,330,000</b>	<b>1,849,500</b>	<b>1,066,500</b>	<b>9,831,000</b>
<b>TOTAL CIP</b>	<b>\$1,581,000</b>	<b>\$4,424,400</b>	<b>\$3,151,000</b>	<b>\$2,948,000</b>	<b>\$1,661,000</b>	<b>\$13,765,400</b>
<b>FUNDING SOURCES</b>						
CIP Fund Balance	369,162	50,000	50,000	50,000	50,000	569,162
TIF Revenue	415,438	250,000	800,000	800,000	550,000	2,815,438
Bond Financed	500,000	4,074,400	2,271,000	2,068,000	1,031,000	9,944,400
Other (grants, general fund)	296,400	50,000	30,000	30,000	30,000	436,400
<b>TOTAL SOURCES</b>	<b>\$1,581,000</b>	<b>\$4,424,400</b>	<b>\$3,151,000</b>	<b>\$2,948,000</b>	<b>\$1,661,000</b>	<b>\$13,765,400</b>

**Property Tax Levy Limit**

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

Fiscal year:	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>
State Personal Income Factor:	1.05%	1.09%	0.86%	2.67%	2.84%
City Property Growth Factor:	<u>1.23</u>	<u>1.00</u>	<u>1.56</u>	<u>1.23</u>	<u>0.53</u>
Growth Limitation Factor:	2.28%	2.09%	2.42%	3.90%	3.37%
Property Tax Levy Limit:	\$8,764,911	\$9,074,149	\$9,497,720	\$9,786,013	\$10,144,879
Property Tax Levy:	<u>6,734,269</u>	<u>6,734,269</u>	<u>6,807,588</u>	<u>6,807,588</u>	<u>6,767,301</u>
Over/(below) Levy Limit:	(\$2,030,642)	(\$2,339,880)	(\$2,690,132)	(\$2,978,425)	(\$3,377,578)

## Fund Balance

	(000s)					
	Fiscal Year Ended June 30,					
<b>FUND BALANCE</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Unassigned	\$3,463	\$3,662	\$3,728	\$4,257	\$4,362	\$4,455
Non-spendable, restricted, committed	\$1,312	\$1,478	\$1,936	\$1,673	\$1,913	\$1,693
<b>TOTAL FUND BALANCE</b>	<b>\$4,775</b>	<b>\$5,140</b>	<b>\$5,664</b>	<b>\$5,930</b>	<b>\$6,275</b>	<b>\$6,148</b>
<b>Operating Expenditures</b>	<b>\$33,466</b>	<b>\$33,800</b>	<b>\$34,088</b>	<b>\$34,426</b>	<b>\$36,266</b>	<b>\$37,496</b>
<b>Gross Revenues</b>	<b>\$32,554</b>	<b>\$34,315</b>	<b>\$34,442</b>	<b>\$34,775</b>	<b>\$36,625</b>	<b>\$37,407</b>
<b>Unassgn. Fund Balance as % of Op. Exp.</b>	<b>10.3%</b>	<b>10.8%</b>	<b>10.9%</b>	<b>12.4%</b>	<b>12.0%</b>	<b>11.8%</b>
<b>Total Fund Balance as % of Gross Rev.</b>	<b>14.7%</b>	<b>15.0%</b>	<b>16.4%</b>	<b>17.0%</b>	<b>17.1%</b>	<b>16.4%</b>

## 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 FY18. 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,)**

	2018	2017	2016	2015	2014
<b>ASSETS</b>					
Cash	\$7,716,453	\$7,778,081	\$6,772,863	\$5,914,699	\$5,007,659
Investments	732,671	709,781	737,065	732,333	732,277
Receivables:					
Taxes receivable	69,373	66,985	74,102	75,181	75,459
Tax liens	444,403	448,088	550,688	523,488	567,923
Other receivable	408,706	538,979	454,878	876,013	1,647,919
Prepaid items	233,330	230,010	228,124	225,560	224,838
Inter-fund loans	146,478	0	549,016	597,037	159,074
<b>TOTAL ASSETS</b>	<b>\$9,751,414</b>	<b>\$9,771,924</b>	<b>\$9,366,736</b>	<b>\$8,944,311</b>	<b>\$8,415,149</b>
<b>LIABILITIES</b>					
Accounts payable	540,957	662,844	542,785	497,960	526,517
Accrued payroll	2,531,353	2,286,493	2,330,297	2,216,572	2,086,570
Taxes collected in advance	111,165	99,928	84,551	58,645	79,226
Unearned revenue	8,193	12,265	16,336	20,408	56,668
Inter-fund loans	0	89,704	0	0	0
<b>TOTAL LIABILITIES</b>	<b>\$3,191,668</b>	<b>\$3,151,234</b>	<b>\$2,973,969</b>	<b>\$2,793,585</b>	<b>\$2,748,981</b>
<b>DEFERRED INFLOWS of RESOURCES<sup>(1)</sup></b>					
Unavailable revenue – property taxes	411,410	\$346,311	\$462,452	\$486,912	\$525,717
<b>FUND EQUITY<sup>(1)</sup></b>					
Non-spendable	233,330	230,010	228,124	225,560	224,838
Restricted	203,981	323,253	354,969	609,076	205,800
Committed	0	0	0	0	0
Assigned	1,255,364	1,359,555	1,090,406	1,101,579	1,047,722
Unassigned	4,455,661	4,361,561	4,256,816	3,727,599	3,662,091
<b>TOTAL FUND EQUITY</b>	<b>\$6,148,336</b>	<b>\$6,274,379</b>	<b>\$5,930,315</b>	<b>\$5,663,814</b>	<b>\$5,140,451</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY</b>	<b>\$9,751,414</b>	<b>\$9,771,924</b>	<b>\$9,366,736</b>	<b>\$8,944,311</b>	<b>\$8,415,149</b>

Prepared from Audited Financial Statements

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

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

	2018	2017	2016	2015	2014
<b>REVENUES</b>					
Taxes	\$18,920,245	\$18,455,024	\$18,285,093	\$17,867,909	\$17,851,205
Licenses and permits	290,653	407,624	463,094	556,207	510,271
Intergovernmental	12,829,096	12,151,674	12,259,536	12,271,768	12,083,601
Local sources	5,128,731	5,378,923	4,885,206	5,086,436	5,225,845
Interest earned	38,717	38,873	42,491	34,769	34,273
<b>TOTAL REVENUES</b>	<b>37,207,442</b>	<b>36,432,118</b>	<b>35,935,420</b>	<b>35,817,089</b>	<b>35,705,590</b>
<b>EXPENDITURES</b>					
Current:					
Administration	1,931,743	1,912,043	1,801,221	1,822,085	1,853,281
Protection	4,721,851	4,810,350	4,450,571	4,447,981	4,361,052
Public services	206,884	221,461	180,909	193,369	211,968
Public works	2,177,178	2,177,707	2,039,537	2,147,714	2,163,482
Unclassified	2,901,175	2,895,402	2,874,745	2,752,816	2,827,175
Education	20,839,074	19,948,929	20,178,421	19,529,611	19,773,257
Debt service	2,381,051	2,203,077	2,103,693	2,193,477	2,144,918
Assessments	1,015,313	962,275	903,844	1,039,021	931,073
MainePERS	1,321,532	1,135,088	1,160,381	1,374,688	1,389,880
Capital outlay	285,619	106,580	0	0	173,845
<b>TOTAL EXPENDITURES</b>	<b>37,781,420</b>	<b>36,372,912</b>	<b>35,693,322</b>	<b>35,500,762</b>	<b>35,829,931</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>(573,978)</b>	<b>59,206</b>	<b>242,098</b>	<b>316,327</b>	<b>(124,341)</b>
<b>OTHER FINANCING SOURCES:</b>					
Bond or lease proceeds	285,619	106,580	0	0	173,845
Operating transfers in	200,664	215,884	188,320	262,036	381,109
Operating transfers out	(1,200)	(37,606)	(163,917)	(55,000)	(65,000)
<b>TOTAL OTHER FINANCING SOURCES (USES):</b>	<b>485,083</b>	<b>284,858</b>	<b>24,403</b>	<b>207,036</b>	<b>489,954</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>(88,895)</b>	<b>344,064</b>	<b>266,501</b>	<b>523,363</b>	<b>365,218</b>
<b>BEGINNING FUND BALANCE</b>	<b>\$6,237,231</b>	<b>\$5,930,315</b>	<b>\$5,663,814</b>	<b>\$5,140,451</b>	<b>\$4,775,233</b>
<b>ENDING FUND BALANCE</b>	<b>\$6,148,336</b>	<b>\$6,274,379</b>	<b>\$5,930,315</b>	<b>\$5,663,814</b>	<b>\$5,140,451</b>

Prepared from Audited Financial Statements

## **ASSESSING DEPARTMENT**

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

## **PROPERTY TAXATION**

The principal tax of the City is the tax on real and personal property. A single tax applies for each fiscal year to the assessed value of the taxable real or personal property. The City's Tax Collector receives the tax commitment from the City Assessor, with assessed values as of April 1<sup>st</sup> of each year, after which time the tax bills are due in two installments. All taxes paid after the due dates are subject to interest, at the rate of 7.0% per annum, in FY18.

### **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 FY2018, Brewer received reimbursement at the enhanced rate of 52.94%. The City receives 100% reimbursement for BETE value in a grandfathered TIF district.

For the purposes of identifying the municipality's valuation for determining the local property tax rate, the value of all property made exempt by this legislation in the municipality must be considered part of that municipality's local valuation to the extent the municipality is being reimbursed for its lost property taxes by the State other than property located in, and the assessed value of which is retained in, a tax increment financing district. The following table identifies the value of the property subject to BETE reimbursement:

<b>Fiscal Year ended</b> <b><u>June 30,</u></b>	<b><u>Exempt BETE Value</u></b>		<b><u>Total</u></b> <b><u>BETE Value</u></b>
	<b><u>Not in TIF</u></b>	<b><u>In TIF Districts</u></b>	
2018	\$5,567,500	\$8,657,400	\$14,224,900
2017	3,380,300	7,826,800	11,207,100
2016	2,910,200	8,663,500	11,573,700
2015	2,817,200	4,231,500	7,048,700
2014	2,627,900	2,907,400	5,535,300
2013	3,273,200	3,829,400	7,102,600

The value of all property made exempt by this law in the City will also be considered part of that municipality's equalized State Valuation to the extent the City is being reimbursed for its lost property taxes by the state with an additional adjustment for property in a tax increment financing district. The law provides some additional security for the municipal reimbursement system by funding the reimbursements described above directly from State Income Tax receipts before those receipts are deposited into the State's General Fund, rather than as an annual General Fund appropriation.

### **Largest Taxpayers**

The following is a list of the City's ten largest taxpayers for fiscal 2018:

<b><u>Name</u></b>	<b><u>Nature of Business</u></b>	<b><u>Fiscal 2018 Assessed Valuation</u></b>	<b><u>% of Total Assessed Valuation</u></b>
Maritime & Northeast Pipe LLC	Utility	\$ 45,969,900	6.51%
Fransway Realty LLC	Real Estate	18,923,100	2.58%
Walmart	Retail	16,791,400	2.29%
Lowe's Home Centers Inc	Retail	14,263,100	1.93%
Emera Maine	Utility	13,592,500	1.84%
EODSR LLC/Darling Edward	Auto Dealer	8,643,500	1.16%
Somic America Inc	Manufacturer	7,749,000	1.04%
Penobscot River Holdings LLC	Manufacturer	6,946,700	0.93%
Woodlands LLC	Health Care	5,360,200	0.72%
Village Centre Housing Partners LP	Residential Real Estate	4,754,600	0.64%
<b>Total</b>		<b><u>\$142,994,000</u></b>	<b><u>19.64%</u></b>

## Valuations

Fiscal Year	Real Estate Valuation <sup>(1)</sup>	Personal Property Valuation <sup>(2)</sup>	Total Assessed Valuation	Tax Rate Per \$1,000 of Assessed Valuation	Gross Tax Levy (000s)	Tax Levy Per Capita <sup>(3)</sup>
2018	\$721,369,640	\$30,721,800	\$752,091,440	\$22.50	\$16,922	\$1,785
2017	728,845,994	31,499,500	760,345,494	21.52	16,363	1,726
2016	730,346,030	31,516,100	761,862,130	21.52	16,395	1,729
2015	732,470,870	33,497,600	765,968,470	20.92	16,024	1,690
2014	737,742,900	34,867,400	772,610,300	20.92	16,163	1,705
2013	743,804,600	35,832,700	779,637,300	18.99	14,805	1,561
2012	737,423,700	35,833,200	773,256,900	17.95	13,880	1,464

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

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

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

## Tax Levy and Collections

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

Fiscal Year	Gross Tax Levy (000)	Collected Year End Levy (000)	% of Tax Levy	Collected as of 6/30/18 (000)	% of Tax Levy
2018	\$16,922	\$16,627	98.25%	\$16,627	98.25%
2017	16,363	16,276	99.46	16,281	99.49
2016	16,395	16,167	98.60	16,375	99.87
2015	16,024	15,657	97.70	16,008	99.90
2014	16,163	15,821	97.88	16,151	99.92
2013	14,805	14,453	97.62	14,792	99.91

## TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE DEVELOPMENT HOUSING DISTRICTS

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



single taxpayer with an assessed value in excess of 10% of the municipality's total assessed value. In addition, the foregoing limitations do not apply to approved downtown TIF districts, TIF districts included within Pine Tree Development Zones or TIF districts that consist solely of one or more community wind power generation facilities owned by a community wind power generator that has been certified by the Public Utilities Commission pursuant to Title 35-A, section, 3403, subsection 3 of the Maine Revised Statutes, as amended.

The increase in assessed value captured by the municipality is excluded from the municipality's equalized just value for each year's State valuation filed with the Secretary of State in accordance with Title 36, Sections 208 and 305 of Maine Revised Statutes, as amended, and is therefore not included in calculating that municipality's share of State educational aid, State municipal revenue sharing, the county tax or the 15% debt limitation for the municipality pursuant to Title 30-A, Section 5702 of the Maine Revised Statutes, as amended.

In FY2018, the City had seven designated tax increment financing districts with \$64,000,000 in captured assessed value. This includes one affordable development housing district. It may consider proposals for other districts on an ongoing basis. All districts will be evaluated based upon the City's comprehensive plan for economic development, which includes tax increment financing as one of its aspects. In no event will the City's districts exceed the statutory limitation of total area and aggregate equalized value within all districts, determined as of their date of designation, as set out above.

## REVENUES FROM THE STATE

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

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

<b>Fiscal Yr. End June 30,</b>	<b>State Revenue Sharing</b>	<b>State School Subsidy</b>	<b>General Assistance</b>	<b>BETE</b>	<b>Homestead Exemption</b>	<b>Total</b>
2018	\$673,342	\$10,181,025	\$10,200	\$68,679	\$421,425	\$11,354,671
2017	635,042	9,835,416	9,246	48,885	307,515	10,836,104
2016	688,294	9,995,165	14,455	44,354	207,345	10,949,613
2015	606,194	9,875,277	11,453	34,398	207,912	10,735,234
2014	614,544	9,648,249	7,406	29,359	208,572	10,508,130
2013	921,654	9,223,785	42,355	38,824	191,599	10,418,217
2012	965,668	9,676,726	61,113	43,456	182,282	10,929,245

## 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 2018 equalized state valuation (“equalized State Valuation”) is \$721,000,000. The 15% debt limit is \$108,150,000. As of June 30, 2018, the City’s long-term debt outstanding was \$36,409,536, or 5.00% of the equalized State Valuation.

### Outstanding Debt

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

Fiscal Year End	G.O. Bonded Debt Outstanding	Total State Equalized Valuation <sup>(1)</sup>	Bonded Debt Per Capita	Total Bonded Debt as % of State Equalized Valuation	Levy Supported Debt as a % of State Equalized Valuation
2018	\$36,409,536	\$721,000,000	\$3,840	5.00%	2.58%
2017	36,309,839	718,900,000	3,829	5.05	2.45
2016	37,081,743	721,350,000	3,911	5.10	2.38
2015	38,790,111	707,400,000	4,091	5.48	2.51
2014	39,975,865	715,750,000	4,216	5.59	2.48
2013	40,561,352	716,000,000	4,278	5.66	2.55
2012	40,892,788	732,150,000	4,313	5.58	2.56

<sup>(1)</sup>  
<sup>(2)</sup> As determined by the State of Maine.

## Debt Service Component of Operating Expenses

	2014	2015	2016	2017	2018
Gross Current Debt Service:	4,011,714	4,129,500	4,021,957	4,091,727	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	2,202,704	2,381,449
Operating Expense:	\$33,799,617	\$34,088,000	\$34,426,000	\$36,266,332	\$37,495,801
Debt Service as % Oper. Exp:	6.35%	6.43%	6.11%	6.07%	6.35%

## 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
2018	\$36,409,536	\$721,000	\$752,091	5.0%	\$3,840
2017	36,309,839	718,900	760,345	5.1	3,829
2016	37,081,743	721,350	761,862	5.1	3,911
2015	38,790,111	707,400	765,968	5.5	4,091
2014	39,975,865	715,750	772,610	5.6	4,216
2013	40,561,352	716,000	779,637	5.7	4,278
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

## Future Financing

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

In November 2015, the City Council authorized the borrowing of up to \$1,500,000 from USDA Rural Development to finance improvements to the City's water pollution control facilities, and various sewer system repairs. The \$1.5m loan is expected to close in the spring of 2019.

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

In July 2018, the City Council authorized the issuance of up to \$500,000 in general obligation bonds to finance planned capital improvements approved as part of the FY2019 budget process, which is expected to occur in the spring of 2019.