

CITY OF BREWER, MAINE

Annual Financial Report

For the Year Ended June 30, 2021

CITY OF BREWER, MAINE
Annual Financial Report
For the Year Ended June 30, 2021

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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, 2021, 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, 2021, and the respective changes in financial position, and where applicable, cash flows, thereof and budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2021 on our consideration of the City of Brewer, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Brewer, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Brewer, Maine's internal control over financial reporting and compliance.

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

December 30, 2021

South Portland, Maine

CITY OF BREWER, MAINE
Management's Discussion and Analysis
June 30, 2021

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, 2021.

Financial Highlights

- ❖ The assets and deferred outflows of resources of the City of Brewer exceeded liabilities and deferred inflows of resources by **\$45,421,983** (net position). Of this amount, a deficit of **(\$8,041,147)** was reported as unrestricted net position. The City's total net position increased by **\$4,276,359** from the prior year. Net position of Governmental Activities increased by **\$3,673,908**, while Business-type Activities increased by **\$602,451**. (See statements 1 and 2.)
- ❖ At the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of **\$15,020,130**, which was an increase of **\$3,204,848** from the prior fiscal year. This increase was comprised of a **\$1,985,741** increase in the City's general fund, a **(\$7,534)** decrease in the School grants fund, an **\$899,166** increase in the City's major capital projects fund and a **\$327,475** increase in the other governmental funds. (See statement 4.)
- ❖ The City's general fund reports an unassigned fund balance of **\$6,193,428** and total fund balance of **\$9,365,656**, an increase of **\$1,985,741**. The City's unassigned fund balance is currently at **16%** of budgeted expenditures and **17%** of general fund expenditures (see statement 6).
- ❖ The City of Brewer authorized **\$1,550,000** in FY21 CIP bond funding (\$1,050,000 general fund and \$500,000 sewer fund), which was issued on May 20, 2021. The water fund closed on a **\$2,959,000** Drinking Water State Revolving Fund loan in December 2020, receiving \$1,632,973 of those proceeds prior to June 30, 2021. The sewer fund issued a **\$1,500,000** bond anticipation note in December 2020 prior to closing on its **\$1,500,000** loan from USDA Rural Development in February 2021. During FY2021, the City retired **\$4,583,480** in old bonds and notes. (See statements 3, 4 and 6.)

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

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.

Fund 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 **45** 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 three major funds: the general fund, school grants fund and the other capital projects fund. Data from the other **43** 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.

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

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 page **22** of this report, denoted as Statement 10.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages **24-58** of this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual statements and schedules are found on pages **69-107** of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Brewer, governmental activity assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by **\$22,309,394**. Business-type activity assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by **\$23,112,589** for a City-wide total of net position of **\$45,421,983** 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, **107.8%**, reflects its investment in capital assets (e.g., land, buildings and improvements, machinery, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City of Brewer uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City of Brewer's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, **9.9%**, represents resources that are subject to external restrictions on how they may be used. This means that the City has a negative unrestricted net position of **(17.7%)**. This is mostly a result of implementation of Governmental Accounting Standards Board Statements #68 and #75, related to pension and other post-employment benefits, which does not impact the cash ability of the City to meet ongoing obligations.

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

Summary Statement of Net Position

	Governmental Activities		Business-type Activities		Primary Government Total	
	2021	2020 (restated)	2021	2020	2021	2020 (restated)
ASSETS						
Current and other assets	\$ 19,971,176	16,880,019	(3,088,088)	(3,578,946)	16,883,088	13,301,073
Capital assets	34,190,843	34,830,814	48,926,266	44,720,859	83,117,109	79,551,673
Total assets	54,162,019	51,710,833	45,838,178	41,141,913	100,000,197	92,852,746
DEFERRED OUTFLOWS OF RESOURCES						
Related to pensions and OPEB	2,679,209	2,313,481	300,789	277,037	2,979,998	2,590,518
Total deferred outflows	2,679,209	2,313,481	300,789	277,037	2,979,998	2,590,518
LIABILITIES						
Long-term liabilities	27,082,972	27,447,250	20,048,343	16,120,981	47,131,315	43,568,231
Other liabilities	6,715,806	6,316,551	2,876,820	2,531,374	9,592,626	8,847,925
Total liabilities	33,798,778	33,763,801	22,925,163	18,652,355	56,723,941	52,416,156
DEFERRED INFLOWS OF RESOURCES						
Related to pensions and OPEB	733,056	1,325,027	101,215	256,457	834,271	1,581,484
Total deferred inflows	733,056	1,325,027	101,215	256,457	834,271	1,581,484
NET POSITION						
Net investment in capital assets	19,586,914	19,168,057	29,725,497	28,330,999	48,954,136 *	47,049,106 *
Restricted	4,508,994	3,963,414	-	-	4,508,994	3,963,414
Unrestricted (deficit)	(1,786,514)	(4,495,985)	(6,612,908)	(5,820,861)	(8,041,147) *	(9,866,896) *
Total net position	\$ 22,309,394	18,635,486	23,112,589	22,510,138	45,421,983	41,145,624

* These amounts do not cross-foot due to the 2021 amount of **\$358,275** and 2020 amount of **\$449,950** pertaining to bond principal remaining on the \$1,000,000 of bonds used by the Government Activities to purchase capital assets, which were contributed to the business-type activities. These amounts are not considered capital related in the governmental activities' column, but are considered capital related in the primary government column.

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

City of Brewer
Changes in Net Position

	Governmental Activities		Business-type Activities		Primary Government Total	
	2021	2020 (restated)	2021	2020 (restated)	2021	2020 (restated)
Revenues:						
Program revenues:						
Charges for services	\$ 5,368,104	\$ 6,345,288	5,371,450	5,276,410	10,739,554	11,621,698
Operating grants and cont.	19,313,465	15,314,837	-	-	19,313,465	15,314,837
Capital grants and cont.	-	146,000	2,505,538	1,540,809	2,505,538	1,686,809
General revenues:						
Property taxes	18,207,110	17,519,340	-	-	18,207,110	17,519,340
Excise taxes	2,176,065	1,791,056	-	-	2,176,065	1,791,056
Interest and costs on taxes	100,075	127,213	-	-	100,075	127,213
Franchise fees	128,164	125,340	-	-	128,164	125,340
State Revenue Sharing	1,487,602	1,110,704	-	-	1,487,602	1,110,704
Homestead exemption	828,498	540,840	-	-	828,498	540,840
Other govt. revenues	405,446	244,515	-	-	405,446	244,515
Unrestricted invstmt. earnings	58,989	176,249	-	-	58,989	176,249
Miscellaneous revenues	5,412	35,897	6,241	341	11,653	36,238
Transfers	154,399	176,188	(154,399)	(176,188)	-	-
Total revenues and transfers	48,233,329	43,653,467	7,728,830	6,641,372	55,962,159	50,294,839
Expenses:						
Administration	1,803,266	2,634,916	-	-	1,803,266	2,634,916
Protection	5,612,225	5,425,422	-	-	5,612,225	5,425,422
Public services	215,361	416,876	-	-	215,361	416,876
Public works	2,724,669	3,082,126	-	-	2,724,669	3,082,126
Education	29,433,455	25,642,953	-	-	29,433,455	25,642,953
Unclassified	2,392,484	2,500,661	-	-	2,392,484	2,500,661
Assessments	1,126,292	1,075,191	-	-	1,126,292	1,075,191
Capital maintenance	840,933	1,814,580	-	-	840,933	1,814,580
Interest on debt	410,736	478,451	-	-	410,736	478,451
Water	-	-	3,938,069	3,383,170	3,938,069	3,383,170
Sewer	-	-	3,188,310	2,756,623	3,188,310	2,756,623
Total expenses	44,559,421	43,071,176	7,126,379	6,139,793	51,685,800	49,210,969
Change in net position	3,673,908	582,291	602,451	501,579	4,276,359	1,083,870
Net position, prior year, restated	18,635,486	18,053,195	22,510,138	22,008,559	41,145,624	40,061,754
Net position, current year	\$ 22,309,394	\$ 18,635,486	23,112,589	22,510,138	45,421,983	41,145,624

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

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City of Brewer's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the City of Brewer's governmental funds reported combined ending fund balances at June 30, 2021 of **\$15,020,130**, an increase of **\$3,204,848** in comparison with the prior year. Just under **40%** of this total amount, **\$5,986,189**, 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, **\$9,033,941**, is not available for new spending because it has already been restricted to use for: 1) various capital and other governmental purposes **\$1,521,330**, and education **\$1,576,465**; 2) nonexpendable principal in investments, prepaid amounts and inventory, **\$939,725**; or 3) committed or assigned to specific uses **\$4,343,655**.

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 **\$9,365,656**. After adjusting for non-spendable amounts **\$181,292**, the amount that is restricted for education use **\$1,451,745** and items assigned to specific use **\$1,539,191** (made up of **\$588,570** of fund balance appropriated to the FY2022 budget, **\$177,949** in carryforward encumbrances from FY21 to FY22, and **\$772,672** in accrued compensated absences), there is a net unassigned balance of **\$6,193,428** 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 **16.8%** of the total general fund expenditures; total fund balance represents **25.4%** of total general fund expenditures (see statement 6).

The fund balance of the City of Brewer's General Fund increased by **\$1,985,741** during the current fiscal year. While revenues came in **\$1,400,592** higher than budgeted and expenditures were **\$2,571,812** lower than budgeted, these were partially offset by the City's **\$1,860,604** 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 **\$425,085** to **\$14,740,240**. Operating expenses exceeded operating revenues for an operating loss of **(\$906,495)**, while net nonoperating revenue increased income by **\$1,424,090**, which was reduced by net interfund transfers of **(\$92,511)**.

Net position of the City's Sewer Fund increased by **\$177,367** to **\$8,372,349**. The Sewer Fund experienced an operating income loss of **(\$267,764)**, which was reduced by net nonoperating revenue of **\$507,019**, but then partially offset by a net transfer out of **(\$61,888)**.

Of the total proprietary net position, the amount classified as net investment in capital assets was \$11,938,953 and \$17,786,544 for the Water and Sewer Funds, respectively. Unrestricted net position was \$2,801,287 for the Water Fund and (\$9,414,195) for the Sewer Fund.

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

General Fund Budgetary Highlights

The City of Brewer had a **\$582,233** difference between the original and amended expenditures in the FY 2021 budget. The changes are as follows:

Administration	\$56,805
Protection	\$80,460
Public Services	\$421
Public Works	\$42,320
Unclassified	\$41,549
Transfers to Other Funds	<u>\$360,678</u>
Total	\$582,233

These changes in appropriations were authorized by the Brewer City Council and appropriated from an increase in use of fund balance of **\$88,414** (**\$86,823** of which was used to provide a one-time coronavirus hazard pay bonus to City employees in September 2020), an increase in budgeted revenues of **\$375,264**, and **\$118,555** in carryforward encumbrances from FY20. The majority of change in budgeted revenues came from a **\$300,000** increase in motor vehicle excise taxes and a **\$48,690** increase in state revenue sharing. 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, 2021 amount to **\$72,965,253**, net of accumulated depreciation of (**\$38,774,410**), leaving a net book value of **\$34,190,843**. This is a decrease of (**\$639,971**), including **\$1,347,869** in new additions, (**\$16,330**) net loss on disposal and (**\$1,971,510**) 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, 2021 amounts to **\$78,639,854**, net of accumulated depreciation of (**\$29,713,588**), leaving a net book value of **\$48,926,266**. This is an increase of **\$4,205,407**, including **\$5,503,440** in new additions, (**\$1,015**) in net loss on disposals, and (**\$1,297,018**) in depreciation expense. This investment in capital assets includes land, buildings and improvements, vehicles, machinery and equipment, and water and sewer infrastructure.

Long-term Debt. At the end of the current fiscal year, the City of Brewer had total bonds and notes outstanding of **\$34,807,437**. Of this amount, **\$15,266,050** is for governmental activities and **\$19,541,387** is for business-type activities. All debt is backed by the full faith and credit of the City.

At June 30, 2021, the City of Brewer had **\$4,200,000** in authorized but not yet issued long-term debt intended for various sewer capital improvements. This long-term financing will be through the US Department of Agriculture, Rural Development, as a long-term loan, expected to close in December 2021. The City retired **\$4,583,480** in old bonds and notes during FY21.

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 **\$117,330,000** and **\$58,665,000** 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, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 10,525,771	350	10,526,121
Investments	1,584,241	-	1,584,241
Amount held in escrow	-	1,326,896	1,326,896
Receivables:			
Taxes	113,227	-	113,227
Tax and sewer liens	528,884	32,134	561,018
Other receivables	588,860	715,904	1,304,764
Due from other governments	544,836	-	544,836
Prepaid expenses	181,292	16,311	197,603
Inventory	40,356	36,084	76,440
Other assets	-	647,942	647,942
Internal balances	5,863,709	(5,863,709)	-
Capital assets, not being depreciated	2,432,119	7,449,702	9,881,821
Capital assets, net	31,758,724	41,476,564	73,235,288
Total assets	54,162,019	45,838,178	100,000,197
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	1,648,331	258,620	1,906,951
Deferred outflows of resources related to OPEB	1,030,878	42,169	1,073,047
Total deferred outflows of resources	2,679,209	300,789	2,979,998
LIABILITIES			
Accounts payable	1,398,517	628,656	2,027,173
Accrued payroll and related liabilities	2,946,083	255,454	3,201,537
Accrued interest payable	88,485	173,258	261,743
Taxes collected in advance	61,151	-	61,151
Unearned revenue	25,682	448,224	473,906
Noncurrent liabilities:			
Due within one year	2,195,888	1,371,228	3,567,116
Due in more than one year	27,082,972	20,048,343	47,131,315
Total liabilities	33,798,778	22,925,163	56,723,941
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	108,720	12,505	121,225
Deferred inflows of resources related to OPEB	624,336	88,710	713,046
Total deferred inflows of resources	733,056	101,215	834,271
NET POSITION			
Net investment in capital assets	19,586,914	29,725,497	48,954,136
Restricted:			
Education	1,451,745	-	1,451,745
Grants and other programs	828,152	-	828,152
Capital projects	1,462,803	-	1,462,803
Permanent funds:			
Nonexpendable	718,077	-	718,077
Expendable	48,217	-	48,217
Unrestricted	(1,786,514)	(6,612,908)	(8,041,147)
Total net position	\$ 22,309,394	23,112,589	45,421,983

See accompanying notes to basic financial statements.

CITY OF BREWER, MAINE
Statement of Activities
For the year ended June 30, 2021

Functions/programs		Expenses	Program Revenues			Net (expense) revenue and changes in net position		
			Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total
						Governmental activities	Business-type activities	
Primary government:								
Governmental activities:								
Administration	\$	1,803,266	59,225	-	-	(1,744,041)	-	(1,744,041)
Protection		5,612,225	292,842	100,197	-	(5,219,186)	-	(5,219,186)
Public services		215,361	-	9,257	-	(206,104)	-	(206,104)
Public works		2,724,669	35,785	234,353	-	(2,454,531)	-	(2,454,531)
Unclassified		2,405,916	1,940,020	-	-	(465,896)	-	(465,896)
Education		27,416,079	3,039,717	16,965,714	-	(7,410,648)	-	(7,410,648)
State retirement contribution (Education)		2,003,944	-	2,003,944	-	-	-	-
Interest on debt		410,736	515	-	-	(410,221)	-	(410,221)
Assessments		1,126,292	-	-	-	(1,126,292)	-	(1,126,292)
Capital maintenance		840,933	-	-	-	(840,933)	-	(840,933)
Total governmental activities		44,559,421	5,368,104	19,313,465	-	(19,877,852)	-	(19,877,852)
Business-type activities:								
Water		3,938,069	2,628,426	-	1,827,238	-	517,595	517,595
Sewer		3,188,310	2,743,024	-	678,300	-	233,014	233,014
Total business-type activities		7,126,379	5,371,450	-	2,505,538	-	750,609	750,609
Total primary government	\$	51,685,800	10,739,554	19,313,465	2,505,538	(19,877,852)	750,609	(19,127,243)
General revenues:								
Property taxes	\$					18,207,110	-	18,207,110
Excise taxes						2,176,065	-	2,176,065
Interest and costs on taxes						100,075	-	100,075
Franchise fees						128,164	-	128,164
Grants and contributions not restricted to specific programs:								
State Revenue Sharing						1,487,602	-	1,487,602
Homestead exemption						828,498	-	828,498
Other intergovernmental revenues						405,446	-	405,446
Unrestricted investment earnings						58,989	-	58,989
Miscellaneous revenues						5,412	6,241	11,653
Transfers						154,399	(154,399)	-
Total general revenues and transfers						23,551,760	(148,158)	23,403,602
Change in net position						3,673,908	602,451	4,276,359
Net position - beginning, restated						18,635,486	22,510,138	41,145,624
Net position - ending						\$ 22,309,394	23,112,589	45,421,983

See accompanying notes to basic financial statements.

CITY OF BREWER, MAINE
Balance Sheet
Governmental Funds
June 30, 2021

	General	School Grants Fund	Other Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 8,154,945	-	2,014,339	356,487	10,525,771
Investments	805,187	-	-	779,054	1,584,241
Receivables:					
Taxes	113,227	-	-	-	113,227
Tax liens	528,884	-	-	-	528,884
Other receivables	547,667	-	-	41,193	588,860
Due from other governments	-	523,253	-	21,583	544,836
Prepaid expenditures	181,292	-	-	-	181,292
Interfund loans receivable	3,231,306	-	1,848,379	1,036,935	6,116,620
Inventory	-	-	-	40,356	40,356
Total assets	13,562,508	523,253	3,862,718	2,275,608	20,224,087
LIABILITIES					
Accounts payable	780,074	317,988	88,124	194,517	1,380,703
Accrued payroll and related liabilities	2,829,366	116,717	-	-	2,946,083
Taxes collected in advance	61,151	-	-	-	61,151
Unearned revenue	6,648	-	-	19,034	25,682
Interfund loans payable	-	148,244	-	122,481	270,725
Total liabilities	3,677,239	582,949	88,124	336,032	4,684,344
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	519,613	-	-	-	519,613
Total deferred inflows of resources	519,613	-	-	-	519,613
FUND BALANCES					
Nonspendable	181,292	-	-	758,433	939,725
Restricted	1,451,745	69,585	1,421,353	807,878	3,750,561
Committed	-	-	2,408,641	395,823	2,804,464
Assigned	1,539,191	-	-	-	1,539,191
Unassigned	6,193,428	(129,281)	(55,400)	(22,558)	5,986,189
Total fund balances (deficits)	9,365,656	(59,696)	3,774,594	1,939,576	15,020,130
Total liabilities, deferred inflows of resources, and fund balances	\$ 13,562,508	523,253	3,862,718	2,275,608	

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.	34,190,843
Other long-term assets are not available to pay for current period expenditures and therefore, are unavailable in the funds.	519,613
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.	
Bonds and notes	(15,266,050)
Premium on bonds	(430,359)
Financed purchases	(150,615)
Accrued compensated absences	(1,168,034)
Net pension liability, including related deferred inflows and outflows of resources	(2,912,820)
Landfill closure and postclosure	(939,314)
Other postemployment benefits liability, including related deferred inflows and outflows of resources	(6,465,515)
Accrued interest payable	(88,485)

Net position of governmental activities **\$ 22,309,394**

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, 2021

	General	School Grants Fund	Other Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 20,597,726	-	-	-	20,597,726
Licenses and permits	250,571	-	-	-	250,571
Intergovernmental	17,017,023	4,174,008	-	502,904	21,693,935
Local sources	3,741,278	-	1,143,838	23,950	4,909,066
Student activity fees and fundraisers	-	-	-	124,054	124,054
Donations	-	-	-	393,524	393,524
Unclassified	-	80,057	-	85,484	165,541
Investment earnings	53,087	-	-	5,902	58,989
Total revenues	41,659,685	4,254,065	1,143,838	1,135,818	48,193,406
Expenditures:					
Current:					
Administration	1,954,906	-	-	-	1,954,906
Protection	4,979,458	-	-	162,112	5,141,570
Public services	200,725	-	-	16,990	217,715
Public works	2,393,824	-	-	-	2,393,824
Unclassified	1,407,439	-	-	15,123	1,422,562
Education	22,475,875	4,261,599	-	504,496	27,241,970
Student activities	-	-	-	122,958	122,958
Assessments	1,126,292	-	-	-	1,126,292
Retirement and group term life contributions	2,003,944	-	-	-	2,003,944
Debt service:					
Principal	2,028,869	-	-	-	2,028,869
Interest	448,781	-	-	-	448,781
Capital outlay	1,149,236	-	1,039,566	-	2,188,802
Total expenditures	40,169,349	4,261,599	1,039,566	821,679	46,292,193
Excess (deficiency) of revenues over (under) expenditures	1,490,336	(7,534)	104,272	314,139	1,901,213
Other financing sources (uses):					
Notes from direct borrowing proceeds	1,050,000	-	-	-	1,050,000
Financed purchases proceeds	99,236	-	-	-	99,236
Transfers from other funds	1,095,800	-	794,894	24,877	1,915,571
Transfers to other funds	(1,749,631)	-	-	(11,541)	(1,761,172)
Total other financing sources (uses)	495,405	-	794,894	13,336	1,303,635
Net change in fund balances	1,985,741	(7,534)	899,166	327,475	3,204,848
Fund balances, beginning of year - restated	7,379,915	(52,162)	2,875,428	1,612,101	11,815,282
Fund balances, end of year	\$ 9,365,656	(59,696)	3,774,594	1,939,576	15,020,130

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, 2021

Net change in fund balances - total governmental funds (from Statement 4)	\$	3,204,848
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 depreciation expense (\$1,971,510) and loss on disposal (\$16,330) exceeded capital outlays (\$1,347,869).		
		(639,971)
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.		
		(114,476)
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 (-\$313,745), accrued compensated absences (\$12,796), accrued interest (-\$9,354), net pension liability with related deferred inflows and outflows (\$114,363) and landfill closure and postclosure costs (-\$88,739).		
		284,679
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, notes and financed purchase agreements provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond, notes and financed purchase agreements principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments of bonds, notes and financed purchase agreements (\$2,059,373) exceeded proceeds (\$1,149,236).		
		910,137

Change in net position of governmental activities (see Statement 2)	\$	3,673,908
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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, 2021

	General Fund			Variance with final budget positive (negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 19,795,236	20,095,236	20,597,726	502,490
Licenses and permits	247,093	247,693	250,571	2,878
Intergovernmental	14,121,110	14,192,800	15,013,079	820,279
Local sources	3,676,446	3,679,420	3,741,278	61,858
Interest earned	40,000	40,000	53,087	13,087
Total revenues	37,879,885	38,255,149	39,655,741	1,400,592
Expenditures:				
Current:				
Administration	2,088,549	2,145,354	1,954,906	190,448
Protection	4,951,346	5,031,806	4,979,458	52,348
Public services	292,501	292,922	200,725	92,197
Public works	2,705,509	2,747,829	2,393,824	354,005
Unclassified	1,563,585	1,605,134	1,407,439	197,695
Education	23,967,934	23,967,934	22,349,816	1,618,118
Assessments	1,128,515	1,128,515	1,126,292	2,223
Debt service:				
Principal	2,028,869	2,028,869	2,028,869	-
Interest	513,559	513,559	448,781	64,778
Total expenditures	39,240,367	39,461,922	36,890,110	2,571,812
Excess (deficiency) of revenues over (under) expenditures	(1,360,482)	(1,206,773)	2,765,631	3,972,404
Other financing sources (uses):				
Use of fund balance	1,580,000	1,668,414	-	(1,668,414)
Reserves and carryforwards	30,000	148,555	-	(148,555)
Transfers from other funds	1,138,232	1,138,232	1,095,800	(42,432)
Transfers to other funds	(1,387,750)	(1,748,428)	(1,749,631)	(1,203)
Total other financing sources (uses)	1,360,482	1,206,773	(653,831)	(1,860,604)
Net change in fund balances - budgetary basis	-	-	2,111,800	2,111,800
Reconciliation to GAAP:				
Change in accrued summer salaries and benefits			(126,059)	
Total reconciling items to GAAP			(126,059)	
Net change in fund balances - GAAP basis			1,985,741	
Fund balances, beginning of year - restated			7,379,915	
Fund balances, end of year	\$		9,365,656	

See accompanying notes to basic financial statements.

CITY OF BREWER, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2021

Business-type Activities - Enterprise Funds			
	Water Department	Sewer Department	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 300	50	350
Amount held in escrow	1,326,896	-	1,326,896
User fees receivable	101,333	614,571	715,904
Liens receivable	2,481	29,653	32,134
Interfund loans receivable	2,609,011	-	2,609,011
Inventory	36,084	-	36,084
Prepaid expenses	16,311	-	16,311
Other assets	647,942	-	647,942
Total current assets	4,740,358	644,274 -	5,384,632
Noncurrent assets:			
Capital assets not being depreciated:			
Land and land rights	2,882,525	53,900	2,936,425
Organizational costs	121,750	-	121,750
Construction in progress	2,120,734	2,270,793	4,391,527
Total capital assets not being depreciated	5,125,009	2,324,693	7,449,702
Capital assets being depreciated:			
Capital assets	31,262,061	39,928,091	71,190,152
Accumulated depreciation	(12,179,032)	(17,534,556)	(29,713,588)
Total capital assets being depreciated	19,083,029	22,393,535	41,476,564
Total noncurrent assets	24,208,038	24,718,228	48,926,266
Total assets	28,948,396	25,362,502 -	54,310,898
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	114,942	143,678	258,620
Deferred outflows of resources related to OPEB	21,035	21,134	42,169
Total deferred outflows of resources	135,977	164,812 -	300,789
LIABILITIES			
Current liabilities:			
Accounts payable	39,714	588,942	628,656
Accrued payroll and related benefits	121,477	133,977	255,454
Accrued interest payable	109,134	64,124	173,258
Unearned revenue	366,136	82,088	448,224
Interfund loans payable	-	8,472,720	8,472,720
Noncurrent liabilities, due in one year	713,824	657,404 -	1,371,228
Total current liabilities	1,350,285	9,999,255	11,349,540
Long-term liabilities:			
Noncurrent liabilities, due in more than one year	12,944,039	7,104,304	20,048,343
Total long-term liabilities	12,944,039	7,104,304	20,048,343
Total liabilities	14,294,324	17,103,559 -	31,397,883
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	5,558	6,947	12,505
Deferred inflows of resources related to OPEB	44,251	44,459	88,710
Total deferred inflows of resources	49,809	51,406 -	101,215
NET POSITION			
Net investment in capital assets	11,938,953	17,786,544	29,725,497
Unrestricted	2,801,287	(9,414,195)	(6,612,908)
Total net position	\$ 14,740,240	8,372,349	23,112,589

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, 2021

Business-type Activities - Enterprise Funds			
	Water Department	Sewer Department	Total
Operating revenues:			
Charges for services	\$ 2,553,622	2,434,020	4,987,642
Other	74,804	309,004	383,808
Total operating revenues	2,628,426	2,743,024	5,371,450
Operating expenses:			
Operation - salaries and benefits	629,848	830,582	1,460,430
Operation - other	1,733,083	1,082,193	2,815,276
Administrative expenses - salaries and benefits	217,723	183,714	401,437
Administrative expenses - other	409,894	170,212	580,106
Depreciation and amortization	544,373	744,087	1,288,460
Total operating expenses	3,534,921	3,010,788	6,545,709
Operating income (loss)	(906,495)	(267,764)	(1,174,259)
Nonoperating revenues (expenses):			
Other revenues	-	6,241	6,241
Capital grants and contributions	1,827,238	678,300	2,505,538
Interest on debt service	(403,148)	(181,022)	(584,170)
Gain (loss) on disposal of capital assets	-	3,500	3,500
Total nonoperating revenues (expenses)	1,424,090	507,019	1,931,109
Net income (loss) before transfers	517,595	239,255	756,850
Transfers:			
Transfers in	7,797	30,692	38,489
Transfers to General Fund - administration	(100,308)	(92,580)	(192,888)
Total transfers	(92,511)	(61,888)	(154,399)
Change in net position	425,084	177,367	602,451
Net position, beginning of year	14,315,156	8,194,982	22,510,138
Net position, end of year	\$ 14,740,240	8,372,349	23,112,589

See accompanying notes to basic financial statements.

CITY OF BREWER, MAINE
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2021

Business-type Activities - Enterprise Funds			
	Water Department	Sewer Department	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 2,647,197	2,755,070	5,402,267
Payments to suppliers	(2,265,293)	(1,108,862)	(3,374,155)
Payments to employees	(809,789)	(898,778)	(1,708,567)
Net cash provided by (used in) operating activities	(427,885)	747,430	319,545
Cash flows from non-capital financing activities:			
Transfers (to) from other funds	(600,183)	1,265,362	665,179
Net cash provided by (used in) non-capital financing activities	(600,183)	1,265,362	665,179
Cash flows from capital and related financing activities:			
Purchase of capital assets	(1,539,666)	(3,963,774)	(5,503,440)
Capital grants and contributions	1,827,238	678,300	2,505,538
Bond and note proceeds	1,632,104	3,500,000	5,132,104
Principal payments on bonds	(500,344)	(2,054,267)	(2,554,611)
Interest payments	(391,464)	(173,051)	(564,515)
Net cash provided by (used in) capital and related financing activities	1,027,868	(2,012,792)	(984,924)
Net increase (decrease) in cash	(200)	-	(200)
Cash, beginning of year	500	50	550
Cash, end of year	\$ 300	50	350
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (906,495)	(267,764)	(1,174,259)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	544,373	744,087	1,288,460
(Increase) decrease in receivables	4,362	12,195	16,557
(Increase) decrease in inventory	(3,144)	-	(3,144)
(Increase) decrease in prepaid expenses	(16,311)	-	(16,311)
(Increase) decrease in other assets	19,158	-	19,158
Increase (decrease) in accounts payable	(74,282)	122,963	48,681
Increase (decrease) in other liabilities	(28,579)	20,580	(7,999)
Increase (decrease) in accrued wages and benefits	939	14,981	15,920
Increase (decrease) in net pension liability	125,021	186,793	311,814
Increase (decrease) in OPEB liability	13,855	13,921	27,776
(Increase) decrease in deferred outflows of resources	15,420	(18,137)	(2,717)
Increase (decrease) in deferred inflows of resources	(117,453)	(82,040)	(199,493)
Increase (decrease) in unearned revenue	(4,749)	(149)	(4,898)
Net cash provided by (used in) operating activities	(427,885)	747,430	319,545

See accompanying notes to basic financial statements.

CITY OF BREWER, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

		Private- purpose Trust Funds
ASSETS		
Cash and cash equivalents	\$	24,823
Investments		960,561
Interfund loans receivable		17,814
Total assets		1,003,198
LIABILITIES		
Accounts payable		-
Total liabilities		-
NET POSITION		
Held in trust	\$	1,003,198

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, 2021

	Private- purpose Trust Funds
Additions:	
Investment income	\$ 271,074
Donations and other	35,680
Total additions	306,754
Deductions:	
Scholarships	46,260
Other	24,580
Total deductions	70,840
Change in net position	235,914
Net position, beginning of year	767,284
Net position, end of year	\$ 1,003,198

See accompanying notes to basic financial statements.

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

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

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

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

The City reports the following major governmental funds:

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

The **School Grant Fund** accounts for transactions related to resources obtained and used under certain federal, state, and local grants.

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

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund type:

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

Private-purpose Trust Funds are used to account for resources legally held in trust for School Department scholarships and other City trusts.

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.

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.

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

E. Short-term Interfund Receivables/Payables

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

F. Receivables

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

G. Inventories and Prepaid Expenditures

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

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

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 (\$50,000 for infrastructure), and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

I. Compensated Absences

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

J. Long-term Obligations

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

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

K. Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the statement of net position and balance sheet will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time. The governmental funds only report one deferred inflow of resources, unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The governmental activities have deferred outflows and inflows that relate to the net pension and OPEB liabilities, which include the City's contributions subsequent to the measurement date, which are recognized as a reduction of the net pension and OPEB liabilities in the subsequent year.

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

L. Fund Equity

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

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

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

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

M. Encumbrances

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

N. Use of Estimates

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

O. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and financed purchases payable and adding back any unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City's net investment in capital assets was calculated as follows at June 30, 2021:

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Primary Government</u>
Capital assets	\$ 72,965,253	78,639,854	151,605,107
Accumulated depreciation	(38,774,410)	(29,713,588)	(68,487,998)
Bonds and notes payable*	(14,907,775)	(19,541,387)	(34,807,437)
Bond premiums	(430,359)	(702,333)	(1,132,692)
Financed purchases payable	(150,615)	-	(150,615)
Unspent bond proceeds	884,820	1,042,951	1,927,771
<u>Net investment in capital assets</u>	<u>\$ 19,586,914</u>	<u>29,725,497</u>	<u>48,954,136</u>

*This amount does not cross-foot due to the \$358,275 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 \$358,275 is not considered capital related in the governmental activities column, but is considered capital related in the primary government column.

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

P. Pensions

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

Q. Other Post-Employment Benefits (OPEB)

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

R. Comparative Data/Reclassifications

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

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Budgets are adopted for the General Fund, Capital Improvement Program, Sewer Fund, and Water Fund and are adopted on a basis consistent with accounting principles generally accepted in the United States of America except, in the case of the General Fund, for teachers' salaries and benefits which are budgeted on a cash basis. Additionally, Maine Public Employees Retirement System on-behalf payments are not budgeted. The level of control (level at which expenditures may not exceed budget) is the Department for the general fund budget. 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, 2021, expenditures exceeded appropriations in the following general fund departments as shown on Exhibit A-2:

City Clerk	\$ 9,269
Fire Department	6,731
Engineering	22,143
Unclassified – all other	32,551

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

B. Revised Budget

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

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other financing sources</u>
2021 budget as originally adopted	\$ 37,879,885	(39,240,367)	1,360,482
Use of prior year reserves and carryforwards	-	153,709	(153,709)
Subsequent authorizations	375,264	(375,264)	-
Totals	\$ 38,255,149	(39,461,922)	1,206,773

Deficit Fund Equity

The following funds had a deficit fund balance at June 20, 2021:

Chamberlain Golf Classic	\$ 40
School Grants Fund	59,696
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.

C. Budgetary versus GAAP Basis of Accounting

Through June 30, 2021, 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, 2021 - GAAP basis	\$ 1,451,745
Accrued teacher summer salaries	1,941,076
Accrued teacher summer benefits	546,553
Fund balance - School Department, June 30, 2021 - budgetary basis	\$ 3,939,374

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

As required by generally accepted accounting principles (GAAP), the City has recorded a revenue and expenditure for Maine Public Employees Retirement System (MainePERS) contributions made by the State of Maine on behalf of the Brewer School Department. These amounts have not been budgeted and result in a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America of \$2,003,944. These amounts have been included as intergovernmental revenues and education expenditures/expenses in the General Fund on statement 4 (GAAP basis) and on the statement of activities (Statement 2). There is no effect on the fund balance/net position at the end of the year.

DEPOSITS AND INVESTMENTS

A. Deposits

Custodial Credit Risk-City Deposits: Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy is that funds can only be invested in financial institutions that are insured by the F.D.I.C. Any funds deposited or invested above the \$250,000 insurance limit must be collateralized by the financial institution at 110% of the face value of the deposit or preferably be fully insured by an independent agent. Any designated collateral shall consist of U.S. Treasury or U.S. Government Agency obligations. As of June 30, 2021, the City reported deposits of \$10,550,944 with a bank balance of \$10,453,614. Of the City's bank balances, all were insured by the F.D.I.C. or collateralized by securities held in the City's name.

Deposits have been reported as follows:

Reported in governmental funds	\$ 10,525,771
Reported in business-type activities	350
Reported in fiduciary funds	<u>24,823</u>
Total deposits	<u>\$ 10,550,944</u>

B. Investments

At June 30, 2021, the City had the following investments and maturities:

	Fair value	Less than <u>1 year</u>	<u>1-5 years</u>	Over <u>5 years</u>	Level 1 <u>Input</u>
Money market	\$ 1,127,170		not applicable		1,127,170
U.S. Treasury notes	390,509	-	196,766	193,743	390,509
Corporate bonds	1,027,123	303,427	723,696	-	1,027,123
Total investments	\$ 2,544,802	303,427	920,462	193,743	<u>2,544,802</u>

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

DEPOSITS AND INVESTMENTS, CONTINUED

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

Investments have been reported as follows:

Reported in governmental funds	\$ 1,584,241
<u>Reported in fiduciary funds</u>	<u>960,561</u>
 <u>Total investments</u>	 <u>\$ 2,544,802</u>

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: Maine statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, certificates of deposit and certain corporate stocks and bonds. The City does not have a formal policy related to credit risk.

PROPERTY TAX

Property taxes for the current year were committed on July 10, 2020 on the assessed value listed as of the previous April 1 for all real and personal property located in the City. All real and personal property taxes were due in two installments, 50% on September 8, 2020, and 50% on March 9, 2021. Interest at the rate of 8% per annum was charged on any amounts remaining unpaid after these respective due dates. Assessed values are periodically established by the City's Assessor at 100% of estimated market value. The assessed value of \$799,516,065 was 100% of the estimated market value and 102.21% of the 2021 state valuation of \$782,200,000.

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 \$214,029 for the year ended June 30, 2021.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The City has the authority to foreclose on property eighteen months after the filing of the lien if the tax liens and associated costs remain unpaid. Property taxes levied during the year were recorded as receivables at the time the levy was made.

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

PROPERTY TAX, CONTINUED

The following summarizes the 2021 and 2020 levy:

	<u>2021</u>	<u>2020</u>
Total assessed valuation	\$ 799,516,065	761,763,273
Tax rate (per \$1,000)	22.75	22.99
Commitment	18,188,990	17,512,938
Supplemental taxes assessed	-	-
	18,188,990	17,512,938
Less - collections and abatements	(17,874,390)	(17,090,764)
Receivable at end of year	\$ 314,600	422,174
Consisting of:		
Real estate liens	275,859	385,029
Real estate and personal property taxes	38,741	37,145
Receivable at end of year	\$ 314,600	422,174
Collection rate	98.27%	97.59%

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balance June 30, <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2021</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,237,921	-	-	2,237,921
Artwork and historical treasures	109,300	-	-	109,300
Construction in progress	9,239	75,659	-	84,898
Total capital assets, not being depreciated	2,356,460	75,659	-	2,432,119
Capital assets, being depreciated:				
Buildings and improvements	19,580,132	49,720	-	19,629,852
Machinery and equipment	4,820,742	918,040	535,898	5,202,884
Vehicles	5,355,912	192,111	70,516	5,477,507
Infrastructure	40,110,552	112,339	-	40,222,891
Total capital assets being depreciated	69,867,338	1,272,210	606,414	70,533,134
Less accumulated depreciation for:				
Buildings and improvements	6,632,640	392,120	-	7,024,760
Machinery and equipment	3,248,535	419,683	517,716	3,150,502
Vehicles	2,098,273	449,148	72,368	2,475,053
Infrastructure	25,413,536	710,559	-	26,124,095
Total accumulated depreciation	37,392,984	1,971,510	590,084	38,774,410
Total capital assets being depreciated, net	32,474,354	(699,300)	16,330	31,758,724
Governmental activities capital assets, net	\$ 34,830,814	(623,641)	16,330	34,190,843

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

Governmental activities:	
Administration	\$ 43,751
Protection	457,710
Public works, including depreciation of general infrastructure assets	419,584
Unclassified	983,354
Education	67,111
Total depreciation expense – governmental activities	\$ 1,971,510

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

CAPITAL ASSETS, CONTINUED

	Balance June 30, <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2021</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land and land rights	\$ 2,936,425	-	-	2,936,425
Organizational costs	121,750	-	-	121,750
Construction in progress	1,288,805	3,102,722	-	4,391,527
<u>Total capital assets, not being depreciated</u>	<u>4,346,980</u>	<u>3,102,722</u>	<u>-</u>	<u>7,449,702</u>
Capital assets, being depreciated:				
Buildings and improvements	22,660,535	12,054	-	22,672,589
Machinery and equipment	6,944,031	1,768,472	-	8,712,503
Vehicles	801,238	60,428	-	861,666
Infrastructure	38,679,894	559,764	296,264	38,943,394
<u>Total capital assets being depreciated</u>	<u>69,085,698</u>	<u>2,400,718</u>	<u>296,264</u>	<u>71,190,152</u>
Less accumulated depreciation for:				
Buildings and improvements	10,996,632	499,027	-	11,495,659
Machinery and equipment	6,239,564	150,209	-	6,389,773
Vehicles	293,360	49,578	-	342,938
Infrastructure	11,182,263	598,204	295,249	11,485,218
<u>Total accumulated depreciation</u>	<u>28,711,819</u>	<u>1,297,018</u>	<u>295,249</u>	<u>29,713,588</u>
<u>Total capital assets being depreciated, net</u>	<u>40,373,879</u>	<u>1,103,700</u>	<u>1,015</u>	<u>41,476,564</u>
<u>Business-type activities capital assets, net</u>	<u>\$ 44,720,859</u>	<u>4,206,422</u>	<u>1,015</u>	<u>48,926,266</u>

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

Business-type activities:	
Water Fund	\$ 542,092
Sewer Fund	754,926
<u>Total depreciation expense – business-type activities</u>	<u>\$ 1,297,018</u>

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

INTERFUND LOAN BALANCES/TRANSFERS

During the course of normal operations, the City has numerous transactions between funds. The Water and Sewer funds regularly transfer amounts to the General Fund for administrative costs. Individual interfund receivable and payable balances and interfund transfers at June 30, 2021 arising from these transactions were as follows:

	Interfund loans <u>receivable</u>	Interfund loans <u>payable</u>	<u>Transfers</u>
Major funds:			
General Fund	\$3,231,306	-	(653,831)
School Grants Fund	-	148,244	-
Other Capital Projects	1,848,379	-	794,894
Total major governmental funds	5,079,685	148,244	141,063

Other governmental funds:

Police Asset Forfeiture	52,417	-	-
CDBG Housing Rehab Grant	3,848	-	-
Recreation Banner Fund	27,910	-	-
Performance Bonds Payable	9,271	-	-
Technical Review Payable	125,418	-	-
Industrial Park Sign	7,680	-	-
Paul Hatt Library Donation	11,228	-	-
Fire Museum	1,433	-	-
Winterfest	2,814	-	-
PERC Contract Reserve	391,110	-	-
FEMA Windstorm Grant	10,055	-	-
MMA Grant Fund	-	26	-
EPA Brownfield Rev. Loan	15,566	-	-
Brewer Days	6,218	-	1,200
Body Camera Replacement	2,760	-	2,760
Children's Garden Fund	8,276	-	-
City Small Grants and Programs	-	7,260	-
Chamberlain Golf Classic	-	40	-
Computer reserve	23,967	-	18,967
Stream Cleanup	2,025	-	-
Flags in Brewer	4,018	-	-
Recognition Coins	224	-	-
Police Firing Range	220	-	-
Police Academy Buyout	11,950	-	1,950
Brewer Business & Commercial Park	126,168	-	-
Insurance Deductible Reserve	51,416	-	-
Street Light Replacement Reserve	7,000	-	-
Brewer Resources Program	2,000	-	-
Food Service Fund	90,733	-	-
FHWA Route 15 Earmark	-	3,692	-
City Hall Rehab	-	18,586	-

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

INTERFUND LOAN BALANCES/TRANSFERS

	Interfund loans <u>receivable</u>	Interfund loans <u>payable</u>	<u>Transfers</u>
Impact Fee Fund	\$ 41,210	-	(11,541)
Cemetery Trust	-	92,864	-
Elsie Olmstead Library	-	13	-
Total other governmental funds	1,036,935	122,481	13,336
Proprietary Funds:			
Water Fund	2,609,011	-	(92,511)
Sewer Fund	-	8,472,720	(61,888)
Total proprietary funds	2,609,011	8,472,720	(154,399)
Fiduciary Funds:			
Private-purpose trust funds	17,814	-	-
Grand Total	\$ 8,743,445	8,743,445	-

CHANGES IN LONG-TERM LIABILITIES

	Beginning <u>balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>balance</u>	Due within <u>one year</u>
Governmental activities:					
Bonds and notes	\$ 16,244,919	1,050,000	2,028,869	15,266,050	2,113,505
Premium on bonds	459,050	-	28,691	430,359	28,691
Financed purchases	81,883	99,236	30,504	150,615	53,692
Compensated absences	1,155,238	12,796	-	1,168,034	-
Net pension liability	3,769,029	683,402	-	4,452,431	-
Landfill closure	1,028,053	-	88,739	939,314	-
OPEB liability	6,797,142	74,915	-	6,872,057	-
Government activities long-term liabilities	29,535,314	1,920,349	2,176,803	29,278,860	2,195,888
Business-type activities:					
Bonds and notes	15,636,998	6,459,000	2,554,611	19,541,387	1,320,699
Premium on bonds	752,862	-	50,529	702,333	50,529
Net pension liability	610,335	311,814	-	922,149	-
OPEB liability	225,926	27,776	-	253,702	-
Business-type activities long-term liabilities	17,226,121	6,798,590	2,605,140	21,419,571	1,371,228
Governmental and Business-type activities long-term liabilities	\$ 46,761,435	8,718,939	4,781,943	50,698,431	3,567,116

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

LONG-TERM DEBT

Debt issue	Year of issue	Amount issued	Maturity date	Interest rate	Governmental activities	Business-type activities	Balance June 30, 2021
SR MMBB - Sewer	2001	\$ 2,500,000	10/01/22	1.90%	-	250,000	250,000
FR MMBB - Sewer	2004	1,000,000	10/01/24	1.44%	-	200,000	200,000
Series E MMBB - City	2004	363,000	11/01/24	1.01 - 9.00%	72,600	-	72,600
Series E MMBB - City	2004	1,530,000	11/01/24	0.82 - 9.00%	251,600	-	251,600
Series C MMBB - City	2005	690,000	11/01/25	2.95 - 9.00%	160,000	-	160,000
Series C MMBB - Water	2005	725,000	11/01/25	3.05 - 9.00%	-	181,250	181,250
Series A MMBB - City	2006	1,070,000	11/01/26	2.00 - 5.50%	188,100	-	188,100
SR MMBB - City / Sewer	2006	448,000	04/01/26	1.77%	46,995	65,005	112,000
Series C MMBB - City	2007	1,735,000	11/01/26	2.30 - 6.00%	184,567	-	184,567
Series B MMBB - City	2008	600,000	11/01/27	2.00 - 5.50%	131,079	-	131,079
Series F MMBB	2009	593,395	04/01/29	0.00%	-	237,358	237,358
Series B MMBB - City	2009	1,442,000	11/01/29	2.08 - 5.58%	291,800	-	291,800
ARRA MMBB - Sewer	2010	750,877	10/01/29	0.00%	-	144,882	144,882
MMBB - Water	2010	735,000	04/01/30	1.00%	-	330,750	330,750
Series C MMBB - City/Water	2011	2,168,000	11/01/31	2.12 - 5.62%	817,000	102,000	919,000
Series E MMBB - City/Sewer	2012	3,090,000	11/01/21	0.50 - 5.50%	210,000	-	210,000
GOB - City/Water/Sewer	2012	21,610,000	06/30/42	2.00 - 4.00%	4,845,000	9,985,000	14,830,000
GOB USDA - Sewer	2013	485,000	08/28/41	2.75%	-	386,721	386,721
GOB USDA - Sewer	2013	800,000	08/28/41	2.75%	-	637,896	637,896
Series A MMBB - City/Sewer	2013	1,225,000	11/01/33	0.60 - 3.70%	358,275	60,000	418,275
GOB - SRF	2014	1,100,000	10/01/33	1.35%	-	658,775	658,775
Series A MMBB	2014	990,000	11/01/34	0.41 - 4.02%	429,250	-	429,250
FR MMBB	2015	1,695,000	05/01/34	0.21%	-	1,085,750	1,085,750
Series A MMBB	2015	1,615,000	11/01/35	0.21%	791,776	-	791,776
Series A MMBB	2016	1,055,000	11/01/36	0.91-3.50%	585,732	108,000	693,732
Series C MMBB	2017	2,125,000	11/01/36	1.16-3.49%	1,295,087	-	1,295,087
Series A MMBB	2018	3,223,000	11/01/32	1.92-3.62%	2,291,780	149,000	2,440,780
Series B MMBB	2019	1,431,500	11/01/29	1.610-1.930%	1,265,409	-	1,265,409
GOB - RD	2020	1,500,000	02/05/50	1.75%	-	1,500,000	1,500,000
FR MMBB	2020	2,959,000	01/01/41	1.00%	-	2,959,000	2,959,000
Series A MMBB	2021	1,550,000	11/01/34	0.75%	1,050,000	500,000	1,550,000
Total					\$ 15,266,050	19,541,387	34,807,437

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

LONG-TERM DEBT, CONTINUED

All governmental activities long-term debt service requirements are paid by the General Fund. Business-type debt is paid by the proprietary enterprise funds. The annual requirements to amortize all debt outstanding as of June 30, 2021 are as follows:

	<u>Governmental Activities</u>		<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	2,113,505	411,390	1,320,698	600,611
2023	1,790,581	376,679	1,180,161	558,624
2024	1,622,134	340,546	1,156,913	533,603
2025	1,509,862	302,119	1,083,456	501,807
2026	1,272,442	268,966	1,065,291	473,326
2027-2031	4,346,390	901,087	5,349,116	1,859,515
2032-2036	2,195,761	326,583	5,026,908	939,959
2037-2041	415,375	15,578	2,567,489	320,044
2042-2046	-	-	537,263	75,052
2047-2051	-	-	254,092	22,409
Totals	15,266,050	2,942,948	19,541,387	5,884,950

As of June 30, 2021, the City had the following authorized, but unissued long term-debt:

In November 2017, the Council approved up to \$4,200,000 from USDA Rural Development to finance improvements to the City's water pollution control facilities and various sewer system repairs.

On August 10, 2021, the City Council authorized the issuance of \$1,240,000 in general obligation bonds to fund the City's FY22 Capital Improvement Program.

OVERLAPPING DEBT AND OTHER CONTINGENCIES

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

<u>Governmental Unit</u>	<u>Net debt outstanding</u>	<u>Applicable to City</u>	<u>City's share of debt</u>
Brewer High School District Trustees*	\$ 21,906,415	100%	21,906,415
Penobscot County	378,419	6.51%	24,635

*The High School District Trustees submit debt service bills, which are paid by the City. Approximately \$13,930,227 of the Brewer High School District Trustee debt is being paid for by the State.

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

FINANCED PURCHASES

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

The following is a schedule of the future minimum lease payments under financed purchase, and the present value of net minimum lease payments at June 30, 2021.

Fiscal year <u>Ending</u>	Governmental <u>activities</u>
2022	\$ 53,692
2023	32,021
2024	32,021
2025	21,176
<u>2026</u>	<u>21,176</u>
Total minimum lease payments	160,086
<u>Less: amount representing interest</u>	<u>(9,471)</u>

Present value of future minimum lease payments \$ 150,615

STATUTORY DEBT LIMIT

The laws of the State of Maine limit types of municipal borrowing to specific percentages of the State valuation of the municipality. At June 30, 2021, the City was in compliance with these restrictions.

NET PENSION LIABILITY

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

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

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

NET PENSION LIABILITY, CONTINUED

prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MPERS also provides disability and death benefits, which are established by contract under applicable statutory provisions (PLD Plan) or by statute (SET Plan).

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

PLD Plan - For the year ended June 30, 2021, the City was required to contribute 10.1% of employee's annual pay for the regular plans AC-60 and AC-65, 10.8% for the special 2C plan, and 12.9% for the special 3C plan. The employee's contractually required contribution rate for the regular plan was 7.35% to 8.1% of their annual pay, 8.1% for the 2C plan and 9.5% for the special 3C plan. Contributions to the pension plan from the City were \$852,312 for the year ended June 30, 2021.

SET Plan - Maine statute requires the State to contribute a portion of the City's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The School Unit's contractually required contribution rate for the year ended June 30, 2021 was 18.49% of annual payroll of which 4.16% of payroll was required from the School Unit and 14.33% was required from the State. Contributions to the pension plan from the City were \$457,034 for the year ended June 30, 2021.

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, 2020, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date. The City's proportion of the net pension liabilities were based on projections of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating local districts (PLD Plan) and of all participating School Administrative Units and the State (SET Plan), actuarially determined.

PLD Plan - At June 30, 2021, the City reported a liability of \$4,200,901 for governmental activities and \$922,149 for business-type activities for its proportionate share of the net pension liability. At June 30, 2020, the City's proportion of the PLD Plan was 1.2894%.

SET Plan - At June 30, 2021, 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	\$ 251,530
State's proportionate share of the net pension liability associated with the City	<u>12,842,671</u>
Total	<u>\$ 13,094,201</u>

At June 30, 2020, the City's proportion of the SET Plan was 0.0154%.

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

NET PENSION LIABILITY, CONTINUED

For the year ended June 30, 2021, the City recognized pension expense of \$1,047,624 for governmental activities and \$229,699 for business-type activities for the PLD Plan and also recognized a pension expense of \$2,051,788 and revenue of \$1,490,055 for support provided by the State for the SET Plan. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 208,616	-	45,199	-
Changes of assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	283,785	-	60,005	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	108,720	-	12,505
City contributions subsequent to the measurement date	1,155,930	-	153,416	-
Total	\$ 1,648,331	108,720	258,620	12,505

An amount of \$1,155,930 for governmental activities and \$153,416 for business-type activities is reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2022	\$ (195,867)	(37,025)
2023	96,238	27,674
2024	241,447	50,968
2025	241,863	51,082

Actuarial Assumptions - The total pension liability in the June 30, 2020 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% + merit	2.75% + merit
Investment return, per annum, compounded annually	6.75%	6.75%
Cost of living benefit increases, per annum	1.91%	2.20%

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

NET PENSION LIABILITY, CONTINUED

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

The actuarial assumptions used in the June 30, 2020 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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public equities	30.0%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.0%
Alternative credit	5.0%	7.2%
Diversifiers	10.0%	5.9%

Discount Rate - The discount rate used to measure the total pension liability was 6.75% for the PLD Plan and the SET Plan. The projection of cash flows used to determine the discount rates assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liabilities.

Sensitivity of the City's Proportionate Share of the Net Pension Liabilities to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.75% for the PLD Plan and the SET Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75% for PLD Plan and for the SET Plan) or 1 percentage-point higher (7.75% for PLD Plan and for SET Plan) than the current rate:

<u>PLD Plan</u>	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
City's proportionate share of the net pension liability	\$ 10,766,581	5,123,050	503,404

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

NET PENSION LIABILITY, CONTINUED

<u>SET Plan</u>	1% Decrease <u>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
City's proportionate share of the net pension liability	\$ 436,227	251,530	97,589

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

Payables to the Pension Plan - None as of June 30, 2021.

RETIREMENT PLANS

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

The City has an Internal Revenue Code section 401 defined contribution plan, administered by an independent plan administrator. This plan provides retirement benefits to the City Manager as well as other members of the City's management. Enrolled employees, other than the City Manager and Assistant City Manager, contribute at least 8.1% of their wages. The employer contribution rate for 2021 was 29% for the City Manager, 16.1% for the Assistant City Manager, 13.1% for the City Engineer and 10.1% for all other eligible employees. All eligible employees are vested at enrollment. The total cost to the City for the fiscal year ended was \$104,562.

RISK MANAGEMENT

The City is exposed to various risks of loss-related torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the City carries commercial insurance. The City participates in several public entity and self-insured risk pools sponsored by the Maine Municipal Association and Maine School Management Association for workers' compensation and property and casualty. Based on the coverage provided by the pools, as well as coverage provided by commercial insurance purchased, the City is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2021.

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

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

General Information about the OPEB Plan

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

Benefits Provided - MMEHT provides healthcare benefits for retirees and their dependents. City employees over the age of 55 with 5 years of continuous service are allowed to participate in the plan. All eligible retirees are required to pay 100% of the health insurance premiums to receive health benefit coverage except certain public safety employees who may be eligible to share their premium costs with the State. For those City employees eligible for Medicare (post-65 Retiree Plan), the plan is offered in conjunction with Medicare Parts A and B and the Companion Plan B.

Employees Covered by Benefit Terms – At June 30, 2021, the following employees were covered by the benefit terms:

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

Total OPEB Liability

The City's total OPEB liability of \$1,190,530 was measured as of January 1, 2021, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total OPEB liability in the January 1, 2021 measurement for the Health Plan was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00% per year
Salary increases	2.75% per year
Discount rate	2.12%
Healthcare cost trend rates	8.55% Non-Medicare, decreasing to 3.28% by 2040.
Retirees' share of the benefit related costs	100% of projected health insurance premiums

Discount Rate - The rate used to measure the total OPEB liability for the Health Plan was 2.12% per annum. The discount rate was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index.

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

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

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

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2020	\$ 1,060,188
Changes for the year:	
Service cost	50,399
Interest	30,136
Changed in benefit terms	-
Difference between expected and actual	-
Changes in assumptions or other inputs	71,402
Benefit payments	(21,595)
Net changes	<u>130,342</u>
Balance at June 30, 2021	<u>\$ 1,190,530</u>

At June 30, 2021, the City reported a liability of \$936,828 for governmental activities and \$253,702 for business-type activities for its proportionate share of the OPEB liability.

Change in assumptions reflects a change in the discount rate from 2.74% to 2.12%.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the City's total OPEB liability calculated using the discount rate of 2.12%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.12%) or 1 percentage-point higher (3.12%) than the current rate:

	1% Decrease (1.12%)	Discount Rate (2.12%)	1% Increase (3.12%)
Total OPEB liability	\$ 1,384,496	1,190,530	1,032,114

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 1,015,902	1,190,530	1,409,959

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

For the year ended June 30, 2021, the City recognized OPEB expense of \$19,980. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	327,571	-	88,710
Changes of assumptions	146,541	-	39,685	-
City contributions subsequent to the measurement date	9,176	-	2,484	-
Total	\$ 155,717	327,571	42,169	88,710

\$11,660 is reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2022. The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2022	\$ (29,856)	(8,085)
2023	(29,856)	(8,085)
2024	(29,856)	(8,085)
2025	(29,852)	(8,084)
2026	(41,829)	(11,327)
Thereafter	(19,781)	(5,359)

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

General Information about the OPEB Plan

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

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

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

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

The retiree pays 55% of the blended premium rate for coverage selected. Spouses must contribute 100% of the blended premium amounts. Thus, the total premium is paid for by both the State and the retiree and or spouse.

Employees Covered by Benefit Terms – At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	131
Inactive employee entitled to but not yet receiving benefits	-
<u>Active employees</u>	<u>200</u>
<u>Total</u>	<u>331</u>

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

The City's total OPEB liability of \$5,730,278 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

Changes in the Total OPEB Liability

Balance at June 30, 2019	\$ 5,610,910
Changes for the year:	
Service cost	27,171
Interest	194,197
Changes of benefit terms	(475,459)
Differences between expected and actual experience	(191,830)
Changes in assumptions or other inputs	746,030
Benefit payments	(180,741)
<u>Net changes</u>	<u>119,368</u>
 <u>Balance at June 30, 2021</u>	 <u>\$ 5,730,278</u>

Changes of benefits relate to the implementation of the Medicare Advantage plan. Change in assumptions reflects a change in the discount rate from 3.50% to 2.21%.

For the year ended June 30, 2021, The City recognized OPEB gain of \$150,024. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ -	159,858
Changes of assumption	701,502	-
<u>City contributions subsequent to measurement date</u>	<u>145,561</u>	<u>-</u>
 <u>Total</u>	 <u>\$ 847,063</u>	 <u>159,858</u>

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

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

\$145,561 is reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2022. Other 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:	
2022	\$ 104,067
2023	104,066
2024	148,775
2025	92,366
2026	92,370

Actuarial Assumptions - The total OPEB liability in the June 30, 2020 actuarial valuation for the total OPEB liability was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Salary increases	2.75% per year
Discount rate	2.21% per annum
Healthcare cost trend rates - Pre-Medicare	6.21% for 2021 grading over 18 years to 3.25%
Healthcare cost trend rates - Medicare	0.00% for 2021 grading over 18 years to 3.25%
Retirees' share of the benefit related costs	55% of the blended premium rate with a State subsidy for the remaining 45% of the blended premium rate

Mortality rates were based on the 2010 Public Plan Teacher Benefits Weighted Healthy Retiree Mortality Table.

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

Discount Rate - The rate used to measure the total OPEB liability was 2.21% per annum. Since the plan is pay as you go and is not funded, the discount rate was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the City's total OPEB liability calculated using the discount rate of 2.21%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.21%) or 1 percentage-point higher (3.21%) than the current rate:

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 6,686,665	5,730,278	4,949,858

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

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

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$4,914,798	5,730,278	6,733,619

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE

General Information about the OPEB Plans

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

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

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

PLD OPEB Plan - Premiums total \$0.46 per \$1,000 of coverage per month during the post-employment retirement period. Contributions to the PLD OPEB plan from the City were \$2,794 for the year ended June 30, 2021.

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 \$49,468 for the year ended June 30, 2021. Employers and employees are not required to contribute to the SET OPEB plan.

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

The net OPEB liability for both the PLD and SET OPEB plans was measured as of June 30, 2020, and the net OPEB liabilities used to calculate the net OPEB liabilities was determined by actuarial valuations as of that date.

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, CONTINUED

The City's proportion of the net OPEB liabilities were based on a projection of the City's long-term share of contributions to the PLD and SET OPEB plans relative to the projected contributions of all participating employers, actuarially determined.

PLD OPEB Plan - At June 30, 2021, the City reported a liability of \$204,951 for its proportionate share of the net OPEB liability. At June 30, 2020, the City's proportion was 1.5536%.

SET OPEB Plan - At June 30, 2021, 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 \$440,559 as of June 30, 2021. At June 30, 2020, the City's proportion was 0.00%.

For the year ended June 30, 2021, the City recognized OPEB gain of \$31,089 for the PLD OPEB Plan. For the year ended June 30, 2021, the City recognized OPEB expense of \$49,468 and also revenues of \$49,468 for support provided by the State related to the SET OPEB plan. At June 30, 2021, the City reported no deferred outflows of resources nor deferred inflows of resources related to the SET OPEB plan.

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to the PLD OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 25,304	-
Changes of assumptions	-	124,727
Net difference between projected and actual earnings on OPEB plan investments	-	5,118
Changes in proportion and differences between City contributions and proportionate share of contributions	-	7,062
City contributions subsequent to the measurement date	2,794	-
Total	\$ 28,098	136,907

An amount of \$2,794 is reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. 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:	
2022	(30,236)
2023	(27,127)
2024	(9,947)
2025	(19,409)
2026	(24,884)

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, CONTINUED

Actuarial Assumptions - The net OPEB liability in the June 30, 2020 actuarial valuations was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

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

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

The actuarial assumptions used in the June 30, 2020 valuations were based on the results of an actuarial experience study conducted for the period June 30, 2012 to June 30, 2015.

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

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

Discount Rate - The discount rate used to measure the collective total OPEB liability was 6.75% for 2020 for the Plans. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net PLD OPEB plan liability calculated using the discount rate of 6.75%, 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 (5.75%) or 1 percentage-point higher (7.75%) than the current rate:

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, CONTINUED

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB liability	\$276,031	204,951	147,820

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

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

FUND BALANCE

As of June 30, 2021, fund balance components consisted of the following:

	<u>General Fund</u>	<u>School Grants Fund</u>	<u>Other Capital Projects</u>	<u>Other Govt. Funds</u>
Nonspendable:				
Inventory	\$ -	-	-	40,356
Principal for permanent funds	-	-	-	718,077
Prepaid items	181,292	-	-	-
Total nonspendable	181,292	-	-	758,433
Restricted:				
Finance and administration	-	-	-	126,168
Community services	-	-	-	462,362
Public safety	-	-	-	48,925
Public works	-	-	-	25,621
Education	1,451,745	69,585	-	55,135
Capital projects	-	-	1,421,353	41,450
Permanent funds	-	-	-	48,217
Total restricted	1,451,745	69,585	1,421,353	807,878
Committed:				
Finance and administration	-	-	-	75,383
Community services	-	-	-	32,150
Public safety	-	-	-	12,170
Education	-	-	-	276,120
Capital projects	-	-	2,408,641	-
Total committed	-	-	2,408,641	395,823

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

FUND BALANCE, CONTINUED

	General <u>Fund</u>
Assigned:	
Reappropriated to 2022 budget	\$ 588,570
Accrued compensated absences	772,672
Assessor - miscellaneous professional services	10,000
Assessor – office supplies	44
Legal services	8,449
Legal services - personnel	11,682
Finance – office supplies	218
Finance – computer software	10,520
Technology – network services	4,000
Police patrol – minor equipment	307
Fire – uniforms and protective clothing	3,380
Fire – equipment maintenance and repair	396
General protections - street light maintenance and repair	12,237
Insurance – deductible	10,000
Service agency – transit operating expense	69,136
Service agency – transit capital reserve expense	6,892
Public works - vehicle maintenance	244
Employee benefits – workers compensation	23,867
Employee benefits - unemployment	6,577
Total assigned	<u>\$ 1,539,191</u>

LANDFILL CLOSURE AND POSTCLOSURE COSTS

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

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

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

LANDFILL CLOSURE AND POSTCLOSURE COSTS, CONTINUED

On June 18, 2021, the City received a life cycle cost estimate of its landfill from its engineering firm. The report estimated the landfill has a remaining disposal capacity of 33,000 cubic yards, which they estimate will provide disposal life through calendar year 2031, assuming an average annual utilization rate of 3,000 cubic yards, which is based on the last seven-year period (2014-2020). The remaining capacity in this report is considerably higher than the remaining volume reported last year (18,500 CY). This difference is the result of landfill compaction and settlement not previously accounted for because annual utilization rates were subtracted from the design volume, without consideration of settlement.

Assuming landfill closure construction occurs during 2032, the report estimates the present value of closure construction at \$1,200,000 and annual post-closure monitoring costs at \$21,000. Actual costs to close the landfill may be higher due to inflation, changes in technology, or changes in regulations. The City's rate of use of the landfill will affect the exact timing of the closure.

As of June 30, 2021, the City had \$179,643 set aside in a landfill closure account and another \$391,110 set aside in a reserve dedicated to solid waste related costs. At the time of closure, the City anticipates financing costs with a combination of reserves, state grants, bonding and/or property taxes, if needed.

	<u>2021</u>
Total estimated future landfill closure and postclosure care costs	\$ 1,212,487
Estimated capacity used	77.47%
Estimated gross landfill closure and postclosure care costs – end of year	939,314
Amounts actually expended	-
<hr/>	
<u>Estimated liability for landfill closure and postclosure care costs - end of year</u>	<u>939,314</u>
<hr/>	
<u>Estimated remaining landfill closure and postclosure care costs to be recognized</u>	<u>\$ 88,739</u>

TAX INCREMENT FINANCING DISTRICTS

In FY21, the City had four tax increment financing (TIF) districts and one affordable housing development district established in accordance with MRSA Title 30-A, Chapter 206.

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

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

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

TAX INCREMENT FINANCING DISTRICTS, CONTINUED

In FY2021, the City captured \$1,398,318 in TIF and affordable housing property tax revenue and disbursed \$120,126 in payments to the two developers below:

- \$43,959 to Somerset Place Housing Associates to help fund the operating costs and maintain affordable rents for this 28 unit residential building for the elderly. FY2021 was the sixth of 15 scheduled years of payments.
- \$76,167 to Village Centre Housing Partners, LP to help fund the operating costs and maintain affordable rents for this 48 unit apartment building for families. FY2021 was the fifth of 15 scheduled years of payments to this organization.

NEW PRONOUNCEMENT

For the fiscal year ended June 30, 2021, the School Unit has elected to implement Statement No. 84 of the Government Accounting Standards Board – *Fiduciary Activities*. As a result of implementing GASB Statement No. 84, the School Unit has restated beginning fund balance in the general fund and nonmajor governmental funds to account for certain activities that were previously reported as fiduciary funds. Fund balance increased as of July 1, 2020 by \$2,500 and \$275,024 for the general and fund and nonmajor governmental funds, respectively.

CITY OF BREWER, MAINE
Required Supplementary Information

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

		<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
PLD Plan								
City's proportion of the net pension liability		1.2894%	1.3312%	1.3161%	1.2650%	1.2410%	1.2868%	1.3019%
City's proportionate share of the net pension liability	\$	5,123,050	4,068,889	3,601,774	5,179,257	6,593,718	4,105,528	2,003,402
City's covered payroll		7,867,423	7,363,174	7,349,329	6,918,825	6,542,992	6,608,210	6,506,419
City's proportionate share of the net pension liability as a percentage of its covered payroll		65.12%	55.26%	49.01%	74.86%	100.78%	62.13%	30.79%
Plan fiduciary net position as a percentage of the total pension liability		88.35%	90.62%	91.14%	86.43%	81.61%	88.27%	94.10%
SET Plan								
City's proportion of the net pension liability		0.0154%	0.0212%	0.0198%	0.0152%	0.0096%	0.0139%	0.0163%
City's proportionate share of the net pension liability		251,530	310,473	266,785	221,047	170,412	187,491	175,726
State's proportionate share of the net pension liability associated with the City		12,842,671	11,152,874	10,059,509	10,762,537	13,744,363	10,479,395	8,548,683
Total	\$	<u>13,094,201</u>	<u>11,463,347</u>	<u>10,326,294</u>	<u>10,983,584</u>	<u>13,914,775</u>	<u>10,666,886</u>	<u>8,724,409</u>
City's covered payroll	\$	10,398,148	9,988,793	9,408,162	8,951,795	9,246,065	9,049,956	9,048,695
City's proportionate share of the net pension liability as a percentage of its covered payroll		2.42%	3.11%	2.84%	2.47%	1.84%	2.07%	1.94%
Plan fiduciary net position as a percentage of the total pension liability		81.03%	82.73%	82.90%	0.00%	76.21%	81.18%	83.91%

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

**Only seven years of information available.

CITY OF BREWER, MAINE
Required Supplementary Information, Continued

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
PLD Plan							
Contractually required contribution	\$ 852,312	832,731	736,463	730,581	648,372	666,183	526,003
Contributions in relation to the contractually required contribution	<u>(852,312)</u>	<u>(832,731)</u>	<u>(736,463)</u>	<u>(730,581)</u>	<u>(648,372)</u>	<u>(666,183)</u>	<u>(526,003)</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered payroll	7,945,198	7,867,423	7,363,174	7,349,329	6,918,825	6,542,992	6,608,210
Contributions as a percentage of covered payroll	10.73%	10.58%	10.00%	9.94%	9.37%	10.18%	7.96%
SET Plan							
Contractually required contribution	\$ 457,034	432,717	396,555	373,596	300,795	310,832	239,824
Contributions in relation to the contractually required contribution	<u>(457,034)</u>	<u>(432,717)</u>	<u>(396,555)</u>	<u>(373,596)</u>	<u>(300,795)</u>	<u>(310,832)</u>	<u>(239,824)</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered payroll	\$ 10,986,376	10,398,148	9,988,793	9,408,162	8,951,795	9,246,065	9,049,956
Contributions as a percentage of covered payroll	4.16%	4.16%	3.97%	3.97%	3.36%	3.36%	2.65%

* Only eight years of information available.

CITY OF BREWER, MAINE
Required Supplementary Information, Continued

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 50,399	42,058	48,142	38,975
Interest	30,136	56,737	50,671	48,442
Changes of benefit terms	-	(21,392)	-	-
Differences between expected and actual experience	-	(548,452)	-	(9,886)
Changes of assumptions or other inputs	71,402	204,503	(152,682)	131,595
Benefit payments	<u>(21,595)</u>	<u>(29,798)</u>	<u>(28,652)</u>	<u>(25,054)</u>
Net change in total OPEB Liability	130,342	(296,344)	(82,521)	184,072
 Total OPEB liability - beginning	 <u>1,060,188</u>	 <u>1,356,532</u>	 <u>1,439,053</u>	 <u>1,254,981</u>
 Total OPEB liability - ending	 \$ <u>1,190,530</u>	 <u>1,060,188</u>	 <u>1,356,532</u>	 <u>1,439,053</u>
 Covered-employee payroll	 \$ 4,489,969	 4,489,969	 4,328,349	 4,328,349
 Total OPEB liability as a percent of covered-employee payroll	 26.52%	 23.61%	 31.34%	 33.25%

*Only four years of information available.

CITY OF BREWER, MAINE
Required Supplementary Information, Continued

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability			
Service cost	\$ 27,171	22,635	24,452
Interest	194,197	201,499	192,236
Changes of benefit terms	(475,459)	-	-
Differences between expected and actual experience	(191,830)	-	-
Changes of assumptions or other inputs	746,030	282,037	(223,531)
Benefit payments	<u>(180,741)</u>	<u>(157,162)</u>	<u>(151,730)</u>
Net change in total OPEB Liability	119,368	349,009	(158,573)
Total OPEB liability - beginning	<u>5,610,910</u>	<u>5,261,901</u>	<u>5,420,474</u>
Total OPEB liability - ending	\$ <u>5,730,278</u>	<u>5,610,910</u>	<u>5,261,901</u>
Covered-employee payroll	\$ 10,713,968	8,700,243	8,467,390
Total OPEB liability as a percent of covered-employee payroll	53.48%	64.49%	62.14%

**Only three years of information available.*

CITY OF BREWER, MAINE
Required Supplementary Information, Continued

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
PLD Plan				
City's proportion of the net OPEB liability	\$ 1.5536%	1.7423%	1.5861%	1.5600%
City's proportionate share of the net OPEB liability	204,951	351,970	320,403	260,854
City's covered payroll	7,867,423	7,363,174	7,349,329	6,918,825
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	2.61%	4.78%	4.36%	3.77%
Plan fiduciary net position as a percentage of the total OPEB liability	43.18%	43.18%	43.92%	47.42%
SET Plan				
City's proportion of the net OPEB liability	0.0000%	0.0000%	0.0000%	0.0000%
City's proportionate share of the net OPEB liability	-	-	-	-
State's proportionate share of the net OPEB liability associated with the City	440,559	407,543	401,725	370,250
Total	\$ <u>440,559</u>	<u>407,543</u>	<u>401,725</u>	<u>370,250</u>
Plan fiduciary net position as a percentage of the total pension liability	49.51%	49.22%	48.04%	47.29%

* 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, Continued

Schedule of City OPEB Contributions				
Last 10 Fiscal Years*				
	2021	2020	2019	2018
PLD Plan				
Contractually required contribution	\$ 2,794	2,432	2,719	2,790
Contributions in relation to the contractually required contribution	<u>(2,794)</u>	<u>(2,432)</u>	<u>(2,719)</u>	<u>(2,790)</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered-employee payroll	\$ 7,945,198	7,867,423	7,363,174	7,349,329
Contributions as a percentage of covered- employee payroll	0.04%	0.03%	0.04%	0.04%

* Only four years of information available.

CITY OF BREWER, MAINE
Notes to Required Supplementary Information

Net Pension Liability

Changes of Benefit Terms - None

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Discount rate - PLD	6.75%	6.75%	6.75%	6.875%	7.125%	7.25%	7.25%
Discount rate - SET	6.75%	6.75%	6.75%	6.875%	7.125%	7.125%	7.25%
Inflation rate	2.75%	2.75%	2.75%	2.75%	3.50%	3.50%	3.50%
Salary increases - PLD	2.75 + merit	2.75-9.00%	2.75-9.00%	2.75-9.00%	3.50-9.50%	3.50-9.50%	3.50-9.50%
Salary increases - SET	2.75 + merit	2.75-14.50%	2.75-14.50%	2.75-14.50%	3.50-13.50%	3.50-13.50%	3.50-13.50%
Cost of living increases - PLD	1.91%	1.91%	2.20%	2.20%	2.55%	3.12%	3.12%
Cost of living increases - SET	2.20%	2.20%	2.20%	2.20%	2.55%	2.55%	2.55%

Mortality rates:

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

Net OPEB Liability

Changes of Benefit Terms - None

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Discount rate - SET	6.75%	6.75%	6.75%	6.875%
Discount rate - PLD	6.75%	4.98%	5.13%	5.41%

Total OPEB Liability

Changes of Benefit Terms - In fiscal year 2021, MEABT moved the Medicare Companion Plan to a Medicare Advantage Plan.

Changes of Assumptions - Changes of assumptions and other inputs reflects the changes in the discount rate each period. The following are the discount rates used in each period:

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Discount rate - MMEHT Health Plan	2.12%	2.74%	4.10%	3.44%	3.78%
Discount rate - MEABT Health Plan	2.21%	3.50%	3.87%	3.58%	N/A

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

Mortality rates:

In 2019 and prior, mortality rates were based on the RP-2014 Total Dataset Healthy Annuitant Mortality Table. In 2020, mortality rates were based on the 2010 Public Plan Teacher benefits weighted Healthy Retiree Mortality Table.

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

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, 2021 and 2020

	2021	2020 (restated)
ASSETS		
Cash and cash equivalents	\$ 8,154,945	7,647,870
Investments	805,187	814,991
Receivables:		
Taxes	113,227	105,622
Tax liens	528,884	626,297
Accounts	547,667	537,640
Prepaid expenditures	181,292	235,486
Interfund loans receivable	3,231,306	1,596,527
Total assets	13,562,508	11,564,433
LIABILITIES		
Accounts payable	780,074	857,670
Accrued payroll and related liabilities	2,829,366	2,636,086
Taxes collected in advance	61,151	49,510
Unearned revenue	6,648	7,163
Total liabilities	3,677,239	3,550,429
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	519,613	634,089
Total deferred inflows of resources	519,613	634,089
FUND BALANCE		
Nonspendable - prepaid expenditures	181,292	235,486
Restricted for education	1,451,745	836,662
Assigned	1,539,191	1,423,085
Unassigned	6,193,428	4,884,682
Total fund balance	9,365,656	7,379,915
Total liabilities, deferred inflows of resources and fund balance	\$ 13,562,508	11,564,433

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, 2021

(with comparative actual amounts for the year ended June 30, 2020)

	2021		Variance positive (negative)	2020 Actual (restated)
	Final Budget	Actual		
Revenues:				
Taxes:				
Property	\$ 17,994,970	18,321,586	326,616	17,422,520
Automobile excise	1,995,016	2,167,187	172,171	1,784,196
Boat excise	6,500	8,878	2,378	6,860
Interest on taxes	60,000	54,429	(5,571)	87,727
Payments in lieu of taxes	38,750	45,646	6,896	39,486
Total taxes	20,095,236	20,597,726	502,490	19,340,789
Licenses and fees:				
Licenses and clerk fees	28,700	26,696	(2,004)	29,552
Registration fees	24,000	28,725	4,725	22,723
Ambulance and other public safety revenue	190,643	191,346	703	187,118
All other	4,350	3,804	(546)	3,766
Total licenses and fees	247,693	250,571	2,878	243,159
Intergovernmental:				
Road block grant program	123,000	123,156	156	132,588
State revenue sharing	893,749	1,487,602	593,853	1,110,704
Tree growth reimbursement	400	415	15	424
Veterans reimbursement	9,000	8,880	(120)	8,970
BETE reimbursement	293,000	396,024	103,024	216,661
Homestead exemption	745,063	828,498	83,435	540,840
General assistance	22,000	9,257	(12,743)	12,172
Police grant reimbursements	99,183	100,197	1,014	97,294
Solar reimbursement	-	990	990	-
School Department	12,007,405	12,058,060	50,655	11,581,313
Total intergovernmental	14,192,800	15,013,079	820,279	13,700,966
Local sources:				
Property leases	4,701	6,778	2,077	6,805
Parks and recreation	365,535	301,654	(63,881)	338,760
Public safety	25,110	22,593	(2,517)	25,749
Code enforcement	60,450	78,903	18,453	68,401
Public works	48,151	35,785	(12,366)	298,795
Cable television	115,000	128,164	13,164	125,340
Deferred debt service	515	515	-	515
Library	21,889	9,663	(12,226)	13,715
Worker's compensation reimbursement	-	127	127	18,460
School Department revenue	3,031,815	3,151,684	119,869	3,308,991
All other	6,254	5,412	(842)	35,895
Total local sources	3,679,420	3,741,278	61,858	4,241,426
Investment earnings	40,000	53,087	13,087	155,813
Total revenues	38,255,149	39,655,741	1,400,592	37,682,153

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

	2021		Variance positive (negative)	2020 Actual (restated)
	Final Budget	Actual		
Expenditures:				
Current:				
Administration:				
City Council	\$ 11,347	6,444	4,903	9,241
City Manager	375,762	356,872	18,890	371,193
City Clerk	88,865	98,134	(9,269)	74,649
Elections	15,700	13,569	2,131	10,181
Assessing	253,415	230,634	22,781	214,998
Finance	628,229	581,229	47,000	591,960
Technology	179,223	160,001	19,222	171,060
Legal	107,355	79,857	27,498	58,227
City Hall	75,788	55,787	20,001	65,372
Economic Development	409,670	372,379	37,291	445,628
Total administration	2,145,354	1,954,906	190,448	2,012,509
Protection:				
Police department	2,319,426	2,286,453	32,973	2,149,165
Fire department	1,606,043	1,612,774	(6,731)	1,542,039
Code enforcement	189,363	183,967	5,396	185,094
General protections	796,764	786,854	9,910	808,121
Insurances	96,900	94,522	2,378	99,700
Animal control	23,310	14,888	8,422	22,404
Total protection	5,031,806	4,979,458	52,348	4,806,523
Public services:				
Health and human services	67,134	51,674	15,460	55,370
Transit system	219,188	142,559	76,629	261,363
Adult Ed	5,100	4,992	108	4,992
Non-profit organizations	1,500	1,500	-	1,500
Total public services	292,922	200,725	92,197	323,225
Public works:				
Public works	1,669,307	1,424,560	244,747	1,387,465
Solid waste disposal	806,202	679,357	126,845	608,270
Planning	106,709	102,153	4,556	103,106
Engineering	165,611	187,754	(22,143)	157,197
Total public works	2,747,829	2,393,824	354,005	2,256,038
Education	23,967,934	22,349,816	1,618,118	22,099,344

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

	2021		Variance positive (negative)	2020 Actual (restated)
	Final Budget	Actual		
Expenditures, continued:				
Current, continued:				
Unclassified:				
Employee benefits	\$ 294,740	261,899	32,841	224,388
Municipal auditorium	155,221	129,252	25,969	138,638
Parks and cemeteries	252,118	190,042	62,076	237,606
Recreation/pool	567,497	485,872	81,625	565,200
Library	280,449	256,198	24,251	239,012
Dues	9,000	8,675	325	8,722
Contingencies	37,440	34,281	3,159	34,980
All other	8,669	41,220	(32,551)	7,935
Total unclassified	1,605,134	1,407,439	197,695	1,456,481
Assessments:				
County tax	1,100,233	1,100,233	-	1,061,193
Abatements and bad debts	28,282	26,059	2,223	13,998
Total assessments	1,128,515	1,126,292	2,223	1,075,191
Debt service:				
Principal	2,028,869	2,028,869	-	2,005,623
Interest	513,559	448,781	64,778	514,379
Total debt service	2,542,428	2,477,650	64,778	2,520,002
Total expenditures	39,461,922	36,890,110	2,571,812	36,549,313
Excess (deficiency) of revenues over (under) expenditures	(1,206,773)	2,765,631	3,972,404	1,132,840
Other financing sources (uses):				
Use of fund balance - City	618,414	-	(618,414)	-
Use of fund balance - School Department	1,050,000	-	(1,050,000)	-
Reserves and carryforwards	148,555	-	(148,555)	-
Transfers from other funds:				
TIF projects fund	932,344	891,371	(40,973)	1,080,517
Impact Fee Fund	13,000	11,541	(1,459)	13,259
Sewer Fund	92,580	92,580	-	96,744
Water Fund	100,308	100,308	-	103,932
Transfers to other funds:				
Street Light Replacement Reserve	-	-	-	(7,000)
Brewer Days	(1,200)	(1,200)	-	-
Body Camera Replacement	(2,760)	(2,760)	-	-
Computer Reserve	(18,967)	(18,967)	-	(5,000)
Police Academy Buyout	(1,950)	(1,950)	-	(5,000)
Sewer Fund	(6,204)	(6,204)	-	-
Water Fund	(7,797)	(7,797)	-	-
TIF projects fund	(1,387,750)	(1,387,750)	-	(1,402,390)
Capital Improvement Program	(321,800)	(323,003)	(1,203)	(5,040)
Total other financing sources (uses)	1,206,773	(653,831)	(1,860,604)	(129,978)
Net change in fund balance - budgetary basis	-	2,111,800	2,111,800	1,002,862
Reconciliation to GAAP:				
Change in accrued teacher summer salaries and benefits		(126,059)		39,711
Total reconciling items to GAAP		(126,059)		39,711
Net change in fund balance - GAAP basis		1,985,741		1,042,573
Fund balance, beginning of year - restated		7,379,915		6,337,342
Fund balance, end of year	\$	9,365,656		7,379,915

ALL OTHER GOVERNMENTAL FUNDS

CITY OF BREWER, MAINE
All Other Governmental Funds
Combining Balance Sheet
June 30, 2021

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 276,370	-	80,117	356,487
Investments	-	-	779,054	779,054
Accounts receivable	41,193	-	-	41,193
Due from other governments	21,583	-	-	21,583
Interfund loans receivable	995,725	41,210	-	1,036,935
Inventory	40,356	-	-	40,356
Total assets	1,375,227	41,210	859,171	2,275,608
LIABILITIES				
Accounts payable	194,517	-	-	194,517
Unearned revenue	19,034	-	-	19,034
Interfund loans payable	7,326	22,278	92,877	122,481
Total liabilities	220,877	22,278	92,877	336,032
FUND BALANCES				
Nonspendable	40,356	-	718,077	758,433
Restricted	718,211	41,450	48,217	807,878
Committed	395,823	-	-	395,823
Unassigned	(40)	(22,518)	-	(22,558)
Total fund balances	1,154,350	18,932	766,294	1,939,576
Total liabilities and fund balances	\$ 1,375,227	41,210	859,171	2,275,608

CITY OF BREWER, MAINE
All Other Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2021

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
Revenues:				
Intergovernmental	\$ 502,904	-	-	502,904
Lunch program	21,367	-	-	21,367
Local sources	-	2,583	-	2,583
Investment income (loss)	-	-	5,902	5,902
Student activity fees and fundraisers	124,054	-	-	124,054
Donations	-	-	393,524	393,524
Other income	81,944	-	3,540	85,484
Total revenues	730,269	2,583	402,966	1,135,818
Expenditures:				
Current:				
Protection	162,112	-	-	162,112
Public services	16,990	-	-	16,990
Educational programs	504,496	-	-	504,496
Student activities	122,958	-	-	122,958
Unclassified	13,432	-	1,691	15,123
Capital outlay	-	-	-	-
Total expenditures	819,988	-	1,691	821,679
Excess (deficiency) of revenues over (under) expenditures	(89,719)	2,583	401,275	314,139
Other financing sources (uses):				
Transfers in	24,877	-	-	24,877
Transfers out	-	(11,541)	-	(11,541)
Total other financing sources (uses)	24,877	(11,541)	-	13,336
Net change in fund balances	(64,842)	(8,958)	401,275	327,475
Fund balances, beginning of year - restated	1,219,192	27,890	365,019	1,612,101
Fund balances, end of year	\$ 1,154,350	18,932	766,294	1,939,576

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, 2021

	Police Asset Forfeiture	CDBG Housing Rehab Grant	Recreation Banner Fund	Performance Bonds Payable	Technical Review Payable	Industrial Park Sign	Paul Hatt Library Donation	Fire Museum
ASSETS								
Cash and cash equivalents	\$ -	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Interfund loans receivable	52,417	3,848	27,910	9,271	125,418	7,680	11,228	1,433
Inventory	-	-	-	-	-	-	-	-
Total assets	52,417	3,848	27,910	9,271	125,418	7,680	11,228	1,433
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued expenses	6,252	-	-	9,271	125,418	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Interfund loans payable	-	-	-	-	-	-	-	-
Total liabilities	6,252	-	-	9,271	125,418	-	-	-
Fund balances (deficits):								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	46,165	3,848	27,910	-	-	-	-	1,433
Committed	-	-	-	-	-	7,680	11,228	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances (deficits)	46,165	3,848	27,910	-	-	7,680	11,228	1,433
Total liabilities and fund balances	\$ 52,417	3,848	27,910	9,271	125,418	7,680	11,228	1,433

CITY OF BREWER, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet, Continued
June 30, 2021

	Winterfest	PERC Contract Reserve	FEMA Windstorm Grant	MMA Grant Fund	EPA Brownfield Rev Loan	Brewer Days	Body Camera Replacement	Children's Garden Fund
ASSETS								
Cash and cash equivalents	\$ -	-	-	-	-	-	-	-
Accounts receivable	-	-	-	234	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Interfund loans receivable	2,814	391,110	10,055	-	15,566	6,218	2,760	8,276
Inventory	-	-	-	-	-	-	-	-
Total assets	2,814	391,110	10,055	234	15,566	6,218	2,760	8,276
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued expenses	-	-	-	26	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Interfund loans payable	-	-	-	26	-	-	-	-
Total liabilities	-	-	-	52	-	-	-	-
Fund balances (deficits):								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	2,814	391,110	10,055	182	15,566	6,218	2,760	8,276
Committed	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances (deficits)	2,814	391,110	10,055	182	15,566	6,218	2,760	8,276
Total liabilities and fund balances	\$ 2,814	391,110	10,055	234	15,566	6,218	2,760	8,276

CITY OF BREWER, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet, Continued
June 30, 2021

	City Small Grants and Programs	Chamberlain Golf Classic	Computer Reserve	Stream Cleanup	Flags In Brewer	Recognition Coins	Police Firing Range	Police Academy Buyout
ASSETS								
Cash and cash equivalents	\$ -	-	-	-	-	-	-	-
Accounts receivable	25,856	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Interfund loans receivable	-	-	23,967	2,025	4,018	224	220	11,950
Inventory	-	-	-	-	-	-	-	-
Total assets	25,856	-	23,967	2,025	4,018	224	220	11,950
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued expenses	50	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Interfund loans payable	7,260	40	-	-	-	-	-	-
Total liabilities	7,310	40	-	-	-	-	-	-
Fund balances (deficits):								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	18,546	-	-	2,025	-	-	-	-
Committed	-	-	23,967	-	4,018	224	220	11,950
Unassigned	-	(40)	-	-	-	-	-	-
Total fund balances (deficits)	18,546	(40)	23,967	2,025	4,018	224	220	11,950
Total liabilities and fund balances	\$ 25,856	-	23,967	2,025	4,018	224	220	11,950

CITY OF BREWER, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet, Continued
June 30, 2021

		Brewer Business and Comm'l Park	Insurance Deductible Reserve	Street Light Replacement Reserve	Business Resources Program	School Department				Total Nonmajor Special Revenue Funds	
						Food Service Fund	Student Activity Fund				
							High School	Community School	Performing Arts Center		Children's Fund
ASSETS											
Cash and cash equivalents	\$	-	-	-	-	250	149,937	29,216	20,852	76,115	276,370
Accounts receivable		-	-	-	-	15,103	-	-	-	-	41,193
Due from other governments		-	-	-	-	21,583	-	-	-	-	21,583
Interfund loans receivable		126,168	51,416	7,000	2,000	90,733	-	-	-	-	995,725
Inventory		-	-	-	-	40,356	-	-	-	-	40,356
Total assets		126,168	51,416	7,000	2,000	168,025	149,937	29,216	20,852	76,115	1,375,227
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable and accrued expenses		-	-	-	-	53,500	-	-	-	-	194,517
Unearned revenue		-	-	-	-	19,034	-	-	-	-	19,034
Interfund loans payable		-	-	-	-	-	-	-	-	-	7,326
Total liabilities		-	-	-	-	72,534	-	-	-	-	220,877
Fund balances (deficits):											
Nonspendable		-	-	-	-	40,356	-	-	-	-	40,356
Restricted		126,168	-	-	-	55,135	-	-	-	-	718,211
Committed		-	51,416	7,000	2,000	-	149,937	29,216	20,852	76,115	395,823
Unassigned		-	-	-	-	-	-	-	-	-	(40)
Total fund balances (deficits)		126,168	51,416	7,000	2,000	95,491	149,937	29,216	20,852	76,115	1,154,350
Total liabilities and fund balances	\$	126,168	51,416	7,000	2,000	168,025	149,937	29,216	20,852	76,115	1,375,227

CITY OF BREWER, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2021

	Police Asset Forfeiture	CDBG Housing Rehab Grant	Recreation Banner Fund	Performance Bonds Payable	Technical Review Payable	Industrial Park Sign	Paul Hatt Library Donation	Fire Museum
Revenues:								
Intergovernmental	\$ 3,040	-	-	-	-	-	-	-
Lunch program	-	-	-	-	-	-	-	-
Student activity fees and fundraisers	-	-	-	-	-	-	-	-
Other income	-	-	5,500	-	-	7,680	16,335	-
Total revenues	3,040	-	5,500	-	-	7,680	16,335	-
Expenditures:								
Protection	45,834	-	-	-	-	-	-	-
Public services	-	3,722	-	-	-	-	5,107	-
Educational programs	-	-	-	-	-	-	-	-
Unclassified	-	-	155	-	-	-	-	-
Total expenditures	45,834	3,722	155	-	-	-	5,107	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	(42,794)	(3,722)	5,345	-	-	7,680	11,228	-
Fund balances (deficits), beginning of year - restated	88,959	7,570	22,565	-	-	-	-	1,433
Fund balances (deficits), end of year	\$ 46,165	3,848	27,910	-	-	7,680	11,228	1,433

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, 2021

		Winterfest	PERC Contract Reserve	FEMA Windstorm Grant	MMA Grant Fund	EPA Brownfield Rev Loan	Brewer Days	Body Camera Replacement	Children's Garden Fund
Revenues:									
Intergovernmental	\$	-	-	-	-	-	-	-	-
Lunch program		-	-	-	-	-	-	-	-
Student activity fees and fundraisers		-	-	-	-	-	-	-	-
Other income		-	-	-	3,769	-	-	-	-
Total revenues		-	-	-	3,769	-	-	-	-
Expenditures:									
Protection		-	-	-	-	-	-	-	-
Public services		-	-	-	-	7,091	-	-	-
Educational programs		-	-	-	-	-	-	-	-
Unclassified		-	-	-	3,795	-	-	-	-
Total expenditures		-	-	-	3,795	7,091	-	-	-
Other financing sources (uses):									
Transfers in		-	-	-	-	-	1,200	2,760	-
Other financing sources (uses)		-	-	-	-	-	1,200	2,760	-
Net change in fund balances		-	-	-	(26)	(7,091)	1,200	2,760	-
Fund balances (deficits), beginning of year - restated		2,814	391,110	10,055	208	22,657	5,018	-	8,276
Fund balances (deficits), end of year	\$	2,814	391,110	10,055	182	15,566	6,218	2,760	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, 2021

	City Small Grants and Programs	Chamberlain Golf Classic	Computer Reserve	Stream Cleanup	Flags In Brewer	Recognition Coins	Police Firing Range	Police Academy Buyout
Revenues:								
Intergovernmental	\$ 111,197	-	-	-	-	-	-	-
Lunch program	-	-	-	-	-	-	-	-
Student activity fees and fundraisers	-	-	-	-	-	-	-	-
Other income	17,737	-	-	250	5,000	-	2,000	-
Total revenues	128,934	-	-	250	5,000	-	2,000	-
Expenditures:								
Protection	114,498	-	-	-	-	-	1,780	-
Public services	-	-	-	1,070	-	-	-	-
Educational programs	-	-	-	-	-	-	-	-
Unclassified	9,482	-	-	-	-	-	-	-
Total expenditures	123,980	-	-	1,070	-	-	1,780	-
Other financing sources (uses):								
Transfers in	-	-	18,967	-	-	-	-	1,950
Other financing sources (uses)	-	-	18,967	-	-	-	-	1,950
Net change in fund balances	4,954	-	18,967	(820)	5,000	-	220	1,950
Fund balances (deficits), beginning of year - restated	13,592	(40)	5,000	2,845	(982)	224	-	10,000
Fund balances (deficits), end of year	\$ 18,546	(40)	23,967	2,025	4,018	224	220	11,950

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, 2021

	School Department										
	Brewer Business and Comm'l Park	Insurance Deductible Reserve	Street Light Replacement Reserve	Business Resources Program	Food Service Fund	Student Activity Fund				Total Nonmajor Special Revenue Funds	
						High School	Community School	Performing Arts Center	Children's Fund		
Revenues:											
Intergovernmental	\$	-	-	-	-	388,667	-	-	-	-	502,904
Lunch program		-	-	-	-	21,367	-	-	-	-	21,367
Student activity fees and fundraisers		-	-	-	-	-	97,015	13,053	3,781	10,205	124,054
Other income		-	15,000	-	-	8,673	-	-	-	-	81,944
Total revenues		-	15,000	-	-	418,707	97,015	13,053	3,781	10,205	730,269
Expenditures:											
Protection		-	-	-	-	-	-	-	-	-	162,112
Public services		-	-	-	-	-	-	-	-	-	16,990
Educational programs		-	-	-	-	504,496	-	-	-	-	504,496
Student activities		-	-	-	-	-	104,638	12,421	4,121	1,778	122,958
Unclassified		-	-	-	-	-	-	-	-	-	13,432
Total expenditures		-	-	-	-	504,496	104,638	12,421	4,121	1,778	819,988
Other financing sources (uses):											
Transfer in		-	-	-	-	-	-	-	-	-	24,877
Total other financing sources (uses)		-	-	-	-	-	-	-	-	-	24,877
Net change in fund balances		-	15,000	-	-	(85,789)	(7,623)	632	(340)	8,427	(64,842)
Fund balances (deficits), beginning of year - restated		126,168	36,416	7,000	2,000	181,280	157,560	28,584	21,192	67,688	1,219,192
Fund balances (deficits), end of year	\$	126,168	51,416	7,000	2,000	95,491	149,937	29,216	20,852	76,115	1,154,350

CITY OF BREWER, MAINE
City Small Grants and Programs
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2021

	Fund balances beginning of year	Revenues		Expenditures	Fund balances end of year
		Intergovernmental	Other miscellaneous		
Clerk:					
Election grant	\$ -	5,000	-	5,000	-
Public Safety:					
Police canine program	1,962	-	-	-	1,962
Safe medicine return box	50	-	-	-	50
MEMA MACTAC equipment and training	3,534	-	-	-	3,534
Gero vest carrier grant	490	-	-	-	490
Public safety hosted training	1,253	-	5,650	6,814	89
FY20 Walmart grant	5,000	-	-	-	5,000
FY20 USDOJ - Covid Emerg Supplemental	-	8,321	-	8,321	-
FY20 CESF-Covid 19 Add'l Supplemental	-	78,770	-	78,770	-
FY21 DHS License Plate Recognition	-	13,800	-	13,800	-
FY21 PD Walmart K-9	-	-	2,500	-	2,500
FY20 ME Forest Svc - Wld Equip	-	84	-	84	-
FY20 DHS Twin Tension Rope	-	3,735	-	3,735	-
FY21 Walmart Turnout Gear	-	-	2,500	-	2,500
FY21 ME Forest Svc	-	1,487	1,487	2,974	-
Library:					
Bangor health & wellness grant	314	-	-	-	314
Brewer kiwanis grant	186	-	300	150	336
Rudman book club	485	-	-	156	329
ME history records grant	12	-	-	-	12
ME Arts Commission bicentennial	300	-	-	-	300
King Foundation Cayford Room Renovation	-	-	4,000	3,873	127
Bates Diverse Bookfinder Grant	-	-	300	300	-
Richard Morse Donation	-	-	1,000	-	1,000
In Memoriam Bettie Ann Lawrence	6	-	-	3	3
Totals	\$ 13,592	111,197	17,737	123,980	18,546

CITY OF BREWER, MAINE
School Department Grants Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2021

	Fund balances (deficits) beginning of year	Revenues	Expenditures	Fund balances (deficits) end of year
Federal Programs:				
Title 1A - Disadvantaged	\$ (59,074)	377,156	367,054	(48,972)
Title IVA	-	9,502	9,502	-
Local Entitlement	(67,622)	378,050	378,174	(67,746)
Preschool	-	6,068	6,068	-
ESSER #1	-	293,368	293,368	-
Coronavirus Relief Fund #1	-	1,342,645	1,342,645	-
Title VII - McKinney Homeless	-	8,158	8,158	-
Coronavirus Relief Fund #2	-	1,407,662	1,407,662	-
Title V - Rural and Low Income Grant	(404)	48,262	47,858	-
Coronavirus Relief Fund - Day Program	-	166,640	166,640	-
ESSER #2	-	84,298	84,298	-
Title IIA	-	52,199	52,259	(60)
Total federal programs	(127,100)	4,174,008	4,163,686	(116,778)
Local Programs:				
Driver's Ed	6,585	8,360	8,372	6,573
Athletic Complex	100	50,000	50,100	-
Brewer HOF	11,919	1,640	619	12,940
BCS Laptop	2,614	1,295	1,048	2,861
BHS Laptop	5,958	14,597	33,058	(12,503)
Construction Fund	3,222	-	-	3,222
Name-a-Seat Fund	23,071	-	-	23,071
Drug Free Grant	1,600	-	-	1,600
MEABT Wellness Ambassador	370	500	678	192
Community Transformation Grant	1,659	-	-	1,659
Unified Basketball Grants	2,521	675	612	2,584
BHS Athletic Banners	195	-	-	195
Wights PBIS Fund Proceeds	-	-	-	-
Courageous Steps Project Grant	604	-	-	604
TAP Program	371	-	235	136
D. Jeffrey Funds to Alpha	392	-	392	-
Maine Discovery Museum	350	-	-	350
Class of 2018 Donation to SEL	1,945	-	-	1,945
Onion Foundation	85	-	-	85
Smokey Lawrence BB Tourney	1,008	-	-	1,008
WalMart Bldg Comm Grant	2,000	-	695	1,305
Stephen King Storybird Grant	5,368	-	-	5,368
Snack Program	2,500	1,000	1,814	1,686
MCF Celebrating Diversity	-	1,990	290	1,700
JROTC	501	-	-	501
Total local programs	74,938	80,057	97,913	57,082
Totals	\$ (52,162)	4,254,065	4,261,599	(59,696)

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, 2021

	FHWA Route 15 Earmark	City Hall Rehab	Impact Fee Fund	Total Nonmajor Capital Project Funds
ASSETS				
Interfund loans receivable	\$ -	-	41,210	41,210
Total assets	-	-	41,210	41,210
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund loans payable	3,692	18,586	-	22,278
Total liabilities	3,692	18,586	-	22,278
Fund balances (deficits):				
Restricted	-	-	41,450	41,450
Unassigned	(3,692)	(18,586)	(240)	(22,518)
Total fund balances (deficits)	(3,692)	(18,586)	41,210	18,932
Total liabilities and fund balances	\$ -	-	41,210	41,210

CITY OF BREWER, MAINE
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2021

	FHWA Route 15 Earmark	City Hall Rehab	Impact Fee Fund	Total Nonmajor Capital Project Funds
Revenues:				
Local sources	\$ -	-	2,583	2,583
Total revenues	-	-	2,583	2,583
Expenditures:				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	2,583	2,583
Other financing sources (uses):				
Transfer to general fund	-	-	(11,541)	(11,541)
Total other financing sources (uses)	-	-	(11,541)	(11,541)
Net change in fund balances	-	-	(8,958)	(8,958)
Fund balances (deficits), beginning of year	(3,692)	(18,586)	50,168	27,890
Fund balances (deficits), end of year	\$ (3,692)	(18,586)	41,210	18,932

CITY OF BREWER, MAINE
Capital Improvements Program
Combining Schedule of Changes in Fund Balances
For the year ended June 30, 2021

	Fund balances (deficit) beginning of year	Revenue	Expenditures	Transfers	Fund balances (deficit) end of year
Capital Improvements Programs:					
City Hall/Other:					
School bldg remed & demolition	\$ 5,748	-	-	-	5,748
City hall infrastructure	56,345	5,000	8,916	25,000	77,429
Library carpet replacement	25,000	-	-	(25,000)	-
Welcome to Brewer Façade	-	-	39,220	-	(39,220)
Parking lot-former st and Middle School	52,733	-	-	-	52,733
Tech computer hardware	(1,375)	-	-	-	(1,375)
Network improvements - City and Police	10,402	7,500	9,250	-	8,652
Finance computer hardware	(404)	40,000	-	-	39,596
Finance Computer Software	-	8,000	-	-	8,000
Bond financing costs	4,036	4,000	3,106	-	4,930
Economic development rev loan fund	126,000	-	-	50,000	176,000
Economic development - facade improvement fund	68,990	-	-	-	68,990
Total City Hall/other	347,475	64,500	60,492	50,000	401,483
Waterfront Development:					
Property acquisitions	124,562	-	-	-	124,562
Waterfront Trail	-	7,500	26,935	368,000	348,565
Landscaping/public improvements	22,730	-	-	-	22,730
Youth waterfront projects	5,000	-	-	-	5,000
Total waterfront development	152,292	7,500	26,935	368,000	500,857
Protection:					
Public safety building improvements	3,466	15,000	-	-	18,466
Police vehicles	-	41,500	42,020	238	(282)
Police unmarked/admin vehicles	(1,287)	45,000	45,400	1,687	-
Public safety computer server	15,576	20,000	-	-	35,576
Police body and car cameras	1,925	-	-	(1,925)	-
Police computer replacement	-	-	12,401	-	(12,401)
Police Forensic System	-	13,000	6,379	-	6,621
Fire hose	10,000	-	-	-	10,000
Fire unit 305 ladder refurb	7,946	-	-	-	7,946
Police portable radios	16,000	-	-	-	16,000
Total protection	53,626	134,500	106,200	-	81,926
Public Works:					
Landfill area closing	179,643	-	-	-	179,643
General road construction	29,505	-	20,636	-	8,869
Paving	168,196	350,000	227,020	170,000	461,176
Drainage and sidwks--Brdlwn and Hllcrst	7,510	-	-	-	7,510
Storm drain PHII-Shrwd,Sunst	-	-	18,569	28,000	9,431
S Main paving	51,038	-	-	-	51,038
Stormwater Drainage improvements	76,498	60,000	55,682	-	80,816
Lower Wilson Street resurfacing - 10% city share	23,090	-	-	-	23,090
Chamberlain St. resurface	11,044	-	-	-	11,044
Eastern Ave repave 50-50 MPI	15,724	-	-	-	15,724
Mill St. resurface and drainage improvements	22,089	-	-	-	22,089
Lambert/Eaton Brk Bridge Rehab	-	15,000	8,693	-	6,307
N Main (Wils to State) mpi	-	-	1,525	-	(1,525)
N Main/Lower Parker storm drain	-	-	1,360	100,000	98,640
Stow roller #11	1,611	-	-	-	1,611
Engineering pickup	1,000	-	-	-	1,000
Dump/plow replacement #424	(18,209)	-	-	18,209	-
JCB 426ZX loader #435	-	140,000	130,492	-	9,508
Signal detection	2,808	-	-	-	2,808
N. Main and Betton signal and intersection improvement	482	-	-	-	482
Wilsn/thmpsn int. imprvmts-10% share-PIN 20897	2,769	-	-	-	2,769
Skidsteer loader - track model	(2,082)	-	-	2,082	-
Wils/Dirigo traffic signals	(9,944)	25,000	1,440	-	13,616
#445 Interntl Tractor Rehab	-	20,000	20,597	-	(597)
Signals-Penob Corridor (23114/23112)	-	-	18,881	25,000	6,119
Sidewalk Plow - Tracked (used)	-	160,000	157,689	25,214	27,525
Snow Pusher Blade 12'	-	-	-	14,000	14,000
Total public works	562,772	770,000	662,584	382,505	1,052,693

CITY OF BREWER, MAINE
Capital Improvements Program
Combining Schedule of Changes in Fund Balances, Continued
For the year ended June 30, 2021

	Fund balances (deficit) beginning of year	Revenue	Expenditures	Transfers	Fund balances (deficit) end of year
Parks and Recreation:					
Wash St. rec complex	\$ 27,500	-	2,976	-	24,524
Eastern playground	10,832	-	-	-	10,832
Auditorium Infrastructure	8,882	1,000	-	-	9,882
Pool rehabilitation	11,457	-	-	-	11,457
Tennis court resurfacing	6,000	-	-	-	6,000
Capri St park renovation	45,000	-	-	-	45,000
Auditorium stage rehab	43,008	-	-	-	43,008
Auditorium HVAC improvements	28,000	-	-	-	28,000
Auditorium generator	-	55,000	38,500	-	16,500
Crewcab replacement	6,706	-	-	-	6,706
Parks tractor/loader #607	-	26,000	21,753	-	4,247
Auditorium - playground rehab	3,135	-	-	-	3,135
Total parks and recreation	190,520	82,000	63,229	-	209,291
Subtotal projects	1,306,685	1,058,500	919,440	800,505	2,246,250
CIP - unallocated	91,722	74,769	-	(59,500)	106,991
Tax Increment Financing Projects:					
BAC	107,037	-	-	(107,037)	-
Woodlands	6,367	-	-	(6,367)	-
Cianbro	588,775	8,074	-	67,727	664,576
Brewer econ developmt	768,127	-	-	(18,065)	750,062
Penobscot Eye Care	-	923	-	(923)	-
AHTIF - Somerset Place	2,671	794	43,959	43,165	2,671
AHTIF - Village Centre	4,044	778	76,167	75,389	4,044
Total Tax Increment Financing Projects	1,477,021	10,569	120,126	53,889	1,421,353
Total	\$ 2,875,428	1,143,838	1,039,566	794,894	3,774,594

CITY OF BREWER, MAINE
Impact Fee Fund
Combing Schedule of Changes in Fund Balances
For the year ended June 30, 2021

	Fund balances (deficit) beginning of year	Revenue	Expenditures	Transfers	Fund balances (deficit) end of year
Impact Fee Projects:					
Parallel Road	\$ 11,541	587	-	(11,541)	587
Signal Coordination	13,235	587	-	-	13,822
Signal Preemption	7,579	-	-	-	7,579
Pierce Road relocation and signal	2	-	-	-	2
City transit bus	12,937	927	-	-	13,864
Set up and administrative costs	5,114	482	-	-	5,596
Sewer	(240)	-	-	-	(240)
Total impact fee projects	\$ 50,168	2,583	-	(11,541)	41,210

NONMAJOR GOVERNMENTAL FUNDS

PERMANENT FUNDS

CITY OF BREWER, MAINE
Nonmajor Permanent Funds
Combining Balance Sheet
June 30, 2021

		Cemetery Trust	Elsie Olmstead Library	Ministerial and School Funds	Jefferds Educational Fund	Wallace Witham Fund	Woodlawn Revolving Cemetery Fund	Irene Robinson Fund	Total Nonmajor Permanent Funds
ASSETS									
Cash and cash equivalents	\$	80,117	-	-	-	-	-	-	80,117
Investments		357,936	5,803	1,070	4,961	332	6,756	402,196	779,054
Total assets		438,053	5,803	1,070	4,961	332	6,756	402,196	859,171
LIABILITIES AND FUND BALANCES									
Liabilities:									
Interfund loans payable		92,864	13	-	-	-	-	-	92,877
Total liabilities		92,864	13	-	-	-	-	-	92,877
Fund balances:									
Nonspendable		311,881	4,538	939	4,533	275	2,387	393,524	718,077
Restricted		33,308	1,252	131	428	57	4,369	8,672	48,217
Total fund balances		345,189	5,790	1,070	4,961	332	6,756	402,196	766,294
Total liabilities and fund balances	\$	438,053	5,803	1,070	4,961	332	6,756	402,196	859,171

CITY OF BREWER, MAINE
Nonmajor Permanent Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2021

	Cemetery Trust	Elsie Olmstead Library	Ministerial and School Funds	Jefferds Educational Fund	Wallace Witham Fund	Woodlawn Revolving Cemetery Fund	Irene Robinson Fund	Total Nonmajor Permanent Funds
Revenues:								
Investment earnings (loss)	\$ (3,375)	(65)	(12)	(56)	(4)	(77)	9,491	5,902
Lot sales	3,540	-	-	-	-	-	-	3,540
Donations	-	-	-	-	-	-	393,524	393,524
Total revenues	165	(65)	(12)	(56)	(4)	(77)	403,015	402,966
Expenditures:								
Cemetery care	830	-	-	-	-	-	-	830
Other	-	13	2	11	1	15	819	861
Total expenditures	830	13	2	11	1	15	819	1,691
Net change in fund balances	(665)	(78)	(14)	(67)	(5)	(92)	402,196	401,275
Fund balances, beginning of year	345,854	5,868	1,084	5,028	337	6,848	-	365,019
Fund balances, end of year	\$ 345,189	5,790	1,070	4,961	332	6,756	402,196	766,294

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, 2021
(with comparative actual amounts for the year ended June 30, 2020)

	2021		Variance positive (negative)	2020 Actual
	Budget	Actual		
Revenues:				
State education subsidy	\$ 12,007,405	12,007,685	280	11,530,172
State agency clients	-	19,239	19,239	12,643
Mainecare reimbursement	-	31,136	31,136	38,498
District assessments	2,921,315	3,018,350	97,035	3,158,761
Local sources	110,500	133,334	22,834	150,230
Total revenues	15,039,220	15,209,744	170,524	14,890,304
Expenditures:				
Current:				
Regular instruction	9,635,410	9,229,294	406,116	8,789,073
Special education instruction	4,586,428	4,066,645	519,783	3,875,183
Other instruction	1,190,889	969,575	221,314	1,021,969
Student and staff support	1,499,135	1,379,595	119,540	1,473,855
System administration	565,198	558,125	7,073	522,054
School administration	1,104,995	1,065,054	39,941	1,033,445
Transportation and buses	641,100	516,372	124,728	524,538
Facilities maintenance	2,084,809	1,920,831	163,978	1,857,826
All other expenditures	8,053	4,931	3,122	4,822
Debt service and other commitments	2,651,917	2,639,394	12,523	2,996,579
Total expenditures	23,967,934	22,349,816	1,618,118	22,099,344
Excess (deficiency) of revenues over (under) expenditures	(8,928,714)	(7,140,072)	1,788,642	(7,209,040)
Other financing sources (uses):				
City appropriation	7,878,714	7,878,714	-	7,878,714
Budgeted use of fund balance	1,050,000	-	(1,050,000)	-
Total other financing sources (uses)	8,928,714	7,878,714	(1,050,000)	7,878,714
Net change in fund balances - budgetary basis	-	738,642	738,642	669,674
Reconciliation to GAAP:				
Change in accrued summer salaries and benefits		(126,059)		39,711
Net change in fund balances - GAAP basis		612,583		709,385
Fund balance, beginning of year, restated		839,162		129,777
Fund balance, end of year	\$	1,451,745		839,162

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 2020 U.S. Census population is 9,672.

GOVERNMENT

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

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

MUNICIPAL SERVICES

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

Technology Department

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

The Brewer Public Library provides free computer usage and internet to the public. The Police Department’s cruisers are equipped with computers that provide access in the field to State and County information and the Parks and 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, 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 ordinance 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 full time civilian employees are shared between the Police and Fire Departments.

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

The Fire Department is operated by the Deputy Fire Chief, two Captains, two Lieutenants, and thirteen full-time fire fighters. The department operates from a single fire station and maintains six vehicles. Through a partnership with Capital Ambulance, the station houses and helps staff an ambulance, which in turn generated \$186,513 in FY21 revenue to the City, offsetting approximately 12% of the Fire Department's total annual operating expenses.

The Public Safety roster also includes a part-time Harbor Master.

Engineering Department

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

Department of Parks & Recreation

The Parks and Recreation Department is comprised of four components: Auditorium, Parks & Cemeteries, Recreation, and Swimming Pool. The Parks and Recreation Department offers approximately 100 programs year-round, a community center that is open 100 hours a week during the cold weather months, and an eight-week swimming program. The department is responsible for mowing and maintaining over 75 acres of municipal and school property, including municipal parks. The department maintains six athletic fields, five playgrounds, along with numerous parks. It is also responsible for administration and care of three cemeteries. The department is staffed with a Director of Parks and Recreation, one Deputy Director of Parks & Recreation, one Parks/Cemetery Supervisor, one Parks/Cemetery Foreman, an After-School Program Coordinator, a Building Custodian, one Program/Facility Assistant, and an Office Manager. The Parks and Recreation Department hires from 50 to 60 part-time personnel throughout the year.

Brewer Public Library

The Brewer Public Library (the "Library") was established in 1908. In 2007, the Library moved into a former school building down the street from City Hall. The Library, a department of the City, is governed by the City Council and the City Manager and is operated by a staff comprised of a full-time Library Director, a full-time Children's/Program Librarian, one part-time Cataloging Assistant, and one part-time Inter-Library-Loan Assistant. Volunteers and on-call paid staff round out staffing needs. The City provided approximately \$279,000 in FY2021 towards the Library's operating budget. The Brewer Library Association (the "BLA") is a private, nonprofit organization that maintains a Board of Trustees who oversee private trust funds that benefit the Library. The BLA typically contributes about \$10,000 in funds and in-kind contributions to the Library each year for the purchase of major reference materials, furniture, and equipment.

The main portion of the Library houses the adult collection. The Library also houses important Joshua Chamberlain and City of Brewer memorabilia and primary documents in the John and Millie Goodness Research Room. The Library has children's and young adult sections, with separate picture book and "story time" areas. The library also contains a meeting room with a 15-20-person capacity, a small reading room, several desks and other seating areas, a public computer lab with printing capabilities, and two handicap accessible restrooms.

Photocopying, faxing, and scanning services are available at the front desk, and the Library is a federally certified passport acceptance facility. The Library's collection has approximately 34,000 volumes, including large print materials, audiobooks, DVDs, music CDs and subscriptions to over 25 periodicals. Library patrons have free access to the Digital Maine Library databases and Maine InfoNet's CloudLibrary.

The Library offers special services that include: story time, summer reading, therapy-dog reading programs, interlibrary loan services, author visits, knitting socials, book club, free family and community programs, and an outreach book-delivery program for homebound citizens of Brewer. With over 6,100 cardholders, including 1,000 non-resident patrons, the Library's circulation for FY2021 was 20,524 physical checkouts and 3,727 digital checkouts.

Due to Covid-19, the Library was open for curbside service only from July 1st to July 25th, 2020. The Library building reopened on July 26th, but capacity was limited to five patrons at a time until May 24th, 2021.

Public Works

The Public Works Department provides maintenance of approximately 62 miles of roads, 40 miles of sidewalks, along with storm and sanitary drainage systems. Public Works provides construction and manpower support for all City Departments. Public Works constructs minor capital improvement projects including road construction, sidewalk improvements, and storm drainage improvements. On an annual basis the Department also mows roadsides, paints intersections and crosswalks, cleans storm water basins, and trims trees and brush along roadways and sidewalks as needed. Most operations of the CDD landfill are done by the Department, however licensing, permitting and reporting is handled by the Environmental Services Department.

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

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

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

The City contracts with a private hauler for curbside collection, processing, and disposal of municipal solid waste ("MSW") from residential properties of 4 units or less. In March 2020, the City suspended its "pay as you throw" program to provide fiscal relief for residents during the COVID 19 pandemic. The FY2021 budget permanently eliminated the program. The current curbside collection protocol allows residents to put out up to 5 average size trash bags free – per week. Any additional bags require a special \$2.00 trash tag.

The City has a contract through at least 2034 with the nonprofit Municipal Review Committee ("MRC") to dispose of MSW generated in Brewer. MSW tipping fees as of January 1, 2021 are \$72.28 per ton and receive a CPI adjustment annually. The preferred disposal site is the advanced MSW recycling & processing facility in Hampden, Maine; however, the facility has been closed since June 2020 in search of new owners. The primary disposal facility since that time has been the Penobscot Energy Recovery Company (PERC).

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 33,000 cubic yards of remaining capacity. This is considerably higher than last year's estimate because the previous estimates did not take into account landfill compaction and settlement. Based on the average annual utilization rate over the last 7 years (2014-2020) of 3,000 cubic yards, landfill closure construction can be expected in 2032. 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 but is open every Tuesday morning from 7:00-11:30am for disposal of yard waste, brush and metals. Freon containing appliances and tires are also accepted at the landfill but only on Saturdays. The City has been setting aside funds to help cover the closure costs, which were recently estimated at present value of \$1,191,487.

Sewer Department

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

The Treatment Plant was constructed in 1975 and was originally designed to treat 3.03 million gallons per day ("MGD") of flow. Due to capacity limitations, excessive loadings, worn equipment and outdated original processes, in 1992 the DEP, the City and a former manufacturer entered into a Consent Agreement which required improvements to the Plant's capacity, physical needs and process efficiencies. In complying with its Consent Agreement, the City established a \$7,000,000 phased plant remediation approach for its Treatment Plant that started in 1993 and was completed in 1998. 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 \$25,000,000 to date to comply with Federal and State CSO elimination mandates.

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

Water Department

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

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

The day-to-day administration, operation and maintenance of the waterworks facility are conducted by 10.5 Water Department employees under the direction of its Superintendent. The Water Department serves approximately 3,643 customers in a territory with communities that have a consolidated population of approximately 18,000 inhabitants. The current source of the Water Department’s water supply is primarily from the 2.92 square mile Hatcase Pond, an estimated daily “dry year” yield of 2 million gallons; with Flood’s Pond as a back-up emergency source. The average daily draft is 741,400 gallons with maximum daily draft of 1,115,100 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 one hundred thirty-four full time equivalent teachers, and various other professional and non-professional staff.

In addition to providing education to all students who are residents of the City, the School Department also provides education for grades 9 through 12 for certain contiguous communities or districts that do not have a high school on a tuition basis, as annually set by the State. The communities or districts that send some or all of their students to Brewer High School are AOS 47, RSU 63, and the towns of Amherst, Aurora, Glenburn and Veazie. The following table shows the actual school enrollment as of April 1, 2017 through 2021.

City of Brewer Students				Tuition Students			
April 1,	Pre-K to 8	9 to 12	City	RSU63	AOS 47	Other	Total
2021	897	394	1,291	140	136	25	1,592
2020	967	388	1,355	134	142	19	1,650
2019	979	407	1,386	132	109	24	1,651
2018	990	417	1,407	124	102	28	1,661
2017	1,007	409	1,416	106	130	19	1,671

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

City of Brewer High School District

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

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

The School Committee, who governs the affairs of the Brewer School Department, a department of the City, provides for the operation of the City’s public schools, including maintenance and minor capital costs of the facilities; the Board of Trustees of the CBHSD are separate and distinct from the City. CBHSD received \$2,677,406 from Brewer for the year ended June 30, 2021, of which \$1,792,808 was debt service subsidy from the State. The debt obligations of the CBHSD are Overlapping Debt obligations of the City.

Alternative Education

Title 20-A, Chapter 313 of the Maine Revised Statutes, as amended, provides for “applied technology education” or a course or program of education which is designed to create or improve job-related skills that are part of a secondary school curriculum. The City is a member of the United Technologies Center, Region #4 (“Region #4”). Applied technology regions in Maine are quasi-municipal corporations established by the Legislature for the delivery of applied technology programs that are comprised of two or more school administrative units and governed by a cooperative board. Each Region now receives direct General-Purpose Aid from the State of Maine, and there is no longer an assessment to the school administrative units. Region #4’s territory encompasses 34 towns, including Brewer. The City sent 68 students to Region #4 in FY2021. The total operating budget for Region #4 in FY21 was \$3,105,184.

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

LABOR RELATIONS

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

Union ⁽¹⁾	Bargaining Unit	Contract Expiration
IAFF, Local 2162	Firefighters	6/30/2024
AFSCME, Council 93	Fire Officers	6/30/2024
Fraternal Order of Police	Police Command	6/30/2024
Fraternal Order of Police	Patrol Officers	6/30/2024
AFSCME, Council 93	Water Pollution Control	6/30/2024
BEA/MEA	Teachers	8/31/2024
BEA/MEA	Custodians/Food Service	8/31/2022
BEA/MEA	Education Technicians	8/31/2024

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

PHYSICAL AND ECONOMIC CHARACTERISTICS

General

Brewer is the thirteenth largest city in Maine with a population of 9,672 (2020 census). The City is part of an eleven-municipality employment and commercial center, having its hub in Bangor.

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

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

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

Economic Development Department

The City's Department of Economic Development was established to increase wages and create jobs for City residents and those who live in the Brewer region; to expand the City's tax base, thereby reducing the tax burden

on Brewer residents; to promote development consistent with the City's values and needs; and to help Brewer to become an economic leader in the State of Maine.

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

Principal Employers

Major Employers	Business	Employees
Northern Light Health (formerly EMMC & EMHC)	Health Care	1,225
City of Brewer	Governmental	448
Wal-Mart	Retail	300
UPS	Transportation	250
Hannaford	Retail	237
Downeast Toyota	Vehicle Sales and Service	150
Lowe's	Retail	140
Somic America	Manufacturing	104
Marden's Brewer	Retail	78
Cianbro	Manufacturing	62

Building Permits

Calendar Yr. End Dec. 31,	Residential		Commercial & Industrial		Total	
	Permits	Est. Cost of Construction	Permits	Est. Cost of Construction	Permits	Est. Cost of Construction
2020	134	\$1,975,205	54	\$3,552,961	188	\$5,528,166
2019	109	1,757,015	78	10,436,803	187	12,193,818
2018	134	1,793,125	81	11,138,524	215	12,931,649
2017	120	2,142,660	90	4,207,111	210	6,349,771
2016	136	1,880,328	60	2,019,533	196	3,899,861
2015	117	2,702,974	87	10,081,492	204	12,784,466
2014	78	1,639,298	96	9,407,068	174	11,046,366
2013	112	1,662,798	65	9,005,595	177	10,668,393
2012	124	1,904,192	73	7,103,610	197	9,007,802
2011	165	1,603,706	80	4,705,297	245	6,309,003
2010	149	1,737,889	84	2,557,687	233	4,295,576
2009	102	1,603,030	53	25,585,023	155	27,188,053

Population Trends

Census	Population
2020	9,672
2010	9,482
2000	8,987
1990	9,021
1980	9,017

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

Age and Income Levels

Median age (years)	<u>Brewer</u>	<u>Maine</u>	<u>USA</u>
2020	40.9	45.0	38.3
2010	41.1	42.4	37.0
2000	41.1	42.7	37.2

Median Family Income	<u>Brewer</u>	<u>Maine</u>	<u>USA</u>
2020	\$52,174	\$57,918	\$62,843
2010	66,544	60,021	61,455
2000	46,632	45,179	50,046

Per Capita Income	<u>Brewer</u>	<u>Maine</u>	<u>USA</u>
2020	\$27,885	\$32,637	\$34,103
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 meeting 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”). 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,**

	2018	2019	2020	2021	2022
REVENUES					
Taxes	\$18,627,173	\$18,715,440	\$19,317,602	\$19,795,234	\$20,199,049
Licenses and permits	240,092	243,265	248,352	247,043	245,513
Intergovernmental	11,548,276	11,509,093	13,244,927	14,121,110	14,941,411
Local sources	4,727,716	4,852,270	4,981,715	4,607,325	3,501,579
Interest	36,000	45,000	100,000	40,000	20,000
TOTAL REVENUES	\$35,179,257	\$36,365,068	\$37,892,596	\$38,810,712	\$38,907,552
EXPENDITURES					
General government	2,010,945	2,044,931	2,100,559	2,088,548	2,187,716
Protection	4,800,503	4,802,020	4,893,453	4,928,037	5,490,360
Public services	252,308	279,741	305,463	315,811	317,374
Public works	2,297,132	2,369,531	2,428,441	2,705,509	2,700,814
Education	21,567,284	22,407,353	23,497,794	23,967,934	24,528,447
Unclassified	2,925,969	2,909,745	3,036,002	2,978,615	1,650,313
Debt service	2,381,450	2,439,623	2,508,091	2,542,428	2,567,617
Assessments	971,757	1,004,583	1,061,193	1,100,233	1,209,342
TOTAL EXPENDITURES	\$37,207,348	\$38,257,527	\$39,830,996	\$40,627,115	\$40,651,983
OTHER FINANCING SOURCES					
Fund balance	1,824,814	1,652,568	1,709,209	1,580,000	2,066,182
Reserves and carryforwards	2,613	515	515	515	515
Operating transfers	200,664	239,376	228,676	235,888	(322,266)
TOTAL OTHER FINANCING SOURCES	\$2,028,091	\$1,892,459	\$1,938,400	\$1,816,403	\$1,744,431

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,

	2022	2023	2024	2025	2026	Total
EQUIPMENT						
City Hall	\$ 43,000	\$176,000	\$ 96,500	\$321,000	\$ 27,100	\$ 663,600
Public Safety	114,500	255,000	79,000	211,000	124,000	783,500
Public Works	291,000	768,000	643,000	353,000	190,000	2,245,000
Other	59,500	151,000	94,000	76,000	42,000	422,500
Total Equipment	508,000	1,350,000	912,500	961,000	383,100	4,114,600
PLANT & PROPERTY						
Minor Struct. & Reno.	455,800	464,500	56,500	1,017,000	170,000	2,163,800
Street Reconstruction	690,000	1,485,000	1,895,000	795,000	295,000	5,160,000
Major Structures	255,000	970,000	3,975,000	995,000	535,000	6,730,000
Financing Expenses	7,000	10,000	10,000	10,000	10,000	47,000
Total Plant & Property	1,407,800	2,929,500	5,936,500	2,817,000	1,010,000	14,100,800
TOTAL CIP	\$1,915,800	\$4,279,500	\$6,849,000	\$3,778,000	\$1,393,100	\$18,215,400
FUNDING SOURCES						
CIP Fund Balance	395,800	100,000	276,000	100,000	100,000	971,800
TIF Revenue	55,000	450,000	330,000	50,000	100,000	985,000
Bond Financed	1,240,000	3,579,500	5,743,000	3,378,000	1,143,100	15,083,600
Other (grants, general fund)	225,000	150,000	500,000	250,000	50,000	1,175,000
TOTAL SOURCES	\$1,915,800	\$4,279,500	\$6,849,000	\$3,778,000	\$1,393,100	\$18,215,400

Property Tax Levy Limit

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

Fiscal year:	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
State Personal Income Factor:	2.67%	2.84%	2.61%	2.77%	2.89%
City Property Growth Factor:	<u>1.23</u>	<u>0.53</u>	<u>0.26</u>	<u>0.31</u>	<u>0.31</u>
Growth Limitation Factor:	3.9%	3.37%	2.87%	3.08%	3.20%
Property Tax Levy Limit:	\$9,786,013	\$10,144,879	\$10,440,681	\$10,747,749	\$10,890,901
Property Tax Levy:	<u>6,807,588</u>	<u>6,767,301</u>	<u>6,767,301</u>	<u>6,963,305</u>	<u>7,608,272</u>
Over/(below) Levy Limit:	(\$2,978,425)	(\$3,377,578)	(\$3,673,380)	(\$3,784,444)	(\$3,282,629)

Fund Balance

	(000s)					
	Fiscal Year Ended June 30,					
FUND BALANCE	2016	2017	2018	2019	2020	2021
Unassigned	\$4,257	\$4,324	\$4,456	\$4,735	\$4,882	\$6,193
Non-spendable, restricted, committed	\$1,673	\$1,913	\$1,693	\$1,600	\$2,495	\$3,172
TOTAL FUND BALANCE	\$5,930	\$6,237	\$6,149	\$6,335	\$7,377	\$9,365
Operating Expenditures	\$35,693	\$36,373	\$37,781	\$37,271	\$39,889	\$40,169
Gross Revenues	\$35,960	\$36,717	\$37,693	\$37,457	\$40,932	\$41,660
Unassgn. Fund Balance as % of Op. Exp.	11.9%	11.9%	11.8%	12.7%	12.2%	15.4%
Total Fund Balance as % of Gross Rev.	16.5%	17.0%	16.3%	16.9%	18.0%	22.5%

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 FY21. 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,)**

	2021	2020 - restated	2019	2018	2017
ASSETS					
Cash	\$8,154,945	\$7,647,870	\$7,519,309	\$7,716,453	\$7,778,081
Investments	805,187	814,991	767,484	732,671	709,781
Receivables:					
Taxes receivable	113,227	105,622	75,047	69,373	66,985
Tax liens	528,884	626,297	553,555	444,403	448,088
Other receivables	547,667	537,640	529,979	408,706	538,979
Prepaid items	181,292	235,486	231,764	233,330	230,010
Inter-fund loans	3,231,306	1,596,527	477,248	146,478	-
TOTAL ASSETS	\$13,562,508	\$11,564,433	\$10,154,386	\$9,751,414	\$9,771,924
LIABILITIES					
Accounts payable	780,074	857,670	564,857	540,957	662,844
Accrued payroll	2,829,366	2,636,086	2,641,507	2,531,353	2,286,493
Taxes collected in advance	61,151	49,510	68,233	111,165	99,928
Unearned revenue	6,648	7,163	7,678	8,193	12,265
Inter-fund loans	-	-	-	-	89,704
TOTAL LIABILITIES	\$3,677,239	\$3,550,429	\$3,282,275	\$3,191,668	\$3,151,234
DEFERRED INFLOWS of RESOURCES⁽¹⁾					
Unavailable revenue – property taxes	\$519,613	\$634,089	\$537,269	\$411,410	\$346,311
FUND EQUITY⁽¹⁾					
Non-spendable	181,292	235,486	231,764	233,330	230,010
Restricted	1,451,745	836,662	127,277	203,981	323,253
Committed	-	-	-	-	-
Assigned	1,539,191	1,423,085	1,241,224	1,255,364	1,359,555
Unassigned	6,193,428	4,884,682	4,734,577	4,455,661	4,361,561
TOTAL FUND EQUITY	\$9,365,656	\$7,379,915	\$6,334,842	\$6,148,336	\$6,274,379
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY	\$13,562,508	\$11,564,433	\$10,154,386	\$9,751,414	\$9,771,924

Prepared from Audited Financial Statements

NOTES: ⁽¹⁾ Redefined, pursuant to GASB

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

	2021	2020 - restated	2019	2018	2017
REVENUES					
Taxes	\$20,597,726	\$19,340,789	\$18,980,802	\$18,920,245	\$18,455,024
Licenses and permits	250,571	243,159	238,711	290,653	407,624
Intergovernmental	17,017,023	15,598,707	14,074,122	12,829,096	12,151,674
Local sources	3,741,278	4,241,426	5,242,938	5,128,731	5,378,923
Interest earned	53,087	155,813	153,597	38,717	38,873
TOTAL REVENUES	41,659,685	39,579,894	38,690,170	37,207,442	36,432,118
EXPENDITURES					
Current:					
Administration	1,954,906	2,012,509	1,976,049	1,931,743	1,912,043
Protection	4,979,458	4,806,523	4,657,825	4,721,851	4,810,350
Public services	200,725	323,225	232,021	206,884	221,461
Public works	2,393,824	2,256,038	2,266,676	2,177,178	2,177,707
Unclassified	1,407,439	1,456,481	2,885,241	2,901,175	2,895,402
Education	22,475,875	22,059,633	21,696,041	20,839,074	19,948,929
Debt service	2,477,650	2,520,002	2,309,937	2,381,051	2,203,077
Assessments	1,126,292	1,075,191	1,119,252	1,015,313	962,275
MainePERS	2,003,944	1,897,741	1,500,014	1,321,532	1,135,088
Capital outlay	1,149,236	1,482,069	0	285,619	106,580
TOTAL EXPENDITURES	40,169,349	39,889,412	38,643,056	37,781,420	36,372,912
EXCESS OF REVENUES OVER EXPENDITURES	1,490,336	(309,518)	47,114	(573,978)	59,206
OTHER FINANCING SOURCES:					
Bond or lease proceeds	1,149,236	1,482,069	0	285,619	106,580
Operating transfers in	1,095,800	1,294,452	263,203	200,664	215,884
Operating transfers out	(1,749,631)	(1,424,430)	(123,811)	(1,200)	(37,606)
TOTAL OTHER FINANCING SOURCES (USES):	495,405	1,352,091	139,392	485,083	284,858
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	1,985,741	1,042,573	186,506	(88,895)	344,064
BEGINNING FUND BALANCE	7,379,915	6,337,342	6,148,336	6,237,231	5,930,315
ENDING FUND BALANCE	\$9,365,656	\$7,379,915	\$6,334,842	\$6,148,336	\$6,274,379

Prepared from Audited Financial Statements

ASSESSING DEPARTMENT

The Assessing Department is responsible for the valuation of all property for the purpose of taxation within the City of Brewer. The Assessing office is staffed by three employees who work to discover, list, equalize, and value all taxable property, real and personal, as of its status on April 1st 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 1st of each year, after which time the tax bills are due in two installments. All taxes paid after the due dates are subject to interest, at the rate of 8.0% per annum, in FY2021.

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 FY2021, Brewer received reimbursement at the enhanced rate of 53.24%. The City receives 100% reimbursement for BETE value in a grandfathered TIF district.

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

Fiscal Year ended	Exempt BETE Value		Total
<u>June 30,</u>	<u>Not in TIF</u>	<u>In TIF Districts</u>	<u>BETE Value</u>
2021	\$32,470,900	\$354,900	\$32,825,800
2020	17,714,900	10,204,200	27,919,100
2019	11,425,900	9,525,700	20,951,600
2018	5,567,500	8,657,400	14,224,900
2017	3,380,300	7,826,800	11,207,100

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 2021:

Name	Nature of Business	Fiscal 2021 Assessed Valuation	% of Total Assessed Valuation
Maritime & Northeast Pipe LLC	Utility	\$ 46,392,000	5.80%
Fransway Realty LLC	Real Estate	25,557,900	3.20%
Walmart	Retail	18,452,700	2.31%
Emera Maine (Versant Energy)	Utility	15,068,500	1.88%
Lowe's Home Centers Inc	Retail	14,239,900	1.78%
EODSR LLC/Darling Edward O	Auto Dealer	8,319,100	1.04%
Penobscot River Holdings LLC/CIANBRO	Manufacturer	7,265,400	0.91%
Somic America Inc	Manufacturer	7,015,200	0.88%
Woodlands LLC	Health Care	5,207,500	0.65%
Village Centre Housing Partners LP	Residential Real Estate	4,685,000	0.59%
Total		<u>\$152,203,200</u>	<u>19.04%</u>

Valuations

Fiscal Year	Real Estate Valuation ⁽¹⁾	Personal Property Valuation ⁽²⁾	Total Assessed Valuation	Tax Rate Per \$1,000 of Assessed Valuation	Gross Tax Levy (000s)	Tax Levy Per Capita ⁽³⁾
2021	\$768,236,365	\$31,279,700	\$799,516,065	\$22.75	\$18,189	\$1,881
2020	731,471,173	30,517,200	761,988,373	22.99	18,300	1,930
2019	724,376,483	29,238,200	753,614,683	22.50	17,698	1,867
2018	721,369,640	30,721,800	752,091,440	22.50	16,922	1,785
2017	728,845,994	31,499,500	760,345,494	21.52	16,363	1,726
2016	730,346,030	31,516,100	761,862,130	21.52	16,395	1,729
2015	732,470,870	33,497,600	765,968,470	20.92	16,024	1,690

⁽¹⁾ Excludes Homestead Value Exemption.

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

⁽³⁾ FY2021 uses 2020 Federal Census of 9,672. Prior years use 2010 Federal Census of 9,482.

Tax Levy and Collections

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

Fiscal Year	Gross Tax Levy (000)	Collected Year End Levy (000)	% of Tax Levy	Collected as of 6/30/21 (000)	% of Tax Levy
2021	\$18,189	\$17,874	98.27%	\$17,874	98.27%
2020	17,513	17,091	97.59	17,103	97.63
2019	16,956	16,942	99.91	16,945	99.93
2018	16,922	16,627	99.25	16,913	99.95
2017	16,363	16,276	98.46	16,359	99.98
2016	16,395	16,167	98.60	16,391	99.97
2015	16,024	15,657	97.70	16,021	99.98

TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE DEVELOPMENT HOUSING DISTRICTS

Chapter 206 and former 207 (now repealed) of Title 30-A of the Maine Revised Statutes, as amended, enables a municipality to finance qualified development by borrowing against the future increased property tax receipts attributable to that development. Under the statutory framework, the municipality designates a tax increment financing ("TIF") district or an affordable housing development district (a "housing district") for a period of up to 30 years and adopts a development program (the "Development Program") stating the means and objectives for the development of that district. The municipality may designate, or "capture", all or a portion of the increase in assessed value resulting from development within the district and dedicate the increased property taxes it receives in future years generated by the "captured" assessed value to payment of the costs of the Development Program, which may include debt service on borrowing to fund such costs.

The Commissioner of the Maine Department of Economic and Community Development, with respect to TIF Districts, or the Director of the Maine State Housing Authority, with respect to housing development districts, must approve the designation of any such district.

Such districts are subject to statutory limits on their size, including the following limitations: (a) the total area of a single district may not exceed 2% of the total acreage of the municipality, (b) the total area of all TIF districts or housing districts within a municipality each may not exceed 5% of the total acreage of the municipality, and (c) the aggregate original assessed value of all TIF districts and the aggregate original assessed value of all housing districts within the municipality cannot exceed 5% of the municipality's total value of taxable property.

Excluded from these limits as applicable to TIF districts is any district involving project costs in excess of \$10,000,000, the geographic area of which consists entirely of contiguous property owned by a single taxpayer with an assessed value in excess of 10% of the municipality's total assessed value. In addition, the foregoing limitations do not apply to approved downtown TIF districts, TIF districts included within Pine Tree Development Zones or TIF districts that consist solely of one or more community wind power generation facilities owned by a community wind power generator that has been certified by the Public Utilities Commission pursuant to Title 35-A, section, 3403, subsection 3 of the Maine Revised Statutes, as amended.

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

In FY2021, the City had five designated tax increment financing districts with \$61,000,000 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:

Fiscal Yr. End June 30,	State Revenue Sharing	State School Subsidy	General Assistance	BETE	Homestead Exemption	Total
2021	\$1,487,601	\$12,007,685	\$9,257	\$396,498	\$828,498	\$14,729,539
2020	1,110,704	11,530,172	12,172	216,661	540,840	13,410,549
2019	698,879	10,995,234	6,193	133,337	533,531	12,367,174
2018	673,342	10,181,025	10,200	68,679	421,425	11,354,671
2017	688,294	9,995,165	14,455	44,354	207,345	10,949,613
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

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 2021 equalized State Valuation is \$782,200,000. The 15% debt limit is \$117,330,000. As of June 30, 2021, the City’s long-term debt outstanding was \$34,807,437, or 4.45% 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 ⁽²⁾	Bonded Debt Per Capita ⁽¹⁾	Total Bonded Debt as % of State Equalized Valuation	Levy Supported Debt as a % of State Equalized Valuation
2021	\$34,807,437	\$782,200,000	\$3,599	4.45%	2.28%
2020	31,881,917	762,350,000	3,362	4.18	2.13
2019	33,482,695	732,700,000	3,531	4.57	2.31
2018	36,409,536	721,000,000	3,840	5.00	2.35
2017	36,309,839	718,900,000	3,829	5.05	2.45
2016	37,081,743	721,350,000	3,911	5.10	2.38
2015	38,790,111	707,400,000	4,091	5.48	2.51
2014	39,975,865	715,750,000	4,216	5.59	2.48

(1) FY2021 uses 2020 Federal Census of 9,672. Prior years use 2010 Federal Census of 9,482.

(2) As determined by the State of Maine.

Debt Service Component of Operating Expenses

	2017	2018	2019	2020	2021
Gross Current Debt Service:	\$4,091,727	\$4,266,923	\$4,092,529	\$4,136,228	\$4,086,797
(less Self Support Enterprise):	<u>(1,889,023)</u>	<u>(1,885,474)</u>	<u>(1,782,847)</u>	<u>(1,617,689)</u>	<u>(1,609,147)</u>
Tax Backed Current Debt Svc:	2,202,704	2,381,449	2,309,682	2,518,539	2,477,650
Operating Expense:	\$36,372,912	\$37,781,420	\$37,270,556	\$39,889,412	\$40,169,349
Debt Service as % Oper. Exp:	6.06%	6.30%	6.20%	6.31%	6.17%

Debt Ratios

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

FY End June 30,	Total Debt	Eq. State Val. (000)	Assessed Val. (000)	Debt as % Eq. Val.	Per Capita Debt
2021	\$34,807,437	782,200	799,516	4.5%	3,599
2020	31,881,917	762,350	761,988	4.2	3,531
2019	33,482,695	732,700	753,615	4.6	3,531
2018	36,409,536	721,000	752,091	5.0	3,840
2017	36,309,839	718,900	760,345	5.1	3,829
2016	37,081,743	721,350	761,862	5.1	3,911
2015	38,790,111	707,400	765,968	5.5	4,091

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 2017, the City Council approved up to \$4,200,000 from USDA Rural Development to finance additional sewer improvements. This loan is expected to close in December 2021.

On August 10, 2021, the City Council authorized the issuance of \$1,240,000 in general obligation bonds to fund the City's FY22 Capital Improvement Program.