

CITY OF BREWER, MAINE

Annual Financial Report

For the Year Ended June 30, 2023

CITY OF BREWER, MAINE
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For the Year Ended June 30, 2023

Table of Contents

	<u>Statement</u>	<u>Page</u>
FINANCIAL SECTION		
Independent Auditor's Report		1 - 3
Management's Discussion and Analysis		4-10
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	13
Statement of Activities	2	14
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	4	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5	17
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund (Budgetary Basis)	6	18
Statement of Net Position - Proprietary Funds	7	19
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	8	20
Statement of Cash Flows - Proprietary Funds	9	21
Statement of Fiduciary Net Position - Fiduciary Funds	10	22
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	11	23
Notes to Basic Financial Statements		24-58
Required Supplementary Information		59-65
Combining and Individual Fund Financial Statements and Schedule:		
General Fund:		
Comparative Balance Sheets	A-1	69
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)	A-2	70-72

CITY OF BREWER, MAINE
Annual Financial Report
For the Year Ended June 30, 2023

Table of Contents

	<u>Exhibit</u>	<u>Page</u>
FINANCIAL SECTION, CONTINUED		
All Other Governmental Funds:		
Combining Balance Sheet	B-1	75
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	B-2	76
Nonmajor Special Revenue Funds:		
Combining Balance Sheet	C-1	79-82
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	C-2	83-86
City Small Grants and Programs - Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	87
School Department Grants Fund - Statement of Revenues, Expenditures, and Changes in Fund Balances	C-4	88
Nonmajor Capital Project Funds:		
Combining Balance Sheet	D-1	91
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	D-2	92
Capital Improvement Program - Combining Schedule of Changes in Fund Balances	D-3	93-94
Impact Fee Projects - Combining Schedule of Changes in Fund Balances	D-4	95
Nonmajor Permanent Funds:		
Combining Balance Sheet	E-1	99
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	E-2	100
Schedule:		
Brewer School Department - General Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Budgetary Basis	1	103
Operating Data Section:		
Operating Data		107-126

Independent Auditor's Report

City Council
City of Brewer, Maine

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2023, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Brewer, Maine and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Brewer, Maine's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Brewer, Maine's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Brewer, Maine's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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.

Supplementary 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 accompanying individual fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the operating data section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2023 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.



December 29, 2023
South Portland, Maine

CITY OF BREWER, MAINE
Management's Discussion and Analysis
June 30, 2023

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, 2023.

Financial Highlights

- ❖ The assets and deferred outflows of resources of the City of Brewer exceeded liabilities and deferred inflows of resources by **\$54,162,820** (net position). Of this amount, **\$716,102** was reported as unrestricted net position. The City's total net position increased by **\$2,918,007** from the prior year. Net position of Governmental Activities increased by **\$2,151,108**, while Business-type Activities increased by **\$766,899**. (See statements 1 and 2.)
- ❖ At the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of **\$20,342,277**, which was an increase of **\$1,079,181** from the prior fiscal year. This increase was comprised of a **\$522,620** increase in the City's general fund, a **\$139,627** increase in the School grants fund, a **\$822,659** increase in the City's major capital projects fund and a **(\$405,725)** decrease in the other governmental funds. (See statement 4.)
- ❖ The City's general fund reports an unassigned fund balance of **\$8,995,149** and total fund balance of **\$11,991,437**, an increase of **\$522,620**. The City's unassigned fund balance is currently at **19.74%** of budgeted general fund expenditures and **20.56%** of actual expenditures (see statement 6).
- ❖ The City of Brewer authorized **\$2,490,000** in FY23 CIP bond funding, which was issued on May 18, 2023. In addition, the City authorized up to **\$1,000,000** in sewer bond funding to provide the local match to **\$1,103,000** in US EPA Community Grant funds for sewer improvements in the Oak Grove area. The City authorized **\$3,301,000** in Drinking Water State Revolving Fund loan for several water line improvements and an equipment purchase with the expectation that up to **\$1,292,050** of these loans will be forgiven. During FY2023, the City retired **\$3,238,319** in old bonds and notes, which includes **\$1,930,581** in the general fund and **\$1,307,738** in our water and sewer enterprise funds. (See changes in long term liabilities table on page 39.)

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 **49** 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 **46** 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**, 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 **69-103** 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 **\$29,831,516**. Business-type activity assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by **\$24,331,304** for a City-wide total of net position of **\$54,162,820** 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, **89%**, 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 **9.7%**, represents resources that are subject to external restrictions on how they may be used, leaving the City with an unrestricted net position of **1.3%**, or **\$716,102**.

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

Summary Statement of Net Position

	Governmental Activities		Business-type Activities		Primary Government Total	
	2023	2022	2023	2022	2023	2022
ASSETS						
Current and other assets	\$ 26,091,159	25,633,587	(767,471)	448,930	25,323,688	26,082,517
Capital assets	34,918,027	33,601,405	48,678,309	48,301,805	83,596,336	81,903,210
Total assets	61,009,186	59,234,992	47,910,838	48,750,735	108,920,024	107,985,727
DEFERRED OUTFLOWS OF RESOURCES						
Related to pensions and OPEB	2,938,585	3,615,993	398,989	478,149	3,337,574	4,094,142
Total deferred outflows	2,938,585	3,615,993	398,989	478,149	3,337,574	4,094,142
LIABILITIES						
Long-term liabilities	24,183,745	21,984,710	21,226,348	22,054,363	45,410,093	44,039,073
Other liabilities	7,205,510	7,635,469	2,419,177	2,527,457	9,624,687	10,162,926
Total liabilities	31,389,255	29,620,179	23,645,525	24,581,820	55,034,780	54,201,999
DEFERRED INFLOWS OF RESOURCES						
Related to pensions and OPEB	2,727,000	5,550,398	332,998	1,082,659	3,059,998	6,633,057
Total deferred inflows	2,727,000	5,550,398	332,998	1,082,659	3,059,998	6,633,057
NET POSITION						
Net investment in capital assets	21,526,804	20,081,044	26,869,433	25,195,051	48,221,312 *	45,009,495 *
Restricted	5,225,406	7,149,929	-	-	5,225,406	7,149,929
Unrestricted (deficit)	3,079,306	449,435	(2,538,129)	(1,630,646)	716,102 *	(914,611) *
Total net position	\$ 29,831,516	27,680,408	24,331,304	23,564,405	54,162,820	51,244,813

* These amounts do not cross-foot due to the 2023 amount of **\$174,925** and 2022 amount of **\$266,600** 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	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 4,963,772	\$ 4,459,309	5,877,249	5,714,250	10,841,021	10,173,559
Operating grants and cont.	19,758,458	20,586,207	-	-	19,758,458	20,586,207
Capital grants and cont.	100,000	2,000,000	1,657,161	770,522	1,757,161	2,770,522
General revenues:						
Property taxes	18,865,099	18,431,254	-	-	18,865,099	18,431,254
Excise taxes	2,074,848	2,036,512	-	-	2,074,848	2,036,512
Interest and costs on taxes	87,590	100,091	-	-	87,590	100,091
Franchise fees	118,988	119,058	-	-	118,988	119,058
State Revenue Sharing	2,623,207	2,217,121	-	-	2,623,207	2,217,121
Homestead exemption	825,729	807,818	-	-	825,729	807,818
Other govt. revenues	470,219	405,395	-	-	470,219	405,395
Unrestricted invstmt. earnings	216,662	14,057	-	-	216,662	14,057
Miscellaneous revenues	99,662	60,530	2,774	3,723	102,436	64,253
Transfers	163,147	174,196	(163,147)	(174,196)	-	-
Total revenues and transfers	50,367,381	51,411,548	7,374,037	6,314,299	57,741,418	57,725,847
Expenses:						
Administration	2,002,119	1,383,328	-	-	2,002,119	1,383,328
Protection	6,482,948	6,175,731	-	-	6,482,948	6,175,731
Public services	387,822	274,616	-	-	387,822	274,616
Public works	3,112,347	2,900,479	-	-	3,112,347	2,900,479
Education	30,599,168	30,161,082	-	-	30,599,168	30,161,082
Unclassified	2,587,462	2,531,141	-	-	2,587,462	2,531,141
Assessments	1,322,688	1,263,850	-	-	1,322,688	1,263,850
Capital maintenance	1,402,549	983,292	-	-	1,402,549	983,292
Interest on debt	319,170	367,015	-	-	319,170	367,015
Water	-	-	3,551,122	2,942,739	3,551,122	2,942,739
Sewer	-	-	3,056,016	2,919,744	3,056,016	2,919,744
Total expenses	48,216,273	46,040,534	6,607,138	5,862,483	54,823,411	51,903,017
Change in net position	2,151,108	5,371,014	766,899	451,816	2,918,007	5,822,830
Net position, prior year	27,680,408	22,309,394	23,564,405	23,112,589	51,244,813	45,421,983
Net position, current year	\$ 29,831,516	\$ 27,680,408	24,331,304	23,564,405	54,162,820	51,244,813

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, 2023 of **\$20,342,277**, an increase of **\$1,079,181** in comparison with the prior year. Just under **44%** of this total amount, **\$8,911,121**, 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, **\$11,431,156**, is not available for new spending because it has already been restricted to use for: 1) various capital and other governmental purposes **\$2,482,899**, and education **\$1,988,801**; 2) nonexpendable principal in investments, prepaid amounts and inventory, **\$940,048**; or 3) committed or assigned to specific uses **\$6,019,408**.

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 **\$11,991,437**. After adjusting for non-spendable amounts **\$186,342**, the amount that is restricted for education use **\$1,423,679** and items assigned to specific use **\$1,386,267** (made up of **\$545,000** of fund balance appropriated to the FY2024 budget, **\$238,104** in carryforward encumbrances from FY23 to FY24, and **\$603,163** in accrued compensated absences), there is a net unassigned balance of **\$8,995,149** 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 **21%** of the total general fund expenditures; total fund balance represents **27%** of total general fund expenditures (see statement 6).

The fund balance of the City of Brewer's General Fund increased by **\$522,620** during the current fiscal year. While revenues came in **\$1,875,794** higher than budgeted and expenditures were **\$2,727,570** lower than budgeted, these were partially offset by the City's **\$2,713,092** 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 **\$143,978** to **\$15,384,503**. Operating revenues were lower than operating expenses for an operating income loss of **(\$333,848)**, while net nonoperating revenue increased income by **\$570,646**, which was reduced by net interfund transfers of **(\$92,820)**.

Net position of the City's Sewer Fund increased by **\$622,921** to **\$8,946,801**. The Sewer Fund experienced an operating income gain of **\$143,129** and a nonoperating revenue increase of **\$550,119** as well as a net transfer out of **(\$70,327)**.

Of the total proprietary net position, the amount classified as net investment in capital assets was **\$12,804,085** and **\$14,065,348** for the Water and Sewer Funds, respectively. Unrestricted net position was **\$2,580,418** for the Water Fund and **(\$5,118,547)** for the Sewer Fund.

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

General Fund Budgetary Highlights

The City of Brewer had a **\$1,055,649** difference between the original and amended expenditures in the FY 2023 budget. The changes are as follows:

Administration	\$ 43,969
Protection	347,107
Public Services	94,928
Public Works	41,569
Unclassified, Debt, Overlay	(15,550)
Library and Rec Services	26,643
Assessments	25,802
Transfers to Other Funds	<u>491,181</u>
Total	\$1,055,649

These changes in appropriations were authorized by the Brewer City Council and appropriated from an increase in budgeted revenues of **\$433,940**, and **\$267,530** in carryforward encumbrances from FY22. The majority of change in budgeted revenues came from a **\$331,044** 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, 2023 amount to **\$76,516,157**, net of accumulated depreciation of **(\$41,598,130)**, leaving a net book value of **\$34,918,027**. This is an increase of **\$1,316,622**, including **\$3,252,183** in new additions, a net loss on disposal of **\$678,657** and **\$1,914,557** 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, 2023 amounts to **\$80,937,032**, net of accumulated depreciation of **\$32,258,723**, leaving a net book value of **\$48,678,309**. This is an increase of **\$376,504**, including **\$1,758,517** in new additions and **\$1,382,013** 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 **\$35,099,914**. Of this amount, **\$14,586,964** is for governmental activities and **\$20,512,950** is for business-type activities. All debt is backed by the full faith and credit of the City.

At June 30, 2023, the City of Brewer had **\$4,301,000** in authorized but not yet issued long-term debt. In July 2023, the City authorized up to **\$1,450,000** in debt to finance FY24 capital improvements. During FY23, the City retired **\$3,238,319** in old bonds.

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 **\$136,597,500** and **\$68,298,750** 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, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 8,497,048	350	8,497,398
Investments	13,023,279	-	13,023,279
Amount held in escrow	73,650	661,572	735,222
Receivables:			
Taxes	135,056	-	135,056
Tax and sewer liens	407,271	23,724	430,995
Other receivables	682,410	776,504	1,458,914
Due from other governments	559,389	170,277	729,666
Prepaid expenses	186,342	-	186,342
Inventory	35,629	37,077	72,706
Other assets	-	54,110	54,110
Internal balances	2,491,085	(2,491,085)	-
Capital assets, not being depreciated	2,509,208	3,302,645	5,811,853
Capital assets, net	32,408,819	45,375,664	77,784,483
Total assets	61,009,186	47,910,838	108,920,024
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	2,455,638	391,998	2,847,636
Deferred outflows of resources related to OPEB	482,947	6,991	489,938
Total deferred outflows of resources	2,938,585	398,989	3,337,574
LIABILITIES			
Accounts payable	1,192,459	37,971	1,230,430
Accrued payroll and related liabilities	3,041,948	193,428	3,235,376
Accrued interest payable	87,632	160,057	247,689
Taxes collected in advance	70,583	-	70,583
Unearned revenue	967,762	660,718	1,628,480
Noncurrent liabilities:			
Due within one year	1,845,126	1,367,003	3,212,129
Due in more than one year	24,183,745	21,226,348	45,410,093
Total liabilities	31,389,255	23,645,525	55,034,780
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	1,293,897	249,767	1,543,664
Deferred inflows of resources related to OPEB	1,433,103	83,231	1,516,334
Total deferred inflows of resources	2,727,000	332,998	3,059,998
NET POSITION			
Net investment in capital assets	21,526,804	26,869,433	48,221,312
Restricted:			
Education	1,423,679	-	1,423,679
Grants and other programs	1,277,991	-	1,277,991
Capital projects	1,735,319	-	1,735,319
Permanent funds:			
Nonexpendable	718,077	-	718,077
Expendable	70,340	-	70,340
Unrestricted	3,079,306	(2,538,129)	716,102
Total net position	\$ 29,831,516	24,331,304	54,162,820

See accompanying notes to basic financial statements.

CITY OF BREWER, MAINE
Statement of Activities
For the year ended June 30, 2023

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total
					Governmental activities	Business-type activities	
Primary government:							
Governmental activities:							
Administration	\$ 2,002,119	80,174	-	-	(1,921,945)	-	(1,921,945)
Protection	6,482,948	336,616	148,021	-	(5,998,311)	-	(5,998,311)
Public services	387,822	-	14,747	-	(373,075)	-	(373,075)
Public works	3,112,347	49,601	156,025	-	(2,906,721)	-	(2,906,721)
Unclassified	2,587,462	1,043,740	-	-	(1,543,722)	-	(1,543,722)
Education	28,455,218	3,453,126	17,295,715	100,000	(7,606,377)	-	(7,606,377)
State retirement contribution (Education)	2,143,950	-	2,143,950	-	-	-	-
Interest on debt	319,170	515	-	-	(318,655)	-	(318,655)
Assessments	1,322,688	-	-	-	(1,322,688)	-	(1,322,688)
Capital maintenance	1,402,549	-	-	-	(1,402,549)	-	(1,402,549)
Total governmental activities	48,216,273	4,963,772	19,758,458	100,000	(23,394,043)	-	(23,394,043)
Business-type activities:							
Water	3,551,122	2,898,457	-	889,463	-	236,798	236,798
Sewer	3,056,016	2,978,792	-	767,698	-	690,474	690,474
Total business-type activities	6,607,138	5,877,249	-	1,657,161	-	927,272	927,272
Total primary government	\$ 54,823,411	10,841,021	19,758,458	1,757,161	(23,394,043)	927,272	(22,466,771)
General revenues:							
Property taxes					\$ 18,865,099	-	18,865,099
Excise taxes					2,074,848	-	2,074,848
Interest and costs on taxes					87,590	-	87,590
Franchise fees					118,988	-	118,988
Grants and contributions not restricted to specific programs:							
State Revenue Sharing					2,623,207	-	2,623,207
Homestead exemption					825,729	-	825,729
Other intergovernmental revenues					470,219	-	470,219
Unrestricted investment earnings					216,662	-	216,662
Miscellaneous revenues					99,662	2,774	102,436
Transfers					163,147	(163,147)	-
Total general revenues and transfers					25,545,151	(160,373)	25,384,778
Change in net position					2,151,108	766,899	2,918,007
Net position - beginning					27,680,408	23,564,405	51,244,813
Net position - ending					\$ 29,831,516	24,331,304	54,162,820

See accompanying notes to basic financial statements.

CITY OF BREWER, MAINE
Balance Sheet
Governmental Funds
June 30, 2023

	General	School Grants Fund	Other Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 4,171,230	-	3,849,121	476,697	8,497,048
Investments	12,230,794	-	-	792,485	13,023,279
Amount held in escrow	-	-	-	73,650	73,650
Receivables:					
Taxes	135,056	-	-	-	135,056
Tax liens	407,271	-	-	-	407,271
Other receivables	651,168	-	1,500	29,742	682,410
Due from other governments	-	409,937	100,000	49,452	559,389
Prepaid expenditures	186,342	-	-	-	186,342
Interfund loans receivable	-	-	1,349,758	3,182,609	4,532,367
Inventory	-	-	-	35,629	35,629
Total assets	17,781,861	409,937	5,300,379	4,640,264	28,132,441
LIABILITIES					
Accounts payable	621,807	17,580	263,004	267,298	1,169,689
Accrued payroll and related liabilities	2,813,111	228,837	-	-	3,041,948
Taxes collected in advance	70,583	-	-	-	70,583
Unearned revenue	5,618	-	-	962,144	967,762
Interfund loans payable	1,803,175	148,679	-	112,198	2,064,052
Total liabilities	5,314,294	395,096	263,004	1,341,640	7,314,034
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	476,130	-	-	-	476,130
Total deferred inflows of resources	476,130	-	-	-	476,130
FUND BALANCES					
Nonspendable	186,342	-	-	753,706	940,048
Restricted	1,423,679	76,591	1,611,370	1,360,060	4,471,700
Committed	-	-	3,426,005	1,207,136	4,633,141
Assigned	1,386,267	-	-	-	1,386,267
Unassigned	8,995,149	(61,750)	-	(22,278)	8,911,121
Total fund balances (deficits)	11,991,437	14,841	5,037,375	3,298,624	20,342,277
Total liabilities, deferred inflows of resources, and fund balances	\$ 17,781,861	409,937	5,300,379	4,640,264	

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.	34,918,027
Other long-term assets are not available to pay for current period expenditures and therefore, are unavailable in the funds.	476,130
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	(14,586,964)
Premium on bonds	(790,290)
Financed purchases	(70,129)
Accrued compensated absences	(879,376)
Net pension liability, including related deferred inflows and outflows of resources	(1,872,164)
Landfill closure and postclosure	(1,009,711)
Other postemployment benefits liability, including related deferred inflows and outflows of resources	(6,608,652)
Accrued interest payable	(87,632)

Net position of governmental activities **\$ 29,831,516**

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, 2023

	General	School Grants Fund	Other Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 21,061,020	-	-	-	21,061,020
Licenses and permits	289,183	-	-	-	289,183
Intergovernmental	19,510,271	2,744,496	-	1,039,922	23,294,689
Local sources	4,515,138	-	292,296	134,301	4,941,735
Student activity fees and fundraisers	-	-	-	244,885	244,885
Unclassified	-	43,427	-	46,116	89,543
Investment earnings	182,382	-	-	34,280	216,662
Total revenues	45,557,994	2,787,923	292,296	1,499,504	50,137,717
Expenditures:					
Current:					
Administration	2,213,636	-	-	-	2,213,636
Protection	5,914,426	-	-	129,272	6,043,698
Public services	378,508	-	-	9,314	387,822
Public works	2,632,457	-	-	-	2,632,457
Unclassified	1,647,362	-	-	16,670	1,664,032
Education	24,643,468	2,648,296	-	905,898	28,197,662
Student activities	-	-	-	243,683	243,683
Assessments	1,322,688	-	-	-	1,322,688
Retirement and group term life contributions	2,143,950	-	-	-	2,143,950
Debt service:					
Principal	1,930,581	-	-	-	1,930,581
Interest	376,742	-	-	-	376,742
Capital outlay	-	-	3,023,469	1,631,263	4,654,732
Total expenditures	43,203,818	2,648,296	3,023,469	2,936,100	51,811,683
Excess (deficiency) of revenues over (under) expenditures	2,354,176	139,627	(2,731,173)	(1,436,596)	(1,673,966)
Other financing sources (uses):					
Transfer from Brewer Trustees	-	-	-	100,000	100,000
Bond proceeds	-	-	2,490,000	-	2,490,000
Transfers from other funds	1,014,832	-	1,063,832	1,010,871	3,089,535
Transfers to other funds	(2,846,388)	-	-	(80,000)	(2,926,388)
Total other financing sources (uses)	(1,831,556)	-	3,553,832	1,030,871	2,753,147
Net change in fund balances	522,620	139,627	822,659	(405,725)	1,079,181
Fund balances (deficits), beginning of year	11,468,817	(124,786)	4,214,716	3,704,349	19,263,096
Fund balances (deficits), end of year	\$ 11,991,437	14,841	5,037,375	3,298,624	20,342,277

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, 2023

Net change in fund balances - total governmental funds (from Statement 4)	\$	1,079,181
<p>Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$3,252,183) exceeded depreciation (\$1,914,557) and disposal (\$21,004).</p>		
		1,316,622
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the change in unavailable revenue - property taxes.</p>		
		(33,483)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. This is the change in other post-employment benefits with related deferred inflows and outflows (-\$41,144), accrued compensated absences (-\$91,723), accrued interest (\$5,628), net pension liability with related deferred inflows and outflows (-\$199,275) and landfill closure and postclosure liability (\$70,397)</p>		
		256,117
<p>The City is amortizing the issuance premium on bonds over the life of the new bond. This is the amount of amortization of bond premiums.</p>		
		63,200
<p>Bond, notes and financed purchase agreements provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond, notes and financed purchase agreements principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds (\$2,490,000) exceeded repayments of bonds, notes and financed purchase agreements (\$1,959,471).</p>		
		(530,529)
<hr/>		
Change in net position of governmental activities (see Statement 2)	\$	2,151,108

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, 2023

	General Fund			Variance with final budget positive (negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 20,337,483	20,363,285	21,061,020	697,735
Licenses and permits	272,108	274,958	289,183	14,225
Intergovernmental	16,409,553	16,740,597	17,366,321	625,724
Local sources	3,995,166	4,069,410	4,515,138	445,728
Interest earned	90,000	90,000	182,382	92,382
Total revenues	41,104,310	41,538,250	43,414,044	1,875,794
Expenditures:				
Current:				
Administration	2,337,903	2,381,872	2,213,636	168,236
Protection	5,791,043	6,138,150	5,914,426	223,724
Public services	398,627	493,555	378,508	115,047
Public works	2,973,496	3,015,065	2,632,457	382,608
Unclassified	1,746,324	1,807,417	1,647,362	160,055
Education	26,166,712	26,166,712	24,490,255	1,676,457
Assessments	1,297,774	1,323,576	1,322,688	888
Debt service:				
Principal	1,980,582	1,930,582	1,930,581	1
Interest	377,296	377,296	376,742	554
Total expenditures	43,069,757	43,634,225	40,906,655	2,727,570
Excess (deficiency) of revenues over (under) expenditures	(1,965,447)	(2,095,975)	2,507,389	4,603,364
Other financing sources (uses):				
Use of fund balance	2,438,913	2,713,092	-	(2,713,092)
Reserves and carryforwards	-	267,530	-	(267,530)
Transfers from other funds	968,835	1,048,835	1,014,832	(34,003)
Transfers to other funds	(1,442,301)	(1,933,482)	(2,846,388)	(912,906)
Total other financing sources (uses)	1,965,447	2,095,975	(1,831,556)	(3,927,531)
Net change in fund balances - budgetary basis	-	-	675,833	675,833
Reconciliation to GAAP:				
Change in accrued summer salaries and benefits			(153,213)	
Total reconciling items to GAAP			(153,213)	
Net change in fund balances - GAAP basis			522,620	
Fund balances, beginning of year			11,468,817	
Fund balances, end of year	\$		11,991,437	

See accompanying notes to basic financial statements.

CITY OF BREWER, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2023

Business-type Activities - Enterprise Funds			
	Water Department	Sewer Department	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 300	50	350
Amount held in escrow	661,572	-	661,572
User fees receivable	115,038	661,466	776,504
Liens receivable	3,512	20,212	23,724
Due from other governments	101,292	68,985	170,277
Interfund loans receivable	2,572,955	-	2,572,955
Inventory	37,077	-	37,077
Other assets	42,961	11,149	54,110
Total current assets	3,534,707	761,862	4,296,569
Noncurrent assets:			
Capital assets not being depreciated:			
Land and land rights	2,892,709	53,900	2,946,609
Organizational costs	121,750	-	121,750
Construction in progress	158,023	76,263	234,286
Total capital assets not being depreciated	3,172,482	130,163	3,302,645
Capital assets being depreciated:			
Capital assets	34,475,312	43,159,075	77,634,387
Accumulated depreciation	(13,173,470)	(19,085,253)	(32,258,723)
Total capital assets being depreciated	21,301,842	24,073,822	45,375,664
Total noncurrent assets	24,474,324	24,203,985	48,678,309
Total assets	28,009,031	24,965,847	52,974,878
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	194,275	197,723	391,998
Deferred outflows of resources related to OPEB	3,731	3,260	6,991
Total deferred outflows of resources	198,006	200,983	398,989
LIABILITIES			
Current liabilities:			
Accounts payable	37,971	-	37,971
Accrued payroll and related benefits	102,891	90,537	193,428
Accrued interest payable	70,611	89,446	160,057
Unearned revenue	396,946	263,772	660,718
Interfund loans payable	-	5,064,040	5,064,040
Noncurrent liabilities, due in one year	744,261	622,742	1,367,003
Total current liabilities	1,352,680	6,130,537	7,483,217
Long-term liabilities:			
Noncurrent liabilities, due in more than one year	11,301,647	9,924,701	21,226,348
Total long-term liabilities	11,301,647	9,924,701	21,226,348
Total liabilities	12,654,327	16,055,238	28,709,565
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	123,785	125,982	249,767
Deferred inflows of resources related to OPEB	44,422	38,809	83,231
Total deferred inflows of resources	168,207	164,791	332,998
NET POSITION			
Net investment in capital assets	12,804,085	14,065,348	26,869,433
Unrestricted	2,580,418	(5,118,547)	(2,538,129)
Total net position	\$ 15,384,503	8,946,801	24,331,304

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, 2023

Business-type Activities - Enterprise Funds			
	Water Department	Sewer Department	Total
Operating revenues:			
Charges for services	\$ 2,779,274	2,633,364	5,412,638
Other	119,183	345,428	464,611
Total operating revenues	2,898,457	2,978,792	5,877,249
Operating expenses:			
Operation - salaries and benefits	614,021	766,906	1,380,927
Operation - other	1,423,588	951,437	2,375,025
Administrative expenses - salaries and benefits	265,025	164,369	429,394
Administrative expenses - other	331,112	178,057	509,169
Depreciation and amortization	598,559	774,894	1,373,453
Total operating expenses	3,232,305	2,835,663	6,067,968
Operating income (loss)	(333,848)	143,129	(190,719)
Nonoperating revenues (expenses):			
Other revenues	-	2,774	2,774
Capital grants and contributions	889,463	767,698	1,657,161
Interest on debt service	(318,817)	(220,353)	(539,170)
Total nonoperating revenues (expenses)	570,646	550,119	1,120,765
Net income (loss) before transfers	236,798	693,248	930,046
Transfers:			
Transfers in	-	35,045	35,045
Transfers to General Fund - administration	(92,820)	(105,372)	(198,192)
Total transfers	(92,820)	(70,327)	(163,147)
Change in net position	143,978	622,921	766,899
Net position, beginning of year	15,240,525	8,323,880	23,564,405
Net position, end of year	\$ 15,384,503	8,946,801	24,331,304

See accompanying notes to basic financial statements.

CITY OF BREWER, MAINE
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2023

Business-type Activities - Enterprise Funds			
	Water Department	Sewer Department	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 3,295,155	3,161,734	6,456,889
Payments to suppliers	(1,862,100)	(1,363,281)	(3,225,381)
Payments to employees	(926,615)	(1,000,587)	(1,927,202)
Net cash provided by (used in) operating activities	506,440	797,866	1,304,306
Cash flows from non-capital financing activities:			
Transfers (to) from other funds	582,162	30,631	612,793
Net cash provided by (used in) non-capital financing activities	582,162	30,631	612,793
Cash flows from capital and related financing activities:			
Purchase of capital assets	(1,017,892)	(740,625)	(1,758,517)
Capital grants and contributions	889,463	767,698	1,657,161
Bond and note proceeds	39,832	-	39,832
Principal payments on bonds	(669,795)	(637,943)	(1,307,738)
Interest payments	(330,210)	(217,627)	(547,837)
Net cash provided by (used in) capital and related financing activities	(1,088,602)	(828,497)	(1,917,099)
Net increase (decrease) in cash	-	-	-
Cash, beginning of year	300	50	350
Cash, end of year	\$ 300	50	350
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (333,848)	143,129	(190,719)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	598,559	774,894	1,373,453
(Increase) decrease in receivables	(92,530)	(47,723)	(140,253)
(Increase) decrease in inventory	235	-	235
(Increase) decrease in other assets	481,536	(11,149)	470,387
Increase (decrease) in accounts payable	(36,171)	(218,280)	(254,451)
Increase (decrease) in other liabilities	(71,464)	(15,507)	(86,971)
Increase (decrease) in accrued wages and benefits	(30,124)	(25,509)	(55,633)
Increase (decrease) in net pension liability	305,563	314,928	620,491
Increase (decrease) in OPEB liability	(5,998)	(5,241)	(11,239)
(Increase) decrease in deferred outflows of resources	27,909	51,252	79,161
Increase (decrease) in deferred inflows of resources	(344,919)	(404,742)	(749,661)
Increase (decrease) in unearned revenue	7,692	241,814	249,506
Net cash provided by (used in) operating activities	506,440	797,866	1,304,306

See accompanying notes to basic financial statements.

CITY OF BREWER, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

		Private- purpose Trust Funds
ASSETS		
Cash and cash equivalents	\$	24,508
Investments		866,103
Interfund loans receivable		22,770
Total assets		913,381
LIABILITIES		
Accounts payable		-
Total liabilities		-
NET POSITION		
Held in trust	\$	913,381

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, 2023

		Private- purpose Trust Funds
<hr/>		
Additions:		
Investment income (loss)	\$	57,284
Donations and other		26,675
Total additions		83,959
<hr/>		
Deductions:		
Scholarships		32,320
Other		42,476
Total deductions		74,796
<hr/>		
Change in net position		9,163
<hr/>		
Net position, beginning of year		904,218
<hr/>		
Net position, end of year	\$	913,381

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 Grants 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 assets 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, 2023:

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Primary Government</u>
Capital assets	\$ 76,516,157	80,937,032	157,453,189
Accumulated depreciation	(41,598,130)	(32,258,723)	(73,856,853)
Bonds and notes payable*	(14,586,964)	(20,512,950)	(35,274,839)
Bond premiums	(790,290)	(1,337,234)	(2,127,524)
Financed purchases payable	(70,129)	-	(70,129)
Unspent bond proceeds	2,056,160	41,308	2,097,468
<u>Net investment in capital assets</u>	<u>\$ 21,526,804</u>	<u>26,869,433</u>	<u>48,221,312</u>

*This amount does not cross-foot due to the \$174,925 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 \$174,925 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 Postemployment 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, 2023, expenditures exceeded appropriations in the following general fund departments as shown on Exhibit A-2:

Unclassified – Employee Benefits	\$ 85,994
Unclassified – Dues	262
Unclassified – all other	1,438

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>
2023 budget as originally adopted	\$ 41,104,310	(43,069,757)	1,965,447
Use of prior year reserves and carryforwards	-	-	541,709
Subsequent authorizations	433,940	(564,468)	(411,181)
Totals	\$ 41,538,250	(43,634,225)	2,095,975

Deficit Fund Equity

The following funds had a deficit fund balance at June 20, 2023:

School Grants Fund - Snack Program	\$ 167
School Grants Fund - MLTI	38,474
School Grants Fund - MOOSE	8,241
School Grants Fund - JROTC	1,963
School Grants Fund - RREV	12,905
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, 2023, 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, 2023 - GAAP basis	\$ 1,423,679
Accrued teacher summer salaries	2,064,748
Accrued teacher summer benefits	572,344
Fund balance - School Department, June 30, 2023 - budgetary basis	\$ 4,060,771

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 \$2,143,950. 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, 2023, the City reported deposits of \$8,521,906 with a bank balance of \$9,270,106. Of the City's bank balances, all were insured by the F.D.I.C. or collateralized by securities held in the City's name.

Deposits have been reported as follows:

Reported in governmental funds	\$ 8,497,048
Reported in business-type activities	350
Reported in fiduciary funds	<u>24,508</u>
Total deposits	<u>\$ 8,521,906</u>

B. Investments

At June 30, 2023, the City had the following investments and maturities:

	<u>Fair value</u>	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>	<u>Level 1 Input</u>
Money market	\$ 991,356		Not Applicable		991,356
U.S. Treasury notes	7,047,063	3,123,679	3,923,384	-	7,047,063
Corporate bonds	5,850,963	896,271	4,954,692	-	5,850,963
Total investments	<u>\$ 13,889,382</u>	<u>4,019,950</u>	<u>8,878,076</u>	-	<u>13,889,382</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	\$ 13,023,279
<u>Reported in fiduciary funds</u>	<u>866,103</u>
<u>Total investments</u>	<u>\$ 13,889,382</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 29, 2022 on the assessed value listed as of the previous April 1 for all real and personal property located in the City. All real and personal property taxes were due in two installments, 50% on September 13, 2022, and 50% on March 14, 2023. Interest at the rate of 4% 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 \$860,155,891 was 100% of the estimated market value and 94.46% of the 2023 state valuation of \$910,650,000.

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 \$526,450 for the year ended June 30, 2023.

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 2023 and 2022 levy:

	<u>2023</u>	<u>2022</u>
Total assessed valuation	\$ 860,155,891	826,199,245
Tax rate (per \$1,000)	21.90	22.30
Commitment	18,837,414	18,424,243
Supplemental taxes assessed	27,467	-
	18,864,881	18,424,243
Less - collections and abatements	(18,566,051)	(18,113,473)
Receivable at end of year	\$ 298,830	310,770
Consisting of:		
Real estate liens	266,229	280,152
Real estate and personal property taxes	32,601	30,618
Receivable at end of year	\$ 298,830	310,770
Collection rate	98.42%	98.31%

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance June 30, <u>2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2023</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,237,921	35,685	-	2,273,606
Artwork and historical treasures	109,300	-	-	109,300
<u>Construction in progress</u>	<u>670,308</u>	<u>113,647</u>	<u>657,653</u>	<u>126,302</u>
<u>Total capital assets, not being depreciated</u>	<u>3,017,529</u>	<u>149,332</u>	<u>657,653</u>	<u>2,509,208</u>
Capital assets, being depreciated:				
Buildings and improvements	19,722,970	1,528,712	23,646	21,228,036
Machinery and equipment	5,357,598	487,876	197,104	5,648,370
Vehicles	5,559,717	503,661	299,060	5,764,318
<u>Infrastructure</u>	<u>40,345,652</u>	<u>1,240,255</u>	<u>219,682</u>	<u>41,366,225</u>
<u>Total capital assets being depreciated</u>	<u>70,985,937</u>	<u>3,760,504</u>	<u>739,492</u>	<u>74,006,949</u>
Less accumulated depreciation for:				
Buildings and improvements	7,414,406	382,620	23,646	7,773,380
Machinery and equipment	3,496,884	366,986	196,525	3,667,345
Vehicles	2,770,692	442,806	297,644	2,915,854
<u>Infrastructure</u>	<u>26,720,079</u>	<u>722,145</u>	<u>200,673</u>	<u>27,241,551</u>
<u>Total accumulated depreciation</u>	<u>40,402,061</u>	<u>1,914,557</u>	<u>718,488</u>	<u>41,598,130</u>
<u>Total capital assets being depreciated, net</u>	<u>30,583,876</u>	<u>1,845,947</u>	<u>21,004</u>	<u>32,408,819</u>
<u>Governmental activities capital assets, net</u>	<u>\$ 33,601,405</u>	<u>1,995,279</u>	<u>678,657</u>	<u>34,918,027</u>

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

Governmental activities:	
Administration	\$ 27,104
Protection	482,610
Public works, including depreciation of general infrastructure assets	408,094
Unclassified	915,440
Education	81,309
<u>Total depreciation expense – governmental activities</u>	<u>\$ 1,914,557</u>

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

CAPITAL ASSETS, CONTINUED

	Balance June 30, <u>2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2023</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land and land rights	\$ 2,946,609	-	-	2,946,609
Organizational costs	121,750	-	-	121,750
Construction in progress	2,466,673	372,755	2,605,142	234,286
Total capital assets, not being depreciated	5,535,032	372,755	2,605,142	3,302,645
Capital assets, being depreciated:				
Buildings and improvements	23,748,581	-	-	23,748,581
Machinery and equipment	8,827,143	2,478,641	-	11,305,784
Vehicles	822,203	583,566	-	1,405,769
Infrastructure	40,349,314	928,697	103,758	41,174,253
Total capital assets being depreciated	73,747,241	3,990,904	103,758	77,634,387
Less accumulated depreciation for:				
Buildings and improvements	12,017,148	512,491	-	12,529,639
Machinery and equipment	6,532,193	169,071	-	6,701,264
Vehicles	354,091	57,185	-	411,276
Infrastructure	12,077,036	643,266	103,758	12,616,544
Total accumulated depreciation	30,980,468	1,382,013	103,758	32,258,723
Total capital assets being depreciated, net	42,766,773	2,608,891	-	45,375,664
Business-type activities capital assets, net	\$ 48,301,805	2,981,646	2,605,142	48,678,309

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

Business-type activities:	
Water Fund	\$ 596,280
Sewer Fund	785,733
Total depreciation expense – business-type activities	\$ 1,382,013

*Subsequent event: The City Council approved the purchase of a property at 4 Hardy Street for the amount of \$300,000 at the June 13, 2023 council meeting; however, the actual purchase of this property did not occur until after July 1st, thereby making it a FY 2024 capital asset addition. This item has not been included in the above activity for FY 2023 and will be included in the FY 2024 activity.

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, 2023 arising from these transactions were as follows:

	Interfund loans <u>receivable</u>	Interfund loans <u>payable</u>	<u>Transfers</u>
Major funds:			
General Fund	\$ -	1,803,175	(1,831,556)
School Grants Fund	-	148,679	-
Other Capital Projects	1,349,758	-	1,063,832
Special revenues funds	2,477,560	3,693	27,070
Capital project funds	705,049	22,278	903,801
Permanent funds	-	86,227	-
Total other governmental funds	4,532,367	2,064,052	163,147
Proprietary Funds:			
Water Fund	2,572,955	-	(92,820)
Sewer Fund	-	5,064,040	(70,327)
Total proprietary funds	2,572,955	5,064,040	163,147)
Fiduciary Funds:			
Private-purpose trust funds	22,770	-	-
Grand Total	\$ 7,128,092	7,128,092	-

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

CHANGES IN LONG-TERM LIABILITIES

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Governmental activities:					
Bonds and notes	\$ 14,027,545	2,490,000	1,930,581	14,586,964	1,752,134
Premium on bonds	853,490	-	63,200	790,290	63,200
Financed purchases	99,019	-	28,890	70,129	29,792
Compensated absences	971,099	-	91,723	879,376	-
Net pension liability (asset)	(64,377)	3,098,282	-	3,033,905	-
Landfill closure	939,314	70,397	-	1,009,711	-
OPEB liability	6,851,207	-	1,192,711	5,658,496	-
Government activities long-term liabilities	<u>23,677,297</u>	<u>5,658,679</u>	<u>3,307,105</u>	<u>26,028,871</u>	<u>1,845,126</u>
Business-type activities:					
Bonds and notes	21,820,688	-	1,307,738	20,512,950	1,281,528
Premium on bonds	1,422,691	-	85,457	1,337,234	85,475
Net pension liability (asset)	(70,260)	620,488	-	550,228	-
OPEB liability	204,178	-	11,239	192,939	-
Business-type activities long-term liabilities	<u>23,377,297</u>	<u>620,488</u>	<u>1,404,434</u>	<u>22,593,351</u>	<u>1,367,003</u>
Governmental and Business-type activities long-term liabilities	<u>\$ 47,054,594</u>	<u>6,279,167</u>	<u>4,711,539</u>	<u>48,622,222</u>	<u>3,212,129</u>

As of June 30, 2023, the City had the following authorized, but unissued long term-debt:

\$1,000,000 in general obligation bonds were authorized on March 22, 2023 to fund the local share of improvements to the Oak Grove sewer subsystem that will be partially funded with \$1,103,000 in U.S. EPA Community Grant Program funds.

\$3,301,000 in Drinking Water State Revolving Funds were authorized on May 9, 2023 to fund purchase of a vacuum excavation truck for the Water Department and replacement of water main lines along Wilson Street and in the Robinhood neighborhood. The State will be forgiving up to \$1,292,050 of the loan principle.

On July 11, 2023, the City Council authorized the issuance of \$1,450,000 in general obligation bonds to fund the City's FY24 Capital Improvement Program (\$1,360,000) and replacement of a portion of sewer main (\$90,000).

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, 2023
FR MMBB - Sewer	2004	1,000,000	10/01/24	1.44%	-	100,000	100,000
Series E MMBB - City	2004	363,000	11/01/24	1.01 - 9.00%	36,300	-	36,300
Series E MMBB - City	2004	1,530,000	11/01/24	0.82 - 9.00%	125,800	-	125,800
Series C MMBB - City	2005	690,000	11/01/25	2.95 - 9.00%	96,000	-	96,000
Series C MMBB - Water	2005	725,000	11/01/25	3.05 - 9.00%	-	108,750	108,750
Series A MMBB - City	2006	1,070,000	11/01/26	2.00 - 5.50%	125,400	-	125,400
SR MMBB - City / Sewer	2006	448,000	04/01/26	1.77%	28,197	39,003	67,200
Series C MMBB - City	2007	1,735,000	11/01/26	2.30 - 6.00%	90,200	-	90,200
Series B MMBB - City	2008	600,000	11/01/27	2.00 - 5.50%	91,250	-	91,250
Series F MMBB	2009	593,395	04/01/29	0.00%	-	178,018	178,018
Series B MMBB - City	2009	1,442,000	11/01/29	2.08 - 5.58%	183,400	-	183,400
ARRA MMBB - Sewer	2010	750,877	10/01/29	0.00%	-	110,792	110,792
MMBB - Water	2010	735,000	04/01/30	1.00%	-	257,250	257,250
Series C MMBB - City/Water	2011	2,168,000	11/01/31	2.12 - 5.62%	637,200	76,500	713,700
GOB USDA - Sewer	2013	485,000	08/28/41	2.75%	-	358,634	358,634
GOB USDA - Sewer	2013	800,000	08/28/41	2.75%	-	591,568	591,568
Series A MMBB - City/Sewer	2013	1,225,000	11/01/33	0.60 - 3.70%	191,800	20,000	211,800
GOB - SRF	2014	1,100,000	10/01/33	1.35%	-	557,425	557,425
Series A MMBB	2014	990,000	11/01/34	0.41 - 4.02%	251,000	-	251,000
FR MMBB	2015	1,695,000	05/01/34	0.21%	-	926,000	926,000
Series A MMBB	2015	1,615,000	11/01/35	0.21%	551,593	-	551,593
Series A MMBB	2016	1,055,000	11/01/36	0.91-3.50%	418,598	94,500	513,098
Series C MMBB	2017	2,125,000	11/01/36	1.16-3.49%	907,435	-	907,435
Series A MMBB	2018	3,223,000	11/01/32	1.92-3.62%	1,760,560	-	1,760,560
Series B MMBB	2019	1,431,500	11/01/29	1.610-1.930%	933,231	-	933,231
GOB – RD	2020	1,500,000	02/05/50	1.75%	-	1,418,987	1,418,987
FR MMBB	2020	2,959,000	01/01/41	1.00%	-	2,663,100	2,663,100
Series A MMBB	2021	1,550,000	11/01/34	0.75%	784,000	450,000	1,234,000
Refunding GOB - City	2022	5,375,000	06/30/37	2.50-5.00%	4,885,000	-	4,885,000
Refunding GOB - Sewer	2022	1,805,000	06/30/38	3.00-5.00%	-	1,700,000	1,700,000
Refunding GOB - Water	2022	7,140,000	06/30/42	3.00-5.00%	-	6,780,000	6,780,000
GOB USDA Sewer	2022	4,200,000	12/16/49	1.75%	-	4,082,423	4,082,423
GOB CIP	2023	2,490,000	11/01/43	6.00%	2,490,000	-	2,490,000
Total					\$ 14,586,964	20,512,950	35,099,914

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, 2023 are as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	1,752,134	431,808	1,281,528	523,758
2025	1,870,062	389,012	1,204,975	494,559
2026	1,627,642	345,299	1,179,126	470,637
2027	1,486,930	302,273	1,153,921	440,630
2028	1,279,958	261,232	1,175,298	411,614
2029-2033	4,547,438	756,977	6,043,992	1,527,413
2034-2038	1,812,800	185,053	4,513,272	712,269
2039-2043	175,000	27,746	2,278,994	302,389
2044-2048	35,000	809	1,180,707	134,077
2049-2050	-	-	501,137	16,602
Totals	\$ 14,586,964	2,700,209	20,512,950	5,033,948

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*	\$ 17,891,162	100%	17,891,162
Penobscot County	5,456,690	6.43%	350,865

*The High School District Trustees submit debt service bills, which are paid by the City. Approximately \$10,834,621 of the Brewer High School District Trustee debt is being paid for by the State.

As of June 30, 2023, the Trustees had \$3,500,000 in authorized, but unissued long-term debt.

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, 2023, the City was in compliance with these restrictions.

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. Financed purchases are secured by the underlying assets in the agreements.

The following is a schedule of the future minimum payments under financed purchase, and the present value of net minimum payments at June 30, 2023.

Fiscal year <u>Ending</u>	Governmental <u>activities</u>
2024	\$ 31,900
2025	21,056
<u>2026</u>	<u>21,056</u>
Total minimum payments	74,012
<u>Less: amount representing interest</u>	<u>(3,883)</u>
<u>Present value of future minimum payments</u>	<u>\$ 70,129</u>

NET PENSION LIABILITY

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

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

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

NET PENSION LIABILITY, CONTINUED

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, 2023, the City was required to contribute 10.2% of employee's annual pay for the regular plan, 11.4% for the special 2C plan, and 13.4% for the special 3C plan. The employee's contractually required contribution rate for the regular plan was 6.85% to 7.6% of their annual pay, 8.2% for the 2C plan and 9.7% for the special 3C plan. Contributions to the pension plan from the City were \$1,044,364 for the year ended June 30, 2023.

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 Department's contractually required contribution rate for the year ended June 30, 2023 was 18.13% of annual payroll of which 3.84% of payroll was required from the School Department and 14.29% was required from the State. Contributions to the pension plan from the City were \$461,426 for the year ended June 30, 2023.

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, 2022, 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, 2023, the City reported a liability of \$2,676,917 for governmental activities and \$550,228 for business-type activities for its proportionate share of the net pension liability. At June 30, 2022, the City's proportion of the PLD Plan was 1.2140%.

SET Plan - At June 30, 2023, 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	\$ 356,988
State's proportionate share of the net pension liability associated with the City	<u>11,499,242</u>
Total	<u>\$ 11,856,230</u>

At June 30, 2022, the City's proportion of the SET Plan was 0.0240%.

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

NET PENSION LIABILITY, CONTINUED

For the year ended June 30, 2023, the City recognized pension expense of \$593,817 for governmental activities and \$122,056 for business-type activities for the PLD Plan and also recognized a pension expense of \$2,191,243 and revenue of \$1,719,047 for support provided by the State for the SET Plan. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 515,272	-	102,256	-
Changes of assumptions	612,640	-	111,677	-
Net difference between projected and actual earnings on pension plan investments	-	1,193,827	-	230,934
Changes in proportion and differences between City contributions and proportionate share of contributions	-	100,070	-	18,833
City contributions subsequent to the measurement date	1,327,726	-	178,065	-
Total	\$ 2,455,638	1,293,897	391,998	249,767

An amount of \$1,327,726 for governmental activities and \$178,065 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, 2024. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	<u>Activities</u>	<u>Activities</u>
2024	\$ 369,303	55,595
2025	(329,195)	(56,427)
2026	(766,957)	(143,469)
2027	560,864	108,467

Actuarial Assumptions - The total pension liability in the June 30, 2022 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	2.75-11.48%	2.80-13.03%
Investment return, per annum, compounded annually	6.50%	6.50%
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 2010 Public Plan Teacher Benefits-Weighted Healthy Retiree Mortality Table for the SET Plan and the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table for the PLD Plan, for males and females, projected generationally using the RPEC 2020 model.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020.

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, 2022 are summarized in the following table:

<u>Asset Class</u>	Target allocation	<u>Long-term Expected Real Rate of Return</u>
Public equities	30.0%	6.0%
US Government	10.0%	2.3%
Private equity	12.5%	7.6%
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	5.0%	3.2%
Alternative credit	10.0%	7.4%
Diversifiers	7.5%	5.9%

Discount Rate - The discount rate used to measure the total pension liability was 6.50% 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 6.50% 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 (5.50% for PLD Plan and for the SET Plan) or 1 percentage-point higher (7.50% for PLD Plan and for SET Plan) than the current rate:

<u>PLD Plan</u>	1% Decrease <u>(5.50%)</u>	Current Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
City's proportionate share of the net pension liability	\$ 9,533,906	(3,227,145)	(1,985,617)

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

NET PENSION LIABILITY, CONTINUED

<u>SET Plan</u>	1% Decrease <u>(5.50%)</u>	Current Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
City's proportionate share of the net pension liability	\$ 699,067	356,988	72,171

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, 2023.

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 8.0% of their wages. The employer contribution rate for 2023 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 \$116,736.

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, 2023.

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 January 1, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employee entitled to but not yet receiving benefits	-
<u>Active employees</u>	<u>86</u>
<u>Total</u>	<u>89</u>

Total OPEB Liability

The City’s total OPEB liability of \$1,008,567 was measured as of January 1, 2023, and was determined by an actuarial valuation roll forward.

Actuarial Assumptions - The total OPEB liability in the January 1, 2023 actuarial valuation roll forward was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00% per year
Salary increases	2.75% per year
Discount rate	3.72%
Healthcare cost trend rates	7.95% Non-Medicare and 7.26% Medicare, decreasing to 4.55% by 2044
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 3.72% 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 2010 Public Plan General Benefits-Weighted Employee 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, 2023 valuation for the Health Plan were based on the results of an actuarial experience study for the period June 30, 2015 through June 30, 2020.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2022	\$ 1,067,321
Changes for the year:	
Service cost	54,196
Interest	22,974
Changes in benefit terms	-
Difference between expected and actual	-
Changes in assumptions or other inputs	(123,281)
Benefit payments	(12,643)
Net changes	(58,754)
Balance at June 30, 2023	\$ 1,008,567

At June 30, 2023, the City reported a liability of \$815,628 for governmental activities and \$192,939 for business-type activities for its proportionate share of the OPEB liability.

Change in assumptions reflects a change in the discount rate from 2.06% to 3.72%.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the City’s total OPEB liability calculated using the discount rate of 3.72%, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.72%) or 1 percentage-point higher (4.72%) than the current rate:

	1% Decrease (2.72%)	Discount Rate (3.72%)	1% Increase (4.72%)
Total OPEB liability	\$ 1,175,434	1,008,567	872,263

Sensitivity of the Total Health Plan OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the City’s total OPEB liability related to the Health Plan calculated using the healthcare cost trend rates, 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	\$ 852,071	1,008,567	1,207,025

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

For the year ended June 30, 2023, the City recognized OPEB gain of \$10,610. At June 30, 2023, 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	\$ -	351,852	-	83,231
Changes of assumptions	22,077	-	5,223	-
City contributions subsequent to the measurement date	7,476	-	1,768	-
Total	\$ 29,553	351,852	6,991	83,231

\$9,244 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, 2024. 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>
2024	\$ (58,399)	(13,815)
2025	(58,395)	(13,814)
2026	(70,704)	(16,725)
2027	(55,266)	(13,073)
2028	(20,497)	(4,849)
Thereafter	\$ (66,514)	(15,732)

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 55% 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 45% 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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	119
Inactive employee entitled to but not yet receiving benefits	-
<u>Active employees</u>	<u>198</u>
<u>Total</u>	<u>317</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 \$4,594,977 was measured as of June 30, 2022, and was determined by an actuarial valuation as of that date.

Changes in the Total OPEB Liability

Balance at June 30, 2022	\$ 5,825,841
Changes for the year:	
Service cost	72,051
Interest	126,064
Changes of benefit terms	-
Differences between expected and actual experience	(1,114,250)
Changes in assumptions or other inputs	(190,863)
Benefit payments	(123,866)
<u>Net changes</u>	<u>(1,230,864)</u>
<u>Balance at June 30, 2023</u>	<u>\$ 4,594,977</u>

Change in assumptions reflects a change in the discount rate from 2.16% to 3.54%.

For the year ended June 30, 2023, The City recognized OPEB expense of \$91,767. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	1,024,456
Changes of assumption	298,791	-
<u>City contributions subsequent to measurement date</u>	<u>100,532</u>	<u>-</u>
<u>Total</u>	<u>\$ 399,323</u>	<u>1,024,456</u>

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

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

\$100,532 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, 2024. 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:	
2024	\$ (61,639)
2025	(118,048)
2026	(118,044)
2027	(210,416)
2028	(217,518)

Actuarial Assumptions - The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.70%
Salary increases	2.75% per year
Discount rate	3.54% per annum
Healthcare cost trend rates - Pre-Medicare	7.96% for 2023 grading to 4.00% through 2043
Healthcare cost trend rates - Medicare	0.00% for 2023 grading to 4.29% through 2043
Retirees' share of the benefit related costs	45% of the blended premium rate with a State subsidy for the remaining 55% 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, 2022 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 3.54% per annum. Since the plan is pay as you go and is not funded, the discount rate was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the City's total OPEB liability calculated using the discount rate of 3.54%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.54%) or 1 percentage-point higher (4.54%) than the current rate:

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	\$ 5,290,442	4,594,977	4,022,082

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	\$3,996,693	4,594,977	5,325,786

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 \$0.48 per \$1,000 of coverage per month during the postemployment retirement period. Contributions to the PLD OPEB plan from the City were \$3,928 for the year ended June 30, 2023.

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 \$51,982 for the year ended June 30, 2023. 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, 2022, 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, 2023, the City reported a liability of \$247,891 for its proportionate share of the net OPEB liability. At June 30, 2022, the City’s proportion was 1.7116%.

SET OPEB Plan - At June 30, 2023, 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 \$436,120 as of June 30, 2023. At June 30, 2021, the City’s proportion was 0.00%.

For the year ended June 30, 2023, the City recognized OPEB gain of \$19,870 for the PLD OPEB Plan. For the year ended June 30, 2023, the City recognized OPEB expense of \$51,982 and also revenues of \$51,982 for support provided by the State related to the SET OPEB plan. At June 30, 2023, the City reported no deferred outflows of resources nor deferred inflows of resources related to the SET OPEB plan.

At June 30, 2023, 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	\$ 9,864	-
Changes of assumptions	-	56,795
Net difference between projected and actual earnings on OPEB plan investments	21,432	-
Changes in proportion and differences between City contributions and proportionate share of contributions	18,847	-
City contributions subsequent to the measurement date	3,928	-
Total	\$ 54,071	56,795

An amount of \$3,928 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, 2024. 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:	
2024	(3,396)
2025	(13,724)
2026	(19,539)
2027	20,986
2028	5,871
Thereafter	3,150

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, 2022 actuarial valuations were 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% - 11.48%	2.80 - 13.03%
Investment rate of return	6.50%	6.50%

Mortality rates for each plan were based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC 2020 model.

The actuarial assumptions used in the June 30, 2022 valuations were based on the results of an actuarial experience study conducted for the period July 1, 2015 to June 30, 2020.

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>Long-term Expected Real Rate of Return</u>
Public equities	6.0%
Real estate	5.2%
Traditional credit	3.0%
US government securities	2.3%

Discount Rate - The discount rate used to measure the collective total OPEB liability was 6.50% for 2022 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 6.50%, 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 (5.50%) or 1 percentage-point higher (7.50%) than the current rate:

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – LIFE INSURANCE, CONTINUED

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB liability	\$336,446	247,891	176,789

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, 2023, fund balance components consisted of the following:

	General <u>Fund</u>	School Grants <u>Fund</u>	Other Capital Projects	Other Govt. <u>Funds</u>
Nonspendable:				
Inventory	\$ -	-	-	35,629
Principal for permanent funds	-	-	-	718,077
Prepaid items	186,342	-	-	-
Total nonspendable	186,342	-	-	753,706
Restricted:				
Finance and administration	-	-	-	521,126
Community services	-	-	-	43,887
Public safety	-	-	-	79,794
Public works	-	-	-	32,432
Education	1,423,679	76,591	-	488,532
Capital projects	-	-	1,611,370	123,949
Permanent funds	-	-	-	70,340
Total restricted	1,423,679	76,591	1,611,370	1,360,060
Committed:				
Finance and administration	-	-	-	146,248
Community services	-	-	-	2,666
Public safety	-	-	-	105,145
Education	-	-	-	298,327
Capital projects	-	-	3,426,005	654,750
Total committed	-	-	3,426,005	1,207,136

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

FUND BALANCE, CONTINUED

	<u>General Fund</u>
Assigned:	
Reappropriated to 2024 budget	\$ 545,000
Accrued compensated absences	603,163
Assessor - miscellaneous professional services	10,000
Assessor – office supplies	1,362
Manager – office supplies	127
Finance – computer software	8,476
Technology – network services	1,150
Technology – computer software	4,426
Technology – PC replacement plan	8,380
Economic Dev – internet/email	3,720
Economic Dev – greater Bangor 4 th of July	7,500
Police Admin – misc professional services	1,296
Police Patrol – training, conferences, mtgs	50
Police Patrol – misc supplies	500
Fire – uniforms and protective clothing	5,565
Fire – misc supplies	500
Fire – equipment maintenance and repair	1,771
Fire – vehicle maintenance and repair	2,238
Code – contracted services	45,000
General Protections – equipment maint & repair	4,125
Service agency – transit operating exp	69,136
Service Agency – transit capital reserve exp	25,792
Public Works – contracted svcs – line painting	2,547
Public Works – contracted svcs – tree removal	20,000
Employee benefits – workers compensation	11,447
Parks and Rec – Doyle Field	1,430
Parks and Rec – Maple Street Park	1,200
Parks and Rec – Summer Program / League	181
Library – non-print materials	47
Library – building maint and repair	138
<u>Total assigned</u>	<u>\$ 1,386,267</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.

CITY OF BREWER, MAINE
Notes to Basic Financial Statements

LANDFILL CLOSURE AND POSTCLOSURE COSTS, CONTINUED

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

On June 18, 2021, the City received a life cycle cost estimate of its landfill from its engineering firm. The report estimated the present value of the landfill closure construction, assuming it occurs during 2032, at \$1,200,000 and annual post-closure monitoring cost at \$21,000. Actual cost to close the landfill may be higher due to inflation, changes in technology, or changes in regulations. The City's rate of use of the landfill will affect the exact timing of the closure.

A volume control survey completed by the City's engineering firm on October 3, 2022, estimated the remaining landfill capacity at 24,500 cubic yards. Assuming the City continues to fill at its average rate of 2,500 cubic yards per year, the landfill is expected to provide capacity until 2032.

The City retains an engineering firm to update landfill usage and volume estimates at least every two years and its life cycle cost estimate every five years.

As of June 30, 2023, 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>2023</u>
Total estimated future landfill closure and postclosure care costs	\$ 1,212,487
Estimated capacity used	83.276%
Estimated gross landfill closure and postclosure care costs – end of year	1,009,711
<u>Amounts actually expended</u>	<u>-</u>
<u>Estimated liability for landfill closure and postclosure care costs - end of year</u>	<u>1,009,711</u>

TAX INCREMENT FINANCING DISTRICTS

In FY23, the City had three 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 FY2023, the City captured \$1,489,679 in TIF and affordable housing property tax revenue and disbursed \$129,066 in payments to the two developers below:

- \$47,037 to Somerset Place Housing Associates to help fund the operating costs and maintain affordable rents for this 28 unit residential building for the elderly. FY2023 was the eighth of 15 scheduled years of payments.
- \$82,029 to Village Centre Housing Partners, LP to help fund the operating costs and maintain affordable rents for this 48 unit apartment building for families. FY2023 was the seventh of 15 scheduled years of payments to this organization

CITY OF BREWER, MAINE
Required Supplementary Information

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
PLD Plan									
City's proportion of the net pension liability / asset	1.2140%	1.2458%	1.2894%	1.3312%	1.3161%	1.2650%	1.2410%	1.2868%	1.3019%
City's proportionate share of the net pension liability (asset)	\$ 3,227,145	(400,347)	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	8,586,847	7,945,198	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 (asset) as a percentage of its covered payroll	37.58%	-5.04%	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 / asset	93.26%	100.86%	88.35%	90.62%	91.14%	86.43%	81.61%	88.27%	94.10%
SET Plan									
City's proportion of the net pension liability	0.0240%	0.0314%	0.0154%	0.0212%	0.0198%	0.0152%	0.0096%	0.0139%	0.0163%
City's proportionate share of the net pension liability	356,988	265,708	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	11,499,242	6,592,477	12,842,671	11,152,874	10,059,509	10,762,537	13,744,363	10,479,395	8,548,683
Total	\$ 11,856,230	6,858,185	13,094,201	11,463,347	10,326,294	10,983,584	13,914,775	10,666,886	8,724,409
PLD Plan									
City's covered payroll	\$ 11,348,116	10,986,376	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	3.15%	2.42%	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	85.79%	90.90%	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 nine 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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
PLD Plan										
Contractually required contribution	\$ 1,044,364	955,355	852,312	832,731	736,463	730,581	648,372	666,183	526,003	451,334
Contributions in relation to the contractually required contribution	<u>(1,044,364)</u>	<u>(955,355)</u>	<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>	<u>(451,334)</u>
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
City's covered payroll	9,547,154	8,586,847	7,945,198	7,867,423	7,363,174	7,349,329	6,918,825	6,542,992	6,608,210	6,506,419
Contributions as a percentage of covered payroll	10.94%	11.13%	10.73%	10.58%	10.00%	9.94%	9.37%	10.18%	7.96%	6.94%
SET Plan										
Contractually required contribution	\$ 461,426	435,769	457,034	432,717	396,555	373,596	300,795	310,832	239,824	239,790
Contributions in relation to the contractually required contribution	<u>(461,426)</u>	<u>(435,769)</u>	<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>	<u>(239,790)</u>
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
City's covered payroll	\$ 12,029,718	11,348,116	10,986,376	10,398,148	9,988,793	9,408,162	8,951,795	9,246,065	9,049,956	9,048,695
Contributions as a percentage of covered payroll	3.84%	3.84%	4.16%	4.16%	3.97%	3.97%	3.36%	3.36%	2.65%	2.65%

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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability						
Service cost	\$ 54,196	58,194	50,399	42,058	48,142	38,975
Interest	22,974	26,236	30,136	56,737	50,671	48,442
Changes of benefit terms	-	-	-	(21,392)	-	-
Differences between expected and actual experience	-	(203,644)	-	(548,452)	-	(9,886)
Changes of assumptions or other inputs	(123,281)	18,465	71,402	204,503	(152,682)	131,595
Benefit payments	<u>(12,643)</u>	<u>(22,460)</u>	<u>(21,595)</u>	<u>(29,798)</u>	<u>(28,652)</u>	<u>(25,054)</u>
Net change in total OPEB Liability	(58,754)	(123,209)	130,342	(296,344)	(82,521)	184,072
Total OPEB liability - beginning	<u>1,067,321</u>	<u>1,190,530</u>	<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>1,008,567</u>	<u>1,067,321</u>	<u>1,190,530</u>	<u>1,060,188</u>	<u>1,356,532</u>	<u>1,439,053</u>
Covered-employee payroll	\$ 4,867,798	4,867,798	4,489,969	4,489,969	4,328,349	4,328,349
Total OPEB liability as a percent of covered-employee payroll	20.72%	21.93%	26.52%	23.61%	31.34%	33.25%

*Only six 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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability					
Service cost	\$ 72,051	71,868	27,171	22,635	24,452
Interest	126,064	126,628	194,197	201,499	192,236
Changes of benefit terms	-	-	(475,459)	-	-
Differences between expected and actual experience	(1,114,250)	-	(191,830)	-	-
Changes of assumptions or other inputs	(190,863)	42,628	746,030	282,037	(223,531)
Benefit payments	<u>(123,866)</u>	<u>(145,561)</u>	<u>(180,741)</u>	<u>(157,162)</u>	<u>(151,730)</u>
Net change in total OPEB Liability	(1,230,864)	95,563	119,368	349,009	(158,573)
Total OPEB liability - beginning	<u>5,825,841</u>	<u>5,730,278</u>	<u>5,610,910</u>	<u>5,261,901</u>	<u>5,420,474</u>
Total OPEB liability - ending	\$ <u>4,594,977</u>	<u>5,825,841</u>	<u>5,730,278</u>	<u>5,610,910</u>	<u>5,261,901</u>
Covered-employee payroll	\$ 10,737,917	10,981,818	10,713,968	8,700,243	8,467,390
Total OPEB liability as a percent of covered-employee payroll	42.79%	53.05%	53.48%	64.49%	62.14%

*Only five 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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
PLD Plan						
City's proportion of the net OPEB liability	\$ 1.7116%	1.5713%	1.5536%	1.7423%	1.5861%	1.5600%
City's proportionate share of the net OPEB liability	247,891	162,224	204,951	351,970	320,403	260,854
City's covered payroll	8,586,847	7,945,198	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	2.89%	2.04%	2.61%	4.78%	4.36%	3.77%
Plan fiduciary net position as a percentage of the total OPEB liability	55.88%	67.26%	55.40%	43.18%	43.92%	47.42%
SET Plan						
City's proportion of the net OPEB liability	0.0000%	0.0000%	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	<u>436,120</u>	<u>223,977</u>	<u>440,559</u>	<u>407,543</u>	<u>401,725</u>	<u>370,250</u>
Total	\$ <u>436,120</u>	<u>223,977</u>	<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	52.39%	62.90%	49.51%	49.22%	48.04%	47.29%

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

**Only six years of information available.

CITY OF BREWER, MAINE
Required Supplementary Information, Continued

Schedule of City OPEB Contributions
 Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
PLD Plan						
Contractually required contribution	\$ 3,928	4,183	2,794	2,432	2,719	2,790
Contributions in relation to the contractually required contribution	<u>(3,928)</u>	<u>(4,183)</u>	<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>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
City's covered-employee payroll	\$ 9,547,154	8,586,847	7,945,198	7,867,423	7,363,174	7,349,329
Contributions as a percentage of covered- employee payroll	0.04%	0.05%	0.04%	0.03%	0.04%	0.04%

* Only six 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>2022</u>	<u>2021</u>	<u>2019</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Discount rate - PLD	6.50%	6.75%	6.75%	6.875%	6.875%	7.125%	7.25%
Discount rate - SET	6.50%	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	2.75-11.48%	2.75 + merit	2.75-9.00%	2.75-9.00%	2.75-9.00%	3.50-9.50%	3.50-9.50%
Salary increases - SET	2.80-13.03%	2.75 + merit	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%	1.91%	2.20%	2.20%	2.55%	3.12%
Cost of living increases - SET	2.20%	2.20%	2.20%	2.20%	2.55%	2.55%	2.55%

Mortality rates:

In 2016, mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2016 using Scale AA. Between 2017 and 2021, mortality rates were based on the RP2014 Total Data Set Health Annuitant Mortality Table. Starting 2022, Mortality rates were based on the 2010 Public Plan General Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC 2020 model.

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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Discount rate - SET	6.50%	6.75%	6.75%	6.75%	6.875%
Discount rate - PLD	6.50%	6.75%	4.98%	5.13%	5.41%

Mortality rates:

In 2016, mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2016 using Scale AA. Between 2017 and 2021, mortality rates were based on the RP2014 Total Data Set Health Annuitant Mortality Table. Starting 2022, Mortality rates were based on the 2010 Public Plan General Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC 2020 model.

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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Discount rate - MMEHT Health Plan	3.72%	2.06%	2.12%	2.74%	4.10%	3.44%	3.78%
Discount rate - MEABT Health Plan	3.54%	2.16%	2.21%	3.50%	3.87%	3.58%	N/A

Mortality rates:

In 2018 through 2021, mortality rates were based on the RP2014 total data set healthy annuitant mortality table. In 2022, mortality rates were based on the 2010 Public Plan General Benefits- Weighted Employee Mortality Table, for males and females, projected generationally using the RPEC 2020 model.

Additionally, the valuation method for the City Health Plan was changed from the Projected Unit Credit funding method in 2018 to the Entry Age Normal funding method in 2019.

** 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, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 4,171,230	13,427,006
Investments	12,230,794	3,726,136
Receivables:		
Taxes	135,056	113,128
Tax liens	407,271	471,872
Accounts	651,168	691,088
Prepaid expenditures	186,342	186,342
Total assets	17,781,861	18,615,572
LIABILITIES		
Accounts payable	621,807	770,762
Accrued payroll and related liabilities	2,813,111	2,880,490
Taxes collected in advance	70,583	45,941
Unearned revenue	5,618	6,133
Interfund loans payable	1,803,175	2,933,816
Total liabilities	5,314,294	6,637,142
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	476,130	509,613
Total deferred inflows of resources	476,130	509,613
FUND BALANCE		
Nonspendable - prepaid expenditures	186,342	186,342
Restricted for education	1,423,679	2,335,133
Assigned	1,386,267	1,512,439
Unassigned	8,995,149	7,434,903
Total fund balance	11,991,437	11,468,817
Total liabilities, deferred inflows of resources and fund balance	\$ 17,781,861	18,615,572

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, 2023

(with comparative actual amounts for the year ended June 30, 2022)

	2023		Variance positive (negative)	2022 Actual
	Final Budget	Actual		
Revenues:				
Taxes:				
Property	\$ 18,356,769	18,898,582	541,813	18,441,254
Automobile excise	1,905,016	2,067,249	162,233	2,028,816
Boat excise	6,500	7,599	1,099	7,696
Interest on taxes	50,000	42,725	(7,275)	51,115
Payments in lieu of taxes	45,000	44,865	(135)	48,976
Total taxes	20,363,285	21,061,020	697,735	20,577,857
Licenses and fees:				
Licenses and clerk fees	28,250	38,387	10,137	34,186
Registration fees	28,000	36,768	8,768	36,258
Ambulance and other public safety revenue	213,558	209,009	(4,549)	201,426
All other	5,150	5,019	(131)	4,309
Total licenses and fees	274,958	289,183	14,225	276,179
Intergovernmental:				
Road block grant program	130,000	132,528	2,528	133,256
State revenue sharing	2,085,794	2,623,207	537,413	2,217,121
Tree growth reimbursement	400	538	138	537
Veterans reimbursement	9,000	9,334	334	8,592
BETE reimbursement	370,000	423,689	53,689	395,610
Homestead exemption	825,323	825,729	406	807,818
General assistance	22,000	14,747	(7,253)	3,859
Police grant reimbursements	151,836	148,021	(3,815)	136,356
Solar reimbursement	-	3,579	3,579	40
School Department	13,146,244	13,184,949	38,705	12,905,736
Total intergovernmental	16,740,597	17,366,321	625,724	16,608,925
Local sources:				
Property leases	6,726	6,865	139	6,757
Parks and recreation	416,770	475,504	58,734	394,673
Public safety	25,720	25,280	(440)	26,150
Code enforcement	64,750	102,327	37,577	115,442
Public works	50,829	49,601	(1,228)	40,517
Cable television	115,000	118,988	3,988	119,058
Deferred debt service	1,554	515	(1,039)	515
Library	22,008	31,386	9,378	15,466
Worker's compensation reimbursement	35,774	36,658	884	656
School Department revenue	3,291,411	3,568,352	276,941	3,392,050
All other	38,868	99,662	60,794	60,530
Total local sources	4,069,410	4,515,138	445,728	4,171,814
Investment earnings	90,000	182,382	92,382	27,755
Total revenues	41,538,250	43,414,044	1,875,794	41,662,530

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

	2023			2022 Actual
	Final Budget	Actual	Variance positive (negative)	
Expenditures:				
Current:				
Administration:				
City Council	\$ 11,899	9,894	2,005	16,256
City Manager	411,006	393,897	17,109	387,934
City Clerk	145,392	143,370	2,022	116,439
Elections	16,100	10,251	5,849	12,259
Assessing	263,782	253,102	10,680	243,172
Finance	695,274	670,518	24,756	611,299
Technology	218,106	203,674	14,432	184,654
Legal	99,365	60,951	38,414	48,291
City Hall	86,191	79,222	6,969	66,683
Economic Development	434,757	388,757	46,000	368,884
Total administration	2,381,872	2,213,636	168,236	2,055,871
Protection:				
Police department	2,844,801	2,768,664	76,137	2,597,582
Fire department	2,008,826	1,944,716	64,110	1,793,290
Code enforcement	275,574	239,608	35,966	225,195
General protections	872,540	836,487	36,053	808,951
Insurances	119,700	110,343	9,357	99,204
Animal control	16,709	14,608	2,101	13,984
Total protection	6,138,150	5,914,426	223,724	5,538,206
Public services:				
Health and human services	61,104	56,294	4,810	37,080
Transit system	425,851	315,622	110,229	239,885
Adult Ed	5,100	5,092	8	5,042
Non-profit organizations	1,500	1,500	-	1,500
Total public services	493,555	378,508	115,047	283,507
Public works:				
Public works	1,883,697	1,571,596	312,101	1,508,188
Solid waste disposal	797,633	735,652	61,981	700,659
Planning	168,097	165,440	2,657	119,957
Engineering	165,638	159,769	5,869	154,437
Total public works	3,015,065	2,632,457	382,608	2,483,241
Education	26,166,712	24,490,255	1,676,457	23,296,863

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

	2023			2022 Actual
	Final Budget	Actual	Variance positive (negative)	
Expenditures, continued:				
Current, continued:				
Unclassified:				
Employee benefits	\$ 249,231	335,225	(85,994)	256,744
Municipal auditorium	198,822	80,264	118,558	143,000
Parks and cemeteries	300,400	278,383	22,017	238,832
Recreation/pool	659,199	591,204	67,995	551,905
Library	336,200	315,979	20,221	279,931
Dues	9,000	9,262	(262)	8,728
Contingencies	45,225	26,267	18,958	24,657
All other	9,340	10,778	(1,438)	39,055
Total unclassified	1,807,417	1,647,362	160,055	1,542,852
Assessments:				
County tax	1,276,774	1,276,774	-	1,189,342
Abatements and bad debts	46,802	45,914	888	74,508
Total assessments	1,323,576	1,322,688	888	1,263,850
Debt service:				
Principal	1,930,582	1,930,581	1	2,113,505
Interest	377,296	376,742	554	402,187
Total debt service	2,307,878	2,307,323	555	2,515,692
Total expenditures	43,634,225	40,906,655	2,727,570	38,980,082
Excess (deficiency) of revenues over (under) expenditures	(2,095,975)	2,507,389	4,603,364	2,682,448
Other financing sources (uses):				
Use of fund balance - City	862,749	-	(862,749)	-
Use of fund balance - School Department	1,850,343	-	(1,850,343)	-
Reserves and carryforwards	267,530	-	(267,530)	-
Transfers from other funds:				
TIF projects fund	757,643	723,577	(34,066)	768,755
Impact Fee Fund	13,000	13,063	63	13,000
Sewer Fund	105,372	105,372	-	101,808
Water Fund	92,820	92,820	-	96,876
Police Academy Buyout	80,000	80,000	-	-
Transfers to other funds:				
Street Light Replacement Reserve	-	-	-	(16,000)
Riverwalk Events	-	(2,500)	(2,500)	-
Brewer Days	-	(1,200)	(1,200)	(1,200)
City Small Grants and Programs	-	(9,205)	(9,205)	(10,676)
Computer Reserve	(19,165)	(19,165)	-	(14,520)
Police Academy Buyout	(75,000)	(75,000)	-	(100,000)
Insurance Deductible Reserve	-	-	-	(4,500)
TIF projects fund	(1,442,301)	(1,442,301)	-	(1,362,860)
Capital Improvement Program	(397,016)	(397,017)	(1)	(53,721)
School Minor Capital Projects	-	(900,000)	(900,000)	-
Total other financing sources (uses)	2,095,975	(1,831,556)	(3,927,531)	(583,038)
Net change in fund balance - budgetary basis	-	675,833	675,833	2,099,410
Reconciliation to GAAP:				
Change in accrued teacher summer salaries and benefits		(153,213)		3,751
Total reconciling items to GAAP		(153,213)		3,751
Net change in fund balance - GAAP basis		522,620		2,103,161
Fund balance, beginning of year		11,468,817		9,365,656
Fund balance, end of year	\$	11,991,437		11,468,817

ALL OTHER GOVERNMENTAL FUNDS

CITY OF BREWER, MAINE
All Other Governmental Funds
Combining Balance Sheet
June 30, 2023

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 394,538	-	82,159	476,697
Investments	-	-	792,485	792,485
Amount held in escrow	-	73,650	-	73,650
Accounts receivable	29,742	-	-	29,742
Due from other governments	49,452	-	-	49,452
Interfund loans receivable	2,477,560	705,049	-	3,182,609
Inventory	35,629	-	-	35,629
Total assets	2,986,921	778,699	874,644	4,640,264
LIABILITIES				
Accounts payable	267,298	-	-	267,298
Unearned revenue	962,144	-	-	962,144
Interfund loans payable	3,693	22,278	86,227	112,198
Total liabilities	1,233,135	22,278	86,227	1,341,640
FUND BALANCES				
Nonspendable	35,629	-	718,077	753,706
Restricted	1,165,771	123,949	70,340	1,360,060
Committed	552,386	654,750	-	1,207,136
Unassigned	-	(22,278)	-	(22,278)
Total fund balances	1,753,786	756,421	788,417	3,298,624
Total liabilities and fund balances	\$ 2,986,921	778,699	874,644	4,640,264

CITY OF BREWER, MAINE
All Other Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2023

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
Revenues:				
Intergovernmental	\$ 1,039,922	-	-	1,039,922
Lunch program	95,462	-	-	95,462
Local sources	-	38,839	-	38,839
Investment income (loss)	-	-	34,280	34,280
Student activity fees and fundraisers	244,885	-	-	244,885
Other income	42,861	-	3,255	46,116
Total revenues	1,423,130	38,839	37,535	1,499,504
Expenditures:				
Current:				
Protection	129,272	-	-	129,272
Public services	9,314	-	-	9,314
Educational programs	905,898	-	-	905,898
Student activities	243,683	-	-	243,683
Unclassified	12,536	-	4,134	16,670
Capital outlay	-	1,631,263	-	1,631,263
Total expenditures	1,300,703	1,631,263	4,134	2,936,100
Excess (deficiency) of revenues over (under) expenditures	122,427	(1,592,424)	33,401	(1,436,596)
Other financing sources (uses):				
Transfer from Brewer Trustees	-	100,000	-	100,000
Transfers in	107,070	903,801	-	1,010,871
Transfers out	(80,000)	-	-	(80,000)
Total other financing sources (uses)	27,070	1,003,801	-	1,030,871
Net change in fund balances	149,497	(588,623)	33,401	(405,725)
Fund balances, beginning of year	1,604,289	1,345,044	755,016	3,704,349
Fund balances, end of year	\$ 1,753,786	756,421	788,417	3,298,624

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, 2023

	Police Asset Forfeiture	CDBG Housing Rehab Grant	Recreation Banner Fund	Performance Bonds Payable	Technical Review Payable	Industrial Park Sign	Paul Hatt Library Donation	Police Evidence Cash	Fire Museum
ASSETS									
Cash and cash equivalents	\$ -	-	-	-	-	-	-	95,961	-
Accounts receivable	-	-	-	-	493	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-
Interfund loans receivable	38,616	3,848	31,985	9,271	138,225	7,680	1,511	-	1,433
Inventory	-	-	-	-	-	-	-	-	-
Total assets	38,616	3,848	31,985	9,271	138,718	7,680	1,511	95,961	1,433
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued expenses	-	-	-	9,271	138,718	-	-	54,413	-
Unearned revenue	-	-	-	-	-	-	-	-	-
Interfund loans payable	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	9,271	138,718	-	-	54,413	-
Fund balances (deficits):									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	38,616	3,848	31,985	-	-	-	-	-	1,433
Committed	-	-	-	-	-	7,680	1,511	41,548	-
Total fund balances (deficits)	38,616	3,848	31,985	-	-	7,680	1,511	41,548	1,433
Total liabilities and fund balances	\$ 38,616	3,848	31,985	9,271	138,718	7,680	1,511	95,961	1,433

CITY OF BREWER, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet, Continued
June 30, 2023

	Riverwalk Events	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	-	-	-	7,332	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Interfund loans receivable	2,854	391,110	10,055	-	15,566	8,627	2,760	8,276
Inventory	-	-	-	-	-	-	-	-
Total assets	2,854	391,110	10,055	7,332	15,566	8,627	2,760	8,276
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued expenses	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Interfund loans payable	-	-	-	3,693	-	-	-	-
Total liabilities	-	-	-	3,693	-	-	-	-
Fund balances (deficits):								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	2,854	391,110	10,055	3,639	15,566	8,627	2,760	8,276
Committed	-	-	-	-	-	-	-	-
Total fund balances (deficits)	2,854	391,110	10,055	3,639	15,566	8,627	2,760	8,276
Total liabilities and fund balances	\$ 2,854	391,110	10,055	7,332	15,566	8,627	2,760	8,276

CITY OF BREWER, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet, Continued
June 30, 2023

	City Small Grants and Programs	Chamberlain Golf Classic	Computer Reserve	Stream Cleanup	Flags In Brewer	Recognition Coins	ARPA CSLFR	Police Firing Range	Police Academy Buyout
ASSETS									
Cash and cash equivalents	\$ -	-	-	-	-	-	-	-	-
Accounts receivable	4,547	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-
Interfund loans receivable	24,583	-	57,652	3,389	931	224	952,748	220	63,377
Inventory	-	-	-	-	-	-	-	-	-
Total assets	29,130	-	57,652	3,389	931	224	952,748	220	63,377
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued expenses	-	-	-	217	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	952,748	-	-
Interfund loans payable	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	217	-	-	952,748	-	-
Fund balances (deficits):									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	29,130	-	-	3,172	-	-	-	-	-
Committed	-	-	57,652	-	931	224	-	220	63,377
Total fund balances (deficits)	29,130	-	57,652	3,172	931	224	-	220	63,377
Total liabilities and fund balances	\$ 29,130	-	57,652	3,389	931	224	952,748	220	63,377

CITY OF BREWER, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet, Continued
June 30, 2023

	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	
ASSETS										
Cash and cash equivalents	\$ -	-	-	-	250	170,230	22,683	25,302	80,112	394,538
Accounts receivable	-	-	-	-	17,370	-	-	-	-	29,742
Due from other governments	-	-	-	-	49,452	-	-	-	-	49,452
Interfund loans receivable	126,168	55,916	23,000	2,000	495,535	-	-	-	-	2,477,560
Inventory	-	-	-	-	35,629	-	-	-	-	35,629
Total assets	126,168	55,916	23,000	2,000	598,236	170,230	22,683	25,302	80,112	2,986,921
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable and accrued expenses	-	-	-	-	64,679	-	-	-	-	267,298
Unearned revenue	-	-	-	-	9,396	-	-	-	-	962,144
Interfund loans payable	-	-	-	-	-	-	-	-	-	3,693
Total liabilities	-	-	-	-	74,075	-	-	-	-	1,233,135
Fund balances (deficits):										
Nonspendable	-	-	-	-	35,629	-	-	-	-	35,629
Restricted	126,168	-	-	-	488,532	-	-	-	-	1,165,771
Committed	-	55,916	23,000	2,000	-	170,230	22,683	25,302	80,112	552,386
Total fund balances (deficits)	126,168	55,916	23,000	2,000	524,161	170,230	22,683	25,302	80,112	1,753,786
Total liabilities and fund balances	\$ 126,168	55,916	23,000	2,000	598,236	170,230	22,683	25,302	80,112	2,986,921

CITY OF BREWER, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2023

	Police Asset Forfeiture	CDBG Housing Rehab Grant	Recreation Banner Fund	Performance Bonds Payable	Technical Review Payable	Industrial Park Sign	Paul Hatt Library Donation	Police Evidence Cash	Fire Museum
Revenues:									
Intergovernmental	\$ 9,528	-	-	-	-	-	-	-	-
Lunch program	-	-	-	-	-	-	-	-	-
Student activity fees and fundraisers	-	-	-	-	-	-	-	-	-
Other income	-	-	6,300	-	-	-	-	8,570	-
Total revenues	9,528	-	6,300	-	-	-	-	8,570	-
Expenditures:									
Protection	9,252	-	-	-	-	-	-	63,559	-
Public services	-	-	-	-	-	-	4,314	-	-
Educational programs	-	-	-	-	-	-	-	-	-
Unclassified	-	-	3,893	-	-	-	-	-	-
Total expenditures	9,252	-	3,893	-	-	-	4,314	63,559	-
Excess (deficiency) of revenues over (under) expenditures	276	-	2,407	-	-	-	(4,314)	(54,989)	-
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfer out	-	-	-	-	-	-	-	-	-
Other financing sources (uses)	-	-	-	-	-	-	-	-	-
Net change in fund balances	276	-	2,407	-	-	-	(4,314)	(54,989)	-
Fund balances (deficits), beginning of year	38,340	3,848	29,578	-	-	7,680	5,825	96,537	1,433
Fund balances (deficits), end of year	\$ 38,616	3,848	31,985	-	-	7,680	1,511	41,548	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, 2023

	Riverwalk Events	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	10	-	-	8,332	-	9	-	-
Total revenues	10	-	-	8,332	-	9	-	-
Expenditures:								
Protection	-	-	-	-	-	-	-	-
Public services	5,000	-	-	-	-	-	-	-
Educational programs	-	-	-	-	-	-	-	-
Unclassified	-	-	-	4,875	-	-	-	-
Total expenditures	5,000	-	-	4,875	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(4,990)	-	-	3,457	-	9	-	-
Other financing sources (uses):								
Transfers in	2,500	-	-	-	-	1,200	-	-
Transfer out	-	-	-	-	-	-	-	-
Other financing sources (uses)	2,500	-	-	-	-	1,200	-	-
Net change in fund balances	(2,490)	-	-	3,457	-	1,209	-	-
Fund balances (deficits), beginning of year	5,344	391,110	10,055	182	15,566	7,418	2,760	8,276
Fund balances (deficits), end of year	\$ 2,854	391,110	10,055	3,639	15,566	8,627	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, 2023

	City Small Grants and Programs	Chamberlain Golf Classic	Computer Reserve	Stream Cleanup	Flags In Brewer	Recognition Coins	ARPA CSLFR	Police Firing Range	Police Academy Buyout
Revenues:									
Intergovernmental	\$ 23,497	-	-	-	-	-	-	-	-
Lunch program	-	-	-	-	-	-	-	-	-
Student activity fees and fundraisers	-	40	-	-	-	-	-	-	-
Other income	17,275	-	-	1,075	-	-	-	-	-
Total revenues	40,772	40	-	1,075	-	-	-	-	-
Expenditures:									
Protection	56,461	-	-	-	-	-	-	-	-
Public services	-	-	-	-	-	-	-	-	-
Educational programs	-	-	-	-	-	-	-	-	-
Unclassified	2,285	-	-	-	1,483	-	-	-	-
Total expenditures	58,746	-	-	-	1,483	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(17,974)	40	-	1,075	(1,483)	-	-	-	-
Other financing sources (uses):									
Transfers in	9,205	-	19,165	-	-	-	-	-	75,000
Transfer out	-	-	-	-	-	-	-	-	(80,000)
Other financing sources (uses)	9,205	-	19,165	-	-	-	-	-	(5,000)
Net change in fund balances	(8,769)	40	19,165	1,075	(1,483)	-	-	-	(5,000)
Fund balances (deficits), beginning of year	37,899	(40)	38,487	2,097	2,414	224	-	220	68,377
Fund balances (deficits), end of year	\$ 29,130	-	57,652	3,172	931	224	-	220	63,377

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, 2023

	School Department										Total Nonmajor Special Revenue Funds
	Brewer Business and Comm'l Park	Insurance Deductible Reserve	Street Light Replacement Reserve	Business Resources Program	Food Service Fund	Student Activity Fund				Children's Fund	
						High School	Community School	Performing Arts Center			
Revenues:											
Intergovernmental	\$ -	-	-	-	1,006,897	-	-	-	-	-	1,039,922
Lunch program	-	-	-	-	95,462	-	-	-	-	-	95,462
Student activity fees and fundraisers	-	-	-	-	-	190,377	18,936	14,817	20,715	-	244,885
Other income	-	-	-	-	1,290	-	-	-	-	-	42,861
Total revenues	-	-	-	-	1,103,649	190,377	18,936	14,817	20,715	-	1,423,130
Expenditures:											
Protection	-	-	-	-	-	-	-	-	-	-	129,272
Public services	-	-	-	-	-	-	-	-	-	-	9,314
Educational programs	-	-	-	-	905,898	-	-	-	-	-	905,898
Student activities	-	-	-	-	-	185,131	24,034	12,573	21,945	-	243,683
Unclassified	-	-	-	-	-	-	-	-	-	-	12,536
Total expenditures	-	-	-	-	905,898	185,131	24,034	12,573	21,945	-	1,300,703
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	197,751	5,246	(5,098)	2,244	(1,230)	-	122,427
Other financing sources (uses):											
Transfer in	-	-	-	-	-	-	-	-	-	-	107,070
Transfer out	-	-	-	-	-	-	-	-	-	-	(80,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	27,070
Net change in fund balances	-	-	-	-	197,751	5,246	(5,098)	2,244	(1,230)	-	149,497
Fund balances (deficits), beginning of year	126,168	55,916	23,000	2,000	326,410	164,984	27,781	23,058	81,342	-	1,604,289
Fund balances (deficits), end of year	\$ 126,168	55,916	23,000	2,000	524,161	170,230	22,683	25,302	80,112	-	1,753,786

CITY OF BREWER, MAINE
City Small Grants and Programs
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2023

	Fund balances beginning of year	Revenues		Expenditures	Transfers in (out)	Fund balances end of year
		Intergovernmental	Other miscellaneous			
Public Safety						
Police canine program	\$ 1,962	-	-	1,962	-	-
Safe medicine return box	50	-	-	-	-	50
MEMA MACTAC equipment and training	3,534	-	-	-	-	3,534
Gero vest carrier grant	490	-	-	-	-	490
Public safety hosted training	(516)	-	7,275	6,369	-	390
FY20 Walmart grant	5,000	-	-	-	-	5,000
FY21 PD Walmart K-9	2,500	-	-	2,500	-	-
FY22 Walmart community grant	1,875	-	-	-	-	1,875
Overdose response partnership grant	600	-	-	-	-	600
FY22 Walmart community grant II-canine	2,000	-	-	537	-	1,463
FY22 HSGP grant	-	15,450	-	15,450	-	-
Law accreditation grant	-	5,000	-	-	-	5,000
FY21 Walmart turnout gear	2,500	-	-	2,500	-	-
Fire - rescue UTV	15,000	1,000	-	22,891	7,000	109
FY23 ME Forestry grant	-	2,047	-	4,252	2,205	-
Health & Human Service:						
Health & Human Service	500	-	-	-	-	500
Library:						
Bangor health & wellness grant	314	-	-	-	-	314
Brewer kiwanis grant	836	-	500	-	-	1,336
Rudman book club	329	-	-	-	-	329
ME history records grant	12	-	-	-	-	12
In memoriam Bettie Ann Lawrence	3	-	-	-	-	3
ME Arts Commission bicentennial	300	-	-	-	-	300
King Foundation Cayford room renovation	88	-	-	-	-	88
Richard morse donation	384	-	-	61	-	323
ARPA Library agrent	138	-	-	-	-	138
Elaine Albright gift	-	-	2,500	2,224	-	276
Bruce Moore gift	-	-	1,000	-	-	1,000
Early Childhood Literacy	-	-	1,000	-	-	1,000
King Foundation - Early Childhood Literacy	-	-	5,000	-	-	5,000
Totals	\$ 37,899	23,497	17,275	58,746	9,205	29,130

CITY OF BREWER, MAINE
School Department Grants Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2023

	Fund balances (deficits) beginning of year	Revenues	Expenditures	Fund balances (deficits) end of year
Federal Programs:				
Title 1A - Disadvantaged	\$ (41,828)	534,955	493,127	-
Title IVA	-	32,990	32,990	-
Local Entitlement	(62,150)	438,985	376,835	-
ARP Local Entitlement	(5,836)	68,982	63,146	-
Pre School Handicapped	-	12,882	12,882	-
ARP Local Entitlement - Pre School	-	9,819	9,819	-
Title IIA	(60)	88,026	87,966	-
ESSER III	(34,687)	992,109	957,422	-
Rethinking Responsive Education Ventures	(10,627)	118,899	121,177	(12,905)
CRRSA Homeless and/or Multilanguage Learners	-	23,414	23,414	-
CRRSA ESSER - Learning Loss - Learning Management System	-	12,940	12,940	-
Governor Emergency Relief Funding (GEER) - WAVES	-	29,162	29,162	-
ARP Extended Learning Opportunities	-	106,697	106,697	-
Total federal programs	(155,188)	2,469,860	2,327,577	(12,905)
Other Programs:				
Driver's Ed	-	11,700	9,598	2,102
Brewer HOF	14,713	4,360	8,255	10,818
BCS Laptop	3,105	2,645	950	4,800
BHS Laptop	19,559	17,908	12,436	25,031
Construction Fund	3,222	-	-	3,222
Name-a-Seat Fund	23,071	-	-	23,071
Drug Free Grant	692	-	692	-
MEABT Wellness Ambassador	-	500	500	-
Unified Basketball Grants	156	-	156	-
BHS Athletic Banners	195	-	-	195
Courageous Steps Project Grant	604	-	604	-
TAP Program	136	-	36	100
Ticket to Ride Grant	-	400	400	-
Class of 2018 Donation to SEL	1,553	-	1,553	-
Smokey Lawrence BB Tourney	2,362	2,105	833	3,634
WalMart Bldg Comm Grant	805	-	-	805
Stephen King Storybird Grant	3,225	-	3,089	136
Snack Program	2,286	909	3,362	(167)
MCF Celebrating Diversity	68	-	68	-
Bangor Let's Go 5210 Grant	1,000	-	1,000	-
Quiz Show Maine Grant	-	1,400	223	1,177
Maine Environmental Grant	-	1,500	-	1,500
Maine Learning Technology Initiative	(46,851)	161,550	153,173	(38,474)
Maine Online Opportunities for Sustained Education	-	113,086	121,327	(8,241)
JROTC	501	-	2,464	(1,963)
Total other programs	30,402	318,063	320,719	27,746
Totals	\$ (124,786)	2,787,923	2,648,296	14,841

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, 2023

	FHWA Route 15 Earmark	City Hall Rehab	Impact Fee Fund	School Minor Capital Projects	2022 SRRF Capital Project	Total Nonmajor Capital Project Funds
ASSETS						
Amount held in escrow	\$ -	-	-	-	73,650	73,650
Interfund loans receivable	-	-	50,299	654,750	-	705,049
Total assets	-	-	50,299	654,750	73,650	778,699
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	-	-	50,299	-	73,650	123,949
Committed	-	-	-	654,750	-	654,750
Unassigned	(3,692)	(18,586)	-	-	-	(22,278)
Total fund balances (deficits)	(3,692)	(18,586)	50,299	654,750	73,650	756,421
Total liabilities and fund balances	\$ -	-	50,299	654,750	73,650	778,699

CITY OF BREWER, MAINE
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2023

	FHWA Route 15 Earmark	City Hall Rehab	Impact Fee Fund	School Minor Capital Projects	2022 School Capital Project	Total Nonmajor Capital Project Funds
Revenues:						
Local sources	\$ -	-	38,839	-	-	38,839
Total revenues	-	-	38,839	-	-	38,839
Expenditures:						
Capital outlay	-	-	32,363	345,250	1,253,650	1,631,263
Total expenditures	-	-	32,363	345,250	1,253,650	1,631,263
Excess (deficiency) of revenues over (under) expenditures	-	-	6,476	(345,250)	(1,253,650)	(1,592,424)
Other financing sources (uses):						
Transfer from Brewer Trustees	-	-	-	100,000	-	100,000
Transfer from general fund	-	-	3,801	900,000	-	903,801
Total other financing sources (uses)	-	-	3,801	1,000,000	-	1,003,801
Net change in fund balances	-	-	10,277	654,750	(1,253,650)	(588,623)
Fund balances (deficits), beginning of year	(3,692)	(18,586)	40,022	-	1,327,300	1,345,044
Fund balances (deficits), end of year	\$ (3,692)	(18,586)	50,299	654,750	73,650	756,421

CITY OF BREWER, MAINE
Capital Improvements Program
Combining Schedule of Changes in Fund Balances
For the year ended June 30, 2023

	Fund balances (deficit) beginning of year	Revenue	Bond and Premium Proceeds	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	77,429	-	-	11,632	(4,631)	61,166
Library windows and entry	13,000	-	-	7,900	-	5,100
Library parking lot	5,000	-	-	9,631	4,631	-
Tech computer hardware	34,625	-	-	33,550	7,500	8,575
Network improvements - City and Police	8,652	-	-	-	(8,652)	-
Phone System - New	-	-	-	1,294	35,000	33,706
Library Computer Replacement	-	-	-	6,684	10,000	3,316
Bond financing costs	11,898	-	-	7,931	-	3,967
Economic development rev loan fund	176,000	-	-	-	-	176,000
Economic development - facade improvement fund	68,990	-	-	-	-	68,990
Total City Hall/other	401,342	-	-	78,622	38,100	360,820
Waterfront Development:						
Property acquisitions	124,562	-	-	251,379	375,438	248,621
Waterfront trail-phase II	-	-	-	74,383	74,383	-
Waterfront trail-phase III	232,689	-	-	38,632	35,000	229,057
Waterfront trail-fitness park	9,882	-	-	-	-	9,882
Waterfront trail-old PSB lot park	18,010	-	-	-	-	18,010
Waterfront trail-fitness bike rack	2,314	-	-	-	-	2,314
Waterfront trail-S Main sidewalk	15,000	-	-	5,765	-	9,235
Youth waterfront projects	5,000	-	-	-	-	5,000
Total waterfront development	407,457	-	-	370,159	484,821	522,119
Protection:						
Public safety building improvements	10,966	-	-	-	15,000	25,966
Police vehicles	-	-	53,000	53,291	2,400	2,109
Police unmarked/admin vehicles	213	-	-	51,914	54,000	2,299
Code Enforcement Truck	857	-	-	-	(857)	-
Police computer server	3,501	-	-	-	(3,501)	-
Total protection	15,537	-	53,000	105,205	67,042	30,374
Public Works:						
Landfill area closing	179,643	-	-	-	-	179,643
General road construction	28,761	-	-	23,192	37,000	42,569
Paving	339,007	-	213,000	444,885	(83,000)	24,122
Storm drain PHII-Shrwd,Sunst	5,000	-	-	-	-	5,000
Storm drain PHIII-Wilson,State	12,344	-	-	10,344	-	2,000
Storm drain-eval PHIV-SMAIN, Pierce	-	-	25,000	22,946	-	2,054
S Main paving	51,038	-	-	-	-	51,038
Stormwater Drainage improvements	816	-	-	-	-	816
Stormwater Drainage - Sherwood	142,950	-	-	120,425	(1,379)	21,146
Stormwater Drainage - Adams Court	25,000	-	-	78,602	60,000	6,398
Stormwater Drainage - Madison	-	-	-	21,232	45,000	23,768
Stormwater Drainage - S Main Slipline	-	-	700,000	46,700	-	653,300
Stormwater Drainage - Silk St Underdrain	-	-	-	26,252	30,000	3,748
Wilson Street resurfacing	5,090	-	-	-	-	5,090
Lambert/Eaton Brk Bridge Rehab	65,507	-	-	-	(65,507)	-
N Main (Wils to State) MPI	67,327	70,934	145,000	238,178	-	45,083
N Main/Lower Parker storm drain	(1,379)	-	-	-	1,379	-
State St. MPI (Eastern-Mullen)	(106,075)	100,000	300,000	230,675	-	63,250
PAVING-Dirigo, Sparks, Grntpt (part), Bartlett Resurface	-	-	350,000	392,298	100,000	57,702
Parker Street (Middle) Reconstruction	-	-	200,000	-	20,000	220,000
#426 Ford F-450 w/ plow	70,000	-	-	115,844	47,334	1,490
Excavator #450 Replacement	-	-	210,000	285,972	75,972	-
JCB 426ZX loader #435	9,508	-	-	-	(9,508)	-
Western Star 4700 Wheeler #422	-	-	150,000	-	74,355	224,355
Dump/plow/sander 2 Axle	140,000	-	-	125,998	-	14,002
1 ton dump/plow/sander truck	55,000	-	-	23,107	(22,334)	9,559
Plow w Sander FY15-replace #434	-	-	130,000	-	81,689	211,689
Traffic signal battery backups	1,130	-	-	-	-	1,130
Signal detection	2,808	-	-	3,751	943	-
N. Main and Betton signal and intersection improvement	482	-	-	-	(482)	-
Wilsn/thmpsn int. imprvmts-10% share-PIN 20897	2,769	-	-	-	-	2,769
Wils /Dirigo traffic signals	13,616	-	-	-	-	13,616
Signals-Penob Corridor (23114/23112)	5,432	-	-	-	10,000	15,432
Snow Pusher Blade 12'	1,520	-	-	-	-	1,520
Total public works	1,117,294	170,934	2,423,000	2,210,401	401,462	1,902,289

CITY OF BREWER, MAINE
Capital Improvements Program
Combining Schedule of Changes in Fund Balances, Continued
For the year ended June 30, 2023

	Fund balances (deficit) beginning of year	Revenue	Bond and Premium Proceeds	Expenditures	Transfers	Fund balances (deficit) end of year
Parks and Recreation:						
Wash St. rec complex	\$ 24,524	-	-	6,736	-	17,788
Oak Hill Monument Repair	-	-	-	5,000	6,500	1,500
Auditorium Infrastructure	9,882	-	-	6,147	5,000	8,735
Pool rehabilitation	25,988	-	-	51,393	25,405	-
Tennis court resurfacing	111,000	-	-	-	-	111,000
Auditorium - playground rehab	160,135	-	-	-	-	160,135
Capri St park renovation	165,800	-	-	-	-	165,800
Auditorium HVAC improvements	28,000	-	-	-	(28,000)	-
Auditorium generator	11,845	-	-	899	(686)	10,260
60" Mower	-	-	14,000	12,099	-	1,901
Recreation van - 12 passenger	32,000	-	-	40,742	8,742	-
Parks tractor/loader #607	-	-	-	-	36,000	36,000
Total parks and recreation	569,174	-	14,000	123,016	52,961	513,119
Subtotal projects	2,510,804	170,934	2,490,000	2,887,403	1,044,386	3,328,721
CIP - unallocated	95,707	73,984	-	7,000	(65,407)	97,284
Tax Increment Financing Projects:						
Cianbro	739,237	45,252	-	-	(314,722)	469,767
Brewer econ developmt	862,253	-	-	-	272,635	1,134,888
Penobscot Eye Care	-	899	-	-	(899)	-
AHTIF - Somerset Place	2,671	623	-	47,037	46,414	2,671
AHTIF - Village Centre	4,044	604	-	82,029	81,425	4,044
Total Tax Increment Financing Projects	1,608,205	47,378	-	129,066	84,853	1,611,370
Total	\$ 4,214,716	292,296	2,490,000	3,023,469	1,063,832	5,037,375

CITY OF BREWER, MAINE
Impact Fee Fund
Combing Schedule of Changes in Fund Balances
For the year ended June 30, 2023

	Fund balances (deficit) beginning of year	Revenue	Expenditures	Transfers	Fund balances (deficit) end of year
Impact Fee Projects:					
Parallel Road	\$ 3,553	7,685	-	(9,000)	2,238
Signal Coordination	7,874	7,686	-	-	15,560
Signal Preemption	7,579	-	32,363	27,421	2,637
Pierce Road relocation and signal	2	-	-	-	2
City transit bus	17,720	12,142	-	-	29,862
Set up and administrative costs	3,174	889	-	(4,063)	-
Sewer	120	10,437	-	(10,557)	-
Total impact fee projects	\$ 40,022	38,839	32,363	3,801	50,299

NONMAJOR GOVERNMENTAL FUNDS

PERMANENT FUNDS

CITY OF BREWER, MAINE
 Nonmajor Permanent Funds
 Combining Balance Sheet
 June 30, 2023

	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	\$ 82,159	-	-	-	-	-	-	82,159
Investments	363,411	5,896	1,087	5,042	338	6,867	409,844	792,485
Total assets	445,570	5,896	1,087	5,042	338	6,867	409,844	874,644
LIABILITIES AND FUND BALANCES								
Liabilities:								
Interfund loans payable	86,214	13	-	-	-	-	-	86,227
Total liabilities	86,214	13	-	-	-	-	-	86,227
Fund balances:								
Nondisposable	311,881	4,538	939	4,533	275	2,387	393,524	718,077
Restricted	47,475	1,345	148	509	63	4,480	16,320	70,340
Total fund balances	359,356	5,883	1,087	5,042	338	6,867	409,844	788,417
Total liabilities and fund balances	\$ 445,570	5,896	1,087	5,042	338	6,867	409,844	874,644

CITY OF BREWER, MAINE
 Nonmajor Permanent Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 For the year ended June 30, 2023

	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)	\$ 16,078	235	43	202	13	276	17,433	34,280
Lot sales	3,255	-	-	-	-	-	-	3,255
Total revenues	19,333	235	43	202	13	276	17,433	37,535
Expenditures:								
Cemetery care	2,520	-	-	-	-	-	-	2,520
Other	-	22	4	19	1	26	1,542	1,614
Total expenditures	2,520	22	4	19	1	26	1,542	4,134
Net change in fund balances	16,813	213	39	183	12	250	15,891	33,401
Fund balances, beginning of year	342,543	5,670	1,048	4,859	326	6,617	393,953	755,016
Fund balances, end of year	\$ 359,356	5,883	1,087	5,042	338	6,867	409,844	788,417

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, 2023
(with comparative actual amounts for the year ended June 30, 2022)

	2023		Variance positive (negative)	2022 Actual
	Budget	Actual		
Revenues:				
State education subsidy	\$ 13,146,244	13,146,245	1	12,791,128
State agency clients	-	-	-	90,194
Mainecare reimbursement	-	38,703	38,703	24,414
District assessments	3,170,911	3,357,664	186,753	3,230,353
Local sources	120,500	210,688	90,188	161,697
Total revenues	16,437,655	16,753,300	315,645	16,297,786
Expenditures:				
Current:				
Regular instruction	\$ 10,035,207	\$ 9,439,552	595,655	9,419,989
Special education instruction	5,740,157	4,744,362	995,795	4,368,932
Other instruction	1,263,381	1,258,519	4,862	1,184,201
Student and staff support	1,672,268	1,535,594	136,674	1,452,676
System administration	685,354	653,726	31,628	573,354
School administration	1,172,614	1,145,928	26,686	1,067,844
Transportation and buses	674,770	630,920	43,850	584,693
Facilities maintenance	2,183,553	2,344,833	(161,280)	1,975,108
All other expenditures	9,375	6,788	2,587	5,512
Debt service and other commitments	2,730,033	2,730,033	-	2,664,554
Total expenditures	26,166,712	24,490,255	1,676,457	23,296,863
Excess (deficiency) of revenues over (under) expenditures	(9,729,057)	(7,736,955)	1,992,102	(6,999,077)
Other financing sources (uses):				
City appropriation	7,878,714	7,878,714	-	7,878,714
Transfers out	-	(900,000)	(900,000)	-
Budgeted use of fund balance	1,850,343	-	(1,850,343)	-
Total other financing sources (uses)	9,729,057	6,978,714	(2,750,343)	7,878,714
Net change in fund balances - budgetary basis	-	(758,241)	(758,241)	879,637
Reconciliation to GAAP:				
Change in accrued summer salaries and benefits		(153,213)		3,751
Net change in fund balances - GAAP basis		(911,454)		883,388
Fund balance, beginning of year		2,335,133		1,451,745
Fund balance, end of year	\$	1,423,679		2,335,133

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. All public-school buildings operated by the City are owned by the City of Brewer High School District.

MUNICIPAL SERVICES

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

Technology Department

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

The Technology Department supports the computer and network needs of 100-plus users/workstations with multiple servers within the City departments. The Brewer Public Library provides free computer usage and internet to the public; the Brewer Public Library also offers free digital/audio books through their circulation software on the City web site. Free WIFI is provided along the Brewer Riverwalk; Police Department’s cruisers are equipped with computers that provide access in the field to State and County information; and the Parks & Recreation Department offers online registrations and payments for their programs. The Technology Department manages and supports the telecommunications systems for the City. These systems include 20-plus issued cellular devices to various departments and end users and as of 2023 a new all-encompassing cloud-based VoIP phone system replacing individual legacy phone systems at each City building. The Technology Department also is the first point of contact for and manages various in use surveillance camera systems at each City building.

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 via Facebook. 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 ordinances, tax maps, upcoming public council meetings, and other pertinent information.

Public Safety

The Police and Fire Departments are co-housed in a centrally located, state-of-the art-facility, constructed in 2008. In 2012, the City consolidated the leadership of these two departments under a single Public Safety Director. Two (2) full time 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-two (22) sworn officers, and one (1) part time civilian court officer. The Police Department roster includes a Deputy Police Chief, a Captain, five (5) patrol sergeants, one (1) corporals assigned to the patrol division, and an additional ten (10) officers, two (2) of whom are assigned as School Resource Officers during the School year. Three officers in total are also assigned to the Detective Division, two of which work at Brewer Police Department and the other is assigned to the Maine Drug Enforcement Agency. In addition to these budgeted positions, the department has one on-call reserve police officer that is fully certified through the Maine Criminal Justice Academy. A full-time police officer handles animal control duties in addition to standard patrol functions.

The Fire Department is operated by the Deputy Fire Chief, two (2) Captains, two (2) Lieutenants, and fourteen (14) 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 generates revenue to the City, offsetting approximately 12% of the Fire Department's total annual operating expenses.

Engineering Department

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

Department of Parks & Recreation

The Parks and Recreation Department is comprised of four divisions: 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 pool 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 55 to 65 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, a full-time Cataloging & Special Collections Librarian, and one part-time Inter-Library-Loan Library Assistant. Volunteers and on-call paid staff round out staffing needs.

The City provided approximately \$327,412 towards the Library's budget in FY2023. The Brewer Library Association (the "BLA") is a private, nonprofit organization that maintains a Board of Trustees who oversee private trust funds to 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. They contributed \$15,441 in FY2023.

The main portion of the Library houses the adult collection in an open format. The Library houses important Joshua Chamberlain and City of Brewer memorabilia and primary documents in the John and Millie Goodness Research Room. The Library has children and young adult sections, with separate picture book and "story time" areas; a meeting room with a 15-20-person capacity and access to a television, Zoom, and a conference camera; a small reading room; several desks and other seating areas; five public computers with printing capabilities; and two handicap accessible restrooms available for patrons.

Photocopying, faxing, and scanning services are available at the front desk, and the Library is a federally certified passport acceptance facility. The Library's collection has approximately 31,200 volumes, including large print materials, audiobooks (CDs and MP3s), music CDs, DVDs and subscriptions to over 25 periodicals. Library patrons have free access to the Digital Maine Library databases, e-books from Maine InfoNet's CloudLibrary, e-comic books from Comics Plus, e-books, movies, audiobooks, music, comics, and more from Hoopla, and access to dozens of job development and computer skills webinars through Niche Academy.

The Library offers special services, which includes 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 1,827 cardholders, the Library's circulation for FY2023 was 20,433 physical checkouts and 3,009 digital checkouts.

Public Works

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

Public Works is responsible for all snow removal on City streets, 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 wheeled loader. Each has a designated plow route that takes 3 – 4 hours to cover depending on the time of day and 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 ten 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. 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, 2023 are \$82.69 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) and Juniper Ridge Landfill. A new partnership now owns the Hampden facility and anticipates accepting waste there again starting in 2024.

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 placed in the landfill. Based on the average annual utilization rate over the last seven years (2015-2021) 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 the 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 in 2023 were estimated at present value of \$1,212,487.

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 Director 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 77 per year to virtually zero. The Sewer Department is established as an Enterprise Fund in that the intent of the City is for the department to provide services on a continuing basis financed entirely through user fees.

Water Department

The former Brewer Water District was formed under Chapter 146 of the Private and Special Laws of Maine (1945), as amended and supplemented by Chapters 111, 134, 64, 60, 44, 61 and 66 of the Private and Special Laws of Maine (1947), (1949), (1957), (1967), (1993), (1993) and (2002), respectively (the “Charter”), established as a

quasi-municipal corporation and as a body politic and corporate, whose service area includes the territory constituting most of the City of Brewer and parts of the Towns of Eddington, Holden and Orrington, Maine (the “Water System Territory”), for the purpose of supplying its inhabitants with pure water for domestic, sanitary, commercial, municipal purposes and public and private fire protection.

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

The day-to-day administration, operation and maintenance of the waterworks facility are conducted by 11 Water Department employees under the direction of its Superintendent. The Water Department serves approximately 3,600 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 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, one part-time principal and one hundred thirty full time equivalent classroom based teachers, two nurses, three social workers, two librarians, six guidance counselors, 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, 2019 through 2023.

April 1,	City of Brewer Students			Tuition Students			Total
	Pre-K to 8	9 to 12	City	RSU63	AOS 47	Other	
2023	893	416	1,309	118	159	34	1,620
2022	920	402	1,322	127	155	23	1,627
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

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 education programs.

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

The School Committee, who 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 \$2,770,533 from Brewer for the year ended June 30, 2023, of which \$1,907,822 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 74 students to Region #4 in FY2023. The total operating budget for Region #4 in FY2023 was \$3,682,608.

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 405 full and part-time employees, approximately 279 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	8/31/2025
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

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

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

Principal Employers

Major Employers	Business	Employees
Northern Light Health (formerly EMMC & EMHC)	Health Care	1,511
City of Brewer	Governmental	405
Wal-Mart	Retail	277
UPS	Transportation	250
Hannaford	Retail	200
Cianbro	Manufacturing	160
Somic America	Manufacturing	150
Downeast Toyota	Vehicle Sales and Service	145
Lowes	Retail	145
Mardens	Retail	60

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
2022	109	3,970,723	38	6,074,967	147	\$10,045,690
2021	120	2,959,850	64	5,007,905	184	7,967,755
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

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)^(a)	<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^(b)	<u>Brewer</u>	<u>Maine</u>	<u>USA</u>
2020	\$64,652	\$63,440	\$67,521
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	\$35,074	\$32,637	\$33,741
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,**

	2020	2021	2022	2023	2024
REVENUES					
Taxes	\$19,317,602	\$19,795,234	\$20,171,800	\$20,337,483	\$21,071,750
Licenses and permits	248,352	247,043	247,451	272,108	286,350
Intergovernmental	13,244,927	14,121,110	14,941,411	16,409,553	17,224,129
Local sources	4,981,715	4,607,325	3,528,406	3,995,166	4,112,638
Interest	100,000	40,000	20,000	90,000	132,111
TOTAL REVENUES	\$37,892,596	\$38,810,712	\$38,909,068	\$41,104,310	\$42,826,978
EXPENDITURES					
General government	2,100,559	2,088,548	2,187,717	2,337,903	2,496,756
Protection	4,893,453	4,928,037	5,507,068	5,791,043	6,223,110
Public services	305,463	315,811	300,665	398,627	480,994
Public works	2,428,441	2,705,509	2,606,926	2,973,496	3,210,745
Education	23,497,794	23,967,934	24,528,447	26,166,712	26,761,784
Unclassified	3,036,002	2,978,615	1,683,533	1,746,324	1,897,276
Debt service	2,508,091	2,542,428	2,567,106	2,357,878	2,399,043
Assessments	1,061,193	1,100,233	1,271,522	1,297,774	1,376,267
TOTAL EXPENDITURES	\$39,830,996	\$40,627,115	\$40,652,984	\$43,069,757	\$44,845,975
Fund balance	1,709,209	1,580,000	2,066,182	2,438,913	2,474,326
Reserves and carryforwards	515	515	-	-	-
Operating transfers	228,676	235,888	(322,266)	(473,466)	(455,329)
TOTAL OTHER FINANCING SOURCES	\$1,938,400	\$1,816,403	\$1,743,916	\$1,965,447	\$2,018,997

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,

	2024	2025	2026	2027	2028	Total
EQUIPMENT						
City Hall	\$ 15,000	\$ 72,500	\$ 25,000	\$ 50,000	\$ 75,500	\$ 238,000
Public Safety	107,000	262,000	159,000	116,000	1,586,000	2,230,000
Public Works	665,000	723,000	300,000	589,000	190,000	2,467,000
Other	64,500	182,000	95,000	40,000	100,000	481,500
Total Equipment	851,500	1,239,500	579,000	795,000	1,951,500	5,416,500
PLANT & PROPERTY						
Minor Struct. & Reno.	773,000	1,953,500	210,000	119,500	118,500	3,174,500
Street Reconstruction	975,000	2,810,000	1,295,000	295,000	295,000	5,670,000
Major Structures	1,240,000	820,000	865,000	3,695,000	995,000	7,615,000
Financing Expenses	-	10,000	10,000	10,000	10,000	40,000
Total Plant & Property	2,988,000	5,593,500	2,380,000	4,119,500	1,418,500	16,499,500
TOTAL CIP	\$3,839,500	\$6,833,000	\$2,959,000	\$4,914,500	\$3,370,000	\$21,916,000
FUNDING SOURCES						
CIP Fund Balance	161,200	100,000	50,000	50,000	50,000	411,200
TIF Revenue	1,145,000	400,000	550,000	100,000	50,000	2,245,000
Bond Financed	1,360,000	5,543,000	1,459,000	4,714,500	2,990,000	16,066,500
Other (grants, general fund)	1,173,300	790,000	900,000	50,000	280,000	3,193,300
TOTAL SOURCES	\$3,839,500	\$6,833,000	\$2,959,000	\$4,914,500	\$3,370,000	\$21,916,000

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>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
State Personal Income Factor:	2.61%	2.77%	2.89%	3.30%	3.78%
City Property Growth Factor:	<u>0.26</u>	<u>0.31</u>	<u>0.31</u>	<u>0.27</u>	<u>0.54</u>
Growth Limitation Factor:	2.87%	3.08%	3.20%	3.57%	4.32%
Property Tax Levy Limit:	\$10,440,681	\$10,747,749	\$10,890,901	\$10,962,511	\$10,895,788
Property Tax Levy:	<u>6,767,301</u>	<u>6,963,305</u>	<u>7,608,272</u>	<u>7,713,177</u>	<u>7,713,177</u>
Over/(below) Levy Limit:	(\$3,673,380)	(\$3,784,444)	(\$3,282,629)	(\$3,249,334)	(\$3,182,611)

Fund Balance

	(000s)					
	Fiscal Year Ended June 30,					
FUND BALANCE	2018	2019	2020	2021	2022	2023
Unassigned	\$4,456	\$4,735	\$4,882	\$6,193	\$7,435	\$8,995
Non-spendable, restricted, committed	\$1,693	\$1,600	\$2,495	\$3,172	\$4,034	\$2,996
TOTAL FUND BALANCE	\$6,149	\$6,335	\$7,377	\$9,365	\$11,469	\$11,991
Operating Expenditures	\$37,781	\$38,767	\$39,832	\$40,169	\$41,015	\$43,204
Gross Revenues	\$37,408	\$38,953	\$40,874	\$41,660	\$43,697	\$43,726
Unassgn. Fund Balance as % of Op. Exp.	11.8%	12.2%	12.3%	15.4%	18.1%	20.8%
Total Fund Balance as % of Gross Rev.	16.4%	16.3%	18.1%	22.5%	26.2%	27.4%

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 FY23. 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,)**

	2023	2022	2021	2020	2019
ASSETS					
Cash	\$4,171,230	\$13,427,006	\$8,154,945	\$7,647,870	\$7,519,309
Investments	12,230,794	3,726,136	805,187	814,991	767,484
Receivables:					
Taxes receivable	135,056	113,128	113,227	105,622	75,047
Tax liens	407,271	471,872	528,884	626,297	553,555
Other receivables	651,168	691,088	547,667	537,640	529,979
Prepaid items	186,342	186,342	181,292	235,486	231,764
Inter-fund loans	-	-	3,231,306	1,596,527	477,248
TOTAL ASSETS	\$17,781,861	\$18,615,572	\$13,562,508	\$11,564,433	\$10,154,386
LIABILITIES					
Accounts payable	621,807	770,762	780,074	857,670	564,857
Accrued payroll	2,813,111	2,880,490	2,829,366	2,636,086	2,641,507
Taxes collected in advance	70,583	45,941	61,151	49,510	68,233
Unearned revenue	5,618	6,133	6,648	7,163	7,678
Inter-fund loans	1,803,175	2,933,816	-	-	-
TOTAL LIABILITIES	\$5,314,294	\$6,637,142	\$3,677,239	\$3,550,429	\$3,282,275
DEFERRED INFLOWS of RESOURCES⁽¹⁾					
Unavailable revenue – property taxes	\$476,130	\$509,613	\$519,613	\$634,089	\$537,269
FUND EQUITY⁽¹⁾					
Non-spendable	186,342	186,342	181,292	235,486	231,764
Restricted	1,423,679	2,335,133	1,451,745	836,662	127,277
Committed	-	-	-	-	-
Assigned	1,386,267	1,512,439	1,539,191	1,423,085	1,241,224
Unassigned	8,995,149	7,434,903	6,193,428	4,884,682	4,734,577
TOTAL FUND EQUITY	\$11,991,437	\$11,468,817	\$9,365,656	\$7,379,915	\$6,334,842
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY	\$17,781,861	\$18,615,572	\$13,562,508	\$11,564,433	\$10,154,386

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,)

	2023	2022	2021	2020	2019
REVENUES					
Taxes	\$21,061,020	\$20,577,857	\$20,597,726	\$19,340,789	\$18,980,802
Licenses and permits	289,183	276,179	250,571	243,159	238,711
Intergovernmental	19,510,271	18,643,908	17,017,023	15,598,707	14,074,122
Local sources	4,515,138	4,171,814	3,741,278	4,241,426	5,242,938
Interest earned	182,382	27,755	53,087	155,813	153,597
TOTAL REVENUES	45,557,994	43,697,513	41,659,685	39,579,894	38,690,170
EXPENDITURES					
Current:					
Administration	2,213,636	2,059,842	1,954,906	2,012,509	1,976,049
Protection	5,914,426	5,538,206	4,979,458	4,806,523	4,657,825
Public services	378,508	283,507	200,725	323,225	232,021
Public works	2,632,457	2,483,241	2,393,824	2,256,038	2,266,676
Unclassified	1,647,362	1,542,852	1,407,439	1,456,481	2,885,241
Education	24,643,468	23,293,112	22,475,875	22,059,633	21,696,041
Debt service	2,307,323	2,515,692	2,477,650	2,520,002	2,309,937
Assessments	1,322,688	1,263,850	1,126,292	1,075,191	1,119,252
MainePERS	2,143,950	2,034,983	2,003,944	1,897,741	1,500,014
Capital outlay	-	-	1,149,236	1,482,069	-
TOTAL EXPENDITURES	43,203,818	41,015,285	40,169,349	39,889,412	38,643,056
EXCESS OF REVENUES OVER EXPENDITURES	2,354,176	2,682,228	1,490,336	(309,518)	47,114
OTHER FINANCING SOURCES:					
Bond or lease proceeds	-	3,971	1,149,236	1,482,069	-
Operating transfers in	1,014,832	980,439	1,109,801	1,294,452	263,203
Operating transfers out	(2,846,388)	(1,563,477)	(1,763,632)	(1,424,430)	(123,811)
TOTAL OTHER FINANCING SOURCES (USES):	(1,831,556)	(579,067)	495,405	1,352,091	139,392
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	522,620	2,103,161	1,985,741	1,042,573	186,506
BEGINNING FUND BALANCE	\$11,468,817	\$9,365,656	\$7,379,915	\$6,337,342	\$6,148,336
ENDING FUND BALANCE	\$11,991,437	\$11,468,817	\$9,365,656	\$7,379,915	\$6,334,842

Prepared from Audited Financial Statements

ASSESSING DEPARTMENT

The Assessing Department is responsible for the just valuation of all property for the purpose of taxation within the City of Brewer. The Assessing office is staffed by 3 employees who work to discover, list, equalize, and value all taxable property, real and personal, as of its situs 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 4.0% per annum, in FY2023.

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 FY2023, Brewer received reimbursement at the enhanced rate of 53.79%. The City receives 100% reimbursement for BETE value in one grandfathered TIF district.

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

Fiscal Year ended	Exempt BETE Value		Total BETE Value	
	June 30,	Not in TIF		In TIF Districts
2023		\$35,857,000	\$ 2,246,800	\$38,103,800
2022		32,913,400	556,800	33,470,200
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

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 2023:

Name	Nature of Business	Fiscal 2023 Assessed Valuation	% of Total Assessed Valuation
Maritime & Northeast Pipe LLC	Utility	\$46,988,500	5.46%
Fransway Realty LLC	Real Estate	20,267,700	2.36%
Walmart	Retail	18,308,100	2.13%
Versant Energy	Utility	16,034,935	1.86%
Lowe's Home Centers Inc	Retail	14,877,200	1.73%
EODSR LLC/Darling Edward O	Auto Dealer	8,993,700	1.05%
Somic America	Manufacturer	7,210,400	0.84%
Cianbro/Penobscot River Holdings	Manufacturer	7,017,600	0.82%
Woodlands LLC	Health Care	5,444,500	0.63%
Village Centre Housing Partners LP	Residential Real Estate	5,130,400	0.60%
Total		<u>\$150,273,035</u>	<u>17.47%</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⁾
2023	\$830,164,291	\$29,991,600	\$860,155,891	\$21.90	\$18,837	\$1,948
2022	795,517,145	30,682,100	825,199,245	22.30	18,424	1,905
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

⁽¹⁾ Excludes Homestead Value Exemption.

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

⁽³⁾ The 2020 Federal Census is 9,672.

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 6/30/23 (000)	% of Tax Levy
2023	18,837	18,566	98.42	18,566	98.42
2022	18,424	18,113	98.31	18,342	99.55
2021	18,189	17,874	98.27	18,156	99.82
2020	17,513	17,093	97.60	17,498	99.91
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

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 FY2023, the City had three designated tax increment financing districts and one affordable development housing district with a total of \$65,858,500 in captured assessed value. It may consider proposals for other districts on an ongoing basis. All districts will be evaluated based upon the City’s comprehensive plan for economic development, which includes tax increment financing as one of its aspects. In no event will the City’s districts exceed the statutory limitation of total area and aggregate equalized value within all districts, determined as of their date of designation, as set out above.

REVENUES FROM THE STATE

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

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

Fiscal Yr. End June 30,	State Revenue Sharing	State School Subsidy	General Assistance	BETE	Homestead Exemption	Total
2023	\$2,623,207	\$13,146,245	\$14,747	\$423,689	\$825,729	\$17,033,617
2022	2,217,121	12,791,128	3,859	395,610	807,818	16,215,536
2021	1,487,601	12,007,685	9,257	396,498	828,498	14,729,539
2020	1,110,704	11,880,029	12,172	216,661	540,840	13,760,406
2019	698,879	10,995,234	6,193	133,337	533,531	12,367,174
2018	673,342	10,181,025	10,200	68,679	421,425	11,354,671
2017	635,042	9,795,778	8,894	207,120	307,515	10,954,349

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 2023 equalized state valuation (“equalized State Valuation”) is \$910,650,000. The 15% debt limit is \$136,597,500. As of June 30, 2023, the City’s long-term debt outstanding was \$35,099,914, or 3.85% 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
2023	\$35,099,914	\$910,650,000	\$3,629	3.85%	2.38%
2022	35,848,233	837,700,000	3,706	4.28	1.67
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

(1) The 2020 Federal Census is 9,672.

(2) As determined by the State of Maine.

Debt Service Component of Operating Expenses

	2019	2020	2021	2022	2023
Gross Current Debt Service:	\$4,092,529	\$4,136,228	\$4,086,797	\$4,451,824	\$4,162,898
(less Self Support Enterprise):	<u>(1,782,847)</u>	<u>(1,617,689)</u>	<u>(1,609,147)</u>	<u>(1,936,132)</u>	<u>(1,855,575)</u>
Tax Backed Current Debt Svc:	2,309,682	2,518,539	2,477,650	2,515,691	\$2,307,323
Operating Expense:	\$37,270,556	\$39,889,412	\$40,169,349	\$41,015,285	\$43,203,818
Tax Backed Debt Service as % Oper. Exp:	6.20%	6.31%	6.17%	6.13%	5.34%

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
2023	\$35,099,914	\$910,650	\$860,155	3.85%	\$3,692
2022	35,848,233	837,700	826,199	4.3	3,706
2021	34,807,437	782,200	799,516	4.4	3,599
2020	31,881,917	762,350	761,988	4.2	3,362
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

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 March, 2023, the City Council authorized issuance of up to \$1,000,000 in general obligation bonds to fund the local share of sewer improvements that will be partially funded with \$1,103,000 in US EPA Community Grant Program funds.

In May 2023, the City Council authorized \$3,301,000 in Drinking Water State Revolving Funds to conduct water line improvements and purchase of a vacuum excavation vehicle. The State will be forgiving up to \$1,292,050 of the loan principle.

In July 2023, the City Council authorized the issuance of up to \$1,450,000 in general obligation bonds to finance planned capital improvements approved as part of the FY2024 budget process, which is planned to occur in the spring of 2024.