

CITY OF BREWER, MAINE

Annual Financial Report

For the Year Ended June 30, 2010



CITY OF BREWER, MAINE
Annual Financial Report
For the Year Ended June 30, 2010

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Certified Public Accountants and Business Consultants

Independent Auditor's Report

City Council
City of Brewer, Maine:

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, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Brewer, Maine's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Brewer, Maine as of June 30, 2010, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2010, on our consideration of the City of Brewer, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Brewer, Maine's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



December 23, 2010
South Portland, Maine

CITY OF BREWER, MAINE
Management's Discussion and Analysis
June 30, 2010

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, 2010.

Financial Highlights

- ❖ The assets of the City of Brewer exceeded its liabilities by \$40,300,459 (net assets). Of this amount, \$5,119,032 was reported as unrestricted net assets. Unrestricted net assets represent the amount available to be used to meet the City's ongoing obligations to citizens and creditors. The City's total net assets increased by \$3,767,242 from the prior year. Net assets of Governmental Activities increased by \$3,346,866 while Business-type Activities increased by \$420,376.
- ❖ At the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$8,769,777, which was a decrease of \$604,604 from the prior fiscal year. Only \$176,359 of this decrease was in the City's general fund; \$737,797 is attributable to a decrease in the City's major capital projects fund; with an increase of \$309,552 in the other governmental funds.
- ❖ The City's general fund reports an undesignated fund balance of \$3,277,279 and total fund balance of \$5,604,989; a decrease of \$176,359.
- ❖ The City's undesignated fund balance is currently at 9.63% of budget and 10.19% of general fund expenditures.
- ❖ The City of Brewer incurred \$1,075,898 in additional long-term debt in the most recent fiscal year. However, the City retired \$3,627,008 in old debt. All of the new debt was for sewer and water department capital projects.

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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other 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 assets* presents information on all of the City of Brewer's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Brewer that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Brewer include general government, public safety, municipal buildings, culture and recreation, welfare, public works, unclassified (employee benefits), education, interest on debt, assessments, capital outlay, and state retirement contributions. The business-type activities of the City of Brewer include a water department and a wastewater treatment operation.

The government-wide financial statements can be found on pages 13-14 of this report.

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

Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Brewer, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Brewer can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

The City of Brewer maintains 45 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the other capital projects major fund. Data from the other 43 non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major funds is provided in the form of *combining statements* elsewhere in the report.

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

The basic governmental fund financial statements can be found on page 15 of this report.

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 Department and Sewer Department.

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 can be found on page 19 of this report.

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Brewer's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 22 of this report.

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 24-44 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 can be found on pages 49-85 of this report.

Government-wide Financial Analysis

As noted earlier, net assets 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 exceeded liabilities by \$23,502,152. Business-type activity assets exceeded liabilities by \$16,798,307 for a City-wide total of net assets of \$40,300,459 at the close of the most recent fiscal year. The Statement of Net Assets can be found on page 13 of this report.

The largest portion of the City of Brewer's net assets (86.52%) 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 assets (.77%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (12.7%, or \$5,119,032) may be used to meet the City's ongoing obligations to citizens and creditors.

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

City of Brewer
Net Assets

| | Governmental Activities | | Business-type Activities | | Primary Government Total | |
|--|----------------------------|----------------------|-----------------------------|----------------------|-----------------------------|----------------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| ASSETS | | | | | | |
| Current and other assets | 11,801,459 | 12,812,229 | (509,280) | 595,080 | 11,292,179 | 13,407,309 |
| Capital assets | 35,295,120 | 34,142,332 | 41,447,641 | 39,840,852 | 76,742,761 | 73,983,184 |
| Total assets | \$ 47,096,579 | \$ 46,954,561 | \$ 40,938,361 | \$ 40,435,932 | \$ 88,034,940 | \$ 87,390,493 |
| LIABILITIES | | | | | | |
| Long-term debt outstanding | 18,918,968 | 21,717,409 | 22,954,247 | 22,965,891 | 41,873,215 | 44,683,300 |
| Other liabilities | 4,675,459 | 5,081,866 | 1,185,807 | 1,092,110 | 5,861,266 | 6,173,976 |
| Total liabilities | \$ 23,594,427 | \$ 26,799,275 | \$ 24,140,054 | \$ 24,058,001 | \$ 47,734,481 | 50,857,276 |
| NET ASSETS | | | | | | |
| Invested in capital assets, net of debt | 16,376,152 | 12,424,923 | 18,493,394 | 16,874,961 | 34,869,546 | 29,299,884 |
| Restricted | 311,881 | 311,881 | - | - | 311,881 | 311,881 |
| Unrestricted (deficit) | 6,814,119 | 7,418,482 | (1,695,087) | (497,030) | 5,119,032 | 6,921,452 |
| Total net assets | \$ 23,502,152 | \$ 20,155,286 | \$ 16,798,307 | \$ 16,377,931 | \$ 40,300,459 | \$ 36,533,217 |

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

City of Brewer
Changes in Net Assets

| | Governmental Activities | | Business-type Activities | | Primary Government Total | |
|--------------------------------------|----------------------------|-------------------|-----------------------------|-------------------|-----------------------------|-------------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 5,014,416 | 5,074,731 | 4,656,622 | 4,682,074 | 9,671,038 | 9,756,805 |
| Operating grants & cont. | 12,645,061 | 11,561,932 | | - | 12,645,061 | 11,561,932 |
| Capital grants & cont. | 3,744,237 | 2,287,497 | 886,218 | 1,092,204 | 4,630,455 | 3,379,701 |
| General revenues: | | | | | | |
| Property taxes | 14,040,213 | 14,114,701 | - | - | 14,040,213 | 14,114,701 |
| Excise taxes | 1,413,907 | 1,459,646 | - | - | 1,413,907 | 1,459,646 |
| Interest & cost on taxes | 116,360 | 56,803 | - | - | 116,360 | 56,803 |
| Franchise fees | 107,231 | 99,625 | - | - | 107,231 | 99,625 |
| State Revenue Sharing | 1,070,858 | 1,231,682 | - | - | 1,070,858 | 1,231,682 |
| Homestead exemption | 246,191 | 244,180 | - | - | 246,191 | 244,180 |
| Other govt. revenues | 82,777 | 32,715 | - | - | 82,777 | 32,715 |
| Unrestricted invstmnt. earnings | 47,082 | 61,637 | | 400 | 47,082 | 62,037 |
| Misc. revenues | 12,484 | 18,369 | | - | 12,484 | 18,369 |
| Gain (loss) on disposal assets | (538,061) | (439,443) | (3,828) | 27,260 | (541,889) | (412,183) |
| Transfers | 156,516 | 150,984 | (156,516) | (150,984) | - | - |
| Total revenues | 38,159,272 | 35,955,059 | 5,382,496 | 5,650,954 | 43,541,768 | 41,606,013 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Administration | 1,577,657 | 1,935,443 | - | - | 1,577,657 | 1,935,443 |
| Protection | 4,548,475 | 4,302,069 | - | - | 4,548,475 | 4,302,069 |
| Public services | 253,815 | 255,329 | - | - | 253,815 | 255,329 |
| Public works | 2,279,611 | 2,378,088 | - | - | 2,279,611 | 2,378,088 |
| Education | 19,581,761 | 14,071,860 | - | - | 19,581,761 | 14,071,860 |
| Unclassified | 4,011,665 | 4,148,597 | - | - | 4,011,665 | 4,148,597 |
| Assessments | 1,200,760 | 927,120 | - | - | 1,200,760 | 927,120 |
| Capital outlay | 434,915 | 1,894,273 | - | - | 434,915 | 1,894,273 |
| Interest on debt | 923,747 | 825,967 | - | - | 923,747 | 825,967 |
| Sewer | - | - | 2,530,975 | 2,650,127 | 2,530,975 | 2,650,127 |
| Water | - | - | 2,431,145 | 2,451,121 | 2,431,145 | 2,451,121 |
| Total expenditures | 34,812,406 | 30,738,746 | 4,962,120 | 5,101,248 | 39,774,526 | 35,839,994 |
| Change in net assets | 3,346,866 | 5,216,313 | 420,376 | 549,706 | 3,767,242 | 5,766,019 |
| Net assets, prior year - as restated | 20,155,286 | 24,078,476 | 16,377,931 | 15,828,225 | 36,533,217 | 39,906,701 |
| Net assets, current year | \$ 23,502,152 | 29,294,789 | 16,798,307 | 16,377,931 | 40,300,459 | 45,672,720 |

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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

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

As of the end of the current fiscal year, the City of Brewer governmental funds reported combined ending fund balances at June 30, 2010 of \$8,769,777, a decrease of \$604,604 in comparison with the prior year. Approximately 37.37% of this total amount (\$3,277,279) constitutes unreserved and undesignated fund balance (including a negative \$243,082 for the School Department), which is available for spending at the government's discretion. The negative balance for the School Department decreased by \$148,101 from the balance of the last fiscal year. The balances reflect the compliance with G.A.A.P. accounting rules for the accrued teacher summer salaries. The remainder of the fund balance (\$5,492,498) is reserved or designated to indicate that it is not available for new spending because it has already been committed to account for 1) various capital and other specific projects and purposes (\$2,843,583), 2) reserved for non-expendable principal in investments and inventory (\$321,205), 3) re-appropriated for the subsequent year budget and ongoing projects (\$1,800,050), and 4) designated for accrued compensated absences (\$527,660).

The General Fund is the central operating fund of the City of Brewer. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$3,520,361 for the City and (\$243,082) for the School Department. An additional \$2,327,710 is designated for subsequent year expenditures (\$36,050), re-appropriated to the subsequent year budget (\$764,000 City and \$1,000,000 School Department) and designated to fund accrued compensated absences (\$527,660). Total fund balance in the General Fund was \$5,604,989. All of the City's fund balance was considered unreserved although a portion was designated as noted above. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 17.4% of the total general fund expenditures.

The fund balance of the City of Brewer's General Fund decreased \$176,359 during the current fiscal year. This is due to negative revenue budget variances (\$334,023), positive expenditure budget variances \$1,860,938, partially offset by a budgeted use of fund balance of (\$1,807,284) and an adjustment for School change accrued summer salaries \$104,010.

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 assets of the City's Water Fund increased \$390,345 to \$9,798,248. Operating income was \$5,320 while nonoperating revenues added another \$385,025. Net assets of the City's Sewer Fund increased \$30,031 to \$7,000,059. The Sewer fund experienced an operating loss of \$310,818 and nonoperating income of \$340,849. Of the total net assets, the amount classified as invested in capital assets, net of related debt was \$9,004,127 and \$9,489,267 for the Water and Sewer Funds, respectively. Unrestricted net assets were \$794,121 for the Water Fund and (\$2,489,208) for the Sewer Fund.

General Fund Budgetary Highlights

The City of Brewer had a \$1,178,033 difference between the original and amended FY 2010 budget. The changes are as follows:

| | |
|--------------------|---------------------|
| Abatement Interest | \$ 31,090 |
| Debt | 1,082,166 |
| City Departments | 32,474 |
| Legal | 25,250 |
| Overlay | (15,000) |
| Transit Operations | 22,053 |
| Total | \$ 1,178,033 |

These supplemental appropriations were authorized by the Brewer City Council and appropriated from unanticipated revenues of \$1,084,706, prior year carryforward balances of \$64,647 and fund balance of \$28,680. The City of Brewer has a strong purchasing policy to prevent unnecessary departmental over expenditures.

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

Capital Asset and Debt Administration

Capital Assets. The City of Brewer's capital assets for its governmental activities as of June 30, 2010 amounts to \$60,387,538, net of accumulated depreciation of \$25,092,418, leaving a net book value of \$35,295,120. This reflects the restatement of the June 30, 2009 balances of the Governmental Activities Capital Assets. This is an increase of \$1,152,789, including \$3,263,295 in new additions offset by \$1,572,445 in depreciation expense and \$538,061 in loss on disposal of assets. 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, 2010 amounts to \$59,693,400, net of accumulated depreciation of \$18,245,759, leaving a net book value of \$41,447,641 and a \$3,828 loss of disposal of assets. This is an increase of \$1,606,789, including \$2,776,793 in new additions offset by \$1,170,004 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 long-term debt of \$41,649,369. Of this amount, \$18,695,122 is for governmental activities and \$22,954,247 is for business-type activities. All debt is backed by the full faith and credit of the City.

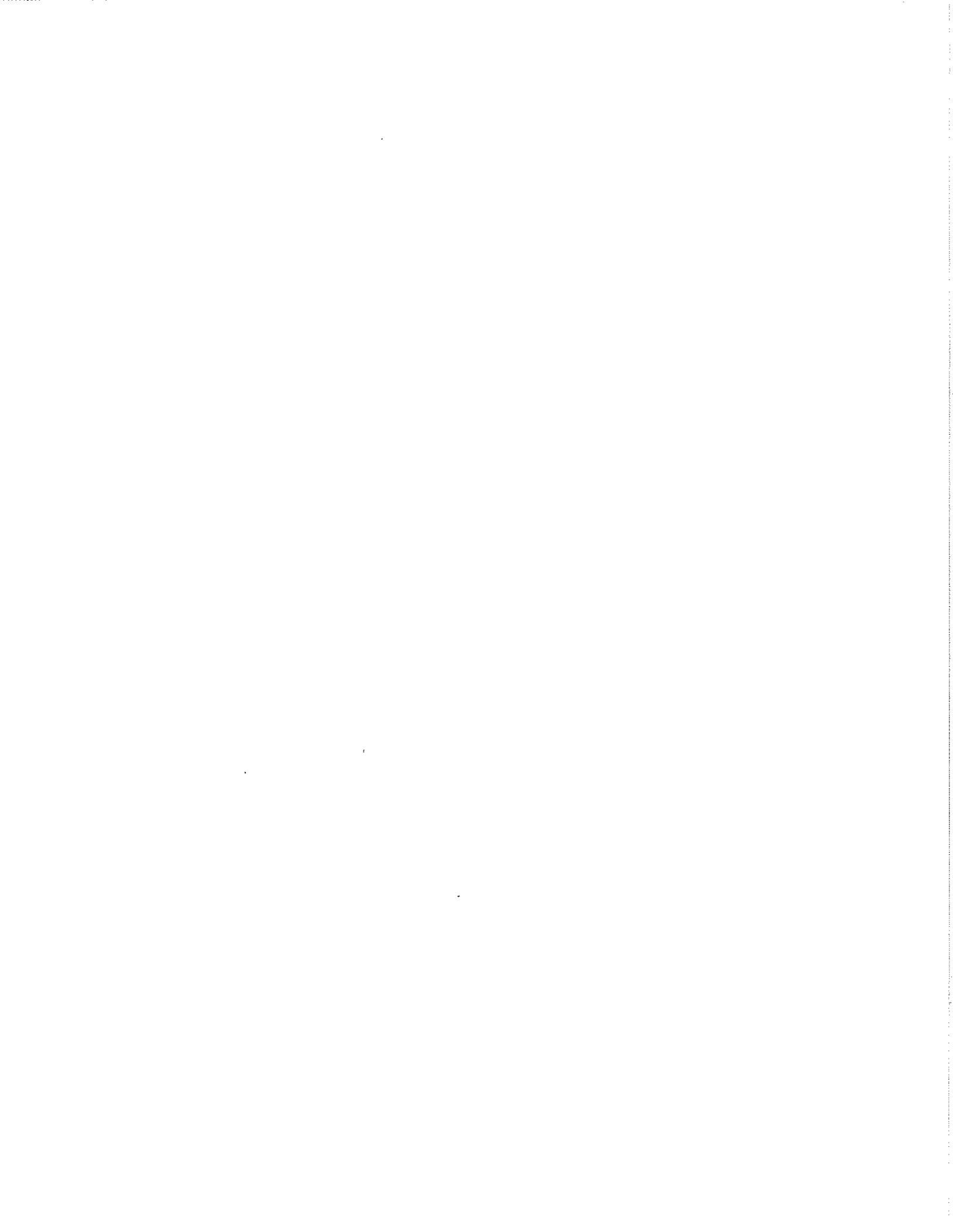
The City of Brewer issued \$1,075,898 in new long-term debt during the current fiscal year for various capital improvements. The City retired \$2,539,466 of governmental activities debt and \$1,087,542 of water and sewer debt in the current fiscal year. The governmental activities debt retirement included the early payoff of the Year 2000 General Obligation Bond (Lemforder) in the amount of \$1,100,000. The original maturity date was 5/1/2020.

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 \$111,975,000 and \$55,987,500 for its water and sewer funds, far exceeding the City's outstanding general obligation debt.

Requests for information

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

BASIC FINANCIAL STATEMENTS



CITY OF BREWER, MAINE
Statement of Net Assets
June 30, 2010

| | Governmental Activities | Business-type Activities | Total |
|---|----------------------------|-----------------------------|------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 7,393,631 | 200,342 | 7,593,973 |
| Investments | 1,059,570 | - | 1,059,570 |
| Receivables: | | | |
| Taxes receivable | 137,883 | - | 137,883 |
| Tax and sewer liens | 398,314 | 47,566 | 445,880 |
| Other receivables | 644,913 | 826,304 | 1,471,217 |
| Due from other governments | 12,106 | 121,496 | 133,602 |
| Prepaid expenses | 214,488 | 190,295 | 404,783 |
| Inventory | 9,324 | 35,947 | 45,271 |
| Internal balances | 1,931,230 | (1,931,230) | - |
| Capital assets, not being depreciated | 2,770,434 | 4,302,015 | 7,072,449 |
| Capital assets, net | 32,524,686 | 37,145,626 | 69,670,312 |
| Total assets | 47,096,579 | 40,938,361 | 88,034,940 |
| LIABILITIES | | | |
| Accounts payable | 645,485 | 157,310 | 802,795 |
| Accrued payroll and related liabilities | 3,540,478 | 179,655 | 3,720,133 |
| Accrued interest payable | 301,612 | 401,256 | 702,868 |
| Taxes collected in advance | 53,560 | - | 53,560 |
| Deferred revenues | 28,450 | 447,586 | 476,036 |
| Other postemployment benefits liability | 105,874 | - | 105,874 |
| Noncurrent liabilities: | | | |
| Due within one year | 1,414,687 | 1,101,149 | 2,515,836 |
| Due in more than one year | 17,504,281 | 21,853,098 | 39,357,379 |
| Total liabilities | 23,594,427 | 24,140,054 | 47,734,481 |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 16,376,152 | 18,493,394 | 34,869,546 |
| Restricted for: | | | |
| Nonexpendable principal | 311,881 | - | 311,881 |
| Unrestricted | 6,814,119 | (1,695,087) | 5,119,032 |
| Total net assets | \$ 23,502,152 | 16,798,307 | 40,300,459 |

See accompanying notes to financial statements.

CITY OF BREWER, MAINE
Statement of Activities
For the year ended June 30, 2010

| Functions/programs | Net (expense) revenue and changes | | | | | |
|---|-----------------------------------|----------------------|------------------------------------|----------------------------------|-------------------------|--------------------------|
| | Program Revenues | | | In net assets | | |
| | Expenses | Charges for services | Operating grants and contributions | Capital grants and contributions | Governmental activities | Business-type activities |
| Primary government: | | | | | | |
| Governmental activities: | | | | | | |
| Administration | \$ 1,577,657 | 59,606 | - | 215,714 | (1,302,337) | - |
| Protection | 4,548,475 | 348,474 | 19,451 | - | (4,180,550) | - |
| Public services | 253,815 | - | 85,637 | - | (168,178) | - |
| Public works | 2,279,611 | 97,377 | 122,483 | 1,082,729 | (977,022) | - |
| Unclassified | 4,011,565 | 735,045 | 1,432,876 | - | (1,843,744) | - |
| Education | 17,983,735 | 3,771,547 | 9,385,608 | - | (4,825,600) | - |
| State retirement contribution (Education) | 1,598,006 | - | 1,598,006 | - | - | - |
| Interest on debt | 923,747 | 2,367 | - | - | (921,380) | - |
| Assessments | 1,200,760 | - | - | - | (1,200,760) | - |
| Capital outlay | 434,915 | - | - | 2,445,794 | 2,010,879 | - |
| Total governmental activities | 34,812,406 | 5,014,416 | 12,645,061 | 3,744,237 | (13,408,692) | - |
| Business-type activities: | | | | | | |
| Water | 2,431,145 | 2,436,465 | - | 470,585 | - | 475,905 |
| Sewer | 2,530,975 | 2,220,157 | - | 415,633 | - | 104,815 |
| Total business-type activities | 4,962,120 | 4,656,622 | - | 886,218 | - | 580,720 |
| Total primary government | \$ 39,774,526 | 9,671,038 | 12,645,061 | 4,630,455 | (13,408,692) | 580,720 |
| | | | | | | (12,827,972) |
| General revenues: | | | | | | |
| Property taxes | | | | | \$ 14,040,213 | - |
| Excise taxes | | | | | 1,413,907 | - |
| Interest and costs on taxes | | | | | 116,360 | - |
| Franchise fees | | | | | 107,231 | - |
| Grants and contributions not restricted to specific programs: | | | | | | |
| State Revenue Sharing | | | | | 1,070,858 | - |
| Homestead exemption | | | | | 246,191 | - |
| Other intergovernmental revenues | | | | | 82,777 | - |
| Unrestricted investment earnings | | | | | 47,082 | - |
| Miscellaneous revenues | | | | | 12,484 | - |
| Loss on disposal of assets | | | | | (538,061) | (3,828) |
| Transfers | | | | | 156,516 | (156,516) |
| Total general revenues | | | | | 16,755,558 | (150,344) |
| | | | | | | 420,376 |
| | | | | | | 3,346,866 |
| | | | | | | 20,155,286 |
| Net assets - beginning, as restated | | | | | | 16,377,931 |
| Net assets - ending | | | | | | 16,798,307 |
| | | | | | | 40,300,459 |

See accompanying notes to financial statements.

CITY OF BREWER, MAINE
Balance Sheet
Governmental Funds
June 30, 2010

| | General | Other Capital Projects | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|------------------------------|--------------------------------|--------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 6,852,286 | 431,603 | 109,742 | 7,393,631 |
| Investments | 705,576 | - | 353,994 | 1,059,570 |
| Receivables: | | | | |
| Taxes receivable | 137,883 | - | - | 137,883 |
| Tax liens | 398,314 | - | - | 398,314 |
| Other receivables | 569,195 | - | 75,718 | 644,913 |
| Due from other governments | - | - | 12,106 | 12,106 |
| Prepaid items | 214,488 | - | - | 214,488 |
| Interfund loans receivable | - | 1,608,830 | 1,012,437 | 2,621,267 |
| Inventory | - | - | 9,324 | 9,324 |
| Total assets | \$ 8,877,742 | 2,040,433 | 1,573,321 | 12,491,496 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | 371,423 | 27,187 | 246,875 | 645,485 |
| Accrued payroll and related liabilities | 1,859,394 | - | - | 1,859,394 |
| Taxes collected in advance | 53,560 | - | - | 53,560 |
| Deferred revenue | 473,243 | - | - | 473,243 |
| Interfund loans payable | 515,133 | - | 174,904 | 690,037 |
| Total liabilities | 3,272,753 | 27,187 | 421,779 | 3,721,719 |
| Fund balances: | | | | |
| Reserved for inventory | - | - | 9,324 | 9,324 |
| Reserved for nonexpendable principal | - | - | 311,881 | 311,881 |
| Unreserved, reported in: | | | | |
| General Fund - designated School Department | 1,000,000 | - | - | 1,000,000 |
| General Fund - undesignated School Department | (243,082) | - | - | (243,082) |
| General Fund - designated - City | 1,327,710 | - | - | 1,327,710 |
| General Fund - undesignated - City | 3,520,361 | - | - | 3,520,361 |
| Special revenues | - | - | 553,769 | 553,769 |
| Capital projects | - | 2,013,246 | 240,387 | 2,253,633 |
| Permanent funds | - | - | 36,181 | 36,181 |
| Total fund balances | 5,604,989 | 2,013,246 | 1,151,542 | 8,769,777 |
| Total liabilities and fund balances | \$ 8,877,742 | 2,040,433 | 1,573,321 | |
| Amounts reported for governmental activities in the statement of net assets are different because: | | | | |
| Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. | | | | 35,295,120 |
| Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the funds. | | | | 444,793 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds. | | | | |
| General obligation bonds | | | | (18,695,122) |
| Capital leases | | | | (223,846) |
| Compensated absences | | | | (1,681,084) |
| Other postemployment benefits liability | | | | (105,874) |
| Accrued interest payable | | | | (301,612) |
| Net assets of governmental activities | | | | \$ 23,502,152 |

See accompanying notes to financial statements.

CITY OF BREWER, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2010

| | General | Other Capital Projects | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|------------------------------|--------------------------------|--------------------------------|
| Revenues: | | | | |
| Taxes | \$ 15,758,951 | - | - | 15,758,951 |
| Licenses and permits | 334,281 | - | - | 334,281 |
| Intergovernmental | 10,891,022 | - | 2,130,195 | 13,021,217 |
| Local sources | 6,284,103 | 2,426,873 | 407,030 | 9,118,006 |
| Unclassified | - | - | 429,072 | 429,072 |
| Interest earned | 47,082 | - | 10,758 | 57,840 |
| Total revenues | 33,315,439 | 2,426,873 | 2,977,055 | 38,719,367 |
| Expenditures: | | | | |
| Current: | | | | |
| Administration | 1,885,630 | - | - | 1,885,630 |
| Protection | 4,260,272 | - | - | 4,260,272 |
| Public services | 253,815 | - | - | 253,815 |
| Public works | 1,834,957 | - | - | 1,834,957 |
| Unclassified | 2,673,873 | - | 658,675 | 3,332,548 |
| Education | 16,439,231 | - | 1,962,576 | 18,401,807 |
| Debt service | - | - | - | - |
| Principal | 2,539,466 | - | - | 2,539,466 |
| Interest | 972,225 | - | - | 972,225 |
| Assessments | 1,200,760 | - | - | 1,200,760 |
| State retirement contribution | 1,598,006 | - | - | 1,598,006 |
| Capital outlay | 177,486 | 3,164,670 | 46,252 | 3,388,408 |
| Total expenditures | 33,835,721 | 3,164,670 | 2,667,503 | 39,667,894 |
| Excess (deficiency) of revenues over (under) expenditures | (520,282) | (737,797) | 309,552 | (948,527) |
| Other financing sources: | | | | |
| Proceeds from capital leases | 177,486 | - | - | 177,486 |
| Reserves and carryforwards | 9,921 | - | - | 9,921 |
| Transfers from other funds | 156,516 | - | - | 156,516 |
| Total other financing sources | 343,923 | - | - | 343,923 |
| Net change in fund balances | (176,359) | (737,797) | 309,552 | (604,604) |
| Fund balances, beginning of year | 5,781,348 | 2,751,043 | 841,990 | 9,374,381 |
| Fund balances, end of year | \$ 5,604,989 | 2,013,246 | 1,151,542 | 8,769,777 |

See accompanying notes to 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, 2010

| | | |
|---|----|-----------|
| Net change in fund balances - total governmental funds (from Statement 4) | \$ | (604,604) |
|---|----|-----------|

Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$3,263,294) exceeded depreciation expense (\$1,572,445) and loss on disposal (\$538,061) in the current period. 1,152,788

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 deferred tax revenues. (188,471)

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 decrease in accrued interest (\$13,817), accrued compensated absences (\$227,757) and the pollution remediation obligation (\$401,800), less the increase in other post-employment benefits (\$52,862). 590,512

Bond and lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which capital lease proceeds (\$177,486) was exceeded by bond repayments (\$2,539,466) and lease repayments (\$34,661). 2,396,641

| | | |
|--|-----------|------------------|
| Change in net assets of governmental activities (see Statement 2) | \$ | 3,346,866 |
|--|-----------|------------------|

See accompanying notes to financial statements.

CITY OF BREWER, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the year ended June 30, 2010

| | General Fund | | | Variance with final budget positive (negative) |
|--|--------------------|--------------------|-------------------|---|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Taxes | \$ 15,272,601 | 15,272,601 | 15,758,951 | 486,350 |
| Licenses and permits | 372,882 | 372,882 | 334,281 | (38,601) |
| Intergovernmental | 10,069,300 | 10,069,300 | 9,293,016 | (776,284) |
| Local sources | 5,226,967 | 6,311,673 | 6,284,103 | (27,570) |
| Interest earned | 25,000 | 25,000 | 47,082 | 22,082 |
| Total revenues | 30,966,750 | 32,051,456 | 31,717,433 | (334,023) |
| Expenditures: | | | | |
| Current: | | | | |
| Administration | 1,818,701 | 1,849,035 | 1,885,630 | (36,595) |
| Protection | 4,269,345 | 4,294,852 | 4,260,272 | 34,580 |
| Public services | 293,114 | 295,710 | 253,815 | 41,895 |
| Public works | 1,970,318 | 1,996,652 | 1,834,957 | 161,695 |
| Unclassified | 2,687,888 | 2,682,476 | 2,673,873 | 8,603 |
| Education | 18,162,887 | 18,162,887 | 16,543,241 | 1,619,646 |
| Debt service | | | | |
| Principal | 1,440,416 | 2,539,466 | 2,539,466 | - |
| Interest | 984,267 | 967,383 | 972,225 | (4,842) |
| Assessments | 1,220,208 | 1,236,716 | 1,200,760 | 35,956 |
| Total expenditures | 32,847,144 | 34,025,177 | 32,164,239 | 1,860,938 |
| Deficiency of revenues under expenditures | (1,880,394) | (1,973,721) | (446,806) | 1,526,915 |
| Other financing sources: | | | | |
| Use of fund balance | 1,702,572 | 1,731,252 | - | (1,731,252) |
| Reserves and carryforwards | 12,300 | 76,947 | 9,921 | (67,026) |
| Transfers from other funds | 165,522 | 165,522 | 156,516 | (9,006) |
| Total other financing sources | 1,880,394 | 1,973,721 | 166,437 | (1,807,284) |
| Net change in fund balances - budgetary basis | - | - | (280,369) | (280,369) |
| Reconciliation to GAAP: | | | | |
| Change in accrued summer salaries | | | 104,010 | |
| Net change in fund balances - GAAP basis | | | (176,359) | |
| Fund balances, beginning of year | | | 5,781,348 | |
| Fund balances, end of year | \$ | | 5,604,989 | |

See accompanying notes to financial statements.

CITY OF BREWER, MAINE
Statement of Net Assets
Proprietary Funds
June 30, 2010

| Business-type Activities - Enterprise Funds | | | |
|--|-----------------------------|-----------------------------|-------------------|
| | Water Department | Sewer Department | Total |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 200,292 | 50 | 200,342 |
| Accounts receivable | 41,311 | 120,559 | 161,870 |
| User fees receivable | 134,371 | 530,063 | 664,434 |
| Liens receivable | - | 47,566 | 47,566 |
| Prepaid expenses | - | 4,863 | 4,863 |
| Due from State | 25,134 | 96,362 | 121,496 |
| Interfund loans receivable | 1,002,161 | - | 1,002,161 |
| Inventory | 35,947 | - | 35,947 |
| Total current assets | 1,439,216 | 799,463 | 2,238,679 |
| Capital assets not being depreciated: | | | |
| Land | 3,020,775 | 53,900 | 3,074,675 |
| Construction in progress | 72,604 | 1,154,736 | 1,227,340 |
| Total capital assets not being depreciated | 3,093,379 | 1,208,636 | 4,302,015 |
| Capital assets being depreciated: | | | |
| Capital assets | 27,196,441 | 28,194,944 | 55,391,385 |
| Accumulated depreciation | (7,041,672) | (11,204,087) | (18,245,759) |
| Total capital assets being depreciated | 20,154,769 | 16,990,857 | 37,145,626 |
| Deferred charges, net of amortization | 185,432 | - | 185,432 |
| Total noncurrent assets | 23,433,580 | 18,199,493 | 41,633,073 |
| Total assets | \$ 24,872,796 | 18,998,956 | 43,871,752 |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 29,647 | 127,663 | 157,310 |
| Accrued payroll and related benefits | 102,259 | 77,396 | 179,655 |
| Accrued interest payable | 310,648 | 90,608 | 401,256 |
| Deferred revenue and advances for construction | 387,973 | 59,613 | 447,586 |
| Interfund loans payable | - | 2,933,391 | 2,933,391 |
| Current portion of bonds payable | 399,761 | 701,388 | 1,101,149 |
| Total liabilities | 1,230,288 | 3,990,059 | 5,220,347 |
| Long-term liabilities: | | | |
| Bonds and notes payable | 13,844,260 | 8,008,838 | 21,853,098 |
| Total long-term liabilities | 13,844,260 | 8,008,838 | 21,853,098 |
| Total liabilities | 15,074,548 | 11,998,897 | 27,073,445 |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 9,004,127 | 9,489,267 | 18,493,394 |
| Unrestricted | 794,121 | (2,489,208) | (1,695,087) |
| Total net assets | \$ 9,798,248 | 7,000,059 | 16,798,307 |

See accompanying notes to financial statements.

CITY OF BREWER, MAINE
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the year ended June 30, 2010

| Business-type Activities - Enterprise Funds | | | |
|--|---------------------|-------------------|-------------------|
| | Water | Sewer | Total |
| | Department | Department | |
| Operating revenues: | | | |
| Charges for services | \$ 2,398,289 | 1,940,946 | 4,339,235 |
| Other | 38,176 | 279,211 | 317,387 |
| Total operating revenues | 2,436,465 | 2,220,157 | 4,656,622 |
| Operating expenses: | | | |
| Operation - salaries and benefits | 484,113 | 495,629 | 979,742 |
| Operation - other | 275,567 | 844,506 | 1,120,073 |
| Administrative expenses - salaries and benefits | 182,554 | 146,219 | 328,773 |
| Administrative expenses - other | 289,638 | 44,550 | 334,188 |
| Interest on debt service | 687,225 | 313,315 | 1,000,540 |
| Depreciation and amortization | 512,048 | 686,756 | 1,198,804 |
| Total operating expenses | 2,431,145 | 2,530,975 | 4,962,120 |
| Operating income (loss) | 5,320 | (310,818) | (305,498) |
| Nonoperating revenues: | | | |
| Transfer in - capital contributions | 93,872 | - | 93,872 |
| Capital grants and contributions | 376,713 | 415,633 | 792,346 |
| Loss on sale | - | (3,828) | (3,828) |
| Transfers to General Fund - administration | (85,560) | (70,956) | (156,516) |
| Total nonoperating revenues | 385,025 | 340,849 | 725,874 |
| Change in net assets | 390,345 | 30,031 | 420,376 |
| Total net assets, beginning of year | 9,407,903 | 6,970,028 | 16,377,931 |
| Total net assets, end of year | \$ 9,798,248 | 7,000,059 | 16,798,307 |

See accompanying notes to financial statements.

CITY OF BREWER, MAINE
Statement of Cash Flows - Proprietary Funds
For the year ended June 30, 2010

| Business-type Activities - Enterprise Funds | | | |
|--|-------------------|-------------------|--------------------|
| | Water | Sewer | Total |
| | Department | Department | |
| Cash flows from operating activities: | | | |
| Receipts from customers and users | \$ 2,965,450 | 2,158,890 | 5,124,340 |
| Payments to suppliers | (1,232,645) | (1,170,448) | (2,403,093) |
| Payments to employees | (666,869) | (633,990) | (1,300,859) |
| Interfund activity | (2,292) | 552,389 | 550,097 |
| Transfers to General Fund - administration | (85,560) | (70,956) | (156,516) |
| Net cash provided by operating activities | 978,084 | 835,885 | 1,813,969 |
| Cash flows from capital and related financing activities: | | | |
| Purchase of capital assets | (1,730,581) | (862,658) | (2,593,239) |
| Capital grants and contributions | 376,713 | 415,633 | 792,346 |
| Bond and capital lease proceeds | 14,244,021 | 8,710,226 | 22,954,247 |
| Principal payments on bonds and leases | (13,866,805) | (9,099,086) | (22,965,891) |
| Net cash used in capital and related financing activities | (976,652) | (835,885) | (1,812,537) |
| Cash flows from investing activities: | | | |
| Investment income | - | - | - |
| Net cash provided by investing activities | - | - | - |
| Net increase in cash | 1,432 | - | 1,432 |
| Cash, beginning of year | 198,860 | 50 | 198,910 |
| Cash, end of year | \$ 200,292 | 50 | 200,342 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | |
| Operating income (loss) | \$ 5,320 | (310,818) | (305,498) |
| Transfers from General Fund - administration | (85,560) | (70,956) | (156,516) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | |
| Depreciation and amortization | 512,048 | 686,756 | 1,198,804 |
| Decrease (increase) in receivables | 532,937 | (115,371) | 417,566 |
| Increase in inventory | (8,323) | - | (8,323) |
| Decrease in prepaid expenses | - | 1,600 | 1,600 |
| Decrease in deferred debits | 30,446 | - | 30,446 |
| Increase in accounts payable | 2,793 | 25,416 | 28,209 |
| Increase (decrease) in accrued interest | (5,131) | 4,907 | (224) |
| Increase (decrease) in accrued wages and benefits | (202) | 7,858 | 7,656 |
| Increase (decrease) in deferred revenue | (3,952) | 54,104 | 50,152 |
| Increase (decrease) in interfund balances | (2,292) | 552,389 | 550,097 |
| Net cash provided by operating activities | 978,084 | 835,885 | 1,813,969 |
| Noncash investing, capital, and financing activities: | | | |
| Transfers of capital assets from governmental funds | 93,872 | - | 93,872 |

See accompanying notes to financial statements.

CITY OF BREWER, MAINE
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

| | Agency Funds | Private-purpose Trusts |
|-----------------------------|---------------------------------------|---|
| | Student Activity Funds | School Department Scholarships |
| ASSETS | | |
| Cash and cash equivalents | \$ 283,232 | 16,715 |
| Assets held by fiscal agent | - | 273,138 |
| Total assets | 283,232 | 289,853 |
| LIABILITIES | | |
| Due to student groups | 283,232 | - |
| Total liabilities | 283,232 | - |
| NET ASSETS | | |
| Held in trust | \$ - | 289,853 |

See accompanying notes to financial statements.

CITY OF BREWER, MAINE
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the year ended June 30, 2010

| | Private-purpose Trusts |
|------------------------------------|--------------------------------------|
| | School Department Scholarships |
| Additions: | |
| Investment income | \$ 32,413 |
| Donations and other | 10,400 |
| Total additions | 42,813 |
| Deductions: | |
| Scholarships | 24,269 |
| Other | 4,172 |
| Total deductions | 28,441 |
| Change in net assets | 14,372 |
| Net assets, beginning of year | 275,481 |
| Net assets, end of year | \$ 289,853 |

See accompanying notes to 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.

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit was made based on criterion set forth in GAAP. The criterion used 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 to impose will by the primary government, 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 on the application of this criterion, 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 assets 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.

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.

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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.

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Additionally, the City reports the following fund type:

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

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The City has elected not to follow subsequent private-sector guidance.

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 Continued

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 Fund and Sewer Funds are recognized at the end of each fiscal year on a pro rata basis. This amount is based on billings during the months following the close of the fiscal year.

G. Inventory

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

H. Capital Assets

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

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if material to the financial statements, is included as part of the capitalized value of the assets constructed. Property, plant, and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

| | |
|----------------|--------------|
| Buildings | 15-100 years |
| Infrastructure | 50 years |
| Equipment | 5-30 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 Assets 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.

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 assets. Bond premiums and discounts, as well as issuance costs if material to basic financial statements, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designated fund balances represent tentative plans for future use of financial resources.

L. 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 reserved at year end.

M. 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.

N. Comparative Data/Reclassifications

Comparative data for the prior year have 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.

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

O. Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City's net assets invested in capital assets, net of related debt was calculated as follows at June 30, 2010:

| | <u>Business-type activities</u> | <u>Governmental activities</u> |
|--|-------------------------------------|------------------------------------|
| Capital assets | \$ 60,387,538 | 59,693,400 |
| Accumulated depreciation | (25,092,418) | (18,245,759) |
| Bonds payable | (18,695,122) | (22,954,247) |
| Capital leases payable | (223,846) | - |
| <u>Total invested in capital assets net of related debt</u> | <u>\$ 16,376,152</u> | <u>18,493,394</u> |

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 which are budgeted on a cash basis. Additionally, Maine Public Employees Retirement System on-behalf payments are not budgeted. Generally, all unexpended budgetary accounts lapse at the close of the fiscal year except some on-going projects which may be designated for subsequent year expenditure and some non-lapsing accounts which are carried forward to the next fiscal year.

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> |
|--|-----------------------------|----------------------------|------------------------------------|
| 2010 budget as originally adopted | \$ 32,847,144 | (32,847,144) | - |
| Reclassify use of fund balance - City and School | (1,731,252) | - | 1,731,252 |
| Reclassify transfer from other funds | (165,522) | - | 165,522 |
| Use of prior year reserves and carryforwards | (76,947) | - | 76,947 |
| Subsequent authorizations | 1,178,033 | (1,178,033) | - |
| <u>Totals</u> | <u>\$ 32,051,456</u> | <u>(34,025,177)</u> | <u>1,973,721</u> |

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

C. Deficit Fund Equity

The following funds had a deficit fund balance at June 30, 2010:

| | |
|------------------------------|--------|
| MWMA Recycling Grant | \$ 333 |
| FHWA Route 15 Earmark | 592 |
| City Hall Rehab | 63,984 |
| Brewer Days | 313 |
| City Small Grants & Programs | 71,160 |

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

D. Budgetary vs. GAAP Basis of Accounting

Through June 30, 2010, the City did not budget for expenditures related to teachers' summer pay 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, 2010 - GAAP basis | \$ 756,918 |
| Accrued teacher summer salaries | 1,563,578 |
| <u>Fund balance – School Department, June 30, 2010 - budgetary basis</u> | <u>\$ 2,320,496</u> |

As required by generally accepted accounting principles (GAAP), the City has recorded a revenue and expenditure for Maine Public Employees Retirement System (MainePERS) contributions made by the State of Maine on behalf of the Brewer School Department. These amounts have not been budgeted and result in a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America of \$1,598,006. These amounts have been included as intergovernmental revenues and education expenditures 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 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 FDIC. 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, 2010, the City reported deposits of \$7,893,920 with a bank balance of \$8,169,624. None of the City's bank balances of \$8,169,624 was exposed to custodial credit risk as the entire bank balance was covered by the F.D.I.C. or by additional insurance purchased on behalf of the City by the respective banking institutions.

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

DEPOSITS AND INVESTMENTS, CONTINUED

Deposits have been reported as follows:

| | |
|--------------------------------------|----------------------------|
| Reported in governmental funds | \$ 7,393,631 |
| Reported in business-type activities | 200,342 |
| Reported in fiduciary funds | <u>299,947</u> |
| Total deposits | <u>\$ 7,893,920</u> |

B. Investments

At June 30, 2010, the City had the following investments and maturities:

| | <u>Fair value</u> | <u>Less than 1 year</u> | <u>1-5 years</u> | <u>More than 5 years</u> |
|--------------------------|----------------------------|-------------------------|------------------|--------------------------|
| Mutual funds (1) | \$ 1,332,708 | | not applicable | |
| Total investments | <u>\$ 1,332,708</u> | | | |

(1) Mutual funds are not considered securities and are exempt from credit risk disclosure noted below.

Investments have been reported as follows:

| | |
|--------------------------------|---------------------------|
| Reported in governmental funds | \$ 1,059,570 |
| Reported in fiduciary funds | <u>273,138</u> |
| Total investments | <u>\$1,332,708</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: For investments, custodial credit risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's policy is that funds can only be invested in financial institutions that are insured by the FDIC. 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, 2010 the City did not have any funds invested in U.S. Treasury or U.S. Government Agency obligations.

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

PROPERTY TAX

Property taxes for the current year were committed on July 31, 2009 on the assessed value listed as of the previous April 1 for all real and personal property located in the City. All real and personal property taxes were due in two installments, 50% on September 8, 2009, and 50% on March 9, 2010. Interest at the rate of 9% per annum was charged on any amounts remaining unpaid after these respective due dates. Assessed values are periodically established by the City's Assessor at 100% of estimated market value. The assessed value of \$781,762,800 was 100% of the estimated market value and 104.72% of the 2010 state valuation of \$746,500,000.

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 \$74,710 for the year ended June 30, 2010.

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. For the year ended June 30, 2009, the City did not move any accounts into liens until July which explains the variance in the liens receivable portion of total taxes as illustrated below.

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

The following summarizes the 2010 and 2009 levy:

| | <u>2010</u> | <u>2009</u> |
|---|-------------------|----------------|
| Total assessed valuation | \$ 781,762,800 | 786,195,600 |
| Tax rate (per \$1,000) | 17.95 | 17.95 |
| Commitment | 14,032,654 | 14,112,223 |
| Supplemental taxes assessed | - | 2,479 |
| | 14,032,654 | 14,114,702 |
| Less - collections and abatements | 13,758,184 | 13,546,546 |
| Receivable at end of year | 274,470 | 568,156 |
| Consisting of: | | |
| Real estate liens | 238,929 | - |
| Real estate and personal property taxes | 35,541 | 568,156 |
| Receivable at end of year | \$ 274,470 | 568,156 |
| Collection rate | 98.04% | 95.97% |

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

| | Balance June 30, <u>2009, as restated</u> | <u>Increases</u> | <u>Decreases</u> | Balance June 30, <u>2010</u> |
|---|---|--------------------------|---------------------------|------------------------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 2,286,570 | 131,877 | (227,015) | 2,191,432 |
| Artwork and historical treasures | 20,800 | - | - | 20,800 |
| <u>Construction in progress</u> | <u>8,743,644</u> | <u>249,055</u> | <u>(8,434,497)</u> | <u>558,202</u> |
| Total capital assets, not being depreciated | 11,051,014 | 380,932 | (8,661,512) | 2,770,434 |
| Capital assets, being depreciated: | | | | |
| Land improvements | 746,815 | 3,480,072 | - | 4,226,887 |
| Buildings and building improvements | 4,954,344 | 6,416,595 | - | 11,370,939 |
| Machinery and equipment | 3,372,920 | 932,056 | (315,250) | 3,989,726 |
| Vehicles | 2,769,228 | 357,642 | (207,603) | 2,919,267 |
| <u>Infrastructure</u> | <u>35,203,739</u> | <u>357,510</u> | <u>(450,964)</u> | <u>35,110,285</u> |
| Total capital assets being depreciated | 47,047,046 | 11,543,875 | (973,817) | 57,617,104 |
| Less accumulated depreciation for: | | | | |
| Land improvements | (346,218) | (34,779) | - | (380,997) |
| Buildings and building improvements | (3,249,369) | (219,779) | - | (3,469,148) |
| Machinery and equipment | (1,822,129) | (340,249) | - | (2,162,378) |
| Vehicles | (1,428,061) | (245,004) | 255,370 | (1,417,695) |
| <u>Infrastructure</u> | <u>(17,109,952)</u> | <u>(732,634)</u> | <u>180,386</u> | <u>(17,662,200)</u> |
| Total accumulated depreciation | (23,955,729) | (1,572,445) | 435,756 | (25,092,418) |
| Total capital assets being depreciated, net | 23,091,317 | 9,971,430 | (538,061) | 32,524,686 |
| <u>Governmental activities capital assets, net</u> | <u>\$ 34,142,331</u> | <u>10,352,362</u> | <u>(9,199,573)</u> | <u>35,295,120</u> |

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

| | |
|---|----------------------------|
| Governmental activities: | |
| Administration | \$ 37,424 |
| Protection | 288,203 |
| Public works, including depreciation of general infrastructure assets | 982,715 |
| Unclassified | 141,056 |
| Education | 123,047 |
| <u>Total depreciation expense – governmental activities</u> | <u>\$ 1,572,445</u> |

Note that the beginning balances are restated in consistency with the note on page 44 regarding the Restatement of Net Assets.

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

CAPITAL ASSETS, CONTINUED

| | Balance June 30, 2009 | Increases | Decreases | Balance June 30, 2010 |
|---|-----------------------------|--------------------|------------------|-----------------------------|
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 2,351,391 | 723,284 | - | 3,074,675 |
| Construction in progress | 377,004 | 1,657,514 | (807,178) | 1,227,340 |
| Total capital assets, not being depreciated | 2,728,395 | 2,380,798 | (807,178) | 4,302,015 |
| Capital assets, being depreciated: | | | | |
| Water | 26,014,440 | 1,182,001 | - | 27,196,440 |
| Sewer | 28,190,768 | 25,000 | (20,824) | 28,194,945 |
| Total capital assets being depreciated | 54,205,208 | 1,207,001 | (20,824) | 55,391,385 |
| Less accumulated depreciation for: | | | | |
| Water | (6,558,423) | (483,248) | - | (7,041,671) |
| Sewer | (10,534,328) | (686,756) | 16,996 | (11,204,088) |
| Total accumulated depreciation | (17,092,751) | (1,170,004) | 16,996 | (18,245,759) |
| Total capital assets being depreciated, net | 37,112,457 | 36,997 | (3,828) | 37,145,626 |
| Business-type activities capital assets, net | \$ 39,840,852 | 2,417,795 | (811,006) | 41,447,641 |

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

| | |
|--|---------------------|
| Business-type activities: | |
| Water Fund | \$ 483,248 |
| Sewer Fund | 686,756 |
| Total depreciation expense – business-type activities | \$ 1,170,004 |

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

INTERFUND LOAN BALANCES/TRANSFERS

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers. The Water and Sewer funds transfer funds to the General Fund are for administrative costs. Individual fund interfund receivables and payables balances and interfund transfer at June 30, 2010 arising from these transactions were as follows:

| | Interfund receivables | Interfund payables | Transfers |
|---|--------------------------|-----------------------|-----------|
| Major funds: | | | |
| General Fund | \$ - | 515,133 | 156,516 |
| Other Capital Project Funds | 1,608,830 | - | - |
| Other nonmajor governmental funds: | | | |
| 1995 Economic Development | 2,470 | - | - |
| Fire Equipment Reserve | 1,844 | - | - |
| Centennial Prints Contributions | 24 | - | - |
| Centennial Memorabilia Fund | - | 129 | - |
| Police Asset Forfeiture | 325,072 | - | - |
| MWMA Recycling Grant | - | 333 | - |
| Pendelton Street Track | 271 | - | - |
| CDBG Housing Rehab Grant | 5,220 | - | - |
| Recreation Banner Fund | 10,014 | - | - |
| Safety Committee Fund | 19,016 | - | - |
| Performance Bonds Payable | 18,402 | - | - |
| Technical Review Payable | 95,238 | - | - |
| MMA Grant Fund | 2,709 | - | - |
| EPA Brownfield Rev Loan | 91,444 | - | - |
| FHWA Route 15 Earmark | - | 367 | - |
| Brewer Days | - | 313 | - |
| Children's Garden Fund | 10,731 | - | - |
| City Hall Rehab | - | 63,984 | - |
| City Small Grants & Programs | - | 1,747 | - |
| FEMA 05 Storm | 20,161 | - | - |
| Small Business Program | 351 | - | - |
| Winterfest | 250 | - | - |
| Stream Cleanup | 1,138 | - | - |
| Flags in Brewer | 2,470 | - | - |
| Recognition Coins | 224 | - | - |
| Fire Museum | 1,050 | - | - |
| Food Service Fund | 23,928 | - | - |
| Grants Fund (School Dept.) | 132,260 | - | - |
| Woodlawn Revolving Cemetery Fund | 14 | - | - |
| Cianbro Home Heating | 1,000 | - | - |
| Impact Fee Fund | 240,387 | - | - |
| Cemetery Trust | - | 108,031 | - |
| Veteran's Memorial Fund | 4,749 | - | - |
| Robertson Memorial Fund | 2,000 | - | - |
| Total other nonmajor governmental funds | 1,012,437 | 174,904 | 156,516 |
| Proprietary Funds: | | | |
| Water Fund | 1,002,161 | - | (85,560) |
| Sewer Fund | - | 2,933,391 | (70,956) |
| Total proprietary funds | 1,002,161 | 2,933,391 | (156,516) |
| Total | \$ 3,623,428 | 3,623,428 | - |

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2010, was as follows:

| | <u>Beginning balance</u> | <u>Additions*</u> | <u>Reductions</u> | <u>Ending balance</u> | <u>Due within one year</u> |
|--|------------------------------|-------------------|-------------------|---------------------------|--------------------------------|
| Governmental activities: | | | | | |
| General obligation bonds | \$ 21,234,588 | - | 2,539,466 | 18,695,122 | 1,348,578 |
| Capital leases | 81,021 | 177,486 | 34,661 | 223,846 | 66,109 |
| Compensated absences | 1,908,841 | - | 227,757 | 1,681,084 | - |
| OPEB liability | 53,012 | 70,352 | 17,490 | 105,874 | - |
| Pollution remediation obligation | 401,800 | - | 401,800 | - | - |
| Governmental activities long-term liabilities | 23,679,262 | 247,838 | 3,221,174 | 20,705,926 | 1,414,687 |
| Business-type activities: | | | | | |
| Bonds payable | 22,965,891 | 1,075,898 | 1,087,542 | 22,954,247 | 1,101,149 |
| Governmental and business-type activities long-term liabilities | | | | | |
| | \$ 46,645,153 | 1,323,736 | 4,308,716 | 43,660,173 | 2,515,836 |

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

LONG-TERM DEBT

Long-term debt at June 30, 2010 is comprised of the following individual issues:

| Bond issue | Year of issue | Amount issued | Maturity date | Interest rate | Governmental activities | Business-type activities | Balance June 30, 2010 |
|------------------------------|---------------|---------------|---------------|---------------|-------------------------|--------------------------|-----------------------|
| S. A GOB US Bank - Sewer | 1993 | \$ 1,000,000 | 1/1/2013 | 6.1-6.5% | - | 150,000 | 150,000 |
| Series F MMBB - Sewer | 1993 | 2,363,400 | 6/30/2013 | 3.100% | - | 354,510 | 354,510 |
| GOB US Bank - City/Sewer | 1995 | 1,100,000 | 8/1/2015 | 5.2-6.2% | 194,000 | 81,000 | 275,000 |
| GOB US Bank - City | 1996 | 850,000 | 8/1/2016 | 5.15-5.75% | 280,000 | - | 280,000 |
| USDA RD Loan - Water | 1996 | 4,161,500 | 2/8/2036 | 5.00% | - | 3,484,306 | 3,484,306 |
| Series B MMBB - City/Sewer | 1997 | 4,000,000 | 11/1/2017 | 3.16% | 169,560 | 1,430,440 | 1,600,000 |
| Series D MMBB High Sch./Sew. | 1997 | 1,100,000 | 1/1/2017 | 4.53-5.38% | 284,020 | 155,980 | 440,000 |
| USDA RD Loan - Water | 1997 | 1,500,000 | 7/24/2037 | 5.00% | - | 1,301,702 | 1,301,702 |
| USDA RD Loan - Water | 1997 | 365,900 | 12/28/2037 | 4.875% | - | 316,052 | 316,052 |
| USDA RD Loan - Water | 1998 | 650,000 | 9/28/2038 | 4.75% | - | 569,344 | 569,344 |
| Series C MMBB - Water | 1998 | 1,715,000 | 11/1/2018 | 4.528-5.378% | - | 771,750 | 771,750 |
| FRF MMBB - Sewer | 1999 | 1,000,000 | 4/1/2020 | 3.120% | - | 500,000 | 500,000 |
| Series A GOB US Bank - City | 2000 | 2,060,000 | 10/1/2019 | 5.0-5.6% | 850,000 | - | 850,000 |
| GOB US Bank - City | 2001 | 4,280,000 | 11/1/2021 | 4.0-4.75% | 2,565,000 | - | 2,565,000 |
| SR MMBB - Sewer | 2001 | 2,500,000 | 10/1/2022 | 1.900% | - | 1,625,000 | 1,625,000 |
| GOB US Bank - City/Water | 2002 | 4,500,000 | 12/1/2032 | 3.0-4.875% | 1,628,350 | 1,436,650 | 3,065,000 |
| USDA RD Loan - Water | 2002 | 1,971,000 | 1/24/2042 | 4.75% | - | 1,806,782 | 1,806,782 |
| USDA RD Loan - Water | 2002 | 1,645,000 | 8/26/2042 | 4.75% | - | 1,528,025 | 1,528,025 |
| FR MMBB - Sewer | 2004 | 1,000,000 | 10/1/2024 | 1.441% | - | 750,000 | 750,000 |
| Series D MMBB - City | 2004 | 358,000 | 11/1/2014 | 3.019-3.644% | 179,000 | - | 179,000 |
| Series E MMBB - City | 2004 | 363,000 | 11/1/2024 | 1.012-9.0% | 272,250 | - | 272,250 |
| Series E MMBB - City | 2004 | 1,530,000 | 11/1/2024 | .823-9.0% | 1,079,500 | - | 1,079,500 |
| Series C MMBB - City | 2005 | 690,000 | 11/1/2025 | 2.95-9.0% | 537,000 | - | 537,000 |
| Series C MMBB - Water | 2005 | 725,000 | 11/1/2025 | 3.05-9.0% | - | 580,000 | 580,000 |
| USDA RD Loan - Water | 2005 | 1,225,600 | 9/19/2033 | 4.125% | - | 1,150,685 | 1,150,685 |
| Series A MMBB - City | 2006 | 1,070,000 | 11/1/2026 | 2.0-5.5% | 830,750 | - | 830,750 |
| SR MMBB - City / Sewer | 2006 | 448,000 | 4/1/2026 | 1.77% | 150,385 | 208,015 | 358,400 |
| USDA RD Loan - Sewer | 2006 | 1,580,000 | 5/28/2034 | 4.375% | - | 1,452,519 | 1,452,519 |
| Series C MMBB - City | 2007 | 1,735,000 | 11/1/2026 | 2.3-6.0% | 1,330,252 | - | 1,330,252 |
| Series B MMBB - City | 2008 | 600,000 | 11/1/2027 | 2.0-5.5% | 523,500 | - | 523,500 |
| Series F MMBB | 2009 | 593,395 | 4/1/2029 | 0% | - | 563,725 | 563,725 |
| Series B MMBB | 2009 | 1,442,000 | 11/1/2029 | 2.08-5.58% | 1,442,000 | - | 1,442,000 |
| GO WW Bond | 2009 | 1,700,000 | 10/23/2037 | 4.50% | - | 1,670,386 | 1,670,386 |
| GO Bond | 2009 | 6,500,000 | 11/18/2036 | 4.50% | 6,379,555 | - | 6,379,555 |
| ARRA MMBB - Sewer | 2010 | 750,877 | 9/15/09 | 0% | - | 332,376 | 332,376 |
| MMBB - Water | 2010 | 735,000 | 4/15/10 | 1.00% | - | 735,000 | 735,000 |
| Totals | | | | | \$ 18,695,122 | 22,954,247 | 41,649,369 |

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

LONG-TERM DEBT, CONTINUED

All governmental activities long-term debt service requirements are paid by the General Fund. Business-type debt is paid by the proprietary enterprise funds. The annual requirements to amortize all debt outstanding as of June 30, 2010, are as follows:

| Year ending <u>June 30,</u> | <u>Governmental activities</u> | | <u>Business-type activities</u> | | <u>Total</u> | |
|--------------------------------|--------------------------------|------------------|---------------------------------|-------------------|-------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2011 | \$ 1,348,578 | 793,238 | 1,101,149 | 895,797 | 2,449,727 | 1,689,035 |
| 2012 | 1,329,991 | 736,581 | 1,116,935 | 857,140 | 2,446,926 | 1,593,721 |
| 2013 | 1,282,911 | 682,701 | 1,134,002 | 819,428 | 2,416,913 | 1,502,129 |
| 2014 | 1,249,696 | 628,603 | 977,873 | 779,079 | 2,227,569 | 1,407,682 |
| 2015 | 1,249,910 | 570,876 | 991,092 | 755,781 | 2,241,002 | 1,326,657 |
| 2016-2020 | 5,011,761 | 2,127,184 | 4,687,044 | 3,207,561 | 9,698,805 | 5,334,745 |
| 2021-2025 | 3,179,755 | 1,197,964 | 3,737,270 | 2,494,514 | 6,917,025 | 3,692,478 |
| 2026-2030 | 1,611,528 | 743,091 | 3,516,562 | 1,802,403 | 5,128,090 | 2,545,494 |
| 2031-2035 | 1,660,636 | 404,089 | 3,491,321 | 1,004,659 | 5,151,957 | 1,408,748 |
| 2036-2040 | 770,356 | 52,309 | 1,746,072 | 416,819 | 2,516,428 | 469,128 |
| 2041-2044 | - | - | 454,927 | 39,323 | 454,927 | 39,323 |
| Totals | \$ 18,695,122 | 7,936,636 | 22,954,247 | 13,072,504 | 41,649,369 | 21,009,140 |

Authorized but Unissued

On December 8, 2009, the City Council authorized the issuance of up to \$403,000 in general obligation bonds for the purpose of funding the costs incurred for the landfill remediation. During the year, the City has also been awarded \$865,000, \$3,120,000, and \$800,000 from the USDA for various sewer projects. As of June 30, 2010, the entire \$5,188,000 remains authorized and unissued. The City expects to issue the debt within the next fiscal year.

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

CAPITAL LEASES

The City has entered into various agreements as lessee for financing the acquisition of various vehicles and equipment. These lease agreements qualify as capital leases for accounting purposes. The assets are recorded as capital assets in the government-wide financial statements. The amount capitalized under capital leases is \$323,076. The leases have been recorded as a liability in the government-wide financial statements at the present value of the future minimum lease payments.

The following is a schedule of the future minimum lease payments under capital leases, and the present value of net minimum lease payments at June 30, 2010.

| <u>Fiscal year</u> <u>ending June 30,</u> | <u>Governmental</u> <u>activities</u> |
|--|--|
| 2011 | \$ 72,212 |
| 2012 | 55,956 |
| 2013 | 39,700 |
| 2014 | 39,700 |
| <u>2015</u> | <u>39,700</u> |
| Total minimum lease payments | 247,268 |
| Less: amount representing interest | 23,422 |
| | |
| <u>Present value of future minimum lease payments</u> | <u>\$ 223,846</u> |

STATUTORY DEBT LIMIT

The laws of the State of Maine limit types of municipal borrowing to specific percentages of the State valuation of the municipality. At June 30, 2010, the City was in compliance with these restrictions.

POLLUTION REMEDIATION OBLIGATION

Landfill Remediation

In 1992, the Maine Department of Environmental Protection (DEP) issued an order approving the phased closing of the City's former Municipal Solid Waste landfill. Phase I was completed by 1994. The Phase II area is located between Elm Street and the current, still-operational Construction Demolition Debris landfill. In February 2007, the City received the signed order from DEP approving its plan to complete the Phase II work by October 15, 2010. On November 20, 2009, the City Council awarded a cleanup contract to an outside contractor for an amount equal to \$401,800. As of June 30, 2010, the City satisfied the funding requirements for any previously recognized liability and is not liable for any landfill remediation costs as of June 30, 2010.

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

OVERLAPPING DEBT AND OTHER CONTINGENCIES

Overlapping Debt

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

| <u>Units</u> | <u>Net debt outstanding June 30, 2010</u> | <u>Percentage applicable to the City</u> | <u>City's proportionate share of debt</u> |
|--------------------------------------|---|--|---|
| Penobscot County | \$ - | N/A | - |
| Brewer High School District Trustees | 36,291,163 | 100.00% | 36,291,163 |

The City's proportionate share of the County debt is paid through annual assessments. The High School District Trustees submit debt service bills which are paid by the City. Approximately \$31,000,000 of the Brewer High School District Trustees debt is being paid for by the State.

DESIGNATED/RESERVED FUND BALANCES

At June 30, 2010, portions of the fund balance and net assets were designated to future periods or reserved for specific amounts as follows:

| | <u>General Fund</u> | | |
|---|----------------------------|----------------------------|----------------------------|
| City: | | | |
| Reappropriated to 2011 budget | \$ 764,000 | | |
| Accrued compensated absences | 527,660 | | |
| Finance – software upgrade | 1,500 | | |
| Economic Development - professional services | 4,180 | | |
| Economic Development - So. Brewer Redevelopment | 2,204 | | |
| Transit Operating Expenses – THE BUS | 25,863 | | |
| Engineering – training, conferences & meetings | 2,303 | | |
| <u>Total City</u> | <u>1,327,710</u> | | |
| School: | | | |
| Reappropriated to 2010 budget | 1,000,000 | | |
| <u>Total School</u> | <u>1,000,000</u> | | |
| <u>Total designated City and School</u> | <u>\$ 2,327,710</u> | | |
| | | <u>Special Revenue</u> | <u>Permanent Funds</u> |
| Reserved for specific amounts: | | | |
| Reserve for nonexpendable principal | \$ - | 311,881 | |
| Reserved for inventory | 9,324 | - | |
| <u>Total reserved</u> | <u>\$9,324</u> | <u>311,881</u> | |

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (Maine PERS)

Description of the Plan - The City contributes to Maine Public Employees Retirement Consolidated Plan, a cost sharing multiple-employer public employee retirement system established by the Maine State legislature. The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the state legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Funding Policy - Plan members are required to contribute 6.5% of their annual covered salary and the City is required to contribute an actuarially determined rate. The current rate is 2.8% of annual covered payroll for the Regular Plan and 4% for Special Plan 2C. The contribution rates of plan members and the City of Brewer are established and may be amended by the State legislature. The City's contributions to the Maine Public Employees Retirement System Consolidated Plan for the years ended June 30, 2010, 2009 and 2008 were \$243,935, \$247,355, and \$238,303, respectively, equal to the required contributions for each year. The City's Initial Unpooled Unfunded Actuarial Liability was \$653,111 at June 30, 2010. This unfunded liability is being amortized over an eight year period beginning July 1, 2009.

Teacher Group - All school teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's teacher group. The teacher's group is a cost-sharing plan with a special funding situation, established by the Maine State legislature. The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Teacher's Group. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Funding Policy - Plan members are required to contribute 7.65% of their compensation to the retirement system. The State of Maine Department of Education is required, by the same statute, to contribute the employer contribution which amounts to \$1,598,006 (17.78%) for the fiscal year 2010. This amount has been reported as a revenue and expenditure in the GAAP basis financial statements (Statement 2 and Statement 4). There is no contribution required by the School except for federally funded teachers, for which the School contributed 17.78% of their compensation. This cost is charged to the applicable grant.

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.

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

RETIREMENT PLANS, CONTINUED

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. The plan mandates that enrolled employees, other than the City Manager, contribute at least 6.5% of their wages. The employer contribution rate for 2010 was 29% for the City Manager, 15% for the City Clerk and 9% for all other eligible employees. All eligible employees are vested at enrollment. The total cost to the City for the fiscal year ended June 30, 2010 was \$79,623.

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, 2010.

OTHER POST EMPLOYMENT BENEFITS

The Governmental Accounting Standards Board (GASB) recently issued its Statement 45, which addressed the reporting and disclosure requirements for other post employment benefits (OPEB). GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, was implemented, as required, by the City of Brewer, Maine for the year ended June 30, 2009. Under this pronouncement, it requires that the long-term cost of retirement health care and obligations for other postemployment benefits be determined on an actuarial basis and reported similar to pension plans.

The City of Brewer is a member of the Maine Municipal Employees Health Trust. The Health Trust contracted with an outside consultant to assist in the determination and valuation of the City's OPEB liability under GASB Statement 45. An OPEB liability actuarial valuation was completed by the consultants in January 2009.

Plan Descriptions – In addition to providing pension benefits, the City offers health care benefits for certain retired employees. Eligibility to receive the health care benefits follows the same requirements as Maine PERS. All eligible retirees are required to pay 100% of the health insurance premiums to receive health benefit coverage except for certain public safety retirees who may be eligible to share the premium costs with the state. Although the City does not pay any part of these retiree premiums, the retirees are receiving an implicit subsidy in that they have access to premiums under the City's group plan that are lower than they would pay if they were rated on their own. It is the cost of this implicit subsidy that makes up the liability discussed in this section

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

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

OTHER POST EMPLOYMENT BENEFITS, CONTINUED

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

| | |
|------------------------------|--------------|
| Normal cost | \$ 71,297 |
| Amortization of unfunded | (3,066) |
| <u>Interest</u> | <u>2,121</u> |
| Annual required contribution | \$ 70,352 |

Net OPEB Obligation – The City’s net OPEB obligation was calculated as follows:

| | |
|-------------------------------|-----------------|
| OPEB liability, June 30, 2009 | \$ 53,012 |
| Annual required contribution | 70,352 |
| <u>Actual Contribution</u> | <u>(17,490)</u> |
| OPEB liability, June 30, 2010 | \$ 105,874 |

Funding Status and Funding Progress – The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ending June 30, 2010 were as follows:

| | |
|--|-----------|
| Annual required contribution | \$ 70,352 |
| Actual contribution | 17,490 |
| Percent contributed | 24.86% |
| | |
| Actuarial accrued liability | 653,002 |
| <u>Plan assets</u> | <u>-</u> |
| Unfunded actuarial accrued liability | 653,002 |
| | |
| Covered payroll | 5,624,738 |
| Unfunded actuarial accrued liability as a percentage of covered payroll | 11.6% |

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

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

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

OTHER POST EMPLOYMENT BENEFITS, CONTINUED

| | |
|-------------------------------|------------------|
| Actuarial valuation date | 1/1/09 |
| Actuarial cost method | Entry age normal |
| Amortization method | Level dollar |
| Remaining amortization period | 30 years |
| Actuarial assumptions: | |
| Investment rate of return | 4.0% |
| Projected salary increases | N/A |
| Healthcare inflation rate | 4.0% - 9.6% |

RESTATEMENT OF NET ASSETS

During 2010, the School Department removed capital assets from their records for amounts that are reported on the City of Brewer High School District Trustees financial statements. Net assets as of July 1, 2009 for the Governmental Activities have been restated to recognize the removal of capital assets as follows:

| | Governmental Activities |
|---|----------------------------|
| Net assets, July 1, 2009, as previously reported | \$ 29,294,789 |
| Prior period adjustment – City of Brewer High School District Trustees' capital assets | (9,139,503) |
| Net assets, July 1, 2009, as restated | \$ 20,155,286 |

CITY OF BREWER, MAINE
Required Supplementary Information

Retiree Healthcare Plan

| Fiscal Year | Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) – Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll [(b-a) / c] |
|----------------|--------------------------------|--|---|------------------------------------|--------------------------|---------------------------|---|
| 2009 | 1/1/09 | \$ - | 653,002 | 653,002 | 0.00% | 5,506,429 | 11.86% |
| 2010 | 1/1/09 | \$ - | 653,002 | 653,002 | 0.00% | 5,624,738 | 11.60% |

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
Balance Sheets
June 30, 2010 and 2009

| | 2010 | 2009 |
|---|---------------------|------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 6,852,286 | 6,677,919 |
| Investments | 705,576 | 1,067,512 |
| Prepaid expenditures | 214,488 | 214,708 |
| Receivables: | | |
| Taxes | 137,883 | 734,764 |
| Tax liens | 398,314 | 175,275 |
| Accounts | 569,195 | 619,656 |
| Total assets | \$ 8,877,742 | 9,489,834 |
| LIABILITIES AND FUND BALANCE | | |
| Liabilities: | | |
| Accounts payable | 371,423 | 547,000 |
| Taxes collected in advance | 53,560 | 57,210 |
| Deferred revenue | 473,243 | 656,738 |
| Accrued payroll and related liabilities | 1,859,394 | 1,945,420 |
| Interfund loans payable | 515,133 | 502,118 |
| Total liabilities | 3,272,753 | 3,708,486 |
| Fund balance: | | |
| Unreserved: | | |
| Designated - School Department | 1,000,000 | 800,000 |
| Undesignated - School Department | (243,082) | (391,183) |
| Designated - City | 1,327,710 | 1,163,766 |
| Undesignated - City | 3,520,361 | 4,208,765 |
| Total fund balance | 5,604,989 | 5,781,348 |
| Total liabilities and fund balance | \$ 8,877,742 | 9,489,834 |

CITY OF BREWER, MAINE
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the year ended June 30, 2010

(with comparative actual amounts for the year ended June 30, 2009)

| | 2010 | | | 2009 Actual |
|-------------------------------------|-----------------|------------|------------------------------------|----------------|
| | Final Budget | Actual | Variance positive (negative) | |
| Revenues: | | | | |
| Taxes: | | | | |
| Property | \$ 13,968,601 | 14,228,684 | 260,083 | 14,002,886 |
| Automobile excise | 1,250,000 | 1,404,978 | 154,978 | 1,451,260 |
| Boat excise | 8,000 | 8,929 | 929 | 8,386 |
| Interest on taxes | 40,000 | 105,949 | 65,949 | 47,714 |
| Payments in lieu of taxes | 6,000 | 10,411 | 4,411 | 9,089 |
| Total taxes | 15,272,601 | 15,758,951 | 486,350 | 15,519,335 |
| Licenses and permits: | | | | |
| Licenses and Clerk fees | 28,600 | 30,262 | 1,662 | 32,513 |
| Registration fees | 22,000 | 23,956 | 1,956 | 24,295 |
| Ambulance fees | 317,782 | 274,675 | (43,107) | 303,458 |
| All other | 4,500 | 5,388 | 888 | 8,855 |
| Total licenses and permits | 372,882 | 334,281 | (38,601) | 369,121 |
| Intergovernmental: | | | | |
| Road block grant program | 125,000 | 122,483 | (2,517) | 134,008 |
| State revenue sharing | 1,250,182 | 1,070,858 | (179,324) | 1,231,682 |
| Tree growth reimbursement | 300 | 236 | (64) | 301 |
| Veterans reimbursement | 7,500 | 11,081 | 3,581 | 11,403 |
| BETE reimbursement | 65,000 | 64,192 | (808) | 21,011 |
| Homestead exemption | 240,000 | 246,191 | 6,191 | 244,180 |
| General assistance | 53,225 | 64,299 | 11,074 | 54,850 |
| Transit bonus program | 25,000 | 21,338 | (3,662) | 26,452 |
| Police grant reimbursements | 16,328 | 19,451 | 3,123 | 12,627 |
| Worker's compensation reimbursement | - | 7,268 | 7,268 | - |
| School department | 8,286,765 | 7,665,619 | (621,146) | 7,226,552 |
| Total intergovernmental | 10,069,300 | 9,293,016 | (776,284) | 8,963,066 |
| Local sources: | | | | |
| Property leases | 214,956 | 215,714 | 758 | 224,704 |
| Parks and recreation | 344,065 | 344,421 | 356 | 351,354 |
| Sale of City property | 1,082,166 | 1,082,729 | 563 | 11,305 |
| Public safety | 31,986 | 26,446 | (5,540) | 33,705 |
| Code enforcement | 81,750 | 47,353 | (34,397) | 64,075 |
| Public works | 114,756 | 97,377 | (17,379) | 80,309 |
| Cable television | 100,000 | 107,231 | 7,231 | 99,625 |
| Deferred debt service | 1,389 | 2,367 | 978 | 1,389 |
| Library | 6,000 | 7,141 | 1,141 | 6,215 |
| TIF revenues | 1,045,305 | 1,023,670 | (21,635) | 583,554 |
| School department revenue | 3,281,500 | 3,327,091 | 45,591 | 3,359,097 |
| All other | 7,800 | 2,563 | (5,237) | 2,322 |
| Total local sources | 6,311,673 | 6,284,103 | (27,570) | 4,817,654 |
| Interest earned | 25,000 | 47,082 | 22,082 | 61,637 |
| Total revenues | 32,051,456 | 31,717,433 | (334,023) | 29,730,813 |

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

| | 2010 | | Variance positive (negative) | 2009 Actual |
|---------------------------|-----------------|------------|------------------------------------|----------------|
| | Final Budget | Actual | | |
| Expenditures: | | | | |
| Current: | | | | |
| Administration: | | | | |
| City Council | \$ 13,108 | 9,270 | 3,838 | 13,933 |
| City Manager | 303,106 | 303,658 | (552) | 308,646 |
| City Clerk | 168,296 | 166,029 | 2,267 | 154,187 |
| Elections | 18,800 | 15,829 | 2,971 | 18,661 |
| Assessing | 181,925 | 178,513 | 3,412 | 176,579 |
| Finance | 517,204 | 509,482 | 7,722 | 500,162 |
| Technology | 126,933 | 126,037 | 896 | 127,622 |
| Legal | 121,250 | 183,207 | (61,957) | 91,921 |
| City Hall | 83,610 | 79,802 | 3,808 | 101,713 |
| Economic Development | 314,803 | 313,803 | 1,000 | 277,374 |
| Total administration | 1,849,035 | 1,885,630 | (36,595) | 1,770,798 |
| Protection: | | | | |
| Police department | 1,598,039 | 1,500,434 | 97,605 | 1,528,702 |
| Fire department | 1,484,540 | 1,554,995 | (70,455) | 1,448,677 |
| Code enforcement | 184,640 | 181,935 | 2,705 | 180,523 |
| General protections | 896,668 | 895,946 | 722 | 891,990 |
| Insurances | 111,507 | 109,057 | 2,450 | 112,184 |
| Animal control | 19,458 | 17,905 | 1,553 | 17,627 |
| Total protection | 4,294,852 | 4,260,272 | 34,580 | 4,179,703 |
| Public services: | | | | |
| Health and human services | 155,817 | 155,738 | 79 | 158,961 |
| Transit system | 133,593 | 92,033 | 41,560 | 81,446 |
| Adult Ed | 3,500 | 3,244 | 256 | 3,244 |
| Non-profit organizations | 2,800 | 2,800 | - | 11,678 |
| Total public services | 295,710 | 253,815 | 41,895 | 255,329 |
| Public works: | | | | |
| Public works | 1,413,657 | 1,204,151 | 209,506 | 1,302,002 |
| Solid waste disposal | 432,614 | 485,107 | (52,493) | 482,005 |
| Engineering | 150,381 | 145,699 | 4,682 | 145,790 |
| Total public works | 1,996,652 | 1,834,957 | 161,695 | 1,929,797 |
| Education | 18,162,887 | 16,543,241 | 1,619,646 | 16,065,239 |

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

| | 2010 | | Variance positive (negative) | 2009 Actual |
|--|-----------------|------------------|------------------------------------|------------------|
| | Final Budget | Actual | | |
| Expenditures, continued: | | | | |
| Current, continued: | | | | |
| Unclassified: | | | | |
| Employee benefits | \$ 212,613 | 185,573 | 27,040 | 249,934 |
| Tax increment financing reimbursements | 1,380,664 | 1,419,482 | (38,818) | 1,280,914 |
| Municipal auditorium | 160,383 | 157,488 | 2,895 | 164,429 |
| Parks and cemeteries | 217,414 | 215,949 | 1,465 | 205,453 |
| Recreation/pool | 453,220 | 436,622 | 16,598 | 435,744 |
| Library | 208,272 | 206,937 | 1,335 | 213,381 |
| Dues | 10,900 | 10,893 | 7 | 10,796 |
| Contingencies | 24,740 | 24,051 | 689 | 36,402 |
| All other | 14,270 | 16,878 | (2,608) | 44,531 |
| Total unclassified | 2,682,476 | 2,673,873 | 8,603 | 2,641,584 |
| Debt service: | | | | |
| Principal | 2,539,466 | 2,539,466 | - | 1,395,021 |
| Interest | 967,383 | 972,225 | (4,842) | 662,998 |
| Lease payments | - | - | - | 63,953 |
| Total debt service | 3,506,849 | 3,511,691 | (4,842) | 2,121,972 |
| Assessments: | | | | |
| County tax | 799,880 | 799,880 | - | 781,810 |
| Abatements and bad debts | 401,836 | 400,880 | 956 | 145,310 |
| Overlay | 35,000 | - | 35,000 | - |
| Total assessments | 1,236,716 | 1,200,760 | 35,956 | 927,120 |
| Total expenditures | 34,025,177 | 32,164,239 | 1,860,938 | 29,891,542 |
| Deficiency of revenues under expenditures | (1,973,721) | (446,806) | 1,526,915 | (160,729) |
| Other financing sources: | | | | |
| Use of fund balance - City | 931,252 | - | (931,252) | - |
| Use of fund balance - School Department | 800,000 | - | (800,000) | - |
| Reserves and carryforwards | 76,947 | 9,921 | (67,026) | 16,047 |
| Transfers from other funds: | | | | |
| Special Revenue Funds | - | - | - | 8,606 |
| Sewer fund | 69,961 | 70,956 | 995 | 67,452 |
| Water fund | 85,561 | 85,560 | (1) | 83,532 |
| Cemetery trust | 10,000 | - | (10,000) | 8,000 |
| Total other financing sources (uses) | 1,973,721 | 166,437 | (1,807,284) | 183,637 |
| Net change in fund balance - budgetary basis | - | (280,369) | (280,369) | 22,908 |
| Reconciliation to GAAP: | | | | |
| Change in accrued teacher summer salaries | | 104,010 | | (116,147) |
| Net change in fund balance - GAAP basis | | (176,359) | | (93,239) |
| Fund balance, beginning of year | | 5,781,348 | | 5,874,587 |
| Fund balance, end of year | \$ | 5,604,989 | | 5,781,348 |

CITY OF BREWER, MAINE
General Fund
Statement of Changes in Unreserved - Undesignated Fund Balance
Budgetary Basis
For the year ended June 30, 2010

| | City | School | Total |
|---|---------------------|----------------|------------------|
| Unreserved - Undesignated fund balance July 1, 2009 | \$ 4,208,765 | (391,183) | 3,817,582 |
| Unreserved - Undesignated fund balance June 30, 2010 | 3,520,361 | (243,082) | 3,277,279 |
| Increase | \$ (688,404) | 148,101 | (540,303) |
| Analysis of change: | | | |
| Budget surplus: | | | |
| Revenue surplus (deficit) - Exhibit A-2 | 241,532 | (575,555) | (334,023) |
| Unexpended balance of appropriations - Exhibit A-2 | 241,292 | 1,619,646 | 1,860,938 |
| Unexpended balance of assessments and transfers - Exhibit A-2 | (1,007,284) | (800,000) | (1,807,284) |
| Budget surplus (deficit) | (524,460) | 244,091 | (280,369) |
| Other changes: | | | |
| Change in accrued teacher summer salaries | - | 104,010 | 104,010 |
| Change in designated fund balance | (163,944) | (200,000) | (363,944) |
| Increase (decrease) | \$ (688,404) | 148,101 | (540,303) |

ALL OTHER GOVERNMENTAL FUNDS

CITY OF BREWER, MAINE
All Other Governmental Funds
Combining Balance Sheet
June 30, 2010

| | Nonmajor Special Revenue Funds | Nonmajor Capital Projects Funds | Nonmajor Permanent Funds | Total Other Governmental Funds |
|--|--------------------------------------|---------------------------------------|--------------------------------|---|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 15,406 | - | 94,336 | 109,742 |
| Investments | - | - | 353,994 | 353,994 |
| Accounts receivable | 75,718 | - | - | 75,718 |
| Due from other governments | 12,106 | - | - | 12,106 |
| Interfund loan receivable | 764,287 | 240,387 | 7,763 | 1,012,437 |
| Inventory | 9,324 | - | - | 9,324 |
| Total assets | \$ 876,841 | 240,387 | 456,093 | 1,573,321 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | 246,875 | - | - | 246,875 |
| Interfund loans payable | 66,873 | - | 108,031 | 174,904 |
| Total liabilities | 313,748 | - | 108,031 | 421,779 |
| Fund balances: | | | | |
| Reserved for inventory/nonexpendable principal | 9,324 | - | 311,881 | 321,205 |
| Unreserved, reported in: | | | | |
| Special revenue funds | 553,769 | - | - | 553,769 |
| Permanent funds | - | - | 36,181 | 36,181 |
| Capital projects funds | - | 240,387 | - | 240,387 |
| Total fund balances | 563,093 | 240,387 | 348,062 | 1,151,542 |
| Total liabilities and fund balances | \$ 876,841 | 240,387 | 456,093 | 1,573,321 |

CITY OF BREWER, MAINE
All Other Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2010

| | Nonmajor Special Revenue Funds | Nonmajor Capital Projects Funds | Nonmajor Permanent Funds | Total Other Governmental Funds |
|-----------------------------------|--------------------------------------|---------------------------------------|--------------------------------|---|
| Revenues: | | | | |
| Intergovernmental | \$ 2,130,195 | - | - | 2,130,195 |
| Lunch program | 388,109 | - | - | 388,109 |
| Local sources | - | 18,921 | - | 18,921 |
| Interest earned | 520 | - | 10,238 | 10,758 |
| Other income | 425,716 | - | 3,356 | 429,072 |
| Total revenues | 2,944,540 | 18,921 | 13,594 | 2,977,055 |
| Expenditures: | | | | |
| Educational programs | 1,353,923 | - | - | 1,353,923 |
| Lunch program | 608,653 | - | - | 608,653 |
| Capital outlay/other | - | 43,139 | 3,113 | 46,252 |
| Unclassified | 653,642 | - | 5,033 | 658,675 |
| Total expenditures | 2,616,218 | 43,139 | 8,146 | 2,667,503 |
| Net change in fund balances | 328,322 | (24,218) | 5,448 | 309,552 |
| Fund balances, beginning of year | 234,771 | 264,605 | 342,614 | 841,990 |
| Fund balances, end of year | \$ 563,093 | 240,387 | 348,062 | 1,151,542 |

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, 2010

| | 1995 | Centennial | Centennial | Police | Fire | Assistance | MWMA | Pendleton | CDBG | CDBG | CDBG | CDBG |
|--|-----------------|---------------|---------------|----------------|--------------|-----------------|--------------|------------|----------|-------------|--------------|-----------|
| | Economic | Prints | Memorabilia | Asset | Equipment | to Firefighters | Recycling | Street | Housing | Housing | Housing | Shurtleff |
| | Development | Contributions | Fund | Forfeiture | Reserve | Grant | Grant | Track | Grant | Rehab Grant | Grant | Road |
| ASSETS | | | | | | | | | | | | |
| Cash and cash equivalents | \$ - | 516 | 12,726 | - | - | - | - | - | - | - | - | - |
| Accounts receivable | - | - | - | - | - | - | - | - | - | - | - | - |
| Due from other governments | - | - | - | - | - | - | - | - | - | - | - | - |
| Interfund loans receivable | 2,470 | 24 | - | 325,072 | 1,844 | - | - | 271 | - | - | 5,220 | - |
| Inventory | - | - | - | - | - | - | - | - | - | - | - | - |
| Total assets | \$ 2,470 | 540 | 12,726 | 325,072 | 1,844 | - | - | 271 | - | - | 5,220 | - |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | | |
| Accounts payable and accrued expenses | - | - | - | 22,664 | - | - | - | - | - | - | - | - |
| Interfund loans payable | - | - | 129 | - | - | - | 333 | - | - | - | - | - |
| Total liabilities | - | - | 129 | 22,664 | - | - | 333 | - | - | - | - | - |
| Fund balances: | | | | | | | | | | | | |
| Reserved for inventory | - | - | - | - | - | - | - | - | - | - | - | - |
| Unreserved, reported in: | | | | | | | | | | | | |
| Special revenues | 2,470 | 540 | 12,597 | 302,408 | 1,844 | - | (333) | 271 | - | - | 5,220 | - |
| Total fund balances (deficit) | 2,470 | 540 | 12,597 | 302,408 | 1,844 | - | (333) | 271 | - | - | 5,220 | - |
| Total liabilities and fund balances (deficit) | \$ 2,470 | 540 | 12,726 | 325,072 | 1,844 | - | - | 271 | - | - | 5,220 | - |

CITY OF BREWER, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet, Continued
June 30, 2010

| | Recreation Banner Fund | Safety Committee Fund | Performance Bonds Payable | Technical Review Payable | MMA Grant Fund | EPA Brownfield Rev Loan | FHWA Route 15 Earmark | City Hall Rehab | Brewer Days | Children's Garden Fund |
|----------------------------|------------------------------|-----------------------------|---------------------------------|--------------------------------|----------------------|-------------------------------|-----------------------------|-----------------------|----------------|------------------------------|
| ASSETS | | | | | | | | | | |
| Cash and cash equivalents | - | - | - | - | - | - | - | - | - | - |
| Accounts receivable | - | - | - | - | - | - | - | - | - | - |
| Due from other governments | - | - | - | - | - | - | - | - | - | - |
| Interfund loans receivable | 10,014 | 19,016 | 18,402 | 95,238 | 2,709 | 91,444 | - | - | - | 10,731 |
| Inventory | - | - | - | - | - | - | - | - | - | - |
| Total assets | \$ 10,014 | 19,016 | 18,402 | 95,238 | 2,709 | 91,444 | - | - | - | 10,731 |

| | | | | | | | | | | |
|---------------------------------------|----------|--------------|---------------|---------------|-----------|----------|------------|---------------|------------|----------|
| LIABILITIES AND FUND BALANCES | | | | | | | | | | |
| Liabilities: | | | | | | | | | | |
| Accounts payable and accrued expenses | - | 6,212 | 18,402 | 95,238 | 76 | - | 225 | - | - | - |
| Interfund loans payable | - | - | - | - | - | - | 367 | 63,984 | 313 | - |
| Total liabilities | - | 6,212 | 18,402 | 95,238 | 76 | - | 592 | 63,984 | 313 | - |

| | | | | | | | | | | |
|--|------------------|---------------|---------------|---------------|--------------|---------------|--------------|-----------------|--------------|---------------|
| Fund balances: | | | | | | | | | | |
| Reserved for inventory | - | - | - | - | - | - | - | - | - | - |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenues | 10,014 | 12,804 | - | - | 2,633 | 91,444 | (592) | (63,984) | (313) | 10,731 |
| Total fund balances (deficit) | 10,014 | 12,804 | - | - | 2,633 | 91,444 | (592) | (63,984) | (313) | 10,731 |
| Total liabilities and fund balances (deficit) | \$ 10,014 | 19,016 | 18,402 | 95,238 | 2,709 | 91,444 | - | - | - | 10,731 |

CITY OF BREWER, MAINE
 Nonmajor Special Revenue Funds
 Combining Balance Sheet, Continued
 June 30, 2010

| | City Small Grants & Programs | FEMA 05 Storm | Small Business Program | Winterfest | Stream Cleanup | Flags In Brewer | Recognition Coins | Fire Museum | School Department | | | Total Nonmajor Special Revenue Funds |
|--|------------------------------|---------------|------------------------|------------|----------------|-----------------|-------------------|--------------|-------------------|----------------|---|--------------------------------------|
| | | | | | | | | | Food Service Fund | Grants Fund | | |
| ASSETS | | | | | | | | | | | | |
| Cash and cash equivalents | \$ - | - | - | - | - | - | - | - | 2,164 | - | - | 15,406 |
| Accounts receivable | 2,641 | - | - | - | - | - | - | - | - | 73,077 | - | 75,718 |
| Due from other governments | - | - | - | - | - | - | - | - | 12,106 | - | - | 12,106 |
| Interfund loans receivable | - | 20,161 | 351 | 250 | 1,138 | 2,470 | 224 | 1,050 | 23,928 | 132,260 | - | 764,287 |
| Inventory | - | - | - | - | - | - | - | - | 9,324 | - | - | 9,324 |
| Total assets | \$ 2,641 | 20,161 | 351 | 250 | 1,138 | 2,470 | 224 | 1,050 | 47,522 | 205,337 | | 876,841 |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | | |
| Accounts payable and accrued expenses | 72,054 | - | - | - | - | 730 | - | - | 1,859 | 29,415 | - | 246,875 |
| Interfund loans payable | 1,747 | - | - | - | - | - | - | - | - | - | - | 66,873 |
| Total liabilities | 73,801 | - | - | - | - | 730 | - | - | 1,859 | 29,415 | - | 313,748 |
| Fund balances: | | | | | | | | | | | | |
| Reserved for inventory | - | - | - | - | - | - | - | - | 9,324 | - | - | 9,324 |
| Unreserved, reported in: | | | | | | | | | | | | |
| Special revenues | (71,160) | 20,161 | 351 | 250 | 1,138 | 1,740 | 224 | 1,050 | 36,339 | 175,922 | - | 553,769 |
| Total fund balances (deficit) | (71,160) | 20,161 | 351 | 250 | 1,138 | 1,740 | 224 | 1,050 | 45,663 | 175,922 | - | 563,093 |
| Total liabilities and fund balances (deficit) | \$ 2,641 | 20,161 | 351 | 250 | 1,138 | 2,470 | 224 | 1,050 | 47,522 | 205,337 | | 876,841 |

CITY OF BREWER, MAINE
 Nonmajor Special Revenue Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 For the year ended June 30, 2010

| | 1995 | Centennial | Centennial | Police | Fire | Assistance | MWMA | Pendleton | CDBG | CDBG | CDBG | CDBG |
|--|-----------------|---------------|---------------|----------------|--------------|-----------------|--------------|------------|----------|--------------|-------------|-----------|
| | Economic | Prints | Memorabilia | Asset | Equipment | to Firefighters | Recycling | Street | Housing | Housing | Housing | Shurtleff |
| | Development | Contributions | Fund | Forfeiture | Reserve | Grant | Grant | Track | Grant | Rehab Grant | Rehab Grant | Road |
| Revenues: | | | | | | | | | | | | |
| Intergovernmental | - | - | - | - | - | 92,506 | - | - | - | 131,930 | - | - |
| Lunch program | - | - | - | - | - | - | - | - | - | - | - | - |
| Investment income | - | 3 | 64 | 453 | - | - | - | - | - | - | - | - |
| Other income | - | - | - | 257,876 | 345 | - | - | - | - | 4,000 | - | - |
| Total revenues | - | 3 | 64 | 258,329 | 345 | 92,506 | - | - | - | 135,930 | - | - |
| Expenditures: | | | | | | | | | | | | |
| Educational programs | - | - | - | - | - | - | - | - | - | - | - | - |
| Lunch program | - | - | - | - | - | - | - | - | - | - | - | - |
| Unclassified | - | - | 35 | 185,515 | 2,152 | 19,653 | - | - | 4,000 | 110,613 | - | 8,349 |
| Total expenditures | - | - | 35 | 185,515 | 2,152 | 19,653 | - | - | 4,000 | 110,613 | - | 8,349 |
| Excess (deficiency) of revenues over (under) expenditures | - | 3 | 29 | 72,814 | (1,807) | 72,853 | - | - | (4,000) | 25,317 | - | (8,349) |
| Net change in fund balances | - | 3 | 29 | 72,814 | (1,807) | 72,853 | - | - | (4,000) | 25,317 | - | (8,349) |
| Fund balances (deficit), beginning of year | 2,470 | 537 | 12,568 | 229,594 | 3,651 | (72,853) | (333) | 271 | 4,000 | (20,097) | 8,349 | 8,349 |
| Fund balances (deficit), end of year | \$ 2,470 | 540 | 12,597 | 302,408 | 1,844 | - | (333) | 271 | - | 5,220 | - | - |

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, 2010

| | Recreation Banner Fund | Safety Committee Fund | Performance Bonds Payable | Technical Review Payable | MMA Grant Fund | EPA Brownfield Rev Loan | FHWA Route 15 Earmark | City Hall Rehab | Brewer Days | Children's Garden Fund |
|--|------------------------------|-----------------------------|---------------------------------|--------------------------------|----------------------|-------------------------------|-----------------------------|-----------------------|----------------|------------------------------|
| Revenues: | | | | | | | | | | |
| Intergovernmental | | - | - | - | 6,338 | - | - | - | - | - |
| Lunch program | | - | - | - | - | - | - | - | - | - |
| Investment income | | - | - | - | - | - | - | - | - | - |
| Other income | 5,050 | 3,000 | - | - | - | 55,000 | 13,111 | - | 5,399 | 200 |
| Total revenues | 5,050 | 3,000 | - | - | 6,338 | 55,000 | 13,111 | - | 5,399 | 200 |
| Expenditures: | | | | | | | | | | |
| Educational programs | | - | - | - | - | - | - | - | - | - |
| Lunch program | | - | - | - | - | - | - | - | - | - |
| Unclassified | 4,101 | 2,343 | - | - | 7,075 | 3,163 | 225 | 7,112 | 4,711 | 3,623 |
| Total expenditures | 4,101 | 2,343 | - | - | 7,075 | 3,163 | 225 | 7,112 | 4,711 | 3,623 |
| Excess (deficiency) of revenues over (under) expenditures | 949 | 657 | - | - | (737) | 51,837 | 12,886 | (7,112) | 688 | (3,423) |
| Net change in fund balances | 949 | 657 | - | - | (737) | 51,837 | 12,886 | (7,112) | 688 | (3,423) |
| Fund balances (deficit), beginning of year | 9,065 | 12,147 | - | - | 3,370 | 39,507 | (13,478) | (56,872) | (1,001) | 14,154 |
| Fund balances (deficit), end of year | \$ 10,014 | 12,804 | - | - | 2,633 | 91,444 | (592) | (63,984) | (313) | 10,731 |

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, 2010

| | City Small Grants & Programs | FEMA 05 Storm | Small Business Program | Winterfest | Stream Cleanup | Flags In Brewer | Recognition Coins | Fire Museum | School Department | | | Total Nonmajor Special Revenue Funds |
|---|------------------------------|---------------|------------------------|------------|----------------|-----------------|-------------------|-------------|-------------------|-------------|------|--------------------------------------|
| | | | | | | | | | Food Service Fund | Grants Fund | Fund | |
| Revenues: | | | | | | | | | | | | |
| Intergovernmental | \$ 178,432 | - | - | - | - | - | - | - | 281,648 | 1,439,341 | - | 2,130,195 |
| Lunch program | - | - | - | - | - | - | - | - | 388,109 | - | - | 388,109 |
| Investment income | - | - | - | - | - | - | - | - | - | - | 520 | 520 |
| Other income | 24,288 | - | - | - | 1,050 | - | - | 50 | - | 56,347 | - | 425,716 |
| Total revenues | 202,720 | - | - | - | 1,050 | - | - | 50 | 669,757 | 1,495,688 | - | 2,944,540 |
| Expenditures: | | | | | | | | | | | | |
| Educational programs | - | - | - | - | - | - | - | - | - | 1,353,923 | - | 1,353,923 |
| Lunch program | - | - | - | - | - | - | - | - | 608,653 | - | - | 608,653 |
| Unclassified | 278,239 | 9,921 | - | - | 1,632 | 1,180 | - | - | - | - | - | 653,642 |
| Total expenditures | 278,239 | 9,921 | - | - | 1,632 | 1,180 | - | - | 608,653 | 1,353,923 | - | 2,616,218 |
| Excess (deficiency) of revenues over (under) expenditures | (75,519) | (9,921) | - | - | (582) | (1,180) | - | 50 | 61,104 | 141,765 | - | 328,322 |
| Net change in fund balances | (75,519) | (9,921) | - | - | (582) | (1,180) | - | 50 | 61,104 | 141,765 | - | 328,322 |
| Fund balances (deficit), beginning of year | 4,359 | 30,082 | 351 | 250 | 1,720 | 2,920 | 224 | 1,000 | (15,441) | 34,157 | - | 234,771 |
| Fund balances (deficit), end of year | \$ (71,160) | 20,161 | 351 | 250 | 1,138 | 1,740 | 224 | 1,050 | 45,663 | 175,922 | - | 563,093 |

CITY OF BREWER, MAINE
City Small Grants and Programs
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2010

| | Fund balances beginning of year | Revenues | | Expenditures | Fund balances end of year |
|--------------------------------|---------------------------------------|-------------------|------------------------|----------------|---------------------------------|
| | | Intergovernmental | Other miscellaneous | | |
| Economic Development: | | | | | |
| CDBG EFP Planning Grant | \$ 272 | - | - | - | 272 |
| Mersinger Building | - | 124,907 | - | 131,877 | (6,970) |
| Eastern Maine Elevator | - | - | - | 577 | (577) |
| Police: | | | | | |
| Bulletproof vest program | - | 1,013 | 1,013 | 2,701 | (675) |
| Overtime | - | 2,966 | - | 2,966 | - |
| Police Canine Program | 1,080 | 3,500 | - | 2,029 | 2,551 |
| Bryne JAG | - | 17,372 | 2,360 | 19,725 | 7 |
| School Cops Grant | - | 20,484 | 20,484 | 40,968 | - |
| Library: | | | | | |
| Summer Reading Program | 948 | - | - | 640 | 308 |
| Rudman Book Club | - | 540 | - | - | 540 |
| Efficiency Grant | - | - | - | 69,988 | (69,988) |
| Bodwell English Book Grant | - | 1,000 | - | - | 1,000 |
| Other: | | | | | |
| Gates Opportunity Grant | 901 | 1,300 | - | 733 | 1,468 |
| King Foundation - ADA | - | 5,000 | 431 | 5,431 | - |
| Bangor Health & Wellness Grant | 1,000 | - | - | 555 | 445 |
| Brewer Kiwanis Grant | 158 | 350 | - | 49 | 459 |
| Totals | \$ 4,359 | 178,432 | 24,288 | 278,239 | (71,160) |

CITY OF BREWER, MAINE
Nonmajor Special Revenue Funds - School Grants
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2010

| | Fund balances beginning of year | Revenues | Expenditures | Fund balances end of year |
|---------------------------------------|---------------------------------------|------------------|------------------|---------------------------------|
| Federal Programs: | | | | |
| ARRA- Stabilization | \$ - | 266,022 | 257,535 | 8,487 |
| ARRA - Title IA | - | 195,406 | 143,631 | 51,775 |
| ARRA - Medicaid | 8,152 | 1,231 | 9,383 | - |
| ARRA - Local Entitlement | - | 189,825 | 135,313 | 54,512 |
| ARRA - Preschool | - | 4,354 | 4,466 | (112) |
| ARRA - Title II | - | 8,813 | 8,813 | - |
| Title 1A - Disadvantaged | - | 299,905 | 295,687 | 4,218 |
| Local Entitlement | (6,289) | 357,006 | 315,787 | 34,930 |
| Preschool | 1,744 | 6,692 | 5,876 | 2,560 |
| Title IV - Safe and Drug Free | 4,054 | 7,100 | 11,154 | - |
| Title II - Improving Teacher Quality | 2,173 | 99,401 | 101,060 | 514 |
| Title IID - Technology | 121 | 3,586 | 3,707 | - |
| Capacity Building Grant | 550 | - | - | 550 |
| Total Federal programs | 10,505 | 1,439,341 | 1,292,412 | 157,434 |
| State and Local Programs: | | | | |
| Local: | | | | |
| Arts and Education Grant | 4,537 | - | - | 4,537 |
| B.O.A. CSS | - | 1,500 | 1,495 | 5 |
| BHS Electronic Sign Fund | - | 10,075 | 10,075 | - |
| BHS Library Grant | - | 1,300 | 340 | 960 |
| BSB Chat Grant | - | 650 | 741 | (91) |
| Construction Fund | 4,830 | - | - | 4,830 |
| Friends of Brewer | 10,976 | 12,503 | 20,420 | 3,059 |
| Hannaford | 1,313 | - | - | 1,313 |
| JROTC | (159) | - | 10,705 | (10,864) |
| Lego Grant | - | 3,303 | 3,303 | - |
| Maine Community Foundation | - | 2,916 | 2,916 | - |
| State Street Dance Fund | - | 11,000 | 8,279 | 2,721 |
| Stephen King Foundation | - | 10,000 | - | 10,000 |
| Trans Tech Grant | - | 2,800 | 2,800 | - |
| UMO Sports Done Right | 729 | - | 197 | 532 |
| Wal-Mart BMS | - | 300 | 240 | 60 |
| Wal-Mart Literacy Grant | 426 | - | - | 426 |
| Wal-Mart WSS | 1,000 | - | - | 1,000 |
| Total State and local programs | 23,652 | 56,347 | 61,511 | 18,488 |
| Totals | \$ 34,157 | 1,495,688 | 1,353,923 | 175,922 |

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECT FUNDS

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

CITY OF BREWER, MAINE
Nonmajor Capital Projects Fund
Balance Sheet
June 30, 2010

| | | Impact Fee Fund |
|--|-----------|-----------------------|
| ASSETS | | |
| Interfund loans receivable | \$ | 240,387 |
| Total assets | \$ | 240,387 |
| LIABILITIES AND FUND BALANCES | | |
| Liabilities: | | |
| Accounts payable | | - |
| Total liabilities | | - |
| Fund balances: | | |
| Unreserved - designated | | 240,387 |
| Total fund balances | | 240,387 |
| Total liabilities and fund balances | \$ | 240,387 |

CITY OF BREWER, MAINE
Nonmajor Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2010

| | Impact Fee Fund |
|-----------------------------------|-----------------------|
| Revenues: | |
| Local sources | \$ 18,921 |
| Total revenues | 18,921 |
| Expenditures: | |
| Capital outlay | 43,139 |
| Total expenditures | 43,139 |
| Net change in fund balances | (24,218) |
| Fund balances, beginning of year | 264,605 |
| Fund balances, end of year | \$ 240,387 |

CITY OF BREWER, MAINE
Capital Improvements Program
Schedule of Changes in Fund Balances
For the year ended June 30, 2010

| | Fund balances (deficit) beginning of year | Revenue | Transfers/ reencumbered | Expenditures | Transfers from (to) unallocated | Fund balances (deficit) end of year |
|--|---|---------|----------------------------|--------------|---------------------------------------|---|
| Capital Improvements Programs: | | | | | | |
| City Hall/Other: | | | | | | |
| Finance computer software | \$ 7,879 | - | - | - | - | 7,879 |
| Bond financing costs | 11,822 | - | - | 2,325 | - | 9,497 |
| City Hall Infrastructure | 12,631 | - | 15,000 | - | - | 27,631 |
| Voting Machines | - | 6,400 | 13,000 | - | (6,400) | 13,000 |
| Copiers | - | - | 10,000 | 10,690 | 690 | - |
| Tech Computer Hardware | 955 | - | 15,000 | 10,155 | - | 5,800 |
| Finance computer hardware | 3,422 | 450 | - | 2,578 | - | 1,294 |
| Energy efficient equipment & improvements | 17,892 | - | - | - | - | 17,892 |
| Brewer - Orrington Business Park | 121,766 | - | 130,000 | 58,336 | - | 193,430 |
| Total City Hall/other | 176,367 | 6,850 | 183,000 | 84,084 | (5,710) | 276,423 |
| Waterfront Development: | | | | | | |
| Property acquisitions | 169,723 | - | (170,000) | - | 277 | - |
| Youth waterfront projects | 5,000 | - | - | - | - | 5,000 |
| Waterfront trail | 113,352 | - | - | - | - | 113,352 |
| Landscaping/public improvements | 2,730 | - | - | - | - | 2,730 |
| Shore stabilization | (50,198) | 223,538 | - | - | - | 173,340 |
| Public parking | 170,000 | - | - | - | - | 170,000 |
| Center Street pedestrian mall | 42,000 | - | - | - | - | 42,000 |
| Total waterfront development | 452,607 | 223,538 | (170,000) | - | 277 | 506,422 |
| Public Safety: | | | | | | |
| Police vehicles | 2,733 | - | 26,500 | 26,699 | - | 2,534 |
| Public safety building | (70,982) | 3,000 | - | 60,993 | - | (128,975) |
| Total public safety | (68,249) | 3,000 | 26,500 | 87,692 | - | (126,441) |
| Public Works: | | | | | | |
| Paving | 166,207 | - | 165,000 | 9,592 | - | 321,615 |
| Landfill area closing | 128,819 | - | - | - | - | 128,819 |
| Landfill sloping | 9,726 | - | - | - | - | 9,726 |
| Landfill remediation | 150,000 | - | - | 413,521 | - | (263,521) |
| General road construction | 33,332 | - | 20,000 | 9,860 | - | 43,472 |
| Wilson Street widening | 14,182 | - | 10,000 | - | - | 24,182 |
| BACTS construction project | 7,882 | - | - | - | (7,882) | - |
| Eastern Ave. reconstruction | 97,000 | - | - | - | - | 97,000 |
| Century Street extension | 23,052 | - | - | - | - | 23,052 |
| Green Point Road reconstruction | - | - | - | 9 | - | (9) |
| Wintergreen Way Improvements | (7,082) | 18,898 | - | - | (11,816) | - |
| Jefferson Street sewer repairs | 38,842 | - | - | - | - | 38,842 |
| Parkway South resurface | 37,000 | - | - | 32,592 | (4,408) | - |
| Sparks Avenue reconstruction | 68,888 | - | 75,000 | 113,667 | - | 30,221 |
| S. Main Street improvements - City Share | - | - | 13,000 | 13,111 | 111 | - |
| N. Main Street improvements - MDOT | 6,000 | - | - | 6,171 | 171 | - |
| N. Main Street improvements - City share | 15,000 | - | - | - | - | 15,000 |
| City Hall Parking lot | 30,000 | - | - | 35,043 | 5,043 | - |
| Eastern Avenue Felts Brooks improvements | 373,900 | - | (375,000) | - | 1,100 | - |
| Day Road | 40,000 | - | - | - | - | 40,000 |
| Dam removal | (576) | - | 100,000 | 100,000 | 576 | - |
| Leachate pump line | 9,000 | - | - | 7,293 | - | 1,707 |
| Parkway South Culvert Replacement-City share | - | - | 15,000 | - | - | 15,000 |
| Cat 416 Backhoe#432 | - | - | 60,400 | 60,400 | - | - |
| Cat Grader | - | - | 125,000 | 125,032 | 32 | - |
| Gravel trailer | 35,000 | - | - | 33,033 | (1,967) | - |
| Gravel trailer | - | - | 20,500 | 20,500 | - | - |
| Total public works | 1,276,172 | 18,898 | 228,900 | 979,824 | (19,040) | 525,106 |

CITY OF BREWER, MAINE
Capital Improvements Program
Schedule of Changes in Fund Balances, Continued
For the year ended June 30, 2010

| | Fund balances (deficit) beginning of year | Revenue | Transfers/ reencumbered | Expenditures | Transfers from (to) unallocated | Fund balances (deficit) end of year |
|-------------------------------------|---|------------------|----------------------------|------------------|---------------------------------------|---|
| Parks and Recreation: | | | | | | |
| Oak Hill erosion control | \$ 8,500 | - | - | - | - | 8,500 |
| Maple Street remediation | 12,000 | - | 16,000 | 10,000 | - | 18,000 |
| Eastern playground | 23,560 | - | - | - | - | 23,560 |
| Pendleton Rink | 70,000 | - | - | 44,119 | - | 25,881 |
| Auditorium parking lot | 90,000 | - | 50,000 | - | - | 140,000 |
| Auditorium gym floor refinish | 8,750 | - | - | - | - | 8,750 |
| Auditorium doors, windows, entrance | 5,198 | - | 25,000 | 6,600 | - | 23,598 |
| Auditorium roof replacement | 1,295 | - | - | 1,295 | - | - |
| Scoreboard | - | - | 8,000 | - | - | 8,000 |
| Total parks and recreation | 219,303 | - | 99,000 | 62,014 | - | 256,289 |
| Subtotal projects | 2,056,200 | 252,286 | 367,400 | 1,213,614 | (24,473) | 1,437,799 |
| CIP - Unallocated | 247,952 | 198,533 | - | 367,400 | 24,473 | 103,558 |
| Tax Increment Financing Projects | 446,891 | 1,608,654 | - | 1,583,656 | - | 471,889 |
| Subtotal non-impact fee CIP | 2,751,043 | 2,059,473 | 367,400 | 3,164,670 | - | 2,013,246 |
| Impact Fee Projects: | | | | | | |
| Parallel Road | 95,533 | 5,443 | - | 38,115 | - | 62,861 |
| Signal Coordination | 85,282 | 475 | - | - | - | 85,757 |
| Signal Preemption | 28,582 | 114 | - | - | - | 28,696 |
| Pierce Road relocation and signal | 94,980 | 2,037 | - | - | - | 97,017 |
| Wilson/Parkway South intersection | 19,876 | 1,407 | - | - | - | 21,283 |
| State and Washington intersection | 19,068 | 392 | - | - | - | 19,460 |
| City bus transit | 15,779 | 554 | - | - | - | 16,333 |
| Set up and administrative costs | 15,745 | 3,865 | - | 390 | - | 19,220 |
| Sewer | (240) | 2,706 | - | 2,706 | - | (240) |
| Water | - | 1,928 | - | 1,928 | - | - |
| Transfers | (110,000) | - | - | - | - | (110,000) |
| Total impact fee projects | 264,605 | 18,921 | - | 43,139 | - | 240,387 |
| Totals | \$ 3,015,648 | 2,078,394 | 367,400 | 3,207,809 | - | 2,253,633 |

NONMAJOR GOVERNMENTAL FUNDS

PERMANENT FUNDS

CITY OF BREWER, MAINE
Nonmajor Permanent Funds
Combining Balance Sheet
June 30, 2010

(with comparative totals for June 30, 2009)

| | Woodlawn | | | | | | | | | | Totals | | |
|--|-------------------|------------------------|------------------------------|---------------------------|---------------------|-------------------------|-------------------------|-------------------------|----------------------|----------------|----------------|--|--|
| | Cemetery Trust | Elsie Olmstead Library | Ministerial and School Funds | Jefferts Educational Fund | Wallace Witham Fund | Revolving Cemetery Fund | Veteran's Memorial Fund | Robertson Memorial Fund | Cianbro Home Heating | 2010 | 2009 | | |
| ASSETS | | | | | | | | | | | | | |
| Cash and cash equivalents | \$ 74,841 | 5,939 | 1,119 | 5,101 | 344 | 6,992 | - | - | - | 94,336 | 73,875 | | |
| Investments | 353,994 | - | - | - | - | - | - | - | - | 353,994 | 370,600 | | |
| Interfund loans receivable | - | - | - | - | - | 14 | 4,749 | 2,000 | 1,000 | 7,763 | 6,599 | | |
| Total assets | \$ 428,835 | 5,939 | 1,119 | 5,101 | 344 | 7,006 | 4,749 | 2,000 | 1,000 | 456,093 | 451,074 | | |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | | | |
| Accounts payable | - | - | - | - | - | - | - | - | - | - | 213 | | |
| Interfund loans payable | 108,031 | - | - | - | - | - | - | - | - | 108,031 | 108,247 | | |
| Total liabilities | 108,031 | - | - | - | - | - | - | - | - | 108,031 | 108,460 | | |
| Fund balances: | | | | | | | | | | | | | |
| Undesignated Principal | 8,923 | 5,939 | 1,119 | 5,101 | 344 | 7,006 | 4,749 | 2,000 | 1,000 | 36,181 | 30,733 | | |
| | 311,881 | - | - | - | - | - | - | - | - | 311,881 | 311,881 | | |
| Total fund balances | 320,804 | 5,939 | 1,119 | 5,101 | 344 | 7,006 | 4,749 | 2,000 | 1,000 | 348,062 | 342,614 | | |
| Total liabilities and fund balances | \$ 428,835 | 5,939 | 1,119 | 5,101 | 344 | 7,006 | 4,749 | 2,000 | 1,000 | 456,093 | 451,074 | | |

CITY OF BREWER, MAINE
 Nonmajor Permanent Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 For the year ended June 30, 2010
 (with comparative totals for June 30, 2009)

| | Cemetery Trust | Elsie Olmstead Library | Ministerial and School Funds | Jefferts Educational Fund | Wallace Witham Fund | Woodlawn Revolving Cemetery Fund | Veteran's Memorial Fund | Robertson Memorial Fund | Cianbro Home Heating | Totals |
|---|-------------------|------------------------|------------------------------|---------------------------|---------------------|----------------------------------|-------------------------|-------------------------|----------------------|----------------|
| | | | | | | | | | | 2010 2009 |
| Revenues: | | | | | | | | | | |
| Contributions | \$ - | - | - | - | - | - | 3,356 | - | - | 3,356 |
| Investment income | 7,044 | 32 | 11 | 57 | 4 | 90 | - | 2,000 | 1,000 | 11,956 |
| Total revenues | 7,044 | 32 | 11 | 57 | 4 | 90 | 3,356 | 2,000 | 1,000 | 13,594 |
| Expenditures: | | | | | | | | | | |
| Cemetery care | 3,070 | - | - | - | - | 43 | - | - | - | 3,113 |
| Other | - | - | 7 | 31 | 2 | - | 2,993 | 2,000 | - | 5,033 |
| Total expenditures | 3,070 | - | 7 | 31 | 2 | 43 | 2,993 | 2,000 | - | 8,146 |
| Excess (deficiency) of revenues over (under) expenditures | 3,974 | 32 | 4 | 26 | 2 | 47 | 363 | - | 1,000 | 5,448 |
| Other financing uses: | | | | | | | | | | |
| Transfers to other funds | - | - | - | - | - | - | - | - | - | (8,000) |
| Total other financing uses | - | - | - | - | - | - | - | - | - | (8,000) |
| Net change in fund balances | 3,974 | 32 | 4 | 26 | 2 | 47 | 363 | - | 1,000 | 5,448 |
| Fund balances, beginning of year | 316,830 | 5,907 | 1,115 | 5,075 | 342 | 6,959 | 4,386 | 2,000 | - | 342,614 |
| Fund balances, end of year | \$ 320,804 | 5,939 | 1,119 | 5,101 | 344 | 7,006 | 4,749 | 2,000 | 1,000 | 348,062 |
| | | | | | | | | | | 342,614 |

AGENCY FUNDS



CITY OF BREWER, MAINE
Agency Funds
Statement of Additions, Deductions and Changes in Balances
For the year ended June 30, 2010

| | | Balances beginning of year | Additions | Deductions | Balances end of year |
|---|-----------|----------------------------------|----------------|----------------|----------------------------|
| Activity funds: | | | | | |
| Brewer High School Student Activities | \$ | 120,861 | 334,128 | 322,695 | 132,294 |
| Brewer Middle School Student Activities | | 16,620 | 33,284 | 21,270 | 28,634 |
| Capri Street School | | 4,523 | 1,224 | 1,125 | 4,622 |
| Washington Street School | | 7,354 | 10,962 | 11,720 | 6,596 |
| State Street School | | 6,352 | 13,821 | 15,514 | 4,659 |
| Children's fund | | 48,267 | 21,545 | 18,364 | 51,448 |
| Superintendent's Office | | 2,529 | 5,659 | 5,997 | 2,191 |
| Building Project Fund | | - | 52,788 | - | 52,788 |
| Total | \$ | 206,506 | 473,411 | 396,685 | 283,232 |

SCHEDULE



CITY OF 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, 2010
(with comparative actual amounts for the year ended June 30, 2009)

| | 2010 | | Variance positive (negative) | 2009 Actual |
|---|--------------|----------------|------------------------------------|----------------|
| | Budget | Actual | | |
| Revenues: | | | | |
| State education subsidy--school | \$ 8,086,765 | 7,419,880 | (666,885) | 6,968,261 |
| State agency clients | 80,000 | 54,687 | (25,313) | 54,812 |
| Medicaid reimbursement | 120,000 | 191,052 | 71,052 | 203,479 |
| District assessments | 3,087,000 | 3,097,626 | 10,626 | 3,108,729 |
| Local sources | 194,500 | 229,465 | 34,965 | 250,368 |
| Other financing sources: | | | | |
| City appropriation | 5,794,622 | 5,794,622 | - | 5,668,613 |
| Budgeted use of fund balance | 800,000 | - | (800,000) | - |
| Total revenues and other financing sources | 18,162,887 | 16,787,332 | (1,375,555) | 16,254,262 |
| Expenditures: | | | | |
| Regular instruction | 7,638,711 | 7,283,293 | 355,418 | 7,322,031 |
| Special education instruction | 2,807,992 | 2,585,986 | 222,006 | 2,767,729 |
| Career and technical education | 164,634 | 164,634 | - | 155,315 |
| Other instruction | 798,935 | 713,424 | 85,511 | 692,795 |
| Student and staff support | 1,328,704 | 1,154,682 | 174,022 | 1,231,614 |
| System administration | 610,156 | 485,365 | 124,791 | 476,005 |
| School administration | 908,979 | 860,581 | 48,398 | 888,097 |
| Transportation and buses | 417,780 | 397,782 | 19,998 | 409,312 |
| Facilities maintenance | 1,699,440 | 1,532,595 | 166,845 | 1,626,593 |
| Debt service and other commitments | 1,739,181 | 1,316,560 | 422,621 | 441,662 |
| All other expenditures | 48,375 | 48,339 | 36 | 54,086 |
| Total expenditures | 18,162,887 | 16,543,241 | 1,619,646 | 16,065,239 |
| Net change in fund balances - budgetary basis | - | 244,091 | 244,091 | 189,023 |
| Reconciliation to GAAP: | | | | |
| Change in accrued summer salaries | | 104,010 | | (116,147) |
| Net change in fund balances - GAAP basis | | 348,101 | | 72,876 |
| Fund balance, beginning of year | | 408,817 | | 335,941 |
| Fund balance, end of year | \$ | 756,918 | | 408,817 |

