

CITY OF BREWER, MAINE

Annual Financial Report

For the Year Ended June 30, 2012

CITY OF BREWER, MAINE
Annual Financial Report
For the Year Ended June 30, 2012

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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, 2012, 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, 2012, 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 20, 2012, 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 - 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 fund financial statements and schedule are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 20, 2012
South Portland, Maine

CITY OF BREWER, MAINE
Management's Discussion and Analysis
June 30, 2012

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, 2012.

Financial Highlights

- ❖ The assets of the City of Brewer exceeded liabilities by \$46,099,502 (net assets). Of this amount, \$792,342 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 \$5,454,643 from the prior year. Net assets of Governmental Activities increased by \$1,547,487 while Business-type Activities increased by \$3,907,156.
- ❖ At the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$8,594,888, which was a decrease of \$1,237,105 from the prior fiscal year. \$128,564 of this decrease was in the City's general fund; \$205,864 is attributable to a decrease in the City's major capital projects fund; with a decrease of \$902,677 in the other governmental funds.
- ❖ The City's general fund reports an unassigned fund balance of \$3,642,819 and total fund balance of \$5,837,100, a decrease of \$128,564. The City's unassigned fund balance is currently at 10.67% of budget and 11.22% of general fund expenditures.
- ❖ The City of Brewer completed two bond refinancings in FY 2012. The first, with Maine Bond Bank, combined 3 separate issues into one at a lower interest rate without extending the original payoff dates. The other refinancing, handled by Moors and Cabot, combined 11 older issues and 1 new issue into one bond. In addition to obtaining a lower interest rate, we were able to sell the refinancing bonds at a premium so that the total principal amount owed was reduced, and issue costs were covered without any cash payments or extending the original payoff dates.
- ❖ The City of Brewer incurred \$2,760,000 in additional long-term debt in the most current fiscal year. However, the City retired \$3,407,627 in old debt.

Overview of the Financial Statements

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

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

Both of the government-wide financial statements distinguish functions of the City of Brewer that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Brewer include 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 11-12 of this report.

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 13 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 17 of this report.

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.

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

The basic fiduciary fund financial statements can be found on pages 20 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 22-44 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 \$25,084,915. Business-type activity assets exceeded liabilities by \$21,014,587 for a City-wide total of net assets of \$46,099,502 at the close of the most recent fiscal year. The Statement of Net Assets can be found on page 11 of this report.

The largest portion of the City of Brewer's net assets (90.06%) 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 (8.24%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (1.70%, or \$792,342) may be used to meet the City's ongoing obligations to citizens and creditors.

Net Assets

	Governmental Activities		Business-type Activities		Primary Government Total	
	2012	2011	2012	2011	2012	2011
ASSETS						
Current and other assets	12,999,836	13,193,099	(1,474,106)	(868,775)	11,525,730	12,324,324
Capital assets	37,708,997	35,077,420	46,665,391	41,187,078	84,374,388	76,264,498
Total assets	\$ 50,708,833	\$ 48,270,519	\$ 45,191,285	\$ 40,318,303	\$ 95,900,118	\$ 88,588,822
LIABILITIES						
Long-term debt outstanding	21,712,313	19,590,053	23,285,156	22,108,098	44,997,469	41,698,151
Other liabilities	3,911,605	5,143,038	891,542	1,102,774	4,803,147	6,245,812
Total liabilities	\$ 25,623,918	\$ 24,733,091	\$ 24,176,698	\$ 23,210,872	\$ 49,800,616	\$ 47,943,963
NET ASSETS						
Invested in capital assets, net of debt	19,073,336	15,487,367	23,380,235	19,078,980	42,453,571	34,566,347
Restricted	3,339,776	2,932,863	449,325	-	3,789,101	2,932,863
Unrestricted (deficit)	2,671,803	5,117,198	(2,814,973)	(1,971,549)	(143,170) *	3,145,649
Total net assets	\$ 25,084,915	\$ 23,537,428	\$ 21,014,587	\$ 17,107,431	\$ 46,099,502	\$ 40,644,859

* In summary of significant accounting policies section O there is an explanation as to why the above unrestricted net assets do not equal to Statement of Net Assets in the Basic Financial Statements section of this report.

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	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 4,741,974	5,043,602	4,766,205	4,714,014	9,508,179	9,757,616
Operating grants & cont.	18,795,259	13,866,725	-	-	18,795,259	13,866,725
Capital grants & cont.	1,470,720	1,446,530	1,999,811	696,868	3,470,531	2,143,398
General revenues:						
Property taxes	13,898,792	13,994,445	-	-	13,898,792	13,994,445
Excise taxes	1,450,403	1,431,056	-	-	1,450,403	1,431,056
Interest & cost on taxes	84,009	77,695	-	-	84,009	77,695
Franchise fees	114,284	114,026	-	-	114,284	114,026
State Revenue Sharing	965,668	1,015,857	-	-	965,668	1,015,857
Homestead exemption	182,282	183,898	-	-	182,282	183,898
Other govt. revenues	58,675	55,370	-	-	58,675	55,370
Unrestricted invstmt. earnings	23,010	32,399	-	-	23,010	32,399
Misc. revenues	50,737	39,136	-	-	50,737	39,136
Gain (loss) on disposal assets	(326,653)	(40,076)	19,642	(16,620)	(307,011)	(56,696)
Transfers	(2,011,042)	158,762	2,011,042	(158,762)	-	-
Total revenues	39,498,118	37,419,425	8,796,700	5,235,500	48,294,818	42,654,925
Expenditures:						
Current:						
Administration	2,218,947	1,813,078	-	-	2,218,947	1,813,078
Protection	4,530,581	4,460,541	-	-	4,530,581	4,460,541
Public Services	297,092	256,477	-	-	297,092	256,477
Public Works	3,022,270	2,837,472	-	-	3,022,270	2,837,472
Education	21,625,501	21,783,502	-	-	21,625,501	21,783,502
Unclassified	3,570,080	3,635,327	-	-	3,570,080	3,635,327
Assessments	870,461	839,247	-	-	870,461	839,247
Capital outlay	997,497	1,063,865	-	-	997,497	1,063,865
Interest on debt	818,202	686,341	-	-	818,202	686,341
Water	-	-	2,319,962	2,415,712	2,319,962	2,415,712
Sewer	-	-	2,569,582	2,510,664	2,569,582	2,510,664
Total expenditures	37,950,631	37,375,850	4,889,544	4,926,376	42,840,175	42,302,226
Change in net assets	1,547,487	43,575	3,907,156	309,124	5,454,643	352,699
Net assets, prior year	23,537,428	23,493,853	17,107,431	16,798,307	40,644,859	40,292,160
Net assets, current year	\$ 25,084,915	23,537,428	21,014,587	17,107,431	46,099,502	40,644,859

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, 2012 of \$8,594,888, a decrease of \$1,237,105 in comparison with the prior year. Just over 40% of this total amount (\$3,572,849) constitutes unassigned fund balance, which is available for spending at the government's discretion. The balances reflect the compliance with G.A.A.P. accounting rules for the accrued teacher summer salaries. The remainder of the fund balance (\$5,022,039) is not available for new spending because it has already been restricted to use only for 1) various capital and other governmental purposes (\$2,352,397) and education (\$987,379), 2) non-expendable principal in investments, prepaid amounts and inventory (\$561,551), or 3) committed or assigned to specific uses (\$1,102,338).

The General Fund is the central operating fund of the City of Brewer. At the end of the current fiscal year, the fund balance was \$5,837,100. After adjusting for nonspendable amounts (\$219,791), the amount that is restricted for use for education (\$872,152) and items assigned to specific use (\$1,102,338 of which \$450,000 is for the 2012 budget and \$514,753 for accrued compensated absences), there is a net unassigned balance of \$3,642,819 that can be used to meet the ongoing needs of the City. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 11.22% of the total general fund expenditures; total fund balance represents 18% of total general fund expenditures.

The fund balance of the City of Brewer's General Fund decreased \$128,564 during the current fiscal year. This is due to positive revenue budget variances \$4,366, positive expenditure budget variances \$1,697,442, partially offset by a budgeted use of fund balance of (\$1,675,000) and an adjustment for school change accrued summer salaries \$(30,956).

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 \$2,104,593 to \$12,023,191. Operating income was \$141,722 while nonoperating revenues added another \$1,962,871. Net assets of the City's Sewer Fund increased \$1,802,563 to \$8,991,396. The Sewer fund experienced an operating loss of \$265,061 and nonoperating income of \$2,067,624. Of the total net assets, the amount classified as invested in capital assets, net of related debt was \$10,271,636 and \$13,108,599 for the Water and Sewer Funds, respectively. Unrestricted net assets were \$1,302,230 for the Water Fund and (\$4,117,203) for the Sewer Fund.

General Fund Budgetary Highlights

The City of Brewer had a \$219,144 difference between the original and amended FY 2012 budget. The changes are as follows:

City Departments	\$ 209,773
County Assessment	(24,211)
Overlay	(20,000)
Transit Operations	31,582
CIP	22,000
Total	\$ 219,144

These supplemental appropriations were authorized by the Brewer City Council and appropriated from unanticipated revenues of \$160,527 and prior year carryforward balances of \$58,616. 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, 2012 amounts to \$65,100,936, net of accumulated depreciation of \$27,391,939, leaving a net book value of \$37,708,997. This is an increase of \$2,631,577, including \$4,943,165 in new additions offset by \$1,984,935 in depreciation expense and \$326,653 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, 2012 amounts to \$67,232,422, net of accumulated depreciation of \$20,567,031, leaving a net book value of \$46,665,391. This is an increase of \$5,478,313, including \$6,691,892 in new additions offset by \$1,212,881 in depreciation expense and a \$698 loss on disposal of assets. This investment in capital assets includes land, buildings and improvements, vehicles, machinery and equipment, and water and sewer infrastructure.

Long-term Debt. At the end of the current fiscal year, the City of Brewer had total bonds outstanding of \$40,892,788. Of this amount, \$18,751,868 is for governmental activities and \$22,140,920 is for business-type activities. All debt is backed by the full faith and credit of the City.

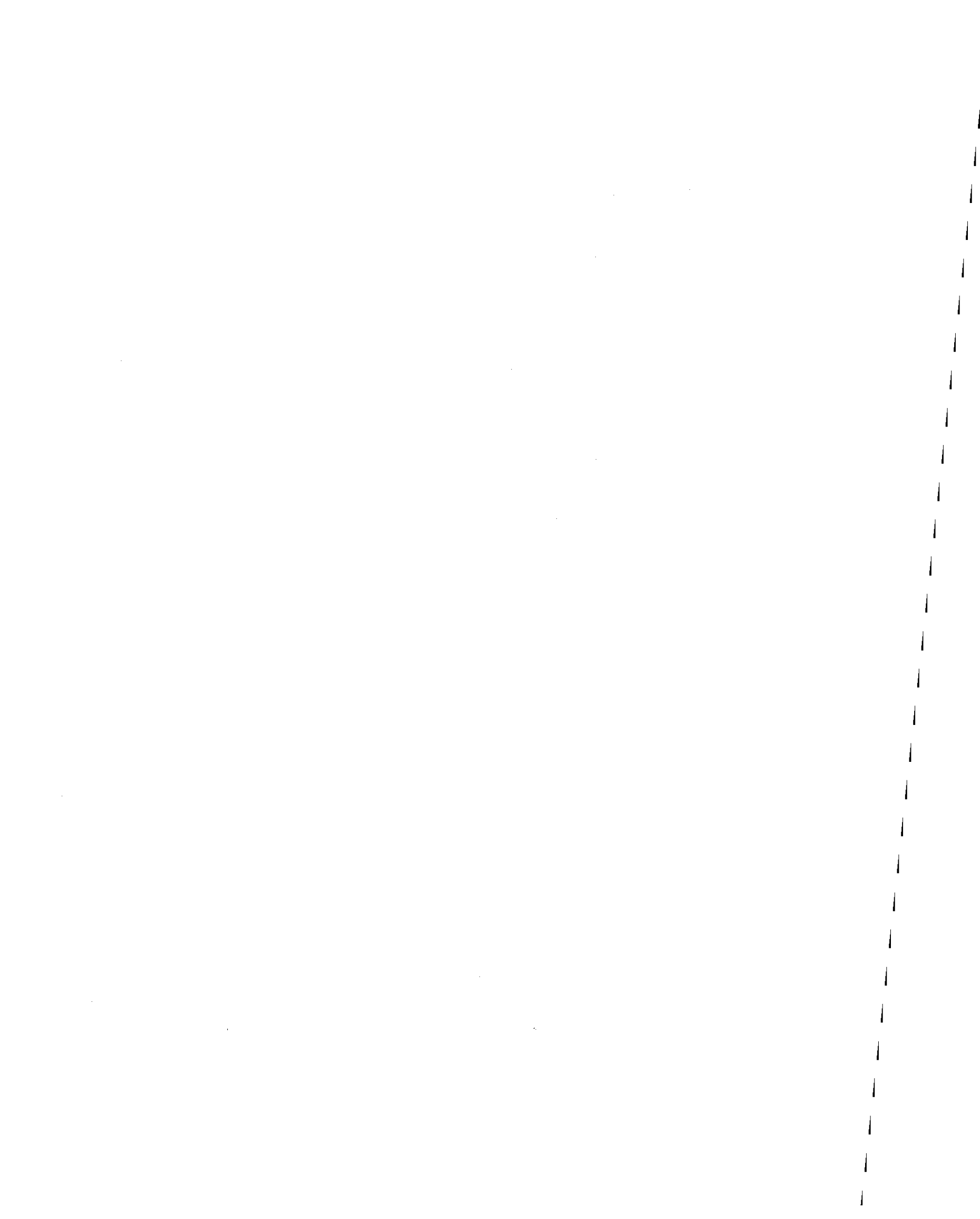
The City of Brewer issued \$2,760,000 in new long-term debt during the current fiscal year for various capital improvements. The statements report a much larger figure because they include the refinancing figures which is not new authorized debt, but rather the payoff of prior issues and replacing them with the new issues for the same debt.

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 \$109,822,500 and \$54,911,250 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, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 7,480,940	202,381	7,683,321
Investments	1,062,269	-	1,062,269
Receivables:			
Taxes receivable	120,131	-	120,131
Tax and sewer liens	511,344	34,581	545,925
Other receivables	545,848	838,472	1,384,320
Due from other governments	67,453	-	67,453
Prepaid expenses	219,791	291,106	510,897
Inventory	17,207	47,320	64,527
Internal balances	2,887,966	(2,887,966)	-
Bond issuance costs	86,887	-	86,887
Capital assets, not being depreciated	3,084,927	7,844,059	10,928,986
Capital assets, net	34,624,070	38,821,332	73,445,402
Total assets	50,708,833	45,191,285	95,900,118
LIABILITIES			
Accounts payable	663,567	178,638	842,205
Accrued payroll and related liabilities	1,821,759	131,956	1,953,715
Accrued interest payable	70,512	70,245	140,757
Taxes collected in advance	55,767	-	55,767
Bond anticipation notes payable	1,170,250	-	1,170,250
Deferred revenues	129,750	510,703	640,453
Noncurrent liabilities:			
Due within one year	1,572,148	1,387,378	2,959,526
Due in more than one year	20,140,165	21,897,778	42,037,943
Total liabilities	25,623,918	24,176,698	49,800,616
NET ASSETS			
Invested in capital assets, net of related debt	19,073,336	23,380,235	41,518,059
Restricted	3,339,776	449,325	3,789,101
Unrestricted	2,671,803	(2,814,973)	792,342
Total net assets	\$ 25,084,915	21,014,587	46,099,502

See accompanying notes to financial statements.

CITY OF BREWER, MAINE
Statement of Activities
For the year ended June 30, 2012

Program Revenues					Net (expense) revenue and changes in net assets		
Functions/programs	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total
					Governmental activities	Business-type activities	
Primary government:							
Governmental activities:							
Administration	\$ 2,218,947	64,306	-	7,489	(2,147,152)	-	(2,147,152)
Protection	4,530,581	439,506	16,837	-	(4,074,238)	-	(4,074,238)
Public services	297,092	-	80,459	-	(216,633)	-	(216,633)
Public works	3,022,270	396,522	134,300	17,211	(2,474,237)	-	(2,474,237)
Unclassified	3,570,080	412,307	996,980	-	(2,160,793)	-	(2,160,793)
Education	20,156,510	3,427,234	12,635,792	-	(4,093,484)	-	(4,093,484)
State retirement contribution (Education)	1,468,991	-	1,468,991	-	-	-	-
Interest on debt	818,202	2,099	-	-	(816,103)	-	(816,103)
Assessments	870,461	-	-	-	(870,461)	-	(870,461)
Capital outlay	997,497	-	3,461,900	1,446,020	3,910,423	-	3,910,423
Total governmental activities	37,950,631	4,741,974	18,795,259	1,470,720	(12,942,678)	-	(12,942,678)
Business-type activities:							
Water	2,319,962	2,461,684	-	134,052	-	275,774	275,774
Sewer	2,569,582	2,304,521	-	1,865,759	-	1,600,698	1,600,698
Total business-type activities	4,889,544	4,766,205	-	1,999,811	-	1,876,472	1,876,472
Total primary government	\$ 42,840,175	9,508,179	18,795,259	3,470,531	(12,942,678)	1,876,472	(11,066,206)
General revenues:							
Property taxes					\$ 13,898,792	-	13,898,792
Excise taxes					1,450,403	-	1,450,403
Interest and costs on taxes					84,009	-	84,009
Franchise fees					114,284	-	114,284
Grants and contributions not restricted to specific programs:							
State Revenue Sharing					965,668	-	965,668
Homestead exemption					182,282	-	182,282
Other intergovernmental revenues					58,675	-	58,675
Unrestricted investment earnings					23,010	-	23,010
Miscellaneous revenues					50,737	-	50,737
Gain (loss) on disposal of assets					(326,653)	19,642	(307,011)
Transfers					(2,011,042)	2,011,042	-
Total general revenues					14,490,165	2,030,684	16,520,849
Change in net assets					1,547,487	3,907,156	5,454,643
Net assets - beginning					23,537,428	17,107,431	40,644,859
Net assets - ending					\$ 25,084,915	21,014,587	46,099,502

See accompanying notes to financial statements.

CITY OF BREWER, MAINE
Balance Sheet
Governmental Funds
June 30, 2012

	General	Other Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 5,946,736	1,425,784	108,420	7,480,940
Investments	709,240	-	353,029	1,062,269
Receivables:				
Taxes receivable	120,131	-	-	120,131
Tax liens	511,344	-	-	511,344
Other receivables	420,586	-	125,262	545,848
Due from other governments	-	-	67,453	67,453
Prepaid items	219,791	-	-	219,791
Interfund loans receivable	1,922,681	-	1,295,004	3,217,685
Inventory	-	-	17,207	17,207
Total assets	\$ 9,850,509	1,425,784	1,966,375	13,242,668
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	363,583	21,523	272,526	657,632
Accrued payroll and related liabilities	1,821,759	-	-	1,821,759
Taxes collected in advance	55,767	-	-	55,767
Deferred revenue	602,050	-	4,668	606,718
Bond anticipation notes payable	1,170,250	-	-	1,170,250
Interfund loans payable	-	2,231	333,423	335,654
Total liabilities	4,013,409	23,754	610,617	4,647,780
Fund balances:				
Nonspendable	219,791	-	341,760	561,551
Restricted	872,152	1,402,030	1,065,594	3,339,776
Committed	-	-	18,374	18,374
Assigned	1,102,338	-	-	1,102,338
Unassigned	3,642,819	-	(69,970)	3,572,849
Total fund balances	5,837,100	1,402,030	1,355,758	8,594,888
Total liabilities and fund balances	\$ 9,850,509	1,425,784	1,966,375	

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

Bond issuance costs amortized in governmental activities, are not reported in the funds.	86,887
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	37,708,997
Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the funds.	476,968
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	(18,751,868)
Premium on bonds	(688,578)
Capital leases	(130,727)
Compensated absences	(1,910,489)
Other postemployment benefits liability	(230,651)
Accrued interest payable	(70,512)

Net assets of governmental activities **\$ 25,084,915**

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, 2012

	General	Other Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 15,481,028	-	-	15,481,028
Licenses and permits	427,092	-	-	427,092
Intergovernmental	12,664,312	-	2,983,725	15,648,037
Local sources	4,811,011	1,362,398	360,945	6,534,354
Unclassified	-	-	298,815	298,815
Interest earned	23,010	-	4,540	27,550
Total revenues	33,406,453	1,362,398	3,648,025	38,416,876
Expenditures:				
Current:				
Administration	1,758,726	-	-	1,758,726
Protection	4,203,418	-	-	4,203,418
Public services	297,092	-	-	297,092
Public works	2,048,852	-	-	2,048,852
Unclassified	2,748,029	-	2,825,610	5,573,639
Education	18,401,626	-	1,645,384	20,047,010
Debt service				
Principal	11,806,450	-	-	11,806,450
Interest	1,022,404	-	-	1,022,404
Assessments	870,461	-	-	870,461
State retirement contribution	1,468,991	-	-	1,468,991
Capital outlay	-	2,393,662	85,100	2,478,762
Total expenditures	44,626,049	2,393,662	4,556,094	51,575,805
Deficiency of revenues under expenditures	(11,219,596)	(1,031,264)	(908,069)	(13,158,929)
Other financing sources (uses):				
Capital lease proceeds	29,642	-	-	29,642
Issuance of debt	10,141,000	930,000	55,000	11,126,000
Premium from bond issuance	593,520	89,750	5,308	688,578
Cost of bond issuance	(77,714)	(8,661)	(512)	(86,887)
Reserves and carryforwards	4,861	-	-	4,861
Transfers from other funds	421,723	22,000	-	443,723
Transfers to other funds	(22,000)	(207,689)	(54,404)	(284,093)
Total other financing sources	11,091,032	825,400	5,392	11,921,824
Net change in fund balances	(128,564)	(205,864)	(902,677)	(1,237,105)
Fund balances, beginning of year	5,965,664	1,607,894	2,258,435	9,831,993
Fund balances, end of year	\$ 5,837,100	1,402,030	1,355,758	8,594,888

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, 2012

Net change in fund balances - total governmental funds (from Statement 4)	\$	(1,237,105)
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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 the capital outlay (\$4,943,165) exceeded depreciation expense (\$1,984,935) and loss on disposal (\$326,653) in the current period.

2,631,577

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.

(47,824)

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 (\$204,203), less the increase in accrued compensated absences (\$49,496) and other post-employment benefits (\$59,635).

95,072

The City is amortizing the issuance costs and the issuance premium over the life of the new bond. This is the amount by which the issuance premium (\$688,578) exceeded the issuance costs (\$86,887) for the current period.

(601,691)

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 bond repayments (\$11,806,449) and lease repayments (\$56,651) exceeded bond proceeds (\$11,126,000) and lease proceeds (\$29,642)

707,458

Change in net assets of governmental activities (see Statement 2)	\$	1,547,487
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See accompanying notes to financial statements.

CITY OF BREWER, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Budgetary Basis)
For the year ended June 30, 2012

	General Fund			Variance with final budget positive (negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 15,221,863	15,216,463	15,481,028	264,565
Licenses and permits	376,113	376,113	427,092	50,979
Intergovernmental	11,285,395	11,285,395	11,195,321	(90,074)
Local sources	4,897,497	5,030,125	4,811,011	(219,114)
Interest earned	25,000	25,000	23,010	(1,990)
Total revenues	31,805,868	31,933,096	31,937,462	4,366
Expenditures:				
Current:				
Administration	1,784,786	1,870,136	1,758,726	111,410
Protection	4,331,250	4,380,016	4,203,418	176,598
Public services	289,173	335,354	297,092	38,262
Public works	2,179,352	2,196,332	2,048,852	147,480
Unclassified	2,671,767	2,715,845	2,748,029	(32,184)
Education	19,596,958	19,596,958	18,341,028	1,255,930
Debt service:				
Principal	1,351,588	1,351,588	1,351,588	-
Interest	814,824	814,824	820,460	(5,636)
Assessments	898,254	876,043	870,461	5,582
Total expenditures	33,917,952	34,137,096	32,439,654	1,697,442
Deficiency of revenues under expenditures	(2,112,084)	(2,204,000)	(502,192)	1,701,808
Other financing sources (uses):				
Use of fund balance	1,675,000	1,675,000	-	(1,675,000)
Reserves and carryforwards	4,859	96,775	4,861	(91,914)
Transfers from other funds	454,225	454,225	421,723	(32,502)
Transfers to other funds	(22,000)	(22,000)	(22,000)	-
Total other financing sources	2,112,084	2,204,000	404,584	(1,799,416)
Net change in fund balances - budgetary basis	-	-	(97,608)	(97,608)
Reconciliation to GAAP:				
Issuance of debt			10,141,000	
Premium from bond issuance			593,520	
Cost of bond issuance			(77,714)	
Principal payment on refunded bonds			(10,454,862)	
Interest payment on refunded bonds			(201,944)	
Change in accrued summer salaries			(30,956)	
Total reconciling items to GAAP			(30,956)	
Net change in fund balances - GAAP basis			(128,564)	
Fund balances, beginning of year			5,965,664	
Fund balances, end of year	\$		5,837,100	

See accompanying notes to financial statements.

CITY OF BREWER, MAINE
Statement of Net Assets
Proprietary Funds
June 30, 2012

Business-type Activities - Enterprise Funds			
	Water Department	Sewer Department	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 202,331	50	202,381
Accounts receivable	-	149,043	149,043
User fees receivable	122,493	566,936	689,429
Liens receivable	-	34,581	34,581
Prepaid expenses	-	1,625	1,625
Interfund loans receivable	1,639,466	-	1,639,466
Inventory	47,320	-	47,320
Total current assets	2,011,610	752,235	2,763,845
Noncurrent assets:			
Capital assets not being depreciated:			
Land	3,020,775	53,900	3,074,675
Construction in progress	4,700	4,764,684	4,769,384
Total capital assets not being depreciated	3,025,475	4,818,584	7,844,059
Capital assets being depreciated:			
Capital assets	29,377,078	30,011,285	59,388,363
Accumulated depreciation	(8,007,764)	(12,559,267)	(20,567,031)
Total capital assets being depreciated	21,369,314	17,452,018	38,821,332
Deferred charges, net of amortization	258,027	31,454	289,481
Total noncurrent assets	24,652,816	22,302,056	46,954,872
Total assets	\$ 26,664,426	23,054,291	49,718,717
LIABILITIES			
Current liabilities:			
Accounts payable	31,520	147,118	178,638
Accrued payroll and related benefits	71,450	60,506	131,956
Accrued interest payable	23,787	46,458	70,245
Deferred revenue and advances for construction	391,325	119,378	510,703
Interfund loans payable	-	4,527,432	4,527,432
Current portion of bonds payable	602,483	784,895	1,387,378
Total liabilities	1,120,565	5,685,787	6,806,352
Long-term liabilities:			
Bonds payable	13,520,670	8,377,108	21,897,778
Total long-term liabilities	13,520,670	8,377,108	21,897,778
Total liabilities	\$ 14,641,235	14,062,895	28,704,130
NET ASSETS			
Invested in capital assets, net of related debt	10,271,636	13,108,599	23,380,235
Restricted	449,325	-	449,325
Unrestricted	1,302,230	(4,117,203)	(2,814,973)
Total net assets	\$ 12,023,191	8,991,396	21,014,587

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, 2012

Business-type Activities - Enterprise Funds			
	Water Department	Sewer Department	Total
Operating revenues:			
Charges for services	\$ 2,436,302	2,093,226	4,529,528
Other	25,382	211,295	236,677
Total operating revenues	2,461,684	2,304,521	4,766,205
Operating expenses:			
Operation - salaries and benefits	460,639	557,392	1,018,031
Operation - other	280,182	852,535	1,132,717
Administrative expenses - salaries and benefits	156,639	134,894	291,533
Administrative expenses - other	213,864	44,535	258,399
Interest on debt service	675,146	276,585	951,731
Depreciation and amortization	533,492	703,641	1,237,133
Total operating expenses	2,319,962	2,569,582	4,889,544
Operating income (loss)	141,722	(265,061)	(123,339)
Nonoperating revenues:			
Capital grants and contributions	134,052	1,865,759	1,999,811
Gain (loss) on sale of assets	20,340	(698)	19,642
Transfers from General Fund - capital contributions	1,897,051	273,621	2,170,672
Transfers to General Fund - administration	(88,572)	(71,058)	(159,630)
Total nonoperating revenues	1,962,871	2,067,624	4,030,495
Change in net assets	2,104,593	1,802,563	3,907,156
Net assets, beginning of year	9,918,598	7,188,833	17,107,431
Net assets, end of year	\$ 12,023,191	8,991,396	21,014,587

See accompanying notes to financial statements.

CITY OF BREWER, MAINE
Statement of Cash Flows - Proprietary Funds
For the year ended June 30, 2012

Business-type Activities - Enterprise Funds			
	Water Department	Sewer Department	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 2,522,457	2,211,158	4,733,615
Payments to suppliers	(1,560,758)	(1,140,741)	(2,701,499)
Payments to employees	(637,087)	(707,778)	(1,344,865)
Interfund activity	(335,365)	1,152,850	817,485
Transfers to General Fund - administration	(88,572)	(71,058)	(159,630)
Net cash provided by operating activities	(99,325)	1,444,431	1,345,106
Cash flows from capital and related financing activities:			
Purchase of capital assets	(57,865)	(4,463,356)	(4,521,221)
Capital grants and contributions	134,052	1,865,759	1,999,811
Bond and capital lease proceeds	10,705,000	4,644,000	15,349,000
Premium on refinancing	889,516	254,720	1,144,236
Principal payments on bonds and leases	(11,570,624)	(3,745,554)	(15,316,178)
Net cash used in capital and related financing activities	100,079	(1,444,431)	(1,344,352)
Net increase in cash	754	-	754
Cash, beginning of year	201,577	50	201,627
Cash, end of year	\$ 202,331	50	202,381
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 141,722	(265,061)	(123,339)
Gain/loss on sale of assets	20,340	-	20,340
Transfers to General Fund - administration	(88,572)	(71,058)	(159,630)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	533,492	703,641	1,237,133
(Increase) decrease in receivables	31,097	(132,862)	(101,765)
Increase in inventory	(13,007)	-	(13,007)
Decrease in prepaid expenses	-	6,488	6,488
Decrease in due from State	11,716	15,810	27,526
Increase in deferred debits	(123,441)	(31,454)	(154,895)
Increase in accounts payable	20,027	86,220	106,247
Decrease in accrued interest	(286,861)	(44,150)	(331,011)
Decrease in accrued wages and benefits	(19,809)	(15,492)	(35,301)
Increase in deferred revenue	9,336	39,499	48,835
Increase (decrease) in interfund balances	(335,365)	1,152,850	817,485
Net cash provided by operating activities	(99,325)	1,444,431	1,345,106
Noncash investing, capital, and financing activities:			
Transfers of capital assets from governmental funds	\$ 1,897,051	273,621	2,170,672

See accompanying notes to financial statements.

CITY OF BREWER, MAINE
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Agency Funds	Private- purpose Trust Funds
	Student Activity Funds	
ASSETS		
Cash and cash equivalents	\$ 217,577	3,089
Assets held by fiscal agent	-	560,735
Interfund loans receivable	-	5,935
Total assets	217,577	569,759
LIABILITIES		
Due to student groups	217,577	-
Total liabilities	217,577	-
NET ASSETS		
Held in trust	\$ -	569,759

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, 2012

	Private- purpose Trust Funds
Additions:	
Investment income	\$ 18,909
Donations and other	235,408
Total additions	254,317
Deductions:	
Scholarships	10,133
Other	10,896
Total deductions	21,029
Change in net assets	233,288
Net assets, beginning of year	336,471
Net assets, end of year	\$ 569,759

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

G. Inventory

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

H. Capital Assets

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

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

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

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

The City Council has the responsibility for committing fund balance amounts and likewise would be required to modify or rescind those commitments. Likewise, the City Council or a body or official delegated by the City Council may assign unspent budgeted amounts to specific purposes in the General Fund at year end based on Department requests.

Although not a formal policy, when both restricted and unrestricted resources are available for use, it is the City's intent to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned and unassigned resources are available for use, it is the City's intent to use committed or assigned resources first, and then unassigned resources as they are needed.

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 assigned 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.

- 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 City 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, 2012:

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Primary Government</u>
Capital assets	\$ 65,100,936	67,232,422	132,333,358
Accumulated depreciation	(27,391,939)	(20,567,031)	(47,958,970)
Bonds payable (capital related)	(17,816,356)	(22,140,920)	(40,892,788) ¹
Bond premiums	(688,578)	(1,144,236)	(1,832,814)
Capital leases payable	(130,727)	-	(130,727)
Total invested in capital assets net of related debt	\$ 19,073,336	23,380,235	41,518,059

¹ This amount does not cross-foot due to the \$935,512 of bond principal remaining on the \$1,000,000 of bonds used by the Government Activities to purchase fixed assets which were contributed to the business-type activities. This \$935,512 is not considered capital related in the governmental activities column but is considered capital related in the primary government column.

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

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 committed or assigned 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>
2012 budget as originally adopted	\$ 33,917,952	(33,917,952)	-
Reclassify use of fund balance - City and School	(1,675,000)	-	1,675,000
Reclassify transfers from other funds	(454,225)	-	454,225
Reclassify transfers to other funds	22,000	-	(22,000)
Use of prior year reserves and carryforwards	(96,775)	-	96,775
Subsequent authorizations	219,144	(219,144)	-
Totals	\$ 31,933,096	(34,137,096)	2,204,000

C. Deficit Fund Equity

The following funds had a deficit fund balance at June 30, 2012:

MMA Grant Fund	\$ 2,294
FHWA Route 15 Earmark	3,692
City Hall Rehab	63,984

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, 2012, 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.

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONTINUED

Fund balance – School Department – June 30, 2012 - GAAP basis	\$ 872,152
Accrued teacher summer salaries	1,545,359

<u>Fund balance – School Department, June 30, 2012 - budgetary basis</u>	<u>\$ 2,417,511</u>
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As required by generally accepted accounting principles (GAAP), the City has recorded a revenue and expenditure for Maine Public Employees Retirement System (MainePERS) contributions made by the State of Maine on behalf of the Brewer School Department. These amounts have not been budgeted and result in a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America of \$1,468,991. 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, 2012, the City reported deposits of \$7,903,987 with a bank balance of \$7,986,166. Of the City's bank balances, \$781,747 was not covered by the F.D.I.C. but was collateralized by securities held in the City's name.

Deposits have been reported as follows:

Reported in governmental funds	\$ 7,480,940
Reported in business-type activities	202,381
Reported in fiduciary funds	220,666
<u>Total deposits</u>	<u>\$ 7,903,987</u>

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

DEPOSITS AND INVESTMENTS, CONTINUED

B. Investments

At June 30, 2012, 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)	\$1,623,004		not applicable	
Total investments	\$ 1,623,004			

(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	\$ 1,062,269
Reported in fiduciary funds	560,735
Total investments	\$ 1,623,004

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, 2012, the City did not have any funds invested in U.S. Treasury or U.S. Government Agency obligations.

PROPERTY TAX

Property taxes for the current year were committed on August 5, 2011 on the assessed value listed as of the previous April 1 for all real and personal property located in the City. All real and personal property taxes were due in two installments, 50% on September 13, 2011, and 50% on March 13, 2012. Interest at the rate of 7% per annum was charged on any amounts remaining unpaid after these respective due dates. Assessed values are periodically established by the City's Assessor at 100% of estimated market value. The assessed value of \$773,256,900 was 100% of the estimated market value and 105.6% of the 2012 state valuation of \$732,150,000.

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

PROPERTY TAX, CONTINUED

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 \$49,803 for the year ended June 30, 2012.

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

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

The following summarizes the 2012 and 2011 levy:

	<u>2012</u>	<u>2011</u>
Total assessed valuation	\$ 773,256,900	778,524,400
Tax rate (per \$1,000)	17.95	17.95
Commitment	13,879,973	13,974,513
Supplemental taxes assessed	-	-
	13,879,973	13,974,513
Less - collections and abatements	13,551,911	13,578,794
Receivable at end of year	328,062	395,719
Consisting of:		
Real estate liens	299,447	363,133
Real estate and personal property taxes	28,615	32,586
Receivable at end of year	\$ 328,062	395,719
Collection rate	97.64%	97.16%

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	Balance June 30, <u>2011</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2012</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,191,432	342,600	(228,730)	2,305,302
Artwork and historical treasures	20,800	10,000	-	30,800
Construction in progress	630,617	219,479	(101,271)	748,825
<u>Total capital assets, not being depreciated</u>	<u>2,842,849</u>	<u>572,079</u>	<u>(330,001)</u>	<u>3,084,927</u>
Capital assets, being depreciated:				
Land improvements	4,407,042	130,888	-	4,537,930
Buildings and building improvements	10,774,771	3,230,095	-	14,004,866
Machinery and equipment	4,309,919	574,204	(570,180)	4,313,943
Vehicles	3,008,222	105,060	(52,514)	3,060,768
<u>Infrastructure</u>	<u>35,666,392</u>	<u>432,110</u>	<u>-</u>	<u>36,098,502</u>
<u>Total capital assets being depreciated</u>	<u>58,166,346</u>	<u>4,472,357</u>	<u>(622,694)</u>	<u>62,016,009</u>
Less accumulated depreciation for:				
Land improvements	(460,418)	(85,868)	-	(546,286)
Buildings and building improvements	(3,084,034)	(555,639)	-	(3,639,673)
Machinery and equipment	(2,391,535)	(353,866)	471,409	(2,273,992)
Vehicles	(1,644,780)	(260,583)	52,514	(1,852,849)
<u>Infrastructure</u>	<u>(18,351,008)</u>	<u>(728,979)</u>	<u>848</u>	<u>(19,079,139)</u>
<u>Total accumulated depreciation</u>	<u>(25,931,775)</u>	<u>(1,984,935)</u>	<u>524,771</u>	<u>(27,391,939)</u>
<u>Total capital assets being depreciated, net</u>	<u>32,234,571</u>	<u>2,487,422</u>	<u>(97,923)</u>	<u>34,624,070</u>
<u>Governmental activities capital assets, net</u>	<u>\$ 35,077,420</u>	<u>3,059,501</u>	<u>(427,924)</u>	<u>37,708,997</u>

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

Governmental activities:	
Administration	\$ 402,441
Protection	326,009
Public works, including depreciation of general infrastructure assets	979,710
Unclassified	167,113
Education	109,662
<u>Total depreciation expense – governmental activities</u>	<u>\$ 1,984,935</u>

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

CAPITAL ASSETS, CONTINUED

	Balance June 30, <u>2011</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2012</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 3,074,675	-	-	3,074,675
Construction in progress	1,150,257	5,429,575	(1,810,448)	4,769,384
Total capital assets, not being depreciated	4,224,932	5,429,575	(1,810,448)	7,844,059
Capital assets, being depreciated:				
Water	27,333,589	2,043,489	-	29,377,078
Sewer	28,987,703	1,029,276	(5,694)	30,011,285
Total capital assets being depreciated	56,321,292	3,072,765	(5,694)	59,388,363
Less accumulated depreciation for:				
Water	(7,498,524)	(509,240)	-	(8,007,764)
Sewer	(11,860,622)	(703,641)	4,996	(12,559,267)
Total accumulated depreciation	(19,359,146)	(1,212,881)	4,996	(20,567,031)
Total capital assets being depreciated, net	36,962,146	1,859,884	(698)	38,821,332
Business-type activities capital assets, net	\$ 41,187,078	7,289,459	(1,811,146)	46,665,391

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

Business-type activities:	
Water Fund	\$ 509,240
Sewer Fund	703,641
Total depreciation expense – business-type activities	\$ 1,212,881

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

INTERFUND LOAN BALANCES/TRANSFERS

During the course of normal operations, the City has numerous transactions between funds. The Water and Sewer funds regularly transfer amounts to the General Fund for administrative costs. Also in the current year, the Water and Sewer funds received transfers from the Brewer Business and Commercial Park fund for capital contributions. Individual interfund receivable and payable balances and interfund transfers at June 30, 2012 arising from these transactions were as follows:

	<u>Interfund Rec.</u>	<u>Interfund Pay.</u>	<u>Transfers</u>
Major funds:			
General Fund	\$1,922,681	-	399,723
Other Capital Project Funds	-	2,231	(185,689)
Other nonmajor governmental funds:			
Centennial Prints Contributions	-	7,668	-
Centennial Memorabilia Fund	-	180	-
Police Asset Forfeiture	184,945	-	-
CDBG Housing Rehab Grant	-	40,949	-
Recreation Banner Fund	16,333	-	-
Performance Bonds Payable	18,402	-	-
Technical Review Payable	102,394	-	-
PERC Contract Reserve	58,000	-	-
Day Rd. Cemetery Grant	1,460	-	-
MMA Grant Fund	-	2,294	-
EPA Brownfield Rev Loan	199,714	-	-
Brewer Days	2,559	-	-
Children's Garden Fund	7,822	-	-
City Small Grants & Programs	50,540	-	-
Stream Cleanup	1,675	-	-
Flags in Brewer	282	-	-
Recognition Coins	224	-	-
Fire Museum	1,519	-	-
Brewer Business & Commercial Park	311,999	-	(2,170,672) ¹
Insurance Deductible Reserve	18,150	-	-
Food Service Fund	66,064	-	-
Grants Fund (School Dept.)	33,415	53,069	-
FHWA Route 15 Earmark	-	3,692	-
City Hall Rehab	-	120,138	-
Impact Fee Fund	219,507	-	(54,404)
Cemetery Trust	-	105,405	-
Woodlawn Revolving Cemetery Fund	-	28	-
Total other nonmajor governmental funds	1,295,004	333,423	(2,225,076)
Proprietary Funds:			
Water Fund	1,639,466	-	1,808,479
Sewer Fund	-	4,527,432	202,563
Total proprietary funds	1,639,466	4,527,432	2,011,042

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

INTERFUND LOAN BALANCES/TRANSFERS, CONTINUED

Fiduciary Funds:

Cianbro Home Heating	\$ 293	-	-
Veteran's Memorial Fund	3,642	-	-
Robertson Memorial Fund	2,000	-	-
Total fiduciary funds	5,935	-	-
Total	\$ 4,863,086	4,863,086	-

¹ This transfer is not presented in the governmental fund financial statements and only appears on the Statement of Activities.

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2012, 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	\$ 19,432,317	11,126,000	11,806,449	18,751,868	1,501,735
Premium on bonds	-	688,578	-	688,578	28,691
Capital leases	157,736	29,642	56,651	130,727	41,722
Compensated absences	1,860,993	49,496	-	1,910,489	-
OPEB liability	171,016	82,439	22,804	230,651	-
Governmental activities long-term liabilities	21,622,062	11,976,155	11,885,904	21,712,313	1,572,148
Business-type activities:					
Bonds payable	22,108,098	15,349,000	15,316,178	22,140,920	1,339,701
Premium on bonds	-	1,144,236	-	1,144,236	47,677
Business-type activities Long-term liabilities:	22,108,098	16,493,236	15,316,178	23,285,156	1,387,378
Governmental and business-type activities long-term liabilities	\$ 43,730,160	28,469,391	27,202,082	44,997,469	2,959,526

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

LONG-TERM DEBT

Long-term debt at June 30, 2012 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, 2012
S. A GOB US Bank - Sewer	1993	\$ 1,000,000	1/1/2013	6.1-6.5%	-	50,000	50,000
Series F MMBB - Sewer	1993	2,363,400	6/30/2013	3.100%	-	118,170	118,170
Series B MMBB - City/Sewer	1997	4,000,000	11/1/2017	3.16%	127,170	1,072,830	1,200,000
Series D MMBB High Sch./Sew.	1997	1,100,000	1/1/2017	4.53-5.38%	213,015	116,985	330,000
Series C MMBB - Water	1998	1,715,000	11/1/2018	4.528-5.378%	-	600,250	600,250
FRF MMBB - Sewer	1999	1,000,000	4/1/2020	3.120%	-	400,000	400,000
SR MMBB - Sewer	2001	2,500,000	10/1/2022	1.900%	-	1,375,000	1,375,000
FR MMBB - Sewer	2004	1,000,000	10/1/2024	1.441%	-	650,000	650,000
Series D MMBB - City	2004	358,000	11/1/2014	3.019-3.644%	107,400	-	107,400
Series E MMBB - City	2004	363,000	11/1/2024	1.012-9.0%	235,950	-	235,950
Series E MMBB - City	2004	1,530,000	11/1/2024	.823-9.0%	899,300	-	899,300
Series C MMBB - City	2005	690,000	11/1/2025	2.95-9.0%	460,500	-	460,500
Series C MMBB - Water	2005	725,000	11/1/2025	3.05-9.0%	-	507,500	507,500
Series A MMBB - City	2006	1,070,000	11/1/2026	2.0-5.5%	671,250	-	671,250
SR MMBB - City / Sewer	2006	448,000	4/1/2026	1.77%	131,587	182,013	313,600
Series C MMBB - City	2007	1,735,000	11/1/2026	2.3-6.0%	1,060,420	-	1,060,420
Series B MMBB - City	2008	600,000	11/1/2027	2.0-5.5%	447,000	-	447,000
Series F MMBB	2009	593,395	4/1/2029	0%	-	504,386	504,386
Series B MMBB	2009	1,442,000	11/1/2029	2.08-5.58%	1,208,100	-	1,208,100
ARRA MMBB - Sewer	2010	750,877	10/1/2029	0%	-	298,286	298,286
MMBB - Water	2010	735,000	4/1/2030	1.00%	-	661,500	661,500
Public Works	2011	172,773	4/1/2019	1.00%	151,176	-	151,176
Series C MMBB - City/Water	2011	2,168,000	11/1/2031	2.12 - 5.62%	1,913,000	255,000	2,168,000
Series E MMBB - City/Sewer	2012	3,090,000	11/1/2021	0.50 - 5.50%	3,036,000	54,000	3,090,000
GOB MMBB - Sewer	2012	1,775,000	1/25/2041	3.00%	-	1,775,000	1,775,000
GOB - City/Water/Sewer	2012	21,610,000	6/30/2042	2.00 - 4.00%	8,090,000	13,520,000	21,610,000
Totals					\$ 18,751,868	22,140,920	40,892,788

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, 2012, are as follows:

<u>Year ending</u> <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>
2013	\$ 1,501,735	619,676	1,339,701	646,965	2,841,436	1,266,641
2014	1,501,735	630,156	1,057,709	731,337	2,559,444	1,361,493
2015	1,500,485	568,247	1,073,922	704,445	2,574,407	1,272,692
2016	1,343,485	517,014	1,085,172	673,301	2,428,657	1,190,315
2017	1,306,985	464,318	1,082,959	643,657	2,389,944	1,107,975
2018-2022	5,362,434	1,757,232	4,445,034	2,808,952	9,807,468	4,566,184
2023-2027	2,622,759	1,072,641	3,701,970	2,201,624	6,324,729	3,274,265
2028-2032	1,877,250	619,047	3,724,464	1,448,842	5,601,714	2,067,889
2033-2037	1,735,000	215,350	3,206,489	614,976	4,941,489	830,326
2038-2042	-	-	1,423,500	139,924	1,423,500	139,924
Totals	\$ 18,751,868	6,463,681	22,140,920	10,614,023	40,892,788	17,077,704

Authorized but Unissued

The City Council did not authorize any debt that it did not issue in fiscal year 2012. However, the \$865,000 and \$800,000 in USDA Sewer funding awards from fiscal year 2010 remain authorized but unissued as of June 30, 2012. The total anticipated obligation from these funds, less the grant portion of the awards, is \$1,285,000. The City issued this debt on August 30, 2012.

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

CAPITAL LEASES

The City has entered into various agreements as lessee for financing the acquisition of copiers. 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 \$206,948. 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, 2012.

<u>Fiscal year ending June 30,</u>	<u>Governmental activities</u>
2013	\$ 47,238
2014	47,232
2015	47,225
Total minimum lease payments	141,695
Less: amount representing interest	10,968
<u>Present value of future minimum lease payments</u>	<u>\$ 130,727</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, 2012, the City was in compliance with these restrictions.

OVERLAPPING DEBT AND OTHER CONTINGENCIES

Overlapping Debt

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

<u>Units</u>	<u>Net debt outstanding June 30, 2012</u>	<u>Percentage applicable to the City</u>	<u>City's proportionate share of debt</u>
Brewer High School District Trustees	\$ 33,454,885	100%	33,454,885

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 \$27,860,000 of the Brewer High School District Trustees debt is being paid for by the State.

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

FUND BALANCE

As of June 30, 2012, fund balance components consisted of the following:

	<u>General Fund</u>	<u>Other Capital Projects</u>	<u>Other Governmental Total</u>
Nonspendable:			
Inventory	\$ -	-	17,207
Prepaid items	219,791	-	-
Principal for permanent funds	-	-	324,553
Total nonspendable	219,791	-	341,760
Restricted:			
Finance and administration	-	-	474,273
Community services	-	-	67,295
Public safety	-	-	179,966
Public works	-	-	1,675
Education	872,152	-	115,227
Capital projects	-	1,402,030	219,507
Permanent funds	-	-	17,860
Total restricted	872,152	1,402,030	1,075,803
Committed:			
Finance and administration	-	-	18,150
Community services	-	-	224
Total committed	-	-	18,374
Assigned:			
Reappropriated to 2013 budget	450,000	-	-
Accrued compensated absences	514,753	-	-
Legal - Assessing	5,000	-	-
Econ. Development – Misc Professional Services	45,000	-	-
Fire – Ambulance Billing Rev Distribution	25,000	-	-
Fire – Medical Supplies	1,425	-	-
Fire – Minor Equipment	200	-	-
Bangor Humane Society Services	1,104	-	-
Human Services – Office Supplies	87	-	-
Transit Operating Expense – The Bus	25,776	-	-
Storm Sewer Maintenance – Contracted Services	6,677	-	-
Landfill – Safety Supplies	500	-	-
Engineering – Training, Conferences and Mtgs	1,770	-	-
Auditorium – Building Maintenance and Repair	1,600	-	-
Parks & Cemeteries	14,250	-	-
Water Trans & Distr – Materials and Supplies	8,400	-	-
Technology – Training and Conferences	796	-	-
Total assigned	1,102,338	-	-

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

FUND BALANCE, CONTINUED

Unassigned	\$ 3,642,819	-	(80,179)
Total fund balance	\$ 5,837,100	1,402,030	1,355,758

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 6.3% of their annual covered salary and the City is required to contribute an actuarially determined rate. The current rate is 4.4% of annual covered payroll for the Regular Plan and 6.5% 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, 2012, 2011 and 2010 were \$348,778, \$287,711, and \$243,935, respectively, equal to the required contributions for each year. The City's Initial Unpooled Unfunded Actuarial Liability was \$524,387 at June 30, 2011. This unfunded liability is being amortized over a six year period beginning July 1, 2011.

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 \$1,468,991 (16.36%) for the fiscal year 2012. 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 16.36% of their compensation. This cost is charged to the applicable grant.

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

RETIREMENT PLANS

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

The City has an Internal Revenue Code section 401 defined contribution plan, administered by an independent plan administrator. This plan provides retirement benefits to the City Manager as well as other members of the City's management. The plan mandates that enrolled employees, other than the City Manager, contribute at least 6.5% of their wages. The employer contribution rate for 2012 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, 2012 was \$85,051.

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, 2012.

OTHER POST EMPLOYMENT BENEFITS

The Governmental Accounting Standards Board (GASB) 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 October 2011.

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

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

OTHER POST EMPLOYMENT BENEFITS, CONTINUED

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

Life Insurance – To be eligible to receive life insurance benefits, at retirement an employee must have at least one level of life insurance coverage under Maine PERS. The City pays the life insurance premium on behalf of eligible retirees. This is the first year that this liability is being reported.

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

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

Normal cost	\$33,850
Amortization of unfunded	46,988
<u>Interest</u>	<u>1,601</u>
Annual required contribution	\$ 82,439

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

OPEB liability, June 30, 2011	\$ 171,016
Annual required contribution	82,439
<u>Actual Contribution</u>	<u>(22,804)</u>
OPEB liability, June 30, 2012	\$ 230,651

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

OTHER POST EMPLOYMENT BENEFITS, CONTINUED

Funding Status and Funding Progress – The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ending June 30, 2012 were as follows:

Annual required contribution	\$ 82,439
Actual contribution	22,804
Percent contributed	27.66%
Actuarial accrued liability	845,020
Plan assets	-
Unfunded actuarial accrued liability	845,020
Covered payroll	5,564,172
Unfunded actuarial accrued liability as a percentage of covered payroll	15.19%

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

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

Actuarial valuation date	1/1/11
Actuarial cost method	Projected unit credit
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% - 8.7%

The following is a census as of January 1, 2011 on which the actuarial liability was calculated:

	Health Insurance	Life Insurance
Active members	93	63
Retirees*	11	16

*Under health insurance, this figure can include spouses.

CITY OF BREWER, MAINE
Required Supplementary Information

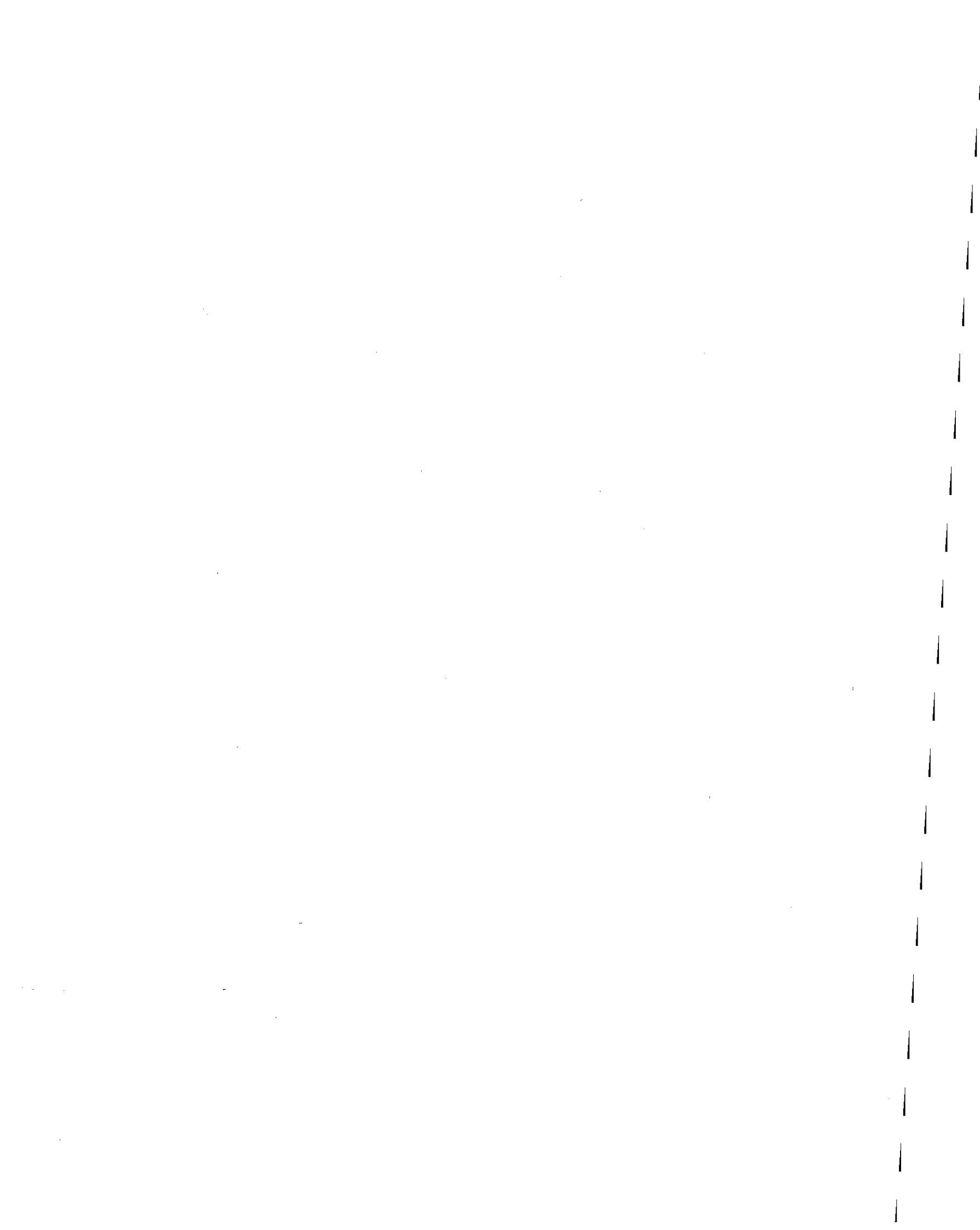
Schedule of Funding Progress
Retiree Healthcare Plan

<u>Fiscal Year</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) – Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a) /c]</u>
2010	1/1/09	\$ -	653,002	653,002	0.00%	5,624,738	11.61%
2011	1/1/11	\$ -	845,020	845,020	0.00%	5,377,644	15.71%
2012	1/1/11	\$ -	845,020	845,020	0.00%	5,564,172	15.19%

Note: Fiscal year 2011 was the first year that the liability associated with retiree life insurance through Maine PERS was included in the AAL and the UAAL figures.

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.



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
General Fund
Comparative Balance Sheets
June 30, 2012 and 2011

	2012	2011
ASSETS		
Cash and cash equivalents	\$ 5,946,736	6,326,303
Investments	709,240	711,263
Interfund loans receivable	1,922,681	-
Prepaid expenditures	219,791	217,639
Receivables:		
Taxes	120,131	178,333
Tax liens	511,344	556,505
Accounts	420,586	756,821
Total assets	\$ 9,850,509	8,746,864
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	363,583	186,146
Taxes collected in advance	55,767	55,015
Deferred revenue	602,050	549,689
Accrued payroll and related liabilities	1,821,759	1,819,103
Bond anticipation note payable	1,170,250	-
Interfund loans payable	-	171,247
Total liabilities	4,013,409	2,781,200
Fund balance:		
Nonspendable - prepaid expenditures	219,791	217,639
Restricted for education	872,152	1,158,973
Committed	-	18,380
Assigned	1,102,338	1,163,660
Unassigned	3,642,819	3,407,012
Total fund balance	5,837,100	5,965,664
Total liabilities and fund balance	\$ 9,850,509	8,746,864

CITY OF BREWER, MAINE
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budgetary Basis)
For the year ended June 30, 2012
(with comparative actual amounts for the year ended June 30, 2011)

	2012		Variance	2011
	Final Budget	Actual	positive (negative)	Actual
Revenues:				
Taxes:				
Property	\$ 13,857,963	13,946,616	88,653	13,914,446
Automobile excise	1,300,000	1,441,723	141,723	1,424,511
Boat excise	8,500	8,680	180	6,545
Interest on taxes	40,000	67,786	27,786	60,143
Payments in lieu of taxes	10,000	16,223	6,223	17,552
Total taxes	15,216,463	15,481,028	264,565	15,423,197
Licenses, permits and fees:				
Licenses and clerk fees	28,000	34,224	6,224	35,461
Registration fees	23,000	24,778	1,778	23,744
Ambulance fees	320,013	362,786	42,773	333,256
All other	5,100	5,304	204	5,455
Total licenses, permits and fees	376,113	427,092	50,979	397,916
Intergovernmental:				
Road block grant program	120,000	134,300	14,300	127,781
State revenue sharing	920,000	965,668	45,668	1,015,857
Tree growth reimbursement	200	325	125	204
Veterans reimbursement	10,000	8,576	(1,424)	8,378
BETE reimbursement	40,000	43,456	3,456	42,033
Homestead exemption	184,800	182,282	(2,518)	183,898
FEMA reimbursement	76,250	80,374	4,124	-
General assistance	65,125	61,114	(4,011)	68,936
Transit bonus program	13,000	19,345	6,345	16,047
Police grant reimbursements	17,202	16,837	(365)	14,647
Worker's compensation reimbursement	-	6,318	6,318	4,755
School Department	9,838,818	9,676,726	(162,092)	9,278,777
Total intergovernmental	11,285,395	11,195,321	(90,074)	10,761,313
Local sources:				
Property leases	7,488	7,489	1	7,489
Parks and recreation	397,507	395,130	(2,377)	355,439
Sale of City property	9,802	17,211	7,409	-
Public safety	31,156	36,835	5,679	31,948
Code enforcement	48,550	39,885	(8,665)	42,813
Public works	384,652	396,522	11,870	231,858
Cable television	119,000	114,284	(4,716)	114,026
Deferred debt service	2,098	2,099	1	2,099
Library	10,671	12,982	2,311	7,412
TIF revenues	1,012,831	996,980	(15,851)	888,163
School Department revenue	2,963,520	2,745,718	(217,802)	3,280,515
All other	42,850	45,876	3,026	23,836
Total local sources	5,030,125	4,811,011	(219,114)	4,985,598
Interest earned	25,000	23,010	(1,990)	32,399
Total revenues	31,933,096	31,937,462	4,366	31,600,423

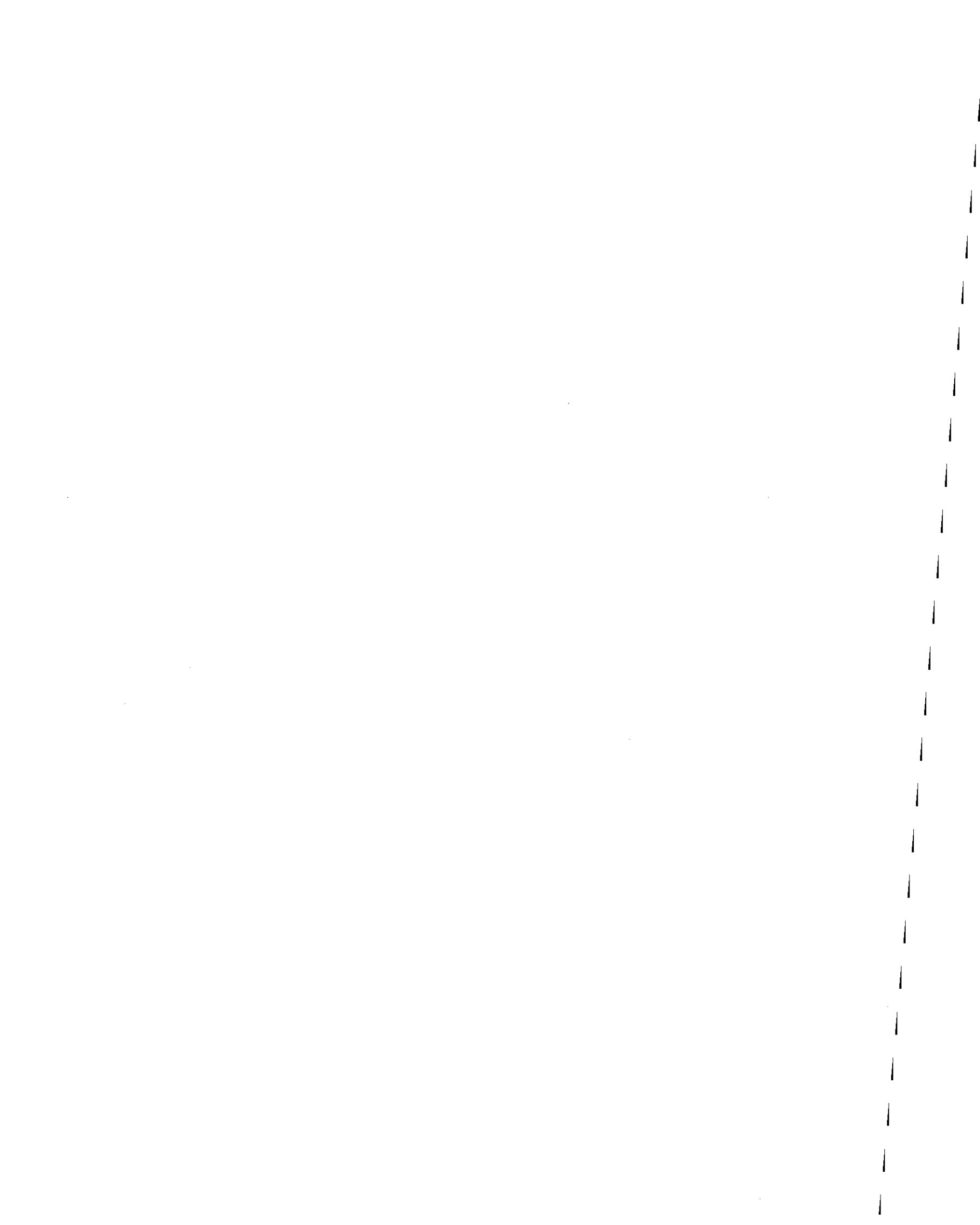
CITY OF BREWER, MAINE
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budgetary Basis), Continued

	2012		Variance positive (negative)	2011 Actual
	Final Budget	Actual		
Expenditures:				
Current:				
Administration:				
City Council	\$ 12,648	11,424	1,224	8,619
City Manager	317,303	311,850	5,453	311,861
City Clerk	171,161	162,083	9,078	165,123
Elections	17,215	16,321	894	4,998
Assessing	176,728	168,105	8,623	171,598
Finance	484,538	468,554	15,984	473,360
Technology	128,310	126,797	1,513	123,516
Legal	135,000	121,166	13,834	81,413
City Hall	122,931	125,643	(2,712)	87,178
Economic Development	304,302	246,783	57,519	252,670
Total administration	1,870,136	1,758,726	111,410	1,680,336
Protection:				
Police department	1,628,204	1,542,042	86,162	1,494,105
Fire department	1,593,677	1,528,523	65,154	1,520,083
Code enforcement	120,444	108,590	11,854	130,360
General protections	898,330	898,926	(596)	871,122
Insurances	120,560	108,321	12,239	120,374
Animal control	18,801	17,016	1,785	17,911
Total protection	4,380,016	4,203,418	176,598	4,153,955
Public services:				
Health and human services	179,268	176,389	2,879	178,079
Transit system	136,123	100,740	35,383	72,354
Adult Ed	2,563	2,563	-	3,244
Non-profit organizations	17,400	17,400	-	2,800
Total public services	335,354	297,092	38,262	256,477
Public works:				
Public works	1,400,354	1,280,937	119,417	1,210,586
Solid waste disposal	573,141	550,680	22,461	490,137
Planning	72,858	73,603	(745)	72,475
Engineering	149,979	143,632	6,347	144,452
Total public works	2,196,332	2,048,852	147,480	1,917,650
Education	19,596,958	18,341,028	1,255,930	18,001,032

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

	2012		Variance positive (negative)	2011 Actual
	Final Budget	Actual		
Expenditures, continued:				
Current, continued:				
Unclassified:				
Employee benefits	\$ 249,485	332,456	(82,971)	331,829
Tax increment financing reimbursements	1,320,289	1,321,585	(1,296)	1,350,135
Municipal auditorium	165,194	105,836	59,358	151,763
Parks and cemeteries	241,071	236,859	4,212	204,930
Recreation/pool	491,304	481,319	9,985	434,319
Library	183,170	183,464	(294)	185,534
Dues	11,500	11,072	428	9,923
Contingencies	39,578	38,844	734	32,006
All other	14,254	36,594	(22,340)	18,169
Total unclassified	2,715,845	2,748,029	(32,184)	2,718,608
Debt service:				
Principal	1,351,588	1,351,588	-	1,348,578
Interest	814,824	820,460	(5,636)	779,348
Total debt service	2,166,412	2,172,048	(5,636)	2,127,926
Assessments:				
County tax	836,332	829,563	6,769	815,661
Abatements and bad debts	39,711	40,898	(1,187)	23,586
Total assessments	876,043	870,461	5,582	839,247
Total expenditures	34,137,096	32,439,654	1,697,442	31,695,231
Deficiency of revenues under expenditures	(2,204,000)	(502,192)	1,701,808	(94,808)
Other financing sources (uses):				
Use of fund balance - City	550,000	-	(550,000)	-
Use of fund balance - School Department	1,125,000	-	(1,125,000)	-
Reserves and carryforwards	96,775	4,861	(91,914)	15,300
Transfers from other funds:				
Impact fee fund	80,000	54,404	(25,596)	214,590
Capital improvement program	214,589	207,689	(6,900)	-
Sewer fund	71,064	71,058	(6)	70,709
Water fund	88,572	88,572	-	88,053
Transfers to other funds:				
Capital improvement program	(22,000)	(22,000)	-	-
Total other financing sources	2,204,000	404,584	(1,799,416)	388,652
Net change in fund balance - budgetary basis	-	(97,608)	(97,608)	293,844
Reconciliation to GAAP:				
Issuance of debt		10,141,000		-
Premium from bond issuance		593,520		-
Cost of bond issuance		(77,714)		-
Principal payment on refunded bonds		(10,454,862)		-
Interest payment on refunded bonds		(201,944)		-
Change in accrued teacher summer salaries		(30,956)		49,174
Total reconciling items to GAAP		(30,956)		49,174
Net change in fund balance - GAAP basis		(128,564)		343,018
Fund balance, beginning of year		5,965,664		5,622,646
Fund balance, end of year	\$	5,837,100		5,965,664

ALL OTHER GOVERNMENTAL FUNDS



CITY OF BREWER, MAINE
All Other Governmental Funds
Combining Balance Sheet
June 30, 2012

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 13,603	-	94,817	108,420
Investments	-	-	353,029	353,029
Accounts receivable	69,108	56,154	-	125,262
Due from other governments	67,453	-	-	67,453
Interfund loans receivable	1,075,497	219,507	-	1,295,004
Inventory	17,207	-	-	17,207
Total assets	\$ 1,242,868	275,661	447,846	1,966,375
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	272,526	-	-	272,526
Deferred revenue	4,668	-	-	4,668
Interfund loans payable	104,160	123,830	105,433	333,423
Total liabilities	381,354	123,830	105,433	610,617
Fund balances:				
Nonspendable:				
Inventory	17,207	-	-	17,207
Permanent fund	-	-	324,553	324,553
Restricted:				
Special revenue fund	828,227	-	-	828,227
Capital projects fund	-	219,507	-	219,507
Permanent fund	-	-	17,860	17,860
Committed:				
Special revenue fund	18,374	-	-	18,374
Unassigned:				
Special revenue fund	(2,294)	-	-	(2,294)
Capital projects fund	-	(67,676)	-	(67,676)
Total fund balances	861,514	151,831	342,413	1,355,758
Total liabilities and fund balances	\$ 1,242,868	275,661	447,846	1,966,375

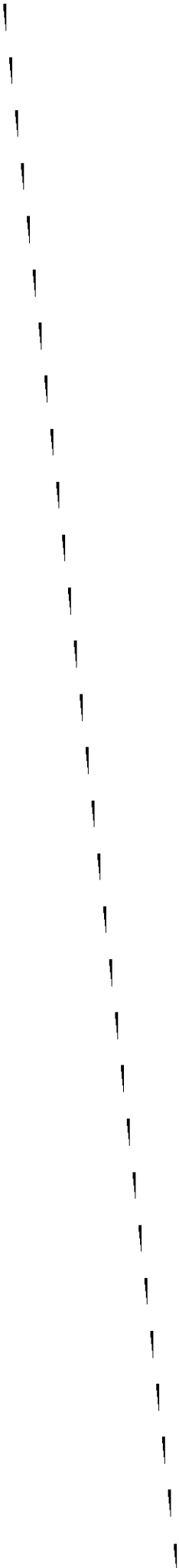
CITY OF BREWER, MAINE
All Other Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2012

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
Revenues:				
Intergovernmental	\$ 2,959,066	24,659	-	2,983,725
Lunch program	316,982	-	-	316,982
Local sources	-	43,963	-	43,963
Interest earned	345	-	4,195	4,540
Other income	283,815	15,000	-	298,815
Total revenues	3,560,208	83,622	4,195	3,648,025
Expenditures:				
Educational programs	1,062,677	-	-	1,062,677
Lunch program	582,707	-	-	582,707
Capital outlay	-	85,100	-	85,100
Unclassified	2,823,374	-	2,236	2,825,610
Total expenditures	4,468,758	85,100	2,236	4,556,094
Excess (deficiency) of revenues over (under) expenditures	(908,550)	(1,478)	1,959	(908,069)
Other financing sources (uses):				
Transfers out	-	(54,404)	-	(54,404)
Issuance of debt	-	55,000	-	55,000
Premium from bond issuance	-	5,308	-	5,308
Cost of bond issuance	-	(512)	-	(512)
Total other financing sources (uses)	-	5,392	-	5,392
Net change in fund balances	(908,550)	3,914	1,959	(902,677)
Fund balances, beginning of year	1,770,064	147,917	340,454	2,258,435
Fund balances, end of year	\$ 861,514	151,831	342,413	1,355,758

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, 2012

		Brewer Centennial	Police Asset Forfeiture	CDBG Housing Rehab Grant	Recreation Banner Fund	Performance Bonds Payable	Technical Review Payable	PERC Contract Reserve
ASSETS								
Cash and cash equivalents	\$	13,353	-	-	-	-	-	-
Accounts receivable		-	-	62,078	-	-	-	-
Due from other governments		-	-	-	-	-	-	-
Interfund loans receivable		-	184,945	-	16,333	18,402	102,394	58,000
Inventory		-	-	-	-	-	-	-
Total assets	\$	13,353	184,945	62,078	16,333	18,402	102,394	58,000
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued expenses		3,061	4,979	11,834	188	18,402	102,394	-
Deferred revenue		-	-	-	-	-	-	-
Interfund loans payable		7,848	-	40,949	-	-	-	-
Total liabilities		10,909	4,979	52,783	188	18,402	102,394	-
Fund balances (deficits):								
Nonspendable:								
Inventory		-	-	-	-	-	-	-
Restricted		2,444	179,966	9,295	16,145	-	-	58,000
Committed		-	-	-	-	-	-	-
Unassigned		-	-	-	-	-	-	-
Total fund balances (deficits)		2,444	179,966	9,295	16,145	-	-	58,000
Total liabilities and fund balances	\$	13,353	184,945	62,078	16,333	18,402	102,394	58,000

CITY OF BREWER, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet, Continued
June 30, 2012

	Day Rd. Cemetery Grant	MMA Grant Fund	EPA Brownfield Rev Loan	Brewer Days	Children's Garden Fund	City Small Grants & Programs	FEMA 05 Storm	Stream Cleanup
ASSETS								
Cash and cash equivalents	\$ -	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Interfund loans receivable	1,460	-	199,714	2,559	7,822	50,540	-	1,675
Inventory	-	-	-	-	-	-	-	-
Total assets	\$ 1,460	-	199,714	2,559	7,822	50,540	-	1,675
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued expenses	-	-	-	-	-	5,729	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Interfund loans payable	-	2,294	-	-	-	-	-	-
Total liabilities	-	2,294	-	-	-	5,729	-	-
Fund balances (deficits):								
Nonspendable:								
Inventory	-	-	-	-	-	-	-	-
Restricted	1,460	-	199,714	2,559	7,822	44,811	-	1,675
Committed	-	-	-	-	-	-	-	-
Unassigned	-	(2,294)	-	-	-	-	-	-
Total fund balances (deficit)	1,460	(2,294)	199,714	2,559	7,822	44,811	-	1,675
Total liabilities and fund balances	\$ 1,460	-	199,714	2,559	7,822	50,540	-	1,675

CITY OF BREWER, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet, Continued
June 30, 2012

		Flags In Brewer	Recognition Coins	Fire Museum	Brewer Business & Comm'l Park	Insurance Deductible Reserve	School Department		Total Nonmajor Special Revenue Funds
							Food Service Fund	Grants Fund	
ASSETS									
Cash and cash equivalents	\$	-	-	-	-	-	250	-	13,603
Accounts receivable		-	-	-	-	-	7,030	-	69,108
Due from other governments		-	-	-	-	-	13,745	53,708	67,453
Interfund loans receivable		282	224	1,519	311,999	18,150	66,064	33,415	1,075,497
Inventory		-	-	-	-	-	17,207	-	17,207
Total assets	\$	282	224	1,519	311,999	18,150	104,296	87,123	1,242,868
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued expenses		-	-	-	124,691	-	237	1,011	272,526
Deferred revenue		-	-	-	-	-	4,668	-	4,668
Interfund loans payable		-	-	-	-	-	-	53,069	104,160
Total liabilities		-	-	-	124,691	-	4,905	54,080	381,354
Fund balances (deficits):									
Nonspendable:									
Inventory		-	-	-	-	-	17,207	-	17,207
Restricted		282	-	1,519	187,308	-	82,184	33,043	828,227
Committed		-	224	-	-	18,150	-	-	18,374
Unassigned		-	-	-	-	-	-	-	(2,294)
Total fund balances (deficits)		282	224	1,519	187,308	18,150	99,391	33,043	861,514
Total liabilities and fund balances	\$	282	224	1,519	311,999	18,150	104,296	87,123	1,242,868

CITY OF BREWER, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2012

	Centennial Prints Contributions	Police Asset Forfeiture	CDBG Housing Rehab Grant	Performance Bonds Payable	Technical Review Payable	Recreation Banner Fund	PERC Contract Reserve
Revenues:							
Intergovernmental	\$ -	-	206,440	-	-	-	-
Lunch program	-	-	-	-	-	-	-
Investment income	45	300	-	-	-	-	-
Other income	9,325	96,445	-	-	-	4,300	58,000
Total revenues	9,370	96,745	206,440	-	-	4,300	58,000
Expenditures:							
Educational programs	-	-	-	-	-	-	-
Lunch program	-	-	-	-	-	-	-
Unclassified	20,095	169,789	207,275	-	-	1,518	-
Total expenditures	20,095	169,789	207,275	-	-	1,518	-
Net change in fund balances	(10,725)	(73,044)	(835)	-	-	2,782	58,000
Fund balances (deficit), beginning of year	13,169	253,010	10,130	-	-	13,363	-
Fund balances (deficit), end of year	\$ 2,444	179,966	9,295	-	-	16,145	58,000

CITY OF BREWER, MAINE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued
For the year ended June 30, 2012

	Day Rd. Cemetery Grant	MMA Grant Fund	EPA Brownfield Rev Loan	Brewer Days	Children's Garden Fund	City Small Grants & Programs	FEMA 05 Storm	Stream Cleanup
Revenues:								
Intergovernmental	\$ -	5,753	55,000	-	-	71,524	-	-
Lunch program	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Other income	2,329	-	-	6,503	-	54,333	-	2,695
Total revenues	2,329	5,753	55,000	6,503	-	125,857	-	2,695
Expenditures:								
Educational programs	-	-	-	-	-	-	-	-
Lunch program	-	-	-	-	-	-	-	-
Unclassified	869	8,032	-	4,976	2,909	78,609	4,861	2,547
Total expenditures	869	8,032	-	4,976	2,909	78,609	4,861	2,547
Net change in fund balances	1,460	(2,279)	55,000	1,527	(2,909)	47,248	(4,861)	148
Fund balances (deficit), beginning of year	-	(15)	144,714	1,032	10,731	(2,437)	4,861	1,527
Fund balances (deficit), end of year	\$ 1,460	(2,294)	199,714	2,559	7,822	44,811	-	1,675

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, 2012

	Flags In Brewer	Recognition Coins	Fire Museum	Brewer Business & Comm'l Park	Insurance Deductible Reserve	School Department Food Service Fund	Grants Fund	Total Nonmajor Special Revenue Funds
Revenues:								
Intergovernmental	\$ -	-	-	1,280,000	-	306,046	1,034,303	2,959,066
Lunch program	-	-	-	-	-	316,982	-	316,982
Investment income	-	-	-	-	-	-	-	345
Other income	-	-	12,388	20,000	3,650	-	13,847	283,815
Total revenues	-	-	12,388	1,300,000	3,650	623,028	1,048,150	3,560,208
Expenditures:								
Educational programs	-	-	-	-	-	-	1,062,677	1,062,677
Lunch program	-	-	-	-	-	582,707	-	582,707
Unclassified	1,292	-	24,322	2,296,280	-	-	-	2,823,374
Total expenditures	1,292	-	24,322	2,296,280	-	582,707	1,062,677	4,468,758
Net change in fund balances	(1,292)	-	(11,934)	(996,280)	3,650	40,321	(14,527)	(908,550)
Fund balances (deficit), beginning of year	1,574	224	13,453	1,183,588	14,500	59,070	47,570	1,770,064
Fund balances (deficit), end of year	\$ 282	224	1,519	187,308	18,150	99,391	33,043	861,514

CITY OF BREWER, MAINE
City Small Grants and Programs
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2012

	Fund balances (deficit) beginning of year	Revenues			Fund balances (deficit) end of year
		Intergovernmental	Other miscellaneous	Expenditures	
Economic Development:					
CDBG EFP Planning Grant	\$ 272	-	-	-	272
Mersinger Building	-	42,145	50,000	44,355	47,790
Police:					
Bulletproof vest program	(675)	-	-	-	(675)
Police Canine Program	1,332	3,000	-	1,155	3,177
Byrne JAG	7	-	-	-	7
Byrne JAG - Bulletproof vest program	-	589	589	1,767	(589)
Byrne JAG - Body Wire	-	3,390	-	-	3,390
Safe medicine return box	-	50	-	-	50
King Foundation - high visibility jackets	-	6,500	-	6,440	60
Volunteer Fire Assistance Grant	795	-	786	1,581	-
Library:					
Summer Reading Program	24	-	-	-	24
Rudman Book Club	-	350	-	-	350
Efficiency Grant	(5,808)	-	-	-	(5,808)
Bodwell English Book Grant	124	-	-	28	96
Other:					
Gates Opportunity Grant	(4)	-	-	-	(4)
Bangor Health & Wellness Grant	445	-	-	-	445
Brewer Kiwanis Grant	546	-	-	325	221
Bettie Lawrence Memorial	500	500	-	1,000	-
King Foundation - history room	-	15,000	2,958	21,958	(4,000)
DHHS - SunShade Grant	5	-	-	-	5
Totals	\$ (2,437)	71,524	54,333	78,609	44,811

CITY OF BREWER, MAINE
School Grants
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2012

	Fund balances beginning of year	Revenues	Expenditures	Fund balances end of year
Federal Programs:				
Education Jobs Fund	-	236,297	236,297	-
Title 1A - Disadvantaged	-	255,298	255,244	54
Local Entitlement	-	439,104	439,104	-
Preschool	-	5,048	5,048	-
Title II - Improving Teacher Quality	-	98,556	98,556	-
Total Federal programs	-	1,034,303	1,034,249	54
State and Local Programs:				
Arts and Education Grant	4,537	-	2,983	1,554
BHS Library Grant	517	-	517	-
Brewer Music PAC	-	964	-	964
Construction Fund	4,830	3,392	5,000	3,222
Friends of Brewer	5,192	250	5,442	-
Hannaford	1,313	-	-	1,313
JROTC	(869)	4,675	3,364	442
Lowe's K-3 Literacy	4,000	66	4,066	-
Name-a-Seat Fund	18,738	4,500	2,397	20,841
Stephen King Foundation	7,475	-	2,907	4,568
UMO Sports Done Right	242	-	242	-
Wal-Mart BHS	200	-	200	-
Wal-Mart BMS	60	-	60	-
Wal-Mart Literacy Grant	335	-	335	-
Wal-Mart WSS	1,000	-	915	85
Total State and local programs	47,570	13,847	28,428	32,989
Totals	\$ 47,570	1,048,150	1,062,677	33,043

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECT FUNDS

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

CITY OF BREWER, MAINE
Nonmajor Capital Projects Funds
Combining Balance Sheet
June 30, 2012

	FHWA Route 15 Earmark	City Hall Rehab	Impact Fee Fund	Total Nonmajor Capital Project Funds
ASSETS				
Accounts receivable	\$ -	56,154	-	56,154
Interfund loans receivable	-	-	219,507	219,507
Total assets	\$ -	56,154	219,507	275,661
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund loans payable	3,692	120,138	-	123,830
Total liabilities	3,692	120,138	-	123,830
Fund balances (deficits):				
Restricted	-	-	219,507	219,507
Unassigned	(3,692)	(63,984)	-	(67,676)
Total fund balances (deficits)	(3,692)	(63,984)	219,507	151,831
Total liabilities and fund balances	\$ -	56,154	219,507	275,661

CITY OF BREWER, MAINE
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2012

	FHWA Route 15 Earmark	City Hall Rehab	Impact Fee Fund	Total Nonmajor Capital Project Funds
Revenues:				
Intergovernmental	\$ -	24,659	-	24,659
Local sources	-	-	43,963	43,963
Other income	15,000	-	-	15,000
Total revenues	15,000	24,659	43,963	83,622
Expenditures:				
Capital outlay	19,796	24,659	40,645	85,100
Total expenditures	19,796	24,659	40,645	85,100
Other financing sources (uses)				
Bond proceeds	55,000	-	-	55,000
Premium from bond issuance	5,308	-	-	5,308
Cost of bond issuance	(512)	-	-	(512)
Transfer to general fund	-	-	(54,404)	(54,404)
Total other financing sources (uses)	59,796	-	(54,404)	5,392
Net change in fund balances	55,000	-	(51,086)	3,914
Fund balances (deficits), beginning of year	(58,692)	(63,984)	270,593	147,917
Fund balances (deficits), end of year	\$ (3,692)	(63,984)	219,507	151,831

CITY OF BREWER, MAINE
Capital Improvements Program
Schedule of Changes in Fund Balances
For the year ended June 30, 2012

	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	\$ 2,769	-	-	-	-	2,769
School bldg remed & demolition	-	100,000	-	100,000	-	-
Bond financing costs	-	-	3,000	9,811	-	(6,811)
City hall infrastructure	27,631	15,000	-	-	-	42,631
Voting machines	9,155	-	-	-	-	9,155
Tech computer hardware	1,455	-	-	1,500	45	-
Energy efficient equipment & improvements	8,892	10,000	-	12,000	-	6,892
BCS track bleachers grant	-	-	35,000	39,750	4,750	-
Total City Hall/other	49,902	125,000	38,000	163,061	4,795	54,636
Waterfront Development:						
Property acquisitions	(5,000)	175,000	(35,000)	(5,000)	-	140,000
Youth waterfront projects	5,000	-	-	-	-	5,000
Waterfront Trail	113,352	-	100,000	-	-	213,352
Landscaping/public improvements	2,730	-	-	-	-	2,730
Shore stabilization	237,496	-	(100,000)	-	-	137,496
Total waterfront development	353,578	175,000	(35,000)	(5,000)	-	498,578
Public Safety:						
Police vehicles	541	-	27,000	27,523	(18)	-
Public safety building	-	11,000	-	10,694	(306)	-
Public safety building remodel & demolition	14,923	-	-	12,534	-	2,389
Police computer replacement	-	25,000	-	23,203	-	1,797
Fire turnout gear replacement	-	15,000	-	15,653	653	-
Fire computer replacement	-	5,000	-	4,596	(404)	-
Code enforcement software	-	-	5,500	-	-	5,500
Total public safety	15,464	56,000	32,500	94,203	(75)	9,686
Public Works:						
Paving	68,460	170,000	-	222,621	-	15,839
Landfill area closing	128,819	-	-	-	-	128,819
Landfill sloping	9,726	-	-	-	-	9,726
Landfill remediation	2,719	-	-	-	-	2,719
General road construction	14,360	20,000	-	31,052	(8)	3,300
Wilson Street widening	52,682	70,000	-	-	-	122,682
Eastern Ave. reconstruction	97,000	-	-	-	-	97,000
Jefferson Street sewer repairs	38,842	-	-	-	-	38,842
Parkway South Culvert Replacement-City share	2,991	-	-	-	-	2,991
Parkway North Resurfacing	26,500	-	(26,500)	-	-	-
Pierce Rd Paving-City Share	40,000	-	-	23,420	-	16,580
State St Paving-City Share	22,000	-	-	12,699	-	9,301
Signal Replacement Pkwy So/Wils-City Share	10,000	15,000	-	-	-	25,000
GMC Club Cab P/U	22,000	-	-	20,727	-	1,273
GMC TC7H042	115,000	-	3,000	117,060	(940)	-
Trackless MT5 Sidewalk Plow	9,660	-	-	-	-	9,660
Lambert Rd. improvements	-	150,000	(28,500)	121,447	(53)	-
Chev. 2500HD crewcab	-	26,000	-	27,348	1,348	-
JCB 426ZX loader	-	125,000	(3,000)	112,688	-	9,312
Landfill compactor	-	95,000	55,000	150,000	-	-
GPS hardware	-	-	10,000	-	-	10,000
Total public works	660,759	671,000	10,000	839,062	347	503,044

CITY OF BREWER, MAINE
Capital Improvements Program
Schedule of Changes in Fund Balances, Continued
For the year ended June 30, 2012

	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
Eastern playground	21,516	-	-	-	-	21,516
Pendleton Rink	16,795	-	-	2,121	-	14,674
Auditorium parking lot	5,837	-	-	320	-	5,517
Auditorium doors, windows, entrance	10,936	-	-	1,139	-	9,797
Auditorium nat gas conversion	-	19,000	-	19,144	144	-
John Deere tractor/loader	-	19,000	-	17,899	-	1,101
Auditorium stage curtains	-	-	6,000	4,135	(1,865)	-
Total parks and recreation	63,584	38,000	6,000	44,758	(1,721)	61,105
Subtotal projects	1,143,287	1,065,000	51,500	1,136,084	3,346	1,127,049
CIP - Unallocated	64,721	10,895	6,000	53,500	(3,346)	24,770
Tax Increment Financing Projects	399,886	1,388,692	(207,689)	1,330,678	-	250,211
Subtotal non-impact fee CIP	1,607,894	2,464,587	(150,189)	2,520,262	-	1,402,030
Impact Fee Projects:						
Parallel Road	6,678	21,658	-	27,675	-	661
Signal Coordination	87,440	1,889	-	3,368	-	85,961
Signal Preemption	29,100	455	(10,000)	10,054	-	9,501
Pierce Road relocation and signal	77,621	8,108	-	14,454	-	71,275
Wilson/Parkway South intersection	14,021	5,599	-	9,982	-	9,638
State and Washington intersection	20,150	948	-	13,650	-	7,448
City transit bus	16,200	2,817	-	5,023	-	13,994
Set up and administrative costs	19,623	1,646	-	-	-	21,269
Sewer	(240)	492	-	492	-	(240)
Water	-	351	-	351	-	-
Total impact fee projects	270,593	43,963	(10,000)	85,049	-	219,507
Totals	\$ 1,878,487	2,508,550	(160,189)	2,605,311	-	1,621,537

NONMAJOR GOVERNMENTAL FUNDS

PERMANENT FUNDS



CITY OF BREWER, MAINE
Nonmajor Permanent Funds
Combining Balance Sheet
June 30, 2012

		Cemetery Trust	Elsie Olmstead Library	Ministerial and School Funds	Jefferds Educational Fund	Wallace Witham Fund	Woodlawn Revolving Cemetery Fund	Total Nonmajor Permanent Funds
ASSETS								
Cash and cash equivalents	\$	75,449	5,904	1,110	5,069	341	6,944	94,817
Investments		353,029	-	-	-	-	-	353,029
Total assets	\$	428,478	5,904	1,110	5,069	341	6,944	447,846
LIABILITIES AND FUND BALANCES								
Liabilities:								
Interfund loans payable		105,405	-	-	-	-	28	105,433
Total liabilities		105,405	-	-	-	-	28	105,433
Fund balances:								
Nonspendable:								
Principal		311,881	4,538	939	4,533	275	2,387	324,553
Restricted:								
Unexpended income		11,192	1,366	171	536	66	4,529	17,860
Total fund balances		323,073	5,904	1,110	5,069	341	6,916	342,413
Total liabilities and fund balances	\$	428,478	5,904	1,110	5,069	341	6,944	447,846

CITY OF BREWER, MAINE
Nonmajor Permanent Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2012

	Cemetery Trust	Elsie Olmstead Library	Ministerial and School Funds	Jefferds Educational Fund	Wallace Witham Fund	Woodlawn Revolving Cemetery Fund	Total Nonmajor Permanent Funds
Revenues:							
Investment income	\$ 4,224	5	1	5	-	(40)	4,195
Total revenues	4,224	5	1	5	-	(40)	4,195
Expenditures:							
Cemetery care	2,227	-	-	-	-		2,227
Other	-	3	1	2	-	3	9
Total expenditures	2,227	3	1	2	-	3	2,236
Net change in fund balances	1,997	2	-	3	-	(43)	1,959
Fund balances, beginning of year, reclassified	321,076	5,902	1,110	5,066	341	6,959	340,454
Fund balances, end of year	\$ 323,073	5,904	1,110	5,069	341	6,916	342,413

AGENCY FUNDS

CITY OF BREWER, MAINE
Agency Funds
Statement of Additions, Deductions and Changes in Balances
For the year ended June 30, 2012

		Balances beginning of year	Additions	Deductions	Balances end of year
Activity funds:					
Brewer High School Student Activities	\$	134,140	280,097	282,900	131,337
Brewer Middle School Student Activities		26,725	734	27,459	-
Brewer Community School Student Activities		-	91,825	62,036	29,789
Capri Street School		12,312	2	12,314	-
Washington Street School		1,219	350	1,569	-
State Street School		3,898	-	3,898	-
Children's fund		55,790	48,845	48,815	55,820
Superintendent's Office		2,306	2,485	4,160	631
Building Project Fund		53,005	23	53,028	-
Total	\$	289,395	424,361	496,179	217,577

SCHEDULE

CITY OF BREWER
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, 2012
(with comparative actual amounts for the year ended June 30, 2011)

	2012		Variance positive (negative)	2011 Actual
	Budget	Actual		
Revenues:				
State education subsidy	\$ 9,588,818	9,565,912	(22,906)	9,146,097
State agency clients	250,000	107,702	(142,298)	132,680
Medicaid reimbursement	-	3,112	3,112	-
District assessments	2,828,020	2,630,211	(197,809)	3,068,327
Local sources	135,500	115,507	(19,993)	212,188
Total revenues	12,802,338	12,422,444	(379,894)	12,559,292
Expenditures:				
Regular instruction	7,764,610	7,512,944	251,666	7,046,496
Special education instruction	2,632,498	2,416,516	215,982	2,416,558
Career and technical education	153,010	127,015	25,995	148,030
Other instruction	790,328	692,413	97,915	673,752
Student and staff support	1,198,668	1,165,865	32,803	1,060,637
System administration	551,711	493,286	58,425	485,010
School administration	948,256	880,527	67,729	850,537
Transportation and buses	442,202	429,867	12,335	416,954
Facilities maintenance	1,664,361	1,363,098	301,263	1,595,360
Debt service and other commitments	3,445,768	3,253,638	192,130	3,302,179
All other expenditures	5,546	5,859	(313)	5,519
Total expenditures	19,596,958	18,341,028	1,255,930	18,001,032
Excess (deficiency) of revenues over (under) expenditures	(6,794,620)	(5,918,584)	876,036	(5,441,740)
Other financing sources:				
Transfers from other funds:				
Special Revenue Funds	-	-	-	214,590
City appropriation	5,669,620	5,662,719	(6,901)	5,580,031
Budgeted use of fund balance	1,125,000	-	(1,125,000)	-
Total other financing sources	6,794,620	5,662,719	(1,131,901)	5,794,621
Net change in fund balances - budgetary basis	-	(255,865)	(255,865)	352,881
Reconciliation to GAAP:				
Change in accrued summer salaries		(30,956)		49,174
Net change in fund balances - GAAP basis		(286,821)		402,055
Fund balance, beginning of year		1,158,973		756,918
Fund balance, end of year	\$	872,152		1,158,973

