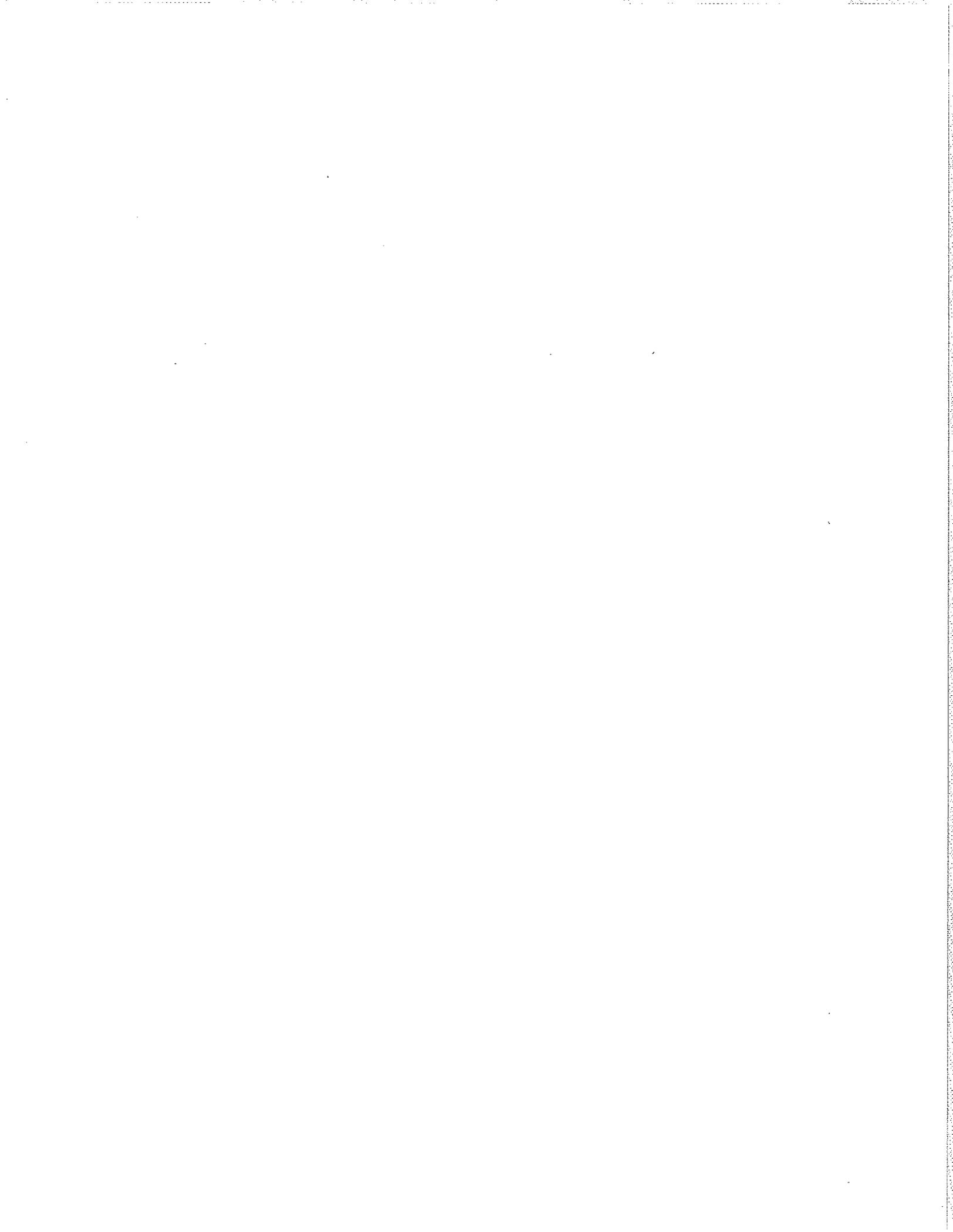


CITY OF BREWER, MAINE

Annual Financial Report

For the Year Ended June 30, 2011



CITY OF BREWER, MAINE
Annual Financial Report
For the Year Ended June 30, 2011

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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, 2011, 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, 2011, 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, 2011, on our consideration of the City of Brewer, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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



December 20, 2011
South Portland, Maine

CITY OF BREWER, MAINE
Management's Discussion and Analysis
June 30, 2011

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, 2011.

Financial Highlights

- ❖ The assets of the City of Brewer exceeded its liabilities by \$40,644,859 (net assets). Of this amount, \$277,612 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 \$352,699 from the prior year. Net assets of Governmental Activities increased by \$43,575 while Business-type Activities increased by \$309,124.
- ❖ At the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$9,831,993, which was an increase of \$1,070,515 from the prior fiscal year. \$343,018 of this increase was in the City's general fund; \$405,352 is attributable to a decrease in the City's major capital projects fund; with an increase of \$1,132,849 in the other governmental funds.
- ❖ The City's general fund reports an unassigned fund balance of \$3,407,012 and total fund balance of \$5,965,664; an increase of \$343,018. The City's unassigned fund balance is currently at 10.16% of budget and 10.75% of general fund expenditures.
- ❖ The City of Brewer incurred \$2,340,773 in additional long-term debt in the most recent fiscal year. However, the City retired \$2,449,727 in old debt. \$255,000 of the new debt was in the water fund.

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).

Both of the government-wide financial statements distinguish functions of the City of Brewer that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Brewer include administration, protection, public services, public works, unclassified, education, state retirement contributions, interest on debt, assessments and capital outlay. The business-type activities of the City of Brewer include water and sewer operations.

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

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

Financial Statements

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

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

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

The City of Brewer maintains numerous 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 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 beginning on page 15 of this report.

Proprietary funds. The City of Brewer maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Brewer uses enterprise funds to account for its Water Department and Sewer Department.

Proprietary funds provide the same type of information as the government-wide financial statements only in more detail. The proprietary fund financial statements provide separate information on the individual enterprise funds.

The basic proprietary fund financial statements can be found beginning on page 19 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.

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-44 of this report.

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

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual statements and schedules can be found on pages 49-85 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Brewer, governmental activity assets exceeded liabilities by \$23,537,428. Business-type activity assets exceeded liabilities by \$17,107,431 for a City-wide total of net assets of \$40,644,859 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 (85.05%) 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 (11.81%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (0.68%, or \$277,612) may be used to meet the City's ongoing obligations to citizens and creditors.

City of Brewer
Net Assets

	Governmental Activities		Business-type Activities		Primary Government Total	
	2011	2010 RESTATED	2011	2010	2011	2010 RESTATED
ASSETS						
Current and other assets	13,193,099	11,793,160	(868,775)	(509,280)	12,324,324	11,283,880
Capital assets	35,077,420	35,295,120	41,187,078	41,447,641	76,264,498	76,742,761
Total assets	\$ 48,270,519	\$ 47,088,280	\$ 40,318,303	\$ 40,938,361	\$ 88,588,822	\$ 88,026,641
LIABILITIES						
Long-term debt outstanding	19,590,053	18,918,968	22,108,098	22,954,247	41,698,151	41,873,215
Other liabilities	5,143,038	4,675,459	1,102,774	1,185,807	6,245,812	5,861,266
Total liabilities	\$ 24,733,091	\$ 23,594,427	\$ 23,210,872	\$ 24,140,054	\$ 47,943,963	\$ 47,734,481
NET ASSETS						
Invested in capital assets, net of debt	16,487,367	16,376,152	19,078,980	18,493,394	35,566,347	34,869,546
Restricted	4,800,900	311,881	-	-	4,800,900	311,881
Unrestricted (deficit)	2,249,161	6,805,820	(1,971,549)	(1,695,087)	277,612	5,110,733
Total net assets	\$ 23,537,428	\$ 23,493,853	\$ 17,107,431	\$ 16,798,307	\$ 40,644,859	\$ 40,292,160

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	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 4,978,747	5,014,416	4,714,014	4,656,622	9,692,761	9,671,038
Operating grants & cont.	13,931,580	12,645,061	-	-	13,931,580	12,645,061
Capital grants & cont.	1,446,530	3,744,237	696,868	886,218	2,143,398	4,630,455
General revenues:						
Property taxes	13,994,445	14,040,213	-	-	13,994,445	14,040,213
Excise taxes	1,431,056	1,413,907	-	-	1,431,056	1,413,907
Interest & cost on taxes	77,695	116,360	-	-	77,695	116,360
Franchise fees	114,026	107,231	-	-	114,026	107,231
State Revenue Sharing	1,015,857	1,070,858	-	-	1,015,857	1,070,858
Homestead exemption	183,898	246,191	-	-	183,898	246,191
Other govt. revenues	55,370	82,777	-	-	55,370	82,777
Unrestricted investmt. earnings	32,399	47,082	-	-	32,399	47,082
Misc. revenues	39,136	12,484	-	-	39,136	12,484
Gain (Loss) on disposal assets	(40,076)	(538,061)	(16,620)	(3,828)	(56,696)	(541,889)
Transfers	158,762	156,516	(158,762)	(156,516)	-	-
Total revenues	37,419,425	38,159,272	5,235,500	5,382,496	42,654,925	43,541,768
Expenditures:						
Current:						
Administration	1,813,078	1,577,657	-	-	1,813,078	1,577,657
Protection	4,460,541	4,548,475	-	-	4,460,541	4,548,475
Public Services	256,477	253,815	-	-	256,477	253,815
Public Works	2,837,472	2,279,611	-	-	2,837,472	2,279,611
Education	21,783,502	19,581,761	-	-	21,783,502	19,581,761
Unclassified	3,635,327	4,011,665	-	-	3,635,327	4,011,665
Assessments	839,247	1,200,760	-	-	839,247	1,200,760
Capital outlay	1,063,865	434,915	-	-	1,063,865	434,915
Interest on debt	686,341	923,747	-	-	686,341	923,747
Sewer	-	-	2,510,664	2,530,975	2,510,664	2,530,975
Water	-	-	2,415,712	2,431,145	2,415,712	2,431,145
Total expenditures	37,375,850	34,812,406	4,926,376	4,962,120	42,302,226	39,774,526
Change in net assets	43,575	3,346,866	309,124	420,376	352,699	3,767,242
Net assets, prior year - as restated	23,493,853	20,146,987	16,798,307	16,377,931	40,292,160	36,524,918
Net assets, current year	\$ 23,537,428	23,493,853	17,107,431	16,798,307	40,644,859	40,292,160

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

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City of Brewer's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Brewer governmental funds reported combined ending fund balances at June 30, 2011 of \$9,831,993, an increase of \$1,070,515 in comparison with the prior year. Approximately 33% of this total amount (\$3,276,965) 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 (\$6,555,028) is not available for new spending because it has already been restricted to use only for 1) various capital and other governmental purposes (\$3,641,927) and education (\$1,158,973), 2) non-expendable principal in investments, prepaid amounts and inventory (\$557,364), or 3) committed or assigned to specific uses (\$1,196,764).

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 \$5,965,664. After adjusting for unexpendable amounts (prepaids) (\$217,639), the amount that is restricted for use for education (\$1,158,973) and items committed or assigned to specific use (\$1,182,040, of which \$550,000 is for the 2012 budget and \$521,746 for accrued compensated absences), there is a net unassigned balance of \$3,407,012 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 10.75% of the total general fund expenditures.

The fund balance of the City of Brewer's General Fund increased \$343,018 during the current fiscal year. This is due to positive revenue budget variances of \$229,115, positive expenditure budget variances of \$1,895,462, partially offset by a budgeted use of fund balance of (\$1,792,135) and an adjustment for school change in accrued summer salaries \$49,174.

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 \$120,350 to \$9,918,598. Operating income was \$22,238 while nonoperating revenues added another \$98,112. Net assets of the City's Sewer Fund increased \$188,774 to \$7,188,833. The Sewer fund experienced an operating loss of \$234,600 and nonoperating income of \$423,374. Of the total net assets, the amount classified as invested in capital assets, net of related debt was \$8,849,852 and \$10,229,128 for the Water and Sewer Funds, respectively. Unrestricted net assets were \$1,068,746 for the Water Fund and (\$3,040,295) for the Sewer Fund.

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

General Fund Budgetary Highlights

The City of Brewer had an \$82,282 difference between the original and amended FY 2011 budget. The changes are as follows:

Assessments	\$ (2,685)
City Departments	81,104
Overlay	(22,000)
Transit Operations	25,863
<u>Total</u>	<u>\$ 82,282</u>

These supplemental appropriations were authorized by the Brewer City Council and appropriated from unanticipated revenues of \$18,095, prior year carryforward balances of \$36,052 and fund balance of \$28,135. The City of Brewer has a strong purchasing policy to prevent unnecessary departmental over expenditures.

Capital Asset and Debt Administration

Capital Assets. The City of Brewer's capital assets for its governmental activities as of June 30, 2011 amounts to \$61,009,195, less accumulated depreciation of \$25,931,775, leaving a net book value of \$35,077,420. This is a decrease of \$217,700, including \$1,391,473 in new additions offset by \$1,569,097 in depreciation expense and \$40,076 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, 2011 amounts to \$60,546,224, less accumulated depreciation of \$19,359,146, leaving a net book value of \$41,187,078. This is a decrease of \$260,563, including \$944,966 in new additions offset by \$1,188,909 in depreciation expense. This investment in capital assets includes land, buildings and improvements, vehicles, machinery and equipment, and water and sewer infrastructure.

Long-term Debt. At the end of the current fiscal year, the City of Brewer had total long-term debt of \$41,540,415. Of this amount, \$19,432,317 is for governmental activities and \$22,108,098 is for business-type activities. All debt is backed by the full faith and credit of the City.

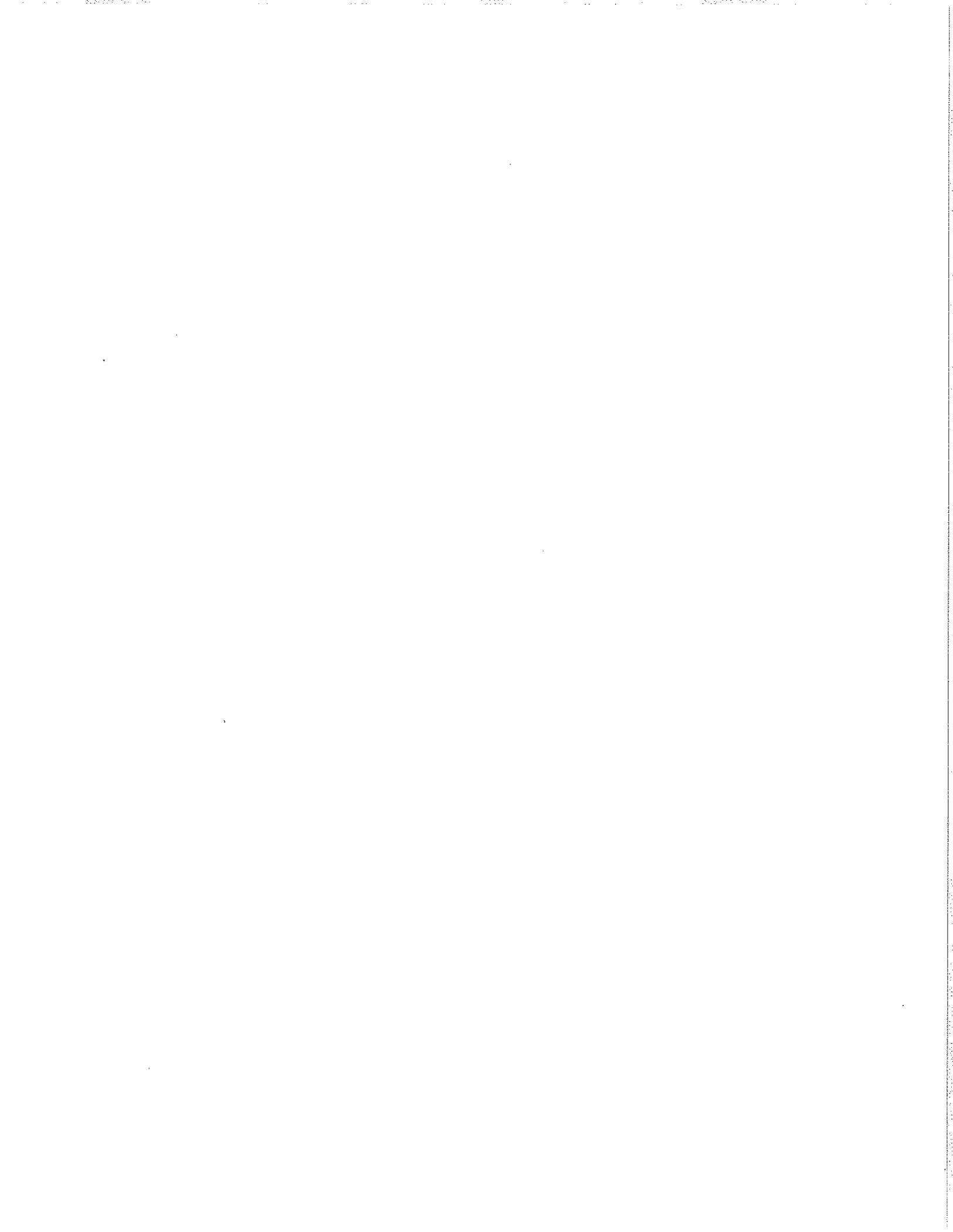
The City of Brewer issued \$2,340,773 in new long-term debt during the current fiscal year for various capital improvements. The City retired \$1,348,578 of governmental activities debt and \$1,101,149 of water and sewer debt in the current fiscal year.

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 \$110,685,000 and \$55,342,500 for its water and sewer funds, far exceeding the City's outstanding general obligation debt.

Requests for information

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

BASIC FINANCIAL STATEMENTS



CITY OF BREWER, MAINE
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 8,046,540	201,627	8,248,167
Investments	1,064,344	-	1,064,344
Receivables:			
Taxes receivable	178,333	-	178,333
Tax and sewer liens	556,505	34,618	591,123
Other receivables	797,217	736,670	1,533,887
Due from other governments	246,868	27,526	274,394
Prepaid expenses	217,639	166,952	384,591
Inventory	15,172	34,313	49,485
Internal balances	2,070,481	(2,070,481)	-
Capital assets, not being depreciated	2,842,849	4,224,932	7,067,781
Capital assets, net	32,234,571	36,962,146	69,196,717
Total assets	48,270,519	40,318,303	88,588,822
LIABILITIES			
Accounts payable	937,299	72,392	1,009,691
Accrued payroll and related liabilities	1,819,103	167,257	1,986,360
Accrued interest payable	274,715	401,256	675,971
Taxes collected in advance	55,015	-	55,015
Deferred revenues	24,897	461,869	486,766
Noncurrent liabilities:			
Due within one year	1,400,522	1,116,935	2,517,457
Due in more than one year	20,221,540	20,991,163	41,212,703
Total liabilities	24,733,091	23,210,872	47,943,963
NET ASSETS			
Invested in capital assets, net of related debt	16,487,367	19,078,980	35,566,347
Restricted	4,800,900	-	4,800,900
Unrestricted	2,249,161	(1,971,549)	277,612
Total net assets	\$ 23,537,428	17,107,431	40,644,859

See accompanying notes to financial statements.

CITY OF BREWER, MAINE
Statement of Activities
For the year ended June 30, 2011

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net assets		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total
					Governmental activities	Business-type activities	
Primary government:							
Governmental activities:							
Administration	\$ 1,813,078	64,660	-	7,489	(1,740,929)	-	(1,740,929)
Protection	4,460,541	408,017	14,647	-	(4,037,877)	-	(4,037,877)
Public services	256,477	-	84,983	-	(171,494)	-	(171,494)
Public works	2,837,472	231,858	127,781	-	(2,477,833)	-	(2,477,833)
Unclassified	3,635,327	603,891	1,400,203	-	(1,631,233)	-	(1,631,233)
Education	20,236,215	3,668,222	10,756,679	-	(5,811,314)	-	(5,811,314)
State retirement contribution (Education)	1,547,287	-	1,547,287	-	-	-	-
Interest on debt	686,341	2,099	-	-	(684,242)	-	(684,242)
Assessments	839,247	-	-	-	(839,247)	-	(839,247)
Capital outlay	1,063,865	-	-	1,439,041	375,176	-	375,176
Total governmental activities	37,375,850	4,978,747	13,931,580	1,446,530	(17,018,993)	-	(17,018,993)
Business-type activities:							
Water	2,415,712	2,437,950	-	199,668	-	221,906	221,906
Sewer	2,510,664	2,276,064	-	497,200	-	262,600	262,600
Total business-type activities	4,926,376	4,714,014	-	696,868	-	484,506	484,506
Total primary government	\$ 42,302,226	9,692,761	13,931,580	2,143,398	(17,018,993)	484,506	(16,534,487)
General revenues:							
Property taxes					\$ 13,994,445	-	13,994,445
Excise taxes					1,431,056	-	1,431,056
Interest and costs on taxes					77,695	-	77,695
Franchise fees					114,026	-	114,026
Grants and contributions not restricted to specific programs:							
State Revenue Sharing					1,015,857	-	1,015,857
Homestead exemption					183,898	-	183,898
Other intergovernmental revenues					55,370	-	55,370
Unrestricted investment earnings					32,399	-	32,399
Miscellaneous revenues					39,136	-	39,136
Loss on disposal of assets					(40,076)	(16,620)	(56,696)
Transfers					158,762	(158,762)	-
Total general revenues					17,062,568	(175,382)	16,887,186
Change in net assets					43,575	309,124	352,699
Net assets - beginning, as restated					23,493,853	16,798,307	40,292,160
Net assets - ending					\$ 23,537,428	17,107,431	40,644,859

See accompanying notes to financial statements.

CITY OF BREWER, MAINE
Balance Sheet
Governmental Funds
June 30, 2011

	General	Other Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 6,326,303	1,612,354	107,883	8,046,540
Investments	711,263	-	353,081	1,064,344
Receivables:				
Taxes receivable	178,333	-	-	178,333
Tax liens	556,505	-	-	556,505
Other receivables	756,821	28,114	18,918	803,853
Due from other governments	-	-	246,868	246,868
Prepaid items	217,639	-	-	217,639
Interfund loans receivable	-	313,138	2,251,588	2,564,726
Inventory	-	-	15,172	15,172
Total assets	\$ 8,746,864	1,953,606	2,993,510	13,693,980
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	186,146	345,712	405,441	937,299
Accrued payroll and related liabilities	1,819,103	-	-	1,819,103
Taxes collected in advance	55,015	-	-	55,015
Deferred revenue	549,689	-	-	549,689
Interfund loans payable	171,247	-	329,634	500,881
Total liabilities	2,781,200	345,712	735,075	3,861,987
Fund balances:				
Nonspendable	217,639	-	339,725	557,364
Restricted	1,158,973	1,607,894	2,034,033	4,800,900
Committed	18,380	-	14,724	33,104
Assigned	1,163,660	-	-	1,163,660
Unassigned	3,407,012	-	(130,047)	3,276,965
Total fund balances	5,965,664	1,607,894	2,258,435	9,831,993
Total liabilities and fund balances	\$ 8,746,864	1,953,606	2,993,510	
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.				35,077,420
Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the funds.				524,792
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				(19,432,317)
Capital leases				(157,736)
Compensated absences				(1,860,993)
Other postemployment benefits liability				(171,016)
Accrued interest payable				(274,715)
Net assets of governmental activities				\$ 23,537,428

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, 2011

	General	Other Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 15,423,197	-	-	15,423,197
Licenses and permits	397,916	-	-	397,916
Intergovernmental	12,308,600	-	2,021,436	14,330,036
Local sources	4,985,598	1,198,162	374,898	6,558,658
Unclassified	-	-	460,705	460,705
Interest earned	32,399	-	2,529	34,928
Total revenues	33,147,710	1,198,162	2,859,568	37,205,440
Expenditures:				
Current:				
Administration	1,680,336	-	-	1,680,336
Protection	4,153,955	-	-	4,153,955
Public services	256,477	-	-	256,477
Public works	1,917,650	-	-	1,917,650
Unclassified	2,718,608	-	766,072	3,484,680
Education	17,951,858	-	1,980,004	19,931,862
Debt service				
Principal	1,348,578	-	-	1,348,578
Interest	779,348	-	-	779,348
Assessments	839,247	-	-	839,247
State retirement contribution	1,547,287	-	-	1,547,287
Capital outlay	-	2,186,567	268,773	2,455,340
Total expenditures	33,193,344	2,186,567	3,014,849	38,394,760
Excess (deficiency) of revenues over (under) expenditures	(45,634)	(988,405)	(155,281)	(1,189,320)
Other financing sources (uses):				
Issuance of debt	-	1,085,773	1,000,000	2,085,773
Reserves and carryforwards	15,300	-	-	15,300
Transfers from other funds	373,352	-	288,130	661,482
Transfers to other funds	-	(502,720)	-	(502,720)
Total other financing sources (uses)	388,652	583,053	1,288,130	2,259,835
Net change in fund balances	343,018	(405,352)	1,132,849	1,070,515
Fund balances, beginning of year, as reclassified and restated	5,622,646	2,013,246	1,125,586	8,761,478
Fund balances, end of year	\$ 5,965,664	1,607,894	2,258,435	9,831,993

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, 2011

Net change in fund balances - total governmental funds (from Statement 4)	\$	1,070,515
<p>Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$1,569,097) and loss on disposal (\$40,076) exceeded capital outlay (\$1,391,473) in the current period.</p>		(217,700)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the change in deferred tax revenues.</p>		79,999
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. This is the decrease in accrued interest (\$26,897), less the increase in accrued compensated absences (\$179,909) and other post-employment benefits (\$65,142).</p>		(218,154)
<p>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 proceeds (\$2,085,773) exceeded bond repayments (\$1,348,578) and lease repayments (\$66,110).</p>		(671,085)
<hr/>		
Change in net assets of governmental activities (see Statement 2)	\$	43,575

See accompanying notes to financial statements.

CITY OF BREWER, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the year ended June 30, 2011

	General Fund			Variance with final budget positive (negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 15,029,617	15,030,617	15,423,197	392,580
Licenses and permits	378,019	378,119	397,916	19,797
Intergovernmental	10,956,351	10,956,351	10,761,313	(195,038)
Local sources	4,954,226	4,971,221	4,985,598	14,377
Interest earned	35,000	35,000	32,399	(2,601)
Total revenues	31,353,213	31,371,308	31,600,423	229,115
Expenditures:				
Current:				
Administration	1,771,602	1,779,486	1,680,336	99,150
Protection	4,163,141	4,207,142	4,153,955	53,187
Public services	258,690	284,553	256,477	28,076
Public works	1,957,724	1,962,277	1,917,650	44,627
Unclassified	2,735,912	2,738,758	2,718,608	20,150
Education	19,440,161	19,440,161	18,001,032	1,439,129
Debt service:				
Principal	1,458,578	1,458,578	1,348,578	110,000
Interest	880,942	880,942	779,348	101,594
Assessments	841,661	838,796	839,247	(451)
Total expenditures	33,508,411	33,590,693	31,695,231	1,895,462
Excess (deficiency) of revenues over (under) expenditures	(2,155,198)	(2,219,385)	(94,808)	2,124,577
Other financing sources:				
Use of fund balance	1,764,000	1,792,135	-	(1,792,135)
Reserves and carryforwards	15,300	51,352	15,300	(36,052)
Transfers from other funds	375,898	375,898	373,352	(2,546)
Total other financing sources	2,155,198	2,219,385	388,652	(1,830,733)
Net change in fund balances - budgetary basis	-	-	293,844	293,844
Reconciliation to GAAP:				
Change in accrued summer salaries			49,174	
Net change in fund balances - GAAP basis			343,018	
Fund balances, beginning of year, as reclassified			5,622,646	
Fund balances, end of year	\$		5,965,664	

See accompanying notes to financial statements.

CITY OF BREWER, MAINE
Statement of Net Assets
Proprietary Funds
June 30, 2011

Business-type Activities - Enterprise Funds			
	Water	Sewer	
	Department	Department	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 201,577	50	201,627
Accounts receivable	-	21,709	21,709
User fees receivable	153,590	561,371	714,961
Liens receivable	-	34,618	34,618
Prepaid expenses	-	8,113	8,113
Due from State	11,716	15,810	27,526
Interfund loans receivable	1,304,101	-	1,304,101
Inventory	34,313	-	34,313
Total current assets	1,705,297	641,671	2,346,968
Noncurrent assets:			
Capital assets not being depreciated:			
Land	3,020,775	53,900	3,074,675
Construction in progress	93,274	1,056,983	1,150,257
Total capital assets not being depreciated	3,114,049	1,110,883	4,224,932
Capital assets being depreciated:			
Capital assets	27,333,588	28,987,704	56,321,292
Accumulated depreciation	(7,498,525)	(11,860,621)	(19,359,146)
Total capital assets being depreciated	19,835,063	17,127,083	36,962,146
Deferred charges, net of amortization	158,839	-	158,839
Total noncurrent assets	23,107,951	18,237,966	41,345,917
Total assets	\$ 24,813,248	18,879,637	43,692,885
LIABILITIES			
Current liabilities:			
Accounts payable	11,493	60,899	72,392
Accrued payroll and related benefits	91,259	75,998	167,257
Accrued interest payable	310,648	90,608	401,256
Deferred revenue and advances for construction	381,990	79,879	461,869
Interfund loans payable	-	3,374,582	3,374,582
Current portion of bonds payable	412,605	704,330	1,116,935
Total liabilities	1,207,995	4,386,296	5,594,291
Long-term liabilities:			
Bonds payable	13,686,655	7,304,508	20,991,163
Total long-term liabilities	13,686,655	7,304,508	20,991,163
Total liabilities	14,894,650	11,690,804	26,585,454
NET ASSETS			
Invested in capital assets, net of related debt	8,849,852	10,229,128	19,078,980
Unrestricted	1,068,746	(3,040,295)	(1,971,549)
Total net assets	\$ 9,918,598	7,188,833	17,107,431

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, 2011

Business-type Activities - Enterprise Funds			
	Water Department	Sewer Department	Total
Operating revenues:			
Charges for services	\$ 2,386,475	2,035,165	4,421,640
Other	51,475	240,899	292,374
Total operating revenues	2,437,950	2,276,064	4,714,014
Operating expenses:			
Operation - salaries and benefits	489,181	517,680	1,006,861
Operation - other	311,110	826,164	1,137,274
Administrative expenses - salaries and benefits	175,927	147,297	323,224
Administrative expenses - other	228,824	43,742	272,566
Interest on debt service	685,084	285,864	970,948
Depreciation and amortization	525,586	689,917	1,215,503
Total operating expenses	2,415,712	2,510,664	4,926,376
Operating income (loss)	22,238	(234,600)	(212,362)
Nonoperating revenues:			
Transfer in - capital contributions	98,905	-	98,905
Capital grants and contributions	100,763	497,200	597,963
Gain/Loss on sale of assets	(13,503)	(3,117)	(16,620)
Transfers to General Fund - administration	(88,053)	(70,709)	(158,762)
Total nonoperating revenues	98,112	423,374	521,486
Change in net assets	120,350	188,774	309,124
Net assets, beginning of year	9,798,248	7,000,059	16,798,307
Net assets, end of year	\$ 9,918,598	7,188,833	17,107,431

See accompanying notes to financial statements.

CITY OF BREWER, MAINE
Statement of Cash Flows - Proprietary Funds
For the year ended June 30, 2011

Business-type Activities - Enterprise Funds			
	Water Department	Sewer Department	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 2,467,477	2,457,372	4,924,849
Payments to suppliers	(1,214,945)	(1,225,784)	(2,440,729)
Payments to employees	(676,108)	(666,375)	(1,342,483)
Interfund activity	(301,940)	441,191	139,251
Transfers to General Fund - administration	(88,053)	(70,709)	(158,762)
Net cash provided by operating activities	186,431	935,695	1,122,126
Cash flows from capital and related financing activities:			
Purchase of capital assets	(141,148)	(731,507)	(872,655)
Capital grants and contributions	100,763	497,200	597,963
Bond and capital lease proceeds	255,000	-	255,000
Principal payments on bonds and leases	(399,761)	(701,388)	(1,101,149)
Net cash used in capital and related financing activities	(185,146)	(935,695)	(1,120,841)
Net increase in cash	1,285	-	1,285
Cash, beginning of year	200,292	50	200,342
Cash, end of year	\$ 201,577	50	201,627
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 22,238	(234,600)	(212,362)
Transfers from General Fund - administration	(88,053)	(70,709)	(158,762)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	525,586	689,917	1,215,503
Decrease in receivables	35,510	161,042	196,552
Decrease in inventory	1,634	-	1,634
(Increase) in prepaid expenses	-	(3,250)	(3,250)
Decrease in deferred debits	26,593	-	26,593
(Decrease) in accounts payable	(18,154)	(66,764)	(84,918)
(Decrease) in accrued wages and benefits	(11,000)	(1,398)	(12,398)
Increase (decrease) in deferred revenue	(5,983)	20,266	14,283
Increase (decrease) in interfund balances	(301,940)	441,191	139,251
Net cash provided by operating activities	186,431	935,695	1,122,126
Noncash investing, capital, and financing activities:			
Transfers of capital assets from governmental funds	98,905	-	98,905

See accompanying notes to financial statements.

CITY OF BREWER, MAINE
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Agency Funds	Private- purpose Trust Funds
	Student Activity Funds	
ASSETS		
Cash and cash equivalents	\$ 289,216	4,490
Assets held by fiscal agent	-	325,345
Interfund loans receivable	-	6,636
Total assets	289,216	336,471
LIABILITIES		
Due to student groups	289,216	-
Total liabilities	289,216	-
NET ASSETS		
Held in trust	\$ -	336,471

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, 2011

		Private- purpose Trust Funds
Additions:		
Investment income	\$	54,125
Donations and other		22,100
Total additions		76,225
Deductions:		
Scholarships		21,550
Other		15,806
Total deductions		37,356
Change in net assets		38,869
Net assets, beginning of year		297,602
Net assets, end of year	\$	336,471

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 has 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, 2011:

	<u>Governmental activities</u>	<u>Business-type activities</u>
Capital assets	\$ 61,009,195	60,546,224
Accumulated depreciation	(25,931,775)	(19,359,146)
Bonds payable	(19,432,317)	(22,108,098)
Capital leases payable	(157,736)	-
Unspent bond proceeds	1,000,000	-
Total invested in capital assets net of related debt	\$ 16,487,367	19,078,980

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>
2011 budget as originally adopted	\$ 33,508,411	(33,508,411)	-
Reclassify use of fund balance - City and School	(1,792,135)	-	1,792,135
Reclassify transfer from other funds	(375,898)	-	375,898
Use of prior year reserves and carryforwards	(51,352)	-	51,352
Subsequent authorizations	82,282	(82,282)	-
Totals	\$ 31,371,308	(33,590,693)	2,219,385

C. Deficit Fund Equity

The following funds had a deficit fund balance at June 30, 2011:

MMA Grant Fund	15
FHWA Route 15 Earmark	58,692
City Hall Rehab	63,984
City Small Grants & Programs	2,437
Grants Fund	869

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, 2011, 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, 2011 - GAAP basis	\$ 1,158,973
Accrued teacher summer salaries	1,514,403
<u>Fund balance – School Department, June 30, 2011 - budgetary basis</u>	<u>\$ 2,673,376</u>

As required by generally accepted accounting principles (GAAP), the City has recorded a revenue and expenditure for Maine Public Employees Retirement System (MainePERS) contributions made by the State of Maine on behalf of the Brewer School Department. These amounts have not been budgeted and result in a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America of \$1,547,287. 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, 2011, the City reported deposits of \$8,541,873 with a bank balance of \$9,054,053. Of the City's bank balances, \$1,899,351 was exposed to custodial credit risk as it was not covered by the F.D.I.C. or by additional insurance purchased on behalf of the City by the respective banking institutions.

Deposits have been reported as follows:

Reported in governmental funds	\$ 8,046,540
Reported in business-type activities	201,627
Reported in fiduciary funds	293,706
<u>Total deposits</u>	<u>\$ 8,541,873</u>

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

DEPOSITS AND INVESTMENTS, CONTINUED

B. Investments

At June 30, 2011, 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)	\$ 1,389,689		not applicable	
Total investments	\$ 1,389,689			

(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	\$ 1,064,344
Reported in fiduciary funds	325,345
Total investments	\$ 1,389,689

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, 2011 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 July 26, 2010 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 14, 2010, and 50% on March 8, 2011. 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 \$778,524,400 was 100% of the estimated market value and 105.5% of the 2011 state valuation of \$737,900,000.

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 \$325,893 for the year ended June 30, 2011.

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 2011 and 2010 levy:

	<u>2011</u>	<u>2010</u>
Total assessed valuation	\$ 778,524,400	781,762,800
Tax rate (per \$1,000)	17.95	17.95
Commitment	13,974,513	14,032,654
Supplemental taxes assessed	-	-
	13,974,513	14,032,654
Less - collections and abatements	13,578,794	13,758,184
Receivable at end of year	395,719	274,470
Consisting of:		
Real estate liens	363,133	238,929
Real estate and personal property taxes	32,586	35,541
Receivable at end of year	\$ 395,719	274,470
Collection rate	97.16%	98.04%

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balance June 30, <u>2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2011</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,191,432	-	-	2,191,432
Artwork and historical treasures	20,800	-	-	20,800
Construction in progress	558,202	235,729	(163,314)	630,617
Total capital assets, not being depreciated	2,770,434	235,729	(163,314)	2,842,849
Capital assets, being depreciated:				
Land improvements	4,226,887	180,155	-	4,407,042
Buildings and building improvements	11,370,939	13,827	(609,995)	10,774,771
Machinery and equipment	3,989,726	431,643	(111,450)	4,309,919
Vehicles	2,919,267	108,730	(19,775)	3,008,222
Infrastructure	35,110,285	584,703	(28,596)	35,666,392
Total capital assets being depreciated	57,617,104	1,319,058	(769,816)	58,166,346
Less accumulated depreciation for:				
Land improvements	(380,997)	(79,421)	-	(460,418)
Buildings and building improvements	(3,469,148)	(224,881)	609,995	(3,084,034)
Machinery and equipment	(2,162,378)	(311,267)	82,110	(2,391,535)
Vehicles	(1,417,695)	(246,860)	19,775	(1,644,780)
Infrastructure	(17,662,200)	(706,668)	17,860	(18,351,008)
Total accumulated depreciation	(25,092,418)	(1,569,097)	729,740	(25,931,775)
Total capital assets being depreciated, net	32,524,686	(250,039)	(40,076)	32,234,571
Governmental activities capital assets, net	\$ 35,295,120	(14,310)	(203,390)	35,077,420

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

Governmental activities:	
Administration	\$ 73,512
Protection	306,586
Public works, including depreciation of general infrastructure assets	919,822
Unclassified	150,647
Education	118,530
Total depreciation expense – governmental activities	\$ 1,569,097

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

CAPITAL ASSETS, CONTINUED

	Balance June 30, <u>2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2011</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 3,074,675	-	-	3,074,675
Construction in progress	1,227,340	737,993	(815,076)	1,150,257
Total capital assets, not being depreciated	4,302,015	737,993	(815,076)	4,224,932
Capital assets, being depreciated:				
Water	27,196,440	192,791	(55,642)	27,333,589
Sewer	28,194,945	829,258	(36,500)	28,987,703
Total capital assets being depreciated	55,391,385	1,022,049	(92,142)	56,321,292
Less accumulated depreciation for:				
Water	(7,041,671)	(498,992)	42,139	(7,498,524)
Sewer	(11,204,088)	(689,917)	33,383	(11,860,622)
Total accumulated depreciation	(18,245,759)	(1,188,909)	75,522	(19,359,146)
Total capital assets being depreciated, net	37,145,626	(166,860)	(16,620)	36,962,146
Business-type activities capital assets, net	\$ 41,447,641	571,133	(831,696)	41,187,078

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

Business-type activities:	
Water Fund	\$ 498,992
Sewer Fund	689,917
Total depreciation expense – business-type activities	\$ 1,188,909

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

INTERFUND LOAN BALANCES/TRANSFERS

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers. The Water and Sewer funds transfer funds to the General Fund for administrative costs. Individual fund interfund receivables and payables balances and interfund transfer at June 30, 2011 arising from these transactions were as follows:

	Interfund receivables	Interfund payables	Transfers
Major funds:			
General Fund	\$ -	171,247	373,352
Other Capital Project Funds	313,138	-	(502,720)
Other nonmajor governmental funds:			
Assistance to Firefighters Grant	903	-	-
Centennial Prints Contributions	-	140	-
Police Asset Forfeiture	258,509	-	-
CDBG Housing Rehab Grant	10,130	-	-
Recreation Banner Fund	13,363	-	-
Performance Bonds Payable	18,402	-	-
Technical Review Payable	95,920	-	-
MMA Grant Fund	-	15	-
EPA Brownfield Rev Loan	144,714	-	-
FHWA Route 15 Earmark	170,908	-	-
Brewer Days	1,032	-	-
Children's Garden Fund	10,731	-	-
City Hall Rehab	-	95,478	-
City Small Grants & Programs	-	12,217	-
FEMA 05 Storm	4,861	-	-
Stream Cleanup	1,527	-	-
Flags in Brewer	1,574	-	-
Recognition Coins	224	-	-
Fire Museum	13,453	-	-
Brewer Business & Commercial Park	1,191,956	-	288,130
Insurance Deductible Reserve	14,500	-	-
Food Service Fund	28,269	-	-
Grants Fund (School Dept.)	-	114,564	-
Woodlawn Revolving Cemetery Fund	19	-	-
Impact Fee Fund	270,593	-	-
Cemetery Trust	-	107,220	-
Total other nonmajor governmental funds	2,251,588	329,634	288,130
Proprietary Funds:			
Water Fund	1,304,101	-	(88,053)
Sewer Fund	-	3,374,582	(70,709)
Total proprietary funds	1,304,101	3,374,582	(158,762)
Fiduciary Funds:			
Cianbro Home Heating	655	-	-
Veteran's Memorial Fund	3,981	-	-
Robertson Memorial Fund	2,000	-	-
Total fiduciary funds	6,636	-	-
Total	\$ 3,875,463	3,875,463	-

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2011, 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	\$ 18,695,122	2,085,773	1,348,578	19,432,317	1,351,588
Capital leases	223,846	-	66,110	157,736	48,934
Compensated absences	1,681,084	179,909	-	1,860,993	-
OPEB liability	105,874	82,439	17,297	171,016	-
Governmental activities long-term liabilities	20,705,926	2,348,121	1,431,985	21,622,062	1,400,522
Business-type activities:					
Bonds payable	22,954,247	255,000	1,101,149	22,108,098	1,116,935
Governmental and business-type activities long-term liabilities	\$ 43,660,173	2,603,121	2,533,134	43,730,160	2,517,457

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

LONG-TERM DEBT

Long-term debt at June 30, 2011 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, 2011
S. A GOB US Bank - Sewer	1993	\$ 1,000,000	1/1/2013	6.1-6.5%	-	100,000	100,000
Series F MMBB - Sewer	1993	2,363,400	6/30/2013	3.100%	-	236,340	236,340
GOB US Bank - City/Sewer	1995	1,100,000	8/1/2015	5.2-6.2%	157,500	67,500	225,000
GOB US Bank - City	1996	850,000	8/1/2016	5.15-5.75%	240,000	-	240,000
USDA RD Loan - Water	1996	4,161,500	2/8/2036	5.00%	-	3,416,375	3,416,375
Series B MMBB - City/Sewer	1997	4,000,000	11/1/2017	3.16%	148,365	1,251,635	1,400,000
Series D MMBB High Sch./Sew.	1997	1,100,000	1/1/2017	4.53-5.38%	248,517	136,483	385,000
USDA RD Loan - Water	1997	1,500,000	7/24/2037	5.00%	-	1,279,473	1,279,473
USDA RD Loan - Water	1997	365,900	12/28/2037	4.875%	-	310,560	310,560
USDA RD Loan - Water	1998	650,000	9/28/2038	4.75%	-	559,839	559,839
Series C MMBB - Water	1998	1,715,000	11/1/2018	4.528-5.378%	-	686,000	686,000
FRF MMBB - Sewer	1999	1,000,000	4/1/2020	3.120%	-	450,000	450,000
Series A GOB US Bank - City	2000	2,060,000	10/1/2019	5.0-5.6%	730,000	-	730,000
GOB US Bank - City	2001	4,280,000	11/1/2021	4.0-4.75%	2,335,000	-	2,335,000
SR MMBB - Sewer	2001	2,500,000	10/1/2022	1.900%	-	1,500,000	1,500,000
GOB US Bank - City/Water	2002	4,500,000	12/1/2032	3.0-4.875%	1,450,400	1,404,600	2,855,000
USDA RD Loan - Water	2002	1,971,000	1/24/2042	4.75%	-	1,781,647	1,781,647
USDA RD Loan - Water	2002	1,645,000	8/26/2042	4.75%	-	1,508,014	1,508,014
FR MMBB - Sewer	2004	1,000,000	10/1/2024	1.441%	-	700,000	700,000
Series D MMBB - City	2004	358,000	11/1/2014	3.019-3.644%	143,200	-	143,200
Series E MMBB - City	2004	363,000	11/1/2024	1.012-9.0%	254,100	-	254,100
Series E MMBB - City	2004	1,530,000	11/1/2024	.823-9.0%	989,400	-	989,400
Series C MMBB - City	2005	690,000	11/1/2025	2.95-9.0%	498,750	-	498,750
Series C MMBB - Water	2005	725,000	11/1/2025	3.05-9.0%	-	543,750	543,750
USDA RD Loan - Water	2005	1,225,600	9/19/2033	4.125%	-	1,121,697	1,121,697
Series A MMBB - City	2006	1,070,000	11/1/2026	2.0-5.5%	751,000	-	751,000
SR MMBB - City / Sewer	2006	448,000	4/1/2026	1.77%	140,986	195,014	336,000
USDA RD Loan - Sewer	2006	1,580,000	5/28/2034	4.375%	-	1,417,096	1,417,096
Series C MMBB - City	2007	1,735,000	11/1/2026	2.3-6.0%	1,195,336	-	1,195,336
Series B MMBB - City	2008	600,000	11/1/2027	2.0-5.5%	485,250	-	485,250
Series F MMBB	2009	593,395	4/1/2029	0%	-	534,055	534,055
Series B MMBB	2009	1,442,000	11/1/2029	2.08-5.58%	1,325,050	-	1,325,050
GO WW Bond	2009	1,700,000	10/23/2037	4.50%	-	1,639,439	1,639,439
GO Bond	2009	6,500,000	11/18/2036	4.50%	6,253,690	-	6,253,690
ARRA MMBB - Sewer	2010	750,877	10/1/2029	0%	-	315,331	315,331
MMBB - Water	2010	735,000	4/1/2030	1.00%	-	698,250	698,250
Public Works	2011	172,773	4/1/2019	1.00%	172,773	-	172,773
Series C MMBB - City/Water	2011	2,168,000	11/1/2031	2.12 - 5.62%	1,913,000	255,000	2,168,000
Totals					\$ 19,432,317	22,108,098	41,540,415

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, 2011, are as follows:

Year ending June 30,	Governmental activities		Business-type activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 1,351,588	803,686	1,116,935	866,083	2,468,523	1,669,769
2013	1,427,883	751,342	1,151,002	828,567	2,578,885	1,579,909
2014	1,394,668	691,595	994,873	787,274	2,389,541	1,478,869
2015	1,394,882	628,876	1,008,092	763,319	2,402,974	1,392,195
2016	1,244,636	571,872	1,027,257	714,337	2,271,893	1,286,209
2017-2021	5,398,885	2,119,633	4,514,215	3,079,078	9,913,100	5,198,711
2022-2026	3,124,591	1,185,448	3,727,957	2,374,334	6,852,548	3,559,782
2027-2031	1,896,945	717,351	3,572,767	1,657,782	5,469,712	2,375,133
2032-2036	1,806,165	330,110	3,385,528	948,486	5,191,693	1,278,596
2037-2041	392,074	17,643	1,331,099	226,439	1,723,173	244,082
2042-2046	-	-	278,373	17,452	278,373	17,452
Totals	\$ 19,432,317	7,817,556	22,108,098	12,263,151	41,540,415	20,080,707

Authorized but Unissued

The City Council did not authorize any debt that it did not issue in fiscal year 2011. However the \$865,000, \$3,120,000 and \$800,000, in USDA Sewer funding awards from fiscal year 2010 remain authorized but unissued as of June 30, 2011. The total anticipated obligation from these funds, less the grant portion of the awards, is \$3,060,000. The projects are now underway, and the City expects to issue the debt in the next fiscal year.

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

CAPITAL LEASES

The City has entered into various agreements as lessee for financing the acquisition of 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 \$323,076. The leases have been recorded as a liability in the government-wide financial statements at the present value of the future minimum lease payments.

The following is a schedule of the future minimum lease payments under capital leases, and the present value of net minimum lease payments at June 30, 2011.

<u>Fiscal year</u> <u>ending June 30,</u>	<u>Governmental</u> <u>activities</u>
2012	\$ 55,956
2013	39,700
2014	39,700
<u>2015</u>	<u>39,700</u>
Total minimum lease payments	175,056
Less: amount representing interest	17,320
 <u>Present value of future minimum lease payments</u>	 <u>\$ 157,736</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, 2011, 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</u> <u>outstanding</u> <u>June 30, 2011</u>	<u>Percentage</u> <u>applicable</u> <u>to the City</u>	<u>City's</u> <u>proportionate</u> <u>share of debt</u>
Penobscot County	\$ -	N/A	-
Brewer High School District Trustees	35,435,524	100.00%	35,435,524

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 \$29,000,000 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/ NET ASSETS RECLASSIFICATION

For fiscal year ending June 30, 2011 the City adopted Government Accounting Standards Board Statement No. 54 (GASB 54). Fund balances were reclassified as follows to meet the new definition of fund types as described in GASB 54:

	General Fund	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Nonmajor Permanent Funds	Private- Purpose Trust Funds
July 1, 2010 fund balance/net assets	\$ 5,604,989	562,543	240,387	348,062	289,853
Reclassification	17,657	46,919	(64,576)	(7,749)	7,749
July 1, 2010 fund balance/net assets, reclassified	\$ 5,622,646	609,462	175,811	340,313	297,602

During 2011, the School Department adjusted the fund balance of the Grants Fund for Capacity Building Grant proceeds returned to the Maine Department of Education.

Grants Fund – Fund balance, July 1, 2010, as previously reported	\$ 175,922
Capacity Building Grant proceeds returned to the Maine Department of Education	(550)
Grants Fund – Fund balance, July 1, 2010, as restated	\$ 175,372

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

FUND BALANCE

As of June 30, 2011 fund balance components consisted of the following:

	General Fund	Other Capital Projects	Other Governmental Total
Nonspendable:			
Inventory	\$ -	-	15,172
Prepaid items	217,639	-	-
Principal for permanent funds	-	-	324,553
Total nonspendable	217,639	-	339,725
Restricted:			
Finance and administration	-	-	1,340,200
Community services	-	-	53,470
Public safety	-	-	255,144
Public works	-	-	6,388
Education	1,158,973	-	92,337
Capital projects	-	1,607,894	270,593
Permanent funds	-	-	15,901
Total restricted	1,158,973	1,607,894	2,034,033
Committed:			
Finance and administration	2,470	-	-
Community services	-	-	14,724
Public safety	15,910	-	-
Total committed	18,380	-	14,724
Assigned:			
Reappropriated to 2012 budget	550,000	-	-
Accrued compensated absences	521,746	-	-
Elections – professional services	1,000	-	-
Finance – software upgrade	1,500	-	-
Econ. Development - professional services	35,850	-	-
Econ. Development – Greater Bangor 4 th of July Corp	2,000	-	-
Fire – training, conf and meetings	153	-	-
Genl Protections – street light rental	10,161	-	-
Transit Operating Expenses – THE BUS	31,581	-	-
Public Works – contracted svcs - line painting	6,926	-	-
Parking lot and land fees	300	-	-
Contingency	2,138	-	-
Parks and Rec – summer prog/league	305	-	-
Total assigned	1,163,660	-	-
Unassigned	3,407,012	-	(130,047)
Total fund balance	\$ 5,965,664	1,607,894	2,258,435

CITY OF BREWER, MAINE
Notes to Basic Financial Statements Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM (Maine PERS)

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

Funding Policy - Plan members are required to contribute 6.5% of their annual covered salary and the City is required to contribute an actuarially determined rate. The current rate is 3.5% of annual covered payroll for the Regular Plan and 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, 2011, 2010 and 2009 were \$287,711, \$243,935, and \$247,355, respectively, equal to the required contributions for each year. The City's Initial Unpooled Unfunded Actuarial Liability was \$591,147 at June 30, 2010. This unfunded liability is being amortized over a seven year period beginning July 1, 2010.

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 \$1,547,287 (17.76%) for the fiscal year 2011. This amount has been reported as a revenue and expenditure in the GAAP basis financial statements (Statement 2 and Statement 4). There is no contribution required by the School except for federally funded teachers, for which the School contributed 17.76% 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 2011 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, 2011 was \$90,658.

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, 2011.

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, 2010	\$ 105,874
Annual required contribution	82,439
<u>Actual Contribution</u>	<u>(17,297)</u>
OPEB liability, June 30, 2011	\$ 171,016

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, 2011 were as follows:

Annual required contribution	\$ 82,439
Actual contribution	17,297
Percent contributed	20.98%
Actuarial accrued liability	845,020
Plan assets	-
Unfunded actuarial accrued liability	845,020
Covered payroll	5,377,644
Unfunded actuarial accrued liability as a percentage of covered payroll	15.71%

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

Retiree Healthcare Plan

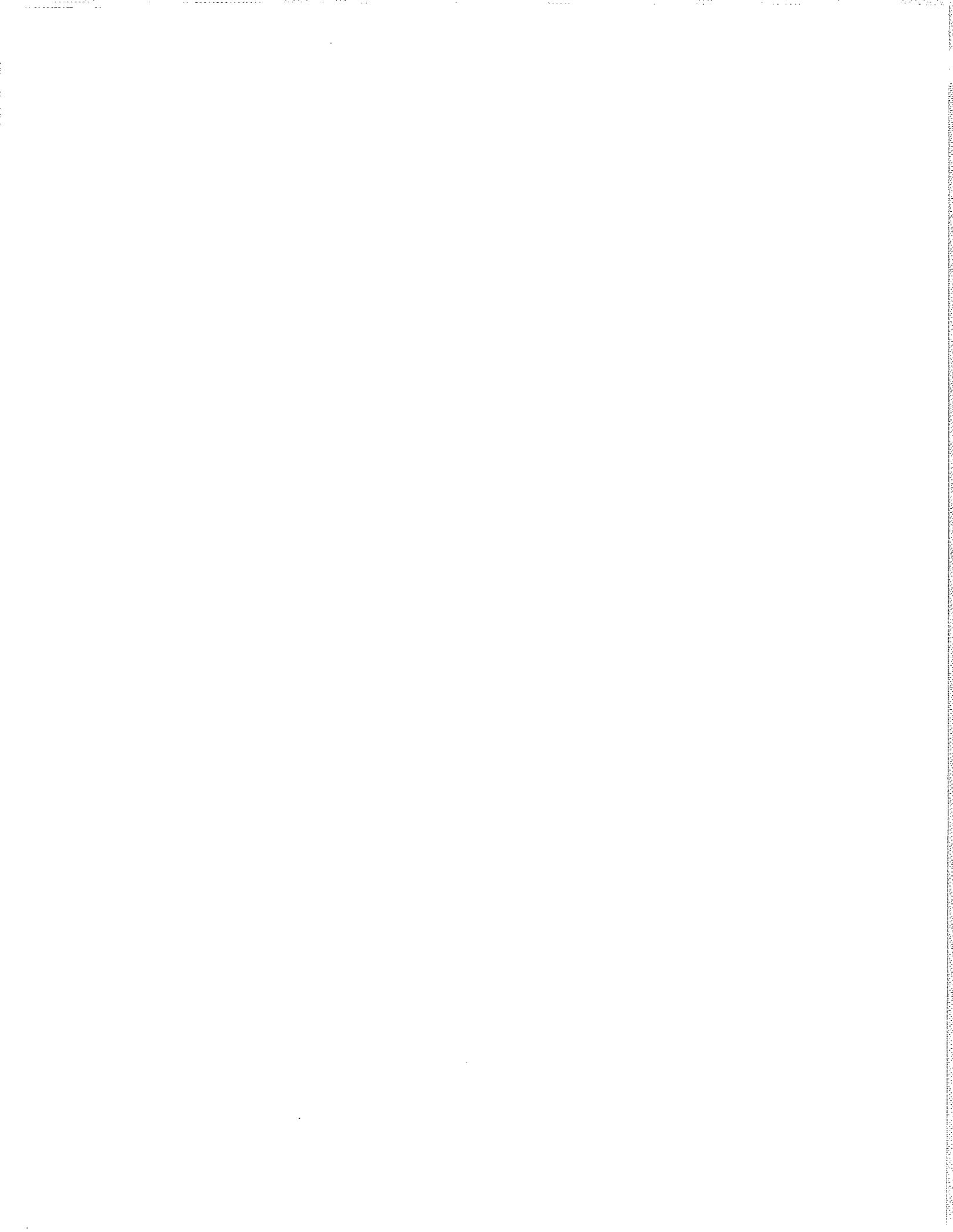
<u>Fiscal Year</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) – Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a) /c]</u>
2009	1/1/09	\$ -	653,002	653,002	0.00%	5,506,429	11.86%
2010	1/1/09	\$ -	653,002	653,002	0.00%	5,624,738	11.60%
2011	1/1/11	\$ -	845,020	845,020	0.00%	5,377,644	15.71%

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.



CITY OF BREWER, MAINE
General Fund
Comparative Balance Sheets
June 30, 2011 and 2010

	2011	2010
ASSETS		
Cash and cash equivalents	\$ 6,326,303	6,852,286
Investments	711,263	705,576
Prepaid expenditures	217,639	214,488
Receivables:		
Taxes	178,333	137,883
Tax liens	556,505	398,314
Accounts	756,821	569,195
Total assets	\$ 8,746,864	8,877,742
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	186,146	377,635
Taxes collected in advance	55,015	53,560
Deferred revenue	549,689	473,243
Accrued payroll and related liabilities	1,819,103	1,859,394
Interfund loans payable	171,247	491,264
Total liabilities	2,781,200	3,255,096
Fund balance:		
Nonspendable - prepaid expenditures	217,639	214,488
Restricted for education	1,158,973	756,918
Committed	18,380	17,118
Assigned	1,163,660	1,000,000
Unassigned	3,407,012	3,634,122
Total fund balance	5,965,664	5,622,646
Total liabilities and fund balance	\$ 8,746,864	8,877,742

CITY OF BREWER, MAINE
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the year ended June 30, 2011
(with comparative actual amounts for the year ended June 30, 2010)

	2011		Variance positive (negative)	2010 Actual
	Final Budget	Actual		
Revenues:				
Taxes:				
Property	\$ 13,673,617	13,914,446	240,829	14,228,684
Automobile excise	1,300,000	1,424,511	124,511	1,404,978
Boat excise	8,000	6,545	(1,455)	8,929
Interest on taxes	40,000	60,143	20,143	105,949
Payments in lieu of taxes	9,000	17,552	8,552	10,411
Total taxes	15,030,617	15,423,197	392,580	15,758,951
Licenses, permits and fees:				
Licenses and clerk fees	32,000	35,461	3,461	30,262
Registration fees	22,000	23,744	1,744	23,956
Ambulance fees	319,019	333,256	14,237	274,675
All other	5,100	5,455	355	5,388
Total licenses, permits and fees	378,119	397,916	19,797	334,281
Intergovernmental:				
Road block grant program	100,000	127,781	27,781	122,483
State revenue sharing	936,000	1,015,857	79,857	1,070,858
Tree growth reimbursement	225	204	(21)	236
Veterans reimbursement	8,000	8,378	378	11,081
BETE reimbursement	60,000	42,033	(17,967)	64,192
Homestead exemption	184,800	183,898	(902)	246,191
General assistance	53,615	68,936	15,321	64,299
Transit bonus program	20,000	16,047	(3,953)	21,338
Police grant reimbursements	16,903	14,647	(2,256)	19,451
Worker's compensation reimbursement	-	4,755	4,755	7,268
School Department	9,576,808	9,278,777	(298,031)	7,665,619
Total intergovernmental	10,956,351	10,761,313	(195,038)	9,293,016
Local sources:				
Property leases	202,692	7,489	(195,203)	215,714
Parks and recreation	360,470	355,439	(5,031)	344,421
Sale of City property	-	-	-	1,082,729
Public safety	34,266	31,948	(2,318)	26,446
Code enforcement	58,000	42,813	(15,187)	47,353
Public works	169,350	231,858	62,508	97,377
Cable television	110,000	114,026	4,026	107,231
Deferred debt service	1,120	2,099	979	2,367
Library	6,030	7,412	1,382	7,141
TIF revenues	942,961	888,163	(54,798)	1,023,670
School Department revenue	3,068,732	3,280,515	211,783	3,327,091
All other	17,600	23,836	6,236	2,563
Total local sources	4,971,221	4,985,598	14,377	6,284,103
Interest earned	35,000	32,399	(2,601)	47,082
Total revenues	31,371,308	31,600,423	229,115	31,717,433

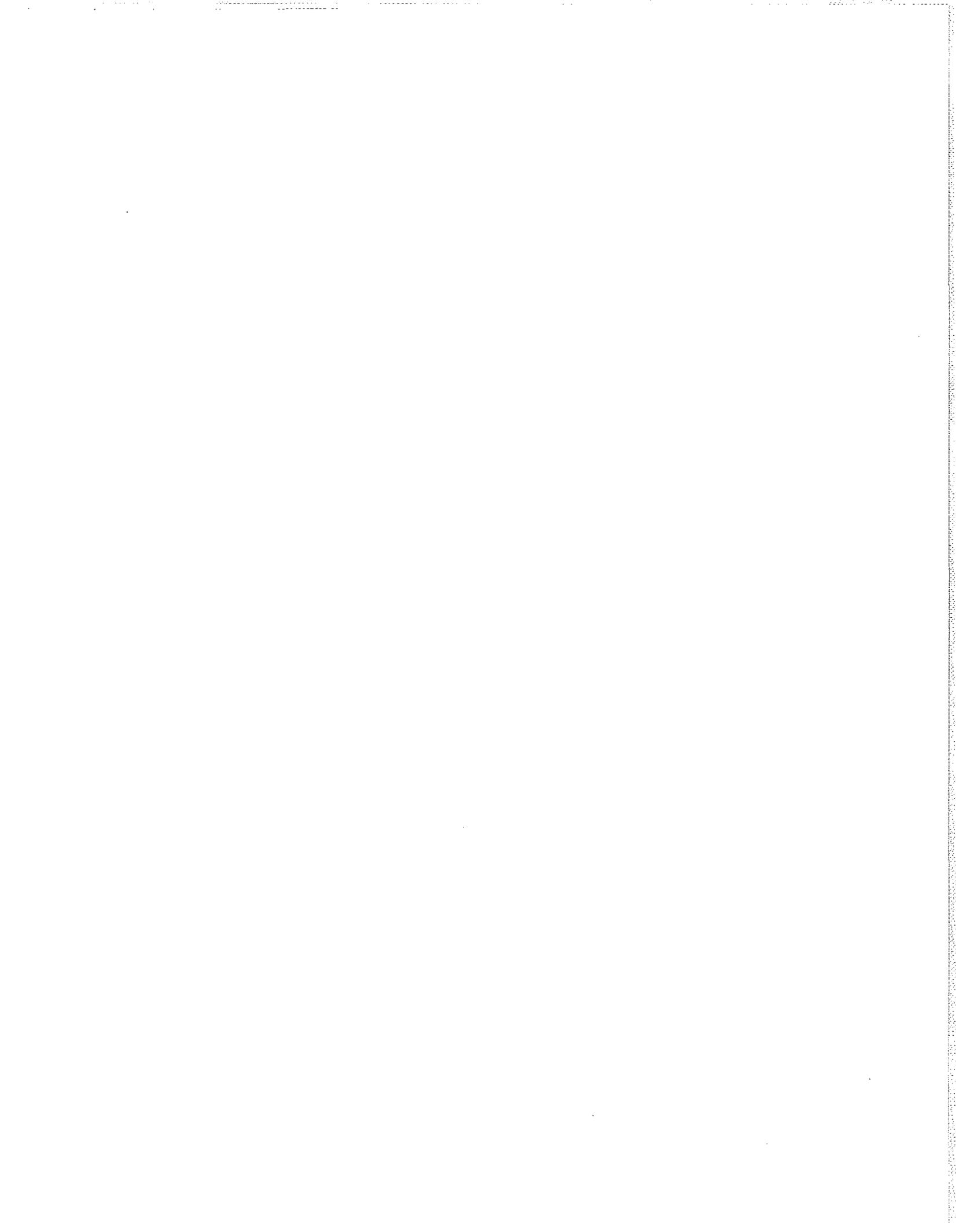
CITY OF BREWER, MAINE
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual, Continued

	2011		Variance positive (negative)	2010 Actual
	Final Budget	Actual		
Expenditures:				
Current:				
Administration:				
City Council	\$ 12,648	8,619	4,029	9,270
City Manager	312,759	311,861	898	303,658
City Clerk	167,111	165,123	1,988	166,029
Elections	8,900	4,998	3,902	15,829
Assessing	173,175	171,598	1,577	178,513
Finance	487,032	473,360	13,672	509,482
Technology	122,899	123,516	(617)	126,037
Legal	92,000	81,413	10,587	183,207
City Hall	89,110	87,178	1,932	79,802
Economic Development	313,852	252,670	61,182	313,803
Total administration	1,779,486	1,680,336	99,150	1,885,630
Protection:				
Police department	1,547,462	1,494,105	53,357	1,500,434
Fire department	1,500,156	1,520,083	(19,927)	1,554,995
Code enforcement	138,941	130,360	8,581	181,935
General protections	880,668	871,122	9,546	895,946
Insurances	121,100	120,374	726	109,057
Animal control	18,815	17,911	904	17,905
Total protection	4,207,142	4,153,955	53,187	4,260,272
Public services:				
Health and human services	156,580	178,079	(21,499)	155,738
Transit system	121,673	72,354	49,319	92,033
Adult Ed	3,500	3,244	256	3,244
Non-profit organizations	2,800	2,800	-	2,800
Total public services	284,553	256,477	28,076	253,815
Public works:				
Public works	1,278,323	1,210,586	67,737	1,204,151
Solid waste disposal	464,378	490,137	(25,759)	485,107
Planning	72,117	72,475	(358)	-
Engineering	147,459	144,452	3,007	145,699
Total public works	1,962,277	1,917,650	44,627	1,834,957
Education	19,440,161	18,001,032	1,439,129	16,543,241

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

	2011		Variance positive (negative)	2010 Actual
	Final Budget	Actual		
Expenditures, continued:				
Current, continued:				
Unclassified:				
Employee benefits	\$ 323,154	331,829	(8,675)	185,573
Tax increment financing reimbursements	1,350,132	1,350,135	(3)	1,419,482
Municipal auditorium	160,236	151,763	8,473	157,488
Parks and cemeteries	206,088	204,930	1,158	215,949
Recreation/pool	449,356	434,319	15,037	436,622
Library	186,404	185,534	870	206,937
Dues	11,000	9,923	1,077	10,893
Contingencies	37,440	32,006	5,434	24,051
All other	14,948	18,169	(3,221)	16,878
Total unclassified	2,738,758	2,718,608	20,150	2,673,873
Debt service:				
Principal	1,458,578	1,348,578	110,000	2,539,466
Interest	880,942	779,348	101,594	972,225
Total debt service	2,339,520	2,127,926	211,594	3,511,691
Assessments:				
County tax	815,661	815,661	-	799,880
Abatements and bad debts	20,135	23,586	(3,451)	400,880
Overlay	3,000	-	3,000	-
Total assessments	838,796	839,247	(451)	1,200,760
Total expenditures	33,590,693	31,695,231	1,895,462	32,164,239
Excess (deficiency) of revenues over (under) expenditures	(2,219,385)	(94,808)	2,124,577	(446,806)
Other financing sources (uses):				
Use of fund balance - City	792,135	-	(792,135)	-
Use of fund balance - School Department	1,000,000	-	(1,000,000)	-
Reserves and carryforwards	51,352	15,300	(36,052)	9,921
Transfers from other funds:				
Special Revenue Funds	214,590	214,590	-	-
Sewer fund	70,970	70,709	(261)	70,956
Water fund	87,338	88,053	715	85,560
Cemetery trust	3,000	-	(3,000)	-
Total other financing sources (uses)	2,219,385	388,652	(1,830,733)	166,437
Net change in fund balance - budgetary basis	-	293,844	293,844	(280,369)
Reconciliation to GAAP:				
Change in accrued teacher summer salaries		49,174		104,010
Net change in fund balance - GAAP basis		343,018		(176,359)
Fund balance, beginning of year, as reclassified		5,622,646		5,799,005
Fund balance, end of year	\$	5,965,664		5,622,646

ALL OTHER GOVERNMENTAL FUNDS



CITY OF BREWER, MAINE
All Other Governmental Funds
Combining Balance Sheet
June 30, 2011

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 13,309	-	94,574	107,883
Investments	-	-	353,081	353,081
Accounts receivable	18,918	-	-	18,918
Due from other governments	215,374	31,494	-	246,868
Interfund loan receivable	1,810,068	441,501	19	2,251,588
Inventory	15,172	-	-	15,172
Total assets	\$ 2,072,841	472,995	447,674	2,993,510
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	175,841	229,600	-	405,441
Interfund loans payable	126,936	95,478	107,220	329,634
Total liabilities	302,777	325,078	107,220	735,075
Fund balances:				
Nonspendable:				
Inventory	15,172	-	-	15,172
Permanent fund	-	-	324,553	324,553
Restricted:				
Special revenue fund	1,747,539	-	-	1,747,539
Capital projects fund	-	270,593	-	270,593
Permanent fund	-	-	15,901	15,901
Committed:				
Special revenue fund	14,724	-	-	14,724
Unassigned:				
Capital projects fund	(7,371)	(122,676)	-	(130,047)
Total fund balances	1,770,064	147,917	340,454	2,258,435
Total liabilities and fund balances	\$ 2,072,841	472,995	447,674	2,993,510

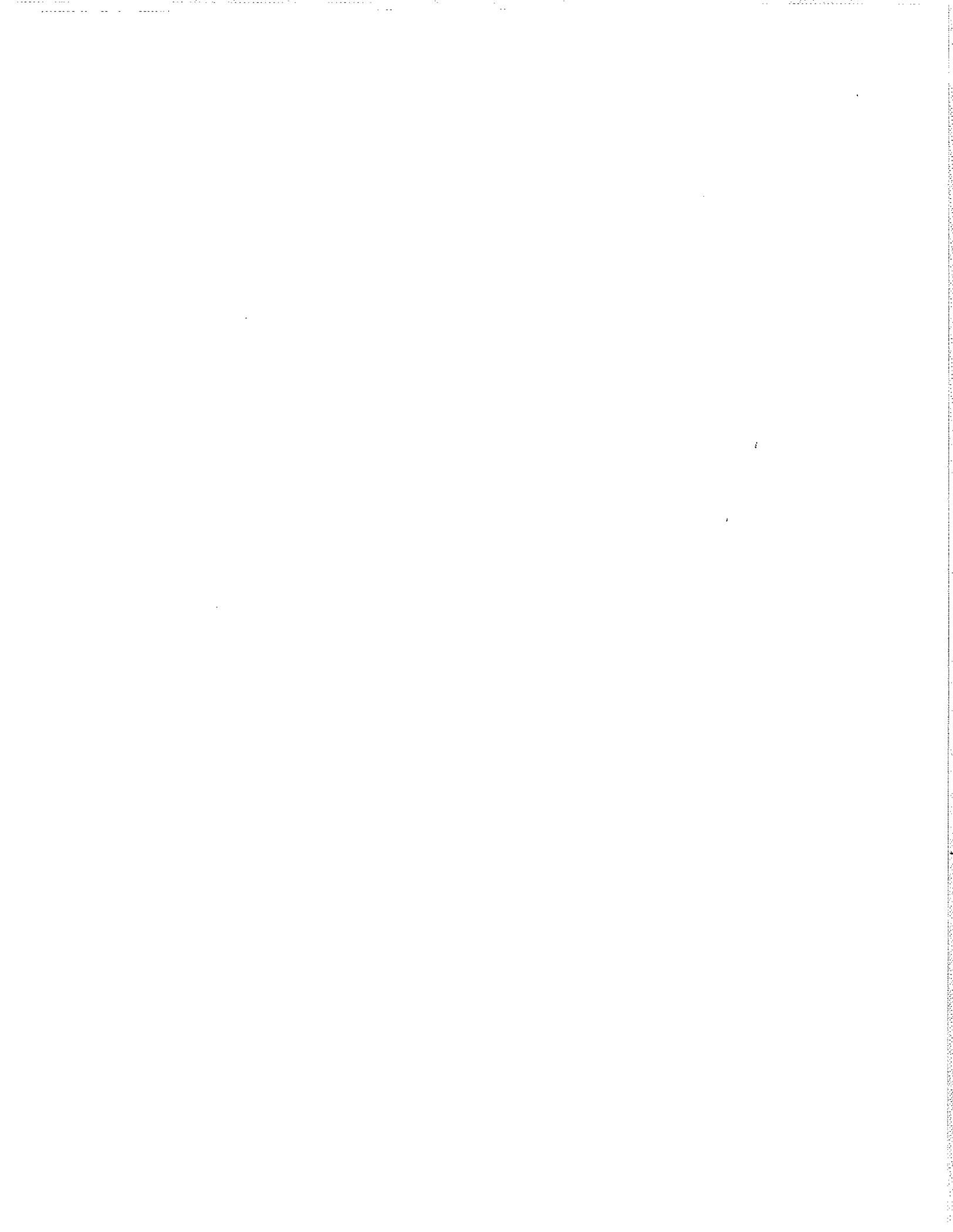
CITY OF BREWER, MAINE
All Other Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2011

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
Revenues:				
Intergovernmental	\$ 1,989,942	31,494	-	2,021,436
Lunch program	337,013	-	-	337,013
Local sources	-	37,885	-	37,885
Interest earned	67	-	2,462	2,529
Other income	289,205	171,500	-	460,705
Total revenues	2,616,227	240,879	2,462	2,859,568
Expenditures:				
Educational programs	1,359,177	-	-	1,359,177
Lunch program	620,827	-	-	620,827
Capital outlay	-	268,773	-	268,773
Unclassified	763,751	-	2,321	766,072
Total expenditures	2,743,755	268,773	2,321	3,014,849
Excess (deficiency) of revenues over (under) expenditures	(127,528)	(27,894)	141	(155,281)
Other financing sources (uses):				
Transfers In	288,130	-	-	288,130
Issuance of debt	1,000,000	-	-	1,000,000
Total other financing sources (uses)	1,288,130	-	-	1,288,130
Net change in fund balances	1,160,602	(27,894)	141	1,132,849
Fund balances, beginning of year, as reclassified	609,462	175,811	340,313	1,125,586
Fund balances, end of year	\$ 1,770,064	147,917	340,454	2,258,435

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, 2011

		Centennial Prints Contributions	Centennial Memorabilia Fund	Police Asset Forfeiture	Assistance to Firefighters Grant	CDBG Housing Rehab Grant	Recreation Banner Fund	Performance Bonds Payable
ASSETS								
Cash and cash equivalents	\$	683	12,626	-	-	-	-	-
Accounts receivable		-	-	-	-	-	-	-
Due from other governments		-	-	-	-	-	-	-
Interfund loans receivable		-	-	258,509	903	10,130	13,363	18,402
Inventory		-	-	-	-	-	-	-
Total assets	\$	683	12,626	258,509	903	10,130	13,363	18,402
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued expenses		-	-	5,499	903	-	-	18,402
Interfund loans payable		140	-	-	-	-	-	-
Total liabilities		140	-	5,499	903	-	-	18,402
Fund balances (deficits):								
Nonspendable:								
Inventory		-	-	-	-	-	-	-
Restricted		543	12,626	253,010	-	10,130	13,363	-
Committed		-	-	-	-	-	-	-
Unassigned		-	-	-	-	-	-	-
Total fund balances (deficits)		543	12,626	253,010	-	10,130	13,363	-
Total liabilities and fund balances (deficits)	\$	683	12,626	258,509	903	10,130	13,363	18,402

CITY OF BREWER, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet, Continued
June 30, 2011

	Technical Review Payable	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	-	-	-	-	-	14,542	-	-
Due from other governments	-	-	-	-	-	-	-	-
Interfund loans receivable	95,920	-	144,714	1,032	10,731	-	4,861	1,527
Inventory	-	-	-	-	-	-	-	-
Total assets	\$ 95,920	-	144,714	1,032	10,731	14,542	4,861	1,527
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued expenses	95,920	-	-	-	-	4,762	-	-
Interfund loans payable	-	15	-	-	-	12,217	-	-
Total liabilities	95,920	15	-	-	-	16,979	-	-
Fund balances (deficits):								
Nonspendable:								
Inventory	-	-	-	-	-	-	-	-
Restricted	-	-	144,714	1,032	10,731	4,050	4,861	1,527
Committed	-	-	-	-	-	-	-	-
Unassigned	-	(15)	-	-	-	(6,487)	-	-
Total fund balances (deficit)	-	(15)	144,714	1,032	10,731	(2,437)	4,861	1,527
Total liabilities and fund balances (deficit)	\$ 95,920	-	144,714	1,032	10,731	14,542	4,861	1,527

CITY OF BREWER, MAINE
Nonmajor Special Revenue Funds
Combining Balance Sheet, Continued
June 30, 2011

		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
ASSETS									
Cash and cash equivalents	\$	-	-	-	-	-	-	-	13,309
Accounts receivable		-	-	-	-	-	4,376	-	18,918
Due from other governments		-	-	-	-	-	15,019	200,355	215,374
Interfund loans receivable		1,574	224	13,453	1,191,956	14,500	28,269	-	1,810,068
Inventory		-	-	-	-	-	15,172	-	15,172
Total assets	\$	1,574	224	13,453	1,191,956	14,500	62,836	200,355	2,072,841
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued expenses		-	-	-	8,368	-	3,766	38,221	175,841
Interfund loans payable		-	-	-	-	-	-	114,564	126,936
Total liabilities		-	-	-	8,368	-	3,766	152,785	302,777
Fund balances (deficits):									
Nonspendable:									
Inventory		-	-	-	-	-	15,172	-	15,172
Restricted		1,574	-	13,453	1,183,588	-	43,898	48,439	1,747,539
Committed		-	224	-	-	14,500	-	-	14,724
Unassigned		-	-	-	-	-	-	(869)	(7,371)
Total fund balances (deficits)		1,574	224	13,453	1,183,588	14,500	59,070	47,570	1,770,064
Total liabilities and fund balances (deficit)	\$	1,574	224	13,453	1,191,956	14,500	62,836	200,355	2,072,841

CITY OF BREWER, MAINE
 Nonmajor Special Revenue Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 For the year ended June 30, 2011

	Centennial Prints Contributions	Centennial Memorabilia Fund	Police Asset Forfeiture	Assistance to Firefighters Grant	CDBG Housing Rehab Grant	Recreation Banner Fund	Performance Bonds Payable
Revenues:							
Intergovernmental	-	-	-	24,834	9,855	-	-
Lunch program	-	-	-	-	-	-	-
Investment income	3	64	-	-	-	-	-
Other income	-	-	122,759	1,259	-	5,100	-
Total revenues	3	64	122,759	26,093	9,855	5,100	-
Expenditures:							
Educational programs	-	-	-	-	-	-	-
Lunch program	-	-	-	-	-	-	-
Unclassified	-	35	172,157	26,093	4,945	1,751	-
Total expenditures	-	35	172,157	26,093	4,945	1,751	-
Excess (deficiency) of revenues over (under) expenditures	3	29	(49,398)	-	4,910	3,349	-
Other financing sources:							
Issuance of debt	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-
Net change in fund balances	3	29	(49,398)	-	4,910	3,349	-
Fund balances (deficit), beginning of year, as reclassified and restated	540	12,597	302,408	-	5,220	10,014	-
Fund balances (deficit), end of year	\$ 543	12,626	253,010	-	10,130	13,363	-

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, 2011

	Technical Review Payable	MMA Grant Fund	EPA Brownfield Rev Loan	Brewer Days	Children's Garden Fund	City Small Grants & Programs	FEMA 05 Storm	Stream Cleanup
Revenues:								
Intergovernmental	\$ -	-	55,000	-	-	422,351	-	-
Lunch program	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Other income	11,800	-	-	5,436	-	19,165	-	3,077
Total revenues	11,800	-	55,000	5,436	-	441,516	-	3,077
Expenditures:								
Educational programs	-	-	-	-	-	-	-	-
Lunch program	-	-	-	-	-	-	-	-
Unclassified	11,800	2,648	1,730	4,091	-	372,793	15,300	2,688
Total expenditures	11,800	2,648	1,730	4,091	-	372,793	15,300	2,688
Excess (deficiency) of revenues over (under) expenditures	-	(2,648)	53,270	1,345	-	68,723	(15,300)	389
Other financing sources:								
Issuance of debt	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-	-
Net change in fund balances	-	(2,648)	53,270	1,345	-	68,723	(15,300)	389
Fund balances (deficit), beginning of year, as reclassified and restated	-	2,633	91,444	(313)	10,731	(71,160)	20,161	1,138
Fund balances (deficit), end of year	\$ -	(15)	144,714	1,032	10,731	(2,437)	4,861	1,527

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, 2011

	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	\$ -	-	-	-	-	297,221	1,180,681	1,989,942
Lunch program	-	-	-	-	-	337,013	-	337,013
Investment income	-	-	-	-	-	-	-	67
Other income	-	-	16,809	38,606	14,500	-	50,694	289,205
Total revenues	-	-	16,809	38,606	14,500	634,234	1,231,375	2,616,227
Expenditures:								
Educational programs	-	-	-	-	-	-	1,359,177	1,359,177
Lunch program	-	-	-	-	-	620,827	-	620,827
Unclassified	166	-	4,406	143,148	-	-	-	763,751
Total expenditures	166	-	4,406	143,148	-	620,827	1,359,177	2,743,755
Excess (deficiency) of revenues over (under) expenditures	(166)	-	12,403	(104,542)	14,500	13,407	(127,802)	(127,528)
Other financing sources:								
Issuance of debt	-	-	-	1,000,000	-	-	-	1,000,000
Transfers In	-	-	-	288,130	-	-	-	288,130
Total other financing sources	-	-	-	1,288,130	-	-	-	1,288,130
Net change in fund balances	(166)	-	12,403	1,183,588	14,500	13,407	(127,802)	1,160,602
Fund balances (deficit), beginning of year, as reclassified and restated	1,740	224	1,050	-	-	45,663	175,372	609,462
Fund balances (deficit), end of year	\$ 1,574	224	13,453	1,183,588	14,500	59,070	47,570	1,770,064

CITY OF BREWER, MAINE
City Small Grants and Programs
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2011

	Fund balances	Revenues			Fund balances
	(deficit)	Intergovernmental	Other miscellaneous	Expenditures	(deficit)
	beginning of year				end of year
Economic Development:					
CDBG EFP Planning Grant	\$ 272	-	-	-	272
Mersinger Building	(6,970)	78,744	-	71,774	-
Eastern Maine Elevator	(577)	257,249	-	256,672	-
Police:					
Bulletproof vest program	(675)	-	-	-	(675)
Police Canine Program	2,551	-	-	1,219	1,332
Byrne JAG	7	-	-	-	7
Byrne JAG - Bulletproof vest program	-	3,055	370	3,425	-
Volunteer Fire Assistance Grant	-	-	795	-	795
Library:					
Summer Reading Program	308	-	-	284	24
Rudman Book Club	540	-	-	540	-
Efficiency Grant	(69,988)	78,968	18,000	32,788	(5,808)
Bodwell English Book Grant	1,000	-	-	876	124
Other:					
Gates Opportunity Grant	1,468	-	-	1,472	(4)
Bangor Health & Wellness Grant	445	-	-	-	445
Brewer Kiwanis Grant	459	350	-	263	546
Bettie Lawrence Memorial	-	500	-	-	500
DHHS - SunShade Grant	-	3,485	-	3,480	5
Totals	\$ (71,160)	422,351	19,165	372,793	(2,437)

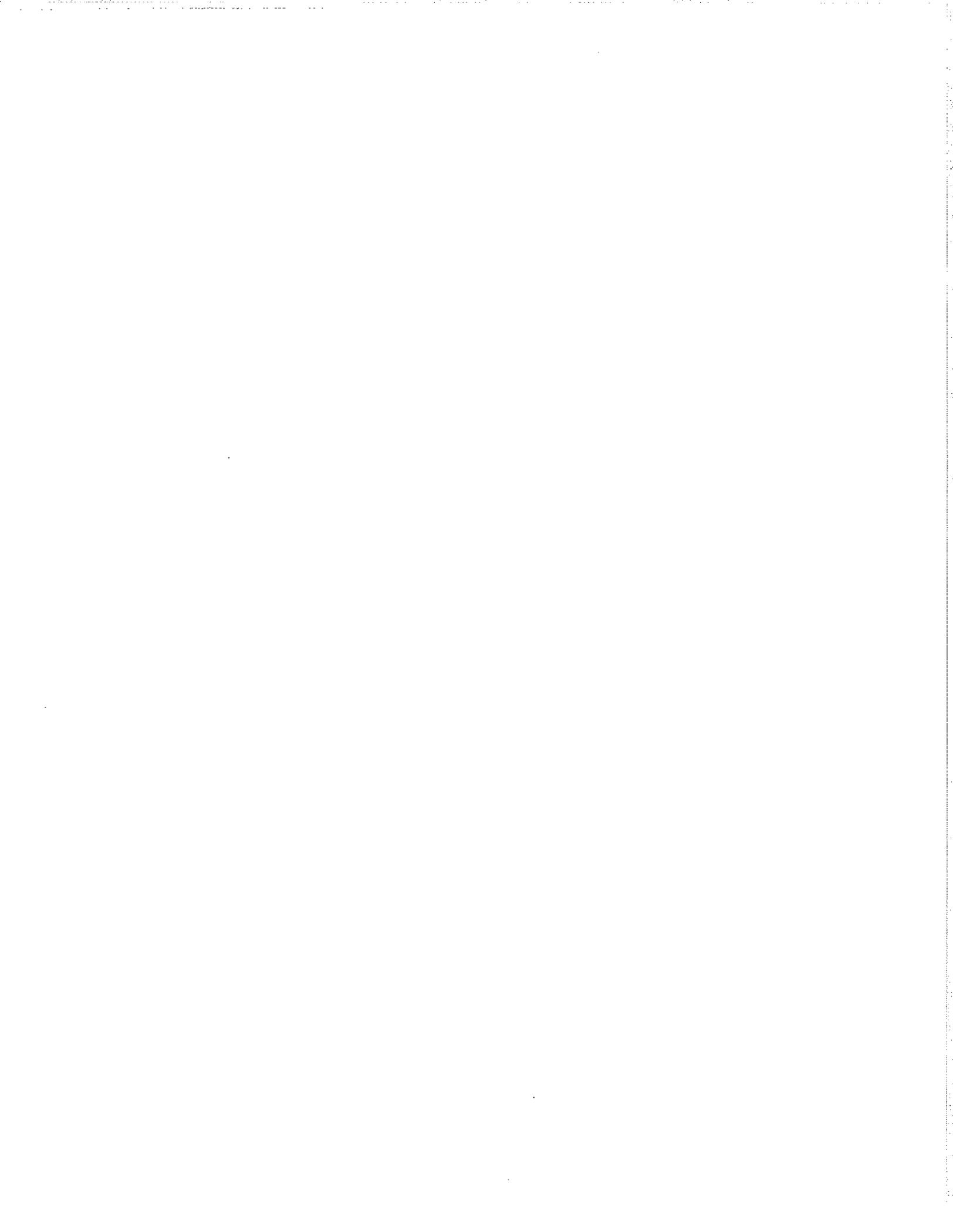
CITY OF BREWER, MAINE
School Grants
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2011

	Fund balances beginning of year	Revenues	Expenditures	Fund balances end of year
Federal Programs:				
ARRA- Stabilization	\$ 8,487	369,127	377,614	-
ARRA - Title IA	51,775	-	51,775	-
ARRA - Local Entitlement	54,512	189,825	244,337	-
ARRA - Preschool	(112)	4,354	4,242	-
Title 1A - Disadvantaged	4,218	291,421	295,639	-
Local Entitlement	34,930	263,538	298,468	-
Preschool	2,560	3,684	6,244	-
Title II - Improving Teacher Quality	514	58,732	59,246	-
Total Federal programs	156,884	1,180,681	1,337,565	-
State and Local Programs:				
Arts and Education Grant	4,537	-	-	4,537
B.O.A. CSS	5	-	5	-
BHS Library Grant	960	-	443	517
BSB Chat Grant	(91)	91	-	-
Construction Fund	4,830	-	-	4,830
Friends of Brewer	3,059	11,180	9,047	5,192
Hannaford	1,313	-	-	1,313
JROTC	(10,864)	9,995	-	(869)
Lego Grant	-	3,000	3,000	-
Lowe's K-3 Literacy	-	4,000	-	4,000
Maine Community Foundation-CSS	-	2,300	2,300	-
Maine Community Foundation-WSS	-	740	740	-
Name-a-Seat Fund	-	18,738	-	18,738
State Street Dance Fund	2,721	-	2,721	-
Stephen King Foundation	10,000	-	2,525	7,475
Trans Tech Grant	-	250	250	-
UMO Sports Done Right	532	-	290	242
Wal-Mart BHS	-	400	200	200
Wal-Mart BMS	60	-	-	60
Wal-Mart Literacy Grant	426	-	91	335
Wal-Mart WSS	1,000	-	-	1,000
Total State and local programs	18,488	50,694	21,612	47,570
Totals	\$ 175,372	1,231,375	1,359,177	47,570

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECT FUNDS

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



CITY OF BREWER, MAINE
Nonmajor Capital Projects Fund
Combining Balance Sheet
June 30, 2011

	FHWA Route 15 Earmark	City Hall Rehab	Impact Fee Fund	Total Nonmajor Capital Project Funds
ASSETS				
Accounts receivable	\$ -	31,494	-	31,494
Interfund loans receivable	170,908	-	270,593	441,501
Total assets	\$ 170,908	31,494	270,593	472,995
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	229,600	-	-	229,600
Interfund loans payable	-	95,478	-	95,478
Total liabilities	229,600	95,478	-	325,078
Fund balances (deficits):				
Restricted	-	-	270,593	270,593
Unassigned	(58,692)	(63,984)	-	(122,676)
Total fund balances (deficits)	(58,692)	(63,984)	270,593	147,917
Total liabilities and fund balances	\$ 170,908	31,494	270,593	472,995

CITY OF BREWER, MAINE
Nonmajor Capital Projects Fund
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2011

	FHWA Route 15 Earmark	City Hall Rehab	Impact Fee Fund	Total Nonmajor Capital Project Funds
Revenues:				
Intergovernmental	\$ -	31,494	-	31,494
Local sources	-	-	37,885	37,885
Other income	171,500	-	-	171,500
Total revenues	171,500	31,494	37,885	240,879
Expenditures:				
Capital outlay	229,600	31,494	7,679	268,773
Total expenditures	229,600	31,494	7,679	268,773
Net change in fund balances	(58,100)	-	30,206	(27,894)
Fund balances (deficits), beginning of year, reclassified	(592)	(63,984)	240,387	175,811
Fund balances (deficits), end of year	\$ (58,692)	(63,984)	270,593	147,917

CITY OF BREWER, MAINE
 Capital Improvements Program
 Schedule of Changes in Fund Balances
 For the year ended June 30, 2011

	Fund balances (deficit) beginning of year	Revenue	Transfers/ reencumbered	Expenditures	Transfers from (to) unallocated	Fund balances (deficit) end of year
Capital Improvements Programs:						
City Hall/Other:						
Finance computer software	\$ 7,879	-	(3,000)	2,110	-	2,769
Bond financing costs	9,497	-	-	9,533	36	-
City hall infrastructure	27,631	-	-	-	-	27,631
Voting machines	13,000	-	(3,845)	-	-	9,155
Copiers	-	-	3,845	3,845	-	-
Tech computer hardware	5,800	-	14,000	18,345	-	1,455
Finance computer hardware	1,294	-	3,000	4,000	(294)	-
Energy efficient equipment & improvements	17,892	-	(9,000)	-	-	8,892
Brewer Business Park	193,430	-	(228,430)	(35,000)	-	-
Total City Hall/other	276,423	-	(223,430)	2,833	(258)	49,902
Waterfront Development:						
Property acquisitions	-	-	-	5,000	-	(5,000)
Youth waterfront projects	5,000	-	-	-	-	5,000
Waterfront Trail	113,352	-	-	-	-	113,352
Landscaping/public improvements	2,730	-	-	-	-	2,730
Shore stabilization	173,340	92,270	-	28,114	-	237,496
Public parking	170,000	-	(170,000)	-	-	-
Center Street pedestrian mall	42,000	-	(42,000)	-	-	-
Total waterfront development	506,422	92,270	(212,000)	33,114	-	353,578
Public Safety:						
Police vehicles	2,534	-	24,500	26,493	-	541
Public safety building	(128,975)	-	136,770	7,789	(6)	-
Public safety building remodel & demolition	-	-	56,450	41,527	-	14,923
Engine 302 pump replacement	-	-	39,000	38,664	(336)	-
Total public safety	(126,441)	-	256,720	114,473	(342)	15,464
Public Works:						
Paving	321,615	-	-	253,155	-	68,460
Landfill area closing	128,819	-	-	-	-	128,819
Landfill sloping	9,726	-	-	-	-	9,726
Landfill remediation	(263,521)	280,000	-	13,760	-	2,719
General road construction	43,472	-	-	29,112	-	14,360
Wilson Street widening	24,182	136,000	-	107,500	-	52,682
Eastern Ave. reconstruction	97,000	-	-	-	-	97,000
Century Street extension	23,052	-	(23,050)	-	(2)	-
Green Point Road reconstruction	(9)	-	-	-	9	-
Jefferson Street sewer repairs	38,842	-	-	-	-	38,842
Sparks Avenue reconstruction	30,221	-	(30,220)	-	(1)	-
N. Main Street improvements - City share	15,000	-	(15,000)	134	134	-
Day Road	40,000	-	(40,000)	-	-	-
Leachate pump line	1,707	-	-	1,629	(78)	-
Parkway South Culvert Replacement-City share	15,000	-	-	12,009	-	2,991
Parkway North Resurfacing	-	200,000	-	162,420	(11,080)	26,500
Pierce Rd Paving-City Share	-	40,000	-	-	-	40,000
State St Paving-City Share	-	22,000	-	-	-	22,000
Signal Replacement Pkwy So/Wils-City Share	-	10,000	-	-	-	10,000
GMC Club Cab P/U	-	-	22,000	-	-	22,000
GMC TC7H042	-	115,000	-	-	-	115,000
Trackless MT5 Sidewalk Plow	-	110,000	-	100,340	-	9,660
Elgin Street Sweeper	-	183,752	-	183,752	-	-
Total public works	525,106	1,096,752	(86,270)	863,811	(11,018)	660,759

CITY OF BREWER, MAINE
 Capital Improvements Program
 Schedule of Changes in Fund Balances, Continued
 For the year ended June 30, 2011

	Fund balances (deficit) beginning of year	Revenue	Transfers/ reencumbered	Expenditures	Transfers from (to) unallocated	Fund balances (deficit) end of year
Parks and Recreation:						
Oak Hill erosion control	\$ 8,500	-	-	-	-	8,500
Maple Street remediation	18,000	-	(18,000)	-	-	-
Eastern playground	23,560	-	-	2,044	-	21,516
Pendleton Rink	25,881	-	(9,000)	86	-	16,795
Auditorium parking lot	140,000	-	-	134,163	-	5,837
Auditorium gym floor refinish	8,750	-	-	5,626	(3,124)	-
Auditorium doors, windows, entrance	23,598	-	-	12,662	-	10,936
Scoreboard	8,000	-	-	8,607	607	-
Tennis Court Resurfacing	-	-	12,300	11,825	(475)	-
4x4 Diesel Pickup	-	-	26,510	19,702	(6,808)	-
60" Riding Mower-Woodlawn	-	-	9,490	9,490	-	-
Alum Bleachers II	-	-	35,800	34,167	(1,633)	-
Doyle Field Electrical	-	-	6,200	6,171	(29)	-
Total parks and recreation	256,289	-	63,300	244,543	(11,462)	63,584
Subtotal projects	1,437,799	1,189,022	(201,680)	1,258,774	(23,080)	1,143,287
CIP - Unallocated	103,558	15,033	43,700	120,650	23,080	64,721
Tax Increment Financing Projects	471,889	1,501,450	(263,590)	1,309,863	-	399,886
Subtotal non-impact fee CIP	2,013,246	2,705,505	(421,570)	2,689,287	-	1,607,894
Impact Fee Projects:						
Parallel Road	(8,261)	19,305	-	4,366	-	6,678
Signal Coordination	85,756	1,684	-	-	-	87,440
Signal Preemption	28,695	405	-	-	-	29,100
Pierce Road relocation and signal	70,394	7,227	-	-	-	77,621
Wilson/Parkway South intersection	9,030	4,991	-	-	-	14,021
State and Washington intersection	19,460	690	-	-	-	20,150
City transit bus	16,333	2,666	-	2,799	-	16,200
Set up and administrative costs	19,220	403	-	-	-	19,623
Sewer	(240)	300	-	300	-	(240)
Water	-	214	-	214	-	-
Total impact fee projects	240,387	37,885	-	7,679	-	270,593
Totals	\$ 2,253,633	2,743,390	(421,570)	2,696,966	-	1,878,487

NONMAJOR GOVERNMENTAL FUNDS

PERMANENT FUNDS



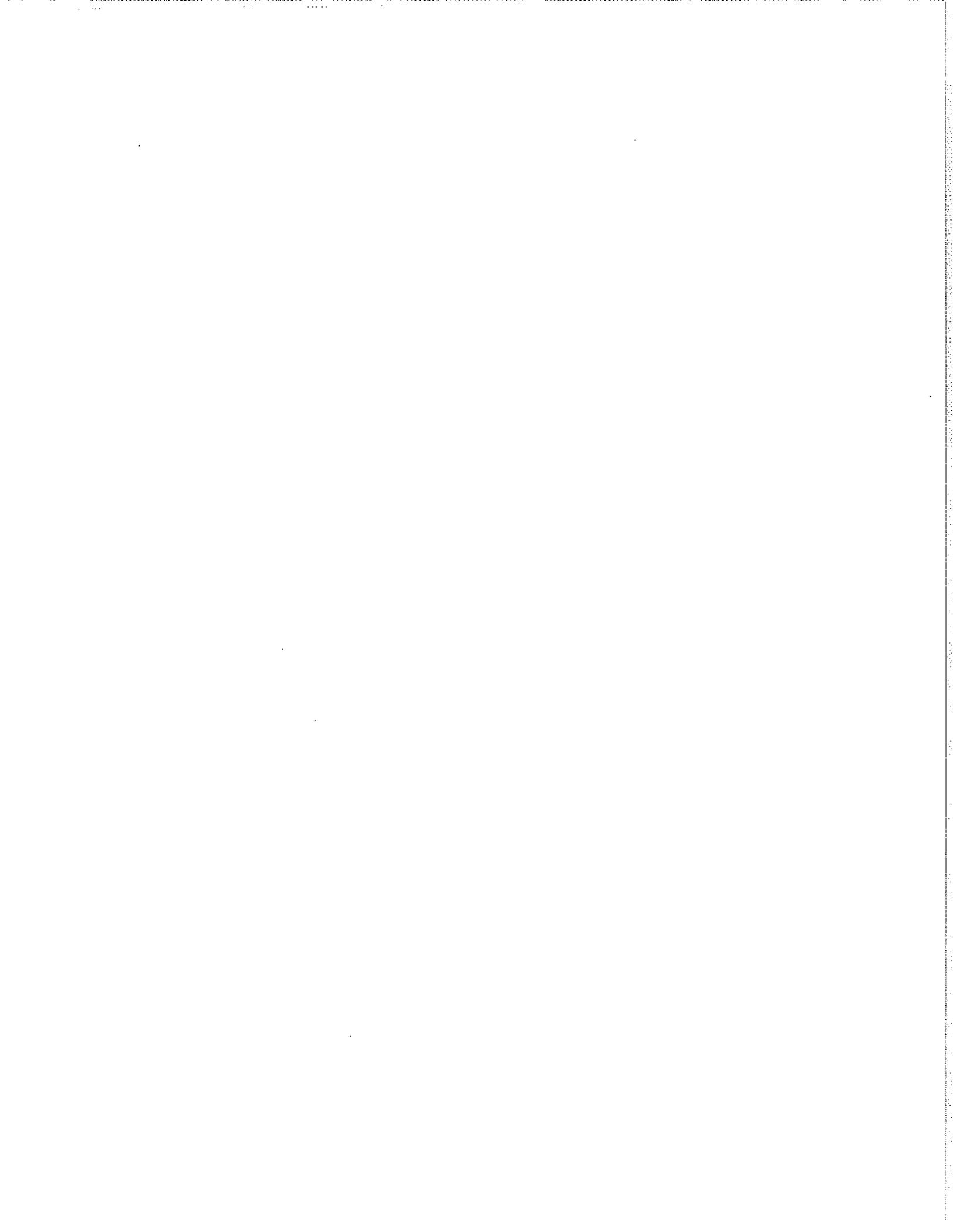
CITY OF BREWER, MAINE
 Nonmajor Permanent Funds
 Combining Balance Sheet
 June 30, 2011

		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	\$	75,215	5,902	1,110	5,066	341	6,940	94,574
Investments		353,081	-	-	-	-	-	353,081
Interfund loans receivable		-	-	-	-	-	19	19
Total assets	\$	428,296	5,902	1,110	5,066	341	6,959	447,674
LIABILITIES AND FUND BALANCES								
Liabilities:								
Interfund loans payable		107,220	-	-	-	-	-	107,220
Total liabilities		107,220	-	-	-	-	-	107,220
Fund balances:								
Nonspendable:								
Principal		311,881	4,538	939	4,533	275	2,387	324,553
Restricted:								
Unexpended income		9,195	1,364	171	533	66	4,572	15,901
Total fund balances		321,076	5,902	1,110	5,066	341	6,959	340,454
Total liabilities and fund balances	\$	428,296	5,902	1,110	5,066	341	6,959	447,674

CITY OF BREWER, MAINE
 Nonmajor Permanent Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 For the year ended June 30, 2011

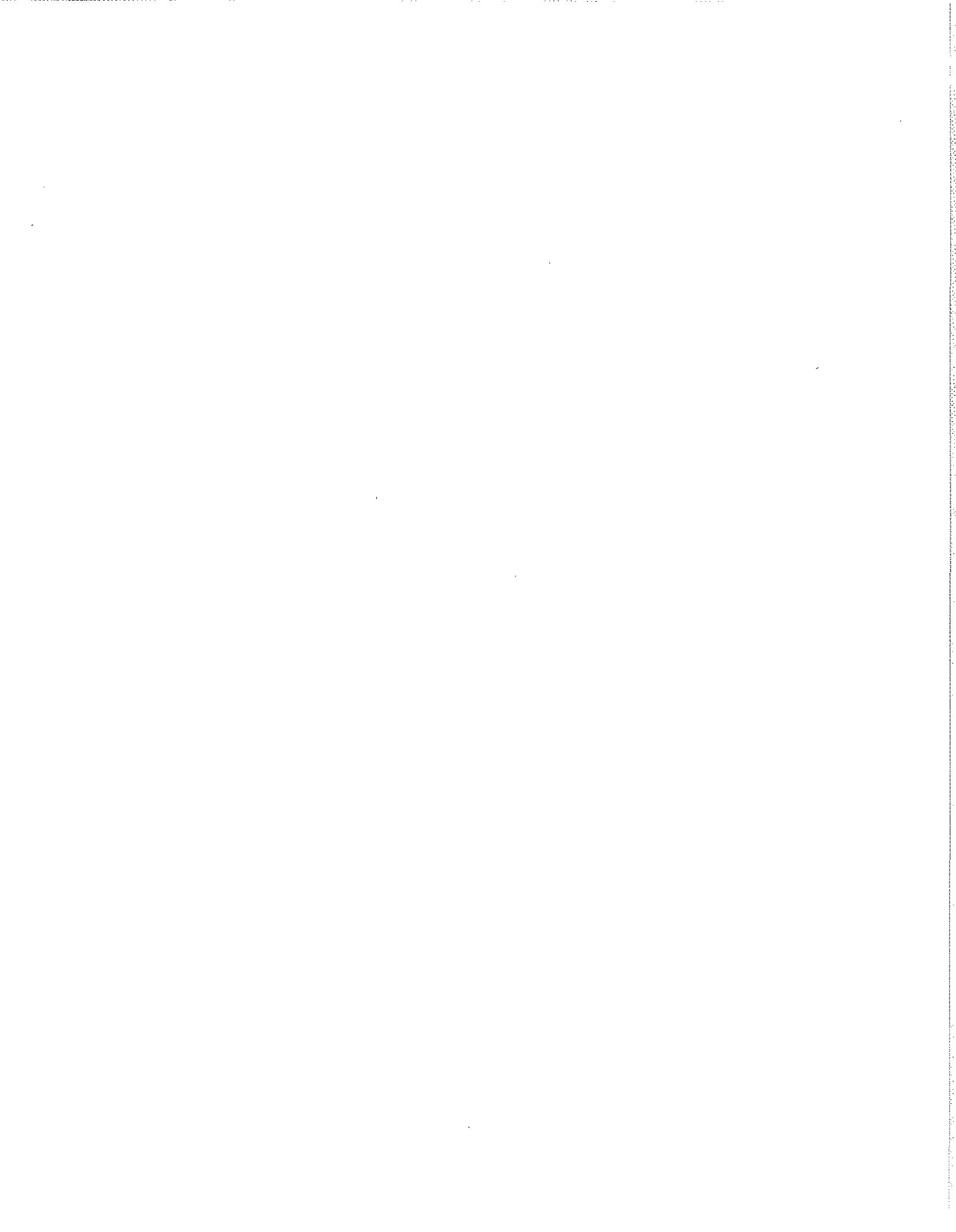
	Cemetery Trust	Elsie Olmstead Library	Ministerial and School Funds	Jefferds Educational Fund	Wallace Witham Fund	Woodlawn Revolving Cemetery Fund	Total Nonmajor Permanent Funds
Revenues:							
Contributions	\$ -	-	-	-	-	-	-
Investment income	2,583	(35)	(8)	(32)	(2)	(44)	2,462
Total revenues	2,583	(35)	(8)	(32)	(2)	(44)	2,462
Expenditures:							
Cemetery care	2,311	-	-	-	-	-	2,311
Other	-	2	1	3	1	3	10
Total expenditures	2,311	2	1	3	1	3	2,321
Excess (deficiency) of revenues over (under) expenditures	272	(37)	(9)	(35)	(3)	(47)	141
Other financing uses:							
Transfers to other funds	-	-	-	-	-	-	-
Total other financing uses	-	-	-	-	-	-	-
Net change in fund balances	272	(37)	(9)	(35)	(3)	(47)	141
Fund balances, beginning of year, reclassified	320,804	5,939	1,119	5,101	344	7,006	340,313
Fund balances, end of year	\$ 321,076	5,902	1,110	5,066	341	6,959	340,454

AGENCY FUNDS

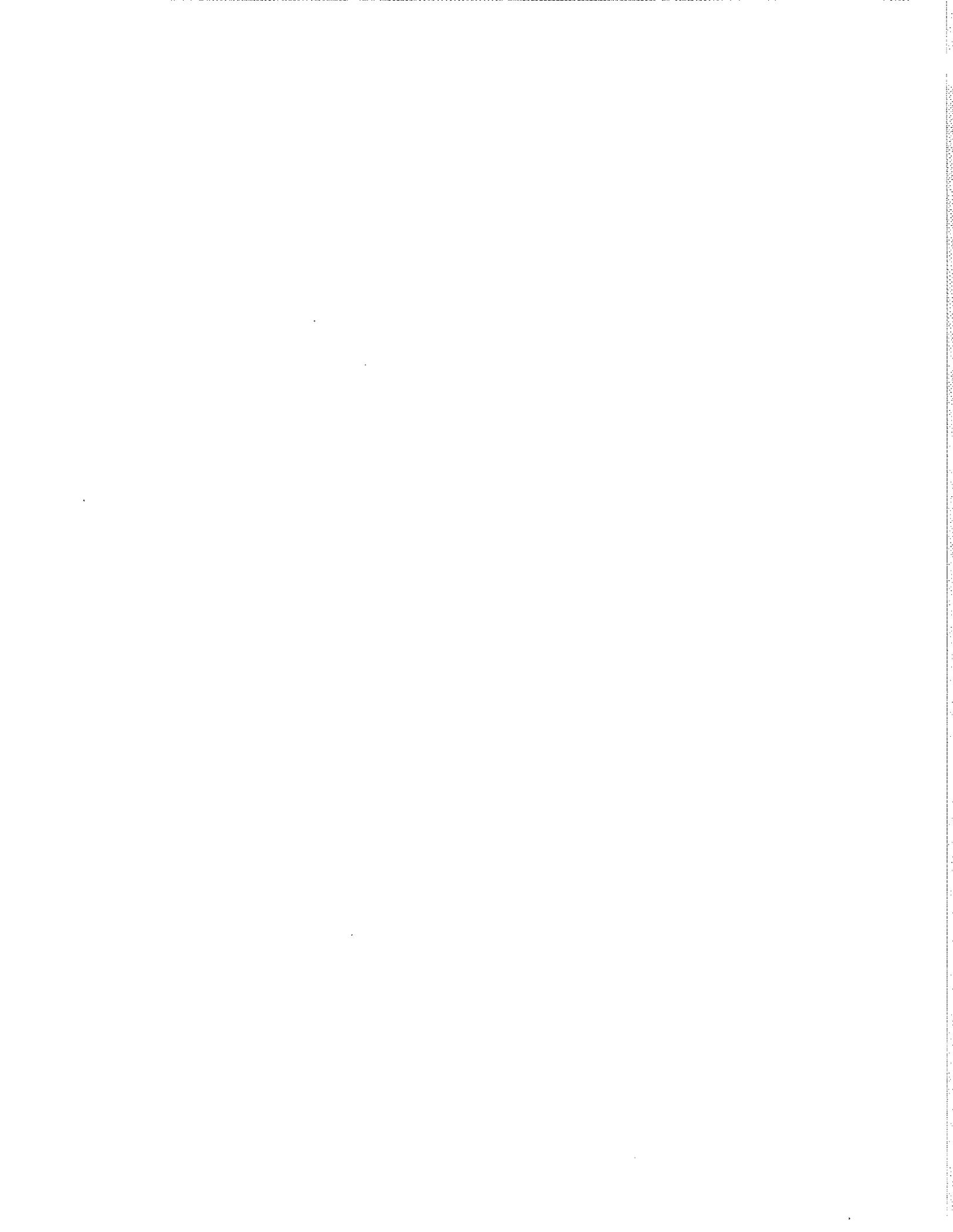


CITY OF BREWER, MAINE
Agency Funds
Statement of Additions, Deductions and Changes in Balances
For the year ended June 30, 2011

		Balances beginning of year	Additions	Deductions	Balances end of year
Activity funds:					
Brewer High School Student Activities	\$	132,293	285,092	283,245	134,140
Brewer Middle School Student Activities		28,634	23,136	25,045	26,725
Capri Street School		4,622	8,445	934	12,133
Washington Street School		6,596	6,248	11,625	1,219
State Street School		4,659	29,526	30,287	3,898
Children's fund		51,448	19,236	14,894	55,790
Superintendent's Office		2,191	3,423	3,308	2,306
Building Project Fund		52,788	217	-	53,005
Total	\$	283,231	375,323	369,338	289,216



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, 2011
(with comparative actual amounts for the year ended June 30, 2010)

	2011		Variance positive (negative)	2010 Actual
	Budget	Actual		
Revenues:				
State education subsidy--school	\$ 9,202,808	9,146,097	(56,711)	7,419,880
State agency clients	334,000	132,680	(201,320)	54,687
Medicaid reimbursement	40,000	-	(40,000)	191,052
District assessments	2,851,206	3,068,327	217,121	3,097,626
Local sources	217,526	212,188	(5,338)	229,465
Total revenues	12,645,540	12,559,292	(86,248)	10,992,710
Expenditures:				
Regular instruction	7,368,915	7,046,496	322,419	7,283,293
Special education instruction	2,799,827	2,416,558	383,269	2,585,986
Career and technical education	150,010	148,030	1,980	164,634
Other instruction	754,822	673,752	81,070	713,424
Student and staff support	1,148,253	1,060,637	87,616	1,154,682
System administration	559,019	485,010	74,009	485,365
School administration	883,031	850,537	32,494	860,581
Transportation and buses	427,307	416,954	10,353	397,782
Facilities maintenance	1,736,852	1,595,360	141,492	1,532,595
Debt service and other commitments	3,563,710	3,302,179	261,531	1,316,560
All other expenditures	48,415	5,519	42,896	48,339
Total expenditures	19,440,161	18,001,032	1,439,129	16,543,241
Excess (deficiency) of revenues over (under) expenditures	(6,794,621)	(5,441,740)	1,352,881	(5,550,531)
Other financing sources:				
Transfers from other funds:				
Special Revenue Funds	214,590	214,590	-	-
City appropriation	5,580,031	5,580,031	-	5,794,622
Budgeted use of fund balance	1,000,000	-	(1,000,000)	-
Total other financing sources	6,794,621	5,794,621	(1,000,000)	5,794,622
Net change in fund balances - budgetary basis	-	352,881	352,881	244,091
Reconciliation to GAAP:				
Change in accrued summer salaries		49,174		104,010
Net change in fund balances - GAAP basis		402,055		348,101
Fund balance, beginning of year		756,918		408,817
Fund balance, end of year	\$	1,158,973		756,918

