

CITY OF WESTBROOK, MAINE

ANNUAL FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED
JUNE 30, 2011

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Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of Westbrook
Westbrook, Maine

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, the general fund, and the aggregate remaining fund information of the City of Westbrook, 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 Westbrook'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. 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.

The City did not report its capital asset additions and disposals and the depreciation expense on those assets for the current year in the governmental activities and discretely presented component unit, nor its postemployment benefits other than pensions (OPEB) liabilities and expenses in the governmental activities, the business-type activities, and the discretely presented component unit. The amounts by which these departures would affect the assets, liabilities, net assets, revenues and expenses of the City of Westbrook, Maine is not reasonably determinable.

In our opinion, because of the effects of the matters discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in all material respects, the respective financial position of the governmental activities nor the business-type activities of the City of Westbrook as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the discretely presented component unit, the general fund and the aggregate remaining fund information of the City of Westbrook as of June 30, 2011, and the respective changes in financial position, and cash flows where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America required that the budgetary comparison information on page 34 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 and economic 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 principally 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.

The City of Westbrook has not presented a management's discussion and analysis. Accounting principles generally accepted in the United States of America have determined that the management's discussion and analysis is necessary to supplement, but is not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Westbrook's basic financial statements. The combining nonmajor fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. They have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, the combining nonmajor fund schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

March 19, 2012

Roberts & Heene, PLLC

BASIC FINANCIAL STATEMENTS

EXHIBIT 1
CITY OF WESTBROOK, MAINE
Statement of Net Assets
June 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Department
ASSETS				
Cash and cash equivalents	\$ 14,375,415	\$ 1,601,764	\$ 15,977,179	\$ 2,950,697
Investments	1,583,604	-	1,583,604	-
Receivable from primary government	-	-	-	1,379,376
Intergovernmental receivable	386,481	-	386,481	615,981
Other receivables, net of allowances for uncollectible	2,654,351	435,678	3,090,029	33,673
Prepaid items	1,705	-	1,705	-
Inventory	-	-	-	30,296
Loan forgiveness	240,308	-	240,308	-
Due from fiduciary funds	28,374	-	28,374	-
Capital assets, not being depreciated:				
Land	1,718,018	148,840	1,866,858	-
Construction in progress	-	1,211,299	1,211,299	-
Capital assets, net of accumulated depreciation:				
Buildings and building improvements	8,711,155	9,361,040	18,072,195	-
Machinery and equipment	2,239,787	-	2,239,787	-
Vehicles	2,205,396	54,383	2,259,779	-
Infrastructure	51,312,478	45,062,649	96,375,127	-
Total assets	<u>85,457,072</u>	<u>57,875,653</u>	<u>143,332,725</u>	<u>5,010,023</u>
LIABILITIES				
Accounts payable	826,584	(95)	826,489	982,071
Accrued payroll and benefits	-	-	-	2,516,772
Contract payable	118,402	495,945	614,347	15,000
Retainage payable	19,600	60,528	80,128	89,439
Accrued interest payable	649,572	-	649,572	-
Intergovernmental payable	1,008,131	-	1,008,131	-
Due to school department	1,379,376	-	1,379,376	-
Unearned revenue	47,881	13,797	61,678	70,533
Noncurrent obligations:				
Due within one year:				
Bonds and notes payable	4,621,715	220,765	4,842,480	-
Unamortized bond premium	20,347	-	20,347	-
Capital leases payable	109,258	-	109,258	60,451
Compensated absences	-	-	-	155,947
Accrued landfill postclosure care costs	25,000	-	25,000	-
Due in more than one year:				
Bonds and notes payable	61,165,449	1,302,031	62,467,480	-
Unamortized bond premium	386,603	-	386,603	-
Capital leases payable	141,833	-	141,833	62,584
Compensated absences	1,350,474	-	1,350,474	810,042
Accrued landfill postclosure care costs	400,000	-	400,000	-
Total liabilities	<u>72,270,225</u>	<u>2,092,971</u>	<u>74,363,196</u>	<u>4,762,839</u>
NET ASSETS				
Invested in capital assets, net of related debt	14,560,822	54,319,116	68,879,938	-
Restricted:				
Nonexpendable	254,800	-	254,800	10,000
Expendable	186,183	-	186,183	1,185,633
Unrestricted	(1,814,958)	1,463,566	(351,392)	(948,449)
Total net assets	<u>\$ 13,186,847</u>	<u>\$ 55,782,682</u>	<u>\$ 68,969,529</u>	<u>\$ 247,184</u>

The notes to the financial statements are an integral part of this statement

EXHIBIT 2
CITY OF WESTBROOK, MAINE
Statement of Activities
For the Fiscal Year Ended June 30, 2011

					Net (Expense) Revenue and Changes in Net Assets				
		Program Revenues			Primary Government			Component Unit	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	School Department	
		Expenses							
Primary government:									
Governmental activities:									
4	General government	\$ 3,492,656	\$ 49,308	\$ 14,947	\$ -	\$ (3,428,401)	\$ -	\$ (3,428,401)	\$ -
	Public safety	7,621,078	301,900	296,880	-	(7,022,298)	-	(7,022,298)	-
	Public works	3,931,081	14,523	211,169	-	(3,705,389)	-	(3,705,389)	-
	Human services	509,986	-	246,602	-	(263,384)	-	(263,384)	-
	Culture and recreation	1,859,749	505,910	-	-	(1,353,839)	-	(1,353,839)	-
	Employee benefits	2,709,946	-	-	-	(2,709,946)	-	(2,709,946)	-
	Unclassified	1,195,356	-	-	-	(1,195,356)	-	(1,195,356)	-
	Interest on long-term debt	1,580,559	-	-	-	(1,580,559)	-	(1,580,559)	-
	Capital outlay	2,603,407	-	-	213,776	(2,389,631)	-	(2,389,631)	-
	Total governmental activities	25,503,818	871,641	769,598	213,776	(23,648,803)	-	(23,648,803)	-
Business-type activities:									
	Sewer department	4,536,666	3,594,306	-	-	(942,360)	(942,360)	-	
	Parking garage	262,400	165,564	-	-	(96,836)	(96,836)	-	
	Total business-type activities	4,799,066	3,759,870	-	-	(1,039,196)	(1,039,196)	-	
Total primary government		\$ 30,302,884	\$ 4,631,511	\$ 769,598	\$ 213,776	(23,648,803)	(1,039,196)	(24,687,999)	-
Component unit:									
School department		\$ 42,622,806	\$ 3,147,603	\$ 8,540,056	\$ 826				(30,934,321)

	Primary Government			Component
	Governmental	Business-type		Unit
	Activities	Activities	Total	School
				Department
Net expense	(23,648,803)	(1,039,196)	(24,687,999)	-
General revenues:				
Taxes:				
Real estate	25,953,377	-	25,953,377	15,626,040
Excise	2,505,152	-	2,505,152	-
Personal property	5,300,106	-	5,300,106	-
Other taxes	139,964	-	139,964	-
Licenses and permits	309,337	-	309,337	-
Grants and contributions not restricted to specific programs	2,457,720	-	2,457,720	13,808,371
Miscellaneous	734,961	459	735,420	78,068
Transfers	(12,647,757)	-	(12,647,757)	-
Total general revenues and transfers	24,752,860	459	24,753,319	29,512,479
Change in net assets	1,104,057	(1,038,737)	65,320	(1,421,842)
Net assets, beginning, as restated, see Note III.E.	12,082,790	56,821,419	68,904,209	1,669,026
Net assets, ending	\$ 13,186,847	\$ 55,782,682	\$ 68,969,529	\$ 247,184

The notes to the financial statements are an integral part of this statement.

EXHIBIT 3
CITY OF WESTBROOK, MAINE
Balance Sheet
Governmental Funds
June 30, 2011

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 7,400,868	\$ 6,974,547	\$ 14,375,415
Investments	1,102,320	481,284	1,583,604
Receivables (net of allowances for uncollectible):			
Taxes	1,921,631	-	1,921,631
Accounts	360,011	183,862	543,873
Intergovernmental	212,440	174,041	386,481
Loans	-	188,847	188,847
Interfund receivable	1,984,394	171,433	2,155,827
Prepaid items	1,705	-	1,705
Total assets	<u>\$ 12,983,369</u>	<u>\$ 8,174,014</u>	<u>\$ 21,157,383</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 515,815	\$ 310,769	\$ 826,584
Contracts payable	29,000	89,402	118,402
Intergovernmental payable	48,659	959,472	1,008,131
Retainage payable	-	19,600	19,600
Interfund payable	171,433	1,956,020	2,127,453
Due to School Department	1,379,376	-	1,379,376
Deferred revenue	1,630,223	-	1,630,223
Total liabilities	<u>3,774,506</u>	<u>3,335,263</u>	<u>7,109,769</u>
Fund balances:			
Nonspendable	-	254,800	254,800
Restricted	-	186,183	186,183
Committed	-	3,531,826	3,531,826
Assigned	159,787	2,195,338	2,355,125
Unassigned	9,049,076	(1,329,396)	7,719,680
Total fund balances	<u>9,208,863</u>	<u>4,838,751</u>	<u>14,047,614</u>
Total liabilities and fund balances	<u>\$ 12,983,369</u>	<u>\$ 8,174,014</u>	<u>\$ 21,157,383</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 4
CITY OF WESTBROOK, MAINE
Reconciliation of Total Fund Balances of Governmental Funds to the Statement of Net Assets
June 30, 2011

Total fund balances of governmental funds (Exhibit 3)		\$ 14,047,614
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.		
Cost	\$ 103,039,624	
Less accumulated depreciation	<u>(36,852,790)</u>	
		66,186,834
Interfund receivables and payables between governmental funds are eliminated on the statement of net assets.		
Receivables	\$ (2,127,453)	
Payables	<u>2,127,453</u>	
		-
Long-term revenues are not available to pay for current period expenditures, and therefore, are deferred in governmental funds.		
Deferred tax revenue		1,582,342
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(649,572)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.		
Bonds and notes outstanding	\$ 65,787,164	
Loan forgiveness	(240,308)	
Bond premium	406,950	
Capital leases outstanding	251,091	
Compensated absences	1,350,474	
Accrued landfill postclosure care costs	<u>425,000</u>	
		(67,980,371)
Total net assets of governmental activities (Exhibit 1)		<u>\$ 13,186,847</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 5
CITY OF WESTBROOK, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 33,106,210	\$ 180,047	\$ 33,286,257
Licenses, permits and fees	309,337	-	309,337
Intergovernmental	2,931,628	509,466	3,441,094
Charges for services	376,461	495,180	871,641
Miscellaneous	412,474	322,487	734,961
Total revenues	<u>37,136,110</u>	<u>1,507,180</u>	<u>38,643,290</u>
Expenditures:			
Current:			
General government	2,772,538	630,207	3,402,745
Public safety	6,981,275	320,271	7,301,546
Public works	2,229,489	32,991	2,262,480
Human services	509,986	-	509,986
Culture and recreation	1,175,067	512,347	1,687,414
Employee benefits	2,709,946	-	2,709,946
Unclassified	1,195,356	-	1,195,356
Debt service	11,658,432	825,622	12,484,054
Capital outlay	74,196	2,529,211	2,603,407
Total expenditures	<u>29,306,285</u>	<u>4,850,649</u>	<u>34,156,934</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,829,825</u>	<u>(3,343,469)</u>	<u>4,486,356</u>
Other financing sources (uses):			
Transfers in	2,310,169	4,136,709	6,446,878
Transfers out	(3,766,656)	(2,680,222)	(6,446,878)
Long-term debt issued	9,065,000	3,285,000	12,350,000
Premium on long-term debt	124,219	282,731	406,950
Inception of capital leases	74,196	-	74,196
Transfer to component unit	(15,595,335)	-	(15,595,335)
Total other financing sources and uses	<u>(7,788,407)</u>	<u>5,024,218</u>	<u>(2,764,189)</u>
Net change in fund balances	41,418	1,680,749	1,722,167
Fund balances, beginning, as restated, see Note III.E.	9,167,445	3,158,002	12,325,447
Fund balances, ending	<u>\$ 9,208,863</u>	<u>\$ 4,838,751</u>	<u>\$ 14,047,614</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 6
CITY OF WESTBROOK, MAINE
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2011

Net change in fund balances of governmental funds (Exhibit 5)		\$ 1,722,167
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. 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 exceeded capitalized capital outlay in the current period.		
Capitalized capital outlay	\$ -	
Depreciation expense	<u>(2,316,600)</u>	(2,316,600)
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (6,446,878)	
Transfers out	<u>6,446,878</u>	-
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in governmental funds.		
Change in deferred tax revenue		612,342
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any effect on net assets.		
Issuance/refinancing of bonds	\$ (12,350,000)	
Premium on bonds issued	(406,950)	
Inception of capital lease	(74,196)	
Repayment of bonds and notes principal	13,835,601	
Repayment of capital lease principal	<u>181,791</u>	1,186,246
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 governmental funds.		
Decrease in accrued interest expense	\$ 15,472	
Increase in compensated absences payable	(140,570)	
Decrease in accrued landfill postclosure care costs	<u>25,000</u>	<u>(100,098)</u>
Change in net assets of governmental activities (Exhibit 2)		<u><u>\$ 1,104,057</u></u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 7
CITY OF WESTBROOK, MAINE
Balance Sheet
Proprietary Funds
June 30, 2011

	Business-type Activities - Enterprise Funds		
	Sewer Department	Parking Garage	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,183,710	\$ 418,054	\$ 1,601,764
Accounts receivable, net of allowance for uncollectible	435,678	-	435,678
Total current assets	<u>1,619,388</u>	<u>418,054</u>	<u>2,037,442</u>
Noncurrent assets:			
Capital assets:			
Land	108,351	40,489	148,840
Construction in progress	1,211,299	-	1,211,299
Buildings and building improvements	4,271,428	7,072,318	11,343,746
Machinery and equipment	263,469	31,102	294,571
Infrastructure	80,376,997	-	80,376,997
Less accumulated depreciation	(36,521,977)	(1,015,265)	(37,537,242)
Total noncurrent assets, net	<u>49,709,567</u>	<u>6,128,644</u>	<u>55,838,211</u>
Total assets	<u>\$ 51,328,955</u>	<u>\$ 6,546,698</u>	<u>\$ 57,875,653</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Current liabilities:			
Accounts payable	\$ (95)	\$ -	\$ (95)
Bonds payable, current	220,765	-	220,765
Contracts payable	495,945	-	495,945
Retainage payable	60,528	-	60,528
Deferred revenue	-	13,797	13,797
Total current liabilities	<u>777,143</u>	<u>13,797</u>	<u>790,940</u>
Noncurrent liabilities:			
Bonds payable, noncurrent	1,302,031	-	1,302,031
Total liabilities	<u>2,079,174</u>	<u>13,797</u>	<u>2,092,971</u>
Fund balances:			
Invested in capital assets, net of related debt	48,190,472	6,128,644	54,319,116
Unrestricted	1,059,309	404,257	1,463,566
Total fund balances	<u>49,249,781</u>	<u>6,532,901</u>	<u>55,782,682</u>
Total liabilities and fund balances	<u>\$ 51,328,955</u>	<u>\$ 6,546,698</u>	<u>\$ 57,875,653</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 8
CITY OF WESTBROOK, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Business-type Activities - Enterprise Funds		
	Sewer Department	Parking Garage	Total
Operating revenues:			
Sewer assessments	\$ 3,594,306	\$ -	\$ 3,594,306
Parking garage revenue	-	165,564	165,564
Miscellaneous	443	16	459
Total operating revenues	<u>3,594,749</u>	<u>165,580</u>	<u>3,760,329</u>
Operating expenses:			
PWD assessment	2,533,176	-	2,533,176
Sewer operations	488,096	-	488,096
Parking garage	-	117,843	117,843
Depreciation expense	1,499,037	144,557	1,643,594
Total operating expenses	<u>4,520,309</u>	<u>262,400</u>	<u>4,782,709</u>
Operating loss	(925,560)	(96,820)	(1,022,380)
Nonoperating expense:			
Interest on bonds	<u>(16,357)</u>	<u>-</u>	<u>(16,357)</u>
Net change in fund balances	(941,917)	(96,820)	(1,038,737)
Fund balances, beginning, as restated, see Note III.E.	50,191,698	6,629,721	56,821,419
Fund balances, ending	<u>\$ 49,249,781</u>	<u>\$ 6,532,901</u>	<u>\$ 55,782,682</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 9
CITY OF WESTBROOK, MAINE
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Business-type Activities - Enterprise Funds		
	Sewer Department	Parking Garage	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 3,541,928	\$ 193,174	\$ 3,735,102
Payments to suppliers and employees	(3,028,331)	(117,843)	(3,146,174)
Net cash provided by operating activities	513,597	75,331	588,928
Cash flows from capital and related financing activities:			
Purchase of capital assets	(654,826)	-	(654,826)
Cash flows from capital financing activities:			
Proceeds from bonds issued	1,215,000	-	1,215,000
Principal paid on bonds	(154,265)	-	(154,265)
Interest paid on bonds	(16,357)	-	(16,357)
Net cash provided by capital financing activities	1,044,378	-	1,044,378
Increase in cash	903,149	75,331	978,480
Cash and cash equivalents, beginning	280,561	342,723	623,284
Cash and cash equivalents, ending	\$ 1,183,710	\$ 418,054	\$ 1,601,764
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	\$ (925,560)	\$ (96,820)	\$ (1,022,380)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation expense	1,499,037	144,557	1,643,594
(Increase) decrease in accounts receivable	(52,821)	13,797	(39,024)
Decrease in accounts payable	(7,059)	-	(7,059)
Increase in deferred revenue	-	13,797	13,797
Total adjustments	1,439,157	172,151	1,611,308
Net cash provided by operating activities	\$ 513,597	\$ 75,331	\$ 588,928

The notes to the financial statements are an integral part of this statement.

EXHIBIT 10
CITY OF WESTBROOK, MAINE
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Private Purpose Trust	Agency
Assets:		
Cash and cash equivalents	\$ 12,591	\$ -
Investments	775,098	-
Accounts receivable	-	15
Interfund receivable	114,643	34,332
Total assets	<u>902,332</u>	<u>34,347</u>
Liabilities:		
Accounts payable	-	6,343
Accrued payroll	-	(189)
Due to other funds	26,652	1,722
Escrow and performance bonds	-	26,471
Total liabilities	<u>26,652</u>	<u>34,347</u>
Net assets:		
Held in trust for specific purposes	<u>\$ 875,680</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 11
CITY OF WESTBROOK, MAINE
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2011

	Private Purpose Trust
Additions:	
Investment earnings:	
Interest	\$ 121,871
Deductions:	
Trust distributions	<u>5,088</u>
Change in net assets	116,783
Net assets, beginning	<u>758,897</u>
Net assets, ending	<u><u>\$ 875,680</u></u>

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

**CITY OF WESTBROOK, MAINE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2011**

I. Summary of Significant Accounting Principles

I.A. Introduction

The accounting and reporting framework and the more significant accounting principles and practices of the City of Westbrook (the City) are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended June 30, 2011.

I.B. Financial Reporting Entity – Basis of Presentation

I.B.1. *Entity Defined*

The City of Westbrook is a municipal corporation governed by an elected Mayor and seven-member City Council consisting of five members elected by ward and two elected at-large. These financial statements present the financial position and activity of the primary government. Component units are organizations for which the primary government is financially accountable, or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are, in substance, part of the government's operations. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended component unit – The **Westbrook Environmental Improvement Corporation (WEIC)** is a nonprofit corporation organized by the City of Westbrook for the purpose of coordinating the implementation of tax increment financing districts and undertaking various environmental improvement projects. WEIC activity has been reported as a blended component unit in the Special Revenue Funds.

Discretely presented component unit – The **Westbrook School Department** is responsible for elementary and secondary education within the City's jurisdiction. The School Department is governed by a seven-member School Committee elected by the voters. However, the City is financially accountable for the School Department because the City Council approves the overall budget, levies taxes, and must approve any debt issuances. Complete financial statements for the School Department may be obtained at the School Department's business office.

CITY OF WESTBROOK, MAINE
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Related organizations are excluded from the financial reporting entity because the City's accountability does not extend beyond making appointments. The City participates in the following related organization:

Greater Portland Transit District – The City, in conjunction with one other community, participates in the District. The District provides public transportation services to the residents of the participating communities. The District is managed by a Board of Directors selected by the elected municipal officers of each participating municipality. Except for members' proportional share of bonds payable, which are repaid through member assessments, no participant has any obligation or entitlement and the City's share of any residual interest has not been determined. Audited financial statements are available from the organization.

I.B.2. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the City as a whole, excluding fiduciary activities. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed, but the statements distinguish governmental activities, generally supported by taxes and city general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges for the City's services; (2) operating grants and contributions, which finance annual operating activities including restricted investment income; and (3) capital grants and contributions, which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and revenue from other sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual, governmental and proprietary funds are reported in separate columns with composite columns for the nonmajor governmental funds.

**CITY OF WESTBROOK, MAINE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2011**

I.B.3. *Measurement Focus, Basis of Accounting and Financial Statement Presentation*

The financial statements of the City are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), except as described below. The City's reporting entity applies most all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. Fiduciary fund financial statements also report using this same basis of accounting, although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property tax revenues are recognized in the year for which they are levied, while grants are recognized when grantor eligibility requirements are met. The agency funds are custodial in nature and do not measure results of operations.

The City has not reported its annual cost for postemployment benefits other than pensions (OPEB) or its net OPEB obligation liability, if any, in the governmental activities, the business-type activities, and the discretely presented component unit as required by GASB Statement No. 45. Also, the City has not determined its additions and deletions to capital assets, and the depreciation expense for those assets as required by GASB Statement No. 34 in the governmental activities and discretely presented component unit for the last two fiscal years.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation debt principal and interest which are reported as expenditures in the year due.

Major revenues susceptible to accrual are real estate and personal property taxes, intergovernmental amounts, charges for services, and investment income. In general, other revenues are recognized when cash is received.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

**CITY OF WESTBROOK, MAINE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2011**

I.B.4. *Fund Types and Major Funds*

Governmental Funds

The City reports the following major governmental fund:

General Fund – Reports as the primary fund of the City. This fund is used to account for all financial resources not reported in other funds.

Proprietary Funds

The City reports the following major enterprise funds:

Sewer Department Fund – Accounts for the financial activities of the City's sewer system.

Parking Garage Fund – Accounts for the financial activities of the City's parking garage.

Fiduciary Funds

The City reports the following fiduciary funds:

Private Purpose Trust Funds – Account for financial resources of the City used only for the benefit of other entities or individuals.

Agency Funds – Account for fiduciary assets held by the City in a custodial capacity as an agent on behalf of others. The City's agency funds are used to account for various immaterial funds of City employees.

I.C. *Assets, Liabilities, and Net Assets or Fund Equity*

I.C.1. *Cash and Investments*

The laws of the State of Maine require that the City's treasurer have custody of all monies belonging to the City and pay out the same only upon orders of the Mayor and City Council. The treasurer shall deposit all monies in accordance with Maine State Statute 30-A §5706. Investments are stated at fair value based on quoted market prices.

I.C.2. *Capital Assets and Depreciation*

Generally, the City's property, plant and equipment with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with cost of \$5,000 or

**CITY OF WESTBROOK, MAINE
NOTES TO THE FINANCIAL STATEMENTS
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more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follow:

	<u>Years</u>
Buildings and building improvements	25-120
Machinery and equipment	5-50
Vehicles	4-25
Infrastructure	50

I.C.3. *Long-Term Debt*

In the government-wide and proprietary fund financial statements, outstanding debt is reported as liabilities. The balance of long-term debt is not reported in the governmental funds.

I.C.4. *Compensated Absences*

It is the City's policy to permit employees to accumulate earned but unused, sick, vacation, and general leave time at various rates in accordance with union contracts and the City's personnel policy. Balances are accrued when incurred on the government-wide financial statements.

I.C.5. *Equity*

The government-wide statement of net assets reports net assets in the following components:

- Invested in capital assets, net of related debt, which is computed as the total capital assets less accumulated depreciation, net of outstanding debt used to acquire those assets.
- Restricted, nonexpendable, which represents the principal of endowments in the permanent funds that must be permanently invested.
- Restricted, expendable, which represents the income earned on nonexpendable endowments that is to be used for specific City purposes.
- Unrestricted, which consists of the remaining balance of net assets.

The governmental funds report the following components of fund balance:

- Nonspendable, which represents endowments in the Permanent Funds.
- Restricted, which represents the expendable income from Permanent Funds whose use is limited by law.

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- Committed, which represents balances of bond proceeds in the Capital Projects Funds whose use is limited by the City Council, and which requires a formal action to remove those limitations.
- Assigned, which consists of balances for which the intended use is established by the Mayor and City Council, or by City management.
- Unassigned, which represents the total fund balance in the General Fund in excess of assigned fund balance, and the deficit fund balances in the Nonmajor Governmental Funds.

I.C.6 *Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

II. Stewardship, Compliance and Accountability

II.A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. Unless encumbered, all appropriations lapse at year-end. The City is allowed to use beginning fund balance to balance the budget. In the fiscal year ended June 30, 2011, \$80,790 of the General Fund fund balance from fiscal year 2010 was used.

Each year the Mayor submits to the City Council a budget for the ensuing fiscal year. It provides a complete financial plan of the City's General Fund. It begins with a general summary of its contents and shows in detail all estimated income, indicating the proposed property tax levy affecting the General Fund, and all proposed expenditures, including debt service, for the ensuing fiscal year, arranged to show comparative figures for actual and estimated income and expenditures to the preceding fiscal year.

The Mayor, with City Council approval, may transfer budgeted amounts between departments. The City Council may, by resolution, appropriate additional amounts but only up to the amount of excess revenues and unencumbered budget surplus remaining after the purpose of the original appropriation has been satisfied. At the end of the fiscal year, all unencumbered appropriations lapse unless specifically continued by resolution of the City Council. No supplementary appropriations of the City's fund balance were made during the year ended June 30, 2011.

Encumbrance accounting is employed by the governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not

**CITY OF WESTBROOK, MAINE
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constitute expenditures or liabilities because the commitments will be added to the appropriations voted in the subsequent year.

Revenues are budgeted by source. Expenditures are budgeted by functions as follow: general government, public safety, public works, human services, culture and recreation, employee benefits, unclassified, debt service and capital outlay.

II.B. Deficit Fund Equity

The Westbrook Power Tax Increment Financing (TIF) District has a deficit of \$41,635 at June 30, 2011. This is the result of the amount of tax recovered in the district being less than the annual debt payments. The City expects future tax amounts will be greater than the annual debt payments as the captured value increases with development.

The Downtown TIF District has a deficit of \$838,905 at June 30, 2011. This is the result of the amount of tax recovered in the district being less than the annual debt payments. The City expects future tax amounts will be greater than the annual debt payments as the captured value increases with development.

The West Business Heights Capital Project has a deficit of \$343,067 at June 30, 2011. This is the result of the City having not yet sold all development lots that were a part of the West Business Heights. The City expects that future sales of the lots will cover the deficit balance.

The Stroudwater Street Sidewalk and Public Services Facility Capital Projects have deficits of \$43,572 and \$7,585, respectively, at June 30, 2011. The City expects to recover the deficit through a future bond issuance.

III. Detailed Notes on Funds and Government-Wide Statements

III.A. Assets

III.A.1. *Cash and Investments*

The cash appears in the financial statements as follows:

Fund reporting level:

Governmental funds - balance sheet (Exhibit 3)	\$ 14,375,415
Proprietary funds - balance sheet (Exhibit 7)	1,601,764
Fiduciary funds - statement of fiduciary net assets (Exhibit 10)	161,566
Total	<u>\$ 16,138,745</u>

**CITY OF WESTBROOK, MAINE
NOTES TO THE FINANCIAL STATEMENTS
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Custodial Credit Risk for Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2011, \$12,591 of the City of Westbrook's bank balances of \$16,359,792 was exposed to custodial credit risk as uninsured and uncollateralized.

Investment Risks

As of June 30, 2011, the City's reporting entity had the following investments:

Certificates of Deposit	\$ 1,668,097
Mutual Funds	690,605
	<u>\$ 2,358,702</u>

The investments appear in the financial statements as follow:

Fund reporting level:	
Governmental funds - balance sheet (Exhibit 3)	\$ 1,583,604
Fiduciary funds - statement of fiduciary net assets (Exhibit 10)	775,098
Total	<u>\$ 2,358,702</u>

Investment Risks

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does not have an investment policy that places any further restrictions on its investment choices.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City does not have an investment policy that addresses limiting interest rate risk.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City does not have an investment policy that addresses concentration of credit risk. As of June 30, 2011, the City had \$236,862 invested in the Russell Real Estate Securities Fund, representing 10% of its total investments. With the exception of investments in certificates of deposit held by TD Bank, which are fully collateralized by an irrevocable letter of credit, there are no other investments representing more than 5% of the total investments.

**CITY OF WESTBROOK, MAINE
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Custodial Credit Risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Of the City's \$2,358,702 of investments, \$1,084,424 has exposure to custodial credit risk because the related securities are uninsured and uncollateralized.

III.A.2. Receivables, Uncollectible Accounts and Deferred Revenue

Property Taxes Receivable and Property Tax Calendar

Property taxes for the current year were committed on July 15, 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 four installments, 25% on August 13, 2010, 25% on November 15, 2010, 25% on February 15, 2011, and 25% on May 13, 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 assumed market value. The assessed value was 100% of the estimated market value and 99% of the 2011 state valuation of \$1,862,950,000.

The City is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$590,847 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.

The property taxes levied and collected by the City include amounts for Cumberland County and the Westbrook School Department (a component unit of the City). The City is responsible for the collection of these taxes.

The tax rates and amounts assessed for the year ended June 30, 2011 were as follow:

Valuation:	
Real estate	\$ 1,532,324,400
Personal property	317,383,600
Total assessed valuation	<u>\$ 1,849,708,000</u>
 Total assessed valuation	 \$ 1,849,708,000
Tax rate (per \$1,000)	16.70
Total tax commitment	<u>\$ 30,890,124</u>

CITY OF WESTBROOK, MAINE
NOTES TO THE FINANCIAL STATEMENTS
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The following details the taxes receivable at year-end:

Real estate:	
Levy of 2011	\$ 848,202
Tax liens:	
Levy of 2010	365,275
Levy of 2009	153,915
Levies of 2008 and prior	243,383
Personal property:	
Levy of 2011	122,866
Levy of 2010	36,460
Levy of 2009	26,646
Levies of 2008 and prior	125,582
Allowance for uncollectible taxes	(698)
Taxes receivable	<u>\$ 1,921,631</u>

Other Receivables and Uncollectible Accounts

Significant receivables include charges for rescue services, parking fees, sewer system usage, parking garage tickets, revolving loans to local businesses, fees collected on behalf of the State of Maine, shared revenue, and state welfare reimbursements. The City reports accounts receivable net of any allowance for uncollectible amounts and revenues net of uncollectibles. The allowance amounts consist of balances of parking fees that are expected to be written off as bad debt, and the balance of sewer user charges that have been turned over to the City for collection. Related amounts are shown in the following table:

	Governmental Funds	Enterprise Funds
Accounts	\$ 787,767	\$ 525,862
Intergovernmental	85,363	-
Loans	323,341	-
Less: allowance for uncollectible amounts	(53,331)	(129,208)
Net total receivables	<u>\$ 1,143,140</u>	<u>\$ 396,654</u>

Deferred Revenue

Deferred revenue in the General Fund of \$1,630,223 at June 30, 2011 represents the real estate and personal property taxes that were not collected within 60 days, and therefore, are deferred in accordance with generally accepted accounting principles, and prepayments made on real estate taxes due in the next fiscal year.

CITY OF WESTBROOK, MAINE
NOTES TO THE FINANCIAL STATEMENTS
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JUNE 30, 2011

III.A.3. Capital Assets

Changes in Capital Assets

The following tables provide a summary of changes in capital assets:

	Balance, beginning	Changes	Balance, ending
Governmental activities:			
At cost:			
Not being depreciated:			
Land	\$ 1,718,018	\$ -	\$ 1,718,018
Being depreciated:			
Buildings and building improvements	11,783,129	-	11,783,129
Machinery and equipment	5,339,418	-	5,339,418
Vehicles	6,870,482	-	6,870,482
Infrastructure	77,328,577	-	77,328,577
Total capital assets being depreciated	101,321,606	-	101,321,606
Total all capital assets	103,039,624	-	103,039,624
Less accumulated depreciation:			
Buildings and building improvements	(2,857,985)	(213,989)	(3,071,974)
Machinery and equipment	(2,758,841)	(340,790)	(3,099,631)
Vehicles	(4,306,768)	(358,318)	(4,665,086)
Infrastructure	(24,612,596)	(1,403,503)	(26,016,099)
Total accumulated depreciation	(34,536,190)	(2,316,600)	(36,852,790)
Net book value, capital assets being depreciated	66,785,416	(2,316,600)	64,468,816
Net book value, total capital assets	\$ 68,503,434	\$ (2,316,600)	\$ 66,186,834

The notes continue on the following page.

CITY OF WESTBROOK, MAINE
NOTES TO THE FINANCIAL STATEMENTS
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	Balance, beginning	Changes	Balance, ending
Business-type activities:			
At cost:			
Not being depreciated:			
Land	\$ 148,840	\$ -	\$ 148,840
Construction in progress	-	1,211,299	1,211,299
Total capital assets not being depreciated	<u>148,840</u>	<u>1,211,299</u>	<u>1,360,139</u>
Being depreciated:			
Buildings and building improvements	11,343,746	-	11,343,746
Vehicles	294,571	-	294,571
Infrastructure	80,376,997	-	80,376,997
Total capital assets being depreciated	<u>92,015,314</u>	<u>-</u>	<u>92,015,314</u>
Total all capital assets	<u>92,164,154</u>	<u>1,211,299</u>	<u>93,375,453</u>
Less accumulated depreciation:			
Buildings and building improvements	(1,745,331)	(237,375)	(1,982,706)
Vehicles	(215,643)	(24,545)	(240,188)
Infrastructure	(33,932,674)	(1,381,674)	(35,314,348)
Total accumulated depreciation	<u>(35,893,648)</u>	<u>(1,643,594)</u>	<u>(37,537,242)</u>
Net book value, capital assets being depreciated	<u>56,121,666</u>	<u>(1,643,594)</u>	<u>54,478,072</u>
Net book value, total capital assets	<u>\$ 56,270,506</u>	<u>\$ (432,295)</u>	<u>\$ 55,838,211</u>

Depreciation Expense

Depreciation expense was charged to functions or activities of the City as follows:

Governmental activities:		Business-type activities:	
General government	\$ 48,340	Sewer department	\$ 1,499,037
Public safety	419,171	Parking garage	144,557
Public works	1,695,248	Total depreciation expense	<u>\$ 1,643,594</u>
Culture and recreation	153,841		
Total depreciation expense	<u>\$ 2,316,600</u>		

III.A.4. Restricted Net Assets

The government-wide statement of net assets includes restricted net assets of \$440,983 for public trust funds reported as restricted to reflect purpose restrictions contained in trust indentures.

CITY OF WESTBROOK, MAINE
NOTES TO THE FINANCIAL STATEMENTS
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III.B. Long-Term Debt

General obligation bonds and notes are approved by the voters and repaid with general revenues (taxes). These notes are backed by the full faith and credit of the City.

Long-term liabilities currently outstanding in the governmental activities are as follow:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 6/30/2011	Current Portion
General obligation bonds/notes payable:						
2002 SRRF	\$ 524,796	2002	2012	0.00	\$ 104,960	\$ 52,480
2002 SRRF Loan Forgiveness*	\$ (217,738)	2002	2012		(43,548)	(21,774)
2002 General Obligation Bond	\$ 1,856,966	2003	2022	2.50-4.50	1,132,204	90,735
2002 General Obligation Bond	\$ 450,000	2003	2012	4.85	115,000	55,000
2003 General Obligation Bond	\$ 9,730,000	2004	2023	4.21	8,195,000	245,000
2004 General Obligation Bond	\$ 11,745,000	2005	2024	2.50-3.75	8,190,000	585,000
2004 General Obligation Bond	\$ 500,000	2005	2014	4.50	235,000	55,000
2005 SRRF	\$ 1,650,000	2005	2015	0.00	660,000	165,000
2005 SRRF Loan Forgiveness*	\$ (491,900)	2005	2015		(196,760)	(49,190)
2006 General Obligation Bond	\$ 1,400,000	2006	2016	3.54	700,000	140,000
2009 General Obligation Bond	\$ 38,276,000	2009	2029	4.99	34,105,000	2,080,000
2011 General Obligation Bond	\$ 12,350,000	2011	2031	3.24	12,350,000	1,153,500
					<u>65,546,856</u>	<u>4,550,751</u>
* These amounts (\$240,308) are shown as an asset on the Statement of Net Assets (Exhibit 1)						
Unamortized bond premium					406,950	20,347
Capital leases payable:						
Police Cruisers	\$ 49,098	2011	2013	2.99	32,246	15,886
Police Cruisers	\$ 25,098	2011	2013	3.45	16,447	8,084
Ambulance	\$ 149,948	2009	2015	4.42	93,828	29,933
Tractor	\$ 85,220	2010	2015	4.19	69,546	16,331
Police Cruisers	\$ 67,426	2010	2012	4.88	22,459	22,459
Police Cruisers	\$ 49,744	2010	2012	3.31	16,565	16,565
					<u>251,091</u>	<u>109,258</u>
Compensated absences payable:						
Vested Sick Leave					772,023	-
Accrued Vacation Leave					463,439	-
Vested Leave Benefits					115,012	-
					<u>1,350,474</u>	<u>-</u>
Accrued landfill postclosure care costs					425,000	25,000
					<u>\$ 67,980,371</u>	<u>\$ 4,705,356</u>

CITY OF WESTBROOK, MAINE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2011

Long-term liabilities currently outstanding in the business-type activities are as follow:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at 6/30/2011	Current Portion
General obligation bonds payable:						
2002 General Obligation Bond	\$ 1,546,034	2003	2013	2.50-4.50	\$ 307,796	\$ 154,265
2011 General Obligation Bond	\$ 1,215,000	2011	2031	3.24	1,215,000	66,500
					<u>\$ 1,522,796</u>	<u>\$ 220,765</u>

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2011:

	General Obligation Bonds and Notes	Unamortized Bond Premium	Capital Leases	Compensated Absences	Accrued Landfill Postclosure Care Costs	Total
Governmental activities:						
Balance, beginning	\$ 67,032,457	\$ -	\$ 358,686	\$ 1,209,904	\$ 450,000	\$ 69,051,047
Additions	12,350,000	406,950	74,196	140,570	-	12,971,716
Reductions	(13,835,601)	-	(181,791)	-	(25,000)	(14,042,392)
Balance, ending	<u>\$ 65,546,856</u>	<u>\$ 406,950</u>	<u>\$ 251,091</u>	<u>\$ 1,350,474</u>	<u>\$ 425,000</u>	<u>\$ 67,980,371</u>
Business-type activities:						
Balance, beginning	\$ 462,061	\$ -	\$ -	\$ -	\$ -	\$ 462,061
Additions	1,215,000	-	-	-	-	1,215,000
Reductions	(154,265)	-	-	-	-	(154,265)
Balance, ending	<u>\$ 1,522,796</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,522,796</u>

The notes continue on the following page.

CITY OF WESTBROOK, MAINE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2011

Debt Service Requirements to Maturity

The annual debt service requirements to maturity for the bonds and notes outstanding as of year-end are as follow:

Fiscal Year Ending June 30,	Governmental Activities			
	Principal	Principal Forgiven	Interest	Total
2012	\$ 4,621,715	\$ (70,964)	\$ 2,762,329	\$ 7,313,080
2013	4,632,449	(70,964)	2,522,520	7,084,005
2014	4,543,500	(49,190)	2,385,952	6,880,262
2015	4,658,500	(49,190)	2,223,280	6,832,590
2016	4,518,500	-	2,103,805	6,622,305
2017-2021	21,412,500	-	7,742,902	29,155,402
2022-2026	15,785,000	-	3,309,400	19,094,400
2027-2031	5,615,000	-	479,802	6,094,802
Totals	<u>\$ 65,787,164</u>	<u>\$ (240,308)</u>	<u>\$ 23,529,990</u>	<u>\$ 89,076,846</u>

Fiscal Year Ending June 30,	Business-type Activities		
	Principal	Interest	Total
2012	\$ 220,765	\$ 62,037	\$ 282,802
2013	220,031	45,617	265,648
2014	66,500	41,080	107,580
2015	61,500	39,160	100,660
2016	61,500	37,315	98,815
2017-2021	307,500	155,595	463,095
2022-2026	300,000	95,770	395,770
2027-2031	285,000	31,739	316,739
Totals	<u>\$ 1,522,796</u>	<u>\$ 508,313</u>	<u>\$ 2,031,109</u>

The future minimum lease obligations for the capital leases are as follow:

Fiscal Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2012	\$ 109,258	\$ 10,237	\$ 119,495
2013	72,996	5,834	78,830
2014	50,366	2,960	53,326
2015	18,471	774	19,245
Totals	<u>\$ 251,091</u>	<u>\$ 19,805</u>	<u>\$ 270,896</u>

**CITY OF WESTBROOK, MAINE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2011**

Debt Refundings

Current Refunding of General Obligation Bonds Issued June 1, 1999

On March 15, 2011, the City issued general obligation bonds in the amount of \$2,245,000 with interest rates ranging from 2.500% to 4.000% to current refund \$2,245,000 of general obligation bonds issued June 1, 1999. The 2011 general obligation bonds were issued at a true interest cost of 2.467%. The current refunding met the requirements of an in-substance debt defeasance and the serial bonds were removed from the City's financial statements.

This current refunding resulted in an economic gain of \$178,828, and the City reduced its total debt service cash flow requirements by \$195,184.

Current Refunding of General Obligation Bonds Issued June 1, 2000

On March 15, 2011, the City issued general obligation bonds in the amount of \$6,820,000 with interest rates ranging from 2.500% to 4.000% to current refund \$6,820,000 of general obligation bonds issued June 1, 2000. The 2011 general obligation bonds were issued at a true interest cost of 2.467%. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the City's financial statements.

This current refunding resulted in an economic gain of \$637,052, and the City reduced its total debt service cash flow requirements by \$700,363.

Accrued Landfill Postclosure Care Costs

The City presently has two landfills, both of which have been closed. Use of the Sandy Hill landfill ceased in 1987 and it has been covered with clay. The City ceased the use of the Rocky Hill Demolition Debris landfill in 1999. Federal and State laws and regulations require that the City continue to perform certain maintenance and monitoring functions at the landfill sites. A liability is being recognized based on the postclosure care costs that will be incurred. The estimated total current cost of the landfill postclosure care has a balance of \$425,000 as of June 30, 2011, which is based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of June 30, 2011. However, the actual cost of postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations. The City annually appropriates an amount for postclosure care costs.

**CITY OF WESTBROOK, MAINE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2011**

III.C. Balances and Transfers – Payments Within the Reporting Entity

III.C.1. *Receivables and Payables*

Generally, outstanding balances between funds reported as “interfund receivables/payables” include outstanding charges by one fund to another for goods or services, subsidy commitments outstanding at year-end, or other miscellaneous amounts. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is also reported as “interfund receivables/payables.”

The following schedule reports receivables and payables within the reporting entity at fiscal year-end:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor	\$ 1,956,020
General	Private purpose trusts	26,652
General	Agency	1,722
Nonmajor	General	171,433
		<u>\$ 2,155,827</u>

The amount due to the General Fund from the nonmajor funds represents debt service payments made on behalf of the WEIC Fund, overdrafts of pooled cash, and an interfund loan to the revolving loan funds to be paid back as loan payments are received. The amount due to the nonmajor funds from the General Fund represents reimbursements of WEIC activity.

III.C.2. *Transfers*

Transfers within the reporting entity are substantially for the purposes of distributing taxes to the fund for which the appropriation was made, and distributing trust income to the applicable fund, and other voted amounts. The government-wide statement of activities eliminates transfers reported within the governmental activities columns.

The following schedule reports transfers within the reporting entity:

	<u>Transfers In:</u>		
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Total</u>
Transfers out:			
Governmental funds:			
General	\$ -	\$ 3,766,656	\$ 3,766,656
Nonmajor	2,310,169	370,053	2,680,222
	<u>\$ 2,310,169</u>	<u>\$ 4,136,709</u>	<u>\$ 6,446,878</u>

CITY OF WESTBROOK, MAINE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2011

The amount transferred to the nonmajor funds from the General Fund represents the local share of various grants, the transfer of tax revenues to the tax increment finance (TIF) districts and WEIC in accordance with the various agreements, and voted transfers. The amount to the General Fund from the nonmajor funds represents transfers from the TIF districts in accordance with the agreements.

III.D. Fund Equity

The components of fund balance, as described in Note I.C.5, are reported for the following purposes:

	General Fund	Nonmajor Funds
Nonspendable:		
Endowments	\$ -	\$ 254,800
Restricted:		
General government	-	186,183
Committed:		
Capital outlay	-	3,531,826
Assigned:		
Contingency	145,000	-
General government	-	1,309,130
Public safety	14,787	75,813
Public works	-	220,175
Human services	-	2,159
Culture and recreation	-	588,061
Total assigned	159,787	2,195,338
Unassigned	9,049,076	(1,329,396)
Total fund balances	\$ 9,208,863	\$ 4,838,751

The notes continue on the following page.

CITY OF WESTBROOK, MAINE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2011

III.E. Restatement of Beginning Equity

Net assets and fund balances at July 1, 2010 were restated to reflect the following adjustments:

		Governmental Funds		Enterprise Fund
	Governmental Activities	General Fund	Nonmajor Funds	Sewer Department
Net asset/fund balances, as previously reported	\$ 12,399,258	\$ 10,044,683	\$ 1,247,263	\$ 50,182,704
<u>Restatements</u>				
To remove receivable	(313,704)	-	(313,704)	-
To report in separate funds	-	(883,468)	883,468	-
To report sewer projects in fund	(8,994)	-	(8,994)	8,994
To record payable	(29,000)	(29,000)	-	-
To record fees collected in prior years	35,230	35,230	-	-
Net assets/fund balances, as restated	<u>\$ 12,082,790</u>	<u>\$ 9,167,445</u>	<u>\$ 1,808,033</u>	<u>\$ 50,191,698</u>

IV. Other Information

IV.A. 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 either carries commercial insurance or is self-insured. Currently, the City participates in the health insurance risk pool sponsored by the Maine Municipal Association.

As of the date of this report, there are no unpaid claims outstanding, nor is the City aware of any potential claims, which have been incurred yet remain unreported and which should be recorded at June 30, 2011.

IV.B. Retirement Pensions

The Maine Public Employees Retirement System (MainePERS) is a multiple-employer, cost-sharing, contributory public employee defined benefit plan qualified under section 401(a) of the Internal Revenue Code, and funded through a trust which is exempt from tax under Internal Revenue Code section 501(a). The MainePERS provides service, disability, death and vested retirement benefits for the members and their beneficiaries. The Maine Legislature establishes the provisions for benefits and contributions.

**CITY OF WESTBROOK, MAINE
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2011**

Plan members are required to contribute 6.5% of their annual covered salary and the City of Westbrook is required to contribute an actuarially determined rate. The contribution rates of plan members and the City of Westbrook are established and may be amended by the MainePERS Board of Trustees.

Effective July 1, 2006, the City joined the MainePERS Consolidated Plan. Upon entry, the City ceased to be an individual sponsor of PLD #122 and PLD #70 and instead became a participant in the Consolidated Plan. As a participant of the plan, the City is required to amortize its remaining unfunded unpooled actuarial asset over a period of 15 years for PLD #122 and 11 years for PLD #70.

The MainePERS issues a separate financial report that is available by contacting the MainePERS at 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

IV.C. 457 Retirement Plan

The City of Westbrook offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (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 a trust held by a third party 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, are not included in the City's financial statements.

IV.D. Contingent Liabilities

There are various legal claims and suits pending against the City which arose in the normal course of the City's activities. In the opinion of management, the ultimate disposition of these various claims and suits will not have a material effect on the financial position of the City.

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement from the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the City believes such disallowances, if any, will be immaterial.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT 12
CITY OF WESTBROOK, MAINE
General Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 32,900,747	\$ 33,160,992	\$ 33,106,210	\$ (54,782)
Licenses, permits and fees	369,550	294,550	309,337	14,787
Intergovernmental	2,951,634	2,823,634	2,931,628	107,994
Charges for services	651,400	455,900	376,461	(79,439)
Miscellaneous	593,709	498,709	412,474	(86,235)
Total revenues	<u>37,467,040</u>	<u>37,233,785</u>	<u>37,136,110</u>	<u>(97,675)</u>
EXPENDITURES				
Current:				
General government	2,936,177	2,817,385	2,639,034	178,351
Public safety	5,834,367	5,907,254	5,706,331	200,923
Public works	3,818,551	3,600,141	3,458,720	141,421
Human services	498,215	498,215	509,986	(11,771)
Culture and recreation	1,402,015	1,186,011	1,175,067	10,944
Employee benefits	2,717,106	2,666,063	2,709,946	(43,883)
Unclassified	1,488,762	1,490,533	1,116,271	374,262
Cemeteries	111,542	90,042	79,085	10,957
Debt service	3,041,621	11,367,021	11,658,432	(291,411)
Total expenditures	<u>21,848,356</u>	<u>29,622,665</u>	<u>29,052,872</u>	<u>569,793</u>
Excess of revenues over expenditures	<u>15,618,684</u>	<u>7,611,120</u>	<u>8,083,238</u>	<u>472,118</u>
Other financing sources (uses):				
Transfers in	3,587,209	2,340,169	2,310,169	(30,000)
Transfers out	(3,780,642)	(3,715,257)	(3,766,656)	(51,399)
Long-term debt issued	-	9,065,000	9,065,000	-
Premium received on long-term debt	-	124,219	124,219	-
Transfer to component unit	(15,506,041)	(15,506,041)	(15,595,335)	(89,294)
Total other financing sources and uses	<u>(15,699,474)</u>	<u>(7,691,910)</u>	<u>(7,862,603)</u>	<u>(170,693)</u>
Net change in fund balance	<u>\$ (80,790)</u>	<u>\$ (80,790)</u>	220,635	<u>\$ 301,425</u>
Increase in assigned fund balance			(145,000)	
Unassigned fund balance, beginning, as restated, see Note III.E.			8,973,441	
Unassigned fund balance, ending			<u>\$ 9,049,076</u>	

The note to the required supplementary information is an integral part of this statement.

CITY OF WESTBROOK, MAINE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED
JUNE 30, 2011

Reconciliation of General Fund Budgetary Basis to GAAP

General Fund:

Revenues and other financing sources:

Per Exhibit 12 (budgetary basis) \$ 48,635,498

Adjustment:

Basis difference:

Capital lease inception 74,196

Per Exhibit 5 (GAAP basis) \$ 48,709,694

Expenditures and other financing uses:

Per Exhibit 12 (budgetary basis) \$ 48,414,863

Adjustments:

Basis difference:

Encumbrances, beginning 194,004

Encumbrances, ending (14,787)

Capital lease inception 74,196

Per Exhibit 5 (GAAP basis) \$ 48,668,276

COMBINING NONMAJOR FUND SCHEDULES

EXHIBIT 13
CITY OF WESTBROOK, MAINE
Nonmajor Governmental Funds
Tax Increment Financing District Funds
Combining Balance Sheet
June 30, 2011

	Westbrook Power	Downtown	IDEXX	Total
ASSETS				
Accounts receivable	\$ 180,047	\$ -	\$ -	\$ 180,047
Interfund receivable	-	-	9,863	9,863
Total assets	<u>\$ 180,047</u>	<u>\$ -</u>	<u>\$ 9,863</u>	<u>\$ 189,910</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Contracts payable	\$ -	\$ -	\$ 149	\$ 149
Interfund payable	221,682	838,905	-	1,060,587
Total liabilities	<u>221,682</u>	<u>838,905</u>	<u>149</u>	<u>1,060,736</u>
Fund balances:				
Assigned	-	-	9,714	9,714
Unassigned	(41,635)	(838,905)	-	(880,540)
Total fund balances	<u>(41,635)</u>	<u>(838,905)</u>	<u>9,714</u>	<u>(870,826)</u>
Total liabilities and fund balances	<u>\$ 180,047</u>	<u>\$ -</u>	<u>\$ 9,863</u>	<u>\$ 189,910</u>

EXHIBIT 14
CITY OF WESTBROOK, MAINE
Nonmajor Governmental Funds
Tax Increment Financing District Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2011

	Westbrook Power	Acadia	SYSCO	D&G
REVENUES				
Taxes	\$ 180,047	\$ -	\$ -	\$ -
Miscellaneous	53	-	-	-
Total revenues	<u>180,100</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	-	-	69,385	51,258
Debt service	223,436	-	-	-
Total expenditures	<u>223,436</u>	<u>-</u>	<u>69,385</u>	<u>51,258</u>
Deficiency of revenues under expenditures	<u>(43,336)</u>	<u>-</u>	<u>(69,385)</u>	<u>(51,258)</u>
Other financing sources (uses):				
Transfers in	2,380,122	175,357	138,769	102,515
Transfers out	<u>(2,310,169)</u>	<u>(175,357)</u>	<u>(69,384)</u>	<u>(51,257)</u>
Total other financing sources and uses	<u>69,953</u>	<u>-</u>	<u>69,385</u>	<u>51,258</u>
Net change in fund balances	26,617	-	-	-
Fund balances, beginning, as restated, see Note III.E.	<u>(68,252)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, ending	<u>\$ (41,635)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Lanco	Downtown	TAF Office	Olympia	IDEXX	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 180,047
-	-	-	-	-	53
-	-	-	-	-	180,100
20,611	-	300,000	53,444	-	494,698
-	518,996	-	-	-	742,432
20,611	518,996	300,000	53,444	-	1,237,130
(20,611)	(518,996)	(300,000)	(53,444)	-	(1,057,030)
41,222	449,283	300,000	106,888	-	3,694,156
(20,611)	-	-	(53,444)	-	(2,680,222)
20,611	449,283	300,000	53,444	-	1,013,934
-	(69,713)	-	-	-	(43,096)
-	(769,192)	-	-	9,714	(827,730)
\$ -	\$ (838,905)	\$ -	\$ -	\$ 9,714	\$ (870,826)

EXHIBIT 15
CITY OF WESTBROOK, MAINE
Nonmajor Governmental Funds
Open Space Funds
Combining Balance Sheet
June 30, 2011

	Hawthorne Lane	Fitzgerald Woods	Vance/ Fox Knoll	Homestead Village	Riverfront Lots	CR Dev/ Wilson Drive
ASSETS						
Cash and cash equivalents	\$ 4,653	\$ 7,250	\$ 3,958	\$ 1,306	\$ 140	\$ 10,767
FUND BALANCES						
Assigned	\$ 4,653	\$ 7,250	\$ 3,958	\$ 1,306	\$ 140	\$ 10,767

HW Land Co/ Victoria Drive	Hannaford Field Donation	Casella Donation	Unknown Origin	Parking Study	Total
\$ 4,400	\$ 39,999	\$ 15,000	\$ 160,166	\$ 7,757	\$ 255,396
\$ 4,400	\$ 39,999	\$ 15,000	\$ 160,166	\$ 7,757	\$ 255,396

EXHIBIT 16
CITY OF WESTBROOK, MAINE
Nonmajor Governmental Funds
Open Space Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2011

	Hawthorne Lane	Fitzgerald Woods	Vance/ Fox Knoll	Homestead Village
REVENUES				
Miscellaneous	\$ 4,653	\$ -	\$ -	\$ -
Net change in fund balances	4,653	-	-	-
Fund balances, beginning, as restated, see Note III.E.	-	7,250	3,958	1,306
Fund balances, ending	<u>\$ 4,653</u>	<u>\$ 7,250</u>	<u>\$ 3,958</u>	<u>\$ 1,306</u>

Riverfront Lots	CR Dev/ Wilson Drive	HW Land Co/ Victoria Drive	Hannaford Field Donation	Casella Donation	Unknown Origin	Parking Study	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,653
-	-	-	-	-	-	-	4,653
140	10,767	4,400	39,999	15,000	160,166	7,757	250,743
\$ 140	\$ 10,767	\$ 4,400	\$ 39,999	\$ 15,000	\$ 160,166	\$ 7,757	\$ 255,396

EXHIBIT 17
CITY OF WESTBROOK, MAINE
Nonmajor Governmental Funds
Revolving Loan Funds
Combining Balance Sheet
June 30, 2011

	After School Special	Maine Dovetail	Affordable Business	Corey Associates	JDK Commercial	Total
ASSETS						
Loans receivable	\$ 12,941	\$ 49,568	\$ 4,906	\$ 50,937	\$ 70,346	\$ 188,698
LIABILITIES						
Interfund payable	\$ 12,941	\$ 49,568	\$ 4,906	\$ 50,937	\$ 70,346	\$ 188,698

EXHIBIT 18
CITY OF WESTBROOK, MAINE
Nonmajor Governmental Funds
Reserve Funds
Combining Balance Sheet
June 30, 2011

	Rescue Donations	Fire Heart Safety Donations	Fire Donations	Triad Program	Fire Thermal Imaging Camera
ASSETS					
Cash and cash equivalents	<u>\$ 2,296</u>	<u>\$ 821</u>	<u>\$ -</u>	<u>\$ 1,783</u>	<u>\$ 2,274</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,123</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances:					
Assigned	2,296	821	-	1,783	2,274
Unassigned	<u>-</u>	<u>-</u>	<u>(2,123)</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>2,296</u>	<u>821</u>	<u>(2,123)</u>	<u>1,783</u>	<u>2,274</u>
Total liabilities and fund balances	<u>\$ 2,296</u>	<u>\$ 821</u>	<u>\$ -</u>	<u>\$ 1,783</u>	<u>\$ 2,274</u>

<u>Dog Fees</u>	<u>Police Donations</u>	<u>Juvenile Divisions</u>	<u>Police Forfeiture</u>	<u>Police Copier</u>	<u>Safety & Wellness Grant</u>	<u>PWD Donation</u>
<u>\$ 7,220</u>	<u>\$ 7,305</u>	<u>\$ 2,137</u>	<u>\$ 3,169</u>	<u>\$ 7,410</u>	<u>\$ 11,089</u>	<u>\$ 205</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
7,220	7,305	2,137	3,169	7,410	11,089	205
-	-	-	-	-	-	-
<u>7,220</u>	<u>7,305</u>	<u>2,137</u>	<u>3,169</u>	<u>7,410</u>	<u>11,089</u>	<u>205</u>
<u>\$ 7,220</u>	<u>\$ 7,305</u>	<u>\$ 2,137</u>	<u>\$ 3,169</u>	<u>\$ 7,410</u>	<u>\$ 11,089</u>	<u>\$ 205</u>
<i>(continued)</i>						

EXHIBIT 18 (continued)
CITY OF WESTBROOK, MAINE
Nonmajor Governmental Funds
Reserve Funds
Combining Balance Sheet
June 30, 2011

	PW Highland Lake Fence	PW Equipment	PWD Heating System	Fire Equipment	Library
ASSETS					
Cash and cash equivalents	\$ 6,944	\$ 137,716	\$ 7,471	\$ 1,365	\$ -
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund payable	\$ -	\$ -	\$ -	\$ -	\$ 383
Fund balances:					
Assigned	6,944	137,716	7,471	1,365	-
Unassigned	-	-	-	-	(383)
Total fund balances	6,944	137,716	7,471	1,365	(383)
Total liabilities and fund balances	\$ 6,944	\$ 137,716	\$ 7,471	\$ 1,365	\$ -

Library Donations	Boat Launch	Davan Pool	Community Services	Employee Assistance	Community Dental	Building
\$ 17,623	\$ 3,060	\$ 68,179	\$ 10,324	\$ 10,619	\$ 1,831	\$ 76,755
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17,623	3,060	68,179	10,324	10,619	1,831	76,755
-	-	-	-	-	-	-
17,623	3,060	68,179	10,324	10,619	1,831	76,755
\$ 17,623	\$ 3,060	\$ 68,179	\$ 10,324	\$ 10,619	\$ 1,831	\$ 76,755
(continued)						

EXHIBIT 18 (continued)
CITY OF WESTBROOK, MAINE
Nonmajor Governmental Funds
Reserve Funds
Combining Balance Sheet
June 30, 2011

	Building Maintenance	City Hall	Athletic Field	Home Repair Network	Total
ASSETS					
Cash and cash equivalents	\$ 64,253	\$ 18,385	\$ 46,580	\$ 29,141	\$ 545,955
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund payable	\$ -	\$ -	\$ -	\$ -	\$ 2,506
Fund balances:					
Assigned	64,253	18,385	46,580	29,141	545,955
Unassigned	-	-	-	-	(2,506)
Total fund balances	64,253	18,385	46,580	29,141	543,449
Total liabilities and fund balances	\$ 64,253	\$ 18,385	\$ 46,580	\$ 29,141	\$ 545,955

EXHIBIT 19
CITY OF WESTBROOK, MAINE
Nonmajor Governmental Funds
Reserve Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2011

	Rescue Donations	Fire Heart Safety Donations	Fire Donations	Triad Program	Fire Thermal Imaging Camera
REVENUES					
Miscellaneous	\$ -	\$ -	\$ 1,239	\$ -	\$ -
EXPENDITURES					
Current:					
Public safety	-	-	163	-	-
Culture and recreation	-	-	-	-	-
Total expenditures	-	-	163	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	1,076	-	-
Other financing sources:					
Transfers in	-	-	-	-	-
Net change in fund balances	-	-	1,076	-	-
Fund balances, beginning, as restated, see Note III.E.	2,296	821	(3,199)	1,783	2,274
Fund balances, ending	<u>\$ 2,296</u>	<u>\$ 821</u>	<u>\$ (2,123)</u>	<u>\$ 1,783</u>	<u>\$ 2,274</u>

<u>Dog Fees</u>	<u>Police Donations</u>	<u>Juvenile Divisions</u>	<u>Police Forfeiture</u>	<u>Police Copier</u>	<u>Safety & Wellness Grant</u>	<u>PWD Donation</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,215</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
530	-	-	19,317	-	-	-
-	-	-	-	-	-	-
<u>530</u>	<u>-</u>	<u>-</u>	<u>19,317</u>	<u>-</u>	<u>-</u>	<u>-</u>
(530)	-	-	(12,102)	-	-	-
-	-	-	-	-	-	-
(530)	-	-	(12,102)	-	-	-
7,750	7,305	2,137	15,271	7,410	11,089	205
<u>\$ 7,220</u>	<u>\$ 7,305</u>	<u>\$ 2,137</u>	<u>\$ 3,169</u>	<u>\$ 7,410</u>	<u>\$ 11,089</u>	<u>\$ 205</u>

(continued)

EXHIBIT 19 (continued)
CITY OF WESTBROOK, MAINE
Nonmajor Governmental Funds
Reserve Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2011

	PW Highland Lake Fence	PW Equipment	PWD Heating System	Fire Equipment
REVENUES				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Current:				
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources:				
Transfers in	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances, beginning, as restated, see Note III.E.	6,944	137,716	7,471	1,365
Fund balances, ending	\$ 6,944	\$ 137,716	\$ 7,471	\$ 1,365

<u>Library</u>	<u>Library Donations</u>	<u>Boat Launch</u>	<u>Davan Pool</u>	<u>Community Services</u>	<u>Employee Assistance</u>	<u>Community Dental</u>	<u>Building</u>
\$ -	\$ 5,065	\$ -	\$ 373	\$ -	\$ -	\$ -	\$ 1,544
-	-	-	-	-	-	-	-
884	16,957	-	-	-	-	-	-
884	16,957	-	-	-	-	-	-
(884)	(11,892)	-	373	-	-	-	1,544
-	-	-	7,500	-	-	-	4,500
(884)	(11,892)	-	7,873	-	-	-	6,044
501	29,515	3,060	60,306	10,324	10,619	1,831	70,711
<u>\$ (383)</u>	<u>\$ 17,623</u>	<u>\$ 3,060</u>	<u>\$ 68,179</u>	<u>\$ 10,324</u>	<u>\$ 10,619</u>	<u>\$ 1,831</u>	<u>\$ 76,755</u>

(continued)

EXHIBIT 19 (continued)
CITY OF WESTBROOK, MAINE
Nonmajor Governmental Funds
Reserve Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2011

	Building Maintenance	City Hall	Athletic Field	Home Repair Network	Total
REVENUES					
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ 15,436
EXPENDITURES					
Current:					
Public safety	-	-	-	-	20,010
Culture and recreation	-	-	-	-	17,841
Total expenditures	-	-	-	-	37,851
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	(22,415)
Other financing sources:					
Transfers in	-	-	-	-	12,000
Net change in fund balances	-	-	-	-	(10,415)
Fund balances, beginning, as restated, see Note III.E.	64,253	18,385	46,580	29,141	553,864
Fund balances, ending	<u>\$ 64,253</u>	<u>\$ 18,385</u>	<u>\$ 46,580</u>	<u>\$ 29,141</u>	<u>\$ 543,449</u>

EXHIBIT 20
CITY OF WESTBROOK, MAINE
Nonmajor Governmental Funds
Miscellaneous Special Revenue Funds
Combining Balance Sheet
June 30, 2011

	Westbrook Environmental Improvement Corporation	Riverwalk Fine Arts Festival	Arts & Culture Grant	Speed Enforcement	Drinking Enforcement
ASSETS					
Cash and cash equivalents	\$ 283,331	\$ 2,356	\$ -	\$ 1,795	\$ 1,750
Investments	412,024	-	-	-	-
Receivables:					
Accounts	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Interfund receivable	171,433	-	-	-	-
Total assets	<u>\$ 866,788</u>	<u>\$ 2,356</u>	<u>\$ -</u>	<u>\$ 1,795</u>	<u>\$ 1,750</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund payable	-	-	1,376	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>1,376</u>	<u>-</u>	<u>-</u>
Fund balances:					
Assigned	866,788	2,356	-	1,795	1,750
Unassigned	-	-	(1,376)	-	-
Total fund balances	<u>866,788</u>	<u>2,356</u>	<u>(1,376)</u>	<u>1,795</u>	<u>1,750</u>
Total liabilities and fund balances	<u>\$ 866,788</u>	<u>\$ 2,356</u>	<u>\$ -</u>	<u>\$ 1,795</u>	<u>\$ 1,750</u>

Library CPHC	Capital Maintenance Library Renovations	Capital Maintenance JR Re-Use	Capital Maintenance PW Facility	Library Gates Grant	Summer HV Enforcement Camp	PROP Underage Drinking
\$ -	\$ 8,628	\$ 5,855	\$ 11,710	\$ -	\$ 3,000	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	2,107
-	-	-	-	-	1,947	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 8,628</u>	<u>\$ 5,855</u>	<u>\$ 11,710</u>	<u>\$ -</u>	<u>\$ 4,947</u>	<u>\$ 2,107</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
815	-	-	-	650	1,947	2,107
<u>815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>650</u>	<u>1,947</u>	<u>2,107</u>
-	8,628	5,855	11,710	-	3,000	-
(815)	-	-	-	(650)	-	-
(815)	8,628	5,855	11,710	(650)	3,000	-
<u>\$ -</u>	<u>\$ 8,628</u>	<u>\$ 5,855</u>	<u>\$ 11,710</u>	<u>\$ -</u>	<u>\$ 4,947</u>	<u>\$ 2,107</u>

(continued)

EXHIBIT 20 (continued)
CITY OF WESTBROOK, MAINE
Nonmajor Governmental Funds
Miscellaneous Special Revenue Funds
Combining Balance Sheet
June 30, 2011

	COPS Grant	Byrne Memorial/ JAG Grant	Holiday Enforcement	Community Health Grant	Police Details
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 328	\$ 2,760
Investments	-	-	-	-	-
Receivables:					
Accounts	-	-	-	-	-
Intergovernmental	169,267	-	2,827	-	-
Interfund receivable	-	-	-	-	-
Total assets	<u>\$ 169,267</u>	<u>\$ -</u>	<u>\$ 2,827</u>	<u>\$ 328</u>	<u>\$ 2,760</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund payable	169,267	22,723	-	-	-
Total liabilities	<u>169,267</u>	<u>22,723</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Assigned	-	-	2,827	328	2,760
Unassigned	-	(22,723)	-	-	-
Total fund balances	<u>-</u>	<u>(22,723)</u>	<u>2,827</u>	<u>328</u>	<u>2,760</u>
Total liabilities and fund balances	<u>\$ 169,267</u>	<u>\$ -</u>	<u>\$ 2,827</u>	<u>\$ 328</u>	<u>\$ 2,760</u>

Police Outside Details	Homeland Security - PD	ATV Grant	Westbrook Trail Blazes	Repeaters Narrowband	FD Outside Details	FD Misc Awards & Decorations
\$ 2,525	\$ 9,009	\$ -	\$ -	\$ -	\$ -	\$ 132
-	-	-	-	-	-	-
1,708	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 4,233</u>	<u>\$ 9,009</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	10,000	-	363	-
-	-	-	10,000	-	363	-
4,233	9,009	-	-	-	-	132
-	-	-	(10,000)	-	(363)	-
4,233	9,009	-	(10,000)	-	(363)	132
<u>\$ 4,233</u>	<u>\$ 9,009</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132</u>

(continued)

EXHIBIT 20 (continued)
CITY OF WESTBROOK, MAINE
Nonmajor Governmental Funds
Miscellaneous Special Revenue Funds
Combining Balance Sheet
June 30, 2011

	Fire Sprinkler Grant	Street Openings	Recreation Fund	Before Care
ASSETS				
Cash and cash equivalents	\$ 10,658	\$ 56,129	\$ 372,011	\$ 90,755
Investments	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Intergovernmental	-	-	-	-
Interfund receivable	-	-	-	-
Total assets	<u>\$ 10,658</u>	<u>\$ 56,129</u>	<u>\$ 372,011</u>	<u>\$ 90,755</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 2,584	\$ -
Interfund payable	-	-	91,994	-
Total liabilities	<u>-</u>	<u>-</u>	<u>94,578</u>	<u>-</u>
Fund balances:				
Assigned	10,658	56,129	277,433	90,755
Unassigned	-	-	-	-
Total fund balances	<u>10,658</u>	<u>56,129</u>	<u>277,433</u>	<u>90,755</u>
Total liabilities and fund balances	<u>\$ 10,658</u>	<u>\$ 56,129</u>	<u>\$ 372,011</u>	<u>\$ 90,755</u>

Summer Camp	Youth Activities	Adult Programs	Westbrook Pool	Total
\$ -	\$ 1,633	\$ -	\$ 26,494	\$ 890,859
-	-	-	-	412,024
-	-	-	-	3,815
-	-	-	-	174,041
-	-	-	-	171,433
<u>\$ -</u>	<u>\$ 1,633</u>	<u>\$ -</u>	<u>\$ 26,494</u>	<u>\$ 1,652,172</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,584
12,658	-	3,541	-	317,441
<u>12,658</u>	<u>-</u>	<u>3,541</u>	<u>-</u>	<u>320,025</u>
-	1,633	-	26,494	1,384,273
(12,658)	-	(3,541)	-	(52,126)
<u>(12,658)</u>	<u>1,633</u>	<u>(3,541)</u>	<u>26,494</u>	<u>1,332,147</u>
<u>\$ -</u>	<u>\$ 1,633</u>	<u>\$ -</u>	<u>\$ 26,494</u>	<u>\$ 1,652,172</u>

EXHIBIT 21
CITY OF WESTBROOK, MAINE
Nonmajor Governmental Funds
Miscellaneous Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2011

	Westbrook Environmental Improvement Corporation	Riverwalk Fine Arts Festival	Arts & Culture Grant	Speed Enforcement
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Miscellaneous	4,989	-	-	-
Total revenues	4,989	-	-	-
EXPENDITURES				
Current:				
General government	110,291	-	-	-
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Culture and recreation	-	-	1,376	-
Debt service:				
Principal	30,000	-	-	-
Interest	53,190	-	-	-
Total expenditures	193,481	-	1,376	-
Excess (deficiency) of revenues over (under) expenditures	(188,492)	-	(1,376)	-
Other financing sources:				
Transfers in	370,053	-	-	-
Net change in fund balances	181,561	-	(1,376)	-
Fund balances, beginning	685,227	2,356	-	1,795
Fund balances, ending	\$ 866,788	\$ 2,356	\$ (1,376)	\$ 1,795

Drinking Enforcement	Library CPHC	Capital Maintenance Library Renovations	Capital Maintenance JR Re-Use	Capital Maintenance PW Facility	Library Gates Grant	Summer HV Enforcement Camp
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	3,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	650	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	650	-
-	-	-	-	-	-	-
-	-	-	-	-	(650)	3,000
-	-	-	-	-	-	-
-	-	-	-	-	(650)	3,000
1,750	(815)	8,628	5,855	11,710	-	-
\$ 1,750	\$ (815)	\$ 8,628	\$ 5,855	\$ 11,710	\$ (650)	\$ 3,000

(continued)

EXHIBIT 21 (continued)
CITY OF WESTBROOK, MAINE
Nonmajor Governmental Funds
Miscellaneous Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2011

	PROP Underage Drinking	COPS Grant	Byrne Memorial/ JAG Grant	Holiday Enforcement
REVENUES				
Intergovernmental	\$ -	\$ 200,007	\$ -	\$ 3,785
Charges for services	-	-	-	-
Miscellaneous	1,133	-	-	-
Total revenues	<u>1,133</u>	<u>200,007</u>	<u>-</u>	<u>3,785</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	1,133	200,007	22,723	958
Highways and streets	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>1,133</u>	<u>200,007</u>	<u>22,723</u>	<u>958</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(22,723)	2,827
Other financing sources:				
Transfers in	-	-	-	-
Net change in fund balances	-	-	(22,723)	2,827
Fund balances, beginning	-	-	-	-
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (22,723)</u>	<u>\$ 2,827</u>

Community Health Grant	Police Details	Police Outside Details	Homeland Security - PD	ATV Grant	Westbrook Trail Blazes	Repeaters Narrowband	FD Outside Details
\$ 1,000	\$ -	\$ -	\$ 64,688	\$ 2,400	\$ -	\$ 13,910	\$ -
-	-	4,232	-	-	-	-	-
-	-	-	-	-	-	-	-
1,000	-	4,232	64,688	2,400	-	13,910	-
-	-	-	-	-	-	-	-
672	-	-	55,679	2,400	-	13,910	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
672	-	-	55,679	2,400	-	13,910	-
-	-	-	-	-	-	-	-
328	-	4,232	9,009	-	-	-	-
-	-	-	-	-	-	-	-
328	-	4,232	9,009	-	-	-	-
-	2,760	-	-	-	(10,000)	-	(363)
\$ 328	\$ 2,760	\$ 4,232	\$ 9,009	\$ -	\$ (10,000)	\$ -	\$ (363)

(continued)

EXHIBIT 21 (continued)
CITY OF WESTBROOK, MAINE
Nonmajor Governmental Funds
Miscellaneous Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2011

	FD Misc Awards & Decorations	Fire Sprinkler Grant	Street Openings	Recreation Fund
REVENUES				
Intergovernmental	\$ -	\$ 6,900	\$ -	\$ -
Charges for services	-	-	-	173,121
Miscellaneous	-	-	10,844	2,333
Total revenues	-	6,900	10,844	175,454
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Highways and streets	-	-	258	-
Culture and recreation	-	-	-	56,600
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	258	56,600
Excess (deficiency) of revenues over (under) expenditures	-	6,900	10,586	118,854
Other financing sources:				
Transfers in	-	-	-	-
Net change in fund balances	-	6,900	10,586	118,854
Fund balances, beginning	132	3,758	45,543	158,579
Fund balances, ending	\$ 132	\$ 10,658	\$ 56,129	\$ 277,433

Before Care	Summer Camp	Youth Activities	Adult Programs	Westbrook Pool	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 295,690
250,119	54,778	2,089	2,929	7,912	495,180
-	-	-	-	-	19,299
<u>250,119</u>	<u>54,778</u>	<u>2,089</u>	<u>2,929</u>	<u>7,912</u>	<u>810,169</u>
-	-	-	-	-	110,291
-	-	-	-	-	297,482
-	-	-	-	-	258
159,363	67,436	456	6,470	-	292,351
-	-	-	-	-	30,000
-	-	-	-	-	53,190
<u>159,363</u>	<u>67,436</u>	<u>456</u>	<u>6,470</u>	<u>-</u>	<u>783,572</u>
<u>90,756</u>	<u>(12,658)</u>	<u>1,633</u>	<u>(3,541)</u>	<u>7,912</u>	<u>26,597</u>
-	-	-	-	-	370,053
90,756	(12,658)	1,633	(3,541)	7,912	396,650
-	-	-	-	18,582	935,497
<u>\$ 90,756</u>	<u>\$ (12,658)</u>	<u>\$ 1,633</u>	<u>\$ (3,541)</u>	<u>\$ 26,494</u>	<u>\$ 1,332,147</u>

EXHIBIT 22
CITY OF WESTBROOK, MAINE
Nonmajor Governmental Funds
Capital Projects
Combining Balance Sheet
June 30, 2011

	Equipment Lift	Riverfront	Redundant Power	Power Plant Access Road	Equipment Bond
ASSETS					
Cash and cash equivalents	\$ 16,679	\$ 40,419	\$ 49,883	\$ 176,795	\$ 255,738
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Contracts payable	-	-	-	-	-
Intergovernmental payable	-	-	-	-	-
Retainage payable	-	-	-	-	-
Interfund payable	-	-	-	-	-
Total liabilities	-	-	-	-	-
Fund balances:					
Committed	16,679	40,419	49,883	176,795	255,738
Unassigned	-	-	-	-	-
Total fund balances	16,679	40,419	49,883	176,795	255,738
Total liabilities and fund balances	\$ 16,679	\$ 40,419	\$ 49,883	\$ 176,795	\$ 255,738

Dump Trucks	Paving	Joint Dispatch	Public Services Facility	Excavator	HVAC Library	Squad Vehicle	West Business Heights
\$ 192,003	\$ 512,530	\$ 54,830	\$ 22,428	\$ 39,505	\$ 12,264	\$ 588	\$ -
\$ -	\$ -	\$ -	\$ 30,013	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	343,067
-	-	-	30,013	-	-	-	343,067
192,003	512,530	54,830	-	39,505	12,264	588	-
-	-	-	(7,585)	-	-	-	(343,067)
192,003	512,530	54,830	(7,585)	39,505	12,264	588	(343,067)
\$ 192,003	\$ 512,530	\$ 54,830	\$ 22,428	\$ 39,505	\$ 12,264	\$ 588	\$ -

(continued)

EXHIBIT 22 (continued)
CITY OF WESTBROOK, MAINE
Nonmajor Governmental Funds
Capital Projects
Combining Balance Sheet
June 30, 2011

	Food Pantry	Spring & County Roads	City Hall Wiring	Marylin & Carlson Streets	Two Message Boards
ASSETS					
Cash and cash equivalents	<u>\$ 39,541</u>	<u>\$ 492,789</u>	<u>\$ 20,157</u>	<u>\$ 54,100</u>	<u>\$ 14,630</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 278,172	\$ -	\$ -	\$ -
Contracts payable	-	-	-	-	-
Intergovernmental payable	-	-	-	-	-
Retainage payable	-	-	-	-	-
Interfund payable	-	-	-	-	-
Total liabilities	<u>-</u>	<u>278,172</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Committed	39,541	214,617	20,157	54,100	14,630
Unassigned	-	-	-	-	-
Total fund balances	<u>39,541</u>	<u>214,617</u>	<u>20,157</u>	<u>54,100</u>	<u>14,630</u>
Total liabilities and fund balances	<u>\$ 39,541</u>	<u>\$ 492,789</u>	<u>\$ 20,157</u>	<u>\$ 54,100</u>	<u>\$ 14,630</u>

Voew Drainage	Stroudwater Street Sidewalk	Salt Shed	Walker Building Repair	Community Center	William Clark Drive	Playground Equipment
<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ 521</u>	<u>\$ 581,698</u>	<u>\$ 442,226</u>	<u>\$ 959,472</u>	<u>\$ 34,206</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	89,253	-	-	-
-	-	-	-	-	959,472	-
-	-	-	19,600	-	-	-
-	43,572	-	-	-	-	-
<u>-</u>	<u>43,572</u>	<u>-</u>	<u>108,853</u>	<u>-</u>	<u>959,472</u>	<u>-</u>
40,000	-	521	472,845	442,226	-	34,206
-	(43,572)	-	-	-	-	-
<u>40,000</u>	<u>(43,572)</u>	<u>521</u>	<u>472,845</u>	<u>442,226</u>	<u>-</u>	<u>34,206</u>
<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ 521</u>	<u>\$ 581,698</u>	<u>\$ 442,226</u>	<u>\$ 959,472</u>	<u>\$ 34,206</u>

(continued)

EXHIBIT 22 (continued)
CITY OF WESTBROOK, MAINE
Nonmajor Governmental Funds
Capital Projects
Combining Balance Sheet
June 30, 2011

	Athletic Equipment	Landfill Bond	PW Equipment	Interest	Total
ASSETS					
Cash and cash equivalents	\$ 46,580	\$ 63,095	\$ 160,000	\$ 578,074	\$ 4,900,751
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 308,185
Contracts payable	-	-	-	-	89,253
Intergovernmental payable	-	-	-	-	959,472
Retainage payable	-	-	-	-	19,600
Interfund payable	-	-	-	-	386,639
Total liabilities	-	-	-	-	1,763,149
Fund balances:					
Committed	46,580	63,095	160,000	578,074	3,531,826
Unassigned	-	-	-	-	(394,224)
Total fund balances	46,580	63,095	160,000	578,074	3,137,602
Total liabilities and fund balances	\$ 46,580	\$ 63,095	\$ 160,000	\$ 578,074	\$ 4,900,751

EXHIBIT 23
CITY OF WESTBROOK, MAINE
Nonmajor Governmental Funds
Capital Projects
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2011

	Equipment Lift	Riverfront	Redundant Power	Power Plant Access Road
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources (uses):				
Transfers in	-	-	-	-
Long-term debt issued	-	-	-	-
Premium received on long-term debt	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances, beginning, as restated, see Note III.E.	16,679	40,419	49,883	176,795
Fund balances, ending	\$ 16,679	\$ 40,419	\$ 49,883	\$ 176,795

Equipment Bond	Dump Trucks	Paving	Joint Dispatch	Public Services Facility	Excavator	HVAC Library	Squad Vehicle
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
35,597	-	170,558	-	20,286	-	-	-
35,597	-	170,558	-	23,540	-	-	-
(35,597)	-	(170,558)	-	(23,540)	-	-	-
-	-	60,500	-	-	-	-	-
-	-	450,000	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	510,500	-	-	-	-	-
(35,597)	-	339,942	-	(23,540)	-	-	-
291,335	192,003	172,588	54,830	15,955	39,505	12,264	588
\$ 255,738	\$ 192,003	\$ 512,530	\$ 54,830	\$ (7,585)	\$ 39,505	\$ 12,264	\$ 588

(continued)

EXHIBIT 23 (continued)
CITY OF WESTBROOK, MAINE
Nonmajor Governmental Funds
Capital Projects
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2011

	West Business Heights	Food Pantry	Spring & County Roads	City Hall Wiring
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES				
Current:				
General government	-	475	-	6,843
Public safety	-	-	-	2,779
Highways and streets	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	278,172	-
Total expenditures	-	475	278,172	9,622
Excess (deficiency) of revenues over (under) expenditures	-	(475)	(278,172)	(9,622)
Other financing sources (uses):				
Transfers in	-	-	-	-
Long-term debt issued	-	-	-	-
Premium received on long-term debt	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	-	(475)	(278,172)	(9,622)
Fund balances, beginning, as restated, see Note III.E.	(343,067)	40,016	492,789	29,779
Fund balances, ending	\$ (343,067)	\$ 39,541	\$ 214,617	\$ 20,157

Marylin & Carlson Streets	Two Message Boards	Voew Drainage	Stroudwater Street Sidewalk	Salt Shed	Walker Building Repair	Community Center	William Clark Drive
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 213,776	\$ -
-	-	-	-	-	-	250,048	-
-	-	-	-	-	-	463,824	-
17,900	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	29,479	-	-	-
-	-	-	-	-	202,155	-	-
3,000	-	-	-	-	-	1,021,598	1,000,000
20,900	-	-	-	29,479	202,155	1,021,598	1,000,000
(20,900)	-	-	-	(29,479)	(202,155)	(557,774)	(1,000,000)
-	-	-	-	-	-	-	-
-	-	-	-	-	675,000	1,000,000	1,000,000
-	-	-	-	-	-	-	-
-	-	-	-	-	675,000	1,000,000	1,000,000
(20,900)	-	-	-	(29,479)	472,845	442,226	-
75,000	14,630	40,000	(43,572)	30,000	-	-	-
\$ 54,100	\$ 14,630	\$ 40,000	\$ (43,572)	\$ 521	\$ 472,845	\$ 442,226	\$ -

(continued)

EXHIBIT 23 (continued)
CITY OF WESTBROOK, MAINE
Nonmajor Governmental Funds
Capital Projects
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2011

	Playground Equipment	Athletic Equipment	Landfill Bond	PW Equipment	Interest	Total
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 213,776
Miscellaneous	-	-	-	-	6,487	256,535
Total revenues	-	-	-	-	6,487	470,311
EXPENDITURES						
Current:						
General government	-	-	-	-	-	25,218
Public safety	-	-	-	-	-	2,779
Highways and streets	-	-	-	-	-	32,733
Culture and recreation	-	-	-	-	-	202,155
Capital outlay	-	-	-	-	-	2,529,211
Total expenditures	-	-	-	-	-	2,792,096
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	6,487	(2,321,785)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	60,500
Long-term debt issued	-	-	-	160,000	-	3,285,000
Premium received on long-term debt	-	-	-	-	282,731	282,731
Total other financing sources and uses	-	-	-	160,000	282,731	3,628,231
Net change in fund balances	-	-	-	160,000	289,218	1,306,446
Fund balances, beginning, as restated, see Note III.E.	34,206	46,580	63,095	-	288,856	1,831,156
Fund balances, ending	\$ 34,206	\$ 46,580	\$ 63,095	\$ 160,000	\$ 578,074	\$ 3,137,602

EXHIBIT 24
CITY OF WESTBROOK, MAINE
Nonmajor Governmental Funds
Permanent Funds
Combining Balance Sheet
June 30, 2011

	Woodlawn Cemetery	Saccarappa Cemetery	Highland Lake Cemetery	Larabee Cemetery	Total
ASSETS					
Cash and cash equivalents	\$ 361,638	\$ 2,821	\$ 7,264	\$ -	\$ 371,723
Investments	61,306	-	-	7,954	69,260
Total assets	<u>\$ 422,944</u>	<u>\$ 2,821</u>	<u>\$ 7,264</u>	<u>\$ 7,954</u>	<u>\$ 440,983</u>
FUND BALANCES					
Fund balances:					
Nonspendable	254,800	-	-	-	254,800
Restricted	168,144	2,821	7,264	7,954	186,183
Total fund balances	<u>422,944</u>	<u>2,821</u>	<u>7,264</u>	<u>7,954</u>	<u>440,983</u>
Total liabilities and fund balances	<u>\$ 422,944</u>	<u>\$ 2,821</u>	<u>\$ 7,264</u>	<u>\$ 7,954</u>	<u>\$ 440,983</u>

EXHIBIT 25
CITY OF WESTBROOK, MAINE
Nonmajor Governmental Funds
Permanent Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2011

	Woodlawn Cemetery	Saccarappa Cemetery	Highland Lake Cemetery	Larabee Cemetery	Total
REVENUES					
Miscellaneous	\$ 26,511	\$ -	\$ -	\$ -	\$ 26,511
Fund balance, beginning	396,433	2,821	7,264	7,954	414,472
Fund balances, ending	<u>\$ 422,944</u>	<u>\$ 2,821</u>	<u>\$ 7,264</u>	<u>\$ 7,954</u>	<u>\$ 440,983</u>

EXHIBIT 26
CITY OF WESTBROOK, MAINE
Fiduciary Funds
Private Purpose Trusts
Combining Statement of Fiduciary Net Assets
June 30, 2011

	Gerald Fluett Trust	Wescott	Valentine Hose Co.	Saccarappa School
ASSETS				
Cash and cash equivalents	\$ 12,591	\$ 531	\$ 116	\$ 917
Investments	690,605	-	-	-
Total assets	<u>703,196</u>	<u>531</u>	<u>116</u>	<u>917</u>
LIABILITIES				
Liabilities				
Interfund payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS				
Restricted	<u>\$ 703,196</u>	<u>\$ 531</u>	<u>\$ 116</u>	<u>\$ 917</u>

Community Dental	Pierre Hanois	Service Chest	Cemetery Flowers	Total
\$ 19,213	\$ 34,614	\$ -	\$ 59,252	\$ 127,234
-	-	84,493	-	775,098
19,213	34,614	84,493	59,252	902,332
-	-	26,514	138	26,652
\$ 19,213	\$ 34,614	\$ 57,979	\$ 59,114	\$ 875,680

EXHIBIT 27
CITY OF WESTBROOK, MAINE
Fiduciary Funds
Private Purpose Trust
Combining Statement of Changes in Net Assets
For the Fiscal Year Ended June 30, 2011

	Gerald Fluett Trust	Wescott	Valentine Hose Co.	Saccarappa School
ADDITIONS				
Miscellaneous	\$ 121,871	\$ -	\$ -	\$ -
DEDUCTIONS				
Current:				
Trust distributions	4,878	-	-	-
Net change in fund balances	116,993	-	-	-
Net assets, beginning	586,203	531	116	917
Net assets, ending	<u>\$ 703,196</u>	<u>\$ 531</u>	<u>\$ 116</u>	<u>\$ 917</u>

Exhibit 27

Community Dental	Pierre Hanois	Service Chest	Cemetery Flowers	Total
\$ -	\$ -	\$ -	\$ -	\$ 121,871
-	-	-	211	5,089
-	-	-	(211)	116,782
19,213	34,614	57,979	59,325	758,898
<u>\$ 19,213</u>	<u>\$ 34,614</u>	<u>\$ 57,979</u>	<u>\$ 59,114</u>	<u>\$ 875,680</u>

STATISTICAL SECTION

TABLE 1
CITY OF WESTBROOK, MAINE
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal year	Total levy	Current taxes collected or abated	Current taxes outstanding at end of fiscal year	Percent of current year levy collected	Outstanding at June 30, 2011	Percent of levy collected as of June 30, 2011
2002	\$ 24,372,731	\$ 23,796,045	\$ 576,686	97.63%	\$ 3,110	99.99%
2003	\$ 25,084,020	\$ 24,581,870	\$ 502,150	98.00%	\$ 5,919	99.98%
2004	\$ 26,376,774	\$ 25,843,336	\$ 533,438	97.98%	\$ 21,370	99.92%
2005	\$ 28,083,287	\$ 27,509,808	\$ 573,479	97.96%	\$ 29,396	99.90%
2006	\$ 27,984,811	\$ 27,350,819	\$ 633,992	97.73%	\$ 31,917	99.89%
2007	\$ 29,436,977	\$ 28,752,498	\$ 684,479	97.67%	\$ 52,966	99.82%
2008	\$ 29,301,947	\$ 28,535,366	\$ 766,581	97.38%	\$ 118,550	99.60%
2009	\$ 29,555,275	\$ 28,809,521	\$ 745,754	97.48%	\$ 335,221	98.87%
2010	\$ 30,792,981	\$ 30,099,284	\$ 693,697	97.75%	\$ 1,323,440	95.70%
2011	\$ 30,890,124	\$ 29,730,369	\$ 1,129,755	96.25%	\$ 1,922,329	93.78%

TABLE 2
CITY OF WESTBROOK, MAINE
Computation of Statutory Debt Limit
as of June 30, 2011
In Accordance with 30-A MRSA, Section 5702

	Outstanding bonds and notes	Percent of State assessed value of \$1,862,950,000	Amount	Margin
For school purposes	\$ 38,306,992	10.00%	\$ 186,295,000	\$ 147,988,008
For storm or sanitary sewer purposes	1,522,796	7.50%	139,721,250	138,198,454
For municipal airport, water, and special district purposes	-	3.00%	55,888,500	55,888,500
For all other purposes	<u>27,480,172</u>	7.50%	<u>139,721,250</u>	<u>112,241,078</u>
Total	<u>\$ 67,309,960</u>		<u>\$ 521,626,000</u>	<u>\$ 454,316,040</u>



Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S COMMUNICATION OF SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES

To the Honorable Mayor and Members of the City Council
City of Westbrook
Westbrook, Maine

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Westbrook as of and for the year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and another deficiency that we consider to be a significant deficiency. For the material weaknesses and significant deficiencies of the discretely presented component unit, see the separately presented schedule of findings and questioned costs of the Westbrook School Department.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in the City of Westbrook's internal control to be material weaknesses:

General Accounting Records

A considerable amount of time was required to reconcile funds and accounts, and several material adjustments were required to be made by management. Ending balances were not always supported by sub-ledgers, lead sheets, or other clear sources of supporting documentation. Transactions occurred in the accounting system during and after audit fieldwork had started, resulting in changing balances, and additional time required to determine the changes.

We recommend that each fund be reconciled to supporting documentation periodically and at the close of each fiscal year. The general ledger should be examined to ensure that all accounts are captured, and "inactive" accounts do not have activity therein. As part of the annual audit process, supporting documentation should be compiled, accounts should be reconciled, and the prior year should be closed before the audit fieldwork commences.

Management's Response: Management agrees with this finding and will be doing an extensive review of all funds on a quarterly basis and a review of all major funds on a monthly basis. Management will also post any audit adjustments to ensure our FY2011 balances are correct. We have identified the need for more accounting staff and will be adding an Accountant/Deputy Tax Collector that will be dedicated to the City full time, as well as an additional shared clerk position.

Taxes and Rescue Fees Receivable

Significant adjustments were made by management at year end to record the correct balances for real estate and personal property taxes, and rescue fees receivable. There was no reconciliation between aging balances and the general ledger. Also, there was no reconciliation of commitments and collections for the fiscal year, and the City could not provide consistent aging and collection reports.

CITY OF WESTBROOK
INDEPENDENT AUDITOR'S COMMUNICATION OF
SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES

We recommend that a reconciliation of commitments, cash receipts, and receivable balances be performed monthly. The reconciliation should include tying cash receipts to deposits.

Management's Response: Management agrees with this and has decided that our current property billing software is inadequate. We are in negotiations with a new company that we will work with for our FY2013 Tax Year. We will make every effort in reconciling our receivable for FY2012. As noted, the City has reorganized the finance department so that the taxes will be reconciled by a full time Accountant with the assistance of the Comptroller, who will be the Tax Collector. In the past this has been the responsibility of only one person.

Recording Capital Assets-Repeat Finding

The City did not determine its additions to, and disposals of, capital assets for its governmental activities for the current fiscal year. Also, the City does not maintain accessible and separate supporting documentation for capital assets recorded in prior years.

We recommend that the City utilize its capital asset software capabilities to record and maintain additions and disposals of capital assets. In addition, we recommend that separate files be kept for historical records of capital assets that include documentation that supports the acquisition cost of each asset.

Management's response: Management agrees with this finding and has a preliminary plan to address this issue. Internally, we will make use of our City Engineer and Assessing department to identify all infrastructure and City holdings. We will ask the various departments to compile and inventory list of capital assets over a certain dollar threshold, as many departments have these lists currently. We hope that we will have assets identified before our current fiscal year end.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the City of Westbrook's internal control to be a significant deficiency:

Adjusting Journal Entries

The City routinely makes journal entries for corrections, to record non-cash transactions, and other common reasons. However, proper tracking of adjusting journal entries is not being made. Many journal entries did not have documentation to support the reason for the entry. Also, the accounting system automatically assigns a sequential number to adjusting journal entries, and there were many missing entry numbers during the fiscal year. This occurs when a journal entry is deleted, however, there was no documentation or listing of why and/or when entries were deleted. Journal entries are made by multiple personnel within the finance department.

We recommend that the process for adjusting journal entries be improved by the implementation of controls including an approval process, documentation of all adjusting entries, and, if feasible, a segregation between approval and entry.

Management's Response: Management has been working with other departments in requesting documentation for journal entry requests. We are keeping all backup and making an effort in correcting this oversight.

We also identified the following other matters that we wish to communicate:

Fund Reporting

The City currently maintains 129 separate funds, many of which had little or no activity during the year. An excessive number of funds creates increased opportunities for errors or fraud.

We recommend that the City work to limit the number of funds to as few as possible. Items such as police and fire grants, library activity, recreation programs, escrows and other agency funds could be combined within funds, with individual accounts used to track the various types of revenues and expenditures.

Management's Response: The City will be working with the various departments to review all funds and to tell us if they are still an active fund or not. If they are not, we will ask if we can close that fund out. For reporting purposes, we will also discuss if any funds can be combined and given separate revenue and expense codes to differentiate them from one another.

CITY OF WESTBROOK
INDEPENDENT AUDITOR'S COMMUNICATION OF
SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES

Deposit and Investment Policy-Repeat Finding

There are no City policies for deposit and investment risk.

We recommend that the City develop a policy for the Treasurer to follow that will identify the City's deposit and investment requirements. The policy should address acceptable deposit and investment instruments, as well as the City's investing goals and risk strategies.

Management's Response: Management agrees with this finding and has taken action on this matter. Financial Policies and Procedures were written and presented to the City Council, who voted to adopt these policies. They are available for your review.

Capital Projects

There are a number of capital projects funds with no activity. Some of these were for the purchase of equipment, which has been completed. Completed or inactive projects that are funded through bonding have not been closed and transferred.

We recommend that capital projects funds should be closed as soon as completed, with any funds remaining to be transferred appropriately, or used to pay back the corresponding bond issue, in accordance with City policies.

Management's Response: We will work with the various department heads on their capital projects and what level of completion they have achieved. If the project has been completed, we will work on closing out those funds. If those funds have been funding through bonding, we will either use those funds to repay the debt or we will bring the funds to the council to authorize in a new capital project capacity.

Accounting for Revolving Loan Funds-Repeat Finding

The City does not have a policy for its revolving loan funds. There was a lack of supporting documentation for payments received and balances remaining.

We recommend that the City develop a policy that would identify the terms and availability of revolving loans to businesses, as well as the proper accounting and recordkeeping of those loans. The policy should also include procedures for accounts that become delinquent, and acceptable methods to resolve such delinquent accounts.

Management's Response: The City agrees with this finding. Going forward, we will develop a policy that will state how we will fund, approve and maintain these funds going forward. The City is currently in the process of hiring a new Director of Business and Community Relations and we will work closely with this person on the Revolving Loan Program. Going forward, records will be kept in our accounting software instead of on paper.

March 19, 2012

Roberts & Greene, PLLC