

Federal Compliance Audit

Town of Winthrop, Maine

June 30, 2012



Proven Expertise and Integrity

TOWN OF WINTHROP, MAINE

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JUNE 30, 2012

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INDEPENDENT AUDITORS' REPORT

February 1, 2013

Town Council
Town of Winthrop
Winthrop, Maine

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Winthrop, Maine, as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining information of the Town of Winthrop, Maine as of June 30, 2012, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2013 on our consideration of the Town of Winthrop's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Winthrop's financial statements as a whole. The combining and individual non major fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and are derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RHR Smith & Company

Certified Public Accountants

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

(UNAUDITED)

The following management's discussion and analysis of Town of Winthrop, Maine's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2012. Please read it in conjunction with the Town's financial statements.

Financial Statement Overview

The Town of Winthrop's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government - Wide Financial Statements

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Assets – this statement presents *all* of the government's assets and liabilities with the difference being reported as net assets.

The Statement of Activities – this statement presents information that shows how the government's net assets changed during the period. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above mentioned financial statements have separate columns for the two different types of town activities. The types of activities presented for the Town of Winthrop are:

- *Governmental activities* – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). Most of the Town's basic services are reported in governmental activities, which include general government, public safety, public works, education, health and sanitation, recreation and culture and other.
- *Business-type activities* – These activities are normally intended to recover all or a significant portion of their costs through user fees and / or charges to external users for goods and / or services. These activities for the Town of Winthrop include the school lunch program and sewer department.

Fund Financial Statements

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

Governmental funds: Most of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

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

The Town of Winthrop presents four columns in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The Town's major governmental funds are the general fund, the school construction fund and the library fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

Proprietary Funds: The Town of Winthrop maintains one proprietary fund, the school lunch fund. These funds are used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside the Town of Winthrop. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs. The accounting used for fiduciary funds are much like that of proprietary funds. They use the accrual basis of accounting.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Fiduciary Fund Financial Statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net assets, and changes in net assets of the Town's governmental activities. The Town's total net assets for governmental funds are \$13.96 million compared to \$14.04 million in the prior year, a decrease of \$247,925. For the business-type activities total net assets are a deficit of \$96,927 as compared to a deficit of \$79,517 in the prior year, a decrease \$17,410

Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – is \$2.08 million at the end of this year for governmental activities and a deficit of \$96,927 for the business-type activities.

Table 1
Town of Winthrop, Maine
Net Assets
June 30,

	Governmental Activities		Business-Type Activities	
	2012	2011 (Restated)	2012	2011 (Restated)
Assets:				
Current and Other Assets	\$ 5,066,871	\$ 3,749,437	\$ (96,922)	\$ 23,951
Capital Assets	20,000,441	21,165,412	-	-
Total Assets	<u>\$ 25,067,312</u>	<u>\$ 24,914,849</u>	<u>\$ (96,922)</u>	<u>\$ 23,951</u>
Liabilities:				
Current Liabilities	\$ 1,884,712	\$ 1,922,843	\$ 5	\$ 103,468
Long-Term Debt Outstanding	9,221,800	8,953,392	-	-
Total Liabilities	<u>\$ 11,106,512</u>	<u>\$ 10,876,235</u>	<u>\$ 5</u>	<u>\$ 103,468</u>
Net Assets:				
Invested in Capital Assets,				
Net of Related Debt	\$ 9,829,981	\$ 11,160,945	\$ -	\$ -
Restricted	2,052,526	920,801	-	-
Unrestricted	2,078,293	1,956,868	(96,927)	(79,517)
Total Net Assets	<u>\$ 13,960,800</u>	<u>\$ 14,038,614</u>	<u>\$ (96,927)</u>	<u>\$ (79,517)</u>

Table 2
Town of Winthrop, Maine
Change in Net Assets
For the Years Ended June 30,

	Governmental Activities	Business-type Activities
	2012	2012
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 1,019,028	\$ 117,504
Operating grants and contributions	63,348	-
Capital grants and contributions	4,884,210	228,413
<i>General Revenues:</i>		
Taxes	9,198,564	-
Grants and contributions not restricted to specific programs	619,768	-
Investment income	61,415	-
Miscellaneous	288,373	6,001
Total Revenues	<u>16,134,706</u>	<u>351,918</u>
Expenses		
<i>Current:</i>		
General government	1,418,374	-
Public safety	2,073,521	-
Public works	636,201	-
Recreation and culture	310,189	-
Health and sanitation	489,288	-
Social services	46,284	-
Education	9,594,996	-
County tax	587,407	-
TIF	59,840	-
Unclassified	144,373	-
State of Maine on behalf payments	691,595	-
Capital outlay	114,103	-
Interest expense	86,460	499,328
Total expenses	<u>16,252,631</u>	<u>499,328</u>
Total transfers	<u>(130,000)</u>	<u>130,000</u>
Change in Net Assets	(247,925)	(17,410)
Net Assets - July 1	<u>14,208,725</u>	<u>(79,517)</u>
Net Assets - June 30	<u><u>\$ 13,960,800</u></u>	<u><u>\$ (96,927)</u></u>

Revenues and Expenses

No comparable figures available for revenues and expenditures due to the reclassification of categories.

Financial Analysis of the Town's Fund Statements

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

Table 3
Town of Winthrop, Maine
Fund Balances - Governmental Funds
June 30,

	<u>2012</u>	<u>2011</u>
Major Funds:		
General Fund:		
Nonspendable	\$ 39,649	\$ 10,707
Assigned	204,300	122,469
Unassigned	836,216	848,730
School Construction:		
Restricted	1,270,136	15,923
Library Fund:		
Committed	399,028	447,975
Total Major Funds	<u>\$ 2,749,329</u>	<u>\$ 1,445,804</u>
Nonmajor Funds:		
Permanent funds:		
Restricted	\$ 700,486	\$ 715,112
Capital project funds:		
Restricted	53	23,337
Committed	202,252	227,370
Unassigned	-	-
Special revenue funds:		
Restricted	81,851	90,121
Committed	27,558	-
Unassigned	(85,681)	(29,873)
Total Nonmajor Funds	<u>\$ 926,519</u>	<u>\$ 1,026,067</u>

The general fund total fund balance increased by \$98,259 from the prior fiscal year. The School Construction Project increased by \$1,254,213 and the Library Fund decreased by \$48,947. The non-major fund balances decreased by \$99,548 from the prior fiscal year.

Proprietary funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The school lunch fund had an operating loss for the current year of \$147,410.

Budgetary Highlights

There were no significant differences between the original and final budget for the general fund.

The general fund actual revenues exceeded the budget by \$24,609. This was mostly a result of miscellaneous revenues.

The general fund actual expenditures were under the budget by \$196,118. All expenditures were under budget with the exception of public works, recreation and culture, county tax and capital outlay.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2012 the net book value of capital assets recorded by the Town decreased by \$1,164,971. This decrease was due to current year depreciation expense.

Table 4
Town of Winthrop, Maine
Capital Assets (Net of Depreciation)
June 30,

	<u>2012</u>	<u>2011</u>
Land and improvements	\$ 1,262,122	\$ 1,262,873
Buildings and improvements	14,157,638	14,685,558
Books and collections	285,324	306,464
Furniture and fixtures	3,247	3,740
Machinery and equipment	788,677	1,099,350
Vehicles	1,090,862	1,260,756
Infrastructure	<u>2,412,571</u>	<u>2,546,671</u>
Total	<u>\$ 20,000,441</u>	<u>\$ 21,165,412</u>

Debt

At June 30, 2012, the Town had \$9.93 million in bonds outstanding versus \$9.51 million last year, an increase of 4.39%. Other obligations include capital leases payable and accrued vacation and sick time. Refer to Note 5 of Notes to Financial Statements for more detailed information.

Economic Factors and Next Year's Budgets and Rates

The Town has steadily maintained a sufficient unassigned fund balance to sustain government operations for a period of approximately two months, while also maintaining significant reserve accounts for future capital and program needs.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Finance Department at 17 Highland Avenue, Winthrop, Maine 04364.

STATEMENT A

TOWN OF WINTHROP, MAINE

STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,683,025	\$ -	\$ 2,683,025
Investments	821,674	-	821,674
Accounts receivable (net of allowance for uncollectibles):			
Taxes/liens	1,063,940	-	1,063,940
Other	64,369	-	64,369
Due from other governments	287,464	-	287,464
Prepaid expenses	32,526	-	32,526
Inventory	7,123	9,828	16,951
Internal balances	106,750	(106,750)	-
Total current assets	5,066,871	(96,922)	4,969,949
Noncurrent assets:			
Capital assets:			
Land, infrastructure, and other assets not being depreciated	1,228,709	-	1,228,709
Buildings and vehicles net of accumulated depreciation	18,771,732	-	18,771,732
Total noncurrent assets	20,000,441	-	20,000,441
TOTAL ASSETS	\$ 25,067,312	\$ (96,922)	\$ 24,970,390
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 2,780	\$ 5	\$ 2,785
Accrued expenses	704,280	-	704,280
Prepaid taxes	5,387	-	5,387
Due to other governments	26,549	-	26,549
Current portion of long-term obligations	1,145,716	-	1,145,716
Total current liabilities	1,884,712	5	1,884,717
Noncurrent liabilities:			
Noncurrent portion of long-term obligations:			
Bonds payable	8,918,473	-	8,918,473
Capital lease payable	106,271	-	106,271
Accrued compensated absences	197,056	-	197,056
Total noncurrent liabilities	9,221,800	-	9,221,800
TOTAL LIABILITIES	11,106,512	5	11,106,517
NET ASSETS			
Invested in capital assets, net of related debt	9,829,981	-	9,829,981
Restricted	2,052,526	-	2,052,526
Unrestricted	2,078,293	(96,927)	1,981,366
TOTAL NET ASSETS	13,960,800	(96,927)	13,863,873
TOTAL LIABILITIES AND NET ASSETS	\$ 25,067,312	\$ (96,922)	\$ 24,970,390

See accompanying independent auditors' report and notes to financial statements.

STATEMENT B

TOWN OF WINTHROP, MAINE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

		Program Revenues			Net (Expense) Revenue & Changes in Net Assets		
		Charges for	Operating	Capital		Business-	
Functions/Programs	Expenses	Services	Grants & Contributions	Grants & Contributions	Governmental Activities	type Activities	Total
<u>Governmental activities:</u>							
General government	\$ 1,418,374	\$ 40,802	\$ 3,436	\$ -	\$ (1,374,136)	\$ -	\$ (1,374,136)
Public safety	2,073,521	696,427	-	-	(1,377,094)	-	(1,377,094)
Public works	636,201	-	-	63,348	(572,853)	-	(572,853)
Recreation and culture	310,189	3,000	-	-	(307,189)	-	(307,189)
Health and sanitation	489,288	245,746	-	-	(243,542)	-	(243,542)
Social services	46,284	-	-	-	(46,284)	-	(46,284)
Education	9,594,996	33,053	4,189,179	-	(5,372,764)	-	(5,372,764)
County tax	587,407	-	-	-	(587,407)	-	(587,407)
TIF	59,840	-	-	-	(59,840)	-	(59,840)
Unclassified	144,373	-	-	-	(144,373)	-	(144,373)
State of Maine on behalf payments	691,595	-	691,595	-	-	-	-
Capital outlay	114,103	-	-	-	(114,103)	-	(114,103)
Interest expense	86,460	-	-	-	(86,460)	-	(86,460)
Total governmental activities	16,252,631	1,019,028	4,884,210	63,348	(10,286,045)	-	(10,286,045)
<u>Business-type activities:</u>							
School lunch program	499,328	117,504	228,413	-	-	(153,411)	(153,411)
Total business-type activities	499,328	117,504	228,413	-	-	(153,411)	(153,411)
Total government	\$ 16,751,959	\$ 1,136,532	\$ 5,112,623	\$ 63,348	(10,286,045)	(153,411)	(10,439,456)

STATEMENT B (CONTINUED)
TOWN OF WINTHROP, MAINE

STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012

	Governmental Activities	Business- type Activities	Total
Changes in net assets:			
Net (expense) revenue	<u>(10,286,045)</u>	<u>(153,411)</u>	<u>(10,439,456)</u>
General revenues:			
Taxes			
Property taxes, levied for general purposes	8,289,513	-	8,289,513
Excise taxes	909,051	-	909,051
Grants and contributions not restricted to specific programs	619,768	-	619,768
Investment income	61,415	-	61,415
Other income	288,373	6,001	294,374
Transfers	<u>(130,000)</u>	<u>130,000</u>	<u>-</u>
Total general revenues and transfers	<u>10,038,120</u>	<u>136,001</u>	<u>10,174,121</u>
Change in net assets	(247,925)	(17,410)	(265,335)
NET ASSETS - JULY 1, RESTATED	<u>14,208,725</u>	<u>(79,517)</u>	<u>14,129,208</u>
NET ASSETS - JUNE 30	<u><u>\$ 13,960,800</u></u>	<u><u>\$ (96,927)</u></u>	<u><u>\$ 13,863,873</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WINTHROP, MAINE

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	School Construction	Library Fund	Other Governmental Funds	Totals Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,198,143	\$ -	\$ 219,083	\$ 265,799	\$ 2,683,025
Investments	-	-	179,945	641,729	821,674
Receivables (net of allowance for uncollectibles):					
Taxes/liens	1,063,940	-	-	-	1,063,940
Other	64,369	-	-	-	64,369
Due from other governments	152,464	135,000	-	-	287,464
Prepaid expenses	32,526	-	-	-	32,526
Inventory	7,123	-	-	-	7,123
Due from other funds	145,838	1,135,136	-	58,079	1,339,053
TOTAL ASSETS	\$ 3,664,403	\$ 1,270,136	\$ 399,028	\$ 965,607	\$ 6,299,174
LIABILITIES					
Accounts payable	\$ 2,780	\$ -	\$ -	\$ -	\$ 2,780
Accrued payroll and related expenditures	704,280	-	-	-	704,280
Due to other funds	1,193,215	-	-	39,088	1,232,303
Prepaid taxes	5,387	-	-	-	5,387
Due to other governments	26,549	-	-	-	26,549
Deferred tax revenues	652,027	-	-	-	652,027
TOTAL LIABILITIES	2,584,238	-	-	39,088	2,623,326
FUND BALANCES					
Nonspendable	39,649	-	-	-	39,649
Restricted	-	1,270,136	-	782,390	2,052,526
Committed	-	-	399,028	229,810	628,838
Assigned	204,300	-	-	-	204,300
Unassigned	836,216	-	-	(85,681)	750,535
TOTAL FUND BALANCES	1,080,165	1,270,136	399,028	926,519	3,675,848
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,664,403	\$ 1,270,136	\$ 399,028	\$ 965,607	\$ 6,299,174

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WINTHROP, MAINE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

	Total Governmental Funds
Total Fund Balances	\$ 3,675,848
Amounts reported for governmental activities in the statement are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	20,000,441
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	652,027
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(9,929,675)
Capital lease payable	(240,785)
Accrued compensated absences	(197,056)
	<u> </u>
Net assets of governmental activities	<u><u>\$ 13,960,800</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WINTHROP, MAINE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	School Construction	Library Fund	Nonmajor Funds	Totals Governmental Funds
REVENUES					
General tax revenue	\$ 9,268,307	\$ -	\$ -	\$ -	\$ 9,268,307
Intergovernmental revenue	4,285,970	-	-	589,761	4,875,731
Charges for services	1,019,028	-	-	-	1,019,028
Investment income	2,317	-	981	58,117	61,415
State of Maine on - behalf payments	691,595	-	-	-	691,595
Other revenue	280,627	-	13,632	(5,886)	288,373
TOTAL REVENUES	15,547,844	-	14,613	641,992	16,204,449
EXPENDITURES					
Current:					
General government	1,230,318	-	-	-	1,230,318
Public safety	1,804,179	-	-	39,821	1,844,000
Public works	377,152	-	-	-	377,152
Recreation and culture	237,253	-	63,560	-	300,813
Health and sanitation	489,288	-	-	-	489,288
Social services	46,284	-	-	-	46,284
Education	9,205,457	-	-	664,314	9,869,771
County tax	587,407	-	-	-	587,407
TIF	59,840	-	-	-	59,840
Unclassified	144,373	-	-	-	144,373
State of Maine on-behalf payments	691,595	-	-	-	691,595
Debt service	365,417	-	-	-	365,417
Capital outlay	56,022	95,787	-	62,405	214,214
TOTAL EXPENDITURES	15,294,585	95,787	63,560	766,540	16,220,472
EXCESS REVENUES OVER (UNDER) EXPENDITURES	253,259	(95,787)	(48,947)	(124,548)	(16,023)
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	1,350,000	-	-	1,350,000
Operating transfers in	-	-	-	28,832	28,832
Operating transfers (out)	(155,000)	-	-	(3,832)	(158,832)
TOTAL OTHER FINANCING SOURCES (USES)	(155,000)	1,350,000	-	25,000	1,220,000
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	98,259	1,254,213	(48,947)	(99,548)	1,203,977
FUND BALANCES - JULY 1, RESTATED	981,906	15,923	447,975	1,026,067	2,471,871
FUND BALANCES - JUNE 30	\$ 1,080,165	\$ 1,270,136	\$ 399,028	\$ 926,519	\$ 3,675,848

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WINTHROP, MAINE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 1,203,977</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocated those expenditures over the life of the assets:	
Capital asset purchases capitalized	-
Capital asset purchases disposed	-
Depreciation expense	<u>(1,164,971)</u>
	<u>(1,164,971)</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported.	
Taxes and liens receivable	<u>(69,743)</u>
Debt proceeds provide current financial resources to governmental funds, but long-term liabilities in the Statement of Net Assets.	
	<u>(1,370,003)</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets	
	<u>1,134,010</u>
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:	
Accrued compensated absences	<u>18,805</u>
Change in net assets of governmental activities (Statement B)	<u><u>\$ (247,925)</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WINTHROP, MAINE

BALANCE SHEET – PROPRIETARY FUNDS
JUNE 30, 2012

	<u>Enterprise Fund</u> <u>School Lunch</u> <u>Program</u>
ASSETS	
Current assets:	
Accounts receivable(net of allowance for uncollectibles)	\$ -
Inventory	9,828
Due from other governments	-
Due from other funds	-
Total current assets	<u>9,828</u>
Noncurrent assets:	
Land and buildings	-
Construction in progress	-
Vehicles and equipment	-
Plant / infrastructure	-
Total capital assets	<u>-</u>
Less: accumulated depreciation	<u>-</u>
Net capital assets	<u>-</u>
Other assets:	
Bond issuance costs(net of amortization)	<u>-</u>
TOTAL ASSETS	<u><u>\$ 9,828</u></u>
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable	\$ 5
Accrued payroll	-
Deferred revenue	-
Due to other funds	106,750
Current portion of long-term debt	<u>-</u>
Total current liabilities	<u>106,755</u>
Noncurrent liabilities	
Bonds payable	-
Accrued compensated absences	<u>-</u>
Total noncurrent liabilities	<u>-</u>
TOTAL LIABILITIES	<u>106,755</u>
NET ASSETS	
Invested in capital assets, net of related debt	-
Restricted	-
Unrestricted (deficit)	<u>(96,927)</u>
TOTAL NET ASSETS	<u>(96,927)</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 9,828</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WINTHROP, MAINE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	Enterprise Fund
	School Lunch
	Program
OPERATING REVENUES	
Intergovernmental revenue	\$ 228,413
Charges for services	117,504
Other	6,001
TOTAL OPERATING REVENUES	<u>351,918</u>
OPERATING EXPENSES	
Payroll expenses	173,120
Payroll taxes and benefits	87,059
Food expense	190,229
Contracted services	16,367
Supplies	11,853
Other operating expenses	20,700
TOTAL OPERATING EXPENSES	<u>499,328</u>
OPERATING INCOME (LOSS)	<u>(147,410)</u>
NON-OPERATING INCOME (EXPENSE)	
Operating transfers in	130,000
Operating transfers (out)	<u>-</u>
TOTAL NON-OPERATING INCOME (EXPENSE)	<u>130,000</u>
NET INCOME (LOSS)	(17,410)
NET ASSETS - JULY 1	<u>(79,517)</u>
NET ASSETS - JUNE 30	<u><u>\$ (96,927)</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WINTHROP, MAINE

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	School Lunch Program
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 126,063
Internal activity - receipts from other funds	3,282
Other receipts	234,414
Payments to employees	(239,144)
Payments to suppliers	(260,179)
Net cash provided (used) by operating activities	<u>(135,564)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Transfers	130,000
(Purchase) sale of fixed assets	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>130,000</u>
NET INCREASE (DECREASE) IN CASH	(5,564)
CASH AND CASH EQUIVALENTS - JULY 1	<u>5,564</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u><u>\$ -</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss) and other financing	\$ (147,410)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation and amortization expense	-
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	8,559
(Increase) decrease in inventory	-
(Increase) decrease in due from other funds	-
(Decrease) increase in accounts payable	5
(Decrease) increase in deferred revenue	-
(Decrease) increase in accrued payroll	-
(Decrease) increase in due to other funds	3,282
(Decrease) increase in accrued payroll	-
(Decrease) increase in due to other funds	-
NET CASH PROVIDED (USED) BY ACTIVITIES	<u><u>\$ (135,564)</u></u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF WINTHROP, MAINE

STATEMENT OF NET ASSETS – FIDUCIARY FUNDS
JUNE 30, 2012

	<u>Agency Funds</u> <u>Student</u> <u>Activities</u>
ASSETS	
Cash and cash equivalents	\$ 117,259
Investments	<u>-</u>
TOTAL ASSETS	<u><u>\$ 117,259</u></u>
LIABILITIES	
Accounts payable	\$ -
Deposits held for others	<u>117,259</u>
TOTAL LIABILITIES	<u><u>\$ 117,259</u></u>

See accompanying independent auditors' report and notes to financial statements

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Winthrop was incorporated under the laws of the State of Maine. The Town operates under Town council-manager form of government and provides the following services: general government, public safety, public works, health and welfare, education, recreation and culture and other.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Town has chosen not to do so.

The Town's combined financial statements include all accounts and all operations of the Town. We have determined that the Town has no component units as described in GASB Statement No. 14 and amended by GASB Statement No. 39.

Government – Wide and Fund Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's school lunch funds are categorized as a business-type activity. All other activities of the Town are categorized as governmental.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Town first utilizes restricted resources to finance qualifying activities.

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (general government, public safety, etc.). The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Town does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net assets resulting from the current year's activities.

Measurement Focus - Basic Financial Statements & Fund Financial Statements

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Town:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- c. Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- d. Permanent Funds are used to account for assets held by the Town in trust for specific purposes.

2. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Non-operating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Town:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

3. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Town programs. The reporting focus is on net assets and changes in net assets which are reported using accounting principles similar to proprietary funds.

The Town's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

TOWN OF WINTHROP, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budget

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In accordance with Governmental Accounting Standards Board Statement No. 24, *Accounting and Reporting for Certain Grants and Other Financial Assistance*, payments made by the State of Maine to the Maine State Retirement System for teachers and certain other school employees are reported as offsetting revenues and expenditures of the general fund.

Revenues per budgetary basis	\$14,856,249
Add: On-behalf payments	<u>691,595</u>
Total GAAP basis	<u>\$15,547,844</u>
Expenditures per budgetary basis	\$14,757,990
Add: On-behalf basis	<u>691,595</u>
Total GAAP basis	<u>\$15,449,585</u>

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Town Council was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the Town Council.
4. The Town does not adopt budgets for Special Revenue Funds.

Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be a cash equivalent. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities.
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations.
- Prime bankers acceptances
- Prime commercial papers
- Repurchase agreements whose underlying collateral consist of the foregoing
- Money market mutual funds whose portfolios consist of the foregoing

It is the policy of the Town of Winthrop, Maine to invest public funds in a manner in which will provide safety of principal with a market rate of return while meeting the daily cash flow demands of the town, and conforming to all state and local statutes governing the investment of public funds.

Inventories

Inventories of supplies are considered to be expenditures at the time of purchase and are not included in the general fund balance sheet. The enterprise fund inventory consists of school lunch supplies and food on hand at the end of the year, valued at cost. The cost value is determined using the first-in, first-out (FIFO) method.

Interfund Receivables and Payables

Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances". Interfund balances and transactions have been eliminated in the government-wide financial statements.

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is estimated to be \$65,000 as of June 30, 2012. The allowance is for ambulance accounts receivable in the general fund.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals, and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets are valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not retroactively recorded infrastructure.

Estimated useful lives are as follows:

Buildings	20 - 50 years
Infrastructure	50 - 100 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

Long-term Obligations

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of bonds and capital leases payable and compensated absences.

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

The Town's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2012, the Town's liability for compensated absences is \$197,056.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted – This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Committed – This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified, or rescinded only through a Town meeting vote.

Assigned – This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is expressed by the Town Council.

Unassigned – This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

The Town is in the process of adopting a set of financial policies to guide the financial operation of the Town. Included in the policies will be guidelines for accumulating and maintaining an operating position in certain budgeted governmental funds such that annual expenditures shall not exceed annual resources, including fund balances. Other funds shall be fully self-supporting to the extent that the fund balance or retained earnings of each fund shall be zero or greater.

Revenue Recognition - Property Taxes - Modified Accrual Basis

The Town's property tax for the current year was levied August 17, 2011 on the assessed value listed as of April 1, 2011, for all real and personal property located in the Town. Taxes were due on October 1, 2011 and April 1, 2012. Interest on unpaid taxes commenced on October 2, 2011 and April 2, 2012, at 7% per annum.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Town 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 \$46,383 for the year ended June 30, 2012.

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

Program Revenues

Program revenues include all directly related income items applicable to a particular program (grant income/expenses).

Operating/Non-operating Proprietary Fund Revenues

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund.

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Town does not utilize encumbrance accounting for its general fund.

Use of Estimates

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Town's investment policies, which follow state statutes, require that all investments be made considering the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Town funds.

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does not have a policy covering custodial credit risk for deposits. However, the Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2012, the Town's cash balance of \$2,800,554 was comprised of bank deposits amounting to \$2,940,426 and cash equivalents of \$58,757. Of these bank deposits, \$2,940,426 was insured by federal depository insurance or collateralized with securities held by the financial institution in the Town's name and consequently not exposed to custodial credit risk. The cash equivalents of \$58,757 were registered in the Town's name and fully covered by the Securities Investor Protection Corporation (SIPC) and consequently were not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 133,390
Savings	410,115
Money market	2,396,921
Cash equivalents	58,757
	<u>\$ 2,999,183</u>

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does not have a policy for custodial credit risk for investments. However, in accordance with its investment policy, the Town seeks to minimize custodial credit risk by doing business with authorized institutions, depositories and broker/dealers. As such, the Town's investments in fixed income and equity securities for \$641,729 and certificates of deposit of \$179,945, are not exposed to custodial credit risk because those securities are registered in the Town's name and are fully insured or fully covered by the Securities Investor Protection Corporation (SIPC).

TOWN OF WINTHROP, MAINE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

At June 30, 2012, the Town had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>N/A</u>	<u>< 1 Year</u>	<u>1 - 5 Years</u>
Fixed income	\$ 405,055	\$ 405,055	\$ -	\$ -
Equities	236,674	236,674	-	-
Certificates of deposit	179,945	-	179,945	-
	<u>\$ 821,674</u>	<u>\$ 641,729</u>	<u>\$ 179,945</u>	<u>\$ -</u>

Credit risk – Statutes for the State of Maine authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does not have an investment policy on credit risk.

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a policy related to interest rate risk.

NOTE 3 – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2012 consisted of the following individual fund receivables and payables.

	<u>Receivables (Due from)</u>	<u>Payables (Due to)</u>
General fund	\$ 145,838	\$ 1,193,215
School construction fund	1,135,136	-
Special revenue fund	51,395	39,027
Capital project fund	6,684	61
Enterprise fund	-	106,750
	<u>\$ 1,339,053</u>	<u>\$ 1,339,053</u>

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets at June 30, 2012:

	Balance, 7/1/11	Additions	Disposals	Balance, 6/30/12
Governmental activities				
Non-depreciated assets:				
Land	\$ 1,228,709	\$ -	\$ -	\$ 1,228,709
Depreciated assets:				
Land improvements	37,532	-	-	37,532
Buildings and improvements	22,005,787	-	-	22,005,787
Books and collections	407,239	-	-	407,239
Furniture and fixtures	4,932	-	-	4,932
Machinery and equipment	3,997,168	-	-	3,997,168
Vehicles	2,873,581	-	-	2,873,581
Infrastructure	5,404,180	-	-	5,404,180
	34,730,419	-	-	34,730,419
Less accumulated depreciation:				
Land improvements	(3,368)	(751)	-	(4,119)
Buildings and improvements	(7,320,229)	(527,920)	-	(7,848,149)
Books and collections	(100,775)	(21,140)	-	(121,915)
Furniture and fixtures	(1,192)	(493)	-	(1,685)
Machinery and equipment	(2,897,818)	(310,673)	-	(3,208,491)
Vehicles	(1,612,825)	(169,894)	-	(1,782,719)
Infrastructure	(2,857,509)	(134,100)	-	(2,991,609)
	(14,793,716)	(1,164,971)	-	(15,958,687)
	19,936,703	(1,164,971)	-	18,771,732
Net capital assets	\$ 21,165,412	\$ (1,164,971)	\$ -	\$ 20,000,441
Current year depreciation:				
General government				\$ 120,689
Public safety				241,835
Recreation & culture				9,376
Education				534,022
Public works				259,049
Total depreciation expense				\$ 1,164,971

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5 - LONG TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2012:

	Balance, 7/1/11	Additions	Deletions	Balance, 6/30/12	Due Within One Year
<u>Governmental Activities</u>					
Bonds payable	\$ 9,511,466	\$ 1,350,000	\$ (931,791)	\$ 9,929,675	\$ 1,011,202
Capital leases payable	423,001	20,003	(202,219)	240,785	134,514
Accrued compensated absences	215,861	-	(18,805)	197,056	-
Total Governmental Activities	<u>\$ 15,102,450</u>	<u>\$ 1,370,003</u>	<u>\$ (1,152,815)</u>	<u>\$ 10,367,516</u>	<u>\$ 1,145,716</u>

The following is a summary of outstanding bonds payable:

Bonds Payable:	Town	School
\$810,000, 1993 General Obligation Bond due in annual installments and semiannual interest installments through August 2013. Interest is charged at a rate from 2.90% to 5.60% per annum. Annual principal Installments are from \$25,000 to \$65,000.	\$ 50,000	\$ -
\$200,000, 2001B General Obligation Bond due in annual installments and semiannual interest installments through November 2016. Interest is charged at a rate from 4.039% to 5.539% per annum. Annual principal Installments are \$13,334.	66,660	-
\$300,000, 2001D General Obligation Bond due in annual installments and semiannual interest installments through November 2016. Interest is charged at a rate from 3.25% to 5.125% per annum. Annual principal Installments are \$20,000.	100,000	-
\$11,455,774, 2002C General Obligation Bond due in annual installments and semiannual interest installments through November 2022. Interest is charged at a rate from 3.05% to 5.25% per annum. Annual principal Installments are \$572,789.	-	6,300,679

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5 - LONG TERM DEBT (CONTINUED)

\$250,000, 2003D General Obligation Bond due in annual installments and semiannual interest installments through November 2013. Interest is charged at a rate from 2.007% to 3.607% per annum. Annual principal Installments are \$25,000.	-	50,000
\$775,000, 2004A General Obligation Bond due in annual installments and semiannual interest installments through November 2019. Interest is charged at a rate from 2.216% to 7.468% per annum. Annual principal Installments are \$51,667.	413,336	-
\$170,000, 2004D General Obligation Bond due in annual installments and semiannual interest installments through November 2014. Interest is charged at a rate from 3.019% to 3.644% per annum. Annual principal Installments are \$17,000.	-	51,000
\$1,270,000, 2005D General Obligation Bond due in annual installments and semiannual interest installments through November 2015. Interest is charged at a rate from 3.000% to 5.00% per annum. Annual principal Installments are \$127,000.	508,000	-
\$1,200,000, 2009 General Obligation Bond due in annual installments and semiannual interest installments through October 2024. Interest is charged at a rate from 2.500% to 3.75% per annum. Annual principal Installments are \$80,000.	1,040,000	-
\$1,350,000, 2011 General Obligation Bond due in annual principal installments of \$79,412 through October 2028. Interest is charged at a rate from 4.950% per annum.		1,350,000
Total Bonds Payable	<u>\$ 2,177,996</u>	<u>\$ 7,751,679</u>

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5 - LONG TERM DEBT (CONTINUED)

The following is a summary of outstanding bond principal and interest requirements for the following fiscal years ending June 30:

Governmental Activities

	Principal	Interest	Total Debt Service
2013	\$ 1,011,202	\$ 448,927	\$ 1,460,129
2014	1,011,202	408,846	1,420,048
2015	961,202	370,144	1,331,346
2016	944,202	331,899	1,276,101
2017	817,192	294,395	1,111,587
2018-2022	3,816,004	950,968	4,766,972
2023-2027	1,209,848	362,411	1,572,259
2028-2032	158,823	100,238	259,061
	<u>\$ 9,929,675</u>	<u>\$ 3,267,828</u>	<u>\$ 13,197,503</u>

The following is a summary of outstanding capital leases payable:

Capital Lease Payable:

The Town Leases a F550 pick up truck under a non-cancelable lease agreement. The term of the lease is for 3 years expiring in November of 2013. Annual payments are \$25,382.

	Town	School
	\$ 49,108	\$ -

The Town Leases an ambulance under a non-cancelable lease agreement. The term of the lease is for 4 years expiring in October of 2013. Annual payments are \$37,491.

70,933	-
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The Department leases copiers under a non-cancelable lease agreement. The term of the lease is for 6 years expiring in July of 2014. Annual payments are \$19,910.

-	54,834
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TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5 - LONG TERM DEBT (CONTINUED)

The Department leases a bus under a non-cancelable lease agreement. The term of the lease is for 3 years expiring in November of 2013. Annual payments are \$25,382.

- 24,954

The Department leases a bus under a non-cancelable lease agreement. The term of the lease is for 3 years expiring in November of 2013. Annual payments are \$25,382.

- 24,954

The Town leases a pick up truck under a non-cancelable lease agreement. The term of the lease is for 3 years expiring in September of 2013. Yearly payments vary from \$4,000 to \$8,278.

16,002 -

Total Capital Lease Payable

	\$ 136,043	\$ 104,742
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Future minimum payments, by year and in the aggregate, under these leases are as follows:

2013	\$ 142,542
2014	91,059
2015	19,910
2016	-
2017	-
Total minimum lease payments	253,511
Less: Amount representing interest	(12,726)
Present value of future minimum lease payments	\$ 240,785

All bonds payable and capital leases payable are direct obligations of the Town, for which its full faith and credit are pledged. The Town is not obligated for any special assessment debt. All debt is payable from taxes levied on all taxable property within the Town.

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 6 - NONSPENDABLE FUND BALANCES

At June 30, 2012, the Town had the following nonspendable fund balances:

Prepaid expenses	\$ 32,526
Inventory	7,123
	<u>\$ 39,649</u>

NOTE 7 - RESTRICTED FUND BALANCES

At June 30, 2012, the Town had the following restricted fund balances:

School construction	\$ 1,270,136
Nonmajor special revenue funds	81,851
Nonmajor capital project funds	53
Nonmajor permanent funds	700,486
	<u>\$ 2,052,526</u>

NOTE 8 - COMMITTED FUND BALANCES

At June 30, 2012, the Town had the following committed fund balances:

Library fund	\$ 399,028
Nonmajor special revenue funds	27,558
Nonmajor capital project funds	202,252
	<u>\$ 628,838</u>

NOTE 9 - ASSIGNED FUND BALANCES

At June 30, 2012, the Town had the following assigned fund balances:

Carried forward balances	<u>\$ 204,300</u>
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TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 10 - OVERLAPPING DEBT

The Town is responsible for its proportionate share of certain agencies outstanding debt. As of June 30, 2012 the Town's share was as follows:

	<u>Outstanding Debt</u>	<u>Town's Percentage</u>	<u>Total Share</u>
County of Kennebec	\$ 30,000	6.36%	\$ 1,908
Winthrop Utilities District	-	-	-
			<u>\$ 1,908</u>

NOTE 11 – DEFINED BENEFIT PENSION PLAN

A. Plan Description

The Town participates in the Maine Public Employees Retirement System Consolidated Plan, a cost-sharing multiple-employer defined benefit pension plan established by the Maine State legislature. The Maine Public Employees Retirement System Consolidated Plan provides retirement, disability benefits and death benefits to plan members and beneficiaries. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Maine State Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333 or by calling (800) 451-9800.

B. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Maine State Legislature. All plan members are part of regular plan "AN" and are required to contribute 6.5% of their annual salary. The Town is required to contribute 2.4% of regular plan "AN" members' covered payroll annually to the system along with a predetermined initial unpooled unfunded actuarial liability (IUUAL) rate set by the system. The IUUAL can either be a monthly payment or credit, which is added to or subtracted from the employer's percentage of employees' covered payroll to determine the employers actual cost. The Town's contributions to the plan for the fiscal years ended June 30, 2012, 2011, and 2010 were \$73,180, \$58,124, and \$43,498, respectively.

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 11 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Unfunded Actuarial Accrued Liability

The Town has no actuarial accrued liability.

Education Employees Retirement

A. Plan Description

All school teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's teacher retirement program. The teacher's program is a cost-sharing plan with a special funding situation, established by the Maine State Legislature. The program requires that both employees and the Department contribute, and provides retirement, disability and death benefits. Employees are eligible for normal retirement upon reaching the age of sixty and early retirement after completing twenty-five or more years of credited service. The authority to establish and amend benefit provisions rests with the State Legislature. The funding status and progress for the teacher retirement program may be obtained by contacting the Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling (800) 451-9800.

B. Funding Policy

Program members are required to contribute 7.65% of their compensation to the retirement system. The Department's payroll for employees covered by this program was approximately \$4,235,120 for the year ended June 30, 2012. The State of Maine is required to contribute the employer contribution which amounts to 14.32% of compensation. Contributions paid by the State were approximately \$691,595 for the year ended June 30, 2012. There is no contribution required by the Department, except for federally funded teachers. The Department's contributions to the plan for 2012 were \$34,772.

NOTE 12 - DEFERRED COMPENSATION PLAN

A. Plan Description

The Town participates in a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457 through the International City Management Association Retirement Corporation (ICMA-RC). The plan, available to Town employees as part of a collective bargaining agreement, Town management and professional level employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency. All amounts of compensation deferred under the plan, all property

TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 12 – DEFERRED COMPENSATION PLAN (CONTINUED)

and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) to be held in a trust for the exclusive benefit of the participants and their beneficiaries.

It is the opinion of the Town's management that the Town has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

NOTE 13 – EXPENDITURES OVER APPROPRIATIONS

At June 30, 2012, the Town had the following overspent appropriations:

Public works	\$ 10,003
Recreation and culture	4,316
County tax	218
Capital outlay	316
Total	<u>\$ 14,853</u>

NOTE 14 - DEFICIT FUND BALANCES

At June 30, 2012 the Town had the following deficit fund balances:

Non-major funds:	
Drug forfeiture grant	\$ 856
Homeland security grant 04	22,128
Fire department grant	6,934
PD bullet vest grant	5,642
Forestry grant	2,040
MCCS facility maint grant	47
School grants	48,034
Total	<u>\$ 85,681</u>

NOTE 15 - DEFICIT NET ASSETS

At June 30, 2012, the Town had the following deficit net assets:

School Lunch	\$96,927
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TOWN OF WINTHROP, MAINE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 16 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

NOTE 17 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and / or omissions and natural disasters for which the Town either carries commercial insurance, participates in a public entity risk pool, or is effectively self-insured. Currently the Town participates in several public entity and self-insured risk pools sponsored by the Maine Municipal Association. Based on the coverage provided by these pools, as well as coverage provided by commercial insurance purchased, the Town is not aware of any material actual or potential claim liabilities that should be recorded as of June 30, 2012.

NOTE 18 - RESTATEMENT

As of July 1, 2011, certain balances have been restated. The general fund total fund balance has been restated by \$434,761. Capital leases have been restated by \$299,500 and net assets have been restated by \$305,372.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Government Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual - General Fund
- Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual - General Fund Revenues

TOWN OF WINTHROP, MAINE

**BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance, July 1	\$ 981,906	\$ 981,906	\$ 981,906	\$ -
Resources (Inflows):				
General tax revenue	9,230,052	9,230,052	9,268,307	38,255
Intergovernmental revenue	4,378,722	4,378,722	4,285,970	(92,752)
Charges for services	1,034,499	1,034,499	1,019,028	(15,471)
Investment income	8,000	8,000	2,317	(5,683)
Other revenue	180,367	180,367	280,627	100,260
Transfers from other funds	-	-	-	-
Amounts Available for Appropriation	15,813,546	15,813,546	15,838,155	24,609
Charges to Appropriation (Outflows):				
General government	1,284,090	1,284,090	1,230,318	53,772
Public safety	1,829,885	1,829,885	1,804,179	25,706
Public works	367,149	367,149	377,152	(10,003)
Recreation and culture	232,937	232,937	237,253	(4,316)
Health and sanitation	491,753	491,753	489,288	2,465
Social services	50,094	50,094	46,284	3,810
Education	9,408,050	9,278,050	9,205,457	72,593
County tax	587,189	587,189	587,407	(218)
TIF	60,017	60,017	59,840	177
Overlay	46,383	46,383	-	46,383
Unclassified	150,438	150,438	144,373	6,065
Debt service	365,417	365,417	365,417	-
Capital outlay	55,706	55,706	56,022	(316)
Transfers to other funds	25,000	155,000	155,000	-
Total Charges to Appropriations	14,954,108	14,954,108	14,757,990	196,118
Budgetary Fund Balance, June 30	\$ 859,438	\$ 859,438	\$ 1,080,165	\$ 220,727
Utilization of unassigned fund balance	\$ 122,468	\$ 122,468	\$ -	\$ (122,468)

See accompanying independent auditors' report.

TOWN OF WINTHROP, MAINE

**BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
BUDGET AND ACTUAL – GENERAL FUND REVENUES
FOR THE YEAR ENDED JUNE 30, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
General tax revenues				
Property taxes	\$ 8,290,552	\$ 8,290,552	\$ 8,359,256	\$ 68,704
Vehicle excise taxes	924,000	924,000	892,351	(31,649)
Boat excise taxes	15,500	15,500	16,700	1,200
Intergovernmental revenues				
Education subsidy	3,597,397	3,597,397	3,603,608	6,211
State revenue sharing	382,875	382,875	395,948	13,073
Homestead exemption	115,857	115,857	84,660	(31,197)
Other education intergovernmental	68,912	68,912	17,135	(51,777)
Urban rural initiative	64,800	64,800	63,348	(1,452)
DOJ Officer	51,180	51,180	15,455	(35,725)
BETE reimbursement	30,445	30,445	30,495	50
Subsidy income	55,256	55,256	59,063	3,807
General assistance	9,000	9,000	12,822	3,822
Snowmobile	3,000	3,000	3,436	436
Charges for services				
Ambulance fees	635,000	635,000	629,639	(5,361)
Dispatch fees	65,207	65,207	64,471	(736)
Scalehouse debris	72,000	72,000	76,483	4,483
Perc and other fees	62,000	62,000	98,134	36,134
Recycling income	45,000	45,000	39,873	(5,127)
Education charges for services	80,192	80,192	33,053	(47,139)
Commercial msw	21,000	21,000	23,986	2,986
Registration fees	26,000	26,000	24,629	(1,371)
Building permits	8,000	8,000	5,031	(2,969)
Plumbing fees	4,000	4,000	4,766	766
Vitals	3,800	3,800	4,539	739
Permit fees	3,000	3,000	1,837	(1,163)
Other disposal fees	3,000	3,000	7,270	4,270
Dog fees	3,200	3,200	2,317	(883)
Other charges for services	3,100	3,100	3,000	(100)
Investment income:				
Investment income	8,000	8,000	2,317	(5,683)
Other income:				
Cable franchise fees	70,000	70,000	79,082	9,082
Interest on taxes	40,000	40,000	78,108	38,108
Bond reimbursement	42,392	42,392	-	(42,392)
Grave openings	8,500	8,500	6,792	(1,708)
Dock rental	3,000	3,000	3,890	890
Lien fees	2,800	2,800	8,164	5,364
Other town income	13,675	13,675	79,756	66,081
Other education revenue	-	-	24,835	24,835
Total revenues	<u>\$ 14,831,640</u>	<u>\$ 14,831,640</u>	<u>\$ 14,856,249</u>	<u>\$ 24,609</u>

See accompanying independent auditors' report.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Government Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Schedule of Departmental Operations – General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet – Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Project Funds
- Combining Balance Sheet – Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

TOWN OF WINTHROP, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2012

	Budget	Budget Adjustments	Final Available	Actual	Balances Positive (Negative)
General government					
Benefits and provision	\$ 697,110	\$ -	\$ 697,110	\$ 634,853	\$ 62,257
Clerk / treasurer / tax collector	107,765	-	107,765	105,171	2,594
Executive administration	77,865	-	77,865	77,802	63
Insurance	79,700	-	79,700	79,519	181
Accounts and control	90,780	-	90,780	90,717	63
Central services	62,611	-	62,611	79,619	(17,008)
Computer services	37,190	-	37,190	35,882	1,308
Assessing	45,865	-	45,865	45,674	191
Code enforcement	50,834	-	50,834	50,659	175
Other general government	34,370	-	34,370	30,422	3,948
	<u>1,284,090</u>	<u>-</u>	<u>1,284,090</u>	<u>1,230,318</u>	<u>53,772</u>
Public safety					
Police department	532,275	-	532,275	537,951	(5,676)
Fire department	146,176	-	146,176	148,343	(2,167)
Communications center	192,764	-	192,764	195,855	(3,091)
Ambulance service	696,100	-	696,100	713,245	(17,145)
Street lights	32,800	-	32,800	30,873	1,927
Hydrant rental	229,220	-	229,220	177,450	51,770
Emergency management	550	-	550	462	88
	<u>1,829,885</u>	<u>-</u>	<u>1,829,885</u>	<u>1,804,179</u>	<u>25,706</u>
Public works:					
Highways	367,149	-	367,149	377,152	(10,003)
	<u>367,149</u>	<u>-</u>	<u>367,149</u>	<u>377,152</u>	<u>(10,003)</u>
Health and sanitation:					
Solid waste	491,753	-	491,753	489,288	2,465
	<u>491,753</u>	<u>-</u>	<u>491,753</u>	<u>489,288</u>	<u>2,465</u>
Social services					
General assistance	31,100	-	31,100	26,716	4,384
General assistance administration	18,994	-	18,994	19,568	(574)
	<u>50,094</u>	<u>-</u>	<u>50,094</u>	<u>46,284</u>	<u>3,810</u>

TOWN OF WINTHROP, MAINE

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2012

	Budget	Budget Adjustments	Final Available	Actual	Balances Positive (Negative)
Recreation and culture:					
Library	176,037	-	176,037	182,009	(5,972)
Recreation programs	49,600	-	49,600	46,739	2,861
Community programs	3,900	-	3,900	3,630	270
Norcross point park	3,400	-	3,400	4,875	(1,475)
	<u>232,937</u>	<u>-</u>	<u>232,937</u>	<u>237,253</u>	<u>(4,316)</u>
Education	<u>9,408,050</u>	<u>(130,000)</u>	<u>9,278,050</u>	<u>9,205,457</u>	<u>72,593</u>
County tax	<u>587,189</u>	<u>-</u>	<u>587,189</u>	<u>587,407</u>	<u>(218)</u>
Capital outlay	<u>55,706</u>	<u>-</u>	<u>55,706</u>	<u>56,022</u>	<u>(316)</u>
Debt service					
Principal	365,417	-	365,417	365,417	-
Interest	-	-	-	-	-
	<u>365,417</u>	<u>-</u>	<u>365,417</u>	<u>365,417</u>	<u>-</u>
TIF	<u>60,017</u>	<u>-</u>	<u>60,017</u>	<u>59,840</u>	<u>177</u>
Overlay	<u>46,383</u>	<u>-</u>	<u>46,383</u>	<u>-</u>	<u>46,383</u>
Unclassified					
Cemetery	35,113	-	35,113	44,918	(9,805)
Payments	26,772	-	26,772	10,871	15,901
Tree removal	2,500	-	2,500	1,300	1,200
Cobbossee watershed district	78,613	-	78,613	78,613	-
Landfill building	7,440	-	7,440	8,671	(1,231)
	<u>150,438</u>	<u>-</u>	<u>150,438</u>	<u>144,373</u>	<u>6,065</u>
Total Expenditures	<u>\$ 14,929,108</u>	<u>\$ (130,000)</u>	<u>\$ 14,799,108</u>	<u>\$ 14,602,990</u>	<u>\$ 196,257</u>

See accompanying independent auditors' report.

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 11,360	\$ 195,682	\$ 58,757	\$ 265,799
Investments	-	-	641,729	641,729
Accounts receivable	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	51,395	6,684	-	58,079
TOTAL ASSETS	<u>\$ 62,755</u>	<u>\$ 202,366</u>	<u>\$ 700,486</u>	<u>\$ 965,607</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	39,027	61	-	39,088
TOTAL LIABILITIES	<u>39,027</u>	<u>61</u>	<u>-</u>	<u>39,088</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	81,851	53	700,486	782,390
Committed	27,558	202,252	-	229,810
Assigned	-	-	-	-
Unassigned	(85,681)	-	-	(85,681)
TOTAL FUND BALANCES	<u>23,728</u>	<u>202,305</u>	<u>700,486</u>	<u>926,519</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 62,755</u>	<u>\$ 202,366</u>	<u>\$ 700,486</u>	<u>\$ 965,607</u>

See accompanying independent auditors' report.

SCHEDULE C

TOWN OF WINTHROP, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental revenue	\$ 589,761	\$ -	\$ -	\$ 589,761
Investment income (net)	161	849	(6,896)	(5,886)
Other income	50,117	8,000	-	58,117
TOTAL REVENUES	<u>640,039</u>	<u>8,849</u>	<u>(6,896)</u>	<u>641,992</u>
EXPENDITURES				
Public safety	39,821	-	-	39,821
Education	656,584	-	7,730	664,314
Capital outlay	5,154	57,251	-	62,405
TOTAL EXPENDITURES	<u>701,559</u>	<u>57,251</u>	<u>7,730</u>	<u>766,540</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(61,520)</u>	<u>(48,402)</u>	<u>(14,626)</u>	<u>(124,548)</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	25,000	3,832	-	28,832
Operating Transfers (Out)	-	(3,832)	-	(3,832)
TOTAL OTHER FINANCING SOURCES (USES)	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
NET CHANGE IN FUND BALANCE	(36,520)	(48,402)	(14,626)	(99,548)
FUND BALANCES, JULY 1, RESTATED	<u>60,248</u>	<u>250,707</u>	<u>715,112</u>	<u>1,026,067</u>
FUND BALANCES, JUNE 30	<u>\$ 23,728</u>	<u>\$ 202,305</u>	<u>\$ 700,486</u>	<u>\$ 926,519</u>

See accompanying independent auditors' report.

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

	Winthrop Unites	Police Drug Forfeiture	Byrne PD Computer Kennebec	Drug Forfeiture Grant	Homeland Security Grant 04	Fire Dept Grant
ASSETS						
Cash and cash equivalents	\$ -	\$ 4,494	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Due from other funds	10,253	-	370	-	-	-
TOTAL ASSETS	<u>\$ 10,253</u>	<u>\$ 4,494</u>	<u>\$ 370</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	1,380	-	856	22,128	6,934
TOTAL LIABILITIES	<u>-</u>	<u>1,380</u>	<u>-</u>	<u>856</u>	<u>22,128</u>	<u>6,934</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	3,114	370	-	-	-
Committed	10,253	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	(856)	(22,128)	(6,934)
TOTAL FUND BALANCES	<u>10,253</u>	<u>3,114</u>	<u>370</u>	<u>(856)</u>	<u>(22,128)</u>	<u>(6,934)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 10,253</u>	<u>\$ 4,494</u>	<u>\$ 370</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

	Cops Fast Federal Grant	PD Bullet Vest Grant	Forestry Grant	MCCS Facility Maint Grant	Green Committee	MMA Safety Enhancement
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Due from other funds	14,618	-	-	-	56	2,000
TOTAL ASSETS	<u>\$ 14,618</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56</u>	<u>\$ 2,000</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	5,642	2,040	47	-	-
TOTAL LIABILITIES	<u>-</u>	<u>5,642</u>	<u>2,040</u>	<u>47</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	14,618	-	-	-	-	2,000
Committed	-	-	-	-	56	-
Assigned	-	-	-	-	-	-
Unassigned	-	(5,642)	(2,040)	(47)	-	-
TOTAL FUND BALANCES	<u>14,618</u>	<u>(5,642)</u>	<u>(2,040)</u>	<u>(47)</u>	<u>56</u>	<u>2,000</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 14,618</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56</u>	<u>\$ 2,000</u>

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

	Solar Panel Grant	Summer Concert	Winthrop Community Coalition	FEMA Reimbursement PW Roads	Trail Committee Project
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Due from other funds	1,156	585	4,400	2,016	2,468
TOTAL ASSETS	<u>\$ 1,156</u>	<u>\$ 585</u>	<u>\$ 4,400</u>	<u>\$ 2,016</u>	<u>\$ 2,468</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	1,156	-	-	-	-
Committed	-	585	4,400	2,016	2,468
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>1,156</u>	<u>585</u>	<u>4,400</u>	<u>2,016</u>	<u>2,468</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,156</u>	<u>\$ 585</u>	<u>\$ 4,400</u>	<u>\$ 2,016</u>	<u>\$ 2,468</u>

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012

	YMCA Summer Rec	School Grants	Totals
ASSETS			
Cash and cash equivalents	\$ 6,866	\$ -	\$ 11,360
Due from other governments	-	-	-
Accounts receivable	-	-	-
Due from other funds	-	13,473	51,395
TOTAL ASSETS	<u>\$ 6,866</u>	<u>\$ 13,473</u>	<u>\$ 62,755</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	39,027
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>39,027</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	6,866	53,727	81,851
Committed	-	7,780	27,558
Assigned	-	-	-
Unassigned	-	(48,034)	(85,681)
TOTAL FUND BALANCES	<u>6,866</u>	<u>13,473</u>	<u>23,728</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,866</u>	<u>\$ 13,473</u>	<u>\$ 62,755</u>

See accompanying independent auditors' report.

TOWN OF WINTHROP, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - NONMAJOR
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Winthrop Unites	Police Drug Forfeiture	Byrne PD Computer Kennebec	Drug Forfeiture Grant	Homeland Security Grant 04	Fire Dept Grant
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ 3,913	\$ 200	\$ -	\$ -
Investment income	-	7	-	-	-	-
Other revenues	-	-	-	-	-	-
TOTAL REVENUES	-	7	3,913	200	-	-
EXPENDITURES						
Administration	-	-	-	-	-	-
Public safety	-	264	4,264	1,056	22,128	6,934
Education	-	-	-	-	-	-
Unclassified	909	-	-	-	-	-
TOTAL EXPENDITURES	909	264	4,264	1,056	22,128	6,934
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(909)	(257)	(351)	(856)	(22,128)	(6,934)
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	(909)	(257)	(351)	(856)	(22,128)	(6,934)
FUND BALANCES, JULY 1	11,162	3,371	721	-	-	-
FUND BALANCES, JUNE 30	\$ 10,253	\$ 3,114	\$ 370	\$ (856)	\$ (22,128)	\$ (6,934)

SCHEDULE E (CONTINUED)

TOWN OF WINTHROP, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - NONMAJOR
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Cops Fast Federal Grant	PD Bullet Vest Grant	Forestry Grant	MCCS Facility Maint Grant	Green Committee	MMA Safety Enhancement
REVENUES						
Intergovernmental revenue	\$ 14,618	\$ -	\$ -	\$ -	\$ -	\$ 1,000
Investment income	-	-	-	-	-	-
Other revenues	-	-	-	-	200	-
TOTAL REVENUES	<u>14,618</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200</u>	<u>1,000</u>
EXPENDITURES						
Administration	-	-	-	-	-	-
Public safety	-	3,185	1,990	-	-	-
Education	-	-	-	-	-	-
Unclassified	-	-	-	-	786	-
TOTAL EXPENDITURES	<u>-</u>	<u>3,185</u>	<u>1,990</u>	<u>-</u>	<u>786</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>14,618</u>	<u>(3,185)</u>	<u>(1,990)</u>	<u>-</u>	<u>(586)</u>	<u>1,000</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>14,618</u>	<u>(3,185)</u>	<u>(1,990)</u>	<u>-</u>	<u>(586)</u>	<u>1,000</u>
FUND BALANCES, JULY 1, RESTATED	<u>-</u>	<u>(2,457)</u>	<u>(50)</u>	<u>(47)</u>	<u>642</u>	<u>1,000</u>
FUND BALANCES, JUNE 30	<u>\$ 14,618</u>	<u>\$ (5,642)</u>	<u>\$ (2,040)</u>	<u>\$ (47)</u>	<u>\$ 56</u>	<u>\$ 2,000</u>

TOWN OF WINTHROP, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - NONMAJOR
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Solar Panel Grant	Summer Concert	Winthrop Community Coalition	FEMA Reimbursement PW Roads	Trail Committee Project
REVENUES					
Intergovernmental revenue	\$ 1,594	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	-	-
Other revenues	-	2,450	-	-	-
TOTAL REVENUES	<u>1,594</u>	<u>2,450</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Administration	-	-	-	-	-
Public safety	-	-	-	-	-
Education	-	-	-	-	-
Unclassified	1,594	1,865	-	-	-
TOTAL EXPENDITURES	<u>1,594</u>	<u>1,865</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>585</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>-</u>	<u>585</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, JULY 1, RESTATED	<u>1,156</u>	<u>-</u>	<u>4,400</u>	<u>2,016</u>	<u>2,468</u>
FUND BALANCES, JUNE 30	<u>\$ 1,156</u>	<u>\$ 585</u>	<u>\$ 4,400</u>	<u>\$ 2,016</u>	<u>\$ 2,468</u>

TOWN OF WINTHROP, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - NONMAJOR
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	YMCA Summer Rec	Other School Grants	Totals
REVENUES			
Intergovernmental revenue	\$ -	\$ 568,436	\$ 589,761
Investment income	154	-	161
Other revenues	-	47,467	50,117
TOTAL REVENUES	<u>154</u>	<u>615,903</u>	<u>640,039</u>
EXPENDITURES			
Administration	-	-	-
Public safety	-	-	39,821
Education	-	656,584	656,584
Unclassified	-	-	5,154
TOTAL EXPENDITURES	<u>-</u>	<u>656,584</u>	<u>701,559</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>154</u>	<u>(40,681)</u>	<u>(61,520)</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	-	25,000	25,000
Operating Transfers (Out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>25,000</u>	<u>25,000</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	<u>154</u>	<u>(15,681)</u>	<u>(36,520)</u>
FUND BALANCES, JULY 1	<u>6,712</u>	<u>29,154</u>	<u>60,248</u>
FUND BALANCES, JUNE 30	<u>\$ 6,866</u>	<u>\$ 13,473</u>	<u>\$ 23,728</u>

See accompanying independent auditors' report.

Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust fund.

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2012

	Landfill Closing	Equipment Reserve	Community Mural Project	Fire Truck Reserve	Public Works Reserve	Sweeper Reserve
ASSETS						
Cash	\$ 4,285	\$ 79	\$ 447	\$ 10,448	\$ 42,693	\$ 84,141
Investments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 4,285</u>	<u>\$ 79</u>	<u>\$ 447</u>	<u>\$ 10,448</u>	<u>\$ 42,693</u>	<u>\$ 84,141</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	61	-	-	-	-	-
TOTAL LIABILITIES	<u>61</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	4,224	79	447	10,448	42,693	84,141
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>4,224</u>	<u>79</u>	<u>447</u>	<u>10,448</u>	<u>42,693</u>	<u>84,141</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,285</u>	<u>\$ 79</u>	<u>\$ 447</u>	<u>\$ 10,448</u>	<u>\$ 42,693</u>	<u>\$ 84,141</u>

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2012

	Development Fund (TIF)	Transfer Stat Loading Area	Downtown Development	Fire Station Fund	Skate Park	Workplace Safety
ASSETS						
Cash	\$ 66	\$ 9,373	\$ 8,223	\$ 1,402	\$ 4,065	\$ 12,373
Investments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 66</u>	<u>\$ 9,373</u>	<u>\$ 8,223</u>	<u>\$ 1,402</u>	<u>\$ 4,065</u>	<u>\$ 12,373</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	66	9,373	8,223	1,402	4,065	12,373
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>66</u>	<u>9,373</u>	<u>8,223</u>	<u>1,402</u>	<u>4,065</u>	<u>12,373</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 66</u>	<u>\$ 9,373</u>	<u>\$ 8,223</u>	<u>\$ 1,402</u>	<u>\$ 4,065</u>	<u>\$ 12,373</u>

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2012

	Ambulance Reserve	Tax Loss Reserve	Sand / Salt Shed Reserve	Ball Field Reserve	Mt. Pisgah Trail Reserve	Voting Mach Reserve
ASSETS						
Cash	\$ 146	\$ 110	\$ 1,652	\$ 168	\$ 1,978	\$ 13,287
Investments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 146</u>	<u>\$ 110</u>	<u>\$ 1,652</u>	<u>\$ 168</u>	<u>\$ 1,978</u>	<u>\$ 13,287</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	146	110	1,652	168	1,978	13,287
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>146</u>	<u>110</u>	<u>1,652</u>	<u>168</u>	<u>1,978</u>	<u>13,287</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 146</u>	<u>\$ 110</u>	<u>\$ 1,652</u>	<u>\$ 168</u>	<u>\$ 1,978</u>	<u>\$ 13,287</u>

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2012

	Unallocated Interest	Road Reconstruction	Library Building	Totals
ASSETS				
Cash	\$ -	\$ 53	\$ 693	\$ 195,682
Investments	-	-	-	-
Due from other funds	-	-	6,684	6,684
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 53</u>	<u>\$ 7,377</u>	<u>\$ 202,366</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	61
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>61</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	53	-	53
Committed	-	-	7,377	202,252
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>53</u>	<u>7,377</u>	<u>202,305</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 53</u>	<u>\$ 7,377</u>	<u>\$ 202,366</u>

See accompanying independent auditors' report.

TOWN OF WINTHROP, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS
FOR THE YEAR ENDED JUNE 30, 2012

	Landfill Closing	Equipment Reserve	Community Mural Project	Fire Truck Reserve	Public Works Reserve	Sweeper Reserve
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	20	-	2	23	190	375
Other income	-	-	-	-	-	8,000
TOTAL REVENUES	<u>20</u>	<u>-</u>	<u>2</u>	<u>23</u>	<u>190</u>	<u>8,375</u>
EXPENDITURES						
Administration	-	-	-	-	-	-
Capital outlay	-	-	-	11,233	31,523	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,233</u>	<u>31,523</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>20</u>	<u>-</u>	<u>2</u>	<u>(11,210)</u>	<u>(31,333)</u>	<u>8,375</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	72	2	8	-	1,277	1,305
Operating Transfers (Out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>72</u>	<u>2</u>	<u>8</u>	<u>-</u>	<u>1,277</u>	<u>1,305</u>
NET CHANGE IN FUND BALANCE	92	2	10	(11,210)	(30,056)	9,680
FUND BALANCES, JULY 1	<u>4,132</u>	<u>77</u>	<u>437</u>	<u>21,658</u>	<u>72,749</u>	<u>74,461</u>
FUND BALANCES, JUNE 30	<u>\$ 4,224</u>	<u>\$ 79</u>	<u>\$ 447</u>	<u>\$ 10,448</u>	<u>\$ 42,693</u>	<u>\$ 84,141</u>

SCHEDULE G (CONTINUED)

TOWN OF WINTHROP, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS
 FOR THE YEAR ENDED JUNE 30, 2012

	Development Fund (TIF)	Transfer Stat Loading Area	Downtown Development	Fire Station Fund	Skate Park	Workplace Safety
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	1	43	37	6	18	54
Other income	-	-	-	-	-	-
TOTAL REVENUES	<u>1</u>	<u>43</u>	<u>37</u>	<u>6</u>	<u>18</u>	<u>54</u>
EXPENDITURES						
Administration	-	-	-	-	-	-
Capital outlay	-	8,495	-	6,000	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>8,495</u>	<u>-</u>	<u>6,000</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1</u>	<u>(8,452)</u>	<u>37</u>	<u>(5,994)</u>	<u>18</u>	<u>54</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	307	141	127	70	214
Operating Transfers (Out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>307</u>	<u>141</u>	<u>127</u>	<u>70</u>	<u>214</u>
NET CHANGE IN FUND BALANCE	<u>1</u>	<u>(8,145)</u>	<u>178</u>	<u>(5,867)</u>	<u>88</u>	<u>268</u>
FUND BALANCES, JULY 1	<u>65</u>	<u>17,518</u>	<u>8,045</u>	<u>7,269</u>	<u>3,977</u>	<u>12,105</u>
FUND BALANCES, JUNE 30	<u>\$ 66</u>	<u>\$ 9,373</u>	<u>\$ 8,223</u>	<u>\$ 1,402</u>	<u>\$ 4,065</u>	<u>\$ 12,373</u>

SCHEDULE G (CONTINUED)

TOWN OF WINTHROP, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR
CAPITAL PROJECTS
FOR THE YEAR ENDED JUNE 30, 2010

	Ambulance Reserve	Tax Loss Reserve	Sand / Salt Shed Reserve	Ball Field Reserve	Mt. Pisgah Trail Reserve	Voting Mach Reserve
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	1	-	7	1	9	59
Other income	-	-	-	-	-	-
TOTAL REVENUES	<u>1</u>	<u>-</u>	<u>7</u>	<u>1</u>	<u>9</u>	<u>59</u>
EXPENDITURES						
Administration	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1</u>	<u>-</u>	<u>7</u>	<u>1</u>	<u>9</u>	<u>59</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	2	2	28	2	34	228
Operating Transfers (Out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>2</u>	<u>2</u>	<u>28</u>	<u>2</u>	<u>34</u>	<u>228</u>
NET CHANGE IN FUND BALANCE	3	2	35	3	43	287
FUND BALANCES, JULY 1	<u>143</u>	<u>108</u>	<u>1,617</u>	<u>165</u>	<u>1,935</u>	<u>13,000</u>
FUND BALANCES, JUNE 30	<u>\$ 146</u>	<u>\$ 110</u>	<u>\$ 1,652</u>	<u>\$ 168</u>	<u>\$ 1,978</u>	<u>\$ 13,287</u>

TOWN OF WINTHROP, MAINE

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS
 FOR THE YEAR ENDED JUNE 30, 2012

	Unallocated Interest	Road Reconstruction	Library Building	Totals
REVENUES				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	3	849
Other income	-	-	-	8,000
TOTAL REVENUES	-	-	3	8,849
EXPENDITURES				
Administration	-	-	-	-
Capital outlay	-	-	-	57,251
TOTAL EXPENDITURES	-	-	-	57,251
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	3	(48,402)
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	1	12	3,832
Operating Transfers (Out)	(3,832)	-	-	(3,832)
TOTAL OTHER FINANCING SOURCES (USES)	(3,832)	1	12	-
NET CHANGE IN FUND BALANCE	(3,832)	1	15	(48,402)
FUND BALANCES, JULY 1	3,832	52	7,362	250,707
FUND BALANCES, JUNE 30	\$ -	\$ 53	\$ 7,377	\$ 202,305

See accompanying independent auditors' report.

Permanent Funds

Permanent funds are used to account for assets held by the Town of Winthrop, Maine in trust or as an agent for individuals, private organizations, other governmental units and/or other funds. These funds have been established for the provision and/or maintenance of the cemeteries, Public Health Trust and Lester Raynes Trust and the school department scholarships.

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2012

	<u>Alice Whiting</u>	<u>Avis Cadwell</u>	<u>Bud Clough</u>	<u>Charlie Rollins</u>	<u>Del Bisonette</u>	<u>George F. Wilson</u>
ASSETS						
Cash and cash equivalents	\$ 141	\$ 1,957	\$ 525	\$ 47	\$ 670	\$ 354
Investments	1,544	21,374	5,727	513	7,314	3,870
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 1,685</u>	<u>\$ 23,331</u>	<u>\$ 6,252</u>	<u>\$ 560</u>	<u>\$ 7,984</u>	<u>\$ 4,224</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	1,685	23,331	6,252	560	7,984	4,224
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>1,685</u>	<u>23,331</u>	<u>6,252</u>	<u>560</u>	<u>7,984</u>	<u>4,224</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,685</u>	<u>\$ 23,331</u>	<u>\$ 6,252</u>	<u>\$ 560</u>	<u>\$ 7,984</u>	<u>\$ 4,224</u>

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2012

	Harry & Flora May Davis	Helena Bisonette Seamans	Herbert E. Wadsworth	Nellie Tuttle Valedictorian	P. Daniel Coyne	Pam Webb
ASSETS						
Cash and cash equivalents	\$ 682	\$ 632	\$ 5,581	\$ 111	\$ 465	\$ 473
Investments	7,444	6,904	60,940	1,215	5,076	5,170
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 8,126</u>	<u>\$ 7,536</u>	<u>\$ 66,521</u>	<u>\$ 1,326</u>	<u>\$ 5,541</u>	<u>\$ 5,643</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	8,126	7,536	66,521	1,326	5,541	5,643
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>8,126</u>	<u>7,536</u>	<u>66,521</u>	<u>1,326</u>	<u>5,541</u>	<u>5,643</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 8,126</u>	<u>\$ 7,536</u>	<u>\$ 66,521</u>	<u>\$ 1,326</u>	<u>\$ 5,541</u>	<u>\$ 5,643</u>

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2012

	Rockwood Memorial Library	Ron Cross	Stanley A. Kazney	Thomas Calagni	Walter A. Taylor	Helen A. Griffin
ASSETS						
Cash and cash equivalents	\$ 127	\$ 1,030	\$ 13,378	\$ 384	\$ 631	\$ 657
Investments	1,392	11,252	146,075	4,193	6,895	7,179
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 1,519</u>	<u>\$ 12,282</u>	<u>\$ 159,453</u>	<u>\$ 4,577</u>	<u>\$ 7,526</u>	<u>\$ 7,836</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	1,519	12,282	159,453	4,577	7,526	7,836
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>1,519</u>	<u>12,282</u>	<u>159,453</u>	<u>4,577</u>	<u>7,526</u>	<u>7,836</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,519</u>	<u>\$ 12,282</u>	<u>\$ 159,453</u>	<u>\$ 4,577</u>	<u>\$ 7,526</u>	<u>\$ 7,836</u>

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2012

	Marshall Hills	Frank Parker	Subtotal Education Scholarships	Town Scholarship N. Tuttle Needy
ASSETS				
Cash and cash equivalents	\$ 197	\$ 585	\$ 28,627	\$ 241
Investments	2,147	6,391	312,615	2,630
Due from other funds	-	-	-	-
TOTAL ASSETS	<u>\$ 2,344</u>	<u>\$ 6,976</u>	<u>\$ 341,242</u>	<u>\$ 2,871</u>
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	2,344	6,976	341,242	2,871
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>2,344</u>	<u>6,976</u>	<u>341,242</u>	<u>2,871</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,344</u>	<u>\$ 6,976</u>	<u>\$ 341,242</u>	<u>\$ 2,871</u>

TOWN OF WINTHROP, MAINE

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2012

	Cemetery Trust	H. Johnson Fund	I Bonney Fund	Totals
ASSETS				
Cash and cash equivalents	\$ 29,420	\$ 198	\$ 271	\$ 58,757
Investments	321,359	2,168	2,957	641,729
Due from other funds	-	-	-	-
TOTAL ASSETS	<u>\$ 350,779</u>	<u>\$ 2,366</u>	<u>\$ 3,228</u>	<u>\$ 700,486</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	350,779	2,366	3,228	700,486
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>350,779</u>	<u>2,366</u>	<u>3,228</u>	<u>700,486</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 350,779</u>	<u>\$ 2,366</u>	<u>\$ 3,228</u>	<u>\$ 700,486</u>

See accompanying independent auditors' report.

TOWN OF WINTHROP, MAINE

COMBINING SCHEDULES OF REVENUES, EXPENDITURES, CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Alice Whiting	Avis Cadwell	Bud Clough	Charlie Rollins	Del Bisonette	George F. Wilson
REVENUES						
Investment income	\$ (16)	\$ (224)	\$ (60)	\$ (5)	\$ (80)	\$ (41)
Unrealized capital gains (losses)	-	-	-	-	-	-
Other income	-	-	-	-	-	-
TOTAL REVENUES	<u>(16)</u>	<u>(224)</u>	<u>(60)</u>	<u>(5)</u>	<u>(80)</u>	<u>(41)</u>
EXPENDITURES						
Scholarships	-	-	-	50	175	175
Cemetery	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>50</u>	<u>175</u>	<u>175</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(16)</u>	<u>(224)</u>	<u>(60)</u>	<u>(55)</u>	<u>(255)</u>	<u>(216)</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(16)	(224)	(60)	(55)	(255)	(216)
FUND BALANCES, JULY 1, 2011	<u>1,701</u>	<u>23,555</u>	<u>6,312</u>	<u>615</u>	<u>8,239</u>	<u>4,440</u>
FUND BALANCES, JUNE 30, 2012	<u>\$ 1,685</u>	<u>\$ 23,331</u>	<u>\$ 6,252</u>	<u>\$ 560</u>	<u>\$ 7,984</u>	<u>\$ 4,224</u>

TOWN OF WINTHROP, MAINE

COMBINING SCHEDULES OF REVENUES, EXPENDITURES, CHANGES IN FUND BALANCES
 NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	Harry & Flora May Davis	Helena Bisonette Seamans	Herbert E. Wadsworth	Nellie Tuttle Valedictorian	P. Daniel Coyne	Pam Webb
REVENUES						
Investment income	\$ (81)	\$ (75)	\$ (673)	\$ (14)	\$ (55)	\$ (55)
Unrealized capital gains (losses)	-	-	-	-	-	-
Other income	-	-	-	-	-	-
TOTAL REVENUES	<u>(81)</u>	<u>(75)</u>	<u>(673)</u>	<u>(14)</u>	<u>(55)</u>	<u>(55)</u>
EXPENDITURES						
Scholarships	325	140	2,200	65	150	250
Cemetery	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>325</u>	<u>140</u>	<u>2,200</u>	<u>65</u>	<u>150</u>	<u>250</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(406)</u>	<u>(215)</u>	<u>(2,873)</u>	<u>(79)</u>	<u>(205)</u>	<u>(305)</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(406)	(215)	(2,873)	(79)	(205)	(305)
FUND BALANCES, JULY 1, 2011	<u>8,532</u>	<u>7,751</u>	<u>69,394</u>	<u>1,405</u>	<u>5,746</u>	<u>5,948</u>
FUND BALANCES, JUNE 30, 2012	<u>\$ 8,126</u>	<u>\$ 7,536</u>	<u>\$ 66,521</u>	<u>\$ 1,326</u>	<u>\$ 5,541</u>	<u>\$ 5,643</u>

TOWN OF WINTHROP, MAINE

COMBINING SCHEDULES OF REVENUES, EXPENDITURES, CHANGES IN FUND BALANCES
 NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	Rockwood Memorial Library	Ron Cross	Stanley A. Kazney	Thomas Calagni	Walter A. Taylor	Helen A. Griffin
REVENUES						
Investment income	\$ (8)	\$ (122)	\$ (1,580)	\$ (45)	\$ (81)	\$ (75)
Unrealized capital gains (losses)	-	-	-	-	-	-
Other income	-	-	-	-	-	-
TOTAL REVENUES	<u>(8)</u>	<u>(122)</u>	<u>(1,580)</u>	<u>(45)</u>	<u>(81)</u>	<u>(75)</u>
EXPENDITURES						
Scholarships	-	600	2,550	-	1,000	-
Cemetery	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>600</u>	<u>2,550</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(8)</u>	<u>(722)</u>	<u>(4,130)</u>	<u>(45)</u>	<u>(1,081)</u>	<u>(75)</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(8)	(722)	(4,130)	(45)	(1,081)	(75)
FUND BALANCES, JULY 1, 2011	<u>1,527</u>	<u>13,004</u>	<u>163,583</u>	<u>4,622</u>	<u>8,607</u>	<u>7,911</u>
FUND BALANCES, JUNE 30, 2012	<u>\$ 1,519</u>	<u>\$ 12,282</u>	<u>\$ 159,453</u>	<u>\$ 4,577</u>	<u>\$ 7,526</u>	<u>\$ 7,836</u>

TOWN OF WINTHROP, MAINE

COMBINING SCHEDULES OF REVENUES, EXPENDITURES, CHANGES IN FUND BALANCES
 NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	Marshall Hills	Frank Parker	Subtotal Education Scholarships	Town Scholarship N. Tuttle Needy
REVENUES				
Investment income	\$ (23)	\$ (68)	\$ (3,381)	\$ 48
Unrealized capital gains (losses)	-	-	-	(68)
Other income	-	-	-	-
TOTAL REVENUES	<u>(23)</u>	<u>(68)</u>	<u>(3,381)</u>	<u>(20)</u>
EXPENDITURES				
Scholarships	50	-	7,730	-
Cemetery	-	-	-	-
TOTAL EXPENDITURES	<u>50</u>	<u>-</u>	<u>7,730</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(73)</u>	<u>(68)</u>	<u>(11,111)</u>	<u>(20)</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(73)	(68)	(11,111)	(20)
FUND BALANCES, JULY 1, 2011	<u>2,417</u>	<u>7,044</u>	<u>352,353</u>	<u>2,891</u>
FUND BALANCES, JUNE 30, 2012	<u>\$ 2,344</u>	<u>\$ 6,976</u>	<u>\$ 341,242</u>	<u>\$ 2,871</u>

TOWN OF WINTHROP, MAINE

COMBINING SCHEDULES OF REVENUES, EXPENDITURES, CHANGES IN FUND BALANCES
 NONMAJOR PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	Cemetery Trust	H. Johnson Fund	I Bonney Fund	Totals
REVENUES				
Investment income	\$ 8,483	\$ 30	\$ 50	\$ 5,230
Unrealized capital gains (losses)	(11,945)	(42)	(71)	(12,126)
Other income	-	-	-	-
TOTAL REVENUES	<u>(3,462)</u>	<u>(12)</u>	<u>(21)</u>	<u>(6,896)</u>
EXPENDITURES				
Scholarships	-	-	-	7,730
Cemetery	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,730</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,462)</u>	<u>(12)</u>	<u>(21)</u>	<u>(14,626)</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(3,462)	(12)	(21)	(14,626)
FUND BALANCES, JULY 1	<u>354,241</u>	<u>2,378</u>	<u>3,249</u>	<u>715,112</u>
FUND BALANCES, JUNE 30	<u>\$ 350,779</u>	<u>\$ 2,366</u>	<u>\$ 3,228</u>	<u>\$ 700,486</u>

See accompanying independent auditors' report.

General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets.

TOWN OF WINTHROP, MAINE

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2012

	Land and Non-depreciable Assets	Buildings Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Totals
General government	\$ 80,700	\$ 1,192,154	\$ 118,413	\$ -	\$ 1,391,267
Public safety	170,102	1,717,249	2,860,002	-	4,747,353
Recreation & culture	44,000	292,099	454,336	76,041	866,476
Education	841,207	17,563,967	2,077,363	-	20,482,537
Public works	<u>92,700</u>	<u>1,277,850</u>	<u>1,772,806</u>	<u>5,328,139</u>	<u>8,471,495</u>
Total General Capital Assets	1,228,709	22,043,319	7,282,920	5,404,180	35,959,128
Less: Accumulated Depreciation	<u>-</u>	<u>(7,852,268)</u>	<u>(5,114,810)</u>	<u>(2,991,609)</u>	<u>(15,958,687)</u>
Net General Capital Assets	<u>\$ 1,228,709</u>	<u>\$ 14,191,051</u>	<u>\$ 2,168,110</u>	<u>\$ 2,412,571</u>	<u>\$ 20,000,441</u>

See accompanying independent auditors' report.

TOWN OF WINTHROP, MAINE

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2012

	General Capital Assets 7/1/11	Additions	Deletions	General Capital Assets 6/30/12
General government	\$ 1,391,267	\$ -	\$ -	\$ 1,391,267
Public safety	4,747,353	-	-	4,747,353
Recreation & culture	866,476	-	-	866,476
Education	20,482,537	-	-	20,482,537
Public works	8,471,495	-	-	8,471,495
Total General Capital Assets	35,959,128	-	-	35,959,128
Less: Accumulated Depreciation	(14,793,716)	(1,164,971)	-	(15,958,687)
Net General Capital Assets	<u>\$ 21,165,412</u>	<u>\$ (1,164,971)</u>	<u>\$ -</u>	<u>\$ 20,000,441</u>

See accompanying independent auditors' report.

TOWN OF WINTHROP, MAINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2012

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Pass Thru Grantor Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through State of Maine - of Education and Cultural Services:			
Food Distribution	10.550	N/A	\$ 13,439
School Breakfast Program	10.556	013-06A-7127-05	75,432
Summer Food Service	10.559	013-06A-7128-95	4,336
School Lunch Program	10.555	013-06A-7128-95	110,551
Total Department of Agriculture			<u>203,758</u>
U.S. Department of Education			
Passed through State of Maine-Department of Education and Cultural Services:			
Title IA - Educationally Deprived	84.010	013-05A-3057-13	144,341
Local Entitlement	84.027	013-05A-3046-12	213,603
Local Entitlement - Part B Section 619	84.173	013-05A-6241-23	4,832
Rural and Low Income	84.358	013-05A-3005-03	12,223
Title IIA-Teaching Quality	84.367	013-05A-3042-11	30,008
Education Jobs Fund	84.410	013-05A-3099-10	83,756
Total Department of Education			<u>488,763</u>
TOTAL FEDERAL ASSISTANCE			<u><u>\$ 692,521</u></u>

TOWN OF WINTHROP, MAINE

NOTES TO SCHEDULE OF FEDERAL AWARDS
JUNE 30, 2012

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Town of Winthrop, Maine. All federal financial assistance received is included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

3. The following programs were tested as Type A program as outlined in OMB Circular A-133.

- 1) 84.027 - Local Entitlement
- 2) 84.010 - Title IA



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

February 1, 2013

Town Council
Town of Winthrop
Winthrop, Maine

We have audited the financial statements of the Town of Winthrop, Maine, as of and for the year ended June 30, 2012, and have issued our report thereon dated February 1, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Town of Winthrop, Maine's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Winthrop, Maine's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not necessarily designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Winthrop, Maine's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Town Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

RHR Smith & Company

Certified Public Accountants



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

February 1, 2013

Town Council
Town of Winthrop
Winthrop, Maine

Compliance

We have audited the compliance of Town of Winthrop, Maine, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2012. Town of Winthrop, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Town of Winthrop, Maine's management. Our responsibility is to express an opinion on Town of Winthrop, Maine's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Town of Winthrop, Maine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Town of Winthrop, Maine's compliance with those requirements.

In our opinion, Town of Winthrop, Maine, complied in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2012.

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Internal Control Over Compliance

The management of Town of Winthrop, Maine is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Town of Winthrop, Maine's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Town of Winthrop, Maine's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material with a type of compliance requirement of a federal program will not be prevented or detected and correct, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, Town Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.



Certified Public Accountants

TOWN OF WINTHROP, MAINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

Section I - Summary of Auditor's Results

• *Financial Statements*

Type of auditor's report issued : Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐yes ☒no
- Significant deficiency(ies) identified? ☐yes ☒no
- Noncompliance material to financial statements noted ☐yes ☒no

• *Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? ☐yes ☒no
- Significant deficiency(ies) identified? ☐yes ☒no

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported

In accordance with section 510(a) of OMB Circular A-133? ☐yes ☒no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.027	Local Entitlement
84.010	Title IA

Dollar threshold used to distinguish between type A and B: \$300,000

Auditee qualified as low-risk auditee? ☐yes ☒no

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings and Questioned Costs

None



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INDEPENDENT AUDITORS' REPORT ON STATE REQUIREMENTS

February 1, 2013

Town Council
Town of Winthrop
Winthrop, Maine

We have audited the financial statements of Town of Winthrop for the year ended June 30, 2012 and have issued our report thereon dated February 1, 2013. Our audit was made in accordance with auditing standards generally accepted in the United States of America and applicable state and federal laws relating to financial and compliance audits and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our audit, we reviewed the budgetary controls that are in place, and have reviewed the annual financial report that was submitted to the Department for accuracy. In addition we have reviewed the Town's compliance with applicable provisions of the Maine Finance Act as noted under MRSA Title 20A, section 6051 as we considered necessary in obtaining our understanding.

The results of our procedures indicate that with respect to the items tested, the Town of Winthrop complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Town of Winthrop was in noncompliance with, or in violation of, those provisions.

Management has determined that adjustments were necessary to the fiscal books of the Town and have attached the following schedule as it relates to the reconciliation of audit adjustments to the initial annual financial data submitted to the MEDMS financial system maintained at the Department.

This report is intended solely for the information of the Town Council, School Board, management and the Department of Education. This report is not intended to be and should not be used by anyone other than the specified parties.

RHR Smith & Company

Certified Public Accountants

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WINTHROP SCHOOL DEPARTMENT

RECONCILIATION OF MEDMS ANNUAL REPORT TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

	General Fund (1000)	Special Revenue Funds (2000)	Capital Projects Fund (3000)	Totals
June 30, 2012 balance per MEDMS financial system	\$ (1,997,445)	\$ 8,046	\$ 1,119,213	\$ (870,186)
Revenue Adjustments:				
Post remaining accounts receivable for bond	-	-	135,000	135,000
Expenditure Adjustments:				
Other adjustments:				
Beginning balances not reported on MEDMS	-	-	15,923	15,923
Beginning balances not reported on MEDMS (fund 2070)	-	704	-	704
Beginning balances not reported on MEDMS (fund 2050)	-	(2,000)	-	(2,000)
Variance in beginning balance in adult education	-	6,714	-	6,714
Beginning balances not reported on MEDMS (various funds)	-	9	-	9
Variance in beginning balance Audit to client	1,647,963	-	-	1,647,963
Activity posted to fund balance incorrectly	34,517	-	-	34,517
Audited GAAP Basis Fund balance June 30, 2012	<u>\$ (314,965)</u>	<u>\$ 13,473</u>	<u>\$ 1,270,136</u>	<u>\$ 968,644</u>