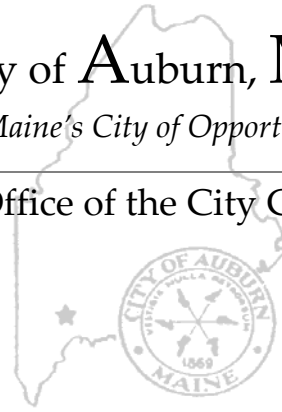


# City of Auburn, Maine

*"Maine's City of Opportunity"*

Office of the City Clerk



## Council Meeting Agenda Packet

November 20, 2006

This packet contains the City Council Agenda and supporting documents. The items in this packet are bookmarked in Adobe Acrobat .pdf format. You may need to click on the Bookmark tab on the left to open the Bookmark window. If you do not see a Bookmark tab on the left, you may need to select the Show/Hide Navigation Pane button in your icon toolbar above or update your version of the Adobe Reader. You can download the free Adobe Reader application at [www.adobe.com](http://www.adobe.com).



# City Council Meeting and Workshop November 20, 2006

## Agenda

### 5:30 p.m. Workshop

- Presentation of the FY 2006 Annual Audit and Comprehensive Annual Financial Report

### *Adjourn to*

### 7:00 p.m. Joint Lewiston-Auburn City Council Meeting

- Inter-local Agreement Establishing the Citizens Commission on Lewiston-Auburn Cooperation
- County Budget Discussion
- Consolidated 9-1-1 Communications Center Study Update
- Other Business

### *Adjourn to*

### Auburn City Council Meeting

**Consent Items** – All items listed with an asterisk (\*) are considered as routine and will be approved in one motion. There will be no separate discussion of these items unless a Councilor or citizen so requests. If requested, the item will be removed from the consent agenda and considered in the order it appears on the agenda.

### Minutes

\*112006-00 Minutes of November 6, 2006 Council Meeting

### Reports

- Mayor
  - City Councilors
  - City Manager
- FY 2006 Comprehensive Annual Financial Report (CAFR) and Annual Audit
  - October Financial Report

**Open Session** - Members of the public are invited to speak to the Council about any issue which does *not* appear on the agenda

## Old Business

## Communications and Recognitions

## New Business

112006-01 Public Hearing and action on Liquor License and Special Amusement Permit Applications for The Black Bear Tavern LLC, 34 Court Street, Auburn

## ADJOURNMENT

-----

**Executive Sessions:** On occasion, the City Council discusses matters which are required or allowed by State law to be considered in executive session. Executive sessions are not open to the public. The matters that are discussed in executive session are required to be kept confidential until they become a matter of public discussion. In order to go into executive session, a Councilor must make a motion in public. The motion must be recorded, and 3/5 of the members of the Council must vote to go into executive session. An executive session is not required to be scheduled in advance as an agenda item, although when it is known at the time that the agenda is finalized, it will be listed on the agenda.

The only topics which may be discussed in executive session are those that fall within one of the categories set forth in Title 1 M.R.S.A. Section 405. Those applicable to municipal government are:

1. Discussion of personnel issues
2. Discussion or consideration of the condition, acquisition, or the use of real or personal property or economic development if premature disclosure of the information would prejudice the competitive or bargaining position of the body or agency.
3. Discussion of labor contracts and proposals and meetings between a public agency and its negotiators.
4. Consultations between a body or agency and its attorney
5. Discussion of information contained in records made, maintained or received by a body or agency when access by the general public to those records is prohibited by statute.
6. Discussion or approval of the content of examinations administered by a body or agency for licensing, permitting or employment purposes
7. Consultations between municipal officers and a code enforcement officer relating to enforcement matter pending in District Court.

# Joint Lewiston-Auburn City Council Meeting



Auburn Hall  
Council Chambers  
November 20, 2006  
7:00 p.m.



## Agenda

### 1. Welcome and Introduction

- Mayor Pro-Tem Kelly Matzen and Mayor Lionel Guay

### 2. Inter-local Agreement Establishing the Citizens Commission on Lewiston-Auburn Cooperation

### 3. Discussion: County Budget

### 4. Discussion: Consolidated 9-1-1 Communications Center Study Update

### 5. Other Business

## ***Adjourn***

*The Auburn City Council will hold a regular meeting at the conclusion of the Joint meeting.*

# **CITY OF AUBURN**

**CITY COUNCIL, AUBURN, MAINE**

**DATE November 20, 2006**

**TITLE: RESOLVE – Inter-local Agreement Establishing the Citizens Commission on Lewiston-Auburn Cooperation**

Be It Resolved by the Auburn City Council, That the City Council hereby adopts the Inter-local Agreement Establishing the Citizens Commission on Lewiston-Auburn Cooperation

Motion for passage:  
Vote: Yeas, Nays

Seconded by:

**Action by Council:**

**DATE: November 20 2006**

ATTEST:

CITY CLERK



Interlocal Agreement  
Establishing the  
CITIZENS COMMISSION ON  
LEWISTON-AUBURN COOPERATION



This Agreement is made and entered into as of this 20th day of November, 2006 by and between the Cities of Lewiston and Auburn, both political subdivisions of the State of Maine, in accordance with Chapter 115 of Title 30-A of the Maine Revised Statutes.

WHEREAS the Mayors of the Cities of Lewiston and Auburn established the L-A Commission on Joint Services in October of 2004 for the purpose of identifying the areas of municipal service delivery where new or enhanced cooperative or collaborative efforts will enable the Cities to provide enhanced and/or more efficient services to the citizens of both Cities;

WHEREAS the L-A Commission on Joint Services produced a Final Report in February 2006 identifying certain areas in which enhanced collaborative action can result in the provision of enhanced and/or more efficient provision of services to the citizens of both Cities;

WHEREAS the Cities of Lewiston and Auburn desire to explore the potential for increased collaborative and cooperative efforts to provide enhanced and/or more efficient services to their citizens;

WHEREAS the Cities of Lewiston and Auburn, together with the Lewiston Auburn Economic Growth Council, successfully applied for a grant to fund the project known as the Lewiston, Auburn, and Lewiston-Auburn Economic Growth Council Service Consolidation Program (the "Grant Application"); and

WHEREAS the Cities desire to form the Citizens Commission on Lewiston-Auburn Cooperation as provided herein to perform the work contemplated under the Grant Application;

NOW, THEREFORE, the Cities of Lewiston and Auburn agree as follows:

1. **PURPOSE:** The purpose of the Citizens Commission on Lewiston-Auburn Cooperation (the "Commission") shall be to develop plans for the implementation of new and enhanced cooperative, collaborative and/or consolidated municipal operations and services to improve the quality and effectiveness of the services provided to the citizens of Lewiston and Auburn, while at the same time increasing the productivity of municipal government and reducing the cost to the taxpayers.
2. **COMMISSION MEMBERSHIP AND GOVERNANCE:**
  - a. **Composition of the Commission:** The Commission shall be composed of ten (10) Commissioners, five (5) of whom shall be residents of the City of Lewiston at the time of their appointment and continuing for their full term of office and five (5) of whom shall be residents of the City of Auburn at the time of their appointment and continuing for their full term of office. No Commissioner shall be an elected official or employee of either City.

- b. **Appointment of Commissioners:** Five (5) Commissioners shall be appointed by the City of Lewiston in such manner as it may determine and five (5) Commissioners shall be appointed by the City of Auburn in such manner as it may determine. Any vacancy due to death, resignation, change of residence or other reason shall be filled for the remainder of the term by the City that appointed the Commissioner.
- c. **Term of Office:** The Commissioners shall be divided into three (3) classes, the first and second of which shall be composed of two (2) Commissioners from each City and the third of which shall be composed of one (1) Commissioner from each City. Each Commissioner shall serve for a term of three years and until their successors shall have been appointed and qualified, provided, nevertheless, that the initial term of office for the first class of Commissioners shall be one year, for the second class of Commissioners shall be two years and for the third class of Commissioners shall be three years.
- d. **Compensation of Commissioners:** The Commissioners, including the officers of the Commission, shall serve without compensation but may be reimbursed by the Commission for their actual, direct out-of-pocket expenses incurred in connection with the performance of their duties as Commissioners.

### 3. **MEETINGS OF THE COMMISSION:**

- a. **Annual Meeting of the Commissioners:** The Commissioners shall hold an Annual Meeting during the month of January at such time and place in the City of Lewiston or the City of Auburn as the Commission shall determine.
- b. **Regular Meetings:** The Commission shall hold regular monthly meetings and shall publish the times and dates of its regular meetings at the Annual Meeting. The Commission may change the time and dates of its regular meetings, and it may cancel regular meetings for lack of a quorum or business to come before the Commission.
- c. **Special Meetings:** Special Meetings of the Commission may be called by the Commission by any two (2) Commissioners or by the Mayor of either City.
- d. **Quorum, Voting:** The presence of six (6) of the Commissioners then in office, including at least three (3) commissioners from each City, shall constitute a quorum. The vote of two-thirds (2/3) of the Commissioners present at any meeting shall constitute an action of the Commission.
- e. **Committees:** The Commission may establish such committees as it deems necessary or desirable to conduct the business of the Commission.

- 4. **OFFICERS OF THE COMMISSION:** The Commission shall elect the Co-Chairpersons and such other officers as the Commission may determine are necessary or desirable. All of the officers, other than the Secretary, shall be elected from amongst the membership of the Commission at its Annual Meeting for a term of one year and until his or her successor has been

elected and qualified. Each officer shall be elected, and may be removed, by a vote of two-thirds of the Commissioners then in office.

- a. **Co-Chairpersons of the Commission:** The Co-Chairpersons, one of whom shall be from each City, shall supervise the affairs of the Commission, preside over all meetings of the Commission, appoint members of the Commission and others to such committees and subcommittees as the Commission shall establish and shall exercise the other powers customarily assigned to their office.
  - b. **Secretary:** The Secretary, who need not be a member of the Commission, shall be responsible for maintaining such books, documents and papers as required by law or by the Commission. The Secretary shall attend and keep minutes of all meetings of the Commissioners and shall keep or cause to be kept minutes and official notices of all meetings of the Commission and any committees formed by the Commissioners.
5. **EMPLOYEES OF THE COMMISSION:** The Commission may employ the following persons on such terms as the Commission in its discretion deems reasonable and appropriate.
- a. **Joint Services Coordinator:** The Lewiston City Administrator, the Auburn City Manager and the President of the Lewiston Auburn Economic Growth Council may designate a Joint Services Coordinator to be employed by the Commission to oversee the day-to-day operation of the Commission and to perform such other duties as they and the Commission may direct to accomplish the Commission's purposes. The Joint Services Coordinator shall report to the Commission at each meeting of the Commission unless the Commission requests more frequent reports, and shall prepare and distribute an annual report to the Commission at least thirty (30) days prior to the Annual Meeting.
  - b. **Other Employees:** The Commission may authorize the Joint Services Coordinator to hire such other persons as the Commission deems necessary or desirable to accomplish the Commission's purposes.

6. **POWERS OF THE COMMISSION:**

- a. **Develop and Recommended Plans for Cooperative Action:** The Commission shall have the power and responsibility to review the manner in which municipal operations are conducted and in which municipal services are provided in the Cities of Lewiston and Auburn and, in connection therewith, may review such municipal records and interview such municipal employees as it deems necessary or desirable to conduct a full review. The Commission shall be entitled to review all municipal records, including confidential records, and shall have the same obligations to hold all records it reviews in confidence as are imposed on the Cities by law, contract or otherwise. The Commission shall coordinate its review of municipal records and interviews of municipal employees directly with the heads of each department (or their equivalent) and shall conduct its activities in a manner that will not unreasonably interfere with municipal operations. Both Cities hereby acknowledge that access to city records and employees are essential to the functioning of the Commission



and therefore agree to cooperate fully with the Commission in its activities. Based on its review and investigation of municipal operations and service deliveries, the Commission shall develop plans and recommendations for cooperative, collaborative and/or consolidated municipal operations and/or service delivery that will improve the quality, efficiency and/or effectiveness of the municipal operations and municipal services provided to the citizens of the Cities of Lewiston and Auburn. The Commission shall prepare reports of its plans and recommendations periodically and shall present those plans and recommendations to the Mayors and City Councils of the Cities of Lewiston and Auburn.

- b. **Power to Adopt Commission Recommendations:** The Commission is advisory only. The power to adopt any plans or recommendations developed by the Commission for cooperative or consolidated municipal operations or service delivery shall be and is retained by the Mayors and City Councils of the Cities of Lewiston and Auburn as provided in their respective charters. Actions recommended by the Commission may only be implemented by duly authorized action of the Mayors and/or City Councils of the City of Lewiston and City of Auburn in accordance with their respective charters.
- c. **Reporting Obligations:** In addition to any recommendations the Commission may submit to the Mayors and City Councils of both Cities, the Commission shall submit an annual report of its activities to the Mayors and City Councils of the Cities of Lewiston and Auburn in January of each year.
- d. **Contracts:** The Commission shall have the authority to enter into contracts with third parties for the services the Commission deems necessary or desirable to accomplish its purposes, including the services of the Joint Services Coordinator, and to conduct its activities.

## 7. FISCAL MATTERS:

- a. **Funding for Commission:** The Commission shall be responsible for raising the funds necessary for the initial year of its operations through grants or similar sources. Thereafter, it being understood that the implementation of the Commission's recommendations will generate savings to the Cities of Lewiston and Auburn, the Cities of Lewiston and Auburn shall share equally in funding the cost of the Commission's operations. The Commission will submit its budget request to the Cities of Lewiston and Auburn in time for inclusion in their budget for the next fiscal year, provided, however, that any funding provided shall be at the discretion of the Cities of Lewiston and Auburn and neither City shall be obligated to provide such funding.
- b. **Fiscal Year; Audit:** The Commission's fiscal year shall commence on July 1<sup>st</sup> of each year and end on June 30<sup>th</sup> of the following year.

## 8. MISCELLANEOUS:

- a. **Term:** The existence of the Commission shall commence upon the latter of: (i) enactment of resolutions authorizing this Agreement by the City Council of Lewiston and the City Council of Auburn; and (ii) the filing of this

Agreement with the City Clerk of the City of Lewiston, the City Clerk of the City of Auburn and the Secretary of State for the State of Maine in accordance with 30-A M.R.S.A. § 2204 and shall continue for a term of five (5) years thereafter. The initial term of this Agreement shall automatically be renewed for one additional term of five (5) years unless the Mayor of the City of Lewiston or the Mayor of the City of Auburn notifies the Commission and the other Mayor in writing at least three (3) months prior to the expiration of the initial term that the City Council of the City desiring not to renew this Agreement has enacted a resolution which provides for the non-renewal.

- b. **Termination; Modification:** This Agreement may be terminated or modified at any time by duly enacted resolutions of the City Council of Lewiston and the City Council of Auburn authorizing the termination or modification of this Agreement.
- c. **Bylaws; Operating Procedures:** The Commission may adopt such bylaws and/or operating procedures consistent with this Agreement as it deems necessary or desirable to conduct its operations as provided under this Agreement.
- d. **Governing Law; Construction:** This Agreement shall be governed by and construed in accordance with the laws of the State of Maine specifically including, but not limited to, Chapter 115 of Part 2 of Title 30-A of the Maine Revised Statutes. It shall be liberally construed to effect the purposes for which the Commission was created. In the event any provision of this Agreement is declared to be invalid or illegal, the remaining portions shall remain enforceable in accordance with their terms.

Motion for passage:

Seconded by:

Auburn:

Auburn:

Lewiston:

Lewiston:

Vote:

Auburn:      Yeas              Nays

Lewiston:    Yeas              Nays

Action by Auburn City Council:

DATE: November 20,2006

Lewiston City Council:

ATTEST:

CITY CLERK

CITY CLERK

Lewiston

Auburn

**CITY OF AUBURN  
NOVEMBER 6, 2006  
CITY COUNCIL MEETING**

**PRESENT**

Mayor Normand W. Guay, Councilors Bethel B. Shields, Robert P. Hayes, Eric G. Samson, Donna L. Rowell, Belinda A. Gerry, Robert C. Mennealy, and M. Kelly Matzen, City Manager Pat Finnigan, Assistant City Manager Laurie Smith, and City Clerk Mary Lou Magno. There were approximately 125 people in the audience.

Mayor Guay called the meeting to order at 7:00 p.m. in the Council Chambers of Auburn Hall with a salute to the flag.

Mayor Guay called for a moment of silence for Deputy Sheriff David Rancourt.

**NATIONAL ANTHEM PROJECT**

Mayor Guay introduced Michael Davis, Brian Gagnon, Jim Raymond and Joann Hammond, all music teachers in the Auburn School Department; they introduced a number of students who sang the National Anthem and recited many statistics regarding the song.

**CONSENT AGENDA**

Councilor Mennealy moved to accept, approve and place on file the following items listed with an asterisk. Seconded by Councilor Shields. Vote: 7 Yeas.

**\*MINUTES OF OCTOBER 30, 2006**

Approved under consent agenda.

**ADD TO AGENDA**

Councilor Matzen moved to add item #3 of the agenda Consideration of Appeal by Eric Pelletier Re: Tattoo License Denial. Seconded by Councilor Gerry. Vote: 7 Yeas.

**REPORTS OF THE MAYOR**

Mayor Guay noted the passing of Deputy Sheriff David Rancourt and said that donations may be made to the David Rancourt Family Fund c/o Community Credit Union.

**REPORTS OF CITY COUNCILORS**

Councilor Mennealy expressed his gratitude to Councilors Shields, Matzen and Mayor Guay for their service to the City serving on the City Council.

**REPORTS OF THE CITY MANAGER**

Interim Police Chief Phil Crowell reported on the tragic death of Deputy Sheriff David Rancourt and explained how the Auburn Police Department is assisting the Sheriff's Department during this difficult time; he talked about "Operation Falcon"; updated the Council on the BJ's incident; and briefed the Council on the Neighborhood Crime Watch Groups.

**COMMUNICATIONS AND RECOGNITIONS**

**\*COMMUNICATION FROM AUBURN MIDDLE SCHOOL PTO RE: SIGNS**

Approved under consent agenda.

**OPEN SESSION**

The following person spoke during open session: Jim Wellehan, 60 Woodlawn Avenue.

**CLOSED OPEN SESSION**

**OLD BUSINESS**

**1. ORDINANCE – AMENDMENT TO CHAPTER 31 – ADOPTION OF THE  
UPDATED GENERAL ASSISTANCE MAXIMUMS  
(2<sup>ND</sup> READING)**

Councilor Rowell moved for acceptance of 2<sup>nd</sup> reading and final passage. Seconded by Councilor Shields. Vote: 7 Yeas

**NEW BUSINESS**

**2. RESOLVE – ADOPTION OF LEASE WITH AUBURN PUBLIC LIBRARY  
AND MEMORANDUM OF UNDERSTANDING**

Councilor Shields moved for passage of the resolve. Seconded by Councilor Mennealy.

Richard Trafton, President of the Library Board of Trustees, spoke in favor of the above resolve.

Vote: 7 Yeas.

**3. APPEAL BY ERIC PELLETIER RE: DENIAL OF TATTOO LICENSE**

Eric Pelletier and Alpha Clemons, Melting Minds Studio, both spoke in favor of Mr. Pelletier's appeal.

Councilor Matzen moved that the appeal be denied. Seconded by Councilor Mennealy. Vote: 5 Yeas with Councilors Rowell and Mennealy abstaining.

**MAYOR GUAY'S LAST MEETING**

Mayor Guay indicated that due to a prior commitment, he will not be present at the November 20<sup>th</sup> City Council Meeting, therefore this will be his last meeting as Mayor of the City of Auburn.

Councilor Matzen recognized Mayor Guay for his service and commitment to the citizens of the City of Auburn during his terms as Councilor and Mayor.

**APPOINTMENT OF PRESIDING OFFICER FOR NOVEMBER 20<sup>TH</sup>  
MEETING**

Councilor Mennealy moved that Councilor Matzen serve as Mayor Pro Tem at the November 20<sup>th</sup> City Council Meeting. Seconded by Councilor Hayes. Vote: 6 Yeas with Councilor Matzen abstaining.

**ADJOURNMENT – 8:25 p.m.**

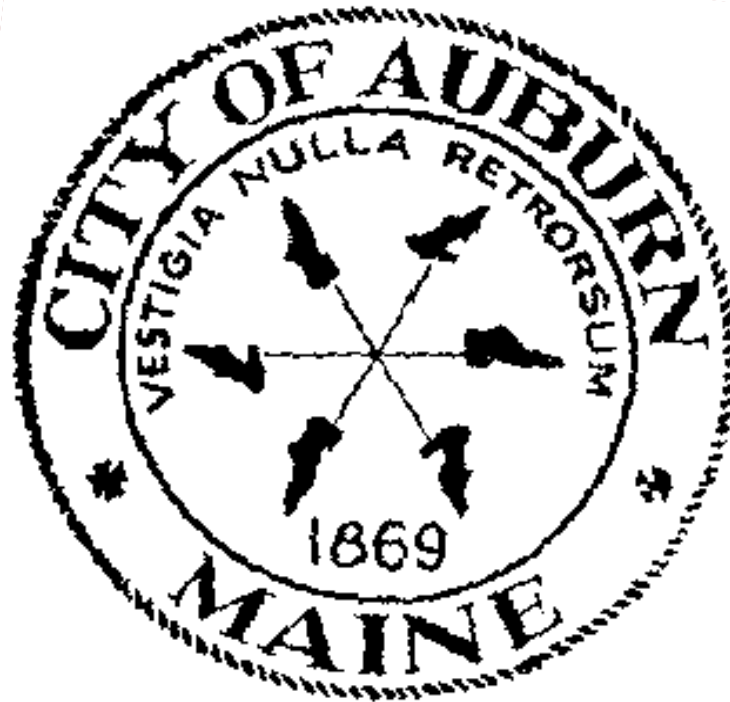
Councilor Shields moved to adjourn. Seconded by Councilor Mennealy. Vote: 7 Yeas.

**A TRUE RECORD**

**ATTEST:** \_\_\_\_\_  
City Clerk

# *City of Auburn, Maine*

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**



**FOR FISCAL YEAR ENDED  
JUNE 30, 2006**

**CITY OF AUBURN, MAINE**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For Fiscal Year Ended June 30, 2006**

Prepared By:  
City of Auburn  
Finance Department





**CITY OF AUBURN, MAINE**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2006

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**CITY OF AUBURN, MAINE**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2006**

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**CITY OF AUBURN, MAINE**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2006**

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## **INTRODUCTORY SECTION**

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# City of Auburn, Maine

*"Maine's City of Opportunity"*

## Financial Services



November 20, 2006

Honorable Mayor and  
Members of the City Council  
Auburn, Maine

Ladies and Gentlemen:

The comprehensive annual financial report of the City of Auburn, Maine for the fiscal year ended June 30, 2006, is hereby submitted in accordance with the requirements of both our City Charter and State statutes. The Charter and statutes require that the City issue an annual report of its financial position and activity, and that this report be audited by an independent firm of certified public accountants. This is the fourth year that the City's Financial Services Department has prepared this report using the new reporting requirements prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34. Responsibility for both the accuracy of the data presented, and the completeness and fairness of the presentation including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the City of Auburn on a government-wide and fund basis. All disclosures necessary to enable the reader to gain the maximum understanding of the City's activities have been included.

The comprehensive annual financial report is prepared in accordance with Accounting Principles Generally Accepted in the United States of America (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). The report is presented in three sections: introductory, financial, and statistical and includes the following:

1. Introductory Section - Letter of transmittal with comments on the operations of the City, Prior Year Certificate of Achievement for Excellence in Financial Reporting, the City's organizational chart and a list of the City's principal elected and appointed officials.
2. Financial Section - Basic Financial Statements and Required Supplementary Information. The Basic Financial Statements include Management's Discussion and Analysis, Government-wide Financial Statements, Fund Financial Statements, Notes to the Basic Financial Statements and Required Supplementary Information, as well as the auditors' report on the financial statements and schedules.
3. Statistical Section - Selected financial and demographic information, generally presented on a multi-year basis.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, and the U.S. Office of Management and Budget's Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. The "Single Audit" is designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. Information related to this single audit, including a schedule of federal financial assistance, findings, recommendations and the independent auditor's reports on the internal control structure and compliance with applicable laws and regulations, are included in a separately issued single audit report.

Accounting Principles Generally Accepted in the United States of America (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

### **Governmental Structure**

The City of Auburn, incorporated in 1869, is located on the west bank of the Androscoggin River, in the south central section of the State and is the fourth largest City in the State of Maine. The City of Auburn continues to be a key area within the State in which industrial and commercial companies are investing. Auburn has a land area of 64 square miles and a population of 23,602. The City is empowered to levy a property tax on both real and personal property located within its boundaries.

The City operates under the council-manager form of government. Policy-making and legislative authority are vested in the City Council, which consists of a mayor and a seven-member council. The Council is elected on a non-partisan basis. The mayor and council members are elected to two-year terms. Five of the council members are elected from within their respective districts. The mayor and the two remaining council members are elected at large. The City Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees and hiring the city manager and the city attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the City's departments.

The City of Auburn provides a full range of services, including police and fire protection, sanitation services, the construction and maintenance of highways, streets and infrastructure, solid waste collection, public education, health and social welfare, recreation, general administration and economic development.



## Major Initiatives During Fiscal Year 2006

**Economic Development.** The City works continually to improve the economic development climate in Auburn in order to attract and retain quality jobs, expand the City's tax base, and offer the quality of life that people desire. The results of those efforts include the steady increase in the City's assessed valuation, which is due primarily to growth in the industrial and commercial sectors. In the last 10 years, the assessed valuation has risen approximately \$290 million, to this year's valuation of \$1,319,998,400, or a 22% increase. Auburn and Lewiston continue to be the top job creating community in Western Maine (source: State of Maine Department of Labor).

The City of Auburn's property tax base continues to grow as evidenced by a strong construction and real estate market. During the past year, the City issued 453 new commercial and residential construction permits, totaling over \$38.8 million in value. The unemployment rate in Auburn in June 2006 was 4.5%. This compares favorably to the Lewiston/Auburn MSA unemployment rate of 4.6%, the state's average unemployment rate of 4.6%, and the national average rate of 4.8%.

The City pursues a 3-prong approach to economic development to ensure that we have a diversified tax base and we are not overly reliant on any one industry or corporation for our tax base. Our efforts are focused on 3 areas: Industrial Parks, the Downtown, and the Mall area. This past year, the City Council made significant progress on all three fronts. The City, in partnership with the Auburn Business Development Corporation a private development organization, approved plans for the envelopment of the City's newest industrial park. The park which is in the vicinity of the Airport, the Turnpike and 2 other industrial parks, will encompass 144 acres. Last year Auburn was designated as a United States Customs port, and this year the City was designated as a Foreign Trade Zone, which make Auburn distinctive and provide some unique competitive advantages for companies which locate in the industrial area. A few other notable projects include: Safe Handling, doubled its existing space, and its owner received approval to develop a private industrial park (Port of Auburn, Inc.) making full use of the access to the adjacent railroad. Concorde Insurance Group completed a new \$2.5 million dollar building, while Thomas Moser constructed a \$600,000 addition.

In the Mall area, the community celebrated the groundbreaking of a new retail center developed by SR Weiner, featuring Kohl's Department Store, which opened in September 2006. Coupled with that, a local developer announced that he had purchased the Auburn Mall and surrounding parcels. His plan is to redevelop the Mall building and construct additional retail and commercial buildings. By June 30, Best Buy was well under construction, Ruby Tuesdays and Longhorn Steakhouse were open for business, and TGI Friday's was being built with an anticipated fall opening. Elsewhere in the mall area, Androscoggin Home Care developed the first Hospice facility in the region. Central Maine Community College, one of the City's best economic development resources due to the custom-made training programs it provides to local employers constructed a \$5 million new dormitory.

The downtown revitalization plan continues to generate interest and investment. Through a public-private partnership the City redeveloped the City's eastern gateway through a major renovation of a block of buildings into restaurant, office and retail space which is located along the river. The project, known as River Park II, includes development of a riverside park. The 108 room Hilton Garden Inn which opened in 2003, has experienced such success that it began construction to add 30 more rooms. This project will be completed in early 2007.

To complement the emphasis on a diversified tax base that offers job opportunities, the City is also experiencing strong growth in residential housing construction, with more than \$30 million of new housing constructed in the past 3 years and more housing developments approved for construction in the coming year.

**Financial Management.** The City is committed to ensuring sound financial management of the public's funds. This includes a five year Financial Plan, a five year Capital Improvement Plan, maintaining a sufficient fund balance, and adhering to the highest management standards. The City Council adopted a Fund Balance Policy in 2004 to provide on-going guidance to elected officials to strengthen the fund balance. City employees perform their daily work with guidance from these plans and policies. We are pleased that our efforts over the past several years to reach a minimum Fund Balance goal of 8.3% were exceeded this year. In addition, this is the first year in many that the School Department has reached a positive fund balance by fully funding the deficit resulting from the accrual of summer teacher's salaries.

**Capital Improvements and Debt Service.** The City maintains an on-going 5- year Capital Improvement Plan (CIP) that serves as a tool for the Mayor and City Council to make strategic investments in the community. In fiscal year 2006, the Capital Improvement budget included approximately \$2.8 million to fund street, sidewalk, and drainage improvements; \$300,000 to fund improvements to municipal facilities, \$1 million to fund improvements to School buildings and technology; \$700,000 to fund upgrades in equipment and software; and \$350,000 to fund an industrial park acquisition. The fiscal year 2006 CIP included a commitment of \$3.5 million by the City to the Auburn Public Library to match the Auburn Public Library Trustees' successful capital campaign to fund the \$7.5 million major renovation and expansion project. The School Department was successful in receiving State funding for a new elementary school. The new elementary school (Park Ave. School), which replaced Lake Street School, opened in September 2006. The City of Auburn maintains an "A3" rating with a positive outlook from Moody's, and an "A" rating from Standard & Poor's, for the City's general obligation debt.

**Education.** One of the hallmarks of a great community is having an excellent public school system. Schools are one of several determining factors businesses consider when deciding whether to locate in a city, just as the quality of a school system is considered by parents when deciding whether to live in a particular community. The Auburn School Department works to offer an educational program that ensures the success of every student and community learner.

**School Building and Fleet Improvements.** The School Department continued its work to improve the quality of the City's school facilities. The new elementary school, which replaces Lake Street School, was completed on June 26, 2006 and will be ready to accommodate 325 students at the start of new school year, August 2006. The Department of Education has received grant approval of \$1,454,000 in new State Revolving Loan for several of its' facilities renovations. Those include roof replacement and structural improvements to Auburn Middle and Fairview Elementary Schools. Fairview School was equipped with a dehumidification system that will eliminate condensation during the summer months and remove the environmental threat of contaminants, such as mold and mildew. Our Edward Little High School gymnasium floor was replaced as a result of water damaged to old floor, when the sprinkler head was damaged. The Department also continues to improve the school bus fleet as a result of the bus reserve replacement fund that was established several years ago. This allows the Department to replace busses regularly so that no bus is in service longer than 10 years.

**Technology in the Schools.** The Middle School students have embraced their laptops and become adept at researching online, developing power point presentations for class, and enjoying the many benefits of this new learning tool. This has added an important dimension to students' learning experience and enhanced their research and problem solving capabilities. Auburn schools have always been a leader in the integration of technology into the classroom and continues to invest in technology capital in all grade levels. With the State Department of Education newest release of laptop replacements for the 7<sup>th</sup> and 8<sup>th</sup> grades, the three-year old laptops were purchased from DOE and those laptops were deployed to the elementary school teachers. Now all of our teachers have laptops for instructional use. We continued our laptop initiative into the high school and have purchased laptops for approximately half of the classes in the school. All grade levels and departments have access to them in various classrooms. Our plan is to continue to acquire laptops to insure a one to one environment for all students at the secondary level.

**School Accreditation.** The School Department was visited by the NEASC in the fall of 2004 as part of the accreditation process. As part of its report, the NEASC confirmed that the Department's capital improvement plan improvements need to be continued for Edward Little High School. There is a two and five year follow-up check by the NEASC to monitor progress of its recommendations. The School Department's 2007 Goals include addressing the deficiencies noted in the accreditation report.

### **Looking Ahead: Fiscal Year 2007 Goals**

During the coming year, the City will continue to build upon our successes by continuing to focus our efforts on economic development, expanding Auburn's tax base, sound fiscal management, and reaffirming our commitment to the public to improve service delivery and enhance the quality of life in our community. The following describes a few of the major initiatives.

- In September of 2006, Auburn partnered with our neighboring City of Lewiston to apply for a State grant to expand our existing joint efforts. We were successful in receiving a \$150,000 grant, the largest amount awarded to any community. Lewiston are leaders in the State with regard to providing services jointly. During the coming year we will be identifying and developing additional ways to collaborate and enhance our ability to provide services cost effectively and efficiently.
- The year ahead will be very active in the area of economic development. The City will start to develop the new industrial park approved by the Council in the last fiscal year, which already has its first tenant, a large warehousing project.
- The Auburn Mall area will continue to experience much activity. The Auburn Mall owner has announced a \$25 million program to revitalize the mall area. Other developers have taken note of this investment and have received approval to construct a spec building complex to offer available space to prospective companies when needed.
- The City's "Auburn Downtown Action Plan for Tomorrow" (ADAPT) plan has been a blueprint that has brought private and public investment to the downtown. New commercial development planned for the downtown area is expected to begin construction in late winter early Spring. In addition, we will be concentrating some efforts in the New Auburn downtown area. At a minimum, there are plans to redevelop a historic building into a 17 unit elderly housing complex, and other opportunities exist for economic development in this area of the community.
- The City will continue to work with the Lewiston-Auburn Economic Growth Council in marketing the new Foreign Trade Zone which will create a competitive advantage for existing manufacturers and is a tool to attract new corporations to our community. We also are concentrating our efforts on the Auburn-Lewiston Airport which is playing an important role in the State's progressive move to increase tourism and freight movement through an upgraded and coordinated intermodal transportation system. The Auburn-Lewiston Airport recently completed a Mater Plan process which included a business plan to provide guidance for the Airport to reach its full potential as an economic development engine. In addition, plans are proceeding for the State to extend passenger rail service from Boston, through Auburn and on to Montreal, Canada.
- **Turnpike Interchange.** One of the keys to economic development is ready access to transportation networks. Auburn has a distinct advantage of having several modes of transportation that provide easy for customers. To improve and expand our access to the Turnpike, the City is working with the City Lewiston and the Maine Turnpike Authority to add a new Turnpike interchange that will provide an additional choice for accessing Auburn.

## **Financial Information**

The City's Financial Services Department is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure being used is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the costs of control procedures are weighed against the expected benefits to be derived, and that the evaluation of costs and benefits requires educated estimates and professional judgments by management. All of the City's internal accounting control evaluations occur within this framework.

As a recipient of federal, state and local financial assistance, the City is also responsible for ensuring that adequate internal controls are in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management and the finance department staff of the City.

The City adopts fiscal year budgets that are established in accordance with the various laws that govern the City's operations as authorized by the Council. The budget is divided into monthly budget allocations based on expenditure expectations and on historical trends, whenever possible. These allocations are reviewed monthly against actual expenditures, and variances are addressed in the financial report presented each month to the Council. At mid year, unless conditions dictate an earlier need, budgets are reviewed, year end projections made, and adjustments to the financial plan considered and any necessary changes are legally adopted through the passage of an appropriation resolve. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

***Cash Management Policies and Practices:*** Cash temporarily idle during the fiscal year was invested in demand deposits, certificates of deposit, and governmental money markets. The average yield on all investments at June 30 was approximately 4.28% percent. The City's General Fund investment income during the year was approximately \$435,503.

The City's Investment Policy, adopted in 1995, intends to minimize market and credit risks while maintaining a competitive yield on its portfolio. Accordingly, the majority of investments were held in governmental money market funds at year-end.

***Risk Management:*** During fiscal year 2006 the City continued to manage all aspects of its risk management program. Included in the risk management program are property and casualty risks as well as Worker's Compensation.

Property, general liability, fleet and professional liability risk as well as any exposure relating to the self-insured Worker's Compensation program are reviewed by the Purchasing/Risk Manager, who is responsible for establishing procedures to control the risks to which the City is exposed. The Purchasing/Risk Manager, in conjunction with departmental safety committees, regularly reviews all accidents that occur within their respective departments. The City's loss prevention consultant and the Purchasing/Risk Manager concentrate on minimizing various exposures and insure that employee safety training is being held regularly so that employees continue to use safe practices during the performance of their duties.

### **Other Information**

***Independent Audit:*** State Statute and the City Charter require an annual audit of all financial records by independent certified public accountants. The audit of fiscal year 2005 was performed for the City Council by the firm of Runyon Kersteen Ouellette PA, a firm of licensed Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Auburn, for the fiscal year ended June 30, 2005, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluation of the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Auburn's financial statements for the fiscal year ending June 30, 2006, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the federal Single Audit Act of 1984 and the related U.S. Office of Management and Budget's Circular A-133. Auditing standards generally accepted in the United States of America and the standards set forth in the General Accounting Office's *Government Auditing Standards* were used by the auditors in conducting the engagement. The auditors' reports on internal controls and compliance with applicable laws and regulations can be found in a separately issued single audit report.

***Awards.*** The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the year ended June 30, 2005. This was the twelfth consecutive year that the City received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

***Acknowledgments.*** This report is the result of many hours of dedicated work by Denise Brown and Gina Klemanski and others in the Financial Services Department, not only in their regular duties but also in preparation for the audit. I would also like to recognize the professionalism and assistance of our independent auditors, Runyon Kersteen Ouellette, for their services in producing this report.

Sincerely,

Chris Trenholm  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Auburn,  
Maine

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Carla E. Perry*

President

*Jeffrey R. Emery*

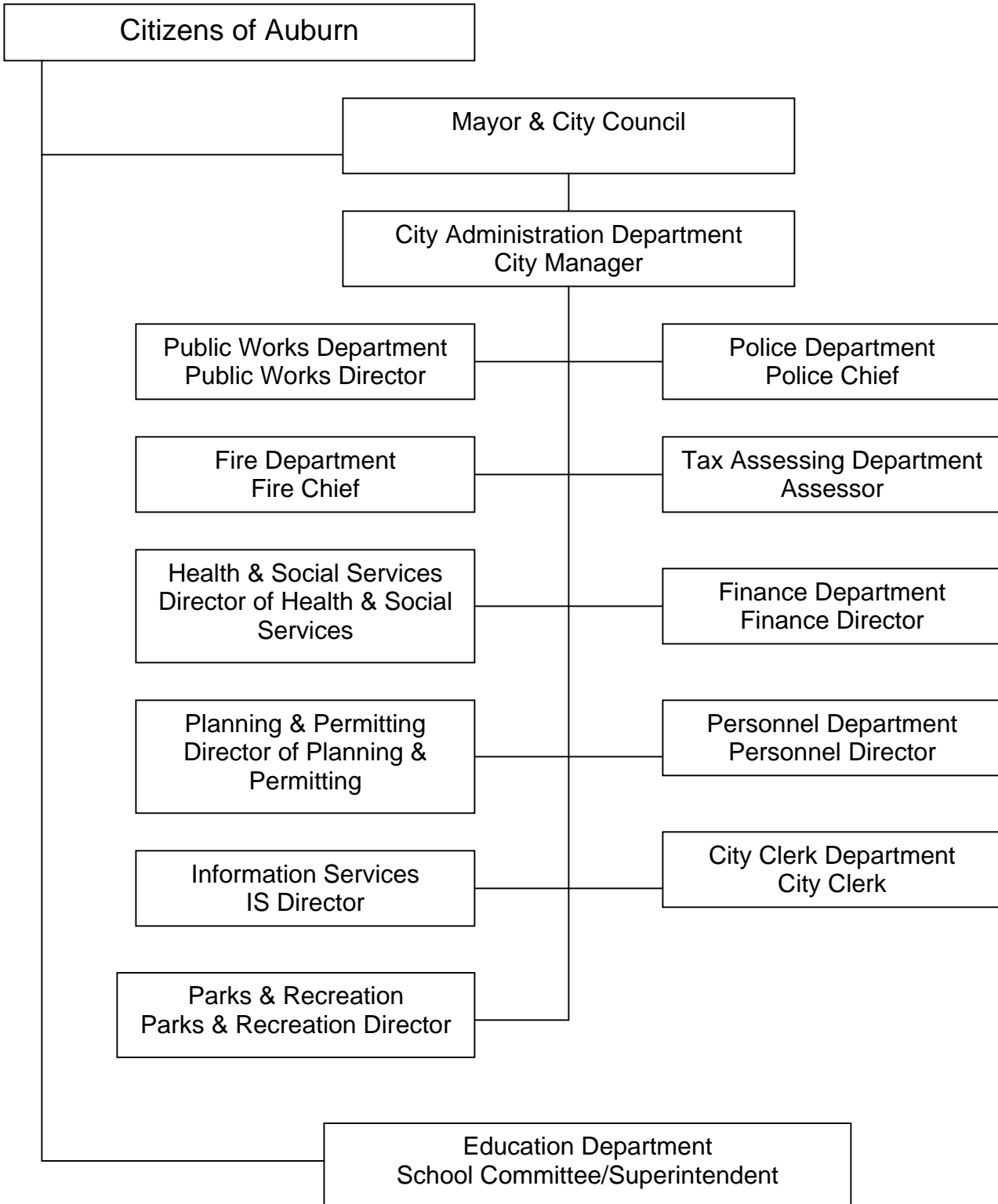
Executive Director



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# City of Auburn Organizational Chart

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**CITY OF AUBURN, MAINE**

**LIST OF ELECTED AND APPOINTED OFFICIALS**

**June 30, 2006**

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Elected Officials

Mayor	Normand W. Guay
Council Member – Ward 1	Bethel B. Shields
Council Member – Ward 2	Robert P. Hayes
Council Member – Ward 3	Eric G. Samson
Council Member – Ward 4	Donna Rowell
Council Member – Ward 5	Belinda A. Gerry
Council Member – At Large	Robert C. Mennealy
Council Member – At Large	M. Kelly Matzen
School Committee – Chair, Ward 3	Kathy S. Constantine
School Committee – Ward 1	Ross A. Leavitt
School Committee – Ward 2	Justin W. Leary
School Committee – Ward 4	Robert Baskett
School Committee – Ward 5	David H. Das
School Committee – At Large	Jane L. Williams
School Committee – At Large	Theodore G. Belitsos

Appointed Officials

City Manager	Patricia A. Finnigan
Assistant City Manager	Laurie Smith
Finance Director	Chris Trenholm
School Superintendent	Barbara Eretzian
Assistant School Superintendent	Tom Morrill
School Business Manager	Jude Cyr
City Clerk	Mary Lou Magno
Purchasing/Risk Manager	Dennis Roderick
Treasurer/Tax Collector	Catherine Levesque
Assessor	Cheryl Dubois
Fire Chief	R. Wayne Werts
Personnel Director	Deborah Grimmig
Police Chief	Phil Crowell.
Public Works Director	Robert Belz
Parks & Recreation Director	Peter Bushway
Planning & Permitting Director	David Galbraith
Health & Social Services Director	Dorothy Meagher
Information Systems Director	Paul Fraser

**FINANCIAL SECTION**



## Report of Independent Auditors

City Council  
City of Auburn, Maine:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Auburn, Maine, as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Auburn, Maine's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Auburn, Maine, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Auburn, Maine's basic financial statements. The introductory section, combining statements and individual fund schedules and statistical tables listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Combining statements and individual fund schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 26, 2006, on our consideration of the City of Auburn, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in cursive script, reading "Runyan Keister Ouellette".

October 26, 2006  
South Portland, Maine

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## **Management's Discussion and Analysis Fiscal Year Ended June 30, 2006**

As management of the City of Auburn, Maine, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Auburn for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal to this report.

### **Financial Highlights**

- The assets of the City of Auburn exceeded its liabilities at the close of the most recent fiscal year by \$49,462,035 (*net assets*).
- The City of Auburn's total net assets increased by \$15,491,434. Approximately 51% of this increase results from increases in the City's investment in capital assets, net of related debt.
- As of the close of the current fiscal year, the City of Auburn's governmental funds reported combined ending fund balances of \$26,289,284, an increase of \$5,707,937 in comparison with the prior year.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$5,088,428, or 8.42% of total General Fund expenditures.
- The City of Auburn issued new debt totalling \$12,281,000 during the current fiscal year. The new debt issued included \$5,000,000 for capital improvements and \$7,281,000 to fund the construction for a new elementary school.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of Auburn's basic financial statements. The City of Auburn's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Auburn's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City of Auburn's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Auburn that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works (highways, streets, and solid waste disposal), education, and culture and recreation. The City has one business-type activity, its ice arena.

The government-wide financial statements can be found on pages 28-29 of this report.



**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 City of Auburn, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The City of Auburn maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Community Development Programs, Tax Increment Financing, and the Capital Projects Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Auburn adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 30-35 of this report.

**Proprietary funds.** The City of Auburn maintains one type of proprietary fund. The *enterprise fund* is used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Auburn uses the enterprise fund to account for its operations of Ingersoll Ice Arena.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 36-38 of this report.

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

The basic fiduciary fund financial statements can be found on pages 39-40 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41-66 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Auburn's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 67 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 68-78 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Auburn, assets exceeded liabilities by \$49,462,035 at the close of the most recent fiscal year.

By far the largest portion of the City of Auburn's net assets (96.2 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF AUBURN'S NET ASSETS						
	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 34,247,779	\$ 25,053,168	\$ 184,210	\$ 157,771	\$ 34,431,989	\$ 25,210,939
Capital assets	95,645,316	81,254,223	397,740	425,750	96,043,056	81,679,973
<b>Total assets</b>	<b>\$ 129,893,095</b>	<b>\$ 106,307,391</b>	<b>\$ 581,950</b>	<b>\$ 583,521</b>	<b>\$ 130,475,045</b>	<b>\$ 106,890,912</b>
Long-term liabilities outstanding	\$ 64,257,646	\$ 57,072,839	\$ 26,676	\$ 53,341	\$ 64,284,322	\$ 57,126,180
Other liabilities	16,701,655	15,766,677	27,034	27,454	16,728,689	15,794,131
<b>Total liabilities</b>	<b>\$ 80,959,301</b>	<b>\$ 72,839,516</b>	<b>\$ 53,710</b>	<b>\$ 80,795</b>	<b>\$ 81,013,011</b>	<b>\$ 72,920,311</b>
<b>Net assets</b>						
Invested in capital assets, net of related debt	\$ 47,187,231	\$ 34,037,355	\$ 344,398	\$ 345,741	\$ 47,531,629	\$ 34,383,096
Restricted	4,094,386	3,804,784	-	-	4,094,386	3,804,784
Unrestricted (deficit)	(2,347,823)	(4,374,264)	183,842	156,985	(2,163,981)	(4,217,279)
<b>Total net assets</b>	<b>\$ 48,933,794</b>	<b>\$ 33,467,875</b>	<b>\$ 528,240</b>	<b>\$ 502,726</b>	<b>\$ 49,462,034</b>	<b>\$ 33,970,601</b>

An additional portion of the City of Auburn governmental net assets (9 percent) represents resources that are subject to external restrictions on how they may be used. The remaining deficit of *unrestricted governmental net assets* is \$2,347,823.

At the end of the current fiscal year, the City of Auburn is able to report positive balances in two categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

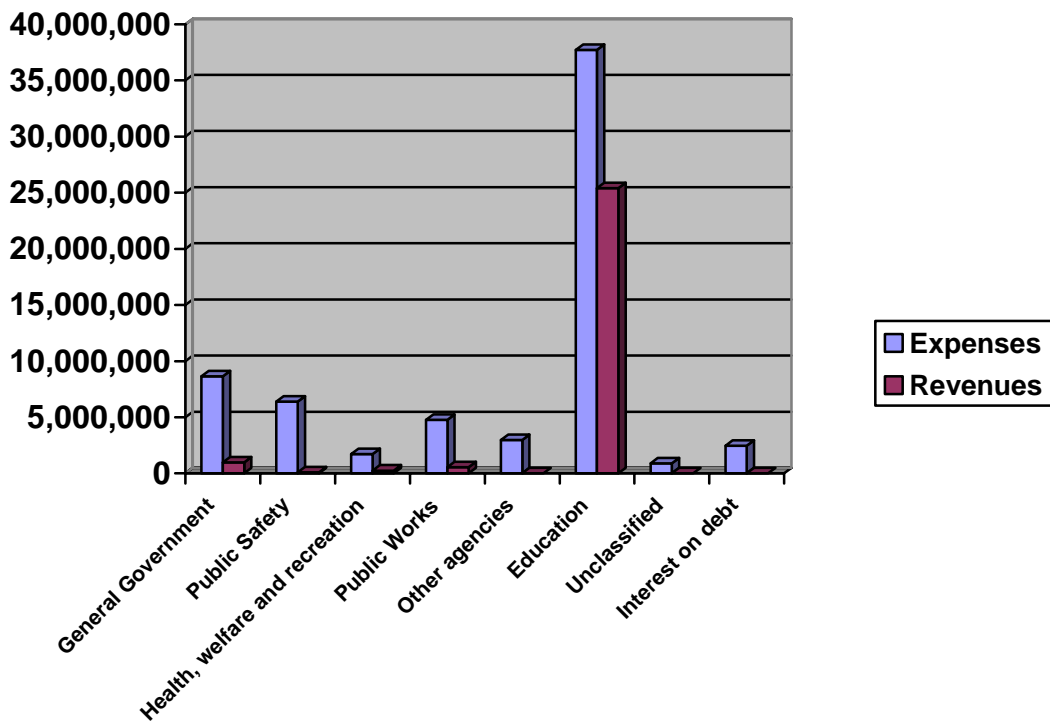
There was an increase of \$396,244 in restricted net assets reported in connection with the City of Auburn's governmental activities. This increase resulted from an increase in both permanent endowments and the community development loan program.

The City of Auburn's net assets increased by \$15,491,433 during the current fiscal year.

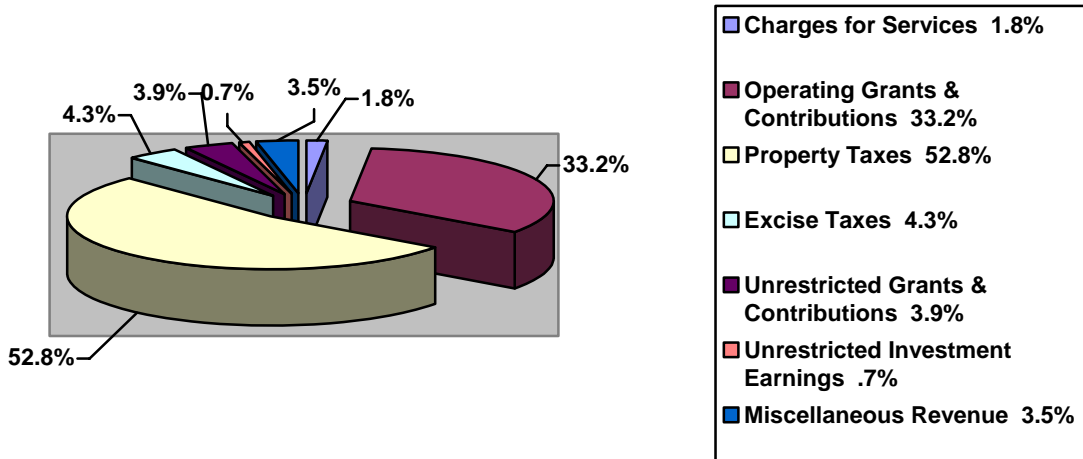
**Governmental activities.** Governmental activities increased the City of Auburn's net assets by \$15,465,919, thereby accounting for 99 percent of the total growth in the City's net assets. The following charts illustrate total expenses and revenues by program and revenues by source for all governmental activities:

	Governmental Activities		Business Activities		Total 2006	Total 2005
	2006	2005	2006	2005		
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,368,496	\$ 1,895,078	\$ 185,113	\$ 169,091	\$ 1,553,609	\$ 2,064,169
Operating grants and contributions	\$ 25,822,043	\$ 21,993,769	\$ -	\$ -	\$ 25,822,043	\$ 21,993,769
Capital grants and contributions	\$ 2,884,801	\$ -	\$ -	\$ -	\$ 2,884,801	\$ -
General revenues:						
Property and other taxes	\$ 44,566,627	\$ 40,729,951	\$ -	\$ -	\$ 44,566,627	\$ 40,729,951
Grants and contributions not restricted to specific programs						
Other	\$ 3,049,515	\$ 3,008,472	\$ -	\$ -	\$ 3,049,515	\$ 3,008,472
	\$ 3,356,118	\$ 5,276,452	\$ 3,191	\$ 1,660	\$ 3,359,309	\$ 5,278,112
<b>Total revenues</b>	<b>\$ 81,047,600</b>	<b>\$ 72,903,722</b>	<b>\$ 188,304</b>	<b>\$ 170,751</b>	<b>\$ 81,235,904</b>	<b>\$ 73,074,473</b>
<b>Expenses:</b>						
General government	\$ 8,637,448	\$ 9,690,816	\$ -	\$ -	\$ 8,637,448	\$ 9,690,816
Public safety	\$ 6,387,319	\$ 6,274,025	\$ -	\$ -	\$ 6,387,319	\$ 6,274,025
recreation	\$ 1,719,937	\$ 1,679,385	\$ -	\$ -	\$ 1,719,937	\$ 1,679,385
Public works	\$ 4,765,921	\$ 5,817,876	\$ -	\$ -	\$ 4,765,921	\$ 5,817,876
Other agencies	\$ 2,963,430	\$ 2,881,660	\$ -	\$ -	\$ 2,963,430	\$ 2,881,660
Education	\$ 37,738,620	\$ 37,065,404	\$ -	\$ -	\$ 37,738,620	\$ 37,065,404
Unclassified	\$ 900,891	\$ 836,636	\$ -	\$ -	\$ 900,891	\$ 836,636
Interest on long-term debt	\$ 2,468,115	\$ 1,928,429	\$ -	\$ -	\$ 2,468,115	\$ 1,928,429
Ingersoll ice arena	\$ -	\$ -	\$ 162,790	\$ 131,899	\$ 162,790	\$ 131,899
<b>Total expenses</b>	<b>\$ 65,581,681</b>	<b>\$ 66,174,231</b>	<b>\$ 162,790</b>	<b>\$ 131,899</b>	<b>\$ 65,744,471</b>	<b>\$ 66,306,130</b>
Increase (decrease) in net assets	\$ 15,465,919	\$ 6,729,491	\$ 25,514	\$ 38,852	\$ 15,491,433	\$ 6,768,343
Net assets – July 1	\$ 33,467,875	\$ 26,738,384	\$ 502,726	\$ 463,874	\$ 33,970,601	\$ 27,202,258
Net assets – June 30	\$ 48,933,794	\$ 33,467,875	\$ 528,240	\$ 502,726	\$ 49,462,034	\$ 33,970,601

**Expenses and Program Revenues - Governmental Activities  
For the Year Ended June 30, 2006**

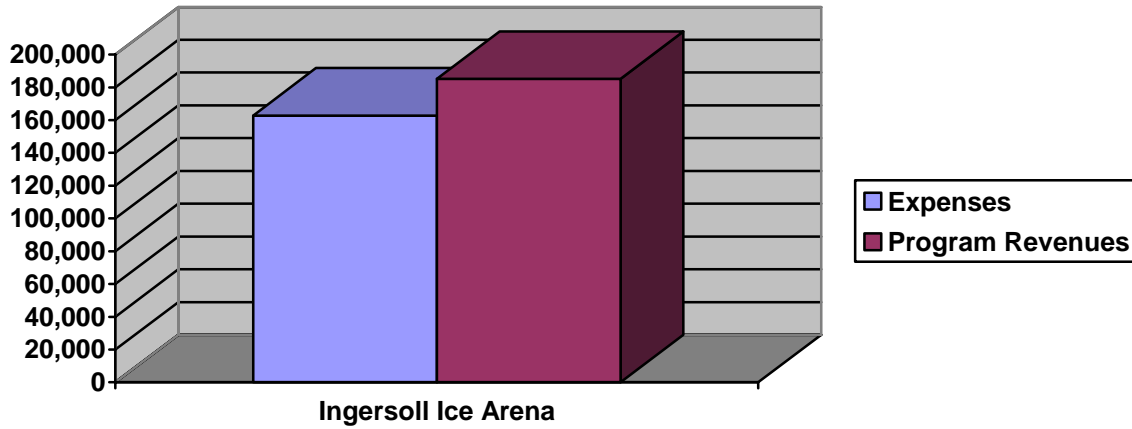


**Revenues by Source - Governmental Activities  
For the Year Ended June 30, 2006**

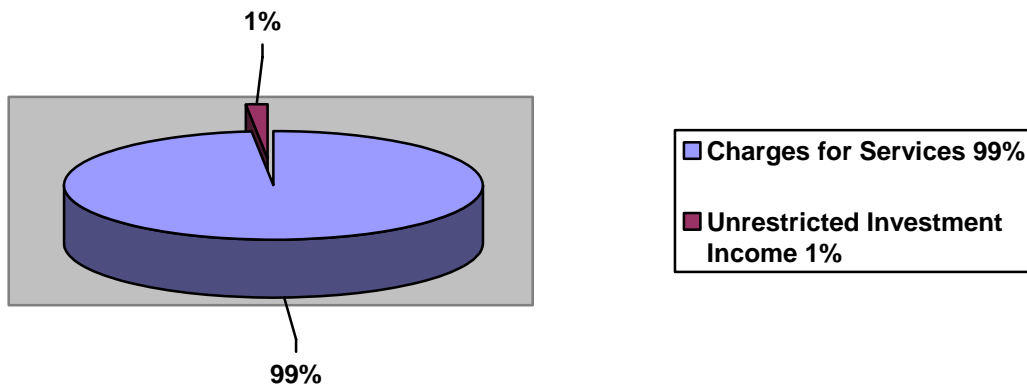


**Business-type activities.** The City's one business-type activity, its ice arena, increased the City of Auburn's net assets by \$25,514.

**Expenses and Program Revenues - Business-type Activities For the Year Ended June 30, 2006**



**Revenues by Source - Business-type Activities For the Year Ended June 30, 2006**



## **Financial Analysis of the Government's Funds**

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

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

As of the end of the current fiscal year, the City of Auburn governmental funds reported combined ending fund balances of \$26,289,284. This total consists of: General Fund, \$6,938,376; Community Development Programs Fund, \$3,855,710; Tax Increment Financing, \$1,281,357; Capital Projects Fund, \$9,719,595, and Other Governmental Funds, \$4,494,245. These fund balances are intended, and in some cases reserved or designated, for specific purposes.

The General Fund is the chief operating fund of the City of Auburn. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$5,088,428. As a measure of the General Fund's liquidity, it may be useful to compare unreserved, undesignated fund balance to total fund budgeted expenditures. Unreserved, undesignated fund balance represents 8.42% of total General Fund expenditures at June 30, 2006. The City Council adopted a Fund Balance Policy in March, 2004 establishing a goal of having a General Fund undesignated fund balance equal to 8.3% of the City's municipal and school budgets. Rating agencies look favorably upon the establishment of fund balance policies by communities, which signifies the recognition that a healthy fund balance is imperative to the good financial standing of the community.

During the current fiscal year the fund balance of the City of Auburn's general fund increased by \$2,284,902. Key factors in this growth are as follows:

- Motor vehicle excise taxes exceeded budgetary projections by \$240,720.
- Real and personal property taxes exceeded budgetary projections by \$537,245.
- Interest earnings on investments exceeded budgetary projections by \$235,503.
- State revenue sharing exceeded budgetary projections by \$149,515.
- There were no charges against the amount set aside in the budget for Contingency, causing a savings of \$600,000.

**Proprietary funds.** The City of Auburn's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the City's ice arena amounted to \$183,842. The total growth in net assets was \$25,514.

### **General Fund Budgetary Highlights**

There are no differences between the original budget and the final amended for the fiscal year ending June 30, 2006. There were no supplemental appropriations.

For the current fiscal year, the total revenue was above budgetary projections and the total expenditures were below budgetary projections.

**Capital Asset and Debt Administration**

**Capital assets.** The City of Auburn’s investment in capital assets for its governmental and business type activities as of June 30, 2006 amounts to \$96,043,056 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, machinery and equipment, vehicles and infrastructure. The total increase in the City of Auburn’s investment in capital assets for the current fiscal year was 17.6 percent.

Major capital asset events during the current fiscal year included the following:

- A variety of street and sidewalk maintenance and construction projects throughout the City were worked upon during the year, including work on State road projects. Additionally, major drainage work was also undertaken. Some of the roads where major repair efforts were undertaken were Orchard Street, Meadow Lane, Mechanics Row, Old Carriage Road, Pride Road, and Stevens Mill Road.
- A major expansion of the Auburn Public Library was completed, after a successful capital campaign effort by the Library’s Board of Trustees.
- The School Department completed construction of a new elementary school building to replace Lake Street School.
- Major equipment additions included two 4 x 4 trucks and a two dump trucks for the Public Works department, six new police cruisers, two school busses, roof and carpet replacement for some school buildings.

Additional information on the City of Auburn’s capital assets can be found in note III.D of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Auburn had total bonded debt outstanding of \$67,870,342. The City’s entire debt is backed by the full faith and credit of the City.

City of Auburn's Outstanding Debt General Obligation Bonds						
	Governmental activities		Business-type debt		Total	
	2006	2005	2006	2005	2006	2005
General obligation bonds	\$ 67,817,000	\$ 60,043,000	\$ 53,342	\$ 80,008	\$ 67,870,342	\$ 60,123,008

During the current fiscal year the City of Auburn's total bonded debt increased by \$4,774,000. The key factor in this increase was the issuance of \$12,281,000 in general obligation debt that includes \$7,281,000 for a new elementary school, \$4,000,000 for City and \$1,000,000 for School Capital Improvements, net of repayments of \$7,507,000.

The City of Auburn maintains an "A3" rating with a positive outlook from Moody's and an "A" rating from Standard & Poor's for its general obligation debt.

State statutes limit the amount of general obligation debt a municipality may issue to 15 percent of its total state assessed valuation. The current debt limitation for the City of Auburn is \$248,737,500, which is significantly in excess of the City of Auburn's outstanding general obligation debt. Additional information on the City of Auburn's long-term debt can be found in note III.I of this report.

### **Next Year's Goals, the Economic Climate, and the Budget and Tax Rates**

The City Council develops goals each year to guide the City's progress and decision-making throughout the year. These goals are summarized into the following categories:

- 1) Financial Responsibility and Stability  
Balance acceptable tax rates with expected levels of service while maintaining long-term financial stability
- 2) Infrastructure, development and transportation improvements  
Complete needed short-term infrastructure projects while developing plans for long term investment needed in transportation, infrastructure and quality of life issues.
- 3) Economic Development  
City investment and involvement that fosters a positive business climate that encourages economic activities of all sizes that will expand the tax base and enhance the City's quality of life
- 4) Planning and Policy Development  
Enhance environmental aesthetics and resources that promote passive and active recreational opportunities while protecting our valuable natural resources
- 5) Intergovernmental Cooperation  
Continue to seek cooperative ventures to achieve efficiencies and cost savings in service delivery to citizens.
- 6) Citizen Participation  
Enhance the public input process by using all communication means available to the City.



The City Council's goals and the current economic factors were considered in preparing the City's budget for the 2005-06 fiscal year, along with State legislation requiring a property tax increase limit. The Council's primary budgetary objectives were to provide quality City services to its citizens, minimize any increase in the property tax rate, examine the cost of individual services to determine applicable user and permit fees, and continue towards the City's fund balance goal. To accomplish these goals, City staff scrutinized their budgets for savings, adopted new user fees, and refined operation service delivery methods for efficiencies. These measures allowed the council to preserve vital city services while not increasing homeowner's property tax bill.

### **Economic Factors**

- The City of Auburn's property tax base continues to grow, paced by a healthy building and real estate market. During the current fiscal year, there were 453 new commercial and residential construction permits, totaling over \$38.8 million in value.
- The unemployment rate for the City of Auburn in June 2006 was 4.5%. This compares favorably to the Lewiston/Auburn MSA unemployment rate of 4.6%, the state's average unemployment rate of 4.6%, and the national average rate of 4.8%.

### **The Budget and Tax Rates**

The City Council's goals and these economic factors were considered in preparing the City's budget for the 2005-06 fiscal year, along with State legislation requiring a statewide property tax increase limit. The Council's primary budgetary objectives were to provide quality City services to its citizens, minimize any increase in the property tax rate, examine the cost of individual services to determine applicable user and permit fees, and continue to increase the fund balance.

The economic year ahead will be very active and includes:

- The construction of a new 144-acre industrial park.
- The expansion of downtown commercial office/retail space.
- The addition of 30 rooms to our downtown Hilton Garden Inn.
- The development of a new 140-acre private industrial park.
- The planning of a new turnpike interchange
- The development and construction of 130,000 square feet of new retail and restaurant space in our mall area.

The City continues to keep a watchful eye on the state budget situation, especially on possible changes to the State's distribution formula for general-purpose aid to education ("Essential Programs & Services" calculation, or EPS), as well as possible changes in the State municipal revenue sharing formula that would affect amounts Auburn receives from the statewide collection pool of income and sales taxes.

During the upcoming fiscal year (2007) the City's management will continue to monitor and evaluate local, state, and national economic conditions and make proactive decisions to place Auburn in the best position to move forward with its goals.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Auburn's financial condition for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director or City Manager, 60 Court Street, Auburn, Maine, 04210.

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# **BASIC FINANCIAL STATEMENTS**

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**CITY OF AUBURN, MAINE**  
**Statement of Net Assets**  
**June 30, 2006**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	1,285,463	82,178	\$ 1,367,641
Investments	19,940,188	-	19,940,188
Receivables:			
Accounts (net of allowance for uncollectibles)	632,585	51,690	684,275
Intergovernmental	4,924,697	-	4,924,697
Taxes receivable	1,554,890	-	1,554,890
Loans (net of allowance for uncollectibles)	5,890,312	-	5,890,312
Internal balances	(50,342)	50,342	-
Inventories	19,986	-	19,986
Other assets	50,000	-	50,000
Capital assets, not being depreciated	7,292,049	-	7,292,049
Capital assets, being depreciated, net	88,353,267	397,740	88,751,007
Total assets	129,893,095	581,950	130,475,045
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	2,552,617	368	2,552,985
Accrued payroll	1,809,174	-	1,809,174
Unearned revenues	2,636,705	-	2,636,705
Noncurrent liabilities			
Due within one year	9,703,159	26,666	9,729,825
Due in more than one year	64,257,646	26,676	64,284,322
Total liabilities	80,959,301	53,710	81,013,011
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	47,187,231	344,398	47,531,629
Restricted for:			
Permanent endowments:			
Nonexpendable	69,475	-	69,475
Expendable	169,201	-	169,201
Community Development Loan Program	3,855,710	-	3,855,710
Unrestricted	(2,347,823)	183,842	(2,163,980)
<b>Total net assets</b>	<b>\$ 48,933,794</b>	<b>528,240</b>	<b>49,462,035</b>

*See accompanying notes to financial statements.*

**CITY OF AUBURN, MAINE**  
**Statement of Activities**  
**For the Year Ended June 30, 2006**

Functions/programs	Net (expense) revenue and changes in net assets						
	Program Revenues			Primary Government			
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
Primary government:							
Governmental activities:							
General government	\$ 8,637,448	276,319	587,113	-	(7,774,016)	-	(7,774,016)
Public safety	6,387,319	-	96,580	-	(6,290,739)	-	(6,290,739)
Health, welfare and recreation	1,719,937	228,780	24,896	-	(1,466,261)	-	(1,466,261)
Public works	4,765,921	-	548,864	-	(4,217,057)	-	(4,217,057)
Other agencies	2,963,430	-	-	-	(2,963,430)	-	(2,963,430)
Education	37,738,620	863,396	24,564,590	-	(12,310,634)	-	(12,310,634)
Unclassified	900,891	-	-	-	(900,891)	-	(900,891)
Capital related	-	-	-	2,884,801	(2,884,801)	-	2,884,801
Interest on debt	2,468,115	-	-	-	(2,468,115)	-	(2,468,115)
Total governmental activities	65,581,682	1,368,496	25,822,043	2,884,801	(35,506,342)	-	(35,506,342)
Business-type activities:							
Ingersoll Ice Arena	162,790	185,113	-	-	-	22,323	22,323
Total business-type activities	162,790	185,113	-	-	-	22,323	22,323
<b>Total primary government</b>	<b>\$ 65,744,472</b>	<b>1,553,609</b>	<b>25,822,043</b>	<b>2,884,801</b>	<b>(35,506,342)</b>	<b>22,323</b>	<b>(35,484,018)</b>
General revenues, unrestricted:							
Property taxes, levied for general purposes					41,225,907	-	41,225,907
Motor vehicle excise taxes					3,340,720	-	3,340,720
Interest on delinquent taxes					112,785	-	112,785
Grants and contributions not restricted to specific programs:							
State Revenue Sharing					3,049,515	-	3,049,515
Unrestricted investment earnings					535,503	3,191	538,694
Miscellaneous revenues					2,707,831	-	2,707,831
Total general revenues and transfers					50,972,261	3,191	50,975,452
Change in net assets					15,465,919	25,514	15,491,434
Net assets - beginning					33,467,875	502,726	33,970,601
<b>Net assets - ending</b>					<b>\$ 48,933,794</b>	<b>528,240</b>	<b>49,462,035</b>

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE  
Balance Sheet  
Governmental Funds  
June 30, 2006

	General	Community			Capital Projects	Other Governmental Funds	Total Governmental Funds
		Development Programs	Tax Incremental Financing				
<b>ASSETS</b>							
Cash and cash equivalents	\$ 1,281,546	-	-	-	-	3,917	1,285,463
Investments	7,681,286	-	60,575	10,291,993	-	1,906,334	19,940,188
Receivables:							
Taxes	1,554,890	-	-	-	-	-	1,554,890
Accounts (net of allowance for uncollectibles)	592,506	-	-	-	-	30,887	623,393
Due from other funds	-	-	2,714,951	-	-	1,168,099	3,883,050
Intergovernmental	2,036,245	-	-	-	-	78,417	2,114,662
Grants	-	2,810,035	-	-	-	-	2,810,035
Loan (net of allowance for uncollectibles)	-	3,855,711	-	-	-	2,034,601	5,890,312
Inventory, at cost	-	-	-	-	-	19,986	19,986
Restricted asset - State of Maine	50,000	-	-	-	-	-	50,000
<b>Total assets</b>	<b>\$ 13,196,473</b>	<b>6,665,746</b>	<b>2,775,526</b>	<b>10,291,993</b>	<b>5,242,241</b>	<b>38,171,979</b>	
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	378,919	108,076	-	-	-	16,281	2,462,219
Accrued wages and benefits payable	1,809,174	-	1,494,169	464,774	-	-	1,809,174
Escrow funds payable	62,705	-	-	-	-	-	62,705
Taxes collected in advance	27,693	-	-	-	-	-	27,693
Due to other funds	3,019,606	65,255	-	107,624	-	731,715	3,924,200
Unearned grant revenue	-	2,636,705	-	-	-	-	2,636,705
Deferred revenues	960,000	-	-	-	-	-	960,000
<b>Total liabilities</b>	<b>6,258,097</b>	<b>2,810,036</b>	<b>1,494,169</b>	<b>572,398</b>	<b>747,996</b>	<b>11,882,696</b>	
Fund balances:							
Reserved for:							
Inventory	-	-	-	-	-	19,986	19,986
Loans	-	3,855,710	-	-	-	-	3,855,710
Long-term receivables	558,178	-	-	-	-	-	558,178
Nonexpendable trust principal	-	-	-	-	-	69,475	69,475
Unreserved, reported in:							
Designated:							
Subsequent years' expenditures	512,333	-	-	-	-	-	512,333
Self insurance	779,437	-	-	-	-	-	779,437
Undesignated:							
General fund - City	4,902,717	-	-	-	-	-	4,902,717
General fund - School	185,711	-	-	-	-	-	185,711
Special revenue funds	-	-	1,281,357	-	-	4,235,583	5,516,940
Capital projects funds	-	-	-	9,719,595	-	-	9,719,595
Permanent funds	-	-	-	-	-	169,201	169,201
<b>Total fund balances</b>	<b>6,938,376</b>	<b>3,855,710</b>	<b>1,281,357</b>	<b>9,719,595</b>	<b>4,494,245</b>	<b>26,289,284</b>	
<b>Total liabilities and fund balances</b>	<b>\$ 13,196,473</b>	<b>6,665,746</b>	<b>2,775,526</b>	<b>10,291,993</b>	<b>5,242,241</b>		

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

Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.	95,645,317
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	960,000
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
Bonds and notes payable	(68,987,200)
Accrued compensated absences	(1,817,781)
Accrued self insurance liability	(564,549)
Capital leases payable	(10,000)
City pension liability	(1,356,315)
Accrued landfill liability	(566,560)
Accrued interest on long-term debt	(658,400)
<b>Net assets of governmental activities</b>	<b>\$ 48,933,796</b>



**CITY OF AUBURN, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balance:**  
**Governmental Funds**  
**For the year ended June 30, 2006**

	General	Community Development Programs	Tax Incremental Financing	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Taxes	\$ 44,494,827	-	-	-	-	44,494,827
Intergovernmenta	24,553,217	587,113	-	3,216,985	3,846,724	32,204,039
Licenses and permits	336,466	-	-	-	-	336,466
Charges for services	898,786	-	-	-	755,379	1,654,166
Other	1,494,917	-	2,353	573,165	103,083	2,173,518
<b>Total revenues</b>	<b>71,778,213</b>	<b>587,113</b>	<b>2,353</b>	<b>3,790,150</b>	<b>4,705,187</b>	<b>80,863,016</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	6,286,992	562,271	1,604,792	-	264,192	8,718,247
Public safety	6,459,529	-	-	-	-	6,459,529
Health, welfare and recreation	1,502,137	-	-	-	256,999	1,759,136
Public works	4,240,085	-	-	-	-	4,240,085
Other agencies	2,963,430	-	-	-	-	2,963,430
Education	34,663,945	-	-	-	4,300,137	38,964,083
Unclassified	670,309	-	-	-	139	670,448
Self insurance	230,443	-	-	-	-	230,443
Capital outlay	-	-	-	14,519,496	-	14,519,496
Debt service	9,082,074	-	656,969	-	182,447	9,921,490
<b>Total expenditures</b>	<b>66,098,944</b>	<b>562,271</b>	<b>2,261,761</b>	<b>14,519,496</b>	<b>5,003,914</b>	<b>88,446,386</b>
<b>Excess (deficiency) of revenues over (under) expenditure</b>	<b>5,679,269</b>	<b>24,842</b>	<b>(2,259,408)</b>	<b>(10,729,346)</b>	<b>(298,728)</b>	<b>(7,583,370)</b>
<b>Other financing sources (uses)</b>						
Proceeds from bond issuance	-	-	-	12,281,000	-	12,281,000
Proceeds from issuance of notes	-	-	-	1,010,307	-	1,010,307
Transfers to other funds	(3,454,367)	-	(60,000)	-	-	(3,514,367)
Transfers from other funds	60,000	-	3,454,367	-	-	3,514,367
<b>Total other financing sources (uses)</b>	<b>(3,394,367)</b>	<b>-</b>	<b>3,394,367</b>	<b>13,291,307</b>	<b>-</b>	<b>13,291,307</b>
<b>Net change in fund balance:</b>	<b>2,284,902</b>	<b>24,842</b>	<b>1,134,959</b>	<b>2,561,961</b>	<b>(298,728)</b>	<b>5,707,937</b>
Fund balances, beginning of year	4,653,474	3,830,868	146,398	7,157,634	4,792,973	20,581,347
<b>Fund balances, end of year</b>	<b>\$ 6,938,376</b>	<b>3,855,710</b>	<b>1,281,357</b>	<b>9,719,595</b>	<b>4,494,245</b>	<b>26,289,284</b>

See accompanying notes to financial statements.

**CITY OF AUBURN, 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, 2006**

Net change in fund balances - total governmental funds (from Statement 4)	\$	5,707,937
<p>Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.</p>		
Capital outlays recorded as expenditures in governmental funds		17,330,803
Depreciation and losses on dispositions not reported in governmental funds		(2,939,711)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		184,586
<p>The issuance of long-term debt (eg., bonds, notes and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This is the amount by which proceeds exceeded repayments:</p>		
Bond and note proceeds recorded as other financing sources in governmental funds		(13,291,307)
Principal payments on debt recorded as expenditures in governmental funds		7,552,774
<p>Some expenses reported in the Statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, alternatively, some expenditures using current financial resources are not expenses in the Statement of activities:</p>		
Compensated absences		626,303
Self-insurance expenses		212,686
Capital leases		20,000
City pension		125,018
Landfill closure		36,230
Accrued interest on long-term debt		(99,400)
<b>Change in net assets of governmental activities (see Statement 2)</b>		<b>\$ 15,465,919</b>

*See accompanying notes to financial statements.*

**CITY OF AUBURN, MAINE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balances -- Budget and Actual**  
**For the year ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Real and personal property	\$ 40,504,077	\$ 40,504,077	\$ 41,041,322	\$ 537,245
Excise	3,100,000	3,100,000	3,340,720	240,720
Interest on delinquent taxes	90,000	90,000	112,785	22,785
Total Taxes	43,694,077	43,694,077	44,494,827	800,750
Intergovernmental:				
State Revenue Sharing	2,900,000	2,900,000	3,049,515	149,515
School subsidy	14,471,377	14,471,377	14,418,863	(52,514)
Other:				
School department	852,211	852,211	848,868	(3,343)
Tax sharing	175,000	175,000	174,465	(535)
Debt service reimbursement - 911	70,000	70,000	66,641	(3,359)
Municipal	397,250	397,250	548,864	151,614
Total Intergovernmental	18,865,838	18,865,838	19,107,217	241,379
Other revenue:				
Licenses and permits	336,200	336,200	336,466	266
Charges for services:				
Municipal	366,920	366,920	276,319	(90,601)
School	542,224	542,224	554,419	12,195
Fines, forfeits and penalties	51,000	51,000	68,048	17,048
Interest:				
Municipal	300,000	300,000	535,503	235,503
Miscellaneous	570,980	570,980	906,257	335,277
Total Other	2,167,324	2,167,324	2,677,013	509,689
Total Revenues	64,727,239	64,727,239	66,279,056	1,551,817

**CITY OF AUBURN, MAINE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balances -- Budget and Actual**  
**For the year ended June 30, 2006**

	Budgeted Amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Expenditures:				
General Government:				
Mayor and Council	\$ 98,610	\$ 98,610	\$ 108,486	\$ (9,876)
Legal Services	65,000	65,000	76,930	(11,930)
City Manager	220,946	220,946	209,066	11,880
City Clerk	119,582	119,582	116,297	3,285
Finance	336,794	336,794	335,882	912
Information Systems	186,507	186,507	187,498	(991)
Assessing	243,207	243,207	255,290	(12,083)
Planning and Permitting	698,254	698,254	715,017	(16,763)
Personnel	101,212	101,212	103,511	(2,299)
Customer Service	16,000	16,000	10,261	5,739
Property	520,694	520,694	507,768	12,926
Pensions and Insurance	3,935,023	3,935,023	3,486,868	448,155
Worker's Compensation	150,000	150,000	150,000	-
Total General Government	6,691,829	6,691,829	6,262,874	428,955
Public Safety:				
Emergency Management Agency	6,500	6,500	6,508	(8)
Fire	3,132,528	3,132,528	3,295,622	(163,094)
Police	2,585,792	2,585,792	2,693,209	(107,417)
Water and Sewer	457,500	457,500	464,190	(6,690)
Total Public Safety	6,182,320	6,182,320	6,459,529	(277,209)
Health, Social Services, Culture and Recreation:				
Health and Social Services	75,779	75,779	85,542	(9,763)
Community and Social Service Agencies	23,050	23,050	23,121	(71)
Library	837,957	837,957	838,072	(115)
Parks and Recreation	552,328	552,328	555,402	(3,074)
Total Health, Culture and Recreation	1,489,114	1,489,114	1,502,137	(13,023)
Public Works	4,322,005	4,322,005	4,278,042	43,963
Other Agencies:				
County Tax	1,745,129	1,745,129	1,745,129	-
Auburn-Lewiston Airport	136,269	136,269	136,018	251
Lewiston-Auburn Econ. Growth Council	90,000	90,000	90,000	-
Lewiston-Auburn Transit Committee	117,994	117,994	117,994	-
Lewiston-Auburn E911 Center	874,118	874,118	853,289	20,829
LA Arts	21,000	21,000	21,000	-
Total Other Agencies	2,984,510	2,984,510	2,963,430	21,080

**CITY OF AUBURN, MAINE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balances -- Budget and Actual**  
**For the year ended June 30, 2006**

	Budgeted Amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Expenditures, continued:				
Education	31,401,781	31,401,781	30,936,164	\$ 465,617
Other Appropriations:				
Tax Sharing	345,000	345,000	301,049	43,951
Debt Service	7,411,313	7,411,313	7,363,855	47,458
Abatements	-	-	369,260	(369,260)
Contingency	600,000	600,000	-	600,000
Total Other Appropriations	8,356,313	8,356,313	8,034,164	322,149
Total Expenditures	61,427,872	61,427,872	60,436,340	991,532
Excess of Revenues over Expenditures	3,299,367	3,299,367	5,842,716	2,543,349
Other Financing Sources (Uses):				
Transfers to other funds	(3,454,367)	(3,454,367)	(3,454,367)	-
Transfers from other funds	155,000	155,000	60,000	(95,000)
Total Other Financing Sources (Uses)	(3,299,367)	(3,299,367)	(3,394,367)	(95,000)
Net change in fund balance - budgetary basis	-	-	2,448,349	2,448,349
To adjust to Modified Accrual basis:				
To add expenditures for prior year encumbered amounts			(57,606)	
To remove effect of encumbered expenditures at current year end			71,445	
To reflect actual workers compensation expenses			(177,286)	
Net change in fund balance - GAAP basis			2,284,902	
Fund balance, July 1			4,653,474	
<b>Fund balance, June 30</b>			<b>6,938,376</b>	

*See accompanying notes to financial statements.*

**CITY OF AUBURN, MAINE**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2006**

<b>Business-type Activities - Enterprise Funds</b>		<b>Ingersoll Ice Arena</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$	82,178
Due from other funds		50,342
Accounts Receivable (net of allowance for uncollectible)		51,690
Total current assets		184,210
Noncurrent assets:		
Capital assets:		
Buildings		672,278
Equipment		184,085
Land Improvements		18,584
Less accumulated depreciation		(477,207)
Total noncurrent assets		397,740
Total assets		581,950
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable		368
General obligation bonds - current		26,666
Total current liabilities		27,034
Long-term liabilities:		
General obligation bonds payable		26,676
Total long-term liabilities		26,676
Total liabilities		53,710
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt		344,398
Unrestricted		183,842
Total net assets	\$	<b>528,240</b>

*See accompanying notes to financial statements.*

**CITY OF AUBURN, MAINE**  
**Combining Statement of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Funds**  
**For the year ended June 30, 2006**  
**Business-type Activities - Enterprise Funds**

	<b>Ingersoll Ice Arena</b>
Operating revenues:	
Charges for services	\$ 185,113
<hr/>	
Operating expenses:	
Personnel	34,415
Supplies	5,068
Utilities	71,678
Repairs and maintenance	5,580
Other expenses	13,606
Depreciation and amortization	28,009
Total operating expenses	158,356
Operating income	26,757
Nonoperating revenue (expenses):	
Interest income	3,191
Interest expense	(4,434)
Total nonoperating revenue (expenses)	(1,243)
Change in net assets	25,514
Total net assets, July 1	502,726
<b>Total net assets, June 30</b>	<b>\$ 528,240</b>

*See accompanying notes to financial statements.*

**CITY OF AUBURN, MAINE**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**Business-type Activities - Enterprise Funds**  
**For the fiscal year ended June 30, 2006**

	<b>Ingersoll Ice Arena</b>
Cash flows from operating activities:	
Cash received from customers	\$ 193,418
Cash paid to suppliers for goods and services	(96,351)
Cash paid to employees for services	(34,415)
Net cash provided by (used in) operating activities	62,652
Cash flows from noncapital financing activities:	
Interfund loans (repayments)	(31,552)
Net cash provided by (used in) noncapital financing activities	(31,552)
Cash flows from capital and related financing activities:	
Principal paid on general and limited revenue obligation bonds	(26,666)
Interest paid on general and limited revenue obligation bonds	(4,434)
Net cash provided by (used in) capital and related financing activities	(31,100)
Cash flows from investing activities:	
Interest on investments	3,191
Net cash provided by (used in) investing activities	3,191
Net increase in cash and cash equivalents	3,191
Cash and cash equivalents, July 1	78,987
<b>Cash and cash equivalents, June 30</b>	<b>\$ 82,178</b>
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income	26,757
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Depreciation and amortization	28,009
Changes in assets and liabilities:	
Accounts receivable	8,305
Accounts payable	(419)
Total adjustments	35,895
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 62,652</b>



**CITY OF AUBURN, MAINE**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2006**

		<b>Agency Fund</b>	<b>Private Purpose Trust Funds</b>
<b>ASSETS</b>			
Cash	\$	331,083	-
Investments		-	195,593
Total Assets		331,083	195,593
<b>LIABILITIES</b>			
Liabilities:			
		-	9,192
		331,083	-
Total Liabilities		331,083	9,192
<b>NET ASSETS</b>			
Held in trust	\$	-	186,401

*See accompanying notes to financial statements.*

**CITY OF AUBURN, MAINE**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the fiscal year ended June 30, 2006**

		<b>Private Purpose Trust Funds</b>
Additions:		
	\$	7,725
Total Additions		7,725
Deductions:		
		9,200
Total Deductions		9,200
Change in Net Assets		(1,475)
Net Assets - Beginning		187,876
<b>Net Assets - Ending</b>	<b>\$</b>	<b>186,401</b>

*See accompanying notes to financial statements.*

**CITY OF AUBURN, MAINE**  
**Notes to the Financial Statements**  
**June 30, 2006**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Auburn, Maine was incorporated in 1869 under the laws of the State of Maine. The City operates under a Mayor-Council and City Manager form of government and provides the following services: general governmental services, public safety, public works (highways, streets and sidewalks), health and social services, sanitation, culture and recreation, planning and permitting, education and public improvements. The Council is made up of seven members elected by registered voters.

The criteria used to determine which accounting entities, agencies, commissions, boards and authorities are part of the City's operations include how the budget is adopted, whether debt is secured by general obligation of the City, the City's duty to cover any deficits that may occur, and supervision over the accounting functions. There are no agencies, organizations or activities meeting any of the above criteria that are excluded from the City reporting entity.

The accounting policies of the City of Auburn conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant of such policies.

**B. Government – wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are

**CITY OF AUBURN, MAINE**  
**Notes to the Financial Statements, Continued**  
**June 30, 2006**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, investment earnings and charges for services are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The City reports the following major governmental funds:

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

The *Community Development Block Grant Special Revenue Fund* accounts for the federal grants obtained and expended under the Housing and Community Development Act of 1974, as amended, for the development of viable urban communities.

The *Tax Increment Financing Special Revenue Fund* accounts for the capturing of new tax revenue and expenditures the City is allowed to allocate to pay for public purpose economic development projects and job creation.

The *Capital Projects Fund* accounts for the financial resources and expenditures related to the City's annual capital improvement program, which includes improvements to school department buildings and other municipal facilities, general street rehabilitation and the purchase of major capital items.

**CITY OF AUBURN, MAINE**  
**Notes to the Financial Statements, Continued**  
**June 30, 2006**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

Additionally, the City reports the following fund types:

*Private Purpose Trust Funds* - funds used to report the activity for bequests left for charitable payments of scholarship awards. These assets are held by the City in a trustee capacity, whereby the original bequest is preserved as nonexpendable and the accumulated interest earnings are available to provide for educational awards.

*Agency Funds* account for assets held by the City as an agent for individuals, private organizations, other governments and/or funds. The City of Auburn serves as an agent for the various school activity accounts and the Social Security pass-through client program.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary fund are charges to users; operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Assets, Liabilities and Equity**

**1. Deposits and Investments**

The City'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. City policy is that deposits can only be made in financial institutions insured by the FDIC. The City's investment policy authorizes investments in obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, certain corporate bonds, certain certificates of deposit and certain money market funds. The City invests its funds in an effort to ensure preservation of capital, remain sufficiently liquid and attain a reasonable market rate of return, while remaining within the guidelines as provided by the City's Investment Policy.

Investments are reported at fair value.

**CITY OF AUBURN, MAINE**  
**Notes to the Financial Statements, Continued**  
**June 30, 2006**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**2. Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "interfund receivables/payables". All other outstanding balances between funds are reported as "due to/from other funds".

Receivables are shown net of allowances for uncollectibles as necessary.

Property taxes for the current period were committed on August 1, 2005, on the assessed value of all taxable real and personal property located in the City as of April 1, 2005. The taxes for real estate were due in two installments, 50% due on September 15, 2005, and 50% due on March 15, 2006, while personal property taxes were due in total on August 29, 2005. Interest at the rate of 7.75% per annum was charged on any amounts remaining unpaid after these respective due dates.

Under State law, tax liens are placed on real property if the taxes become delinquent. The lien process may commence after the expiration of eight months and within one year after the date of the tax commitment. The City has the authority to foreclose on real property if the tax lien and associated costs of filing the lien remain unpaid eighteen months after the date of filing.

Property taxes levied during the year were recorded as receivables at the time the levy was made. The receivables collected during the year and during the first sixty days following the end of the fiscal year have been recorded as revenues. The remaining receivables have been recorded as deferred revenues.

**3. Inventories and Prepaid Items**

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. Inventories (consisting of food and supplies) include the value of government surplus items donated to the School Lunch Program. The costs of all other governmental fund type inventories are recorded as expenditures when purchased rather than when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**4. Restricted Assets**

Certain assets of the *General Fund* are classified as restricted assets because their use is completely restricted by the State of Maine.

**5. Capital Assets**

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

**CITY OF AUBURN, MAINE**  
**Notes to the Financial Statements, Continued**  
**June 30, 2006**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. All depreciable capital assets are depreciated using the straight-line method over the estimated useful lives ranging from 3 - 50 years.

**6. *Compensated Absences***

Under terms of union contracts and personnel administration policies, employees are granted vacation and sick leave in varying amounts and are, in some cases, entitled to payment for unused vacation and sick leave upon termination or retirement. All vacation pay is and vested sick leave is accrued as a liability in the government-wide financial statements.

**7. *Long-term Obligations***

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs if material to basic financial statements, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**8. *Fund Equity***

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

Encumbered amounts are also reflected as a reserve for encumbrances in the fund financial statements.

**CITY OF AUBURN, MAINE**  
**Notes to the Financial Statements, Continued**  
**June 30, 2006**

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**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

Budgets are adopted for the General Fund only and are adopted on a basis consistent with generally accepted accounting principles (GAAP) except as noted on Statement 6. All unexpended annual appropriations, other than encumbrances, lapse at the close of the fiscal year.

Each year, all departments of the City submit requests for appropriations to the City's manager so that a budget may be prepared. On or before April 30, the proposed budget is presented to the City Council for review. The council holds public hearings and a final budget must be prepared and adopted no later than June 30.

The appropriated budget is prepared by department. The department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Manager. The legal level of budgetary control (level at which expenditures may not legally exceed appropriations without seeking approval of the City Council) is the total appropriation resolve level. Supplemental budgetary appropriations must be approved by the City Council. There were no supplemental budgetary appropriations during fiscal year 2006.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

**B. Excess of Expenditures over Appropriations**

For the year ended June 30, 2006, expenditures exceeded appropriation in the following general fund categories: Mayor and Council, \$9,876; Legal Services, \$11,930; Information Systems, \$991; Assessing, \$12,083; Planning and Permitting, \$16,763; Personnel, \$2,299; Police \$107,417; Fire, \$163,094; Other Agencies, \$19,721; Abatements, \$369,260. In total the City's expenditures were \$991,532 less than total appropriations.

**C. Deficit Fund Equity**

None

**D. Budget Basis of Accounting vs. GAAP Basis of Accounting**

The City's budget is reported on a modified accrual basis except that in the current year, certain amounts were carried forward from prior budget years and shown as expenditures in the current year on a GAAP basis, approximately (\$57,606).

Additionally, certain on-behalf payments made by the State of Maine to the Maine State Retirement System for teachers and certain other School employees are not budgeted. Such on-behalf payments amounted to \$5,446,000 in 2006.

Unreserved undesignated fund balance for the School Department as of June 30, 2006, on a budgetary basis of accounting is \$344,025.



**CITY OF AUBURN, MAINE**  
**Notes to the Financial Statements, Continued**  
**June 30, 2006**

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**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

**Deposits**

*Custodial Credit Risk:* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2006, the City reported deposits of \$21,287,094 with bank balances of \$22,966,940. The City does not have a deposit policy for custodial credit risk, however none of the City's total bank balance was exposed to custodial credit risk.

**Investments**

Maine statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and certain corporate stocks and bonds. The City has an Investment Policy, adopted by the City Council in 1995, which further defines the investments in which the City's available funds are permitted to be invested. At June 30, 2006, the City's only investments were in a 2a7-like investment pool. The total amount invested (fair value) was \$547,411. This pool is not rated with respect to credit risk.

Deposits and investments have been reported as either cash and cash equivalents or as investments as follows in the financial statements:

Reported in governmental funds	\$21,225,651
Reported in proprietary funds	82,178
Reported in fiduciary funds	526,676
<u>Total reported</u>	<u>\$21,834,505</u>
Disclosed as deposits (above)	\$21,287,094
Disclosed as investments (above)	547,411
<u>Total reported</u>	<u>\$21,834,505</u>

**CITY OF AUBURN, MAINE**  
**Notes to the Financial Statements, Continued**  
**June 30, 2006**

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**III. DETAILED NOTES ON ALL FUNDS, Continued**

**B. Receivables**

Receivables as of year end, for the City's individual major funds, nonmajor and business-type enterprise funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Community Dev. Programs</u>	<u>Ingersoll Arena</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 1,554,890				\$ 1,554,890
Accounts	612,506		\$51,690	\$109,304	773,500
Loans		\$4,705,711			4,705,711
Grants		2,810,035			2,810,035
Intergovernmental	2,036,245				2,036,245
Gross Receivables	<u>4,203,641</u>	<u>7,515,746</u>	<u>51,690</u>	<u>109,304</u>	<u>11,880,381</u>
Less: allowance for Uncollectibles	<u>(20,000)</u>	<u>(850,000)</u>			<u>(870,000)</u>
Net total receivables	<u>\$4,183,641</u>	<u>\$6,665,746</u>	<u>\$51,690</u>	<u>\$109,304</u>	<u>\$11,010,381</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (general fund)	\$ 960,000	
Grant Receivable (Community Development Programs)		\$2,636,705

**C. Property Taxes**

The City's property tax is levied on the assessed value listed as of the prior April 1 for all real and taxable personal property located in the City. Assessed values are periodically established by the Assessor at 100% of the assumed market value. Property taxes were levied August 1, 2005 on the assessed values of real property as of April 1, 2005. Taxes were due September 15, 2005 and March 15, 2006. This assessed value of \$1,319,998,400 was 79.6% of the 2006 state valuation of \$1,658,250,000. During fiscal year 2006, the City completed a citywide property revaluation to be used for the 2006-2007 property tax levy.

The City is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$421,346 for the year ended June 30, 2006.

**CITY OF AUBURN, MAINE**  
**Notes to the Financial Statements, Continued**  
**June 30, 2006**

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**III. DETAILED NOTES ON ALL FUNDS, Continued**

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

Property taxes levied during the year ended were recorded as receivables at the time the levy was made. The receivables collected during the year ended and in the first sixty days following the end of the fiscal year have been recorded as revenues. The remaining receivables have been recorded as deferred revenues.

The following summarizes the periods ended June 30, 2006 and 2005 levies:

	<u>2006</u>	<u>2005</u>
Valuation:		
Land	\$ 356,645,100	355,991,100
Buildings	646,917,700	676,652,600
Personal property	316,435,600	235,563,400
	<hr/>	<hr/>
<b>Total assessed valuation</b>	<b>1,319,998,400</b>	<b>1,268,207,100</b>
	<hr/>	<hr/>
Assessed value	1,319,998,400	1,268,207,100
Tax rate (per \$1,000)	30.48	29.38
	<hr/>	<hr/>
Commitment	40,233,551	37,259,925
Supplemental taxes assessed	255,416	118,710
	<hr/>	<hr/>
	40,488,967	37,378,635
Less:		
Collections and abatements	39,980,492	36,603,811
	<hr/>	<hr/>
<b>Receivable at June 30</b>	<b>\$ 508,475</b>	<b>774,824</b>
	<hr/>	<hr/>
Due date(s)	9/15/05	9/13/04
	3/15/06	3/15/05
	<hr/>	<hr/>
Interest rate charged on delinquent taxes	7.75%	6.5%
Collection rate	98.7%	97.9%

**CITY OF AUBURN, MAINE**  
**Notes to the Financial Statements, Continued**  
**June 30, 2006**

**III. DETAILED NOTES ON ALL FUNDS, Continued**

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2006 was as follows:

	Balance June 30, <u>2005</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2006</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated land:	\$5,765,984	641,334	-	\$6,407,318
Construction – In - Progress	3,661,104	884,731	3,661,104	884,731
Capital assets, being depreciated:				
Improvements other than buildings	6,407,158	218,120	-	6,625,278
Buildings	44,567,221	17,130,491	-	61,697,712
Equipment	3,309,636	307,470	-	3,617,106
Vehicles	6,904,568	670,181	307,534	7,267,215
Infrastructure	51,477,776	1,139,581	-	52,617,357
Total capital assets being depreciated	112,666,359	19,465,843	307,534	131,824,668
Less accumulated depreciation for:				
Improvements other than buildings	1,675,023	105,021	-	1,780,044
Buildings	18,762,686	1,069,249	-	19,831,935
Equipment	2,292,944	203,490	-	2,496,434
Vehicles	4,177,023	443,106	261,931	4,358,198
Infrastructure	13,931,548	1,073,241	-	15,004,789
Total accumulated depreciation	40,839,224	2,894,108	261,931	43,471,401
Total capital assets being depreciated, net	71,827,135	16,571,735	45,603	88,353,267
<b>Governmental activities capital assets, net</b>	<b>\$ 81,254,223</b>	<b>18,097,800</b>	<b>3,706,707</b>	<b>95,645,316</b>

	Balance June 30, <u>2005</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2006</u>
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Improvements other than buildings	\$ 18,584	-	-	18,584
Buildings	672,278	-	-	672,278
Equipment	184,085	-	-	184,085
Total capital assets being depreciated	874,947	-	-	874,947
Less accumulated depreciation for:				
Improvements other than buildings	18,584	-	-	18,584
Buildings	252,129	22,409	-	274,539
Equipment	178,485	5,600	-	184,085
Total accumulated depreciation	449,198	28,009	-	477,207
Total capital assets being depreciated, net	425,749	(28,009)	-	397,740
<b>Business-type activities capital assets, net</b>	<b>\$ 425,749</b>	<b>(28,009)</b>	<b>-</b>	<b>397,740</b>

### III. DETAILED NOTES ON ALL FUNDS, Continued

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

Governmental activities:

General government	\$ 489,863
Public safety	219,501
Public works, including depreciation of general infrastructure assets	1,402,772
Health, welfare and recreation	59,642
Education	722,330

**Total depreciation expense – governmental activities** **\$ 2,894,108**

Business-type activities:

Ingersoll Ice Arena	\$ 28,009
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**Total depreciation expense – business activities** **\$ 28,009**

### E. Tax Increment Financing Districts

The City currently has thirteen approved tax increment financing (TIF) districts, eight of which were active during the year ended June 30, 2006. Two of the thirteen approved districts never became active. The objective of these TIF districts is to stimulate new investment in the community by financing, through various tax increment financing projects, various public improvements. Taxes derived from increased assessed valuation within the districts can be "captured" for approved uses. The City of Auburn accounts for all activity of the TIF districts, including captured taxes and expenditures for approved purposes, in a Special Revenue Fund. The following is a brief description of each:

*TAMBRANDS* - This TIF was established in 1998 and encompasses 1.3 acres, all the value of which is represented by personal property. The original value was \$1,702,000. 100% of the tax revenue associated with increased value within the TIF is captured, 35% of which is used to fulfill the obligations under a credit enhancement agreement. During 2006 \$121,525 was captured and \$155,871 was expended including a balance of \$34,346 from 2005.

**CITY OF AUBURN, MAINE**  
**Notes to the Financial Statements, Continued**  
**June 30, 2006**

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**III. DETAILED NOTES ON ALL FUNDS, Continued**

*American Falcon* - This TIF was established in 1998 and encompasses 5.9 acres. The original value was \$164,500. 100% of the tax revenue associated with increased value within the TIF is captured, 50% of which is used to fulfill the obligations under a credit enhancement agreement, with the balance restricted for public improvements. During 2006, \$24,452 was captured and \$12,889 was expended.

*TAMBRANDS II* - This TIF was established in 1999 and encompasses 58 acres. The original value was \$752,700. 100% of the tax revenue associated with increased value within the TIF is captured, 40% of which is used to fulfill the obligations under a credit enhancement agreement. During 2006, \$2,982,981 was captured and \$1,918,674 was expended.

*J & A Properties* - This TIF was established in 2001 and encompasses 7.45 acres. The original value was \$209,000. 100% of the tax revenue associated with increased value within the TIF is captured, 40% of which is used to fulfill the obligations under a credit enhancement agreement. During 2006, \$29,561 was captured and \$27,013 was expended.

*Gates Form Fiber* - This TIF was established in 2001 and encompasses 54 acres. The original value was \$366,000. 100% of the tax revenue associated with increased value within the TIF is captured, 40% of which is used to fulfill the obligations under a credit enhancement agreement. During 2006, \$68,801 was captured and expended.

*Mall Area* - This TIF was established in 2002 and encompasses 105 acres. The original value was \$497,500. 40% of the tax revenue associated with increased value within the TIF is captured. During 2006 no taxes were captured and expended.

*The Downtown Area* - This TIF was established in 2002, and encompasses 211 acres. The original value was \$80,676,600. 100% of the tax revenue associated with increased value within the TIF is captured. During 2006, \$205,993 was captured and \$116,407 was expended.

*Safe Handling* - This TIF was established in 2003, and encompasses 43.26 acres. The original value was \$2,538,400. 100% of the tax revenue associated with increased value within the TIF is captured, 40% of which is used to fulfill the obligations under a credit enhancement agreement. During 2006, \$22,107 was captured and expended.

**CITY OF AUBURN, MAINE**  
**Notes to the Financial Statements, Continued**  
**June 30, 2006**

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**III. DETAILED NOTES ON ALL FUNDS, Continued**

**F. Interfund Receivables and Payables and Transfers**

The composition of interfund balances as of June 30, 2006, is as follows:

Due to/from other funds:	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	Transfers <u>In</u>	Transfers <u>Out</u>
General Fund		\$3,019,606	\$60,000	\$3,454,367
Community Development Block Grant		65,255		
Capital Projects		107,624		
Tax Increment Financing	2,714,951		3,454,367	60,000
Other Governmental Funds	1,168,099	731,715		
Enterprise Fund:				
Ingersoll Ice Arena	50,342			
Fiduciary Funds		9,192		
	<u>\$3,933,392</u>	<u>\$3,933,392</u>	<u>\$3,514,367</u>	<u>\$3,514,367</u>

Interfund receivables and payables represent outstanding balances between funds that result from timing differences between when transactions are recorded in the accounting system, and when payments between funds are settled.

Transfers are used to move revenues from the general fund to finance various other fund's programs or activities in accordance with budgetary authorizations.

**CITY OF AUBURN, MAINE**  
**Notes to the Financial Statements, Continued**  
**June 30, 2006**

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**III. DETAILED NOTES ON ALL FUNDS, Continued**

**G. Leases**

*Capital Leases.* The City leases building and classroom space under capital leases. The total net book value of the building leased is \$140,000. Lease expenditures for the year ended June 30, 2006, amounted to \$20,000. The following is a schedule by years of future minimum lease payments required under capital leases that have initial or remaining lease terms in excess of one year as of June 30, 2006:

	Year Ending <u>June 30,</u> 2007	<u>Amounts</u>
Total		\$10,000
Less amount representing interest		<u>10,000</u>
Net present value of capital lease obligations		<u>\$10,000</u>

**H. Construction Contracts and Other Commitments**

The following are a list of the City's open contracts as of June 30, 2006:

	<u>Funding Source</u>	<u>Total Contracts</u>	<u>Balance as of as of June 30, 2006</u>
Storm Drain and Street Reconstruction	Capital Projects Fund	\$1,362,991	\$ 827,131
Great Falls Performing Arts Center	Capital Projects Fund	32,225	3,917
Little Andy Park Improvements	Capital Projects Fund	202,154	15,702
Bonney/Moulton Park Improvements	Capital Projects Fund	95,597	61,486

The City has entered into a purchase option agreement through March of 2007 for the purchase of property. The agreement calls for non-refundable payments of \$4,000 per month. Through June 30, 2006 the City has paid \$12,000.

**I. Long-term Debt**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. On October 18, 2005, general obligation bonds totaling \$12,281,000 were issued for the annual capital improvement program for the city and school department totaling \$5,000,000, and \$7,281,000 for the new elementary school building project.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 10-year serial bonds with equal amounts of principal maturing each year. Additionally, the City has overlapping bonded debt through Androscoggin County in the amount of \$355,602 at June 30, 2006. General obligation bonds and notes payable currently outstanding are as follows:



**CITY OF AUBURN, MAINE**  
**Notes to the Financial Statements, Continued**  
**June 30, 2006**

**III. DETAILED NOTES ON ALL FUNDS, Continued**

	<u>Date of Issue</u>	<u>Original amount Issued</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance June 30, 2006</u>
Bonds:					
Proprietary/Ingersoll Arena	04/28/92	400,000	11/01/07	6.2%-6.65%	53,342
General Obligation Bonds	10/31/96	3,600,000	11/01/06	4.938%-5.088%	360,000
School Construction Bonds	10/31/96	8,400,000	11/01/16	5.183%-5.733%	4,620,000
General Obligation Bonds	05/01/98	3,600,000	11/01/08	4.53%-4.83%	1,080,000
General Obligation Bonds	10/31/98	4,000,000	11/01/08	3.784%-4.034%	1,200,000
General Obligation Bonds	10/31/99	4,000,000	11/01/09	4.038%-5.038%	1,600,000
General Obligation Bonds	10/31/00	4,400,000	11/01/10	4.676%-5.301%	2,200,000
General Obligation Bonds	10/31/01	5,500,000	11/01/11	3.073%-4.198%	3,300,000
General Obligation Bonds	04/30/02	6,000,000	11/01/22	3.05%-5.25%	5,100,000
General Obligation Bonds	10/31/02	4,900,000	11/01/12	2.031%-3.531%	3,430,000
General Obligation Bonds	10/31/02	8,200,000	11/01/22	2.031%-5.031%	6,970,000
General Obligation Bonds	10/30/03	2,770,000	11/01/13	2.007%-3.607%	2,216,000
General Obligation Bonds	09/01/03	3,115,000	08/01/27	5.125%-6.875%	3,190,000
MMWAC Bonding	08/17/04	11,950,000	05/01/15	4.0%	9,735,000
General Obligation Bonds	10/30/04	8,180,000	11/01/13	4.0%-4.25%	7,535,000
General Obligation Bonds	10/18/05	15,281,000	9/01/25	4.0%-4.50%	<u>15,281,000</u>
					67,870,342

Notes:

School Revolving Loan	01/05/02	297,402	03/01/11	0.00%	148,628
School Revolving Loan	08/11/05	1,010,307	08/11/15	0.00%	1,010,307
Auburn Sewerage Project	10/01/87	150,203	10/01/07	7.25%	<u>11,365</u>
					<u>1,170,200</u>
					<u>\$69,040,542</u>

	<u>Bonds Payable</u>	<u>Notes Payable</u>	<u>Total</u>
At June 30, 2006, total long-term debt was comprised of: General long-term debt	\$67,817,000	\$1,170,200	\$68,987,200
Proprietary debt	53,342	-	53,342
Total	<u>\$67,870,342</u>	<u>\$1,170,200</u>	<u>\$69,040,542</u>

Annual debt service requirements to maturity for general obligation bonds and notes payable are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$8,326,283	\$2,124,160	\$26,666	\$2,681
2008	7,706,523	1,851,502	26,676	887
2009	7,497,771	1,591,040		
2010	6,522,771	1,351,217		
2011	5,912,771	1,142,153		
2012-2016	19,211,081	3,474,952		
2017-2021	8,130,000	1,503,534		
2022-2026	5,340,000	369,957		
<u>2027-2028</u>	<u>340,000</u>	<u>23,722</u>		
Total	<u>\$ 68,987,200</u>	<u>\$ 13,432,237</u>	<u>\$53,342</u>	<u>\$3,568</u>

**CITY OF AUBURN, MAINE**  
**Notes to the Financial Statements, Continued**  
**June 30, 2006**

**III. DETAILED NOTES ON ALL FUNDS, Continued**

For the year ended June 30, 2006, interest expense of the General Fund and the Enterprise Fund was \$1,555,854 and \$4,434 respectively.

The City is subject to a statutory limitation by the State of Maine of its general long-term debt equal to 15% of the State's valuation of the City. At June 30, 2006, the statutory limit for the City was \$232,162,500. The City's outstanding long-term debt of \$67,870,342 at June 30, 2006, was \$180,067,158 less than the statutory limit.

On October 18, 2005 the City issued general obligation bonds totaling \$12,281,000 for the annual capital improvement program for the City and School Department totaling \$5,000,000, and \$7,281,000 for the new elementary school building project.

On August 11, 2005 the School Department accepted proceeds from the Maine Municipal Bond Bank for a State Revolving Renovation Loan in the amount of \$1,757,362. Of this amount, \$747,055 will be forgiven and the remainder will be repaid with no interest. The loan matures on August 11, 2015.

*Changes in General Long-term Liabilities.* Long-term liability activity for the year ended June 30, 2006 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 63,043,000	12,281,000	7,507,000	67,817,000	8,188,000
Notes Payable	205,668	1,010,307	45,775	1,170,200	138,283
Accrued Compensated Absences	2,444,084	31,313	657,616	1,817,781	499,990
Accrued Self Insurance Liability	777,235	101,657	314,343	564,549	180,666
Capital leases	30,000	-	20,000	10,000	-
Net Pension Obligation:					
City Pension Plan	1,481,333	-	125,018	1,356,315	-
Landfill post-closure care costs	602,790	-	36,230	566,560	37,820
Accrued Interest on Debt	559,000	99,400	-	658,400	658,400
<b>Governmental activity</b>					
<b>Long-term liabilities</b>	<b>\$ 69,143,110</b>	<b>13,523,677</b>	<b>8,705,982</b>	<b>73,960,805</b>	<b>9,703,159</b>
<b>Business-type activities:</b>					
Bonds payable	\$ 80,008	-	26,666	53,342	26,666
<b>Business-type activity</b>					
<b>Long-term liabilities</b>	<b>\$ 80,008</b>	<b>-</b>	<b>26,666</b>	<b>53,342</b>	<b>26,666</b>

On November 1, 2006 bonds were issued in the amount of \$13,000,000. The proceeds of these bonds were for various capital improvement projects for the city and school, infrastructure improvements to the Auburn Mall Area and infrastructure improvements to the Auburn Industrial Park.

**J. Designated Fund Balance For Subsequent Years' Expenditures**

Unspent budgetary appropriations may be expended by Departments in the following year, subject to management approval. The following amounts have been reflected in the City's designated fund balance at June 30, 2006:

**CITY OF AUBURN, MAINE**  
**Notes to the Financial Statements, Continued**  
**June 30, 2006**

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**III. DETAILED NOTES ON ALL FUNDS, Continued**

General Fund:

Special Events, Employee Recognition, & Public Relations	\$9,003
Public Works-Capital Equipment	2,035
Public Works-Crack Sealing	15,000
Public Works-Gravel	15,000
Public Works-Tree Removal	2,400
Public Works-Other	3,500
Tax Sharing - Lewiston	43,950
Wages & Benefits-Salary Reserve, Medical Insurance, Salary Survey	<u>350,000</u>
	<u>\$440,888</u>

**K. Landfill Postclosure Care Costs**

State and federal laws require that the City place a final cover on its landfills when waste is no longer accepted and perform certain maintenance and monitoring functions at the sites for thirty years after closure. In addition to operating expenditures related to current activities of the landfill, a liability for the postclosure care costs are recorded in the governmental activities on the statement of net assets (Statement 1).

The \$602,790 reported as landfill postclosure care liability at June 30, 2006, represents the estimated liability for postclosure care costs at that date. The cost is comprised of \$123,600 for post closure care costs (20 years) for a brush landfill that stopped accepting debris during fiscal year 1996. The additional cost of \$442,960 represents the estimated future postclosure care cost (14 years) of a previously closed ash landfill.

The estimated total current cost of landfill postclosure care of \$566,560 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2006. Actual cost may be higher due to inflation, changes in technology, and changes in laws or regulations, or may be reduced if another governmental agency reimburses the City for a portion of the cost.

**IV. OTHER INFORMATION**

**A. Risk Management**

The City is exposed to various risks of loss related to theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the City is insured through the Maine Municipal Association Risk Pool, a state-chartered risk pool established exclusively for Maine municipalities. If the assets of the Pool are at any time actuarially determined to be insufficient to enable the Pool to discharge its legal liabilities and other obligations and to maintain actuarially sound reserves, the Pool has the power to make up the deficiency by the levy of a pro-rated assessment upon Pool Members for the amount needed to make up the deficiency. Management believes that no such deficiency exists at June 30, 2006.

The City established a self-insured worker' compensation program in May 1982. This program provides coverage for up to a maximum of \$500,000 for each worker's compensation claim.

**CITY OF AUBURN, MAINE**  
**Notes to the Financial Statements, Continued**  
**June 30, 2006**

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**IV. OTHER INFORMATION, Continued**

The City purchases commercial insurance for claims in excess of coverage provided by the self-insurance program and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. All departments of the City participate in the program and the General Fund budget is based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for estimated future payment of incurred losses. The current claims liability of \$0 reported in the General Fund at June 30, 2006 and the total liability of \$564,549 reported in the Statement of Net Assets are based on the requirements of the Governmental Accounting Standards Board, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statement and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. A discount rate of 2.5% has been used in calculating the liability.

The following summarizes the claims activity with respect to the City's self-insured workers' compensation program.

	Fiscal Year <u>2006</u>	Fiscal Year <u>2005</u>
Unpaid claims as of July 1	\$777,235	\$731,541
Incurred claims (including claims incurred but not reported as of June 30)	101,657	279,234
Total claim payments	<u>314,343</u>	<u>233,630</u>
Current claims liability	180,666	248,715
Long-term claims liability	<u>383,883</u>	<u>528,520</u>
Total unpaid claims liability	<u>564,549</u>	<u>777,235</u>

The City designates a portion of its General Fund fund balance for both workers compensation and a reserve for unemployment. This amounted totaled \$779,437 at June 30, 2006.

**B. Joint Ventures**

The City of Auburn has entered into several ventures with other entities. The following joint ventures result from a contractual arrangement (interlocal agreement) in which the City retains an ongoing financial responsibility. The following joint ventures' existence depends on continued funding by the governments:

- Auburn-Lewiston Municipal Airport
- Lewiston-Auburn Economic Growth Council
- Lewiston-Auburn Transit Committee
- Lewiston-Auburn 9-1-1 Committee

The interlocal agreements for these four joint ventures do not stipulate that the participants have a present or future claim to the net resources of the organization, except upon dissolution. Therefore, no equity interest has been reported in the financial statements for these joint ventures.

**CITY OF AUBURN, MAINE**  
**Notes to the Financial Statements, Continued**  
**June 30, 2006**

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**IV. OTHER INFORMATION, Continued**

Mid Maine Waste Action Corporation is a joint venture that provides for waste disposal for the City and eleven other participating governments. The City is responsible for disposing of its municipal solid waste at the facility and therefore has an ongoing financial responsibility to it.

Additionally, as described in the interlocal agreement, the City is responsible for funding certain deficits the organization may incur.

Information pertaining to each of these five joint ventures follows:

**Auburn-Lewiston Municipal Airport**

The Auburn-Lewiston Municipal Airport is operated jointly by the Cities of Auburn and Lewiston by a seven-member board currently comprised of three members from the City of Auburn and three members from the City of Lewiston appointed by the respective City Councils, and one member from Auburn Chamber of Commerce. The Airport's governing board selects management staff, sets user charges, establishes budgets, and controls all aspects of its operations. The City of Auburn is responsible, through the budget process, to fund 50% of the annual anticipated operating and capital needs of the airport. In the fiscal year ended June 30, 2006, the City of Auburn contributed \$136,018 for airport operations.

The following is selected information for the years ending June 30, 2006, and June 30, 2005:

	June 30, <u>2006</u>	June 30, <u>2005</u>
Total Assets	\$3,234,106	\$2,853,978
Total Liabilities	72,551	141,854
Net Assets	3,161,555	2,712,124
Change in Net Assets	449,431	773,884

In addition to contributions from the two municipalities, the Airport derives revenues through user fees, interest on investments in time deposits and from federal and state grants. For the year ended June 30, 2006, the Airport had total revenues of \$962,390 and expenditures of \$512,959, including depreciation of \$106,098.

The separate audited financial statements of the Auburn-Lewiston Municipal Airport may be obtained from the City's Finance Department.

**CITY OF AUBURN, MAINE**  
**Notes to the Financial Statements, Continued**  
**June 30, 2006**

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**IV. OTHER INFORMATION, Continued**

**Lewiston-Auburn Economic Growth Council**

The Lewiston-Auburn Economic Growth Council (LAEGC) is a nonprofit corporation formed to stimulate industrial and commercial development and expansion in the cities of Auburn and Lewiston. Auburn participates equally in this joint venture with the City of Lewiston, the Lewiston Development Corporation, and the Auburn Business Development Corporation.

The Growth Council is administered by a twelve-member board comprised of three members from each participant. The six members who represent the Cities of Auburn and Lewiston are appointed by the Mayors of those cities. The other board members are appointed by their respective corporations.

The Growth Council's governing board selects management staff, establishes budgets and controls all aspects of its operations. The City of Auburn is responsible through the budget process, to fund 25% of the annual anticipated operating needs of the Council.

In the fiscal year ended June 30, 2006, the City of Auburn contributed \$90,000 to the Growth Council.

The following is selected information for the years ending June 30, 2006, and June 30, 2005:

	June 30, <u>2006</u>	June 30, <u>2005</u>
Total Assets	\$2,983,756	\$2,772,244
Total Liabilities	2,417,056	2,272,894
Net Assets	566,700	499,350
Change in Net Assets	67,350	56,570

The Council derives the bulk of its revenues from the participants, but also receives some funds from federal and state grants. During the year ended June 30, 2006, revenues totaled \$626,579 while total expenditures amounted to \$559,229.

The separate audited financial statements of the Lewiston-Auburn Economic Growth Council may be obtained from the City's Finance Department.

**Lewiston-Auburn Transit Committee**

The Lewiston-Auburn Transit Committee is a joint venture of the Cities of Lewiston and Auburn. The Committee was formed for the purpose of planning and implementing short-term and long-term bus transit development, and to apply for and administer federal and state capital acquisition and operating assistance grants for mass transit benefiting the Lewiston-Auburn area. The committee is made up of six members, three each from the Cities of Auburn and Lewiston, appointed by their respective City Councils. The Committee's governing board selects management staff, sets user charges, establishes budgets and controls all aspects of its operations.

For the fiscal year ended June 30, 2006, the City of Auburn contributed \$117,994 for operating expenses.

**CITY OF AUBURN, MAINE**  
**Notes to the Financial Statements, Continued**  
**June 30, 2006**

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**IV. OTHER INFORMATION, Continued**

The following is selected information for the years ending September 30, 2005, and September 30, 2004 (the latest information available):

	September 30, <u>2005</u>	September 30, <u>2004</u>
Total Assets	\$1,487,984	\$1,611,752
Total Liabilities	477,194	639,906
Fund Equity	1,010,790	971,846
Net Change in Fund Equity	38,944	(119,181)

Total revenues for the year ended September 30, 2005, were \$902,346; expenditures were \$863,402, including depreciation on contributed assets of \$108,009.

The separate audited financial statements of the Lewiston-Auburn Transit Committee may be obtained from the City's Finance Department.

**Lewiston-Auburn 9-1-1 Committee**

The Lewiston-Auburn 9-1-1 Committee is a joint venture of the Cities of Auburn and Lewiston. Incorporated on January 26, 1978, the committee provides an emergency communication system for the Auburn-Lewiston area. The Committee is made up of seven members, the police and fire chiefs and one councilor from each city and a citizen-at-large from either city elected by those six members. The at-large member serves as Committee Chairman.

The committee's sole source of revenues consists of equal contributions from the Cities of Auburn and Lewiston. In the fiscal year ended June 30, 2006, the City of Auburn contributed \$874,120.

The following is selected financial information for the years ending June 30, 2006 and June 30, 2005:

	June 30, <u>2006</u>	June 30, <u>2005</u>
Total Assets & Other Debits	\$1,302,819	\$982,328
Total Liabilities & Other Credits	646,302	666,683
Fund Equity & Other Credits	656,517	315,645
Net Change in Fund Equity & Other Credits	340,874)	(6,020)

Total revenues for the year ended June 30, 2006, were \$2,219,488; expenditures were \$1,878,614.

The separate audited financial statements of the Lewiston-Auburn 9-1-1 Committee may be obtained from the City's Finance Department.

**CITY OF AUBURN, MAINE**  
**Notes to the Financial Statements, Continued**  
**June 30, 2006**

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**IV. OTHER INFORMATION, Continued**

**Mid-Maine Waste Action Corporation**

Mid-Maine Waste Action Corporation (MMWAC) is a joint venture of the City of Auburn and eleven other Maine municipalities. The Corporation was formed in March 1986 for the purpose of razing the old Auburn Energy Recovery Facility and constructing a regional waste to energy facility. MMWAC is governed by the provisions of its Articles of Incorporation and Bylaws, and by the interlocal Agreement between MMWAC and each of the participating municipalities. Each of the participating municipalities has also entered into a Waste Handling Agreement with MMWAC pursuant to which the municipality is obligated to send all of its waste to MMWAC for the term of the agreement. The Corporation is administered by a twelve-member board comprised of one member from each participating municipality. Each member is entitled to one vote for all corporate business except for bonding which matures more than three years from the date of issuance and for adoption of the annual budget in which case votes are weighted by community population and requires an 85% majority for passage. The City of Auburn accounts for approximately 70% of the population of the twelve municipalities participating in MMWAC.

The following is selected financial information for MMWAC for the years ending June 30, 2006 and June 30, 2005:

	<u>2006</u>	<u>2005</u>
Total Assets	\$26,179,905	\$27,940,795
Total Liabilities	425,970	407,136
Fund Equity	25,753,935	27,533,659
Operating Revenue	6,885,273	7,161,501
Operating Expenses	6,747,547	6,397,630
Depreciation and Amortization	1,538,024	1,523,488
Non operating revenue	198,713	104,625
Net Income before Depreciation and Amortization	137,726	763,871
Distribution Paid to Members	(578,139)	-
Net Change in Members Equity	(1,779,724)	(654,992)

The Waste Handling Agreement obligates each member municipality to pay its "proportionate share" of all liabilities and expenses of MMWAC to the extent MMWAC does not have sufficient funds therefore. In September 1994 a consensus of the member communities concluded that the most cost effective method of funding MMWAC's obligations was for each of the member communities to issue general obligation debt to fund the communities' share of certain of MMWAC's obligations. Accordingly such debt was issued and the proceeds contributed to MMWAC to liquidate these obligations.

The separate audited financial statements of the MMWAC may be obtained from the City's Finance Department.

**C. Deferred Compensation Plan**

The City offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The plan, available to all full-time municipal employees, permits them to defer a portion of their salary until future years. All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. The deferred compensation is not available to employees until termination of employment, unforeseeable emergency or retirement. In the event of an employee's death, the beneficiary is eligible to receive the full value of the account, including earnings.



**CITY OF AUBURN, MAINE**  
**Notes to the Financial Statements, Continued**  
**June 30, 2006**

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**IV. OTHER INFORMATION, Continued**

**D. Employee Retirement Systems and Plans**

**Defined Benefit Pension Plan**

*Plan Description.* The City of Auburn contributes to the Consolidated Plan for Participating Local Districts (CPPLD) a cost-sharing multiple-employer defined benefit pension plan administered by the Maine State Retirement System (MSRS). The MSRS is established and administered under the Maine State Retirement System Laws, Title 5 M.R.S.A., C. 421, 423, 425. CPPLD provides retirement and disability benefits, annual cost-of living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State legislature. The MSRS issues a publicly available financial report that includes financial statements and required supplementary information for the CPPLD. That report may be obtained by writing to the Maine State Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

*Funding Policy.* Plan members are required to contribute 6.5% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The rate for the year ended June 30, 2006, is 2.8% of covered payroll for the regular plan and 4.0% of covered payroll for the special plan which covers police and fire employees. The contribution requirements of the plan members and the City are established by and may be amended by the Maine State Retirement System Board of Trustees. The City's contribution to the CPPLD for the years ending June 30, 2006, 2005, and 2004 were \$261,841, \$249,206, and \$250,910, respectively, equal to the required contribution for each year.

*Unfunded Actuarial Accrued Liability.* Effective July 1, 1994, the City joined the CPPLD of the Maine State Retirement System (MSRS). Upon entry, the City ceased to be an individual sponsor of PLD #27 and instead became a participant in CPPLD. As a participant of the plan, the City was required to fund its remaining Initial Unfunded Unpooled Actuarial Liability (IUUAL) over a period of 15 years. At June 30, 2003, the remaining balance was \$1,088,521. In September 2003, the City issued taxable general obligation bonds for the purpose of extinguishing its IUUAL obligation and delivered to Maine State Retirement full payment for its obligation at that date. Subsequent to the delivery of bond proceeds, all investments became the responsibility of the MSRS and any future investment gains and losses experienced by MSRS do not result in any additional payment by the City in regard to its extinguished IUUAL obligation.

*School Employees' Retirement Plan.* Teachers and certain other School Department employees also participate in the MSRS through the Teachers Retirement Plan, an agent, multiple employer, defined benefit pension plan. School employees participating in the Age 60 Plan are eligible for normal retirement upon attaining age 60 provided they have 25 years of creditable service. Employees are penalized 2.25% for each year of early retirement. School employees participating in the Age 62 Plan are eligible for normal retirement upon attaining age 62 provided they have 25 years of creditable service. Employees are penalized 6.0% for each year of early retirement. The authority to establish and amend benefit provisions rests with the State legislature. The MSRS issues a publicly available financial report that includes financial statements and required supplementary information for the Teachers Retirement Plan. That report may be obtained by writing the Maine State Retirement System, 46 State House Station, Augusta, Maine 04333-0046.

**CITY OF AUBURN, MAINE**  
**Notes to the Financial Statements, Continued**  
**June 30, 2006**

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**IV. OTHER INFORMATION, Continued**

Employees are required by State statute to contribute 7.65% of their compensation to the retirement system. The City is not required to make contributions to this plan. As required by State statute, contributions are made on behalf of the City for the teachers by a Biennial State appropriation. Contributions paid by the State to the plan for the years ending June 30, 2006, 2005, and 2004 were \$5,446,000, \$3,151,811, and \$3,117,638, respectively, equal to the required contribution for each year.

**Defined Contribution Pension Plan**

The City contributes to the International City Manager's Money Purchase Plan, which is a defined contribution pension plan administered by the International City Manager's Association Retirement Corporation.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account. As established by council resolve, all municipal employees of the City have the option of participating in the plan or the Maine State Retirement System.

Contributions made by both the employee and the employer vest immediately. An employee who leaves the employment of the City is entitled to all contributions and earned income in his account at that time. Each employee must contribute a minimum of 5% of his or her gross earnings to the pension plan, while the City is required to contribute an amount equal to 6% of the employee's gross earnings.

During the year, the City's required and actual contributions amounted to \$243,012, which was 6% of its current-year covered payroll. The covered payroll amounted to \$4,050,198 while the City's total payroll was \$28,218,242. Employees' required contributions amounted to \$202,510, which was 5% of the City's current year covered payroll.

No pension provision changes occurred during the year that affected the required contributions to be made by the City or its employees.

The I.C.M.A. Money Purchase Plan held no securities of the City or other related parties during the year or as of the close of the year.

**City Pension Plan**

*Plan Description.* The City Pension Plan is a contributory single employer defined benefit pension plan, and covers certain police and fire employees who joined prior to the City's participation in the Maine State Retirement System. Once the City elected to participate in the MSRS, employees were no longer eligible to join this plan.

A pensioner's benefit is adjusted annually based on the current compensation level of the position from which the pensioner retired.

At June 30, 2006, the plan consisted of 20 retirees and beneficiaries. The last active employee retired on March 31, 1992.

**CITY OF AUBURN, MAINE**  
**Notes to the Financial Statements, Continued**  
**June 30, 2006**

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**IV. OTHER INFORMATION, Continued**

*Funding Policy.* No funds have been accumulated, nor are any funds expected to be accumulated for the payment of these benefits. All benefits are paid directly by the City as they come due.

*Annual Pension Cost and Net Pension Obligation.* The City's annual pension cost and net pension obligation for the year ended June 30, 2006, were as follows:

Annual Required Contribution	\$196,372
Interest on net pension obligation	95,778
Adjustment to annual required contribution	<u>(190,403)</u>
Annual Pension Cost	101,747
Contributions Made	<u>(216,722)</u>
Increase (Decrease) in net pension obligation	(114,975)
Net Pension Obligation beginning of year	<u>1,596,308</u>
Net Pension Obligation end of year	<u>\$1,481,333</u>

The annual required contribution for the current year was determined as part of the July 1, 2003 actuarial valuation using the Unit Credit Actuarial Cost Method. The actuarial assumptions included (a) 6.0% investment rate of return including 3% inflation and (b) 3.0% future benefit increases. The unfunded actuarial accrued liability is being recognized as a level dollar amount on a closed basis. The remaining amortization period at June 30, 2006 was 10 years.

**CITY OF AUBURN, MAINE**  
**Notes to the Financial Statements, Continued**  
**June 30, 2006**

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**IV. OTHER INFORMATION, Continued**

**F. Capital Projects Fund Balance**

The Capital Projects Fund Balance has been designated for specific projects as follows:

School Bus Revolving Fund	\$ 164,657
School Emergency Generator	60,000
School Department Projects	2,203,481
School – New Elementary School	1,873,249
Pavement Management Update/Survey	30,000
Comprehensive Plan	50,000
Equipment - Parks & Recreation	5,744
Equipment – Public Works	492,149
Building Improvements – Public Works	44,500
Traffic Signal Replacement	21,625
Great Falls Building Improvements	396,692
Industrial Park Acquisition	231,111
Auburn Hall Renovation	101,573
State Road Projects	32,735
Street Resurfacing	267,600
Street Reclamation	588,359
Street Reconstruction	1,768,485
Drainage Improvements	437,579
Sidewalk Program	37,000
Multi Use Public Trail	95,597
Accounting Software	62,461
Contingency and unallocated	<u>754,998</u>
	<u>\$ 9,719,595</u>

**CITY OF AUBURN, MAINE**  
**Required Supplementary Information**  
**June 30, 2006**

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The following provides three-year trend information, a schedule of employee contributions and a schedule of funding programs for the City's pension plan.

**Three-Year Trend Information**

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Annual</u> <u>Pension Cost</u>	<u>% of Annual Pension Cost</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2004	\$104,394	215%	\$1,596,308
2005	\$101,747	213%	\$1,481,333
2006	\$97,186	228%	\$1,356,315

**Schedule of Employer Contributions**

<u>Fiscal</u> <u>Year End</u>	<u>Actuarial</u> <u>Required</u> <u>Contribution (ARC)</u>	<u>Percentage</u> <u>of ARC</u> <u>Contributed</u>
6/30/2001	176,477	111%
6/30/2002	181,205	115%
6/30/2003	185,959	114%
6/30/2004	195,334	115%
6/30/2005	196,372	110%
6/30/2006	196,129	113%

**Schedule of Funding Progress**

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Plan</u> <u>Assets</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability</u>
6/30/2000	\$0	1,667,112
6/30/2001	\$0	1,650,402
6/30/2002	\$0	1,728,482
6/30/2003	\$0	1,729,231
6/30/2004	\$0	1,646,356
6/30/2005	\$0	1,546,846
6/30/2006	\$0	1,509,819

## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

Special revenue funds are used to account for specific revenues that are restricted either by law or by administrative action, to expenditure for particular purposes.

## **Permanent Fund**

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs.

**Frank Boomer** – This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to benefit the poor and needy families of the City.

**Ella Foss** – This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to benefit the needy and indigent residents of the City for food, shelter, clothing and medical treatment.

**George Stetson** – This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to benefit the poor of the City.

**Cemetery Perpetual Care** – This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain various City cemeteries.

**CITY OF AUBURN, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2006**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Permanent Funds</b>	<b>Total Other Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,917	-	3,917
Investments	1,666,834	239,500	1,906,334
Receivables:			
Accounts (net of allowance for uncollectibles)	30,887	-	30,887
Loans receivable	2,034,601	-	2,034,601
Due from other funds	1,158,748	9,351	1,168,099
Intergovernmental	78,417	-	78,417
Grants	-	-	-
Inventory	19,986	-	19,986
<b>Total Assets</b>	<b>\$ 4,993,390</b>	<b>248,851</b>	<b>5,242,241</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	16,281	-	16,281
Unearned grant revenue	-	-	-
Due to other funds	721,540	10,175	731,715
Total Liabilities	737,821	10,175	747,996
Fund balances:			
Reserved for:			
Inventory	19,986	-	19,986
Principal	-	69,475	69,475
Unreserved, undesignated	4,235,583	169,201	4,404,784
Total Fund Balances	4,255,569	238,676	4,494,245
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,993,390</b>	<b>248,851</b>	<b>5,242,241</b>



**CITY OF AUBURN, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the year ended June 30, 2006**

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
Revenues:			
	\$ 3,846,724	-	3,846,724
	755,379	-	755,379
	93,605	-	93,605
	-	9,478	9,478
	<u>4,695,709</u>	<u>9,478</u>	<u>4,705,187</u>
Expenditures:			
General government	264,192	-	264,192
Culture and recreation	256,999	-	256,999
Education	4,300,137	-	4,300,137
Miscellaneous	-	139	139
	182,447	-	182,447
	-	-	-
	<u>5,003,775</u>	<u>139</u>	<u>5,003,914</u>
	<u>(308,067)</u>	<u>9,339</u>	<u>(298,728)</u>
Other financing sources (uses):			
	-	-	-
	-	-	-
	-	-	-
	<u>(308,067)</u>	<u>9,339</u>	<u>(298,728)</u>
Fund balances, July 1	4,563,636	229,337	4,792,973
<b>Fund balances, June 30</b>	<b>\$ 4,255,569</b>	<b>238,676</b>	<b>4,494,245</b>

**CITY OF AUBURN, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2006**

	City Special	School Special	School Lunch Program	Parking	Parks & Rec	Totals 2006
<b>ASSETS</b>						
Cash and cash equivalents	-	-	3,917	-	-	3,917
Investments	1,491,435	-	68,572	106,827	-	1,666,834
Receivables:						
Accounts (net of allowance for uncollectibles)	-	-	4,177	26,710	-	30,887
Loans Receivable (net of allowance for uncollectibles)	2,034,601	-	-	-	-	2,034,601
Grants	-	-	-	-	-	-
Due from other funds	-	986,829	-	27,930	143,989	1,158,748
Intergovernmental	-	-	78,417	-	-	78,417
Inventory	-	-	19,986	-	-	19,986
<b>Total assets</b>	<b>3,526,036</b>	<b>986,829</b>	<b>175,069</b>	<b>161,467</b>	<b>143,989</b>	<b>4,993,390</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	4,960	-	-	882	10,439	16,281
Accrued Payroll	-	-	-	-	-	-
Unearned Grant Revenue	-	-	-	-	-	-
Due to other funds	721,540	-	-	-	-	721,540
Total liabilities	726,500	-	-	882	10,439	737,821
Fund balances						
Reserved for:						
Inventory	-	-	19,986	-	-	19,986
Unreserved:						
Undesignated	2,799,536	986,829	155,083	160,585	133,550	4,235,583
Total fund balances	2,799,536	986,829	175,069	160,585	133,550	4,255,569
<b>Total liabilities and fund balances</b>	<b>3,526,036</b>	<b>986,829</b>	<b>175,069</b>	<b>161,467</b>	<b>143,989</b>	<b>4,993,390</b>

**CITY OF AUBURN, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the fiscal year ended June 30, 2006**

	City Special	School Special	Centralized School Lunch Program	Parking	Parks & Rec	Totals 2006
<b>Revenues:</b>						
Intergovernmental	-	3,375,273	471,451	-	-	3,846,724
Charges for services	35,467	-	308,977	182,155	228,780	755,379
Other Income	85,321	-	4,134	4,150	-	93,605
<b>Total revenues</b>	<b>120,788</b>	<b>3,375,273</b>	<b>784,563</b>	<b>186,305</b>	<b>228,780</b>	<b>4,695,709</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	166,582	-	-	97,610	-	264,192
Culture and recreation	-	-	-	-	256,999	256,999
Education	-	3,460,029	840,108	-	-	4,300,137
Debt Service	182,447	-	-	-	-	182,447
Capital Outlay	-	-	-	-	-	-
<b>Total expenditures</b>	<b>349,029</b>	<b>3,460,029</b>	<b>840,108</b>	<b>97,610</b>	<b>256,999</b>	<b>5,003,775</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(228,241)</b>	<b>(84,756)</b>	<b>(55,546)</b>	<b>88,695</b>	<b>(28,219)</b>	<b>(308,067)</b>
<b>Other financing sources (uses):</b>						
Transfers to other funds	-	-	-	-	-	-
Transfers from other funds	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(228,241)</b>	<b>(84,756)</b>	<b>(55,546)</b>	<b>88,695</b>	<b>(28,219)</b>	<b>(308,067)</b>
Fund balance, July 1	3,027,777	1,071,585	230,615	71,890	161,769	4,563,636
<b>Fund balance, June 30</b>	<b>2,799,536</b>	<b>986,829</b>	<b>175,069</b>	<b>160,585</b>	<b>133,550</b>	<b>4,255,569</b>

**CITY OF AUBURN, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Permanent Funds**  
**June 30, 2006**

	Frank Boomer	Ella M. Foss	George H. Stetson	Cemetery Perpetual Care	Totals 2006
<b>ASSETS</b>					
Cash and cash equivalents	-	-	-	-	-
Investments	53,023	133,804	40,042	12,631	239,500
Due from other funds	-	9,351	-	-	9,351
<b>Total assets</b>	<b>53,023</b>	<b>143,155</b>	<b>40,042</b>	<b>12,631</b>	<b>248,851</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
	6,705	-	2,125	1,345	10,175
<b>Total liabilities</b>	<b>6,705</b>	<b>-</b>	<b>2,125</b>	<b>1,345</b>	<b>10,175</b>
Fund balances:					
	4,975	50,000	10,000	4,500	69,475
	41,343	93,155	27,917	6,786	169,201
<b>Total fund balances</b>	<b>46,318</b>	<b>143,155</b>	<b>37,917</b>	<b>11,286</b>	<b>238,676</b>
<b>Total liabilities and and fund balances</b>	<b>53,023</b>	<b>143,155</b>	<b>40,042</b>	<b>12,631</b>	<b>248,851</b>

**CITY OF AUBURN, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Permanent Funds**  
**For the year ended June 30, 2006**

	Frank Boomer	Ella M. Foss	George H. Stetson	Cemetery Perpetual Care	Totals 2006
Revenues:					
Investment income	\$ 2,032	5,241	1,686	519	9,478
Total revenues	2,032	5,241	1,686	519	9,478
Expenditures:					
Current:					
Other miscellaneous	-	-	-	139	139
Total expenditures	-	-	-	139	139
Net change in fund balances	2,032	5,241	1,686	380	9,339
Fund balances, July 1	44,286	137,914	36,231	10,906	229,337
<b>Fund balances, June 30</b>	<b>\$ 46,318</b>	<b>143,155</b>	<b>37,917</b>	<b>11,286</b>	<b>238,676</b>

## Exhibit D-1

**CITY OF AUBURN, MAINE**  
**Combining Statement of Fiduciary Net Assets**  
**Fiduciary Funds - Private Purpose Trust**  
**June 30, 2006**

	Leo Trepanier Memorial Scholarship	ELHS Class of '62 Scholarship	Totals
<b>ASSETS</b>			
Cash	\$ -	-	-
Due from City of Auburn General Fund	-	-	-
Investments	63,580	132,013	195,593
Total assets	63,580	132,013	195,593
<b>LIABILITIES</b>			
Liabilities:			
Due to City of Auburn General Fund	1,692	7,500	9,192
Total liabilities	1,692	7,500	9,192
<b>NET ASSETS</b>			
Held in trust	\$ 61,888	124,513	186,401

## Exhibit D-2

**CITY OF AUBURN, MAINE**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds - Private Purpose Trust**  
**For the year ended June 30, 2006**

	Leo Trepanier Memorial Scholarship	ELHS Class of '62 Scholarship	Totals
Additions:			
Investment income	\$ 2,507	5,218	7,725
Total additions	2,507	5,218	7,725
Deductions:			
Scholarships	1,700	7,500	9,200
Total deductions	1,700	7,500	9,200
Change in net assets	807	(2,282)	(1,475)
Net assets, beginning of year	61,081	126,795	187,876
Net assets, end of year	\$ 61,888	124,513	186,401

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## **STATISTICAL SECTION**



Table 1

**CITY OF AUBURN, MAINE**  
**Net Assets by Component**  
**Last Ten Fiscal Years**  
**From Government-wide Statement of Net Assets**

Fiscal year	Governmental Activities		Total Governmental Net Assets	Business-type Activities			Total Business-type Net Assets	Total Net Assets	
	Invested in Capital Assets	Restricted Assets		Unrestricted Assets	Invested in Capital Assets	Restricted Assets			Unrestricted Assets
2003	22,474,753	2,862,650	(7,203,484)	18,133,919	349,706	-	79,332	429,038	18,562,957
2004	31,148,277	3,448,739	(8,043,024)	26,553,992	347,086	-	116,788	463,874	27,017,866
2005	34,037,355	3,804,784	(4,374,264)	33,467,875	345,741	-	156,985	502,726	33,970,601
2006	47,187,231	4,094,386	(2,347,823)	48,933,794	344,398	-	183,842	528,240	49,462,035

Only four years have been presented because 2003 was the year GASB Statement No. 34 was implemented.

Table 2

**CITY OF AUBURN, MAINE**  
**Change in Net Assets**  
**Last Ten Fiscal Years**  
**From Government-wide Statement of Activities**

Fiscal year	Governmental Activities				Business-type Activities				Total Change in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
2003	65,881,532	1,495,049	21,958,767	-	138,638	155,888	-	-	886	18,136	2,179,251
2004	67,799,653	1,466,161	22,610,663	-	127,097	161,420	-	-	513	34,836	3,949,183
2005	66,174,231	1,895,078	21,993,769	-	131,898	169,090	-	-	1,660	38,852	6,768,343
2006	65,581,682	1,368,496	25,822,043	2,884,801	162,790	185,113	50,972,261	15,465,919	3,191	25,514	15,491,434

Only four years have been presented because 2003 was the year GASB Statement No. 34 was implemented.

Table 3

**CITY OF AUBURN, MAINE**  
**Fund Balances**  
**Last Ten Fiscal Years**  
**From Governmental Funds Balance Sheet**

Fiscal year	General Fund				Other Governmental Funds				Total Govt. Fund Balances
	Reserved *	Unreserved, Designated	Unreserved, Undesignated	Total General Fund Balance	Reserved	Unreserved, Designated	Unreserved, Undesignated	Total Other Govt. Fund Balances	
2003	-	437,741	1,844,329	2,282,070	2,862,650	-	10,684,028	13,546,678	15,828,748
2004	-	487,544	2,215,528	2,703,072	5,467,351	-	5,396,459	10,863,810	13,566,882
2005	-	1,066,274	3,587,200	4,653,474	5,789,631	-	10,138,241	15,927,872	20,581,346
2006	558,178	1,291,770	5,088,428	6,938,376	3,945,171	-	15,405,736	19,350,907	26,289,284

Only four years have been presented because 2003 was the year GASB Statement No. 34 was implemented.

\* Includes a reserve for a long term receivable, RETC that was part of Unreserved, Undesignated since 2001.

Table 4

**CITY OF AUBURN, MAINE**  
**Change in Fund Balances**  
**Last Ten Fiscal Years**

Fiscal year	From Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances				Debt Service	Percentage of Total Expenditures
	Revenues	Expenditures, excluding Debt Service	Debt Service	Other Financing Sources (Uses)		
2003	68,267,658	75,112,519	6,404,113	13,100,000	(148,974)	9.2%
2004	71,673,150	74,412,749	7,807,793	6,085,000	(4,462,392)	10.7%
2005	72,863,146	69,964,389	8,104,386	11,180,000	5,974,371	11.7%
2006	80,863,016	78,524,896	9,921,490	13,291,307	5,707,937	11.2%

Only four years have been presented because 2003 was the year GASB Statement No. 34 was implemented.

Table 5

**CITY OF AUBURN, MAINE**  
**Assessed Value to Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal year	Assessed Value - Real Property	Assessed Value - Personal Property	Total Assessed Value	Estimated Actual Value	Ratio of Total Assessed Value to	
					Total Estimated Actual Value	Total Tax/ (Mill) Rate
1997	884,074,300	146,128,000	1,030,202,300	1,001,100,000	102.9%	\$26.25
1998	908,331,300	159,553,400	1,067,884,700	1,037,800,000	102.9%	\$26.20
1999	918,284,700	165,704,600	1,083,989,300	1,042,100,000	104.0%	\$26.70
2000	934,846,400	176,172,100	1,111,018,500	1,058,900,000	104.9%	\$26.97
2001	948,495,000	184,191,000	1,132,686,000	1,081,600,000	104.7%	\$27.20
2002	934,623,000	181,709,700	1,148,538,200	1,127,950,000	101.8%	\$27.64
2003	997,478,300	209,933,700	1,207,412,000	1,283,000,000	94.1%	\$28.44
2004	1,008,636,300	237,208,500	1,245,844,800	1,350,550,000	92.2%	\$29.38
2005	1,032,643,700	235,563,400	1,268,207,100	1,547,750,000	81.9%	\$29.38
2006	1,003,562,800	316,435,600	1,319,998,400	1,658,250,000	79.6%	\$30.48

Table 6

**CITY OF AUBURN, MAINE**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General Government</b>	<b>General Fund Debt Service</b>	<b>Education</b>	<b>Androscoggin County</b>	<b>Total Tax/ (Mill) Rate</b>
1997	\$9.60	\$5.20	\$10.37	\$1.08	\$26.25
1998	\$8.85	\$5.00	\$11.24	\$1.11	\$26.20
1999	\$8.75	\$4.89	\$11.96	\$1.10	\$26.70
2000	\$8.15	\$5.04	\$12.62	\$1.16	\$26.97
2001	\$8.24	\$5.17	\$12.62	\$1.17	\$27.20
2002	\$8.85	\$5.25	\$12.33	\$1.21	\$27.64
2003	\$9.88	\$5.38	\$11.97	\$1.21	\$28.44
2004	\$10.64	\$5.81	\$11.54	\$1.39	\$29.38
2005	\$10.99	\$5.57	\$11.50	\$1.32	\$29.38
2006	\$11.14	\$5.80	\$12.17	\$1.37	\$30.48

Table 7

**CITY OF AUBURN, MAINE**  
Principal Property Taxpayers

June 30, 2006

Taxpayer	Business	Assessed Value	% of Total Tax Base	Cumulative %
1 Tambrands	Personal Products	\$ 131,064,600	9.9%	9.9%
2 PPC Acquisition Corp.	Plastic Laminates	33,602,900	2.5%	12.5%
3 Cascades Auburn Fiber	Paper Processor	23,903,000	1.8%	14.3%
4 Gates Formed Fiber	Automotive Products	22,202,900	1.7%	16.0%
5 Walmart Real Estate	Retail	21,041,900	1.6%	17.6%
6 General Electric Company	Electrical Components	19,495,600	1.5%	19.0%
7 Lowes	Retail	13,199,300	1.0%	20.0%
8 Seltzer & Rydholm, Inc.	Beverage Bottlers	12,236,400	0.9%	21.0%
9 International Paper	Cardboard Containers	11,194,900	0.8%	21.8%
10 Central Maine Power	Electric Utility	11,876,300	0.9%	22.7%
		<u>\$ 299,817,800</u>		

June 30, 1997

Taxpayer	Business	Assessed Value	% of Total Tax Base	Cumulative %
1 Auburn VPS LP	Paper Reprocessor	\$ 36,077,200	3.5%	3.5%
2 Tambrands	Personal Products	30,150,000	2.9%	6.4%
3 Central Maine Power Company	Electric Utility	19,606,600	1.9%	8.3%
4 Pioneer Plastics, Inc.	Plastic Laminates	19,184,700	1.9%	10.2%
5 Gates Formed Fiber	Automotive Products	18,622,300	1.8%	12.0%
6 Greenland Vistas	Real Estate	17,835,400	1.7%	13.7%
7 Mark Centers LTD	Real Estate	15,083,000	1.5%	15.2%
8 General Electric Company	Electrical Components	10,695,100	1.0%	16.2%
9 Clover Manor, Inc.	Extended Care Facility	8,045,100	0.8%	17.0%
10 Seltzer & Rydholm, Inc.	Beverage Bottlers	7,956,600	0.8%	17.8%
		<u>\$ 183,256,000</u>		

**Table 8**

**CITY OF AUBURN, MAINE  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

Fiscal year	Gross Tax Levy	Abatements	Net Tax Levy	Collections In Current Year	Percent of Net Levy Collected	Collections in Later Years	Total Collections	Total Collections as a Percent of Net Levy	
								Total Collections	Collections as a Percent of Net Levy
1997	27,452,312	409,478	27,042,834	25,078,834	92.7%	1,964,000	27,042,834	100.0%	
1998	28,110,375	131,804	27,978,571	26,693,736	95.4%	1,284,835	27,978,571	100.0%	
1999	28,968,575	105,058	28,863,517	28,160,098	97.6%	703,419	28,863,517	100.0%	
2000	29,959,676	60,914	29,898,762	29,241,367	97.8%	620,770	29,862,137	99.9%	
2001	30,804,776	83,042	30,721,734	30,116,549	98.0%	568,560	30,685,109	99.9%	
2002	31,820,668	135,640	31,685,028	30,906,038	97.5%	755,241	31,661,279	99.9%	
2003	34,459,878	86,998	34,372,880	33,784,268	98.3%	541,940	34,326,208	99.9%	
2004	36,579,675	93,067	36,486,608	35,937,525	98.5%	528,613	36,466,138	99.9%	
2005	37,378,635	254,933	37,123,702	36,348,878	97.9%	702,345	37,051,223	99.8%	
2006	40,488,967	369,260	40,119,707	39,611,232	98.7%	-	39,611,232	98.7%	



Table 9

**CITY OF AUBURN, MAINE**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal year	Governmental Activities			Business-type Activities			Total			Per Capita Net of State Subsidy	
	General Obligation Bonds	Notes	Total Long-term Debt	General Obligation Bonds	Notes	Total Long-term Debt	Long-term Debt	Net of State Subsidy	To Assessed Value		Ratio of Total Debt
2003	59,250,000	381,580	59,631,580	133,340	-	133,340	59,764,920	56,664,260	4.9%	2,546.11	2,414.02
2004	58,510,000	293,626	58,803,626	106,674	-	106,674	58,910,300	55,551,974	4.7%	2,503.63	2,360.90
2005	60,043,000	205,668	60,248,668	80,008	-	80,008	60,328,676	56,712,684	4.8%	2,556.08	2,402.88
2006	67,817,000	1,170,200	68,987,200	53,342	-	53,342	69,040,542	55,575,884	5.2%	2,925.20	2,354.71

Only four years have been presented because 2003 was the year GASB Statement No. 34 was implemented.

Table 10

**CITY OF AUBURN, MAINE**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

Fiscal year	Governmental Activities				Ratio of Total Debt		Total Governmental Activity Debt		Per Capita Net of State Subsidy
	General Obligation Bonds	Notes	Long-term Debt	Total	To Estimated Actual Value	Per Capita	Net of State Subsidy		
							Net of State Subsidy	Net of State Subsidy	
2003	59,250,000	381,580	59,631,580		4.6%	2,540.4	55,882,660	2,380.72	
2004	58,510,000	293,626	58,803,626		4.4%	2,499.1	54,938,326	2,334.82	
2005	60,043,000	205,668	60,248,668		3.9%	2,552.7	56,266,992	2,383.99	
2006	67,817,000	1,170,200	68,987,200		4.2%	2,922.9	54,245,658	2,298.35	

Only four years have been presented because 2003 was the year GASB Statement No. 34 was implemented.

Table 11

**CITY OF AUBURN, MAINE**  
**Direct and Overlapping Governmental Activities Debt**  
**Last Ten Fiscal Years**

Fiscal Year	Direct Debt - City of Auburn	Direct Debt - Androscoggin County	Auburn's Share of Androscoggin County Debt	Overlapping Debt - Androscoggin County	Direct and Overlapping Debt		
					Total Debt	Assessed Value	Per Capita
2003	59,631,580	2,745,000	26.43%	725,504	60,357,084	5.00%	2,571.34
2004	58,803,626	2,300,000	25.75%	592,250	59,395,876	4.77%	2,524.26
2005	60,248,668	1,855,000	26.33%	488,422	60,737,090	4.79%	2,573.39
2006	68,987,200	1,410,000	25.22%	355,602	69,342,802	5.25%	2,938.01

Only four years have been presented because 2003 was the year GASB Statement No. 34 was implemented.

Table 12

CITY OF AUBURN, MAINE  
 Legal Debt Management  
 Last Ten Years

Computation of Legal Debt Margin  
 June 30, 2006

Total State Valuation		\$	1,658,250,000		
Legal Debt Limitation: 15% of State Valuation		\$	248,737,500		
Debt Applicable to Debt Limitation:					
Purpose	Legal Maximum		Bonded General Obligation Debt		
	Percentage	Amount	Dollar Amount	Legal Maximum	State Valuation
Municipal & School	15.0%	\$ 248,737,500	\$ 68,987,200	27.73%	4.16%
Margin for Additional Borrowing:			<u>\$ 179,750,300</u>		

Historical Legal Debt Margin  
 Last Nine Fiscal Years

	Legal Debt Limit	Debt Outstanding	Legal Debt Margin	Debt Outstanding/ Legal Debt Limit
1997	150,165,000	49,287,194	100,877,806	32.8%
1998	155,670,000	48,458,018	107,211,982	31.1%
1999	156,315,000	48,028,842	108,286,158	30.7%
2000	158,835,000	47,014,664	111,820,336	29.6%
2001	162,240,000	46,382,532	115,857,468	28.6%
2002	167,468,248	52,604,542	114,863,706	31.4%
2003	192,450,000	59,764,920	132,685,080	31.1%
2004	202,582,500	58,910,300	143,672,200	29.1%
2005	232,162,500	60,123,008	172,039,492	25.9%
2006	248,737,500	68,987,200	179,750,300	27.7%

Table 13

**CITY OF AUBURN, MAINE**  
**Demographic and Economic Statistics**  
**Last Ten Calendar Years**

Fiscal Year	(1)	(2)		Per Capita Personal Wages	Annual Average Unemployment Rate
	Population	Total Personal Wages	Personal Wages		
1997	24,309	\$ 351,635,133	\$	14,465.22	5.3%
1998	24,309	369,582,059		15,203.51	4.4%
1999	24,309	402,730,064		16,567.12	3.5%
2000	23,190	420,033,057		18,112.68	3.0%
2001	23,149	427,616,274		18,472.34	3.7%
2002	23,324	463,951,350		19,891.59	3.9%
2003	23,473	484,079,200		20,622.81	4.6%
2004	23,530	494,390,919		21,011.09	4.3%
2005	23,602	500,172,959		21,191.97	4.4%
2006	23,602	Not available		Not applicable	4.5%

(1) Source: US Census for years through 2003; Dataplace.org for 2004 and on

(2) Source: Maine Department of Labor

Table 14

**CITY OF AUBURN, MAINE**  
**Principal Employers**  
**June 30, 2006**

Rank	Employer	Total Number of Employees	Percent of Total Employees
1	Auburn School Department	628	3.9%
2	Pioneer Plastics	600	3.8%
3	Tambrands Inc.	590	3.7%
4	Formed Fibre Technologies	425	2.7%
5	General Electric	250	1.6%
6	City of Auburn, Municipal	234	1.5%
7	Wal-Mart Supercenter	230	1.4%
8	Hannaford	190	1.2%
9	Clover Living Center	150	0.9%
10	Central Maine Community College	135	0.8%
	All Other Employers	12,525	78.5%
	Total Employees	<u>15,957</u>	

**Principal Employers**  
**June 30, 1997**

Rank	Employer	Total appr. number of employees
1	Pioneer Plastics Corp.	750
2	Auburn School Dept.	750
3	Tambrands	450
4	Gates Formed Fibre	350
5	City of Auburn	275
6	General Electric	275
7	Wal-Mart Associates	275
8	Clover Manor Inc.	225
9	Shaw's Supermarket	180
10	Hannaford Bros.	185
	All Other Employers	13,636
	Total Employees	<u>14,386</u>

Source: Maine Department of Labor

Table 15

**CITY OF AUBURN, MAINE**  
**Number of Employees**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Health, Welfare &amp; Recreation</b>	<b>Public Works</b>	<b>Education</b>	<b>Ice Arena</b>	<b>Total</b>
2003	45.00	121.50	13.50	71.00	658.70	0.50	910.20
2004	43.25	120.50	13.00	71.00	651.30	0.50	899.55
2005	38.00	116.50	11.50	69.00	638.40	1.00	874.40
2006	38.25	119.50	11.00	70.00	628.80	1.00	868.55

Only four years have been presented because 2003 was the year GASB Statement No. 34 was implemented.

Table 16

**CITY OF AUBURN, MAINE**  
**Demand for Level of Service**  
**Last Ten Fiscal Years**

Fiscal Year	General Government	Public Safety	Health, Welfare & Recreation	Public Works	Education	Ice Arena	Service Units:			
							City Population	Police / Fire No. of Service Calls	Libraries / Parks / Cemeteries Maintained	Miles of Road Maintained
2003	23,473	32,188 / 4,065	1 / 16 / 18	223	3,632	1,062				
2004	23,530	29,647 / 4,136	1 / 16 / 18	223	3,570	1,060				
2005	23,602	27,974 / 4,109	1 / 16 / 18	223	3,478	1,116				
2006	23,602	29,536 / 4,306	1 / 16 / 18	223	3,399	1,026				

Only four years have been presented because 2003 was the year GASB Statement No. 34 was implemented.



Table 17

**CITY OF AUBURN, MAINE**  
**Capital Assets Statistics - Net Book Value**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Health, Welfare &amp; Recreation</b>	<b>Public Works</b>	<b>Education</b>	<b>Ice Arena</b>
2004	17,392,845	2,054,273	3,281,914	37,735,361	15,012,510	453,759
2005	21,129,290	1,961,819	3,210,913	39,515,536	15,436,665	425,749
2006	24,467,276	1,909,891	3,246,882	40,030,178	25,991,089	397,740

Only three years currently available in this format.

# City of Auburn, Maine

"Maine's City of Opportunity"

## Financial Services



November 20, 2006

Honorable Mayor and  
Members of the City Council

Attached please find the financial report for the month of October 2006. At October 31, the City has completed the first four months of the fiscal year. It is early in the fiscal year, yet a number of non-recurring expenses have been paid. In addition, personal property taxes and the first half of real estate taxes were due by October 16. As a guideline for tracking purposes, revenues and expenditures should amount to approximately 33.3% of the annual budget. However, not all costs and revenues are distributed evenly throughout the year; individual line items can vary based upon cyclical activity.

### Revenues

Revenues collected through October 31st, were \$33,522,290, or 53.04%, of the annual budget. The accounts listed below are noteworthy.

- A. Personal property taxes were due September 18 and the first half of the real estate taxes were due October 16. We have collected approximately 58% of the total budgeted amount, which compares favorably to prior years.
- B. Licenses and development permits are at 64% of the budgeted amount that reflects the active development climate in the community.
- C. Excise taxes are coming in better than budget, primarily due to conservative budgeting.
- D. State Revenue Sharing is typically somewhat higher than budgeted at this time of year due to a larger than usual payment received from the State each July. This payment is based on strong income and sales taxes received by the State in the latter part of the prior fiscal year. Payments in months following July are smaller than the July payment.
- E. Rent revenue is higher due to the annual invoicing to Maine Intermodal Transportation, Inc. for lease payments for the intermodal facility.

### Expenditures

Expenditures through October 31st were \$23,175,420, or 36.67%, of the annual budget. Noteworthy variances are discussed below.

- A. *Mayor & Council: Progress payment for the fiscal year 2006 audit.*

- B. *Parks & Recreation*: The costs for summer seasonal staffing was incurred by September 30, causing actual expenditures to appear higher than budget. However, these costs do not occur for the remainder of the year.
- C. *Community Programs*: Includes full payment of the annual appropriations for the Liberty Festival.
- D. *Debt Service*: The first of the City's semi-annual debt service installments were paid in October.
- E. *Property*: The first of two insurance premium installments were paid in July.
- F. *Intergovernmental Programs*: The City funds the intergovernmental agencies quarterly, in the first month of each quarter, upon receipt of their invoices. The county tax payment was in September.

### **Investments**

This section contains an investment schedule as of October 31st, as well as a comparison of the investments between October 31st and prior month. Currently the City's funds are earning an average interest rate of 5.32%, compared to approximately 4.02% last year at this time.

Respectfully Submitted,

Patricia A. Finnigan  
City Manager

Chris Trenholm  
Finance Director

**CITY OF AUBURN, MAINE**  
**BALANCE SHEET - GENERAL FUND**  
**OCTOBER 31, 2006**

	<b>SEPTEMBER 30, 2006</b>	<b>OCTOBER 31, 2006</b>	<b>Increase (Decrease)</b>
<b><u>ASSETS</u></b>			
CASH	8,245,492	14,029,247	5,783,755
RECEIVABLES			
ACCOUNTS RECEIVABLES	2,295,227	1,073,836	(1,221,391)
TAXES RECEIVABLE-CURRENT	31,585,316	18,794,564	(12,790,752)
DELINQUENT TAXES	233,941	258,109	24,168
TAX LIENS	717,807	627,658	(90,149)
NET DUE TO/FROM OTHER FUNDS	2,250,199	2,608,892	358,693
<b>TOTAL ASSETS</b>	<b>45,327,982</b>	<b>37,392,306</b>	<b>(7,935,676)</b>
<b><u>LIABILITIES &amp; FUND BALANCES</u></b>			
ACCOUNTS PAYABLE	445,030	205,840	(239,190)
WAGES & TAXES PAYABLE	(37,645)	140,879	178,524
ACCRUED PAYROLL	429,712	429,712	-
STATE FEES PAYABLE	11,553	27,461	15,908
PREPAID TAXES	-	-	-
IN LIEU OF BONDS	62,705	62,705	(0)
DEFERRED REVENUE	32,772,151	19,096,042	(13,676,109)
<b>TOTAL LIABILITIES</b>	<b>33,683,506</b>	<b>19,962,638</b>	<b>(13,720,867)</b>
FUND BALANCE - NOT DESIGNATED	5,566,168	6,049,948	483,780
FUND BALANCE - DESIGNATED FOR WORKERS COMP & UNEMPLOYMENT	746,752	739,196	(7,556)
FUND BALANCE - DESIGNATED	4,338	83,409	79,071
UNAUDITED FY06 FUND BALANCE	633,519	633,519	-
NET CHANGE IN FUND BALANCE	4,693,699	9,923,596	5,229,897
<b>TOTAL FUND BALANCES</b>	<b>11,644,476</b>	<b>17,429,668</b>	<b>5,785,192</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>45,327,982</b>	<b>37,392,306</b>	<b>(7,935,676)</b>

**CITY OF AUBURN, MAINE  
REVENUES - GENERAL FUND  
AS OF OCTOBER 31, 2006**

REVENUE SOURCE	FY 2007 BUDGET	ACTUAL REVENUES THROUGH OCT. 31	% OF TOTAL BUDGET
<b><u>TAXES</u></b>			
PROPERTY TAX REVENUE-	\$ 39,500,803	\$ 22,441,767	56.81%
PRIOR YEAR REVENUE	\$ -	\$ 714,297	
HOMESTEAD EXEMPTION REIMBURSEMENT	\$ -	\$ 590,004	
ALLOWANCE FOR ABATEMENT	\$ -	\$ -	
ALLOWANCE FOR UNCOLLECTIBLE TAXES	\$ (15,000)	\$ -	0.00%
EXCISE	\$ 3,200,000	\$ 1,313,885	41.06%
PENALTIES & INTEREST	\$ 90,000	\$ 20,542	22.82%
<b>TOTAL TAXES</b>	<b>\$ 42,775,803</b>	<b>\$ 25,080,494</b>	<b>58.63%</b>
<b><u>LICENSES AND PERMITS</u></b>			
BUSINESS	\$ 46,800	\$ 14,725	31.46%
NON-BUSINESS	\$ 307,775	\$ 214,520	69.70%
<b>TOTAL LICENSES</b>	<b>\$ 354,575</b>	<b>\$ 229,245</b>	<b>64.65%</b>
<b><u>INTERGOVERNMENTAL ASSISTANCE</u></b>			
STATE-LOCAL ROAD ASSISTANCE	\$ 356,000	\$ 122,185	34.32%
STATE REVENUE SHARING	\$ 2,900,000	\$ 1,392,203	48.01%
WELFARE REIMBURSEMENT	\$ 22,500	\$ 6,504	28.90%
OTHER STATE AID	\$ 25,000	\$ 10,277	41.11%
FEMA REIMBURSEMENT	\$ -	\$ -	
CITY OF LEWISTON	\$ 175,000	\$ -	0.00%
EDUCATION SUBSIDY	\$ 14,620,168	\$ 4,907,458	33.57%
<b>TOTAL INTERGOVERNMENTAL ASSISTANCE</b>	<b>\$ 18,098,668</b>	<b>\$ 6,438,627</b>	<b>35.58%</b>
<b><u>CHARGE FOR SERVICES</u></b>			
GENERAL GOVERNMENT	\$ 166,100	\$ 77,167	46.46%
PUBLIC SAFETY	\$ 101,800	\$ 17,119	16.82%
EMS TRANSPORT	\$ 25,000	\$ 1,857	7.43%
EDUCATION	\$ 2,368,950	\$ 1,320,810	55.76%
<b>TOTAL CHARGE FOR SERVICES</b>	<b>\$ 2,661,850</b>	<b>\$ 1,416,953</b>	<b>53.23%</b>
<b><u>FINES</u></b>			
PARKING TICKETS & MISC FINES	\$ 52,500	\$ 5,835	11.11%
<b><u>MISCELLANEOUS</u></b>			
INVESTMENT INCOME	\$ 340,000	\$ 70,681	20.79%
INTEREST-BOND PROCEEDS	\$ 125,000	\$ -	0.00%
RENTS	\$ 132,500	\$ 125,502	94.72%
UNCLASSIFIED	\$ 75,000	\$ 27,656	36.88%
SALE OF RECYCLABLES	\$ 50,000	\$ 24,572	49.14%
COMMERCIAL SOLID WASTE FEES	\$ 56,000	\$ 39,980	71.39%
SALE OF PROPERTY	\$ 150,000	\$ 1,244	0.83%
RECREATION PROGRAMS	\$ 50,000	\$ -	0.00%
MMWAC HOST FEES	\$ 178,000	\$ 61,500	34.55%
9-1-1 DEBT SERVICE REIMBURSEMENT	\$ -	\$ -	
TRANSFER IN: TIF	\$ 60,000	\$ -	0.00%
TRANSFER OUT: TIF	\$ (1,960,000)	\$ -	0.00%
<b>TOTAL MISCELLANEOUS</b>	<b>\$ (743,500)</b>	<b>\$ 351,136</b>	<b>-47.23%</b>
<b>TOTAL GENERAL FUND REVENUES</b>	<b>\$ 63,199,896</b>	<b>\$ 33,522,290</b>	<b>53.04%</b>

**CITY OF AUBURN, MAINE  
EXPENDITURES - GENERAL FUND  
AS OF OCTOBER 31, 2006**

<b>DEPARTMENT</b>	<b>FY 2007 BUDGET</b>	<b>ACTUAL EXPENDITURES THROUGH OCT. 30</b>	<b>% OF TOTAL BUDGET</b>
<b><u>ADMINISTRATION</u></b>			
MAYOR AND COUNCIL	\$ 98,610	\$ 49,080	49.77%
LEGAL SERVICES	\$ 55,000	\$ 16,309	29.65%
CITY CLERK	\$ 118,544	\$ 42,937	36.22%
CITY MANAGER	\$ 205,656	\$ 67,243	32.70%
HUMAN RESOURCES	\$ 100,279	\$ 34,642	34.55%
INFORMATION SYSTEMS	\$ 216,245	\$ 30,885	14.28%
ASSESSING SERVICES	\$ 246,071	\$ 86,153	35.01%
FINANCIAL SERVICES	\$ 353,591	\$ 126,241	35.70%
CUSTOMER SERVICE	\$ 16,000	\$ 1,797	11.23%
<b>TOTAL ADMINISTRATION</b>	<b>\$ 1,409,996</b>	<b>\$ 455,287</b>	<b>32.29%</b>
<b><u>COMMUNITY SERVICES</u></b>			
HEALTH & SOCIAL SERVICES			
ADMINISTRATION	\$ 45,532	\$ 15,120	33.21%
ASSISTANCE	\$ 51,618	\$ 12,270	23.77%
PLANNING & PERMITTING	\$ 665,825	\$ 259,532	38.98%
PARKS AND RECREATION	\$ 531,559	\$ 251,534	47.32%
PUBLIC LIBRARY	\$ 885,623	\$ 295,208	33.33%
COMMUNITY PROGRAMS	\$ 13,050	\$ 10,300	78.93%
<b>TOTAL COMMUNITY SERVICES</b>	<b>\$ 2,193,207</b>	<b>\$ 843,963</b>	<b>38.48%</b>
<b><u>FISCAL SERVICES</u></b>			
DEBT SERVICE	\$ 7,394,394	\$ 4,422,906	59.81%
PROPERTY	\$ 548,578	\$ 195,213	35.59%
WORKERS COMPENSATION	\$ 200,000	\$ 200,000	100.00%
WAGES & BENEFITS	\$ 4,043,042	\$ 1,326,371	32.81%
EMERGENCY RESERVE	\$ 620,000	\$ -	0.00%
<b>TOTAL FISCAL SERVICES</b>	<b>\$ 12,806,014</b>	<b>\$ 6,144,490</b>	<b>47.98%</b>
<b><u>PUBLIC SAFETY</u></b>			
EMERGENCY MGMT AGENCY	\$ 6,468	\$ 4,817	74.47%
FIRE DEPARTMENT	\$ 3,266,602	\$ 1,092,935	33.46%
POLICE DEPARTMENT	\$ 2,616,186	\$ 912,915	34.89%
<b>TOTAL PUBLIC SAFETY</b>	<b>\$ 5,889,256</b>	<b>\$ 2,010,666</b>	<b>34.14%</b>
<b><u>PUBLIC WORKS</u></b>			
PUBLIC WORKS DEPARTMENT	\$ 4,490,429	\$ 1,154,920	25.72%
WATER AND SEWER	\$ 467,500	\$ 238,220	50.96%
<b>TOTAL PUBLIC WORKS</b>	<b>\$ 4,957,929</b>	<b>\$ 1,393,140</b>	<b>28.10%</b>
<b><u>INTERGOVERNMENTAL PROGRAMS</u></b>			
AUBURN-LEWISTON AIRPORT	\$ 136,269	\$ 68,135	50.00%
E911 COMMUNICATION CENTER	\$ 867,500	\$ 217,088	25.02%
LATC-PUBLIC TRANSIT	\$ 117,994	\$ 58,997	50.00%
LAEGC-ECONOMIC COUNCIL	\$ 106,429	\$ 26,607	25.00%
L-A ARTS	\$ 21,000	\$ 10,500	50.00%
COUNTY TAX	\$ 1,699,945	\$ 1,699,945	100.00%
TAX SHARING	\$ 345,000	\$ 49,680	14.40%
<b>TOTAL INTERGOVERNMENTAL</b>	<b>\$ 3,294,137</b>	<b>\$ 2,130,952</b>	<b>64.69%</b>
<b><u>EDUCATION DEPARTMENT</u></b>	<b>\$ 32,649,357</b>	<b>\$ 10,196,921</b>	<b>31.23%</b>
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<b>\$ 63,199,896</b>	<b>\$ 23,175,420</b>	<b>36.67%</b>

**CITY OF AUBURN, MAINE  
INVESTMENT SCHEDULE  
AS OF OCTOBER 31, 2006**

INVESTMENT	FUND	ACCOUNT BALANCE	INTEREST RATE	VALUE		WEIGHTED AVG YIELD
				BOOK	MARKET	
BANKNORTH MNY MKT	GENERAL FUND	14,081,557.50	5.33%	14,081,557.50	14,081,557.50	
MBIA CLASS ACCOUNT	GENERAL FUND	686.17	4.97%	686.17	686.17	
BANKNORTH MNY MKT	GF-WORKERS COMP	47,307.05	4.28%	47,307.05	47,307.05	
MBIA CLASS ACCOUNT	GF-WORKERS COMP	56.48	4.97%	56.48	56.48	
BANKNORTH MNY MKT	GF-UNEMPLOYMENT	74,654.45	5.33%	74,654.45	74,654.45	
MBIA CLASS ACCOUNT	GF-UNEMPLOYMENT	76,624.92	4.97%	76,624.92	76,624.92	
BANK OF AMERICA	GF-UNEMPLOYMENT	16,105.36	2.60%	16,105.36	16,105.36	
BANKNORTH MNY MKT	SPECIAL REVENUE	1,460,546.27	5.33%	1,460,546.27	1,460,546.27	
MBIA CLASS ACCOUNT	SPECIAL REVENUE	2,361.97	4.97%	2,361.97	2,361.97	
BANKNORTH MNY MKT	SR-PERMIT PARKING	108,094.98	5.33%	108,094.98	108,094.98	
MBIA CLASS ACCOUNT	SR-PERMIT PARKING	353.48	4.97%	353.48	353.48	
BANKNORTH MNY MKT	SR-TIF	60,739.25	5.33%	60,739.25	60,739.25	
MBIA CLASS ACCOUNT	SR-TIF	755.86	4.97%	755.86	755.86	
BANKNORTH MNY MKT	CAPITAL PROJECTS	8,359,872.71	5.33%	8,359,872.71	8,359,872.71	
MBIA CLASS ACCOUNT	CAPITAL PROJECTS	11,428.60	4.97%	11,428.60	11,428.60	
BANK OF AMERICA	CAPITAL PROJECTS	24,350.47	2.60%	24,350.47	24,350.47	
BANKNORTH MNY MKT	ICE ARENA	83,208.01	5.33%	83,208.01	83,208.01	
MBIA CLASS ACCOUNT	ICE ARENA	192.00	4.97%	192.00	192.00	
<b>GRAND TOTAL</b>		<b>24,408,895.53</b>		<b>24,408,895.53</b>	<b>24,408,895.53</b>	<b>5.32%</b>

**CITY OF AUBURN, MAINE  
INVESTMENT SCHEDULE  
COMPARISON OF AUGUST 31, 2006  
AND OCTOBER 31, 2006**

INVESTMENT	FUND	SEPTEMBER 30, 2006		OCTOBER 31, 2006		INCREASE (DECREASE)	
		VALUE		VALUE		VALUE	
		BOOK	MARKET	BOOK	MARKET	BOOK	MARKET
BANKNORTH MNY MARKET	GENERAL FUND	9,150,077.91	9,150,077.91	14,081,557.50	14,081,557.50	4,931,479.59	4,931,479.59
MBIA CLASS ACCOUNT	GENERAL FUND	683.38	683.38	686.17	686.17	2.79	2.79
BANKNORTH MNY MARKET	WORKERS COMP	47,138.90	47,138.90	47,307.05	47,307.05	168.15	168.15
MBIA CLASS ACCOUNT	WORKERS COMP	56.17	56.17	56.48	56.48	0.31	0.31
BANKNORTH MNY MARKET	UNEMPLOYMENT	74,326.19	74,326.19	74,654.45	74,654.45	328.26	328.26
MBIA CLASS ACCOUNT	UNEMPLOYMENT	76,301.72	76,301.72	76,624.92	76,624.92	323.20	323.20
BANK OF AMERICA	UNEMPLOYMENT	16,105.36	16,105.36	16,105.36	16,105.36	0.00	0.00
BANKNORTH MNY MARKET	SPECIAL REVENUE	1,454,124.22	1,454,124.22	1,460,546.27	1,460,546.27	6,422.05	6,422.05
MBIA CLASS ACCOUNT	SPECIAL REVENUE	2,352.05	2,352.05	2,361.97	2,361.97	9.92	9.92
BANKNORTH MNY MARKET	PERMIT PARKING	107,619.68	107,619.68	108,094.98	108,094.98	475.30	475.30
MBIA CLASS ACCOUNT	PERMIT PARKING	351.93	351.93	353.48	353.48	1.55	1.55
BANKNORTH MNY MARKET	TIF	60,472.18	60,472.18	60,739.25	60,739.25	267.07	267.07
MBIA CLASS ACCOUNT	TIF	752.76	752.76	755.86	755.86	3.10	3.10
BANKNORTH MNY MARKET	CAPITAL PROJECTS	9,321,412.12	9,321,412.12	8,359,872.71	8,359,872.71	(961,539.41)	(961,539.41)
MBIA CLASS ACCOUNT	CAPITAL PROJECTS	11,380.38	11,380.38	11,428.60	11,428.60	48.22	48.22
BANK OF AMERICA	CAPITAL PROJECTS	24,350.47	24,350.47	24,350.47	24,350.47	0.00	0.00
BANKNORTH MNY MARKET	ICE ARENA	82,842.14	82,842.14	83,208.01	83,208.01	365.87	365.87
MBIA CLASS ACCOUNT	ICE ARENA	191.07	191.07	192.00	192.00	0.93	0.93
<b>GRAND TOTAL</b>		<b>20,430,538.63</b>	<b>20,430,538.63</b>	<b>24,408,895.53</b>	<b>24,408,895.53</b>	<b>3,978,356.90</b>	<b>3,978,356.90</b>



# City Council

## Agenda Information Sheet

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Council Meeting Date Nov 20, 2006

Agenda Item No. 1

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**SUBJECT:**

**PUBLIC HEARING AND ACTION ON LIQUOR LICENSE AND SPECIAL AMUSEMENT PERMIT APPLICATIONS FOR THE BLACK BEAR TAVERN LLC, 34 COURT STREET**

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**INFORMATION:**

The Black Bear Tavern LLC will be located at 34 Court Street, (the former Cellar Door) and its principal is Leif M. Nickerson. The Police Department has reviewed and approved the applications. The Planning & Permitting and Fire Departments have not yet given their final approvals, however the applicant is making significant progress in that direction. The applicant hopes to open prior to the City Council conducting its next regular meeting.

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**STAFF COMMENTS/RECOMMENDATION:**

Staff recommends approval of these licenses contingent upon Planning & Permitting and the Fire Department giving their approvals.

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**REQUESTED ACTION:**

Motion to approve contingent upon Planning & Permitting and the Fire Department giving their approvals.