

City of Auburn, Maine

Comprehensive Annual Financial Report



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*For Fiscal Year Ended
June 30, 2012*

CITY OF AUBURN, MAINE

Finance Department

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**For Fiscal Year Ended
June 30, 2012**

Prepared By:
Finance and Management

CITY OF AUBURN, MAINE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2012

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INTRODUCTORY SECTION

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City of Auburn, Maine

"Maine's City of Opportunity"



December 3, 2012

Honorable Mayor Labonte 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, 2012, 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 tenth year that the City's Financial Services Department has prepared this report using the 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 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 awards, findings, recommendations and the independent auditor's report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance, 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.

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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. 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 2012

Economic Development

The City works continually to improve the economic development climate in Auburn in an effort to attract new and retain existing quality jobs, expand the City's tax base and offer a quality of life that people desire. Although impacted, similar to every other community, by the economic downturn; Auburn has continued to experience a slow and steady recovery with our local unemployment rate reflecting a stronger position than either the State of Maine or the United States.

The City has a three-prong approach to economic development to ensure that we continue the diversification of our tax base and the balanced development of our community by encouraging growth in all sectors. Auburn's efforts are focused on three areas: 1) development of industrial parks, 2) the downtown and 3) the mall area. Significant progress was made in all three areas.

The City, in partnership with the Auburn Business Development Corporation (a private, nonprofit development corporation), has continued to expand the offerings of "development ready" land by continuing the effort to complete the City's newest industrial park. The park is located in the southwest quadrant of the City in close proximity to the Auburn/Lewiston Municipal Airport, the Maine Turnpike (US Route 95) and two other industrial parks. The newest development includes 174 acres. The land is located in the southwest quadrant of Auburn in close proximity to the Auburn-Lewiston Municipal Airport, a truck-to-rail and rail-to-truck intermodal facility and two industrial parks. Auburn has been designated under United States Customs and Border Protection, an agency of the United States Department of Homeland Security, as a part of the Portland port of entry and therefore has full customs services for all the cargo entering the United States and arriving in Auburn. The new park also has the benefit of designation under the Foreign Trade Zone and Maine Pine Tree Zone programs.

The commercial-service center of Auburn has seen significant new investment. Construction in the Auburn Mall area has begun on two new businesses; Panera Bread and a standalone dental office building. These should both be completed in the new fiscal 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 and updated it in 2011, 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. The City met and exceeded its fund balance goal in fiscal year 2012.

Capital Improvements and Debt Service

The City maintains an ongoing five 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 2012, the Capital Improvement budget included approximately \$2.6 million to fund street, sidewalk, infrastructure and drainage improvements; \$250,000 to fund a new airport terminal, \$1 million to fund School Department capital projects and \$650,000 for building improvements and equipment replacements. The City of Auburn maintains an "A+" rating from Standard & Poor's and an Aa3 rating from Moody's for the City's general obligation debt.

Education

One of the hallmarks of a great community is an excellent public school system. Schools are one of several determining factors businesses and parents consider when deciding whether to locate in a city. The Auburn School Department works diligently to offer an educational program from Pre-K to grade 12 that ensures the success of every student and community learner. The Auburn School Department has long been recognized for numerous individual and district-wide accomplishments.

Educational Excellence

Auburn has started down the exciting path toward Customized Learning. This approach to education honors the principles that students learn in different ways and in different timeframes. It strives to create a system where students are receiving the instruction they are ready for and are held to proficiency on learning targets before moving to the next learning. At this point in time, all levels of the system are somewhere along the path to full implementation of customized learning.

Auburn's Pre-K to 6 schools continue to refine their literacy and math instruction, making it more customized for students. Pre-K teachers have regular professional development with a literacy specialist who helps them understand and implement best practices in literacy for our Pre-K students. All K-6 teachers have completed a three-credit course focused on best practices in literacy instruction and this year continue customized professional development aimed at refining their implementation of a workshop model of instruction in literacy and math. This approach helps them best meet the needs of all students in their classrooms. In addition, K-1 students all have 1:1 iPads, a tool that helps teachers customize instruction for students in literacy and math.

At the middle-level, teachers have created a new schedule that provides teams with large blocks of uninterrupted time allowing for flexible grouping and re-grouping of students to best meet their instructional needs. Teams are also working to create inter-disciplinary units of study that integrate learning for students, increasing relevance and engagement.

The high school has started initial work to implement a proficiency-based, customized learning experience. A core group of classroom teachers has had training in advance of the rest of the staff. Those teachers are implementing strategies to provide authentic voice and choice to students and to help them learn to take more control of their learning. The entire staff will continue training this November and implement initial changes during the remainder of the school year.

All the work at the various levels is showing some great promise. As Auburn continues down the road toward a new educational system, community education and participation will be key. The District is making an intentional effort to keep the community well informed and to involve individual community members in a variety of ongoing efforts aimed to support the move to Customized Learning.

School Building Infrastructure and Fleet Improvements

The School Department continued its work to improve the quality of the City's school facilities infrastructure. The School Department's facilities have a total replacement value of \$84,465,387; thereby, the School Department's Capital Improvement needs for Fy12 was submitted for review and recommendation to the City Council at \$1,659,860, which represents 1.9% of capital asset values. The City Councilors approved and authorize \$1,000,000 in CIP Bond issuance for the School Department in their August 2011 Bond Issuance.

The School Department also submitted to the State Department of Education for the State Qualified Zone Academy Bond. QZABs are bonds issued by state or local governments to renovate and improve eligible public schools. The Federal government subsidizes the bonds by providing tax credits to the holder of the QZABs. The credits are approximately equal to the interest that states and communities would pay the holders of taxable bonds; therefore, issuers are generally responsible for repayment of just the principal. This is a tax credit program, not a grant program. Each state is allotted an amount of money based on state percentages of the national population of individuals with incomes below the poverty line.

QZABs may be used for rehabilitation or repair of school buildings, purchasing equipment, developing course materials, and/or training teachers and other school personnel, but not for new construction. The following eligibility criteria must be met:

- Schools must either be located in an empowerment zone or an enterprise community or there must be a reasonable expectation that at least 35% of students will be eligible for free or reduced-cost lunches under the [National School Lunch Act](#).
- Eligible schools must have an educational program developed in cooperation with business and receive a private business contribution worth at least 10% of the money borrowed using the QZAB.

Eligible schools must have an education plan that is approved by their school district and in which students are subject to the same standards and assessments as other students in the district.

Auburn School Department was awarded \$1,057,323

<u>Location</u>	<u>Project Description</u>	<u>AWARDED</u>	<u>% Free & Reduced</u>
Edward Little High School	New Boilers-Domestic Hot Water-Conversion Natural Gas-Compliance Life Safety Codes	\$ 491,898	44%
Franklin Alternative School	New HVAC System	234,675	87%
Walton School	New Shingled Roof	140,700	68%
Walton School	Exterior Parking Lot/Security Lighting	55,020	68%
Auburn Middle School	Skylight Replacement	30,030	54%
Edward Little High School	Tennis Court Reconstruction	<u>105,000</u>	44%
Total QZAB AWARD		\$1,057,323	

Androscoggin Bank of Lewiston was the lending institution that offered the QZAB funding. We were able to save \$255,872 in deferred interest charges over the life of the Bond with the DOE award and QZAB funds instead of typical Banking Institution Bond issuance.

We continued to implement the Verification and Measurement of the final phase of our Performance Contract with Siemens Technology. The Year-3 Savings Report of 2012 is an important measure to solidify that the anticipated savings have been realized. The Verification and Measurement Year-3 Savings Report was conducted and analysis revealed that the Siemens guaranteed annual savings of \$158,953 was not only met, but in fact a savings of \$192,347 was realized. The savings is \$33,394 greater than originally projected. The energy savings each fiscal year is used to reimburse Siemens Technology for the energy efficiency projects conducted 4 years ago. Siemens has guaranteed the savings; thus, if the savings are not realized, Siemens will reimburse the School Department the difference. The Annual Savings Reports will continue into the distant future to insure that savings are generated per agreement. Over the last three fiscal years, we have saved a total of \$463,104 in energy costs.

The School Department continues the replacement of older school buses, with the assistance of the State Department of Education Bus Purchase/Replacement program. We were fortunate to receive Fy12 DOE approval for the purchase of one new school bus, which replaced a 1997 International regular 77-passenger school bus. The DOE Bus Purchase/Replacement program requires that school buses be eligible for replacement when they reach ten-years-old and have in excess of 125,000 miles. The DOE Bus Purchase/Replacement program schedule allows the Auburn School Department to maintain a bus fleet in conformance with the State DOE replacement guidelines and a fleet that this community can be proud of. The reimbursement from DOE is a direct allocation that is provided one year after the purchase; therefore, it behooves us to participate in the Bus Purchase/Replacement program and upgrade our bus fleet with State DOE funding assistance.

As we continue to explore alternative energy fuel, our FY12 bus purchase included a propane-fired engine. These propane engines have better gas mileage and lower maintenance costs. The added cost to install a propane engine is \$7,200 per bus. After deducting the added cost of converting from diesel to propane, and taking into account the life expectancy of propane buses, we will generate a savings of \$42,800 per school bus, a projected annual savings is \$5,000 per school bus, at minimum, and representing a payback in 1.44 years. It is our intention to move the Auburn School Department bus fleet from diesel to propane over the course of 8 years. We currently have 3 school buses that operate on propane-fired engines. Aside from producing an annual savings, we are lessening our greenhouse gas emissions to the atmosphere.

School Messenger

Our grant collaboration with the Lewiston School Department has awarded a \$5 million dollar grant that is specific to School Safety. This five-year grant continues to afford us the ability to submit competitive grants relative to School Safety. During FY12, we were successful in submitting school security projects for Safe Schools grants that received awards for the implementation of School Messenger. School Messenger is a fully integrated software that affords Auburn School Department the ability to alert law enforcement officials, staff, and parents with emergency notifications. Alert notifications are transmitted via land-lines, mobile phones, or email addresses and are also multi-dimensional, whereby information can be disseminated in multiple mediums simultaneously. The cost for 6 years of alert notification, software, licensing and training, is \$40,291.

Grant Office

The Auburn School Department was awarded directly or through joint applications 19 grants in fiscal year 11-12 for a total of \$1,381,079:

Federal	2
State of Maine	9
Foundation	6
Corporate	<u>2</u>
Total	19

In addition, several teachers throughout the district obtained funding for their projects through *DonorsChoose*, an on-line charity, which connects classrooms in need with prospective donors. Teachers received supplies, instruments, books, and materials.

Highlights of grants received during 2011-12 are:

Safe Schools/Healthy Students

2011-12 was the fourth year of a U.S. Department of Education grant. The Safe Schools/Healthy Students initiative is a collaborative effort between the Auburn and Lewiston School Districts to promote the mental health of students, enhance academic achievement, prevent violence and substance abuse, and create safe and respectful school climates through sustainable school-family-community partnerships and the use of research-based prevention and early intervention programs, policies, and procedures.

21st Century Community Learning Centers

Auburn has one of the longest-running 21st Century Community Learning Center (CLC) programs in Maine. Continuously funded exclusively by grants and program revenues since 1999, CLC programs served 962 students in the 2011-12 school year and summer of 2011. Students in eight Auburn schools had the opportunity to extend their learning; develop new skills and interests; establish positive relationships with caring adults and their peers; and become involved in service to their school and community.

CLC Grant, Year 4

The fourth year of this five-year grant award from Maine's Department of Education benefited students in grades 3-8 through after-school programs at Auburn Middle, East Auburn, Sherwood Heights, and Walton Schools. Students from Merrill Hill attended a tutoring extension of the AMS program. Sixty-four percent of the 524 students served were low-income students, 26% qualified for special services, and 5% were English Language Learners. Seventy-seven percent of students who attended 30 days or more increased their math and language arts scores on local standardized assessments during the year.

Afterschool programs were maintained at four days a week at Auburn Middle School and three days a week at each elementary school during this fourth grant at a planned funding reduction to 75% of the full grant amount. School-day teachers and ed techs staffed the program; fourteen community volunteers aided weekly or for special events. A variety of student-centered programming, including academic skill supplements, homework help, technology enrichment, wellness/recreation, arts, and community service was delivered at each site. Teachers reported consistent improvement in classroom performance and homework completion for a majority of participating students. Student surveys showed a high level of connection to adults in the program, increased levels of activity, and a sense of belonging—all-important developmental assets for the elementary and middle years.

CLC District Grant, Year 3

The third year of this five-year grant award from Maine's Department of Education benefited students in grades 3-6 at Park Avenue and Washburn Schools and grades 9-12 at Edward Little High School. Students from Franklin Alternative School accessed services at Edward Little. Sixty-two percent of the 438 students served were low-income students eligible for free/reduced school lunch, 15% qualified for special services, and 20% were English Language Learners. Programs at the elementary level focused on reading/literacy, math, arts, health/wellness and community service. Eighty-one percent of youth in the program showed improvement in math and reading standardized test scores during the year. High School students in grades 11 & 12 focused on meeting graduation requirements with ELPM, a credit recovery program. With the help of credit recovery, 78 students graduated between July 1, 2011 and June 30, 2012 (an increase of 15% over 2010-11) and 328 academic half-credits were earned (an increase of 29% over 2010-11). EL Connect, a new program serving students in grades 9 & 10, worked with students on study skills, aspirations, community building, credit recovery, and homework completion. Youth in the grade 9 & 10 program benefitted from community partnerships with the Auburn Public Library, Healthy Androscoggin, Cooperative Extension, and the Career Center to access library, healthy lifestyle, job readiness, and career development services. Both high school programs focused on mentoring, raising student aspirations, and post-secondary planning.

Get ACTIVE Grant, Year 11

For the 11th consecutive year, Auburn received funding from Maine's Department of Health and Human Services—Fund for a Healthy Maine—for after school programs for youth ages 12-15. Seventy-nine AMS students enrolled in the Get ACTIVE program to access recreation activities at school and in the community, enrichment and academic help, and community service opportunities. Funding for this grant program was eliminated by the 125th Maine Legislature in May 2012 and will not be available after June 30, 2012.

GirlSpace

Through the Maine Arts Commission, a continuation grant award for "GirlSpace," an arts-based after-school program continued during 2011-12. Girls in grades 3-6 living in or near the city's largest low-income family housing complex, worked with an artist and school staff two days per week right at the housing complex, which is also home to a large population of Somali immigrants. Through immersion in the arts, girls who struggle with school and have low aspirations built confidence and skills that directly transferred to success in school. GirlSpace engaged girls in a nine-month self-exploration through visual arts and dramatic storytelling.

4-H/JC Penney

A one-year grant from the National 4-H Council and JC Penney funded after school programming for students at Washburn, Park Avenue, and Sherwood Elementary Schools, as well as Auburn Middle School. Fourteen after school staff members attended professional development from the 4-H/Cooperative Extension Afterschool Academy program to integrate more science and inquiry-based programming after school. CLC after school students at Washburn School attended an extra day of programming each week and several community-based explorations. Partnerships with the Auburn Housing Authority and ArtVan provided after school programming on half-day Wednesdays for Washburn, Sherwood Heights, and Park Avenue Students in low-income housing complexes. Middle school students participated in Science, Technology, Engineering, and Math (STEM) based after school activities designed to support their school day success.

College Access

A multi-year grant from the MELMAC Education Foundation is presently in its fourth year. The grant funds a college access program at Edward Little High School. The goal of this program is to inform all students about post-secondary educational opportunities and to create a college-going culture in the school and in the community. Examples of college aspirations activities include:

- *Parent information nights*—Parents receive information about higher education programs, financial aid and the importance of standardized tests and how students can prepare for them.
- *Portfolios*—Students create portfolios that include interest and ability tests, a high school course plan, and career and college research.
- *College trips*—Students visit several colleges with guidance counselors and teachers.

A multi-year grant, Connecting Aspirations to a Plan, will aid ELHS in increasing their rate of post-secondary enrollment, especially from those students on the margin of our student population and broaden the range of post secondary options through one-on-one mentoring, college visits, and other initiatives.

Substance Abuse

A multi-year grant from the State of Maine's Department of Human Services is in its fourth year. The Student Intervention and Reintegration Program (SIRP) helps target at-risk youth between the ages of 15-18 who experiment with drugs and/or alcohol but do not qualify for treatment. The program's focus is to make healthy decisions and reduce risk for problems.

Literacy

An annual award from the L/A Fund allows students to integrate technology and art with writing by creating an original book in accordance with publication guidelines. The books are then judged and the winning entry is "published". The entire program culminates with a book-signing event at the local library.

Science Grants

Kids Consortium awarded a mini grant to Sherwood Heights School enabling students to continue a garden project where fresh produce is supplied to the cafeteria at Sherwood Heights. In addition, the grant supports a school-wide composting program. Lowe's Toolbox for Education awarded East Auburn Learning Park/Land Lab a grant to significantly expand their garden project by adding a drip irrigation system, building a hoop house, rebuilding a butterfly garden gazebo, enhancing a wetland area and offering unique learning opportunities to students on sustainable living.

Health Grants

Through the State of Maine's "Fresh Fruits and Vegetables" grants, Park Avenue, Washburn, Sherwood Heights and Walton Schools received fresh produce for its students. This program provides daily healthy snacks to students, giving them the necessary vitamins and minerals, which they need to maximize their learning. A grant was also awarded to purchase equipment throughout the district to help enhance the breakfast in the classroom program. A multi-year grant awarded to Community Clinical Services provided primary care and mental health services to students at ELHS and AMS.

Other Grant /Awards

- Erin Towns at ELHS has been awarded a fellowship from the U.S. Department of State's Bureau of Educational and Cultural Affairs. Teachers for Global Classroom Program will provide professional development opportunities including an on-line course, two global education symposiums in Washington D.C., and a two week international fellowship.
- The Active Caring Grant enabled students, teachers, school administrators, and community members to present at a workshop on our Moral Courage Project. This student-driven workshop discussed the theory behind our community-building project, as well as its history and its goals related to inclusion and connection.
- The playground at Washburn School will be revitalized with a fun tunnel, swings and a slide through a grant from Community Development grant funds

Looking Ahead: Fiscal Year 2013 Goals

The City of Auburn and the City Council has experienced a year of transition. An interim City Manager lead the process to hire a new City Manager in June of 2012. The City Council adopted a set of goals in the form of a work plan for the first 6 months. One aspect of the 6 month work plan was to develop a new goal setting process. The City intends to follow a process where each December / January the Council will review and adopt a set of goals for the upcoming year. The timing is essential because goals are now set in conjunction with terms and will allow the budget process to relate budget objectives to goals of the Council.

The City used to follow 7 broad categories but for the next year will adhere more to a some general philosophies. These philosophies would entail:

1. Develop planning objectives and steps that set policy directives for the staff to carry out.
2. Measure progress on goals on the success of the project, while maintaining efficient, cost-effective budgets.
3. Set clear financial priorities for the City on an annual basis.
4. Goals and objectives of the City should be reviewed in categories that clearly identify the responsible department of the City.
5. Maintain efficient government processes to promote the City and provide complete transparency.

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 is 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 midyear, 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 and revenue resolve.

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 2012 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, 2012, 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, 2012, 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, 2011. This was the nineteenth 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 Gina Klemanski, Jill Cunningham and Nancy Bosse in the Financial Services Department. I am also pleased to acknowledge the services and assistance of independent auditors, Runyon Kersteen Ouellette, in the preparation and production of this report.

Sincerely,

A handwritten signature in black ink that reads "Jill M Eastman". The signature is written in a cursive style with a large initial "J" and "E".

Jill M Eastman
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, 2011

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.



Linda C. Davidson

President

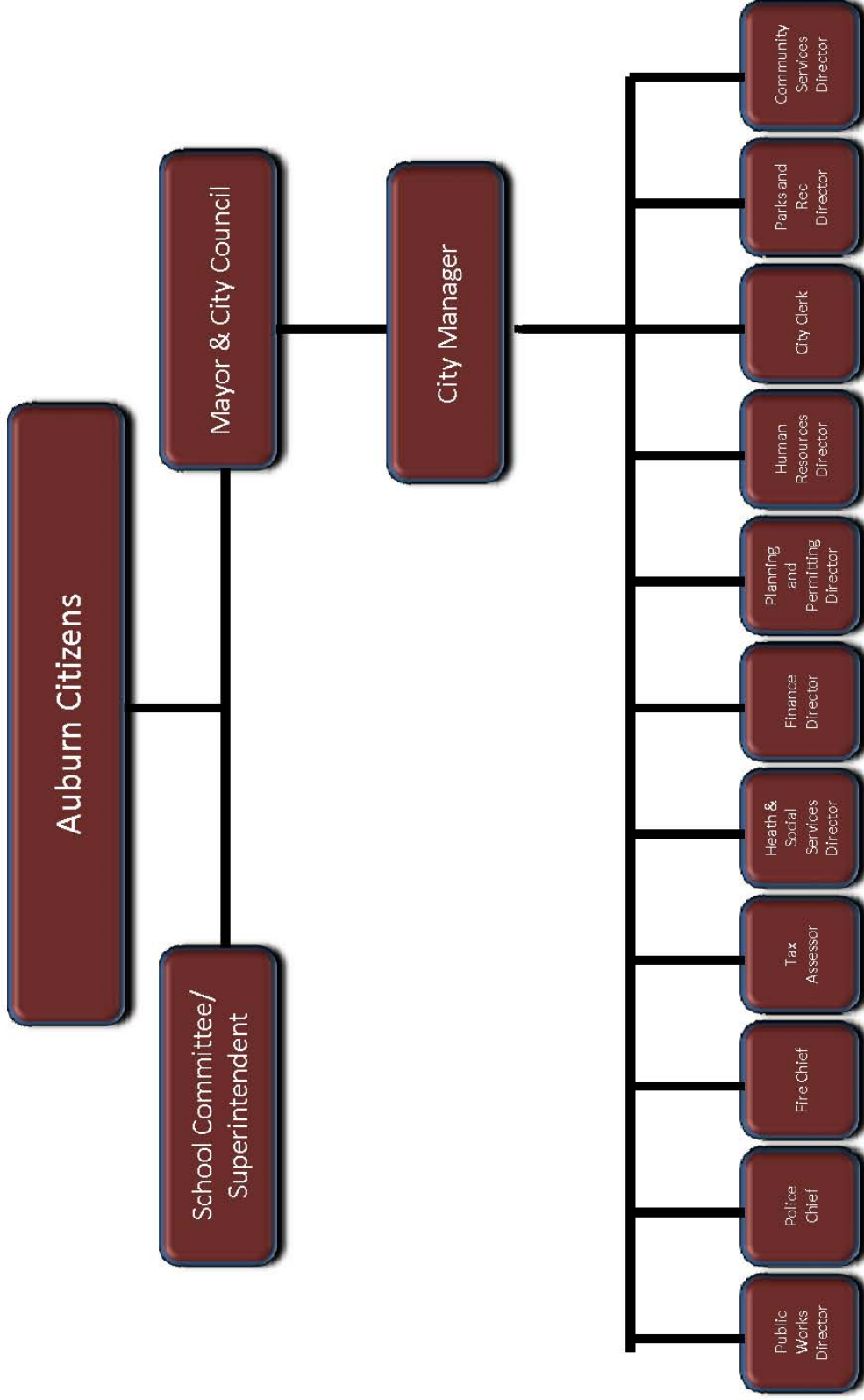
Jeffrey R. Enos

Executive Director

ORGANIZATIONAL CHART

2012

City of Auburn



CITY OF AUBURN, MAINE

LIST OF ELECTED AND APPOINTED OFFICIALS

June 30, 2012

Elected Officials

Mayor	Jonathan P. Labonte
Council Member – Ward 1	Tizz E. Crowley
Council Member – Ward 2	Robert P. Hayes
Council Member – Ward 3	Mary Kozicki Lafontaine
Council Member – Ward 4	David C. Young
Council Member – Ward 5	Leroy G. Walker
Council Member – At Large	Belinda Gerry
Council Member – At Large	Joshua A. Shea
School Committee – Chair, Ward 3	Thomas M. Kendall
School Committee – Ward 1	William Horton
School Committee – Ward 2	Bonnie J. Hayes
School Committee – Ward 4	Tracy Levesque
School Committee – Ward 5	Larry Pelletier
School Committee – At Large	Francois R. Bussiere
School Committee – At Large	Laurie Tannenbaum

Appointed Officials

City Manager	Clinton E. Deschene
Finance Director	Jill M. Eastman
School Superintendent	Katherine Grondin
School Business Manager	Jude Cyr
City Clerk	Susan Clements-Dallaire
Community Services Director	Denis D'Auteuil
Tax Collector	Nancy Bosse
Assessor	Renee Lachapelle
Acting Fire Chief	Geoffrey Low
Human Resources Director	Deborah Grimmig
Police Chief	Phil Crowell
Public Works Director	Robert Belz
Parks & Recreation Director	Ravi Sharma
Health & Social Services Director	Dorothy Meagher

FINANCIAL SECTION

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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, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of 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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2012, 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.

City Council
City of Auburn, Maine

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

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



December 3, 2012
South Portland, Maine

Management's Discussion and Analysis Fiscal Year Ended June 30, 2012

As management of the City of Auburn, Maine, we offer this narrative overview and analysis of the financial activities of the City of Auburn for the fiscal year ended June 30, 2012. 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 \$86,335,714 (*net assets*).
- The City of Auburn's total net assets increased by \$5,193,272. This increase is a direct result from: \$5.4 million in road, sidewalk and drainage improvements; \$720 thousand in public works, police, fire and school vehicles and equipment additions. Although most of the capital investment was funded with general obligation bonds, repayments more than offset new proceeds which resulted in a decrease in overall indebtedness by \$4.3 million.
- As of the end of the current fiscal year, the City of Auburn's governmental funds reported combined ending fund balances of \$33,613,074, an increase of \$767,006 in comparison with the prior year.
- At the end of the current fiscal year, total assigned and unassigned fund balance for the General Fund was \$11,693,675, or 19.7% of total General Fund expenditures.
- The City of Auburn issued bonds totaling \$4,500,000 for its Capital Improvement Plan during the current fiscal year. The new issue included over \$2.6 million for street and infrastructure improvements, \$1 million for school facilities and technology, \$250,000 for a new airport terminal and approximately \$650,000 for building improvements and equipment replacements.

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 are comprised of 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, the Ingersoll Ice Arena. The government-wide financial statements can be found on pages 31-32 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 33-38 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 39-41 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 42-43 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 44-71 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 and retiree healthcare benefits to its employees. Required supplementary information can be found on page 72 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. The combining and individual fund statements and schedules can be found on pages 75-79 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 \$86,335,714 at the close of the most recent fiscal year.

	City of Auburn's Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 40,203,295	\$ 40,611,668	\$ 345,786	\$ 358,446	\$ 40,549,081	\$ 40,970,114
Capital assets	117,381,704	117,508,471	729,731	829,060	118,111,435	118,337,531
Total assets	\$ 157,584,999	\$ 158,120,139	\$ 1,075,517	\$ 1,187,506	\$ 158,660,516	\$ 159,307,645
Long-term liabilities outstanding	58,437,409	62,435,108	-	-	58,437,409	62,435,108
Other liabilities	13,875,529	15,725,646	11,864	4,449	13,887,393	15,730,095
Total liabilities	\$ 72,312,938	\$ 78,160,754	\$ 11,864	\$ 4,449	\$ 72,324,802	\$ 78,165,203
Net assets						
Invested in capital assets, net of related debt	\$ 53,111,954	\$ 56,084,796	\$ 729,731	\$ 829,060	\$ 53,841,685	\$ 56,913,856
Restricted	10,879,129	11,707,875	-	-	10,879,129	11,707,875
Unrestricted	21,280,978	12,166,714	333,922	353,997	21,614,900	12,520,711
Total net assets	\$ 85,272,061	\$ 79,959,385	\$ 1,063,653	\$ 1,183,057	\$ 86,335,714	\$ 81,142,442

By far, the largest portion of the City of Auburn's net assets (62.37% or \$53,841,685) 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 has made a conscious effort to continue its investments in long term infrastructure improvements such as storm water separation, roadways, traffic improvements, sidewalks, facilities, and large equipment which have contributed to the growth in net assets in fiscal year 2012. 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.

An additional portion of the City of Auburn's net assets (12.60%) represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted *net assets* are \$21,614,900.

At the end of the current fiscal year, the City of Auburn is able to report positive balances in all three 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.

City of Auburn's Changes in Net Assets

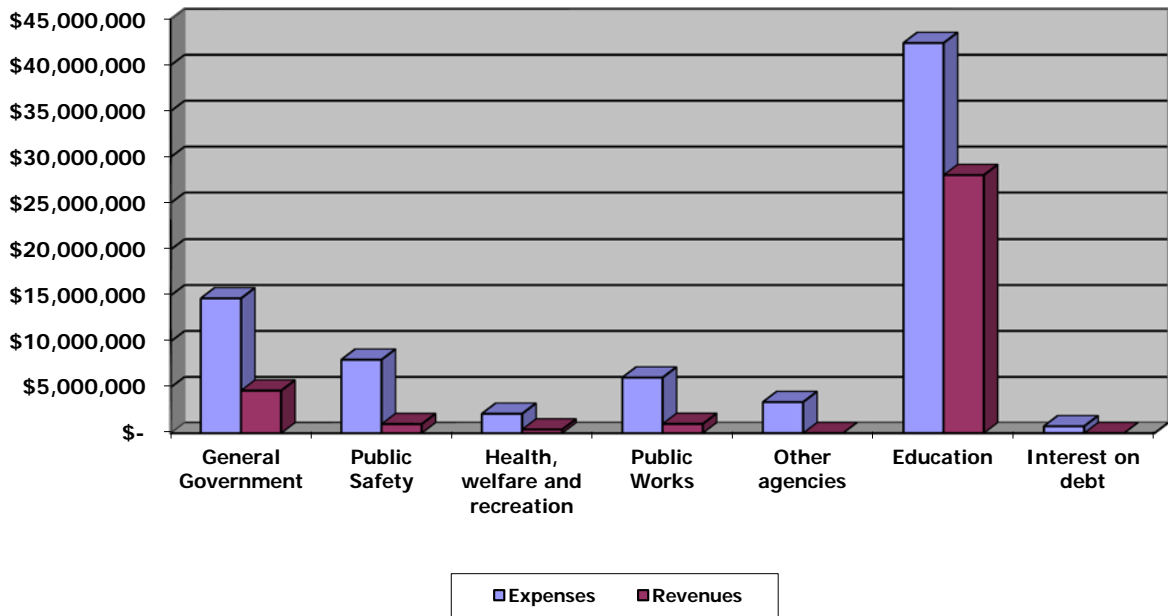
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 2,059,956	\$ 2,008,956	\$ 433,375	\$ 424,614	\$ 2,493,331	\$ 2,433,570
Operating grants and contributions	33,003,967	31,521,140	-	-	33,003,967	31,521,140
Capital grants and contributions	-	602,210	-	-	-	602,210
General revenues:						
Property and other taxes	43,192,698	42,962,974	-	-	43,192,698	42,962,974
Grants and contributions not restricted to specific programs	4,172,425	4,103,025	-	-	4,172,425	4,103,025
Other	295,621	1,511,826	51	-	295,672	1,511,826
Total revenues	\$ 82,724,667	\$ 82,710,131	\$ 433,426	\$ 424,614	\$ 83,158,093	\$ 83,134,745
Expenses:						
General government	14,680,105	13,450,586	-	-	14,680,105	13,450,586
Public safety	8,001,972	7,673,153	-	-	8,001,972	7,673,153
Health, welfare and recreation	2,117,014	2,072,398	-	-	2,117,014	2,072,398
Public works	6,059,774	9,876,176	-	-	6,059,774	9,876,176
Other agencies	3,389,283	3,278,312	-	-	3,389,283	3,278,312
Education	42,418,741	42,408,444	-	-	42,418,741	42,408,444
Interest on long-term debt	758,377	1,646,166	-	-	758,377	1,646,166
Ingersoll Ice Arena	-	-	539,555	482,686	539,555	482,686
Total Expenses	\$ 77,425,266	\$ 80,405,235	\$ 539,555	\$ 482,686	\$ 77,964,821	\$ 80,887,921
Transfer in (out)	13,275	13,489	(13,275)	(13,489)	-	-
Increase (decrease) in net assets	5,312,676	2,318,385	(119,404)	(71,561)	5,193,272	2,246,824
Net assets - July 1 as restated	79,959,385	77,641,000	1,183,057	1,254,618	81,142,442	78,895,618
Net assets - June 30	\$ 85,272,061	\$ 79,959,385	\$ 1,063,653	\$ 1,183,057	\$ 86,335,714	\$ 81,142,442

Governmental Activities

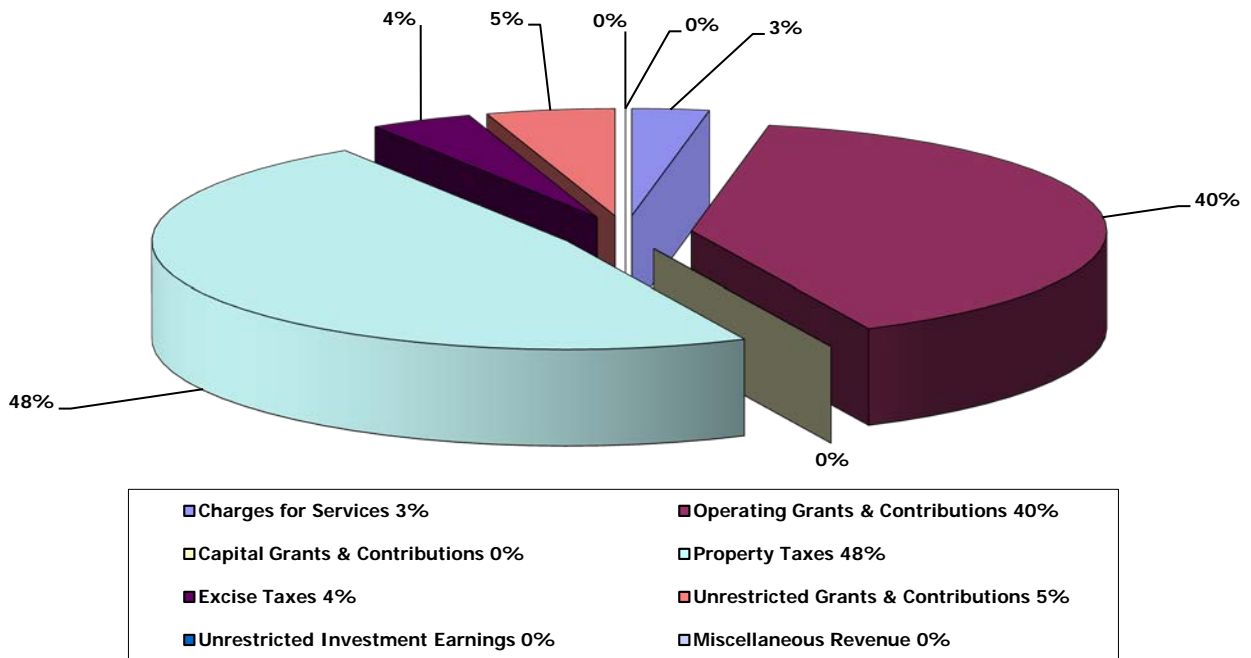
Governmental activities increased the City of Auburn's net assets by \$5,312,676, thereby accounting for 102% of the total growth in the City's net assets. Unclassified expenses have been reclassified in general government. Key elements of this increase are as follows:

- Charges for services increased by \$51,000 (2.5%). The increase was attributed to more permits and a decline in education's tuitions.
- Operating grants and contributions increased by \$1,482,827 (4.7%) due to Maine Department of Transportation grants used to create a pathway and road reconstruction of Park Avenue near the new elementary school and an increase in CDBG funds.
- Grant and contributions decreased by \$602,210 (100%) due to a decrease in Education Grants.
- Total expenses decreased by \$2,979,969 (3.7%) with the bulk of the decrease attributable to decreases in public works (\$3,816,402) and interest on debt (\$887,789).

Expenses and Program Revenues - Governmental Activities For the Year Ending June 30, 2012



Revenues by Source - Governmental Activities For the Year Ended June 30, 2012

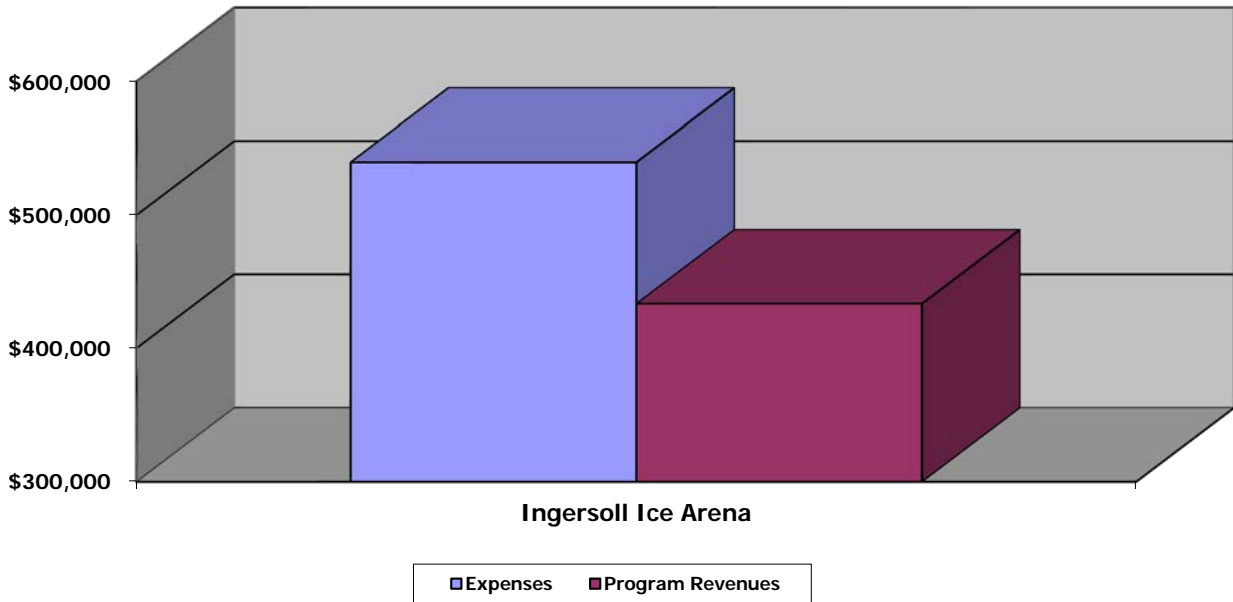


Business-type Activities

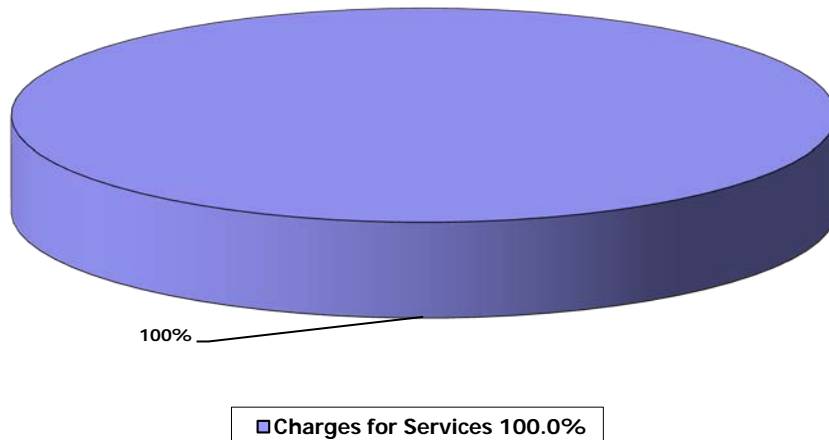
The City's one business-type activity, its Ice Arena, decreased the City of Auburn's net assets by \$119,404.

Revenues for business-type activities increased by \$8,812 or 2.1%. This is the arena's third year being open for eleven months. Total operating expenses for business-type activities increased by \$56,869 or 11.8%. The arena, during fiscal year 2010, began to manage the proshop and concession stand, rather than to lease those operations.

Expenses and Program Revenues - Business -Type Activities
For Year Ending June 30, 2012



Revenues by Source - Business-type Activities
For Year Ending June 30, 2012



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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Auburn's governmental funds reported combined ending fund balances of \$33,613,074, an increase of \$767,006 in comparison with the prior year. This total consists of: General Fund \$13,963,233; Community Development Programs Funds, \$4,603,431; Tax Increment Financing, \$1,407,723; Capital Projects Fund, \$10,682,498 and Other Governmental Funds, \$2,956,189. These fund balances are intended, and in some cases restricted, committed or assigned for specific purposes.

The General Fund is the chief operating fund of the City of Auburn. At the end of the current fiscal year, unassigned fund balance of the general fund was \$10,732,684. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund budget. Unassigned fund balance represents 18.33% of the total General Fund expenditures at June 30, 2012. The City Council adopted a Fund Balance Policy in June, 2011 establishing a goal of having a General Fund unassigned fund balance equal to 12.5% 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.

The Community Development Program Fund fund balance increased by \$735,363. The increase was due to the timing of drawdowns and the receipt of prior year receivables collected in the current year.

The Tax Increment Financing Fund fund balance decreased by \$181,207 due to debt service payments on infrastructure improvements within various districts.

The Capital Projects Fund fund balance decreased by \$153,355 due primarily to bond proceeds that were received during FY 2011 and spent during FY 2012.

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 \$333,922. The total decrease in net assets was \$119,404.

General Fund Budgetary Highlights

There were no supplemental appropriations for the fiscal year ending June 30, 2012. Carry forward amounts from June 30, 2012 are reflected in the final budget in statement 6.

For the current fiscal year, the total revenue was above budgetary projections and the total expenditures were below budgetary projections. During the current fiscal year, the fund balance of the City of Auburn’s general fund increased by \$433,180. Contributing factors to this increase included:

- Motor vehicle excise taxes were above budgetary projections by \$360,786.
- State Revenue Sharing was above budgetary projections by \$109,193.
- Other School Intergovernmental revenues were above budgetary projections by \$100,167.
- Property was below budgetary projections by \$105,914.
- Benefits and wage increases were below budgetary projections by \$113,363.
- Public Works Department was below budgetary projections by \$398,512.
- Parks and Recreation was below budgetary projections by \$98,081.

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, 2012 amounts to \$118,111,435 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, machinery and equipment, vehicles and infrastructure. The total decrease in the City of Auburn’s investment in capital assets for the current fiscal year was 1.9 percent. For more detail refer to Capital Assets in the Detail Notes for All Funds on Pages 53-54.

	(net of depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 7,489,841	\$ 7,489,841	\$ -	\$ -	\$ 7,489,841	\$ 7,489,841
Buildings	43,182,147	42,872,948	263,286	285,695	\$ 43,445,433	43,158,643
Machinery and Equipment	1,109,366	1,354,932	466,445	543,365	\$ 1,575,811	1,898,297
Infrastructure	57,531,672	56,450,261	-	-	\$ 57,531,672	56,450,261
Construction in Progress	4,557,373	5,521,082	-	-	\$ 4,557,373	5,521,082
Vehicles	3,511,305	3,819,407	-	-	\$ 3,511,305	3,819,407
Total	\$ 117,381,704	\$ 117,508,471	\$ 729,731	\$ 829,060	\$ 118,111,435	\$ 118,337,531

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 undertaken during the year, including paving totaling \$2,054,259; work on Park Avenue path and roadway improvements totaling \$485,187; drainage improvements totaling \$331,076 and totaling the overall project expenditures to \$2,870,522 at fiscal year end.
- The Education Department funded building improvements in the following schools: Auburn Middle School (lighting/security) totaling \$66,662; Sherwood Heights (lighting/security and roof replacement) totaling \$260,000; Fairview School (parking lot expansion and flooring) totaling \$595,241; Franklin School (window replacement) totaling \$92,900; Walton School (HVAC replacement) totaling \$890,938; and Washburn School (roof replacement and flooring) totaling \$64,894.
- Police department purchased 4 Dodge Chargers at a total cost of \$150,236.
- Public Works purchased a Mack trailer at the total cost of \$46,677.
- Fire department purchased a Ford F350 and a used 1995 International Pumper for a total cost of \$59,717.
- Parks and recreation purchased a Ford F350 at the total cost of \$36,865.

Long-term Debt

At the end of the current fiscal year, the City of Auburn had total bonded debt outstanding of \$61,239,000. The City's entire debt is backed by the full faith and credit of the City. For more detail, refer to Long-term Debt in the Detail Notes for All Funds on pages 57-58.

General Obligation Bonds			
Governmental Activities		Business-type Activities	
2012	2011	2012	2011
\$ 61,239,000	65,461,000	-	-

During the current fiscal year, the City of Auburn's total bonded debt decreased by \$4,222,000. City issued general obligation bonds totaling \$4,500,000 for the annual capital improvement program for the City, and School Department.

The City of Auburn Moody's rating was recalibrated on October 21, 2011 to a "Aa3" and maintained a "A+" rating from Standard & Poor's for its general obligation debt. Please refer to the agencies reports for a comprehensive explanation of its rating assessment.

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 \$297,037,500 that is significantly in excess of the City of Auburn's outstanding general obligation debt.

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

The City of Auburn and the City Council has experienced a year of transition. An interim City Manager led the process to hire a new City Manager in June of 2012. The City Council adopted a set of goals in the form of a work plan for the first 6 months. One aspect of the 6 month work plan was to develop a new goal setting process. The City intends to follow a process where each December / January the Council will review and adopt a set of goals for the upcoming year. The timing is essential because goals are now set in conjunction with terms and will allow the budget process to relate budget objectives to goals of the Council.

The City used to follow 7 broad categories but for the next year will adhere more to some general philosophies. These philosophies would entail:

1. Develop planning objectives and steps that set policy directives for the staff to carry out.
2. Measure progress on goals on the success of the project, while maintaining efficient, cost-effective budgets.
3. Set clear financial priorities for the City on an annual basis.
4. Goals and objectives of the City should be reviewed in categories that clearly identify the responsible department of the City.
5. Maintain efficient government processes to promote the City and provide complete transparency.

Economic Factors

The City's property tax base has suffered in recent years due to the volatility of the housing market. Although equitable, property tax values are trending differently than market value. Values are leveling and the current attitude is that Auburn and the region are poised to make a strong rebound. The City continues to hold firm that pursuing further economic growth to increase the overall tax base is the best way to sustain the quality of life and reduce the property tax burden. The City has partnered to complete the permitting of a new industrial park and will begin the construction of utilities and groundwork to solidify this effort. The City has also partnered with a private developer to lease and operate a new two surface ice arena in the mall area. The arena project is expected to provide the community development needed to assure the vitality of the retail area of the mall for the foreseeable future. Projects, programs, and grants are being developed and submitted to also promote New Auburn and the Downtown. The City is partnering with Lewiston to develop a shared downtown that will cement the region as a desirable area for people to live and visit.

Transportation planning for rail, bus service, air, and road systems are a major component of the long-term success of Auburn and the region. Local agencies and staff are coordinating goals and objectives to meet the demands while sustaining mobility. Auburn will continue to work with the Turnpike Authority and MDOT to promote its image as "the Gateway" of Maine. Another image that Auburn promotes is the "Port of Auburn" due to its location at the crossroads of so many key transportation networks. These include, rail, air, turnpike, Route 4, and our intermodal capacity.

The Budget and Tax Rates

The City is growing more aware of the cost of taxes regardless of the mil rate. Recent steps to reduce staff and lower costs had an adverse impact on sustaining growth. Last year the Council reinstated staff reductions to return capacity to staff to grow the economy. As a result all external services are being reviewed for productivity and prioritization. The City has an objective to maximize the value of dollars being spent by reorganizing the duties of staff and agencies so that all priorities of the City are carried out to maximize the growth of the City and Region.

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.

BASIC FINANCIAL STATEMENTS

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CITY OF AUBURN, MAINE
Statement of Net Assets
June 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 15,003,378	248,759	15,252,137
Investments	12,906,295	-	12,906,295
Amounts held in escrow	22,152	-	22,152
Receivables:			
Accounts, net of allowance	539,896	73,556	613,452
Intergovernmental	3,419,547	-	3,419,547
Taxes receivable	2,009,550	-	2,009,550
Loans, net of allowance	6,193,224	-	6,193,224
Internal balances	(23,471)	23,471	-
Prepaid expenses	97,171	-	97,171
Inventories	35,553	-	35,553
Capital assets, not being depreciated	12,047,214	-	12,047,214
Capital assets, being depreciated, net	105,334,490	729,731	106,064,221
Total assets	157,584,999	1,075,517	158,660,516
LIABILITIES			
Accounts payable and other current liabilities	1,428,862	11,864	1,440,726
Accrued payroll	2,302,634	-	2,302,634
Unearned revenues	1,013,734	-	1,013,734
Noncurrent liabilities:			
Due within one year	9,130,299	-	9,130,299
Due in more than one year	58,437,409	-	58,437,409
Total liabilities	72,312,938	11,864	72,324,802
NET ASSETS			
Invested in capital assets, net of related debt	53,111,954	729,731	53,841,685
Restricted for:			
Nonexpendable:			
Long term receivables	5,765,724	-	5,765,724
Principal	69,475	-	69,475
Inventory	35,553	-	35,553
Tax Increment Financing districts	1,407,723	-	1,407,723
Other purposes	3,600,654	-	3,600,654
Unrestricted	21,280,978	333,922	21,614,900
Total net assets	\$ 85,272,061	1,063,653	86,335,714

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Activities
For the Year Ended June 30, 2012

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 Business-type activities
					Total
Primary government:					
Governmental activities:					
General government	\$ 14,680,105	532,771	4,103,879	-	(10,043,455)
Public safety	8,001,972	701,234	286,953	-	(7,013,785)
Health, welfare and recreation	2,117,014	308,403	93,356	-	(1,715,255)
Public works	6,059,774	3,158	1,003,253	-	(5,053,363)
Other agencies	3,389,283	-	-	-	(3,389,283)
Education	42,418,741	514,390	27,516,526	-	(14,387,825)
Interest on debt	758,377	-	-	-	(758,377)
Total governmental activities	77,425,266	2,059,956	33,003,967	-	(42,361,343)
Business-type activities:					
Ingersoll Ice Arena	539,555	433,375	-	-	(106,180)
Total business-type activities	539,555	433,375	-	-	(106,180)
Total primary government	\$ 77,964,821	2,493,331	33,003,967	-	(42,361,343)
General revenues, unrestricted:					
Property taxes, levied for general purposes				39,963,594	39,963,594
Motor vehicle excise taxes				3,079,786	3,079,786
Interest on delinquent taxes				149,318	149,318
Grants and contributions not restricted to specific programs:					
State Revenue Sharing				2,509,193	2,509,193
Homestead and BETE exemptions				1,570,948	1,570,948
Other State aid				92,284	92,284
Unrestricted investment earnings				65,072	65,123
Loss on disposal of assets				(18,652)	(18,652)
Miscellaneous revenues				249,201	249,201
Transfers/contributions				13,275	(13,275)
Total general revenues and transfers				47,674,019	(13,224)
Change in net assets					5,193,272
Net assets - beginning, as restated					79,959,385
Net assets - ending					\$ 85,272,061

1,063,653 **86,335,714**
 See accompanying notes to financial statements.

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

	General	Community Development Programs	Tax Increment Financing	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 14,758,241	-	-	-	245,137	15,003,378
Investments	316,083	-	1,115,295	10,907,491	567,426	12,906,295
Receivables:						
Taxes	2,009,550	-	-	-	-	2,009,550
Accounts, net of allowance	416,640	-	-	2,988	120,268	539,896
Interfund receivables	470,312	-	2,615,606	-	684,416	3,770,334
Intergovernmental	277,243	-	-	-	817,297	1,094,540
Grants	-	2,325,007	-	-	-	2,325,007
Loans, net of allowance	427,500	4,127,434	-	-	1,638,290	6,193,224
Prepaid expenditures	97,171	-	-	-	-	97,171
Inventory, at cost	-	-	-	-	35,553	35,553
Total assets	\$ 18,772,740	6,452,441	3,730,901	10,910,479	4,108,387	43,974,948
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	670,227	151,174	-	192,981	362,084	1,376,466
Accrued wages and benefits payable	2,274,576	-	-	-	28,058	2,302,634
Escrow funds payable	41,865	10,531	-	-	-	52,396
Interfund payables	-	673,571	2,323,178	35,000	762,056	3,793,805
Unearned grant revenue	-	1,013,734	-	-	-	1,013,734
Deferred revenues	1,822,839	-	-	-	-	1,822,839
Total liabilities	4,809,507	1,849,010	2,323,178	227,981	1,152,198	10,361,874
Fund balances:						
Nonspendable - long-term receivables	-	4,127,434	-	-	1,638,290	5,765,724
Nonspendable - principal	-	-	-	-	69,475	69,475
Nonspendable - prepaid expenditures	97,171	-	-	-	-	97,171
Nonspendable - inventory	-	-	-	-	35,553	35,553
Restricted	2,172,387	475,997	1,407,723	-	1,428,267	5,484,374
Committed	-	-	-	10,682,498	316,032	10,998,530
Assigned	960,991	-	-	-	-	960,991
Unassigned	10,732,684	-	-	-	(531,428)	10,201,256
Total fund balances	13,963,233	4,603,431	1,407,723	10,682,498	2,956,189	33,613,074
Total liabilities and fund balances	\$ 18,772,740	6,452,441	3,730,901	10,910,479	4,108,387	
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.						117,381,704
Amounts held in escrow						22,152
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.						1,822,839
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						(61,837,598)
Accrued compensated absences						(2,176,657)
Accrued self insurance liability						(805,204)
Other post employment benefits liability						(728,303)
City pension liability						(785,126)
Accrued landfill liability						(585,850)
Accrued interest on long-term debt						(648,970)
Net assets of governmental activities						\$ 85,272,061

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	Community				Capital Projects	Other Governmental Funds	Total Governmental Funds
	General	Development Programs	Tax Incremental Financing				
Revenues:							
Taxes	\$ 42,960,856	-	-	-	-	-	42,960,856
Intergovernmental	26,788,028	2,846,046	-	-	6,624,102	-	36,258,176
Licenses and permits	266,852	-	-	-	-	-	266,852
Charges for services	1,347,924	-	-	-	402,924	-	1,750,848
Other	272,542	689,079	131	39,540	190,376	-	1,191,668
Total revenues	71,636,202	3,535,125	131	39,540	7,217,402	-	82,428,400
Expenditures:							
Current:							
General government	7,320,034	2,799,762	960,232	-	1,452,530	-	12,532,558
Public safety	7,717,441	-	-	-	-	-	7,717,441
Health, welfare and recreation	1,629,478	-	-	-	246,914	-	1,876,392
Public works	4,285,363	-	-	-	-	-	4,285,363
Other agencies	3,389,283	-	-	-	-	-	3,389,283
Education	36,875,133	-	-	-	5,398,821	-	42,273,954
Unclassified	403,432	-	-	-	321	-	403,753
Self insurance	517,299	-	-	-	-	-	517,299
Capital outlay	79,535	-	1,436,501	4,775,972	-	-	4,855,507
Debt service	6,783,904	-	-	-	185,791	-	8,406,196
Total expenditures	69,000,902	2,799,762	2,396,733	4,775,972	7,284,377	-	86,257,746
Excess (deficiency) of revenues over (under) expenditures	2,635,300	735,363	(2,396,602)	(4,736,432)	(66,975)	(3,829,346)	
Other financing sources (uses):							
Issuance of debt	-	-	-	4,500,000	-	-	4,500,000
Premium on issuance of debt	-	-	-	83,077	-	-	83,077
Transfers to/from other funds	(2,202,120)	-	2,215,395	-	-	-	13,275
Total other financing sources (uses)	(2,202,120)	-	2,215,395	4,583,077	-	-	4,596,352
Net change in fund balances	433,180	735,363	(181,207)	(153,355)	(66,975)	767,006	
Fund balances, beginning of year, as restated	13,530,053	3,868,068	1,588,930	10,835,853	3,023,164	32,846,068	
Fund balances, end of year	\$ 13,963,233	4,603,431	1,407,723	10,682,498	2,956,189	33,613,074	

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, 2012

Net change in fund balances - total governmental funds (from Statement 4)	\$ 767,006
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Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlay exceeded depreciation expense in the current period:

Capital outlays recorded as expenditures in governmental funds	5,249,614
Depreciation and losses on dispositions not reported in governmental funds	(5,376,381)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This represents the change in deferred tax revenue.

231,842

The issuance of long-term debt (e.g., 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 repayments exceeded proceeds:

Bond and note proceeds recorded as other financing sources in governmental funds	(4,500,000)
Principal payments on debt recorded as expenditures in governmental funds	8,816,079

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:

Compensated absences	(2,204)
Self-insurance expenses	77,517
Other post employment benefits	(213,796)
City pension	76,007
Accrued landfill liability	60,252
Accrued interest on long-term debt	126,740

Change in net assets of governmental activities (see Statement 2)	\$ 5,312,676
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See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance -- Budget and Actual
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes:				
Real and personal property	\$ 39,906,775	39,906,775	39,731,752	(175,023)
Excise and registrations	2,719,000	2,719,000	3,079,786	360,786
Interest on delinquent taxes	140,000	140,000	149,318	9,318
Total taxes	42,765,775	42,765,775	42,960,856	195,081
Intergovernmental:				
State Revenue Sharing	2,400,000	2,400,000	2,509,193	109,193
School subsidy	17,942,071	17,942,071	17,924,040	(18,031)
Homestead	488,573	488,573	488,573	-
BETE	1,082,177	1,082,177	1,082,375	198
Other:				
School Department	878,995	878,995	979,162	100,167
Tax sharing/in lieu of	223,362	223,362	226,158	2,796
Municipal	506,057	506,057	586,512	80,455
Total intergovernmental	23,521,235	23,521,235	23,796,013	274,778
Other revenue:				
Licenses and permits	195,300	195,300	266,852	71,552
Charges for services:				
Municipal	762,190	762,190	722,696	(39,494)
School	479,729	479,729	495,971	16,242
Fines, forfeits and penalties	58,000	58,000	42,256	(15,744)
Interest:				
Municipal	62,000	62,000	63,533	1,533
Miscellaneous	229,601	229,601	166,124	(63,477)
Total other revenue	1,786,820	1,786,820	1,757,432	(29,388)
Total revenues	68,073,830	68,073,830	68,514,301	440,471

CITY OF AUBURN, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balances -- Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Expenditures:				
General government:				
Mayor and Council	\$ 93,340	93,340	113,018	(19,678)
City Manager	280,915	280,915	354,566	(73,651)
Assessing	188,906	188,906	182,669	6,237
City Clerk	137,000	137,422	151,423	(14,001)
Finance	357,323	365,023	397,320	(32,297)
Human resources	135,363	137,363	130,555	6,808
Information Communication Technology	351,883	361,058	358,460	2,598
Engineering	293,612	297,452	300,867	(3,415)
Legal services	72,000	84,284	84,301	(17)
Customer service	2,000	2,428	1,611	817
Planning and permitting	719,758	727,756	699,338	28,418
Property	673,609	680,137	574,223	105,914
Worker's compensation (transfer to reserve)	451,890	451,890	451,720	170
Benefits and wage increases	4,209,929	4,209,929	4,096,566	113,363
Total general government	7,967,528	8,017,903	7,896,637	121,266
Public safety:				
Emergency Management Agency	2,903	2,903	-	2,903
Fire	3,712,761	3,716,161	3,746,888	(30,727)
Police	3,280,887	3,315,380	3,267,225	48,155
Water and sewer	558,835	558,835	553,426	5,409
Total public safety	7,555,386	7,593,279	7,567,539	25,740
Health, welfare and recreation:				
Health and social services	68,957	68,957	67,625	1,332
Health and social services - public assistance	84,854	84,854	97,616	(12,762)
Community and social service agencies	12,650	12,650	12,694	(44)
Library	929,407	929,407	929,407	-
Parks and recreation	615,858	620,217	522,136	98,081
Total health, welfare and recreation	1,711,726	1,716,085	1,629,478	86,607
Public works	4,638,901	4,682,884	4,284,372	398,512
Other agencies:				
County tax	1,925,561	1,925,561	1,925,560	1
Auburn-Lewiston Airport	106,750	106,750	106,750	-
Lewiston-Auburn Econ. Growth Council	160,687	160,687	160,687	-
Lewiston-Auburn Transit Committee	207,779	207,779	207,779	-
Lewiston-Auburn E911 Center	968,347	968,347	968,347	-
LA Arts	20,160	20,160	20,160	-
Total other agencies	3,389,284	3,389,284	3,389,283	1

CITY OF AUBURN, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balances -- Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Expenditures, continued:				
Education	\$ 34,705,246	34,705,246	33,863,293	841,953
Other appropriations:				
Tax sharing	288,593	288,593	284,984	3,609
Overlay/Abatements	301,604	301,604	118,448	183,156
Debt service - principal	5,649,121	5,649,121	5,641,009	8,112
Debt service - interest and other	1,161,429	1,161,429	1,142,895	18,534
Emergency reserve	328,608	328,608	-	328,608
Total other appropriations	7,729,355	7,729,355	7,187,336	542,019
Total expenditures	67,697,426	67,834,036	65,817,938	2,016,098
Excess of revenues over expenditures	376,404	239,794	2,696,363	2,456,569
Other financing sources (uses):				
Transfers in from other funds	337,487	337,487	337,487	-
Transfers to other funds	(2,619,142)	(2,619,142)	(2,619,142)	-
Budget use of surplus - City	1,050,000	1,050,000	-	(1,050,000)
Use of carryforwards - City	-	136,610	-	(136,610)
Budget use of surplus - School	855,251	855,251	-	(855,251)
Total other financing uses	(376,404)	(239,794)	(2,281,655)	(2,041,861)
Net change in fund balance - budgetary basis	-	-	414,708	414,708
To adjust to modified accrual basis:				
To reflect net change in reserves			18,472	
Net change in fund balance - GAAP basis			433,180	
Fund balance, July 1, as restated			13,530,053	
Fund balance, June 30			\$ 13,963,233	

See accompanying notes to financial statements.

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

Business-type Activities - Enterprise Funds		Ingersoll Ice Arena
ASSETS		
Current assets:		
Cash and cash equivalents	\$	248,759
Interfund receivables		23,471
Accounts receivable		73,556
Total current assets		345,786
Noncurrent assets:		
Capital assets:		
Buildings		672,279
Equipment		826,911
Land improvements		18,584
Less accumulated depreciation		(788,043)
Total noncurrent assets		729,731
Total assets		1,075,517
LIABILITIES		
Accounts payable		11,864
Total liabilities		11,864
NET ASSETS		
Invested in capital assets		729,731
Unrestricted		333,922
Total net assets	\$	1,063,653

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
Business-type Activities - Enterprise Funds
For the Year Ended June 30, 2012

	Ingersoll Ice Arena
Operating revenues:	
Charges for services	\$ 433,375
Operating expenses:	
Personnel	145,102
Supplies	17,197
Utilities	121,352
Repairs and maintenance	28,700
Depreciation	99,329
Other expenses	33,116
Total operating expenses	444,796
Operating loss	(11,421)
Nonoperating revenue (expense):	
Interest income	51
Interest expense	(94,759)
Total nonoperating expense	(94,708)
Loss before transfer	(106,129)
Transfers out	(13,275)
Change in net assets	(119,404)
Total net assets, July 1	1,183,057
Total net assets, June 30	\$ 1,063,653

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Cash Flows
Proprietary Funds
Business-type Activities - Enterprise Funds
For the Year Ended June 30, 2012

	Ingersoll Ice Arena
Cash flows from operating activities:	
Cash received from customers	\$ 462,668
Cash paid to suppliers for goods and services	(192,950)
Cash paid to employees for services	(145,102)
Net cash provided by operating activities	124,616
Cash flows from noncapital financing activities:	
Interfund loans	185,042
Transfers to other funds	(13,275)
Net cash provided by noncapital financing activities	171,767
Cash flows from capital and related financing activities:	
Interest paid on general and limited revenue obligation bonds	(94,759)
Net cash used in capital and related financing activities	(94,759)
Cash flows from investing activities:	
Interest on investments	51
Net cash provided by investing activities	51
Net decrease in cash and cash equivalents	201,675
Cash and cash equivalents, July 1	47,084
Cash and cash equivalents, June 30	\$ 248,759
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	(11,421)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	99,329
Changes in assets and liabilities:	
Accounts receivable	29,293
Accounts payable	7,415
Total adjustments	136,037
Net cash provided by operating activities	\$ 124,616
Noncash investing, capital, and financing activities:	
Transfers of capital assets from governmental funds	-

See accompanying notes to financial statements.

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

	Agency Fund	Private- purpose Trust Funds
ASSETS		
Cash and cash equivalents	\$ 127,510	405,822
Total assets	127,510	405,822
LIABILITIES		
Accounts payable	-	10,992
Amounts held for others	127,510	-
Total liabilities	127,510	10,992
NET ASSETS		
Held in trust	\$ -	394,830

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2012

	Private- purpose Trust Funds
<hr/>	
Additions:	
Donations	\$ 110,000
Investment income	675
Total additions	110,675
<hr/>	
Deductions:	
Current:	
Scholarships	17,300
Total deductions	17,300
<hr/>	
Change in net assets	93,375
Net assets - beginning	301,455
Net assets - ending	\$ 394,830

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Notes to the Financial Statements
June 30, 2012

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 and one mayor 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 is 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 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.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

Additionally, the City reports the following fund types:

Private-purpose Trust Funds are 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 are custodial in nature and do not present results of operations or have a measurement focus. 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.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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. Exceptions to this general rule are charges between the City's governmental activities and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary fund 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.

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."

Receivables are shown net of allowances for uncollectibles as necessary.

Property taxes for the current period were committed on August 1, 2011, on the assessed value of all taxable real and personal property located in the City as of April 1, 2011. The taxes for real estate were due in two installments, 50% due on September 15, 2011, and 50% due on March 15, 2012, while personal property taxes were due in total on September 15, 2011.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Interest at the rate of 7% 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. Capital Assets

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

The 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 as follows:

Vehicles	3 – 15 years
Equipment	5 – 15 years
Buildings and Building Improvements	10 – 40 years
Improvements other than Buildings	10 years
Infrastructure	10 – 60 years

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

5. 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.

6. 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.

7. Fund Equity

Governmental Fund fund balances are reported in five classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which those funds can be spent. The Finance Director is authorized to classify the fund balances through the Fund Balance Policy adopted by the Auburn City Council on June 20, 2011. The five classifications of fund balance for the Governmental Funds are as follows:

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

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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 managers 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 2012.

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, 2012, expenditures exceeded appropriation in the following general fund categories: Mayor & Council, \$19,678; City Manager, \$73,651; City Clerk, \$14,001; Finance, \$32,297; Engineering, \$3,415; Legal Services, \$17; Fire, \$30,727; Health & Social Services-Public Assistance, \$12,762; Community & Social Service Agencies, \$44. In total, the City's expenditures were \$2,016,098 less than total appropriations.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2012

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, Continued

C. Deficit Fund Equity

At June 30, 2012, the City had the following funds with deficit fund balances:

211 Fairview	\$ 566,304	Police Vehicles	107,793
Workers Comp Reserve	600,198	City	45,423
EMS Billing	5,716	Great Falls School	272,829
MDOT	241,126	Seatbelt Grant	613
Homeland Security	90,147	Drug Free Communities	1,386
Law Enforcement Training	2,178	Brownfield Grant	9,105
HEAPP	348	Safe School Health	1,992
Underage Drinking Enforce	9,086	Energov Grant	1,724

Revenue to offset the 211 Fairview deficit is expected from a future property sale in fiscal year 2012 – 2017 to Bedard Medical Equipment and Supplies. Future revenues and transfers from the General Fund are expected to fund the remaining deficit fund balances.

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 workers compensation payments were not budgeted.

Additionally, certain on-behalf payments made by the State of Maine to the Maine Public Employees Retirement System (Maine PERS) for teachers and certain other School employees are not budgeted. Such on-behalf payments amounted to \$2,992,015 in 2012.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

1. 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, 2012, the City deposits amounted to \$28,691,764 with bank balances of \$30,042,537. The City does not have a deposit policy for custodial credit risk. None of the City's total bank balance was exposed to custodial credit risk.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2012

III. DETAILED NOTES ON ALL FUNDS, Continued

2. 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, 2012, all the City's investments were in bank money market accounts or certificates of deposits both of which have been included above under the disclosure on deposits.

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	\$ 27,909,673
Reported in proprietary funds	248,759
Reported in fiduciary funds	533,332
Total reported	\$ 28,691,764
<hr/>	
Disclosed as deposits (above)	\$ 15,785,469
Disclosed as investments (above)	12,906,295
Total reported	\$ 28,691,764

B. Receivables

Receivables as of June 30, 2012, for the City's individual major funds, non major and business-type enterprise funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	General	Community Dev. Programs	Capital Projects	Ingersoll Arena	Other Governmental Funds	Total
Receivables:						
Taxes	\$ 2,009,550	-	-	-	-	2,009,550
Accounts	493,640	-	2,988	73,556	120,268	690,452
Loans	427,500	4,265,327	-	-	1,638,290	6,331,117
Grants	-	2,325,007	-	-	-	2,325,007
Intergovernmental	277,243	-	-	-	817,297	1,094,540
Gross receivables	3,207,933	6,590,334	2,988	73,556	2,575,855	12,450,666
Less: allowance for uncollectibles	(77,000)	(137,893)	-	-	-	(214,893)
Net total receivables	\$ 3,130,933	6,452,441	2,988	73,556	2,575,855	12,235,773

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2012

III. DETAILED NOTES ON ALL FUNDS, Continued

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)	\$1,822,839	-
Grant receivable (Community Development Programs)	-	1,013,734

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, 2011 on the assessed values of real property as of April 1, 2011. Taxes were due September 15, 2011 and March 15, 2012. This assessed value of \$2,058,584,278 was 104% of the 2012 state valuation of \$1,980,250,000.

The City is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$301,604 for the year ended June 30, 2012.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The City has the authority to foreclose on property eighteen months after the filing of the lien if 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, 2012 and 2011 levies:

	<u>2012</u>	<u>2011</u>
Valuation:		
Land	\$ 535,868,278	593,090,220
Buildings	1,314,367,400	1,254,764,400
Personal property	208,348,600	220,930,500
<u>Total assessed valuation</u>	<u>\$ 2,058,584,278</u>	<u>2,068,785,120</u>

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2012

III. DETAILED NOTES ON ALL FUNDS, Continued

	<u>2012</u>	<u>2011</u>
Assessed value (less exempt properties)	\$ 2,058,584,278	2,068,785,120
Tax rate (per \$1,000)	19.39	19.30
Commitment	39,915,949	39,927,553
Supplemental taxes assessed	32,455	56,933
	39,948,404	39,984,486
Less:		
Collections and abatements	38,831,952	38,914,458
Receivable at June 30	\$ 1,116,452	1,070,028
Due date(s)	9/15/11 3/15/12	9/15/10 3/15/11
Interest rate charged on delinquent taxes	7.0%	7.0%
Collection rate	97.2%	97.3%

D. Capital Assets

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

	<u>Balance</u> June 30, <u>2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> June 30, <u>2012</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 7,489,841	-	-	7,489,841
Construction in progress	5,521,082	2,687,892	3,651,601	4,557,373
Total capital assets, not being depreciated	13,010,923	2,687,892	3,651,601	12,047,214
Capital assets, being depreciated:				
Buildings and building improvements	70,723,191	2,032,787	-	72,755,978
Equipment	4,795,670	123,262	-	4,918,932
Vehicles	9,322,511	361,073	206,910	9,476,674
Infrastructure	81,548,524	3,696,201	-	85,244,724
Total capital assets being depreciated	166,389,896	6,213,323	206,910	172,396,309
Less accumulated depreciation for:				
Buildings and building improvements	27,850,243	1,723,588	-	29,573,831
Equipment	3,440,738	368,828	-	3,809,566
Vehicles	5,503,104	650,523	188,258	5,965,369
Infrastructure	25,098,263	2,614,790	-	27,713,053
Total accumulated depreciation	61,892,348	5,357,729	188,258	67,061,819
Total capital assets being depreciated, net	104,497,548	855,594	18,652	105,334,490
Governmental activities				
capital assets, net	\$ 117,508,471	3,543,486	3,670,253	117,381,704

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2012

III. DETAILED NOTES ON ALL FUNDS, Continued

	Balance June 30, <u>2011</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2012</u>
Business-type activities:				
Capital assets, being depreciated:				
Improvements other than buildings	\$ 18,584	-	-	18,584
Buildings and building improvements	672,279	-	-	672,279
Equipment	826,911	-	-	826,911
Total capital assets being depreciated	1,517,774	-	-	1,517,774
Less accumulated depreciation for:				
Improvements other than buildings	18,584	-	-	18,584
Buildings and building improvements	386,584	22,409	-	408,993
Equipment	283,546	76,920	-	360,466
Total accumulated depreciation	688,714	99,329	-	788,043
Total capital assets being depreciated, net	829,060	(99,329)	-	729,731
Business-type activities capital				
assets, net	\$ 829,060	(99,329)	-	729,731

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

Governmental activities:	
General government	\$1,164,019
Public safety	284,531
Public works, including depreciation of general infrastructure assets	2,228,770
Health, welfare and recreation	240,622
Education	1,439,787

Total depreciation expense – governmental activities \$ 5,357,729

Business-type activities:	
Ingersoll Ice Arena	\$ 99,329

Total depreciation expense – business-type activities \$ 99,329

E. Tax Increment Financing Districts

The City currently has seventeen tax increment financing (TIF) districts, twelve of which were active during the year ended June 30, 2012. Two of the seventeen districts never became active, and three have expired, leaving twelve active TIF districts (numbers 4 – 17 below, less #7, #11 & #15 which is combined with #14). 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. Expenditures in any given year may exceed captured values in that year as a result of balances available in TIF accounts from prior periods.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2012

III. DETAILED NOTES ON ALL FUNDS, Continued

The following is a brief description of each:

#4 TAMBRANDS - This TIF was established in 1998 and encompasses 40 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 2012, \$526,168 was captured and \$569,953 was expended.

#5 J Enterprises - 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 can be captured, 50% of which is used to fulfill the obligations under a credit enhancement agreement, with the balance restricted for public improvements. During 2012, \$10,639 was captured and \$9,841 was expended.

#6 TAMBRANDS II - This TIF was established in 2001 and encompasses 84 acres. The original value was \$520,900. 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 2012, \$11,976 was captured and \$400,420 was expended.

#8 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 can be captured, 40% of which is used to fulfill the obligations under a credit enhancement agreement. During 2012, \$29,134 was captured and expended.

#9 Mall Area - This TIF was established in 2002 and amended in both 2006 and 2007. The TIF as amended encompasses 57.74 acres. The amended base value is \$5,956,300. 100% of the tax revenue associated with increased value within the TIF is captured and used for public improvements. During 2012, \$385,314 was captured and \$167,103 was expended.

#10 The Downtown Area - This TIF was established in 2002, and encompasses 119.31 acres. The original value was \$52,364,600. 100% of the tax revenue associated with increased value within the TIF can be captured. During 2012, \$687,061 was captured and \$544,899 was expended.

#12 Auburn Industrial Park - This TIF was established in 2006 and encompasses 144 acres. The original value was \$334,200. 100% of the tax revenue associated with the increased value within the TIF is captured and will be dedicated to public improvements. During 2012, \$127,803 was captured and \$177,763 was expended.

#13 Retail Development - This TIF was established in 2007 and encompasses 29.67 acres. The original value was \$5,425,200. 100% of the tax revenue associated with the increased value within the TIF can be captured with a sliding scale of 30% to 40% to be used to fulfill obligations under a credit enhancement agreement that has established benchmarks triggering payments for growth in value and the balance restricted for public infrastructure improvements. During 2012, \$287,687 was captured and \$120,829 was expended.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2012

III. DETAILED NOTES ON ALL FUNDS, Continued

#14 Auburn Mall - This TIF was established in 2005 and encompasses 47.44 acres. The original value was \$14,872,100. 100% of the tax revenue associated with increased value within the TIF can be captured, 47% of which is used to fulfill the obligations under a credit enhancement agreement. During 2012, \$461,976 was captured and \$689,155 was expended.

#16 Webster School Housing - This TIF was established in 2010 and encompasses 1.4 acres. The original value was \$522,800. 60% of the tax revenue associated with increased value within the TIF can be captured, 100% of which is used to fulfill the obligations under a credit enhancement agreement. During 2012, \$1,856 was captured and expended.

#17 Bedard Medical - This TIF was established in 2011 and encompasses 3.8 acres. The original value was \$468,800. 40% of the tax revenue associated with increased value within the TIF can be captured, 100% of which is used to fulfill the obligations under a credit enhancement agreement. During 2012, \$9,993 was captured and expended.

F. Interfund Receivables and Payables and Transfers

The composition of interfund balances as of June 30, 2012, is as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 470,312	-	417,022	2,619,142
Community Dev. Block Grant	-	673,571	-	-
Capital Projects	-	35,000	-	-
Tax Incrementing Financing	2,615,606	2,323,178	2,215,395	-
Other Governmental Funds	684,416	762,056	-	-
Enterprise Fund:				
Ingersoll Ice Arena	23,471	-	-	13,275
Totals	\$3,793,805	3,793,805	2,632,417	2,632,417

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.

G. Construction Contracts and Other Commitments

The following are a list of the City's open contracts as of June 30, 2012:

	<u>Funding Source</u>	<u>Total Contract</u>	<u>Balance as of June 30, 2012</u>
2011 Paving	Capital Projects Fund	\$ 2,304,045	11,763
2011 Neighborhood Reconstruction	Capital Projects Fund	1,692,275	1,500,678
2012 Neighborhood Reconstruction	Capital Projects Fund	465,000	460,448
2012 Paving	Capital Projects Fund	1,622,500	1,330,596
2012 Sidewalk Project	CDBG	403,772	138,480
Helm Bridge	Capital Projects Fund	141,800	124,784

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2012

III. DETAILED NOTES ON ALL FUNDS, Continued

H. 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 November 1, 2011, General Obligation Bonds totaling \$4,500,000 were issued and dedicated to the capital improvement program for the City and School Department.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as ten year serial bonds with equal amounts of principal maturing each year. Additionally, Androscoggin County, who's bonded debt would be considered overlapping with the City of Auburn, had no outstanding debt at June 30, 2012. General obligation bonds and notes payable currently outstanding are as follows:

	<u>Issued</u>	<u>Original</u>	<u>Matures</u>	<u>Interest rate</u>	<u>Outstanding balance</u>
Bonds:					
School Construction Bonds	10/31/96	\$ 8,400,000	11/01/16	5.183%-5.733%	2,100,000
General Obligation Bonds	04/30/02	6,000,000	11/01/22	3.05%-5.25%	3,300,000
General Obligation Bonds	10/31/02	4,900,000	11/01/12	2.031%-3.531%	490,000
General Obligation Bonds	10/31/02	8,200,000	11/01/22	2.031%-5.031%	4,510,000
General Obligation Bonds	10/30/03	2,770,000	11/01/13	2.007%-3.607%	554,000
General Obligation Bonds	09/01/03	3,315,000	08/01/27	5.125%-6.875%	2,410,000
MMWAC Bonding	09/11/04	11,950,000	11/01/14	4.00%	1,205,000
General Obligation Bonds	09/15/04	8,180,000	9/01/14	4.00%-4.25%	3,670,000
General Obligation Bonds	10/18/05	15,281,000	9/01/25	4.00%-4.50%	9,190,000
General Obligation Bonds	11/01/06	13,000,000	11/01/26	4.00%-4.25%	8,905,000
General Obligation Bonds	12/1/07	6,000,000	9/01/17	3.47%	3,600,000
General Obligation Bonds	10/15/08	6,430,000	9/01/18	3.65%	4,495,000
QZAB	12/11/10	1,000,000	12/11/19	0.40%	800,000
General Obligation Bonds	10/15/09	5,500,000	9/01/19	3.00%	4,400,000
General Obligation Bonds	11/1/2010	7,900,000	9/01/20	2.00%-2.50%	7,110,000
General Obligation Bonds	11/1/2011	4,500,000	9/01/21	2.00%-2.75%	4,500,000
<u>Bonds payable</u>					<u>61,239,000</u>
Notes:					
School Revolving Loan	08/11/05	704,970	08/11/15	0.00%	198,488
School Revolving Loan	12/29/2010	444,565	07/01/20	0.00%	400,108
<u>Notes payable</u>					<u>598,596</u>
<u>Total bonds and notes payable</u>					<u>\$ 61,837,596</u>

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2012

III. DETAILED NOTES ON ALL FUNDS, Continued

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

Year Ending June 30,	<u>Bonds Payable</u>		<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 8,327,000	2,069,153	94,078	-
2014	7,637,000	1,800,291	94,078	-
2015	7,195,000	1,538,613	94,078	-
2016	6,555,000	1,310,956	94,078	-
2017	6,090,000	1,082,245	44,457	-
2018-2022	19,770,000	2,922,316	177,825	-
2023-2027	5,490,000	567,866	-	-
2028	175,000	6,016	-	-
Total	\$ 61,239,000	11,297,456	598,596	-

For the year ended June 30, 2012, interest expense of the General Fund was \$1,142,895.

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, 2012, the statutory limit for the City was \$297,037,500. The City's outstanding long-term debt of \$61,239,000 at June 30, 2012 was \$235,798,500 less than the statutory limit.

Changes in General Long-term Liabilities. Long-term liability activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation bonds	\$ 65,461,000	4,500,000	8,722,000	61,239,000	8,327,000
Notes payable	692,675	-	94,079	598,596	94,078
Accrued compensated absences	2,174,453	75,669	73,465	2,176,657	-
Other post employment benefits	514,507	213,796	-	728,303	-
Accrued self-insurance liability	882,721	54,672	132,189	805,204	-
Net pension obligation:					
City pension plan	861,133	91,702	167,709	785,126	-
Landfill postclosure care costs	646,102	-	60,252	585,850	60,252
Accrued interest on debt	775,710	-	126,740	648,970	648,969
Governmental activity long-term liabilities	\$ 72,008,301	4,935,839	9,376,434	67,567,706	9,130,299

General Fund and Special Revenue accounts have been used to liquidate the liability for compensated absences, landfill postclosure cost, net pension obligation and other post employment benefits.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2012

III. DETAILED NOTES ON ALL FUNDS, Continued

I. Fund Balances

Restatement of Fund Balance/Net Assets

During fiscal year ending June 30, 2012, the City realized there was a loan receivable that was not properly recorded in the General Fund. Also, the City recognized previously issued school revolving loan funds held in escrow. Fund balances and net assets were restated as follows:

	<u>General Fund</u>	<u>Capital Projects</u>
Fund balance/net assets July 1, 2011, as previously reported	\$ 13,102,553	9,811,228
Prior period adjustments	427,500	1,024,625
Fund balance/net assets		
<u>July 1, 2011, as restated</u>	<u>\$ 13,530,053</u>	<u>10,835,853</u>

Fund Balance Components

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

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable:			
Inventory and prepaid items	\$ 97,171	35,553	132,724
Long-term receivables	-	5,765,724	5,765,724
Principal for permanent funds	-	69,475	69,475
Total nonspendable	97,171	5,870,752	5,967,923
Restricted:			
City services	-	302,255	302,255
Education (including school lunch)	2,172,387	932,728	3,105,115
Community Development Programs	-	475,997	475,997
Tax Increment Financing	-	1,407,723	1,407,723
Permanent funds	-	193,284	193,284
Total restricted	2,172,387	3,293,987	5,484,374
Committed:			
Parking services	-	64,285	64,285
Parks and recreation	-	251,747	251,747
Capital projects	-	10,682,498	10,682,498
Total committed	-	10,998,530	10,998,530
Assigned:			
Reserves	137,618	-	137,618
Self Insurance	823,373	-	823,373
Total assigned	960,991	-	960,991
Unassigned	10,732,684	(531,428)	10,201,256
Total fund balance	<u>\$ 13,963,233</u>	<u>19,649,841</u>	<u>33,613,074</u>

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2012

III. DETAILED NOTES ON ALL FUNDS, Continued

J. 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 \$585,850 reported as landfill postclosure care liability at June 30, 2012, represents the estimated liability for postclosure care costs at that date. The cost is comprised of \$122,025 for post closure care costs (14 years) for a brush landfill that stopped accepting debris during fiscal year 1996. The additional cost of \$463,825 represents the estimated future postclosure care cost (9 years) of a previously closed ash landfill.

The estimated total current cost of landfill postclosure care of \$585,850 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, 2012. 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, 2012.

The City established a self-insured worker's compensation program in May 1982. This program provides coverage for up to a maximum of \$500,000 for each worker's compensation claim. This amount totaled \$823,373 at June 30, 2012.

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 total liability of \$805,204 reported in the Statement of Net Assets is 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 4.5% has been used in calculating the liability.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2012

IV. OTHER INFORMATION, Continued

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

	Fiscal Year <u>2012</u>	Fiscal Year <u>2011</u>
Unpaid claims as of July 1	\$ 882,721	767,015
Incurred claims (including claims incurred but not reported as of June 30)	259,653	656,026
<u>Total claim payments</u>	<u>337,167</u>	<u>540,320</u>
Current claims liability	17,196	21,153
<u>Long-term claims liability</u>	<u>788,008</u>	<u>861,568</u>
<u>Total unpaid claims liability</u>	<u>\$ 805,204</u>	<u>882,721</u>

The City assigns a portion of its General Fund fund balance for both workers compensation and a reserve for unemployment. This amounted totaled \$823,373 at June 30, 2012.

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.

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.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2012

IV. OTHER INFORMATION, Continued

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, 2012, the City of Auburn contributed \$106,750 for airport operations.

The following is selected information for the years ending June 30, 2012, and June 30, 2011:

	June 30, <u>2012</u>	June 30, <u>2011</u>
Total Assets	\$ 9,391,878	\$ 9,256,322
Total Liabilities	98,134	79,276
Net Assets	9,293,744	9,177,046
Change in Net Assets	116,698	(237,748)

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, 2012, the Airport had total revenues of \$1,423,156, and expenditures of \$1,306,458, including depreciation of \$472,842.

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

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, 2012, the City of Auburn contributed \$160,687 to the Growth Council.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2012

IV. OTHER INFORMATION, Continued

The following is selected information for the years ending June 30, 2011, and June 30, 2010 (the latest information available):

	June 30, <u>2011</u>	June 30, <u>2010</u>
Total Assets	\$ 2,367,690	\$ 2,474,190
Total Liabilities	1,836,099	1,905,903
Net Assets	531,591	568,287
Change in Net Assets	(36,696)	(31,571)

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, 2011, revenues totaled \$577,721 while total expenditures amounted to \$614,417.

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, 2012, the City of Auburn contributed \$207,779 for operating expenses.

The following is selected information for the years ending September 30, 2011, and September 30, 2010 (the latest information available):

	September 30, <u>2011</u>	September 30, <u>2010</u>
Total Assets	\$ 2,788,796	\$ 1,685,615
Total Liabilities	726,663	439,350
Fund Equity	2,062,133	1,246,265
Net Change in Fund Equity	815,868	(236,336)

Total revenues for the year ended September 30, 2011 were \$2,473,466, including capital contribution-buses; expenditures were \$1,657,598, including depreciation on contributed assets of \$240,692.

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

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2012

IV. OTHER INFORMATION, Continued

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 primary source of revenues consists of equal contributions from the Cities of Auburn and Lewiston. In the fiscal year ended June 30, 2012, the City of Auburn contributed \$968,347.

The following is selected financial information for the years ending June 30, 2012 and June 30, 2011 (the latest information available):

	June 30, <u>2012</u>	June 30, <u>2011</u>
Total Assets and Other Debits	\$ 675,116	\$ 883,183
Total Liabilities and Other Credits	371,602	429,515
Fund Equity and Other Credits	303,514	453,668
Net Change in Fund Equity and Other Credits	(150,154)	(212,912)

Total revenues for the year ended June 30, 2012, were \$1,984,549; expenditures were \$2,134,703. The separate audited financial statements of the Lewiston-Auburn 9-1-1 Committee may be obtained from the City's Finance Department.

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.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2012

IV. OTHER INFORMATION, Continued

The following is selected financial information for MMWAC for the years ending June 30, 2011 and June 30, 2010 (the latest information available):

	<u>2011</u>	<u>2010</u>
Total Assets	\$ 19,360,093	\$ 20,283,112
Total Liabilities	305,993	267,970
Fund Equity	19,054,100	20,015,142
Operating Revenue	6,230,112	6,133,947
Operating Expenses	5,643,860	5,700,001
Depreciation and Amortization	1,634,383	1,612,806
Non Operating Revenue (expense)	87,089	(129,435)
Net Income before Depreciation and Amortization	586,252	433,946
Net Change in Members Equity	(961,042)	(1,308,295)

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. Subsequent Events

On September 27, 2012, the City of Auburn issued \$11,570,000 of non taxable General Obligation Bonds and \$2,265,000 of federally taxable General Obligation Bonds, \$5,600,000 of the bonds are for the Fiscal Year 2013 Capital Improvements and \$8,235,000 are for advance refunding of 2003, 2004 and 2005 bonds. The interest rate on the bonds range from 2.00 – 4.00 percent and the maturity date is March 1, 2025.

On July 13, 2012, the City of Auburn issued \$1,057,323 of taxable GO Qualified Zone Academy Bonds for School Department Capital Improvements. The interest rate is 4.33% and the maturity date is July 13, 2022.

D. 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, 2012

IV. OTHER INFORMATION, Continued

E. 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 Public Employees Retirement System (Maine PERS). Maine PERS is established and administered under the Maine PERS 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. Maine PERS 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 Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Funding Policy. Plan members are required to contribute 6.5% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The rate for the year ended June 30, 2012, is 4.4% of covered payroll for the regular plan and 6.3% 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 Public Employees Retirement System Board of Trustees. The City's contribution to the CPPLD for the years ending June 30, 2012, 2011, and 2010 were \$485,427, \$381,305, and \$271,116, 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 Public Employees Retirement System (Maine PERS). 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 PERS full payment for its obligation at that date. Subsequent to the delivery of bond proceeds, all investments became the responsibility of Maine PERS and any future investment gains and losses experienced by Maine PERS 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 Maine PERS 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. Maine PERS 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 Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046.

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.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2012

IV. OTHER INFORMATION, Continued

Contributions paid by the State to the plan for the years ending June 30, 2012, 2011, and 2010 were \$2,992,015, \$3,306,967 and \$3,164,743, respectively, equal to the required contribution for each year. The current year amount has been recognized as a revenue and expenditure/expense during the period.

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 Public Employees 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 \$157,809, which was 6% of its current-year covered payroll. The covered payroll amounted to \$3,179,690. Employees' required contributions amounted to \$129,120, which was 4.9% 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 PERS. Once the City elected to participate in the Maine PERS, 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, 2012, the plan consisted of 14 retirees and beneficiaries. The last active employee retired on March 31, 1992.

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.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2012

IV. OTHER INFORMATION, Continued

Annual Pension Cost and Net Pension Obligation. The City's annual pension cost and net pension obligation for the year ended June 30, 2012, were as follows:

Annual required contribution	\$ 244,464
Interest on net pension obligation	51,668
<u>Adjustment to annual required contribution</u>	<u>(204,430)</u>
Annual pension cost	91,702
<u>Contributions made</u>	<u>(167,709)</u>
Increase (decrease) in net pension obligation	(76,007)
<u>Net pension obligation beginning of year</u>	<u>861,133</u>
<u>Net pension obligation end of year</u>	<u>\$ 785,126</u>

The annual required contribution for the current year was determined as part of the July 1, 2012 actuarial valuation using the Projected Unit Credit Actuarial Cost Method. The actuarial assumptions included (a) 4.5% 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, 2012 was 4 years.

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

Fiscal Year Ending <u>June 30,</u>	Annual Pension <u>Cost</u>	% of Annual Pension Cost <u>Contributed</u>	Net Pension <u>Obligation</u>
2010	\$ 82,427	233%	934,261
2011	105,288	169%	861,133
2012	91,702	183%	785,126

Schedule of Employer Contributions

<u>Fiscal Year End</u>	Actuarial Required Contribution <u>(ARC)</u>	Percentage of ARC <u>Contributed</u>
6/30/2003	\$185,959	114%
6/30/2004	195,334	115%
6/30/2005	196,372	110%
6/30/2006	196,129	113%
6/30/2007	205,136	107%
6/30/2008	212,154	87%
6/30/2009	191,601	98%
6/30/2010	206,838	93%
6/30/2011	239,226	75%
6/30/2012	244,464	69%

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2012

IV. OTHER INFORMATION, Continued

Other Post Employment Benefits

The Governmental Accounting Standards Board (GASB) recently promulgated its Statement 45 which addressed the reporting and disclosure requirements for other post employment benefits (OPEB). GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, was implemented, as required, by the City of Auburn for the year ended June 30, 2009. Under this pronouncement, it requires that the long-term cost of retirement health care and obligations for other postemployment benefits be determined on an actuarial basis and reported similar to pension plans.

The City is a member of the Maine Municipal Employees Health Trust. The Trust is a multiple employer Voluntary Employee's Beneficiary Association. The City is an individually rated member within the Association. The Trust issues a publicly available financial report. That report may be obtained by writing to the Maine Municipal Association at 60 Community Drive, Augusta, ME 04332. The Health Trust contracted with an outside consultant to assist in the determination and valuation of the City's OPEB liability under GASB Statement 45. An OPEB liability actuarial valuation was completed by the consultants in May 2009.

Plan Descriptions – In addition to providing pension benefits, the City provides health care benefits for certain retired employees. Eligibility to receive health care benefits follows the same requirements as MainePERS. Eligible retirees are required to pay 100% of the health insurance premiums to receive health benefit coverage.

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

The following table represents the OPEB costs for the FY 2012, 2011, 2010, and 2009 and the annual required contribution:

	FY 2012	FY2011	FY2010	FY2009
Normal Cost	\$ 56,128	56,128	38,217	38,217
Amortization of Unfunded	217,081	217,081	163,649	163,649
Interest	25,991	17,281	10,035	3,997
Adjustment to ARC	(29,754)	(17,161)	(8,729)	-
Annual Required Contribution	<u>269,446</u>	<u>273,329</u>	<u>203,172</u>	<u>205,863</u>
Contributions Made	<u>(55,650)</u>	<u>(55,571)</u>	<u>(57,360)</u>	<u>(54,926)</u>
Increase in Net OPEB	213,796	217,758	145,812	150,937
Net OPEB Obligation – beginning of year	514,507	296,749	150,937	-
Net OPEB Obligation - end of year	<u>\$ 728,303</u>	<u>514,507</u>	<u>296,749</u>	<u>150,937</u>

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2012

IV. OTHER INFORMATION, Continued

The following table represents the OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2012 and the two preceding years. The City implemented GASB 45 effective with fiscal year ended June 30, 2009 and data for the year ended June 30, 2008 is not available.

Fiscal Year End	Annual OPEB Costs	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 205,863	26.68%	150,937
June 30, 2010	203,172	28.23%	296,749
June 30, 2011	273,329	20.33%	514,507
June 30, 2012	269,446	20.65%	728,303

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

	FY2012	FY2011	FY2010
Actuarial accrued liability	\$ 3,903,927	\$ 3,903,927	\$ 2,943,011
Plan assets	-	-	-
Unfunded actuarial accrued liability	\$ 3,903,927	\$ 3,903,927	\$ 2,943,011
Funded ratio	0%	0%	0%
Covered payroll	\$ 11,513,675	\$ 11,287,917	\$ 11,434,678
Unfunded actuarial accrued liability as a percentage of covered payroll	33.91%	34.59%	25.74%

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

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

Actuarial valuation date	1/1/11
Actuarial cost method	Entry age normal
Amortization method	Level dollar
Open amortization period	30 years
Inflation rate	3.0%
Investment rate of return	4.0%
Projected salary increases	N/A
Healthcare inflation rate	4.0%-9.6%

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2012

IV. OTHER INFORMATION, Continued

Health Care Cost Trend Rate - The trend rates of incurred claims represent the rate of increase in employer claim payments:

<u>Year</u>	<u>Pre-Medicare</u>	<u>Medicare-Eligible</u>
2011	7.6%	8.7%
2012	7.2%	8.3%
2013	6.9%	7.9%
2014	6.6%	7.6%
2015	6.4%	7.2%
2016	6.1%	6.9%
2017	5.8%	6.6%
2018	5.6%	6.3%
2019	5.4%	6.1%
2020	5.9%	5.9%
2021	5.7%	5.7%
2022	5.5%	5.5%
2023	5.3%	5.3%
2024	5.1%	5.1%
2025	4.9%	4.9%
2026	4.7%	4.7%
2027	4.5%	4.5%
2028	4.3%	4.3%
2029+	4.0%	4.0%

Future Plan Changes – It is assumed that the current plan and cost-sharing structure remains in place for all future years.

Payroll Growth – For the level percentage of pay amortization method, total payroll is assumed to grow at 3.00% per year.

CITY OF AUBURN, MAINE
Required Supplementary Information
June 30, 2012

Schedule of Funding Progress

City Pension Plan

Actuarial Valuation Date	Plan Assets	Actuarial Accrued Liability
6/30/2003	\$ -	1,729,231
6/30/2004	-	1,646,356
6/30/2005	-	1,546,846
6/30/2006	-	1,509,819
6/30/2007	-	1,443,008
6/30/2008	-	1,189,800
6/30/2009	-	1,154,649
6/30/2010	-	1,176,354
6/30/2011	-	1,029,771
6/30/2012	-	1,039,516

Retiree Healthcare Plan

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a) /c]
2009	1/1/09	\$ -	\$2,943,011	\$2,943,011	0.00%	\$11,162,860	26.36%
2010	1/1/09	-	2,943,011	2,943,011	0.00%	11,434,678	25.74%
2011	1/1/11	-	3,903,927	3,903,927	0.00%	11,287,917	34.59%
2012	1/1/11	-	3,903,927	3,903,927	0.00%	11,513,675	33.91%

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 Funds

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.

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CITY OF AUBURN, MAINE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 245,137	-	245,137
Investments	302,123	265,303	567,426
Receivables:			
Accounts	120,268	-	120,268
Loans receivable	1,638,290	-	1,638,290
Interfund receivable	684,416	-	684,416
Intergovernmental	817,297	-	817,297
Inventory	35,553	-	35,553
Total assets	\$ 3,843,084	265,303	4,108,387
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	362,084	-	362,084
Accrued payroll	28,058	-	28,058
Interfund payable	759,512	2,544	762,056
Total liabilities	1,149,654	2,544	1,152,198
Fund balances:			
Nonspendable - long-term receivables	1,638,290	-	1,638,290
Nonspendable - principal	-	69,475	69,475
Nonspendable - inventory	35,553	-	35,553
Restricted	1,234,983	193,284	1,428,267
Committed	316,032	-	316,032
Unassigned	(531,428)	-	(531,428)
Total fund balances	2,693,430	262,759	2,956,189
Total liabilities and fund balances	\$ 3,843,084	265,303	4,108,387

CITY OF AUBURN, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2012

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
Revenues:			
Intergovernmental	\$ 6,624,102	-	6,624,102
Charges for services	402,924	-	402,924
Other revenue	189,466	-	189,466
Interest revenue	-	910	910
Total revenues	7,216,492	910	7,217,402
Expenditures:			
Current:			
General government	1,452,530	-	1,452,530
Culture and recreation	246,914	-	246,914
Education	5,398,821	-	5,398,821
Miscellaneous	-	321	321
Debt service	185,791	-	185,791
Total expenditures	7,284,056	321	7,284,377
Net change in fund balances	(67,564)	589	(66,975)
Fund balances, July 1	2,760,994	262,170	3,023,164
Fund balances, June 30	\$ 2,693,430	262,759	2,956,189

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

	Centralized							
	City Special	School Special	School Lunch Program	211 Fairview	Parking	Parks and Recreation	Totals	
ASSETS								
Cash and cash equivalents	-	-	245,137	-	-	-	245,137	
Investments	104,578	-	-	-	197,545	-	302,123	
Receivables:								
Accounts	79,121	4,502	11,551	-	19,507	5,587	120,268	
Loans receivable	1,638,290	-	-	-	-	-	1,638,290	
Interfund receivable	161,611	266,466	-	-	-	256,339	684,416	
Intergovernmental	299,376	492,806	25,115	-	-	-	817,297	
Inventory	-	-	35,553	-	-	-	35,553	
Total assets	\$ 2,282,976	763,774	317,356	-	217,052	261,926	3,843,084	
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	307,555	35,509	-	-	8,841	10,179	362,084	
Accrued payroll	-	28,058	-	-	-	-	28,058	
Interfund payable	-	-	49,282	566,304	143,926	-	759,512	
Total liabilities	307,555	63,567	49,282	566,304	152,767	10,179	1,149,654	
Fund balances (deficit):								
Nonspendable - long-term receivables	1,638,290	-	-	-	-	-	1,638,290	
Nonspendable - inventory	-	-	35,553	-	-	-	35,553	
Restricted	302,255	700,207	232,521	-	-	-	1,234,983	
Committed	-	-	-	-	64,285	251,747	316,032	
Unassigned	34,876	-	-	(566,304)	-	-	(531,428)	
Total fund balances (deficit)	1,975,421	700,207	268,074	(566,304)	64,285	251,747	2,693,430	
Total liabilities and fund balances	\$ 2,282,976	763,774	317,356	-	217,052	261,926	3,843,084	

CITY OF AUBURN, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2012

		Centralized						
	City Special	School Special	School Lunch Program	211 Fairview	Parking	Parks and Recreation	Totals	
Revenues:								
Intergovernmental	\$ 1,002,793	4,395,933	1,225,376	-	-	-	6,624,102	
Charges for services	-	-	-	-	114,913	288,011	402,924	
Other income	186,575	-	-	-	-	2,891	189,466	
Total revenues	1,189,368	4,395,933	1,225,376	-	114,913	290,902	7,216,492	
Expenditures:								
Current:								
General government	1,316,129	-	-	-	136,401	-	1,452,530	
Culture and recreation	-	-	-	-	-	246,914	246,914	
Education	-	4,223,672	1,175,149	-	-	-	5,398,821	
Debt service	185,791	-	-	-	-	-	185,791	
Total expenditures	1,501,920	4,223,672	1,175,149	-	136,401	246,914	7,284,056	
Net change in fund balances	(312,552)	172,261	50,227	-	(21,488)	43,988	(67,564)	
Fund balances (deficit), July 1	2,287,973	527,946	217,847	(566,304)	85,773	207,759	2,760,994	
Fund balances (deficit), June 30	\$ 1,975,421	700,207	268,074	(566,304)	64,285	251,747	2,693,430	

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

ASSETS		
Investments	\$	265,303
Total assets		265,303
LIABILITIES AND FUND BALANCES		
Liabilities:		
Interfund payable		2,544
Total liabilities		2,544
Fund balances:		
Nonspendable - principal		69,475
Restricted		193,284
Total fund balances		262,759
Total liabilities and and fund balances		\$ 265,303

CITY OF AUBURN, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Permanent Funds
For the Year Ended June 30, 2012

Revenues:		
Investment income	\$	910
Total revenues		910
Expenditures:		
Current:		
Other miscellaneous		321
Total expenditures		321
Net change in fund balances		589
Fund balances, July 1		262,170
Fund balances, June 30		\$ 262,759

CITY OF AUBURN, MAINE
Combining Statement of Fiduciary Net Assets
Fiduciary Funds - Private-purpose Trust
June 30, 2012

		Scholarships
ASSETS		
Cash and cash equivalents	\$	405,822
Total assets		405,822
LIABILITIES		
Accounts payable		10,992
Total liabilities		10,992
NET ASSETS		
Held in trust	\$	394,830

CITY OF AUBURN, MAINE
Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds - Private-purpose Trust
For the Year Ended June 30, 2012

		Scholarships
Additions:		
Donations	\$	110,000
Investment income		675
Total additions		110,675
Deductions:		
Scholarships		17,300
Total deductions		17,300
Change in net assets		93,375
Net assets, July 1		301,455
Net assets, June 30	\$	394,830

CITY OF AUBURN, MAINE
Statement of Changes in Assets and Liabilities
Fiduciary Funds
Agency Funds
For the Year Ended June 30, 2012

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
ASSETS				
Cash and cash equivalents	\$ 107,612	407,991	388,093	127,510
Total assets	107,612	407,991	388,093	127,510
LIABILITIES				
Amounts held for others	107,612	407,991	388,093	127,510
Total liabilities	\$ 107,612	407,991	388,093	127,510

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STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Auburn, Maine's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Tables

Financial Trends

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These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

5-8

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity

9-12

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

13-14

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

15-17

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

CITY OF AUBURN, MAINE
Net Assets by Component
Last Ten Fiscal Years

From Government-wide Statement of Net Assets

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:										
Invested in capital assets,										
net of related debt	\$ 22,474,753	\$ 31,148,277	\$ 34,037,355	\$ 47,187,231	\$ 48,954,306	\$ 54,681,797	\$ 59,484,907	\$ 59,140,618	\$ 56,084,796	\$ 53,111,954
Restricted	2,862,650	3,448,739	3,804,784	4,094,386	3,574,150	3,446,488	3,765,201	4,607,888	11,707,875	10,879,129
Unrestricted	(7,203,484)	(8,043,024)	(4,374,264)	(2,347,823)	3,655,088	6,449,247	6,738,835	13,892,494	12,166,714	21,280,978
Total governmental activities net assets	18,133,919	26,553,992	33,467,875	48,933,794	56,183,544	64,577,532	69,988,943	77,641,000	79,959,385	85,272,061
Business-type activities:										
Invested in capital assets,										
net of related debt	349,706	347,086	345,741	344,398	390,008	416,684	1,033,634	928,388	829,060	729,731
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	79,332	116,788	156,985	183,842	168,242	189,487	296,012	326,230	353,997	333,922
Total business-type activities net assets	429,038	463,874	502,726	528,240	558,250	606,171	1,329,646	1,254,618	1,183,057	1,063,653
Primary government:										
Invested in capital assets,										
net of related debt	22,824,459	31,495,363	34,383,096	47,531,629	49,344,314	55,098,481	60,518,541	60,069,006	56,913,856	53,841,685
Restricted	2,862,650	3,448,739	3,804,784	4,094,386	3,574,150	3,446,488	3,765,201	4,607,888	11,707,875	10,879,129
Unrestricted	(7,124,152)	(7,926,236)	(4,217,279)	(2,163,981)	3,823,330	6,638,734	7,034,847	14,218,724	12,520,711	21,614,900
Total primary government net assets	\$ 18,562,957	\$ 27,017,866	\$ 33,970,601	\$ 49,462,034	\$ 56,741,794	\$ 65,183,703	\$ 71,318,589	\$ 78,895,618	\$ 81,142,442	\$ 86,335,714

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses:										
Governmental activities:										
General government	\$ 8,153,555	\$ 8,700,607	\$ 9,670,878	\$ 8,637,448	\$ 12,052,878	\$ 13,595,025	\$ 12,782,124	\$ 11,366,632	\$ 13,450,586	\$ 14,680,105
Public safety	7,084,610	6,811,806	6,274,025	6,387,319	6,795,667	7,363,307	8,013,617	7,899,897	7,673,153	8,001,972
Health, welfare and recreation	1,727,968	1,544,834	1,679,385	1,719,937	1,758,864	3,331,984	2,225,779	2,068,401	2,072,398	2,117,014
Public works	5,730,947	7,059,092	5,837,814	4,765,921	6,046,292	4,943,719	6,554,513	6,013,582	9,876,176	6,059,774
Other agencies	2,696,930	2,872,381	2,881,660	2,963,430	2,949,122	3,154,009	3,277,800	3,099,855	3,278,312	3,389,283
Education	35,979,964	36,836,177	37,065,404	37,738,620	38,682,079	36,575,423	39,285,952	39,952,843	42,408,444	42,418,741
Unclassified	4,016,401	1,813,759	836,636	900,891	3,127,839	1,849,876	-	-	-	-
Interest on debt	491,157	2,160,997	1,928,429	2,488,116	1,699,824	1,306,563	1,983,816	1,706,264	1,646,166	758,377
Total governmental activities expenses	65,881,532	67,799,653	66,174,231	65,581,682	73,112,565	72,119,906	74,123,601	72,107,474	80,405,235	77,425,266
Business-type activities:										
Ingersoll Ice Arena	138,638	127,097	131,898	162,790	192,310	144,519	296,500	506,301	482,686	539,555
Total business-type activities expenses	138,638	127,097	131,898	162,790	192,310	144,519	296,500	506,301	482,686	539,555
Total primary government expenses	66,020,170	67,926,750	66,306,129	65,744,472	73,304,875	72,264,425	74,420,101	72,613,775	80,887,921	77,964,821
Program Revenues										
Governmental activities:										
Charges for services:										
General government	411,555	179,088	962,712	276,319	234,353	148,023	1,240,811	1,204,104	710,124	532,771
Public safety	216,698	98,088	79,315	-	-	-	50,221	87,882	285,365	701,234
Health, welfare and recreation	228,227	55,258	255,933	228,780	160,146	257,162	286,062	290,936	287,013	308,403
Public works	80,341	451,340	-	-	-	-	-	-	50,334	3,158
Other agencies	-	-	-	-	-	-	-	-	-	-
Education	558,228	682,900	597,118	863,397	1,083,731	1,283,420	689,325	584,258	676,120	514,390
Unclassified	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	21,958,767	25,018,929	21,993,769	25,822,043	26,991,891	27,379,368	29,718,646	29,999,705	31,521,140	33,003,967
Capital grants and contributions	2,530,391	-	-	2,884,801	-	-	-	-	602,210	-
Total governmental activities program revenues	25,984,207	26,485,603	23,888,847	30,075,340	28,470,121	29,067,973	31,985,055	32,166,885	34,132,306	35,063,923
Business-type activities:										
Charges for services	155,888	161,420	169,090	185,113	218,333	191,828	330,268	425,328	424,614	433,375
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	155,888	161,420	169,090	185,113	218,333	191,828	330,268	425,328	424,614	433,375
Total primary government program revenues	26,140,095	26,647,023	24,057,937	30,260,453	28,688,454	29,259,801	32,315,323	32,592,213	34,556,920	35,497,298

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net (expense)/revenue:										
Governmental activities	\$ (39,897,325)	\$ (41,314,050)	\$ (42,285,384)	\$ (35,506,342)	\$ (44,642,444)	\$ (43,051,933)	\$ (42,138,546)	\$ (39,940,589)	\$ (46,272,929)	\$ (42,361,343)
Business-type activities	17,250	34,323	37,192	22,323	26,023	47,309	33,788	(80,973)	(68,072)	(106,180)
Total primary government net expense	(39,880,075)	(41,279,727)	(42,248,192)	(35,484,019)	(44,616,421)	(43,004,624)	(42,104,778)	(40,021,562)	(46,331,001)	(42,467,523)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes	36,829,757	40,033,723	40,819,989	44,679,412	45,422,662	44,232,811	41,640,678	41,158,334	42,962,974	43,192,698
Grants not restricted to specific programs	3,739,274	2,778,123	3,008,472	3,049,515	3,781,007	4,009,459	4,681,432	4,651,989	4,103,025	4,172,425
Investment earnings	818,872	272,079	308,270	535,503	684,283	600,248	382,621	80,246	70,562	65,072
Other	670,537	2,144,472	4,878,144	2,707,831	1,978,852	2,603,404	1,534,722	1,707,975	1,013,764	230,549
Total governmental activities general revenues	42,058,440	45,228,397	49,014,875	50,972,261	51,866,804	51,445,922	48,239,453	47,598,544	48,150,325	47,660,744
Business-type activities:										
Investment earnings	886	513	1,660	3,191	3,987	613	211	47	-	51
Total business-type activities general revenues	886	513	1,660	3,191	3,987	613	211	47	-	51
Total primary government	42,059,326	45,228,910	49,016,535	50,975,452	51,870,791	51,446,535	48,239,664	47,598,591	48,150,325	47,660,795
Change in Net Assets										
Governmental activities	2,161,115	3,914,347	6,729,491	15,465,919	7,224,360	8,393,989	5,411,411	7,652,057	1,890,885	5,312,676
Business-type activities	18,136	34,836	38,852	25,514	30,010	47,922	723,475	(75,028)	(71,561)	(119,404)
Total primary government	\$ 2,179,251	\$ 3,949,183	\$ 6,768,343	\$ 15,491,433	\$ 7,254,370	\$ 8,441,911	\$ 6,134,886	\$ 7,577,029	\$ 1,819,324	\$ 5,193,272

Beginning FY 2009 Unclassified Revenue was reclassified.

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011 (a)	2012
General Fund										
Reserved*	\$ -	\$ -	\$ -	\$ 558,178	\$ 478,065	\$ 587,024	\$ 110,672	\$ 55,566	\$ -	\$ -
Unreserved:										
Designated	437,741	487,544	1,066,274	1,291,770	1,224,436	1,790,409	2,337,962	1,737,562	-	-
Undesignated	1,844,329	2,215,528	3,587,200	5,088,428	7,898,295	8,783,174	8,405,631	9,599,911	-	-
Nonspendable	-	-	-	-	-	-	-	-	226,255	97,171
Restricted	-	-	-	-	-	-	-	-	2,679,579	2,172,387
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	1,087,851	960,991
Unassigned	-	-	-	-	-	-	-	-	9,108,868	10,732,684
Total general fund	\$ 2,282,070	\$ 2,703,072	\$ 4,653,474	\$ 6,938,376	\$ 9,600,796	\$ 11,160,607	\$ 10,854,265	\$ 11,393,039	\$ 13,102,553	\$ 13,963,233
All Other Governmental Funds										
Reserved	\$ 2,862,650	\$ 5,467,351	\$ 5,789,631	\$ 3,945,171	\$ 5,553,478	\$ 3,448,001	\$ 9,149,416	\$ 9,449,895	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	1,958,094	2,077,207	2,820,744	5,516,940	4,769,893	3,987,906	3,503,209	3,414,932	-	-
Capital project funds	8,594,980	3,178,555	7,157,634	9,719,595	13,480,577	10,147,915	5,082,615	5,545,423	-	-
Permanent funds	130,954	140,697	159,863	169,201	12,092	20,356	22,118	22,960	-	-
Nonspendable	-	-	-	-	-	-	-	-	5,922,783	5,870,752
Restricted	-	-	-	-	-	-	-	-	3,105,513	3,311,987
Committed	-	-	-	-	-	-	-	-	10,104,760	10,998,530
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	(841,666)	(531,428)
Total all other governmental funds	\$ 13,546,678	\$ 10,863,810	\$ 15,927,872	\$ 19,350,907	\$ 23,816,040	\$ 17,604,178	\$ 17,757,358	\$ 18,433,210	\$ 18,291,390	\$ 19,649,841

* Includes reserves for long-term receivables which were part of Unreserved, Undesignated from 2003-2005.
(a) The City of Auburn adopted the provisions of GASB 54 for the year ended June 30, 2011, which changed the classifications of fund balances.

CITY OF AUBURN, MAINE
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes	\$ 37,835,327	\$ 39,992,873	\$ 40,779,413	\$ 44,494,827	\$ 44,952,500	\$ 43,935,273	\$ 41,667,416	\$ 41,488,299	\$ 42,742,974	\$ 42,960,856
Intergovernmental	26,990,967	27,797,052	28,130,003	32,204,039	29,750,266	31,426,596	34,400,078	34,651,694	34,919,262	36,258,176
Licenses and permits	254,712	328,384	312,511	336,466	485,045	340,375	285,951	243,924	303,183	266,852
Charges for services	1,441,022	1,544,256	1,544,534	1,654,166	2,355,904	1,857,235	1,532,589	1,615,603	1,698,004	1,750,848
Unclassified	1,745,630	2,010,585	2,096,686	2,173,518	2,323,048	2,656,878	2,365,212	2,095,873	1,710,401	1,191,668
Total revenues	68,267,658	71,673,150	72,863,146	80,863,016	79,866,764	80,216,357	80,251,246	80,095,393	81,374,824	82,428,400
Expenditures										
General government	7,827,927	9,649,591	9,232,637	8,718,247	11,380,493	13,074,585	10,908,351	11,947,264	11,666,157	12,532,558
Public safety	6,843,115	6,684,780	6,022,608	6,459,529	6,544,970	6,941,313	7,717,089	7,703,785	7,367,139	7,717,441
Health, welfare and recreation	1,652,192	1,471,696	1,614,062	1,759,136	1,690,272	1,807,107	1,986,595	1,800,326	1,847,549	1,876,392
Public Works	4,395,414	4,044,050	4,404,716	4,240,085	4,439,555	4,836,864	4,574,186	4,058,000	4,191,424	4,285,363
Other agencies	2,696,930	2,872,381	2,881,660	2,963,430	2,949,122	3,154,009	3,277,800	3,099,855	3,278,312	3,389,283
Education	35,167,235	37,285,163	36,289,346	38,964,083	37,502,885	38,138,372	42,253,675	41,550,748	42,954,361	42,273,954
Unclassified	625,046	631,970	609,504	670,448	499,326	271,918	305,995	310,093	303,539	403,753
Self insurance	588,028	877,413	227,131	230,443	323,581	692,607	348,629	470,524	671,092	517,299
Capital projects	15,316,632	10,895,705	8,682,736	14,519,496	10,212,556	10,286,851	8,540,966	6,024,814	7,158,898	4,855,507
Debt Service:										
Principal	3,941,666	5,168,666	5,213,666	7,295,571	7,316,079	7,121,719	6,758,858	6,747,858	6,854,251	6,894,785
Interest expense	2,462,447	2,639,127	2,890,720	2,625,919	2,905,760	2,643,237	2,062,090	1,680,602	1,513,494	1,511,411
Total expenditures	81,516,632	82,220,542	78,068,775	88,446,387	85,764,599	88,968,582	88,734,234	85,393,869	87,806,216	86,257,746
Excess of revenues over (under) expenditures	(13,248,974)	(10,547,392)	(5,205,629)	(7,583,371)	(5,897,835)	(8,752,225)	(8,482,988)	(5,298,476)	(6,431,392)	(3,829,346)

CITY OF AUBURN, MAINE
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Other financing sources (uses)										
Proceeds - Bonds	\$ 1,310,000	\$ 6,085,000	\$ 23,130,000	\$ 12,281,000	\$ 13,000,000	\$ 6,000,000	\$ 6,430,000	\$ 6,500,000	\$ 7,900,000	\$ 4,500,000
Proceeds - Notes	-	-	-	1,010,307	-	-	-	-	1,024,625	-
Premium on issuance of debt	-	-	-	-	-	-	-	-	85,597	83,077
Transfers in	2,301,783	3,161,819	3,487,933	3,514,367	3,475,757	3,089,639	2,500,434	2,345,005	2,190,819	2,215,395
Transfers out	(2,301,783)	(3,161,819)	(3,497,933)	(3,514,367)	(3,475,757)	(3,089,639)	(2,500,434)	(2,331,903)	(2,177,330)	(2,202,120)
Total other financing sources (uses)	<u>1,310,000</u>	<u>6,085,000</u>	<u>23,130,000</u>	<u>13,291,307</u>	<u>13,000,000</u>	<u>6,000,000</u>	<u>6,430,000</u>	<u>6,513,102</u>	<u>9,023,711</u>	<u>4,596,352</u>
Net change in fund balances	\$ (11,938,974)	\$ (4,462,392)	\$ 17,924,371	\$ 5,707,936	\$ 7,102,165	\$ (2,752,225)	\$ (2,052,988)	\$ 1,214,626	\$ 2,592,319	\$ 767,006
Debt service as a percentage of noncapital expenditures	9.67%	10.95%	11.68%	13.42%	13.63%	12.41%	11.00%	10.62%	9.95%	10.38%

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/ (Mil) Rate
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
2007	1,399,344,100	293,111,800	1,692,455,900	1,922,200,000	88.0%	24.35
2008	1,797,817,200	276,822,200	2,074,639,400	2,086,700,000	99.4%	19.28
2009	1,813,049,300	262,829,700	2,075,879,000	1,981,600,000	104.8%	18.41
2010	1,829,692,800	238,980,400	2,068,673,200	2,054,450,000	100.7%	18.31
2011	1,847,854,620	220,930,500	2,068,785,120	1,991,800,000	103.9%	19.30
2012	1,850,235,678	208,348,600	2,058,584,278	1,980,250,000	104.0%	19.39

Table 6

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

Fiscal Year	General Fund		Education		Total Tax/ (Mil) Rate		
	General Government	Debt Service	Education	Education			
2003	11.09	34.74%	5.38	18.92%	11.97	42.09%	28.44
2004	12.03	36.22%	5.81	19.78%	11.54	39.28%	29.38
2005	12.31	37.40%	5.57	18.97%	11.50	39.14%	29.38
2006	12.51	36.58%	5.80	19.05%	12.17	39.96%	30.48
2007	10.12	37.27%	4.56	18.74%	9.66	39.69%	24.35
2008	8.43	39.06%	3.44	17.83%	7.41	38.45%	19.28
2009	7.72	36.72%	3.41	18.53%	7.28	39.56%	19.37
2010	7.91	38.44%	3.28	17.90%	7.12	38.89%	19.18
2011	8.88	41.30%	3.29	17.07%	7.12	36.89%	20.20
2012	9.01	41.62%	3.31	17.07%	7.07	36.46%	19.39

During 2007 and 2008 a revaluation was initiated and phased in over the two year period.

Table 7

CITY OF AUBURN, MAINE
Principal Property Taxpayers
Current Year and Ten Years Ago
June 30, 2012

Taxpayer	Business	Assessed Value	% of Total Tax Base	Cumulative %
1 Tambrands	Personal Products	\$ 83,079,000	4.04%	4.0%
2 Auburn Plaza, Inc	Regional shopping	31,475,700	1.53%	5.6%
3 Wal-Mart Real Estate	Retail	25,844,900	1.26%	6.8%
4 Pioneer Plastics	Laminates	23,522,300	1.14%	8.0%
5 Central Maine Power Company	Electric Utility	20,204,230	0.98%	8.9%
6 Gates Formed Fiber	Automotive Products	19,848,600	0.96%	9.9%
7 Lowes Home Centers	Retail	16,389,900	0.80%	10.7%
8 Cascades Auburn Fiber	Paper Reprocessor	14,905,900	0.72%	11.4%
9 FPL Energy Maine Hydro LLC	Electric Utility	14,568,700	0.71%	12.1%
10 Riverwatch LLC	Lodging	14,407,500	0.70%	12.8%
		\$ 264,246,730		

June 30, 2002

Taxpayer	Business	Assessed Value	% of Total Tax Base	Cumulative %
1 Tambrands	Personal Products	\$ 47,432,600	4.19%	4.2%
2 PPC Acquisition Corp	Plastic Laminates	30,595,300	2.70%	6.9%
3 Cascades Auburn Fiber	Paper Reprocessor	22,555,100	1.99%	8.9%
4 Gates Formed Fiber	Automotive Products	19,736,700	1.74%	10.6%
5 Central Maine Power Company	Electric Utility	15,127,200	1.34%	12.0%
6 General Electric Company	Electrical Components	14,590,700	1.29%	13.3%
7 Greenland Vistas	Real Estate	14,248,500	1.26%	14.5%
8 FPL Energy, Maine Hydro LLC	Electric Utility	11,161,400	0.99%	15.5%
9 Seltzer & Rydholm, Inc.	Beverage Bottlers	10,519,600	0.93%	16.4%
10 Auburn Plaza Inc.	Regional Shopping CTR	8,610,400	0.76%	17.2%
		\$ 194,577,500		

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
2003	\$ 34,459,878	\$ 86,998	\$ 34,372,880	\$ 33,784,268	98.29%	\$ 574,022	\$ 34,358,290	99.96%
2004	36,579,675	93,067	36,486,608	35,937,525	98.50%	528,613	36,466,138	99.94%
2005	37,378,635	254,933	37,123,702	36,348,878	97.91%	722,649	37,071,527	99.86%
2006	40,488,967	369,260	40,119,707	38,994,735	97.20%	1,048,286	40,043,021	99.81%
2007	41,211,301	350,703	40,860,598	39,748,652	97.28%	1,062,273	40,810,925	99.88%
2008	39,999,048	199,632	39,799,416	37,963,612	95.39%	1,792,941	39,756,553	99.89%
2009	38,216,932	139,750	38,077,182	36,718,256	96.43%	1,299,419	38,017,675	99.84%
2010	37,999,926	219,262	37,780,664	36,929,246	97.75%	794,203	37,723,449	99.85%
2011	39,984,486	192,788	39,791,698	38,721,670	97.31%	626,496	39,348,166	98.89%
2012	39,948,404	118,447	39,829,957	38,713,505	97.20%	-	38,713,505	97.20%

Table 9

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

Fiscal year	Governmental Activities				Business-type Activities				Total				
	General		Total		General		Total		Long-term Debt		Ratio of Total Debt		Per Capita Net of State Subsidy
	Obligation Bonds	Notes	Long-term Debt	Total	Obligation Bonds	Notes	Long-term Debt	Total	Long-term Debt	To Assessed Value	Per Capita		
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		
2007	72,629,000	745,801	73,374,801	26,676	-	26,676	73,401,477	60,160,522	4.3%	3,109.97	2,548.96		
2008	70,267,000	618,562	70,885,562	-	-	-	70,885,562	57,617,931	3.4%	3,003.37	2,441.23		
2009	67,925,000	495,078	68,420,078	-	-	-	68,420,078	52,369,513	3.3%	2,967.69	2,167.43		
2010	65,973,000	371,595	66,344,595	-	-	-	66,344,595	50,080,604	3.2%	2,810.97	2,121.88		
2011	65,461,000	692,675	66,153,675	-	-	-	66,153,675	48,634,442	3.2%	2,869.39	2,109.50		
2012	61,239,000	598,596	61,837,596	-	-	-	61,837,596	51,652,300	3.0%	2,682.76	2,240.88		

Table 10

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

Fiscal year	General Obligation Bonds	To Estimated Actual Value	Per Capita	Total		Per Capita Net of State Subsidy
				Governmental Activity Debt		
				Net of State Subsidy	Per Capita Net of State Subsidy	
2003	\$ 59,250,000	4.6%	2,524.18	\$ 55,882,660	\$	2,380.72
2004	58,510,000	4.3%	2,486.61	55,169,326		2,344.64
2005	60,043,000	3.9%	2,543.98	56,728,992		2,403.57
2006	67,817,000	4.1%	2,873.36	64,529,658		2,734.08
2007	72,629,000	3.8%	3,077.24	69,368,324		2,939.09
2008	70,267,000	3.4%	2,977.16	67,033,000		2,840.14
2009	67,925,000	3.3%	2,877.93	51,874,435		2,197.88
2010	65,973,000	3.2%	2,795.23	50,080,604		2,121.88
2011	65,461,000	3.2%	2,839.34	48,634,442		2,109.50
2012	61,239,000	3.0%	2,656.21	51,652,300		2,240.88

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	\$ 59,250,000	\$ 2,745,000	26.43%	\$ 725,504	\$ 59,975,504	4.97%	\$ 2,555.08
2004	58,510,000	2,300,000	25.75%	592,250	59,102,250	4.74%	2,511.78
2005	60,043,000	1,855,000	26.33%	488,422	60,531,422	4.77%	2,564.67
2006	67,817,000	1,410,000	25.22%	355,602	68,172,602	5.16%	2,888.42
2007	72,629,000	965,000	25.75%	248,488	72,877,488	4.31%	3,087.77
2008	70,267,000	516,800	25.75%	133,076	70,400,076	3.39%	2,982.80
2009	67,925,000	75,000	23.72%	17,788	67,942,788	3.27%	2,878.69
2010	65,973,000	-	24.47%	-	65,973,000	3.19%	2,795.23
2011	66,153,675	-	24.47%	-	66,153,675	3.20%	2,869.39
2012	61,837,596	-	24.64%	-	61,837,596	3.00%	2,682.18

CITY OF AUBURN, MAINE
Legal Debt Management
 Last Ten Years

Computation of Legal Debt Margin
June 30, 2012

Total State Valuation	\$ 1,980,250,000			
Legal Debt Limitation: 15% of State Valuation	297,037,500			
Debt Applicable to Debt Limitation:				
	Legal Maximum		Bonded General Obligation Debt	
	Percentage	Amount	Dollar Amount	As a Percent of State Valuation
Municipal & School	15.0%	\$ 297,037,500	61,239,000	20.62%
			\$ <u>235,798,500</u>	3.09%
			Margin for Additional Borrowing:	

Historical Legal Debt Margin
 Last Ten Fiscal Years

	Legal Debt Limit	Debt Outstanding	Legal Debt Margin	Debt Outstanding/ Legal Debt Limit
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%
2007	288,330,000	72,629,000	215,701,000	25.2%
2008	313,005,000	70,267,000	242,738,000	22.4%
2009	297,240,000	67,925,000	229,315,000	22.9%
2010	308,167,500	65,973,000	242,194,500	21.4%
2011	298,770,000	65,461,000	233,309,000	21.9%
2012	297,037,500	61,239,000	235,798,500	20.6%

Table 13

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

Fiscal Year	(1) Population	(2)		Annual Average Unemployment Rate
		Total Personal Wages	Per Capita Personal Wages	
2002	23,324	\$ 463,951,350	\$ 27,092.00	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	524,603,224	22,227.07	4.4%
2007	23,602	516,644,872	21,889.88	4.5%
2008	23,602	525,502,169	22,265.15	4.6%
2009	23,602	486,782,327	20,624.62	8.9%
2010	23,055	Not available	34,678	7.9%
2011	23,055	Not available	35,181	7.8%
2012	23,055	Not available	35,871	7.2%

(1) Source: US Census Bureau

(2) Source: Maine Department of Labor

Table 14

CITY OF AUBURN, MAINE
Principal Non-Governmental Employers
June 30, 2012

Rank	Employer	Total Number of Employees	Percent of Total Employees
1	Wal-Mart Supercenter	562	4.9%
2	Tambrands Inc.	541	4.7%
3	Lepage Bakeries	522	4.5%
4	Pioneer Plastics	502	4.3%
5	Gates Formed Fiber Products	450	3.9%
6	Clover Living Center	268	2.3%
7	Hannaford	177	1.5%
8	General Electric	161	1.4%
9	Shaw's Supermarkets	156	1.3%
10	Thomas Moser Cabinetmakers	128	1.1%
	All Other Employers	8,103	70.0%
	Total Employees	11,570	

Principal Employers
June 30, 2002

Rank	Employer	Total appr. number of employees	
1	Auburn School Dept.	807	5.2%
2	Pioneer Plastics Corp.	617	4.0%
3	Tambrands	590	3.8%
4	Gates Formed Fibre	350	2.3%
5	General Electric	275	1.8%
6	Wal-Mart Associates	300	1.9%
7	City of Auburn	248	1.6%
8	Clover Manor Inc.	275	1.8%
9	Hannaford Bros.	185	1.2%
10	Shaw's Supermarket	179	1.2%
	All Other Employers	11,715	75.4%
	Total Employees	15,541	

Source: Maine Department of Labor

Table 15

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

Fiscal Year	General Government	Public Safety	Health, Welfare & Recreation	Public Works	Education	Ice Arena	Total
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
2007	41.50	120.00	10.00	69.00	623.30	1.00	864.80
2008	40.75	120.50	12.00	69.00	645.00	1.00	888.25
2009	42.50	117.50	11.50	62.00	614.00	1.00	848.50
2010	40.00	125.00	13.00	55.00	589.00	2.00	824.00
2011	44.00	117.00	20.00	53.00	679.00	2.00	915.00
2012	42.00	123.00	14.00	55.00	585.00	2.00	821.00

Source: Various City departments

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:	
							Police / Fire No. of Service Calls	Libraries / Parks / Cemeteries 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		
2007	23,602	28,741 / 4,222	1 / 16 / 18	223	3,497	991		
2008	23,602	28,960 / 4,137	1 / 19 / 16	226	3,534	915		
2009	23,602	24,282 / 3,877	1 / 19 / 16	226	3,534	1,540		
2010	23,055	22,186 / 3,196	1 / 19 / 16	225	3,568	2,121		
2011	23,055	23,924 / 3,365	1 / 19 / 16	225	3,634	1,684		
2012	23,055	26,195 / 3,545	1 / 19 / 17	237	3,650	1,798		

Source: Various City departments

Table 17

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

Fiscal Year	General Government	Public Safety	Health, Welfare & Recreation	Public Works	Education	Ice Arena
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
2007	24,988,416	2,101,812	3,215,236	43,740,199	25,991,089	416,684
2008	24,228,799	2,469,571	3,731,189	51,477,507	26,525,978	416,684
2009	23,607,655	2,203,282	3,655,392	57,109,583	27,619,073	1,033,634
2010	28,824,479	2,109,338	8,982,225	51,600,320	27,133,850	928,388
2011	30,016,043	1,954,048	8,743,446	49,696,710	27,098,225	829,059
2012	33,680,128	1,844,090	8,507,608	47,535,463	27,830,918	729,731

Only nine years currently available in this format.

Source: Various City departments