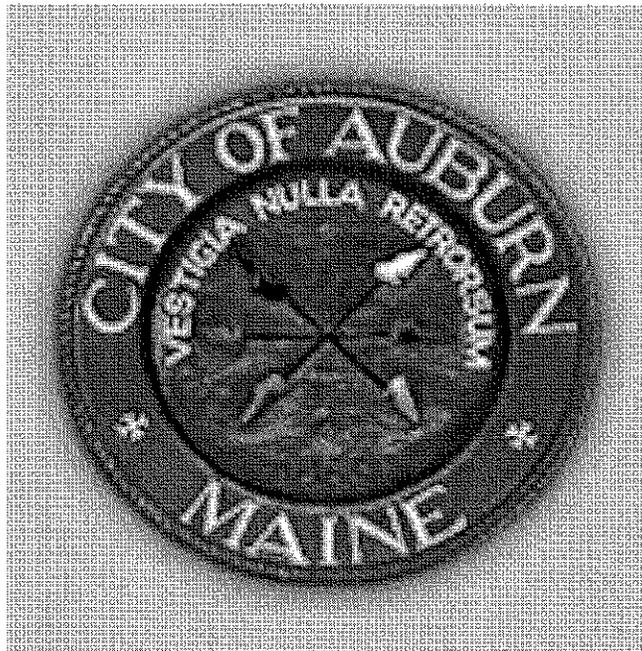


CITY OF AUBURN, MAINE

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FOR FISCAL YEAR ENDED
JUNE 30, 2011**

CITY OF AUBURN, MAINE

Finance Department

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**For Fiscal Year Ended
June 30, 2011**

Prepared By:
Finance and Management

CITY OF AUBURN, MAINE
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2011

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INTRODUCTORY SECTION

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City of Auburn, Maine

"Maine's City of Opportunity"

Financial Services



December 20, 2011

Honorable Mayor Gleason 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, 2011, 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 ninth 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 financial assistance, findings, recommendations and the independent auditor's reports on the internal control structure and compliance with applicable laws and regulations, are included in a separately issued single audit report.

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

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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 2011

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 south west 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 was recently completed on a \$2.3 million medical supply facility, which will include the company's corporate offices, warehouse and a retail pharmacy. Additional investment and growth in the Auburn Mall area includes a \$1.1 million, 7,000 square foot automobile parts and service retail store. Two existing service-sector businesses, on Rodman Road and Turner Street, also completed expansions of existing facilities this year with new investment of over \$1 million each.

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 2011.

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 2011, the Capital Improvement budget included approximately \$5.7 million to fund street, sidewalk, infrastructure and drainage improvements; \$275,000 to fund improvements to municipal facilities, \$25,000 for administrative projects, \$1.5 million to fund School Department capital projects and \$400,000 to fund upgrades in equipment and software. The City of Auburn maintains an "A+" rating from Standard & Poor's and Moody's on May 1, 2010 recalibrated their ratings for Auburn to an "Aa3" 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's Pre K – 12 schools continue to work to meet the rigorous standards of Adequate Yearly Progress (AYP) as defined by the federal regulations in No Child Left Behind (NCLB). The School Department has created a Response to Intervention (RTI) plan to address the individual needs of students. American Recovery Reinvestment Act (ARRA) stimulus money is now supporting professional development for teachers in the best practices in literacy. The University of Maine at Orono is collaborating with Auburn School Department to complete this professional development.

Partnerships with state and local organizations, higher education institutions, and governmental agencies are helping the school system to provide unique, cutting-edge experiences for students, staff, community members, and parents. This collaborative network enables students to participate in solving real-world problems within their community and state as well as exposes them to appropriate role models and career options.

Teachers, staff and schools have won local, state, and national awards for excellence. The East Auburn Community School PTO was honored as PTO Today's 2011 Parent Group of the Year, a national award recognizing an outstanding job on a completed major project for the construction of the Learning Park. Fairview School was recognized as a "School That Shines" for their annual show involving staff and EDD students. They were also a Channel 13 "Kids Correspondent School" in the spring. Walton School was recognized as a "School That Shines" for math/physical education integration. Renelle Pollard, a teacher at Walton School, received the Golden Apple Award from Nassau Broadcasting. Washburn School was awarded a 5-2-1-0 grant for promoting healthy choices in students and staff. Jessica Prue, a teacher at Washburn School, earned the "Outstanding Teacher" award from the "A Day Made Better" program created by OfficeMax. Cathy Dodge, Park Avenue teacher, earned the "Teachers Hall of Fame Starting Nine" award sponsored by Unum and the Sea Dogs.

School Building and Fleet Improvements

The School Department continued its work to improve the quality of the City's school facilities' infrastructures. The School Department's facilities have a total replacement value of \$84,465,387. Thereby, the School Department's Capital Improvement needs for FY11 was submitted for review and recommendation to the City Council at \$2,417,779, which represents 2.8% of capital asset values. The City Councilors did approve and authorize \$1,500,000 in CIP Bond issuance for the School Department in their August 2010 Bond Issuance.

The School Department also submitted to the State Department of Education for the State Revolving Renovation Funds (SRRF). The SRRF was created by Maine Legislative action in 1998. It represents the realization of a joint vision of the Legislature, the Governor, the State Board of Education, and the Department of Education to address critical needs of Maine's school facilities. The SRRF is administered by the Department of Education and is funded through the Maine Municipal Bond Bank. The Maine Department of Administrative and Financial Services, Bureau of General Services (BGS) provides the engineering expertise and technical reviews for SRRF applications and determines the value of the forgiven interest payment. We were able to save \$602,209 in deferred interest charges over the life of the Bond with the DOE award and MMBB funds instead of typical Banking Institution Bond issuance.

The SRRF is a State and local partnership with each providing a portion of a project's funding. The SRRF provides loans to School Administrative Units (SAU) to finance project expenditures. A portion of each loan is considered a grant and is forgiven. The forgiveness rate ranges from 30% to 70% and is based on the percentage of State subsidy paid to the local school unit. The remaining balance of the loan is paid back over either five or ten years at a zero percent interest rate. The loan repayments revolve back into the SRRF and are then used to fund other approved future projects.

As established, the Fund has three Priorities:

Priority 1: Health, safety and compliance issues including roof upgrades, improvements to indoor air quality, compliance with the Americans with Disabilities Act, asbestos mitigation, and other health, safety and compliance issues;

Priority 2: Repairs and improvements not related to health, safety and compliance limited to repairs and improvements to school building structures, windows, doors, and water supply or waste disposal systems.

Priority 3: Upgrades of learning spaces and small-scale capital improvements.

The maximum loan that can be provided is capped at \$1 million per priority per school building. The maximum total loans from the SRRF for a school will be \$3 million, which includes Priority 1, Priority 2, and Priority 3 projects.

Auburn School Department received DOE Priority 1 awards as follows:

School	Award Amt.	57.53% Forgiveness	Loan Amount
Sherwood Heights School			
Gym Structural Upgrade/Reroofing	\$175,756	\$101,112.43	\$74,643.57
Franklin Alternative			
Window Replacement and Siding	\$91,893	\$52,866.04	\$39,026.96
Walton School			
Unit Ventilators	\$439,250	\$252,700.53	\$186,549.48
Fairview School			
Unit Ventilators	\$339,875	\$195,530.09	\$144,344.91
Total	\$1,046,744	\$602,209.09	\$444,564.92

We continued to implement the Verification and Measurement of the final phase of our Performance Contract with Siemens Technology. The final phase, 2nd Year Savings Report of 2011 -Verification and Measurement component is important to solidify that the anticipated savings have been realized. The Verification and Measurement Year-2 Savings was conducted and the analysis revealed that the Siemens guaranteed annual savings of \$154,323 did in fact result in a savings of \$170,507. The savings is \$16,184 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 two fiscal years, we have saved a total of \$337,846 in energy cost.

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 FY11 DOE approval for the replacement of two new school buses, which replaced two- regular 78 passenger school buses. The DOE Bus Purchase/Replacement program requires that school bus be eligible for replacement when it reaches ten-years old and has 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 Department of Education (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 FY11 bus purchase included propane fired-engines. The added cost to install a propane engine is \$7,200 per bus. These propane engines have better gas mileage and lower maintenance cost. Our projected annual savings is \$5,000 per school bus, at minimum, and represents a payback in 1.44 years. In the life expectancy of our propane buses, after deducting for added cost of converting from diesel to propane, we will generate a savings of \$42,800 per school bus. It is our intention to replace Auburn School Department's bus fleet from diesel to propane over the course of 8 years. Aside from producing an annual savings, we are lessening our greenhouse gas emission from the atmosphere.

Technology in the Schools

Over the past year the Auburn School Department has purchased additional projectors and large screen LCD TVs bringing us closer to a large screen display in every classroom. We are also moving toward Cloud-based tools for collaboration with web-based applications such as Google Apps. These applications have no cost to us and require no local server maintenance.

Almost 300 iPads were purchased for the Advantage 2014 initiative, placing an iPad in the hands of every Kindergarten student and teacher. Half of the iPads were deployed at the beginning of the year and the remainder in mid-November. This type of deployment allowed for more accurate research by allowing a comparison of both groups.

Grant Office

The Auburn School Department was awarded 25 grants in fiscal year 10-11 for a total of \$1,340,417. In addition, Community Clinical Services (CCS) received two substantial grants of which \$234,074 was designated to support our School Based Health Centers at Auburn Middle School and Edward Little High School. A grant from the Maine Department of Health & Human Services helps CCS fund our health centers that provide primary and oral health care, sports screenings, health information, and mental health services to our students. A grant from the Department of Education and the Department of Health and Human Services will provide high tech care to our students. The health centers will be able to link with each other or a doctor elsewhere for consultation. Students will have access to two-way communication with providers. There'll be high-resolution cameras and scopes showing heart rates and nose and ear conditions. Technology will also enable the health centers to transition to electronic medical records. The following lists the funding sources for these grants:

Federal	2
State of Maine	13
Foundation	8
Corporate	4
Total	27
Donors Choose	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 valued at \$9,874.

Donors supported a global awareness and social responsibility initiative. Students read novels and learned about different cultures. They gained a deeper understanding of the similarities that exist between people all over the world. The characters in the novels are of a similar age and share some of the same struggles as the readers. In order to ensure that students view themselves as global citizens, they are given passports. When students read a novel that is set outside of Maine, they receive a stamp in their passports.

Highlights of the types of grants received during 2010-11 are:

Safe Schools/Healthy Students

2010-11 was the third 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.

After School Programs

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 1,009 students in the 2010-11 school year and summer of 2010. 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 3

The third 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 summer sessions and a tutoring extension of the AMS program. Sixty-two percent of the 543 students served were low-income students.

After school programs ran four days a week at Auburn Middle School and three days a week at each elementary school despite grant funding reductions at the state level. A variety of student-centered programming, including academic skill supplements, homework help, technology enrichment, wellness/recreation, arts, and community service were 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 2

The second 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. This grant also experienced a funding reduction from the state, yet continued to provide consistent services to the schools' most vulnerable students. Sixty-four percent of the 466 students served were low-income students eligible for free/reduced school lunch. Programs at the elementary level focused on reading/literacy, math, arts, health/wellness and community service. Youth in the program showed

consistent improvement in classroom performance and standardized test scores. High School students in grades 11 & 12 focused on meeting graduation requirements with ELPM, a credit recovery program. With the help of credit recovery, 68 students graduated between July 1, 2010 and June 30, 2011 and 233 academic half-credits were earned (equivalent of a one-semester course). 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 a partnership with the Auburn Public Library, the Career Center, Junior Achievement, and the Androscoggin Chamber of Commerce to access library, job readiness, and career development services. Both high school programs focused on mentoring, raising student aspirations, and post-secondary planning.

Get ACTIVE Grant, Year 10

For the 10th 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. Sixty-two 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. Due to funding cuts, the program served fewer students this year, but services were fully integrated with the CLC afterschool program, which continued to serve all students requesting services.

GirlSpace

Through the Maine Arts Commission, a \$9,915 award for "GirlSpace," an arts-based after-school program began in the fall of 2010. Girls in grades 4-8 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 seven-month self-exploration through visual arts and dramatic storytelling. The program will continue in 2011-12.

College Incentive

A multi-year grant from the MELMAC Education Foundation is presently in its third 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.

Substance Abuse

A multi-year grant from the State of Maine's Department of Human Services is in its third 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

A grant from the Maine Family Literacy Foundation, "School Comes to You", is a virtual Pre-K and family literacy program. School literally "comes" into the homes of low-literacy, low-income families through the use of iPads, computers, and DVD's. Trained visitors engage families in literacy activities, provide support for the use of technology, and guide the adult learner through the development of educational goals and a career plan.

The Target Foundation awarded a grant to the district's Pre-K program to implement the Family Fun With Books Program. The program services low-literacy, low-income families where parents and their pre-school children participate in fun intergenerational activities at the Auburn Public Library.

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.

The Laura Bush Foundation for America's Libraries awarded Park Avenue School a grant that targets their English Language Learners (ELL) population. Books that are purchased positively impact ELL students, their parents, and the student body. The books not only assist ELL students in achieving English acquisition and educational standards but also help them establish cultural identity and acceptance within the school.

A grant from H&R Block increases financial literacy for students participating in ELPM, a credit recovery program at the high school. The grant provides Virtual Business - Personal Finance interactive software and lesson plans that cover 18 real-world topics, such as managing a budget, handling taxes, avoiding credit card debt, saving and investing.

Science Grants

Kids Consortium awarded a mini grant to Sherwood Heights School enabling students to do research on the decomposition process and compact fluorescent light bulbs (CFL).

A grant from the Maine State Planning Office allowed the Land Lab, East Auburn Community School and Auburn Middle School to create leaf/yard waste and food scrap composting sites.

Students at East Auburn Community School are involved with monitoring and reducing the amount of electricity used in their school through a grant from the Maine Mathematics & Science Alliance.

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 Let's Go! 5-2-1-0 Goes to School mini-grant was awarded to Washburn School from the Barbara Bush Children's Hospital at Maine Medical Center. The grant promotes healthy eating and physical activity.

Other Grant /Awards

Other grants and awards:

- Fairview and Walton Elementary Schools received "Schools that Shine," awards from Dunkin Donuts, which recognizes schools for innovation and creativity. They were profiled in a Public Service Announcement on WCSH 6 television and each received \$1,000 cash award to use at their discretion.
- East Auburn Community School's PTO received an award from PTO TODAY for the contributions they have made to the school. The PTO created a natural play area that was fun for students, useful for teachers to take learning outdoors, inviting for families and a place for students to connect and learn about the natural world.

Both East Auburn Community and Walton Elementary schools received a grant from Project Canopy to plant trees on their school grounds as of part of the Arbor Week celebration and in recognition of Maine's renowned forest industry.

Looking Ahead: Fiscal Year 2012 Goals

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

The cities of Auburn and Lewiston continue the ongoing effort to collaborate and seek efficiencies through cooperation and support. The formalized process of collaboration was initiated in 2007 when a grant was received to investigate where both cities could realize cost savings through better coordination

and collaboration. A major new initiative is underway and will be fully implemented in the upcoming year. A software platform for permit issuance, tracking, inspection and occupancy has been purchased by both cities thereby setting the stage for a seamless interface by anyone wishing to construct a building or conduct business within the twin-city area. This software, known as EnerGov, will allow the public to secure all necessary approvals, pay all fees and track progress of the project without having to travel to City Hall. A grant from the US Department of Energy was secured in order to implement this project.

A new medical campus for Bedard Medical Inc. was completed during the fiscal year. The first phase of the project included the construction of corporate headquarters, a retail pharmacy and the production facility for specialized pharmaceutical health related equipment. The initial phase represents at least a \$4 million increase in assessed valuation, and will house approximately 50 jobs and posture the company to compete for a greater market share in the specialty services medical area. At build out it is expected that at least 75 employees will work from this center and the total value of the development will exceed \$8 million.

The City will continue it's effort to complete the infrastructure improvements needed for the new Industrial Park through joint funding between local funds and federal grant funds.

A major initiative is underway that will greatly enhance the value of the Auburn/Lewiston Municipal Airport. During the next fiscal year work will be completed on an updated terminal building that will include the necessary security checkpoints to allow for passenger service to return to Auburn/Lewiston.

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 2011 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, 2011, 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, 2011, 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, 2010. This was the eighteenth 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 Betty Griebel 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,



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, 2010

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.

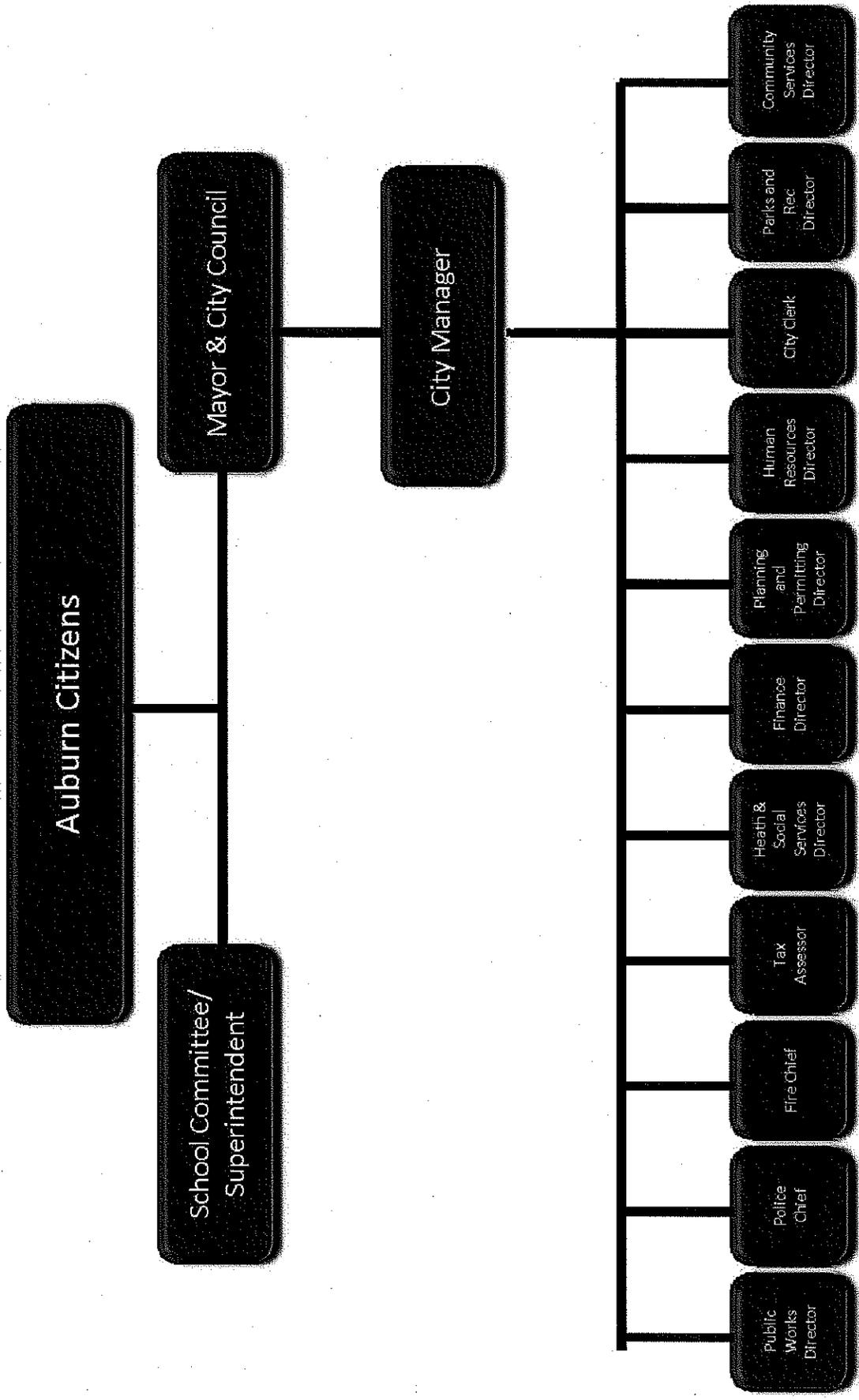


President

Executive Director

ORGANIZATIONAL CHART
2010

City of Auburn



CITY OF AUBURN, MAINE

LIST OF ELECTED AND APPOINTED OFFICIALS

June 30, 2011

Elected Officials

Mayor	Richard D. Gleason
Council Member – Ward 1	Michael J. Farrell
Council Member – Ward 2	Robert P. Hayes
Council Member – Ward 3	Daniel R. Herrick
Council Member – Ward 4	David C. Young
Council Member – Ward 5	Raymond C. Berube
Council Member – At Large	Belinda Gerry
Council Member – At Large	Eric G. Samson
School Committee – Chair, At Large	David H. Das
School Committee – Ward 1	Lane I. Feldman
School Committee – Ward 2	Bonnie J. Hayes
School Committee – Ward 3	Thomas M. Kendall
School Committee – Ward 4	Susan Gaylord
School Committee – Ward 5	Connie Mercier
School Committee – At Large	Francois R. Bussiere

Appointed Officials

City Manager	Glenn Aho
Finance Director	Tracy Roy
School Superintendent	Tom Morrill
School Business Manager	Jude Cyr
City Clerk	Roberta Fogg
Community Services Director	Denis D'Auteuil
Tax Collector	Betty Griebel
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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2011, on our consideration of the City of 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 20, 2011
South Portland, Maine

Management's Discussion and Analysis Fiscal Year Ended June 30, 2011

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, 2011. 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 \$80,714,942 (*net assets*).
- The City of Auburn's total net assets increased by \$1,819,324. This increase is a direct result from: \$1.7 million in improvements for 2009 and 2010 Neighborhood Reconstruction; \$720 thousand in public works, fire, police, and school vehicles and equipment addition; over \$2.9 million in road, sidewalk, and drainage improvements. 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 \$190,920.
- As of the end of the current fiscal year, the City of Auburn's governmental funds reported combined ending fund balances of \$31,393,943 an increase of \$1,567,694 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 \$10,196,719, or 15.8% of total General Fund expenditures.
- The City of Auburn issued bonds totaling \$7,900,000 for its Capital Improvement Plan during the current fiscal year. The new issue included over \$5.7 million for street and infrastructure improvements, \$1.5 million for school facilities and technology and approximately \$700,000 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 \$80,714,942 at the close of the most recent fiscal year.

City of Auburn's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 40,184,168	\$ 36,870,071	\$ 358,446	\$ 335,251	\$ 40,542,614	\$ 37,205,322
Capital assets	117,508,471	118,650,212	829,060	928,388	118,337,531	119,578,600
Total assets	\$ 157,692,639	\$ 155,520,283	\$ 1,187,506	\$ 1,263,639	\$ 158,880,145	\$ 156,783,922
Long-term liabilities outstanding	62,435,108	62,152,238	-	-	62,435,108	62,152,238
Other liabilities	15,725,646	15,727,045	4,449	9,021	15,730,095	15,736,066
Total liabilities	\$ 78,160,754	\$ 77,879,283	\$ 4,449	\$ 9,021	\$ 78,165,203	\$ 77,888,304
Net assets						
Invested in capital assets, net of related debt	\$ 56,084,796	\$ 59,140,618	\$ 829,060	\$ 928,388	\$ 56,913,856	\$ 60,069,006
Restricted	18,291,390	4,607,888	-	-	18,291,390	4,607,888
Unrestricted	5,155,699	13,892,494	353,997	326,230	5,509,696	14,218,724
Total net assets	\$ 79,531,885	\$ 77,641,000	\$ 1,183,057	\$ 1,254,618	\$ 80,714,942	\$ 78,895,618

By far the largest portion of the City of Auburn's net assets (70.51 percent or \$56,084,796) 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 2011. 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 (22.66 percent) represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted *net assets* are \$5,509,696.

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.

The City's net assets increased by \$1,819,324 during the current fiscal year.

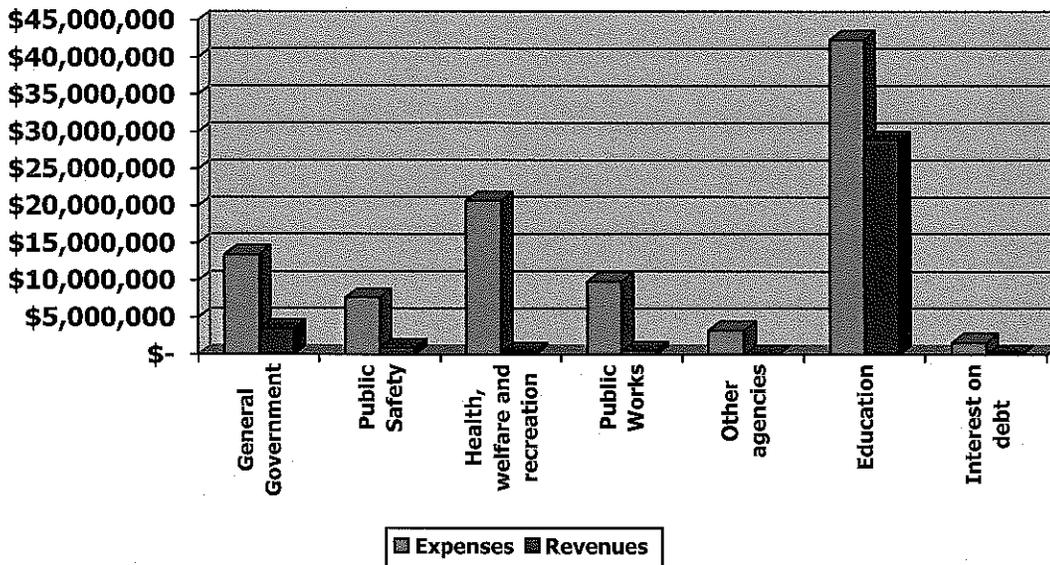
City of Auburn's Changes in Net Assets						
	Governmental Activities		Business Activities		Total	Total
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 2,008,956	\$ 2,167,180	\$ 424,614	\$ 425,328	\$ 2,433,570	\$ 2,592,508
Operating grants and contributions	31,521,140	29,999,705	-	-	31,521,140	29,999,705
Capital grants and contributions	602,210	-	-	-	602,210	-
General revenues:						
Property and other taxes	42,962,974	40,910,845	-	-	42,962,974	40,910,845
Grants and contributions not restricted to specific programs	4,103,025	4,651,989	-	-	4,103,025	4,651,989
Other	1,084,326	2,035,710	-	47	1,084,326	2,035,757
Total revenues	\$ 82,282,631	\$ 79,765,429	\$ 424,614	\$ 425,375	\$ 82,707,245	\$ 80,190,804
Expenses:						
General government	13,450,586	11,366,632	-	-	13,450,586	11,366,632
Public safety	7,673,153	7,899,897	-	-	7,673,153	7,899,897
Health, welfare and recreation	2,072,398	2,068,401	-	-	2,072,398	2,068,401
Public works	9,876,176	6,013,582	-	-	9,876,176	6,013,582
Other agencies	3,278,312	3,099,855	-	-	3,278,312	3,099,855
Education	42,408,444	39,952,843	-	-	42,408,444	39,952,843
Interest on long-term deb	1,646,166	1,706,264	-	-	1,646,166	1,706,264
Ingersoll Ice Arena	-	-	482,686	506,301	482,686	506,301
Total Expenses	\$ 80,405,235	\$ 72,107,474	\$ 482,686	\$ 506,301	\$ 80,887,921	\$ 72,613,775
Transfer in (out)	13,489	(5,898)	(13,489)	5,898	-	-
Increase (decrease) in net assets	1,890,885	7,652,057	(71,561)	(75,028)	1,819,324	7,577,029
Net assets - July 1	77,641,000	69,988,943	1,254,618	1,329,646	78,895,618	71,318,589
Net assets - June 30	\$ 79,531,885	\$ 77,641,000	\$ 1,183,057	\$ 1,254,618	\$ 80,714,942	\$ 78,895,618

Governmental Activities

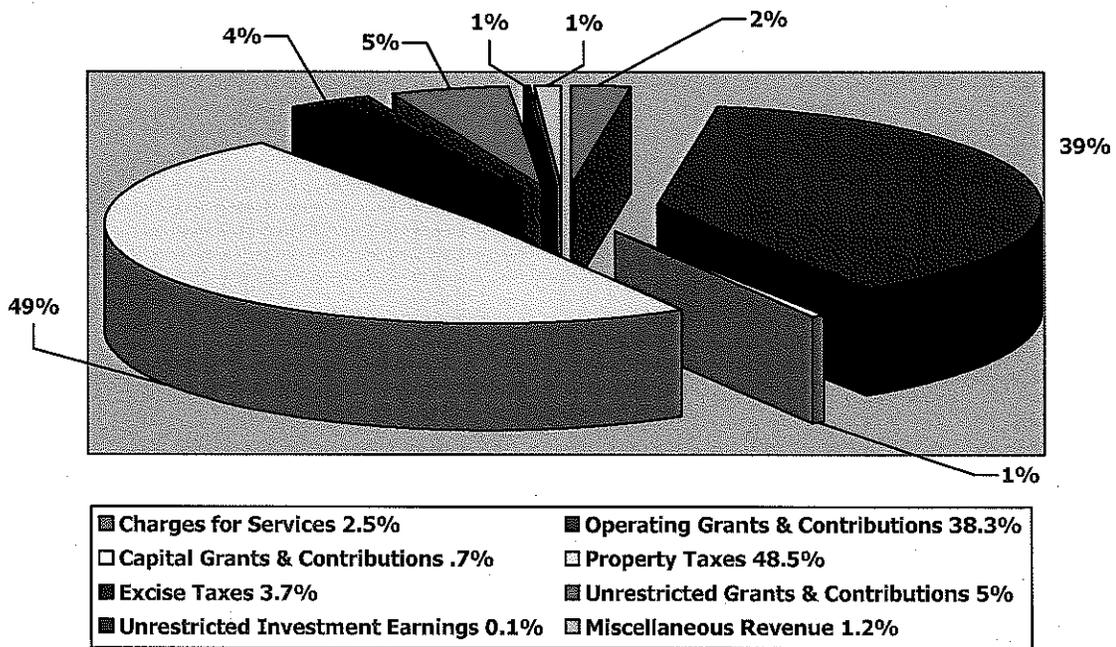
Governmental activities increased the City of Auburn's net assets by \$1,890,885, thereby accounting for 106 percent of the total growth in the City's net assets. Unclassified expenses have been reclassified in general government. Key elements of this increase are as follows:

- Charges for services decreased by \$158,224 (7.3%). The decrease was attributed to less permits and a decline in education's tuitions.
- Operating grants and contributions increased by \$1,521,435 (5.1%) due to an Energov grant to aid in linking Lewiston and Auburn planning and code enforcement efforts and an increase in a HUD Grant for the Neighborhood Stabilization Program.
- Grant and contributions decreased by \$548,964(11.8%) due to a decrease in State Revenue Sharing, Homestead combined with an increase in the personal property BETE exemption.
- Total expenditures increased by \$8,297,761 (11.5%) with the bulk of the increase attributable to increases in general government (\$2,083,954), public works (\$3,862,594) and education (2,455,601).

Expenses and Program Revenues - Governmental Activities For the Year Ending June 30, 2011



Revenues by Source - Governmental Activities For the Year Ended June 30, 2011

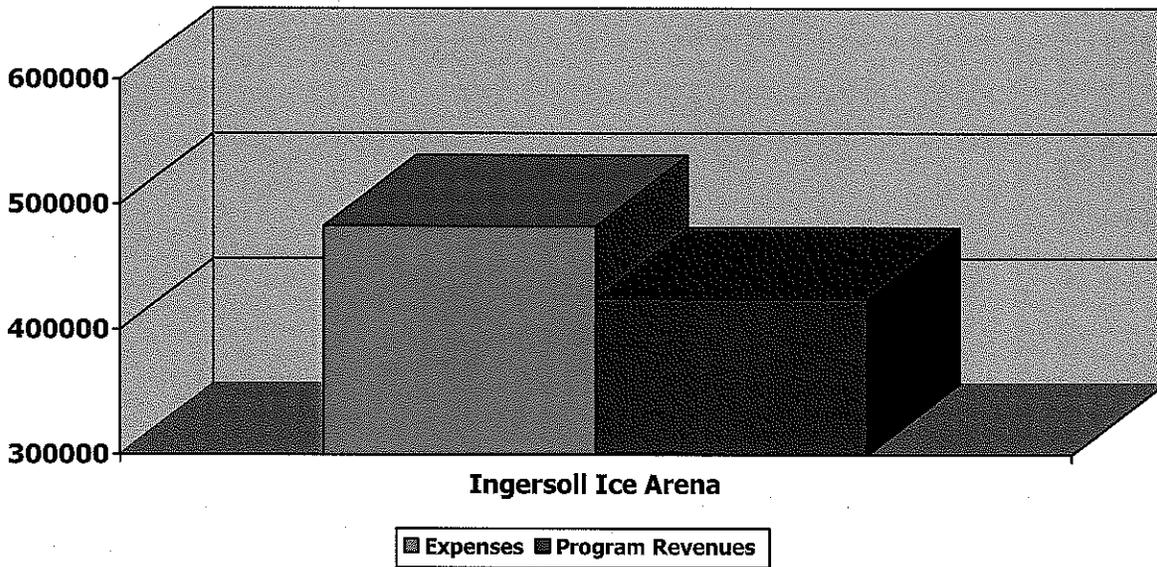


Business-type Activities

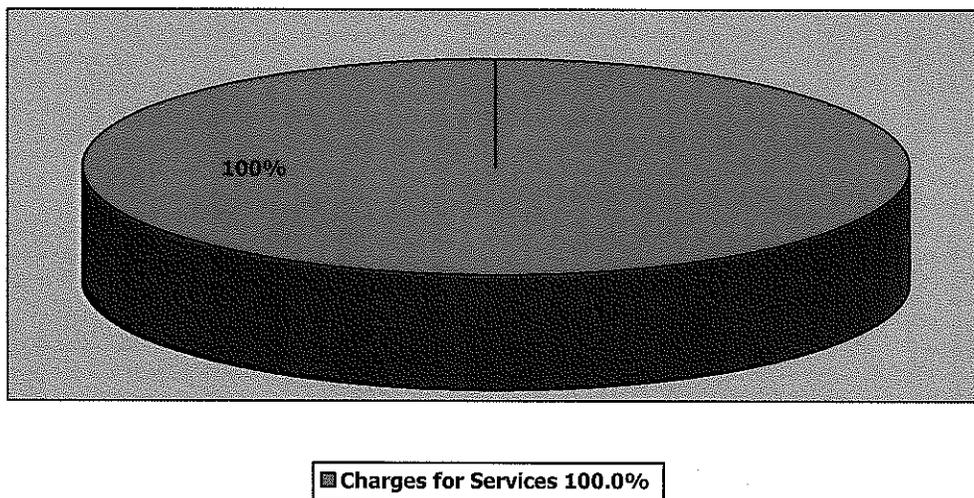
The City's one business-type activity, its Ice Arena, decreased the City of Auburn's net assets by \$71,561.

Revenues for business-type activities decreased by \$761 or 0.2%. This is the arena's third year being open for eleven months. Total operating expenses for business type activities decreased by \$23,615 or 4.7%. 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, 2011



Revenues by Source - Business-Type Activities For Year Ending June 30, 2011



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 \$31,393,943 an increase of \$1,567,694 in comparison with the prior year. This total consists of: General Fund, \$13,102,553; Community Development Programs Fund, \$3,868,068; Tax Increment Financing, \$1,588,930; Capital Projects Fund, \$9,811,228, and Other Governmental Funds, \$3,023,164. 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 \$9,108,868. 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 13.4% of the total General Fund expenditures at June 30, 2011. 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 decreased by \$478,182. The decrease was due to a timing issue of drawdowns and less revenue collected than expenditures.

The Tax Increment Financing Fund fund balance decreased by \$343,444 due to expenditures for development with Lewiston Auburn Economic Growth Council.

The Capital Projects Fund fund balance increased by \$874,280 due primarily to \$6,400,000 City and \$1,500,000 School bonds received during FY2011.

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 \$353,997. The total decrease in net assets was \$71,561.

General Fund Budgetary Highlights

There were no supplemental appropriations for the fiscal year ending June 30, 2011. Carry forward amounts from June 30, 2011 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 \$1,863,062. Contributing factors to this increase included:

- Other School intergovernmental revenues above budgetary projections by \$133,556.
- Interest on delinquent taxes below projections by \$67,131.
- State revenue sharing was above budgetary projections by \$167,168.
- School charges for services were above budgetary projections by \$108,615.
- Interest earnings on investments were below budgetary projections by \$16,276.
- Motor vehicle excise taxes were above budgetary projections by \$229,405.
- Fire exceeded budgetary projections by \$21,194.
- Health and social services (public assistance) exceeded budgetary projections by \$12,136.

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, 2011 amounts to \$118,337,531 (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 1.03 percent. For more detail refer to Capital Assets in the Detail Notes for All Funds on Pages 53-54.

	City of Auburn's Capital Assets (net of depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 7,489,841	\$ 7,489,841	\$ -	\$ -	\$ 7,489,841	\$ 7,489,841
Buildings	42,872,948	43,504,525	285,695	308,103	43,158,643	43,812,628
Machinery and Equipment	1,354,932	1,364,286	543,365	620,285	1,898,297	1,984,571
Infrastructure	56,450,261	55,807,912	-	-	56,450,261	55,807,912
Construction in Progress	5,521,082	6,427,497	-	-	5,521,082	6,427,497
Vehicles	3,819,407	4,056,151	-	-	3,819,407	4,056,151
Total	\$ 117,508,471	\$ 118,650,212	\$ 829,060	\$ 928,388	\$ 118,337,531	\$ 119,578,600

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 \$2,548,300; work on the Gardiner bridge totaling \$225,000; the Dunn Street wall improvements totaled \$149,700 for FY11, and totaling the overall project expenditures to \$2,923,000 at fiscal year end.
- The Education Department funded building improvements in the following schools: Walton School (door replacement) totaling \$60,000; Sherwood Heights (roof structural upgrade) totaling \$415,217; Franklin School (roof structural replacement) totaling \$345,283; Auburn Middle School (flooring and door framework) totaling \$62,500; and Edward Little High School (track resurfacing and replacement of condensation tank) totaling \$42,000.
- Police department purchased 2 Dodge Chargers and 2 Ford Explorers at the total cost of \$93,303.
- Public Works purchased a sidewalk tractor at the total cost of \$134,880.
- Public Works purchased a Morbark brush chipper at the total cost of \$42,000.
- Education purchased four buses and a van at the total cost of \$298,390.

Long-term Debt

At the end of the current fiscal year, the City of Auburn had total bonded debt outstanding of \$65,461,000. 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 pages 57-58.

City of Auburn's Outstanding Debt General Obligation Bonds						
	Governmental activities		Business-type debt		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds	<u>\$ 65,461,000</u>	<u>\$ 65,973,000</u>	<u>\$</u>	<u>\$</u>	<u>\$ 65,461,000</u>	<u>\$ 65,973,000</u>

During the current fiscal year, the City of Auburn's total bonded debt decreased by \$512,000. City issued general obligation bonds totaling \$7,900,000 for the annual capital improvement program for the City, Arena and School Department.

The City of Auburn Moody's rating was recalibrated on May 1, 2010 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 \$298,770,000 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 Council develops goals each year to guide the City's progress and decision-making throughout the year. These goals are summarized into the following categories:

1. **Financial Responsibility and Stability:** In response to the challenging economy, the City Council has readjusted its goals accordingly and will focus upon reducing expenditures, rather than increasing taxes, as a means of lessening the overall property tax burden.
2. **Infrastructure:** The City will continue to hold steadfast with its capital infrastructure program of both reconstruction, and rehabilitation.
3. **Economic Development:** The City will continue aggressively utilizing state programs, such as Tax Increment Financing, to facilitate business investment. Furthermore, we continue to partner with the Lewiston-Auburn Economic Growth Council and the Auburn Business Development Corporation adds depth and breadth to not just our staff resources, but also business expertise in terms of identifying new and innovative ways of financing and land development.
4. **Planning and Policy Development:** The City is nearing the completion of two comprehensive plans, one for New Auburn, a distinguished neighborhood within the City, and another as a city-wide plan. Both plans outline future land use needs, community strengths and weaknesses, infrastructure needs, and visioning. The shelf-life of these documents is approximately 10 years and each will serve as a blueprint for the city's future goals.

5. Intergovernmental Cooperation: In 2009, the City embarked upon a joint, innovative software project with the City of Lewiston that will serve to automate over 50 functions traditionally conducted manually, or within one of many isolated databases. The project continues to be developed and its potential realized as the software is database driven and will continue to be the foundation for the future development of performance standards and performance measurement.
6. Citizen Participation: The City is undergoing a new generation of web service that will offer online citizen access that is tied to collaborative and cooperative projects with the City of Lewiston. The web service will host weekly and monthly publications regarding the City's operational and financial performance so as to elevate governmental transparency.
7. Operational Organization: The City is furthering its progress toward internal organization in pursuit of operational and financial efficiencies. The progress began with the codification of the City's municipal codes, and continues to extend toward the culling and then compiling of all City procedures and guidelines into once source document, which will lead to more accountability, greater transparency, and ultimately, consistent and predictable managerial results. Managing within greater financial margins and expectations has caused Auburn to re-evaluate its internal structure accordingly.

Economic Factors

The City's property tax base has held constant, a welcomed calculation given the current state of the national economy. The City continues to hold firm that by only pursuing further economic growth will the City be able to continue maintaining its current quality of life as well as to reduce the property tax burden. In partnering with local economic development groups, the City will continue its effort to build another industrial park, laying the utility and infrastructure groundwork for future growth and development.

The City continues to redefine itself from previously being a shoe manufacturing hub to now being the "Hub of Maine" in terms of logistics and transportation. The "Port of Auburn", which is an intermodal transportation facility, and the Maine Turnpike are instrumental to Auburn's new designation.

The Budget and Tax Rates

The City Council's goal for Fiscal Year 2012 was reflective of a declining national economy and reduced State of Maine subsidies. The goals included the purchasing of innovative software in pursuit of innovation and a reduction of labor overhead; reducing expenditures as a result of limiting services in terms of hours and scope of operation; and reviewing existing systems for added efficiencies.

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, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 14,466,619	47,084	14,513,703
Investments	13,826,243	-	13,826,243
Amounts held in escrow	1,046,775	-	1,046,775
Receivables:			
Accounts, net of allowance	816,522	102,849	919,371
Intergovernmental	2,506,316	-	2,506,316
Taxes receivable	1,819,846	-	1,819,846
Loans, net of allowance	5,648,552	-	5,648,552
Internal balances	(208,513)	208,513	-
Prepaid expenses	226,255	-	226,255
Inventories	35,553	-	35,553
Capital assets, not being depreciated	13,010,923	-	13,010,923
Capital assets, being depreciated, net	104,497,548	829,060	105,326,608
Total assets	157,692,639	1,187,506	158,880,145
LIABILITIES			
Accounts payable and other current liabilities	2,382,741	4,449	2,387,190
Accrued payroll	1,985,054	-	1,985,054
Unearned revenues	1,784,658	-	1,784,658
Noncurrent liabilities:			
Due within one year	9,573,193	-	9,573,193
Due in more than one year	62,435,108	-	62,435,108
Total liabilities	78,160,754	4,449	78,165,203
NET ASSETS			
Invested in capital assets, net of related debt	56,084,796	829,060	56,913,856
Restricted	18,291,390	-	18,291,390
Unrestricted	5,155,699	353,997	5,509,696
Total net assets	\$ 79,531,885	1,183,057	80,714,942

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Activities
For the Year Ended June 30, 2011

Functions/programs	Program Revenues				Net (expense) revenue and changes in net assets			
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Primary Government Business-type activities		Total
						Governmental activities	Business-type activities	
Primary government:								
Governmental activities:								
General government	\$ 13,450,586	710,124	2,779,421	-	(9,961,041)	-	-	(9,961,041)
Public safety	7,673,153	285,365	594,905	-	(6,792,883)	-	-	(6,792,883)
Health, welfare and recreation	2,072,398	287,013	74,438	-	(1,710,947)	-	-	(1,710,947)
Public works	9,876,176	50,334	455,347	-	(9,370,495)	-	-	(9,370,495)
Other agencies	3,278,312	-	-	-	(3,278,312)	-	-	(3,278,312)
Education	42,408,444	676,120	27,617,029	602,210	(13,513,085)	-	-	(13,513,085)
Interest on debt	1,646,166	-	-	-	(1,646,166)	-	-	(1,646,166)
Total governmental activities	80,405,235	2,008,956	31,521,140	602,210	(46,272,929)	-	-	(46,272,929)
Business-type activities:								
Ingersoll Ice Arena	482,686	424,614	-	-	-	(58,072)	-	(58,072)
Total business-type activities	482,686	424,614	-	-	-	(58,072)	-	(58,072)
Total primary government	\$ 80,887,921	2,433,570	31,521,140	602,210	(46,272,929)	(58,072)	(58,072)	(46,331,001)
General revenues, unrestricted:								
Property taxes, levied for general purposes					39,774,700	-	-	39,774,700
Motor vehicle excise taxes					3,035,405	-	-	3,035,405
Interest on delinquent taxes					152,869	-	-	152,869
Grants and contributions not restricted to specific programs:								
State Revenue Sharing					2,588,761	-	-	2,588,761
Homestead and BETE exemptions					1,464,697	-	-	1,464,697
Other State aid					49,567	-	-	49,567
Unrestricted investment earnings					70,562	-	-	70,562
Miscellaneous revenues					1,013,764	-	-	1,013,764
Transfers/Contributions					13,489	(13,489)	-	-
Total general revenues					48,163,814	(13,489)	(13,489)	48,150,325
Change in net assets					1,890,885	(71,561)	-	1,819,324
Net assets - beginning					77,641,000	1,254,618	-	78,895,618
Net assets - ending					\$ 79,531,885	1,183,057	-	80,714,942

See accompanying notes to financial statements.

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

	General	Community Development Programs	Tax Increment Financing	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 13,133,461	-	-	1,016,693	316,465	14,466,619
Investments	170,844	-	54,553	13,035,504	565,342	13,826,243
Receivables:						
Taxes	1,819,846	-	-	-	-	1,819,846
Accounts, net of allowance	755,550	-	-	-	60,972	816,522
Interfund receivables	1,508,634	188,714	1,572,531	-	1,241,007	4,510,886
Intergovernmental	436,704	-	-	-	66,348	503,052
Grants	-	2,003,264	-	-	-	2,003,264
Loans, net of allowance	-	3,949,288	-	-	1,699,264	5,648,552
Prepaid expenditures	226,255	-	-	-	-	226,255
Inventory, at cost	-	-	-	-	35,553	35,553
Total assets	\$ 18,051,294	6,141,266	1,627,084	14,052,197	3,984,951	43,856,792
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	1,308,441	466,436	38,154	419,718	63,639	2,296,388
Accrued wages and benefits payable	1,985,054	-	-	-	-	1,985,054
Escrow funds payable	64,249	22,104	-	-	-	86,353
Interfund payables	-	-	-	3,821,251	898,148	4,719,399
Unearned grant revenue	-	1,784,658	-	-	-	1,784,658
Deferred revenues	1,590,997	-	-	-	-	1,590,997
Total liabilities	4,948,741	2,273,198	38,154	4,240,969	961,787	12,462,849
Fund balances:						
Nonspendable - long-term receivables	-	3,949,288	-	-	1,699,264	5,648,552
Nonspendable - principal	-	-	-	-	238,678	238,678
Nonspendable - prepaid expenditures	226,255	-	-	-	-	226,255
Nonspendable - inventory	-	-	-	-	35,553	35,553
Restricted	2,679,579	-	1,588,930	-	1,516,583	5,795,092
Committed	-	-	-	9,811,228	293,532	10,104,760
Assigned	1,087,851	-	-	-	-	1,087,851
Unassigned	9,108,868	(81,220)	-	-	(760,446)	8,257,202
Total fund balances	13,102,553	3,868,068	1,588,930	9,811,228	3,023,164	31,393,943
Total liabilities and fund balances	\$ 18,051,294	6,141,266	1,627,084	14,052,197	3,984,951	
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.						117,508,471
Amounts held in escrow						1,046,775
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.						1,590,997
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:						(66,153,675)
Bonds and notes payable						(2,174,453)
Accrued compensated absences						(882,721)
Accrued self insurance liability						(514,507)
Other post employment benefits liability						(861,133)
City pension liability						(646,102)
Accrued landfill liability						(775,710)
Accrued interest on long-term debt						
Net assets of governmental activities						\$ 79,531,885

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, 2011

	Community				Capital Projects	Other Governmental Funds	Total Governmental Funds
	General	Development Programs	Tax Increment Financing				
Revenues:							
Taxes	\$ 42,742,974	-	-	-	-	-	42,742,974
Intergovernmental	27,165,128	1,739,250	-	-	6,014,884	-	34,919,262
Licenses and permits	303,183	-	-	-	-	-	303,183
Charges for services	1,025,655	-	-	-	673,349	-	1,699,004
Other	1,043,219	394,584	3,657	21,697	247,244	-	1,710,401
Total revenues	72,280,159	2,133,834	3,657	21,697	6,935,477	-	81,374,824
Expenditures:							
Current:							
General government	6,988,556	2,612,016	1,127,437	-	938,148	-	11,666,157
Public safety	7,367,139	-	-	-	-	-	7,367,139
Health, welfare and recreation	1,628,905	-	-	-	218,644	-	1,847,549
Public works	4,191,424	-	-	-	-	-	4,191,424
Other agencies	3,278,312	-	-	-	-	-	3,278,312
Education	37,011,989	-	-	-	5,942,372	-	42,954,361
Unclassified	303,198	-	-	-	341	-	303,539
Self insurance	671,092	-	-	-	-	-	671,092
Capital outlay	25,884	-	-	7,133,014	-	-	7,158,898
Debt service	6,773,268	-	1,410,483	-	183,994	-	8,367,745
Total expenditures	68,239,767	2,612,016	2,537,920	7,133,014	7,283,499	-	87,806,216
Excess (deficiency) of revenues over (under) expenditures	4,040,392	(478,182)	(2,534,263)	(7,111,317)	(348,022)	(6,431,392)	(6,431,392)
Other financing sources (uses):							
Proceeds from bond issuance	-	-	-	7,900,000	-	-	7,900,000
Premium on issuance of debt	-	-	-	85,597	-	-	85,597
Transfers to/from other funds	(2,177,330)	-	2,190,819	-	-	-	13,489
Total other financing sources (uses)	(2,177,330)	-	2,190,819	7,985,597	-	-	7,999,086
Net change in fund balances	1,863,062	(478,182)	(343,444)	874,280	(348,022)	(6,431,392)	1,567,694
Fund balances, beginning of year, reclassified	11,239,491	4,346,250	1,932,374	8,936,948	3,371,186	29,826,249	29,826,249
Fund balances, end of year	\$ 13,102,553	3,868,068	1,588,930	9,811,228	3,023,164	31,393,943	31,393,943

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, 2011

Net change in fund balances - total governmental funds (from Statement 4)	\$ 1,567,694
<p>Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period:</p>	
Capital outlays recorded as expenditures in governmental funds	3,731,353
Depreciation and losses on dispositions not reported in governmental funds	(4,873,094)
<p>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.</p>	
	220,000
<p>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:</p>	
Bond and note proceeds recorded as other financing sources in governmental funds	(8,344,565)
Principal payments on debt recorded as expenditures in governmental funds	8,535,485
Amounts held in escrow	1,046,775
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds; alternatively, some expenditures using current financial resources are not expenses in the statement of activities:</p>	
Compensated absences	81,020
Self-insurance expenses	(115,706)
Other post employment benefits	41,355
City pension	73,128
Accrued landfill liability	(42,152)
Accrued interest on long-term debt	(30,408)
Change in net assets of governmental activities (see Statement 2)	\$ 1,890,885

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, 2011

	<u>Budgeted Amounts</u>		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes:				
Real and personal property	\$ 39,782,313	39,782,313	39,554,700	(227,613)
Excise and registrations	2,806,000	2,806,000	3,035,405	229,405
Interest on delinquent taxes	220,000	220,000	152,869	(67,131)
Total taxes	42,808,313	42,808,313	42,742,974	(65,339)
Intergovernmental:				
State Revenue Sharing	2,421,593	2,421,593	2,588,761	167,168
School subsidy	17,519,233	17,519,233	17,519,233	-
Homestead	480,000	480,000	497,726	17,726
BETE	600,000	600,000	966,971	366,971
Other:				
School Department	1,348,290	1,348,290	1,481,846	133,556
Tax sharing/in lieu of	225,235	225,235	253,215	27,980
Municipal	451,955	451,955	550,409	98,454
Total intergovernmental	23,046,306	23,046,306	23,858,161	811,855
Other revenue:				
Licenses and permits	285,600	285,600	303,183	17,583
Charges for services:				
Municipal	557,802	557,802	528,778	(29,024)
School	248,662	248,662	357,277	108,615
Fines, forfeits and penalties	59,000	59,000	45,363	(13,637)
Interest:				
Municipal	85,000	85,000	68,724	(16,276)
Miscellaneous	588,686	588,686	928,167	339,481
Total other revenue	1,824,750	1,824,750	2,231,492	406,742
Total revenues	67,679,369	67,679,369	68,832,627	1,153,258

CITY OF AUBURN, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balances -- Budget and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Expenditures:				
General government:				
Mayor and Council	\$ 103,340	103,340	99,302	4,038
City Manager	377,931	377,931	336,903	41,028
Assessing	200,113	200,113	170,793	29,320
City Clerk	117,812	117,812	105,526	12,286
Finance	368,730	368,730	352,799	15,931
Human resources	138,602	138,602	129,098	9,504
Community services	713,412	722,574	588,706	133,868
Legal services	73,000	73,000	42,071	30,929
Customer service	2,000	2,000	102	1,898
Planning and permitting	709,023	709,023	678,812	30,211
Property	649,206	654,206	588,543	65,663
Worker's compensation (transfer to reserve)	200,000	200,000	200,000	-
Benefits and wage increases	4,397,054	4,397,054	4,031,212	365,842
Total general government	8,050,223	8,064,385	7,323,867	740,518
Public safety:				
Emergency Management Agency	6,760	6,760	-	6,760
Fire	3,549,341	3,549,341	3,570,535	(21,194)
Police	3,253,880	3,260,882	3,151,528	109,354
Water and sewer	526,252	526,252	528,775	(2,523)
Total public safety	7,336,233	7,343,235	7,250,838	92,397
Health, welfare and recreation:				
Health and social services	66,708	66,708	60,612	6,096
Health and social services - public assistance	85,544	85,544	97,680	(12,136)
Community and social service agencies	12,650	12,650	12,645	5
Library	919,407	919,407	919,407	-
Parks and recreation	606,333	610,165	538,561	71,604
Total health, welfare and recreation	1,690,642	1,694,474	1,628,905	65,569
Public works	4,458,060	4,488,630	4,190,801	297,829
Other agencies:				
County tax	1,892,352	1,892,352	1,892,352	-
Auburn-Lewiston Airport	139,250	139,250	139,250	-
Lewiston-Auburn Econ. Growth Council	167,487	167,487	167,487	-
Lewiston-Auburn Transit Committee	176,362	176,362	130,000	46,362
Lewiston-Auburn E911 Center	927,500	927,500	929,063	(1,563)
LA Arts	20,161	20,161	20,160	1
Total other agencies	3,323,112	3,323,112	3,278,312	44,800

CITY OF AUBURN, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balances -- Budget and Actual
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		Actual	Variance with final budget positive (negative)
	Original	Final		
Expenditures, continued:				
Education	\$34,167,476	34,167,476	33,637,513	529,963
Other appropriations:				
Tax sharing	293,939	293,939	303,198	(9,259)
Debt service - principal	5,553,082	5,553,082	5,553,940	(858)
Debt service - interest and other	1,263,232	1,263,232	1,219,328	43,904
Emergency reserve	336,336	336,336	-	336,336
Total other appropriations	7,446,589	7,446,589	7,076,466	370,123
Total expenditures	66,472,335	66,527,901	64,386,702	2,141,199
Excess of revenues over expenditures	1,207,034	1,151,468	4,445,925	3,294,457
Other financing sources (uses):				
Transfers in from other funds	420,863	420,863	322,670	(98,193)
Transfers to other funds	(2,500,000)	(2,500,000)	(2,522,748)	(22,748)
Budget use of surplus - City	700,000	700,000	-	(700,000)
Use of carryforwards - City	-	55,566	-	(55,566)
Budget use of surplus - School	172,103	172,103	-	(172,103)
Total other financing sources (uses)	(1,207,034)	(1,151,468)	(2,200,078)	(1,048,610)
Net change in fund balance - budgetary basis	-	-	2,245,847	2,245,847
To adjust to modified accrual basis:				
To reflect net change in reserves			(382,785)	
Net change in fund balance - GAAP basis			1,863,062	
Fund balance, July 1, reclassified			11,239,491	
Fund balance, June 30			\$ 13,102,553	

See accompanying notes to financial statements.

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

Business-type Activities - Enterprise Funds		Ingersoll Ice Arena
ASSETS		
Current assets:		
Cash and cash equivalents	\$	47,084
Interfund receivables		208,513
Accounts receivable		102,849
Total current assets		358,446
Noncurrent assets:		
Capital assets:		
Buildings		672,279
Equipment		826,911
Land improvements		18,584
Less accumulated depreciation		(688,714)
Total noncurrent assets		829,060
Total assets		1,187,506
LIABILITIES		
Accounts payable		4,449
Total liabilities		4,449
NET ASSETS		
Invested in capital assets		829,060
Unrestricted		353,997
Total net assets	\$	1,183,057

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, 2011

	Ingersoll Ice Arena
Operating revenues:	
Charges for services	\$ 424,614
Operating expenses:	
Personnel	126,643
Supplies	19,765
Utilities	109,228
Repairs and maintenance	23,202
Depreciation	99,328
Other expenses	7,396
Total operating expenses	385,562
Operating income	39,052
Nonoperating revenue (expenses):	
Interest expense	(97,124)
Total nonoperating revenue (expenses)	(97,124)
Loss before transfer	(58,072)
Transfers in/out	(13,489)
Change in net assets	(71,561)
Total net assets, July 1	1,254,618
Total net assets, June 30	\$ 1,183,057

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, 2011

	Ingersoll Ice Arena
Cash flows from operating activities:	
Cash received from customers	\$ 405,549
Cash paid to suppliers for goods and services	(164,163)
Cash paid to employees for services	(126,643)
Net cash provided by (used in) operating activities	114,743
Cash flows from noncapital financing activities:	
Interfund loans	(4,083)
Transfers to other funds	(13,489)
Net cash provided by (used in) noncapital financing activities	(17,572)
Cash flows from capital and related financing activities:	
Interest paid on general and limited revenue obligation bonds	(97,124)
Net cash provided by (used in) capital and related financing activities	(97,124)
Cash flows from investing activities:	
Interest on investments	-
Net cash provided by (used in) investing activities	-
Net increase in cash and cash equivalents	47
Cash and cash equivalents, July 1	47,037
Cash and cash equivalents, June 30	\$ 47,084
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income	39,052
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Depreciation expense	99,328
Changes in assets and liabilities:	
Accounts receivable	(19,065)
Accounts payable	(4,572)
Total adjustments	75,691
Net cash provided by (used in) operating activities	\$ 114,743
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, 2011

	Agency Fund	Private- purpose Trust Funds
ASSETS		
Cash and cash equivalents	\$ 107,662	358,447
Total assets	107,662	358,447
LIABILITIES		
Accounts payable	-	56,992
Amounts held for others	107,662	-
Total liabilities	107,662	56,992
NET ASSETS		
Held in trust	\$ -	301,455

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, 2011

	Private- purpose Trust Funds
Additions:	
Investment income	\$ 9,223
Total additions	9,223
Deductions:	
Current:	
Scholarships	17,832
Total deductions	17,832
Change in net assets	(8,609)
Net assets - beginning	310,064
Net assets - ending	\$ 301,455

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Notes to the Financial Statements
June 30, 2011

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, 2011

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, 2011

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 2, 2010, on the assessed value of all taxable real and personal property located in the City as of April 1, 2010. The taxes for real estate were due in two installments, 50% due on September 15, 2010, and 50% due on March 15, 2011, while personal property taxes were due in total on September 15, 2010.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2011

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

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 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, 2011

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 2011.

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, 2011, expenditures exceeded appropriation in the following general fund categories: Fire, \$21,194; Water and Sewer, \$2,523; Health and Social Services – Public Assistance, \$12,136; Lewiston-Auburn E911 Center, \$1,563; Tax Sharing, \$9,259; Debt Service - Principal \$858. In total, the City's expenditures were \$2,141,199 less than total appropriations.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2011

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, Continued

C. Deficit Fund Equity

At June 30, 2011, the City had the following funds with deficit fund balances:

211 Fairview	\$ 566,304	Maine DOT	29,958
Workers Comp Reserve	741,639	Homeland Security	41,609
Great Falls School	253,005	Brownfield Grant	15,913
CLT Study	18,446	Enforcement Underage Drinking	9,868
Police Vehicles	53,990	COPSAP	18,751
City	44,362	All Other Funds	15,235

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 \$3,306,967 in 2011.

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, 2011, the City deposits amounted to \$28,806,055 with bank balances of \$30,070,007. 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, 2011

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, 2011, 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	\$ 28,292,862
Reported in proprietary funds	47,084
Reported in fiduciary funds	466,109
Total reported	\$ 28,806,055
Disclosed as deposits (above)	\$ 14,979,812
Disclosed as investments (above)	13,826,243
Total reported	\$ 28,806,055

B. Receivables

Receivables as of year end, 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	Ingersoll Arena	Other Governmental Funds	Total
Receivables:					
Taxes	\$ 1,819,846	-	-	-	1,819,846
Accounts	832,550	-	102,849	60,972	996,371
Loans	-	4,371,108	-	1,699,264	6,070,372
Grants	-	2,003,264	-	-	2,003,264
Intergovernmental	436,704	-	-	66,348	503,052
Gross receivables	3,089,100	6,374,372	102,849	1,826,584	11,392,905
Less: allowance for uncollectibles	(77,000)	(421,820)	-	-	(498,820)
Net total					
Receivables	\$ 3,012,100	5,952,552	102,849	1,826,584	10,894,085

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2011

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)	\$ 1,590,997	-
Grant receivable (Community Development Programs)	-	1,784,658

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 2, 2010 on the assessed values of real property as of April 1, 2010. Taxes were due September 15, 2010 and March 15, 2011. This assessed value of \$2,068,785,120 was 104% of the 2011 state valuation of \$1,991,800,000.

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 \$529,749 for the year ended June 30, 2011.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The City has the authority to foreclose on property eighteen months after the filing of the lien if 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, 2011 and 2010 levies:

	<u>2011</u>	<u>2010</u>
Valuation:		
Land	\$ 593,090,220	586,863,100
Buildings	1,254,764,400	1,242,829,700
Personal property	220,930,500	238,980,400
Total assessed valuation	\$ 2,068,785,120	2,068,673,200

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2011

III. DETAILED NOTES ON ALL FUNDS, Continued

	<u>2011</u>	<u>2010</u>
Assessed value (less exempt properties)	\$ 2,068,785,120	2,068,673,200
Tax rate (per \$1,000)	19.30	18.31
Commitment	39,927,553	37,877,406
Supplemental taxes assessed	56,933	122,520
	39,984,486	37,999,926
Less:		
Collections and abatements	38,914,458	37,148,508
Receivable at June 30	\$ 1,070,028	851,418
Due date(s)	9/15/10 3/15/11	9/15/09 3/15/10
Interest rate charged on delinquent taxes	7.0%	9.0%
Collection rate	97.3%	97.8%

D. Capital Assets

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

	Balance June 30, <u>2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2011</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 7,489,841	-	-	7,489,841
Construction in progress	6,427,497	1,709,409	2,615,824	5,521,082
Total capital assets, not being depreciated	13,917,338	1,709,409	2,615,824	13,010,923
Capital assets, being depreciated:				
Buildings and building improvements	69,728,087	995,104	-	70,723,191
Equipment	4,532,249	327,971	64,550	4,795,670
Vehicles	9,236,890	391,692	306,071	9,322,511
Infrastructure	78,625,523	2,923,001	-	81,548,524
Total capital assets being depreciated	162,122,749	4,637,768	370,621	166,389,896
Less accumulated depreciation for:				
Buildings and building improvements	26,223,562	1,626,681	-	27,850,243
Equipment	3,167,962	337,326	64,550	3,440,738
Vehicles	5,180,740	628,435	306,071	5,503,104
Infrastructure	22,817,611	2,280,652	-	25,098,263
Total accumulated depreciation	57,389,875	4,873,094	370,621	61,892,348
Total capital assets being depreciated, net	104,732,874	(235,326)	-	104,497,548
Governmental activities				
capital assets, net	\$ 118,650,212	1,474,083	2,615,824	117,508,471

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2011

III. DETAILED NOTES ON ALL FUNDS, Continued

	Balance June 30, <u>2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2011</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	364,176	22,408	-	386,584
Equipment	206,626	76,920	-	283,546
Total accumulated depreciation	589,386	99,328	-	688,714
Total capital assets being depreciated, net	928,388	(99,328)	-	829,060
Business-type activities capital				
assets, net	\$ 928,388	(99,328)	-	829,060

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

Governmental activities:	
General government	\$ 825,022
Public safety	248,593
Public works, including depreciation of general infrastructure assets	2,207,694
Health, welfare and recreation	238,779
Education	1,353,006

Total depreciation expense – governmental activities \$ 4,873,094

Business-type activities:	
Ingersoll Ice Arena	\$ 99,328

Total depreciation expense – business-type activities \$ 99,328

E. Tax Increment Financing Districts

The City currently has fourteen tax increment financing (TIF) districts, ten of which were active during the year ended June 30, 2011. Two of the fourteen districts never became active, and two have expired, leaving ten active TIF districts (numbers 4 – 14 below, less #11). 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, 2011

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 2011, \$12,915 was captured and \$101,745 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 2011, \$10,573 was captured and 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 2011, \$607,474 was captured and \$1,099,160 was expended.

#7 J & A Properties - This TIF was established in 2001 and encompasses 7.45 acres. The original value was \$209,000. 100% of the tax revenue associated with increased value within the TIF can be captured, 40% of which is used to fulfill the obligations under a credit enhancement agreement. During 2011, \$28,776 was captured and \$56,075 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 2011, \$28,649 was captured and \$27,581 was 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 2011, \$383,526 was captured and \$164,717 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 2011, \$725,790 was captured and \$558,096 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 2011, \$127,210 was captured and \$275,216 was expended.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2011

III. DETAILED NOTES ON ALL FUNDS, Continued

#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 2011, \$286,352 was captured and \$141,376 was expended.

#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, 40% of which is used to fulfill the obligations under a credit enhancement agreement. During 2011, \$292,213 was captured and \$440,062 was expended.

F. Interfund Receivables and Payables and Transfers

The composition of interfund balances as of June 30, 2011, is as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,508,634	-	-	2,177,330
Community Dev. Block Grant	188,714	-	-	-
Capital Projects	-	3,821,251	-	-
Tax Incrementing Financing	1,572,531	-	2,190,819	-
Other Governmental Funds	1,241,007	898,148	-	-
Enterprise Fund:				
Ingersoll Ice Arena	208,513	-	-	13,489

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, 2011:

	<u>Funding Source</u>	<u>Total Contract</u>	<u>Balance as of June 30, 2011</u>
2011 Paving	Capital Projects Fund	\$ 2,167,782	1,353,547
Main Street Beautification	Capital Projects Fund	704,688	147,260
2010 Sewer Separation	Capital Projects Fund	400,000	284,287

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2011

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, 2010 General Obligation Bonds totaling \$7,900,000 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, the City has overlapping bonded debt through Androscoggin County in the amount of \$0 at June 30, 2011. 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%	2,520,000
General Obligation Bonds	10/31/01	5,500,000	11/01/11	3.073%-4.198%	550,000
General Obligation Bonds	04/30/02	6,000,000	11/01/22	3.05%-5.25%	3,600,000
General Obligation Bonds	10/31/02	4,900,000	11/01/12	2.031%-3.531%	980,000
General Obligation Bonds	10/31/02	8,200,000	11/01/22	2.031%-5.031%	4,920,000
General Obligation Bonds	10/30/03	2,770,000	11/01/13	2.007%-3.607%	831,000
General Obligation Bonds	09/01/03	3,315,000	08/01/27	5.125%-6.875%	2,560,000
MMWAC Bonding	09/11/04	11,950,000	11/01/14	4.00%	2,040,000
General Obligation Bonds	09/15/04	8,180,000	9/01/14	4.00%-4.25%	4,310,000
General Obligation Bonds	10/18/05	15,281,000	9/01/25	4.00%-4.50%	10,205,000
General Obligation Bonds	11/01/06	13,000,000	11/01/26	4.00%-4.25%	9,755,000
General Obligation Bonds	12/1/07	6,000,000	9/01/17	3.47%	4,200,000
General Obligation Bonds	10/15/08	6,430,000	9/01/18	3.65%	5,140,000
QZAB	12/11/10	1,000,000	12/11/19	0.40%	1,000,000
General Obligation Bonds	10/15/09	5,500,000	9/01/19	3.00%	4,950,000
General Obligation Bonds	11/1/2010	7,900,000	9/01/20	2.00%-2.50%	7,900,000
Bonds payable					65,461,000
Notes:					
School Revolving Loan	08/11/05	704,970	08/11/15	0.00%	248,110
School Revolving Loan	12/29/2010	444,565	07/01/20	0.00%	444,565
Notes payable					692,675
Total bonds and notes payable					\$ 66,153,675

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2011

III. DETAILED NOTES ON ALL FUNDS, Continued

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

Year Ending June 30,	Bonds Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2012	\$ 8,622,000	2,322,550	94,078	-
2013	7,877,000	2,051,210	94,078	-
2014	7,187,000	1,776,619	94,078	-
2015	6,745,000	1,520,824	94,078	-
2016	6,105,000	1,152,287	94,078	-
2017-2021	21,095,000	3,659,984	222,285	-
2022-2026	7,140,000	886,261	-	-
2027-2028	690,000	31,156	-	-
Total	\$ 65,461,000	13,400,891	692,675	-

For the year ended June 30, 2011, interest expense of the General Fund was \$1,258,232.

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, 2011, the statutory limit for the City was \$298,770,000. The City's outstanding long-term debt of \$65,461,000 at June 30, 2011 was \$233,309,000 less than the statutory limit.

Changes in General Long-term Liabilities. Long-term liability activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 65,973,000	7,900,000	8,412,000	65,461,000	8,622,000
Notes payable	371,595	444,565	123,485	692,675	94,078
Accrued compensated absences	2,255,473	242,029	323,049	2,174,453	-
Other post employment benefits	555,862	-	41,355	514,507	-
Accrued self-insurance liability	767,015	197,229	81,523	882,721	21,153
Net pension obligation:					
City pension plan	934,261	105,288	178,416	861,133	-
Landfill postclosure care costs	603,950	42,152	-	646,102	60,252
Accrued interest on debt	745,302	30,408	-	775,710	775,710
Governmental activity long-term liabilities	\$ 72,206,458	8,961,671	9,159,828	72,008,301	9,573,193

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, 2011

III. DETAILED NOTES ON ALL FUNDS, Continued

I. Fund Balances

FUND BALANCE/NET ASSETS RECLASSIFICATION

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

	General Fund	Other City Special Revenue Funds
Fund balance/net assets July 1, 2010	\$ 11,393,039	2,110,053
Reclassification	(153,548)	153,548
Fund balance/net assets July 1, 2010, reclassified	11,239,491	2,263,601

FUND BALANCE COMPONENTS

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

	General Fund	Other Governmental Funds	Total
Nonspendable:			
Inventory and prepaid items	\$ 226,255	35,553	261,808
Long-term receivables	-	5,648,552	5,648,552
Principal for permanent funds	-	238,678	238,678
Total nonspendable	226,255	5,922,783	6,149,038
Restricted:			
City services	-	782,851	782,851
Education (including school lunch)	2,679,579	710,240	3,389,819
Tax Increment Financing	-	1,588,930	1,588,930
Permanent funds	-	23,492	23,492
Total restricted	2,679,579	3,150,513	5,785,092
Committed:			
Parking services	-	85,773	85,773
Parks and recreation	-	207,759	207,759
Capital projects	-	9,811,228	9,811,228
Total committed	-	10,104,760	10,104,760
Assigned:			
Reserves	148,256	-	148,256
Self Insurance	939,595	-	939,595
Total assigned	1,087,851	-	1,087,851
Unassigned	9,108,868	(841,666)	8,267,202
Total fund balance	\$ 13,102,553	18,291,390	31,393,943

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2011

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 \$646,102 reported as landfill postclosure care liability at June 30, 2011, represents the estimated liability for postclosure care costs at that date. The cost is comprised of \$130,741 for post closure care costs (15 years) for a brush landfill that stopped accepting debris during fiscal year 1996. The additional cost of \$515,361 represents the estimated future postclosure care cost (10 years) of a previously closed ash landfill.

The estimated total current cost of landfill postclosure care of \$646,102 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, 2011. 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.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2011

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, 2011.

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 \$939,595 at June 30, 2011.

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 \$882,721 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.

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

	Fiscal Year <u>2011</u>	Fiscal Year <u>2010</u>
Unpaid claims as of July 1	\$ 767,015	951,274
Incurred claims (including claims incurred but not reported as of June 30)	656,026	248,574
Total claim payments	540,320	432,883
Current claims liability	21,153	27,989
<u>Long-term claims liability</u>	<u>861,568</u>	<u>739,026</u>
Total unpaid claims liability	\$ 882,721	767,015

The City assigns a portion of its General Fund fund balance for both workers compensation and a reserve for unemployment. This amounted totaled \$939,595 at June 30, 2011.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2011

IV. OTHER INFORMATION, Continued

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.

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, 2011, the City of Auburn contributed \$139,250 for airport operations.

The following is selected information for the years ending June 30, 2011, and June 30, 2010

	June 30, <u>2011</u>	June 30, <u>2010</u>
Total Assets	\$ 9,256,322	\$ 9,689,480
Total Liabilities	79,276	274,686
Net Assets	9,177,046	9,414,794
Change in Net Assets	(237,748)	168,370

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2011

IV. OTHER INFORMATION, Continued

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, 2011 the Airport had total revenues of \$1,016,554, and expenditures of \$1,254,302, including depreciation of \$430,201.

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, 2011, the City of Auburn contributed \$167,487 to the Growth Council.

The following is selected information for the years ending June 30, 2010, and June 30, 2009 (the latest information available):

	June 30, <u>2010</u>	June 30, <u>2009</u>
Total Assets	\$ 2,474,190	2,489,641
Total Liabilities	1,817,198	1,804,664
Net Assets	568,287	599,858
Change in Net Assets	(31,571)	18,701

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, 2010, revenues totaled \$636,346 while total expenditures amounted to \$667,917.

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

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2011

IV. OTHER INFORMATION, Continued

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, 2011, the City of Auburn contributed \$130,000 for operating expenses.

The following is selected information for the years ending September 30, 2010, and September 30, 2009 (the latest information available):

	September 30, <u>2010</u>	September 30, <u>2009</u>
Total Assets	\$ 1,685,615	1,892,560
Total Liabilities	439,350	409,959
Fund Equity	1,246,265	1,482,601
Net Change in Fund Equity	(236,336)	34,116

Total revenues for the year ended September 30, 2010, were \$926,087; expenditures were \$1,162,423, including depreciation on contributed assets of \$203,807.

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

Lewiston-Auburn 9-1-1 Committee

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

The committee's primary source of revenues consists of equal contributions from the Cities of Auburn and Lewiston. In the fiscal year ended June 30, 2011, the City of Auburn contributed \$927,500.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2011

IV. OTHER INFORMATION, Continued

The following is selected financial 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 and Other Debits	\$ 883,183	1,057,578
Total Liabilities and Other Credits	429,515	390,998
Fund Equity and Other Credits	453,668	666,580
Net Change in Fund Equity and Other Credits	(212,912)	(101,261)

Total revenues for the year ended June 30, 2011, were \$1,908,594; expenditures were \$2,121,506. 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, 2011

IV. OTHER INFORMATION, Continued

The following is selected financial information for MMWAC for the years ending June 30, 2010 and June 30, 2009 (the latest information available):

	<u>2010</u>	<u>2009</u>
Total Assets	\$ 20,283,112	21,604,729
Total Liabilities	267,970	281,292
Fund Equity	20,015,142	21,323,437
Operating Revenue	6,133,947	6,121,013
Operating Expenses	5,700,001	5,952,046
Depreciation and Amortization	1,612,806	1,573,537
Non Operating Revenue (expense)	(129,435)	125,683
Net Income before Depreciation and Amortization	433,946	168,967
Distribution Paid to Members	-	(500,000)
Net Change in Members Equity	(1,308,295)	(1,778,887)

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

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

C. Deferred Compensation Plan

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

D. Employee Retirement Systems and Plans

Defined Benefit Pension Plan

Plan Description. The City of Auburn contributes to the Consolidated Plan for Participating Local Districts (CPPLD) a cost-sharing multiple-employer defined benefit pension plan administered by the Maine 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.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2011

IV. OTHER INFORMATION, Continued

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, 2011, is 2.8% of covered payroll for the regular plan and 4.0% of covered payroll for the special plan which covers police and fire employees. The contribution requirements of the plan members and the City are established by and may be amended by the Maine Public Employees Retirement System Board of Trustees. The City's contribution to the CPPLD for the years ending June 30, 2011, 2010, and 2009 were \$381,305, \$271,116, and \$267,488, 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. Contributions paid by the State to the plan for the years ending June 30, 2011, 2010, and 2009 were \$3,306,967, \$3,164,743, and \$3,464,833 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.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2011

IV. OTHER INFORMATION, Continued

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 \$174,818, which was 6% of its current-year covered payroll. The covered payroll amounted to \$2,943,173. Employees' required contributions amounted to \$143,821, 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, 2011, the plan consisted of 15 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.

Annual Pension Cost and Net Pension Obligation. The City's annual pension cost and net pension obligation for the year ended June 30, 2011, were as follows:

Annual required contribution	\$ 239,226
Interest on net pension obligation	56,056
<u>Adjustment to annual required contribution</u>	<u>(189,994)</u>
Annual pension cost	105,288
<u>Contributions made</u>	<u>(178,416)</u>
Increase (decrease) in net pension obligation	(73,128)
<u>Net pension obligation beginning of year</u>	<u>934,261</u>
<u>Net pension obligation end of year</u>	<u>\$ 861,133</u>

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2011

IV. OTHER INFORMATION, Continued

The annual required contribution for the current year was determined as part of the July 1, 2011 actuarial valuation using the Unit Credit Actuarial Cost Method. The actuarial assumptions included (a) 6.0% investment rate of return including 3% inflation and (b) 3.0% future benefit increases. The unfunded actuarial accrued liability is being recognized as a level dollar amount on a closed basis. The remaining amortization period at June 30, 2011 was 6 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>
2009	\$74,643	252%	1,044,286
2010	82,427	233%	934,261
2011	105,288	169%	861,133

Schedule of Employer Contributions

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

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	Plan <u>Assets</u>	Actuarial Accrued <u>Liability</u>
6/30/2002	\$ -	1,728,482
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

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2011

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 year and the annual required contribution:

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

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2011

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, 2011 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

Funding Status and Funding Progress – The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ending June 30, 2011 and two preceding years are as follows:

	FY2011	FY2010	FY2009
Actuarial accrued liability	\$ 3,903,927	\$ 2,943,011	\$ 2,943,011
Plan assets	-	-	-
Unfunded actuarial accrued liability	\$ 3,903,927	\$ 2,943,011	\$ 2,943,011
Funded ratio	0%	0%	0%
Covered payroll	\$ 11,287,917	\$ 11,434,678	\$ 11,162,860
Unfunded actuarial accrued liability as a percentage of covered payroll	34.59%	25.74%	26.36%

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
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	N/A
Healthcare inflation rate	4.0%-9.6%

CITY OF AUBURN, MAINE
Required Supplementary Information
June 30, 2011

Schedule of Funding Progress

City Pension Plan

Actuarial Valuation Date	Plan Assets	Actuarial Accrued Liability
6/30/2002	\$ -	1,728,482
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

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%

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, 2011

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 316,465	-	316,465
Investments	300,593	264,749	565,342
Receivables:			
Accounts	60,972	-	60,972
Loans receivable	1,699,264	-	1,699,264
Interfund receivable	1,241,007	-	1,241,007
Intergovernmental	66,348	-	66,348
Inventory	35,553	-	35,553
Total assets	\$ 3,720,202	264,749	3,984,951
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	63,639	-	63,639
Interfund payable	895,569	2,579	898,148
Total liabilities	959,208	2,579	961,787
Fund balances:			
Nonspendable - long-term receivables	1,699,264	-	1,699,264
Nonspendable - principal	-	238,678	238,678
Nonspendable - inventory	35,553	-	35,553
Restricted	1,493,091	23,492	1,516,583
Committed	293,532	-	293,532
Unassigned	(760,446)	-	(760,446)
Total fund balances	2,760,994	262,170	3,023,164
Total liabilities and fund balances	\$ 3,720,202	264,749	3,984,951

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

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
Revenues:			
Intergovernmental	\$ 6,014,884	-	6,014,884
Charges for services	673,349	-	673,349
Other revenue	246,371	-	246,371
Interest revenue	-	873	873
Total revenues	6,934,604	873	6,935,477
Expenditures:			
Current:			
General government	938,148	-	938,148
Culture and recreation	218,644	-	218,644
Education	5,942,372	-	5,942,372
Miscellaneous	-	341	341
Debt service	183,994	-	183,994
Total expenditures	7,283,158	341	7,283,499
Net change in fund balances	(348,554)	532	(348,022)
Fund balances, July 1, reclassified	3,109,548	261,638	3,371,186
Fund balances, June 30	\$ 2,760,994	262,170	3,023,164

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

	City Special	School Special	Centralized				Totals 2011
			School Lunch Program	Fairview	Parking	Parks and Recreation	
ASSETS							
Cash and cash equivalents	\$ -	-	316,465	-	-	-	316,465
Investments	103,460	-	-	-	197,133	-	300,593
Receivables:							
Accounts	37,570	-	38	-	17,657	5,707	60,972
Loans receivable	1,699,264	-	-	-	-	-	1,699,264
Interfund receivable	473,655	562,519	-	-	-	204,833	1,241,007
Intergovernmental	-	-	66,348	-	-	-	66,348
Inventory	-	-	35,553	-	-	-	35,553
Total assets	\$ 2,313,949	562,519	418,404	-	214,790	210,540	3,720,202
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	25,976	34,573	-	-	309	2,781	63,639
Interfund payable	-	-	200,557	566,304	128,708	-	895,569
Total liabilities	25,976	34,573	200,557	566,304	129,017	2,781	959,208
Fund balances (deficit):							
Nonspendable - long-term receivables	1,699,264	-	-	-	-	-	1,699,264
Nonspendable - inventory	-	-	35,553	-	-	-	35,553
Restricted	782,851	527,946	182,294	-	-	-	1,493,091
Committed	-	-	-	-	85,773	207,759	293,532
Unassigned	(194,142)	-	-	(566,304)	-	-	(760,446)
Total fund balances (deficit)	2,287,973	527,946	217,847	(566,304)	85,773	207,759	2,760,994
Total liabilities and fund balances	\$ 2,313,949	562,519	418,404	-	214,790	210,540	3,720,202

CITY OF AUBURN, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2011

	City Special	School Special	Centralized				Totals 2011
			School Lunch Program	211 Fairview	Parking Recreation	Parks and Recreation	
Revenues:							
Intergovernmental	\$ 711,670	4,314,214	956,175	-	32,825	-	6,014,884
Charges for services	-	-	269,518	20,420	121,398	262,013	673,349
Other income	242,358	-	-	-	650	3,363	246,371
Total revenues	954,028	4,314,214	1,225,693	20,420	154,873	265,376	6,934,604
Expenditures:							
Current:							
General government	745,662	-	-	-	192,486	-	938,148
Culture and recreation	-	-	-	-	-	218,644	218,644
Education	-	4,732,881	1,209,491	-	-	-	5,942,372
Debt service	183,994	-	-	-	-	-	183,994
Total expenditures	929,656	4,732,881	1,209,491	-	192,486	218,644	7,283,158
Net change in fund balances	24,372	(418,667)	16,202	20,420	(37,613)	46,732	(348,554)
Fund balances (deficit), July 1, reclassified	2,263,601	946,613	201,645	(586,724)	123,386	161,027	3,109,548
Fund balances (deficit), June 30	\$ 2,287,973	527,946	217,847	(566,304)	85,773	207,759	2,760,994

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

	Totals 2011
ASSETS	
Investments	\$ 264,749
Total assets	264,749
LIABILITIES AND FUND BALANCES	
Liabilities:	
Interfund payable	2,579
Total liabilities	2,579
Fund balances:	
Nonspendable - principal	238,678
Restricted	23,492
Total fund balances	262,170
Total liabilities and and fund balances	\$ 264,749

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

	Totals 2011
Revenues:	
Investment income	\$ 873
Total revenues	873
Expenditures:	
Current:	
Other miscellaneous	341
Total expenditures	341
Net change in fund balances	532
Fund balances, July 1	261,638
Fund balances, June 30	\$ 262,170

CITY OF AUBURN, MAINE
Combining Statement of Fiduciary Net Assets
Fiduciary Funds - Private-purpose Trust
June 30, 2011

		Scholarships
ASSETS		
Cash and cash equivalents	\$	358,447
Total assets		358,447
LIABILITIES		
Accounts payable		56,992
Total liabilities		56,992
NET ASSETS		
Held in trust	\$	301,455

CITY OF AUBURN, MAINE
Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds - Private-purpose Trust
For the Year Ended June 30, 2011

		Scholarships
Additions:		
Investment income	\$	9,223
Total additions		9,223
Deductions:		
Scholarships		17,832
Total deductions		17,832
Change in net assets		(8,609)
Net assets, July 1		310,064
Net assets, June 30	\$	301,455

CITY OF AUBURN, MAINE
Statement of Changes in Assets and Liabilities
Fiduciary Funds
Agency Funds
For the Year Ended June 30, 2011

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
ASSETS				
Cash and cash equivalents	\$ 131,563	460,266	484,167	107,662
Total assets	131,563	460,266	484,167	107,662
LIABILITIES				
Amounts held for others	131,563	460,266	484,167	107,662
Total liabilities	\$ 131,563	460,266	484,167	107,662

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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

1-4

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.

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STATISTICAL SECTION

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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	
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	
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	18,291,390	
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	5,155,699	
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	79,531,885	
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	
Restricted	-	-	-	-	-	-	-	-	-	
Unrestricted	79,332	116,788	156,985	183,842	168,242	189,487	296,012	326,230	353,997	
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	
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	
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	18,291,390	
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	5,509,696	
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	\$ 80,714,942	

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

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	
Expenses:										
Governmental activities:										
General government	\$ 8,159,555	\$ 8,700,607	\$ 9,670,878	\$ 8,637,448	\$ 12,052,878	\$ 13,595,025	\$ 12,782,124	\$ 11,366,682	\$ 13,450,586	
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	
Health, welfare and recreation	1,727,968	1,544,834	1,679,385	1,719,987	1,758,864	3,331,984	2,225,779	2,068,401	2,072,398	
Public works	5,730,947	7,059,092	5,837,814	4,766,921	6,046,292	4,943,719	6,554,513	6,013,562	9,876,176	
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	
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	
Unclassified	4,016,401	1,813,759	836,636	900,891	3,127,839	1,849,876	1,849,876	1,706,264	-	
Interest on debt	491,157	2,160,997	1,928,429	2,468,116	1,699,824	1,306,563	1,983,816	1,706,264	1,646,166	
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	
Business-type activities:										
Ingersoll Ice Arena	138,638	127,097	131,898	162,790	192,310	144,519	296,500	506,301	482,686	
Total business-type activities expenses	138,638	127,097	131,898	162,790	192,310	144,519	296,500	506,301	482,686	
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	
Program Revenues										
Governmental activities:										
Charges for services:										
General government	411,555	179,088	962,712	276,319	294,353	148,023	1,240,811	1,204,104	710,124	
Public safety	216,698	98,088	79,315	-	-	-	50,221	87,882	285,365	
Health, welfare and recreation	228,227	55,258	255,933	228,780	160,146	257,162	286,052	290,936	287,013	
Public works	80,341	451,340	-	-	-	-	-	-	50,334	
Other agencies	558,228	682,900	597,118	863,397	1,083,731	1,283,420	689,325	584,258	676,120	
Education	-	-	-	-	-	-	-	-	-	
Unclassified	-	-	-	-	-	-	-	-	-	
Operating grants and contributions	21,958,767	25,018,929	21,989,769	25,822,043	26,991,891	27,979,368	29,718,646	29,999,705	31,521,140	
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	
Business-type activities:										
Charges for services	155,888	161,420	169,090	185,113	218,333	191,828	330,268	425,328	424,614	
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	
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	

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	
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)	
Business-type activities	17,250	34,323	37,192	22,323	26,023	47,309	33,768	(80,973)	(58,072)	
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)	
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	
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	
Investment earnings	818,872	272,079	308,270	535,503	684,283	600,248	382,621	80,246	70,562	
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	
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	
Business-type activities:										
Investment earnings	886	513	1,660	3,191	3,987	613	211	47	-	
Total business-type activities general revenues	886	513	1,660	3,191	3,987	613	211	47	-	
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	
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	
Business-type activities	18,136	34,836	38,852	25,514	30,010	47,922	723,475	(75,028)	(71,561)	
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	

Only nine years have been presented because 2003 was the year GASB Statement No. 34 was implemented. Beginning FY 2009 Unclassified Revenue was reclassified.

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

	Fiscal Year										2011 (a)	
	2003	2004	2005	2006	2007	2008	2009	2010				
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
Restricted	-	-	-	-	-	-	-	-	-	-	-	2,679,579
Assigned	-	-	-	-	-	-	-	-	-	-	-	1,087,851
Unassigned	-	-	-	-	-	-	-	-	-	-	-	9,108,868
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	\$ -	\$ -	\$ -
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
Restricted	-	-	-	-	-	-	-	-	-	-	-	3,105,513
Committed	-	-	-	-	-	-	-	-	-	-	-	10,104,760
Unassigned	-	-	-	-	-	-	-	-	-	-	-	(841,666)
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	\$ -	\$ -	\$ -

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

* 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.

Table 4

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	
Revenues										
Taxes	\$ 37,935,327	\$ 39,992,873	\$ 40,779,413	\$ 44,494,827	\$ 44,952,500	\$ 43,935,273	\$ 41,667,416	\$ 41,488,299	\$ 42,742,974	
Intergovernmental	26,990,967	27,797,052	28,130,003	32,204,039	29,750,286	31,426,596	34,400,078	34,651,694	34,919,262	
Licenses and permits	254,712	328,384	312,511	336,466	485,045	340,375	285,951	243,924	303,183	
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	1,699,004	
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	
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	
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	
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	
Health, welfare and recreation	1,652,192	1,471,696	1,614,052	1,759,136	1,690,272	1,807,107	1,986,595	1,800,326	1,847,549	
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	
Other agencies	2,696,930	2,872,381	2,881,660	2,963,430	2,948,122	3,154,009	3,277,800	3,099,855	3,278,312	
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	
Unclassified	625,046	631,970	609,504	670,448	499,326	271,918	305,995	310,093	303,539	
Self insurance	588,028	877,413	227,131	230,443	323,581	692,607	348,629	470,524	671,092	
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	
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	
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	
Total expenditures	81,516,632	82,220,542	78,088,775	88,446,387	85,764,599	88,968,582	88,734,234	85,393,869	87,806,216	
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)	

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	
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	
Proceeds - Notes	-	-	-	1,010,307	-	-	-	-	-	-
Premium on issuance of debt	-	-	-	-	-	-	-	-	-	85,597
Transfers in	2,301,783	3,161,819	3,497,933	3,514,367	3,475,757	3,089,839	2,500,434	2,345,005	2,190,819	
Transfers out	(2,301,783)	(3,161,819)	(3,497,933)	(3,514,367)	(3,475,757)	(3,089,839)	(2,500,434)	(2,331,903)	(2,177,330)	
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>7,999,086</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	\$ 1,567,694	
Debt service as a percentage of noncapital expenditures	9.67%	10.95%	11.68%	13.42%	13.53%	12.41%	11.00%	10.62%	10.38%	

Only nine years have been presented because 2003 was the year GASB Statement Number 34 was implemented.

Table 5

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

Fiscal year	Assessed Value - Real Property	Assessed Value - Personal Property	Total Assessed Value	Estimated Actual Value	Ratio of Total Assessed Value to	
					Total Estimated Actual Value	Total Tax/ (Mil) Rate
2002	\$ 934,623,000	\$ 181,709,700	\$ 1,148,538,200	\$ 1,127,950,000	101.8%	27.64
2003	997,478,300	209,933,700	1,207,412,000	1,283,000,000	94.1%	28.44
2004	1,008,636,300	237,208,500	1,245,844,800	1,350,550,000	92.2%	29.38
2005	1,032,643,700	235,563,400	1,268,207,100	1,547,750,000	81.9%	29.38
2006	1,003,562,800	316,435,600	1,319,998,400	1,658,250,000	79.6%	30.48
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

Table 6

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

Fiscal Year	General Government		General Fund		Education			Androscoggin County		Total Tax/ (Mil) Rate
			Debt Service							
2002	\$ 8.85	32.02%	\$ 5.25	18.99%	\$ 12.33	44.61%	\$ 1.21	4.38%	\$ 27.64	
2003	9.88	34.74%	5.38	18.92%	11.97	42.09%	1.21	4.25%	28.44	
2004	10.64	36.22%	5.81	19.78%	11.54	39.28%	1.39	4.73%	29.38	
2005	10.99	37.40%	5.57	18.97%	11.50	39.14%	1.32	4.50%	29.38	
2006	11.14	36.58%	5.80	19.05%	12.17	39.96%	1.37	4.49%	30.48	
2007	9.07	37.27%	4.56	18.74%	9.66	39.69%	1.05	4.31%	24.35	
2008	7.53	39.06%	3.44	17.83%	7.41	38.45%	0.90	4.67%	19.28	
2009	6.76	36.72%	3.41	18.53%	7.28	39.56%	0.96	5.19%	18.41	
2010	7.04	38.44%	3.28	17.90%	7.12	38.89%	0.87	3.19%	18.31	
2011	7.97	41.30%	3.29	17.07%	7.12	36.89%	0.91	4.74%	19.30	

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 Nine Years Ago
June 30, 2011

Taxpayer	Business	Assessed Value	% of Total Tax Base	Cumulative %
1 Tambrands	Personal Products	\$ 92,890,500	4.49%	4.5%
2 Wal-Mart Real Estate	Retail	25,265,600	1.22%	5.7%
3 Pioneer Plastics	Laminates	24,705,700	1.19%	6.9%
4 Auburn Plaza, Inc	Regional shopping	22,728,200	1.10%	8.0%
5 Gates Formed Fiber	Automotive Products	20,246,900	0.98%	7.9%
6 Lowes Home Centers	Retail	16,604,500	0.80%	8.7%
7 Central Maine Power Company	Electric Utility	16,515,200	0.80%	9.5%
8 GFI Auburn Plaza Realty	Regional Shopping	15,226,200	0.74%	10.2%
9 Cascades Auburn Fiber	Paper Reprocessor	15,129,900	0.73%	11.0%
10 FPL Energy Maine Hydro LLC	Electric Utility	14,568,700	0.70%	11.7%
		\$ 263,881,400		

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		Collections In Later Years	Total Collections	Total Collections as a Percent of Net Levy
					Net Levy Collected	Collections			
2002	\$ 31,820,668	\$ 135,640	\$ 31,685,028	\$ 30,906,038	97.54%	\$ 755,241	\$ 31,661,279	99.93%	
2003	34,459,878	86,998	34,372,880	33,784,268	98.29%	541,940	34,326,208	99.86%	
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%	1,288,729	38,006,985	99.82%	
2010	37,999,926	219,262	37,780,664	36,929,246	97.75%	520,140	37,449,386	99.12%	
2011	39,984,486	192,788	39,791,698	38,721,670	97.31%	-	38,721,670	97.31%	

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		Total		Ratio of Total Debt	
	Obligation	Notes	Long-term	Debt	Obligation	Notes	Long-term	Debt	Net of State	Debt	To Assessed	Per Capita	Net of State	Subsidy
	Bonds			Bonds				Bonds		Value	Value	Subsidy	Subsidy	
2003	\$ 59,250,000	\$ 381,580	\$ 59,631,580	\$ 133,340	-	\$ 133,340	\$ 59,764,920	\$ 56,664,260	\$ 2,546.11	4.9%	\$ 2,414.02			
2004	58,510,000	293,626	58,803,626	106,674	-	106,674	58,910,300	55,551,974	2,503.63	4.7%	2,360.90			
2005	60,043,000	205,668	60,248,668	80,008	-	80,008	60,328,676	56,712,684	2,556.08	4.8%	2,402.88			
2006	67,817,000	1,170,200	68,987,200	53,342	-	53,342	69,040,542	55,575,884	2,925.20	5.2%	2,354.71			
2007	72,629,000	745,801	73,374,801	26,676	-	26,676	73,401,477	60,160,522	3,109.97	4.3%	2,548.96			
2008	70,267,000	618,562	70,885,562	-	-	-	70,885,562	57,617,931	3,003.37	3.4%	2,441.23			
2009	67,925,000	495,078	68,420,078	-	-	-	68,420,078	52,369,513	2,967.69	3.3%	2,167.43			
2010	65,973,000	371,595	66,344,595	-	-	-	66,344,595	50,080,604	2,810.97	3.2%	2,121.88			
2011	65,461,000	692,675	66,153,675	-	-	-	66,153,675	48,634,442	2,869.39	3.2%	2,109.50			

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

Table 10

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

Fiscal year	General Obligation Bonds	To Estimated Actual Value	Per Capita	Total		Per Capita Net of State Subsidy
				Governmental Activity Debt	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	

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

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	Percent of 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	65,461,000	-	24.47%	-	65,461,000	3.16%	2,839.34

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

CITY OF AUBURN, MAINE
Legal Debt Management
Last Ten Years
Computation of Legal Debt Margin
June 30, 2011

Total State Valuation	\$	1,991,800,000				
Legal Debt Limitation: 15% of State Valuation						298,770,000
Debt Applicable to Debt Limitation:						
						Bonded General Obligation Debt
						As a Percent of
Purpose	Percentage	Amount	Dollar Amount	Maximum	State Valuation	
Municipal & School	15.0%	\$ 298,770,000	65,461,000	21.91%		3.29%
		Margin for Additional Borrowing:				<u>\$ 233,309,000</u>

Historical Legal Debt Margin
Last Ten Fiscal Years

Year	Legal Debt Limit	Debt Outstanding	Legal Debt Margin	Debt Outstanding/ Legal Debt Limit
2002	\$ 167,468,248	\$ 52,604,542	\$ 114,863,706	31.4%
2003	192,450,000	59,764,920	132,685,080	31.1%
2004	202,582,500	58,910,300	143,672,200	29.1%
2005	232,162,500	60,123,008	172,039,492	25.9%
2006	248,737,500	68,987,200	179,750,300	27.7%
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%

Table 13

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

Fiscal Year	(1)		(2)		Annual Average Unemployment Rate
	Population	Total Personal Wages	Per Capita Personal Wages	Unemployment Rate	
2002	23,324	\$ 463,951,350	\$ 19,891.59	3.9%	
2003	23,473	484,079,200	20,622.81	4.6%	
2004	23,530	494,390,919	21,011.09	4.3%	
2005	23,602	500,172,959	21,191.97	4.4%	
2006	23,602	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	Not available	7.9%	
2011	23,055	Not available	Not available	7.8%	

(1) Source: US Census Bureau

(2) Source: Maine Department of Labor

Table 14

CITY OF AUBURN, MAINE
Principal Non-Governmental Employers
June 30, 2011

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	Percent of Total Employees
1	Auburn School Dept.	807	4.0%
2	Pioneer Plastics Corp.	617	5.2%
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

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

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:	City Population	Service Units:	Police / Fire No. of Service Calls	Service Units:	Libraries / Parks / Cemeteries Maintained	Service Units:	Miles of Road Maintained	Service Units:	No. of Students	Service Units:	Hours of Ice Time Rented
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		23,602		22,186 / 3,196		1 / 19 / 16		225		3,568		2,121
2011		23,602		23,924 / 3,365		1 / 19 / 16		225		3,634		1,684

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

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

Only eight years currently available in this format.

Source: Various City departments

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