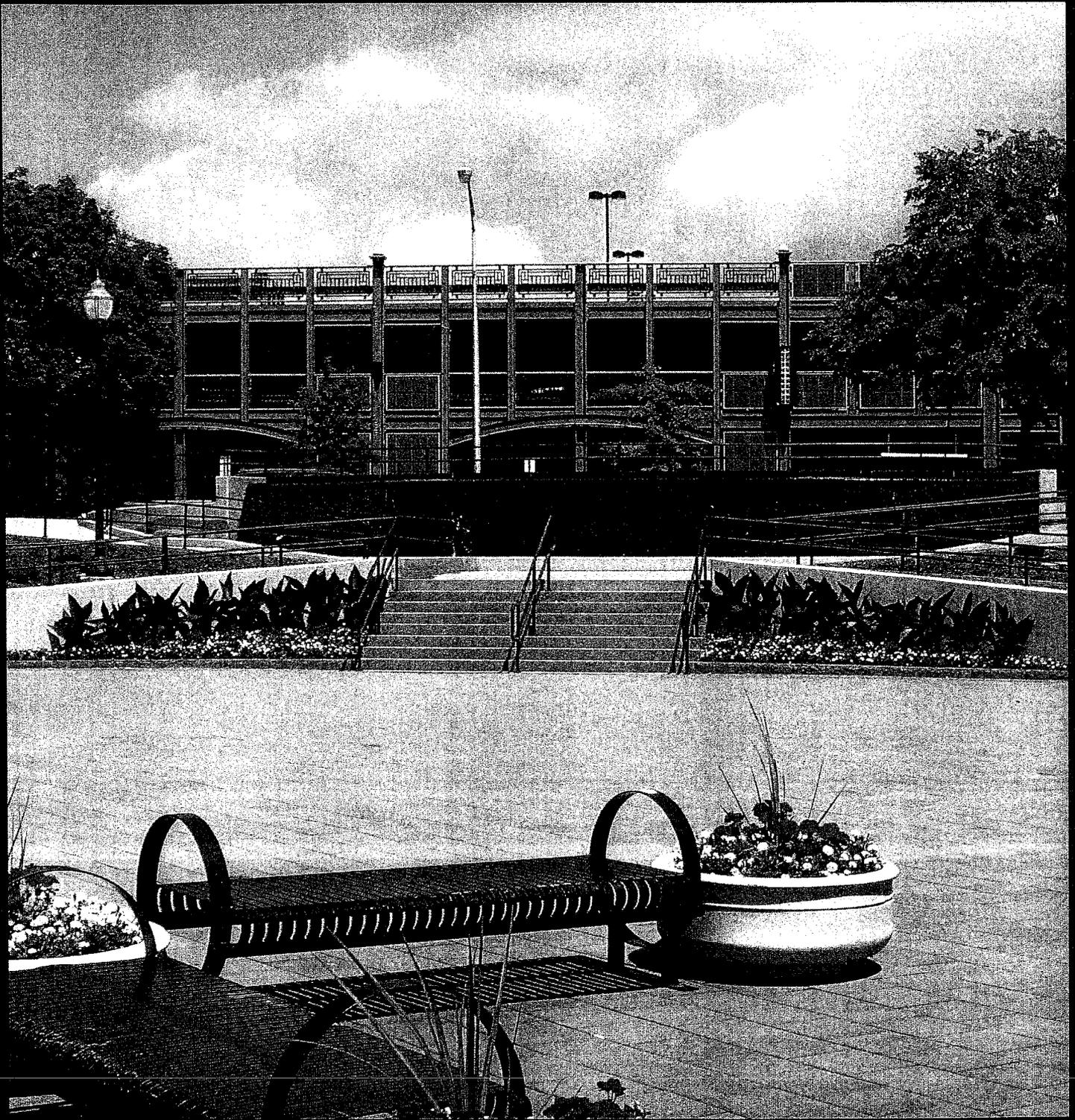


CITY OF LEWISTON, MAINE



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended JUNE 30, 2007

INTRODUCTORY SECTION

City of Lewiston, Maine
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2007

TABLE OF CONTENTS

	Exhibit Number	Page Number
INTRODUCTORY SECTION:		
Table of Contents		5
Letter of Transmittal		7
Certificate of Achievement for Excellence in Financial Reporting		13
Organizational Chart		15
List of Principal Officials		16
 FINANCIAL SECTION:		
Independent Auditor's Report		19
Management's Discussion and Analysis		21
Basic Financial Statements:		
Governmental-Wide Financial Statements:		
Statement of Net Assets	1	36
Statement of Activities	2	37
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	38
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	4	40
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	5	41
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Budgetary Basis	6	42
Statement of Net Assets - Proprietary Funds	7	44
Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds	8	46
Statement of Cash Flows - Proprietary Funds	9	47
Statement of Fiduciary Net Assets - Fiduciary Funds	10	48
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	11	49
Notes to the Financial Statements		50
Required Supplementary Information:		
Schedule of Funding Progress - City Pension Plan		78
 Combining and Individual Fund Statements and Schedules:		
Combining Balance Sheet - Nonmajor Governmental Funds	A-1	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds	A-2	81
Combining Balance Sheet - Nonmajor Special Revenue Funds	B-1	82
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Special Revenue Funds	B-2	83
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Community Development Block Grant Special Revenue Fund	B-3	84
Schedule of Revenues, Expenditures, and Changes in Net Assets - Proprietary Funds - Budget and Actual	C-1	85
Combining Statement of Fiduciary Net Assets - Fiduciary Funds - Private Purpose Trust Funds	D-1	86

	<u>Exhibit Number</u>	<u>Page Number</u>
Combining Statement of Changes in Fiduciary Net Assets - Fiduciary Funds - Private Purpose Trust Funds	D-1	86
Combining Statement of Fiduciary Net Assets - Fiduciary Funds - Agency Funds	D-2	87
Combining Statement of Changes in Fiduciary Net Assets - Fiduciary Funds - Agency Funds	D-2	87
Statistical Section:		
Governmental-Wide Information:		
Net Assets by Category	Table 1	91
Changes in Net Assets	Table 2	92
Fund Information:		
Governmental Funds Fund Balance	Table 3	93
Governmental Funds Change in Fund Balance	Table 4	94
Property Tax Levies and Collections	Table 5	95
Assessed and Estimated Actual Value of Taxable Property	Table 5	95
Direct and Overlapping Property Tax Rates	Table 6	96
Principal Taxpayers	Table 6	96
Ratios of Outstanding Debt by Type	Table 7	97
Legal Debt Margin Calculation	Table 8	98
Revenue Bond Coverage - Water Fund	Table 9	99
Revenue Bond Coverage - Sewer Fund	Table 9	99
Revenue Bond Coverage - Storm Water Fund	Table 9	99
Municipal Information:		
Demographic Statistics	Table 10	100
Principal Employers	Table 10	100
Number of Municipal Employees by Function	Table 11	101
Operating Indicators by Function	Table 12	102
Capital Asset and Infrastructure by Function	Table 13	103



City of Lewiston
Richard T. Metivier, Finance Director
Heather A. Hunter, Deputy Finance Director



November 26, 2007

Honorable Laurent F. Gilbert Sr. Mayor
Members of the City Council, and
Citizens of Lewiston

The comprehensive annual financial report of the City of Lewiston for the year ended June 30, 2007 is hereby submitted as required by the City Charter. The Charter requires that the City of Lewiston issue a report annually on its financial position and activity, and that this report be audited by an independent firm of certified public accountants. The financial statements are presented in conformance with generally accepted accounting principles in the United States (GAAP) and audited in accordance with generally accepted auditing standards.

Management of the City of Lewiston assumes full responsibility for the completeness and accuracy of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The City of Lewiston's financial statements have been audited by Runyon Kersteen Ouellette PA, a firm of licensed certified public accountants. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion on the City of Lewiston's financial statements for the fiscal year ended June 30, 2007. The independent auditor's report is presented at the front of the financial section of this report.

The independent audit of the financial statements of the City of Lewiston was part of a broader, federally mandated A-133 designed to meet the special needs of federal grantor agencies. The standards governing the A-133 engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Lewiston's separately issued report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

The comprehensive annual financial report is presented in three sections: introductory, financial and statistical. The introductory section, which is not audited, includes the transmittal letter, the City's organizational chart and a list of principal officials. The financial section includes the basic financial statements and the combining and individual fund statements and schedules as well as the independent auditor's report and MD&A. The statistical section includes selected financial and

demographic information, which is generally presented on a multi-year basis

GOVERNMENTAL PROFILE

Lewiston was incorporated as a Town in 1795, and established as a City in 1863 and is located on the east bank of the Androscoggin River in the south-central section of the state and is the second largest city in Maine with a population of 35,690. The City is 34 miles north of Portland, Maine, 142 miles from Boston and 210 miles from Montreal, Canada and encompasses an area of 34 square miles.

The City has operated under the Council-Administrator form of government since its most recent charter revision effective in 1980. Policy making and legislative authority are vested in the governing council, which consists of a mayor and seven-member council. The governing council is vested with the authority, among other things, to adopt the budget, pass ordinances and hire the City Administrator and City Attorney. The City Administrator 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 City's department heads. The Mayor and Council are elected on a nonpartisan basis and to two year terms. Only the Mayor has a limit on the term of office of 2, two year terms. A school committee, consisting of nine members, eight elected and one a City Council representative, has general authority for public schools.

The financial reporting entity includes all funds of the City of Lewiston, as well as its component units. Component units are legally separate entities for which the primary government is financially accountable. The City provides a full range of services including police and fire protection; education; sanitation services; the construction and maintenance of highways, streets and infrastructure; human services; recreation and cultural activities; water sewer and storm water utility services.

Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the Lewiston Mill Redevelopment Corporation is reported as a nonmajor special revenue fund in the City's governmental fund financial statements and included in the Governmental Activities column in the City's government-wide financial statements.

Discretely presented component units are also legally separate entities however, they operate with a lesser or greater degree of autonomy and are presented together with, but separately from, the data of the primary government. Accordingly, the Community Facility Corporation is reported as a major component unit in the City's government-wide financial statements and included as a separate column under component unit in the government-wide financial statements.

Financial statements for the following entities are not included in this report as they are administered by boards separate from, or independent of, the City Council and otherwise have not met the established criteria for inclusion in the reporting entity:

Lewiston-Auburn Water Pollution Control Authority
Auburn-Lewiston Municipal Airport
Lewiston-Auburn Transit Committee

Lewiston-Auburn Economic Growth Council
Lewiston-Auburn 9-1-1 Committee
Lake Auburn Watershed Protection Commission

Brief descriptions of these organizations and selected financial data are incorporated in the notes to the financial statements.

The annual budget serves as the foundation for the City of Lewiston's financial planning and control. The City Administrator is required to submit a budget to the City Council for the ensuing fiscal year. The City of Lewiston's School Committee is also required to submit a budget to the City Council for adoption. The City Administrator's budget message explains the budget in fiscal terms and in terms of the work programs. It outlines the proposed financial policies of the City for the ensuing fiscal year, describes the important features of the budget, indicates any major changes from the current year in financial policies, expenditures and revenues together with the reason for such changes. The legal level of budgetary control is at the department level for the general fund and enterprise funds and at the federal program level for the CDBG fund. At anytime during the fiscal year, the Administrator may transfer part or all of any unencumbered appropriation balance among programs within a department. The City Council may transfer part or all of any unencumbered balance to another department.

ASSESSING ECONOMIC CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the economic condition within the City of Lewiston.

Local Economy. Lewiston, along with the adjacent City of Auburn, is the most important economic center in central Maine. Considerable growth has occurred in the service sector which has increased the diversity of Lewiston's economy, from a mainly manufacturing-based economy to a mixed economy. Over the past 10 years, the average number of manufacturing jobs has decreased from 3,227 to 1,759 or 55%. During the same period the non-manufacturing jobs have increased from 17,340 to 21,745 or 25%. Major industries which have experienced the greatest employment growth over the past 10 years are health care services which have increased from 3,900 to 4,800 and financial services which have increased from 1,250 to 1,950. Total employment within the city over the past 10 years has increased from 20,567 to 23,504.

Redevelopment of the City's urban core and new business development continues to further strengthen the City's economic future. Major industries within the City's boundaries include health care with two major hospitals, home health care and mental health services which provide employment for over 4,800 individuals; banking operations and support services with employment totaling 1,950 and telemarketing for catalog sales as well as inbound and outbound calling with employment of 780. Education also has a major presence in the City with a four year liberal arts college, a state university and a two year business college which in total employ in excess of 900 people. Lewiston's average area unemployment rate of 5.0% for the year is above the state's average rate of 4.5% as well as the national average of 4.6% however, residents employed have increased from 16,975 in 2004 to 17,523 at the end of the fiscal year.

Recent economic activity during the past year includes continued development in the south Lewiston industrial park area adjacent to the 901,000 square foot Wal-Mart mechanized food distribution facility. The Gendron Business Park has seen 4 businesses complete development projects totaling over 170,000 square feet. Construction has begun on 3 other sites that will result in another 60,000 square feet of space being occupied over the next year. Development plans have also been submitted for an additional 100,000 square feet for a distribution facility in the south Lewiston area.

The area adjacent to the Maine Turnpike interchange has been approved for development as a retail complex. A Wal-Mart Super Center with a 190,000 square foot facility, has received city and state approvals and construction is expected to be underway in the fall or winter of 2007. This will be the first retail store on the site and additional development of the 51 acres which is available for retail is expected to follow shortly there after.

Residential growth is continuing at a robust pace. Many new single family homes or condominium units were completed or under construction in new or recently developed sub-divisions within the city. A new 30 unit subsidized senior housing project is under construction at the site of the old St. Dominic High School site in the downtown.

Redevelopment of the Bates Mill Complex continued during the past year. Renovations of 35,000 square feet of retail and office space were completed in Mill 2 wing and storehouse with a restaurant recently opening and occupying the first floor space. Over 1,000 employees are now employed within the entire complex.

Long-term Financial Planning. Each year, the City Administrator submits a Capital Improvement Plan (CIP) which is submitted to the Planning Board and City Council for review. The five year plan includes an inventory of possible capital projects which may ultimately be included in the City's Capital Improvement Plan that may be financed through a variety of sources including federal or state grants; general operating fund; user fee revenue or through the issuance of indebtedness. The issuance of debt is subject to specific authorization of the City Council and after a public hearing on the matter. If the total amount of a single purpose project exceeds 15% of the previous year's tax levy, authorization to borrow must be approved by the voters at a referendum election. (FY 2007 Tax Levy of \$39,694,411 is \$5,954,161.)

Unreserved, undesignated fund balance in the general fund amounts to 8.5% and is within the guidelines, set by management, of maintaining a minimum of 7.5% of revenues, for budgetary and planning purposes. Continuing to maintain adequate reserves is a priority of management and the City Council.

With the State's enactment of Public Law 1, which establishes municipal property tax levy limitations each year, the city's management is strategically planning utilization of less than the allowable growth each year in order to bank portions of the allowable growth for it to be carried over to future years, which is allowed by law. This practice will allow the City Council more flexibility in times of economic downturn.

Financial Trends. During the past ten years, property and excise taxes have remained the largest

source of revenue to finance general fund expenses at 51%. However, this percentage of total revenue sources represents a reduction of 16% from the 61% it was ten years ago. The reason for this reduction is the increase which has taken place in intergovernmental revenues, mostly from the State, which has increased by 75% to 44%.

During this same ten year period, the city's state equalized valuation has increased by 75% or 7.5% per year on average. Both the increased development activity along with the increase in market value of properties have contributed to the above average growth.

Major Initiatives. The City Council established a Bates Mill Building #5 Task Force to identify possible uses for the building and land which is located in the downtown area next to the Longley Bridge. The building totaling approximately 350,000 square feet has been mostly vacant over the past several years with the exception of temporary use for warehousing on the first floor of the two story building. The Bates Mill Complex Master Plan proposed that the facility be used for a convention center however, funding sources for that use have not been forthcoming. The task force has been charged with identifying possible uses for the facility and the advantages and disadvantages of each along with the short and long term costs for each of the options. The final report of the task force is to be issued no later than February 1, 2008.

The City Council also adopted a Downtown Neighborhood Task Force. The mission of the task force is to create a master plan of the downtown area which focuses on the residential portion of the downtown based on the assessment and inventory of the designated study area. Once an assessment is made of the conditions of the existing inventory, recommendations for improvements and additions and new amenities will be made and they shall be accompanied with the rationale for the investment, identify a recommended funding source for the investment and an explanation of how the investment will contribute to improving the quality of life in the neighborhood.

At a referendum election, the voters of Lewiston approved the construction of a new 624 student elementary school at an estimated cost of \$21 million. The school, which will replace the Pettingill School, will be 96% funded by the State Department of Education. Final design of the school has been approved by the State and bids on the construction are expected to be received in the fall of 2007. Construction is expected to begin shortly thereafter.

Discussions are continuing with the Maine Turnpike Authority for construction of an additional exit off of River Road to provide additional and easier access to the Turnpike to and from the South Lewiston area that is under development. The additional exit has an estimated cost of \$6.5 million and would be paid for with Federal and State highway funds. Target date for completion is 2008.

AWARDS AND ACKNOWLEDGEMENTS

The National Civic League awarded the City the All-America City Award in 2007, the oldest and most respected community recognition program within the nation. The award recognizes communities whose residents work together to identify and tackle community wide challenges and achieve measurable uncommon results. A broad cross section of the community is engaged in such

initiatives to include youth, business leaders, city staff and non-profit groups.

Only 10 cities are selected as All-America cities annually. It recognizes the true American spirit at work as their residents are actively committed to ensuring that their community is a safe, nurturing place to live.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lewiston for its comprehensive annual financial report for the year ended June 30, 2006. This was the thirty-second consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP 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 we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the accounting and auditing division. Special thanks to Heather Hunter, Deputy Finance Director for her dedication and loyalty, and countless hours contributed in preparation of this report and to all the staff in the accounting division for their valuable assistance. I would also like to acknowledge the firm of Runyon Kersteen Ouellette for their efforts and guidance during the engagement. Credit must also be given to City Administrator James Bennett, the Mayor and City Council for their interest and support in planning and conducting operations of the City in a responsible and progressive manner.

Respectfully submitted,



Richard T. Metivier
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lewiston
Maine

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

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.



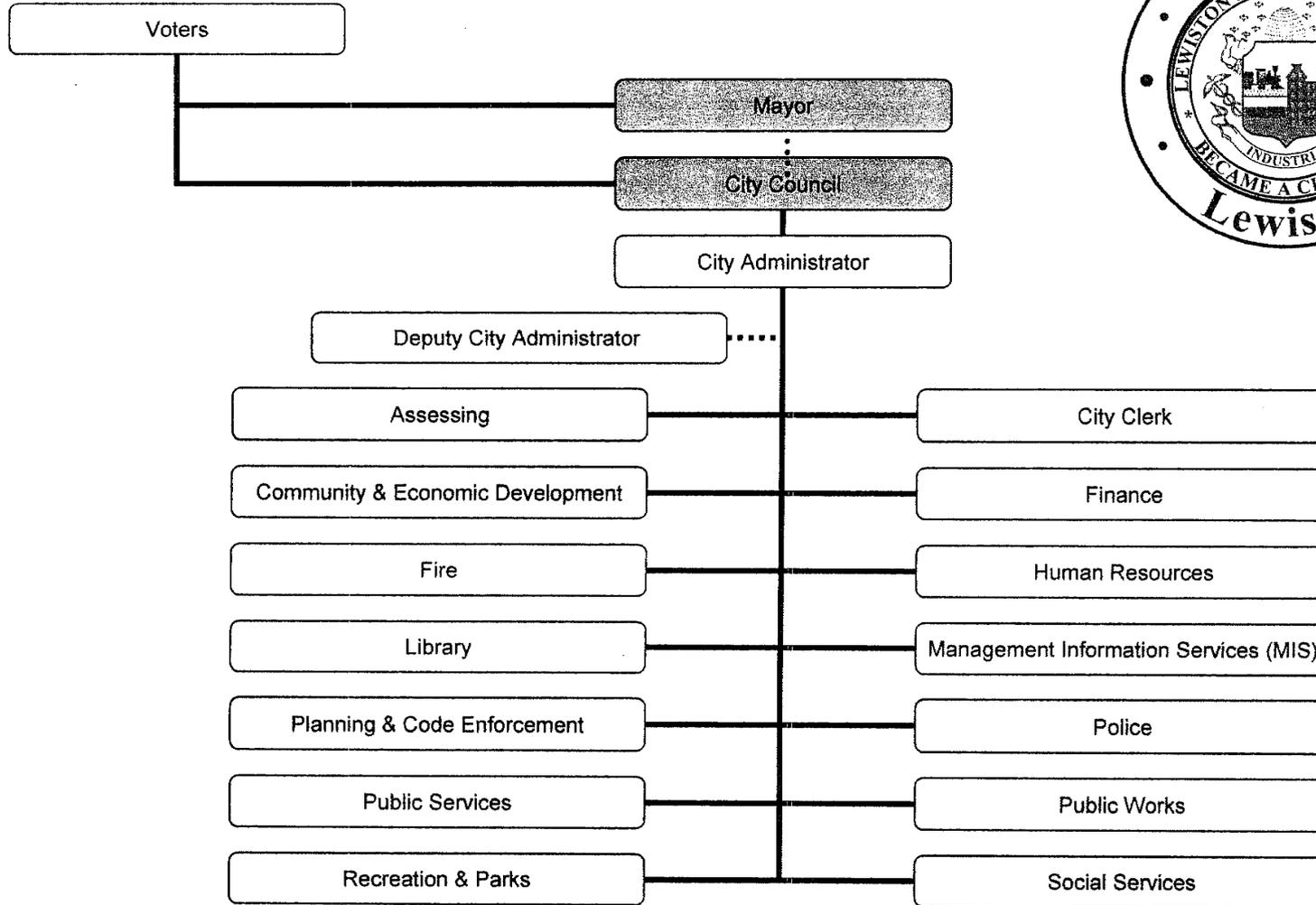
A handwritten signature in black ink, appearing to read "Ronald J. Hawn".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

City of Lewiston, Maine Organizational Chart



City of Lewiston, Maine

List of Principal Officials

June 30, 2007

Elected Officials

Laurent F. Gilbert Sr.	Mayor
Stavros J. Mendros	Council Member - Ward 1
Renee M. Bernier, Council President	Council Member - Ward 2
Lillian LaFontaine O'Brien	Council Member - Ward 3
Ronald W. Jean	Council Member - Ward 4
Paul A. Samson	Council Member - Ward 5
Mark W. Paradis	Council Member - Ward 6
Normand R. Rousseau	Council Member - Ward 7

Appointed Officials and Department Heads

James A. Bennett, City Administrator

Philippe J. Nadeau, Deputy City Administrator

Joseph Grube, Chief Assessor	Kathleen M. Montejo, City Clerk
James Andrews, Community & Economic Dev. Director	Richard T. Metivier, Finance Director
Paul M. Leclair, Fire Chief	Denis R. Jean, Human Resources Director
Richard A. Speer, Library Director	Peter H. Bassett, MIS Director
Gildace J. Arsenault, Planning & Code Enforcement Director	William E. Welch, Police Chief
David A. Jones, Public Services Director	Paul L. Boudreau, Public Works Director
Margaret Chisholm, Recreation & Parks Director	Sue A. Charron, Social Services Director

FINANCIAL SECTION



Certified Public Accountants and Business Consultants

Report of Independent Auditors

City Council
City of Lewiston, Maine:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lewiston, Maine, as of and for the year ended June 30, 2007, 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 Lewiston, Maine's management. Our responsibility is to express opinions on these financial statements based on our audit.

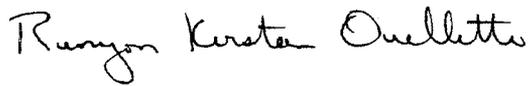
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lewiston, Maine, as of June 30, 2007, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lewiston, Maine's basic financial statements. The combining and individual fund statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly presented, in all material respects, in relation to the basic financial statements taken 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 express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 26, 2007, on our consideration of the City of Lewiston, 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.



November 26, 2007
South Portland, Maine

CITY OF LEWISTON, MAINE
Management's Discussion and Analysis
June 30, 2007

As management of the City of Lewiston, we offer the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page 7 of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the City of Lewiston exceeded its liabilities at the close of the most recent fiscal year by \$114,730 (*net assets*).
- The City's total net assets increased by \$2,414, which represents a 2.15% increase.
- As of the close of the current fiscal year, the City of Lewiston's governmental funds reported combined ending fund balances of \$37,335 an increase of \$6,109 in comparison with the prior year. Approximately 52% of this total amount, \$19,361 is *available for spending* at the City's discretion (*undesignated fund balance*).
- At the end of the current fiscal year, undesignated fund balance for the general fund was \$7,429 or 8.5% of general fund revenues, including transfers in.
- The City of Lewiston's total debt increased by \$8,178 (7.5%) during the current fiscal year. The key factor in this increase was the issuance of \$3,350 in general obligation bonds for governmental project improvements, \$7,895 in general obligation bonds for water, sewer, and storm water infrastructure improvements and \$5,330 in general obligation bonds for public and project infrastructure improvements associated with various development projects.

Overview of the Financial Statements

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

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

The *statement of net assets* presents information on all of the City of Lewiston'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 of Lewiston 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 distinguished functions of the City of Lewiston 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 of Lewiston include the broad activities of general government, public safety, highways and streets, sanitation, human services and culture and recreation and education. The business type activities of the City of Lewiston include the water system and the sanitary sewer system.

The government-wide financial statements include not only the City of Lewiston itself (*known as the primary government*), but also the Lewiston Mill Redevelopment Corporation as a blended component unit.

The government-wide financial statements can be found on pages 36-37 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 Lewiston, 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 of Lewiston 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 *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 government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Lewiston maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the general fund, capital projects fund, school categorical grants special revenue funds and the debt service fund which are considered to be major funds. Data from the other nine governmental funds are combined into a single aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Lewiston 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 38-40 of this report.

Proprietary Funds. The City of Lewiston maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business type activities* in the government-wide financial statements. The City of Lewiston uses enterprise funds to account for its water system and storm and sanitary sewer system.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, storm water, and sanitary sewer systems, all of which are considered to be major funds of the City of Lewiston.

The basic proprietary fund financial statements can be found on pages 44-47 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. 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 Lewiston'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 48-49 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 50-77 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 Lewiston's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in connection with the non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on page 80 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 Lewiston, assets exceeded liabilities by \$114,730 at the close of the most recent fiscal year. A comparison of key government-wide components is found in the following table.

	City of Lewiston's Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Assets:						
Current & Other Assets	\$45,866	\$37,513	\$20,602	\$13,985	\$66,468	\$51,498
Capital Assets	153,215	146,676	42,024	40,476	195,239	187,152
Total Assets	199,081	184,189	62,626	54,461	261,707	238,650
Liabilities:						
Noncurrent Liabilities	100,981	99,843	25,284	18,851	126,265	118,694
Other Liabilities	19,496	6,757	1,216	883	20,712	7,640
Total Liabilities	120,477	106,600	26,500	19,733	146,977	126,334
Net Assets:						
Invested in Capital Assets						
Net of Related Debt	86,417	77,006	19,403	21,625	105,820	98,631
Restricted	22,206	16,870			22,206	16,870
Unrestricted (Deficit)	(30,019)	(16,288)	16,723	13,103	(13,296)	(3,185)
Total Net Assets	\$78,604	\$77,588	\$36,126	\$34,728	\$114,730	\$112,316

By far the largest portion of the City of Lewiston's net assets (\$105,820) 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 of Lewiston uses the capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Lewiston'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 Lewiston's net assets (\$22,206) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, a deficit of \$13,296 is mainly due to recording all of the City's long-term liabilities that are not due and payable in the current period. Liabilities of this nature include noncapital bonds payable, accrued interest payable, obligations for workers' comp. claims, unfunded actuarial pension liability, long-term compensated absences, capital lease obligations, and landfill closure and postclosure care costs. A complete reconciliation, by item and amount, can be found in the notes to the financial statements.

At the end of the current fiscal year, the City of Lewiston 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 governmental and business-type activities. The same situation was true for the prior fiscal year.

The city's net assets increased by \$2,414 during the course of the year. A contributing factor under governmental activities was the increase in operating grants and contributions for education of \$3,785. Net assets in business-type activities increased by \$1,398 due to charges for services exceeding expenses in storm water during the first year in the amount of \$1,225.

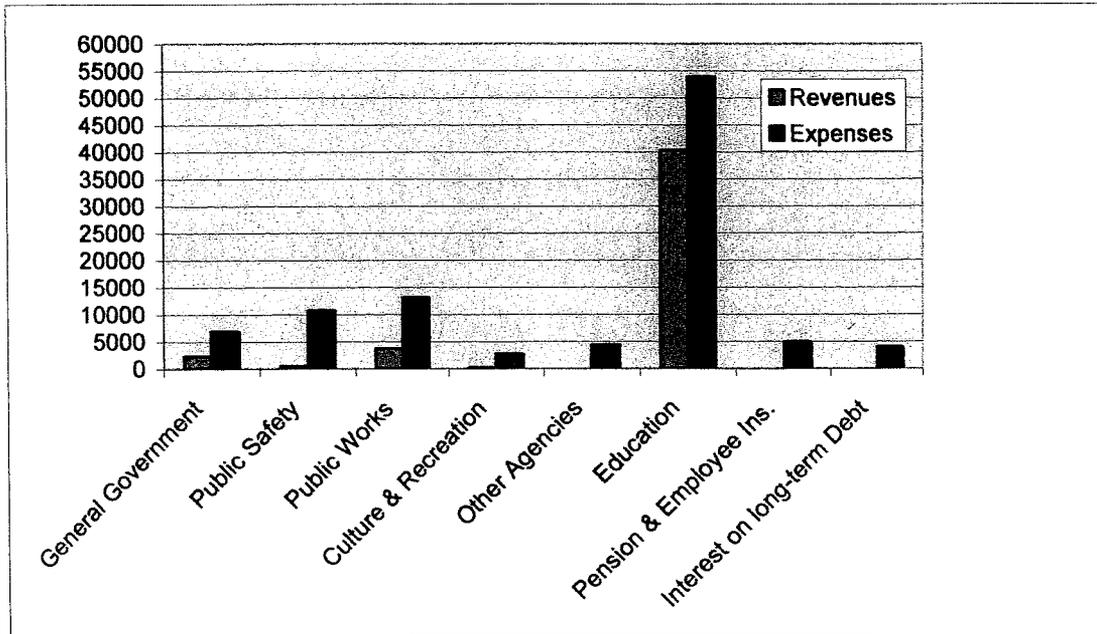
Governmental Activities. Governmental activities increased the City of Lewiston's net assets by \$1,015. Key elements of the increase are as follows:

	City of Lewiston's Changes in Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$4,558	\$4,816	\$9,484	\$7,496	\$14,042	\$12,312
Operating grants & contributions	40,582	37,087			40,582	37,087
Capital grants & contributions	1,953	2,831	859	857	2,812	3,688
General revenues:						
Property taxes	41,151	39,435			41,151	39,435
Other taxes	4,771	4,577			4,771	4,577
Grants & contributions not restricted to specific programs						
Other	5,969	6,071			5,969	6,071
Other	2,363	1,472	73	60	2,436	1,532
Total revenues	101,349	96,289	10,416	8,413	111,763	104,702
Expenses:						
General government	6,892	4,271			6,892	4,271
Public safety	10,800	9,965			10,800	9,965
Public works	13,144	20,210			13,144	20,210
Human services	688	694			688	694
Culture & recreation	2,732	1,930			2,732	1,930
Other agencies	4,324	3,059			4,324	3,059
Education & nutrition	53,708	47,202			53,708	47,202
Pension & Employee Ins.	4,962	4,607			4,962	4,607
Interest on long-term debt	4,015	3,701			4,015	3,701
Water			3,290	3,379	3,290	3,379
Sewer			4,089	3,937	4,089	3,937
Storm water			707		707	
Total Expenses	101,265	95,639	8,085	7,316	109,351	102,955
Increase (decrease) in net assets before transfers	84	650	2,331	1,097	2,414	1,747
Transfers	932	(433)	(932)	(36)		(470)
Increase (decrease) in net Assets	1,015	216	1,398	1,061	2,414	1,276
Net assets, July 1	77,588	77,372	34,728	33,667	112,316	111,040
Net assets, June 30	\$78,604	\$77,588	\$36,126	\$34,728	\$114,730	\$112,316

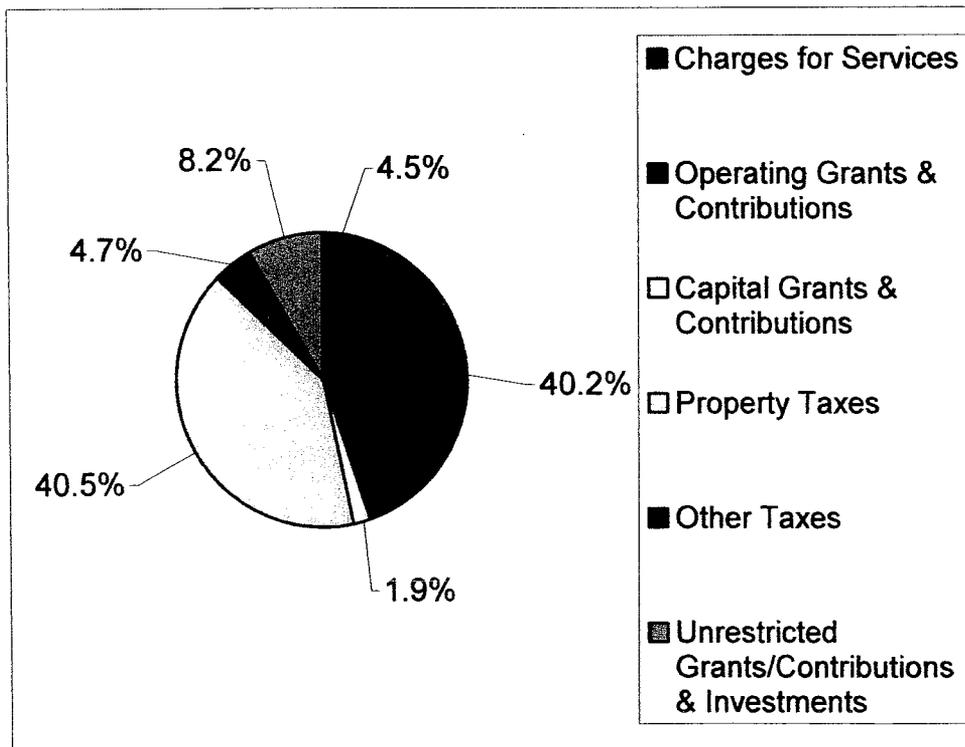
- Revenues for governmental activities increased by \$5,060 while expenditures increased by \$5,626.

- Operating grants and contributions for governmental activities increased by \$3,495 and were mostly due to additional grants and subsidy for Education and Nutrition which were \$3,785 greater than the previous year.
- The increase in property taxes of \$1,716 for governmental activities was the result of a substantial increase in the amount of assessed valuation of \$94,079.

Program Revenues Compared to Program Expenditures



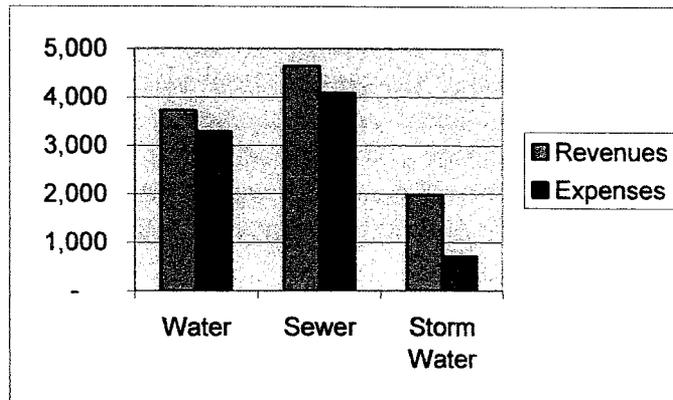
Governmental Activities Revenue Sources



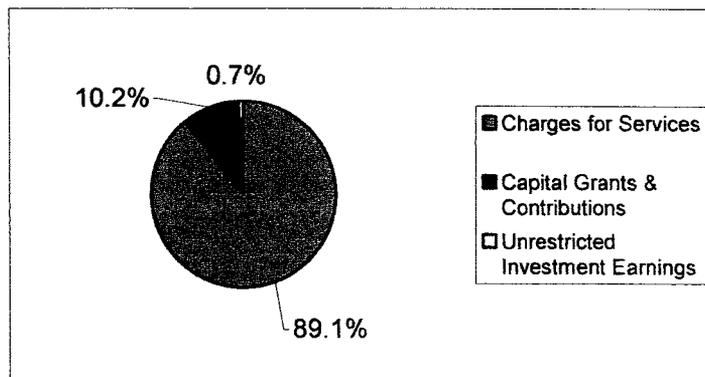
Business-type Activities. The City of Lewiston’s net assets for business-type activities increased by \$1,398. Key elements of this increase are as follows.

- Increase in fund equity from joint ventures with the Auburn Water & Sewer Districts in Sewer (\$627) and in Water (\$103).
- Capital contributions for the Water department of \$68 were mostly generated from residential housing developments in which the developer installed the water services infrastructure.
- Construction work in progress of \$525 represents the net assets in Storm Water for the newly established enterprise fund.

Program Revenues Compared to Program Expenses



Business-type Activities Revenue Sources



Financial Analysis of the Government’s Funds

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

Governmental Funds. The focus of the City of Lewiston’s *governmental funds* is to provide information on a near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City of Lewiston’s financing requirements. In particular,

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

As of the end of the current fiscal year, the City of Lewiston's governmental funds reported combined ending fund balances of \$37,335 an increase of \$6,108 in comparison with the prior year. Approximately 60% of this total amount (\$22,320) constitutes *unreserved fund balance*, which is available for spending at the city's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$1,339), 2) to secure advances to other funds (\$7,660), 3) to secure long-term notes receivable (\$3,118), 4) to generate income to pay for library endowments and the perpetual care of municipal cemeteries (\$1,129), 5) to pay for the future cost of compensated absences (\$1,114) or 6) a variety of other restricted purposes (\$655).

The general fund is the primary operating fund of the City of Lewiston. At the end of the current fiscal year, unreserved fund balance of the general fund was \$10,388 (\$2,959 of which has been designated by management for subsequent years' expenditures and self-insured funds), while total fund balance was \$15,129. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund revenues. Unreserved fund balance represents 12% of total general fund revenues (\$86,402), while total fund balance represents 17.5% of that same amount.

The fund balance of the City of Lewiston's general fund increased by \$773 during the current fiscal year. Key factors in the increase are as follows:

- An increase in the undesignated fund balance of \$581 due to revenues exceeding expenditures by \$773.
- A decrease of \$141 in the amount of funds reserved for future workers' compensation and unemployment compensation expenditures partially due to the settlement of older cases and a reduction in the actuarial valuation.
- An increase of \$71 in the amount reserved for compensated absences at the end of the year.
- A decrease in the amount of funds designated for subsequent year expenditures of \$413.

The School Categorical Grants has a fund balance of \$1,637. The fund balance increased by \$278 during the year because revenues from grants and charges for services exceeded expenditures by \$578. A total of \$500,000 was transferred to the general fund to pay for administrative costs of the programs.

The Capital Projects fund has a total fund balance of \$8,397. Expenditures for capital projects amounted to \$15,429 during the year while the issuance of general obligation bonds and bond anticipation notes amounted to \$19,199. The fund balance increased by \$4,866 during the year.

The Debt Service Fund had a \$5,710 fund balance at the end of the year. The Debt Service Fund is used to account for the accumulation of governmental resources to fund capital lease and general obligation bond principal and interest payments, in the year which they are due. The year-end fund balance represents bonds sold in the on behalf of Community Facility Corporation and due from the component unit.

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

Unrestricted net assets of the Water fund at the end of the year amounted to \$3,069; for the Sewer fund \$13,128 and for the Storm Water fund \$525. The total growth in net assets for the Water fund was \$382 while the increase in net assets of the Sewer fund was \$491 and for the Storm Water fund it was the first year of operation. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City of Lewiston's business-type activities.

General Fund Budgetary Highlights

The only changes to the original budget approved by the City Council, during the course of the year, were transfers within and between departments which did not change the overall appropriation. The majority of the transfers made were to pay for the cost of repairs or projects that were unanticipated when the budgets were originally submitted. The total amount of these transfers was \$219.

The General Fund budget overall (on a budgetary basis of accounting), ended the year with revenues exceeding budgetary estimates by \$2,924 and expenditures were above budget estimates by \$457.

The following schedule provides a summary of General Fund revenues on the budgetary basis of accounting for the year and the amount of increases and decreases in relation to prior year revenues:

Revenues	Amount	Percentage of Total	(Decrease) from 2006
Taxes:			
Real Estate	\$ 40,127	47.9%	\$ 699
Excise	4,122	4.9%	46
Licenses and Permits	411	0.5%	(64)
Intergovernmental	33,892	40.5%	3,121
Charges for Services	1,491	1.8%	(19)
Fines	184	0.2%	8
Interest, Rents & Royalties	1,724	2.1%	47
Miscellaneous	340	0.4%	(453)
Transfers from other funds	1,452	1.7%	946
Total	\$ 83,743	100.0%	\$ 4,331

Revenues for the General Fund (on the budgetary basis of accounting) totaled \$83,743 in fiscal year ended June 30, 2007.

Current and prior year real estate and personal property taxes continue to represent the largest revenue source, with \$40.1 million, or 47.9% of all general fund revenues. The increase of \$699 in the amount collected is a result of an increase in the City's assessed valuation of real estate and personal property taxes of 6.5% and a decrease in the tax rate of 2.6%. Excise tax collections which amounted to \$4,122 is a \$46 increase and represents 4.9% of the revenues. The slowdown in new vehicle sales over the past couple of years has reduced the rate of increase.

amounted to \$4,122 is a \$46 increase and represents 4.9% of the revenues. The slowdown in new vehicle sales over the past couple of years has reduced the rate of increase.

Intergovernmental revenues amounted to \$33,892 or 40.5%, the City's second largest revenue source. The increase of \$3,121 from the previous year was largely due to additional school aid of \$2,478; additional State revenue sharing payments of \$39 and additional State exemption reimbursement of \$23.

Interest income increased \$101 from \$585 to \$686. The increase in interest rates during the first half of the year resulted in the additional income.

Miscellaneous revenues decreased by \$453 as a result of a decrease in sale of recycling and surplus of \$88; a decrease in miscellaneous school revenue of \$126 and a reduction in reimbursements of \$250.

Transfers from other funds increased by \$946 as a result of new reimbursements from enterprise funds of \$869.

Expenditures	Amount	Percentage of Total	Increase/ (Decrease) from 2006
General government	\$ 3,307	3.9%	\$ (232)
Public safety	10,322	12.3%	186
Public works	7,368	8.8%	(512)
Social services	569	0.7%	(18)
Recreation	1,193	1.4%	26
Library	1,058	1.3%	69
Intergovernmental	3,120	3.7%	61
Education	41,108	48.9%	2,442
Insurances & pensions	4,081	4.9%	131
Miscellaneous	1,756	2.1%	(152)
Transfers to other funds	10,130	12.1%	392
Total	\$ 84,012	100.0%	\$ 2,393

Expenditures for the General Fund (on the budgetary basis of accounting) totaled \$84,012 in fiscal year ended June 30, 2007.

The decrease in general government expenditures of \$232 was mostly due to the elimination of a position in economic development (\$100); reduction of costs to operate parking facilities and City Hall (\$33); reduction in legal cost (\$27) and reduction in assessing cost (\$23).

Education expenditures of \$41,108 represent 48.9% of the total expenditures. Expenditures increased by \$2,442 largely due to additional special education cost; vocational education cost and increases in salary and benefits. The additional cost was financed by additional revenues from the State.

The increase in insurance and pension cost of \$131 was mostly due to the increase in health insurance and related cost of \$180.

The decrease in miscellaneous costs of \$152 was largely due to the reduction in workers' compensation cost of \$155.

The increase of \$392 in transfers to other funds was due to the increase in transfer to the Lewiston Mill Redevelopment Corporation of \$219 and an increase in debt service costs of \$179.

Capital Asset and Debt Administration

Capital Assets. The City of Lewiston's investment in capital assets for its governmental and business type activities as of June 30, 2007, amounts to \$195,239 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, bridges and water and sewer systems. The total increase in the City of Lewiston's investment in net capital assets for the current fiscal year was 4.3% (a 4.5% increase for governmental activities and a 3.8% increase for business type activities).

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

- Site acquisition for the Pettingill elementary School added \$864 to the land value.
- A number of highway construction projects were performed throughout the city during the year for streets, sidewalks, bridges and street lights and construction work in progress at the end of the year they amounted to \$952.
- Equipment added for all departments during the year amounted to \$3,851.
- Construction of water mains and improvements to water storage tanks added \$1,022 to the Water Department construction work in progress.
- Construction of combined sewer overflow storage added \$749 to infrastructure and Gully Brook drainage and Androscoggin area sewer main replacement added another \$555 to infrastructure.
- Construction of the Farwell Elementary School was almost complete at the end of the year and construction work in progress amounted to \$5,120.

City of Lewiston's Capital Assets						
(Net of Accumulated Depreciation)						
	Governmental		Business-type		Total	
	Activities		Activities			
	2007	2006	2007	2006	2007	2006
Land	\$12,463	\$11,496	\$243	\$266	\$12,706	\$11,762
Buildings	31,514	33,973	3,878	4,003	35,392	37,976
Improvements Other Than Buildings	14,533	14,570			14,533	14,570
Machinery & Equipment	12,151	9,552	686	627	12,837	10,179
Infrastructure	68,275	69,780	35,129	35,326	103,404	105,106
Construction in Progress	14,278	7,304	2,088	253	16,366	7,557
Total Capital Assets	\$153,215	\$146,676	\$42,024	\$40,476	\$195,239	\$187,152

Additional information on the City of Lewiston's capital assets can be found in note IV.C on pages 60-62 of this report.

Long-term Debt. At the end of the current fiscal year, the City of Lewiston had total bonded debt outstanding of \$116,632. The entire amount is backed by the full faith and credit of the city. The following schedule represents a breakdown of the debt by governmental and business-type activities and comparisons with the previous fiscal year:

	City of Lewiston's Outstanding Debt					
	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Bonds Payable	\$91,348	\$89,603	\$25,284	\$18,851	\$116,632	\$108,454

The City of Lewiston's debt increased by \$8,178 or 7.5% during the current fiscal year. The key factor in the increase was the city's issuance of \$15,840 of general obligation bonds for various purposes including \$5.8 million for combined sewer overflow storage and \$2.6 million for construction of roads and utilities for expansion of the Gendron Business Park.

The City of Lewiston maintains an A1 rating from Moody's for its general obligation debt. Please refer to Moody's report for a comprehensive explanation of their rating assessment.

State statutes limit the amount of general obligation debt a municipality may issue to 15% of its total state assessed valuation. The current debt limitation of the City of Lewiston is \$340,005 which is significantly in excess of the City of Lewiston's outstanding general obligation debt.

Additional information on the City of Lewiston's long-term debt can be found in note IV.F on pages 65-70 of this report.

Economic Factors and Next Year's Budgets and Rates

During the past year real estate property valuation increased over \$240 million while personal property valuation increased by \$42 million. Much of the growth in valuation can be attributed to the completion of the Wal-Mart Distribution facility which added \$29 million and continued development of the Bates Mill Complex. New development also occurred in the Gendron Business Park, Lewiston Mall and the downtown Southern Gateway creating new jobs and expanding the City's tax base.

Residential growth also continued during the past year with a number of newly constructed subdivisions generating over 80 new single family homes and condominium units which were added to the City's housing stock.

The unemployment rate for the city of Lewiston is currently 4.9% which is a decrease of .5% from the rate of 5.4% a year ago. This rate is above the State's average unemployment rate of 4.2% and the national average of 4.7%.

The 2008 fiscal year budget adopted by the City Council resulted in a decrease in property taxes and is the 5th consecutive year that property taxes have remained flat or decreased. The adopted budget resulted in a mil rate of \$24.60 which is a reduction of 7.7% from the \$26.65 mil rate of the previous year.

Some of the contributing factors to the reduction in property taxes were the following:

- An increase of \$2.8 million in funding from the State for School Aid which is a result of the new funding formula through the Essential Programs and Services Funding Model adopted by the State in 2005 as part of Public Law 1. In order to receive the additional funding, the City had to increase the local share of property taxes by \$1.3 million. As a result, the School department budget increased by \$3,380 or 8.2%.
- The City implemented an interim valuation adjustment for fiscal year 2008 in order to bring the total assessed valuation closer to the State equalized valuation. Valuations for most residential properties increased by 20 percent while other valuations increased from 0 to 15 percent.
- The increase of \$282 million in taxable assessed valuation was partially the result of the interim valuation but also contributing to the growth was completion of the Wal-Mart distribution center; industrial development in the Gendron Business Park and many new housing developments throughout the City.

Public Law 1 adopted in 2005, imposes a property tax levy limit which is based on a combination of the State's average personal income growth factor and the property growth factor of each individual municipality. This resulted in a total growth factor of 5.69% for the City for the 2008 fiscal year budget. The budget adopted by the City Council was within the limits established by the law and has been since the City has been under this limitation.

The Water, Sewer and Storm Water Department budgets are separately funded with user fees. The approved 2008 fiscal year Water department budget of \$4.0 million was 2.5% greater than the previous year. The reduction in metered consumption and cash shortfall at year end necessitated a 22% increase in water rates. The Sewer Department budget of \$4.5 million was a decrease of 2% however, reduction in metered consumption resulted in a 10% increase in sewer rates. The Storm Water budget of \$2.0 million increased by 9% and a 9% increase in rates was approved to finance its operations.

Requests for Information

This financial report is designed to provide a general overview of the City of Lewiston's finances 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 information should be addressed to the Office of the Finance Director, City of Lewiston, Maine, 27 Pine Street, Lewiston, Maine 04240.

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BASIC FINANCIAL STATEMENTS

Comparative Statement of Net Assets
June 30, 2007

	Primary Government				Component Unit
	Governmental Activities	Business-Type Activities	Total 2007	Total 2006	Community Facility Corp. 2007
ASSETS					
Cash and Cash Equivalents	\$ 1,149,107	\$ 355,553	\$ 1,504,660	\$ 1,274,013	
Investments	28,296,215	6,573,562	34,869,777	22,257,935	
Receivables:					
Taxes	1,588,050		1,588,050	1,358,311	
Accounts (Net of Allowance for Uncollectibles)	1,057,923	2,113,046	3,170,969	2,176,338	\$ 1,331,963
Intergovernmental	2,665,729	125,981	2,791,710	3,344,695	
Loans (Net of Allowance for Uncollectibles)	3,512,603		3,512,603	3,383,517	
Internal Balances	4,749	(4,749)	0	619	
Advance to Component Unit	7,092,274		7,092,274	6,707,213	
Notes and Interest Receivable		252	252	1,679	
Inventory	499,103		499,103	473,642	
Cash - Restricted		478,246	478,246	396,164	
Deferred Charges		220,300	220,300	233,887	
Intangible Assets (Net of Amortization)		120,456	120,456	833	276,859
Investment in Joint Ventures		10,619,346	10,619,346	9,889,284	
Capital Assets:					
Land	12,463,282	243,144	12,706,426	11,761,978	244,300
Buildings	51,759,818	6,684,275	58,444,093	59,560,175	3,430,495
Improvements Other Than Buildings	18,727,280		18,727,280	18,162,700	2,453,738
Machinery and Equipment	20,755,060	2,092,532	22,847,592	22,803,215	917,934
Infrastructure	104,094,682	44,675,109	148,769,791	147,468,415	
Less: Accumulated Depreciation	(68,863,414)	(13,758,655)	(82,622,069)	(80,162,188)	(488,980)
Construction In Progress	14,278,369	2,087,525	16,365,894	7,557,487	
Total Net Capital Assets	153,215,078	42,023,930	195,239,007	187,151,782	6,557,486
Total Assets	199,080,833	62,625,923	261,706,753	238,649,911	8,166,308
LIABILITIES					
Accounts Payable	4,069,672	408,985	4,478,657	2,629,581	
Accrued Wages and Taxes Payable	2,563,292	50,466	2,613,758	2,479,979	
Compensated Absences Payable	1,335,807	57,687	1,393,494	1,322,639	
Notes Payable	76,732		76,732	86,439	150,000
Unearned Revenue	459,758		459,758	77,752	
Customer's Deposits	6,558		6,558	7,086	
Accrued Interest Payable	465,176	220,531	685,707	640,485	58,722
Bond Anticipation Notes Payable	10,519,281		10,519,281		
Advance from Primary Government					7,092,274
Liabilities Payable From Restricted Assets		478,246	478,246	396,164	
Noncurrent Liabilities:					
Due Within One Year	8,726,887	1,802,745	10,529,632	9,290,368	
Due in More Than One Year	92,253,865	23,481,341	115,735,206	109,403,214	
Total Liabilities	120,477,027	26,500,001	146,977,029	126,333,707	7,300,996
NET ASSETS					
Invested in Capital Assets (Net of Related Debt)	86,416,881	19,403,282	105,820,163	98,630,901	
Restricted For:					
Recreation and Human Services	6,780,548		6,780,548	6,273,828	
Debt Service	5,710,000		5,710,000	5,885,000	
Capital Projects	8,397,281		8,397,281	3,530,869	
Nonexpendable Perpetual Care	21,785		21,785	20,601	
Nonexpendable Endowment Fund	1,296,504		1,296,504	1,159,946	
Unrestricted	(30,019,193)	16,722,639	(13,296,554)	(3,184,940)	865,312
Total Net Assets	\$ 78,603,806	\$ 36,125,922	\$ 114,729,725	\$ 112,316,204	\$ 865,312

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

**Comparative Statement of Activities
For the Year Ended June 30, 2007**

Functions and Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets				Component Unit Community Facility Corp. 2007
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Primary Government Total		
							2007	2006	
Primary Government:									
Governmental Activities:									
General Government	\$ 6,892,345	\$ 1,487,280	\$ 859,575		\$ (4,545,491)		\$ (4,545,491)	\$ (2,065,623)	
Public Safety	10,799,866	453,185	11,316		(10,335,365)		(10,335,365)	(9,295,931)	
Public Works	13,143,865	1,234,428	500,128	1,953,408	(9,455,901)		(9,455,901)	(15,392,053)	
Human Services	687,907		340,099		(347,808)		(347,808)	(376,848)	
Culture and Recreation	2,732,445	160,233	5,744		(2,566,469)		(2,566,469)	(1,481,825)	
Other Agencies	4,323,641				(4,323,641)		(4,323,641)	(3,529,154)	
Education & Nutrition	53,707,928	1,223,183	38,864,849		(13,619,896)		(13,619,896)	(10,935,933)	
Pension and Employee Ins.	4,962,208				(4,962,208)		(4,962,208)	(4,596,785)	
Interest on Long-Term Debt	4,015,155				(4,015,155)		(4,015,155)	(3,701,140)	
Total Governmental Activities	<u>101,265,360</u>	<u>4,558,308</u>	<u>40,581,711</u>	<u>1,953,408</u>	<u>(54,171,933)</u>		<u>(54,171,933)</u>	<u>(51,375,293)</u>	
Business-Type Activities:									
Water	3,289,630	3,540,549		186,551		\$ 437,470	437,470	311,301	
Sewer	4,089,047	4,010,870		627,222		549,045	549,045	725,923	
Storm Water	706,750	1,932,116		45,182		1,270,548			
Total Business-Type Activities	<u>8,085,427</u>	<u>9,483,535</u>		<u>858,955</u>		<u>2,257,063</u>	<u>986,515</u>	<u>1,037,224</u>	
Total Primary Government	<u>109,350,787</u>	<u>14,041,843</u>	<u>40,581,711</u>	<u>2,812,363</u>	<u>(54,171,933)</u>	<u>2,257,063</u>	<u>(53,185,418)</u>	<u>(50,338,069)</u>	
Component Unit:									
Community Facility Corp.	\$ <u>237,657</u>	\$ <u>2,253</u>	\$ <u>175,000</u>	\$ <u>920,000</u>					\$ <u>859,596</u>
General Revenues:									
Property Taxes					41,151,357		41,151,357	39,434,602	
Payment in Lieu of Taxes					554,107		554,107	403,417	
Motor Vehicle Excise Taxes					4,121,536		4,121,536	4,076,360	
Franchise Taxes					95,763		95,763	97,481	
Grants and Contributions Not Restricted to Specific Programs:									
Homestead Exemption					849,018		849,018	989,431	
State Revenue Sharing					5,120,501		5,120,501	5,081,645	
Unrestricted Investment Earnings					2,363,010	73,097	2,436,107	1,531,703	
Transfers					932,077	(932,077)	0	0	
Total General Revenues and Transfers					<u>55,187,369</u>	<u>(858,980)</u>	<u>54,328,389</u>	<u>51,614,639</u>	
Change in Net Assets					<u>1,015,436</u>	<u>1,398,083</u>	<u>2,413,519</u>	<u>1,276,570</u>	<u>859,596</u>
Net Assets, July 1					<u>77,588,366</u>	<u>34,727,839</u>	<u>112,316,204</u>	<u>111,039,630</u>	<u>5,716</u>
Net Assets, June 30					<u>\$ 78,603,806</u>	<u>\$ 36,125,922</u>	<u>\$ 114,729,725</u>	<u>\$ 112,316,204</u>	<u>\$ 865,312</u>

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

**Comparative Balance Sheet
Governmental Funds
June 30, 2007**

						<u>Total Governmental Funds</u>	
	General	School Categorical Grants Special Revenue Fund	Debt Service Fund	Capital Projects	Other Governmental Funds	2007	2006
ASSETS							
Cash and Cash Equivalents	\$ 633,483	\$ 121,943	\$ 390	\$ 318,357	\$ 74,933	\$ 1,149,107	\$ 1,203,917
Investments	12,730,082	2,787,324		9,685,600	3,093,209	28,296,215	20,396,639
Receivables:							
Taxes	1,588,050					1,588,050	1,358,311
Accounts (Net of Allowance for Uncollectibles)	607,977			300,000	149,946	1,057,923	740,994
Intergovernmental	1,415,726	1,059,839		52,397	137,766	2,665,729	3,344,695
Loans (Net of Allowance for Uncollectibles)					3,512,603	3,512,603	33,383,517
Due From Other Funds	2,004,341					2,004,341	1,770,150
Advances to Other Funds						-	179,632
Advance to Component Unit	1,382,274		5,710,000			7,092,274	6,610,000
Inventory	478,396	20,707				499,103	473,642
Total Assets	<u>\$ 20,840,330</u>	<u>\$ 3,989,813</u>	<u>\$ 5,710,390</u>	<u>\$ 10,356,354</u>	<u>\$ 6,968,457</u>	<u>\$ 47,865,344</u>	<u>\$ 69,461,496</u>
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts Payable	\$ 1,452,148	\$ 408,675		\$ 1,959,073	\$ 249,776	\$ 4,069,672	\$ 2,457,743
Accrued Wages and Taxes Payable	2,438,634	107,077			17,581	2,563,292	2,443,510
Due to Other Funds		1,836,751			162,840	1,999,591	1,769,136
Notes Payable					76,732	76,732	86,439
Deferred Revenue	1,782,957					1,782,957	1,258,575
Unearned Revenue	31,435					31,435	32,878
Customer's Deposits	6,558					6,558	7,086
Advances From Other Funds					-	-	179,632
Matured Interest Coupon Payable			\$ 390			390	260
Total Liabilities	<u>5,711,731</u>	<u>2,352,503</u>	<u>390</u>	<u>1,959,073</u>	<u>506,930</u>	<u>10,530,627</u>	<u>8,235,259</u>

Fund Balance:							
Reserved for:							
Encumbrances	1,041,868			167,058	129,717	1,338,643	2,944,109
Inventory	478,396	20,707				499,103	473,642
Compensated Absences	1,114,424					1,114,424	1,042,935
Advances	1,950,000		5,710,000			7,660,000	6,814,632
Long-Term Notes Receivable					3,117,543	3,117,543	3,167,615
Asset Acquisition	156,000					156,000	225,000
Perpetual Care and Endowments					1,129,139	1,129,139	1,125,345
Unreserved:							
Designated for:							
Subsequent Year's Expenditures	753,000					753,000	1,166,008
Future Workers Comp. Expenditures	2,192,837					2,192,837	2,327,300
Future Unemployment Comp. Expend.	13,370					13,370	19,503
Undesignated, Reported in:							
General Fund	7,428,704					7,428,704	6,847,593
Special Revenue Funds		1,616,603			1,895,979	3,512,582	3,014,398
Capital Projects Funds				8,230,223		8,230,223	2,002,956
Permanent funds					189,149	189,149	55,202
Total Fund Balance	<u>15,128,599</u>	<u>1,637,310</u>	<u>5,710,000</u>	<u>8,397,281</u>	<u>6,461,527</u>	<u>37,334,714</u>	<u>31,226,236</u>
Total Liabilities and Fund Balance	<u>\$ 20,840,330</u>	<u>\$ 3,989,813</u>	<u>\$ 5,710,390</u>	<u>\$ 10,356,354</u>	<u>\$ 6,968,457</u>		

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.	153,215,078	146,676,005
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds.	1,354,634	1,213,701
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(113,300,626)</u>	<u>(101,527,577)</u>
Net assets of governmental activities	<u>\$ 78,603,806</u>	<u>\$ 77,588,366</u>

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

Comparative Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2007

	General	School Categorical		Debt Service Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds	
		Grants Revenue Fund	Special Revenue Fund				2007	2006
REVENUES								
Taxes	\$ 44,248,138					\$ 1,732,840	\$ 45,980,978	\$ 44,421,960
Licenses and Permits	410,631						410,631	474,501
Intergovernmental	38,004,505	\$ 7,699,377		\$ 638,848		2,062,759	48,405,489	45,650,788
Charges For Services	1,490,521	734,339				123,588	2,348,448	2,448,634
Fines	184,388						184,388	175,983
Interest, Rents and Gain on Investments	1,723,550				430,934	1,168,592	3,323,076	2,477,974
Donations					103,556	108,078	211,634	(47,784)
Miscellaneous	340,318					2,824	343,142	823,661
Total Revenues	<u>86,402,051</u>	<u>8,433,716</u>			<u>1,173,338</u>	<u>5,198,681</u>	<u>101,207,786</u>	<u>96,425,715</u>
EXPENDITURES								
Current:								
General Government	3,290,854					2,749,758	6,040,612	5,464,821
Public Safety	10,279,738						10,279,738	10,045,790
Public Works	6,587,772						6,587,772	7,255,844
Human Services	568,797					117,866	686,664	688,012
Culture and Recreation	2,176,401					113,665	2,290,066	2,601,278
Intergovernmental	3,119,615						3,119,615	3,059,161
Education	45,125,230	5,585,107					50,710,337	47,322,095
Nutrition		2,070,276					2,070,276	1,863,646
Miscellaneous	5,803,315						5,803,315	5,857,590
Debt Service:								
Redemption of Serial Bonds			\$ 6,935,431				6,935,431	6,276,021
Interest on Serial Bonds			3,921,987				3,921,987	3,632,071
Capital Lease Debt			106,876				106,876	106,876
Bond Issuance Costs			48,870				48,870	54,678
Capital Outlay					15,429,003	1,200,103	16,629,106	14,835,605
Total Expenditures	<u>76,951,722</u>	<u>7,655,382</u>	<u>11,013,164</u>		<u>15,429,003</u>	<u>4,181,392</u>	<u>115,230,664</u>	<u>109,063,489</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,450,329	778,334	(11,013,164)	(14,255,666)	1,017,289		(14,022,878)	(12,637,774)
OTHER FINANCING SOURCES (USES)								
Transfers In	1,452,483		10,838,164	396,516	358,750		13,045,913	11,665,150
Transfers Out	(10,130,206)	(500,000)		(473,719)	(1,009,911)		(12,113,836)	(12,098,590)
Issuance of Bond Anticipation Notes				10,519,281			10,519,281	
Issuance of General Obligation Bonds				8,680,000			8,680,000	10,275,000
Total Other Financing Source (Uses)	<u>(8,677,723)</u>	<u>(500,000)</u>	<u>10,838,164</u>	<u>19,122,078</u>	<u>(651,161)</u>		<u>20,131,358</u>	<u>9,841,560</u>
Net Change in Fund Balance	<u>772,606</u>	<u>278,334</u>	<u>(175,000)</u>	<u>4,866,412</u>	<u>366,128</u>		<u>6,108,481</u>	<u>(2,796,214)</u>
Fund Balance, July 1	14,355,993	1,358,976	5,885,000	3,530,869	6,095,399		31,226,234	34,022,450
Fund Balance, June 30	<u>\$ 15,128,599</u>	<u>\$ 1,637,310</u>	<u>\$ 5,710,000</u>	<u>\$ 8,397,281</u>	<u>\$ 6,461,527</u>		<u>\$ 37,334,715</u>	<u>\$ 31,226,236</u>

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

**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, 2007**

Net Change in Fund Balances - Total Governmental Funds Reported on Statement 4	\$ 6,108,481
Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense of \$5,455,767 in the current period.	8,333,199
The net effect of the disposition of capital assets which resulted in a loss that decreased net assets. Disposed assets were historically valued at \$5,820,902, with accumulated depreciation of \$4,026,776, and proceeds received of \$56,910.	(1,794,126)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	140,933
The issuance of long-term debt (e.g., bonds, 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 the net assets. This amount is the net effect of these differences in the treatment of long-term debt.	(12,160,407)
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.	<u>387,358</u>
Change in net assets of governmental activities (see Statement 2)	<u>\$ 1,015,436</u>

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

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
General Fund
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual & Year End Encumbrances	Variance With Final Budget - Positive (Negative)
	Original & 2006 Encumbrances	Final & 2006 Encumbrances		
REVENUES				
Taxes:				
Real Estate	\$ 39,874,411	\$ 39,874,411	\$ 40,126,602	\$ 252,191
Excise	3,919,000	3,919,000	4,121,536	202,536
Licenses and Permits	418,015	418,015	410,631	(7,384)
Intergovernmental	33,212,587	33,212,587	33,892,418	679,831
Charges For Services	1,391,900	1,391,900	1,490,521	98,621
Fines	214,050	214,050	184,388	(29,662)
Interest, Rents and Royalties	1,396,085	1,396,085	1,723,550	327,465
Miscellaneous	131,000	131,000	340,318	209,318
Total Revenues	80,557,048	80,557,048	82,289,965	1,732,917
EXPENDITURES				
Current:				
General Government:				
Mayor and City Council	46,575	48,456	37,488	10,968
Economic Development	120,730	129,343	124,311	5,033
City Administrator	277,560	315,961	315,906	55
City Attorney	165,000	165,000	145,449	19,551
City Clerk	246,143	271,995	271,273	722
Human Resources	235,747	253,373	250,850	2,522
Finance and Administration	1,454,865	1,576,144	1,489,518	86,626
Buildings and Parking Facilities	717,353	731,960	672,408	59,552
Total General Government	3,263,973	3,492,232	3,307,204	185,027
Public Safety:				
Police	5,012,304	5,278,049	5,069,388	208,661
Fire	4,815,224	5,010,846	4,956,260	54,586
Inspection	250,434	271,248	278,276	(7,028)
Other	18,458	18,458	18,289	169
Total Public Safety	10,096,420	10,578,601	10,322,213	256,388
Public Works:				
Administration	164,995	181,270	174,458	6,813
Engineering	111,079	140,874	154,127	(13,252)
Maintenance and Sanitation	6,943,038	7,209,601	7,039,289	170,312
Total Public Works	7,219,112	7,531,746	7,367,873	163,873
Social Services	682,805	697,221	568,797	128,424
Recreation	1,196,562	1,254,854	1,192,771	62,082
Library	967,633	1,031,302	1,057,943	(26,641)
Intergovernmental	3,119,615	3,119,615	3,119,615	-
Education	40,288,820	40,288,820	41,108,256	(819,436)

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis
General Fund
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual & Year End Encumbrances	Variance With Final Budget - Positive (Negative)
	Original & 2006 Encumbrances	Final & 2006 Encumbrances		
Miscellaneous:				
Insurances	3,511,170	3,511,170	3,368,621	142,549
Pensions and Retirement	2,044,010	884,558	712,427	172,131
Reserves and Contingencies	117,100	97,100	(3,664)	100,764
Other Miscellaneous	866,377	886,377	1,759,446	(873,069)
Total Miscellaneous	<u>6,538,657</u>	<u>5,379,205</u>	<u>5,836,830</u>	<u>(457,625)</u>
Total Expenditures	<u>73,373,596</u>	<u>73,373,596</u>	<u>73,881,504</u>	<u>(507,908)</u>
Excess of Revenues Over Expenditures	7,183,452	7,183,452	8,408,461	1,225,009
OTHER FINANCING SOURCES (USES)				
Transfers In	261,000	261,000	1,452,483	1,191,483
Transfers Out	<u>(10,181,456)</u>	<u>(10,181,456)</u>	<u>(10,130,206)</u>	<u>51,250</u>
Total Other Financing Sources and Uses	<u>(9,920,456)</u>	<u>(9,920,456)</u>	<u>(8,677,723)</u>	<u>1,242,733</u>
Net Change in Fund Balance - Budgetary Basis	(2,737,003)	(2,737,003)	(269,262)	2,467,742
Add Back Encumbrances	1,345,995	1,345,995	1,041,868	(304,127)
Net Change in Fund Balance - GAAP Basis	(1,391,008)	(1,391,008)	772,606	2,163,615
Fund Balance, July 1,	14,355,993	14,355,993	14,355,993	
Fund Balance, June 30	<u>\$ 12,964,985</u>	<u>\$ 12,964,985</u>	<u>\$ 15,128,599</u>	<u>\$ 2,163,615</u>

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

Comparative Statement of Net Assets
Proprietary Funds
June 30, 2007
Business-Type Activities - Enterprise Funds

	Water	Sewer	Storm Water	Total All Funds	
	Enterprise Fund	Enterprise Fund	Enterprise Fund	2007	2006
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 44,342	\$ 197,216	\$ 113,995	\$ 355,553	\$ 167,309
Investments	868,663	3,443,993	2,260,906	6,573,562	1,861,296
Restricted Cash - Customer Deposits	10,790	467,456		478,246	396,164
Accounts Receivable (Net of Allowance for Uncollectibles)	690,099	775,335	647,612	2,113,046	1,435,344
Intergovernmental Receivable			125,981	125,981	
Notes & Interest Receivable		252		252	300
Total Current Assets	<u>1,613,894</u>	<u>4,884,252</u>	<u>3,148,494</u>	<u>9,646,640</u>	<u>3,860,413</u>
Noncurrent Assets:					
Notes & Interest Receivable					1,379
Other Assets:					
Deferred Charges	131,372	80,385	8,543	220,300	233,887
Intangible Assets (Net of Amortization)	44,715		75,741	120,456	833
Investment in Joint Ventures	1,853,915	8,765,431		10,619,346	9,889,284
Total Other Assets	<u>2,030,002</u>	<u>8,845,816</u>	<u>84,284</u>	<u>10,960,102</u>	<u>10,124,004</u>
Capital Assets:					
Land	71,850	171,294		243,144	265,644
Buildings	3,105,379	3,578,896		6,684,275	6,684,275
Pipelines and Mains	33,687,458	10,987,651		44,675,109	44,075,739
Machinery & Equipment	1,185,512	907,020		2,092,532	1,924,605
Less: Accumulated Depreciation	(8,574,695)	(5,183,960)		(13,758,655)	(12,727,765)
Construction in Progress	526,285	1,044,678	516,562	2,087,525	253,280
Total Net Capital Assets	<u>30,001,790</u>	<u>11,505,579</u>	<u>516,562</u>	<u>42,023,930</u>	<u>40,475,778</u>
Total Noncurrent Assets	<u>32,031,792</u>	<u>20,351,394</u>	<u>600,846</u>	<u>52,984,032</u>	<u>50,601,161</u>
Total Assets	<u>\$ 33,645,686</u>	<u>\$ 25,235,646</u>	<u>\$ 3,749,340</u>	<u>\$ 62,630,672</u>	<u>\$ 54,461,574</u>

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

**Comparative Statement of Net Assets
Proprietary Funds
June 30, 2007
Business-Type Activities - Enterprise Funds**

	Water Enterprise Fund	Sewer Enterprise Fund	Storm Water Enterprise Fund	Total All Funds	
				2007	2006
LIABILITIES					
Current Liabilities:					
Revenue Bonds Payable - Current	\$ 1,092,235	\$ 550,510	\$ 160,000	\$ 1,802,745	\$ 1,461,724
Accounts Payable	337,731	35,686	35,568	408,985	171,838
Accrued Payroll	31,319	13,048	6,099	50,466	36,469
Compensated Absences Payable	38,461	19,226		57,687	58,322
Accrued Interest Payable	155,995	64,536		220,531	219,704
Due to Other Funds	205	1,935	2,609	4,749	395
Customer Deposits Payable	10,790	467,456		478,246	396,164
Total Current Liabilities	<u>1,666,736</u>	<u>1,152,397</u>	<u>204,276</u>	<u>3,023,409</u>	<u>2,344,616</u>
Noncurrent Liabilities:					
Deferred Credits					33
Revenue Bonds Payable	12,982,273	7,479,068	3,020,000	23,481,341	17,389,086
Total Noncurrent Liabilities	<u>12,982,273</u>	<u>7,479,068</u>	<u>3,020,000</u>	<u>23,481,341</u>	<u>17,389,119</u>
Total Liabilities	<u>\$ 14,649,009</u>	<u>\$ 8,631,465</u>	<u>\$ 3,224,276</u>	<u>\$ 26,504,750</u>	<u>\$ 19,733,735</u>
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	\$ 15,927,282	\$ 3,476,001		\$ 19,403,283	\$ 21,624,935
Unrestricted	3,069,395	13,128,180	\$ 525,064	16,722,639	13,102,904
Total Net Assets	<u>\$ 18,996,677</u>	<u>\$ 16,604,181</u>	<u>\$ 525,064</u>	<u>\$ 36,125,922</u>	<u>\$ 34,727,840</u>

**Comparative Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2007
Business-Type Activities - Enterprise Funds**

	Water	Sewer	Storm Water	Total All Business-Type Activities	
	Enterprise Fund	Enterprise Fund	Enterprise Fund	2007	2006
OPERATING REVENUES					
Intergovernmental			\$ 45,182	\$ 45,182	
Charges for Services	\$ 3,540,549	\$ 4,010,870	1,932,116	9,483,535	\$ 7,496,441
Total Operating Revenues	<u>3,540,549</u>	<u>4,010,870</u>	<u>1,977,298</u>	<u>9,528,717</u>	<u>7,496,441</u>
OPERATING EXPENSES					
Cost of Sales and Services	1,374,334	3,073,426	472,494	4,920,254	4,677,388
Administration	614,866	455,495	234,256	1,304,617	928,407
Depreciation	766,678	338,495		1,105,173	937,301
Total Operating Expenses	<u>2,755,878</u>	<u>3,867,416</u>	<u>706,750</u>	<u>7,330,044</u>	<u>6,543,096</u>
Operating Income	784,671	143,454	1,270,548	2,198,673	953,346
NONOPERATING REVENUES (EXPENSES)					
Interest Revenues	4,838	61,781	6,478	73,097	60,015
Increase in Fund Equity of Joint Ventures	102,840	627,222		730,062	711,261
Interest Expense	(513,341)	(206,724)		(720,065)	(713,781)
Gain (Loss) on Sale of Capital Assets	15,600			15,600	(18,754)
Amortization of Deferred Charges	(20,411)	(14,907)		(35,318)	(40,284)
Total Nonoperating Revenue (Expenses)	<u>(410,474)</u>	<u>467,372</u>	<u>6,478</u>	<u>63,376</u>	<u>(1,543)</u>
Income Before Contributions & Transfers	374,197	610,826	1,277,026	2,262,049	951,803
Transfers In					122,465
Transfers Out	(60,203)	(119,912)	(751,962)	(932,077)	(159,018)
Capital Contributions	68,111			68,111	145,437
Change in Net Assets	382,105	490,914	525,064	1,398,083	1,060,687
Total Net Assets, July 1	<u>18,614,572</u>	<u>16,113,267</u>	<u></u>	<u>34,727,839</u>	<u>33,667,153</u>
Total Net Assets, June 30	<u>\$ 18,996,677</u>	<u>\$ 16,604,181</u>	<u>\$ 525,064</u>	<u>\$ 36,125,922</u>	<u>\$ 34,727,840</u>

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

**Comparative Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended June 30, 2007
Business-Type Activities - Enterprise Funds**

	Water	Sewer	Storm Water	Total	
	Enterprise Fund	Enterprise Fund	Enterprise Fund	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received From Customers	\$ 3,533,517	\$ 4,069,895	\$ 1,203,704	\$ 8,807,116	\$ 7,566,335
Cash Paid to Suppliers for Goods and Services	(868,330)	(3,130,049)	(486,835)	(4,485,214)	(5,211,825)
Cash Paid to Employees for Services	(870,728)	(438,428)	(175,639)	(1,484,795)	(1,337,919)
Net Cash Provided by Operating Activities	<u>1,794,459</u>	<u>501,418</u>	<u>541,230</u>	<u>2,837,107</u>	<u>1,016,591</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers to Other Funds	(60,203)	(119,912)	(751,962)	(932,077)	(36,553)
Net Cash (Used For) Noncapital Financing Activities	<u>(60,203)</u>	<u>(119,912)</u>	<u>(751,962)</u>	<u>(932,077)</u>	<u>(36,553)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds From Sale of Revenue Bonds	1,430,000	3,285,000	3,180,000	7,895,000	1,165,000
Acquisition and Construction of Capital Assets	(1,230,414)	(935,466)	(592,303)	(2,758,183)	(3,263,095)
Principal Paid on Revenue Bonds	(1,077,286)	(384,438)		(1,461,724)	(1,402,858)
Interest Paid on Revenue Bonds	(522,690)	(196,547)		(719,237)	(719,607)
Cost of Issuing Revenue Bonds	(3,844)	(8,543)	(8,543)	(20,930)	
Capital Contributions	68,111			68,111	145,437
Payments Received from Capital Notes		1,397		1,397	375
Net Cash (Used For) Capital & Related Financing Activities	<u>(1,336,123)</u>	<u>1,761,403</u>	<u>2,579,154</u>	<u>3,004,434</u>	<u>(4,074,748)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Net Sales (Purchases) of Investments					
Interest Earned (Paid) on Investments	4,838	61,812	6,478	73,128	60,071
Net Cash Provided By Investing Activities	<u>4,838</u>	<u>61,812</u>	<u>6,478</u>	<u>73,128</u>	<u>60,071</u>
Net Increase (Decrease) in Cash	402,971	2,204,721	2,374,901	4,982,592	(3,034,639)
Cash and Cash Equivalents, July 1	<u>520,824</u>	<u>1,903,945</u>		<u>2,424,769</u>	<u>5,459,408</u>
Cash and Cash Equivalents, June 30	<u>\$ 923,795</u>	<u>\$ 4,108,665</u>	<u>\$ 2,374,901</u>	<u>\$ 7,407,361</u>	<u>\$ 2,424,769</u>
Cash and Cash Equivalents	44,342	197,216	113,995	355,553	167,309
Investments	868,663	3,443,993	2,260,906	6,573,562	1,861,296
Restricted Cash	10,790	467,456		478,246	39,164
Total Cash and Cash Equivalents	<u>\$ 923,795</u>	<u>\$ 4,108,665</u>	<u>\$ 2,374,901</u>	<u>\$ 7,407,361</u>	<u>\$ 2,067,769</u>

Reconciliation of Operating Income to Net Cash Provided By Operating Activities					
Operating Income	\$ 784,671	\$ 143,454	\$ 1,270,548	\$ 2,198,673	\$ 953,346
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:					
Depreciation	766,678	338,495		1,105,173	937,301
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(9,644)	(20,446)	(773,594)	(803,684)	(69,457)
Increase (Decrease) in Customer Deposits	2,612	79,471		82,083	139,351
Increase (Decrease) in Accounts Payable	240,554	(38,976)	35,568	237,146	(935,846)
Increase (Decrease) in Accrued Payroll	9,451	(1,553)	6,099	13,997	(11,213)
Increase (Decrease) in Accrued Leave	(68)	(567)		(635)	2,770
Increase (Decrease) in Due to Other Funds	205	1,540	2,609	4,354	341
Total Adjustments	<u>1,009,788</u>	<u>357,964</u>	<u>(729,318)</u>	<u>638,432</u>	<u>63,245</u>
Net Cash Provided By Operating Activities	<u>\$ 1,794,459</u>	<u>\$ 501,418</u>	<u>\$ 541,230</u>	<u>\$ 2,837,107</u>	<u>\$ 1,016,591</u>

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

**Comparative Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2007**

	<u>Private Purpose Trust Funds</u>		<u>Agency Funds</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
ASSETS				
Cash			\$ 170,257	\$ 177,317
Investments	\$ 177,293	\$ 180,533		
Total Assets	<u>177,293</u>	<u>180,533</u>	<u>170,257</u>	<u>177,317</u>
LIABILITIES				
Due to General Fund		619		
School Activities Payable			163,834	165,517
DAB Payable			3,573	9,050
SSI Client Payable			<u>2,849</u>	<u>2,750</u>
Total Liabilities		<u>619</u>	<u>170,257</u>	<u>177,317</u>
NET ASSETS				
Held in trust for scholarships and other purposes	\$ <u>177,293</u>	\$ <u>179,914</u>	\$ <u>0</u>	\$ <u>0</u>

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

**Comparative Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2007**

	Private Purpose Trust Funds	
	2007	2006
ADDITIONS		
Contributions:		
Bequests	\$ 2,592	
Investment Earnings	9,396	\$ 6,248
Total Additions	11,988	6,248
DEDUCTIONS		
Medical Disbursements		619
Scholarship Awards	14,609	2,253
Total Deductions	14,609	2,872
Change in Net Assets	(2,620)	3,376
Net Assets - Beginning	179,914	176,537
Net Assets - Ending	\$ 177,293	\$ 179,914

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

CITY OF LEWISTON, MAINE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2007

The financial statements of the City of Lewiston have been prepared in conformity with accounting principles generally accepted in the United States as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Lewiston is a municipal corporation governed by an elected mayor and a seven-member council. In evaluating how to define the reporting entity for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit was made by applying the criteria set forth by accounting principles generally accepted in the United States. The criterion used defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of the type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. As required by accounting principles generally accepted in the United States, these financial statements present the City, one discretely presented component unit, and one blended component unit, an entity for which the City is considered to be financially accountable. The City of Lewiston's discretely presented component unit is disclosed in the entity-wide statements as a separate column to demonstrate its legal independence from the primary government and is presented as a business-type activity. Blended component units, although legally separate entities, are in substance, part of the City's operations and so data from these units are combined with data of the City.

Discretely Presented Component Unit. On February 6, 2004, the Community Facility Corporation (CFC) was formed and incorporated as a nonprofit corporation to serve as the parent company of the for-profit entity Lewiston Urban Civic Center Enterprise (LUCCE). CFC was formed as a result of acquiring the assets, to include the ice rink of the formerly known Central Maine Civic Center, and assuming the former owner's outstanding obligations. The arena, in turn, is leased to LUCCE; the home ice rink of the Quebec Major Junior Hockey League team, the Lewiston Maineiacs. A four member board comprised of City of Lewiston's management staff oversees CFC. A separate nine member Board of Directors was formed to preside over LUCCE operations. LUCCE's board consists of six City officials and employees, a Lewiston Development Corporation representative, a Youth Hockey League member, and the Lewiston Maineiac's Governor.

In applying the criteria established in GASB Statement No. 39, "*Determining Whether Certain Organizations are Component Units.*" CFC qualifies as a discretely presented component unit due to the oversight and financial responsibility born by the City. The critical elements in the classification of CFC as a discretely presented component unit are: the economic resources obtained by CFC through LUCCE directly benefit both CFC and the municipality's constituency, rather than the City; and individual corporations were formed with separate board of directors.

The City of Lewiston has issued general obligation bonds on behalf of CFC, in the amount of \$6,880,000 of which \$6,510,000 remains outstanding, for construction improvements to the facility. Further financial information on CFC and LUCCE can be found in complete financial statements obtained through the Corporation's Treasurer at 27 Pine Street, Lewiston, Maine.

Blended Component Unit. The Lewiston Mill Redevelopment Corporation (LMRC) was incorporated as a nonprofit entity on November 18, 1992, to act on behalf of the City Council in the management of the tax acquired former Bates Mill Complex. In fiscal year 2005, the LMRC sold a portion of the complex to a local developer for further rehabilitation and economic development. The upcoming charge of the Board is now to engage in activities to support redevelopment of the Bates Mill Building #5 and manage the boiler plant that services the majority of the entire mill complex. The LMRC operates under a six-member Board of Directors comprised of the Mayor of the City of Lewiston; two members of its City Council; the City Administrator; the Assistant to the City Administrator, and the City Finance Director. The LMRC is included in the City's financial statements as a nonmajor governmental special revenue fund because, although the entity is legally separate from the City, it only acts as a managing agent on behalf of the City. As such, it is essentially an extension of the City government. Financial Statements for the LMRC can be obtained from the City of Lewiston's Finance Department, 27 Pine Street, Lewiston, Maine 04240.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements, which encompass the Statement of Net Assets and the Statement of Changes in Net Assets, report financial information on the City of Lewiston's nonfiduciary activities and component units. The effect of significant interfund activity has been removed from these statements. Governmental Activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from Business-Type Activities, which rely to a significant extent on user fees and charges for service for support. In addition, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

The City of Lewiston has provided separate financial statements for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are not included in the government-wide financial statements. Individual governmental and enterprise funds that qualify as a major fund are reported as separate columns. Individual funds deemed to be nonmajor are condensed to one column on the fund financial statements.

C. Measurement Focus, Basis of Accounting and Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund statements. Under this basis, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the flow of cash. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues at the completion of all imposed eligibility requirements.

The modified accrual basis of accounting and the current financial resources measurement focus is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt, as well as expenditures deriving from long-term compensated absences, claims, and

judgments are recorded as fund liabilities when due or when amounts have been accumulated for payments to be made early in the following year.

Property taxes, licenses, and governmental reimbursements are considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City of Lewiston reports the following major governmental funds:

General Fund – is used to account for resources traditionally associated with the general operation of the government, which are not legally required or by sound financial management to be accounted for in another fund.

School Categorical Grants Special Revenue Fund – reports the activity of various federal and state educational grants for special programs administered by the Lewiston School Department.

Debt Service Fund – records the accumulation of governmental resources to fund capital leases and general obligation bond principal and interest payments.

Capital Projects – a consolidated fund to account for the acquisition of municipal capital assets, or the construction of capital projects and infrastructure funded through general obligation bonds financed by governmental funds.

The City of Lewiston discloses the following major proprietary funds:

Water Enterprise Fund – reports the operating and construction activity of the water system for the City of Lewiston. This fund also provides half of the operating and land acquisition costs associated with the Lake Auburn Watershed Protection Commission.

Sewer Enterprise Fund – accounts for the operation of the sanitary sewer system in Lewiston and payment of Lewiston's share of the costs of waste water treatment provided by the Lewiston-Auburn Water Pollution Control Authority.

Storm Water Enterprise Fund – this fund was created to provide funding for federal storm water mandates and operations. User fees are derived from the amount of impervious surface owned by the customer that creates storm water run-off.

Additionally, the City of Lewiston reports the following Fiduciary Fund Types:

Private Purpose Trust Funds – funds used to report the activity for bequests left for charitable payments of medical expenditures and 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 and medical support.

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

Fiduciary Funds use an economic resources measurement focus, with the exception of Agency Funds which have no measurement focus.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The City of Lewiston has the option of following subsequent private-sector guidance for our

business-type activities and enterprise funds, subject to the same limitation. The City of Lewiston has elected not to follow subsequent private-sector guidance.

As a general rule, the City has eliminated the effect of interfund activity from the entity-wide financial statements, with the exception of the water and sewer charges, and other governmental functions between the proprietary and governmental funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions involved.

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. 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 activity. Operating revenues arise from providing goods or services to outside parties for a fee. The intent of the governing body is that the operating costs, including administration and depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Revenues and expenses that are not derived directly from operations are reported as nonoperating revenues and expenses.

D. Assets, Liabilities and Net Assets or Equity

1. Cash and Investments

Cash includes amounts in demand deposits and certificates of deposit with original maturities of less than three months. The City primarily invests in repurchase agreements and certificates of deposit. The City does not participate in any external investment pools. The investments are reported at their fair value on the balance sheet. For Statement of Cash Flow purposes, the City considers cash and cash equivalents to be demand deposits, certificates of deposit with maturities of less than three months and money market mutual funds.

2. Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet for current activities and "advances to/from other funds" for noncurrent activities. Outstanding interfund balances between governmental activities and business-type activities are reported in the statement of net assets as "internal balances".

The advances from General Fund and Debt Service Fund to the component unit, Community Facility Corporation, as reported on the Governmental Funds Balance Sheet, are offset by a reservation of fund balance. This reservation is made to indicate that these funds are not available for appropriation and are not expendable available financial resources.

All trade, property tax and loan receivables, where applicable, are shown net of an allowance for uncollectible accounts.

3. Inventories

Inventories are valued at cost in the School Categorical Grants Special Revenue Fund and at a weighted average cost method in the General Fund. The costs of inventory items are recognized as expenditures when purchased in the governmental funds, except for the School Categorical Special Revenue Fund and the Highway Department of the General Fund, where inventory items are recorded as expenditures when used. The business-type activities-Enterprise Funds utilize a just-in-time inventory system whereby

inventory is delivered when needed and items are recognized as expenses when used. Therefore, no inventory is held for these funds.

4. Restricted Assets

Deposits placed on customer accounts for water and sewer service are classified as restricted assets on the balance sheet due to their limited use. It is the City's water and sewer policy to require an account deposit for all new service users. This deposit, with applicable interest, is restricted from general operating use in order to preserve monies to refund the customer after remaining in good standing for one year. If favorable credit standing is jeopardized within a year, the deposit proceeds are applied to delinquent balances.

5. Capital Assets

Capital assets, which include land, buildings, capital improvements, equipment, and infrastructure, are reported in the applicable governmental or business-type activities columns in the statement of net assets financial statement. Assets are capitalized if their total cost exceeds \$5,000 and their useful life extends beyond one year. Capital assets are recorded at historical costs or estimated historical costs if constructed. Donated capital assets are recorded at estimated fair value at the time received.

The costs of normal maintenance and repairs that do not add value to the asset or materially extend asset lives are, also, not capitalized.

Capital assets of the City of Lewiston are depreciated using the straight line method over the following estimated useful lives:

Buildings	50 years
Public Improvements	20 - 50 years
Infrastructure	10 - 100 years
Equipment	3 - 15 years
Vehicles	5 - 10 years
Intangible Assets	10 years

6. Compensated Absences

Under terms of union contracts and an employment agreement, City employees are granted vacation and sick leave in varying amounts. City employees, including teachers, may accumulate up to 150 days of unused sick leave. Teachers are reimbursed for up to 50 days of accumulated sick leave upon retirement; all other City employees are reimbursed for up to 75 days of accumulated sick leave upon retirement. Employees, with the exception of teachers, may accumulate up to 35 vacation days and are entitled to full payment upon termination.

Matured accumulated vacation and sick leave are reported as a liability in the governmental funds. All other vacation accumulations are accrued when incurred in the government-wide and proprietary fund financial statements. A liability is created for amounts of accumulated sick leave that are not matured, yet qualified employees are entitled to these benefits upon separation or retirement. Noncurrent, vested sick balances are reported as a liability in the statement of net assets for governmental and business-type activities.

7. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. In the fund financial statements, governmental fund types recognized long-term obligations as a liability when due, or when resources have been accumulated in the Debt Service Fund for payment early in the following year. For

other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The individual fund that incurred the original long-term debt obligation will provide the financial resources to liquidate the liability.

In governmental fund types, bond issuance costs are recognized in the current period. Issuance costs for the Enterprise Funds are amortized on a straight-line basis over the life of the related bond. Unamortized discounts and premiums are displayed as deferred credits and deferred charges respectively.

8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. Comparative Data and Reclassifications

Selected comparative total data for the prior year have been presented throughout this financial report in order to provide an understanding of the changes in the financial position and operations of these funds. Additionally, certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The Governmental Fund Balance Sheet includes a reconciliation between total governmental fund balance and governmental activities net assets as reported in the Government-wide Statement of Net Assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore are not reported in the funds." The components of this \$113,300,626 difference are as follows:

Bonds Payable	\$	91,347,725
Bond Anticipation Notes Payable		10,519,281
Accrued Interest Payable		464,755
Obligation for Workers Compensation Claims		2,563,597
City Pension Plan Net Pension Obligation		2,690,344
Compensated Absences Payable – Sick		1,967,224
Compensated Absences Payable – Vacation		1,335,807
Capital Lease Payable		50,500
Landfill Closure and Post-Closure Care Costs		<u>2,361,393</u>
Net Adjustment to reduce total governmental fund balances to arrive at governmental activities net assets	\$	<u>113,300,626</u>

B. Explanation of certain differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities

Statement 5 provides a reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities. One element of that reconciliation explains that "the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt uses current financial resources of governmental

funds. Neither transaction, however, has any effect on the net assets." The details of this \$12,160,407 difference are as follows:

Debt Issued:	
Issuance of General Obligation Bonds	\$ 8,680,000
Bond Anticipation Notes Payable	10,519,281
Principal Repayments:	
General Obligation Debt	(6,935,461)
Capital Lease Payments	<u>(103,413)</u>
Net Adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	\$ <u>12,160,407</u>

Another component of the reconciliation states that "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." The elements that comprise the \$387,358 reconciling item are noted below:

Accrued Interest Adjustment	\$ (44,298)
Workers Compensation Claims	644,855
Compensated Absences – Sick	(277,578)
Compensated Absences – Vacation	(71,490)
Landfill Closure & Postclosure Care	(63,816)
City Pension Plan Costs	<u>199,685</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	\$ <u>387,358</u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States with the exception that encumbrances are treated as expenditures for budgetary purposes. Budgets for the General Fund, Enterprise Funds and Community Development Block Grant (CDBG) Special Revenue Fund are formally adopted each year through the passage of an appropriation resolve. Other Special Revenue Funds and all Capital Projects Funds have adopted project-length budgets. Unencumbered appropriations lapse at fiscal year end.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in governmental funds. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because goods and services have not been received in the current year. However, for budgetary purposes, encumbrances are treated as expenditures.

Each year, on or before April 1, the City Administrator submits to the City Council a budget for the ensuing fiscal year along with an accompanying message. The Administrator's message explains the budget both in fiscal terms and in terms of work programs. It outlines the proposed financial policies of the City for the coming fiscal year; describes the important features of the budget; indicates any major changes from the

current year's financial policies, expenditures, and revenues, together with the reasons for such changes; summarizes the City's debt position; and includes such other materials as the Administrator deems desirable. It also describes the tax impact of the proposed budget.

The budget is prepared using accounting principles generally accepted in the United States basis with the exception that encumbrances are treated as expenditures for budgetary purposes and the on behalf payments by the State of Maine for the teacher's retirement plan are not budgeted. It provides a complete financial plan of the City's General and Enterprise Funds for the ensuing fiscal year. It begins with a general summary of its contents and shows in detail, all estimated income, indicating the proposed property tax levy affecting the general fund, and all proposed expenditures, including debt service, for the ensuing fiscal year, arranged to show comparative figures for actual and estimated income and expenditures to the preceding fiscal year. It indicates in separate sections:

- (a) Proposed expenditures for current operations during the ensuing fiscal year, detailed by department in terms of their respective work programs, and methods of financing such expenditures;
- (b) Proposed capital expenditures during the ensuing fiscal year, detailed by department, and proposed method of financing such capital expenditures;
- (c) Anticipated net surplus or deficit for the ensuing fiscal year of each utility owned or operated by the City and the proposed method of its disposition; and
- (d) Comparative statements reflecting actual expenditures for the current year and estimated expenditures for the next succeeding fiscal year.

The Administrator makes allotments to various City departments in accordance with needs. No expenditures may be made or obligation incurred without his certification. The level of budgetary control is at the department level for the General Fund and Water, Sewer and Storm Water Enterprise Funds and at the federal program level for the CDBG Special Revenue Fund. The federal program level is established by HUD for program categories serviced by CDBG funds. Within each of these categories, the City of Lewiston outlines projects to be completed to satisfy HUD's national objectives. At any time during the fiscal year, the Administrator may transfer part or all of any unencumbered appropriation balance among programs within a department. Also, upon written request by the Administrator, the City Council may, by resolution, transfer part or all of any unencumbered balance to another department. If, during the fiscal year, the Administrator certifies that there are revenues in excess of the total estimated budget, the Council may make, after a public hearing, supplemental resolutions up to the amount of the excess revenues. Also, to meet a public emergency, the Council may make emergency appropriations by resolution. During the fiscal year ended June 30, 2007, there were no supplemental appropriations adopted by the City Council.

Every budgetary account lapses at the close of the fiscal year to the extent that it has not been expended or encumbered. Encumbered appropriations are carried forward into the following year's budget. Copies of the budget, as adopted, are public records and are made available for inspection by the public at designated places.

B. Budgetary Basis vs. GAAP Basis

The City's budget is reported on a modified accrual basis, except that current year encumbrances are treated as expenditures for budgetary purposes. For financial reporting on the budgetary basis, funds encumbered in the previous year are added to the current year's budgeted figures. Expenditures against the prior year's encumbrances are included with current year expenditures.

The Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual - General Fund and Special Revenue Fund - Budgetary Basis (Statement 6 and Exhibit B-3) presents comparisons of legally adopted budgets, modified by the inclusion of the previous year's encumbrances and with actual

expenditures modified by the inclusion of current year encumbrances. Since accounting principles applied for the purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States, a reconciliation of the entity's timing differences in Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing (Uses) of financial resources is provided on each financial statement.

As required by accounting principles generally accepted in the United States, the City has recorded a revenue and expenditure for Maine State Retirement contributions made by the State of Maine on behalf of the City of Lewiston School Department. This amount has not been budgeted in the General Fund and results in a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States. An intergovernmental revenue of \$4,112,087 additional expenditure of \$4,112,087 in education have been included on Statement 2, Statement of Activities, and in the General Fund, and on Statement 4, Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds (GAAP basis) and have not been reported on Statement 6 (Budgetary basis). Outstanding encumbrances are treated as expenditures under the Budgetary Basis. Total encumbrances amount to \$1,041,868 for General Fund on Statement 6, but have been properly excluded on Statement 4, under the GAAP basis of accounting. For the current year, the Community Development Block Grant Special Revenue Fund had encumbered program balances of \$962,705, at year end.

The City of Lewiston General Fund had significant budget deficits in the following departments: Inspection, \$7,028; Engineering, \$13,252; Library, \$26,641; Education, \$819,436; and Other Miscellaneous, \$873,069. These budget deficits were funded in part by greater than expected revenues in the General Fund.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The City of Lewiston has formally adopted an investment policy, whereby all available funds are invested at the highest possible rates, in conformance with legal requirements, while avoiding unreasonable risk.

Deposits. At June 30, 2007, the carrying amount of the City's deposits was \$2,153,163 and the related bank balance was \$10,307,989.

Custodial Credit Risk for Deposits – The City of Lewiston does not have a formal policy that addresses custodial risk for deposits, which is the risk that the funds may not be returned in the case of bank failure. A portion of this risk is mitigated by the fact the financial institutions holding these deposits are F.D.I.C insured. Of the bank balance noted above, \$10,270,180 was insured by federal depository insurance. The remaining \$37,809 of deposits held in the City's name, were exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments. Maine statutes authorize the City to invest in obligations of the U. S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, corporate securities, stocks of financial institutions, and other stock investments.

At year end, the City's investments consisted of the following:

	<u>Fair Value</u>	<u>Wt. Average Maturity in Years</u>
U.S. Treasuries	\$188,409	2.92
Certificates of Deposits	\$7,030,000	.53
Corporate Stocks	\$788,008	N/A
Corporate Bonds	\$123,596	Less than 1 year
Repurchase Agreements	<u>\$26,917,057</u>	Less than 1 year
Total Fair Value	<u>\$35,047,070</u>	

Interest Rate Risk – The City has a policy which dictates that less than 20% of its portfolio maybe invested in maturities between one and ten years. As a result, the City elects to invest the majority of its funds in short term deposits to satisfy cashflow needs and limit their exposure to declines in fair value. Excess monies in the governmental funds are swept daily by the financial institution into overnight repurchase agreements.

Credit Risk – Maine statutes authorizes the City to invest in U.S. Treasury and agencies, repurchase agreements and certain corporate stocks and bonds. The Library Endowment Permanent Fund is the only fund that utilizes equity investments. The Library Board of Directors contracted with R.M. Davis to manage and invest the endowment funds through Charles Schwab in safe and secure equities. In accordance with City policy, investments in certificates of deposits must be F.D.I.C insured and the principal shall not exceed the amount covered by the insurance at a single financial institution. The City held \$62,094 of corporate bonds with a bond rating of AA and \$61,502 rated at an A+. The City's investment in perfected repurchase agreements as a cash management tool is insured up to \$40 million, agreements in excess of that aggregate amount are fully collateralized at 102%-105%, in accordance with the City's policy.

Custodial Credit Risk for Investments – This is the investment risk taken by the City of Lewiston in the event that we will not be able to recover the value of our investments or collateral securities that are in the possession of an outside entity. The City limits its custodial risk by purchasing its perfected repurchase agreements through the trust departments of TD Banknorth and Bank of America, in the City's name and is held at the Federal Reserve Bank in Boston. The investment in corporate equities and U.S. Treasuries, in the amount of \$1,100,013 has custodial credit risk because those securities are uninsured, unregistered and are held by the City's brokerage firm.

B. Receivables

Receivables at June 30, 2007, for the City of Lewiston's individual major funds, nonmajor, and Business-type - Enterprise funds consist of the following:

	School		Capital	Other	Enterprise Funds			Total
	General	Categorical	Projects	Gov. Funds	Water	Sewer	Storm Water	
Taxes	\$1,588,050							\$1,588,050
Accounts	609,637		\$300,000	\$149,946	\$691,590	\$777,490	\$647,612	3,176,275
Notes\Loans				3,714,873		252		3,715,125
Intergovernmental	1,415,726	\$1,059,839	52,397	137,766			125,981	2,791,709
Gross receivables	3,613,413	1,059,839	352,397	4,002,585	691,590	777,742	773,593	11,271,159
Less: Allowance for Uncollectibles	(1,660)			(202,270)	(1,491)	(2,155)		(207,576)
Net Receivables	\$3,611,753	\$1,059,839	\$352,397	\$3,800,315	\$690,099	\$775,587	\$773,593	\$11,063,583

Property taxes for the current year were committed June 6, 2006, on the assessed value listed as of April 1, 2006, for all real and personal property located in the City. Taxes were due in two installments: September 15, 2006, and March 15, 2007. Interest was charged at 11% on all taxes unpaid as of the due date. Under state statute, the Tax Collector, after the expiration of eight (8) months, and within one year after the date of the original tax commitment, records a tax lien certificate against any unpaid real estate property tax.

The last revaluation occurred in 1988 and was effective for the 1988 assessment. The assessed value for the list of April 1, 2006, upon which the 2007 levy was based, was at approximately 67.8% of the estimated market value.

Property taxes levied during fiscal year 2007 are recorded as receivables. The receivables collected during the fiscal year ended June 30, 2007 and during the 1st 60 days of fiscal year 2008 are recognized as revenues in the Governmental Funds, in fiscal year 2007. Receivables of \$1,354,634, estimated to be collectible subsequent to the 60 day period are considered to be deferred revenues. Prior year tax levies were recorded using this same principle.

The non-current portion of the notes/loans receivable in the Special Revenue Fund has been offset by a reservation of fund balance in that fund because these assets do not represent "Available Expendable Resources".

Intergovernmental receivables consist primarily of funds due from the State of Maine.

On the Statement of Net Assets, the Governmental Funds reported \$459,758 as unearned revenue. This amount represents the prepayment of fiscal year 2008 taxes and multi-unit solid waste pickup, and contractors' deposits in advance for work to be performed in 2008. The unearned revenue reflects the recognition of resources that have been received, but yet to be earned.

C. Capital Assets

The following is a summary of changes in the Primary Government's Governmental Activities' Capital Assets during the fiscal year:

	Balance			Balance
	July 1, 2006	Additions	Retirement	June 30, 2007
Capital Assets not depreciated:				
Land	\$ 11,496,334	\$ 966,948		\$ 12,463,282
Construction in Progress	7,304,207	7,439,362	\$ 465,220	14,278,349
Total Capital Assets not depreciated	18,800,541	8,406,310	465,220	26,741,631
Capital Assets being depreciated:				
Buildings	52,875,900	152,558	1,268,640	51,759,818
Improvements Other Than Buildings	18,162,700	678,102	113,522	18,727,280
Machinery and Equipment	20,878,610	3,849,990	3,973,540	20,755,060
Infrastructure	103,392,676	702,006		104,094,682
Total Capital Assets being depreciated	195,309,887	5,382,656	5,355,702	195,336,841
Less Accumulated Depreciation for:				
Buildings	(18,902,402)	(1,435,226)	(91,516)	(20,246,112)
Improvements Other Than Buildings	(3,592,229)	(697,807)	(95,984)	(4,194,052)
Machinery and Equipment	(11,326,701)	(1,116,190)	(3,839,276)	(8,603,615)
Infrastructure	(33,613,091)	(2,206,545)		(35,819,636)
Total Accumulated Depreciation	(67,434,423)	(5,455,768)	(4,026,776)	(68,863,415)
Total Net Capital Assets				
Being Depreciated	127,875,464	(73,112)	1,328,926	126,473,426
Governmental Activities Capital				
Assets, Net	\$ 146,676,005	\$ 8,333,198	\$ 1,794,126	\$ 153,215,057

Depreciation expense was charged to the various governmental functions as follows: general government, \$807,902; public safety, \$393,249; public works, \$2,917,327; culture and recreation, \$428,565; urban redevelopment, \$86,107; and education and nutrition, \$822,617.

At June 30, 2007, the City had entered into contracts for, or had otherwise committed to, the construction or renovation of various facilities as follows:

	Project	Expended	Commitment	Required
	Authorization	To Date	Commitment	Further
	Authorization	To Date	Commitment	Financing
Business Park Develop.	\$ 300,000	\$ 263,952	\$ 28,392	None
City Building Improvements	225,000	197,901	4,772	None
Parking Garage Improve.	450,000	420,101	32,770	\$ 2,871
Infrastructure Improve.	325,000	182,086	96,570	None

The following is a summary of the Primary Government's Business-type capital assets for the City's Enterprise Funds at June 30, 2007:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
Capital Assets not depreciated:				
Land	\$ 265,644		22,500	\$ 243,144
Construction in Progress	253,280	\$ 2,473,864	\$ 639,618	2,087,525
Total Capital Assets not depreciated	518,924	2,473,864	662,118	2,330,669
Capital Assets being depreciated:				
Buildings	6,684,275			6,684,275
Equipment	1,924,605	242,211	74,283	2,092,532
Sewer and Water Lines	44,075,739	599,369		44,675,109
Total Capital Assets being depreciated	52,684,619	841,580	74,283	53,451,916
Less Accumulated Depreciation for:				
Buildings	(2,680,838)	(125,034)		(2,805,871)
Equipment	(1,297,926)	(182,887)	(74,283)	(1,406,530)
Sewer and Water Lines	(8,749,001)	(797,253)		(9,546,254)
Total Accumulated Depreciation	(12,727,765)	(1,105,174)	(74,283)	(13,758,655)
Total Net Capital Assets Being Depreciated	39,956,855	(263,594)		39,693,261
Business-type Capital Assets, Net	\$ 40,475,778	\$ 2,210,270	\$ 662,118	\$ 42,023,930

Depreciation expense was charged to the various business-type activities as follows: water enterprise fund, \$766,678; and sewer enterprise fund, \$338,495.

Assets for the Community Facility Corporation discretely presented component unit are as follows:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
Capital Assets not depreciated:				
Land	\$ 244,300			\$ 244,300
Total Capital Assets not depreciated	244,300			244,300
Capital Assets being depreciated:				
Buildings	3,430,495			3,430,495
Improvements to Buildings	2,158,913	\$ 250,829		2,409,742
Equipment	269,434	669,896	34,397	904,933
Total Capital Assets being depreciated	5,858,842	920,725	34,397	6,745,170
Less Accumulated Depreciation for:				
Buildings	(203,686)	(85,762)		(289,448)
Improvements Other Than Buildings	(80,977)	(58,003)		(138,980)
Machinery and Equipment	(38,549)	(35,910)	(13,907)	(60,552)
Total Accumulated Depreciation	(323,213)	(179,675)	(13,907)	(488,980)
Total Net Capital Assets Being Depreciated	5,535,629	741,050		6,256,190
CFC Capital Assets, Net	\$ 5,779,930	\$ 741,050	20,490	\$ 6,500,490
Intangible Assets being amortized:				
Closing Costs	\$ 360,847			\$ 360,847
Less Accumulated Amortization	(59,406)	\$ (24,582)		(83,988)
CFC Intangible Assets, Net	\$ 301,441	\$ (24,582)		\$ 276,859

D. Interfund Transactions

As of June 30, 2007, the balances of interfund activity were as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 2,004,341	
School Categorical Grants		\$ 1,836,751
Nonmajor Governmental Funds		162,840
Water Enterprise Fund		205
Sewer Enterprise Fund		1,935
Storm Water Enterprise Fund		2,609
Total	\$ 2,004,341	\$ 2,004,341

Interfund receivables and payables as of year end, primarily represent unreimbursed accounts payable and payroll disbursements from the General Fund's consolidated checking account.

Interfund Advances:

The City of Lewiston's General Fund made a \$1,382,274 advance to its component unit, Community Facility Corporation (C.F.C.) for working capital. General obligation bonds were issued by the City's Debt Service Fund, in the amount of \$6,080,000, on behalf of C.F.C. The Debt Service Fund advanced the proceeds to C.F.C. for improvements to the façade, ticket box office, administrative offices, and the concession and banquet facilities. The outstanding principal balance is \$5,710,000 at June 30, 2007.

Transfers In/Out:

	Transfers In	Transfers Out
General Fund	\$ 1,452,483	\$ 10,130,206
School Categorical Grants		500,000
Debt Service Fund	10,838,164	
Capital Projects Fund	396,516	473,719
Nonmajor Governmental Funds	358,750	1,009,911
Water Enterprise Fund		60,203
Sewer Enterprise Fund		119,912
Storm Water Enterprise Fund		751,962
Total	\$ 13,045,913	\$ 13,045,913

The majority of the transfers between funds are comprised of debt service payments of the current year's principal and interest payments, to the Debt Service Fund. Other transfers are made for fringe benefit payments and overhead costs.

E. Leases

Operating Leases. The City of Lewiston renovated the old District Court Building in order to prepare for the State of Maine's Violation Bureau's operations. The City has a 15 year lease with the Judicial Department, with a 5 year renewal option. Rental income from this operating lease in 2007 was \$112,176. The cost of the building and associated improvements was \$736,889 and accumulated depreciation at the end of this fiscal year was \$374,278 resulting in the net carrying value of \$361,611.

Lewiston CellTelCo. Partnership has contracted with the City of Lewiston, the lessor, to rent a portion of roof and ground space at the Lewiston Armory to construct a mobile telephone base station. The agreement is for five years, with 3 five-year renewal options, in the amount of \$19,500 per year.

As part of the Southern Gateway Development, the municipality, as a lessee, entered into an operating lease for three parcels of land. The security of this land afforded the City the opportunity to construct a new municipal parking garage in our targeted development area. Rental expenditures for this lease were \$30,000, for the fiscal year end June 30, 2007.

Operating leases do not give rise to property rights and therefore the results of the lease agreements are not reflected in the City's capital assets. The lessees are responsible for paying all executory costs such as maintenance and insurance.

The following is a schedule by year, of minimum future rental income and expenditures on the City's non-cancelable operating leases as of June 30, 2007:

Fiscal Year Ended June 30	General Fund Rental Income	General Fund Rental Expenditures
2008	\$ 131,676	\$ 30,000
2009	137,978	30,000
2010	144,280	30,000
2011	144,280	30,000
2012	124,780	30,000
Thereafter	886,691	1,232,500
TOTAL	\$ 1,569,685	\$ 1,382,500

Minimum future rentals do not include contingent rentals which may be received as stipulated in the lease contracts. There were no contingent rental payments received in fiscal year 2007.

Capital Leases. The City has entered into three capital lease agreements as a lessee for financing municipal equipment, and for land acquisition. These leases have given rise to property rights and qualify as a capital lease for accounting purposes. These assets acquired through capital leases included machinery and equipment of \$312,503, less \$34,638 of accumulated depreciation and \$206,809 in land that were recorded in the Governmental Activities Fund.

Payment obligations for these capital leases have been satisfied as of year end. The future minimum lease obligations of the remaining leases, and the net present value (PV) of these minimum lease payments as of June 30, 2007, were as follows:

Fiscal Year Ended June 30	Lease Payment Amount
2008	32,668
2009	18,502
Less: Amount of Interest	(670)
PV of Lease Payments \$	50,500

F. Long-Term Debt

General Obligation Bonds. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 20 year serial bonds, with equal amounts of principal maturing annually.

The general obligation bonds currently outstanding, of the original \$135,481,992 issued, are as follows:

Municipal Improvements	Interest Rate	Balance At 6/30/07
Capital Improvement – 1977	5.2%	\$ 15,000
Capital Improvement – 1987	7.4%	29,900
Capital Improvement – 1989	6.8%	376,392
Capital Improvement – 1991	6.5%	353,421
Capital Improvement – 1992	5.0%	253,750
Capital Improvement – 1993	4.7%	530,438
Capital Improvement – 1994	4.4%	868,229
Capital Improvement – 1995	6.0%	1,025,765
Economic Development Initiative	6.9%	185,000
Capital Improvement – 1996	4.7%	1,850,000
Capital Improvement – 1997	5.1%	262,509
Capital Improvement – 1998	4.6%	637,500
Capital Improvement – 1999	4.5%	2,285,000
Capital Improvement – 2000	5.2%	2,105,961
Education Loan Fund – 2001	0%	250,811
Capital Improvement – 2001	4.3 & 6.9%	6,895,000
Qualified Zone Academy Bonds – 2002	0%	410,000
Capital Improvement – 2002	4.3%	3,467,500
Municipal Pension Bonds	6.4%	14,895,000
Qualified Zone Academy Bonds – 2003	0%	1,486,000
Capital Improvement – 2003	3.2%	4,674,000
Capital Improvement – 2004	4.25%	17,896,250
Capital Improvement – 2005	4.01%	12,299,800
Capital Improvement – 2006	4.17%	9,614,500
Capital Improvement – 2007	4.46%	8,680,000
		\$ 91,347,725

Annual debt service requirements to maturity for general obligation bonds, including interest of \$32,206,102 are as follows:

Fiscal Year	Total Debt		
Ended	Principal	Interest	Service
June 30	Requirements	Requirements	Requirements
2008	\$ 7,386,187	\$ 3,996,275	\$ 11,382,463
2009	7,219,914	3,831,644	11,051,556
2010	7,159,439	3,523,321	10,682,760
2011	6,801,884	3,224,695	10,026,580
2012	6,691,898	2,927,057	9,618,956
2013-2017	31,935,953	10,031,572	41,967,526
2018-2022	16,772,750	3,945,713	20,718,463
2023-2027	7,379,700	725,825	8,105,523
Total	\$ 91,347,725	\$ 32,206,102	\$ 123,553,827

Revenue Bonds. The City also issues bonds through its Enterprise Fund, where the City pledges income derived from acquired or constructed assets to pay debt service. Revenue bonds outstanding at June 30, 2007, of the total \$37,302,000 originally issued, are as follows:

Municipal	Interest	Balance
Improvements	Rate	at 6/30/07
Water Division:		
Water Improvement – 1977	5.2%	\$ 30,000
Lake Auburn Chemical Facility	7.9%	23,000
Water Improvement – 1989	6.8%	18,255
Water Improvement – 1991	6.5%	436,579
Water Improvement – 1992	5.7%	151,250
Water Improvement – 1993	4.7%	53,813
Water Improvement – 1994	4.4%	306,250
Water Improvement – 1995	6.0%	169,235
Water Improvement – 1996	4.7%	270,000
Water Improvement – 1997	5.1%	500,176
Water Improvement – 1998	4.6%	182,500
Water Improvement – 1999	4.5%	300,000
Water Improvement – 2000	5.4%	69,000
Water Improvement – 2001	4.3%	200,000
Water Improvement – 2002	4.3%	527,500
Water Improvement – 2003	3.2%	3,840,000
Water Improvement – 2004	4.25%	446,250
Water Improvement – 2005	4.02%	4,727,700
Water Improvement – 2006	4.17%	393,000
Water Improvement - 2007	4.46%	1,430,000

14,074,508

Sewer Division:

Sewer Improvement – 1987	8.0%	7,100
Sewer Improvement – 1989	6.8%	190,353
Sewer Improvement – 1992	5.7%	95,000
Sewer Improvement – 1993	4.7%	30,750
Sewer Improvement – 1994	4.4%	25,521
Sewer Improvement – 1997	5.1%	53,753
Sewer Improvement – 1999	4.5%	60,000
Sewer Improvement – 2000	5.4%	303,601
Sewer Improvement – 2001	4.3%	930,000
Sewer Improvement – 2002	4.3%	640,000
Sewer Improvement – 2003	3.2%	766,000
Sewer Improvement – 2004	4.25%	637,500
Sewer Improvement – 2005	4.02%	292,500
Sewer Improvement – 2006	4.17%	712,500
Sewer Improvement - 2007	4.46%	<u>3,285,000</u>
		<u>8,029,578</u>

Storm Water Division:

Storm Water Improve. - 2007	4.46%	<u>3,180,000</u>
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Total Revenue Bond Debt	25,284,086
Less: Current Installments	<u>1,802,745</u>
Long-Term Revenue Bond Debt	<u>\$ 23,481,341</u>

Revenue bond debt service requirements to maturity, including \$9,248,944 of interest, are as follows:

Fiscal Year Ended June 30	Annual Debt		
	Principal Requirements	Interest Requirements	Service Requirements
2008	\$ 1,802,745	\$ 891,290	\$ 2,694,036
2009	1,744,022	969,134	2,713,157
2010	1,734,505	902,367	2,636,873
2011	1,657,061	836,443	2,493,503
2012	1,542,046	771,309	2,313,354
2013-2017	7,126,157	2,958,429	10,084,586
2018-2022	6,267,250	1,543,664	7,810,914
2023-2027	3,410,300	376,308	3,786,607
TOTAL	\$ 25,284,086	\$ 9,248,944	\$ 34,533,030

At June 30, 2007, the City had \$43,025,738 bonds authorized by the City Council but have not been issued. There are no restrictive bond covenants with which the City must comply.

Changes in Long-Term Liabilities. During the year ended June 30, 2007, the following changes occurred in long-term liabilities for the City of Lewiston:

	Balance			Balance	Due Within
	July 1	Additions	Reductions	June 30	One Year
<u>Governmental Activities:</u>					
General Obligation Debt	\$89,603,156	\$8,680,000	\$6,935,431	\$91,347,725	\$7,386,187
Workers Comp Claims	3,208,452		644,855	2,563,597	724,535
Compensated Absences- Sick	1,689,646	294,599	17,021	1,967,224	166,500
Capital Leases	153,913		103,413	50,500	32,668
City Pension Plan Net					
Pension Obligation	2,890,029	129,009	328,694	2,690,344	385,997
Landfill Closure and Post-					
closure Care	2,297,577	94,816	31,000	2,361,393	31,000
Total Governmental Activities	99,842,773	9,198,424	8,060,414	100,980,783	8,726,887
<u>Business-Type Activities:</u>					
Revenue Bond Debt	18,850,810	7,895,000	1,461,724	25,284,086	1,802,745
Total Business-Type Activities	18,850,810	7,895,000	1,461,724	25,284,086	1,802,745
	\$118,693,583	\$17,093,424	\$9,522,138	\$126,264,869	\$10,529,632

The City is subject to the laws of the State of Maine which limits the amount of long-term debt to 15% of the state's assessed valuation of the City. At June 30, 2007, the statutory limit for the City was \$340,005,000.

In accordance with the Tax Reform Act of 1986, governments issuing tax-exempt bonds or entering into note or lease obligations are required to perform an arbitrage rebate calculation upon the fifth anniversary of the obligation and to remit the rebate to the federal government, subject to certain exceptions. Since the effective date of these rules, the City has not been subject to any arbitrage refunds due to exceptions to the regulations. The City has issued bonds, including the bond issue for the year ended 2007, which may be subject to an arbitrage calculation. The amount will not be determined until the related projects are completed or the five year anniversary has lapsed.

Advance & Current Refundings. In prior years the City defeased certain general obligation bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2007, \$7,930,000 of bonds outstanding are considered defeased.

Overlapping Debt. The actual direct and overlapping debt at June 30, 2007, of \$122,753,095 was \$217,251,905 less than the statutory limit. The City's proportionate share of all local governmental units which provide services within the City and which must be borne by properties in the City, is summarized below:

	Debt	Percentage	
	Outstanding	Applicable to the City	City's Share of Debt
Municipal & School Debt	\$91,347,725	100.00%	\$91,347,725
Water, Sewer & Storm Water Debt	25,284,086	100.00%	25,284,086
Androscoggin County Jail	965,000	30.36%	292,974
L.A. Water Pollution Control Authority	9,750,107	56%	5,460,060
L.A. Watershed Protection Comm.	444,000	50%	222,000
L.A. 911 Committee	292,500	50%	146,250
			<u>\$122,753,095</u>

This results in a ratio of City debt to April 1, 2006 assessed valuation of 7.59% and a ratio of overlapping debt to April 1, 2006 valuation of 7.98%.

Bond Anticipation Notes. The City issued a one year bond anticipation note for the construction of the Farwell Elementary School, on July 6, 2006, at a rate of 4.75%. The principal of \$10,430,000, plus accrued interest was permanently financed subsequent to year end, on July 6, 2007. The State Department of Education has approved this project for state subsidy and will reimburse the City for principal and interest costs on the \$10,721,062 principal amount of the project. The City will be responsible for the remaining principal and interest costs of \$599,687 of the project.

Conduit Debt. The City has from time to time, assisted third parties in financing capital activities by participating in conduit debt transactions. The City is not obligated in any manner for this debt, and as a result has not reported these liabilities or any related assets in the basic financial statements. The outstanding principal balance of conduit debt, as of June 30, 2007, was \$5,704,252.

V. OTHER INFORMATION

A. Tax Increment Financing Districts

The City of Lewiston has established twelve tax increment financing districts (TIFs) to stimulate new investment in the community by assisting businesses with public infrastructure or unusually high development costs. Taxes generated from TIF districts can be "captured" and utilized to pay for the City's bonded indebtedness associated with the new public infrastructure investment or returned to the developer in the form of a credit enhancement. The City of Lewiston accounts for all the activity of the TIF districts including captured taxes and expenditures for approved purposes in the Urban Development Special Revenue Fund. The following is a brief description of each tax increment financing district:

TIF District	Original Assessed Value	Current Assessed Value	New Taxes	Expended for Debt or Credit Enhancement
Fairgrounds Bus. Park	\$6,623,100	\$19,315,400	\$338,250	\$53,719
Montello Heights	\$3,973,500	\$7,994,100	\$107,149	\$63,836
Promenade Mall	\$5,700,400	\$9,687,850	\$106,266	\$46,509
Penmor Lithographers	\$19,000	\$938,850	\$24,514	\$9,500
Diamond Phoenix	\$119,150	\$5,055,500	\$131,554	\$52,621
Butler Brothers	\$112,800	\$2,217,050	\$56,078	\$22,431
F.R. Lepage Bakeries	\$110,850	\$1,227,400	\$29,756	\$22,317
RPM Realty Trust	\$2,096,200	\$4,730,500	\$71,350	\$28,540
Sun Journal	\$225,350	\$1,104,600	\$23,432	\$4,686
Franklin Property Trust	\$387,500	\$6,329,800	\$158,362	\$158,362
CMP Sub-station	\$16,950	\$3,225,500	\$85,508	\$93,475
Wal-Mart	\$1,333,700	\$65,073,700	\$1,698,671	\$971,583

B. Risk Management

The City is self-insured in the areas of workers' compensation and unemployment compensation, and accounts for and finances its uninsured risks of loss in the General Fund.

The City established a limited risk management program for Workers' Compensation in 1979. The program is self-insured for up to \$500,000 per occurrence on all employees. Excess coverage is purchased above this retained level. The City has contracted with outside parties for claims administration. All funds of the City participate in the program. Funds are appropriated in the General Fund and premiums are assessed to all other participating funds to pay claims, claim reserves and administrative costs of the program. These payments are based primarily on rates established by the State of Maine for various job classifications and are adjusted to cover the liability for future claims, as determined by annual actuarial estimates. The actuarial estimates reflect discounting at 5% to recognize the significant time lag between when claim obligations are recognized by the City and when claims are paid.

During the fiscal year ended June 30, 2007, a total of \$644,855, net of insurance proceeds, was paid in benefits and administrative costs. The outstanding future claim settlements estimation is reported on the Statement of Net Assets-Governmental Activities as a noncurrent liability. Consistent with accounting principles generally accepted in the United States, a liability for claims is 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 statements and the amount of the loss can be reasonably estimated.

Changes in the Workers' Compensation claims liability amount in fiscal years 2006 and 2007 were as follows:

	2006	2007
Beginning liability balance	\$4,012,667	\$3,208,452
Current year claims and changes in estimates		
Claims payments	(804,215)	(644,855)
Ending balance	\$3,208,452	\$2,563,597

Currently, there is a shortfall of \$361,110 between the amount available to pay the noncurrent workers' comp claims and the noncurrent workers' comp. liability. The City reduced the shortfall by \$520,168 during this fiscal year through utilization of a safety incentive program and cost savings measures. The City will fund this shortfall over the next few years, through increased budget appropriations. Claims for unemployment compensation do not represent a material amount and, therefore, have not been accrued at year end.

Other. Additionally, the City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the City either carries commercial insurance or participates in a public entity risk pool. Currently, the City participates in a public entity risk pool sponsored by the Maine Municipal Association (MMA) for property and casualty. Based on the coverage provided by the pool, the City is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2007, nor were there any additional settlements that exceeded the maximum limitation.

C. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

D. Related Organizations

The Mayor has the responsibility for appointing all seven members of the Lewiston Housing Authority Board of Directors, who serve staggered five-year terms. Each appointment is subject to confirmation by the City Council. The City's accountability for the Housing Authority does not extend beyond making these appointments.

Certain members of the City of Lewiston's governing body and top management staff also serve as Board of Directors for the both the Community Facility Corporation and its subsidiary corporation, Lewiston Urban Civic Center Enterprise. CFC's Board of Directors consists of the City's City Administrator, Assistant City Administrator, Finance Director, and Deputy Finance Director. The Mayor, two City Councilors, the City Administrator, Assistant City Administrator, and Finance Director serve on LUCCE's Board of Directors. Additionally, the nine member board is completed by representatives appointed by the Youth Hockey League, the Lewiston Development Corporation, and the Governor of the Lewiston *Maineiacs*.

E. Joint Ventures

The City of Lewiston has entered into several joint ventures with other entities. These joint ventures are considered to be separate reporting entities and have not been included within the financial statements of the City. The joint ventures are as follows:

1. Lewiston-Auburn Water Pollution Control Authority

The Lewiston-Auburn Water Pollution Control Authority is a joint venture of the City of Lewiston and the Auburn Sewerage District. The Authority was incorporated in 1967, as a quasi-municipal corporation to provide and maintain facilities adequate for the treatment and disposal of waste water discharged by the sewage systems of the two cities.

Income and losses are allocated among the participating entities based on the service benefiting each city. The Lewiston-Auburn Water Pollution Control Authority meets the criteria for a joint venture of the Business-type Fund and is included as an investment in the City's Sewer Enterprise Fund using the equity method of accounting.

Management consists of a seven member Board of Directors comprised of (1) the Lewiston Assistant City Administrator; (2) the Lewiston Public Services Director; (3) an at-large citizen of Lewiston who is appointed by the Mayor and confirmed by the City Council; (4) the Auburn City Manager; (5) the Superintendent of the Auburn Water & Sewerage District; (6) the President or his appointee of the Auburn Water & Sewerage District; and (7) a resident of either Lewiston or Auburn elected by the Board.

The City's share of the net change in the Authority's fund balance is reported as a nonoperating revenue in its Sewer Enterprise Fund. At June 30, 2007, the City's equity interest in the LAWPCA was recorded at \$8,765,431, an increase of \$627,222 over 2006. In the fiscal year ended June 30, 2007, \$2,476,265 was paid to the Authority out of the City's Sewer Enterprise Fund. At December 31, 2006, the Authority was liable for unsecured bonds payable totaling \$9,750,107, a decrease of \$1,019,597 from 2005. The City's liability for the Authority's debt is limited to its share of the operations. In 2007, Lewiston's share was set at 56%. Complete financial statements can be obtained from the LAWPCA's main office at 535 Lincoln Street, Lewiston, Maine, 04240.

2. Auburn-Lewiston Municipal Airport

The Auburn-Lewiston Municipal Airport is owned jointly by the cities of Auburn (50%) and Lewiston (50%). The board is comprised of the Auburn City Manager; the Lewiston Finance Director; one councilor from each city, appointed by their respective City Council; one member from each city, appointed by their respective City Council; one member nominated by the Chamber of Commerce and approved by the Board, with each appointment being a resident of the alternate city of the previous seventh member.

The City of Lewiston contributed \$136,269 for operating expenditures. In addition to contributions from the two municipalities, the Airport derives revenue through rents, user fees, interest from investments in time deposits and from federal and state grants. In the year ended June 30, 2006, the Airport's unrestricted net assets increased by \$81,292 to \$1,088,599. Complete financial statements can be obtained from the Airport's main office at Lewiston Junction Rd, Auburn, Maine, 04210.

3. 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. The Committee also applies for and administers, federal and state capital acquisition and operating assistance grants, for mass transit benefiting the twin city area. Since 1982, the Transit Committee has leased its buses to a private operator, for transit system use. The Committee is made up of seven members, three each from the cities of Lewiston and Auburn, appointed by their respective City Councils, and an at large member from either city appointed by the Committee.

The Committee's sources of revenue include rentals, federal and state grants, and contributions from the Cities of Lewiston and Auburn. For the fiscal year ended June 30, 2007, the City of Lewiston contributed \$117,994 for operating expenses. In the year ended September 30, 2006, the Committee's unrestricted net assets increased by \$34,965 to \$169,395. Complete financial statements can be obtained from the Androscoggin Valley Council of Governments, 125 Manley Rd, Auburn, Maine, 04210.

4. Lewiston-Auburn Economic Growth Council

The Lewiston-Auburn Economic Growth Council (LAEGC) is a non-profit corporation formed to stimulate industrial and commercial development and expansion in the Cities of Lewiston and Auburn. Lewiston participates equally in this joint venture with the City of Auburn. The Council is administered by a twelve member board comprised of three members from each city who are appointed by the Mayors of those

cities. Three board members are appointed by the Lewiston Development Corporation and three board members are appointed by the Auburn Business Development Corporation.

The Council derives the bulk of its revenues from the participants, but also receives some funds from user fees. In fiscal year 2007, the City of Lewiston contributed \$109,429. In the year ended June 30, 2006, the LAEGC's unrestricted net assets increased by \$67,350 to \$566,700. Complete financial statements may be obtained at the LAEGC's main office at 37 Park St., Lewiston, Maine, 04240.

5. Lewiston-Auburn 9-1-1 Committee

The Lewiston-Auburn 9-1-1 Committee is a joint venture of the Cities of Lewiston and Auburn. Incorporated on January 26, 1978, the committee provides an emergency communication system for the Lewiston-Auburn area. The Committee is made up of nine members: the police and fire chiefs of each city; one councilor from each city; a citizen-at-large from each city, appointed by the respective city councils; and a citizen-at-large elected by those eight members.

The committee's sole source of revenues consists of equal contributions from the Cities of Lewiston and Auburn. In the fiscal year ended June 30, 2007, the City of Lewiston contributed \$867,500. In the year ended June 30, 2007, the Committee's total fund equity increased by \$41,476 to \$69,679. Complete financial statements may be obtained from the Lewiston-Auburn 9-1-1 Manager at 550 Minot Ave. Auburn, Maine, 04210.

6. Lake Auburn Watershed Protection Commission

The Lake Auburn Watershed Protection Commission is a joint venture of the City of Lewiston and the Auburn Water District. The Commission, incorporated in 1993, was created to preserve the purity of Lake Auburn, the main water source for the twin cities.

The Commission is administered by a nine member board made up of three members appointed by the Auburn Water District, of whom one must be the Trustee; three members appointed by the Lewiston City Council, of whom one must be a Councilor; two members appointed by the municipal officers of the following towns which border the watershed: Minot, Hebron, Buckfield, and Turner; and one member of the Androscoggin Valley Council of Governments who must be its Executive Director or his designee.

The Commission derives its revenues solely from equal contributions from the City of Lewiston and the Auburn Water District. The Lake Auburn Watershed Protection Commission meets the criteria for a joint venture of the Business-type Fund and is included as an investment in the City's Water Enterprise Fund. At June 30, 2007, the City's equity interest in the Commission was \$1,853,915, an increase of \$102,840. The City also contributed \$132,125 as its share of the Commission's operating expenses for the year. Complete financial statements can be obtained from the City of Lewiston's Finance Department, 27 Pine St., Lewiston, Maine, 04240.

F. Landfill Closure and Postclosure Care Cost

Under state and federal laws and regulations, the City is required to place a final cover on its landfills when waste is no longer accepted, and to 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 landfills, the City is recognizing a related liability based on estimated future closure and postclosure care costs that will be paid near or after the date that the landfills stop accepting waste and ash. The City reports a portion of these closure and postclosure care costs as a long-term liability on the Statement of Net Assets under Governmental Activities based on landfill capacity used as of each balance sheet date.

In December 1992, the then existing River Road landfill stopped accepting waste. Work on the final cover was completed in the fiscal year ended June 30, 1995. The new landfill began accepting waste in April 1992 and is currently a recipient of ash, as part of an Ash for Trash Program. This landfill is expected to remain operational until 2013. The cumulative amount estimated to date for post-closure care costs of the

closed landfill totals \$628,600. The closure and postclosure care costs, based on the usage to date of 36.6% of total estimated capacity of the new landfill, amount to \$1,732,793. The total liability of \$2,361,393 is reported as a noncurrent liability of the Statement of Net Assets. The liability increased by a net of \$63,816 based on utilization of the new landfill and the amortization of the postclosure landfill costs during the year. The balance of estimated closure and postclosure care costs for the new landfill, of \$3,001,207 will be recognized as the remaining capacity of the landfill is utilized. The estimated total current cost of the landfill closure and postclosure care, of \$5,362,600, is based on the amount that would be paid for all equipment, facilities, and services required to close, monitor, and maintain the landfill as of June 30, 2007.

The estimated cost of closure and postclosure care does not anticipate cost sharing with the State of Maine. Actual cost may be higher due to inflation, changes in technology, or changes in regulations, or lower if the State of Maine reimburses the City for a portion of the cost. The City expects to pay for the actual closure cost with general obligation bonds issued at the time of closure and for postclosure care costs through its annual operating budgets thereafter.

G. Deferred Compensation Plans

The City of Lewiston offers its employees two deferred compensation plans created in accordance with Internal Revenue Code (IRC) Section 457. The plans, available to all city employees, permit them to defer a portion of their salary until future years. Participation in the plans is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

In 1997, the City amended the plan in accordance with the provisions of IRC Section 457(g). In that year, assets of the plan were placed in trust for the exclusive benefit of participants and their beneficiaries. The requirements of that IRC Section prescribes that the City no longer owns the amounts deferred by employees, including the related income on those amounts. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets, were removed from the City's financial statements.

Investments are managed by the plans' trustees under several investment options. The choice of investment options is made by the participants.

H. Employee Retirement Systems

Consolidated Plan

Description of the Plan. The City contributes to Maine State Retirement System Consolidated Plan, a cost sharing, multiple-employer, public employee retirement system established by the Maine State legislature. The Maine State Retirement System (MSRS) 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 Maine State Legislature. The MSRS issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained by writing to MSRS, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Description of Funding Policy. Plan members are required to contribute 6.5% of their annual covered salary and the City of Lewiston is required to contribute an actuarially determined rate. The current rate is 2.8% for municipal employees under Plan A, 6.5% for certain police officers under Special Plan Option #1 and 4.0% for certain firefighters under Special Plan Option #2, of annual covered payroll. The contribution rates of plan members and the City of Lewiston are established and may be amended by the MSRS Board of Trustees. The City's contributions to the MSRS Consolidated Plan for the years ended June 30, 2007, 2006, 2005, 2004, and 2003, were \$873,779, \$751,385, \$714,909, \$696,829, and \$683,074, respectively, equal to the required contributions for each year.

Unfunded Actuarial Liability. Upon joining the consolidated plan on July 1, 1997, the City's initial unfunded unpooled actuarial liability (IUUAL) was calculated. The IUUAL represents the remaining amount of the City's pension liability upon transitioning to the consolidated plan from a participating local district (PLD). The outstanding IUUAL at that time, was amortized over a 20 year period, with the annual payment increasing by 6%, until the IUUAL is paid in full. In December 2001, the City issued general obligation pension bonds, with a total par value of \$16,395,000, to pay off its outstanding IUUAL. As of June 30, 2007, the outstanding balance of the general obligation pension bonds was \$14,895,000.

Teachers Plan

Description of the Plan. All of the City's teachers, plus other qualified educators, participate in the MSRS teacher group. The teacher's group is a cost sharing plan with a special funding situation established by the Maine State legislature. The MSRS provides the 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 Maine State Legislature. The MSRS issues a publicly available financial report that includes financial statements and required supplementary information for the teacher's group. That report may be obtained by writing to MSRS, 46 State House Station, Augusta, Maine 04333-0046.

Description of Funding Policy. Employees are required, by state statute, to contribute 7.65% of their compensation to the retirement system. For employees compensated through federal pass-through grants, the City contributes amounts determined by the State of Maine. The Maine State Department of Education is required, by the same statute, to contribute the employer contribution. This amount has been reported as an intergovernmental revenue and education expenditure on the GAAP basis financial statements (Statement 4). The City contributed \$370,280 (19.14%) for the federally funded teacher's employer contribution. In the year ended June 30, 2007, employees contributed \$1,792,532, while the State of Maine Department of Education contributed \$4,112,087, on behalf of the City's educators.

City Pension Plan

Description of the Plan. The City Pension Plan is non-contributory, single-employer, defined benefit pension plan administered by the City and covers certain police, fire and public works employees who joined prior to the City's participation in the Maine State Retirement System. Once the City elected to participate in the MSRS, employees were no longer eligible to join this plan. Retirement benefits of 1/2 of the average, final compensation, are paid upon an employee attaining the age of 65, or having served not less than 25 years. Beneficiaries of fire and police retirees are also entitled to survivor benefits. Cost-of-living adjustments provided to the members and beneficiaries, and plan benefit revisions are made through City Council's authorization. At June 30, 2007, the plan consisted of 14 retirees and beneficiaries. There are no active employees in the plan.

Funding Policy. The City funds the plan on a pay-as-you-go basis and budgets sufficient funds, each year, to meet the annual pension cost. As a result, 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 when they become due. The actual contributions by the City in fiscal year 2007 were \$328,694.

Annual Pension Cost and Net Pension Obligation. The City's annual pension cost and net pension obligation as of June 30, 2007 were as follows:

Annual Required Contribution (ARC)	\$ 198,739
Interest on Net Pension Obligation	231,202
Adjustments to Annual Required Contribution	<u>(300,932)</u>
Annual Pension Cost	129,009
Contributions Made	<u>(328,694)</u>
Increase (Decrease) in Net Pension Obligation	(199,685)
Net Pension Obligation at June 30, 2006	<u>2,890,029</u>
Net Pension Obligation at June 30, 2007	<u>\$ 2,690,344</u>

Since the City's pension plan is a pay-as-you-go plan with no active employees, there are no accumulated assets which results in a zero funded ratio. Likewise, the ratio of liabilities to covered payroll is also zero. The actuarial assumptions used in the plan evaluation include: using a unit credit actuarial cost method, an 8% return on investment, 4% rate of inflation, and a 4% future cost-of-living adjustment. The unfunded actuarial accrued liability is being recognized as a level dollar amount on a closed basis. The remaining amortization period for this liability was 18 years as of June 30, 2007. Other than the approved City Council cost-of-living adjustment, which for the year ending June 30, 2007 was 3.75%, postretirement benefits are not expected to change.

Three Year Trend Information for the City of Lewiston's City Pension Plan

Fiscal Year Ending	Annual Pension Cost (APC)	% of APC Contributed	Net Pension Obligation
June 30, 2005	\$151,692	227%	\$3,079,530
June 30, 2006	\$143,348	232%	\$2,890,029
June 30, 2007	129,009	255%	2,690,344

Schedule of Employer Contributions

Fiscal Year End	Actuarial Required Contributions (ARC)	Percent of ARC Contributed
1998	\$408,887	142%
1999	\$381,073	145%
2000	\$364,792	151%
2001	\$339,623	153%
2002	\$309,605	167%
2003	\$312,352	166%
2004	\$287,604	143%
2005	\$216,581	159%
2006	\$210,643	158%
2007	\$198,739	165%

CITY OF LEWISTON, MAINE
Required Supplementary Information
June 30, 2007

I. CITY PENSION PLAN.

A. Schedule of Funding Progress.

The City Pension Plan is a pay-as-you-go, defined benefit plan. This plan is provided for and administered by the City of Lewiston, therefore separate financial statements are not available for this plan.

Actuarial Valuation Date	Plan Assets	Actuarial Accrued Liability	Employer Contributions
1998	0	\$4,518,637	\$579,004
1999	0	\$4,167,100	\$551,715
2000	0	\$3,943,391	\$549,040
2001	0	\$3,625,395	\$520,489
2002	0	\$3,259,755	\$515,670
2003	0	\$3,239,417	\$519,711
2004	0	\$2,933,774	\$412,177
2005	0	\$2,169,445	\$344,085
2006	0	\$2,068,128	\$332,849
2007	0	\$1,908,612	\$328,694

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Community Development Block Grants

To record federal grants obtained and expended under the Housing and Community Development Act of 1974, as amended, for the development of viable urban communities.

Urban Development Action Grant

To account for federal awards obtained and expended under the Housing and Community Development Act of 1974, for the redevelopment of the downtown commercial core of the city.

Rehabilitation Loan Program

To account for the residential rehabilitation loans received from the Housing Opportunity Zone Program. Funds are targeted to the development of a low/mod residential section of the City.

Lewiston Mill Redevelopment Corporation

A blended component unit that reports the operating activity of a 360,000 square foot, multi-use complex acquired by the City through matured tax liens.

Urban Development Fund

A fund used to record restricted federal and state grant awards received by the City to fund targeted rehabilitation projects, tax increment financing districts, environmental remediation, and infrastructure improvements in our core urban area.

Recreational Activity Programs

Funds generated by offering various recreational activities in which the City provides facilities.

Public Safety, Culture and Other Grants

To account for grants received from various sources, primarily from drug enforcement, but also from other state grants and their related programs.

PERMANENT FUNDS

Permanent Funds are used to account for resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

GAR Cemetery Care Fund

The cemetery care fund was established by various donors for the perpetual care of several old cemeteries, maintenance is provided from the investment income received.

Library Endowment Fund

The Library Endowment Fund is used to purchase library books, videos and periodicals, as well as fund approved capital expenditures.

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2007
(With Comparative Totals for June 30, 2006)

	Special Revenue Funds	Permanent Funds			Total Nonmajor Governmental Funds	
		GAR Cemetery	Library Endowment	Total	2007	2006
ASSETS						
Cash & Cash Equivalents	\$ 74,933				\$ 74,933	\$ 97,969
Investments	1,770,237	\$ 21,785	\$ 1,301,187	\$ 1,322,971	3,093,209	3,168,330
Receivables:						
Accounts	149,946				149,946	35,507
Rehabilitation Loans (Net of Allowance for Uncollectibles)	3,512,603				3,512,603	3,383,517
Intergovernmental	137,766				137,766	581,391
Total Assets	\$ 5,645,485	\$ 21,785	\$ 1,301,187	\$ 1,322,971	\$ 6,968,457	\$ 7,266,713
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts Payable	\$ 249,776				\$ 249,776	\$ 115,049
Due to Other Funds	158,157		\$ 4,683	\$ 4,683	162,840	772,734
Accrued Payroll	17,581				17,581	17,461
Notes Payable	76,732				76,732	86,439
Advances From Other Funds						179,632
Total Liabilities	502,247		4,683	4,683	506,930	1,171,314
Fund Balance						
Reserved for Encumbrances	129,717				129,717	70,185
Reserved for Long-Term Notes Receivable	3,117,543				3,117,543	3,167,615
Reserve for Perpetual Care & Endowments		\$ 12,043	1,117,096	1,129,139	1,129,139	1,125,345
Unreserved, Undesignated	1,895,979	9,742	179,408	189,149	2,085,127	1,732,254
Total Fund Balance	5,143,238	21,785	1,296,504	1,318,288	6,461,527	6,095,399
Total Liabilities & Fund Balance	\$ 5,645,485	\$ 21,785	\$ 1,301,187	\$ 1,322,971	\$ 6,968,457	\$ 7,266,713

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2007
(With Comparative Totals for Year Ended June 30, 2006)

	Special Revenue Funds	Permanent Funds			Total Nonmajor Governmental Funds	
		GAR Cemetery	Library Endowment	Total	2007	2006
REVENUES						
Taxes	\$ 1,732,840				\$ 1,732,840	\$ 917,472
Intergovernmental	2,062,759				2,062,759	2,109,814
Charges For Services	123,588				123,588	144,125
Interest, Rents and Gain on Investments	985,690	\$ 1,183	\$ 181,718	\$ 182,902	1,168,592	726,392
Miscellaneous	2,824				2,824	30,832
Donations	104,284		3,794	3,794	108,078	197,728
Total Revenues	<u>5,011,986</u>	<u>1,183</u>	<u>185,512</u>	<u>186,696</u>	<u>5,198,681</u>	<u>4,126,364</u>
EXPENDITURES						
Current:						
General Government	2,733,217		16,541	16,541	2,749,758	1,987,528
Human Services	117,866				117,866	100,966
Culture & Recreation	113,665				113,665	499,437
Capital Outlay	1,167,689		32,414	32,414	1,200,103	1,023,462
Total Expenditures	<u>4,132,437</u>		<u>48,955</u>	<u>48,955</u>	<u>4,181,392</u>	<u>3,611,393</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	879,548	1,183	136,558	137,741	1,017,289	514,970
OTHER FINANCING SOURCES (USES)						
Transfers In	358,750				358,750	655,799
Transfers Out	(1,009,911)				(1,009,911)	(1,395,718)
Total Other Financing Sources (Uses)	<u>(651,161)</u>				<u>(651,161)</u>	<u>(739,920)</u>
Net Change in Fund Balance	228,387	1,183	136,558	137,741	366,128	(224,950)
Fund Balance, July 1	4,914,851	20,601	1,159,946	1,180,547	6,095,399	6,320,349
Fund Balance, June 30	<u>\$ 5,143,238</u>	<u>\$ 21,785</u>	<u>\$ 1,296,504</u>	<u>\$ 1,318,288</u>	<u>\$ 6,461,527</u>	<u>\$ 6,095,399</u>

**Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2007
(With Comparative Totals for June 30, 2006)**

	Community	Urban	Rehab	Lewiston Mill	Urban	Recreation	Public Safety,	Total All Funds	
	Development Block Grant	Development Action Grant	Loan Programs	Redevelopment Corporation	Development	Activity Programs	Culture & Other Grants	2007	2006
ASSETS									
Cash & Cash Equivalents	\$ 11,815	\$ 974	\$ 4,972	\$ 23,355	\$ 11,375	\$ 12,192	\$ 10,251	\$ 74,933	\$ 97,819
Investments	321,843	26,760	136,598	463,199	392,215	244,152	185,468	1,770,237	1,987,445
Receivables:									
Accounts				15,043	123,029	3,287	8,587	149,946	35,507
Rehabilitation Loans (Net of Allowance for Uncollectibles)	1,338,346	526,476	141,521		1,506,260			3,512,603	3,383,517
Intergovernmental	134,166						3,600	137,766	581,391
Total Assets	\$ 1,806,170	\$ 554,211	\$ 283,091	\$ 501,597	\$ 2,032,879	\$ 259,630	\$ 207,907	\$ 5,645,485	\$ 6,085,679
LIABILITIES AND FUND BALANCE									
Liabilities:									
Accounts Payable	\$ 73,263			\$ 35,287	\$ 131,685	\$ 3,162	\$ 6,378	\$ 249,776	\$ 115,049
Due to Other Funds	93,512	\$ 62	\$ 2,255		62,328			158,157	772,246
Accrued Payroll	4,159				1,280	4,307	7,835	17,581	17,461
Notes Payable				76,732				76,732	86,439
Advances From Other Funds								-	179,632
Total Liabilities	170,935	62	2,255	112,019	195,294	7,470	14,213	502,247	1,170,827
Fund Balance:									
Reserved for Encumbrances	56,664			755	68,088	900	3,310	129,717	70,185
Reserve for Long-Term Notes Receivable	1,154,176	483,093	128,867		1,351,406			3,117,543	3,167,615
Unreserved, Undesignated	424,395	71,056	151,969	388,823	418,091	251,260	190,384	1,895,979	1,677,051
Total Fund Balance	1,635,235	554,149	280,836	389,578	1,837,585	252,160	193,694	5,143,238	4,914,852
Total Liabilities & Fund Balance	\$ 1,806,170	\$ 554,211	\$ 283,091	\$ 501,597	\$ 2,032,879	\$ 259,630	\$ 207,907	\$ 5,645,485	\$ 6,085,679

Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2007
(With Comparative Totals for June 30, 2006)

	Community	Urban	Rehab	Lewiston Mill	Urban	Recreation	Public Safety,	Total All Funds	
	Development Block Grant	Development Action Grant	Loan Programs	Redevelopment Corporation	Development	Activity Fund	Culture & Other Grants	2007	2006
REVENUES									
Taxes					\$ 1,732,840			\$ 1,732,840	\$ 917,472
Intergovernmental	\$ 1,194,654				568,369	\$ 1,950	\$ 297,786	2,062,759	2,109,814
Charges For Services						123,588		123,588	144,125
Interest and Rents	32,750	\$ 14,911	\$ 10,019	\$ 781,429	130,418	9,238	6,926	985,690	645,429
Donations							104,284	104,284	194,989
Miscellaneous	2,757			67				2,824	30,832
Total Revenues	<u>1,230,161</u>	<u>14,911</u>	<u>10,019</u>	<u>781,496</u>	<u>2,431,627</u>	<u>134,776</u>	<u>408,995</u>	<u>5,011,986</u>	<u>4,042,661</u>
EXPENDITURES									
Current:									
General Government	44,226	43,255	15,417	770,162	1,652,597		207,560	2,733,217	1,979,785
Human Services	117,866							117,866	100,966
Culture & Recreation						107,695	5,970	113,665	499,437
Capital Outlay	822,062			167,185			178,442	1,167,689	1,023,462
Total Expenditures	<u>984,154</u>	<u>43,255</u>	<u>15,417</u>	<u>937,347</u>	<u>1,652,597</u>	<u>107,695</u>	<u>391,972</u>	<u>4,132,437</u>	<u>3,603,650</u>
Excess (Deficiency) of Revenues									
Over (Under) Expenditures	246,006	(28,345)	(5,398)	(155,851)	779,030	27,081	17,023	879,548	439,011
OTHER FINANCING SOURCE (USES)									
Transfers In				358,750				358,750	655,799
Transfers Out	(1,425)				(989,601)	(11,000)	(7,885)	(1,009,911)	(1,395,718)
Total Other Financing Sources (Uses)	<u>(1,425)</u>			<u>358,750</u>	<u>(989,601)</u>	<u>(11,000)</u>	<u>(7,885)</u>	<u>(651,161)</u>	<u>(739,920)</u>
Net Change in Fund Balance	244,582	(28,345)	(5,398)	202,899	(210,571)	16,081	9,138	228,387	(300,909)
Fund Balance, July 1	<u>1,390,653</u>	<u>582,493</u>	<u>286,234</u>	<u>186,679</u>	<u>2,048,156</u>	<u>236,080</u>	<u>184,556</u>	<u>4,914,851</u>	<u>5,215,761</u>
Fund Balance, June 30	\$ <u>1,635,235</u>	\$ <u>554,149</u>	\$ <u>280,836</u>	\$ <u>389,578</u>	<u>1,837,585</u>	\$ <u>252,160</u>	\$ <u>193,694</u>	\$ <u>5,143,238</u>	\$ <u>4,914,851</u>

Community Development Block Grant Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts		Actual & Year End Encumbrances	Variance Positive (Negative)
	Original & 2006 Encumbrances	Final & 2006 Encumbrances		
REVENUES				
Intergovernmental	\$ 1,060,961	\$ 1,060,961	\$ 1,194,654	\$ 133,693
Interest & Misc. Revenue			35,507	35,507
Total Revenues	<u>1,060,961</u>	<u>1,060,961</u>	<u>1,230,161</u>	<u>169,200</u>
EXPENDITURES				
Public Service Activities	83,869	118,869	118,869	-
Administration & Planning	495,453	315,387	185,302	130,084
Economic Development	636,900	876,900	763,157	113,743
Housing Rehabilitation	443,024	443,024	454,464	(11,440)
Neighborhood Improvements	520,000			-
Parks & Recreation		425,067	425,067	-
Total Expenditures	<u>2,179,247</u>	<u>2,179,247</u>	<u>1,946,860</u>	<u>232,387</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,118,286)	(1,118,286)	(716,699)	401,587
OTHER FINANCING (USES)				
Transfers Out	(1,425)	(1,425)	(1,425)	
Total Other Financing (Uses)	<u>(1,425)</u>	<u>(1,425)</u>	<u>(1,425)</u>	
Net Change in Fund Balance - Budgetary Basis	(1,119,710)	(1,119,710)	(718,123)	401,587
Add Back Encumbrances	1,119,710	1,119,710	962,705	(157,005)
Net Change in Fund Balance - GAAP Basis			244,582	244,582
Fund Balance, July 1	<u>1,390,653</u>	<u>1,390,653</u>	<u>1,390,653</u>	
Fund Balance, June 30	<u>\$ 1,390,653</u>	<u>\$ 1,390,653</u>	<u>\$ 1,635,235</u>	<u>\$ 244,582</u>

Schedule of Revenues, Expenses and Changes in Net Assets
Proprietary Funds - Budget and Actual
For the Fiscal Year Ended June 30, 2007
Business-Type Activities - Enterprise Funds

	Water Enterprise Fund			Sewer Enterprise Fund			Storm Water Enterprise Fund		
	Original & Final Budget	Actual	Variance Positive (Negative)	Original & Final Budget	Actual	Variance Positive (Negative)	Original & Final Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES									
Charges for Services	\$ 3,647,000	\$ 3,540,549	\$ (106,451)	\$ 4,289,000	\$ 4,010,870	\$ (278,130)	\$ 1,900,000	\$ 1,977,298	\$ 77,298
OPERATING EXPENSES									
Cost of Sales and Services	1,533,176	1,374,334	158,842	3,218,603	3,073,426	145,177	805,987	472,494	333,493
Administration	615,252	614,866	386	467,622	455,495	12,127	318,911	234,256	84,655
Depreciation	135,500	766,678	(631,178)	166,000	338,495	(172,495)	50,000		50,000
Total Operating Expenses	<u>2,283,928</u>	<u>2,755,878</u>	<u>(471,950)</u>	<u>3,852,225</u>	<u>3,867,416</u>	<u>(15,191)</u>	<u>1,174,898</u>	<u>706,750</u>	<u>468,148</u>
Operating Income	1,363,072	784,671	(578,401)	436,775	143,454	(293,321)	725,102	1,270,548	545,446
NONOPERATING REVENUES (EXPENSES)									
Interest Revenues		4,838	4,838	1,000	61,781	60,781		6,478	6,478
Increase in Fund Equity of Joint Ventures		102,840	102,840		627,222	627,222			0
Interest Expense	(523,347)	(513,341)	10,006	(197,761)	(206,724)	(8,963)			0
Gain (Loss) on Sale of Capital Assets		15,600	15,600						
Amortization of Deferred Charges		(20,411)	(20,411)		(14,907)	(14,907)			0
Total Nonoperating Revenue (Expenses)	<u>(523,347)</u>	<u>(410,474)</u>	<u>112,873</u>	<u>(196,761)</u>	<u>467,372</u>	<u>664,133</u>	<u>0</u>	<u>6,478</u>	<u>6,478</u>
Income Before Contributions & Transfers	839,725	374,197	(465,528)	240,014	610,826	370,812	725,102	1,277,026	551,924
Transfers Out	(60,203)	(60,203)		(119,912)	(119,912)		(725,102)	(751,962)	
Capital Contributions		68,111	68,111						
Change in Net Assets	779,522	382,105	(397,417)	120,102	490,914	370,812	0	525,064	525,064
Total Net Assets, July 1	<u>18,614,572</u>	<u>18,614,572</u>		<u>16,113,267</u>	<u>16,113,267</u>		<u>0</u>	<u>0</u>	
Total Net Assets, June 30	<u>\$ 19,394,094</u>	<u>\$ 18,996,677</u>	<u>\$ (397,417)</u>	<u>\$ 16,233,369</u>	<u>\$ 16,604,181</u>	<u>\$ 370,812</u>	<u>\$ 0</u>	<u>\$ 525,064</u>	<u>\$ 525,064</u>

**Combining Statement of Fiduciary Net Assets
Fiduciary Funds - Private Purpose Trust Funds
June 30, 2007**

	Private Purpose Trust Funds		
	Farrar Fund	Scholarship Fund	Total
ASSETS			
Investments	\$ 48,466	\$ 128,828	\$ 177,293
Total Assets	48,466	128,828	177,293
 NET ASSETS			
Held in trust for scholarships and other purposes	\$ 48,466	\$ 128,828	\$ 177,293
	48,466	128,828	177,293

**Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds - Private Purpose Trust Funds
For the Fiscal year Ended June 30, 2007**

	Private Purpose Trust Funds		
	Farrar Fund	Scholarship Fund	Total
ADDITIONS			
Bequests		\$ 2,592	\$ 2,592
Investment Earnings	\$ 2,656	6,741	9,396
Total Additions	2,656	9,333	11,988
 DEDUCTIONS			
Scholarship Awards		14,609	14,609
Total Deductions		14,609	14,609
Change in Net Assets	2,656	(5,276)	(2,620)
Net Assets - Beginning	45,810	134,104	179,914
Net Assets - Ending	\$ 48,466	\$ 128,828	\$ 177,293

Combining Statement of Fiduciary Net Assets
Fiduciary Funds - Agency Funds
June 30, 2007

	Agency Funds			Total
	School Activities	Downtown Advisory Board	Social Security Client Program	
ASSETS				
Cash	\$ 163,834	\$ 3,573	\$ 2,849	\$ 170,257
Total Assets	<u>163,834</u>	<u>3,573</u>	<u>2,849</u>	<u>170,257</u>
LIABILITIES				
School Activities Payable	163,834			163,834
Downtown Advisory Board Payable		3,573		3,573
SSI Client Payable			2,849	2,849
Total Liabilities	<u>163,834</u>	<u>3,573</u>	<u>2,849</u>	<u>170,257</u>
NET ASSETS				
Held in trust for scholarships and other purposes	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal year Ended June 30, 2007

	Balance 07/01/2006	Additions	Deletions	Balance 06/30/2007
School Activities				
Assets				
Cash	\$ 165,517	\$ 588,045	\$ 589,727	\$ 163,834
Liabilities				
Payable to Student Groups	\$ 165,517	\$ 588,045	\$ 589,727	\$ 163,834
Downtown Advisory Board				
Assets				
Cash	\$ 9,050	\$ 123	\$ 5,600	\$ 3,573
Liabilities				
Payable to Downtown Advisory BD	\$ 9,050	\$ 123	\$ 5,600	\$ 3,573
Social Security Administration				
Assets				
Cash	\$ 2,750	\$ 60,216	\$ 60,116	\$ 2,849
Liabilities				
Client Disbursements Payable	\$ 2,750	\$ 60,216	\$ 60,116	\$ 2,849
Total - Agency Funds				
Assets				
Cash	\$ 177,317	\$ 648,383	\$ 655,444	\$ 170,257
Total Assets	<u>\$ 177,317</u>	<u>\$ 648,383</u>	<u>\$ 655,444</u>	<u>\$ 170,257</u>
Liabilities				
Payable to Student Groups	\$ 165,517	\$ 588,045	\$ 589,727	\$ 163,834
Payable to Downtown Advisory Board	9,050	123	5,600	3,573
Client Disbursements Payable	2,750	60,216	60,116	2,849
Total Liabilities	<u>\$ 177,317</u>	<u>\$ 648,383</u>	<u>\$ 655,444</u>	<u>\$ 170,257</u>

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STATISTICAL SECTION

The City of Lewiston's Statistical section presents detail trend information that supplements the users' understanding of the financial data in the financial statements, footnotes, and required supplementary information as it relates to the overall financial strength of the City.

Financial Trends

Tables 1-4, found on pages 91-94, contain trend information to help the user gain an understanding of how the City's financial performance and strength have changed over time.

Revenue Capacity

Information about the City's most significant revenue source, property taxes, and other sources can be located on Tables 5 and 6, on pages 95 and 96.

Debt Capacity

These tables provide information that allows the user to assess the affordability of the City's current levels of outstanding debt and the ability to issue additional debt in the future. Debt capacity tables are located on pages 97-99, or Tables 7-9.

Demographic and Economic Information

Local demographic and economic statistics are presented on Table 10, on page 100. Information noted on this table helps facilitate the understanding of our local environment as it pertains to our financial activities.

Operating Information

Tables 11-13, located on pages 101-103, disclose service and infrastructure information to assist in the comparison of how the City of Lewiston's financial reports correlate with the services the City provides and activities performed.

NET ASSETS BY CATEGORY
Last Ten Fiscal Years

	Fiscal Year				
	2007	2006	2005	2004	2003
Governmental Activities					
Invested in Capital Assets Net of Related Debt	\$ 86,416,881	\$ 77,005,933	\$ 77,560,125	\$ 110,548,794	\$ 91,526,127
Restricted Net Assets:					
Recreation and Human Services	6,780,548	6,273,828	6,495,992	5,407,873	3,335,515
Debt Service	5,710,000	5,885,000	6,080,000		1,910,431
Capital Projects	8,397,281	3,530,869	5,017,710	11,107,271	8,130,883
Nonexpendable Perpetual Care	21,785	20,601	19,679	19,292	19,107
Nonexpendable Endowment Fund	1,296,504	1,159,946	1,084,909	1,078,544	964,416
Unrestricted Net Assets	(30,019,193)	(16,287,812)	(18,885,935)	(49,010,995)	(19,998,619)
Total Governmental Activities Net Assets	78,603,807	77,588,366	77,372,479	79,150,779	85,887,859
Business-Type Activities					
Invested in Capital Assets Net of Related Debt	19,403,282	21,624,968	19,080,069	18,819,271	16,628,725
Unrestricted Net Assets	16,722,639	13,102,872	14,587,084	13,669,946	14,346,569
Total Business-Type Activities Net Assets	36,125,921	34,727,840	33,667,153	32,489,217	30,975,294
Primary Government					
Invested in Capital Assets Net of Related Debt	105,820,163	98,630,901	96,640,194	129,368,065	108,154,852
Restricted Net Assets:					
Recreation and Human Services	6,780,548	6,273,828	6,495,992	5,407,873	3,335,515
Debt Service	5,710,000	5,885,000	6,080,000		1,910,431
Capital Projects	8,397,281	3,530,869	5,017,710	11,107,271	8,130,883
Nonexpendable Perpetual Care	21,785	20,601	19,679	19,292	19,107
Nonexpendable Endowment Fund	1,296,504	1,159,946	1,084,909	1,078,544	964,416
Unrestricted Net Assets	(13,296,554)	(3,184,940)	(4,298,851)	(35,341,049)	(5,652,050)
Total Primary Government Net Assets	\$ 114,729,725	\$ 112,316,204	\$ 111,039,630	\$ 111,639,992	\$ 116,863,153

Only years presented due to the implementation of GASB Statement No. 34 in fiscal year 2003.

**CHANGES IN NET ASSETS
Last Ten Fiscal Years**

	Fiscal Year				
	2007	2006	2005	2004	2003
Governmental Activities					
General Government	\$ 6,892,345	\$ 4,270,789	\$ 6,335,690	\$ 15,035,307	\$ 7,397,632
Public Safety	10,799,866	9,965,122	9,790,631	9,346,830	8,969,111
Public Works	13,143,865	20,210,525	17,633,091	9,956,954	6,303,973
Human Services	687,907	693,885	635,771	702,671	655,761
Culture and Recreation	2,732,444	1,929,781	2,233,771	2,334,334	2,545,683
Other Agencies	4,323,641	3,059,161	2,606,124	3,019,453	2,762,813
Education and Nutrition	53,707,928	47,202,130	47,315,387	46,654,075	41,824,236
Pensions and Employee Insurances	4,962,208	4,606,785	4,994,029	5,839,536	11,002,095
Interest on Long-Term Debt	4,015,155	3,701,140	3,517,985	3,058,363	3,609,207
Total Governmental Activities Expenses	101,265,360	95,639,319	95,062,479	95,947,524	85,070,511
Business-Type Activities					
Water	3,289,630	3,379,319	2,894,812	2,611,534	2,384,664
Sewer	4,089,047	3,936,596	3,933,332	3,823,091	3,630,763
Storm Water	706,750				
Total Business-Type Activities Expenses	8,085,427	7,315,915	6,828,144	6,434,624	6,015,427
Total Primary Government Expenditures	109,350,787	102,955,234	101,890,623	102,382,148	91,085,938
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	1,487,280	1,745,675	1,219,124	2,551,494	1,994,406
Public Works	1,234,428	1,353,179	1,088,461	836,914	643,509
Education & Nutrition	1,223,183	1,186,405	1,206,383	1,160,356	1,185,940
Other	613,417	530,951	547,129	595,693	522,758
Operating Grants and Contributions	40,581,711	37,086,977	34,005,822	32,695,782	29,422,009
Capital Grants and Contributions	1,953,408	2,830,831	3,556,303	1,841,372	2,851,335
Total Governmental Activities Revenues	47,093,427	44,734,018	41,623,222	39,681,611	36,619,957
Business-Type Activities:					
Charges for Services	9,483,535	7,496,441	7,223,053	7,195,308	6,792,255
Capital Grants and Contributions	858,955	856,698	763,517	748,115	797,830
Total Business-Type Activities Revenues	10,342,490	8,353,139	7,986,570	7,943,423	7,590,085
Total Primary Government Program Revenues	57,435,917	53,087,157	49,609,792	47,625,034	44,210,042
Net (Expenses)/Revenue - Governmental Activities	(54,171,933)	(50,905,300)	(53,439,257)	(56,265,913)	(48,450,554)
Net (Expenses)/Revenue - Business-Type Activities	2,257,063	1,037,224	1,158,426	1,508,798	1,574,658
General Revenues					
Governmental Activities:					
Property Taxes	41,151,357	39,434,602	39,879,952	39,075,018	38,365,082
Payment in Lieu of Taxes	554,107	403,417	556,490	344,568	361,015
Motor Vehicle Excise Taxes	4,121,536	4,076,360	4,024,831	3,902,739	3,912,898
Franchise Taxes	95,763	97,481	97,692	94,634	88,407
Homestead Exemption	849,018	989,431	1,113,346	1,131,126	1,177,380
State Revenue Sharing	5,120,501	5,081,645	4,683,822	4,568,044	4,351,643
Unrestricted Investment Earnings	2,363,010	1,471,688	1,267,157	365,295	433,143
Transfers	932,077	(433,440)	37,664	47,404	36,637
Total Governmental Activities Revenues	55,187,369	51,121,184	51,660,954	49,528,828	48,726,205
Business-Type Activities					
Unrestricted Investment Earnings	73,097	60,015	57,173	52,529	20,958
Transfers	(932,077)	(36,553)	(37,664)	(47,404)	(36,637)
Total Business-Type Activities Revenues	(858,980)	23,462	19,509	5,125	(15,679)
Total Primary Government General Revenues	54,328,389	51,144,646	51,680,463	49,533,953	48,710,526
Change in Net Assets					
Governmental Activities	1,015,438	215,883	(1,778,304)	(6,737,084)	275,650
Business-Type Activities	1,398,083	1,060,687	1,177,935	1,513,923	1,558,979
Total Primary Government Change in Net Assets	\$ 2,413,519	\$ 1,276,570	\$ (600,369)	\$ (5,223,161)	\$ 1,834,629

Only years presented due to the implementation of GASB Statement No. 34 in fiscal year 2003.

GOVERNMENTAL FUNDS FUND BALANCE
Last Ten Fiscal Years

	Fiscal Year				
	2007	2006	2005	2004	2003
General Fund					
Reserved for:					
Encumbrances	\$ 1,041,868	\$ 1,346,010	\$ 1,139,167	\$ 623,029	\$ 1,362,199
Inventory	478,396	452,012	399,978	235,094	229,309
Compensated Absences	1,114,424	1,042,935	1,218,605	1,122,649	
Advances	1,950,000	929,632	729,635	2,035,000	2,035,000
Asset Acquisition	156,000	225,000	206,730	241,599	268,791
Total Reserved Fund Balance	4,740,688	3,995,589	3,694,115	4,257,371	3,895,299
Designated for:					
Subsequent Year's Expenditures	753,000	1,166,008	1,943,508	2,430,090	2,134,717
Future Workers Comp. Expenditures	2,192,837	2,327,300	2,615,434	506,790	904,326
Future Unemployment Comp. Expenditures	13,370	19,503	18,738	(2,668)	18,702
Total Designated Fund Balance	2,959,207	3,512,811	4,577,680	2,934,212	3,057,745
Unreserved Fund Balance	7,428,704	6,847,593	6,946,068	7,994,764	7,700,966
Total Fund Balance - General Fund	15,128,599	14,355,993	15,217,860	15,186,346	14,654,009
Major Special Revenue Funds					
Lewiston Mills Redevelopment Corporation					
Reserved Fund Balance					15,208
Unreserved Fund Balance				(1,754,302)	(1,769,510)
Total Lewiston Mills Redevelopment Corp.				(1,754,302)	(1,754,302)
Urban Development					
Reserved Fund Balance				1,862,925	1,934,357
Unreserved Fund Balance				1,120,309	(1,084,010)
Total Urban Development				2,983,234	850,346
School Categorical Grants					
Reserved Fund Balance	20,707	21,630	15,541		
Unreserved Fund Balance	1,616,603	1,337,346	1,370,994		
Total School Categorical Grants	1,637,310	1,358,976	1,386,534		
Debt Service Fund					
Reserved Fund Balance	5,710,000	5,885,000	6,080,000		
Capital Projects Funds					
Reserved Fund Balance	167,058	1,527,913	3,627,466	3,740,298	4,340,769
Unreserved Fund Balance	8,230,223	2,002,956	1,390,244	7,366,973	3,790,114
Total Capital Projects Funds	8,397,281	3,530,869	5,017,710	11,107,271	8,130,883
Other Governmental Funds					
Reserved Fund Balance	4,376,399	4,363,145	4,620,378	3,013,497	4,901,913
Unreserved Fund Balance:					
Special Revenue Funds	1,895,979	1,677,051	1,717,988	2,276,851	2,320,841
Permanent Funds	189,149	55,202	(18,018)	(13,571)	(89,332)
Total Other Governmental Funds	6,461,527	6,095,399	6,320,348	5,276,777	7,133,424
Total Governmental Funds	\$ 37,334,714	\$ 31,226,236	\$ 34,022,450	\$ 32,799,328	\$ 29,014,361

Only years presented due to the implementation of GASB Statement No. 34 in fiscal year 2003.

GOVERNMENTAL FUNDS CHANGE IN FUND BALANCES
Last Ten Fiscal Years

	Fiscal Year				
	2007	2006	2005	2004	2003
Revenues					
Taxes	\$ 45,980,978	\$ 44,421,960	\$ 45,036,326	\$ 44,601,175	\$ 43,787,363
Licenses and Permits	410,631	474,501	430,714	351,680	345,635
Intergovernmental	48,405,489	45,650,788	41,050,515	39,456,667	36,990,431
Charges For Services	2,348,448	2,448,634	2,233,055	1,967,785	1,947,635
Fines	184,388	175,983	223,439	170,370	139,572
Interest, Rents and Gains	3,323,076	2,477,974	2,114,834	2,073,715	2,082,245
Donations	211,634	(47,784)	1,219,544	564,739	100,493
Miscellaneous	343,142	823,661	690,092	625,354	251,222
Total Revenues	101,207,786	96,425,715	92,998,520	89,811,487	85,644,596
Expenditures					
Current:					
General Government	6,040,612	5,464,821	5,659,501	6,782,409	5,497,730
Public Safety	10,279,738	10,045,790	9,599,005	9,328,518	9,243,467
Public Works	6,587,772	7,255,844	6,794,981	6,765,039	6,563,196
Human Services	686,664	688,012	636,858	702,671	655,761
Culture and Recreation	2,290,066	2,601,278	2,050,309	2,114,215	2,234,191
Intergovernmental	3,119,615	3,059,161	3,045,464	3,019,453	2,923,324
Education	50,710,337	47,322,095	44,447,097	44,739,770	42,260,822
Nutrition	2,070,276	1,863,646	1,897,929	1,599,173	1,693,213
Miscellaneous	5,803,315	5,857,590	4,672,231	6,066,147	5,687,756
Debt Service:					
Redemption of Serial Bonds	6,935,431	6,276,021	5,901,937	5,395,702	5,054,567
Redemption of Refunded Bond			2,365,000	1,861,500	
Interest on Serial Bonds	3,921,987	3,632,071	3,475,332	2,933,285	2,977,897
Capital Lease Debt	106,876	106,876	102,541	111,949	334,742
Bond Issuance Costs	48,870	54,678	39,144	211,890	52,271
Capital Outlay	16,629,106	14,835,605	17,140,731	15,639,850	13,146,564
Total Expenditures	115,230,664	109,063,489	107,828,062	107,271,572	98,325,501
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,022,878)	(12,637,774)	(14,829,542)	(17,460,085)	(12,680,905)
Other Financing Sources/(Uses)					
Transfers In	13,045,913	11,665,150	12,412,109	9,778,376	10,027,646
Transfers Out	(12,113,836)	(12,098,590)	(12,374,445)	(9,730,973)	(9,991,009)
Proceeds From Loan					45,000
Proceeds From Capital Lease					515,565
Issuance of Bond Anticipation Notes	10,519,281				
Issuance of General Obligation Bonds	8,680,000	10,275,000	13,650,000	20,075,000	8,255,000
Issuance of Refunded Bonds			2,365,000		1,925,413
Total Other Financing Source (Uses)	20,131,358	9,841,560	16,052,664	20,122,403	10,777,615
Net Change in Fund Balance	\$ 6,108,481	\$ (2,796,214)	\$ 1,223,122	\$ 2,662,319	\$ (1,903,291)
Debt Services as a Percentage of Noncapital Expenditures	10.7%	10.1%	9.9%	8.6%	9.5%

Only years presented due to the implementation of GASB Statement No. 34 in fiscal year 2003.

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year	Tax Rate	Total Tax Levy	Total Tax Collections	Ratio of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Tax Levy
1998	27.30	\$34,698,282	\$34,698,282	100.00%		0.00%
1999*	27.30	\$34,870,295	\$34,870,295	100.00%		0.00%
2000*	27.65	\$35,671,045	\$35,670,004	100.00%	\$1,041	0.00%
2001*	27.65	\$35,480,919	\$35,479,253	100.00%	\$1,666	0.00%
2002*	28.55	\$36,140,762	\$36,117,892	99.94%	\$22,871	0.06%
2003*	28.89	\$38,771,625	\$38,763,426	99.98%	\$8,199	0.02%
2004*	27.70	\$40,061,987	\$40,037,868	99.94%	\$24,119	0.06%
2005*	27.70	\$40,570,307	\$40,533,584	99.91%	\$36,723	0.09%
2006*	27.35	\$40,472,256	\$40,173,340	99.26%	\$298,916	0.74%
2007*	26.65	\$41,824,780	\$40,834,740	97.63%	\$990,039	2.37%

Note: Current taxes are due semiannually on September 15th and March 15th, with a 7.75% interest rate charged on taxes outstanding, after each respective due date. Outstanding, delinquent real estate taxes are subject to tax liens pursuant to State Statutes.

* Includes state homestead exemption.

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Fiscal Year	Assessed Value				Assessed Value	Total Estimated Actual Value	Ratio of Assessed Value to Estimated Actual Value
	Residential	Commercial	Industrial	Utilities			
1998	\$721,796	\$333,310	\$123,299	\$90,185	\$1,268,590	\$1,283,600	98.83%
1999	\$728,319	\$317,887	\$135,642	\$92,333	\$1,274,181	\$1,289,750	98.79%
2000	\$730,667	\$332,943	\$141,743	\$94,295	\$1,299,648	\$1,299,380	100.02%
2001	\$736,144	\$347,408	\$145,593	\$96,237	\$1,325,382	\$1,337,500	99.09%
2002	\$741,433	\$354,755	\$151,573	\$95,659	\$1,343,420	\$1,375,550	97.66%
2003	\$746,904	\$368,899	\$152,595	\$95,020	\$1,363,418	\$1,486,050	91.75%
2004	\$814,639	\$386,613	\$148,715	\$96,269	\$1,446,236	\$1,589,800	90.97%
2005	\$822,915	\$386,749	\$151,603	\$98,782	\$1,460,049	\$1,712,400	85.26%
2006	\$772,415	\$423,749	\$148,525	\$98,846	\$1,443,535	\$1,948,850	74.07%
2007	\$795,580	\$481,493	\$160,299	\$100,243	\$1,537,615	\$2,266,700	67.83%

Note: Estimated actual valuation amounts are the state equalized values published by the Bureau of Property Taxation. Amounts expressed in thousands.

DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years

Fiscal Year	City Rate*	Education Rate*	Total Direct Rate*	Overlapping Rate* County Govt.	Total Tax Rate*	Water Rates Per Cubic Feet**	Sewer Rates Per Cubic Feet
1998	\$14.90	\$11.19	\$26.09	\$1.21	\$27.30	\$23.00	\$1.07-1.77
1999	\$14.83	\$11.32	\$26.15	\$1.15	\$27.30	\$23.00	\$1.07-1.77
2000	\$15.04	\$11.42	\$26.46	\$1.19	\$27.65	\$23.00	\$1.15-1.90
2001	\$14.94	\$11.48	\$26.42	\$1.23	\$27.65	\$23.00	\$1.15-1.90
2002	\$16.20	\$11.26	\$27.46	\$1.27	\$28.73	\$25.44	\$1.37-2.26
2003	\$16.30	\$11.17	\$27.47	\$1.42	\$28.89	\$25.44	\$1.41-2.33
2004	\$15.91	\$10.41	\$26.32	\$1.38	\$27.70	\$27.60	\$1.47-2.42
2005	\$16.19	\$10.15	\$26.34	\$1.36	\$27.70	\$27.60	\$1.54-2.54
2006	\$16.30	\$9.69	\$25.99	\$1.36	\$27.35	\$30.60	\$1.54-2.54
2007	\$16.25	\$9.06	\$25.31	\$1.34	\$26.65	\$30.60	\$1.54-2.54

* Tax rates are based upon \$1,000 of assessed Value

** Water rates are based upon the first rate tier of three rate tiers.

PRINCIPAL TAXPAYERS
As of June 30, 2007 and Nine Years Ago

Taxpayer	Type of Business	2007		1998	
		Assessed Valuation	Percentage of Total Assessed Valuation	Assessed Valuation	Percentage of Total Assessed Valuation
Wal-Mart Stores East LP	Distribution Center	\$65,073,700	4.23%		
Florida Power & Light	Utility	\$56,376,600	3.67%		
TD Banknorth N.A.	Banking	\$31,680,650	2.06%	\$10,213,500	0.81%
Central Maine Power	Utility	\$31,136,550	2.02%	\$83,032,450	6.55%
F.R. Lepage	Bakery	\$19,572,750	1.27%	\$11,337,600	0.89%
Elmet Technology	Metal/Wire Mfg.	\$18,924,450	1.23%	\$22,309,050	1.76%
Donald Toussaint	Real Estate	\$13,327,750	0.87%	\$8,874,500	0.70%
Northern Utilities	Utility	\$12,729,600	0.83%		0.00%
Geiger Brothers Inc.	Specialty Item Mfg.	\$10,980,100	0.71%	\$9,904,650	0.78%
L.L. Beans	Telemarketing	\$10,636,900	0.69%	\$10,793,100	0.85%
Twelve High Street	Medical Office			\$8,956,650	0.71%
Dorlard Gendron	Real Estate			\$7,887,700	0.62%
Liberty Mutual	Insurance			\$9,506,500	0.75%
	Total	\$270,439,050	17.59%	\$182,815,700	14.41%

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Capital Leases	Total Governmental Activities	Water Revenue Bonds	Sewer Revenue Bonds	Storm Water Bonds**	Total Business-Type Activities	Total Primary Government	Percentage of Personal Income	Per Capita*
1998	\$35,211,501	\$680,034	\$35,891,535	\$6,361,968	\$1,536,521		\$7,898,489	\$43,790,024	9.01%	\$1,101
1999	\$34,963,814	\$843,991	\$35,807,805	\$6,418,383	\$1,510,817		\$7,929,200	\$43,737,005	9.00%	\$1,100
2000	\$34,726,280	\$626,052	\$35,352,332	\$5,988,770	\$1,814,949		\$7,803,719	\$43,156,051	8.88%	\$1,085
2001	\$41,658,421	\$400,739	\$42,059,160	\$5,768,950	\$2,992,917		\$8,761,866	\$50,821,026	8.36%	\$1,424
2002	\$59,967,247	\$252,387	\$60,219,634	\$5,927,218	\$3,592,513		\$9,519,730	\$69,739,364	11.47%	\$1,954
2003	\$63,258,359	\$440,477	\$63,698,836	\$10,160,790	\$4,264,340		\$14,425,130	\$78,123,966	12.85%	\$2,189
2004	\$77,937,657	\$331,880	\$78,269,537	\$9,854,230	\$4,714,486		\$14,568,716	\$92,838,253	15.27%	\$2,601
2005	\$85,800,150	\$238,331	\$86,038,481	\$14,361,009	\$4,727,659		\$19,088,668	\$105,127,149	17.29%	\$2,946
2006	\$89,603,156	\$153,913	\$89,757,069	\$13,721,794	\$5,129,016		\$18,850,810	\$108,607,879	17.87%	\$3,043
2007	\$91,347,725	\$103,413	\$91,451,138	\$14,074,508	\$8,029,578	\$3,180,000	\$25,284,086	\$116,735,224	19.20%	\$3,271

* Based upon the Federal 2000 Census.

** Newly created Enterprise Fund for fiscal year 2007 to account for storm water remediation.

**LEGAL DEBT MARGIN CALCULATION
June 30, 2007 and for the Last Ten Fiscal Years**

Total Estimated Actual Valuation Per State \$ 2,266,700,000

Legal Debt Margin Limit of 15% of Estimated Actual Valuation \$340,005,000

Debt Applicable to Debt Limit:

Purpose	Legal Maximum	Principal Debt Outstanding	Percentage Applicable to the City	Amount Applicable to the City	
Direct Debt:					
Municipal	7.5% \$170,002,500	\$82,482,243	100%	\$82,482,243	
School	10.0% \$226,670,000	\$8,865,482	100%	\$8,865,482	
Water	3.0% \$68,001,000	\$14,074,508	100%	\$14,074,508	
Sewer	7.5% \$170,002,500	\$8,029,578	100%	\$8,029,578	
Storm Water	7.5% \$170,002,500	\$3,180,000	100%	\$3,180,000	
					\$116,631,811
Overlapping Debt:					
Androscoggin County Jail		\$965,000	30.36%	\$292,974	
L.A. Water Pollution Control Authority		\$9,750,107	56.00%	\$5,460,060	
Lake Auburn Watershed Protection Commission		\$444,000	50%	\$222,000	
L.A. 9-1-1 Committee		\$292,500	50%	\$146,250	
Total	<u>\$804,678,500</u>			<u>\$122,753,095</u>	<u>\$6,121,284</u>
Total Bonded Debt Applicable to Debt Limit					<u>\$122,753,095</u>
Legal Debt Margin					<u><u>\$217,251,905</u></u>

Note: Statutory debt limit is in accordance with 30 MRSA, Section 5061, as amended.

Fiscal Year	Debt Limit	Total Debt Applicable to Limit	Legal Debt Margin	Total Debt Applicable to the Limit as a Percentage of Debt Limit
1998	\$192,540,000	\$51,550,509	\$140,989,491	36.56%
1999	\$192,462,500	\$53,481,418	\$139,981,082	38.21%
2000	\$194,907,000	\$51,814,838	\$143,092,162	36.21%
2001	\$200,625,000	\$59,057,123	\$141,567,877	41.72%
2002	\$206,332,500	\$78,236,918	\$128,095,582	61.08%
2003	\$222,907,500	\$85,707,716	\$137,199,784	62.47%
2004	\$238,470,000	\$102,898,184	\$135,571,816	75.90%
2005	\$256,860,000	\$111,438,863	\$145,421,137	76.63%
2006	\$292,327,500	\$114,985,488	\$177,342,012	64.84%
2007	\$340,005,000	\$122,753,095	\$217,251,905	56.50%

REVENUE BOND COVERAGE
Last Ten Fiscal Years

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
Water Enterprise Fund:							
1998	\$2,444,339	\$999,711	\$1,444,628	\$525,117	\$345,060	\$870,177	166%
1999	\$2,354,327	\$1,225,796	\$1,128,531	\$492,883	\$310,308	\$803,191	141%
2000	\$2,330,504	\$1,348,163	\$982,341	\$529,613	\$299,358	\$828,971	119%
2001	\$2,418,272	\$1,430,334	\$987,938	\$539,820	\$280,900	\$820,720	120%
2002	\$2,781,848	\$1,354,645	\$1,427,203	\$551,731	\$266,106	\$817,837	175%
2003	\$2,831,228	\$1,515,056	\$1,316,172	\$831,560	\$326,457	\$1,158,017	114%
2004	\$3,189,201	\$1,595,561	\$1,593,640	\$787,397	\$369,255	\$1,156,652	138%
2005	\$3,102,759	\$1,803,953	\$1,298,806	\$787,397	\$398,687	\$1,186,084	110%
2006	\$3,449,761	\$2,171,792	\$1,277,969	\$1,054,215	\$527,018	\$1,581,233	81%
2007	\$3,540,549	\$1,989,200	\$1,551,349	\$1,077,286	\$513,341	\$1,590,627	98%
Sewer Enterprise Fund:							
1998	\$3,077,525	\$2,669,538	\$407,987	\$144,654	\$89,298	\$233,952	174%
1999	\$3,104,369	\$2,636,249	\$468,120	\$140,854	\$80,611	\$221,465	211%
2000	\$3,397,472	\$2,790,808	\$606,664	\$145,868	\$71,472	\$217,340	279%
2001	\$3,314,303	\$3,224,458	\$89,845	\$172,032	\$87,751	\$259,783	35%
2002	\$3,691,510	\$3,207,289	\$484,221	\$250,405	\$137,200	\$387,605	125%
2003	\$3,961,027	\$3,215,632	\$745,395	\$299,853	\$162,266	\$462,119	161%
2004	\$4,006,107	\$3,393,201	\$612,906	\$333,181	\$189,210	\$522,391	117%
2005	\$4,120,294	\$3,455,401	\$664,893	\$333,181	\$194,518	\$527,699	126%
2006	\$4,046,680	\$3,434,003	\$612,677	\$348,643	\$186,763	\$535,406	114%
2007	\$4,010,870	\$3,528,921	\$481,949	\$384,438	\$206,724	\$591,162	82%
Storm Water Enterprise Fund*:							
2007	\$1,977,298	\$706,750	\$1,270,548	\$0	\$0	\$0	

NOTE: Operating expenses are exclusive of depreciation

* Newly created Enterprise Fund for fiscal year 2007 to account for storm water remediation.

DEMOGRAPHIC STATISTICS
Last Ten Fiscal Years

Fiscal Year	Population (1)	Per Capita Income (1)	Median Age (1)	School Enrollment	Unemployment Rate (2)
1998	39,757	\$12,227	33.4	5,030	4.9%
1999	39,757	\$12,227	33.4	4,451	3.9%
2000	39,757	\$12,227	33.4	5,068	3.2%
2001	35,690	\$17,032	37.6	4,503	2.8%
2002	35,690	\$17,032	37.6	4,503	4.0%
2003	35,690	\$17,032	37.6	4,565	4.9%
2004	35,690	\$17,032	37.6	4,549	4.7%
2005	35,690	\$17,032	37.6	4,530	5.4%
2006	35,690	\$17,032	37.6	4,577	5.4%
2007	35,690	\$17,032	37.6	4,626	4.9%

Sources:

(1) U. S. Department of Commerce, Bureau of Census from 2000

(2) Maine Department of Labor

PRINCIPAL EMPLOYERS
As of June 30, 2007 and Nine Years Ago

Employer	Industry	2007		1998	
		Number of Employees	Rank	Number of Employees	Rank
Central Maine Medical Center	Health Care	1,955	1	1,500	1
Sisters of Charity Health Care Systems	Health Care	1,937	2	1,400	2
TD Banknorth N.A.	Banking	1,121	3	450	7
Bates College	Education	764	4	700	3
Wal-Mart Stores East LP	Distribution Center	660	5		
Per Se Technologies	Health Care	390	6		
Geiger Brothers Inc.	Specialty Items	353	7	380	8
L.L. Bean, Inc	Catalog Sales	315	8	500	5
Liberty Mutual	Insurance	312	9	450	6
F.R. Lepage Bakeries	Bakery	303	10		
Androscoggin Home Health	Health Services			530	4
Elmet Technology	Metal/Wire Mfg.			360	9
Lewiston Sun/Journal	Newspaper Pub.			300	10

Source: Androscoggin Chamber of Commerce

**NUMBER OF MUNICIPAL EMPLOYEES BY FUNCTION
Last Ten Fiscal Years**

Function	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Mayor	0	0	0	0	0	1	1	0.5	0	0
Administration	4	4	3.5	3.5	4	3	3	3	3	3
City Clerk	5	5	5	5	6	6	6	6	6	6
Economic Dev.	2	2	2	2	2	3	3	1	0	0
Finance	15	15	15	15.5	26.5	26.5	27	27	27	26.6
M.I.S. (a)	6	6	4	4	0	0	0	0	0	0
Assessor	6	6	6	6	6	6	6	6	6	6
Dev./Code Enf.	8	8	8	8	11	12	11	12	12	12
Human Resources	4	4	4	3	3	3	3	3	3	3
Police	103.5	103	103	103	95	98	98	94	93	91
Fire	79	79	79	79	79	79	79	80	81	82
Public Works	93.2	95	95.5	96.5	100.25	105.75	104.85	103.85	106.5	107.5
Water & Sewer	25	24	24	24	29	31	27	27	27	27
Social Services	5	5	7	8	8	13	14.85	14.85	14.5	14
Recreation/MPC	14	14	14	15.75	14	8	8	7	7	7
Library	14.5	15	14.5	15.5	14	16	16	15	14	14
Education	730	727	384	372	367	347	347	356	355	352
Total Employees	1,114	1,112	768.5	760.75	764.75	758.25	754.7	756.2	755	751.1

a. The M.I.S. Department was previously a part of the Finance Department.

OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

Indicator	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
City Clerk:										
Marriage Licenses Issued	272	263	329	272	349	387	362	300	327	352
Birth Certificates Issued	1,434	1,473	1,411	1,400	1,367	1,322	1,209	1,251	1,172	1,151
Death Certificates Issued	509	811	899	978	921	914	820	879	781	724
Finance:										
Number of Tax Bills Generated	13,250	13,134	12,996	12,911	12,971	13,038	13,034	13,124	13,202	13,249
Number of Liens Recorded	515	472	506	460	551	618	705	720	831	905
Police:										
Number of Service Calls	37,608	46,144	43,621	40,283	39,844	39,503	40,577	39,142	44,264	46,623
Number of Physical Arrests	2,688	2,699	2,340	2,055	2,018	5,828	3,583	3,369	2,906	3,754
Fire:										
Number of Service Calls	1,857	1,784	1,923	1,963	1,938	2,216	2,057	2,068	2,156	1,652
Number of Inspections	1,331	1,045	1,489	976	775	2,476	1,389	1,159	1,566	2,129
Code Enforcement:										
Number of Commercial Permits Issued	108	125	136	101	88	99	105	98	100	106
Number of Residential Permits Issued	596	593	442	623	269	283	256	249	216	191
Public Works:										
Cubic Yards Utilized at the Landfill	13,900	21,506	16,384	9,612	12,681	24,320	20,078	26,862	21,249	23,421
Social Services:										
Number of Families Served	589	595	548	502	435	494	352	365	416	531
Number of People Served	1,126	1,188	961	887	828	956	557	506	584	725
Library:										
Number of Adult Books Borrowed	127,996	119,236	122,882	116,540	116,244	114,964	121,249	124,882	138,700	133,925
Number of Children Books Borrowed	95,465	90,866	101,902	96,643	90,884	85,669	81,189	62,909	69,504	70,870
Average Daily Door Count	N/A	N/A	N/A	624	619	585	531	482	508	N/A
Children's Program Attendance	6,674	8,415	10,047	8,059	7,410	7,665	8,173	5,788	3,124	5,685
Number of Cardholders	13,955	13,367	11,073	11,314	11,737	11,578	11,434	12,109	11,424	12,829

* N/A - not available due to construction and counter malfunction

CAPITAL ASSETS AND INFRASTRUCTURE BY FUNCTION
Last Ten Fiscal Years

Function	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Number of Patrol Units	31	28	27	27	27	27	28	27	20	20
Fire:										
Number of Stations	4	4	4	4	4	4	4	4	4	4
Public Works:										
Miles of Streets	187	187	190	190	190	190	190	190	190	190
Number of Street Lights	3,300	3,400	3,400	3,400	3,400	4,538	4,538	4,538	4,533	4,533
Water:										
Miles of Water Mains	159	159	166	166	166	166	166	166	166	166
Number of Service Connections	9,306	9,321	9,849	9,849	9,849	9,849	9,849	9,849	9,849	9,849
Number of Fire Hydrants	718	708	691	691	688	686	686	684	681	680
Average Daily Consumption in Gallons	4,787,830	5,589,852	5,237,323	4,564,096	5,081,101	4,920,000	5,706,767	5,129,945	4,614,274	4,703,425
Thousand Gallons Pumped	1,747,558	2,040,296	1,911,623	1,665,895	1,854,602	1,795,800	2,082,970	1,872,430	1,684,210	1,716,750
Sewer:										
Miles of Sanitary & Storm Sewers	212	212	160	160	160	160	160	160	160	160
Number of Treatment Plants	1	1	1	1	1	1	1	1	1	1
Number of Service Connections	8,741	8,691	8,700	8,700	8,700	8,700	8,700	8,700	8,700	8,700
Average Daily Consumption in Gallons	4,787,830	5,589,852	5,237,323	4,564,096	5,081,101	4,920,000	5,706,767	5,129,945	4,614,274	4,703,425
Recreation:										
Number of Parks	16	15	15	14	14	14	14	16	16	16
Park Acreage*	32	40	76	75	75	75	75	75	75	75
Swimming Pools	1	1	1	1	1	1	1	1	2	2
Tennis Courts	8	8	12	12	12	12	12	12	12	12
Education:										
Number of Schools	7	7	7	7	7	7	7	7	7	7

* Note: General green space and sports fields were not included in the total acreage for the current year.