

City of Lewiston, Maine

*COMPREHENSIVE ANNUAL  
FINANCIAL REPORT*

For the Fiscal Year Ended June 30, 2006

Prepared by:

Heather A. Hunter, Deputy Finance Director

## **INTRODUCTORY SECTION**

City of Lewiston, Maine  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
For the Fiscal Year Ended June 30, 2006

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November 3, 2006

Honorable Lionel C. Guay, Jr., 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, 2006 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 assumes full responsibility for the completeness and reliability 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, 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 (clean) opinion on the City of Lewiston's financial statements for the fiscal year ended June 30, 2006. 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.

## **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 in 1979. 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 unit. 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 and sewer 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 encumbered 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 3,879 to 2,004 or 48%. During the same period the non-manufacturing jobs have increased from 17,412 to 20,543 or 18%. Major industries which have experienced the greatest employment growth over the past 10 years are health care services which have increased from 2,900 to 4,750 and financial services which have increased from 1,150 to 1,950. Total employment within the city over the past 10 years has increased from 21,291 to 22,547.

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 4,750 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 2 year business college which in total employ in excess of 900 people. Lewiston's average area unemployment rate of 5.4% for the year is above the state's average rate of 4.8% as well as the national average of 5.1% however, residents employed have increased from 16,975 in 2004 to 17,500 at the end of the fiscal year.

Recent economic activity during the past year includes completion of the second phase of a Wal Mart mechanized food distribution facility. The recently completed project brings the total amount of square footage of its distribution facility to 901,000 square feet with a total value of \$65 million and distributes product throughout New England. A total of 500 employees have been hired to operate the combined dry goods and perishable goods facility. The overall property consists of 200 acres with 10 acres under roof. This is the single largest project to occur in the City since the 19<sup>th</sup> century

and development of the textile mills.

Residential growth was substantial over the past year with over 100 new single family homes and condominium units being constructed in new or recently developed sub-divisions within the city. This is the single largest 1 year increase in recent history. There continues to be a migration of people from the southern part of the state looking for more affordable middle to upper income housing.

Redevelopment of the Bates Mill Complex continued during the past year. A 60,000 square foot expansion in Mill # 3 for a banking operations center brings the total amount of space occupied for this business to 211,000 square feet with a total employment base of 850 people. Renovations to Mill #6 totaling 75,000 square feet were also completed with new tenants to include another bank operations center, a new upscale seafood restaurant and a physician's office.

A new industrial park opened across the street from the Wal Mart Distribution facility with four sites developed in the past year that occupy 170,000 square feet. The \$7.5 million investment includes a national tire distribution facility occupying 100,000 square feet, a national shipping company occupying 33,000 square feet, a retail fuel oil company and a 30,000 square foot spec building for future tenancy. An adjacent property will house a trucking company which will occupy a 25,000 square foot operations facility.

**Long-term Financial Planning.** Unreserved, undesignated fund balance in the general fund amounts to 8.7% 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 53%. However, this percentage of total revenue sources represents a reduction of 13% from the 66% 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 7% to 37%.

During this same ten year period, the city's state equalized valuation has increased by 51% or 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 has entered into a joint development agreement with Community Concepts Inc. a non-profit agency, to develop a 35,000 square foot office building and a 30 unit elderly housing project on the site of a former private elementary and secondary school. The

school, which was not feasible to rehabilitate, has been demolished and the new combined office and housing complex will help rejuvenate one of the older neighborhoods in the city. The \$7 million investment is expected to break ground during the next year.

The School Department received approval from the State for construction of a new elementary school to replace Pettingill School. A new site has been selected by the School Committee and the architectural firm has recently completed preliminary design estimates. A referendum election of City of Lewiston voters will be conducted in January of 2007 requesting approval to proceed with the project. The total estimated cost of the project is \$21 million and approximately 96% of the cost will be paid by the State, as they were for the construction of the Farwell Elementary School which is currently on-going.

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.

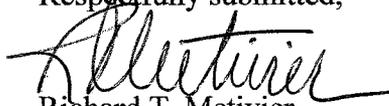
#### **AWARDS AND ACKNOWLEDGEMENTS**

The 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, 2005. This was the thirty-first 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

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# 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, 2005

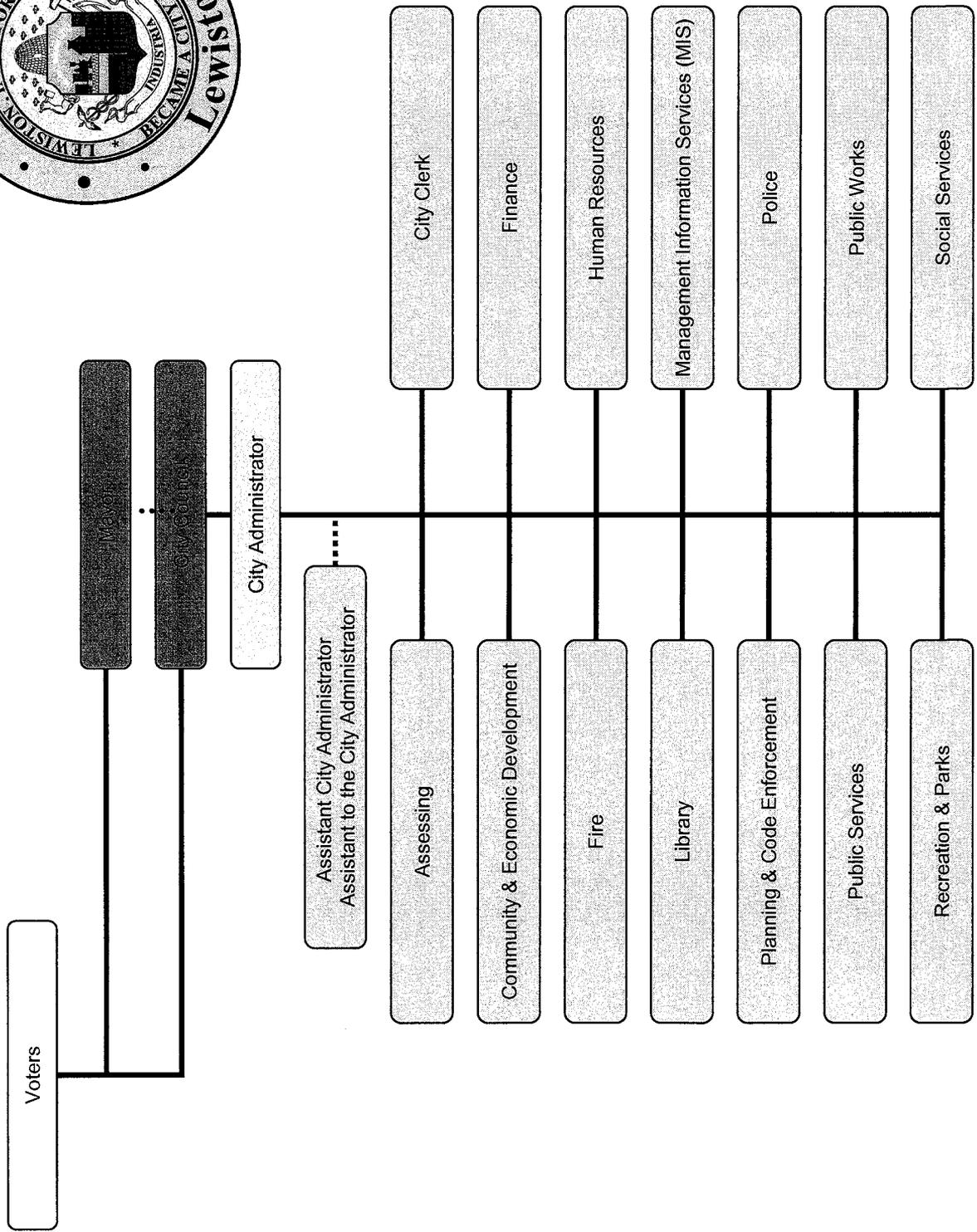
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

# City of Lewiston, Maine Organizational Chart



**City of Lewiston, Maine**

**List of Principal Officials**

**June 30, 2006**

**Elected Officials**

Lionel C. Guay Jr.	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, Assistant City Administrator

Lincoln Jeffers, Assistant to the City Administrator/Economic Development Director

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**



## 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, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of 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, 2006, 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, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lewiston, Maine's basic financial statements. The combining and individual fund 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 October 27, 2006, 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.



October 27, 2006  
South Portland, Maine

**CITY OF LEWISTON, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2006**

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, 2006. 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 \$112,316 (*net assets*).
- The City's total net assets increased by \$1,277, which represents a 1.15% increase.
- As of the close of the current fiscal year, the City of Lewiston's governmental funds reported combined ending fund balances of \$31,226 a decrease of \$2,796 in comparison with the prior year. Approximately 38% of this total amount, \$11,920 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 \$6,848 or 8.1% of general fund expenditures, including transfers out.
- The City of Lewiston's total debt increased by \$3,565 (3.4%) during the current fiscal year. The key factor in this increase was the issuance of \$4,765 in general obligation bonds for governmental project improvements, \$1,165 in general obligation bonds for water and sewer infrastructure improvements and \$5,510 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 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 system and sanitary sewer system, both 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 50-75 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 78 of this report.

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

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Lewiston, assets exceeded liabilities by \$77,588 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	
	2006	2005	2006	2005	2006	2005
Assets:						
Current & Other Assets	\$37,513	\$40,544	\$13,985	\$16,280	\$51,498	\$56,825
Capital Assets	146,676	141,070	40,476	38,169	187,152	179,238
<b>Total Assets</b>	<b>184,189</b>	<b>181,614</b>	<b>54,461</b>	<b>54,449</b>	<b>238,650</b>	<b>236,063</b>
Liabilities:						
Noncurrent Liabilities	99,843	97,231	18,851	19,089	118,694	116,320
Other Liabilities	6,757	7,010	883	1,693	7,640	8,703
<b>Total Liabilities</b>	<b>106,600</b>	<b>104,241</b>	<b>19,733</b>	<b>20,782</b>	<b>126,334</b>	<b>125,023</b>
Net Assets:						
Invested in Capital Assets						
Net of Related Debt	77,006	77,560	21,625	19,080	98,631	96,640
Restricted	16,870	18,698			16,870	18,698
Unrestricted (Deficit)	(16,288)	(18,886)	13,103	14,587	(3,185)	(4,299)
<b>Total Net Assets</b>	<b>\$77,588</b>	<b>\$77,372</b>	<b>\$34,728</b>	<b>\$33,667</b>	<b>112,316</b>	<b>\$111,040</b>

By far the largest portion of the City of Lewiston's net assets (\$98,631) 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 (\$16,870) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, a deficit of \$3,185 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 \$1,277 during the course of the year. A contributing factor under governmental activities was the increase in operating grants and contributions for education of \$3,322. Net assets in business-type activities increased by \$1,061 as a result of charges for services exceeding expenses by \$181 and capital grants and contributions amounting to \$857.

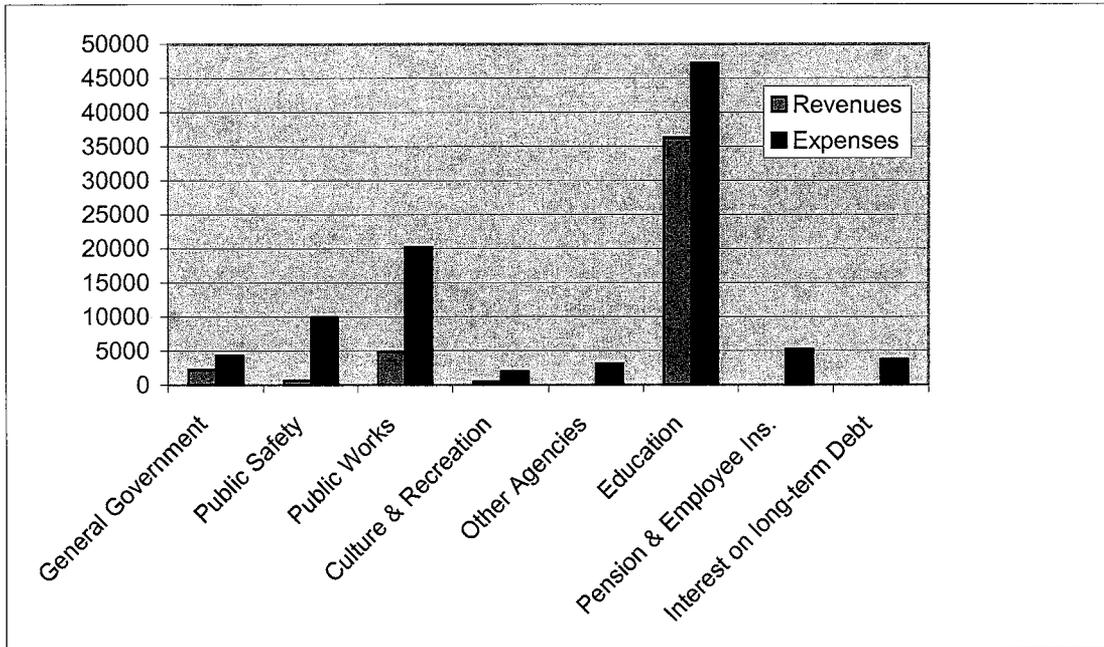
**Governmental Activities.** Governmental activities increased the City of Lewiston's net assets by \$216. Key elements of the increase are as follows:

	City of Lewiston's Changes in Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$4,816	\$4,061	\$7,496	\$7,223	\$12,312	\$11,284
Operating grants & contributions	37,087	34,006			37,087	34,006
Capital grants & contributions	2,831	3,556	857	764	3,688	4,320
General revenues:						
Property taxes	39,435	39,880			39,435	39,880
Other taxes	4,577	4,679			4,577	4,679
Grants & contributions not restricted to specific programs	6,071	5,797			6,071	5,797
Other	1,472	1,267	60	57	1,532	1,324
Total revenues	96,289	93,246	8,413	8,044	104,702	101,290
Expenses:						
General government	4,271	6,336			4,271	6,336
Public safety	9,965	9,791			9,965	9,791
Public works	20,210	17,633			20,210	17,633
Human services	694	636			694	636
Culture & recreation	1,930	2,234			1,930	2,234
Other agencies	3,059	2,606			3,059	2,606
Education & nutrition	47,202	47,315			47,202	47,315
Pension & Employee Ins.	4,607	4,994			4,607	4,994
Interest on long-term debt	3,701	3,518			3,701	3,518
Water			3,379	2,895	3,379	2,895
Sewer			3,937	3,933	3,937	3,933
Total Expenses	95,639	95,062	7,316	6,828	102,955	101,891
Increase (decrease) in net assets before transfers	650	(1,816)	1,097	1,216	1,747	(600)
Transfers	(433)	38	(36)	(38)	(470)	0
Increase (decrease) in net Assets	216	(1,778)	1,061	1,178	1,276	(600)
Net assets, July 1	77,372	79,151	33,667	32,489	111,040	111,640
Net assets, June 30	\$77,588	\$77,372	\$34,728	\$33,667	\$112,316	\$111,040

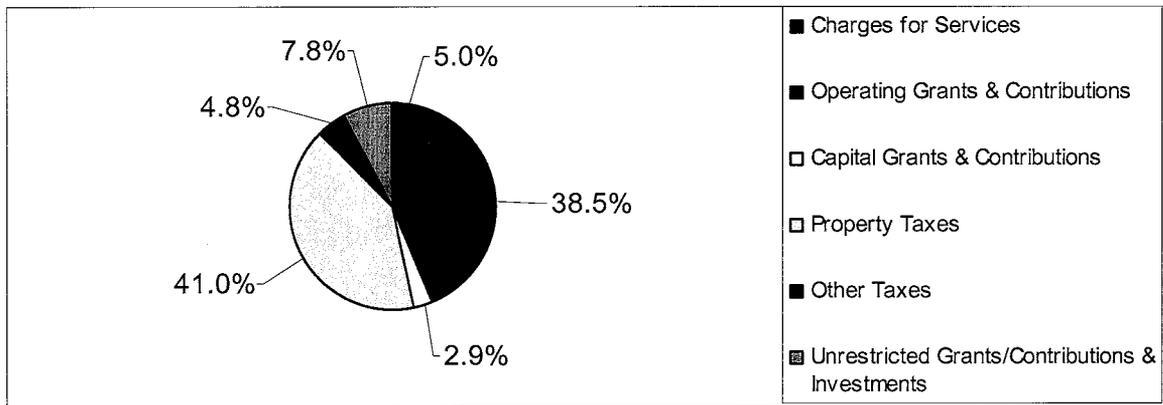
- Revenues for governmental activities increased by \$3,043 while expenditures increased by \$577.
- Operating grants and contributions for governmental activities increased by \$3,081 and were mostly due to additional grants and subsidy for Education and Nutrition which were \$3,322 greater than the previous year.

- The increase in charges for services of \$755 for governmental activities was the result of the opening of a new parking facility and new fees for solid waste collection for apartment buildings.

**Program Revenues Compared to Program Expenditures**



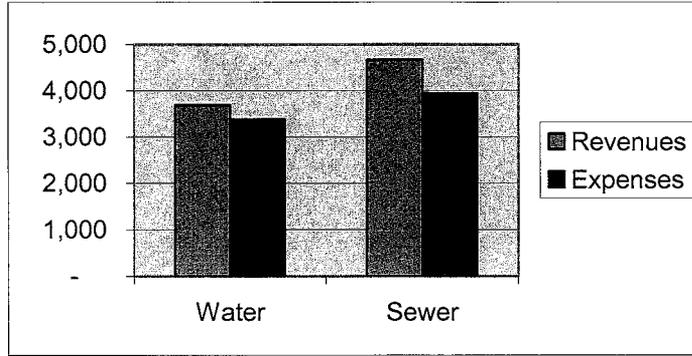
**Governmental Activities Revenue Sources**



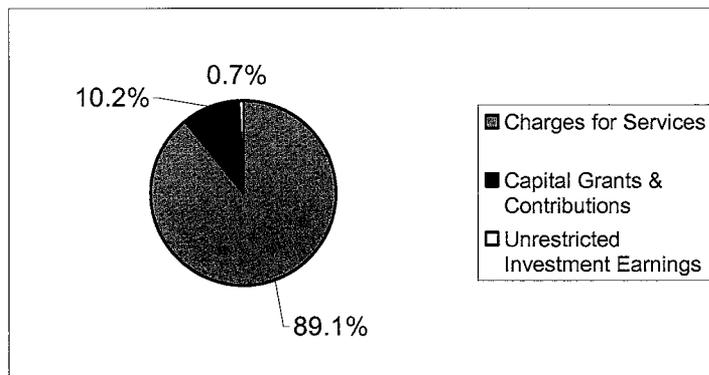
**Business-type Activities.** The City of Lewiston’s net assets for business-type activities increased by \$1,061. Key elements of this increase are as follows.

- Increase in fund equity from joint ventures with the Auburn Water & Sewer Districts in Sewer (\$616) and in Water (\$95).
- Capital contributions for the Water department of \$241 were mostly generated from residential housing developments in which the developer installed the water services infrastructure.

### 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 \$31,226 a decrease of \$2,796 in comparison with the prior year. Approximately 49% of this total amount (\$15,433) 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 (\$2,944), 2) to secure advances to other funds (\$6,815), 3) to secure long-term notes receivable (\$3,168), 4) to generate income to pay for library endowments and the perpetual care of municipal cemeteries (\$1,125), 5) to pay for the future cost of compensated absences (\$1,043) or 6) a variety of other restricted purposes (\$699).

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 \$10,360 (\$3,513 of which has been designated by management for subsequent years' expenditures and self-insured funds), while total fund balance was \$14,356. 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 expenditures. Unreserved fund balance represents 12.3% of total general fund expenditures (\$84,271), while total fund balance represents 17.0% of that same amount.

The fund balance of the City of Lewiston's general fund decreased by \$862 during the current fiscal year. Key factors in the decrease are as follows:

- A decrease in the undesignated fund balance of \$98 due to expenditures exceeding revenues by \$862.
- A decrease of \$287 in the amount of funds reserved for future workers' compensation and unemployment compensation expenditures partially due to the settlement of older cases.
- A reduction of \$176 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 \$778.

The School Categorical Grants has a fund balance of \$1,359. The fund balance decreased by \$28 during the year because of transfers to the general fund in the amount of \$328. The amount of grants received during the year totaled \$6,541 and charges for services amounted to \$795.

The Capital Projects fund has a total fund balance of \$3,531. Expenditures for capital projects amounted to \$13,617 during the year while the issuance of general obligation bonds amounted to \$10,275. The fund balance decreased by \$1,487 during the year.

The Debt Service Fund had a \$5,885 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 previous year 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 Sewer fund at the end of the year amounted to \$10,334 and those for the Water fund amounted to \$2,769. The total growth in net assets for the Sewer fund was \$871 while the increase in net assets of the Water fund was \$189. Other factors concerning the finances of these two 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 from the Salary Reserve account to various departments to cover

the cost of negotiated labor contracts which had not been approved when departmental budgets were originally submitted. These transfers amounted to \$644.

The General Fund budget overall (on a budgetary basis of accounting), ended the year with revenues exceeding budgetary estimates by \$2,331 and expenditures were above budget estimates by \$1,456.

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:

<b>Revenues</b>	<b>Amount</b>	<b>Percentage of Total</b>	<b>Increase/ (Decrease) from 2005</b>
<b>Taxes:</b>			
Real Estate	\$ 39,428	49.6%	\$ (789)
Excise	4,076	5.1%	52
Licenses and Permits	475	0.6%	44
Intergovernmental	30,771	38.7%	2,966
Charges for Services	1,510	1.9%	199
Fines	176	0.2%	(47)
Interest, Rents & Royalties	1,677	2.1%	413
Miscellaneous	793	1.0%	130
Transfers from other funds	506	0.6%	107
<b>Total</b>	<b>\$ 79,412</b>	<b>100.0%</b>	<b>\$ 3,075</b>

Revenues for the General Fund (on the budgetary basis of accounting) totaled \$79,412 in fiscal year ended June 30, 2006.

Current and prior year real estate and personal property taxes continue to represent the largest revenue source, with \$39.4 million, or 49.6% of all general fund revenues. The reduction of \$789 in the amount collected is a result of a lower tax commitment of \$483 and also due to a decrease in the amount of prior years taxes collected (\$777). As current year tax collections have improved each year, over the past several years, it reduces the amount of prior years taxes collected. Excise tax collections which amounted to \$4,076 represent 5.1% of the revenues.

Intergovernmental revenues amounted to \$30,771 or 38.7%, the city's second largest revenue source. The increase of \$2,966 from the previous year was largely due to additional school aid of \$2,308; additional State revenue sharing payments of \$422 and additional State highway funds of \$134.

Interest income increased \$203 from \$381 to \$584. The increase in interest rates resulted in the additional income.

<b>Expenditures</b>	<b>Amount</b>	<b>Percentage of Total</b>	<b>Increase/ (Decrease) from 2005</b>
General government	\$ 3,539	4.3%	\$ 85
Public safety	10,136	12.4%	449
Public works	7,880	9.7%	523
Social services	587	0.7%	79
Recreation	1,167	1.4%	38
Library	989	1.2%	104
Intergovernmental	3,059	3.7%	14
Education	38,666	47.4%	2,233
Insurances & pensions	3,950	4.8%	209
Miscellaneous	1,908	2.3%	974
Transfers to other funds	9,738	11.9%	(533)
<b>Total</b>	<b>\$ 81,619</b>	<b>100.0%</b>	<b>\$ 4,175</b>

Expenditures for the General Fund (on the budgetary basis of accounting) totaled \$81,619 in fiscal year ended June 30, 2006.

Education expenditures of \$38,666 represent 47% of the total expenditures. Expenditures increased by \$2,233 largely due to additional special education costs and increases in salary and benefits.

The increase in miscellaneous costs of \$974 was largely due to the settlement of 2 large workers' compensation claims that increased expenditures by \$644.

The decrease of \$533 in transfers to other funds was due to the reduction in transfer to the Lewiston Mill Redevelopment Corporation which was \$1,855 versus \$140 this year. This was offset by an increase in debt service costs of \$987.

### **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, 2006, amounts to \$187,152 (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 4.4% (a 4.0% increase for governmental activities and a 6.0% increase for business type activities).

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

- Construction on the Cultural Center at the Public Library was completed and at the end of the year, the amount added to capital assets was \$3,451.
- A number of highway construction projects were performed throughout the city during the year for streets, sidewalks, bridges and street lights and at the end of the year they amounted to \$2,776.
- Construction of new sewer systems to eliminate combined sewer overflows occurred during the year and the amount added to capital assets was \$2,579.

- Construction of the South Lewiston water tanks was completed during the year and the construction of water mains added \$1,456 to capital assets.
- Southern Gateway Parking Garage construction during the year added \$1,057 to the total value of \$5,258 upon completion.
- Construction of the Farwell Elementary School began during the year and construction work in progress amounted to \$1,661.

**City of Lewiston's Capital Assets**  
(Net of Accumulated Depreciation)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
Land	\$11,496	\$10,769	\$266	\$266	\$11,762	\$11,035
Buildings	33,973	22,259	4,003	4,128	37,976	26,387
Improvements Other Than Buildings	14,570	14,348			14,570	14,348
Machinery & Equipment	9,552	8,814	627	746	10,179	9,560
Infrastructure	69,780	69,136	35,326	28,046	105,106	97,182
Construction in Progress	7,304	15,744	253	4,983	7,557	20,727
<b>Total Capital Assets</b>	<b>146,676</b>	<b>\$141,070</b>	<b>40,476</b>	<b>\$38,169</b>	<b>187,152</b>	<b>\$179,238</b>

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 \$104,889. 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**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
Bonds Payable	\$89,603	\$85,800	\$18,851	\$19,089	\$108,454	\$104,889

The City of Lewiston's debt increased by \$3,565 or 3.4% during the current fiscal year. The key factor in the increase was the city's issuance of \$11,440 of general obligation bonds for various purposes.

The City of Lewiston maintains an Aa3 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 \$292,328 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 64-69 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

New development during the past year generated one of the largest increases in taxable valuation that the City has seen in recent history with an increase of \$94 million or 6% of the City's taxable valuation. A major contributor to this growth was the second phase of the Wal Mart Distribution Center which added \$43.6 million.

Residential growth also thrived during the past year with a number of newly constructed subdivisions generating over 100 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 5.4% which is an increase of .3% from the rate of 5.1% a year ago. This rate is above the State's average unemployment rate of 4.8% but is slightly below the national average of 5.1%. Part of the increase in the local unemployment rate continues to be the work force reductions at Bath Iron Works in Bath, Maine as well as an increase in the immigrant population who are transitioning to new jobs. Although the number of residents employed is increasing it is not increasing as fast as the total civilian labor force.

The 2007 fiscal year budget adopted by the City Council resulted in a decrease in property taxes and is the 4<sup>th</sup> consecutive year that property taxes have remained flat or decreased. The adopted budget resulted in a mil rate of \$26.65 which is a reduction of 2.6% from the \$27.35 mil rate of the previous year.

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

- An increase of \$2.6 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. Although the School budget increased by \$2.16 million or 5.5% to partially finance new programs required by the State for children with special education needs or English as a Second Language requirements, monies were still directed towards lowering the property tax rate as intended by the state legislation.
- Establishment of a Storm Water Utility which removed \$1.5 million from funding with general property taxes and those costs are now being funded by a user fee. This removes the burden on residential property owners of paying for the costs of eliminating combined sewer overflows and the separation of storm and sanitary sewers and more equitably distributes them to businesses and non-profit agencies based on the amount of impervious surfaces which they occupy.
- The increase of \$94 million in taxable assessed valuation the result of increased economic development which has occurred in the areas of commercial, industrial and residential development. All 3 areas have seen robust growth over the past several years.

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 5.62% for the City for the 2007 fiscal year

budget. The budget adopted by the City Council was within the limits established by the law and has been in both years that the City has been under this limitation.

The Water and Sewer Department budgets are both separately funded with user fees. The approved 2007 fiscal year Water department budget of \$3.9 million was 7.8% greater than the previous year. Additional revenue from the full impact of a rate increase in the previous year and available fund balances allowed the budget to be adopted without a rate increase. The Sewer Department budget of \$4.5 million was an increase of 3% however, additional user fee revenue and available resources allowed the budget to be adopted without any rate increase.

### **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, 2006**

	Primary Government				Component Unit Community Facility Corp. 2006
	Governmental Activities	Business-Type Activities	Total 2006	Total 2005	
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 1,106,704	\$ 167,309	\$ 1,274,013	\$ 3,877,747	
Investments	20,396,639	1,861,296	22,257,935	27,511,494	
Receivables:					
Taxes	1,358,311		1,358,311	1,262,436	
Accounts (Net of Allowance for Uncollectibles)	740,994	1,435,344	2,176,338	1,985,468	\$ 867,104
Intergovernmental	3,344,695		3,344,695	1,948,930	
Loans (Net of Allowance for Uncollectibles)	3,383,517		3,383,517	3,689,696	
Internal Balances	1,014	(395)	619		
Advance to Component Unit	6,707,213		6,707,213	6,421,434	
Notes and Interest Receivable		1,679	1,679	2,112	
Inventory	473,642		473,642	415,519	
Cash - Restricted		396,164	396,164	256,812	
Deferred Charges		233,887	233,887	272,195	
Intangible Assets (Net of Amortization)		833	833	2,833	301,441
Investment in Joint Ventures		9,889,284	9,889,284	9,178,023	
Capital Assets:					
Land	11,496,334	265,644	11,761,978	11,034,975	244,300
Buildings	52,875,900	6,684,275	59,560,175	47,248,623	3,430,495
Improvements Other Than Buildings	18,162,700		18,162,700	17,332,352	2,158,913
Machinery and Equipment	20,878,610	1,924,605	22,803,215	21,565,882	269,434
Infrastructure	103,392,676	44,075,739	147,468,415	137,964,034	
Less: Accumulated Depreciation	(67,434,423)	(12,727,765)	(80,162,188)	(76,634,646)	(323,212)
Construction In Progress	7,304,207	253,280	7,557,487	20,727,026	
Total Net Capital Assets	<u>146,676,005</u>	<u>40,475,778</u>	<u>187,151,782</u>	<u>179,238,246</u>	<u>5,779,930</u>
Total Assets	<u>184,188,733</u>	<u>54,461,180</u>	<u>238,649,911</u>	<u>236,062,945</u>	<u>6,948,475</u>
<b>LIABILITIES</b>					
Accounts Payable	2,457,743	171,838	2,629,581	3,935,984	
Accrued Wages and Taxes Payable	2,443,510	36,469	2,479,979	2,451,950	
Compensated Absences Payable	1,264,317	58,322	1,322,639	1,274,156	
Notes Payable	86,439		86,439	95,858	175,000
Unearned Revenue	77,752		77,752	53,635	
Customer's Deposits	7,086		7,086	4,000	
Accrued Interest Payable	420,748	219,737	640,485	631,164	60,545
Advance from Primary Government					6,707,213
Liabilities Payable From Restricted Assets		396,164	396,164	256,812	
Noncurrent Liabilities:					
Due Within One Year	7,828,644	1,461,724	9,290,368	9,030,771	
Due in More Than One Year	92,014,128	17,389,086	109,403,214	107,288,983	
Total Liabilities	<u>106,600,367</u>	<u>19,733,340</u>	<u>126,333,707</u>	<u>125,023,313</u>	<u>6,942,759</u>
<b>NET ASSETS</b>					
Invested in Capital Assets (Net of Related Debt)	77,005,933	21,624,968	98,630,901	96,640,194	
Restricted For:					
Recreation and Human Services	6,273,828		6,273,828	6,495,992	
Debt Service	5,885,000		5,885,000	6,080,000	
Capital Projects	3,530,869		3,530,869	5,017,710	
Nonexpendable Perpetual Care	20,601		20,601	19,679	
Nonexpendable Endowment Fund	1,159,946		1,159,946	1,084,909	
Unrestricted	(16,287,812)	13,102,872	(3,184,940)	(4,298,854)	5,716
Total Net Assets	<u>\$ 77,588,366</u>	<u>\$ 34,727,840</u>	<u>\$ 112,316,204</u>	<u>\$ 111,039,630</u>	<u>\$ 5,716</u>

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

Comparative Statement of Activities  
For the Year Ended June 30, 2006

Functions and Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit Community Facility Corp. 2006	
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Primary Government Total		
							2006		2005
<b>Primary Government:</b>									
Governmental Activities:									
General Government	\$ 4,270,789	\$ 1,745,675	\$ 459,490		\$ (2,065,623)	\$	(2,065,623)	\$ (4,923,098)	
Public Safety	9,965,122	497,780	60,115	111,296	(9,295,931)		(9,295,931)	(9,262,927)	
Human Services	20,210,525	1,353,179	782,241	2,683,052	(15,392,053)		(15,392,053)	(11,684,401)	
Culture and Recreation	693,885		317,037		(376,848)		(376,848)	(459,067)	
Other Agencies	1,929,781	23,171	388,302	36,483	(1,481,825)		(1,481,825)	(2,211,547)	
Education & Nutrition	3,059,161				(3,059,161)		(3,059,161)	(2,606,124)	
Pension and Employee Ins.	47,202,130	1,186,405	35,079,792		(10,935,933)		(10,935,933)	(14,352,461)	
Interest on Long-Term Debt	4,606,785	10,000			(4,596,785)		(4,596,785)	(4,421,647)	
Total Governmental Activities	3,701,140	4,816,210	37,086,977	2,830,831	(3,701,140)		(3,701,140)	(3,517,985)	
	95,639,319			2,830,831	(50,905,300)		(50,905,300)	(53,439,257)	
<b>Business-Type Activities:</b>									
Water	3,379,319	3,449,761		240,859		\$ 311,301	311,301	340,612	
Sewer	3,936,596	4,046,680		615,839		725,923	725,923	817,814	
Total Business-Type Activities	7,315,915	7,496,441		856,698		1,037,224	1,037,224	1,158,426	
<b>Total Primary Government</b>	<b>102,955,234</b>	<b>12,312,651</b>	<b>37,086,977</b>	<b>3,687,529</b>	<b>(50,905,300)</b>	<b>1,037,224</b>	<b>(49,868,076)</b>	<b>(52,280,831)</b>	
<b>Component Unit:</b>									
Community Facility Corp.	\$ 480,091	\$ 15,814						\$ 464,277	
<b>General Revenues:</b>									
Property Taxes					39,434,602		39,434,602	39,879,952	
Payment in Lieu of Taxes					403,417		403,417	556,490	
Motor Vehicle Excise Taxes					4,076,360		4,076,360	4,024,831	
Franchise Fees					97,481		97,481	97,692	
Grants and Contributions Not Restricted to Specific Programs:									
Homestead Exemption					989,431		989,431	1,113,346	
State Revenue Sharing					5,081,645		5,081,645	4,683,822	
Unrestricted Investment Earnings					1,471,688	60,015	1,531,703	1,324,330	
Transfers					(433,440)	(36,553)	(469,993)		
Total General Revenues and Transfers					51,121,184	23,462	51,144,646	51,680,463	
Change in Net Assets					215,883	1,060,687	1,276,570	(600,368)	
Net Assets, July 1					77,372,479	33,667,153	111,039,630	111,639,992	
Net Assets, June 30					\$ 77,588,366	\$ 34,727,840	\$ 112,316,204	\$ 111,039,630	

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

Comparative Balance Sheet  
Governmental Funds  
June 30, 2006

	School Categorical				Debt Service Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds	
	General	Grants Special Revenue Fund						2006	2005
<b>ASSETS</b>									
Cash and Cash Equivalents	\$ 757,155	\$ 104,823	\$ 260	\$ 243,711	\$ 97,969	\$ 1,203,917	\$ 3,653,404		
Investments	12,099,076	1,840,899		3,288,334	3,168,330	20,396,639	22,620,084		
Receivables:									
Taxes	1,358,311					1,358,311	1,262,436		
Accounts (Net of Allowance for Uncollectibles)	305,487			400,000	35,507	740,994	619,581		
Intergovernmental	1,389,375	478,014		895,915	581,391	3,344,695	1,948,930		
Loans (Net of Allowance for Uncollectibles)					3,383,517	3,383,517	3,689,696		
Due From Other Funds	1,769,663			487		1,770,150	1,731,515		
Advances to Other Funds	179,632					179,632	179,632		
Advance to Component Unit	725,000		5,885,000			6,610,000	6,334,591		
Inventory	452,012	21,630				473,642	415,519		
<b>Total Assets</b>	<b>\$ 19,035,709</b>	<b>\$ 2,445,366</b>	<b>\$ 5,885,260</b>	<b>\$ 4,828,448</b>	<b>\$ 7,266,713</b>	<b>\$ 39,461,496</b>	<b>\$ 42,455,388</b>		

**LIABILITIES AND FUND BALANCE**

<b>Liabilities:</b>									
Accounts Payable	\$ 1,040,896	\$ 4,219	\$ 115,049	\$ 1,297,579	\$ 17,461	\$ 2,457,743	\$ 2,928,297		
Accrued Wages and Taxes Payable	2,340,282	85,768			772,734	2,443,510	2,404,267		
Due to Other Funds		996,403			86,439	1,769,136	1,731,461		
Notes Payable						86,439	95,858		
Deferred Revenue	1,258,575					1,258,575	1,161,914		
Unearned Revenue	32,878					32,878	26,990		
Customer's Deposits	7,086					7,086	4,000		
Advances From Other Funds			179,632			179,632	179,632		
Matured Interest Coupon Payable						260	520		
<b>Total Liabilities</b>	<b>4,679,717</b>	<b>1,086,390</b>	<b>\$ 260</b>	<b>1,297,579</b>	<b>1,171,314</b>	<b>8,235,259</b>	<b>8,432,937</b>		



**Comparative Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds  
For the Year Ended June 30, 2006**

						<b>Total Governmental Funds</b>	
	<b>General</b>	<b>School Grants Special Revenue Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects</b>	<b>Other Governmental Funds</b>	<b>2006</b>	<b>2005</b>
<b>REVENUES</b>							
Taxes	\$ 43,504,488				\$ 917,472	\$ 44,421,960	\$ 45,036,326
Licenses and Permits	474,501					474,501	430,714
Intergovernmental	34,768,746	\$ 6,541,241		\$ 2,230,988	2,109,814	45,650,788	41,050,515
Charges For Services	1,509,875	794,633			144,125	2,448,634	2,233,055
Fines	175,983					175,983	223,439
Interest, Rents and Gain on Investments	1,676,923	1,463		73,195	726,392	2,477,974	2,114,834
Donations				(245,513)	197,728	(47,784)	1,219,544
Miscellaneous	792,828				30,832	823,661	690,092
<b>Total Revenues</b>	<u>82,903,344</u>	<u>7,337,337</u>		<u>2,058,670</u>	<u>4,126,364</u>	<u>96,425,715</u>	<u>92,998,519</u>
<b>EXPENDITURES</b>							
Current:							
General Government	3,477,293				1,987,528	5,464,821	5,659,501
Public Safety	10,045,790					10,045,790	9,599,005
Public Works	7,255,844					7,255,844	6,794,981
Human Services	587,046				100,966	688,012	636,858
Culture and Recreation	2,101,841				499,437	2,601,278	2,050,309
Intergovernmental	3,059,161					3,059,161	3,045,464
Education	42,148,732	5,173,363				47,322,095	44,447,097
Nutrition		1,863,646				1,863,646	1,897,929
Miscellaneous	5,857,590					5,857,590	4,672,231
Debt Service:							
Redemption of Serial Bonds			\$ 6,276,021			6,276,021	5,901,937
Redemption of Refunded Bond							2,365,000
Interest on Serial Bonds			3,632,071			3,632,071	3,475,332
Capital Lease Debt			106,876			106,876	102,541
Bond Issuance Costs			54,678			54,678	39,144
Capital Outlay			195,000	13,617,144	1,023,462	14,835,605	17,140,731
<b>Total Expenditures</b>	<u>74,533,297</u>	<u>7,037,009</u>	<u>10,264,647</u>	<u>13,617,144</u>	<u>3,611,393</u>	<u>109,063,489</u>	<u>107,828,062</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,370,048	300,327	(10,264,647)	(11,558,473)	514,970	(12,637,774)	(14,829,542)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers In	506,030		10,069,647	433,674	655,799	11,665,150	12,412,109
Transfers Out	(9,737,945)	(327,885)		(637,042)	(1,395,718)	(12,098,590)	(12,374,445)
Issuance of General Obligation Bonds				10,275,000		10,275,000	13,650,000
Issuance of Refunded Bonds							2,365,000
<b>Total Other Financing Source (Uses)</b>	<u>(9,231,915)</u>	<u>(327,885)</u>	<u>10,069,647</u>	<u>10,071,632</u>	<u>(739,920)</u>	<u>9,841,560</u>	<u>16,052,664</u>
Net Change in Fund Balance	(861,867)	(27,558)	(195,000)	(1,486,841)	(224,950)	(2,796,214)	1,223,122
Fund Balance, July 1	15,217,860	1,386,534	6,080,000	5,017,710	6,320,349	34,022,450	32,799,328
Fund Balance, June 30	<u>\$ 14,355,993</u>	<u>\$ 1,358,976</u>	<u>\$ 5,885,000</u>	<u>\$ 3,530,869</u>	<u>\$ 6,095,399</u>	<u>\$ 31,226,236</u>	<u>\$ 34,022,450</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, 2006**

Net Change in Fund Balances - Total Governmental Funds Reported on Statement 4	\$	(2,796,214)
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 \$5,130,921 in the current period.		5,822,002
The net effect of the disposition of capital assets which resulted in a gain that increased net assets. Disposed assets were historically valued at \$1,438,520, with accumulated depreciation of \$1,223,015, and proceeds received of \$245,188.		(215,505)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		78,433
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.		(3,718,588)
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.		1,045,755
Change in net assets of governmental activities (see Statement 2)	\$	215,883

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, 2006**

	Budgeted Amounts		Actual & Year End Encumbrances	Variance With Final Budget - Positive (Negative)
	Original & 2005 Encumbrances	Final & 2005 Encumbrances		
<b>REVENUES</b>				
Taxes:				
Real Estate	\$ 39,215,705	\$ 39,215,705	\$ 39,428,128	\$ 212,423
Excise	3,895,000	3,895,000	4,076,360	181,360
Licenses and Permits	385,475	385,475	474,501	89,026
Intergovernmental	30,421,507	30,421,507	30,770,593	349,086
Charges For Services	1,060,000	1,060,000	1,509,875	449,875
Fines	238,800	238,800	175,983	(62,817)
Interest, Rents and Royalties	1,063,180	1,063,180	1,676,923	613,743
Miscellaneous	790,000	790,000	792,828	2,828
Total Revenues	<u>77,069,667</u>	<u>77,069,667</u>	<u>78,905,191</u>	<u>1,835,524</u>
<b>EXPENDITURES</b>				
Current:				
General Government:				
Mayor and City Council	47,200	49,281	44,462	4,818
Economic Development	231,786	238,044	223,943	14,100
City Administrator	261,903	296,036	299,764	(3,728)
City Attorney	182,500	182,500	172,057	10,443
City Clerk	255,167	279,879	266,544	13,335
Human Resources	253,916	271,194	264,144	7,050
Finance and Administration	1,421,201	1,587,837	1,563,635	24,202
Buildings and Parking Facilities	634,771	647,868	704,564	(56,696)
Total General Government	<u>3,288,444</u>	<u>3,552,639</u>	<u>3,539,114</u>	<u>13,525</u>
Public Safety:				
Police	4,612,889	4,943,648	4,955,743	(12,095)
Fire	4,510,460	4,883,184	4,897,685	(14,501)
Inspection	237,513	267,451	267,470	(19)
Other	17,337	17,142	15,391	1,751
Total Public Safety	<u>9,378,198</u>	<u>10,111,425</u>	<u>10,136,289</u>	<u>(24,864)</u>
Public Works:				
Administration	177,299	229,255	218,518	10,737
Engineering	152,962	201,020	160,474	40,547
Maintenance and Sanitation	7,322,247	7,554,485	7,501,281	53,204
Total Public Works	<u>7,652,508</u>	<u>7,984,761</u>	<u>7,880,272</u>	<u>104,488</u>
Social Services	532,758	554,630	587,046	(32,416)
Recreation	1,124,365	1,183,775	1,167,144	16,631
Library	895,640	962,981	989,003	(26,022)
Intergovernmental	3,068,842	3,068,842	3,059,161	9,681
Education	38,059,793	38,059,793	38,665,519	(605,726)

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual - Budgetary Basis  
General Fund  
For the Year Ended June 30, 2006**

	Budgeted Amounts		Actual & Year End Encumbrances	Variance With Final Budget - Positive (Negative)
	Original & 2005 Encumbrances	Final & 2005 Encumbrances		
Miscellaneous:				
Insurances	3,290,875	3,274,064	3,178,651	95,413
Pensions and Retirement	1,505,300	764,068	771,313	(7,245)
Reserves and Contingencies	786,000	134,500		134,500
Other Miscellaneous	1,481,716	1,412,961	1,907,626	(494,665)
Total Miscellaneous	<u>7,063,891</u>	<u>5,585,593</u>	<u>5,857,590</u>	<u>(271,997)</u>
Total Expenditures	<u>71,064,439</u>	<u>71,064,439</u>	<u>71,881,139</u>	<u>(816,700)</u>
Excess of Revenues Over Expenditures	6,005,228	6,005,228	7,024,052	1,018,824
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	11,000	11,000	506,030	495,030
Transfers Out	(9,098,902)	(9,098,902)	(9,737,945)	(639,043)
Total Other Financing Sources and Uses	<u>(9,087,902)</u>	<u>(9,087,902)</u>	<u>(9,231,915)</u>	<u>(144,013)</u>
Net Change in Fund Balance - Budgetary Basis	(3,082,674)	(3,082,674)	(2,207,863)	874,811
Add Back Encumbrances	1,139,167	1,139,167	1,345,995	206,829
Net Change in Fund Balance - GAAP Basis	(1,943,507)	(1,943,507)	(861,867)	1,081,640
Fund Balance, July 1,	15,217,860	15,217,860	15,217,860	
Fund Balance, June 30	<u>\$ 13,274,353</u>	<u>\$ 13,274,353</u>	<u>\$ 14,355,993</u>	<u>\$ 1,081,640</u>

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

**Comparative Statement of Net Assets  
Proprietary Funds  
June 30, 2006  
Business-Type Activities - Enterprise Funds**

	Water	Sewer	Total All Funds	
	Enterprise Fund	Enterprise Fund	2006	2005
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 35,937	\$ 131,372	\$ 167,309	\$ 311,186
Investments	476,709	1,384,587	1,861,296	4,891,410
Restricted Cash - Customer Deposits	8,178	387,986	396,164	256,812
Accounts Receivable (Net of Allowance for Uncollectibles)	680,455	754,889	1,435,344	1,365,887
Notes & Interest Receivable		300	300	450
Total Current Assets	1,201,279	2,659,134	3,860,413	6,825,745
Noncurrent Assets:				
Notes & Interest Receivable		1,379	1,379	1,662
Other Assets:				
Deferred Charges	147,555	86,332	233,887	272,195
Intangible Assets (Net of Amortization)	417	416	833	2,833
Investment in Joint Ventures	1,751,075	8,138,209	9,889,284	9,178,023
Total Other Assets	1,899,047	8,224,957	10,124,004	9,453,051
Capital Assets:				
Land	94,350	171,294	265,644	265,644
Buildings	3,105,379	3,578,896	6,684,275	6,684,275
Pipelines and Mains	33,088,088	10,987,651	44,075,739	37,390,396
Machinery & Equipment	1,017,584	907,021	1,924,605	1,953,977
Less: Accumulated Depreciation	(7,882,300)	(4,845,465)	(12,727,765)	(13,108,129)
Construction in Progress	144,067	109,213	253,280	4,982,574
Total Net Capital Assets	29,567,168	10,908,610	40,475,778	38,168,737
Total Noncurrent Assets	31,466,215	19,134,946	50,601,161	47,623,450
Total Assets	\$ 32,667,494	\$ 21,794,080	\$ 54,461,574	\$ 54,449,195

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

**Comparative Statement of Net Assets  
Proprietary Funds  
June 30, 2006  
Business-Type Activities - Enterprise Funds**

	Water	Sewer	Total All Funds	
	Enterprise Fund	Enterprise Fund	2006	2005
<b>LIABILITIES</b>				
Current Liabilities:				
Revenue Bonds Payable - Current	\$ 1,077,286	\$ 384,438	\$ 1,461,724	\$ 1,402,858
Accounts Payable	97,176	74,662	171,838	1,107,687
Accrued Payroll	21,868	14,601	36,469	47,683
Compensated Absences Payable	38,529	19,793	58,322	55,551
Accrued Interest Payable	165,344	54,360	219,704	225,530
Due to Other Funds		395	395	54
Total Current Liabilities	1,400,203	548,249	1,948,452	2,839,363
Current Liabilities Payable from Restricted Assets:				
Customer Deposits Payable	8,178	387,986	396,164	256,812
Total Current Liabilities Payable From Restricted Assets	8,178	387,986	396,164	256,812
Noncurrent Liabilities:				
Deferred Credits	33		33	57
Revenue Bonds Payable	12,644,508	4,744,578	17,389,086	17,685,810
Total Noncurrent Liabilities	12,644,541	4,744,578	17,389,119	17,685,867
Total Liabilities	\$ 14,052,922	\$ 5,680,813	\$ 19,733,735	\$ 20,782,042
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	\$ 15,845,342	\$ 5,779,593	\$ 21,624,935	\$ 19,080,012
Unrestricted	2,769,230	10,333,674	13,102,904	14,587,141
Total Net Assets	\$ 18,614,572	\$ 16,113,267	\$ 34,727,840	\$ 33,667,153

**Comparative Statement of Revenues, Expenses and Changes in Net Assets  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2006  
Business-Type Activities - Enterprise Funds**

	Water Enterprise Fund	Sewer Enterprise Fund	Total All Business-Type Activities	
			2006	2005
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 3,449,761	\$ 4,046,680	\$ 7,496,441	\$ 7,223,053
<b>OPERATING EXPENSES</b>				
Cost of Sales and Services	1,634,768	3,042,620	4,677,388	4,367,754
Administration	537,024	391,383	928,407	891,599
Depreciation	636,955	300,346	937,301	917,526
Total Operating Expenses	<u>2,808,747</u>	<u>3,734,349</u>	<u>6,543,096</u>	<u>6,176,879</u>
Operating Income	641,014	312,331	953,346	1,046,173
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Revenues	30,427	29,588	60,015	57,173
Increase in Fund Equity of Joint Ventures	95,422	615,839	711,261	633,800
Interest Expense	(527,018)	(186,763)	(713,781)	(593,205)
Gain (Loss) on Sale of Capital Assets	(18,754)		(18,754)	(11,347)
Amortization of Deferred Charges	(24,800)	(15,484)	(40,284)	(46,712)
Total Nonoperating Revenue (Expenses)	<u>(444,723)</u>	<u>443,180</u>	<u>(1,543)</u>	<u>39,709</u>
Income Before Contributions & Transfers	196,291	755,511	951,803	1,085,882
Transfers In		122,465	122,465	
Transfers Out	(152,058)	(6,960)	(159,018)	(37,664)
Capital Contributions	145,437		145,437	129,717
Change in Net Assets	189,670	871,016	1,060,687	1,177,935
Total Net Assets, July 1	<u>18,424,902</u>	<u>15,242,251</u>	<u>33,667,153</u>	<u>32,489,217</u>
Total Net Assets, June 30	<u>\$ 18,614,572</u>	<u>\$ 16,113,267</u>	<u>\$ 34,727,840</u>	<u>\$ 33,667,153</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, 2006  
Business-Type Activities - Enterprise Funds**

	Water	Sewer	Total	
	Enterprise Fund	Enterprise Fund	2006	2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received From Customers	\$ 3,364,078	\$ 4,202,257	\$ 7,566,335	\$ 7,269,028
Cash Paid to Suppliers for Goods and Services	(2,031,742)	(3,180,083)	(5,211,825)	(3,401,886)
Cash Paid to Employees for Services	(930,489)	(407,430)	(1,337,919)	(1,164,206)
Net Cash Provided by Operating Activities	<u>401,847</u>	<u>614,744</u>	<u>1,016,591</u>	<u>2,702,936</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers to Other Funds	(152,058)	115,505	(36,553)	(37,664)
Net Cash (Used For) Noncapital Financing Activities	<u>(152,058)</u>	<u>115,505</u>	<u>(36,553)</u>	<u>(37,664)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds From Sale of Revenue Bonds	415,000	750,000	1,165,000	5,580,000
Acquisition and Construction of Capital Assets	(2,063,453)	(1,199,642)	(3,263,095)	(5,709,541)
Principal Paid on Revenue Bonds	(1,054,215)	(348,643)	(1,402,858)	(1,120,578)
Interest Paid on Revenue Bonds	(530,381)	(189,226)	(719,607)	(558,465)
Capital Contributions	145,437		145,437	129,716
Payments Received from Capital Notes		375	375	3,197
Net Cash (Used For) Capital & Related Financing Activities	<u>(3,087,612)</u>	<u>(987,136)</u>	<u>(4,074,748)</u>	<u>(1,675,671)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Net Sales (Purchases) of Investments				4,162,267
Interest Earned (Paid) on Investments	30,427	29,644	60,071	57,197
Net Cash Provided By Investing Activities	<u>30,427</u>	<u>29,644</u>	<u>60,071</u>	<u>4,219,464</u>
Net Increase (Decrease) in Cash	(2,807,396)	(227,243)	(3,034,639)	5,209,065
Cash and Cash Equivalents, July 1	<u>3,328,220</u>	<u>2,131,188</u>	<u>5,459,408</u>	<u>250,343</u>
Cash and Cash Equivalents, June 30	<u>\$ 520,824</u>	<u>\$ 1,903,945</u>	<u>\$ 2,424,769</u>	<u>\$ 5,459,408</u>
Cash and Cash Equivalents	35,937	131,372	167,309	311,187
Investments	476,709	1,384,587	1,861,296	4,891,410
Restricted Cash	8,178	387,986	396,164	256,812
Total Cash and Cash Equivalents	<u>\$ 520,824</u>	<u>\$ 1,903,945</u>	<u>\$ 2,424,769</u>	<u>\$ 5,459,408</u>

<b>Reconciliation of Operating Income to Net Cash Provided By Operating Activities</b>				
Operating Income	\$ 641,014	\$ 312,331	\$ 953,346	\$ 1,046,173
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:				
Depreciation	636,955	300,346	937,301	917,526
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(81,033)	11,576	(69,457)	(60,219)
Increase (Decrease) in Customer Deposits	(4,649)	144,001	139,351	106,194
Increase (Decrease) in Accounts Payable	(775,877)	(159,970)	(935,846)	669,359
Increase (Decrease) in Accrued Payroll	(12,640)	1,427	(11,213)	22,231
Increase (Decrease) in Accrued Leave	(1,922)	4,693	2,770	4,617
Increase (Decrease) in Due to Other Funds		341	341	54
Total Adjustments	<u>(239,167)</u>	<u>302,412</u>	<u>63,245</u>	<u>1,659,762</u>
Net Cash Provided By Operating Activities	<u>\$ 401,847</u>	<u>\$ 614,744</u>	<u>\$ 1,016,591</u>	<u>\$ 2,705,936</u>

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

**Comparative Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2006**

	<u>Private Purpose Trust Funds</u>		<u>Agency Funds</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
<b>ASSETS</b>				
Cash		\$ 823	\$ 177,317	\$ 138,765
Investments	\$ 180,533	175,714		
Total Assets	<u>180,533</u>	<u>176,537</u>	<u>177,317</u>	<u>138,765</u>
<b>LIABILITIES</b>				
Due to General Fund	619			
School Activities Payable			165,517	126,840
DAB Payable			9,050	9,825
SSI Client Payable			2,750	2,100
Total Liabilities	<u>619</u>		<u>177,317</u>	<u>138,765</u>
<b>NET ASSETS</b>				
Held in trust for scholarships and other purposes	\$ <u>179,914</u>	\$ <u>176,537</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, 2006**

	<b>Private Purpose Trust Funds</b>	
	<b>2006</b>	<b>2005</b>
<b>ADDITIONS</b>		
Contributions:		
Bequests		\$ 207
Investment Earnings	\$ 6,248	3,035
Total Additions	6,248	3,242
<b>DEDUCTIONS</b>		
Medical Disbursements	619	
Scholarship Awards	2,253	2,538
Total Deductions	2,872	2,538
Change in Net Assets	3,376	704
Net Assets - Beginning	176,537	175,833
Net Assets - Ending	\$ 179,914	\$ 176,537

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

**CITY OF LEWISTON, MAINE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2006**

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 \$6,080,000 of which \$5,885,000 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.

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 the 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 advance from General Fund to the Lewiston Mill Redevelopment Corporation Special Revenue Fund and the advance from the 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 and Central Service Departments 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 to the value of 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 \$101,527,577 difference are as follows:

Bonds Payable	\$	89,603,156
Accrued Interest Payable		420,488
Obligation for Workers Compensation Claims		3,208,452
City Pension Plan Unfunded Actuarial Liability		2,890,029
Compensated Absences Payable – Sick		1,689,646
Compensated Absences Payable – Vacation		1,264,317
Capital Lease Payable		153,913
Landfill Closure and Post-Closure Care Costs		<u>2,297,577</u>
<b>Net Adjustment to reduce total governmental fund balances to arrive at governmental activities net assets</b>	<b>\$</b>	<b><u>101,527,577</u></b>

### 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 \$3,718,588 difference are as follows:

Debt Issued:	
Issuance of General Obligation Bonds	\$ 10,275,000
Capital Lease	16,000
Principal Repayments:	
General Obligation Debt	(6,471,994)
Capital Lease Payments	<u>(100,418)</u>
<b>Net Adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities</b>	<b>\$ <u>3,718,588</u></b>

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 \$1,045,755 reconciling item are noted below:

Accrued Interest Adjustment	\$ (14,838)
Workers Compensation Claims	804,215
Compensated Absences – Sick	228,883
Compensated Absences – Vacation	(46,307)
Landfill Closure & Postclosure Care	(115,699)
City Pension Plan Costs	<u>189,501</u>
<b>Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities</b>	<b>\$ <u>1,045,755</u></b>

### 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 legal level of budgetary control is at the department level for the General Fund and Water and Sewer 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, 2006, 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 \$3,998,153 additional expenditure of \$3,998,153 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 \$1,345,995 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 \$1,119,710, at year end.

The City of Lewiston General Fund had significant budget deficits in the following departments: Building and Parking Facilities, \$56,696; Police, \$12,095; Fire, \$14,501; Social Services, \$32,416; Library, \$26,022; Education, \$605,726; and Other Miscellaneous, \$494,665. These budget deficits were funded in part by greater than expected revenues and available fund balance 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, 2006, the carrying amount of the City's deposits was \$1,847,494 and the related bank balance was \$5,924,343.

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, \$5,875,919 was insured by federal depository insurance. The remaining \$48,424 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	\$137,167	2.80
Certificates of Deposits	\$7,030,000	.52
Corporate Stocks	\$793,821	N/A
Corporate Bonds	\$184,603	Less than 1 year
Repurchase Agreements	<u>\$14,292,877</u>	Less than 1 year
Total Fair Value	\$22,438,468	

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. Credit ratings for the City's investments were not available. The City's investment in perfected repurchase agreements as a cash management tool is insured up to \$20 million, agreements in excess of that aggregate amount are fully collateralized at 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 department of TD Banknorth, in the City's name and are held at the Federal Reserve Bank in Boston. The investment in corporate equities and U.S. Treasuries, in the amount of \$1,115,591 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, 2006, for the City of Lewiston's individual major funds, nonmajor, and Business-type - Enterprise funds consist of the following:

	General	School Categorical	Capital Projects	Other Governmental	Water Enterprise	Sewer Enterprise	Total
Taxes	\$1,358,311						\$1,358,311
Accounts	307,147		\$400,000	\$35,507	\$680,455	\$756,146	2,179,255
Notes\Loans				3,862,022		1,679	3,863,701
Intergovernmental	1,389,375	\$478,014	895,915	581,391			3,344,695
Gross receivables	3,054,833	478,014	1,295,915	4,478,920		1,438,280	10,745,962
Less: Allowance for Uncollectibles	(1,660)			(478,505)		(1,257)	(481,422)
<b>Net Receivables</b>	<b>\$3,053,173</b>	<b>\$478,014</b>	<b>\$1,295,915</b>	<b>\$4,000,415</b>	<b>\$680,455</b>	<b>\$1,437,023</b>	<b>\$10,264,540</b>

Property taxes for the current year were committed June 7, 2005, on the assessed value listed as of April 1, 2005, for all real and personal property located in the City. Taxes were due in two installments: September 15, 2005, and March 15, 2006. Interest was charged at 7.75% 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, 2005, upon which the 2006 levy was based, was at approximately 74.1% of the estimated market value.

Property taxes levied during fiscal year 2006 are recorded as receivables. The receivables collected during the fiscal year ended June 30, 2006 and during the 1st 60 days of fiscal year 2007 are recognized

as revenues in the Governmental Funds, in fiscal year 2006. Receivables of \$1,213,701, 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 \$77,752 as unearned revenue. This amount represents the prepayment of fiscal year 2007 taxes, an advance rental payment for city-owned property and contractors' deposits in advance for work to be performed in 2007. 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:

	<b>Balance</b>			<b>Balance</b>
	<b>July 1,</b>			<b>June 30,</b>
	<b>2005</b>	<b>Additions</b>	<b>Retirement</b>	<b>2006</b>
Capital Assets not depreciated:				
Land	\$ 10,769,331	\$ 742,793	\$ 15,790	\$ 11,496,334
Construction in Progress	15,744,452	10,489,117	8,929,365	7,304,207
<b>Total Capital Assets not depreciated</b>	<b>26,513,783</b>	<b>1,231,910</b>	<b>8,945,155</b>	<b>18,800,541</b>
Capital Assets being depreciated:				
Buildings	40,564,348	12,945,972	634,420	52,875,900
Improvements Other Than Buildings	17,332,352	975,377	145,030	18,162,700
Machinery and Equipment	19,611,905	1,909,984	643,280	20,878,610
Infrastructure	100,573,638	2,819,045		103,392,676
<b>Total Capital Assets being depreciated</b>	<b>178,082,238</b>	<b>18,650,378</b>	<b>1,422,730</b>	<b>195,309,886</b>
Less Accumulated Depreciation for:				
Buildings	(18,306,248)	(1,264,047)	(667,893)	(18,902,402)
Improvements Other Than Buildings	(2,983,876)	(637,751)	(29,398)	(3,592,229)
Machinery and Equipment	(10,798,037)	(1,054,386)	(525,722)	(11,326,701)
Infrastructure	(31,438,354)	(2,174,737)		(33,613,091)
<b>Total Accumulated Depreciation</b>	<b>(63,526,517)</b>	<b>(5,130,921)</b>	<b>(1,223,015)</b>	<b>(67,434,423)</b>
<b>Total Net Capital Assets</b>				
<b>Being Depreciated</b>	<b>114,555,723</b>	<b>13,519,457</b>	<b>199,715</b>	<b>127,875,463</b>
<b>Governmental Activities Capital</b>				
<b>Assets, Net</b>	<b>\$ 141,069,509</b>	<b>\$ 14,751,367</b>	<b>\$ 9,144,870</b>	<b>\$ 146,676,005</b>

Depreciation expense was charged to the various governmental functions as follows: general government, \$664,197; public safety, \$366,681; public works, \$2,849,580; culture and recreation, \$386,151; urban redevelopment, \$84,897; and education and nutrition, \$779,415.

At June 30, 2006, the City had entered into contracts for, or had otherwise committed to, the construction or renovation of various facilities as follows:

	<b>Project Authorization</b>	<b>Expended To Date</b>	<b>Commitment</b>	<b>Required Further Financing</b>
Downtown Revitalization	\$ 252,119	\$ 181,285	\$ 70,833	None
GIS Implementation	84,504	51,775	23,106	None
Business Park Develop.	300,000	157,242	135,696	None
Aerial Fire Truck	700,000	9,544	658,724	None
Mill Development	500,000	55,521	18,627	None
General Street Rehab	2,027,000	1,850,727	138,132	None
Infrastructure Improve.	2,724,292	1,772,734	308,064	None
Androscoggin River Drain.	450,000	187,840	237,160	None

The following is a summary of the Primary Government's Business-type capital assets for the City's Enterprise Funds at June 30, 2006:

	<b>Balance July 1, 2005</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2006</b>
<b>Capital Assets not depreciated:</b>				
Land	\$ 265,644			\$ 265,644
Construction in Progress	4,982,574	\$ 3,074,638	\$ 7,803,933	253,280
<b>Total Capital Assets not depreciated</b>	<b>5,248,218</b>	<b>3,074,638</b>	<b>7,803,933</b>	<b>518,924</b>
<b>Capital Assets being depreciated:</b>				
Buildings	6,684,275			6,684,275
Equipment	1,953,977	51,102	80,474	1,924,605
Sewer and Water Lines	37,390,396	7,941,289	1,255,945	44,075,739
<b>Total Capital Assets being depreciated</b>	<b>46,028,648</b>	<b>7,992,391</b>	<b>1,336,419</b>	<b>52,684,619</b>
<b>Less Accumulated Depreciation for:</b>				
Buildings	(2,555,804)	(125,034)		(2,680,838)
Equipment	(1,208,113)	(170,287)	(80,474)	(1,297,926)
Sewer and Water Lines	(9,344,212)	(641,980)	(1,237,191)	(8,749,001)
<b>Total Accumulated Depreciation</b>	<b>(13,108,129)</b>	<b>(937,301)</b>	<b>(1,317,665)</b>	<b>(12,727,765)</b>
<b>Total Net Capital Assets Being Depreciated</b>	<b>32,920,519</b>	<b>7,055,090</b>	<b>18,754</b>	<b>39,956,855</b>
<b>Business-type Capital Assets, Net</b>	<b>\$ 38,168,737</b>	<b>\$ 10,129,728</b>	<b>\$ 7,822,687</b>	<b>\$ 40,475,778</b>

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

	<b>Balance</b>			<b>Balance</b>
	<b>July 1, 2005</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2006</b>
Capital Assets not depreciated:				
Land	\$ 244,300			\$ 244,300
<b>Total Capital Assets not depreciated</b>	<b>244,300</b>			<b>244,300</b>
Capital Assets being depreciated:				
Buildings	3,430,495			3,430,495
Improvements to Buildings	2,133,261	\$ 25,652		2,158,913
Equipment	209,140	60,294		269,434
<b>Total Capital Assets being depreciated</b>	<b>5,772,896</b>	<b>85,946</b>		<b>5,858,842</b>
Less Accumulated Depreciation for:				
Buildings	(117,923)	(85,762)		(203,686)
Improvements Other Than Buildings	(25,901)	(55,076)		(80,977)
Machinery and Equipment	(10,842)	(27,707)		(38,549)
<b>Total Accumulated Depreciation</b>	<b>(154,666)</b>	<b>(168,545)</b>		<b>(323,213)</b>
<b>Total Net Capital Assets Being Depreciated</b>	<b>5,618,230</b>	<b>(82,599)</b>		<b>5,535,629</b>
<b>CFC Capital Assets, Net</b>	<b>\$ 5,862,530</b>	<b>\$ (82,599)</b>		<b>\$ 5,779,930</b>
Intangible Assets being amortized:				
Closing Costs	\$ 360,847			\$ 360,847
Less Accumulated Amortization	(34,824)	\$ (24,582)		(59,406)
<b>CFC Intangible Assets, Net</b>	<b>\$ 326,023</b>	<b>\$ (24,582)</b>		<b>\$ 301,441</b>

#### D. Interfund Transactions

As of June 30, 2006, the balances of interfund activity were as follows:

	<b>Interfund</b>	<b>Interfund</b>
	<b>Receivable</b>	<b>Payable</b>
General Fund	\$ 1,769,663	
School Categorical Grants		\$ 996,403
Capital Projects	487	
Nonmajor Governmental Funds		772,734
Sewer Enterprise Fund		395
Farrar Private Purpose Trust Fund		619
<b>Total</b>	<b>\$ 1,770,150</b>	<b>\$ 1,770,150</b>

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

**Interfund Advances:**

	<u>Advance Receivable</u>	<u>Advance Payable</u>
General Fund	\$ 179,632	
LMRC		\$ 179,632
<b>Total</b>	<b>\$ 179,632</b>	<b>\$ 179,632</b>

Additionally, the City of Lewiston's General Fund made a \$725,000 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 \$5,885,000 at June 30, 2006.

**Transfers In/Out:**

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 506,030	\$ 9,737,945
School Categorical Grants		327,885
Debt Service Fund	10,069,647	
Capital Projects Fund	433,674	637,042
Nonmajor Governmental Funds	655,799	1,395,718
Water Enterprise Fund		152,058
Sewer Enterprise Fund	122,465	6,960
C.F.C. Component Unit	469,993	
<b>Total</b>	<b>\$ 12,257,608</b>	<b>\$ 12,257,608</b>

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 required matching funds for grants and capital project 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 2006 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 \$348,135, resulting in the net carrying value of \$388,754.

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, 2006.

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, 2006:

<b>Fiscal Year Ended June 30</b>	<b>General Fund Rental Income</b>	<b>General Fund Rental Expenditures</b>
2007	\$ 112,176	\$ 30,000
2008	112,176	30,000
2009	118,478	30,000
2010	124,780	30,000
2011	124,780	30,000
Thereafter	1,011,471	1,262,500
<b>TOTAL</b>	<b>\$ 1,603,861</b>	<b>\$ 1,412,500</b>

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 2006.

**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 \$495,081, less \$479,875 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, 2006, were as follows:

<b>Fiscal Year Ended June 30</b>	<b>Lease Payment Amount</b>
2007	\$ 106,876
2008	32,668
2009	18,502
Less: Amount of Interest	(4,133)
<b>PV of Lease Payments</b>	<b>\$ 153,913</b>

#### **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 \$130,751,992 issued, are as follows:

<b>Municipal Improvements</b>	<b>Interest Rate</b>	<b>Balance At 6/30/06</b>
Capital Improvement – 1977	5.2%	\$ 30,000
Capital Improvement – 1987	7.4%	59,800
Capital Improvement – 1989	6.8%	508,289
Capital Improvement – 1991	6.5%	445,132
Capital Improvement – 1992	5.0%	309,575
Capital Improvement – 1993	4.7%	621,000
Capital Improvement – 1994	4.4%	1,183,029
Capital Improvement – 1995	6.0%	1,293,495
Economic Development Initiative	6.9%	22500
Capital Improvement – 1996	4.7%	2,225,000
Capital Improvement – 1997	5.1%	424,469
Capital Improvement – 1998	4.6%	865,000
Capital Improvement – 1999	4.5%	2,705,000
Capital Improvement – 2000	5.2%	2,388,961
Education Loan Fund – 2001	0%	307,406
Capital Improvement – 2001	4.3 & 6.9%	7,530,000
Qualified Zone Academy Bonds – 2002	0%	492,000
Capital Improvement – 2002	4.3%	3,910,000
Municipal Pension Bonds	6.4%	15,395,000
Qualified Zone Academy Bonds – 2003	0%	1,634,600
Capital Improvement – 2003	3.2%	5,068,000
Capital Improvement – 2004	4.25%	18,742,500
Capital Improvement – 2005	4.01%	12,964,900
Capital Improvement – 2006	4.17%	10,275,000
		<b>\$ 89,603,156</b>

Annual debt service requirements to maturity for general obligation bonds, including interest of \$32,850,638 are as follows:

<b>Fiscal Year</b>	<b>Total Debt</b>		
<b>Ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Service</b>
<b>June 30</b>	<b>Requirements</b>	<b>Requirements</b>	<b>Requirements</b>
2007	\$ 6,935,431	\$ 3,921,987	\$ 10,857,418
2008	6,872,187	3,792,211	10,664,398
2009	6,705,913	3,501,582	10,207,495
2010	6,645,439	3,213,022	9,858,461
2011	6,292,884	2,934,158	9,227,042
2012-2016	29,678,395	10,433,435	40,111,830
2017-2021	18,246,557	4,155,460	22,402,017
2022-2026	8,226,350	898,783	9,125,133
<b>Total</b>	<b>\$ 89,603,156</b>	<b>\$ 32,850,638</b>	<b>\$ 122,453,794</b>

**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, 2006, of the total \$29,407,000 originally issued, are as follows:

<b>Municipal</b>	<b>Interest</b>	<b>Balance</b>
<b>Improvements</b>	<b>Rate</b>	<b>at 6/30/06</b>
<b><u>Water Division</u></b>		
Water Improvement – 1977	5.2%	\$ 60,000
Lake Auburn Chemical Facility	7.9%	46,000
Water Improvement – 1989	6.8%	24,652
Water Improvement – 1991	6.5%	549,868
Water Improvement – 1992	5.7%	184,525
Water Improvement – 1993	4.7%	63,000
Water Improvement – 1994	4.4%	462,717
Water Improvement – 1995	6.0%	186,505
Water Improvement – 1996	4.7%	300,000
Water Improvement – 1997	5.1%	513,676
Water Improvement – 1998	4.6%	190,000
Water Improvement – 1999	4.5%	325,000
Water Improvement – 2000	5.4%	74,000
Water Improvement – 2001	4.3%	220,000
Water Improvement – 2002	4.3%	563,000
Water Improvement – 2003	3.2%	4,080,000
Water Improvement – 2004	4.25%	472,500
Water Improvement – 2005	4.02%	4,991,350
Water Improvement – 2006	4.17%	415,000
		<b><u>13,721,794</u></b>

**Sewer Division**

Sewer Improvement – 1987	8.0%	14,200
Sewer Improvement – 1989	6.8%	257,058
Sewer Improvement – 1992	5.7%	115,900
Sewer Improvement – 1993	4.7%	36,000
Sewer Improvement – 1994	4.4%	29,254
Sewer Improvement – 1997	5.1%	58,253
Sewer Improvement – 1999	4.5%	65,000
Sewer Improvement – 2000	5.4%	325,601
Sewer Improvement – 2001	4.3%	1,000,000
Sewer Improvement – 2002	4.3%	682,000
Sewer Improvement – 2003	3.2%	812,000
Sewer Improvement – 2004	4.25%	675,000
Sewer Improvement – 2005	4.02%	308,750
Sewer Improvement – 2006	4.17%	750,000
		<u>5,129,016</u>

Total Revenue Bond Debt	18,850,810
Less: Current Installments	<u>1,461,724</u>
Long-Term Revenue Bond Debt	<u>\$ 17,389,086</u>

Revenue bond debt service requirements to maturity, including \$6,426,509 of interest, are as follows:

<b>Fiscal Year</b>	<b>Annual Debt</b>		
<b>Ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Service</b>
<b>June 30</b>	<b>Requirements</b>	<b>Requirements</b>	<b>Requirements</b>
2007	\$ 1,461,724	\$ 719,238	\$ 2,180,962
2008	1,402,745	687,835	2,090,580
2009	1,344,022	637,352	1,981,374
2010	1,334,505	587,586	1,922,091
2011	1,257,660	538,661	1,795,721
2012-2016	5,320,061	2,019,199	7,339,260
2017-2021	4,497,043	1,025,803	5,522,846
2022-2026	2,233,650	210,835	2,444,485
<b>TOTAL</b>	<b>\$ 18,850,810</b>	<b>\$ 6,426,509</b>	<b>\$ 25,277,319</b>

At June 30, 2006, the City had \$36,895,749 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, 2006, 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
General Obligation Debt	\$85,800,150	\$10,275,000	\$6,471,994	\$89,603,156	\$6,935,431
Workers Comp Claims	4,012,667		804,215	3,208,452	333,800
Compensated Absences	1,918,529	87,107	315,989	1,689,646	75,000
Capital Leases	238,331	16,000	100,418	153,913	103,413
City Pension Plan Unfunded					
Actuarial Liability	3,079,530	143,348	332,849	2,890,029	350,000
Landfill Closure and Post-closure Care	2,181,878	146,699	31,000	2,297,577	31,000
	<b>\$97,231,086</b>	<b>\$10,668,154</b>	<b>\$8,056,465</b>	<b>\$99,842,773</b>	<b>\$7,828,644</b>

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, 2006, the statutory limit for the City was \$292,327,500.

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 2006, 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, 2006, \$9,070,000 of bonds outstanding are considered defeased.

**Overlapping Debt.** The actual direct and overlapping debt at June 30, 2006, of \$114,985,488 was \$177,342,012 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:

	Percentage		
	Debt Outstanding	Applicable to the City	City's Share of Debt
Municipal & School Debt	\$89,603,156	100.00%	\$89,603,156
Water & Sewer Debt	18,850,810	100.00%	18,850,810
Androscoggin County Jail	1,410,000	29.64%	417,924
L.A. Water Pollution Control Authority	10,769,704	53.15%	5,724,098
L.A. Watershed Protection Comm.	454,000	50%	227,000
L.A. 911 Committee	325,000	50%	162,500
			<b>\$114,985,488</b>

This results in a ratio of City debt to April 1, 2005 assessed valuation of 7.51% and a ratio of overlapping debt to April 1, 2005 valuation of 7.97%.

**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, 2006, was \$6,492,860.

**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:

<b>TIF District</b>	<b>Original Assessed Value</b>	<b>Current Assessed Value</b>	<b>New Taxes</b>	<b>Expended for Debt or Credit Enhancement</b>
Fairgrounds Bus. Park	\$6,623,100	\$16,826,400	\$279,060	\$54,738
Montello Heights	\$3,973,500	\$8,492,300	\$123,589	\$71,705
Promenade Mall	\$5,700,400	\$9,665,000	\$108,432	\$48,687
Penmor Lithographers	\$19,000	\$938,850	\$25,158	\$9,500
Diamond Phoenix	\$119,150	\$5,055,500	\$135,009	\$54,004
Butler Brothers	\$112,800	\$2,217,050	\$57,551	\$22,790
F.R. Lepage Bakeries	\$110,850	\$1,227,400	\$30,538	\$22,674
RPM Realty Trust	\$2,096,200	\$4,730,500	\$72,048	\$28,531
Sun Journal	\$225,350	\$1,104,600	\$24,047	\$4,761
Franklin Property Trust	\$387,500	\$4,872,600	\$122,667	\$112,667
CMP Sub-station	\$16,950	\$3,225,500	\$87,754	\$95,247
Wal Mart	\$1,333,700	\$21,405,300	\$548,958	\$341,953

**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, 2006, a total of \$804,215, 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 2005 and 2006 were as follows:

	<u>2005</u>	<u>2006</u>
Beginning liability balance	\$4,069,755	\$4,012,667
Current year claims and changes in estimates	268,187	
Claims payments	<u>(325,275)</u>	<u>(804,215)</u>
<b>Ending balance</b>	<b><u>\$4,012,667</u></b>	<b><u>\$3,208,452</u></b>

Currently, there is a shortfall of \$881,278 between the amount available to pay the noncurrent workers' comp claims and the noncurrent workers' comp. liability. 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, 2006, 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 Maine*i*acs.

## **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 Works 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, 2006, the City's equity interest in the LAWPCA was recorded at \$8,138,209, an increase of \$615,839 over 2005. In the fiscal year ended June 30, 2006, \$2,323,213 was paid to the Authority out of the City's Sewer Enterprise Fund. At December 31, 2005, the Authority was liable for unsecured bonds payable totaling \$10,769,704, an increase of \$1,082,211 from 2004. The City's liability for the Authority's debt is limited to its share of the operations. In 2006, Lewiston's share was set at 53.15%. 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 \$136,270 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, 2005, the Airport's unrestricted net assets increased by \$311,623 to \$875,726. 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, 2006, the City of Lewiston contributed \$117,995 for operating expenses. In the year ended September 30, 2005, the Committee's unrestricted net assets increased by \$17,760 to \$134,430. 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 2006, the City of Lewiston contributed \$90,000. 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, 2006, the City of Lewiston contributed \$874,120. In the year ended June 30, 2005, the Committee's total fund equity increased by \$78,189 to \$38,635. 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, 2006, the City's equity interest in the Commission was \$1,751,075, an increase of \$95,422.

The City also contributed \$171,125 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 \$659,600. The closure and postclosure care costs, based on the usage to date of 34.6% of total estimated capacity of the new landfill, amount to \$1,637,977. The total liability of \$2,297,577 is reported as a noncurrent liability of the Statement of Net Assets. The liability increased by a net of \$115,699 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 \$3,096,023 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 \$5,393,600, 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, 2006.

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, 2006, 2005, 2004, 2003, and 2002, were \$751,385, \$714,909, \$696,829, \$683,074, and \$842,938, 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, 2006, the outstanding balance of the general obligation pension bonds was \$15,395,000.

### 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). There is no contribution required by the City. In the year ended June 30, 2006, employees contributed \$1,719,134, while the State of Maine Department of Education contributed \$3,998,153, 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, 2006, 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 2006 were \$332,849.

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

Annual Required Contribution (ARC)	\$ 210,643
Interest on Net Pension Obligation	246,362
Adjustments to Annual Required Contribution	<u>(313,657)</u>
Annual Pension Cost	143,348
Contributions Made	<u>(332,849)</u>
Increase (Decrease) in Net Pension Obligation	(189,501)
Net Pension Obligation at June 30, 2005	<u>3,079,530</u>
<b>Net Pension Obligation at June 30, 2006</b>	<b><u>\$ 2,890,029</u></b>

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 3.75% 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 19 years as of June 30, 2006. Other than the approved City Council cost-of-living adjustment, which for the year ending June 30, 2006 was 3.37%, 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, 2004	\$225,233	183%	\$3,271,923
June 30, 2005	\$151,692	227%	\$3,079,530
June 30, 2006	\$143,348	232%	\$2,890,029

Schedule of Employer Contributions

Fiscal Year End	Actuarial Required Contributions (ARC)	Percent of ARC Contributed
1997	\$459,428	135%
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%

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

**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.

<b>Actuarial</b>		<b>Actuarial</b>	
<b>Valuation</b>	<b>Plan</b>	<b>Accrued</b>	<b>Employer</b>
<b>Date</b>	<b>Assets</b>	<b>Liability</b>	<b>Contributions</b>
1997	0	\$5,126,476	\$618,225
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

# Nonmajor Governmental Funds

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## 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, 2006  
(With Comparative Totals for June 30, 2005)**

	Special Revenue Funds	Permanent Funds			Total Nonmajor Governmental Funds	
		GAR Cemetery	Library Endowment	Total	2006	2005
<b>ASSETS</b>						
Cash & Cash Equivalents	\$ 97,819		\$ 150	\$ 150	\$ 97,969	\$ 92,541
Investments	1,987,445	\$ 20,601	1,160,283	1,180,885	3,168,330	2,969,881
Receivables:						
Accounts	35,507				35,507	86,589
Rehabilitation Loans (Net of Allowance for Uncollectibles)	3,383,517				3,383,517	3,689,696
Intergovernmental	581,391				581,391	253,837
<b>Total Assets</b>	<b>\$ 6,085,679</b>	<b>\$ 20,601</b>	<b>\$ 1,160,433</b>	<b>\$ 1,181,035</b>	<b>\$ 7,266,713</b>	<b>\$ 7,092,544</b>
<b>LIABILITIES AND FUND BALANCE</b>						
Liabilities:						
Accounts Payable	\$ 115,049				\$ 115,049	\$ 187,279
Due to Other Funds	772,246		\$ 487	\$ 487	772,734	279,651
Accrued Payroll	17,461				17,461	29,777
Notes Payable	86,439				86,439	95,858
Advances From Other Funds	179,632				179,632	179,632
<b>Total Liabilities</b>	<b>1,170,827</b>		<b>487</b>	<b>487</b>	<b>1,171,314</b>	<b>772,197</b>
Fund Balance						
Reserved for Encumbrances	70,185				70,185	107,601
Reserved for Long-Term Notes Receivable	3,167,615				3,167,615	3,390,171
Reserve for Perpetual Care & Endowments		\$ 12,043	1,113,302	1,125,345	1,125,345	1,122,606
Unreserved, Undesignated	1,677,051	8,558	46,644	55,202	1,732,254	1,699,970
<b>Total Fund Balance</b>	<b>4,914,852</b>	<b>20,601</b>	<b>1,159,946</b>	<b>1,180,547</b>	<b>6,095,399</b>	<b>6,320,348</b>
<b>Total Liabilities &amp; Fund Balance</b>	<b>\$ 6,085,679</b>	<b>\$ 20,601</b>	<b>\$ 1,160,433</b>	<b>\$ 1,181,035</b>	<b>\$ 7,266,713</b>	<b>\$ 7,092,544</b>

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2006  
(With Comparative Totals for Year Ended June 30, 2005)**

	Special Revenue Funds	Permanent Funds			Total Nonmajor Governmental Funds	
		GAR Cemetery	Library Endowment	Total	2006	2005
<b>REVENUES</b>						
Taxes	\$ 917,472				\$ 917,472	\$ 794,164
Intergovernmental	2,109,814				2,109,814	2,157,286
Charges For Services	144,125				144,125	151,682
Interest, Rents and Gain on Investments	645,429	\$ 923	\$ 80,041	\$ 80,963	726,392	698,374
Miscellaneous	30,832				30,832	26,924
Donations	194,989		2,739	2,739	197,728	166,544
Total Revenues	<u>4,042,661</u>	<u>923</u>	<u>82,780</u>	<u>83,702</u>	<u>4,126,364</u>	<u>3,994,972</u>
<b>EXPENDITURES</b>						
Current:						
General Government	1,979,785		7,743	7,743	1,987,528	2,275,826
Human Services	100,966				100,966	129,148
Culture & Recreation	499,437				499,437	93,216
Capital Outlay	1,023,462				1,023,462	1,454,194
Total Expenditures	<u>3,603,650</u>		<u>7,743</u>	<u>7,743</u>	<u>3,611,393</u>	<u>3,952,384</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	439,011	923	75,037	75,959	514,970	42,588
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	655,799				655,799	2,230,427
Transfers Out	(1,395,718)				(1,395,718)	(1,070,001)
Total Other Financing Sources (Uses)	<u>(739,920)</u>				<u>(739,920)</u>	<u>1,160,426</u>
Net Change in Fund Balance	(300,909)	923	75,037	75,959	(224,950)	1,203,014
Fund Balance, July 1	<u>5,215,761</u>	<u>19,679</u>	<u>1,084,909</u>	<u>1,104,588</u>	<u>6,320,349</u>	<u>5,117,334</u>
Fund Balance, June 30	<u>\$ 4,914,852</u>	<u>\$ 20,601</u>	<u>\$ 1,159,946</u>	<u>\$ 1,180,547</u>	<u>\$ 6,095,399</u>	<u>\$ 6,320,348</u>

**Nonmajor Special Revenue Funds  
Combining Balance Sheet  
June 30, 2006  
(With Comparative Totals for June 30, 2005)**

	Community Development Block Grant	Urban Development Action Grant	Rehab Loan Program	Lewiston Mill Redevelopment Corporation	Urban Development	Recreation Activity Programs	Public Safety, Culture & Other Grants	Total All Funds
	2006	2005	2006	2005	2006	2005	2006	2005
<b>ASSETS</b>								
Cash & Cash Equivalents	\$ 8,848	\$ 605	\$ 5,681	\$ 31,037	\$ 25,252	\$ 13,092	\$ 13,304	\$ 92,411
Investments	224,699	15,544	145,928	418,769	840,028	180,508	161,969	1,836,424
Receivables:								
Accounts	1,000			29,893	1,303	3,311		86,589
Rehabilitation Loans (Net of Allowance for Uncollectibles)	1,174,189	566,344	144,922		1,498,061			3,689,696
Intergovernmental	196,678				313,589	46,667	24,458	253,837
<b>Total Assets</b>	<b>\$ 1,605,414</b>	<b>\$ 582,493</b>	<b>\$ 296,532</b>	<b>\$ 479,699</b>	<b>\$ 2,678,232</b>	<b>\$ 243,578</b>	<b>\$ 199,731</b>	<b>\$ 5,958,958</b>
<b>LIABILITIES AND FUND BALANCE</b>								
Liabilities:								
Accounts Payable	\$ 64,570			\$ 26,950	\$ 13,134	\$ 4,058	\$ 6,338	\$ 187,279
Due to Other Funds	145,301		10,297		616,648			250,651
Accrued Payroll	4,890				293	3,441	8,837	29,777
Notes Payable				86,439				95,858
Advances From Other Funds				179,632				179,632
<b>Total Liabilities</b>	<b>214,761</b>		<b>10,297</b>	<b>293,020</b>	<b>630,076</b>	<b>7,498</b>	<b>15,175</b>	<b>743,197</b>
Fund Balance:								
Reserved for Encumbrances	37,250				29,402	1,000	2,533	107,601
Reserve for Long-Term Notes Receivable	1,081,060	520,739	132,947		1,432,868			3,390,171
Unreserved, Undesignated	272,343	61,754	153,287	186,679	585,886	235,080	182,023	1,717,989
<b>Total Fund Balance</b>	<b>1,390,653</b>	<b>582,493</b>	<b>286,234</b>	<b>186,679</b>	<b>2,048,156</b>	<b>236,080</b>	<b>184,556</b>	<b>5,215,761</b>
<b>Total Liabilities &amp; Fund Balance</b>	<b>\$ 1,605,414</b>	<b>\$ 582,493</b>	<b>\$ 296,532</b>	<b>\$ 479,699</b>	<b>\$ 2,678,232</b>	<b>\$ 243,578</b>	<b>\$ 199,731</b>	<b>\$ 5,958,958</b>

**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Fiscal Year Ended June 30, 2006**  
 (With Comparative Totals for June 30, 2005)

	Community Development Block Grant	Urban Development Action Grant	Rehab Loan Program	Lewiston Mill Redevelopment Corporation	Urban Development	Recreation Activity Fund	Public Safety, Culture & Other Grants	Total All Funds
								2006
								2005
<b>REVENUES</b>								
Taxes				\$	917,472	\$	\$	917,472
Intergovernmental Charges For Services	\$ 1,523,841			387,925	\$ 36,483	\$ 161,565	\$ 2,109,814	2,157,286
Interest and Rents	38,223	\$ 14,459	\$ 8,971	455,057	144,125	5,947	144,125	151,682
Donations					8,680	188,049	645,429	662,952
Miscellaneous				19	6,940		194,989	158,634
Total Revenues	<u>1,562,064</u>	<u>14,459</u>	<u>8,971</u>	<u>455,076</u>	<u>196,228</u>	<u>355,561</u>	<u>4,042,661</u>	<u>3,951,640</u>
<b>EXPENDITURES</b>								
Current:								
General Government	459,490	12,705	265	741,547		274,339	1,979,785	2,268,246
Human Services	100,966						100,966	129,148
Culture & Recreation	385,563				107,535	6,339	499,437	93,216
Capital Outlay	309,652		23,950	28,588	35,350	111,296	1,023,462	1,425,194
Total Expenditures	<u>1,255,671</u>	<u>12,705</u>	<u>24,215</u>	<u>770,135</u>	<u>142,885</u>	<u>391,973</u>	<u>3,603,650</u>	<u>3,915,804</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	306,393	1,754	(15,244)	(315,059)	444,236	53,343	(36,413)	35,836
<b>OTHER FINANCING SOURCE (USES)</b>								
Transfers In				465,000	169,050	21,749	655,799	2,230,427
Transfers Out	(327,540)			(1,049,556)	(11,000)	(7,622)	(1,395,718)	(1,070,001)
Total Other Financing Sources (Uses)	<u>(327,540)</u>			<u>465,000</u>	<u>(880,507)</u>	<u>14,127</u>	<u>(739,920)</u>	<u>1,160,426</u>
Net Change in Fund Balance	(21,147)	1,754	(15,244)	149,941	(436,271)	42,343	(300,909)	1,196,262
Fund Balance, July 1	1,411,800	580,738	301,478	36,738	2,484,427	193,738	5,215,761	4,019,498
Fund Balance, June 30	\$ <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>4,914,852</u>	\$ <u>5,215,761</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, 2006**

	<u>Budgeted Amounts</u>		<u>Actual &amp; Year End Encumbrances</u>	<u>Variance Positive (Negative)</u>
	<u>Original &amp; 2005 Encumbrances</u>	<u>Final &amp; 2005 Encumbrances</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 1,177,277	\$ 1,177,277	\$ 1,523,841	\$ 346,564
Interest			38,223	38,223
Total Revenues	<u>1,177,277</u>	<u>1,177,277</u>	<u>1,562,064</u>	<u>384,787</u>
<b>EXPENDITURES</b>				
Public Service Activities	102,185	102,185	102,185	-
Administration & Planning	602,386	468,677	636,891	(168,214)
Economic Development	431,821	431,821	314,864	116,957
Housing Rehabilitation	440,713	440,713	467,732	(27,019)
Neighborhood Improvements	690,000	468,146	468,146	-
Parks & Recreation	30,000	385,563	385,563	-
Total Expenditures	<u>2,297,105</u>	<u>2,297,105</u>	<u>2,375,381</u>	<u>(78,276)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,119,828)	(1,119,828)	(813,317)	306,511
<b>OTHER FINANCING (USES)</b>				
Transfers Out	<u>(327,540)</u>	<u>(327,540)</u>	<u>(327,540)</u>	
Total Other Financing (Uses)	<u>(327,540)</u>	<u>(327,540)</u>	<u>(327,540)</u>	
Net Change in Fund Balance - Budgetary Basis	(1,447,368)	(1,447,368)	(1,140,857)	306,511
Add Back Encumbrances	1,447,368	1,447,368	1,119,710	(327,658)
Net Change in Fund Balance - GAAP Basis			(21,147)	(21,147)
Fund Balance, July 1	<u>1,411,800</u>	<u>1,411,800</u>	<u>1,411,800</u>	
Fund Balance, June 30	<u>\$ 1,411,800</u>	<u>\$ 1,411,800</u>	<u>\$ 1,390,653</u>	<u>\$ (21,147)</u>

**Schedule of Revenues, Expenses and Changes in Net Assets  
Proprietary Funds - Budget and Actual  
For the Fiscal Year Ended June 30, 2006  
Business-Type Activities - Enterprise Funds**

	<u>Water Enterprise Fund</u>			<u>Sewer Enterprise Fund</u>		
	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>OPERATING REVENUES</b>						
Charges for Services	\$ 3,393,900	\$ 3,449,761	\$ 55,861	\$ 4,150,000	\$ 4,046,680	\$ (103,320)
<b>OPERATING EXPENSES</b>						
Cost of Sales and Services	1,334,597	1,634,768	(300,171)	3,313,544	3,042,620	270,924
Administration	545,772	537,024	8,748	417,785	391,383	26,402
Depreciation	142,500	636,955	(494,455)	134,000	300,346	(166,346)
Total Operating Expenses	<u>2,022,869</u>	<u>2,808,747</u>	<u>(785,878)</u>	<u>3,865,329</u>	<u>3,734,349</u>	<u>130,980</u>
Operating Income	1,371,031	641,014	(730,017)	284,671	312,331	27,660
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Interest Revenues		30,427	30,427	1,000	29,588	28,588
Increase in Fund Equity of Joint Ventures		95,422	95,422		615,839	615,839
Interest Expense	(567,261)	(527,018)	40,243	(196,314)	(186,763)	9,551
Gain (Loss) on Sale of Capital Assets		(18,754)	(18,754)			
Amortization of Deferred Charges		(24,800)	(24,800)		(15,484)	(15,484)
Total Nonoperating Revenue (Expenses)	<u>(567,261)</u>	<u>(444,723)</u>	<u>122,538</u>	<u>(195,314)</u>	<u>443,180</u>	<u>638,494</u>
Income Before Contributions & Transfers	803,770	196,291	(607,479)	89,357	755,511	666,154
Transfers In					122,465	
Transfers Out	(29,593)	(152,058)		(6,960)	(6,960)	
Capital Contributions		145,437	145,437			
Change in Net Assets	774,177	189,670	(462,042)	82,397	871,016	788,619
Total Net Assets, July 1	<u>18,424,902</u>	<u>18,424,902</u>		<u>15,242,251</u>	<u>15,242,251</u>	
Total Net Assets, June 30	<u>\$ 19,199,079</u>	<u>\$ 18,614,572</u>	<u>\$ (462,042)</u>	<u>\$ 15,324,648</u>	<u>\$ 16,113,267</u>	<u>\$ 788,619</u>

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

	<b>Private Purpose Trust Funds</b>		
	<b>Farrar Fund</b>	<b>Scholarship Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Investments	\$ 46,429	\$ 134,104	\$ 180,533
Total Assets	<u>46,429</u>	<u>134,104</u>	<u>180,533</u>
<b>LIABILITIES</b>			
Due to General Fund	619		619
Total Liabilities	<u>619</u>		<u>619</u>
<b>NET ASSETS</b>			
Held in trust for scholarships and other purposes	\$ 45,810	\$ 134,104	\$ 179,914

**Combining Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds - Private Purpose Trust Funds  
For the Fiscal year Ended June 30, 2006**

	<b>Private Purpose Trust Funds</b>		
	<b>Farrar Fund</b>	<b>Scholarship Fund</b>	<b>Total</b>
<b>ADDITIONS</b>			
Investment Earnings	\$ 2,080	\$ 4,168	\$ 6,248
Total Additions	<u>2,080</u>	<u>4,168</u>	<u>6,248</u>
<b>DEDUCTIONS</b>			
Medical Disbursements	619		619
Scholarship Awards		2,253	2,253
Total Deductions	<u>619</u>	<u>2,253</u>	<u>2,872</u>
Change in Net Assets	1,461	1,915	3,376
Net Assets - Beginning	<u>44,349</u>	<u>132,188</u>	<u>176,537</u>
Net Assets - Ending	<u>\$ 45,810</u>	<u>\$ 134,104</u>	<u>\$ 179,914</u>

**Combining Statement of Fiduciary Net Assets**  
**Fiduciary Funds - Agency Funds**  
**June 30, 2006**

	Agency Funds			
	School Activities	Downtown Advisory Board	Social Security Client Program	Total
<b>ASSETS</b>				
Cash	\$ 165,517	\$ 9,050	\$ 2,750	\$ 177,317
Total Assets	<u>165,517</u>	<u>9,050</u>	<u>2,750</u>	<u>177,317</u>
<b>LIABILITIES</b>				
School Activities Payable	165,517			165,517
Downtown Advisory Board Payable		9,050		9,050
SSI Client Payable			2,750	2,750
Total Liabilities	<u>165,517</u>	<u>9,050</u>	<u>2,750</u>	<u>177,317</u>
<b>NET ASSETS</b>				
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, 2006**

	Balance 07/01/2005	Additions	Deletions	Balance 06/30/2006
<b>School Activities</b>				
Assets				
Cash	\$ 126,840	\$ 594,835	\$ 556,158	\$ 165,517
Liabilities				
Payable to Student Groups	\$ 126,840	\$ 594,835	\$ 556,158	\$ 165,517
<b>Downtown Advisory Board</b>				
Assets				
Cash	\$ 9,825	\$ 125	\$ 900	\$ 9,050
Liabilities				
Payable to Downtown Advisory BD	\$ 9,825	\$ 125	\$ 900	\$ 9,050
<b>Social Security Administration</b>				
Assets				
Cash	\$ 2,100	\$ 50,564	\$ 49,913	\$ 2,750
Liabilities				
Client Disbursements Payable	\$ 2,100	\$ 50,564	\$ 49,913	\$ 2,750
<b>Total - Agency Funds</b>				
Assets				
Cash	\$ 138,765	\$ 645,523	\$ 606,971	\$ 177,317
Total Assets	<u>\$ 138,765</u>	<u>\$ 645,523</u>	<u>\$ 606,971</u>	<u>\$ 177,317</u>
Liabilities				
Payable to Student Groups	\$ 126,840	\$ 594,835	\$ 556,158	\$ 165,517
Payable to Downtown Advisory Board	9,825	125	900	9,050
Client Disbursements Payable	2,100	50,564	49,913	2,750
Total Liabilities	<u>\$ 138,765</u>	<u>\$ 645,523</u>	<u>\$ 606,971</u>	<u>\$ 177,317</u>

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# STATISTICAL SECTION

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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 through 4, found on pages 89-92, 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, or pages 93 and 94.

## **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 95 - 97, or Tables 7-9.

## **Demographic and Economic Information**

Local demographic and economic statistics are presented on Table 10, or page 98. 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 99 - 101, 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			
	2006	2005	2004	2003
<b>Governmental Activities</b>				
Invested in Capital Assets Net of Related Debt	\$ 77,005,933	\$ 77,560,125	\$ 110,548,794	\$ 91,526,127
Restricted Net Assets:				
Recreation and Human Services	6,273,828	6,495,992	5,407,873	3,335,515
Debt Service	5,885,000	6,080,000		1,910,431
Capital Projects	3,530,869	5,017,710	11,107,271	8,130,883
Nonexpendable Perpetual Care	20,601	19,679	19,292	19,107
Nonexpendable Endowment Fund	1,159,946	1,084,909	1,078,544	964,416
Unrestricted Net Assets	(16,287,812)	(18,885,935)	(49,010,995)	(19,998,619)
<b>Total Governmental Activities Net Assets</b>	<b>77,588,366</b>	<b>77,372,479</b>	<b>79,150,779</b>	<b>85,887,859</b>
<b>Business-Type Activities</b>				
Invested in Capital Assets Net of Related Debt	21,624,968	19,080,069	18,819,271	16,628,725
Unrestricted Net Assets	13,102,872	14,587,084	13,669,946	14,346,569
<b>Total Business-Type Activities Net Assets</b>	<b>34,727,840</b>	<b>33,667,153</b>	<b>32,489,217</b>	<b>30,975,294</b>
<b>Primary Government</b>				
Invested in Capital Assets Net of Related Debt	98,630,901	96,640,194	129,368,065	108,154,852
Restricted Net Assets:				
Recreation and Human Services	6,273,828	6,495,992	5,407,873	3,335,515
Debt Service	5,885,000	6,080,000		1,910,431
Capital Projects	3,530,869	5,017,710	11,107,271	8,130,883
Nonexpendable Perpetual Care	20,601	19,679	19,292	19,107
Nonexpendable Endowment Fund	1,159,946	1,084,909	1,078,544	964,416
Unrestricted Net Assets	(3,184,940)	(4,298,851)	(35,341,049)	(5,652,050)
<b>Total Primary Government Net Assets</b>	<b>\$ 112,316,204</b>	<b>\$ 111,039,630</b>	<b>\$ 111,639,992</b>	<b>\$ 116,863,153</b>

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

*Carol  
Steele*

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

	Fiscal Year			
	2006	2005	2004	2003
<b>Governmental Activities</b>				
General Government	\$ 4,270,789	\$ 6,335,690	\$ 15,035,307	\$ 7,397,632
Public Safety	9,965,122	9,790,631	9,346,830	8,969,111
Public Works	20,210,525	17,633,091	9,956,954	6,303,973
Human Services	693,885	635,771	702,671	655,761
Culture and Recreation	1,929,781	2,233,771	2,334,334	2,545,683
Other Agencies	3,059,161	2,606,124	3,019,453	2,762,813
Education and Nutrition	47,202,130	47,315,387	46,654,075	41,824,236
Pensions and Employee Insurances	4,606,785	4,994,029	5,839,536	11,002,095
Interest on Long-Term Debt	3,701,140	3,517,985	3,058,363	3,609,207
<b>Total Governmental Activities Expenses</b>	<b>95,639,319</b>	<b>95,062,479</b>	<b>95,947,524</b>	<b>85,070,511</b>
<b>Business-Type Activities</b>				
Water	3,379,319	2,894,812	2,611,534	2,384,664
Sewer	3,936,596	3,933,332	3,823,091	3,630,763
<b>Total Business-Type Activities Expenses</b>	<b>7,315,915</b>	<b>6,828,144</b>	<b>6,434,624</b>	<b>6,015,427</b>
<b>Total Primary Government Expenditures</b>	<b>102,955,234</b>	<b>101,890,623</b>	<b>102,382,148</b>	<b>91,085,938</b>
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services	4,816,210	4,061,097	5,144,457	4,346,613
Operating Grants and Contributions	37,086,977	34,005,822	32,695,782	29,422,009
Capital Grants and Contributions	2,830,831	3,556,303	1,841,372	2,851,335
<b>Total Governmental Activities Revenues</b>	<b>44,734,018</b>	<b>41,623,222</b>	<b>39,681,611</b>	<b>36,619,957</b>
Business-Type Activities:				
Charges for Services	7,496,441	7,223,053	7,195,308	6,792,255
Capital Grants and Contributions	856,698	763,517	748,115	797,830
<b>Total Business-Type Activities Revenues</b>	<b>8,353,139</b>	<b>7,986,570</b>	<b>7,943,423</b>	<b>7,590,085</b>
<b>Total Primary Government Program Revenues</b>	<b>53,087,157</b>	<b>49,609,792</b>	<b>47,625,034</b>	<b>44,210,042</b>
Net (Expenses)/Revenue - Governmental Activities	(50,905,300)	(53,439,257)	(56,265,913)	(48,450,554)
Net (Expenses)/Revenue - Business-Type Activities	1,037,224	1,158,426	1,508,798	1,574,658
<b>General Revenues</b>				
Governmental Activities:				
Property Taxes	39,434,602	39,879,952	39,075,018	38,365,082
Payment in Lieu of Taxes	403,417	556,490	344,568	361,015
Motor Vehicle Excise Taxes	4,076,360	4,024,831	3,902,739	3,912,898
Franchise Fees	97,481	97,692	94,634	88,407
Homestead Exemption	989,431	1,113,346	1,131,126	1,177,380
State Revenue Sharing	5,081,645	4,683,822	4,568,044	4,351,643
Unrestricted Investment Earnings	1,471,688	1,267,157	365,295	433,143
Transfers	(433,440)	37,664	47,404	36,637
<b>Total Governmental Activities Revenues</b>	<b>51,121,184</b>	<b>51,660,954</b>	<b>49,528,828</b>	<b>48,726,205</b>
Business-Type Activities				
Unrestricted Investment Earnings	60,015	57,173	52,529	20,958
Transfers	(36,553)	(37,664)	(47,404)	(36,637)
<b>Total Business-Type Activities Revenues</b>	<b>23,462</b>	<b>19,509</b>	<b>5,125</b>	<b>(15,679)</b>
<b>Total Primary Government General Revenues</b>	<b>51,144,646</b>	<b>51,680,463</b>	<b>49,533,953</b>	<b>48,710,526</b>
<b>Change in Net Assets</b>				
Governmental Activities	215,883	(1,778,304)	(6,737,084)	275,650
Business-Type Activities	1,060,687	1,177,935	1,513,923	1,558,979
<b>Total Primary Government Change in Net Assets</b>	<b>\$ 1,276,570</b>	<b>\$ (600,369)</b>	<b>\$ (5,223,161)</b>	<b>\$ 1,834,629</b>

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

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			
	2006	2005	2004	2003
<b>Revenues</b>				
Taxes	\$44,421,960	\$45,036,326	\$44,601,175	\$43,787,363
Licenses and Permits	474,501	430,714	351,680	345,635
Intergovernmental	45,650,788	41,050,515	39,456,667	36,990,431
Charges For Services	2,448,634	2,233,055	1,967,785	1,947,635
Fines	175,983	223,439	170,370	139,572
Interest, Rents and Gains	2,477,974	2,114,834	2,073,715	2,082,245
Donations	(47,784)	1,219,544	564,739	100,493
Miscellaneous	823,661	690,092	625,354	251,222
<b>Total Revenues</b>	<b>96,425,715</b>	<b>92,998,520</b>	<b>89,811,487</b>	<b>85,644,596</b>
<b>Expenditures</b>				
Current:				
General Government	5,464,821	5,659,501	6,782,409	5,497,730
Public Safety	10,045,790	9,599,005	9,328,518	9,243,467
Public Works	7,255,844	6,794,981	6,765,039	6,563,196
Human Services	688,012	636,858	702,671	655,761
Culture and Recreation	2,601,278	2,050,309	2,114,215	2,234,191
Intergovernmental	3,059,161	3,045,464	3,019,453	2,923,324
Education	47,322,095	44,447,097	44,739,770	42,260,822
Nutrition	1,863,646	1,897,929	1,599,173	1,693,213
Miscellaneous	5,857,590	4,672,231	6,066,147	5,687,756
Debt Service:				
Redemption of Serial Bonds	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	3,632,071	3,475,332	2,933,285	2,977,897
Capital Lease Debt	106,876	102,541	111,949	334,742
Bond Issuance Costs	54,678	39,144	211,890	52,271
Capital Outlay	14,835,605	17,140,731	15,639,850	13,146,564
<b>Total Expenditures</b>	<b>109,063,489</b>	<b>107,828,062</b>	<b>107,271,572</b>	<b>98,325,501</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,637,774)	(14,829,542)	(17,460,085)	(12,680,905)
<b>Other Financing Sources/(Uses)</b>				
Transfers In	11,665,150	12,412,109	9,778,376	10,027,646
Transfers Out	(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 General Obligation Bonds	10,275,000	13,650,000	20,075,000	8,255,000
Issuance of Refunded Bonds		2,365,000		1,925,413
<b>Total Other Financing Source (Uses)</b>	<b>9,841,560</b>	<b>16,052,664</b>	<b>20,122,403</b>	<b>10,777,615</b>
<b>Net Change in Fund Balance</b>	<b>\$ (2,796,214)</b>	<b>\$ 1,223,122</b>	<b>\$ 2,662,319</b>	<b>\$ (1,903,291)</b>
Debt Services as a Percentage of Noncapital Expenditures	10.5%	10.3%	9.1%	9.4%

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
1997	27.30	\$34,599,685	\$34,599,685	100.00%		0.00%
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	\$35,669,569	100.00%	\$1,476	0.00%
2001*	27.65	\$35,480,919	\$35,479,053	99.99%	\$1,866	0.01%
2002*	28.55	\$36,140,762	\$36,114,340	99.93%	\$26,422	0.07%
2003*	28.89	\$38,771,625	\$38,755,581	99.96%	\$16,044	0.04%
2004*	27.70	\$38,911,498	\$38,850,316	99.84%	\$61,181	0.16%
2005*	27.70	\$40,570,307	\$40,278,264	99.28%	\$292,042	0.72%
2006*	27.35	\$40,472,256	\$39,512,977	97.63%	\$959,279	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			
1997	\$717,933	\$302,486	\$140,574	\$94,134	\$1,255,127	\$1,292,000	97.15%
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%

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
1997	\$15.05	\$11.04	\$26.09	\$1.21	\$27.30	\$23.00	\$1.00-1.65
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

\* 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, 2006 and Nine Years Ago**

Taxpayer	Type of Business	2006		1997	
		Assessed Valuation	Percentage of Total Assessed Valuation	Assessed Valuation	Percentage of Total Assessed Valuation
Florida Power & Light	Utility	\$55,599,100	3.85%		
TD Banknorth N.A.	Banking	\$32,050,950	2.22%	\$7,577,400	0.60%
Central Maine Power	Utility	\$30,189,100	2.09%	\$83,311,150	6.64%
Wal-Mart Stores East LP	Distribution Center	\$21,405,300	1.48%		
Elmet Technology	Metal/Wire Mfg.	\$18,665,750	1.29%	\$21,428,050	1.71%
F.R. Lepage	Bakery	\$13,844,600	0.96%	\$11,485,050	0.92%
Donald Toussaint	Real Estate	\$13,325,750	0.92%	\$8,874,500	0.71%
Northern Utilities	Utility	\$12,058,100	0.84%		
L.L. Beans	Telemarketing	\$10,594,600	0.73%	\$10,744,700	0.86%
Geiger Brothers Inc.	Specialty Item Mfg.	\$10,327,750	0.72%	\$9,972,000	0.79%
Twelve High Street	Medical Office			\$8,845,750	0.70%
Dorlard Gendron	Real Estate			\$8,025,750	0.64%
Liberty Mutual	Insurance			\$9,172,950	0.73%
	<b>Total</b>	<b>\$218,061,000</b>	<b>15.11%</b>	<b>\$179,437,300</b>	<b>14.30%</b>

**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	Total Business-Type Activities	Total Primary Government	Percentage of Personal Income	Per Capita*
1997	\$35,478,977	\$583,098	\$36,062,075	\$6,529,838	\$1,681,174	\$8,211,013	\$44,273,088	9.11%	\$1,114
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

\* Based upon the Federal Census.

**LEGAL DEBT MARGIN CALCULATION**  
**June 30, 2006 and for the Last Ten Fiscal Years**

Total Estimated Actual Valuation Per State \$ 1,948,850,000

Legal Debt Margin Limit of 15% of Estimated Actual Valuation \$292,327,500

**Debt Applicable to Debt Limit:**

Purpose	Legal Maximum	Principal Debt Outstanding	Percentage Applicable to the City	Amount Applicable to the City	
<b>Direct Debt:</b>					
Municipal	7.5% \$146,163,750	\$81,957,612	100%	\$81,957,612	
School	10.0% \$194,885,000	\$7,645,544	100%	\$7,645,544	
Water	3.0% \$58,465,500	\$13,721,794	100%	\$13,721,794	
Sewer	7.5% \$146,163,750	\$5,129,016	100%	\$5,129,016	
					\$108,453,966
<b>Overlapping Debt:</b>					
Androscoggin County Jail		\$1,410,000	29.64%	\$417,924	
L.A. Water Pollution Control Authority		\$10,769,704	53.15%	\$5,724,098	
Lake Auburn Watershed Protection Commission		\$454,000	50%	\$227,000	
L.A. 9-1-1 Committee		\$325,000	50%	\$162,500	
<b>Total</b>	<b><u>\$545,678,000</u></b>			<b><u>\$114,985,488</u></b>	<b><u>\$6,531,522</u></b>
Total Bonded Debt Applicable to Debt Limit					<u>\$114,985,488</u>
Legal Debt Margin					<u><u>\$177,342,012</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
1997	\$193,800,000	\$52,782,134	\$141,017,866	37.43%
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%

**REVENUE BOND COVERAGE**  
**Water Enterprise Fund**  
**Last Ten Fiscal Years**

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1997	\$2,161,975	\$1,122,156	\$1,039,819	\$510,159	\$341,015	\$851,174	122%
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%

**REVENUE BOND COVERAGE**  
**Sewer Enterprise Fund**  
**Last Ten Fiscal Years**

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1997	\$2,941,218	\$2,538,394	\$402,824	\$135,273	\$97,411	\$232,684	173%
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%

NOTE: Operating expenses are exclusive of depreciation

**DEMOGRAPHIC STATISTICS**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Per Capita Income (1)</b>	<b>Median Age (1)</b>	<b>School Enrollment</b>	<b>Unemployment Rate (2)</b>
1997	39,757	\$12,227	33.4	4,480	5.6%
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	4.0%
2004	35,690	\$17,032	37.6	4,549	3.8%
2005	35,690	\$17,032	37.6	4,530	5.1%
2006	35,690	\$17,032	37.6	4,577	5.4%

Sources:

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

(2) Maine Department of Labor

**PRINCIPAL EMPLOYERS**  
**As of June 30, 2006 and Nine Years Ago**

<b>Employer</b>	<b>Industry</b>	<b>2006</b>		<b>1997</b>	
		<b>Number of Employees</b>	<b>Rank</b>	<b>Number of Employees</b>	<b>Rank</b>
Sisters of Charity Health Care Systems	Health Care	1,984	1	1,400	3
Central Maine Medical Center	Health Care	1,600	2	1,500	2
TD Banknorth N.A.	Banking	1,050	3	400	7
Bates College	Education	734	4	700	4
Wal-Mart Stores East LP	Distribution Center	500	5		
Live Bridge	Telemarketing	480	6		
Per Se Technologies	Health Care	355	7		
Geiger Brothers Inc.	Specialty Items	350	8	400	8
Liberty Mutual	Insurance	312	9	425	6
F.R. Lepage Bakeries	Bakery	303	10		
Androscoggin Home Health	Health Services			500	5
L.L. Bean, Inc - Maximum Seasonal	Catalog Sales			1,500	1
Elmet Technology	Metal/Wire Mfg.			300	9
Falcon Shoe	Shoe Mfg.			300	10

Source: Androscoggin Chamber of Commerce

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

<b>Function</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>
Mayor	0	0	0	0	1	1	0.5	0	0	0
Administration	4	3.5	3.5	4	3	3	3	3	3	3
City Clerk	5	5	5	6	6	6	6	6	6	6
Economic Dev.	2	2	2	2	3	3	1	0	0	0
Finance	15	15	15.5	26.5	26.5	27	27	27	26.6	25.6
M.I.S. (a)	6	4	4	0	0	0	0	0	0	0
Assessor	6	6	6	6	6	6	6	6	6	6
Dev./Code Enf.	8	8	8	11	12	11	12	12	12	11
Human Resources	4	4	3	3	3	3	3	3	3	3
Police	103	103	103	95	98	98	94	93	91	91
Fire	79	79	79	79	79	79	80	81	82	84
Public Works	95	95.5	96.5	100.25	105.75	104.85	103.85	106.5	107.5	106.5
Water & Sewer	24	24	24	29	31	27	27	27	27	29
Social Services	5	7	8	8	13	14.85	14.85	14.5	14	15
Recreation/MPC	14	14	15.75	14	8	8	7	7	7	7
Library	15	14.5	15.5	14	16	16	15	14	14	14
Education	727	384	372	367	347	347	356	355	352	336
<b>Total Employees</b>	<b>1,112</b>	<b>768.5</b>	<b>760.75</b>	<b>764.75</b>	<b>758.25</b>	<b>754.7</b>	<b>756.2</b>	<b>755</b>	<b>751.1</b>	<b>737.1</b>

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

**OPERATING INDICATORS BY FUNCTION**  
**Last Ten Fiscal Years**

Indicator	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>City Clerk:</b>										
Marriage Licenses Issued	263	329	272	349	387	362	300	327	352	293
Birth Certificates Issued	1,473	1,411	1,400	1,367	1,322	1,209	1,251	1,172	1,151	1,178
Death Certificates Issued	811	899	978	921	914	820	879	781	724	723
<b>Finance:</b>										
Number of Tax Bills Generated	13,134	12,996	12,911	12,971	13,038	13,034	13,124	13,202	13,249	13,273
Number of Liens Recorded	472	506	460	551	618	705	720	831	905	955
<b>Police:</b>										
Number of Service Calls	46,144	43,621	40,283	39,844	39,503	40,577	39,142	44,264	46,623	46,596
Number of Physical Arrests	2,699	2,340	2,055	2,018	5,828	3,583	3,369	2,906	3,754	3,406
<b>Fire:</b>										
Number of Service Calls	1,784	1,923	1,963	1,938	2,216	2,057	2,068	2,156	1,652	1,599
Number of Inspections	1,045	1,489	976	775	2,476	1,389	1,159	1,566	2,129	1,902
<b>Code Enforcement:</b>										
Number of Commercial Permits Issued	125	136	101	88	99	105	98	100	106	106
Number of Residential Permits Issued	593	442	623	269	283	256	249	216	191	227
<b>Public Works:</b>										
Cubic Yards Utilized at the Landfill	21,506	16,384	9,612	12,681	24,320	20,078	26,862	21,249	23,421	32,862
<b>Social Services:</b>										
Number of Families Served	595	548	502	435	494	352	365	416	531	558
Number of People Served	1,188	961	887	828	956	557	506	584	725	830
<b>Library:</b>										
Number of Adult Books Borrowed	119,236	122,882	116,540	116,244	114,964	121,249	124,882	138,700	133,925	103,475
Number of Children Books Borrowed	90,866	101,902	96,643	90,884	85,669	81,189	62,909	69,504	70,870	52,450
Average Daily Door Count	N/A	N/A	624	619	585	531	482	508	N/A	N/A
Children's Program Attendance	8,415	10,047	8,059	7,410	7,665	8,173	5,788	3,124	5,685	1,177
Number of Cardholders	13,367	11,073	11,314	11,737	11,578	11,434	12,109	11,424	12,829	12,350

\* N/A - not available due to construction

**CAPITAL ASSETS AND INFRASTRUCTURE BY FUNCTION**  
**Last Ten Fiscal Years**

Function	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>Police:</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Number of Patrol Units	28	27	27	27	27	28	27	20	20	20
<b>Fire:</b>										
Number of Stations	4	4	4	4	4	4	4	4	4	4
<b>Public Works:</b>										
Miles of Streets	187	190	190	190	190	190	190	190	190	187
Number of Street Lights	3,400	3,400	3,400	3,400	4,538	4,538	4,538	4,533	4,533	4,533
<b>Water:</b>										
Miles of Water Mains	159	166	166	166	166	166	166	166	166	166
Number of Service Connections	9,321	9,849	9,849	9,849	9,849	9,849	9,849	9,849	9,849	9,849
Number of Fire Hydrants	708	691	691	688	686	686	684	681	680	680
Average Daily Consumption in Gallons	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	4,688,493
Thousand Gallons Pumped	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	1,711,300
<b>Sewer:</b>										
Miles of Sanitary & Storm Sewers	212	160	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	8,691	8,700	8,700	8,700	8,700	8,700	8,700	8,700	8,700	8,700
Average Daily Consumption in Gallons	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	4,688,493
<b>Recreation:</b>										
Number of Parks	15	15	14	14	14	14	16	16	16	14
Park Acreage*	40	76	75	75	75	75	75	75	75	75
Swimming Pools	1	1	1	1	1	1	1	2	2	2
Tennis Courts	8	12	12	12	12	12	12	12	12	12
<b>Education:</b>										
Number of Schools	7	7	7	7	7	7	7	7	7	8

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