



City Council Meeting and Workshop

February 1, 2016

Agenda

5:30 P.M. Joint Workshop of the City Council and School Committee

- A. City Audit – Casey Leonard from RKO (Runyon, Kersteen, & Ouellette) (15 minutes)

5:45 P.M. City Council Workshop

- B. LAEGC (Lewiston Auburn Economic Growth Council) – John Holden (45 minutes)

7:00 P.M. City Council Meeting - Roll call votes will begin with Councilor Titus

Pledge of Allegiance

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

There are no consent items on this agenda.

II. Minutes

- January 25, 2016 Regular Council Meeting

II. Communications, Presentations and Recognitions

- Auburn Police Department Badge Pinning Ceremony
- Council Communication – Business License Denial

- III. Open Session** – Members of the public are invited to speak to the Council about any issue directly related to City business which is *not on this agenda*.

IV. Unfinished Business - None

V. New Business - None

- VI. Executive Session** - Economic Development matter, pursuant to 1 M.R.S.A. §405 (6)(C).

VII. Reports

- 1. Mayors Report**
- 2. City Councilors' Reports**
- 3. City Manager's Report**

Auburn City Council Meeting & Workshop

February 1, 2016

VIII. Open Session - Members of the public are invited to speak to the Council about any issue directly related to City business which is *not on this agenda*.

IX. Adjournment

Executive Session: On occasion, the City Council discusses matters which are required or allowed by State law to be considered in executive session. Executive sessions are not open to the public. The matters that are discussed in executive session are required to be kept confidential until they become a matter of public discussion. In order to go into executive session, a Councilor must make a motion in public. The motion must be recorded, and 3/5 of the members of the Council must vote to go into executive session. An executive session is not required to be scheduled in advance as an agenda item, although when it is known at the time that the agenda is finalized, it will be listed on the agenda. The only topics which may be discussed in executive session are those that fall within one of the categories set forth in Title 1 M.R.S.A. Section 405(6). Those applicable to municipal government are:

A. Discussion or consideration of the employment, appointment, assignment, duties, promotion, demotion, compensation, evaluation, disciplining, resignation or dismissal of an individual or group of public officials, appointees or employees of the body or agency or the investigation or hearing of charges or complaints against a person or persons subject to the following conditions:

(1) An executive session may be held only if public discussion could be reasonably expected to cause damage to the individual's reputation or the individual's right to privacy would be violated;

(2) Any person charged or investigated must be permitted to be present at an executive session if that person so desires;

(3) Any person charged or investigated may request in writing that the investigation or hearing of charges or complaints against that person be conducted in open session. A request, if made to the agency, must be honored; and

(4) Any person bringing charges, complaints or allegations of misconduct against the individual under discussion must be permitted to be present.

This paragraph does not apply to discussion of a budget or budget proposal;

B. Discussion or consideration by a school board of suspension or expulsion of a public school student or a student at a private school, the cost of whose education is paid from public funds, as long as:

(1) The student and legal counsel and, if the student is a minor, the student's parents or legal guardians are permitted to be present at an executive session if the student, parents or guardians so desire;

C. Discussion or consideration of the condition, acquisition or the use of real or personal property permanently attached to real property or interests therein or disposition of publicly held property or economic development only if premature disclosures of the information would prejudice the competitive or bargaining position of the body or agency;

D. Discussion of labor contracts and proposals and meetings between a public agency and its negotiators. The parties must be named before the body or agency may go into executive session. Negotiations between the representatives of a public employer and public employees may be open to the public if both parties agree to conduct negotiations in open sessions;

E. Consultations between a body or agency and its attorney concerning the legal rights and duties of the body or agency, pending or contemplated litigation, settlement offers and matters where the duties of the public body's or agency's counsel to the attorney's client pursuant to the code of professional responsibility clearly conflict with this subchapter or where premature general public knowledge would clearly place the State, municipality or other public agency or person at a substantial disadvantage;

F. Discussions of information contained in records made, maintained or received by a body or agency when access by the general public to those records is prohibited by statute;

G. Discussion or approval of the content of examinations administered by a body or agency for licensing, permitting or employment purposes; consultation between a body or agency and any entity that provides examination services to that body or agency regarding the content of an examination; and review of examinations with the person examined; and

H. Consultations between municipal officers and a code enforcement officer representing the municipality pursuant to Title 30-A, section 4452, subsection 1, paragraph C in the prosecution of an enforcement matter pending in District Court when the consultation relates to that pending enforcement matter.



City Council Information Sheet

City of Auburn

Council Workshop or Meeting Date: 2/1/2016

Author: Jill M. Eastman, Finance Director

Subject: FY 15 Comprehensive Annual Financial Report

Information: Attached are the FY 15 Comprehensive Annual Financial Report, A-133 Report (required for State and Federal Grant Funds), the Management Letter and the SAS letter. The auditors will be here to do a short presentation and overview of the FY 15 audit.

Advantages:

Disadvantages:

City Budgetary Impacts: N/A

Staff Recommended Action: None, will be on next agenda to accept report.

Previous Meetings and History:

Attachments:

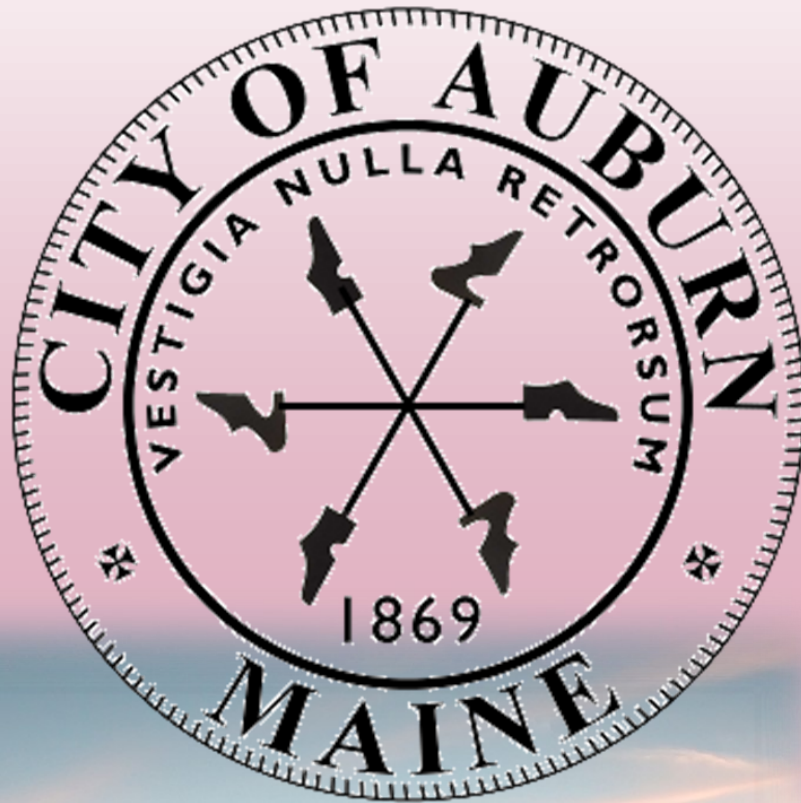
FY 15 CAFR

FY 15 A-133 Report

Management Letter

SAS Letter

Comprehensive Annual Financial Report



***For Fiscal Year Ended
June 30, 2015***

CITY OF AUBURN, MAINE

Finance Department

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**For Fiscal Year Ended
June 30, 2015**

Prepared By:
Finance and Management

CITY OF AUBURN, MAINE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2015

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2015

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CITY OF AUBURN, MAINE
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INTRODUCTORY SECTION

City of Auburn, Maine

"Maine's City of Opportunity"



December 14, 2015

Honorable Mayor Labonte and
Members of the City Council
Auburn, Maine

Ladies and Gentlemen:

The comprehensive annual financial report of the City of Auburn, Maine for the fiscal year ended June 30, 2015, is hereby submitted in accordance with the requirements of both our City Charter and State statutes. The Charter and statutes require that the City issue an annual report of its financial position and activity, and that this report be audited by an independent firm of certified public accountants. This is the thirteenth year that the City's Financial Services Department has prepared this report using the reporting requirements prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34. Responsibility for both the accuracy of the data presented, and the completeness and fairness of the presentation including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the City of Auburn on a government-wide and fund basis. All disclosures necessary to enable the reader to gain the maximum understanding of the City's activities have been included.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, and the U.S. Office of Management and Budget's Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. The "Single Audit" is designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. Information related to this Single Audit, including a schedule of expenditures of federal awards, findings, recommendations and the independent auditor's report on compliance for each major program and on internal control over compliance, is included in a separately issued Single Audit report.

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

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Governmental Structure

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

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

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

Major Initiatives during Fiscal Year 2015

Economic Development

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

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

The City, in partnership with Auburn Business Development Corporation (a private, nonprofit development corporation), is moving forward on the City's newest industrial park. All infrastructure is complete and lots are for sale. This development includes 174 acres and is located near the Auburn-Lewiston Municipal Airport and the intermodal facility.

The City will be hiring a new Economic Development Director, as the current individual will be retiring after 35 years of service. He will be working part time on a major international project for medical tourism in the downtown that is estimated to create over \$30 million in new valuation and spur activity around the City.

The commercial-service center of Auburn has seen significant new investment in the past few years. A new 73,000 square foot dual sheet ice arena was opened that replaces Ingersoll Arena. A private developer donated the land to the City and built the arena, which the City is leasing until such time they decide to purchase. This development has sparked new interest in the Mall area by many entities. The new arena opened November 15, 2013. The old Ingersoll Arena has undergone a repurposing and is now an indoor turf facility that can be used for various sports teams to practice in inclement weather. The new turf facility opened on October 1, 2015.

Financial Management

The City is committed to ensuring sound financial management of the public's funds. This includes a five year Financial Plan, a five year Capital Improvement Plan, maintaining a sufficient fund balance, and adhering to the highest management standards. The City Council adopted a Fund Balance Policy in 2004, and updated it in 2011, to provide on-going guidance to elected officials to strengthen fund balance. City employees perform their daily work with guidance from these plans and policies. The City met and exceeded its fund balance goal in fiscal year 2015.

Capital Improvements and Debt Service

The City maintains an ongoing five year Capital Improvement Plan (CIP) that serves as a tool for the Mayor and City Council to make strategic investments in the community. In fiscal year 2015, the Capital Improvement budget included \$3.6 million to fund street, sidewalk, infrastructure and drainage improvements; \$2.181 million to fund School Department capital projects and \$2.519 million for building improvements and equipment replacements. The City of Auburn maintains an "AA-" rating from Standard & Poor's and an Aa3 rating from Moody's for the City's general obligation debt.

Education

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

Educational Excellence

The Auburn School Department is working toward achieving Vision 2020, which was adopted in 2010. This vision leads the work of the district and guides all decisions. A central focus of Vision 2020 is creating an educational experience that is customized, flexible, and tailored to meet the needs of all learners. This type of educational system honors the principles that students learn in different ways and in different timeframes.

Connected to the vision of a customized, flexible educational system is Auburn's transition to a proficiency-based diploma. These requirements are being phased in over the next couple of years. The graduating class of 2021 will be the first to graduate with a full proficiency-based diploma. The proficiency-based diploma will mean that students earn a diploma by demonstrating proficiency on the required standards rather than by accumulating credits as in a traditional system.

Another focus of Auburn's transformation is on creating multiple pathways to proficiency. This is directly tied to the principle that students learn in different ways. The District has increased early college opportunities for high school students by forging partnerships with local colleges.

The Auburn School Department is also applying the principles of proficiency-based learning to teachers. The development of a professional curriculum is underway. Teachers regularly receive customized, flexible professional development that targets their individual needs. It is common for teachers to self assess their proficiency and use those results to set goals and determine the professional development needed to refine their practice.

Last year Auburn convened a strategic planning committee composed of staff, School Committee representation, parents, and community members. The three-year strategic plan will guide the work for this year.

As Auburn works to create a new educational system, community education and participation is critical. During the 2014-15 school year, the District held three well-attended community forums focusing on topics related to the District's work. A series of forums are being planned for this year as well. In addition, the newly formed Parent Advisory Council meets regularly to bring the parent perspective to decision making.

Leveraging Learning Institute

Auburn Schools hosted its fourth annual Leveraging Learning Institute November 12-14, 2014. Approximately 130 participants, mostly from across Maine and other states across the nation, but also an international group from Scandinavia, descended on the Hilton Garden Inn to explore lessons learned from Auburn's first-in-the-country iPads in primary grades initiative. Many of the sessions were led by Auburn School Department's own teachers and administrators and included topics in four strands: Leadership and Professional Development; Curriculum, Instruction, and Assessment; Data and Research; and Technical Project Management.

School Building Infrastructure and Fleet Improvements

The School Department continued its work to improve the quality of the City's school facilities infrastructure. The facilities are the property of the City and the School Department is the steward and maintains the facilities. The School Department's facilities have a total replacement value of \$95,030,315; thereby, the School Department's Capital Improvement needs for FY15 was submitted for review and recommendation to the City Council at \$6,478,538, which represents 6.8% of capital asset values. The City Councilors approved and authorized \$1,500,000 in CIP Bond issuance for the School Department in their August 2014 Bond Issuance. This is a capital asset renewal of 1.5% of replacement value into school facilities infrastructure.

Final Projects from FY14 bonds were also included for award and implementation, since we were not able to implement some projects during the summer of 2014, due to time constraints.

The following projects were executed in summer of FY15 with final project acceptance in September 2015:

<u>Location</u>	<u>Project Description</u>
Edward Little High School	Last phase of asbestos floor tiles replacement in A, B and C wings with new VCT products Security surveillance equipment & control door access Tennis court repair and annual maintenance
Walton School	Control door access New sprinkler system throughout the facility New stage curtains
Auburn Middle School	Replace 1980 carpets in library and home economics classroom with new carpets Replacement of 1980 mechanical heating elements and adding new ventilation and air conditioning throughout the school New heating/air conditioning controls, replace the old 1980 hydraulic system with digital Replace 1980 lights in music room with new LED lights and dimmers Install new hot water booster to the AMS kitchen direct from boiler room and added new hot water tank for non-heating season when the boilers are not operating
Fairview School	Replace last phase of asbestos tile with new VCT product in 1955 wing Install a new outside classroom for educational purposes Replace 1996 mechanical heating elements with new controls, heating/air conditioning units with new ventilation to enhance interior air quality Replace 1996 stage curtains with new stage curtains
Sherwood Heights School	Replace 1996 stage curtains with new stage curtains
Industry Ave	Replace the propane fueling system with new high capacity dual fueling nozzles and upgrade the fuel master card system

We continued to implement the Verification and Measurement of the final phase of our Performance Contract with Siemens Technology. The Year-5 Savings Report of 2014 is an important measure to solidify that the anticipated savings have been realized. The Verification and Measurement Year-5 Savings Report was conducted and analysis revealed that the Siemens guaranteed annual savings of \$221,057 was not only met, but in fact, a savings of \$428,883 was realized. The savings is \$207,826 greater than originally projected. Approximately 35% of the annual savings can be attributed to our energy conversion to natural gas from #2 fuel on 9 school facilities. The energy savings each fiscal year is used to reimburse Siemens Technology for the energy efficiency projects conducted 5 years ago. Siemens has guaranteed the savings; thus, if the savings are not realized, Siemens will reimburse the School Department the difference. The Annual Savings Reports will continue into the distant future to ensure that savings are generated per the agreement. Over the last five fiscal years, we have saved a total of \$1,560,516 in energy costs.

The School Department continues the replacement of older school buses, with the assistance of the State Department of Education Bus Purchase/Replacement program. We were fortunate to receive FY14 DOE approval for the replacement in FY15 budget of one new school bus, which replaced a 2001 International school bus with type C. The DOE Bus Purchase/Replacement program requires that school buses be eligible for replacement when they reach ten-years-old and have in excess of 125,000 miles. The DOE Bus Purchase/Replacement program schedule allows the Auburn School Department to maintain a bus fleet in conformance with the State DOE replacement guidelines and a fleet that this community can be proud of. The reimbursement from DOE is a direct allocation that is provided one year after the purchase; therefore, it behooves us to participate in the Bus Purchase/Replacement program and upgrade our bus fleet with State DOE funding assistance.

In May 2014, one of our school bus transit style 84-passenger school buses was broadsided and upon insurance analysis of the damaged bus by our carrier, it was declared a total loss. Upon notifying the incident to State DOE, we received confirmation that the 84-passenger school bus is considered an emergency replacement/purchase status and whereby the transit was replaced with a similar style and size school bus by late May 2015. We will receive DOE reimbursement in the FY16 school year through our State DOE subsidy at the subsidy rating.

As we continue to explore alternative energy fuel, our FY15 bus purchases included a propane-fired engine. These propane engines have better gas mileage and lower maintenance costs. The added cost to install a propane engine is \$7,200 per bus. After deducting the added cost of converting from diesel to propane, and taking into account the life expectancy of propane buses, we will generate a savings of \$42,800 per school bus. A projected annual savings is \$5,000 per school bus, at minimum, and representing a payback in 1.44 years. It is our intention to move the Auburn School Department bus fleet from diesel to propane fuel over the course of 8 years, contingent of replacing 2 new buses each year that is subject to State DOE approval and reimbursement. We currently have 7 school buses that operate on propane-fired engines. Aside from producing an annual savings, we are lessening our greenhouse gas emissions into the atmosphere and reducing our carbon footprint, which is ultimately good for the planet.

School Messenger [Continuation from previous year]

Our grant collaboration with the Lewiston School Department has awarded a \$5 million dollar grant that is specific to School Safety. This five-year grant and last year of said grant continues to afford us the ability to submit competitive grants relative to School Safety. During FY14, we were successful in submitting school security projects for Safe Schools grants that received awards for the implementation of School Messenger. Our School Messenger is fully integrated software that affords Auburn School Department the ability to alert law enforcement officials, staff, and parents with emergency notifications. Alert notifications are transmitted via landlines, mobile phones, or email addresses and are also multi-dimensional; whereby information can be disseminated simultaneously using multiple mediums. The cost for 6 years of alert notification, software, licensing and training, is \$40,291. During the last year of Safe Schools grant, our School Messenger was acknowledged by Federal Grantee, as an important tool in alerting law enforcement officials, community and staff of pending emergencies, whereby we received an additional two years toward the alert notification, software, licensing and training. This resulted in an overall value savings of \$20,145 for 5 years.

Grant Office

The Auburn School Department was awarded directly or through joint applications 20 grants in fiscal year 14-15 for a total of \$496,355.82.

- Federal 03
- State of Maine 05
- Foundation 11
- Donation 01

Highlights of grants received during 2014-15 are:

After School Academic Support and Enrichment

21st Century Community Learning Centers (CLC)

Auburn has one of the longest-running 21st Century Community Learning Center (CLC) programs in Maine. Continuously funded exclusively by grants and program revenues since 1999, CLC programs served 832 students in the 2014-15 school year and summer of 2014. Students in eight Auburn schools had the opportunity to extend their learning; develop new skills and interests; establish positive relationships with caring adults and their peers; and become involved in service to their school and community.

CLC Grant, Year 2

The second year of this three-year continuation grant awarded in 2013 from Maine Department of Education's 21st Century Community Learning Center program benefited students in grades 4-8, through after-school programs at Auburn Middle, Sherwood Heights, and Walton Schools. Students from Merrill Hill attended a tutoring extension of the AMS program. Seventy-five percent of the 386 students served were academically low performing, 63% were low-income students, 21% qualified for special services, and 9% were English Language Learners.

After-school programs were held four days a week at each school. School-day teachers and educational technicians staffed the program; twelve community volunteers aided weekly or for special events, including six students from Bates College who held an aspirations program at the middle school and two high school students who helped with the LEGO Robotics program at the middle school. A variety of student-centered programming, including academic skill supplements, homework help, technology enrichment, wellness/recreation, arts, and community service was delivered at each site. At Sherwood Heights, students also received high-quality language and cultural enrichment through a partnership with the Maine French Heritage Language Program of Lewiston's Franco Center. Teachers reported consistent improvement in classroom performance and homework completion for a majority of participating students. Student surveys showed a high level of connection to adults in the program, increased levels of activity, and a sense of belonging--all-important developmental assets for the elementary and middle years.

CLC District Grant, Year 1

In 2014, Auburn School Department was awarded a three-year continuation grant from Maine Department of Education to provide after school and summer programming for students in grades 3-6 at Park Avenue and Washburn Schools and grades 9-12 at Edward Little High School. Students from Franklin Alternative School accessed services at Edward Little. Seventy-three percent of the 446 students served were academically low performing, 61% were low-income students, 16% qualified for special services, and 16% were English Language Learners. Programs at the elementary level focused on reading/literacy, math, arts, health/wellness and community service. High School students in grades 11 & 12 focused on meeting graduation requirements with ELPM, a credit recovery program. With the help of credit recovery, 61 students graduated between July 1, 2014 and June 30, 2015 and 269

academic half-credits were earned. EL Connect, a program serving students in grades 9 & 10, worked with students on study skills, aspirations, community building, credit recovery, and homework completion. Both high school programs focused on mentoring, raising student aspirations, and post-secondary planning, in addition to achieving academic success in high school.

After-school programs at six Auburn Schools were each awarded a \$500 mini-grant from Healthy Androscoggin through the Let's Go! After School Enhancement Program. Auburn Middle, Edward Little High, Park Avenue, Sherwood, Walton and Washburn Schools received this funding to purchase equipment and supplies that promote healthy eating and active living. Programs engaged students in helping to choose items for purchase during the 2014-15 year, including camping/hiking equipment, team-building activity supplies, and active recreation supplies.

Prevention & Treatment Programs

The Student Intervention and Reintegration Program (SIRP) targets ELHS and Franklin Alternative at-risk youth between the ages of 15-18 who experiment with drugs and/or alcohol but do not qualify for treatment. The program's focus is to make healthy decisions and reduce risk for problems. SIRP has been funded by grants from the State of Maine Department of Human Services for five years. The District worked collaboratively with Healthy Androscoggin (HA) to implement the SIRP program. Twenty-six students successfully completed one of the five sessions offered. A community marijuana prevention program was also implemented. The programs are funded through a federal grant from the Substance Abuse and Mental Health Services Administration (SAMHSA) and were awarded to HA.

College Access

The MELMAC Foundation awarded a multi-year grant, Connecting Aspirations to a Plan, to support college access at Edward Little High School. The grant aids ELHS in increasing their rate of post-secondary enrollment and broadens the range of post secondary experiences through one-on-one mentoring, college visits, and other initiatives.

Literacy

An annual award from the L/A Fund allows students to integrate technology and art with writing by creating an original book in accordance with publication guidelines. The books are then judged and the winning entry is "published". The entire program culminates with a book-signing event at the local library. An award from the Lewiston and Auburn Children's Foundation allowed Walton to purchase books and build four classroom libraries.

The Barbara Bush Foundation has funded the Teen Trendsetters Program which pairs teens at ELHS with 3rd grade students at Park Ave and Washburn that are about 6 months behind in reading. The teens are matched with their younger buddies and read to them at least one hour a week during the school year. Parents of the younger children agree to read to the child at home to reinforce skills. Younger children receive 15 take home books each year to encourage reading. In addition, the foundation provides curriculum, supplemental materials and professional development for teens and their advisors. The program typically sees about a year's growth in elementary students skills.

Science Grants

The Lewiston Auburn Children's Foundation funded the Garden Buddies program. ELHS students helped younger students at Park Avenue to plan and design a garden, plant the garden and teach the students about the importance of agriculture and growing their own food.

Teachers provide hands-on learning activities in the classroom through experiments and various learning activities. Made possible through the Hands-On Science grant awarded by Wal-Mart, classrooms at Sherwood Heights School participate in one educational field trip a year to allow experiential learning to take place.

An award from Syngenta supports the Chemistry through Agriculture grant program. Students' learning comes to life at Edward Little High School by using agriculture as the vehicle that they learn chemistry. It takes students away from the traditional lecture, notes, and test sequence and puts them in a living classroom. Students must complete service learning projects that include Garden Buddies, providing seedlings for area raised-bed gardens created by Lots to Gardens and educate community members about native species and the important role they play in protecting our watershed.

Ninety students at EL participated in living classroom experiences, which provided them with a solid foundation in sustainable agriculture practices. Students gained an awareness of career/jobs in the agriculture field. Students left the traditional classroom often and demonstrated mastery of chemical standards through hands-on activities at the Auburn Land Lab, in the EL greenhouse, at the EL orchard and at local farms. Maine Agriculture in the Classroom funded the grant.

Field Experiences

The Maine Arts Commission funded several field experiences for students through its Ticket to Ride grants:

- EL students at the high school went to the Telling Room to write their stories in a memoir that was put into a book and a blog
- Students at AMS visited the Camden Opera House
- Students from EL visited Victoria Mansion in Portland

Health and Physical Fitness Grants

Through the State of Maine's "Fresh Fruits and Vegetables" grant program, Park Avenue, Washburn, Sherwood Heights and Walton Schools received fresh produce for its students. This program provides daily healthy snacks to students, giving them the necessary vitamins and minerals, which they need to maximize their learning.

Through the Special Olympics, Inc. grant program, a Unified Basketball program was provided at Edward Little High School. The program partners students with developmental disabilities with students without developmental disabilities to train, compete, and represent their school. Unified Sports impacts all kinds of students and helps promote physical activity, teamwork, sportsmanship, and social inclusion.

The *Let's Go!* Maine CDC and DOE Partnership Fund is to help schools improve nutrition and/or increase physical activity before, during or after school. The Let's Go 5-2-1-0 (Dr. Strong) grant funds were used to defray the cost of Dr. Strong visiting Auburn Middle School and Walton schools for his "Dunk Junk" mission/performance. His message is intended to produce an outcome of better nutrition for all students and staff, an increased awareness of fitness for life, and to identify in our schools ways to improve opportunities for exercise throughout the day.

An award to Park Avenue School from the Lewiston and Auburn Children's Foundation supported the Good Shepherd backpack program and served 24 students. This program provides food for children near holidays and weekends in a discrete manner.

Other Grant /Awards

An award was granted for the Refugee School Impact grant from the Office of Refugee Resettlement, however, it was not for the full amount requested and therefore, was refused by the grant writer due to the many requirements that did not justify the effort.

Discovery Spaces was funded through a Community Development Block Grant in 2013-14, however, the Walton PTO put in additional funds in 2014-15 to purchase an all-natural boat for the playground from a local company, Shed Happens, in Portland. Walton's Discovery Spaces is an engaging natural outdoor learning and recreation site that challenges and stimulates children while teaching them about the natural world. The site is designed around a river theme and includes areas such as "Rainbow Rapids", "Reading Island" and the "SS Walton" (a wooden boat-shape structure). There are play spaces to climb on and areas to engage in dramatic play and create language rich experiences.

Looking Ahead: Fiscal Year 2016 Goals

With a new director at LAEGC (Lewiston Auburn Economic Growth Council) the new plan for the agency has begun to be implemented, including the marketing of the area through various different means of social media. Auburn continues to work on downtown redevelopment, marketing the new industrial park and the mall area.

The City Manager and Department Directors will continue working to improve the Capital Improvement Program, by providing a five-year projection of needed improvements with greater detail on projects to help the City Council set priorities. The City Manager and Finance Director will continue to work on reducing the total outstanding debt of the City by bonding less for Capital Improvements than the City is retiring for debt each fiscal year in order to reduce total outstanding debt to less than \$40 million.

The City Manager and staff will be working to improve the budgeting process by relating budget objectives to the goals of the City Council and continuing to improve the program. Performance based budgeting began with the FY15 budget process.

Financial Information

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

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

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

Other Information

Independent Audit

State Statute and the City Charter require an annual audit of all financial records by independent certified public accountants. The audit of fiscal year 2015 was performed for the City Council by the firm of Runyon Kersteen Ouellette, PA, a firm of licensed Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Auburn, for the fiscal year ended June 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluation of the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Auburn's financial statements for the fiscal year ending June 30, 2015, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the federal Single Audit Act Amendments of 1996 and the related U.S. Office of Management and Budget's Circular A-133. Auditing standards generally accepted in the United States of America and the standards set forth in the General Accounting Office's *Government Auditing Standards* were used by the auditors in conducting the engagement. The auditors' reports on internal controls and compliance with applicable laws and regulations can be found in a separately issued single audit report.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the year ended June 30, 2014. This was the twenty second consecutive year that the City received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

Acknowledgments

This report is the result of many hours of dedicated work by Gina Klemanski, Jill Cunningham and Nancy Bosse in the Financial Services Department. I am also pleased to acknowledge the services and assistance of independent auditors, Runyon Kersteen Ouellette, in the preparation and production of this report.

Sincerely,



Jill M Eastman
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

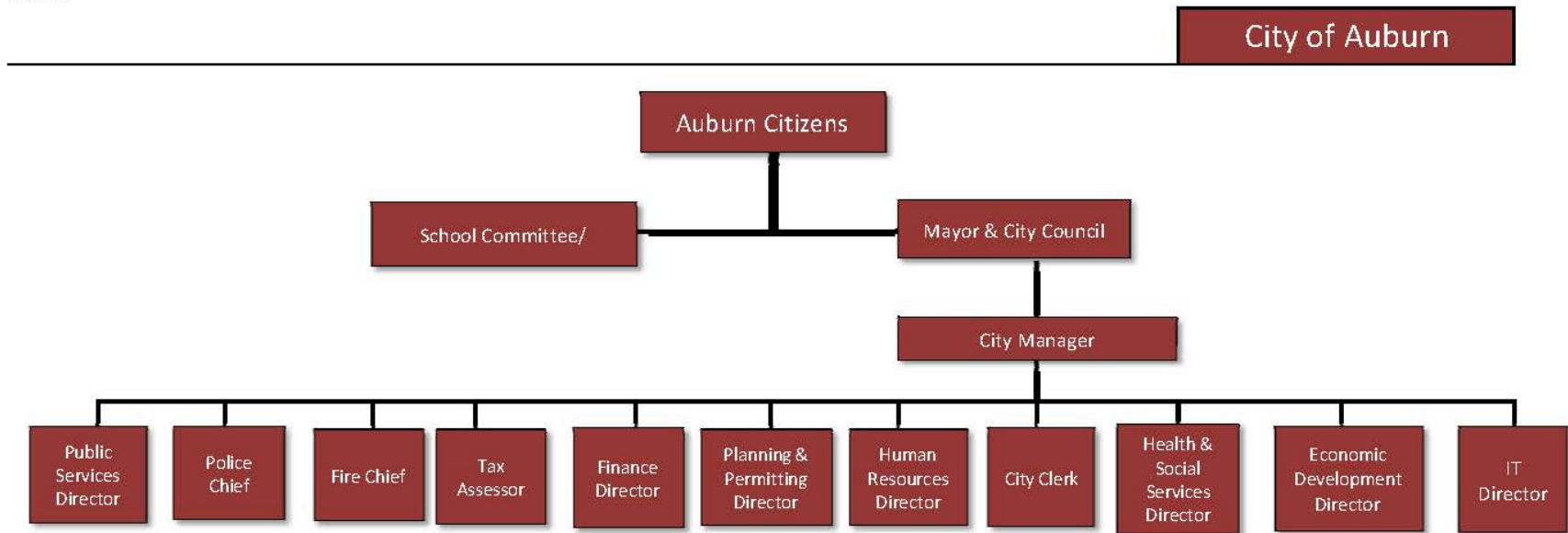
**City of Auburn
Maine**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

**ORGANIZATIONAL CHART
2015**



CITY OF AUBURN, MAINE
LIST OF ELECTED AND APPOINTED OFFICIALS
June 30, 2015

Elected Officials

Mayor	Jonathan P. Labonte
Council Member – Ward 1	Tizz E. Crowley
Council Member – Ward 2	Robert P. Hayes
Council Member – Ward 3	Mary Kozicki Lafontaine
Council Member – Ward 4	Adam Lee
Council Member – Ward 5	Leroy G. Walker
Council Member – At Large	Belinda Gerry
Council Member – At Large	David C. Young
School Committee – Acting Chair, Ward 3	Thomas Kendall
School Committee – Ward 1	Peter Letourneau
School Committee – Ward 2	Bonnie J. Hayes
School Committee – Ward 4	Christopher Langis
School Committee – Ward 5	Daniel F. Poisson, Sr.
School Committee – At Large	Brent Bilodeau
School Committee – At Large	Laurie Tannenbaum
School Committee – Mayor’s Representative	Mary LaFontaine

Appointed Officials

City Manager	Howard Kroll
Finance Director	Jill M. Eastman
School Superintendent	Katherine Grondin
School Business Manager	Jude Cyr
City Clerk	Susan Clements-Dallaire
Tax Collector	Nancy Bosse
Assessor	Karen Scammon
Fire Chief	Frank Roma
Human Resources Director	Deborah Grimmig
Police Chief	Phil Crowell
Public Works Director	Denis D’Auteuil
Parks & Recreation Director	Ravi Sharma
Health & Social Services Director	Dorothy Meagher

FINANCIAL SECTION

Report of Independent Auditors

City Council
City of Auburn, Maine:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Auburn, Maine, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Auburn, Maine's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Auburn, Maine, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Auburn, Maine's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

City Council
City of Auburn, Maine

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2015, on our consideration of the City of Auburn, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Auburn, Maine's internal control over financial reporting and compliance.



December 14, 2015
South Portland, Maine

Management's Discussion and Analysis Fiscal Year Ended June 30, 2015

As management of the City of Auburn, Maine, we offer this narrative overview and analysis of the financial activities of the City of Auburn, Maine for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal to this report.

Financial Highlights

- The assets and deferred outflows of resources of the City of Auburn exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$81,300,960 (*net position*).
- The City of Auburn's total net position increased by \$4,983,993.
- As of the end of the current fiscal year, the City of Auburn's governmental funds reported combined ending fund balances of \$24,516,816, an increase of \$695,648 in comparison with the prior year.
- At the end of the current fiscal year, total assigned and unassigned fund balance for the General Fund was \$8,018,394, or 10.97% of total General Fund expenditures (on a budgetary basis).
- The City of Auburn issued bonds totaling \$6,800,000 for its Capital Improvement Plan during the current fiscal year. The new issue included \$3.325 million to fund street, sidewalk, infrastructure and drainage improvements; \$2.081 million to fund School Department facilities and \$1.394 million for building improvements and equipment replacements.

Overview of the Financial Statements

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

Government-wide financial statements

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Auburn that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government; public safety; health, welfare and recreation; public works, including highways, streets, and solid waste disposal; other agencies; education; and interest on debt. The City has three business-type activities, the Ingersoll Ice Arena, the Norway Savings Bank Ice Arena and Centralized School Lunch. The government-wide financial statements can be found on pages 33-34 of this report.

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Auburn, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

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

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

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

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

The basic governmental fund financial statements can be found on pages 35-40 of this report.

Proprietary funds

The City of Auburn maintains one type of proprietary fund. The *enterprise fund* is used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Auburn uses the enterprise fund to account for its operations of Ingersoll Ice Arena, Norway Savings Bank Ice Arena and Centralized School Lunch.

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

The basic proprietary fund financial statements can be found on pages 41-43 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Auburn's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 44-45 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 46-79 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information as follows: the Schedule of Funding Progress for Retiree Healthcare Plan and the City Pension Plan, the Schedule of City's Proportionate Share of the Net Pension Liability, and the Schedule of City Contributions. Required supplementary information can be found beginning on page 80 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. The combining and individual fund statements and schedules can be found on pages 87-95 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Auburn, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$81,300,960 at the close of the most recent fiscal year.

City of Auburn's Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014 Restated	2015	2014 Restated	2015	2014 Restated
Current and other assets	\$ 31,703,402	29,866,066	213,017	548,461	31,916,419	30,414,527
Capital assets	125,243,186	121,890,406	493,154	600,770	125,736,340	122,491,176
Total assets	156,946,588	151,756,472	706,171	1,149,231	157,652,759	152,905,703
Deferred outflows of resources - related to pensions	2,095,684	1,290,661	23,931	13,854	2,119,615	1,304,515
Long-term liabilities outstanding	59,791,151	64,112,597	68,203	128,936	59,859,354	64,241,533
Other liabilities	14,949,836	13,626,846	35,988	24,872	14,985,824	13,651,718
Total liabilities	74,740,987	77,739,443	104,191	153,808	74,845,178	77,893,251
Deferred inflows of resources - related to pensions	3,570,853	-	55,383	-	3,626,236	-
Net investment in capital assets	73,604,804	67,831,558	493,154	548,461	74,097,958	68,380,019
Restricted	8,791,119	11,621,393	196,221	-	8,987,340	11,621,393
Unrestricted	(1,665,491)	(4,145,261)	(118,847)	460,816	(1,784,338)	(3,684,445)
Total net position	\$ 80,730,432	75,307,690	570,528	1,009,277	81,300,960	76,316,967

By far, the largest portion of the City of Auburn's net position (91.14% or \$74,097,958) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City has made a conscious effort to continue its investments in long-term infrastructure improvements such as storm water separation, roadways, traffic improvements, sidewalks, facilities, and large equipment. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Auburn's net position (11.05%) represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted *net position* is a deficit of (\$1,784,338).

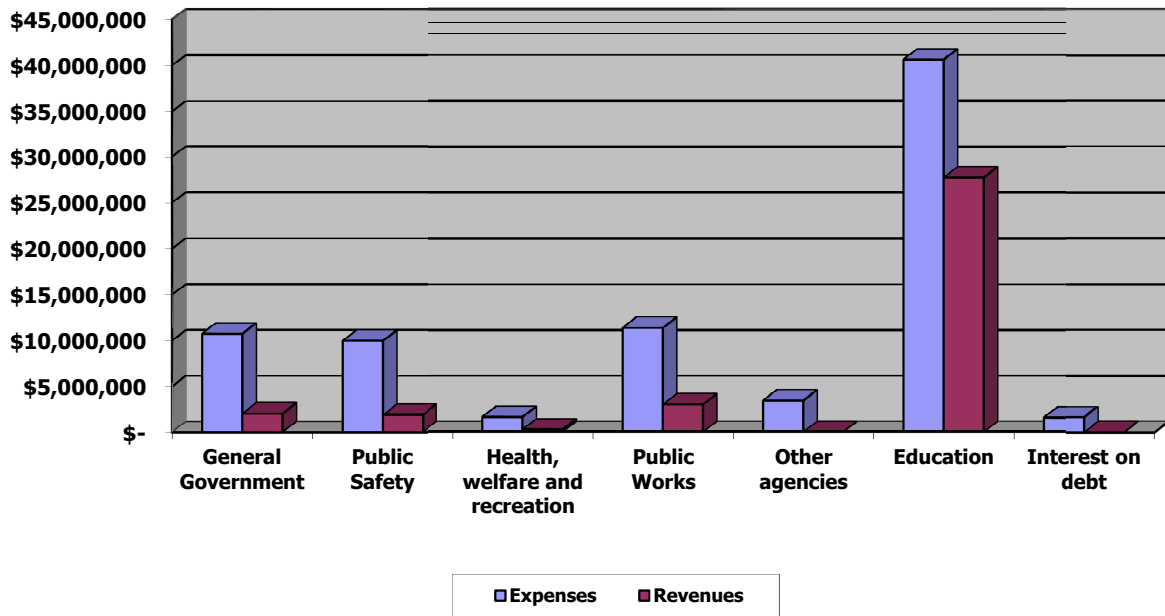
	City of Auburn's Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2015	2014 Restated	2015	2014 Restated	2015	2014 Restated
Revenues:						
Program revenues:						
Charges for services	\$ 3,190,866	2,070,803	1,067,189	1,139,096	4,258,055	3,209,899
Operating grants and contributions	28,816,555	31,349,557	1,241,187	1,090,354	30,057,742	32,439,911
Capital grants and contributions	2,956,553	-	-	-	2,956,553	-
General revenues:						
Property and other taxes	45,445,286	44,522,766	-	-	45,445,286	44,522,766
Grants and contributions not restricted to specific programs	4,393,527	4,336,314	-	-	4,393,527	4,336,314
Other	229,121	251,275	22,148	1,176	251,269	252,451
Loss on disposal of capital assets	(275,093)	-	-	-	(275,093)	-
Total revenues	84,756,815	82,530,715	2,330,524	2,230,626	87,087,339	84,761,341
Expenses:						
General government	10,720,976	19,950,058	-	-	10,720,976	19,950,058
Public safety	9,969,244	9,404,183	-	-	9,969,244	9,404,183
Health, welfare and recreation	1,637,285	2,172,119	-	-	1,637,285	2,172,119
Public works	11,370,585	12,427,048	-	-	11,370,585	12,427,048
Other agencies	3,418,863	3,400,687	-	-	3,418,863	3,400,687
Education	40,636,517	44,089,463	-	-	40,636,517	44,089,463
Interest on debt	1,580,603	122,068	-	-	1,580,603	122,068
Ingersoll Ice Arena	-	-	131,223	604,369	131,223	604,369
Norway Savings Bank Arena	-	-	1,218,591	588,819	1,218,591	588,819
Centralized School Lunch	-	-	1,419,459	1,364,728	1,419,459	1,364,728
Total expenses	79,334,073	91,565,626	2,769,273	2,557,916	82,103,346	94,123,542
Change in net position	5,422,742	(9,034,911)	(438,749)	(327,290)	4,983,993	(9,362,201)
Net position - July 1 - as restated	75,307,690	84,342,601	1,009,277	1,336,567	76,316,967	85,679,168
Net position - June 30	\$ 80,730,432	75,307,690	570,528	1,009,277	81,300,960	76,316,967

Governmental Activities

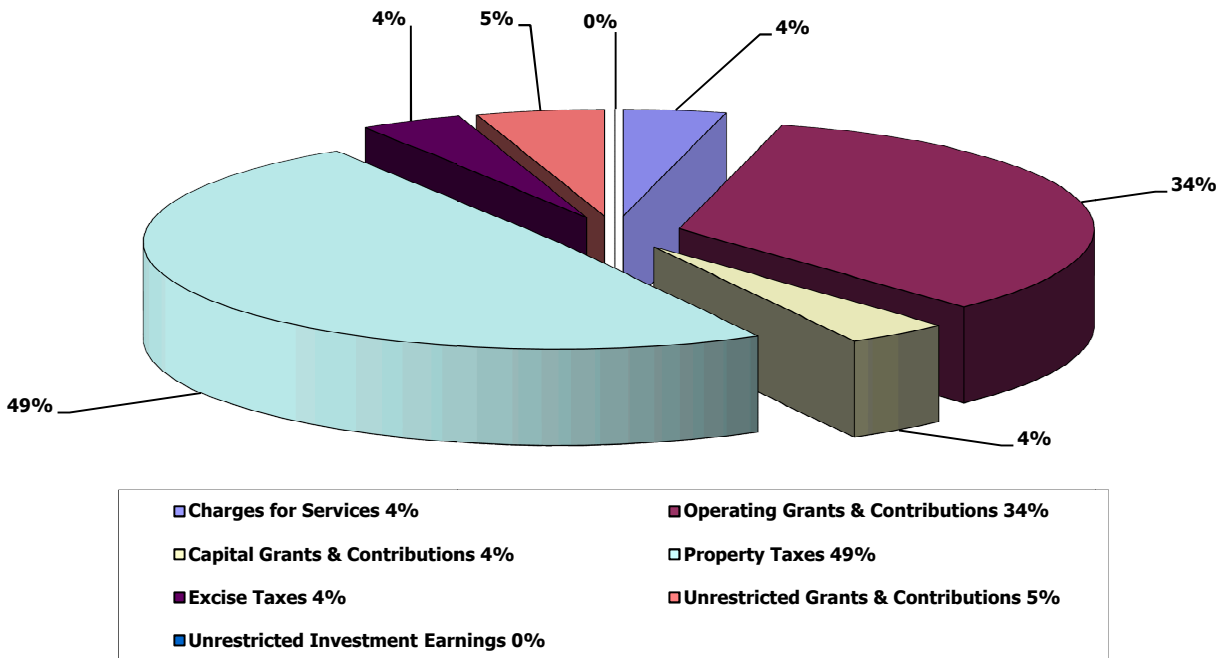
Governmental activities increased the City of Auburn's net position by \$5,422,742. Unclassified expenses have been reclassified in general government. Key elements of this increase are as follows:

- Charges for services increased by \$1,120,063 (54.09%). The increase was attributed to an increase in EMS transport fees.
- Total capital and operating grants and contributions increased by \$423,551 (1.36%) due to an increase in Maine DOT reimbursements and EDI Grant reimbursements for the Great Falls Plaza project.
- Total expenses decreased by \$12,231,553 (13.36%), however, \$7,918,396 of this was due to the restatement of net position necessary to report the net pension liability associated with the City's implementation of GASB No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Additionally, \$172,232 was restated due to the City moving the RETC program from special revenues to an agency fund after it was determined that the proper accounting for this program was as an agency fund. Excluding the restatements, total expenses decreased by \$4,140,925. This can primarily be attributed to decreases in health, welfare and recreation expenses (\$534,834), education expenses (\$3,452,946), and public works expenses (\$1,056,463).

Expenses and Program Revenues - Governmental Activities For the Year Ending June 30, 2015



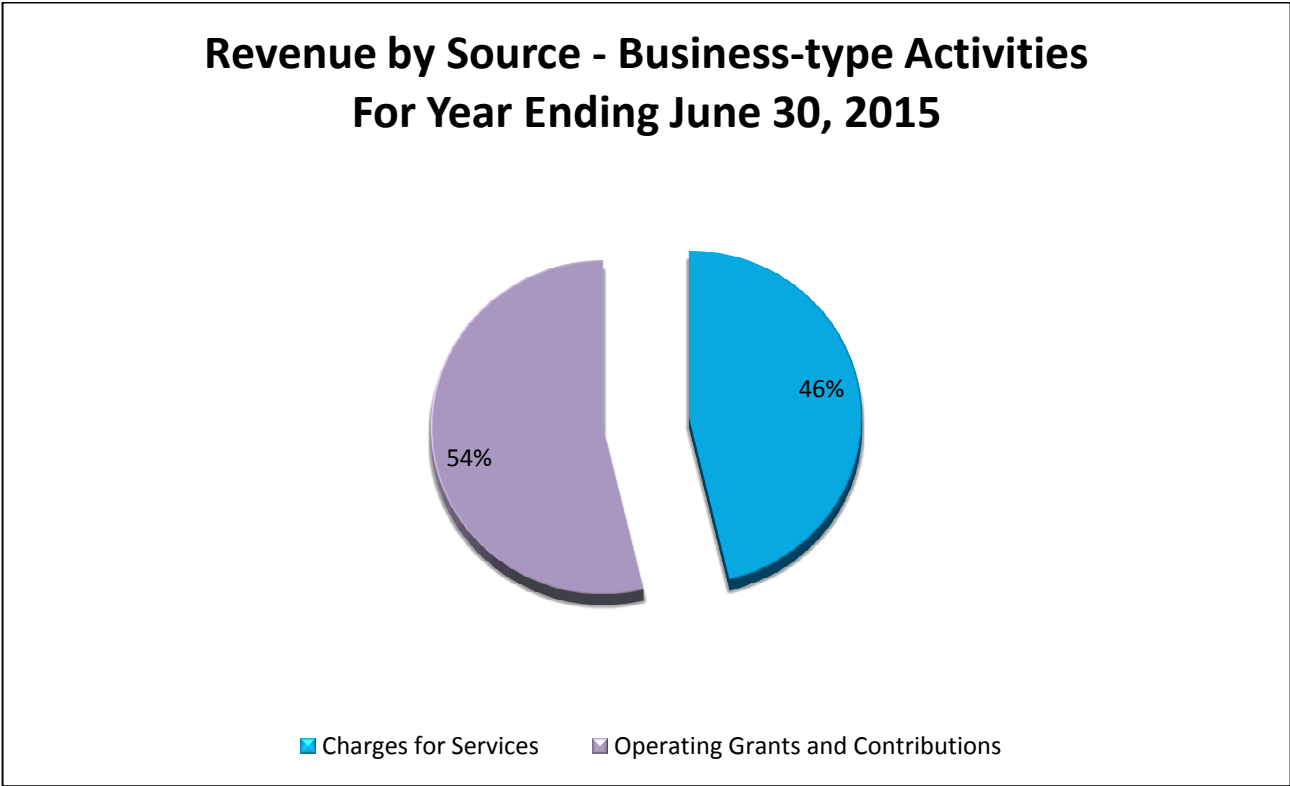
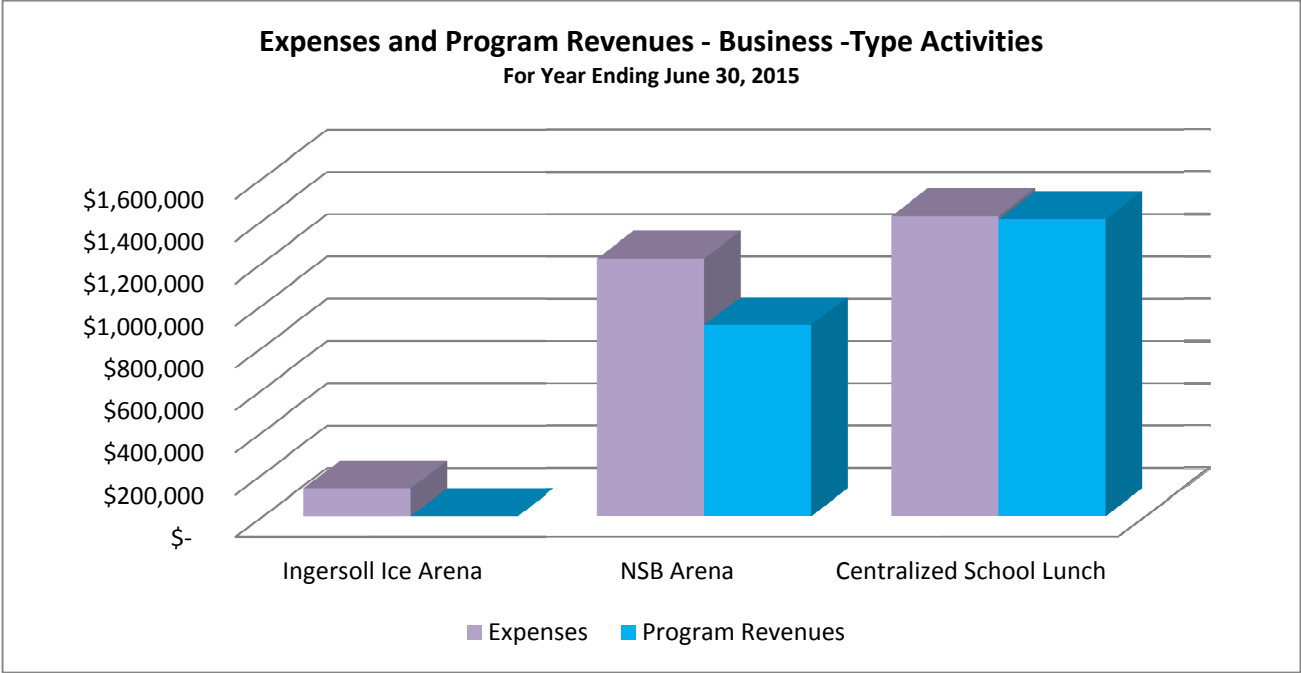
Revenues by Source - Governmental Activities For the Year Ended June 30, 2015



Business-type Activities

The City’s three business-type activities, its Ingersoll Ice Arena, Norway Savings Bank Arena and Centralized School Lunch, decreased the City of Auburn’s net position by \$438,749.

Revenues for business-type activities increased by \$99,898 or 4.48%. Expenses for business-type activities increased by \$326,439 or 13.36%, which is mainly attributed to the rent associated with leasing the building.



Financial Analysis of the Government's Funds

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

Governmental Funds

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

As of the end of the current fiscal year, the City of Auburn's governmental funds reported combined ending fund balances of \$24,516,816, an increase of \$695,648, in comparison with the prior year. This total consists of: General Fund \$10,845,190; Community Development Programs Fund, \$4,643,763; Tax Increment Financing, \$636,320; Capital Projects Fund, \$7,868,019 and Other Governmental Funds, \$523,524. These fund balances are intended, and in some cases restricted, committed or assigned, for specific purposes.

The General Fund is the chief operating fund of the City of Auburn. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,971,398. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund budget. Unassigned fund balance represents 6.80% of the total General Fund expenditures (on a budgetary basis) at June 30, 2015. The City Council adopted a Fund Balance Policy in June 2011, establishing a goal of having a General Fund unassigned fund balance equal to 12.5% of the City's municipal and school budgets. Rating agencies look favorably upon the establishment of fund balance policies by communities, which signifies the recognition that a healthy fund balance is imperative to the good financial standing of the community.

The Community Development Program Fund fund balance increased by \$288,686. The increase was due to the timing of drawdowns and the increase of grant and loan receivables.

The Tax Increment Financing Fund fund balance decreased by \$116,121 due to credit enhancement and debt service payments exceeding amounts captured.

The Capital Projects Fund fund balance increased by \$2,467,985 primarily due to bond proceeds that were received during FY 2015 that will mainly be expended during FY 2016, as well as a reduction in capital expenditures.

Proprietary Funds

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

Unrestricted net position of the City's proprietary funds, which include Ingersoll Ice Arena, Norway Savings Bank Arena and the Centralized School Lunch Program, amounted to a deficit of (\$118,847). The total decrease in net position was \$438,749.

General Fund Budgetary Highlights

There were no supplemental appropriations for the fiscal year ending June 30, 2015. Prior year carry forward amounts are reflected in the final budget on statement 6.

For the current fiscal year, total revenue was above budgetary projections and total expenditures were below budgetary projections. During the current fiscal year, the fund balance of the City of Auburn's General Fund decreased by \$1,218,169. Contributing factors to this decrease included:

- Motor vehicle excise taxes were above budgetary projections by \$438,457.
- Municipal and School charges for services were under budget by \$397,025.
- Unbudgeted overlay/abatements expenditures of \$159,684.
- Public safety department expenditures exceeded budget by \$316,502.
- State Revenue Sharing was below budgetary projections by \$141,612.
- Budgeted use of fund balance - to bring total fund balance into compliance with the City's Fund Balance Policy.

Capital Asset and Debt Administration

Capital Assets

The City of Auburn's investment in capital assets for its governmental and business-type activities as of June 30, 2015 amounts to \$125,736,340 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, machinery and equipment, vehicles and infrastructure. The total increase in the City of Auburn's investment in capital assets for the current fiscal year was 2.69%. For more detail, refer to Capital Assets in the Detailed Notes for All Funds on Pages 56-57.

	City of Auburn's Capital Assets (net of depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 7,489,841	7,489,841	-	-	7,489,841	7,489,841
Construction in progress	8,321,739	5,536,128	-	-	8,321,739	5,536,128
Buildings and improvements	42,325,060	41,951,234	228,374	252,578	42,553,434	42,203,812
Equipment	1,239,722	1,319,943	264,120	291,264	1,503,842	1,611,207
Vehicles	4,480,907	3,433,660	660	4,619	4,481,567	3,438,279
Infrastructure	61,385,917	62,159,600	-	-	61,385,917	62,159,600
Total capital assets	\$ 125,243,186	121,890,406	493,154	548,461	125,736,340	122,438,867

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

- A variety of street and sidewalk maintenance and construction projects throughout the City were undertaken during the year, including paving and reclamation totaling \$2,148,249; completion of Park Street and Mt. Auburn intersection reconstruction totaling \$421,625; Route 4 reconstruction totaling \$497,369; various road reconstruction projects totaling \$1,914,793 for overall project expenditures of \$4,982,036 at fiscal year end.
- The education department funded building improvements in the following schools: Auburn Middle School (HVAC replacement) totaling \$2,064,000; and Fairview School (HVAC improvements) totaling \$208,000.
- Police department purchased four Ford Explorers at a total cost of \$112,006;
- Public works replaced a street sweeper and 2 dump/plow trucks at a total cost of \$536,185.
- Parks and recreation upgraded the kitchen at Hasty Memorial Armory at a total cost of \$70,999.
- Fire department replaced the tower truck at a cost of \$831,906 and purchased three ambulances at a cost of \$538,858.

Long-term Debt

At the end of the current fiscal year, the City of Auburn had total general obligation bonded debt outstanding of \$55,170,858 (not including premium). The City's entire debt is backed by the full faith and credit of the City. For more detail, refer to Long-term Debt in the Detailed Notes for All Funds on pages 60-61.

City of Auburn's Outstanding Debt			
General Obligation Bonds			
Governmental		Business-type	
Activities		Activities	
<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
\$ 55,170,858	56,826,591	-	-

During the current fiscal year, the City of Auburn's total bonded debt, not including premium, increased by \$1,655,733. The City issued general obligation bonds totaling \$6,800,000 for the annual capital improvement program for the City and School Department.

The City of Auburn maintained an "Aa3" rating from Moody's on October 9, 2014 and received an "AA-" rating from Standard & Poor's for its general obligation debt. Please refer to the agencies' reports for a comprehensive explanation of its rating assessment.

State statutes limit the amount of general obligation debt a municipality may issue to 15 percent of its total state assessed valuation. The current debt limitation for the City of Auburn is \$294,532,500 and that is significantly in excess of the City of Auburn's outstanding general obligation debt.

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

The City of Auburn has experienced a year of transition, beginning with the resignation of the City Manager and appointment of the interim City Manager. The interim City Manager was appointed as the new City Manager in August 2015 and a new Assistant City Manager was hired to round out the management team.

Property values have seemed to level off and there was a slight increase in total assessed value for fiscal year 2016. The FY16 budget focused on economic development and the need to increase the City's assessed value.

Economic Factors

The City's property tax base has begun to stabilize and current attitude is that Auburn and the region are poised to make a strong rebound. The City continues to hold firm that pursuing further economic growth to increase the property tax base is the best way to sustain the quality of life and reduce the property tax burden.

The City is working on various projects in the downtown that could potentially increase the City's valuation by \$30 million. HARTT transportation completed their new transportation center during the summer; Mechanic's Savings Bank has completed construction of their new bank branch and is currently working on upgrading their operations center, both at their Minot Ave property. We have also seen an increase in new residential development over the last year. These projects alone signal the resurgence of development for Auburn.

The Budget and Tax Rates

The City is growing more aware of the cost of taxes regardless of the mil rate. As a result, all external services are being reviewed for productivity and prioritization. The City has an objective to maximize the value of dollars being spent by reorganizing the duties of staff and agencies so that all priorities of the City are carried out to maximize the growth of the City and region.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

CITY OF AUBURN, MAINE
Statement of Net Position
June 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 8,295,856	510,366	8,806,222
Investments	9,981,772	-	9,981,772
Receivables:			
Accounts, net of allowance	573,328	33,840	607,168
Intergovernmental	3,027,542	73,302	3,100,844
Taxes	2,330,298	-	2,330,298
Loans, net of allowance	7,016,500	-	7,016,500
Prepaid rent	-	42,207	42,207
Internal balances	478,106	(478,106)	-
Inventories	-	31,408	31,408
Capital assets, not being depreciated	15,811,580	-	15,811,580
Capital assets, being depreciated, net	109,431,606	493,154	109,924,760
Total assets	156,946,588	706,171	157,652,759
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	2,095,684	23,931	2,119,615
Total deferred outflows of resources	2,095,684	23,931	2,119,615
LIABILITIES			
Accounts payable and other current liabilities	2,722,054	32,818	2,754,872
Accrued payroll and benefits	2,341,334	3,170	2,344,504
Prepaid taxes	262,512	-	262,512
Unearned revenue	34,501	-	34,501
Noncurrent liabilities:			
Due within one year	9,589,435	-	9,589,435
Due in more than one year	59,791,151	68,203	59,859,354
Total liabilities	74,740,987	104,191	74,845,178
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	3,570,853	55,383	3,626,236
Total deferred inflows of resources	3,570,853	55,383	3,626,236
NET POSITION			
Net investment in capital assets	73,604,804	493,154	74,097,958
Restricted for:			
Permanent funds:			
Expendable	69,475	-	69,475
Nonexpendable	191,357	-	191,357
Tax Increment Financing districts	636,320	-	636,320
Other purposes:			
City Services	1,445,829	-	1,445,829
Education	1,804,375	-	1,804,375
Centralized School Lunch	-	196,221	196,221
Community Development Programs	4,643,763	-	4,643,763
Unrestricted	(1,665,491)	(118,847)	(1,784,338)
Total net position	\$ 80,730,432	570,528	81,300,960

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Activities
For the Year Ended June 30, 2015

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net position			
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government			
					Governmental activities	Business-type activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 10,720,976	695,278	1,346,530	-	(8,679,168)	-	(8,679,168)	
Public safety	9,969,244	1,526,254	365,338	-	(8,077,652)	-	(8,077,652)	
Health, welfare and recreation	1,637,285	261,595	24,345	-	(1,351,345)	-	(1,351,345)	
Public works	11,370,585	-	37,500	2,956,553	(8,376,532)	-	(8,376,532)	
Other agencies	3,418,863	-	-	-	(3,418,863)	-	(3,418,863)	
Education	40,636,517	707,739	27,042,842	-	(12,885,936)	-	(12,885,936)	
Interest on debt	1,580,603	-	-	-	(1,580,603)	-	(1,580,603)	
Total governmental activities	79,334,073	3,190,866	28,816,555	2,956,553	(44,370,099)	-	(44,370,099)	
Business-type activities:								
Ingersoll Ice Arena	131,223	-	-	-	-	(131,223)	(131,223)	
Norway Savings Bank Arena	1,218,591	903,817	-	-	-	(314,774)	(314,774)	
Centralized School Lunch	1,419,459	163,372	1,241,187	-	-	(14,900)	(14,900)	
Total business-type activities	2,769,273	1,067,189	1,241,187	-	-	(460,897)	(460,897)	
Total primary government	\$ 82,103,346	4,258,055	30,057,742	2,956,553	(44,370,099)	(460,897)	(44,830,996)	
General revenues, unrestricted:								
Property taxes, levied for general purposes					41,682,742	-	41,682,742	
Motor vehicle excise taxes					3,623,457	-	3,623,457	
Interest on delinquent taxes					139,087	-	139,087	
Grants and contributions not restricted to specific programs:								
State Revenue Sharing					1,507,858	-	1,507,858	
Homestead and BETE exemptions					2,072,297	-	2,072,297	
Other State aid					813,372	-	813,372	
Unrestricted investment earnings					49,791	370	50,161	
Miscellaneous revenues					179,330	21,778	201,108	
Loss on disposal of capital assets					(275,093)	-	(275,093)	
Total general revenues and loss on disposal					49,792,841	22,148	49,814,989	
					Change in net position	5,422,742	(438,749)	4,983,993
					Net position - beginning - as restated	75,307,690	1,009,277	76,316,967
					Net position - ending	\$ 80,730,432	570,528	81,300,960

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Balance Sheet
Governmental Funds
June 30, 2015

	General	Community Development Programs	Tax Increment Financing	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 8,295,856	-	-	-	-	8,295,856
Investments	3,655,275	-	1,721,284	4,034,894	570,319	9,981,772
Receivables:						
Taxes	2,330,298	-	-	-	-	2,330,298
Accounts, net of allowance	519,816	3,481	16,332	-	17,707	557,336
Loans, net of allowance	1,415,749	4,154,922	-	-	1,445,829	7,016,500
Intergovernmental	493,854	542,611	-	-	1,991,077	3,027,542
Interfund receivables	266,370	48,443	-	4,450,117	361,056	5,125,986
Total assets	\$ 16,977,218	4,749,457	1,737,616	8,485,011	4,385,988	36,335,290
LIABILITIES						
Accounts payable	1,672,959	104,133	24,297	616,992	207,208	2,625,589
Accrued payroll and benefits	2,329,832	-	-	-	11,502	2,341,334
Prepaid taxes	262,512	-	-	-	-	262,512
Escrow funds payable	6,039	1,561	-	-	-	7,600
Unearned revenue	34,501	-	-	-	-	34,501
Interfund payables	-	-	1,076,999	-	3,643,754	4,720,753
Total liabilities	4,305,843	105,694	1,101,296	616,992	3,862,464	9,992,289
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	1,826,185	-	-	-	-	1,826,185
Total deferred inflows of resources	1,826,185	-	-	-	-	1,826,185
FUND BALANCES						
Nonspendable - long-term receivables	1,415,749	4,154,922	-	-	1,445,829	7,016,500
Nonspendable - principal	-	-	-	-	69,475	69,475
Restricted	1,411,047	488,841	636,320	-	584,685	3,120,893
Committed	-	-	-	7,868,019	294,849	8,162,868
Assigned	3,046,996	-	-	-	-	3,046,996
Unassigned	4,971,398	-	-	-	(1,871,314)	3,100,084
Total fund balances	10,845,190	4,643,763	636,320	7,868,019	523,524	24,516,816
Total liabilities, deferred inflows of resources, and fund balances	\$ 16,977,218	4,749,457	1,737,616	8,485,011	4,385,988	

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

Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.	125,243,186
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,826,185
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:	
Bonds and notes payable	(55,554,785)
Capital leases payable	(1,231,203)
Unamortized Debt Premiums	(1,551,550)
Accrued compensated absences	(2,046,179)
Accrued self-insurance liability	(945,292)
Other post employment benefits liability	(1,385,073)
Net pension liability with related deferred inflows and outflows of resources	(6,158,298)
City pension liability	(749,577)
Landfill postclosure care costs	(646,140)
Accrued interest on long-term debt	(587,658)

Net position of governmental activities

\$ 80,730,432

CITY OF AUBURN, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	General	Community Development Programs	Tax Increment Financing	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 45,411,397	-	-	-	-	45,411,397
Intergovernmental	28,380,678	711,283	-	-	6,627,793	35,719,754
Licenses and permits	345,658	-	-	-	-	345,658
Charges for services	1,809,216	-	-	-	835,640	2,644,856
Other income	249,682	295,030	-	-	281,851	826,563
Interest income	32,342	-	-	16,761	688	49,791
Total revenues	76,228,973	1,006,313	-	16,761	7,745,972	84,998,019
Expenditures:						
Current:						
General government	8,854,030	717,627	1,076,108	-	315,985	10,963,750
Public safety	9,396,897	-	-	-	305,748	9,702,645
Health, welfare and recreation	1,133,318	-	-	-	255,228	1,388,546
Public works	5,911,851	-	-	-	3,031,886	8,943,737
Other agencies	3,418,863	-	-	-	-	3,418,863
Education	40,743,641	-	-	-	3,658,791	44,402,432
Unclassified	398,817	-	-	58,227	2,281	459,325
Capital outlay	1,353,025	-	105,832	4,789,424	-	6,248,281
Debt service	6,274,784	-	1,034,095	-	117,813	7,426,692
Total expenditures	77,485,226	717,627	2,216,035	4,847,651	7,687,732	92,954,271
Excess (deficiency) of revenues over (under) expenditures	(1,256,253)	288,686	(2,216,035)	(4,830,890)	58,240	(7,956,252)
Other financing sources (uses):						
Issuance of long-term debt	-	-	-	6,800,000	-	6,800,000
Issuance of capital leases	1,353,025	-	-	-	-	1,353,025
Premium on issuance of debt	-	-	-	498,875	-	498,875
Transfers to/from other funds	(1,314,941)	-	2,099,914	-	(784,973)	-
Total other financing sources (uses)	38,084	-	2,099,914	7,298,875	(784,973)	8,651,900
Net change in fund balances	(1,218,169)	288,686	(116,121)	2,467,985	(726,733)	695,648
Fund balances, beginning of year, as restated	12,063,359	4,355,077	752,441	5,400,034	1,250,257	23,821,168
Fund balances, end of year	\$ 10,845,190	4,643,763	636,320	7,868,019	523,524	24,516,816

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2015

Net change in fund balances - total governmental funds (from Statement 4)	\$	695,648
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Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Governmental funds report capital outlays as expenditures.

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

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

Capital outlays recorded as expenditures in governmental funds		10,353,622
Depreciation and losses on dispositions not reported in governmental funds		(7,000,842)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This represents the change in unavailable revenue - property taxes.

33,889

The issuance of long-term debt (e.g., bonds, notes and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the amount by which repayments exceeded proceeds:

Issuance of long-term debt and capital leases		(8,153,025)
Principal payments on long-term debt and capital leases		8,688,525
Premium on issuance of debt		(498,875)
Amortization of bond premium		116,838

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds; alternatively, some expenditures using current financial resources are not expenses in the statement of activities:

Compensated absences		162,558
Self-insurance expenses		(476,270)
Other post employment benefits		(246,226)
Net pension liability with related deferred inflows and outflows of resources		1,760,098
City pension		67,088
Accrued landfill liability		(66,682)
Accrued interest on long-term debt		(13,604)

Change in net position of governmental activities (see Statement 2)	\$	5,422,742
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See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Revenues, Expenditures and Changes in
Fund Balance -- Budget and Actual
General Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes:				
Real and personal property	\$ 41,625,996	41,625,996	41,648,853	22,857
Excise and registrations	3,185,000	3,185,000	3,623,457	438,457
Interest on delinquent taxes	145,000	145,000	139,087	(5,913)
Total taxes	44,955,996	44,955,996	45,411,397	455,401
Intergovernmental:				
State revenue sharing	1,649,470	1,649,470	1,507,858	(141,612)
School subsidy	20,411,239	20,411,239	20,411,240	1
Homestead	495,000	495,000	517,053	22,053
BETE	1,350,000	1,350,000	1,555,244	205,244
Other:				
School department	308,500	308,500	298,085	(10,415)
Tax sharing/in lieu of	235,000	235,000	232,999	(2,001)
Municipal	966,603	966,603	813,372	(153,231)
Total intergovernmental	25,415,812	25,415,812	25,335,851	(79,961)
Other revenue:				
Licenses and permits	256,300	256,300	345,658	89,358
Charges for services:				
Municipal	1,629,991	1,629,991	1,325,202	(304,789)
School	466,072	466,072	373,836	(92,236)
Fines, forfeits and penalties	29,000	29,000	70,352	41,352
Interest:				
Municipal	12,000	12,000	32,058	20,058
Miscellaneous	135,500	135,500	179,330	43,830
Total other revenue	2,528,863	2,528,863	2,326,436	(202,427)
Total revenues	72,900,671	72,900,671	73,073,684	173,013

CITY OF AUBURN, MAINE
Statement of Revenues, Expenditures and Changes in
Fund Balances -- Budget and Actual
General Fund
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		Actual	Variance with final budget positive (negative)
	Original	Final		
Expenditures:				
General government:				
Mayor and council	\$ 78,532	78,532	71,450	7,082
Economic development	359,500	359,500	348,794	10,706
City manager	280,750	280,750	253,491	27,259
Assessing	177,320	177,320	164,864	12,456
City clerk	164,593	164,593	166,402	(1,809)
Finance	427,815	429,365	431,473	(2,108)
Human resources	139,578	140,478	135,150	5,328
Information communication technology	413,829	453,072	381,070	72,002
Legal services	65,000	65,000	90,341	(25,341)
Planning and permitting	902,494	904,005	876,021	27,984
Facilities	698,335	711,383	613,917	97,466
Worker's compensation (transfer to reserve)	468,081	468,081	468,081	-
Benefits and wage increases	4,737,117	4,737,117	4,832,191	(95,074)
Total general government	8,912,944	8,969,196	8,833,245	135,951
Public safety:				
Fire	4,057,633	4,097,220	4,460,414	(363,194)
Fire EMS transport	635,468	635,468	509,638	125,830
Police	3,738,108	3,748,694	3,827,832	(79,138)
Water and sewer	599,013	599,013	599,013	-
Total public safety	9,030,222	9,080,395	9,396,897	(316,502)
Health, welfare and recreation:				
Health and social services	86,972	86,972	72,462	14,510
Health and social services - public assistance	105,982	105,982	100,164	5,818
Library	960,692	960,692	960,692	-
Total health, welfare and recreation	1,153,646	1,153,646	1,133,318	20,328
Public services	5,806,379	5,984,840	5,911,851	72,989
Other agencies:				
County tax	2,046,880	2,046,880	2,046,879	1
Auburn-Lewiston Airport	105,000	105,000	105,000	-
Lewiston-Auburn Transit Committee	235,373	235,373	211,378	23,995
LA Arts-Arts & Culture Auburn	17,000	17,000	6,240	10,760
Lewiston-Auburn E911 Center	1,067,249	1,067,249	1,049,366	17,883
Total other agencies	3,471,502	3,471,502	3,418,863	52,639

CITY OF AUBURN, MAINE
Statement of Revenues, Expenditures and Changes in
Fund Balances -- Budget and Actual
General Fund
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures, continued:				
Education	\$ 38,241,323	38,241,323	37,698,814	542,509
Other appropriations:				
Tax sharing	270,000	270,000	239,133	30,867
Overlay/abatements	-	-	159,684	(159,684)
Debt service - principal	5,332,149	5,332,149	5,332,148	1
Debt service - interest and other	931,787	931,787	942,636	(10,849)
Emergency reserve	375,289	380,289	-	380,289
Total other appropriations	6,909,225	6,914,225	6,673,601	240,624
Total expenditures	73,525,241	73,815,127	73,066,589	748,538
Excess (deficiency) of revenues over (under) expenditures	(624,570)	(914,456)	7,095	921,551
Other financing sources (uses):				
Transfers in from other funds	951,720	951,720	1,284,973	333,253
Transfers to other funds	(2,584,032)	(2,584,032)	(2,599,914)	(15,882)
Budgeted use of surplus - City	1,350,000	1,350,000	-	(1,350,000)
Use of carryforwards - City	-	289,886	-	(289,886)
Budgeted use of surplus - School	906,882	906,882	-	(906,882)
Total other financing sources (uses)	624,570	914,456	(1,314,941)	(2,229,397)
Net change in fund balance - budgetary basis	-	-	(1,307,846)	(1,307,846)
Reconciliation to GAAP:				
To reflect net change in reserves			427,928	
Transfer from reserves			39,734	
Transfer to reserves			(377,985)	
Net change in fund balance - GAAP basis			(1,218,169)	
Fund balance, July 1,			12,063,359	
Fund balance, June 30			\$ 10,845,190	

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2015

Business-type Activities - Enterprise Funds				
	Ingersoll Ice Arena	NSB Ice Arena	Centralized School Lunch	Totals
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 250,014	91,281	169,071	510,366
Accounts receivable	-	33,840	-	33,840
Intergovernmental	-	-	73,302	73,302
Prepaid rent	-	42,207	-	42,207
Inventory	-	-	31,408	31,408
Interfund receivables	-	-	3,049	3,049
Total current assets	250,014	167,328	276,830	694,172
Noncurrent assets:				
Capital assets:				
Buildings	672,279	35,905	-	708,184
Equipment	66,415	285,813	95,728	447,956
Vehicles	-	-	38,789	38,789
Land improvements	18,584	-	-	18,584
Less accumulated depreciation	(553,228)	(108,771)	(58,360)	(720,359)
Total noncurrent assets	204,050	212,947	76,157	493,154
Total assets	454,064	380,275	352,987	1,187,326
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	-	13,102	10,829	23,931
Total deferred outflows of resources	-	13,102	10,829	23,931
LIABILITIES				
Current liabilities:				
Accounts payable	164	3,788	28,866	32,818
Accrued payroll and benefits	-	-	3,170	3,170
Interfund payables	137,821	343,334	-	481,155
Total current liabilities	137,985	347,122	32,036	517,143
Noncurrent liabilities:				
Accrued compensated absences	-	-	6,351	6,351
Net pension liability	-	33,863	27,989	61,852
Total noncurrent liabilities	-	33,863	34,340	68,203
Total liabilities	137,985	380,985	66,376	585,346
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	-	30,321	25,062	55,383
Total deferred inflows of resources	-	30,321	25,062	55,383
NET POSITION				
Net investment in capital assets	204,050	212,947	76,157	493,154
Restricted	-	-	196,221	196,221
Unrestricted	112,029	(230,876)	-	(118,847)
Total net position	\$ 316,079	(17,929)	272,378	570,528

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2015

Business-type Activities - Enterprise Funds				
	Ingersoll Ice Arena	NSB Ice Arena	Centralized School Lunch	Totals
Operating revenues:				
Charges for services	\$ -	903,817	163,372	1,067,189
Intergovernmental	-	-	1,241,187	1,241,187
Total operating revenues	-	903,817	1,404,559	2,308,376
Operating expenses:				
Personnel	-	313,854	546,371	860,225
Food	-	-	731,219	731,219
Supplies	150	49,029	-	49,179
Utilities	12,058	208,897	-	220,955
Repairs and maintenance	2,249	27,861	99,828	129,938
Rent	-	506,484	-	506,484
Depreciation	28,242	26,385	10,075	64,702
Other expenses	1,179	86,081	31,966	119,226
Total operating expenses	43,878	1,218,591	1,419,459	2,681,928
Operating income (loss)	(43,878)	(314,774)	(14,900)	(373,552)
Nonoperating revenue (expense):				
Interest income	370	-	-	370
Pension gain	-	11,923	9,855	21,778
Interest expense	(87,345)	-	-	(87,345)
Total nonoperating revenue (expense)	(86,975)	11,923	9,855	(65,197)
Change in net position	(130,853)	(302,851)	(5,045)	(438,749)
Total net position, July 1, as restated	446,932	284,922	277,423	1,009,277
Total net position, June 30	\$ 316,079	(17,929)	272,378	570,528

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

Business-type Activities - Enterprise Funds				
	Ingersoll Ice Arena	NSB Ice Arena	Centralized School Lunch	Totals
Cash flows from operating activities:				
Cash received from customers	\$ -	827,770	177,893	1,005,663
Cash received from federal and state grants	-	-	1,217,332	1,217,332
Cash paid to suppliers for goods and services	(15,854)	(892,576)	(830,697)	(1,739,127)
Cash paid to employees for services	-	(313,854)	(543,328)	(857,182)
Net cash provided by (used in) operating activities	(15,854)	(378,660)	21,200	(373,314)
Cash flows from noncapital financing activities:				
Net change in interfund loans	103,198	469,741	216	573,155
Net cash provided by noncapital financing activities	103,198	469,741	216	573,155
Cash flows from capital and related financing activities:				
Purchase of capital assets	-	-	(9,395)	(9,395)
Interest paid on bonds	(87,345)	-	-	(87,345)
Net cash used in capital and related financing activities	(87,345)	-	(9,395)	(96,740)
Cash flows from investing activities:				
Interest on investments	370	-	-	370
Net cash provided by investing activities	370	-	-	370
Net increase in cash and cash equivalents	369	91,081	12,021	103,471
Cash and cash equivalents, July 1	249,645	200	157,050	406,895
Cash and cash equivalents, June 30	250,014	91,281	169,071	510,366
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	(43,878)	(314,774)	(14,900)	(373,552)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	28,242	26,385	10,075	64,702
(Increase) decrease in assets:				
Accounts receivable	-	(33,840)	14,521	(19,319)
Prepaid rent	-	(42,207)	-	(42,207)
Intergovernmental receivables	-	-	(23,855)	(23,855)
Inventory	-	-	3,450	3,450
Increase (decrease) in liabilities:				
Accounts payable	(218)	(14,224)	28,866	14,424
Accrued payroll and benefits	-	-	3,170	3,170
Accrued compensated absences	-	-	(127)	(127)
Total adjustments	28,024	(63,886)	36,100	238
Net cash provided by (used in) operating activities	\$ (15,854)	(378,660)	21,200	(373,314)

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Agency Funds		Private- purpose Trust Funds
	Student Activities	RETC	
ASSETS			
Cash and cash equivalents	\$ 147,451	-	123,382
Interfund receivables	-	88,865	-
Total assets	147,451	88,865	123,382
LIABILITIES			
Accrued payroll	-	23,065	-
Interfund payables	-	-	15,992
Amounts held for others	147,451	65,800	-
Total liabilities	147,451	88,865	15,992
NET POSITION			
Held in trust	\$ -	-	107,390

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2015

	Private- purpose Trust Funds
Additions:	
Interest income	\$ 3,793
Total additions	3,793
Deductions:	
Scholarships	5,272
Total deductions	5,272
Change in net position	(1,479)
Net position - beginning	108,869
Net position - ending	\$ 107,390

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Notes to the Financial Statements
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

B. Government-wide and Fund Financial Statements

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

The City reports the following major governmental funds:

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

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

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

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

The government reports the following major enterprise funds:

The *Ingersoll Ice Arena* fund accounts for the activities of the Arena. The Arena operates the ice rink for residents of the City. *Ingersoll Ice Arena* was closed in December 2013 when a new dual sheet arena was opened. *Ingersoll Ice Arena* is in the process of being repurposed into an indoor turf facility and will be opening on October 1, 2015.

The *Norway Savings Bank Arena* fund accounts for the activities of the Arena. The Arena operates a dual rink for residents, youth hockey organizations and school teams. *Norway Savings Bank Arena* was opened in November 2013.

The *Centralized School Lunch fund* accounts for the School Department's lunch program, including breakfast and lunch provided for the students of the City's School system.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Additionally, the City reports the following fund types:

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

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency Funds account for assets held by the City as an agent for individuals, private organizations, other governments and/or funds. The City of Auburn serves as an agent for the various school activity accounts, as well as the RETC program.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's governmental activities and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. City policy is that deposits can only be made in financial institutions insured by the FDIC. The City's investment policy authorizes investments in obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, certain corporate bonds, certain certificates of deposit and certain money market funds. The City invests its funds in an effort to ensure preservation of capital, remain sufficiently liquid and attain a reasonable market rate of return, while remaining within the guidelines as provided by the City's Investment Policy.

Investments are reported at fair value.

2. Receivables and Payables

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

Receivables are shown net of allowances for uncollectibles as necessary.

Interest at the rate of 7% per annum was charged on any amounts remaining unpaid after these respective due dates.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

3. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The City utilizes the consumption method for prepaid items in which items purchased are recorded as an asset and the recognition of the expenditure is deferred until the period the prepaid item is actually consumed or used.

4. Capital Assets

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

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

5. Deferred Inflows and Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. The deferred outflows relate to the net pension liability, which include the City's contributions subsequent to the measurement date, which are recognized as a reduction of the net pension liability in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between City contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds have one type of item that qualifies for reporting in this category; unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental activities have deferred inflows that relate to the net pension liability, which include differences between expected and actual experience and the changes in proportion and differences between City contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They also include the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized over a five-year period.

6. Compensated Absences

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

7. Long-term Obligations

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

8. Fund Equity

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

- *Nonspendable* – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.
- *Restricted* – resources with constraints placed on the use of resources which are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or; b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – resources which are subject to limitations the government imposes on itself at its highest level of decision making authority, the City Council by formal action as required by the Fund Balance Policy adopted by City Council on June 11, 2011, and that remain binding unless removed in the same manner.
- *Assigned* – resources that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The City Council has by resolution authorized the Finance Director to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- *Unassigned* – resources which have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The government's highest level of decision-making authority, City Council, has the responsibility for committing fund balance amounts and likewise would be required to modify or rescind those commitments. Both actions, committing or un-committing fund balance, require the Council to adopt an ordinance prior to year-end. Likewise, management or City Council may assign unspent budgeted amounts to specific purposes in the General Fund at year-end based on Department requests. Unlike commitments, assignments do not need formal action to be taken for the removal of an assignment.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

9. Use of Estimates

Preparation of the City's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

10. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Maine Public Employees Retirement System Consolidated Plan for Participating Local Districts (PLD Plan) and Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

The appropriated budget is prepared by department. The department managers may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Manager. The legal level of budgetary control (level at which expenditures may not legally exceed appropriations without seeking approval of the City Council) is the total appropriation resolve level. Supplemental budgetary appropriations must be approved by the City Council. There were no supplemental budgetary appropriations during fiscal year 2015.

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

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2015

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, Continued

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2015, expenditures exceeded appropriation in the following general fund categories: City Clerk, \$1,809; Finance, \$2,108; Legal Services, \$25,341; Benefits and wage increases, \$95,074; Fire, \$363,194; Police, \$79,138; Debt service – interest and other, \$10,849. In total, the City's expenditures were \$748,538 less than total appropriations.

C. Deficit Fund Equity

At June 30, 2015, the City had the following funds with deficit fund balances: Parking, \$16,361; and 211 Fairview, \$566,304.

Additionally, within the City Special Revenue Fund, the following grants had deficit fund balances at June 30, 2015: Maine DOT, \$399,096; HEAPP, \$4,155; Underage Drinking, \$4,444; American Firefighters, \$1,005; EDI Grant, \$1,047,639; and Fire Prevention Trailer, \$730.

Revenue to offset the 211 Fairview deficit is expected from a future property sale in fiscal year 2016 – 2017 to Bedard Medical Equipment and Supplies. Future revenues and transfers from the General Fund are expected to fund the remaining deficit fund balances.

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

The City's budget is reported on a modified accrual basis except that in the current year, certain workers compensation and unemployment payments were not budgeted, which were included in General Fund reserves.

Additionally, certain on-behalf payments made by the State of Maine to the Maine Public Employees Retirement System (Maine PERS) for teachers and certain other School employees are not budgeted. Such on-behalf payments amounted to \$3,044,827 in 2015. These amounts have been included as intergovernmental revenue and an education expense/expenditure on Statement 2 and in the General Fund on Statement 4 (GAAP basis). There is no effect on net position/fund balance at the end of the year.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

1. Deposits

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2015, the City deposits amounted to \$19,058,827 with bank balances of \$24,692,628. The City does not have a deposit policy for custodial credit risk. None of the City's total bank balance was exposed to custodial credit risk.

2. Investments

Maine statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and certain corporate stocks and bonds. The City has an investment policy, adopted by the City Council in 1995, which further defines the investments in which the City's available funds are permitted to be invested. At June 30, 2015, all the City's investments were in money market accounts or certificates of deposits, both of which have been included above under the disclosure on deposits.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2015

III. DETAILED NOTES ON ALL FUNDS, Continued

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

Reported in governmental funds	\$ 18,277,628
Reported in proprietary funds	510,366
Reported in fiduciary funds	270,833
<u>Total reported</u>	<u>\$ 19,058,827</u>
Disclosed as deposits (above)	\$ 9,077,055
Disclosed as investments (above)	9,981,772
<u>Total reported</u>	<u>\$ 19,058,827</u>

B. Receivables

Receivables as of June 30, 2015, for the City's individual major funds, nonmajor and business-type enterprise funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	Community Dev. <u>Programs</u>	TIF <u>Fund</u>	Enterprise <u>Funds</u>	Other Governmental <u>Funds</u>	<u>Total</u>
Receivables:						
Taxes	\$ 2,330,298	-	-	-	-	2,330,298
Accounts	798,015	3,481	16,332	33,840	17,707	869,375
Loans	1,415,749	5,291,253	-	-	1,445,829	8,152,831
Intergovernmental	493,854	2,384,395	-	73,302	1,991,077	4,942,628
Gross receivables	5,037,916	7,679,129	16,332	107,142	3,454,613	16,295,132
Less: allowance for uncollectibles	(278,199)	(2,978,115)	-	-	-	(3,256,314)
Net total receivables	<u>\$ 4,759,717</u>	<u>4,701,014</u>	<u>16,332</u>	<u>107,142</u>	<u>3,454,613</u>	<u>13,038,818</u>

Property taxes levied during fiscal year 2015 are recorded as receivables. The receivables collected during the fiscal year ended June 30, 2015 and during the 1st 60 days of fiscal year 2016 are recognized as revenues in the Governmental Funds, in fiscal year 2015. Receivables of \$1,826,185, estimated to be collectible subsequent to the 60 day period are considered to be unavailable revenues. Prior year tax levies were recorded using the same principle.

C. Property Taxes

The City's property tax is levied on the assessed value listed as of the prior April 1 for all real and taxable personal property located in the City. Assessed values are periodically established by the Assessor at 100% of the assumed market value. Property taxes were levied August 19, 2014 on the assessed values of real property as of April 1, 2014. Taxes were due September 15, 2014 and March 16, 2015. This assessed value of \$1,984,917,378 was 101% of the 2015 state valuation of \$1,963,550,000.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2015

III. DETAILED NOTES ON ALL FUNDS, Continued

The City is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$169,138 for the year ended June 30, 2015.

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

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

The following summarizes the periods ended June 30, 2015 and 2014 levies:

	<u>2015</u>	<u>2014</u>
Valuation:		
Real property	\$1,818,986,378	1,823,040,083
Personal property	165,931,000	182,681,300
<hr/>		
Assessed value (less exempt properties)	1,984,917,378	2,005,721,383
Tax rate (per \$1,000)	20.95	20.43
<hr/>		
Commitment	41,584,019	40,976,888
Supplemental taxes assessed	87,445	10,542
	41,671,464	40,987,430
<hr/>		
Less:		
Collections and abatements	40,403,806	39,889,671
<hr/>		
Receivable at June 30	\$ 1,267,658	1,097,759
<hr/>		
Due date(s)	9/15/14	9/25/13
	3/16/15	3/15/14
<hr/>		
Interest rate charged on delinquent taxes	7.0%	7.0%
Collection rate	96.95%	97.32%

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2015

III. DETAILED NOTES ON ALL FUNDS, Continued

D. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance June 30, <u>2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2015</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 7,489,841	-	-	7,489,841
Construction in progress	5,536,128	3,739,594	953,983	8,321,739
Total capital assets, not being depreciated	13,025,969	3,739,594	953,983	15,811,580
Capital assets, being depreciated:				
Buildings and building improvements	75,281,023	2,390,331	-	77,671,354
Equipment	5,547,593	205,885	89,181	5,664,297
Vehicles	9,966,973	2,193,924	1,298,784	10,862,113
Infrastructure	96,269,807	2,777,871	-	99,047,678
Total capital assets being depreciated	187,065,396	7,568,011	1,387,965	193,245,442
Less accumulated depreciation for:				
Buildings and building improvements	33,329,789	2,016,505	-	35,346,294
Equipment	4,227,650	286,106	89,181	4,424,575
Vehicles	6,533,313	871,584	1,023,691	6,381,206
Infrastructure	34,110,207	3,551,554	-	37,661,761
Total accumulated depreciation	78,200,959	6,725,749	1,112,872	83,813,836
Total capital assets being depreciated, net	108,864,437	842,262	(275,093)	109,431,606
Governmental activities				
capital assets, net	\$ 121,890,406	4,581,856	(1,229,076)	125,243,186

	Balance June 30, <u>2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2015</u>
Business-type activities:				
Capital assets, being depreciated:				
Improvements other than buildings	\$ 18,584	-	-	18,584
Buildings and building improvements	708,184	-	-	708,184
Equipment	438,561	9,395	-	447,956
Vehicles	38,789	-	-	38,789
Total capital assets being depreciated	1,204,118	9,395	-	1,213,513
Less accumulated depreciation for:				
Improvements other than buildings	18,584	-	-	18,584
Buildings and building improvements	455,606	24,204	-	479,810
Equipment	147,297	36,539	-	183,836
Vehicles	34,170	3,959	-	38,129
Total accumulated depreciation	655,657	64,702	-	720,359
Total capital assets being depreciated, net	548,461	(55,307)	-	493,154
Business-type activities capital				
assets, net	\$ 548,461	(55,307)	-	493,154

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

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2015

III. DETAILED NOTES ON ALL FUNDS, Continued

Governmental activities:	
General government	\$ 506,464
Public safety	498,623
Public works, including depreciation of general infrastructure assets	3,823,062
Health, welfare and recreation	243,582
Education	1,654,018
	<hr/>
Total depreciation expense – governmental activities	\$ 6,725,749

Business-type activities:	
Ingersoll Ice Arena	\$ 28,242
Norway Savings Bank Ice Arena	26,385
Centralized School Lunch	10,075
	<hr/>
Total depreciation expense – business-type activities	\$ 64,702

E. Tax Increment Financing Districts

The City currently has eighteen tax increment financing (TIF) districts, twelve of which were active during the year ended June 30, 2015. Two of the eighteen districts never became active, and four have expired, leaving twelve active TIF districts (numbers 4 – 18 below, less #5, #7, #11 and #15, which is combined with #14). The objective of these TIF districts is to stimulate new investment in the community by financing, through various tax increment financing projects, various public improvements. Taxes derived from increased assessed valuation within the districts can be "captured" for approved uses. Expenditures in any given year may exceed captured values in that year as a result of balances available in TIF accounts from prior periods.

The following is a brief description of each:

#4 TAMBRANDS - This TIF was established in 1998 and encompasses 40 acres, all the value of which is represented by personal property. The original value was \$1,702,000. 100% of the tax revenue associated with increased value within the TIF is captured, 35% of which is used to fulfill the obligations under a credit enhancement agreement. During 2015, \$1,118,126 was captured, of which \$726,782 was recorded in the General Fund and \$391,344 was recorded in the TIF Fund. During 2015, \$1,118,126 was expended, of which \$726,782 was expended in the General Fund and \$391,344 was expended in the TIF Fund.

#6 TAMBRANDS II - This TIF was established in 2001 and encompasses 84 acres. The original value was \$520,900. 100% of the tax revenue associated with increased value within the TIF is captured, 40% of which is used to fulfill the obligations under a credit enhancement agreement. During 2015, \$165,536 was captured, of which \$99,321 was recorded in the General Fund and \$66,215 was recorded in the TIF Fund. During 2015, \$165,536 was expended, of which \$99,321 was expended in the General Fund and \$66,215 was expended in the TIF Fund.

#8 Gates Formed Fiber - This TIF was established in 2001 and encompasses 54 acres. The original value was \$366,000. 100% of the tax revenue associated with increased value within the TIF can be captured, 40% of which is used to fulfill the obligations under a credit enhancement agreement. During 2015, \$72,774 was captured, of which \$43,665 was recorded in the General Fund and \$29,109 was recorded in the TIF Fund. During 2015, \$43,665 was expended in the General Fund.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2015

III. DETAILED NOTES ON ALL FUNDS, Continued

#9 Mall Area - This TIF was established in 2002 and amended in both 2006 and 2007. The TIF as amended encompasses 57.74 acres. The amended base value is \$5,956,300. 100% of the tax revenue associated with increased value within the TIF is captured and used for public improvements. During 2015, \$356,818 was captured and recorded in the TIF Fund and \$24,583 was expended in the TIF Fund.

#10 The Downtown Area - This TIF was established in 2002, and encompasses 119.31 acres. The original value was \$80,676,600. 100% of the tax revenue associated with increased value within the TIF can be captured. During 2015, \$741,911 was captured and recorded in the TIF Fund, and \$493,818 was expended in the TIF Fund.

#12 Auburn Industrial Park - This TIF was established in 2006 and encompasses 144 acres. The original value was \$334,200. 100% of the tax revenue associated with the increased value within the TIF is captured and will be dedicated to public improvements. During 2015, \$141,524 was captured and recorded in the TIF Fund, and \$179,263 was expended in the TIF Fund.

#13 Retail Development - This TIF was established in 2007 and encompasses 29.67 acres. The original value was \$5,425,400. 100% of the tax revenue associated with the increased value within the TIF can be captured with a sliding scale of 30% to 42% to be used to fulfill obligations under a credit enhancement agreement that has established benchmarks triggering payments for growth in value and the balance restricted for public infrastructure improvements. During 2015, \$319,025 was captured and recorded in the TIF Fund, \$500,000 was transferred to the General Fund, and \$576,253 was expended in the TIF Fund.

#14 & #15 Auburn Mall - This TIF was established in 2005 and encompasses 47.44 acres. The original value was \$12,719,900. 100% of the tax revenue associated with increased value within the TIF can be captured, 47% of which is used to fulfill the obligations under a credit enhancement agreement. During 2015, \$573,458 was captured, of which \$75,983 was recorded in the General Fund and \$497,475 was recorded in the TIF Fund. During 2015, \$345,508 was expended, of which \$75,983 was expended in the General Fund and \$269,525 was expended in the TIF Fund.

#16 Webster School Housing - This TIF was established in 2010 and encompasses 1.4 acres. The original value was \$522,800. 100% of the tax revenue associated with increased value within the TIF can be captured, 60% of which is used to fulfill the obligations under a credit enhancement agreement. During 2015, \$45,759 was captured, of which \$18,304 was recorded in the General Fund and \$27,455 was recorded in the TIF Fund. During 2015, \$45,759 was expended, of which \$18,304 was expended in the General Fund and \$27,455 was expended in the TIF Fund.

#17 Bedard Medical - This TIF was established in 2011 and encompasses 3.8 acres. The original value was \$468,800. 100% of the tax revenue associated with increased value within the TIF can be captured, 40% of which is used to fulfill the obligations under a credit enhancement agreement. During 2015, \$72,594 was captured, of which \$43,556 was recorded in the General Fund and \$29,038 was recorded in the TIF Fund. During 2015, \$72,594 was expended, of which \$43,556 was expended in the General Fund and \$29,038 was expended in the TIF Fund.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2015

III. DETAILED NOTES ON ALL FUNDS, Continued

#18 Slap Shot LLC - This TIF was established in 2013 and encompasses 8.5 acres. The original value was \$1,564,100. For the first 5 years of the TIF, 100% of the tax revenue associated with increased value within the TIF will be captured and used to fulfill the obligations under a credit enhancement agreement. During 2015, \$158,541 was captured, of which \$158,541 was recorded in the General Fund and \$158,541 was expended in the TIF Fund.

F. Interfund Receivables and Payables and Transfers

The composition of interfund balances as of June 30, 2015 is as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 266,370	-	1,284,973	2,599,914
Community Dev. Programs	48,443	-	-	-
Capital Projects	4,450,117	-	-	-
Tax Incrementing Financing	-	1,076,999	2,599,914	500,000
Other Governmental Funds	361,056	3,643,754	-	784,973
Fiduciary Funds	88,865	15,992	-	-
Enterprise Funds:				
Ingersoll Ice Arena	-	137,821	-	-
Norway Savings Bank Ice Arena	-	343,334	-	-
Centralized School Lunch	3,049	-	-	-
Totals	\$ 5,217,900	5,217,900	3,884,887	3,884,887

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

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

G. Construction Contracts and Other Commitments

The following is a list of the City's open contracts as of June 30, 2015:

	<u>Funding Source</u>	<u>Total Contract</u>	<u>Balance as of June 30, 2015</u>
Industrial Park	EDA Grant	\$ 2,185,000	301,514
MPI Projects 2014	MDOT Grant	1,191,663	894
Park Ave Phase II	MDOT Grant	979,500	234,018
South Main St Phase II	MDOT Grant	844,444	549,251
2015 Reclamation	Capital Projects Fund	485,556	481,012
2015 Road Reconstruction	Capital Projects Fund	753,333	663,337
Ingersoll Repurposing	Capital Projects Fund	531,707	319,929
Riverside Drive	MDOT Grant	1,500,000	1,500,000

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2015

III. DETAILED NOTES ON ALL FUNDS, Continued

As discussed in note II.A, Budgetary Information, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General fund	\$ 440,128
Community development programs	61,387
Tax incremental financing	28,381
Special revenue funds	2,906,119
Capital project funds	3,229,091
<u>Enterprise funds</u>	<u>4,980</u>
Total	<u>\$ 6,670,086</u>

H. Long-term Debt

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. On October 30, 2014, General Obligation Bonds totaling \$6,800,000 were issued and dedicated to the capital improvement program for the City and School Department.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as ten-year serial bonds with equal amounts of principal maturing each year. Additionally, Androscoggin County, who's bonded debt would be considered overlapping with the City of Auburn, had no outstanding debt at June 30, 2015. General obligation bonds and notes payable currently outstanding are as follows:

	<u>Issued</u>	<u>Original</u>	<u>Matures</u>	<u>Interest rate</u>	<u>Outstanding balance</u>
Bonds:					
School Construction Bonds	10/31/96	\$ 8,400,000	11/01/16	5.18%-5.73%	840,000
General Obligation Bonds	04/30/02	6,000,000	11/01/22	3.05%-5.25%	2,400,000
General Obligation Bonds	10/31/02	8,200,000	11/01/22	2.03%-5.03%	3,280,000
General Obligation Bonds	09/15/04	8,180,000	09/01/24	4.00%	175,000
General Obligation Bonds	10/18/05	15,281,000	09/01/25	4.00%-4.50%	1,530,000
General Obligation Bonds	11/01/06	13,000,000	09/01/16	4.00%-4.25%	6,260,000
General Obligation Bonds	12/01/07	6,000,000	09/01/17	3.25%-4.25%	1,800,000
General Obligation Bonds	10/15/08	6,430,000	09/01/18	3.50%-3.65%	2,560,000
QZAB	01/14/11	1,000,000	01/14/20	0.14%	500,000
General Obligation Bonds	10/15/09	5,500,000	09/01/19	2.00%-3.50%	2,750,000
General Obligation Bonds	11/01/10	7,900,000	09/01/20	2.00%-2.50%	4,740,000
General Obligation Bonds	11/01/11	4,500,000	09/01/21	2.00%-2.75%	3,150,000
QZAB	07/13/12	1,057,323	07/13/22	4.40%	845,858
General Obligation Bonds	09/27/12	13,835,000	09/01/27	2.00%-4.50%	12,480,000
General Obligation Bonds	11/19/13	5,625,000	09/01/27	2.00%-3.00%	5,060,000
General Obligation Bonds	10/30/14	6,800,000	09/01/28	2.00%-4.00%	6,800,000
Bonds payable					<u>55,170,858</u>

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2015

III. DETAILED NOTES ON ALL FUNDS, Continued

Notes:

School Revolving Loan	08/11/05	\$ 704,970	08/11/15	0.00%	49,623
School Revolving Loan	12/29/10	444,565	07/01/20	0.00%	266,738
School Revolving Loan	09/13/13	188,313	09/13/18	0.00%	67,566
<u>Notes payable</u>					<u>383,927</u>

Total bonds and notes payable \$ 55,554,785

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

Year Ending	<u>Bonds Payable</u>		<u>Notes Payable</u>		<u>Capital Leases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
<u>June 30,</u>						
2016	\$ 8,490,732	1,700,195	110,970	-	187,730	35,444
2017	8,025,732	1,426,702	61,348	-	182,154	30,475
2018	7,150,732	1,188,391	61,348	-	187,263	25,366
2019	6,465,732	967,146	61,348	-	192,516	20,114
2020	5,860,732	757,248	44,457	-	76,094	14,713
2021-2025	17,547,198	1,396,376	44,456	-	405,446	38,047
2026-2030	1,630,000	57,680	-	-	-	-
Total	\$ 55,170,858	7,493,738	383,927	-	1,231,203	164,159

For the year ended June 30, 2015, interest expense of the General Fund was \$942,636.

The City is subject to a statutory limitation by the State of Maine of its general long-term debt equal to 15% of the State's valuation of the City. At June 30, 2015, the statutory limit for the City was \$294,532,500. The City's outstanding long-term debt of \$55,170,858 at June 30, 2015 was \$239,361,642 less than the statutory limit.

The City has entered into several lease agreements as lessee for financing the acquisition of vehicles. These leases qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of future minimum lease payments as of the date of its inception. At June 30, 2015, the amount capitalized under capital leases totals \$1,353,025.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2015

III. DETAILED NOTES ON ALL FUNDS, Continued

Changes in General Long-term Liabilities. Long-term liability activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable					
General obligation bonds	\$ 56,826,591	6,800,000	8,455,733	55,170,858	8,490,732
Premium	1,169,513	498,875	116,838	1,551,550	115,905
Total bonds payable	57,996,104	7,298,875	8,572,571	56,722,408	8,606,637
Notes payable	494,897	-	110,970	383,927	110,970
Capital leases payable	-	1,353,025	121,822	1,231,203	187,730
Accrued compensated absences	2,208,737	129,728	292,286	2,046,179	-
Other post employment benefits	1,138,847	300,087	53,861	1,385,073	-
Accrued self-insurance liability	469,022	476,270	-	945,292	-
City pension liability	816,665	80,474	147,562	749,577	-
Net pension liability	9,209,057	-	4,525,928	4,683,129	-
Landfill postclosure care costs	579,458	66,682	-	646,140	96,440
Accrued interest on long-term debt	574,054	13,604	-	587,658	587,658
Governmental activities					
long-term liabilities	\$ 73,486,841	9,851,221	13,957,476	69,380,586	9,589,435
Business-type activities:					
Accrued compensated absences	6,478	230	357	6,351	-
Net pension liability	128,936	-	67,084	61,852	-
Business-type activities					
long-term liabilities	\$ 135,414	230	67,441	68,203	-

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

I. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of bonds, notes payable and capital leases payable and adding back any unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2015

III. DETAILED NOTES ON ALL FUNDS, Continued

The City's net investment in capital assets was calculated as follows at June 30, 2015:

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$ 209,057,022	1,213,513
Accumulated depreciation	(83,813,836)	(720,359)
Bonds payable	(55,170,858)	-
Notes payable	(383,927)	-
Capital leases payable	(1,231,203)	-
Unspent bond proceeds	6,553,174	-
Unamortized debt premium	(1,551,550)	-
Non capital related		
Unamortized debt premium	145,982	-
Total net investment in capital assets	\$ 73,604,804	493,154

J. Fund Balances

As of June 30, 2015, fund balances components consisted of the following:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable:			
Long-term receivables	\$ 1,415,749	5,600,751	7,016,500
Principal for permanent funds	-	69,475	69,475
Total nonspendable	1,415,749	5,670,226	7,085,975
Restricted:			
Education	1,411,047	393,328	1,804,375
Community Development Programs	-	488,841	488,841
Tax Increment Financing	-	636,320	636,320
Permanent funds	-	191,357	191,357
Total restricted	1,411,047	1,709,846	3,120,893
Committed:			
Parks and recreation	-	294,849	294,849
Capital projects	-	7,868,019	7,868,019
Total committed	-	8,162,868	8,162,868
Assigned:			
Subsequent budget	1,650,000	-	1,650,000
Reserves	11,576	-	11,576
Self insurance	945,292	-	945,292
Encumbrances	440,128	-	440,128
Total assigned	3,046,996	-	3,046,996
Unassigned	4,971,398	(1,871,314)	3,100,084
Total fund balance	\$ 10,845,190	13,671,626	24,516,816

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2015

III. DETAILED NOTES ON ALL FUNDS, Continued

K. Landfill Postclosure Care Costs

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

The \$646,140 reported as landfill postclosure care liability at June 30, 2015 represents the estimated liability for postclosure care costs at that date. The cost is comprised of \$148,500 for postclosure care costs (11 years) for a brush landfill that stopped accepting debris during fiscal year 1996. The additional cost of \$497,640 represents the estimated future postclosure care cost (6 years) of a previously closed ash landfill.

The estimated total current cost of landfill postclosure care of \$646,140 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2015. Actual cost may be higher due to inflation, changes in technology, and changes in laws or regulations, or may be reduced if another governmental agency reimburses the City for a portion of the cost.

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the City is insured through the Maine Municipal Association Risk Pool, a state-chartered risk pool established exclusively for Maine municipalities. If the assets of the Pool are at any time actuarially determined to be insufficient to enable the Pool to discharge its legal liabilities and other obligations and to maintain actuarially sound reserves, the Pool has the power to make up the deficiency by the levy of a pro-rated assessment upon Pool Members for the amount needed to make up the deficiency. Management believes that no such deficiency exists at June 30, 2015.

The City established a self-insured worker's compensation program in May 1982. This program provides coverage for up to a maximum of \$500,000 for each worker's compensation claim. This amount totaled \$945,292 at June 30, 2015.

The City purchases commercial insurance for claims in excess of coverage provided by the self-insurance program and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. All departments of the City participate in the program and the General Fund budget is based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for estimated future payment of incurred losses. The total liability of \$945,292 reported in the Statement of Net Position is based on the requirements of the Governmental Accounting Standards Board, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statement and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. A discount rate of 4.5% has been used in calculating the liability.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2015

IV. OTHER INFORMATION, Continued

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

	Fiscal Year <u>2015</u>	Fiscal Year <u>2014</u>
Unpaid claims as of July 1	\$ 469,022	772,385
Incurred claims (including claims incurred but not reported as of June 30)	799,767	3,725
<u>Total claim payments</u>	<u>323,497</u>	<u>307,088</u>
Current claims liability	48,789	21,229
<u>Long-term claims liability</u>	<u>896,503</u>	<u>447,793</u>
<u>Total unpaid claims liability</u>	<u>\$ 945,292</u>	<u>469,022</u>

The City assigns a portion of its General Fund fund balance for both workers compensation and a reserve for unemployment. This amount totaled \$945,292 at June 30, 2015.

B. Joint Ventures

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

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

The interlocal agreements for these four joint ventures do not stipulate that the participants have a present or future claim to the net resources of the organization, except upon dissolution.

Therefore, no equity interest has been reported in the financial statements for these joint ventures.

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

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

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2015

IV. OTHER INFORMATION, Continued

Information pertaining to each of these five joint ventures follows:

Auburn-Lewiston Municipal Airport

The Auburn-Lewiston Municipal Airport is operated jointly by the Cities of Auburn and Lewiston by a seven-member board currently comprised of three members from the City of Auburn and three members from the City of Lewiston appointed by the respective City Councils, and one member from Auburn Chamber of Commerce. The Airport's governing Board selects management staff, sets user charges, establishes budgets, and controls all aspects of its operations. The City of Auburn is responsible, through the budget process, to fund 50% of the annual anticipated operating and capital needs of the airport. In the fiscal year ended June 30, 2015, the City of Auburn contributed \$105,000 for airport operations.

The following is selected information for the years ending June 30, 2015 and June 30, 2014:

	June 30, <u>2015</u>	June 30, <u>2014</u>
Total assets	\$ 9,966,753	8,481,760
Total deferred outflows of resources	32,651	12,193
Total liabilities	2,174,335	159,534
Total deferred inflows of resources	45,986	-
Net position	7,779,083	8,334,419
Change in net position	(555,336)	(685,345)

In addition to contributions from the two municipalities, the Airport derives revenues through user fees, interest on investments in time deposits and from federal and state grants. For the year ended June 30, 2015, the Airport had total revenues of \$1,409,705 and expenditures of \$1,965,041, including depreciation of \$651,819.

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

Lewiston-Auburn Economic Growth Council

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

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

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

In the fiscal year ended June 30, 2015, the City of Auburn contributed \$160,561 to the Growth Council.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2015

IV. OTHER INFORMATION, Continued

The following is selected information for the years ending June 30, 2014 and June 30, 2013 (the latest information available):

	June 30, <u>2014</u>	June 30, <u>2013</u>
Total assets	\$ 2,011,080	1,928,143
Total liabilities	1,560,224	1,471,563
Net assets	450,856	456,580
Change in net assets	(5,724)	(31,156)

The Council derives the bulk of its revenues from the participants, but also receives some funds from federal and state grants. During the year ended June 30, 2014, revenues totaled \$545,029 while total expenses amounted to \$550,753.

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

Lewiston-Auburn Transit Committee

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

For the fiscal year ended June 30, 2015, the City of Auburn contributed \$211,378 for operating expenses.

The following is selected information for the years ending September 30, 2014 and September 30, 2013 (the latest information available):

	September 30, <u>2014</u>	September 30, <u>2013</u>
Total assets	\$1,560,555	2,164,692
Total liabilities	223,690	661,446
Net position	1,336,865	1,503,246
Change in net position	(166,381)	(165,419)

Total revenues for the year ended September 30, 2014 were \$1,655,018 and expenses were \$1,821,399, including depreciation on contributed assets of \$214,221.

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

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2015

IV. OTHER INFORMATION, Continued

Lewiston-Auburn 9-1-1 Committee

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

The committee's primary source of revenues consists of equal contributions from the Cities of Auburn and Lewiston. In the fiscal year ended June 30, 2015, the City of Auburn contributed \$1,049,366.

The following is selected financial information for the years ending June 30, 2014 and June 30, 2013 (the latest information available):

	June 30, <u>2014</u>	June 30, <u>2013</u>
Total assets	\$ 1,026,833	670,683
Total liabilities	599,441	315,119
Net position	427,392	355,564
Change in net position	71,828	92,050

Total revenues for the year ended June 30, 2014 were \$2,221,079 and expenses were \$2,149,251. The separate audited financial statements of the Lewiston-Auburn 9-1-1 Committee may be obtained from the City's Finance Department.

Mid-Maine Waste Action Corporation

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

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2015

IV. OTHER INFORMATION, Continued

The following is selected financial information for MMWAC for the years ending June 30, 2014 and June 30, 2013 (the latest information available):

	<u>2014</u>	<u>2013</u>
Total assets	\$ 15,972,628	17,116,117
Total liabilities	411,702	352,547
Members' equity	15,560,926	16,763,570
Operating revenue	6,784,743	6,270,326
Operating expenses	6,250,486	5,894,444
Depreciation and amortization	1,655,259	1,658,520
Other expenses	128,746	26,391
Non operating revenue	47,104	60,324
Net income before depreciation and amortization	534,257	375,882
Net change in members equity	(1,202,644)	(1,248,705)

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

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

C. Subsequent Events

On November 5, 2015, the City of Auburn issued \$5,800,000 of non-taxable general obligation bonds for the fiscal year 2016 capital improvements. The interest rate on the bonds is 1.4671 percent annually and the maturity date is September 1, 2025.

D. New Pronouncements and Restatement of Net Position/Fund Balance

For the fiscal year ended June 30, 2015, the City has elected to implement Statement No. 68 of the Governmental Accounting Standards Board – *Accounting and Financial Reporting for Pensions*, an amendment of GASB Statement No. 27. As a result of implementing GASB Statement No. 68, the City has restated beginning net position for the governmental activities and business-type activities to account for the addition of the City's proportionate share of the net pension liability of \$9,209,057 for governmental activities and \$128,936 for business-type activities, and deferred outflows for the City's contributions subsequent to the measurement date of \$1,290,661 for governmental activities and \$13,854 for business-type activities, which effectively decreased the City's net position as of July 1, 2014 by \$7,918,396 for governmental activities and \$115,082 for business-type activities.

Additionally, the City determined that its reporting of the RETC program as a school special revenue fund was incorrect. The School Department acts as a fiduciary of the funds associated with this program and thus revenues and expenses/expenditures should not be recognized. Governmental activities net position and the School special revenue fund fund balance as of July 1, 2014 have been restated to reflect the reduction in fund balance/net position of \$172,232.

IV. OTHER INFORMATION, Continued

E. Deferred Compensation Plan

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

F. Employee Retirement Systems and Plans

Defined Benefit Pension Plan – Maine Public Employees Retirement System

General Information about the Pension Plan

Plan Description - Employees of the City are provided with pensions through the Maine Public Employees Retirement System Consolidated Plan for Local Participating Districts (PLD Plan) and teaching-certified employees of the City are provided with pensions through the Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan), cost-sharing multiple-employer defined benefit pension plans, administered by the Maine Public Employees Retirement System (MPERS). Benefit terms are established in Maine statute. MPERS issues a publicly available financial report that can be obtained at www.maineopers.org.

Benefits Provided - The PLD and SET Plans provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e. eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 (65 for new members to the PLD Plan on or after July 1, 2014). For SET Plan members, normal retirement age is 60, 62, or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MPERS also provides disability and death benefits, which are established by contract under applicable statutory provisions (PLD Plan) or by statute (SET Plan).

Contributions - Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations. The contractually required contribution rates are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

PLD Plan - Employees are required to contribute 7.0% of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2015 was 7.80% or 11.00% of annual payroll for the regular plan or public safety plan, respectively. Contributions to the pension plan from the City were \$1,039,408 for governmental activities and \$18,106 for business-type activities for the year ended June 30, 2015.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2015

IV. OTHER INFORMATION, Continued

SET Plan - Maine statute requires the State to contribute a portion of the City's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2015, was 15.68% of annual payroll of which 2.65% of payroll was required from the City and 13.03% was required from the State. Contributions to the pension plan from the City were \$531,203 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

The net pension liabilities were measured as of June 30, 2014, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date. The City's proportion of the net pension liabilities were based on projections of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating local districts (PLD Plan) and of all participating School Administrative Units and the State (SET Plan), actuarially determined.

PLD Plan - At June 30, 2015, the City reported a liability of \$3,550,749 for governmental activities and \$61,852 for business-type activities for its proportionate share of the net pension liability. At June 30, 2014, the City's proportion of the PLD Plan was 2.3477%.

SET Plan - At June 30, 2015, the City reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the net pension liability	\$ 1,132,380
State's proportionate share of the net pension liability associated with the City	<u>16,612,780</u>
Total	<u>\$ 17,745,160</u>

At June 30, 2014, the City's proportion of the SET Plan was 0.1048%.

For the year ended June 30, 2015, the City recognized pension expense (gain) of (\$210,808) for governmental activities and (\$3,672) for business-type activities for the PLD Plan and \$2,633,177 and revenue of \$2,611,856 for support provided by the State for the SET Plan. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2015

IV. OTHER INFORMATION, Continued

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 334,401	3,774	5,825	-
Changes of assumptions	51,991	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	3,404,566	-	52,552
Changes in proportion and differences between City contributions and proportionate share of contributions	138,681	162,513	-	2,831
City contributions subsequent to the measurement date	1,570,611	-	18,106	-
Total	\$ 2,095,684	3,570,853	23,931	55,383

An amount of \$1,570,611 for governmental activities and \$18,106 for business-type activities is reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ (712,537)
2017	(712,537)
2018	(805,985)
2019	(864,279)

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PLD Plan</u>	<u>SET Plan</u>
Inflation	3.5%	3.5%
Salary Increases, per year	3.5% to 9.5%	3.5% to 13.5%
Investment return, per annum, compounded annually	7.25%	7.125%
Cost of living benefit increases, per annum	3.12%	2.55%

Mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 to June 30, 2010.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2015

IV. OTHER INFORMATION, Continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equities	20%	2.5%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real estate	10%	3.7%
Infrastructure	10%	4.0%
Hard assets	5%	4.8%
Fixed income	25%	0.0%
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 7.25% for the PLD Plan and 7.125% for the SET Plan. The projection of cash flows used to determine the discount rates assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liabilities.

Sensitivity of the City's Proportionate Share of the Net Pension Liabilities to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.25% for the PLD Plan and 7.125% for the SET Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25% for PLD Plan and 6.125% for SET Plan) or 1 percentage-point higher (8.25% for PLD Plan and 8.125% for SET Plan) than the current rate:

<u>PLD Plan</u>	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
City's proportionate share of the net pension liability	\$ 11,270,248	\$ 3,612,601	(\$ 2,788,242)
 <u>SET Plan</u>	 1% Decrease <u>(6.125%)</u>	 Current Discount Rate <u>(7.125%)</u>	 1% Increase <u>(8.125%)</u>
City's proportionate share of the net pension liability	\$ 2,168,976	\$ 1,132,380	\$ 264,986

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2015

IV. OTHER INFORMATION, Continued

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS financial report.

Payables to the Pension Plan - None as of June 30, 2015.

Defined Contribution Pension Plan

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

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

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

As employees are immediately vested in employer contributions, there is therefore no forfeiture provision.

During the year, the City's required and actual contributions amounted to \$152,075, which was 6% of its current-year covered payroll. The covered payroll amounted to \$2,534,591. Employees' required contributions amounted to \$126,733, which was 5% of the City's current year covered payroll.

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

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

City Pension Plan

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

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

At June 30, 2015, the plan consisted of 12 retirees and beneficiaries. The last active employee retired on March 31, 1992.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2015

IV. OTHER INFORMATION, Continued

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

Annual Pension Cost and Net Pension Obligation. The City's annual pension cost and net pension obligation for the year ended June 30, 2015, were as follows:

Interest on net pension obligation	\$ 37,144
Differences between expected and actual experience	(66,616)
<u>Changes of assumptions, including discount rate</u>	<u>109,946</u>
Annual pension cost	80,474
<u>Contributions made</u>	<u>(147,562)</u>
Increase (decrease) in net pension obligation	(67,088)
<u>Net pension obligation beginning of year</u>	<u>816,665</u>
 <u>Net pension obligation end of year</u>	 <u>\$ 749,577</u>

The annual required contribution for the current year was determined as part of the July 1, 2015 actuarial valuation using the Entry Age Normal Cost Method. The actuarial assumptions included (a) 3.50% discount rate and (b) 3.0% future benefit increases. The unfunded actuarial accrued liability is being recognized as a level dollar amount on a closed basis. The remaining amortization period at June 30, 2015 was 8 years.

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

Four-Year Trend Information

Fiscal Year Ending <u>June 30,</u>	Annual Pension <u>Cost</u>	% of Annual Pension Cost <u>Contributed</u>	Net Pension <u>Obligation</u>
2012	\$ 91,702	183%	861,133
2013	106,240	147%	832,900
2014	133,610	112%	816,665
2015	80,474	183%	749,577

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2015

IV. OTHER INFORMATION, Continued

Schedule of Employer Contributions

<u>Fiscal Year End</u>	Actuarial Required Contribution (ARC)	Percentage of ARC Contributed
6/30/2004	\$ 195,334	115%
6/30/2005	196,372	110%
6/30/2006	196,129	113%
6/30/2007	205,136	107%
6/30/2008	212,154	87%
6/30/2009	191,601	98%
6/30/2010	206,838	93%
6/30/2011	239,226	75%
6/30/2012	244,464	69%
6/30/2013	289,758	54%
6/30/2014	149,845	100%
6/30/2015	147,562	100%

Funded status and funding progress. As of July 1, 2015, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 749,577
Actuarial value of plan assets	-
<hr/>	
<u>Unfunded actuarial accrued liability (UAAL)</u>	<u>\$ 749,577</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll	\$ -
UAAL as a percentage of covered payroll	0%

Actuarial methods and assumptions. The ARC for the plan was determined as part of the July 1, 2015 actuarial valuation using the following methods and assumptions:

Discount Rate	3.50% per year
Investment Rate of Return	N/A
Retirement Age	All members are currently receiving benefits
Mortality	RP2014 Mortality Tables for Male and Female retirees with MP-2014 mortality improvement scale.
Disabled Mortality	None
Marriage Assumptions	None
Cost of living adjustments	3.00%

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2015

IV. OTHER INFORMATION, Continued

Other Post Employment Benefits

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

The City is a member of the Maine Municipal Employees Health Trust. The Trust is a multiple employer Voluntary Employee's Beneficiary Association. The City is an individually rated member within the Association. The Trust issues a publicly available financial report. That report may be obtained by writing to the Maine Municipal Association at 60 Community Drive, Augusta, ME 04332. The Health Trust contracted with an outside consultant to assist in the determination and valuation of the City's OPEB liability under GASB Statement 45. An OPEB liability actuarial valuation was completed by the consultants in October 2013.

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

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

The following table represents the OPEB costs for the FY 2015, 2014, 2013, 2012, 2011, 2010, and 2009 and the annual required contribution:

	FY2015	FY 2014	FY 2013	FY 2012	FY2011	FY2010	FY2009
Normal Cost	\$ 96,138	77,550	77,550	56,128	56,128	38,217	38,217
Amortization of Unfunded Interest	218,033	196,031	196,031	217,081	217,081	163,649	163,649
Adjustment to ARC	(65,860)	(54,129)	(42,118)	(29,754)	(17,161)	(8,729)	-
Annual Required Contribution	300,087	262,310	266,013	269,446	273,329	203,172	205,863
Contributions Made	(53,861)	(59,470)	(58,309)	(55,650)	(55,571)	(57,360)	(54,926)
Increase in Net OPEB	246,226	202,840	207,704	213,796	217,758	145,812	150,937
Net OPEB Obligation – beginning of year	1,138,847	936,007	728,303	514,507	296,749	150,937	-
Net OPEB Obligation – end of year	\$1,385,073	1,138,847	936,007	728,303	514,507	296,749	150,937

The following table represents the OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2015 and the six preceding years. The City implemented GASB 45 effective with fiscal year ended June 30, 2009 and data for the year ended June 30, 2008 is not available.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2015

IV. OTHER INFORMATION, Continued

Fiscal Year End	Annual OPEB Costs	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 205,863	26.68%	150,937
June 30, 2010	203,172	28.23%	296,749
June 30, 2011	273,329	20.33%	514,507
June 30, 2012	269,446	20.65%	728,303
June 30, 2013	266,013	21.91%	936,007
June 30, 2014	262,310	22.67%	1,138,847
June 30, 2015	300,087	17.95%	1,385,073

Funding Status and Funding Progress - The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ending June 30, 2015 and three preceding years are as follows:

	FY 2015	FY 2014	FY 2013	FY2012
Actuarial accrued liability	\$ 3,921,035	3,525,364	3,525,364	3,903,927
Plan assets	-	-	-	-
Unfunded actuarial accrued liability	\$3,921,035	3,525,364	3,525,364	3,903,927
Funded ratio	0%	0%	0%	0%
Covered payroll	\$12,552,483	12,075,857	11,859,085	11,513,675
Unfunded actuarial accrued liability as a percentage of covered payroll	31.24%	29.19%	29.73%	33.91%

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

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

Actuarial valuation date	1/1/15
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar open
Open amortization period	30 years
Discount Rate	4.0%
Rate of Salary Increases	3.0%
Ultimate Rate of Medical Inflation	4.25%

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2015

IV. OTHER INFORMATION, Continued

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

<u>Year</u>	<u>Pre-Medicare Blended</u>	<u>Medicare-Blended</u>
2015	5.24%	8.56%
2016	8.56%	10.12%
2017	8.27%	9.74%
2018	7.98%	9.36%
2019	7.69%	8.98%
2020	7.41%	8.59%
2021	7.12%	8.20%
2022	6.83%	7.81%
2023	6.55%	7.42%
2024	6.26%	7.03%
2025	5.97%	6.63%
2026	5.69%	6.24%
2027	5.40%	5.84%
2028	5.11%	5.44%
2029	4.82%	5.05%
2030	4.54%	4.65%
2031+	4.25%	4.25%

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

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

CITY OF AUBURN, MAINE
Required Supplementary Information
June 30, 2015

Schedule of Funding Progress

City Pension Plan

<u>Actuarial Valuation Date</u>	<u>Plan Assets</u>	<u>Actuarial Accrued Liability</u>
6/30/2005	\$ -	1,546,846
6/30/2006	-	1,509,819
6/30/2007	-	1,443,008
6/30/2008	-	1,189,800
6/30/2009	-	1,154,649
6/30/2010	-	1,176,354
6/30/2011	-	1,029,771
6/30/2012	-	1,039,516
6/30/2013	-	832,900
6/30/2014	-	816,665
6/30/2015	-	749,577

Retiree Healthcare Plan

<u>Fiscal Year</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) – Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a) /c]</u>
2009	1/1/09	\$ -	\$2,943,011	\$2,943,011	0.00%	\$11,162,860	26.36%
2010	1/1/09	-	2,943,011	2,943,011	0.00%	11,434,678	25.74%
2011	1/1/11	-	3,903,927	3,903,927	0.00%	11,287,917	34.59%
2012	1/1/11	-	3,903,927	3,903,927	0.00%	11,513,675	33.91%
2013	1/1/13	-	3,525,364	3,525,364	0.00%	11,859,085	29.73%
2014	1/1/13	-	3,525,364	3,525,364	0.00%	12,075,857	29.19%
2015	1/1/15	-	3,921,035	3,921,035	0.00%	12,552,483	31.24%

CITY OF AUBURN, MAINE
Required Supplementary Information, Continued
June 30, 2015

Schedule of City's Proportionate Share of the Net Pension Liability
Maine Public Employees Retirement System Consolidated Plan (PLD) and State Employee and
Teacher Plan (SET)
Last 10 Fiscal Years*

	<u>2015**</u>
<u>PLD Plan</u>	
City's proportion of the net pension liability	2.3477%
City's proportionate share of the net pension liability	\$ 3,612,601
City's covered-employee payroll	11,365,621
City's proportion share of the net pension liability as a percentage of its covered-employee payroll	31.79%
Plan fiduciary net position as a percentage of the total pension liability	94.10%
<u>SET Plan</u>	
City's proportion of the net pension liability	0.1048%
City's proportionate share of the net pension liability	1,132,380
State's proportionate share of the net pension liability associated with the City	16,612,780
<u>Total</u>	<u>\$ 17,745,160</u>
City's covered-employee payroll	\$ 20,044,945
City's proportion share of the net pension liability as a percentage of its covered-employee payroll	5.65%
Plan fiduciary net position as a percentage of the total pension liability	83.91%

* Only one year of information available.

** The amounts presented for each fiscal year were determined as of the prior fiscal year.

CITY OF AUBURN, MAINE
Required Supplementary Information, Continued
June 30, 2015

Schedule of City Contributions
Maine Public Employees Retirement System Consolidated Plan (PLD) and State Employee and
Teacher Plan (SET)
Last 10 Fiscal Years*

	<u>2015</u>	<u>2014</u>
<u>PLD Plan</u>		
Contractually required contribution	\$ 1,057,514	809,164
Contributions in relation to the contractually required contribution	(1,057,514)	(809,164)
<u>Contribution deficiency (excess)</u>		
	-	-
City's covered-employee payroll	11,365,621	11,004,456
Contributions as a percentage of covered- Employee payroll	9.30%	7.35%
<u>SET Plan</u>		
Contractually required contribution	\$ 531,203	495,351
Contributions in relation to the contractually required contribution	(531,203)	(495,351)
<u>Contribution deficiency (excess)</u>		
	-	-
City's covered-employee payroll	\$ 20,044,945	18,692,477
Contributions as a percentage of covered- Employee payroll	2.65%	2.65%

* Only two years of information available.

CITY OF AUBURN, MAINE
Notes to Required Supplementary Information
June 30, 2015

Changes of Benefit Terms - None

Changes of Assumptions - The SETP changed the discount rate from 7.25% in the 2013 valuation to 7.125% in the 2014 valuation.

Nonmajor Governmental Funds

Special Revenue Funds

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

*Permanent Funds**

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

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

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

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

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

*For financial statement presentation purposes, all permanent funds listed above have been aggregated and presented as a single permanent fund in the financial statements.

CITY OF AUBURN, MAINE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
ASSETS			
Investments	\$ 303,648	266,671	570,319
Receivables:			
Accounts	17,707	-	17,707
Loans receivable	1,445,829	-	1,445,829
Intergovernmental	1,991,077	-	1,991,077
Interfund receivables	361,056	-	361,056
Total assets	4,119,317	266,671	4,385,988
LIABILITIES			
Accounts payable	207,113	95	207,208
Accrued payroll and benefits	11,502	-	11,502
Interfund payables	3,638,010	5,744	3,643,754
Total liabilities	3,856,625	5,839	3,862,464
FUND BALANCES			
Nonspendable - long-term receivables	1,445,829	-	1,445,829
Nonspendable - principal	-	69,475	69,475
Restricted	393,328	191,357	584,685
Committed	294,849	-	294,849
Unassigned	(1,871,314)	-	(1,871,314)
Total fund balances	262,692	260,832	523,524
Total liabilities and fund balances	\$ 4,119,317	266,671	4,385,988

CITY OF AUBURN, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
Revenues:			
Intergovernmental	\$ 6,627,793	-	6,627,793
Charges for services	835,640	-	835,640
Other income	281,851	-	281,851
Interest income	294	394	688
Total revenues	7,745,578	394	7,745,972
Expenditures:			
Current:			
General government	315,985	-	315,985
Public safety	305,748	-	305,748
Health, Welfare and Recreation	255,228	-	255,228
Public works	3,031,886	-	3,031,886
Education	3,658,791	-	3,658,791
Miscellaneous	-	2,281	2,281
Debt service	117,813	-	117,813
Total expenditures	7,685,451	2,281	7,687,732
Excess (deficiency) of revenues over (under) expenditures	60,127	(1,887)	58,240
Other financing sources uses:			
Transfer out	(784,973)	-	(784,973)
Total other financing uses	(784,973)	-	(784,973)
Net change in fund balances	(724,846)	(1,887)	(726,733)
Fund balances, July 1, as restated	987,538	262,719	1,250,257
Fund balances, June 30	\$ 262,692	260,832	523,524

CITY OF AUBURN, MAINE
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2015

		City Special	School Special	211 Fairview	Parking	Parks and Recreation	Totals
ASSETS							
Investments	\$	105,083	-	-	198,565	-	303,648
Receivables:							
Accounts		-	-	-	17,707	-	17,707
Loans receivable		1,445,829	-	-	-	-	1,445,829
Intergovernmental		1,511,176	479,901	-	-	-	1,991,077
Interfund receivables		-	52,483	-	-	308,573	361,056
Total assets		3,062,088	532,384	-	216,272	308,573	4,119,317
LIABILITIES							
Accounts payable		147,449	38,689	-	7,251	13,724	207,113
Accrued payroll and benefits		-	11,502	-	-	-	11,502
Interfund payables		2,757,459	88,865	566,304	225,382	-	3,638,010
Total liabilities		2,904,908	139,056	566,304	232,633	13,724	3,856,625
FUND BALANCES (DEFICITS)							
Nonspendable - long-term receivables		1,445,829	-	-	-	-	1,445,829
Restricted		-	393,328	-	-	-	393,328
Committed		-	-	-	-	294,849	294,849
Unassigned		(1,288,649)	-	(566,304)	(16,361)	-	(1,871,314)
Total fund balances (deficits)		157,180	393,328	(566,304)	(16,361)	294,849	262,692
Total liabilities and fund balances	\$	3,062,088	532,384	-	216,272	308,573	4,119,317

CITY OF AUBURN, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2015

	City Special	School Special	211 Fairview	Parking	Parks and Recreation	Totals
Revenues:						
Intergovernmental	\$ 3,473,111	3,154,682	-	-	-	6,627,793
Charges for services	91,848	333,903	-	148,294	261,595	835,640
Other income	145,923	134,008	-	-	1,920	281,851
Interest income	-	-	-	294	-	294
Total revenues	3,710,882	3,622,593	-	148,588	263,515	7,745,578
Expenditures:						
Current:						
General government	154,449	-	-	161,536	-	315,985
Public safety	305,748	-	-	-	-	305,748
Health, welfare and recreation	24,264	-	-	-	230,964	255,228
Public works	3,031,886	-	-	-	-	3,031,886
Education	-	3,658,791	-	-	-	3,658,791
Debt service	117,813	-	-	-	-	117,813
Total expenditures	3,634,160	3,658,791	-	161,536	230,964	7,685,451
Excess (deficiency) of revenues over (under) expenditures	76,722	(36,198)	-	(12,948)	32,551	60,127
Other financing uses:						
Transfer out	(688,253)	-	-	(55,000)	(41,720)	(784,973)
Total other financing uses	(688,253)	-	-	(55,000)	(41,720)	(784,973)
Net change in fund balances	(611,531)	(36,198)	-	(67,948)	(9,169)	(724,846)
Fund balances (deficits), July 1, as restated	768,711	429,526	(566,304)	51,587	304,018	987,538
Fund balances (deficits), June 30	\$ 157,180	393,328	(566,304)	(16,361)	294,849	262,692

**CITY OF AUBURN, MAINE
Combined Balance Sheet
Nonmajor Permanent Funds
June 30, 2015**

ASSETS		
Investments	\$	266,671
Total assets		266,671
LIABILITIES		
Accounts payable		95
Interfund payable		5,744
Total liabilities		5,839
FUND BALANCES		
Nonspendable - principal		69,475
Restricted		191,357
Total fund balances		260,832
Total liabilities and fund balances		\$ 266,671

**CITY OF AUBURN, MAINE
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Permanent Funds
For the Year Ended June 30, 2015**

Revenues:		
Interest income	\$	394
Total revenues		394
Expenditures:		
Current:		
Miscellaneous		2,281
Total expenditures		2,281
Net change in fund balances		(1,887)
Fund balances, July 1		262,719
Fund balances, June 30		\$ 260,832

AGENCY FUNDS

CITY OF AUBURN, MAINE
Statement of Changes in Assets and Liabilities
Agency Funds - Student Activities
For the Year Ended June 30, 2015

	Balance			Balance
	July 1, 2014	Additions	Deductions	June 30, 2015
ASSETS				
Cash and cash equivalents	\$ 158,873	472,624	484,046	147,451
Total assets	158,873	472,624	484,046	147,451
LIABILITIES				
Amounts held for others	158,873	472,624	484,046	147,451
Total liabilities	\$ 158,873	472,624	484,046	147,451

TAX INCREMENT FINANCING FUND

CITY OF AUBURN, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Tax Increment Financing Fund
For the Year Ended June 30, 2015

	TIF 4	TIF 5	TIF 6	TIF 7	TIF 8	TIF 9	TIF 10	TIF 11	TIF 12	TIF 13	TIF 14 & 15	TIF 16	TIF 17	TIF 18	Totals
	Tambrands I	J Enterprises	Tambrands II	J & A Properties	Gates Formed Fiber	Mall Area	Downtown Area	Safe Handling	Auburn Industrial Park	Retail Development	Auburn Mall	Webster School Housing	Bedard Medical	Slap Shot LLC	
Revenues:															
Other income	\$ -	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditures:															
Current:															
General government	391,344	-	66,215	-	-	-	-	-	-	133,990	269,525	27,455	29,038	158,541	1,076,108
Capital Outlay	-	-	-	-	-	24,583	81,249	-	-	-	-	-	-	-	105,832
Debt service	-	-	-	-	-	-	412,569	-	179,263	442,263	-	-	-	-	1,034,095
Total expenditures	391,344	-	66,215	-	-	24,583	493,818	-	179,263	576,253	269,525	27,455	29,038	158,541	2,216,035
Deficiency of revenues under expenditures	(391,344)	-	(66,215)	-	-	(24,583)	(493,818)	-	(179,263)	(576,253)	(269,525)	(27,455)	(29,038)	(158,541)	(2,216,035)
Other financing sources (uses):															
Transfers from other funds	391,344	-	66,215	-	29,109	356,818	741,911	-	141,524	319,025	497,475	27,455	29,038	-	2,599,914
Transfers to other funds	-	-	-	-	-	-	-	-	-	(500,000)	-	-	-	-	(500,000)
Total other financing sources (uses)	391,344	-	66,215	-	29,109	356,818	741,911	-	141,524	(180,975)	497,475	27,455	29,038	-	2,099,914
Net change in fund balances	-	-	-	-	29,109	332,235	248,093	-	(37,739)	(757,228)	227,950	-	-	(158,541)	(116,121)
Fund balances (deficits), beginning of year	(127,348)	14,500	(471,230)	2,558	105,066	(152,530)	975,935	50,184	(302,836)	1,192,436	(535,043)	360	389	-	752,441
Fund balances (deficits), end of year	\$ (127,348)	14,500	(471,230)	2,558	134,175	179,705	1,224,028	50,184	(340,575)	435,208	(307,093)	360	389	(158,541)	636,320

STATISTICAL SECTION

STATISTICAL SECTION

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

Contents

Tables

Financial Trends

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

Revenue Capacity

5-8

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

Debt Capacity

9-12

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

Demographic and Economic Information

13-14

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

Operating Information

15-17

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

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
Net Investment in capital assets	\$ 47,187,231	\$ 48,954,306	\$ 54,681,797	\$ 59,484,907	\$ 59,140,618	\$ 56,084,796	\$ 53,111,954	\$ 61,542,514	\$ 67,831,558	\$ 73,604,804
Restricted	4,094,386	3,574,150	3,446,488	3,765,201	4,607,888	11,707,875	10,879,129	11,871,042	11,621,393	8,791,119
Unrestricted	(2,347,823)	3,655,088	6,449,247	6,738,835	13,892,494	12,166,714	21,012,904	10,929,045	(4,145,261)	(1,665,491)
Total governmental activities net position	48,933,794	56,183,544	64,577,532	69,988,943	77,641,000	79,959,385	85,003,987	84,342,601	75,307,690	80,730,432
Business-type activities:										
Net investment in capital assets	344,398	390,008	416,684	1,033,634	928,388	829,060	781,208	708,368	548,461	493,154
Restricted	-	-	-	-	-	-	-	34,042	-	196,221
Unrestricted	183,842	168,242	189,487	296,012	326,230	353,997	651,420	594,157	460,816	(118,847)
Total business-type activities net position	528,240	558,250	606,171	1,329,646	1,254,618	1,183,057	1,432,628	1,336,567	1,009,277	570,528
Primary government:										
Investment in capital assets	47,531,629	49,344,314	55,098,481	60,518,541	60,069,006	56,913,856	53,893,162	62,250,882	68,380,019	74,097,958
Restricted	4,094,386	3,574,150	3,446,488	3,765,201	4,607,888	11,707,875	10,879,129	11,905,084	11,621,393	8,987,340
Unrestricted	(2,163,981)	3,823,330	6,638,734	7,034,847	14,218,724	12,520,711	21,664,324	11,523,202	(3,684,445)	(1,784,338)
Total primary government net position	\$ 49,462,034	\$ 56,741,794	\$ 65,183,703	\$ 71,318,589	\$ 78,895,618	\$ 81,142,442	\$ 86,436,615	\$ 85,679,168	\$ 76,316,967	\$ 81,300,960

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Governmental activities:										
General government	\$ 8,637,448	\$ 12,052,878	\$ 13,595,025	\$ 12,782,124	\$ 11,366,632	\$ 13,450,586	\$ 14,680,105	\$ 13,391,002	\$ 19,950,058	\$ 10,720,976
Public safety	6,387,319	6,795,667	7,363,307	8,013,617	7,899,897	7,673,153	8,001,972	8,468,689	9,404,183	9,969,244
Health, welfare and recreation	1,719,937	1,758,864	3,331,984	2,225,779	2,068,401	2,072,398	2,117,014	2,266,012	2,172,119	1,637,285
Public works	4,765,921	6,046,292	4,943,719	6,554,513	6,013,582	9,876,176	6,059,774	8,086,620	12,427,048	11,370,585
Other agencies	2,963,430	2,949,122	3,154,009	3,277,800	3,099,855	3,278,312	3,389,283	3,560,926	3,400,687	3,418,863
Education	37,738,620	38,682,079	36,575,423	39,285,952	39,952,843	42,408,444	42,418,741	41,810,979	44,089,463	40,636,517
Unclassified	900,891	3,127,839	1,849,876	-	-	-	-	-	-	-
Interest on debt	2,468,116	1,699,824	1,306,563	1,983,816	1,706,264	1,646,166	758,377	2,418,356	122,068	1,580,603
Total governmental activities expenses	65,581,682	73,112,565	72,119,906	74,123,601	72,107,474	80,405,235	77,425,266	80,002,584	91,565,626	79,334,073
Business-type activities:										
Ingersoll Ice Arena	162,790	192,310	144,519	296,500	506,301	482,686	539,555	490,593	604,369	131,223
Norway Savings Bank Arena	-	-	-	-	-	-	-	-	525,814	1,218,591
Centralized School Lunch	-	-	-	-	-	-	-	1,421,308	1,312,651	1,419,459
Total business-type activities expenses	162,790	192,310	144,519	296,500	506,301	482,686	539,555	1,911,901	2,442,834	2,769,273
Total primary government expenses	65,744,472	73,304,875	72,264,425	74,420,101	72,613,775	80,887,921	77,964,821	81,914,485	94,008,460	82,103,346
Program Revenues										
Governmental activities:										
Charges for services:										
General government	276,319	234,353	148,023	1,240,811	1,204,104	710,124	532,771	480,870	456,624	695,278
Public safety	-	-	-	50,221	87,882	285,365	701,234	841,366	920,429	1,526,254
Health, welfare and recreation	228,780	160,146	257,162	286,052	290,936	287,013	308,403	318,635	279,854	261,595
Public works	-	-	-	-	-	50,334	3,158	2,674	1,549	-
Education	863,397	1,083,731	1,283,420	689,325	584,258	676,120	514,390	484,567	412,347	707,739
Operating grants and contributions	25,822,043	26,991,891	27,379,368	29,718,646	29,999,705	31,521,140	33,003,967	29,939,559	31,349,557	28,816,555
Capital grants and contributions	2,884,801	-	-	-	-	602,210	-	-	-	2,956,553
Total governmental activities program revenues	30,075,340	28,470,121	29,067,973	31,985,055	32,166,885	34,132,306	35,063,923	32,067,671	33,420,360	34,963,974
Business-type activities:										
Charges for services	185,113	218,333	191,828	330,268	425,328	424,614	433,375	669,015	1,139,096	1,067,189
Operating grants and contributions	-	-	-	-	-	-	-	1,159,343	1,090,354	1,241,187
Total business-type activities program revenues	185,113	218,333	191,828	330,268	425,328	424,614	433,375	1,828,358	2,229,450	2,308,376
Total primary government program revenues	\$ 30,260,453	\$ 28,688,454	\$ 29,259,801	\$ 32,315,323	\$ 32,592,213	\$ 34,556,920	\$ 35,497,298	\$ 33,896,029	\$ 35,649,810	\$ 37,272,350

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (expense)/revenue:										
Governmental activities	\$ (35,506,342)	\$ (44,642,444)	\$ (43,051,933)	\$ (42,138,546)	\$ (39,940,589)	\$ (46,272,929)	\$ (42,361,343)	\$ (47,934,913)	\$ (58,145,266)	\$ (44,370,099)
Business-type activities	22,323	26,023	47,309	33,768	(80,973)	(58,072)	(106,180)	(83,543)	(213,384)	(460,897)
Total primary government net expense	(35,484,019)	(44,616,421)	(43,004,624)	(42,104,778)	(40,021,562)	(46,331,001)	(42,467,523)	(48,018,456)	(58,358,650)	(44,830,996)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes	44,679,412	45,422,662	44,232,811	41,640,678	41,158,334	42,962,974	43,192,698	42,759,291	44,522,766	45,445,286
Grants not restricted to specific programs	3,049,515	3,781,007	4,009,459	4,681,432	4,651,989	4,103,025	4,172,425	4,330,113	4,336,314	4,393,527
Investment earnings	535,503	684,283	600,248	382,621	80,246	70,562	65,072	16,581	2,829	49,791
Other	2,707,831	1,978,852	2,603,404	1,534,722	1,707,975	1,013,764	230,549	166,802	248,446	(95,763)
Total governmental activities general revenues	50,972,261	51,866,804	51,445,922	48,239,453	47,598,544	48,150,325	47,660,744	47,272,787	49,110,355	49,792,841
Business-type activities:										
Investment earnings	3,191	3,987	613	211	47	-	51	757	1,176	370
Other	-	-	-	-	-	-	-	-	-	21,778
Total business-type activities general revenues	3,191	3,987	613	211	47	-	51	757	1,176	22,148
Total primary government	50,975,452	51,870,791	51,446,535	48,239,664	47,598,591	48,150,325	47,660,795	47,273,544	49,111,531	49,814,989
Change in Net Position										
Governmental activities	15,465,919	7,224,360	8,393,989	6,100,907	7,657,955	1,877,396	5,299,401	(662,126)	(9,034,911)	5,422,742
Business-type activities	25,514	30,010	47,922	33,979	(80,926)	(58,072)	(106,129)	(82,786)	(212,208)	(438,749)
Total primary government	\$ 15,491,433	\$ 7,254,370	\$ 8,441,911	\$ 6,134,886	\$ 7,577,029	\$ 1,819,324	\$ 5,193,272	\$ (744,912)	\$ (9,247,119)	\$ 4,983,993

Beginning FY 2009 Unclassified Revenue was reclassified.

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011 (a)	2012	2013	2014	2015
General Fund										
Reserved	\$ 558,178	\$ 478,065	\$ 587,024	\$ 110,672	\$ 55,566	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved:										
Designated	1,291,770	1,224,436	1,790,409	2,337,962	1,737,562	-	-	-	-	-
Undesignated	5,088,428	7,898,295	8,783,174	8,405,631	9,599,911	-	-	-	-	-
Nonspendable	-	-	-	-	-	226,255	97,171	75	629,503	1,415,749
Restricted	-	-	-	-	-	2,679,579	1,840,047	2,449,945	1,969,754	1,411,047
Assigned	-	-	-	-	-	1,087,851	942,172	1,154,572	812,886	3,046,996
Unassigned	-	-	-	-	-	9,108,868	10,734,773	8,775,150	8,651,216	4,971,398
Total general fund	6,938,376	9,600,796	11,160,607	10,854,265	11,393,039	13,102,553	13,614,163	12,379,742	12,063,359	10,845,190
All Other Governmental Funds										
Reserved	3,945,171	5,553,478	3,448,001	9,149,416	9,449,895	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	5,516,940	4,769,893	3,987,906	3,503,209	3,414,932	-	-	-	-	-
Capital project funds	9,719,595	13,480,577	10,147,915	5,082,615	5,545,423	-	-	-	-	-
Permanent funds	169,201	12,092	20,356	22,118	22,960	-	-	-	-	-
Nonspendable	-	-	-	-	-	5,922,783	5,813,531	5,712,143	5,628,850	5,670,226
Restricted	-	-	-	-	-	3,105,513	3,464,347	3,710,739	4,022,789	1,709,846
Committed	-	-	-	-	-	10,104,760	10,998,530	7,985,485	5,755,639	8,162,868
Unassigned	-	-	-	-	-	(841,666)	(694,644)	(1,125,143)	(3,649,469)	(1,871,314)
Total all other governmental funds	\$ 19,350,907	\$ 23,816,040	\$ 17,604,178	\$ 17,757,358	\$ 18,433,210	\$ 18,291,390	\$ 19,581,764	\$ 16,283,224	\$ 11,757,809	\$ 13,671,626

(a) The City of Auburn adopted the provisions of GASB 54 for the year ended June 30, 2011, which changed the classifications of fund balances.

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	\$ 44,494,827	\$ 44,952,500	\$ 43,935,273	\$ 41,667,416	\$ 41,488,299	\$ 42,742,974	\$ 42,960,856	\$ 42,749,449	\$ 44,563,151	\$ 45,411,397
Intergovernmental	32,204,039	29,750,266	31,426,596	34,400,078	34,651,694	34,919,262	36,258,176	33,631,641	35,325,279	35,719,754
Licenses and permits	336,466	485,045	340,375	285,951	243,924	303,183	266,852	374,011	325,476	345,658
Charges for services	1,654,166	2,355,904	1,857,235	1,532,589	1,615,603	1,699,004	1,750,848	1,720,625	1,799,725	2,644,856
Unclassified	2,173,518	2,323,048	2,656,878	2,365,212	2,095,873	1,710,401	1,191,668	854,889	601,599	876,354
Total revenues	<u>80,863,016</u>	<u>79,866,763</u>	<u>80,216,357</u>	<u>80,251,246</u>	<u>80,095,393</u>	<u>81,374,824</u>	<u>82,428,400</u>	<u>79,330,615</u>	<u>82,615,230</u>	<u>84,998,019</u>
Expenditures										
General government	8,718,247	11,380,493	13,074,585	10,908,351	11,947,264	11,666,157	12,532,558	11,881,126	11,362,793	10,963,750
Public safety	6,459,529	6,544,970	6,941,313	7,717,089	7,703,785	7,367,139	7,717,441	8,063,515	8,987,931	9,702,645
Health, welfare and recreation	1,759,136	1,690,272	1,807,107	1,986,595	1,800,326	1,847,549	1,876,392	2,022,319	1,937,404	1,388,546
Public works	4,240,085	4,439,555	4,836,864	4,574,186	4,058,000	4,191,424	4,285,363	4,524,288	7,611,817	8,943,737
Other agencies	2,963,430	2,949,122	3,154,009	3,277,800	3,099,855	3,278,312	3,389,283	3,560,926	3,400,687	3,418,863
Education	38,964,083	37,502,885	38,138,372	42,253,675	41,550,748	42,954,361	42,273,954	42,137,967	43,678,540	44,402,432
Unclassified	670,448	499,326	271,918	305,995	310,093	303,539	403,753	405,669	325,374	459,325
Self insurance	230,443	323,581	692,607	348,629	470,524	671,092	517,299	383,566	-	-
Capital projects	14,519,496	10,212,556	10,286,851	8,540,966	6,024,814	7,158,898	4,855,507	9,800,219	8,539,810	6,248,281
Debt Service:										
Principal	7,295,571	7,316,079	7,121,719	6,758,858	6,747,858	6,854,251	6,894,785	7,027,846	6,508,659	6,484,056
Interest expense	2,625,919	2,905,760	2,643,237	2,062,090	1,680,602	1,513,494	1,511,411	1,045,204	1,000,416	942,636
Total expenditures	<u>88,446,387</u>	<u>85,764,599</u>	<u>88,968,582</u>	<u>88,734,234</u>	<u>85,393,869</u>	<u>87,806,216</u>	<u>86,257,746</u>	<u>90,852,645</u>	<u>93,353,431</u>	<u>92,954,271</u>
Excess of revenues over (under) expenditures	<u>(7,583,371)</u>	<u>(5,897,836)</u>	<u>(8,752,225)</u>	<u>(8,482,988)</u>	<u>(5,298,476)</u>	<u>(6,431,392)</u>	<u>(3,829,346)</u>	<u>(11,522,030)</u>	<u>(10,738,201)</u>	<u>(7,956,252)</u>
Other financing sources (uses)										
Proceeds - bonds and capital leases	12,281,000	13,000,000	6,000,000	6,430,000	6,500,000	7,900,000	4,500,000	14,892,323	5,625,000	8,153,025
Proceeds - notes	1,010,307	-	-	-	-	1,024,625	-	-	84,458	-
Premium on issuance of debt	-	-	-	-	-	85,597	83,077	1,052,751	186,945	498,875
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	(9,118,353)	-	-
Transfers in	3,514,367	3,475,757	3,089,839	2,500,434	2,345,005	2,190,819	2,215,395	2,345,053	2,084,032	2,099,914
Transfers out	(3,514,367)	(3,475,757)	(3,089,839)	(2,500,434)	(2,331,903)	(2,177,330)	(2,202,120)	(2,331,778)	(2,084,032)	(2,099,914)
Total other financing sources (uses)	<u>13,291,307</u>	<u>13,000,000</u>	<u>6,000,000</u>	<u>6,430,000</u>	<u>6,513,102</u>	<u>9,023,711</u>	<u>4,596,352</u>	<u>6,839,996</u>	<u>5,896,403</u>	<u>8,651,900</u>
Net change in fund balances	<u>\$ 5,707,936</u>	<u>\$ 7,102,164</u>	<u>\$ (2,752,225)</u>	<u>\$ (2,052,988)</u>	<u>\$ 1,214,626</u>	<u>\$ 2,592,319</u>	<u>\$ 767,006</u>	<u>\$ (4,682,034)</u>	<u>\$ (4,841,798)</u>	<u>\$ 695,648</u>
Debt service as a percentage of noncapital expenditures	13.42%	13.53%	12.41%	11.00%	10.62%	10.38%	10.33%	9.96%	8.74%	8.99%

Table 5

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

Fiscal year	Assessed Value - Real Property	Assessed Value - Personal Property	Total Assessed Value	Estimated Actual Value	Ratio of Total Assessed Value to Total Estimated Actual Value	Total Tax/ (Mil) Rate
2006	\$ 1,003,562,800	\$ 316,435,600	\$ 1,319,998,400	\$ 1,658,250,000	79.6%	30.48
2007	1,399,344,100	293,111,800	1,692,455,900	1,922,200,000	88.0%	24.35
2008	1,797,817,200	276,822,200	2,074,639,400	2,086,700,000	99.4%	19.28
2009	1,813,049,300	262,829,700	2,075,879,000	1,981,600,000	104.8%	18.41
2010	1,829,692,800	238,980,400	2,068,673,200	2,054,450,000	100.7%	18.31
2011	1,847,854,620	220,930,500	2,068,785,120	1,991,800,000	103.9%	19.30
2012	1,850,235,678	208,348,600	2,058,584,278	1,980,250,000	104.0%	19.39
2013	1,820,465,334	190,045,000	2,010,510,334	1,954,400,000	102.9%	19.59
2014	1,823,040,083	182,681,300	2,005,721,383	1,926,200,000	104.1%	20.43
2015	1,818,986,378	165,931,000	1,984,917,378	1,963,550,000	101.1%	20.95

Table 6

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

Fiscal Year	General Government		General Fund Debt Service		Education		Total Tax/ (Mil) Rate
2006	12.51	41.04%	5.80	19.03%	12.17	39.93%	30.48
2007	10.12	41.56%	4.56	18.74%	9.66	39.69%	24.35
2008	8.43	43.72%	3.44	17.83%	7.41	38.45%	19.28
2009	7.72	41.92%	3.41	18.53%	7.28	39.55%	18.41
2010	7.91	43.20%	3.28	17.91%	7.12	38.89%	18.31
2011	8.89	46.06%	3.29	17.05%	7.12	36.89%	19.30
2012	9.01	46.47%	3.31	17.07%	7.07	36.46%	19.39
2013	9.01	45.99%	3.20	16.33%	7.38	37.67%	19.59
2014	9.62	47.09%	3.15	15.42%	7.66	37.49%	20.43
2015	9.67	46.16%	3.15	15.04%	8.13	38.81%	20.95

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

Table 7

CITY OF AUBURN, MAINE
Principal Property Taxpayers
Current Year and Nine Years Ago
June 30, 2015

	Taxpayer	Business	Assessed Value	% of Total Tax Base	Cumulative %
1	Tambrands	Personal Products	\$ 61,299,300	3.09%	3.09%
2	Auburn Plaza, Inc	Regional shopping	29,665,500	1.49%	4.58%
3	Central Maine Power Company	Electric Utility	25,373,832	1.28%	5.86%
4	Pioneer Plastics	Laminates	24,237,200	1.22%	7.08%
5	Wal-Mart Real Estate	Retail	22,898,000	1.15%	5.74%
6	Gates Formed Fiber	Automotive Products	17,304,300	0.87%	6.61%
7	Cascades Auburn Fiber	Paper Reprocessor	15,239,200	0.77%	7.38%
8	FPL Energy Maine Hydro LLC	Electric Utility	15,169,100	0.76%	8.14%
9	Riverwatch LLC	Lodging	13,877,900	0.70%	8.84%
10	Lowes Home Centers	Retail	13,695,700	0.69%	9.53%
			<u>\$ 238,760,032</u>		

June 30, 2006

	Taxpayer	Business	Assessed Value	% of Total Tax Base	Cumulative %
1	Tambrands	Personal Products	\$ 131,064,600	9.93%	9.93%
2	PPC Acquisition Corp	Plastic Laminates	33,602,900	2.55%	12.47%
3	Cascades Auburn Fiber	Paper Reprocessor	23,903,000	1.81%	14.29%
4	Gates Formed Fiber	Automotive Products	22,202,900	1.68%	15.97%
5	Wal-Mart Real Estate	Retail	21,041,900	1.59%	14.07%
6	General Electric Company	Electrical Components	19,495,600	1.48%	15.55%
7	Lowes	Retail	13,199,300	1.00%	16.55%
8	Seltzer & Rydholm, Inc	Beverage Bottlers	12,236,400	0.93%	17.47%
9	Central Maine Power Company	Electric Utility	11,876,300	0.90%	18.37%
10	International Paper	Cardboard Containers	11,194,900	0.85%	19.22%
			<u>\$ 299,817,800</u>		

Table 8

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

Fiscal year	Gross Tax Levy	Abatements	Net Tax Levy	Collections In Current Year	Percent of Net Levy Collected	Collections in Later Years	Total Collections	Total Collections as a Percent of Net Levy
2006	\$ 40,488,967	\$ 369,260	\$ 40,119,707	\$ 38,994,735	97.20%	\$ 1,076,571	\$ 40,071,306	99.88%
2007	41,211,301	350,703	40,860,598	39,748,652	97.28%	1,075,623	40,824,275	99.91%
2008	39,999,048	199,632	39,799,416	37,963,612	95.39%	1,778,051	39,741,663	99.85%
2009	38,216,932	139,750	38,077,182	36,718,256	96.43%	1,310,687	38,028,943	99.87%
2010	37,999,926	219,262	37,780,664	36,929,246	97.75%	772,455	37,701,701	99.79%
2011	39,984,486	192,788	39,791,698	38,721,670	97.31%	658,055	39,379,725	98.96%
2012	39,948,404	118,447	39,829,957	38,713,505	97.20%	361,709	39,075,214	98.11%
2013	39,455,557	123,605	39,331,952	38,262,685	97.28%	924,410	39,187,095	99.63%
2014	40,987,430	68,614	40,918,816	39,821,057	97.32%	617,575	40,438,632	98.83%
2015	41,671,464	159,684	41,511,780	40,244,122	96.95%	-	40,244,122	96.95%

Table 9

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

Fiscal year	Governmental Activities					Business-type Activities		Total Long-term Debt	Total Long-term Debt	Ratio of Total Debt		Per Capita Net of State Subsidy
	General Obligation Bonds	Notes	Capital Leases	Bonds Payable Premium	Total Long-term Debt	General Obligation Bonds	Total Long-term Debt		Net of State Subsidy	To Assessed Value	Per Capita	
2006	\$67,817,000	\$ 1,170,200	\$ -	\$ -	\$ 68,987,200	\$ 53,342	\$ 53,342	\$69,040,542	\$ 68,291,880	5.2%	2,925.20	2,893.48
2007	72,629,000	745,801	-	-	73,374,801	26,676	26,676	73,401,477	71,987,845	4.3%	3,109.97	3,050.07
2008	70,267,000	618,562	-	-	70,885,562	-	-	70,885,562	69,507,772	3.4%	3,003.37	2,945.00
2009	67,925,000	495,078	-	-	68,420,078	-	-	68,420,078	67,035,945	3.3%	2,898.91	2,840.27
2010	65,973,000	371,595	-	-	66,344,595	-	-	66,344,595	64,999,166	3.2%	2,877.67	2,819.31
2011	65,461,000	692,675	-	-	66,153,675	-	-	66,153,675	64,847,616	3.2%	2,869.39	2,812.74
2012	61,239,000	598,596	-	-	61,837,596	-	-	61,837,596	60,571,538	3.0%	2,682.18	2,627.26
2013	59,534,323	504,518	-	1,052,751	61,091,592	-	-	61,091,592	59,898,425	3.0%	2,649.82	2,598.07
2014	56,826,591	494,897	-	1,169,513	58,491,001	-	-	58,491,001	57,329,990	2.9%	2,537.02	2,486.66
2015	55,170,858	383,927	1,231,203	1,551,550	58,337,538	-	-	58,337,538	57,217,631	2.9%	2,530.36	2,481.79

Table 10

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

Fiscal year	General Obligation Bonds	To Estimated Actual Value	Per Capita	Total Governmental Activity Debt	
				Net of State Subsidy	Per Capita Net of State Subsidy
2006	\$ 67,817,000	4.1%	2,873.36	\$ 67,121,680	2,734
2007	72,629,000	3.8%	3,077.24	71,242,044	2,939
2008	70,267,000	3.4%	2,977.16	68,889,210	2,840
2009	67,925,000	3.3%	2,877.93	66,540,867	2,198
2010	65,973,000	3.2%	2,795.23	64,627,571	2,122
2011	65,461,000	3.2%	2,839.34	64,154,941	2,109
2012	61,239,000	3.0%	2,656.21	59,972,942	2,240
2013	60,587,074	2.9%	2,604.16	59,393,907	2,334
2014	57,996,104	2.9%	2,486.29	56,835,093	2,222
2015	56,722,408	2.9%	2,530.36	55,602,501	2,412

Table 11

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

Fiscal Year	Direct Debt - City of Auburn	Direct Debt - Androscoggin County	Auburn's Share of Androscoggin County Debt	Overlapping Debt - Androscoggin County	Direct and Overlapping Debt		
					Total Debt	Percent of Assessed Value	Per Capita
2006	\$ 67,817,000	\$ 1,410,000	25.22%	\$ 355,602	\$ 68,172,602	5.16%	2,888
2007	72,629,000	965,000	25.75%	248,488	72,877,488	4.31%	3,088
2008	70,267,000	516,800	25.75%	133,076	70,400,076	3.39%	2,983
2009	67,925,000	75,000	23.72%	17,788	67,942,788	3.27%	2,879
2010	65,973,000	-	24.47%	-	65,973,000	3.19%	2,795
2011	66,153,675	-	24.47%	-	66,153,675	3.20%	2,869
2012	61,837,596	-	24.64%	-	61,837,596	3.00%	2,682
2013	61,091,592	-	24.64%	-	61,091,592	3.04%	2,650
2014	58,491,001	-	25.36%	-	58,491,001	2.92%	2,537
2015	58,337,538	-	25.36%	-	58,337,538	2.94%	2,530

CITY OF AUBURN, MAINE
Legal Debt Management
Last Ten Years
Computation of Legal Debt Margin
June 30, 2015

Total State Valuation			\$	1,963,550,000		
Legal Debt Limitation:						
15% of State Valuation				294,532,500		
Debt Applicable to Debt Limitation:					Bonded General Obligation Debt	
	Legal Maximum				As a Percent of	
Purpose	Percentage	Amount	Dollar	Amount	Legal	State
					Maximum	Valuation
Municipal & School	15.0%	\$ 294,532,500		55,170,858	18.73%	2.81%
			Margin for Additional Borrowing:	<u>\$ 239,361,642</u>		

Historical Legal Debt Margin
Last Ten Fiscal Years

	Legal Debt Limit	Debt Outstanding	Legal Debt Margin	Debt Outstanding/ Legal Debt Limit
2006	\$ 248,737,500	\$ 68,987,200	\$ 179,750,300	27.7%
2007	288,330,000	72,629,000	215,701,000	25.2%
2008	313,005,000	70,267,000	242,738,000	22.4%
2009	297,240,000	67,925,000	229,315,000	22.9%
2010	308,167,500	65,973,000	242,194,500	21.4%
2011	298,770,000	65,461,000	233,309,000	21.9%
2012	297,037,500	61,239,000	235,798,500	20.6%
2013	293,160,000	59,534,323	293,160,000	20.3%
2014	288,930,000	56,826,591	288,930,000	19.7%
2015	294,532,500	55,170,858	239,361,642	18.7%

Table 13

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

Fiscal Year	(1) Population	(2) Total Personal Wages	Per Capita Personal Wages	(2) Annual Average Unemployment Rate
2006	23,602	\$ 524,603,224	\$ 22,227	4.4%
2007	23,602	516,644,872	21,890	4.5%
2008	23,602	525,502,169	22,265	4.6%
2009	23,602	486,782,327	20,625	8.9%
2010	23,055	Not available	34,678	7.9%
2011	23,055	Not available	35,181	7.8%
2012	23,055	Not available	35,871	7.2%
2013	23,055	Not available	36,192	7.8%
2014	23,055	Not available	37,018	5.5%
2015	23,055	541,950,460	40,745	4.7%

(1) Source: US Census Bureau

(2) Source: Maine Department of Labor

Table 14

CITY OF AUBURN, MAINE
Principal Non-Governmental Employers
Current Year and Nine Years Ago
June 30, 2015

Rank	Employer	Total Number of Employees	Percent of Total Employees
1	Wal-Mart Supercenter	559	4.8%
2	Tambrands Inc.	544	4.7%
3	Lepage Bakeries	515	4.5%
4	Pioneer Plastics	502	4.3%
5	Gates Formed Fiber Products	446	3.9%
6	Clover Living Center	265	2.3%
7	Hannaford	182	1.6%
8	General Electric	161	1.4%
9	Shaw's Supermarkets	156	1.3%
10	Thomas Moser Cabinetmakers	128	1.1%
	All Other Employers	8,103	70.1%
	Total Employees	<u>11,561</u>	

Principal Non-Governmental Employers
June 30, 2006

Rank	Employer	Total appr. number of employees	
1	Pioneer Plastics Corp.	600	3.8%
2	Tambrands	590	3.7%
3	Gates Formed Fiber	425	2.7%
4	General Electric	250	1.6%
5	Wal-Mart Associates	230	1.4%
6	Hannaford Bros.	190	1.2%
7	Shaw's Supermarkets	156	1.0%
8	Clover Living Center	135	0.8%
9	Central Maine Community College	150	0.9%
10	Thomas Moser Cabinetmakers	115	0.7%
	All Other Employers	13,116	82.2%
	Total Employees	<u>15,957</u>	

Source: Maine Department of Labor

Table 15

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

Fiscal Year	General Government	Public Safety	Health, Welfare & Recreation	Public Services	Education	Ice Arena	Total
2006	38.25	119.50	11.00	70.00	628.80	1.00	868.55
2007	41.50	120.00	10.00	69.00	623.30	1.00	864.80
2008	40.75	120.50	12.00	69.00	645.00	1.00	888.25
2009	42.50	117.50	11.50	62.00	614.00	1.00	848.50
2010	40.00	125.00	13.00	55.00	589.00	2.00	824.00
2011	44.00	117.00	20.00	53.00	679.00	2.00	915.00
2012	42.00	123.00	14.00	55.00	585.00	2.00	821.00
2013	45.00	124.00	5.00	55.00	585.00	2.00	816.00
2014	39.00	128.00	5.00	59.00	564.00	5.00	800.00
2015	34.00	126.00	5.00	72.00	565.00	3.00	805.00

Source: Various City departments

Table 16

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

	General Government	Public Safety	Health, Welfare & Recreation	Public Works	Education	Ice Arena
	Service Units:	Service Units:	Service Units:	Service Units:	Service Units:	Service Units:
Fiscal Year	City Population	Police / Fire No. of Service Calls	Libraries / Parks / Cemeteries Maintained	Miles of Road Maintained	No. of Students	Hours of Ice Time Rented
2006	23,602	29,536 / 4,306	1 / 16 / 18	223	3,399	1,026
2007	23,602	28,741 / 4,222	1 / 16 / 18	223	3,497	991
2008	23,602	28,960 / 4,137	1 / 19 / 16	226	3,534	915
2009	23,602	24,282 / 3,877	1 / 19 / 16	226	3,534	1,540
2010	23,055	22,186 / 3,196	1 / 19 / 16	225	3,568	2,121
2011	23,055	23,924 / 3,365	1 / 19 / 16	225	3,634	1,684
2012	23,055	26,195 / 3,545	1 / 19 / 17	237	3,650	1,798
2013	23,055	24,110 / 3,560	1 / 19 / 17	237	3,744	1,798
2014	23,055	26,626 / 3,535	1 / 19 / 17	237	3,623	1,832
2015	23,055	29,428 / 4,232	1 / 19 / 17	237	3,610	2,996

Source: Various City departments

Table 17

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

Fiscal Year	General Government	Public Safety	Health, Welfare & Recreation	Public Works	Education	Proprietary Funds
2006	24,467,276	1,909,891	3,246,882	40,030,178	25,991,089	397,740
2007	24,988,416	2,101,812	3,215,236	43,740,199	25,991,089	416,684
2008	24,228,799	2,469,571	3,731,189	51,477,507	26,525,978	416,684
2009	23,607,655	2,203,282	3,655,392	57,109,583	27,619,073	1,033,634
2010	28,824,479	2,109,338	8,982,225	51,600,320	27,133,850	928,388
2011	30,016,043	1,954,048	8,743,446	49,696,710	27,098,225	829,059
2012	33,680,128	1,844,090	8,507,608	47,535,463	27,830,918	729,731
2013	34,145,986	2,020,995	6,001,834	46,166,780	27,536,761	630,402
2014	33,187,095	2,127,366	8,218,454	49,059,634	29,297,857	548,461
2015	36,193,952	3,159,103	8,317,649	47,296,047	30,276,435	493,154

Source: Various City departments

CITY OF AUBURN, MAINE

**Reports Required by *Government Auditing
Standards* and OMB Circular A-133**

**For the Year Ended
June 30, 2015**

CITY OF AUBURN, MAINE
Reports Required by *Government Auditing Standards*
and OMB Circular A-133
For the Year Ended June 30, 2015

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the City Council and School Committee
City of Auburn, Maine

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Auburn, Maine, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Auburn, Maine's basic financial statements, and have issued our report thereon dated December 14, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Auburn, Maine's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Auburn, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Auburn, Maine's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*, CONTINUED**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Auburn, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Auburn, Maine in a separate letter dated December 14, 2015.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



December 14, 2015
South Portland, Maine

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the City Council and School Committee
City of Auburn, Maine

Report on Compliance for Each Major Federal Program

We have audited the City of Auburn, Maine's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Auburn, Maine's major federal programs for the year ended June 30, 2015. The City of Auburn, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Auburn, Maine's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Auburn, Maine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Auburn, Maine's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Auburn, Maine, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133, CONTINUED

Report on Internal Control over Compliance

Management of the City of Auburn, Maine, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Auburn, Maine's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the City of Auburn, Maine's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Auburn, Maine's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133, CONTINUED

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Auburn, Maine, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Auburn, Maine's basic financial statements. We issued our report thereon dated December 14, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



December 14, 2015
South Portland, Maine

CITY OF AUBURN, MAINE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA number	Pass-through number	Program or award amount	Balance at June 30, 2014	Revenue		Expenditures		Balance at June 30, 2015
					Federal	Other	Federal	Other	
U.S. Department of Education,									
Passed through Maine Department of Education:									
Adult Basic Education	84.002	6296	\$ 23,187	-	21,825	-	21,825	-	-
Title IA	84.010	3107	1,004,916	-	1,153,650	-	1,153,650	-	-
Title 1A - Program Improvement	84.010	3106	30,000	56	42,198	-	42,327	-	(73)
Local Entitlement	84.027	3046	1,086,068	-	1,167,532	-	1,167,532	-	-
PreSchool Part B Section 619	84.173	6247	12,652	-	12,652	-	12,652	-	-
Twenty-First Century Community Learning Centers	84.287	3356	390,000	-	390,000	-	390,000	-	-
Title III - Language acquisition	84.365	3115	23,580	-	21,580	-	21,580	-	-
Title IIA - Improving Teacher	84.367	3042	187,733	-	197,606	-	197,606	-	-
Passed through the University of Maine:									
Reading Recovery	84.369	N/A	1,850	309	-	-	309	-	-
Passed through Maine Department of Substance Abuse:									
Drug Free Communities	84.186	N/A	4,815	3,182	-	-	-	-	3,182
Total U.S. Department of Education				3,547	3,007,043	-	3,007,481	-	3,109
U.S. Department of Health and Human Services,									
Passed through Maine Department of Education:									
Refugee Resettlement	93.576	3120	9,585	3,820	1,185	-	5,005	-	-
SIRP	93.959	6401	5,125	-	4,940	-	4,940	-	-
Total U.S. Department of Health and Human Services				3,820	6,125	-	9,945	-	-
U.S. Department of Homeland Security,									
Passed through Maine Emergency Management Agency:									
Homeland Security - 2011 Metro	97.067	N/A	130,890	-	-	-	23,504	-	(23,504)
Homeland Security - 2012 Metro	97.067	N/A	61,914	8,019	24	-	4,011	-	4,032
Homeland Security - 2013 Metro	97.067	N/A	94,311	16,540	94,311	-	75,679	-	35,172
Homeland Security - 2014 Metro	97.067	N/A	102,245	-	-	-	4,820	-	(4,820)
Passed through Federal Emergency Management Agency:									
Assistance to Firefighters Grant	97.044	N/A	86,074	(10,509)	9,504	-	-	-	(1,005)
Total U.S. Department of Homeland Security				14,050	103,839	-	108,014	-	9,875
U.S. Department of Defense:									
Direct:									
Community Economic Adjustment Planning Assistance	12.610	N/A	149,998	(16,649)	16,649	-	-	-	-
U.S. Department of Commerce:									
Direct:									
National Telecommunications and Information Administration	11.558	N/A	5,000	-	5,000	-	5,000	-	-

CITY OF AUBURN, MAINE
Schedule of Expenditures of Federal Awards, Continued

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA number	Pass- through number	Program or award amount	Balance at June 30, 2014	Revenue Recognized		Expenditures Recognized		Balance at June 30, 2015
					Federal	Other	Federal	Other	
U.S. Department of Housing and Urban Development:									
Direct programs:									
Community Development Block Grant - Entitlement	14.218	N/A	\$ 530,912	-	619,692	-	515,219	-	104,473
Home Investment Partnership Program	14.239	N/A	364,163	-	91,591	-	176,517	-	(84,926)
Passed through the City of Lewiston, Maine:									
Lead-Based Paint Hazard Control	14.907	N/A	919,745	7,046	-	-	-	-	7,046
Total U.S. Department of Housing and Urban Development				7,046	711,283	-	691,736	-	26,593
U.S. Department of Justice:									
Direct:									
Bullet Proof Vest	16.607	N/A	21,124	-	15,786	-	578	-	15,208
COPS Hiring Recovery Program	16.710	N/A	250,000	(2,410)	80,125	-	72,983	-	4,732
COPSAP	16.803	N/A	269,205	51,205	-	-	32,152	-	19,053
Equitable Sharing Program	16.922	N/A	45,000	56,335	70,878	-	45,000	-	82,213
2010 Edward Byrne Justice Assistance Grant	16.804	N/A	18,295	3,709	-	-	-	-	3,709
2011 Edward Byrne Justice Assistance Grant	16.804	N/A	16,309	4	-	-	-	-	4
2012 Edward Byrne Justice Assistance Grant	16.804	N/A	15,307	100	-	-	-	-	100
2013 Edward Byrne Justice Assistance Grant	16.804	N/A	14,582	446	5,390	-	5,836	-	-
2014 Edward Byrne Justice Assistance Grant	16.804	N/A	16,392	-	12,028	-	12,028	-	-
Passed through the Maine Department of Health and Human Services:									
Enforcing Underage Drinking Laws	16.727	N/A	4,250	-	585	-	-	-	585
Total U.S. Department of Justice				109,389	184,792	-	168,577	-	125,604
U.S. Department of Transportation,									
Passed through the Maine Department of Transportation:									
Highway Planning and Construction - South Maine Street	20.205	N/A	2,067,905	(189,475)	361,626	-	428,945	-	(256,794)
Highway Planning and Construction - Park Avenue Trail	20.205	N/A	711,360	(93,390)	-	-	-	-	(93,390)
Highway Planning and Construction - Park Avenue Reconstruction	20.205	N/A	640,000	(333,021)	351,824	-	385,256	-	(366,453)
Highway Planning and Construction - Riverside Drive	20.205	N/A	220,000	(8,822)	56,575	-	68,696	-	(20,943)
Highway Planning and Construction - Court St Slip Lane	20.205	N/A	160,000	(12,186)	-	-	15,678	-	(27,864)
Highway Planning and Construction - Helm Bridge	20.205	N/A	337,500	59,129	-	-	18,906	-	40,223
Highway Planning and Construction - Route 4	20.205	N/A	400,000	-	417,905	-	497,369	-	(79,464)
Highway Planning and Construction - Minot Ave Bin Wall	20.205	N/A	556,000	(11,542)	-	-	27,977	-	(39,519)
Highway Planning and Construction - Turner Street Sidewalk	20.205	N/A	69,327	-	52,163	-	54,459	-	(2,296)
Highway Planning and Construction - Park Avenue Phase 2	20.205	N/A	1,048,000	-	827,662	-	868,471	-	(40,809)
Passed through the Maine Bureau of Highway Safety:									
2013 DriveSober, Maine! Impaired Driving	20.600	N/A	9,862	1,499	-	-	1,499	-	-
2014 DriveSober, Maine! Impaired Driving	20.600	N/A	10,000	-	4,336	-	4,336	-	-
2015 Evidence Based Impaired Driving	20.600	N/A	20,000	-	7,750	-	3,546	-	4,204
2013 CIOT Buckle-up No Excuses	20.600	N/A	3,000	448	-	-	-	-	448
2015 CIOT Buckle-up No Excuses	20.600	N/A	4,000	-	4,000	-	3,381	-	619
2014 Speed Enforcement Program	20.600	N/A	10,000	1,808	4,250	-	7,680	-	(1,622)
2015 Speed Enforcement Program	20.600	N/A	20,000	-	5,724	-	1,368	-	4,356
Total U.S. Department of Transportation				(585,552)	2,093,815	-	2,387,567	-	(879,304)
U.S. Department of Agriculture,									
Passed through the Maine Department of Education:									
National School Lunch Program	10.555	3024	N/A	277,423	801,808	197,005	801,808	173,187	301,241
Food Donation Program	10.555	3024	N/A	-	50,624	-	50,624	-	-
School Breakfast Program	10.553	3014	N/A	-	233,679	-	233,679	-	-
Summer Food Service Program	10.559	3016	N/A	-	72,384	-	72,384	-	-
Fresh Fruit and Vegetable Program	10.582	3028	N/A	-	58,914	-	58,914	-	-
Total U.S. Department of Agriculture				277,423	1,217,409	197,005	1,217,409	173,187	301,241
Totals			\$	(186,926)	7,345,955	197,005	7,595,729	173,187	(412,882)

See accompanying notes to schedule of expenditures of federal awards.

CITY OF AUBURN, MAINE
Notes to Schedule of Expenditures of Federal Awards
June 30, 2015

PURPOSE OF THE SCHEDULE

Office of Management and Budget (OMB) Circular A-133 requires a Schedule of Expenditures of Federal Awards showing total expenditures for each federal award program as identified in the Catalog of Federal Domestic Assistance (CFDA).

SIGNIFICANT ACCOUNTING POLICIES

- A. Reporting Entity - The accompanying schedule includes all federal award programs of the City of Auburn, Maine for the fiscal year ended June 30, 2015. The reporting entity is defined in Notes to Basic Financial Statements of the City of Auburn, Maine.

- B. Basis of Presentation - The information in the accompanying Schedule of Expenditures of Federal Awards is presented in accordance with OMB Circular A-133.
 - 1. Pursuant to OMB Circular A-133, federal awards are defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations.

 - 2. Major Programs - OMB Circular A-133 establishes the levels of expenditures or expenses to be used in defining major federal financial award programs. Major programs for the City of Auburn, Maine have been identified in the attached Schedule of Findings and Questioned Costs - Summary of Auditor's Results.

- C. Basis of Accounting - The information presented in the Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting, which is consistent with the reporting in the City's fund financial statements.

CITY OF AUBURN, MAINE
Schedule of Findings and Questioned Costs
June 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards

Internal Control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>20.205</u>	<u>Highway Planning and Construction</u>

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

CITY OF AUBURN, MAINE
Schedule of Findings and Questioned Costs, Continued

Section II - Findings Required to be Reported Under *Government Auditing Standards*

None

CITY OF AUBURN, MAINE
Schedule of Findings and Questioned Costs, Continued

Section III - Findings and Questioned Costs for Federal Awards

None

CITY OF AUBURN, MAINE
Schedule of Findings and Questioned Costs, Continued

Section IV - Summary Schedule of Prior Year Audit Findings for Federal Awards

None

December 14, 2015

To the Management of the
City of Auburn, Maine:

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Auburn, Maine as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the City of Auburn, Maine's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Auburn, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Auburn, Maine's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

During our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The attached schedule summarizes our comments and suggestions regarding these matters. This letter does not affect our report dated December 14, 2015 on the financial statements of the City of Auburn, Maine.

The City of Auburn, Maine's responses to the other comments identified in our audit are described in the accompanying schedule of comments and responses. The City of Auburn, Maine's responses were not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

We wish to express our appreciation for the cooperation and assistance we received from the officials and employees of the City of Auburn, Maine, including the Department of Education, during the course of our engagement. We will review the status of these comments during our next audit engagement. We have already discussed these comments with various City and School personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, the Audit Committee, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink that reads "Remya Kristen Ouellette". The signature is written in a cursive style with a large initial 'R'.

CITY OF AUBURN, MAINE
Schedule of Comments and Responses
June 30, 2015

OTHER COMMENTS

Segregation of Duties - Recreation

During our testing of Recreation Department cash receipts, we found a lack of segregation of duties in the receiving, depositing, and recording of cash receipts. To provide effective control, it would be necessary to separate these duties. At the present time, the cashier's duties include all of these functions to some degree. The City's management has informed us that it would not be practicable to separate each of these duties. We advise the City to at least implement some controls over cash receipts, such as preparing a list of remittances received at the time mail is opened; using prenumbered receipts; and reconciling cash registers to the register tape; all done by an employee other than the employee preparing the deposit.

Management's response/corrective action plan: This will be implemented in FY 16 year.

Tax Increment Financing District Agreements

During our review of the City's Tax Increment Financing (TIF) agreements, we noted that most amounts recorded in the TIF fund only account for the debt service or credit enhancement agreement portion of the TIF's. The remaining captured amounts, to be spent by the City on specific items (depending on the TIF) are recorded and spent in the General Fund. In order to ensure compliance with the City's TIF agreements, we recommend that the entire captured amount be transferred to the TIF fund and expended from that fund in its entirety. Additionally, we noted that there are five TIF funds with deficit fund balances. We recommend the City review all TIF funds and determine if future captured amounts will cover the deficits or if alternative revenues, such as transfers from the General Fund, will be needed to cover the deficits.

Management's response/corrective action plan: The Finance Director will review all TIFs and make any corrections needed to correct any deficit balances. During the FY 17 budget process, the City will correct the way the TIF dollars are budgeted and accounted for to comply with the auditors recommendations.

CITY OF AUBURN, MAINE
Schedule of Comments and Responses, Continued

OTHER COMMENTS, CONTINUED

Highway Planning and Construction Drawdowns

During our testing of the Highway Planning and Construction grants, we determined that drawdowns are not completed in a timely manner. To avoid the use of General Fund cash for extended periods of time, it is an important aspect of cash management to recover expended funds in a timely manner. We recommend that drawdowns be completed monthly, or as expended, to ensure expended funds are replenished in a timely manner. We also noted that multiple individuals are completing reimbursement requests with minimal communication. This practice could lead to the City erroneously being over-reimbursed. We recommend one employee be designated as responsible for Highway Planning and Construction grant reimbursements. Finally, we noted that revenue is recorded only after receipt of the reimbursement. As such, the City may have difficulty tracking outstanding reimbursements. We suggest recognizing an accounts receivable in the accounting system once the reimbursement has been submitted to the State.

Management's response/corrective action plan: Immediately after this was brought to our attention, we met with the City Engineer to discuss this. The Engineer must sign off on all drawdowns. The drawdowns are prepared by the Finance Department, signed off by the City Engineer and returned to Finance to send to DOT. We are currently recording these as accounts receivable when the drawdowns are completed and mailed out to the State.

Use of Department of Education's Employer Identification Number

During the current year, several cash accounts with the Department of Education's Employer Identification Number have come to light through inquiry of local banks. These accounts (held by PTO's or similar organizations) were previously unknown to School officials and their activity has not been included in the School's accounting records. These accounts should come under the control of the Department of Education, including oversight of account activity and bank statement reconciliation. If the account is to be controlled by the various groups, the groups should apply for their own employer identification numbers and the account's activity should be excluded from the Department of Education's accounting records.

Management's response/corrective action plan: Per our discussion with the auditors, and upon knowledge that the use of the Department of Education's Employer Identification Number was used through a local bank account by one of the School's PTO, we did meet with the PTO officers. The PTO officers were made aware of the importance for their organization to secure its own Tax ID Number and to open a savings/checking account under the newly recognized Tax ID Number. The PTO officers agreed that they will close out the old bank account and establish a new checking/savings account without the use of the Department of Education's Employer Identification Number. We expect this to occur within the next several months.

Person responsible for corrective action of School comments:

*Denise Johnson, Business Office Supervisor, Auburn School Department
Phone: (207) 784-6431, ext. 1425*

Anticipated completion date:

Corrective action will be complete within 12 months.

Person responsible for corrective action of City comments:

Jill Eastman, Finance Director, (207) 333-6600

Anticipated completion date:

Corrective action will be complete within 12 months.

December 14, 2015

To The Audit Committee
City of Auburn, Maine

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Auburn, Maine for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated June 1, 2015 and in our meeting with the Audit Committee on June 8, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards, *Government Auditing Standards*, and OMB Circular A-133

As stated in our engagement letter dated June 1, 2015, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the City of Auburn, Maine's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the City of Auburn, Maine's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the City of Auburn, Maine's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the City of Auburn, Maine's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the City of Auburn, Maine's compliance with those requirements.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Auburn, Maine are described in the notes to the financial statements. As described in the notes to the financial statements, the City of Auburn, Maine changed accounting policies related to the reporting of pension liabilities by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, in 2015. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Net Position. No other new accounting policies were adopted and the application of existing policies was not changed during 2015. We noted no transactions entered into by the City of Auburn, Maine during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were:

- Management's estimate of depreciation expense, which is based on the estimated useful lives of capital assets and historical cost.
- Management's estimate of the allowance for CDBG loan receivables and EMS transport receivables, which are based on historical collection rates.
- Management's estimate of the other post employment benefits liability, which is based on actuarial calculations.
- Management's estimate of the landfill postclosure care liability, which is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2015.
- Management's estimate of the net pension liability, including the related deferred inflows and outflows of resources, which are based on actuarial calculations.

We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. See the attached "Adjusting Journal Entries" report of misstatements detected as a result of audit procedures that were corrected by management. In addition, the attached schedule entitled "Passed Adjusting Journal Entries" summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the attached management representation letter dated December 14, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves application of an accounting principle to the City of Auburn, Maine's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City of Auburn, Maine's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, the schedule of funding progress for retiree healthcare plan and City pension plan, the schedule of City's proportionate share of the net pension liability, and the schedule of City contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Audit Committee

Page 4

We were engaged to report on the schedule of expenditures of federal awards and the combining and individual fund financial statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on introductory material or statistical data, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

This information is intended solely for the use of the City Council, School Committee, Audit Committee and management of the City of Auburn, Maine and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Remya Hudson Ouellette". The signature is written in a cursive, flowing style.

City of Auburn
Adjusting Journal Entries
6/30/2015

	Account Number	Account	Debit	Credit
1)	2020-0000-0000-00000-011553	Grant Receivable - NSP	98.09	
	2020-0090-0015-00029-429012-HL002	Home Rehab Income	1,848.69	
	2020-0000-0000-00000-011552	Grant Receivable - HOME		1,946.78
	<i>To bring accounts to actual for prior year variances</i>			
2)	2020-0000-0000-00000-011513	Loans Rec - CDBG - Home Rental	690,000.00	
	2020-0000-0000-00000-011520	Loans Rec - CDBG - Home Forgivable	21,000.00	
	2020-0000-0000-00000-011525	Loans Rec - CDBG - Maine Cities	49,237.57	
	2020-0000-0000-00000-011535	Loans Rec - CDBG - NSP Neighborhood Stabilization	213,057.01	
	2020-0000-0000-00000-011510	Loans Rec - CDBG - Heat Assistance	79,878.86	
	2020-0000-0000-00000-011514	Loans Rec - CDBG - Home Security Deposit		13,656.10
	2020-0000-0000-00000-024825	Deferred Revenue - Loans Receivable		973,294.58
	2020-0090-0014-00029-429012-CDL06	Heating Assistance Revenue		66,222.76
	<i>To bring on CDBG AR and Deferred Revenue accounts not previously on trial balance and bring other accounts to actual</i>			
3)	6000-0065-0000-00000-017000	Deferred Outflows - Pension	7,584.66	
	6000-0000-0000-00000-037104	FB Unassigned - City	63,005.07	
	6000-0065-0000-00000-026000	Net Pension Liability		70,589.73
	<i>To record prior period adjustment for net pension liability for Norway Savings Arena</i>			
4)	6000-0065-0000-00000-026000	Net Pension Liability	36,727.17	
	6000-0065-0000-00000-017000	Deferred Outflows - Pension	5,516.99	
	6000-0065-0000-00000-025850	Deferred Inflows - Pension		30,321.18
	6000-0065-0000-00061-617050	Pension expense/gain		11,922.98
	<i>To record current year change in net pension liability for Norway Savings Arena</i>			
5)	0215-0000-0000-00000-017000	Deferred Outflows - Pension	6,269.15	
	0215-0000-0000-00000-037106	FB Unassigned School	52,077.31	
	0215-0000-0000-00000-026000	Net Pension Liability		58,346.46
	<i>To record prior period adjustment for net pension liability for School Lunch Program</i>			
6)	0215-0000-0000-00000-026000	Net Pension Liability	30,357.12	
	0215-0000-0000-00000-017000	Deferred Outflows - Pension	4,560.11	
	0215-0000-0000-00000-025850	Deferred Inflows - Pension		25,062.20
	0215-0000-0000-00000-617050	Pension Expense/Gain		9,855.03
	<i>To record current year change in net pension liability for School Lunch Program</i>			
7)	3000-2014-0000-00065-658002	PS - Energy Efficiency Upgrades	54,719.05	
	3000-2014-0000-00065-658003	Professional Services	25,005.73	
	3000-0000-0000-00000-024210	Accounts Payable		79,724.78

**Auburn School Department
Adjusting Journal Entries
6/30/2015**

	Account Number	Account	Debit	Credit
1)	6000-0000-0000-41901-000-00-00-00	Miscellaneous Income - Lunch Program	20,900.04	
	6000-0000-0000-45304-000-00-00-60	Central Lunch Program - Sales		6,102.46
	6000-0000-0000-12200-000-00-00-00	Accounts Receivable		14,797.58
	<i>To clear out old balance from school lunch AR.</i>			
2)	6000-0000-0000-37300-000-00-00-00	Undesignated Fund Balance	6,477.50	
	6000-0000-0000-24300-000-00-00-00	Accrued Compensated Absences		6,477.50
	<i>To record compensated absences from prior year that were reflected correctly on the FS but not recorded in accounting software.</i>			
3)	6000-0000-0000-12410-000-00-00-00	Capital Assets - Central Lunch	9,395.00	
	6000-0000-3140-56027-900-60-00-60	C.L. (Lunch) Maint. - Misc.		9,395.00
	<i>To capitalize freezer for School Lunch found during repairs and maintenance search.</i>			
4)	6000-0000-3140-56300-900-60-00-60	C.L. (Lunch) - Food	3,449.90	
	6000-0000-0000-11710-000-00-00-00	Inventory - Central Lunch		3,449.90
	<i>To bring inventory balance to actual at year-end.</i>			
5)	2000-0000-0000-12200-000-00-00-00	Accounts Receivable	263,311.43	
	2000-0000-0000-44517-000-00-00-00	Title 1a Revenue		165,088.93
	2000-0000-0000-44562-000-00-00-00	Local Entitlement Revenue		93,542.59
	2000-0000-0000-44512-000-00-00-00	Title III ESL Revenue		4,679.91
	<i>To record receivables for expenditures exceeding revenues in federal grant funds.</i>			
6)	6000-0000-3140-57900-900-60-00-60	Depreciation Expense - Central Lunch	10,075.52	
	6000-0000-0000-12420-000-00-00-00	Accumulated Depreciation - Capital Asset		10,075.52
	<i>To record current year depreciation.</i>			
7)	6000-0000-0000-24300-000-00-00-00	Accrued Compensated Absences	126.78	
	6000-0000-3100-52480-900-60-00-60	C.L. Food Service Wkr - Retirement		126.78
	<i>To record current year change in accrued compensated absences.</i>			
8)	6000-0000-0000-15000-000-00-00-00	Deferred Outflow - Pension	6,269.15	
	6000-0000-0000-37300-000-00-00-00	Undesignated Fund Balance	52,077.31	
	6000-0000-0000-26500-000-00-00-00	Net Pension Liability		58,346.46
	<i>To record prior period adjustment for the net pension liability for School Lunch.</i>			
9)	6000-0000-0000-26500-000-00-00-00	Net Pension Liability	30,357.12	
	6000-0000-0000-15000-000-00-00-00	Deferred Outflow - Pension	4,560.11	
	6000-0000-0000-26000-000-00-00-00	Deferred Inflow - Pension		25,062.20
	6000-0000-3140-59000-900-60-00-60	Pension Expense/Gain		9,855.03
	<i>To record current year adjustment for the net pension liability for School Lunch.</i>			
10)	4000-0000-0000-23000-000-00-00-00	Accrued Liability	645,040.19	
	4000-0000-2680-57340-300-13-00-00	Technology Related Hardware - ELHS	16,015.56	
	4000-0000-2660-57340-050-11-00-26	Equipment/Security - Walton		57,739.00
	4000-0000-2660-57340-300-13-00-26	Equipment/Security-ELHS		31,092.00
	4000-0000-2660-57340-310-12-00-26	Equipment/Security - Franklin		32,346.00
	4000-0000-2660-57340-920-29-00-26	Equipment/Security - Support Services		5,000.00
	4000-0000-2660-57340-920-29-00-26	Equipment/Security - Support Services		50,501.00
	4000-0000-2660-57340-940-65-00-26	Equipment/Security - RETC		49,779.00
	4000-0000-2690-54500-010-01-00-26	Construction Services - East Auburn		92,950.00
	4000-0000-2690-54500-070-10-00-26	Construction Services - AMS		86,418.75
	4000-0000-2690-54500-300-13-00-13	Construction Services-EL		190,430.00
	4000-0000-2690-54500-940-65-00-65	Construction Services: RETC		62,800.00
	4000-0000-2690-57335-060-07-00-00	Furniture & Fixtures Fairview		2,000.00
	<i>To bring accounts payable for capital projects to actual.</i>			
11)	6000-0000-3110-56300-900-60-00-60	C.L. - Summer Work - Food	8,507.74	
	6000-0000-3140-56300-900-60-00-60	C. L. (Lunch) Food	20,354.83	
	6000-0000-0000-24210-000-00-00-00	Accounts Payable		28,862.57
	<i>To bring accounts payable for School Lunch to actual.</i>			

**Auburn School Department
Passed Adjusting Journal Entries
6/30/2015**

Account Number	Account	Debit	Credit
1) 6000-0000-0000-12200-000-00-00-00	Accounts Receivable	3,730.67	
6000-0000-3140-56300-900-60-00-60	C.L. (Lunch) - Food		3,730.67
<i>To record AR for negative lunch balances</i>			
2) 2000-0000-0000-24210-000-00-00-00	Accounts Payable	4,452.76	
2000-1100-1000-55800-950-00-00-44	Title III Travel - mileage, meals, lodging		2,967.76
2000-1100-1000-58100-950-00-00-44	Title III Dues & Fees		1,485.00
<i>To bring accounts payable to actual</i>			
3) 2400-0000-0000-24210-000-00-00-00	Accounts Payable	2,931.72	
2400-0000-0000-58913-950-00-00-46	Daycare - Field Trips - Summer		750.00
2400-1200-2100-56100-300-13-00-13	MELMAC -Consumables Instructional Suppl.		1,189.62
2400-0000-0000-56000-900-00-00-53	Lowe's Learning Grant Supplies		992.10
<i>To bring accounts payable to actual</i>			
4) 7000-0000-0000-24210-000-00-00-00	Accounts Payable	19,286.40	
7000-0000-2520-56031-900-00-00-31	General Bid Supplies - Warehousing		19,286.40
<i>To bring accounts payable to actual</i>			

City of Auburn, Maine

"Maine's City of Opportunity"

Finance Department

December 14, 2015

Runyon Kersteen Ouellette
20 Long Creek Drive
South Portland, Maine 04106



This representation letter is provided in connection with your audit of the financial statements of the City of Auburn, Maine, which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of December 14, 2015 the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 1, 2015, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.

- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.
- 9) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the accounts.
- 10) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 11) Guarantees, whether written or oral, under which the City is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 12) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the City Council and School Committee or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 13) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
- 14) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 15) We have no knowledge of any fraud or suspected fraud that affects the City and involves:
 - Management
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 16) We have no knowledge of any allegations of fraud or suspected fraud affecting the City's financial statements communicated by employees, former employees, analysts, regulators, or others.

- 17) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 18) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 19) We have disclosed to you the identity of the City's related parties and all the related party relationships and transactions of which we are aware.

Government - specific

- 20) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 21) We have a process to track the status of audit findings and recommendations.
- 22) We have identified to you any previous audits, attestation engagements, or other studies related to the audit objectives and whether related recommendations have been implemented.
- 23) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 24) The City has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 25) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 26) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 27) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 28) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.


- 29) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting noncompliance.
- 30) As part of your audit, you assisted with preparation of the School Department financial statements and related notes and the schedule of expenditures of federal awards. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.
- 31) The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 32) The City has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 33) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 34) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 35) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 36) Components of net position (net investment in capital assets; restricted; and unrestricted), and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 37) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 38) Provisions for uncollectible receivables have been properly identified and recorded.
- 39) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 40) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

- 41) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 42) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 43) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and if applicable, depreciated.
- 44) We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 45) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 46) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 47) With respect to the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards :
 - a) We acknowledge our responsibility for presenting the supplementary information listed above in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information listed above have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the supplementary information listed above is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
- 48) With respect to federal award programs:
 - a) We are responsible for understanding and complying with and have complied with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, including requirements relating to preparation of the schedule of expenditures of federal awards.

- b) We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) in accordance with the requirements of OMB Circular A-133 §310.b. and we believe the SEFA, including its form and content, is fairly presented in accordance with the Circular. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFA.
- c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the supplementary information and the auditor's report thereon.
- d) We have identified and disclosed to you all of our government programs and related activities subject to OMB Circular A-133 and have included in the SEFA expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e) We are responsible for understanding and complying with, and have complied with, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major federal program.
- f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- g) We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- h) We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Circular A-133 Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material requirements of federal awards.

- j) We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB Circular A-87, *Cost Principles for State, Local, and Tribal Governments*, and OMB's *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*.
- m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the date as of which compliance was audited.
- r) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- t) We have charged costs to federal awards in accordance with applicable cost principles.
- u) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by OMB Circular A-133 and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.

- v) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by OMB Circular A-133.
- w) We are responsible for preparing and implementing a corrective action plan for each audit finding.



Signed

12/14/15

Date



City Council Information Sheet

City of Auburn

Council Workshop or Meeting Date: 28 Jan 16

Author: John Holden

Subject: LAEGC Progress Report on Scope of Services

Information:

LAEGC is required to provide a Progress Report on our Scope of Services with the City of Auburn and Lewiston every year. Jointly with LAEGC, the Cities of Auburn and Lewiston signed a Memorandum of Understanding and “Scope of Services” in June 2014. That MOU and the Scope of Services clarifies and defines LAEGC’s role and services to each City. I consider the Scope of Services as a “contract” between LAEGC and the Cities and have, since taking on my role in January, 2015, worked to fulfill that contract.

Please see attached memorandum and progress report

Advantages: Informing the City Councils on LAEGC’s status on the scope of services that will expire 30 June 2016.

Disadvantages: None-

City Budgetary Impacts: Annual appropriation is \$160,000

Staff Recommended Action: Allow the presentation to be conducted and ask questions on each task that is identified as a deliverable.

Previous Meetings and History: October 2015 with past City Council

Attachments:

Cover Letter Memorandum
Signed agreement- March 2014
LAEGC Scope of Service Report
Final Report- Economic Development Services Report



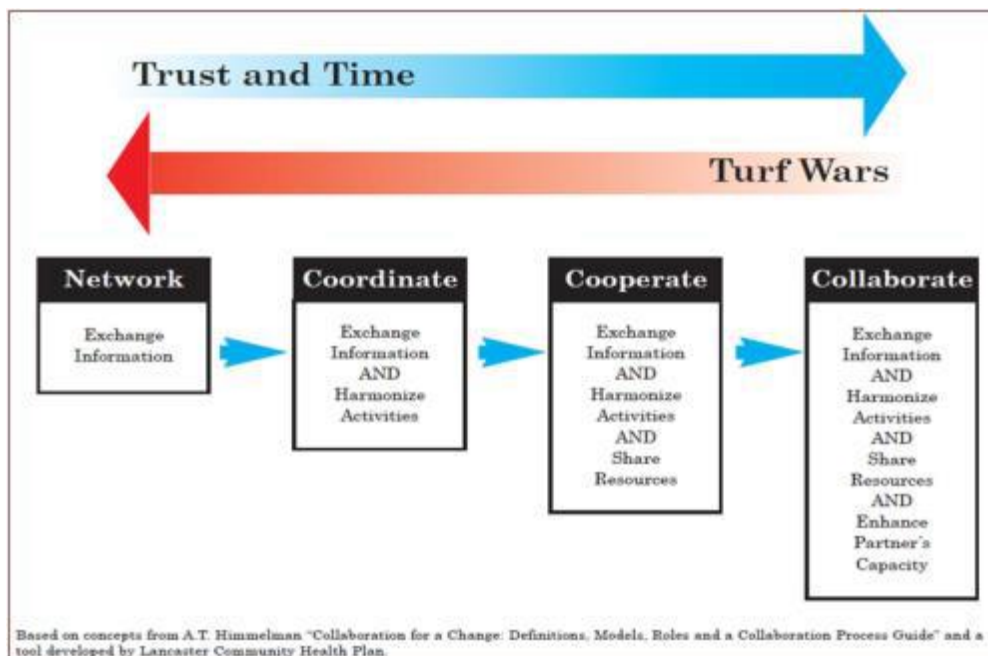
Memo

To: City Council, Lewiston & Auburn; LAEGC Board of Directors
From: John Holden, President
Re: Cover Memo; LAEGC Progress Report, December 2015
Date: January 25, 2016

This memo summarizes LAEGC's Progress Report on our Scope of Services with the City of Auburn and Lewiston. Jointly with LAEGC, the Cities of Auburn and Lewiston signed a Memorandum of Understanding and "Scope of Services" in June 2014. That MOU and the Scope of Services clarifies and defines LAEGC's role and services to each City. I consider the Scope of Services as a "contract" between LAEGC and the Cities and have, since taking on my role in January, 2015, worked to fulfill that contract.

First, allow me to share a critical component of the Scope of Services and comment on my effort and commitment to address that component. Secondly, I briefly summarize our progress on the priorities and programmatic tasks and activities. A more detailed, point-by-point progress report is attached.

"Throughout the process of developing a scope of services, much discussion focused on collaboration. The Advisory Group felt it important to understand what is meant by collaboration. Through the LAEGC, the Cities seek to approach and deliver economic development collaboratively, though networking, coordination, and cooperation. All are needed to build and implement a collaborative approach. The following graphic helps demonstrate the model (page 1, Scope of Services):"





Over the past year, LAEGC has worked hard to gain the trust of the cities, their elected officials and their professional staff, through the work we are doing for and with them. Coordination, communication and collaboration are not just buzzwords for me or my staff; it's how we do our work. As an organization, we are much more engaged and thus more able to adapt to new opportunities and challenges. We're making immediate impacts and we are dedicated to the long-term. Finally, we have made, and will continue to make, internal procedural and operational changes to become more efficient and effective.

The Scope of Services identifies a number of Priority Items (as Priority I or II):

- Level I Priority: Hire new President - *Completed January 1, 2015*
- Level I Priority: Economic Development Strategy (EDS) - *Completed in October, 2015*. LAEGC will continue to engage community groups and provide leadership for the implementation of the Strategy.
- Level I Priority: Organization Plan, including staffing, management, financing, and communications - *New staff have been hired in 2015*. LAEGC continues to improve its finances, identify other sources of revenue, and expand and enhance its communications, including a request to attend City Council meetings quarterly.
- Level II Priority: Hiring of additional staff to carry out work and organizational plan - *New staff have been hired and reorganized to carry out work*. Additional staff may be required as LAEGC continues to reorganize; these and other issues will be considered in the 3-year operating budget to be presented in March, 2016.
- Level II Priority: Marketing plan - *Under development*; will be presented in March, 2016.
- Level II Priority: Business visitation program - *Launched in January, 2016* and is currently underway.
- Level II Priority: 3-year operating budget - *Under development*; will be presented as part of the Marketing Plan in March, 2016. Furthermore, as per the Scope of Services (page 3), LAEGC has and is developing a "financing plan" that includes increased funding from "non-property tax revenues."

The Scope of Services outlines services by "Service Area" and defines "Functions\Services," "Anticipated Activities," and "Tasks\Projects". The following summarizes our progress and the attached provides more detail per each Service Area.

1. Economic Development Strategy

LAEGC engaged in a comprehensive community engagement to prepare the Strategy, delivered in October, 2015. Early on we decided that the Strategy should be an ongoing community engagement and that we deliver planning, not a plan. The plan will be continually reviewed, updated, and implemented as a way to become more adaptive to a rapidly changing world.



2. Joint Economic Development Coordination
 LAEGC has built new professional relations and trust with City staff and will continue to work to add value to their efforts. We are currently reviewing and developing recommendations on the “economic development protocol” and “joint TIF policy”—with guidance from city staff.

3. Marketing & Promotion
 LAEGC has improved its community engagement and social media presence and other marketing. As noted, in March 2016 we will present a three-year marketing plan, focused on business development. In 2015, LAEGC improved the marketing and value of its Trade Show and organized and hosted two additional events to promote the cities and economic development (Developer Boot Camp & Create). LAEGC proposes to refine and update our “annual dinner” and city economic development awards, with approval and input from the cities.

4. Business Development; Retention, Expansion, and Attraction
 From ‘Day 1’ in 2015, LAEGC has been visiting existing businesses in coordination with City staff and other officials and have now developed a systematic visitation program. We also propose to help build an entrepreneurial “creative” community as one component of business development. LAEGC has marketed the community for new business and as a result of those efforts is working with two out-of-state businesses at this time, and others in coordination with Maine & Company and others.

5. Targeted Growth Opportunities
 As part of the Strategy (Service Area 1), we engaged existing business and site consultants to identify targeted sectors for growth. We will continue to revise and update those as we learn more about our own business community and as we implement our marketing plan.

6. Project Finance and Portfolio Management:
 LAEGC’s loan portfolio has expanded and we have secured access to additional capital. We have offered to review in more detail existing CDBG and TIF programs and offer recommendations on new or revised city loan or grant programs with existing funds.

7. Administration, Advocacy, Government
 LAEGC has continued to provide support to city staff, community organizations, and others. At the same time, we have reorganized to become more efficient (as LAEGC has become more engaged with the community through the Strategy, we have folded the good efforts of the Future Forum into our own work and engagement). We will be



considering the current and anticipated staffing level as part of our Marketing Plan and Three-Year Operating Budget, subject to limited city funding.

**AN AGREEMENT TO ESTABLISH AN ECONOMIC DEVELOPMENT SERVICES PLAN
BETWEEN THE CITY OF AUBURN, CITY OF LEWISTON, and the LEWISTON_AUBURN
ECONOMIC GROWTH COUNCIL (LAEGC)**

This Agreement is made and entered into this 12 day of March, 2014 between the City of Auburn, City of Lewiston (collectively the Cities) and the Lewiston Auburn Economic Growth Council (LAEGC) for the purpose of establishing an Economic Development Services Plan (the "Plan") for the continuation of joint economic development services. The Plan inclusive of the will help guide the work of LAEGC and provide a framework for the approach to cooperative economic development that the Cities and LAEGC will employ for the next 2 years.

WHEREAS, the Cities and the LAEGC have historically been the model for successful collaborative economic development; and

WHEREAS, to continue that success, the Cities and the LAEGC must become more adaptive to rapid change; and

WHEREAS, competing globally in an environment of unknowns and limited predictability will require identifying and implementing new models and services; and

WHEREAS, numerous ideas and concepts were vetted over the last year by the parties and various stakeholder groups regarding the appropriate scope of services to guide the operations of LAEGC for future years; and

WHEREAS, those services include

- (1) Developing and Adopting an Economic Development Strategy,
- (2) Facilitating and promoting the Coordination of a Joint Economic Development Approach,
- (3) Developing a Marketing and Promotion Campaign in Collaboration with the Cities and other stakeholders,
- (4) Creating a Business Development Plan that Emphasizes Retention, Expansion and Attraction,
- (5) Helping the Cities identify Targeted Growth Opportunities,
- (6) Operating a Project Financing and Portfolio Management Program, and
- (7) Providing Staff support for the Administration, Advocacy and Governance of the Overall Economic Development Program of the Cities and Local Development Corporations;

WHEREAS, authority to approve collaborative efforts for the Cities must be established in order to fully complete the Plan;

Now, **THEREFORE**, the Cities and the LAEGC agree as follows:

CONDITIONS OF AGREEMENT

ARTICLE 1 - PREAMBLE

As outlined in this Agreement, the sole purpose of the Plan shall be to implement and guide the delivery of the Plan's scope of services and recommendations as prepared by the Joint Economic Services Committee and endorsed by the LAEGC Board of Directors. (SEE ATTACHED)

The Cities of Auburn and Lewiston desire to enter into a memorandum of understanding with LAEGC (Lewiston Auburn Economic Growth Council) for continuation of joint economic development services, and LAEGC agrees to provide those services. This agreement establishes the terms and conditions for the provision of joint services as outlined in the Plan.

The Cities together may, in writing and with the written consent of LAEGC, engage the LAEGC to perform other functions or services. In the event LAEGC is requested to perform additional services by one or both of the Cities, the requesting City or Cities and LAEGC shall agree on reasonable compensation, if required, to LAEGC for such additional services. The Cities each recognize that LAEGC's services performed for Lewiston and Auburn are not exclusive; LAEGC does and may perform other functions on its own behalf and on behalf of others.

Now, therefore in recognition of the foregoing and in consideration of the mutual intent and covenants hereinafter set forth, the parties agree as follows:

Section 1.1 Duties

The Cities hereby enter into this memorandum of understanding with the LAEGC for the continuation of joint economic development services in accordance with and as outlined in the **Economic Development Services Plan for Lewiston-Auburn Economic Growth Council Final Report May 19, 2014**. The LAEGC agrees to well and faithfully serve the Cities in said capacity and, to the best of its ability, to devote its time, attention and energies to the performance of the duties outlined therein.

Section 1.2 Term

The term of this agreement shall be for two (2) years commencing on July 1, 2014 and continuing until June 30, 2016. This term may only be extended by the written agreement of all parties.

LAEGC will assume its duties effective July 1, 2014.

Section 1.3 Compensation

LAEGC will be compensated annually at a rate determined by each City Council. Compensation for FY15 (July 1, 2014 – June 30, 2015) shall be \$160,610 from each City. Compensation for FY16 shall be subject to approval by both Cities. An LAEGC Board approved budget shall be presented to both Cities by 3/15/2015.

Section 1.4 3 Year Budget, Workplan and Contract

The LAEGC Board will present to the Auburn and Lewiston City Councils, no later than March 15, 2016, a strategic 3 year budget, work plan and renewal contract accompanied by a review of the services provided in accordance with this Agreement which identifies positive and negative outcomes and provides recommendations to both City Councils on actions that can be taken to identify and implement new models and services.

Section 1.5 Progress Reports

The Auburn City Manager and Lewiston City Administrator shall conduct a review of the efforts of LAEGC to implement the Plan within thirty (30) days of the first six (6) month anniversary of this agreement and an annual review at the first and second year anniversaries, thereafter. Prior to providing each progress report to the respective City Councils, the reports shall be reviewed with the Board Chair and President of LAEGC who shall be given an opportunity to comment prior to finalizing the reports. The Auburn City Manager and Lewiston City Administrator may, by joint agreement, elect to hold other periodic assessments of progress. The intent of these efforts is to assist in assuring that information on the status of LAEGC's efforts is made available to the Councils on a regular basis.

Section 1.6 Termination and Severance

LAEGC may terminate this agreement upon providing the City of Auburn and City of Lewiston with 30 days written notice, such notice to be provided to the respective City Manager and City Administrator. The City of Auburn and/or the City of Lewiston may terminate this agreement by providing 60 days written notice to LAEGC and the other City, such notice to be provided to the LAEGC President and the City Manager/Administrator. In the event of termination, the amount due to LAEGC from the terminating party or parties shall be prorated based on the percentage of the budget year completed as of the termination date.

Section 1.7 General Provisions

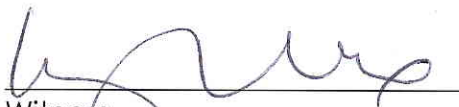
- A. The text herein shall constitute the entire agreement between the parties.
- B. The parties acknowledge and agree that this Agreement was freely negotiated and entered into, and that, in the event of a conflict between the provisions hereof and the provisions of any law or ordinance, the provisions of law or ordinance shall prevail.

C. If any provision, or any portion thereof, contained in this Agreement is held to be unconstitutional, invalid, or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall not be affected and shall remain in full force and effect.

ARTICLE 2- AMENDMENTS

The LAEGC President, Auburn City Manager and Lewiston City Administrator may periodically discuss and propose, individually or in concert, amendments to this agreement. To take effect, such amendments must be approved, in writing, by both City Councils and the Board of the LAEGC.

In witness whereof the parties hereto have caused this Agreement to be executed by their duly authorized representatives this 12 day of March, 2014.



Witness

CITY OF AUBURN



By: Howard Kroll
Its Acting City Manager



Witness

CITY OF LEWISTON



By: Ed Barrett
Its City Administrator



Witness

LAEGC



By: Mark Adams
Its Board Chair



Scope of Services Progress Report December 31, 2015

LAEGC and its Scope of Services

The Cities of Auburn and Lewiston jointly with LAEGC signed a Memorandum of Understanding and “Scope of Services” (attached) in June, 2014. That MOU and attached Scope of Services clarifies and defines LAEGC’s role and services to each City. This is the second Progress Report prepared as per Section 1.5 of that Agreement. The first review was delayed in account of delay in hiring new President to June, 2015. It was agreed, at that initial review, that annual reviews would be in December. A draft of this Report was reviewed, as per Section 1.5, by the Auburn City Manager and Lewiston City Administrator.

This Progress Report follows the Scope of Services outline.

Issues

The following issues were identified as critical to transforming the economic development system in Lewiston Auburn:

- Building capacity for functioning within a system composed of many networks and building leadership capacity for economic and community development among organizations and networks
- Building capacity and resources for business intelligence, working smarter – data, research, digital technologies and information resources
- Incorporating new funding models – and reducing reliance on government entities
- Building capacity for understanding emerging trends and adapting accordingly
- Greater focus on workforce
- Greater focus on place based economic development and including worker and resident recruitment and retention strategies

The design of the *Economic Growth Strategy* (a “Level I Priority” within the Scope of Services) and its presentation is organized to address those issues. Furthermore, LAEGC has and will continue to evolve to meet these issues and implement the *Strategy* within the constraints of its funding. LAEGC has met many of the specific priority points in the Scope of Services as it has reorganized in the past five months. This has included significant transformation in its expertise, staff competencies, and a new model to contract for professional services as needed to meet needs of the Strategy. The Strategy itself,

organized under the themes People, Place, and Prosperity (Expanding, Development, and Attracting Business) focuses attention on workforce and place based economic development.

Priorities

The Scope of Services recognized limited financial and thus professional capacity at LAEGC and thus identified the following priorities. *We offer status and update on each here, in italics.*

Level I Priority Hire New President

Completed, as reported in June, 2015 progress report.

Level I Priority Economic Development Strategy (EDS)

December, 2015 progress report:

Version 1.0 of the Economic Growth Strategy, LA Maine: Forward, was presented to City Councils on October 2, 2015. A primary focus of the Strategy was the need to coordinate, collaborate, and communicate between agencies and organizations working on “economic development” in Lewiston and Auburn. A follow-up meeting with “collaborators” (community, regional, and state organizations name in the Strategy) was held on October 29.

LAEGC has committed to continued leadership and guidance to foster the on-going implementation of the Strategy. To that end, LAEGC will continue to provide new versions of the Strategy on-line for community input. LAEGC will convene community strategy sessions every 9-12 months as a way to foster continued engagement and collaborations. Version 2.0 will be the released as the first on-line version and will reflect the input from the Collaborators meeting and subsequent updates on programs and projects in the Strategy, and clarification of LAEGC role (as requested by Collaborators). It is expected that Version 2.0 will be released on-line by March, 2016.

LAEGC believes that the Strategy is an evolving and emergent document. It is “planning, not a plan.” Continued and ongoing community engagement will be a foundation of LAEGC work.

Level I Priority Organization Plan including staffing, management, financing, and communications

December, 2015 progress report:

Additional internal mechanisms, review processes, and operating procedures have been put in place. Others will be added over 2016.

LAEGC has become an Organizational Partner in the Maine Accelerates Growth (MxG) program. MxG is the evolution of the above referenced BxG. LAEGC’s focus, beyond community strategic development and leadership, is on business development, including entrepreneurial development. This focus area will require continued and expanded collaboration and communication with others in and outside the community. The LAEGC Marketing Plan and Three-Year Operating Budget will reflect this business

development focus and further detail LAEGC's "organizational plan." (See more under Service Area 3. Marketing and Promotion, pages 7-8).

The President has and will continue to update each City Council on a quarterly basis on activities and programs. New staff roles allow for additional communication and coordination around the community, committees, and other programs.

Level II Priority Hiring of additional staff to carry out work and organizational plan

December, 2015 progress report:

As part of its required Marketing Plan and Three-Year Operating Budget (both "Level II Priority," below), LAEGC will propose a funding plan with alternative funding sources and projected future City requests.

LAEGC is currently drafting a joint Marketing Plan and Three-Year Operating Budget (as per Level II Priority Items below) as part of this Scope of Services. Within that Plan and Budget will be proposed funding and staff levels.

Level II Priority Marketing plan

December, 2015 progress report:

A Marketing Plan will be presented together with a Three-Year Operating Budget. At the time of this Update, that Plan and Budget is under development. It will be based upon the community brand under development, the new LAEGC website and a "tweak" of our own brand. The Marketing Plan will be focused on LAEGC's marketing focus—for business development (entrepreneurship, existing business expansion, attracting new business and investment).

The Marketing Plan and Three-Year Operating Budget will be delivered to each City Council by March 15, 2016 as per the signed Scope of Services agreement (Section 1.4).

Level II Priority Business visitation program

December, 2015 progress report:

Working with City staff and the LA Career Center, LAEGC has organized and instituted a systematic business visitation program. We are calling this BEAR LA (Business Expansion & Retention Lewiston Auburn). Based largely on LAEGC staff and city staff experience, this program is focused on meeting existing business one-on-one, assessing opportunities for expansion, and follow-up to assist as possible.

BEAR LA has targeted 50 business visits during the first six months of 2016. LAEGC, City Staff, and Career Center staff are taking lead on these visits based on business, professional, or client experience. The focus of these first set of visits is on a set of targeted manufacturing companies. BEAR LA will convene a meeting of other business service providers (state agencies, higher education, etc.) in June or July 2016 to share and review what we learned, in general. The purpose of this sharing is to identify gaps or

opportunities in business expansion and retention efforts in the community. BEAR LA will organize another set of target business visits over the balance of 2016 and repeat the same.

Level II Priority 3-year operating budget FY 2016, 2017, 2018

December, 2015 progress report:

A Marketing Plan and Three-Year Operating Budget and will be presented together, by March 2016. The Three-Year Operating Budget will incorporate LAEGC proposed FY2017 budget and present proposed budgets for FY2018 and FY2019.

Progress on Scope of Services by Service Area

The Scope of Services outlines seven “Service Areas”. This Progress Report includes a summary of each Service Area, taken directly from the Scope of Services, *followed by the December, 2015 update in italics.*

1. Economic Development Strategy

The Scope of Services identified the following “**Functions/Services**”

- Collaborate with the Cities, economic development stakeholders, and partner organizations
- Monitor economic trends (local, state and national) to assess opportunities and priorities
- Coordinate the development of the joint Economic Development Strategy (EDS)
- Integrate with and clarify roles of L/A Future Forum and Benchmark L/A with regard to the EDS
- Track and measure progress of strategic goals and initiatives and communicate progress with the Cities, stakeholders, and public
- Periodically coordinate a review of the EDS

The following “**Tasks/Projects**” were identified in the Scope of Services. Establish, in consultation with the LAEGC Board, and EDS Steering Committee

1. Solicit and contract, in consultation with the Steering Committee, an independent, qualified economic development strategy consultant to provide research, analysis, and development support of the EDS
2. Identify and engage stakeholders
3. LAEGC to assist EDS process with administrative, coordination and committee support services
4. Develop Draft EDS
5. Review/adopt EDS by LAEGC Board, and City Councils

December, 2015 progress report:

The EDS, LA Maine: Forward, was presented to City Councils and to community collaborators in October, 2015. Version 2.0 of the Strategy will be presented on the new LAEGC website. Version 2.0 will reflect input since the October presentations (Version 1.0). This online version will be an ongoing and emerging

strategy. LAEGC will take responsibility for ongoing engagement and strategic direction—together with City and collaborator guidance and engagement.

2. Joint Economic Development Coordination

The Scope of Services calls for “LAEGC [to] work to coordinate efforts on projects, interests and/or issues that are deemed to be of a joint nature. LAEGC will act as steward of and monitor the application of the Joint Economic Development Protocol.”

The Scope of Services identified the following “**Functions/Services.**”

- Lead and support cities in joint economic development activities
- Establish a protocol and process for efficiently handling business inquiries. This should foster a “no wrong door” procedure for handling business and investor inquiries that recognizes that inquiries will come in from many sources/directions but need to be effectively referred to the persons(s) best in a position to address.
- Administer, Facilitate and Maintain the Joint Economic Development Protocol and TIF Policies

The Scope of Services further outlines “**Anticipated Activities.**”

1. Facilitate periodic review of Joint Economic Development Protocol and TIF Policy
2. Lead implementation of Joint Economic Development Protocol
3. Track client contacts and results
4. Recommendation to Cities of issues, projects, processes or policies that would enhance joint economic development

The following “**Tasks/Projects**” were identified in the Scope of Services.

- A. Review of Joint Economic Development Protocol and TIF Policy
- B. Work with Cities’ economic development staff to develop clear, efficient process for business referrals

The “**Expected Outcome**” for this Service Area was a “revised Joint Economic Development Protocol and TIF Policy including process for handling business inquiries.”

December, 2015 progress report:

LAEGC reviewed each City’s current TIF Development Programs and has consulted with City Staff and Managers to offer recommendations to those TIFs and future TIFs. LAEGC staff is well versed in development, design and use of TIF having consulted and prepared collectively over 40 across Maine. LAEGC staff is prepared to work with City staff to advise and assist in amending current TIF Development Programs or to craft new TIFs to make the most of the TIF program to enhance city economic development and investment.

LAEGC currently awaits more detailed instruction on how best to advise City staff on current TIF Programs.

LAEGC will work with City Staff and present an updated Joint Economic Development Protocol by March 1, 2016.

3. Marketing and Promotion

The Scope of Services is clear that, “LAEGC shall be responsible for marketing and promoting of Lewiston and Auburn for economic development including business retention, expansion and attraction.” Yet it recognizes that there are many other organizations and agencies that promote or market LA. LAEGC’s role is to coordinate those efforts, reduce redundancies, and vest (and invest) in the brand for the community.

The Scope of Services identified the following “**Functions/Services.**”

- Marketing and promoting the communities and their assets
 - Develop marketing and collateral materials which promote the cities and their economic growth – with emphasis on web, digital, and social media
 - Coordinate with and support Visitor/Tourism promotion efforts within and outside of the community.
 - Assist in the marketing and promotion of the cities industrial/commercial parks, Auburn-Lewiston Municipal Airport, and key properties for redevelopment
 - Assist/support marketing and promotion activities of the Cities’ downtowns
- Share information that recognizes and celebrates the Cities’ economic progress
- Maintain of Economic Development/Community Promotion website and social media sites
- Actively lead/coordinate community branding “image” efforts
- Collaborate/Participate with other community promotion efforts
- Create an Advisory Group for Economic Development Marketing and Promotion and engage stakeholders, interested business representatives and marketing professionals to provide advice and guidance in marketing/promotion efforts
- Better utilize Great Falls TV for economic development communications, marketing, and promotion

The Scope of Services further outlines “**Anticipated Activities.**”

1. Develop and annual marketing and promotion plan
2. Maintenance and publication of joint marketing materials
3. Creation and maintenance of websites and social media sites
4. Development of and attendance at marketing and promotion events.
5. Facilitate/organize the annual business to business trade show, Annual Dinner, and Business Forum
6. Preparation and issuance of media releases/events
7. Creation and staff support for an economic development marketing advisory group

The following “**Task/Project**” was identified in the Scope of Services.

[The] Cities will discuss and consider consolidating the services and resources of Great Falls TV (GFTV) under the LAEGC to provide for additional marketing, business and community promotion.

December, 2015 progress report:

LAEGC has taken on, with its own limited budget, the community branding initiative. Further, as noted above, LAEGC will prepare its Marketing Plan by March, 2016—outlining its focused effort on marketing for business development. LAEGC has coordinated with the Chamber of Commerce and as such the Chamber will be taking on “tourism and event” marketing. The new “community brand” will serve as “master brand” to support Chamber, LAEGC, City, and private business marketing.

The new LAEGC website will be focused on business development marketing, as well as integration of social media for that purpose.

LAEGC will expand the brand and focus for its Business-to-Business Trade Show. This expanded market will further market and promote Lewiston and Auburn existing business and LA Maine as a place for new business.

LAEGC has realigned its “annual dinner” to ease staff pressures and to focus on business and entrepreneurship. It held a successful extra event, “Create”, this past November to set the stage for the 2016 “annual dinner” to be in November. This moves the dinner away from the B2B show, freeing up time for more effective use of staff to deliver these events. The November “annual dinner” will be focused on business and entrepreneurship, much in the way the Create event was.

LAEGC proposes that it manage and redesign the annual City Economic Development Awards. These awards have historically been named by each City Council and announced at the LAEGC “annual dinner.” LAEGC proposes to work directly with City Staff and each Council to nominate one award per each city and, as warranted, one joint award. Reducing the number of awards will allow for more value per award and provide additional award sponsorship opportunities. LAEGC will bring to each City Council a more formal proposal for the awards in winter or spring of 2016.

LAEGC has designed a focused Business Development Corps of private business leaders that will serve as a “marketing advisor group” for business development marketing. This BDC will also provide additional funds focused on business development marketing. This, in part, addresses a Level I Priority (page 3) and Section 6, below, “seek and advocate for additional community resources, including private and/or grant funding, targeted for economic development financing and projects.”

LAEGC’s role in the Maine Accelerates Growth (MxG) will also promote and market Lewiston Auburn. This will be marketing towards innovators, creative class, and entrepreneurs. Our role in MxG may likely allow for access to additional funds to leverage our limited marketing funds for this market.

4. Business Development; Retention, Expansion, and Attraction

The Scope of Services stated that, “LAEGC shall be responsible for leading, coordinating and supporting public sector and private sector efforts to grow, improve, retain, and attract businesses in Lewiston-Auburn.” This has been and is a basic tenet of LAEGC’s role and continues to be.

Specifically, The Scope of Services identified the following “**Functions/Services.**”

- Assist existing business with retention and/or expansion
- Lead the development, coordination, and support of a business visitation program to identify existing businesses needs and concerns
- Lead the provision and coordination of services and activities to support business attraction to the Cities
- Work with workforce development partners (education, workforce, labor, and training stakeholders) to develop, support, and implement programs, policies, and services to meet the workforce needs to grow the economy in the two Cities
- Work with local, state, and regional partners/stakeholders for support of entrepreneurs and business start-ups
- Encourage the involvement of the private and non-governmental sectors in economic development efforts

Specific “**Anticipated Activities**” identified in the Scope of Services include:

1. Seek and support new business development. Track #'s of businesses assisted, outcomes, common trends and noted community needs/issues
2. Jointly maintain and update inventory of developable properties (land and buildings) in the industrial, commercial and downtown sectors of the cities and make information available through the LAEGC website
3. Lead the development, coordination, and support of a Business Visitation Program
4. Provide an Annual Report of Business Development
5. Lead the provision and coordination of services, activities, and information to support business attraction to the Cities
6. Provide information and links to resources on the LAEGC website to support workforce, entrepreneurial, and business start-up development

The “**Tasks/Projects**” that were further identified, in the Scope of Services, under the Business Development; Retention, Expansion, and Attraction Service Area, follow directly the above referenced “**Activities**”. *Thus we have no more to report.*

December, 2015 progress report:

Since January 1, 2015, there have been 15 new business (outside Lewiston Auburn) “clients” identified or in contact with LAEGC. As of this report, 11 are still “active” clients in some form of follow-up. We consider three “closed” at this time and one firm (Guideline Technologies) identified and secured a location in the community.

LAEGC has continued its (renewed with new leadership) coordination and communication with City Staff. This includes, as example, weekly calls with Auburn City Staff as their economic development department is in transition.

LAEGC renewed and improved its relationship with property owners and commercial real estate agents. As a result, LAEGC is a trusted source for new business and property investments. We will expand our role as we unveil our new website.

LAEGC has also renewed its role as the lead contact agency for new business expansions. LAEGC is working closely with DECD, Maine & Company, and other state agencies in this role. As part of our current business development marketing, LAEGC is promoting LA Maine as a place for new business. This will, of course, be further detailed in our Marketing Plan and Three-Year Operating Budget.

A coordinated and systematic business visitation program is underway. We are calling this Business Expansion and Retention LA (BEAR LA). This is a professional-level economic development service team including City economic development staff and the LA Career Center. We are targeting in a coordinated fashion 50 business visits to manufacturing firms in Lewiston Auburn over the first six months of 2016. BEAR LA Team Visitors will follow up with others, make referrals, and serve (in some cases continue to serve) as the lead business agent. In June or July we will gather other business service agencies in the community and share what we have learned and what they have gathered in their work. A more complete description of BEAR LA is forthcoming in January or February.

Targeted sectors will continue to be refined in part by our BEAR LA (business visitation) program. At the same time, LAEGC will continue to engage advisors and consultants to refine target sectors—and how best to market to those sectors (commented on the next section).

5. Targeted Growth Opportunities

The Scope of Services noted that the **Economic Growth Strategy** should include “targeted “growth and industrial sector opportunities.” The Scope of Services identifies some sectors recommended for targeting.

Specific “**Anticipated Activities**” identified in the Scope of Services include, *with our current progress in italics follow:*

1. Create advisory committee(s) to oversee the EDS for targeted opportunities
2. Selection of and working with professional consultant as part of the EDS

December, 2015 progress report:

We have identified the following target sectors based on the development of the Strategy and with consultation from community business owners, State Agencies, and consultants.

The targeted sectors are the following:

- *Food manufacturing and Food Distribution.*

- *Heavy (bulk) logistics, transportation, materials.*
- *Manufacturing. We will continue to focus within the manufacturing sector.*
- *Health Care Products-manufacturing. We will explore a sub-sector of manufacturing focused on the production and assembly of medical components and devices.*

These will be more fully outlined in our Marketing Plan. These targeted sectors will also be further refined or revised with input from the Business Development Corps (above referenced “advisory committee”) and what we learn through our systematic business visit program, BEAR LA.

6. Project Financing and Portfolio Management

The Scope of Services states that, “the LAEGC shall develop and manage financing resources and programs designed to provide ‘gap’ and other financing for businesses locating or expanding in Lewiston Auburn.” It continues and states, “The LAEGC shall administer and manage the Cities’ business lending/grant programs, as assigned. The LAEGC will endeavor to identify, develop and expand the amount and availability of business support resources in the community.”

Specific “**Anticipated Activities**” identified in the Scope of Services include, *with our current progress in italics*:

- Act as a business financing clearinghouse for the Cities
- Serve as a navigator to businesses seeking financial resources in support of growth or development
- Seek and advocate for additional community resources, including private and/or grant funding, targeted for economic development financing and projects
- Manage assigned loan/grant programs from the Cities, development corporations, State/Federal agencies or private institutions
- Staff support of LAEGC Loan Committee/Business Financing Advisory group

Specific “**Anticipated Activities**” included activities directly related to the above and LAEGC has continued to provide those activities.

The Scope of Services called for a “**task**” that included the “expansion of the LAEGC Loan Committee to a Business Financing Advisory group which will not only providing loan review but also business financing assistance and advice to businesses and the LAEGC.” *We have not proceeded on this at this time.*

The “**expected outcome(s)**” include an “annual Report of loan program(s) activity and results” and a “review and recommendation (as appropriate) to Cities of Loan Program Guidelines.

December, 2015 progress report:

LAEGC has sought out additional funding for our business development activities. These include:

- a. *Successful \$40,000 grant from Maine International Trade Center to support our Foreign Direct Investment (Marketing) Program.*
- b. *Inclusion within an EDA application submitted by the Maine Center for Entrepreneurial Development to become an “onramp” for its entrepreneurial programming in Lewiston Auburn.*
- c. *Collaboration and inclusion with an application to support cultural and arts development together with LA Arts, Museum LA, and the Maine College of Arts.*

As noted, LAEGC has sought out and secured commitments of time and funding from a small group of business leaders in the community. The LAEGC Business Development Corps (BDC) will serve as a business development advisory group, help focus our business development marketing, and financially support those marketing activities.

LAEGC secured access to \$500,000 in loan funds from the Finance Authority of Maine (FAME). LAEGC is also expanding its loan funds provide by Norway Savings Bank providing an additional \$250,000 to our loan pool.

The LAEGC Loan Committee will be considering a new micro-lending policy and a new program to deploy Sharia-compliant financial products, based on guidance from CEI.

A Loan Portfolio Report, dated December 31, 2015 is attached as part of this Update.

7. Administration, Advocacy and Governance

This service area recognized the overall leadership, coordination, and partnerships LAEGC has in the community. It references LAEGC’s role in providing “administrative support for other development related agencies serving Lewiston Auburn including, but not limited to, the Auburn Business Development Corporation (ABDC), Lewiston Development Corporation (LDC), and the Lewiston and Auburn Railroad Company (LARC).”

Specifically, The Scope of Services identified the following “**Functions/Services.**”

- Provide logistical support (meetings/agendas/minutes/accounting, etc.) to the LAEGC and development corporations
 - Auburn Business Development Corporation, Lewiston Development Corporation, Lewiston and Auburn Railroad Company
 - Staff and support numerous (currently 10) standing committees of the LAEGC and Development Corporations
- Provide technical assistance/support to city staff and airport manager in negotiating incentives/lease terms relating to economic development projects
- Administer the Foreign-Trade Zone (F-TZ)
- Serve as Liaison for economic development to the Auburn-Lewiston Municipal Airport Committee
- Support and coordinate the goals and efforts of L/A Future Forum and Benchmark L/A

- Support other economic/community development-related issues, initiatives and projects that arise and as requested by the Cities
- Monitor regional and state policies and inform Cities of issues that may impact economic development

Specific “**Anticipated Activities**” identified in the Scope of Services include:

1. Coordinated and efficient administration of the Cities’ joint economic development programs, development corporations and activities
2. Conduct annual briefing to Cities and stakeholders on regional, state, and federal issues and policies that may impact economic development in the Cities

The expected outcome under this Service Area is “annual reporting to the Cities on LAEGC operations, use of funds, and outcomes.

December, 2015 progress report:

LAEGC continues to support our partner organizations, ABDC, LDC, and LARC. LAEGC will continue to engage these Boards as part of the overall economic growth strategy and within their own missions.

LAEGC will continue to investigate how best to make use of the Foreign Trade Zone. The economic development market has become flush with FTZs around the State and nation. Thus, we will take a hard look at how best to make use of the FTZ for LA Maine. The landscape of FTZ’s around the country and in Maine has changed since the inception of LA’s FTZ and LAEGC is taking this into account as it considers how best to make use of FTZ status. We will integrate marketing of the FTZ into our Marketing Plan.

LAEGC has continued to serve on the AL Airport Board and has advised the Airport Director. LAEGC President worked with the Airport Director to consider how best to re-program marketing grant funds the Airport has secured. In the end, these funds will be “returned” to the granting agency. LAEGC will continue to engage the Airport Board and Director in its business development and marketing plans.

LAEGC has engaged with a wide variety of community organizations as part of the economic growth strategy but also in support of their work. This included, in 2015, Tree Street Youth, Build Maine Conference, USM LAC (serving on its Community Advisory Board), the Chamber of Commerce, the Kennedy Park Gazebo Restoration Committee, and others. LAEGC organized, on behalf of the community a “Developer Boot Camp” as a project that arose from the Build Maine 2015 Conference.

It should be noted that, with input from the LA Future Forum, LAEGC has “closed” the Future Forum as much of the work of the Forum was and will continue to be integrated into the Growth Strategy.

ECONOMIC DEVELOPMENT SERVICES PLAN FOR LEWISTON-AUBURN ECONOMIC GROWTH COUNCIL

FINAL REPORT – May 19, 2014

INTRODUCTION

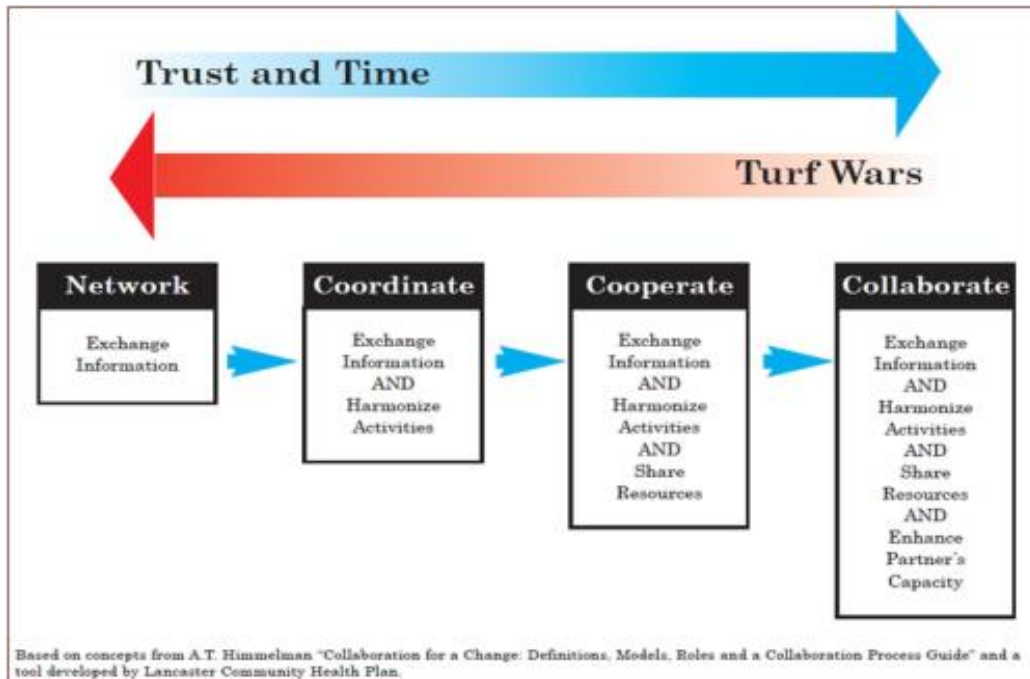
The cities of Lewiston and Auburn have worked with the Lewiston-Auburn Economic Growth Council (LAEGC) to develop a scope of services for the continuation of joint economic development services. Camoin Associates was hired by the two cities and the LAEGC to work with the parties involved, along with an Advisory Committee to develop a scope of services for LAEGC that could be adopted and funded by the two cities as well as provide recommendations for the economic development service delivery going forward. The Joint Economic Development Services Advisory Committee met four times as part of this process and developed this final draft which includes a recommended scope of services to help guide the work of LAEGC and recommendations on how the Cities and LAEGC should approach economic development going forward.

GUIDING PRINCIPLES AND APPROACH

The following principles provide guidance for a scope of services and economic development system going forward:

- Historically L/A has been a model for collaborative economic development and has had past success – **Collaboration must continue!** It will lead to greater impact and efficiencies compared to the two cities going it alone. The bottom line is that the Cities cannot fiscally afford going it alone in providing the resources to support modern day economic development functions and services.
- Economic development and the economy has become complex – more issues, more stakeholders, global economy, greater expectations, a demand for openness and transparency, and a demand for measurement, etc... **the LAEGC and the Cities must become more adaptive to rapid change and working within an environment of constant unknowns and limited predictability.**
- **Transformation and change takes time and commitment.** There is no overnight silver bullet. Success requires patience and commitment to on-going capacity building and learning.
- The Cities and LAEGC may have to do less in some areas than in the past to allow for adaption to new models and services – thus creating “space” for adapting to change, working on the process of collaboration and networks with new stakeholders and interests, and updating operational processes and procedure. Through all of this and into the future *there must be adequate, consistent, capacity (dollars, staffing, and resources) to run a high-performing organization.*

Throughout the process of developing a scope of services much discussion focused on collaboration. The Advisory Group felt it important to understand what is meant by collaboration. Through the LAEGC the Cities seek to approach and deliver economic development collaboratively, though networking, coordination, and cooperation are all needed to build and implement a collaborative approach. This following graphic helps demonstrate the model:



Source: <http://21stcenturylibrary.com/2010/09/>

Current Economic Development Staffing/Capacity in the Cities

The two cities have very little staff/resources for carrying-out economic development functions. Current staffing is as follows:

- Auburn: 2 full-time staff: 1 focused on all economic development but also oversees planning, code enforcement, assessing, and CBDG; 1 that spends 75%-80% on downtown issues
- Lewiston: 1 full-time economic development director

LAEGC increases this capacity while at the same time providing services collaboratively that are of mutual benefit. The overall potential is to have a greater impact than if the Cities were to go it alone. Additionally, LAEGC is able to utilize non property tax sources through its loan pool and other financing/grant programs to do more than what would be possible through property tax appropriations from the Cities alone.

Organization and Leadership

The scope of services focuses on the specific program and services that are to be provided by LAEGC to the two Cities. Each service area is like a piece of the puzzle that when put together determines “what” will be offered. This process of refining and negotiating a scope of services does not address “how responsive and effective” these services will be over the long-term and the changing nature of economic development. The Cities and the LAEGC should work to define and agree on what constitutes success in the delivery of economic development services and the value (return on investment) expectation of these services. Regardless of the final agreed to scope of services there are several factors that need to be addressed in the short-term and worked on in the long-term to impact responsiveness and effectiveness. They are:

- Trust – internally and externally amongst the Economic Development partners (Auburn, Lewiston, LAEGC)
- Process and procedures – these help build trust
 - Internal work plan for LAEGC
 - Annual review by LAEGC of organization, board, and president
 - Evaluation of services, metrics
- Leadership qualities – within the organization including among the board. These include: adaptability, leading in periods of chaos or uncertainty
- Engagement – among the board, committees, and among the many stakeholders and networks
- Open and active communications amongst the partners
- Ability and respond and adapt to changes in the external environment

It is highly recommended that these issues not be ignored. The period of transition to a new president and another service year is a good opportunity to begin to regularly discuss, assess, and address each of these issues. In hiring a new president LAEGC should put strong emphasis on qualities of leadership, adaptability, board and stakeholder communication and engagement, networking, and ability to adopt and adhere to the latest policies, procedures, and best practices. A top priority of the new president should be the development of an organizational plan that addresses these issues and provides details for staffing, management, board composition, roles and responsibilities, communications and financing. No amount of rearranging the service pieces can insure an effective, high performing organization over the long-term. Working together to address these issues can result in a new culture to make this a high performing economic development organization for years to come.

Funding for LAEGC

Beyond this transitional year, funding for LAEGC from the Cities should be multi-year – at least 3-year commitment will create a stable environment for implementation of policies and actions. This should include annually reporting on performance and strategic focus.

LAEGC is currently exploring expanding loans and its loan pool programs to generate additional revenues and reduce reliance on property taxes. LAEGC should continue to identify and pursue alternative funding sources and mechanisms for both loan programs and for the organization as a whole.

With a renewed trust between the Cities and LAEGC, the completion of an Economic Development Strategy and an Organizational Plan, the LAEGC should then develop a three year operating budget and financing plan that includes increases in non-property tax revenues by considering:

- Operations campaign (appeal to private sector)
- Increases in revenues from loan management and financial programs
- Increased use of TIF revenues including a joint TIF
- Fees for services

Economic Development Corporations

Currently there are two-separate development corporations, one for each City. Both are separate legal entities from their respective cities. They are asset-based private, non-profit corporations that purchase and own properties for development including individual properties purchased or obtained through foreclosure. Each corporation has a board with representation on the LAEGC and each has City representatives on its boards. Each contracts with LAEGC for administrative services. There has been some discussion of the merits of merging the two organizations but since these are separate entities from the Cities and LAEGC the advisory committee is not offering a recommendation in this area as part of the process.

Downtown Development

A previous draft of the scope of services included a section that tasked LAEGC with actively, through staff resources, supporting downtown development of the two Cities and becoming more active in joint downtown planning and economic development. Auburn requested these services be removed from the scope. Auburn hired a staff person with downtown expertise and felt the LAEGC services were unnecessary. Lewiston is still in need of additional downtown services. It is recommended that Downtown strategies be considered within the Economic Development Strategy. With this as a starting point a discussion can emerge on how best to carry-out those strategies. The following is a summary of issues that emerged in this process.

Common areas of interest:

- Improving quality of life through healthy downtowns
- Maine Street Program – currently there is none in either City

Functions of common interest include:

- Event coordination
- Walkability
- Trails
- Housing
- Store fronts
- Arts and culture
- Investment and business attraction

There are only a few organizations involved in Downtown issues in L/A.

- United New Auburn – neighborhood group in Auburn
- LA Arts
- AVCOG

It is unclear to some as to who has roles/oversight of downtown issues.

Downtown efforts must involve downtown business and property owners taking ownership of process and improvements.

Community Transformation and Future of Economic Development

As presented in the Joint workshop on economic development in March 2014, our economic system is in a period of rapid transformation and economic development services delivery must adapt. The following are offered as issues which should be addressed for transforming the economic development system in Lewiston and Auburn:

- Building capacity for functioning within a system composed of many networks and building leadership capacity for economic and community development among organizations and networks
- Building capacity and resources for business intelligence, working smarter – data, research, digital technologies and information resources
- Incorporating new funding models – and reducing reliance on government entities
- Building capacity for understanding emerging trends and adapting accordingly
- Greater focus on workforce
- Greater focus on place based economic development and including worker and resident recruitment and retention strategies

It is recommended that the Cities, LAEGC, and stakeholders develop a process for scanning, assessing, and addressing these and other issues related to transformation and change in the economy and economic development systems over time. This could be coordinated as part of the L/A Future Forum effort.

Priorities

The work and recommendations presented cannot all be completed at once. There is simply not enough collective time and resources. To help with implementation the following prioritization of key activities/initiatives is offered.

Level I

- Hire new president
- Economic Development Strategy (EDS)
- Organization Plan including staffing, management, financing, and communications

Level II

- Hiring of additional staff to carry out work and organizational plan
- Marketing plan
- Business visitation program
- 3-year operating budget FY 2016, 2017, 2018

Additionally LAEGC and the Cities should work with economic development stakeholders including the L/A Future Forum and Benchmark L/A as part of cooperative process to assess future changes and transformation in the economy and economic development and work to build capacity to adapt to those changes over time.

ATTACHMENT A - LAEGC SCOPE OF SERVICES BY SERVICE AREA

The following is a scope of services designed to guide the operations of LAEGC over the next several years beginning in 2015.

1. ECONOMIC DEVELOPMENT STRATEGY

Recommended Scope of Services Language

Description: The Cities are interested in developing and adopting an Economic Development Strategy (EDS). The EDS should be L/A focused and not focused on the whole region/county. The EDS will reflect the economic development vision, goals, and strategies of the Cities as a whole and identify and prioritize initiatives and projects for achieving them. The EDS should not focus on detailed operational and organizational plans of the Cities, the LAEGC, or related economic development entities.

Several plans related to economic and community development were completed in the past five to ten years. Findings from these plans should be incorporated by reference rather than seeking to redo their efforts. The EDS should focus on economic development (growth in employment, income, and investment) but take into account the findings related to economic development in the existing plans for community development and other related areas such as transportation, housing, workforce development, education and environment. Previous efforts have incorporated considerable public engagement processes so the EDS should focus specifically on engaging economic development stakeholders to develop of a focused, coordinated strategy.

The EDS should be the top priority for the LAEGC in 2014-15. Completing such a plan will typically require a 4-6 month effort. Once adopted the EDS will need to be implemented and annually reviewed/updated to reflect progress, changing priorities, goals and economic conditions. The LAEGC will contract for an experienced consultant to assist in the development of the EDS.

FUNCTIONS/SERVICES:

- ❖ Collaborate with the Cities, economic development stakeholders, and partner organizations
- ❖ Monitor economic trends (local, state and national) to assess opportunities and priorities
- ❖ Coordinate the development of the joint Economic Development Strategy (EDS) (note a suggested outline is included in Attachment B)
- ❖ Integrate with and clarify roles of L/A Future Forum and Benchmark L/A with regard to the EDS
- ❖ Track and measure progress of strategic goals and initiatives and communicate progress with the Cities, stakeholders, and public
- ❖ Periodically coordinate a review of the EDS

Anticipated Activities:

1. Annual EDS implementation
2. Annual EDS progress/results report to Cities
3. Annual review of EDS goals, priorities and initiatives

Tasks/Projects:

1. Development of a joint Lewiston-Auburn Economic Development Strategy
 - A. Establish, in consultation with the LAEGC Board, and EDS Steering Committee
 - B. Solicit and contract, in consultation with the Steering Committee, an independent, qualified economic development strategy consultant to provide research, analysis, and development support of the EDS
 - C. Identify and engage stakeholders
 - D. LAEGC to assist EDS process with administrative, coordination and committee support services
 - E. Develop Draft EDS
 - F. Review/adopt EDS by LAEGC Board, and City Councils

Expected Outcome(s):

- Adoption of Joint Economic Development Strategy for Lewiston and Auburn

Note: Funding for Economic Development Strategy Consultant will be separately identified and budgeted within LAEGC contracted services and will require additional funds than what is currently provided.

2. JOINT ECONOMIC DEVELOPMENT COORDINATION

Recommended Scope of Services Language

Description: LAEGC shall facilitate and promote the joint approach, appearance and implementation of the “public sector side” of economic development in the cities. LAEGC will work to coordinate efforts on projects, interests and/or issues that are deemed to be of a joint nature. LAEGC will act as steward of and monitor the application of the Joint Economic Development Protocol.

FUNCTIONS/SERVICES:

- ❖ Lead and support cities in joint economic development activities
- ❖ Establish a protocol and process for efficiently handling business inquiries. This should foster a “no wrong door” procedure for handling business and investor inquiries that recognizes that inquiries will come in from many sources/directions but need to be effectively referred to the persons(s) best in a position to address.
- ❖ Administer, Facilitate and Maintain the Joint Economic Development Protocol and TIF Policies

Anticipated Activities:

- 1) Facilitate periodic review of Joint Economic Development Protocol and TIF Policy
- 2) Lead implementation of Joint Economic Development Protocol
- 3) Track client contacts and results
- 4) Recommendation to Cities of issues, projects, processes or policies that would enhance joint economic development

Tasks/Projects:

- A. Review of Joint Economic Development Protocol and TIF Policy
- B. Work with Cities’ economic development staff to develop clear, efficient process for business referrals

Expected Outcome(s):

- Revised Joint Economic Development Protocol and TIF Policy including process for handling business inquiries

3. MARKETING and PROMOTION

Recommended Scope of Services Language

Description: LAEGC shall be responsible for marketing and promoting of Lewiston and Auburn for economic development including business retention, expansion and attraction. Many entities and individuals play a part in marketing the Cities. Much of this is out of the direct control of any one entity including the Cities, the Chamber, and the LAEGC. Therefore it is essential that the LAEGC play a convening role in coordinating multiple efforts and helping to present a series of messages that complement each other. The LAEGC will act as a clearinghouse for other community marketing efforts seeking to support, coordinate and reduce duplication in the collective efforts. LAEGC shall be vested with maintaining the branding of the Cities for economic development and work collaboratively to establish and promote the “brand” with stakeholders.

Businesses, site locators, investors, and citizens are all using digital and social media in personal and business information gathering, engagement and transactions. In its marketing and promotion activities the LAEGC shall employ traditional media as appropriate but move toward increasing use of digital mediums. The LAEGC will promote and represent the communities locally, regionally, statewide, and beyond. The LAEGC will also work to recognize and celebrate the economic achievements of the cities, businesses and citizens.

FUNCTIONS/SERVICES:

- ❖ Marketing and promoting the communities and their assets
 - Develop marketing and collateral materials which promote the cities and their economic growth – with emphasis on web, digital, and social media
 - Coordinate with and support Visitor/Tourism promotion efforts within and outside of the community.
 - Assist in the marketing and promotion of the cities industrial/commercial parks, Auburn-Lewiston Municipal Airport, and key properties for redevelopment
 - Assist/support marketing and promotion activities of the Cities’ downtowns
- ❖ Share information that recognizes and celebrates the Cities’ economic progress
- ❖ Maintain of Economic Development/Community Promotion website and social media sites
- ❖ Actively lead/coordinate community branding “image” efforts
- ❖ Collaborate/Participate with other community promotion efforts
- ❖ Create an Advisory Group for Economic Development Marketing and Promotion and engage stakeholders, interested business representatives and marketing professionals to provide advice and guidance in marketing/promotion efforts

- ❖ Better utilize Great Falls TV for economic development communications, marketing, and promotion

Anticipated Activities:

- 1) Develop an annual marketing and promotion plan
- 2) Maintenance and publication of joint marketing materials
- 3) Creation and maintenance of websites and social media sites
- 4) Development of and attendance at marketing and promotion events
- 5) Facilitate/organize the annual business to business trade show, Annual Dinner, and Business Forum
- 6) Preparation and issuance of media releases/events
- 7) Creation and staff support for an economic development marketing advisory group

Tasks/Projects:

- A. Cities will discuss and consider consolidating the services and resources of Great Falls TV (GFTV) under the LAEGC to provide for additional marketing, business and community promotion.

Expected Outcome(s):

- Annual Marketing and Promotion plan with results tracked and reported annually

Note: LAEGC currently budgets approximately \$15,000 for Marketing and Promotion beyond staff costs. This level of funding is insufficient to fully implement the activities specified above.

4. BUSINESS DEVELOPMENT - RETENTION, EXPANSION, AND ATTRACTION

Recommended Scope of Services Language

Description: LAEGC shall be responsible for leading, coordinating and supporting public sector and private sector efforts to grow, improve, retain, and attract businesses in Lewiston-Auburn. LAEGC will focus on helping to create a positive business and community friendly environment which encourages the growth and location of business in the cities. LAEGC will monitor, track and assess economic development trends, issues, and resources to guide the Cities in overall economic development efforts. LAEGC will actively perform services to retain, grow, and attract businesses, employment and investment in the Cities.

FUNCTIONS/SERVICES:

- ❖ Assist existing business with retention and/or expansion
- ❖ Lead the development, coordination, and support of a business visitation program to identify existing businesses needs and concerns – This should be a formalized business visitation process/program that focuses on obtaining strategic information, utilizing that information for business assistance and support services, and improving the planning and delivery of economic development including revising the economic plan as needed. This effort should be done collaboratively with the Cities’ economic development staff and Chamber of Commerce. (Note: *a list of process components to include in a business visitation program is included in Attachment C. It should also be noted that since a formal program currently does not exist, the first year should focus on developing a framework and testing the implementation and identification of revenues for full implementation. Revenues beyond those in the current operating budget will likely be required to implement an affective business visitation program*)
- ❖ Lead the provision and coordination of services and activities to support business attraction to the Cities including:
 - In coordination and cooperation with commercial brokers, private landowners and the Cities, maintain database of potential development sites and real estate properties and make it available electronically through the LAEGC’s website. It should be stressed that this should be a coordinated and cooperative approach with the commercial real estate community and the Cities. Some of the brokers may choose not to list their properties though such a system, but LAEGC can proceed and work with those willing to cooperate.
 - Assist clients in conducting site searches and facilitate tours of the community
 - Serve as agent/administrator of the commercial/industrial parks controlled by local development corporations
 - Provide and maintain up-to-date data and information on the LAEGC website that assists business in making location decisions including data related to workforce; taxes and fees; development review, approval, permitting, and licensing; infrastructure, utility and transportation availability and costs; demographic and market data; incentive and support programs; and community amenities.

- Conduct activities to support business attraction in targeted industries and opportunities that emerge for the Economic Development Strategy
- ❖ Work with workforce development partners (education, workforce, labor, and training stakeholders) to develop, support, and implement programs, policies, and services to meet the workforce needs to grow the economy in the two Cities
- ❖ Work with local, state, and regional partners/stakeholders for support of entrepreneurs and business start-ups
- ❖ Encourage the involvement of the private and non-governmental sectors in economic development efforts

Anticipated Activities:

- 1) Seek and support new business development. Track #'s of businesses assisted, outcomes, common trends and noted community needs/issues
- 2) Jointly maintain and update inventory of developable properties (land and buildings) in the industrial, commercial and downtown sectors of the cities and make information available through the LAEGC website
- 3) Lead the development, coordination, and support of a Business Visitation Program
- 4) Provide an Annual Report of Business Development
- 5) Lead the provision and coordination of services, activities, and information to support business attraction to the Cities
- 6) Provide information and links to resources on the LAEGC website to support workforce, entrepreneurial, and business start-up development

Tasks/Projects:

- A. Business Visitation Program (see Attachment C)
- B. Business Attraction Strategy linked to EDS
- C. Update to website to support business expansion, retention, and attraction

Expected Outcome(s):

- Annual Report of Business Development

5. TARGETED GROWTH OPPORTUNITIES

Recommended Scope of Services Language

Description: The Cities of Lewiston and Auburn have numerous economic, geographic, and social strengths in the pursuit of economic development. In order to maximize economic growth potential the cities seek to target specific growth opportunities. LAEGC will work jointly with the Cities, business community and stakeholders to lead, promote and support the growth efforts of targeted economic opportunities. Targeted opportunities shall be identified in the Economic Development Strategy and/or as determined to be in the best interests of the communities. LAEGC's efforts will include employing industry/sector specific marketing plans and methods, and identification and pursuit of specific businesses and/or business growth. Efforts to increase targeted growth areas will include a mix of expansion of existing businesses and new business.

FUNCTIONS/SERVICES:

- ❖ Include a targeted industry and opportunity analysis as part of Economic Development Strategy (EDS) that identifies, assesses, and develops strategies for targeted industry sectors and economic growth opportunities. This should include assessing:
 - Industrial, Trade, Logistics and Transportation (ITLT) – including consideration of port related opportunities and the need to coordinate strategies and services with regional and state port related resources including the Maine Port Authority and Maine International Trade Center.
 - The Downtowns as a targeted opportunity
 - Healthcare
 - Manufacturing
 - Call centers/back-end operations
 - Business, professional, and technical services
 - Others as evident from the data analysis
- ❖ Based on the Targeted Industry and Opportunity Analysis develop strategies in core economic develop service areas to support their growth and development including:
 - Business expansion
 - Business attraction
 - Workforce development
 - Entrepreneurship/business Start-ups

Anticipated Activities:

- 1) Create advisory committee(s) to oversee the EDS for targeted opportunities
- 2) Selection of and working with professional consultant as part of the EDS

Task/Projects:

A. EDS Strategy including strategies for targeted industries and opportunities (See Attachment B)
Expected Outcome(s):

- Targeted industry analysis included as part of Economic Development Strategy
- Retention, expansion, and attraction and Marketing plan for other targeted opportunities

6. PROJECT FINANCING AND PORTFOLIO MANAGEMENT

Recommended Scope of Services Language

Description: The LAEGC shall develop and manage financing resources and programs designed to provide “gap” and other financing for businesses locating or expanding in Lewiston-Auburn. The LAEGC shall act as a clearinghouse for entrepreneurs and businesses seeking business financing. The LAEGC shall coordinate/collaborate with public and private lending organizations and programs to provide assistance and guidance to clients. The LAEGC shall administer and manage the Cities’ business lending/grant programs, as assigned. The LAEGC will endeavor to identify, develop and expand the amount and availability of business support resources in the community.

FUNCTIONS/SERVICES:

- ❖ Act as a business financing clearinghouse for the Cities
- ❖ Serve as a navigator to businesses seeking financial resources in support of growth or development
- ❖ Seek and advocate for additional community resources, including private and/or grant funding, targeted for economic development financing and projects
- ❖ Manage assigned loan/grant programs from the Cities, development corporations, State/Federal agencies or private institutions
- ❖ Staff support of LAEGC Loan Committee/Business Financing Advisory group

Anticipated Activities:

- 1) Staff and support LAEGC Loan Committee/Business Financing Advisory group
- 2) Loan program and portfolio management and administration
- 3) Monitor other ‘public’ financing programs and coordinate services delivery to minimize duplication

Tasks/Projects:

- A. Expansion of the LAEGC Loan Committee to a Business Financing Advisory group which will not only providing loan review but also business financing assistance and advice to businesses and the LAEGC.

Expected Outcome(s):

- Annual Report of loan program(s) activity and results
- Review and recommendation (as appropriate) to Cities of Loan Program Guidelines

7. ADMINISTRATION, ADVOCACY and GOVERNANCE

Recommended Scope of Services Language

Description: LAEGC shall provide staff support and administration to the overall economic development (in addition to and in support of the services described above) program of the Cities and the community as a whole. Additionally, it is recognized that LAEGC has certain administrative responsibilities associated with the management, operation and governance of the organization. Similarly, the LAEGC serves as the administrative support for other development related agencies serving Lewiston-Auburn including, but not limited to, the Auburn Business Development Corporation (ABDC), Lewiston Development Corporation (LDC), and the Lewiston and Auburn Railroad Company (LARR). LAEGC provides support services to these entities as requested and upon mutually agreed terms and conditions. This area of service is meant to encompass these administrative functions and responsibilities, as well as unanticipated and miscellaneous services, needs and projects which may arise from time to time.

FUNCTIONS/SERVICES:

- ❖ Provide logistical support (meetings/agendas/minutes/accounting, etc.) to the LAEGC and development corporations
 - Auburn Business Development Corporation, Lewiston Development Corporation, Lewiston and Auburn Railroad Company
 - Staff and support numerous (currently 10) standing committees of the LAEGC and Development Corporations
- ❖ Provide technical assistance/support to city staff and airport manager in negotiating incentives/lease terms relating to economic development projects
- ❖ Administer the Foreign-Trade Zone (F-TZ)
- ❖ Serve as Liaison for economic development to the Auburn-Lewiston Municipal Airport Committee
- ❖ Support and coordinate the goals and efforts of L/A Future Forum and Benchmark L/A
- ❖ Support other economic/community development-related issues, initiatives and projects that arise and as requested by the Cities
- ❖ Monitor regional and state policies and inform Cities of issues that may impact economic development

Anticipated Activities:

- 1) Coordinated and efficient administration of the Cities' joint economic development programs, development corporations and activities
- 2) Conduct annual briefing to Cities and stakeholders on regional, state, and federal issues and policies that may impact economic development in the Cities

Expected Outcome(s):

- Annual reporting to the Cities on LAEGC operations, use of funds, and outcomes

ATTACHMENT B - OUTLINE OF ECONOMIC DEVELOPMENT STRATEGY

Identification and assessment of opportunities, related strategies, and priority projects/actions around:

- Overview from existing plans and identification of gaps
- Vision, goals/objectives
- Identification, assessment, and strategy development of targeted industry sectors and opportunities
- Entrepreneurship/innovation/small business ecosystem
- Workforce development
- Business retention, expansion, attraction
- Key development sites
- Other key factors impacting investment and economic growth
 - Housing
 - Transportation
 - Land use/zoning/planning/permitting/approval process
 - Energy/utilities/telecommunications
 - Education
 - Quality of place
- Marketing and communications
- Implementation:
 - Strategy/action
 - Timeframe
 - Roles/responsibilities
 - Costs/needed resources
 - Evaluation/measurement

ATTACHMENT C- COMPONENTS OF A BUSINESS VISITATION PROGRAM

This process should include written strategy regarding:

- Persons conducting visitation
- Training for conducting visitation
- Questionnaire for businesses being visited
- Selection of businesses
- Follow-up to specific business if warranted
- Tabulation and assessment of findings
- Use of information including tying into strategic planning
- On-going data management

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Mayor LaBonté called the meeting to order at 7:10 P.M. in the Council Chambers of Auburn Hall and led the assembly in the salute to the flag. All Councilors were present.

I. Consent Items

1. Order 03-01252016*

Confirming Chief Crowell's appointments of Constables with a firearm for the City of Auburn.

2. Order 04-01252016*

Confirming the appointments of Assistant City Manager, Denis D'Auteuil, to the Lewiston-Auburn Transit Committee with a three year term which will expire on January 1, 2019.

Motion was made by Councilor Walker and seconded by Councilor Burns to accept the consent items as presented. Passage 7-0.

II. Minutes

- January 4, 2016 Regular Council Meeting

Motion was made by Councilor Stone and seconded by Councilor Walker to accept the minutes of the January 4, 2016 Regular Council Meeting as presented. Passage 7-0.

III. Communications, Presentations and Recognitions

- Norway Savings Bank Arena Update - Mark Gosselin

IV. Open Session – Members of the public are invited to speak to the Council about any issue directly related to City business which is *not on this agenda*. No one from the public spoke.

Joe Gray Sopers Mill Road – commented on the Neighborhood Revitalization item that was presented during the workshop stating that he did not believe this initiative would get to the root of the problem noting that he feels that crime isn't actually the root of the problem in those neighborhoods – poverty is. He added that we should focus on the poverty issue. He said he wanted to talk about “an easy way to save nearly \$1 million dollars in the budget” which is through the 9-1-1 center, stating that we pay the County for services that we do not use. He suggested that we develop a policy giving them a deadline to figure out how they can support us with 9-1-1 service. He also suggested that we look at a way for fewer outside entities to control our destiny and to take control of what is inside of our city.

Dan Herrick 470 Hatch Road – commented on the snow removal that was done just a few days before we had 50° weather when the snow was melting, noting that this was costly for the tax payers of the City. He would like to know why they did it.

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He talked about the Firefighter Grant that was voted on by Council at the previous Council meeting stating that he hopes the grant doesn't get approved. He spoke about the way items get placed on an agenda and commented that he would like to see tax acquired properties put back on the agenda, as well as Agricultural Zoning.

V. Unfinished Business

1. Order 02-01042016

Authorizing Issuance of General Obligation Refunding Bonds and a Tax Levy Therefor. Second reading.

Motion was made by Councilor Stone and seconded by Councilor Walker authorizing the issuance of general obligation refunding bonds and a tax levy therefor.

Public hearing – no one from the public spoke.

Passage 7-0. A roll call vote was taken.

VI. New Business - None

VII. Executive Session - None

VIII. Reports

Mayor LaBonté – noted that first Neighborhood Conversation meeting was held last Thursday. He said it was not a perfect format but it was helpful and he expects it will get better as they progress. He said he will not be able to attend the next one due to medical reasons, however Councilor Pross and the City Manager will help to facilitate that meeting in his absence. He mentioned that the Danville Junction Grange is up for listing on the National Register of Historic Places. He noted that next year, 2017, marks the 150th anniversary of the end or annexation of Danville. There may be opportunities to work with Danville residents, the Grange and the State Preservation office to find a way to celebrate that milestone anniversary and to celebrate our history. He reported that Auburn has been awarded with a half million dollar grant for Hampshire Street in 2018. He provided documents for Councilors to review on the Council Committees. He would like the committees to kick off with a meeting in February. If all Council Committees are able to meet in February, he would like Council to meet on February 29th for Council goal setting and a work plan.

Councilor Burns – he thanked staff for taking the time on another Saturday for the Orientation tour which he found very informative.

Councilor Walker – his written reports are included in the agenda packet but he wanted to add that tomorrow evening at 6:00 PM at Rolly's Diner, the United New Auburn Association will meet. Guest speaker will be Mamie Ney, the Library Director. The Neighborhood Watch Group will be meeting at the St. Louis Church building at 6:30 on Thursday evening.

Councilor Gilbert – also wanted to thank staff for the Saturday orientation tours.

Councilor Titus – agreed with Councilor Gilberts comments as well. He noted that he attended the Joint Charter Committee meeting. The draft charter is on line, and he encouraged residents to check it out. He said he is looking forward to more Neighborhood Conversation meetings. There hasn't been an AVCOG Executive Committee meeting yet – the next meeting is scheduled for February.

Councilor Stone – echoed the comments on the orientation tour, and said it was great. The Airport Board met, and a lot of issues are involved in putting together a workable budget. Wednesday morning he is meeting with Bonnie Hayes, Ward 2 School Committee representative to talk about Council and School relations. He will not be able to attend the East Auburn Community Conversation because he will be attending the Chamber of Commerce Annual meeting. He attended the Joint Charter Committee meeting along with Councilor Titus. He said he has a lot of questions and concerns. He urged everyone to take a long, hard look at the proposed by laws.

Councilor Pross – echoed the previous comments that were made on the Neighborhood Conversation meeting held last Thursday. The School Committee is deeply into union contract negotiations, which will be a major cost driver of the budget. He has encouraged School Committee members to reach out to their corresponding Councilors as he did to Councilors at the last Council meeting in order to open up the dialogue before we get into budget discussions. He noted that the School Committee did adopt a formal policy regarding the administration of medical marijuana to minor students in the schools which protects the city and schools from liability issues. He commented on a presentation that was given at the previous School Committee meeting. It was an in depth presentation on the proficiency based diploma implementation plan. He also reported that he let the school committee know about the restructuring effort of the Committees of the City Council in order to be more effective policy makers.

Councilor Young – he attended the meeting of the Great Falls TV advisory board, and the members thought it would be their last meeting but new members have not been appointed yet. The by-laws have been drafted and will be presented to the new board for approval and eventually to the City Council. He also noted that the chapters have been added to Great Falls TV website after a transmission failure.

City Manager Report – City Manager, Howard Kroll thanked staff and Councilors that attended the Council Orientation workshop and tour on Saturday. He reminded everyone of the upcoming United New Auburn meeting at Rolly's on Thursday. He mentioned that the Joint Charter Commission consultant will be interviewing department heads. He echoed the positive feedback from the Neighborhood Conversations meeting that was held last week at Edward Little. He wanted to remind everyone that Friday, Saturday, and Sunday of this week is our annual Winter Festival. He thanked the Police, Code, and CDBG Department for their NRU (Neighborhood Revitalization Unit) presentation. He noted that Sabrina Best started today as the new Recreation Department Director, and Michael Chamings is the new Economic Development Director for the city.

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Finance Director, Jill Eastman – December 2015 Monthly Finance Report

Motion was made by Councilor Titus and seconded by Councilor Stone to accept and place on file the December 2015 monthly finance report. Passage 7-0.

IX. Open Session - Members of the public are invited to speak to the Council about any issue directly related to City business which is *not on this agenda*.

No one from the public spoke.

X. Adjournment

Motion was made by Councilor Stone and seconded by Councilor Burns to adjourn. All were in favor, the meeting adjourned at 8:40 PM.

A True Copy.

ATTEST *Susan Clements-Dallaire*
Susan Clements-Dallaire, City Clerk



Auburn Police Department



Memorandum

Phillip L. Crowell
Chief of Police

Jason D. Moen
Deputy Chief

Rita P. Beaudry
Executive Assistant

To: Howard Kroll, City Manager
From: Phillip L. Crowell, Jr., Chief of Police
Date: January 12, 2016
Re: February 1, 2016 - City Council Meeting – Badge Pinning Ceremony

At the February 1, 2016 City Council meeting, I would like to officially pin the badges of our newest Auburn Police Department officers as well as recognize those officers who have been promoted since our last pinning ceremony on September 9, 2010 .

The officers include:

	MCJA GRADUATION	NEW HIRE	PROMOTION
Officer James Davison		12/29/2014	
Officer Daniel Chabot		6/15/2015	
Officer Efra Becerra	12/18/2015		
Officer Christopher Saunders	12/18/2015		
Sergeant Kristopher Bouchard			Promotion to Sergeant on 1/04/2016
Sergeant Matthew Dailey			Promotion to Sergeant on 1/04/2016
Sergeant Jason Moore			Promotion to Sergeant on 1/04/2016
Sergeant Chad Syphers			Promotion to Sergeant on 1/04/2016
Pastor Roger Cousineau			Chaplain

Law Enforcement Oath of Honor

On my honor,

I will never betray my badge, my integrity,
my character, or the public trust.

I will always have the courage
to hold myself and others
accountable for our actions.

I will always uphold the Constitution,
my community, and the agency I serve.



Auburn Police Department
60 Court Street | Auburn, Maine 04210
www.auburnpd.com

Auburn City Council Meeting

Police Department Swearing-In and Badge Pinning Ceremony



February 1, 2016

New Hires



Patrol Officer Pedro “Efra” Becerra-Aviles

Graduated from the Maine Criminal Justice Academy on December 18, 2015.

Patrol Officer Daniel Chabot

Graduated from the Maine Criminal Justice Academy in May, 2011. Officer Chabot is a lateral transfer from the Livermore Falls Police Department.

Patrol Officer James Davison

Graduated from the Maine Criminal Justice Academy in May, 1997. He is a former Auburn Police Officer returning from the Portland Police Department.

Patrol Officer Christopher Saunders

Graduated from the Maine Criminal Justice Academy on December 18, 2015.

Promotions



Sergeant Kristopher Bouchard

Promoted from Corporal to Patrol Sergeant

Sergeant Matthew Dailey

Promoted from Corporal to Patrol Sergeant

Sergeant Jason Moore

Promoted from Corporal/Detective to Patrol Sergeant

Sergeant Chad Syphers

Promoted from Corporal/Detective to Patrol Sergeant

Certification



Chaplain Roger Cousineau

Law Enforcement Chaplain Certification from the Maine Criminal Justice Academy on February 27, 2015.

Badges presented by Chief Phillip L. Crowell, Jr.
Oath of Office administered by Mayor Jonathan P. LaBonté



Auburn Police Department



Memorandum

Phillip L. Crowell
Chief of Police

Jason D. Moen
Deputy Chief

Rita P. Beaudry
Executive Asst.

To: City Clerk's Office
From: Lt. Timothy Cogle
Date: 01/27/16
Re: Indeego Spa License Application Denial

While reviewing and considering the Massage Establishment License application for "Indeego Spa" I have found reason to believe that the owner/applicant, Ms. Lanli Liu and her friend, Ms. Lucy Louie, who also serves as an employee and representative of Ms. Lanli Liu have been dishonest and deceptive during the licensing process.

Based on the information obtained through a police background investigation, the police department has denied the business license and related massage licenses for the "Indeego Spa". The owner and business representative have violated the below listed business licensing ordinances;

- **Sec. 14-379. - Obtaining license by fraud.**

No person shall make any false, untruthful or fraudulent statement, either written or oral, or in any way conceal any material fact, or give or use any fictitious name in order to secure or aid in securing a license required by this chapter. All names, including, but not limited to maiden name, ever used by the applicant must be noted on the application. Any license so secured shall be void

- **Sec. 14-381. - Standards for denial.**

(a) *Generally. A license under this division shall be denied to:*

(1) *An applicant who has submitted an incomplete application, knowingly made an incorrect statement of a material nature, or failed to supply additional information required by the city clerk or designee or reasonably necessary to determine whether the license is issuable;*



City of Auburn, Maine

"Maine's City of Opportunity"

Office of the City Clerk

January 27, 2016

Lanli Liu
Indeego Spa
405 Center Street
Auburn, ME 04210

Dear Ms. Liu:

This letter is to notify you that the Massage Establishment license application for Indeego Spa, located at 405 Center Street, has been denied. Based on information you provided and further investigation, City Officials found the following violations:

- ***Sec. 14-379. - Obtaining license by fraud.***

No person shall make any false, untruthful or fraudulent statement, either written or oral, or in any way conceal any material fact, or give or use any fictitious name in order to secure or aid in securing a license required by this chapter. All names, including, but not limited to maiden name, ever used by the applicant must be noted on the application. Any license so secured shall be void

- **Sec. 14-381. - Standards for denial.**

(a) Generally. A license under this division shall be denied to:

- (1) *An applicant who has submitted an incomplete application, knowingly made an incorrect statement of a material nature, or failed to supply additional information required by the city clerk or designee or reasonably necessary to determine whether the license is issuable;***

Please note the City Council shall be notified of the decision to deny the Massage Establishment license application at their next regularly scheduled meeting.

If you decide to appeal the decision the process is as follows:

- ***Sec 14-39. Appeal***

Except as otherwise provided, appeals shall be made by filing a written notice of appeal with the office of the City Clerk's or designee within 30 days of the date of any such denial to the City Council in writing, whereupon a hearing will be scheduled, at which time the applicant shall have the right to be heard. It shall be the duty of the City Clerk or designee to notify such applicants who have appealed, of the time and place of the hearing.



City of Auburn, Maine

"Maine's City of Opportunity"

Office of the City Clerk

We will refund the \$150.00 Massage Establishment application fee and send it to the address you provided. If you have any questions with the foregoing, please feel free to contact me at the number below or Susan Clements-Dallaire, City Clerk at 333-6601 x1126.

Sincerely,

Alison F. Pepin
License Specialist
City Clerk's Office
City of Auburn
60 Court Street
Auburn, ME 04210
(207)333-6601 x1121



City of Auburn, Maine

"Maine's City of Opportunity"

Office of the City Clerk

January 27, 2016

XianYing Qiu
Indeego Spa
405 Center Sreet
Auburn, ME 04210

Dear Ms. Qiu:

This letter is to notify you that the Massage Establishment license application for Indeego Spa, located at 405 Center Street, has been denied. Based on information provided by the owner, LanLi Liu, and further investigation, City Officials found the following violations:

- ***Sec. 14-379. - Obtaining license by fraud.***

No person shall make any false, untruthful or fraudulent statement, either written or oral, or in any way conceal any material fact, or give or use any fictitious name in order to secure or aid in securing a license required by this chapter. All names, including, but not limited to maiden name, ever used by the applicant must be noted on the application. Any license so secured shall be void

- ***Sec. 14-381. - Standards for denial.***

(a) Generally. A license under this division shall be denied to:

- (1) An applicant who has submitted an incomplete application, knowingly made an incorrect statement of a material nature, or failed to supply additional information required by the city clerk or designee or reasonably necessary to determine whether the license is issuable;***

Please note the City Council shall be notified of the decision to deny the Massage Establishment license application at their next regularly scheduled meeting.

If the owner decides to appeal the decision the process is as follows:

- ***Sec 14-39. Appeal***

Except as otherwise provided, appeals shall be made by filing a written notice of appeal with the office of the City Clerk's or designee within 30 days of the date of any such denial to the City Council in writing, whereupon a hearing will be scheduled, at which time the applicant shall have the right to be heard. It shall be the duty of the City Clerk or designee to notify such applicants who have appealed, of the time and place of the hearing.



City of Auburn, Maine

"Maine's City of Opportunity"

Office of the City Clerk

If you have any questions with the foregoing, please feel free to contact me at the number below or Susan Clements-Dallaire, City Clerk at 333-6601 x1126.

Sincerely,

A handwritten signature in cursive script that reads 'Alison F. Pepin'.

Alison F. Pepin
License Specialist
City Clerk's Office
City of Auburn
60 Court Street
Auburn, ME 04210
(207)333-6601 x1121

Sec. 14-38. - Grounds and procedure for denial of license applications; exceptions.

- (a) Except as otherwise specifically provided in this section, a license under this chapter shall be denied if the council makes a finding that:
- (1) The applicant is a corporation that is not licensed to do business in the state;
 - (2) The applicant is a corporation, of which, at any time during the previous five years, a principal officer, or a person having an actual or beneficial ownership interest or management authority therein has been convicted of (a) any Class A, Class B, or Class C crime, or (b) a crime committed under the laws of the United States of America or of any other state or territory thereof, that is punishable (whether or not such punishment was actually imposed) by a sentence at least as harsh as that that is authorized for the commission of a Class C crime under state law; provided that such conviction was for an offense that is rationally related to the regulation of the business sought to be licensed;
 - (3) The applicant has been convicted of (a) any Class A, Class B or Class C crime, or (b) a crime committed under the laws of the United States of America or of any other state or territory thereof, that is punishable (whether or not such punishment was actually imposed) by a sentence at least as harsh as that that is authorized for the commission of a Class C crime under Maine law; provided that such conviction was for an offense that is rationally related to the regulation of the business sought to be licensed;
 - (4) The applicant has had his business license revoked within the five years preceding the date of the application;
 - (5) The applicant is a corporation, person or other business entity which does or will employ a person (a) who will be substantially in the ownership or management of the business and the employee's business license has been revoked within the five years preceding the application; or (b) who was a principal of any corporation whose business license has been revoked within the five years preceding the application;
 - (6) The applicant is a corporation, person or other business entity of which any person is a principal who will be substantially involved in the ownership or management of the business and the principal's business license has been revoked within the five years preceding the application;
 - (7) The proposed licensed premises or its use fails to comply with zoning or other land use ordinances;
 - (8) The proposed licensed premises or its use fails to comply with any municipal ordinance or regulation;
 - (9) There exist on or about the premises proposed to be licensed conditions such as waste disposal violations, health or safety violations or other such conditions that unreasonably disturb, interfere with, or affect the ability of persons or businesses residing or located in the vicinity of the licensed premises to use or enjoy their property in a reasonable manner;
 - (10) The applicant has knowingly furnished false or misleading information on his application.
- (b) No license or permit shall be issued by the city clerk or designee following a hearing at which the city council has disapproved any application for such license. In addition, the city clerk or designee shall deny a license or permit to any person whose application was disapproved by any city official whose approval was required.
- (c) No license or permit shall be issued to any person who is indebted to the city upon any claim, tax or account that is more than 60 days delinquent. The city treasurer shall be responsible for making available to the city clerk or designee and any other license-issuing officers such information as is essential for compliance with this section.

- (d) In case an application is disapproved, the city clerk or designee shall then notify the applicant in writing of such denial and shall refund the fee paid in. The city clerk or designee shall also notify the city council of such action at the next regularly scheduled meeting of the city council.
- (e) In the event that the council, in an exercise of its sound discretion, determines that there exist extenuating circumstances with respect to the grounds for denial of a license or that the circumstances giving rise to the denial can be ameliorated by the imposition of conditions or limitations to the grant of a license, the council may, notwithstanding the grounds set forth in this section, grant a license to the applicant upon such conditions as the council in an exercise of its sound discretion deems to be just and appropriate.

(Ord. No. 38-02072011-05, att. §§ 24-36, 24-37, 2-7-2011; Ord. No. 07-12172012, § 24-36, 24-37, 1-7-2013)

Sec. 14-39. - Appeal.

- (a) Except as otherwise provided, appeals shall be made by filing a written notice of appeal with the office of the city clerk or designee within 30 days of the date of any such denial to the council in writing, whereupon a hearing will be scheduled, at which time the applicant shall have the right to be heard. It shall be the duty of the city clerk or designee to notify such applicants who have appealed, of the time and place of the hearing.
- (b) Such notice shall be mailed by the city clerk, postage prepaid, to the applicant at the address furnished on the application form at least 48 hours prior to the date set for hearing. The city council may, at that time, approve any application previously denied by the affirmative vote of five or more members of the council.

(Ord. No. 38-02072011-05, att. § 24-37, 2-7-2011)



City Council Information Sheet

City of Auburn

Council Meeting Date: 2-1-2016

Subject: Executive Session

Information: Discussion regarding an economic development matter, pursuant to 1 M.R.S.A. Section 405(6)(C).

Executive Session: On occasion, the City Council discusses matters which are required or allowed by State law to be considered in executive session. Executive sessions are not open to the public. The matters that are discussed in executive session are required to be kept confidential until they become a matter of public discussion. In order to go into executive session, a Councilor must make a motion in public. The motion must be recorded, and 3/5 of the members of the Council must vote to go into executive session. An executive session is not required to be scheduled in advance as an agenda item, although when it is known at the time that the agenda is finalized, it will be listed on the agenda. The only topics which may be discussed in executive session are those that fall within one of the categories set forth in Title 1 M.R.S.A. Section 405(6). Those applicable to municipal government are:

A. Discussion or consideration of the employment, appointment, assignment, duties, promotion, demotion, compensation, evaluation, disciplining, resignation or dismissal of an individual or group of public officials, appointees or employees of the body or agency or the investigation or hearing of charges or complaints against a person or persons subject to the following conditions:

- (1) An executive session may be held only if public discussion could be reasonably expected to cause damage to the individual's reputation or the individual's right to privacy would be violated;
- (2) Any person charged or investigated must be permitted to be present at an executive session if that person so desires;
- (3) Any person charged or investigated may request in writing that the investigation or hearing of charges or complaints against that person be conducted in open session. A request, if made to the agency, must be honored; and
- (4) Any person bringing charges, complaints or allegations of misconduct against the individual under discussion must be permitted to be present.

This paragraph does not apply to discussion of a budget or budget proposal;

B. Discussion or consideration by a school board of suspension or expulsion of a public school student or a student at a private school, the cost of whose education is paid from public funds, as long as:

- (1) The student and legal counsel and, if the student is a minor, the student's parents or legal guardians are permitted to be present at an executive session if the student, parents or guardians so desire;

C. Discussion or consideration of the condition, acquisition or the use of real or personal property permanently attached to real property or interests therein or disposition of publicly held property or economic development only if premature disclosures of the information would prejudice the competitive or bargaining position of the body or agency;

D. Discussion of labor contracts and proposals and meetings between a public agency and its negotiators. The parties must be named before the body or agency may go into executive session. Negotiations between the representatives of a public employer and public employees may be open to the public if both parties agree to conduct negotiations in open sessions;

E. Consultations between a body or agency and its attorney concerning the legal rights and duties of the body or agency, pending or contemplated litigation, settlement offers and matters where the duties of the public body's or agency's counsel to the attorney's client pursuant to the code of professional responsibility clearly conflict with this subchapter or where premature general public knowledge would clearly place the State, municipality or other public agency or person at a substantial disadvantage;

F. Discussions of information contained in records made, maintained or received by a body or agency when access by the general public to those records is prohibited by statute;

G. Discussion or approval of the content of examinations administered by a body or agency for licensing, permitting or employment purposes; consultation between a body or agency and any entity that provides examination services to that body or agency regarding the content of an examination; and review of examinations with the person examined; and

H. Consultations between municipal officers and a code enforcement officer representing the municipality pursuant to Title 30-A, section 4452, subsection 1, paragraph C in the prosecution of an enforcement matter pending in District Court when the consultation relates to that pending enforcement matter.