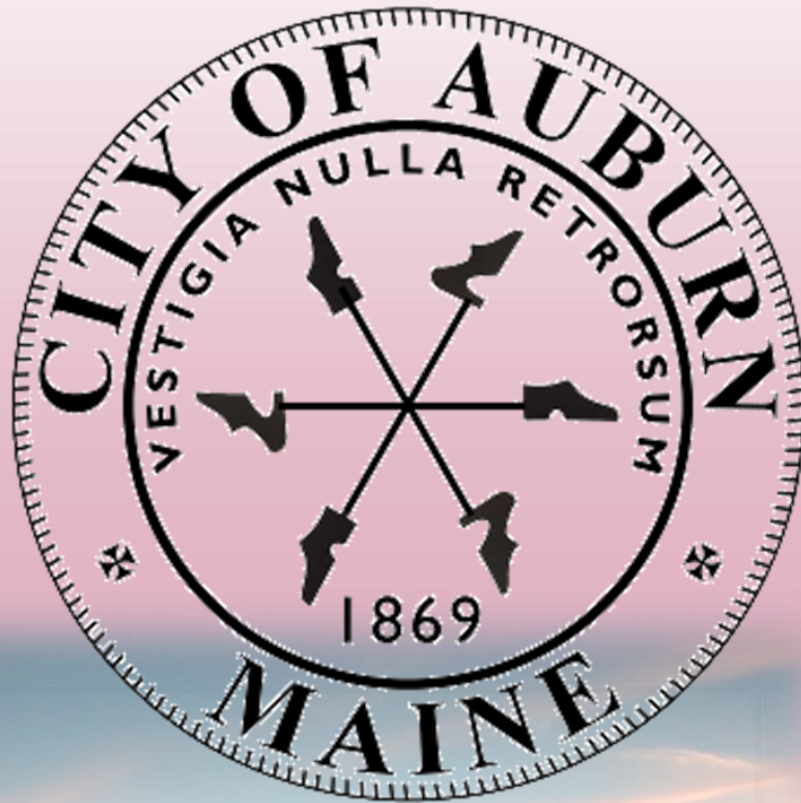


Comprehensive Annual Financial Report



***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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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

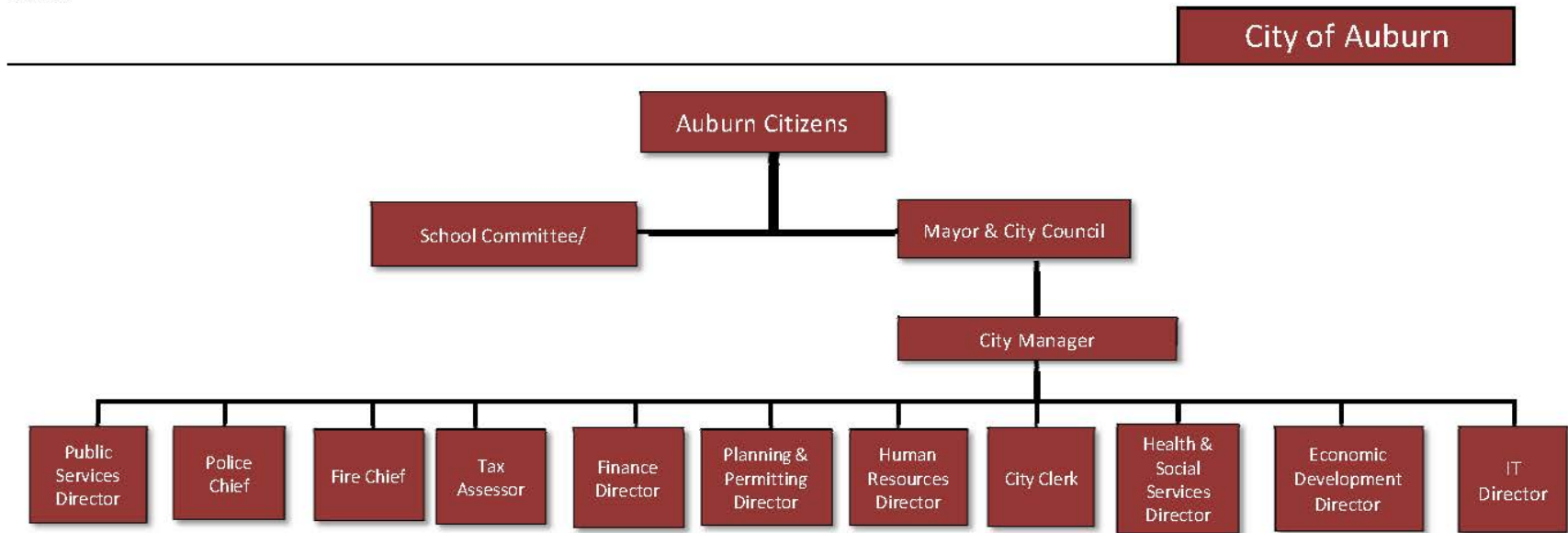
**City of Auburn
Maine**

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).

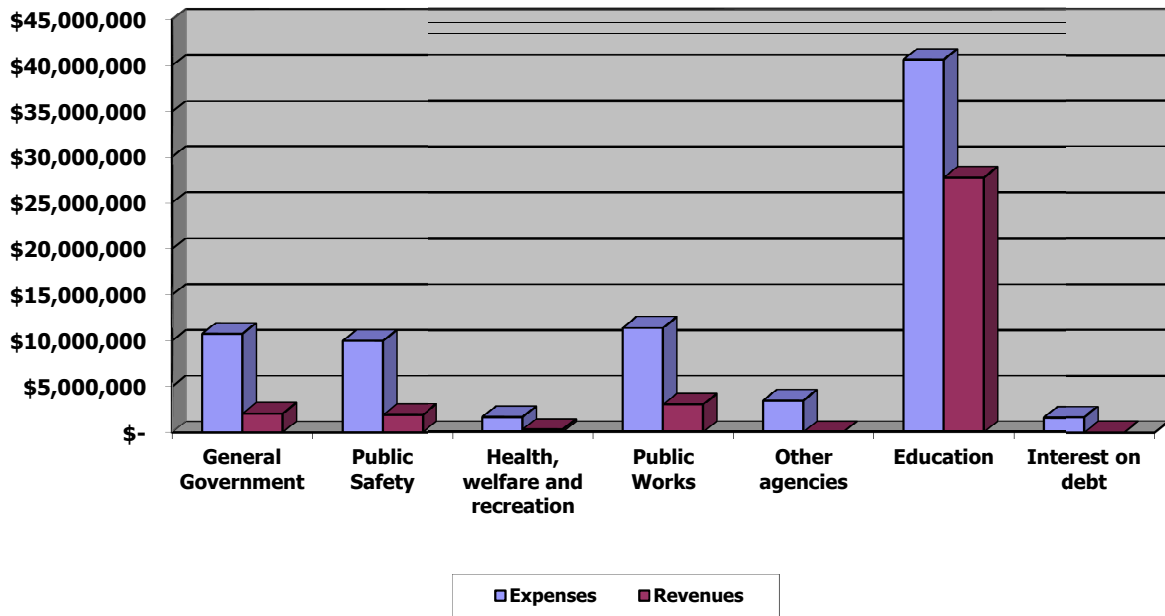
	City of Auburn's Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2015	2014 Restated	2015	2014 Restated	2015	2014 Restated
Revenues:						
Program revenues:						
Charges for services	\$ 3,190,866	2,070,803	1,067,189	1,139,096	4,258,055	3,209,899
Operating grants 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

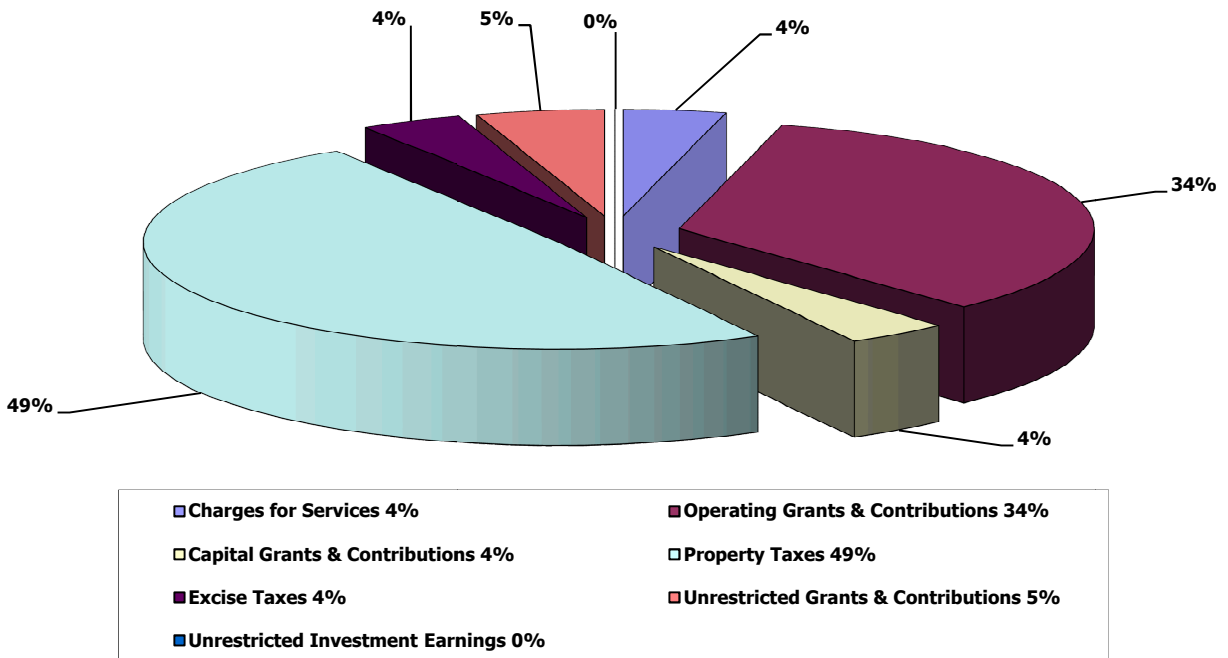
Governmental activities increased the City of Auburn’s net position by \$5,422,742. Unclassified expenses have been reclassified in general government. Key elements of this increase are as follows:

- 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



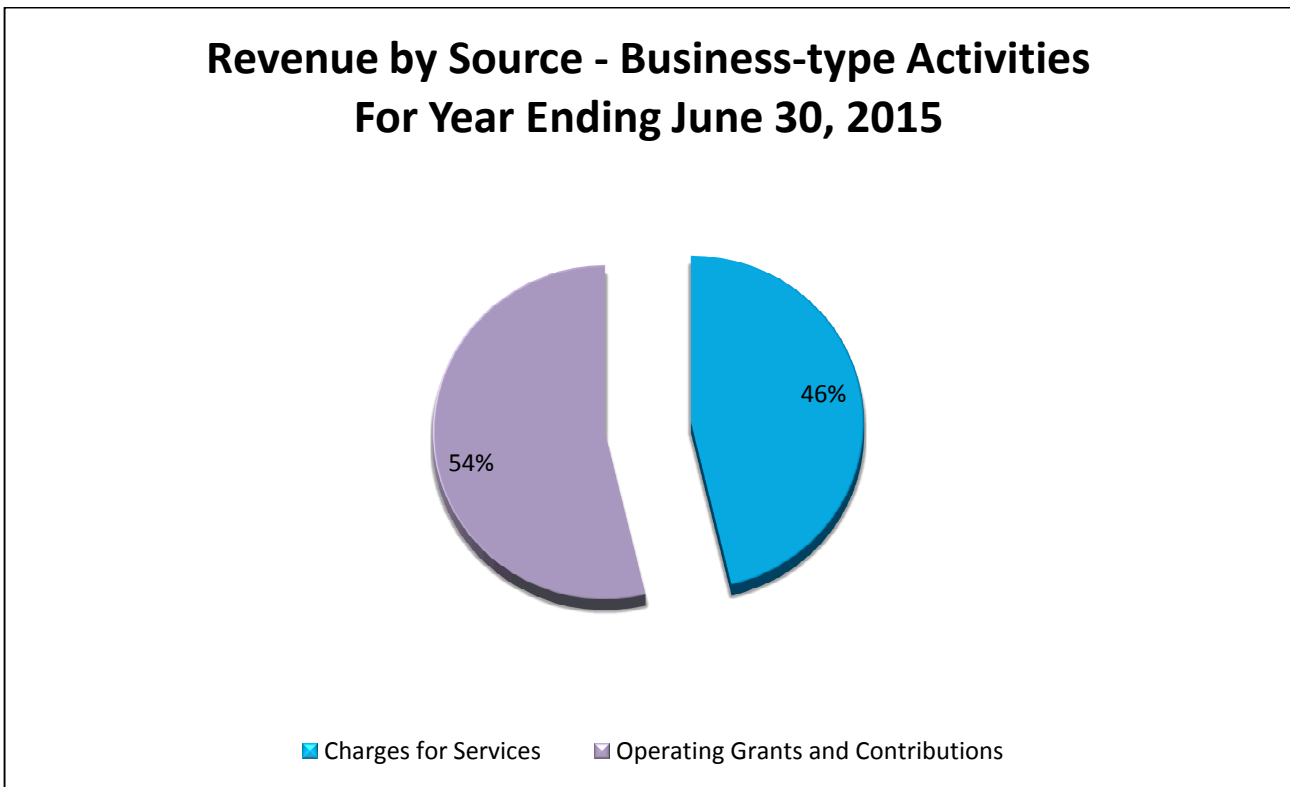
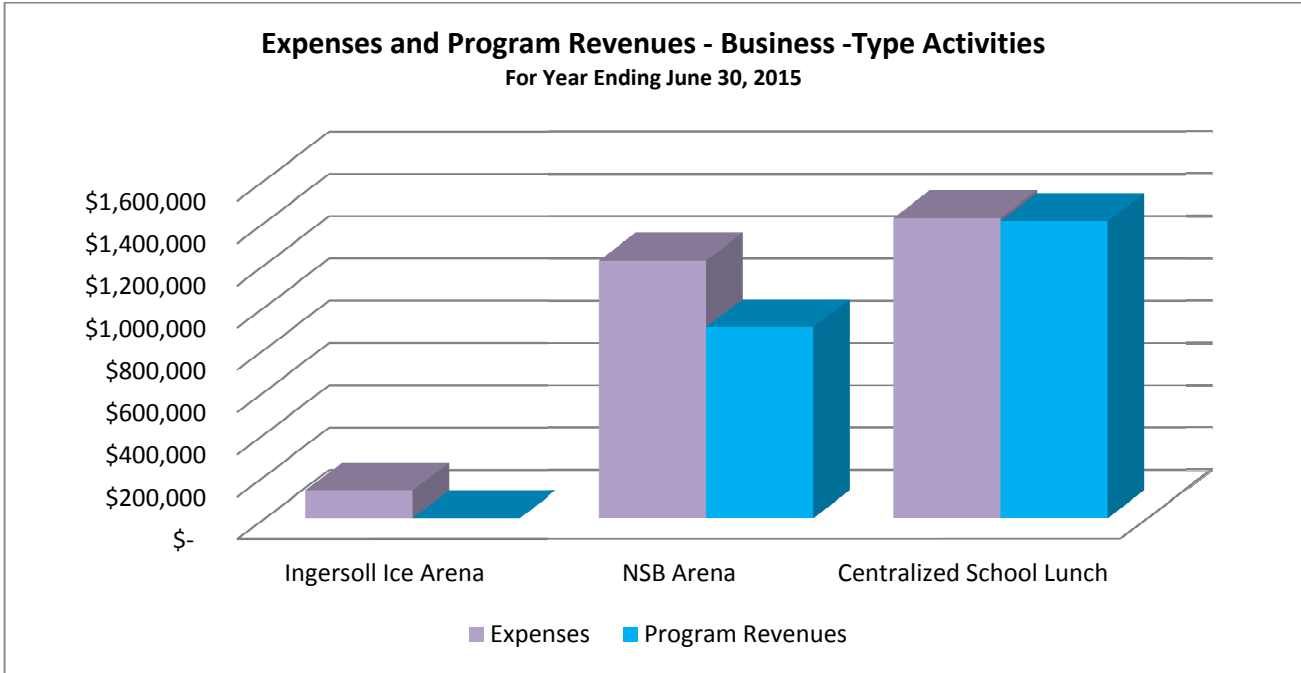
Revenues by Source - Governmental Activities For the Year Ended June 30, 2015



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

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 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
<hr/>	
Additions:	
Interest income	\$ 3,793
Total additions	3,793
<hr/>	
Deductions:	
Scholarships	5,272
Total deductions	5,272
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Change in net position	(1,479)
<hr/>	
Net position - beginning	108,869
<hr/>	
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.

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

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
<u>Bonds payable</u>					<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>June 30,</u>	<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>
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	16,612,780
Total	\$ 17,745,160

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>	<u>Actuarial Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>
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%
			\$ 238,760,032		

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%
			\$ 299,817,800		

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