

COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Auburn, Maine

For the year ended June 30, 2020



CITY OF AUBURN, MAINE

Finance Department

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended
June 30, 2020

Prepared By:
Finance and Management

CITY OF AUBURN, MAINE
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2020

TABLE OF CONTENTS

	<u>Page(s)</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1-8
GFOA Certificate of Achievement	9
Organizational Chart	11
List of Elected and Appointed Officials	12
	<u>Statement</u> <u>Page(s)</u>
FINANCIAL SECTION	
Report of Independent Auditors	15-17
Management's Discussion and Analysis	18-27
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	1 31
Statement of Activities	2 32
Fund Financial Statements:	
Balance Sheet – Governmental Funds	3 33
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	4 34
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5 35
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	6 36-38
Statement of Net Position – Proprietary Funds	7 39
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	8 40
Statement of Cash Flows – Proprietary Funds	9 41
Statement of Fiduciary Net Position – Fiduciary Funds	10 42
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	11 43
Notes to Basic Financial Statements	44-83
Required Supplementary Information	84-89

CITY OF AUBURN, MAINE
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2020

TABLE OF CONTENTS, Continued

	<u>Exhibit</u>	<u>Page</u>
Combining and Individual Fund Statements:		
Combining Balance Sheet – Nonmajor Governmental Funds	A-1	93
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	A-2	94
Combining Balance Sheet – Nonmajor Special Revenue Funds	B-1	95
Combining Statement of Revenues, Expenditures, and Changes In Fund Balances – Nonmajor Special Revenue Funds	B-2	96
Combined Balance Sheet – Nonmajor Permanent Funds	C-1	97
Combined Statement of Revenues, Expenditures, and Changes In Fund Balances – Nonmajor Permanent Funds	C-2	97
Combining Statement of Fiduciary Net Position – Fiduciary Funds – Agency Funds	D-1	101
Combining Statement of Changes in Assets and Liabilities – Fiduciary Funds – Agency Funds	D-2	102
Statement of Revenues, Expenditures and Changes in Fund Balances – Tax Increment Financing Fund	E	105
	<u>Table</u>	<u>Page</u>
STATISTICAL SECTION		
Government-wide Information:		
Net Position by Component	1	111
Change in Net Position	2	112-113
Fund Information:		
Fund Balances	3	114
Changes in Fund Balances of Governmental Funds	4	115

CITY OF AUBURN, MAINE
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2020

TABLE OF CONTENTS, Continued

	<u>Table</u>	<u>Page</u>
Assessed Value to Actual Value of Taxable Property	5	116
Direct and Overlapping Property Tax Rates	6	117
Principal Property Taxpayers	7	118
Property Tax Levies and Collections	8	119
Ratios of Outstanding Debt by Type	9	120
Ratios of General Bonded Debt Outstanding	10	121
Direct and Overlapping Governmental Activities Debt	11	122
Legal Debt Management	12	123
Demographic and Economic Statistics	13	124
Principal Non-Governmental Employers	14	125
Number of Employees	15	126
Demand for Level of Service	16	127
Capital Assets Statistics – Net Book Value	17	128

This page intentionally left blank.

INTRODUCTORY SECTION

This page intentionally left blank.



January 29, 2021

Honorable Mayor Levesque 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, 2020, 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 sixteenth 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements of Federal Awards* (Uniform Guidance). The "single audit" is designed to meet the special needs of federal grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. Information related to this single audit, including a schedule of federal 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 entitled "Reports Required by *Government Auditing Standards* and the Uniform Guidance".

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 the 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.

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 fifth 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 2020

Economic Development

The City of Auburn has been experiencing record growth in permit applications and building values. The low unemployment rate and worker demand have also created a demand for workforce housing. The City saw the completion of three large workforce housing projects with a projected combined value of sixteen-million-dollars in 2019 as well as numerous commercial projects and single-family homes. In 2020 a three-million-dollar market-rate apartment housing project and a seven-million-dollar senior housing expansion project were completed as well as record-setting commercial permits totaling over \$70M in private investment and nearly 600,000 square feet of floor area. Planning approvals are strong, filling the pipeline for 2021 construction investment that appears likely to beat previous records.

Opportunity Zones and the New Auburn Village Center Redevelopment Project

In 2018 a census tract in New Auburn was designated as an Opportunity Zone. The purpose of this federal program is to encourage development and growth in Low-Income Community census tract areas, with the hope that this will stimulate the neighborhood and result in a higher quality of life for the residents.

The City is actively marketing New Auburn Village Center Redevelopment Project and completed the new pedestrian-friendly Riverway Street, creating the opportunity for 14,000 square feet of new commercial space, 28,000 square feet of new residential space, and providing 168 parking spaces that will allow the closure of the Riverway for special community events.

Attracting Investors

Foreign investment is still a significant component of continued investment. Two separate foreign investment groups have purchased investment property in the City and continue to explore other projects. The department has been in negotiation with several developers regarding large-scale projects. A large retail development proposed adjacent to exit 75 off Washington Avenue now has tenants and collaboration with the State, MDOT, and the developer to complete the project is underway. The City has been successful in working with ABDC to help generate leads in the vacant business park off Kittyhawk Avenue with the park now under contract for a closing in January 2021. This purchase paves the way for an Auburn-based business to launch a new product and expand from approximately 80,000 square feet to a new 150,000-300,000 square foot facility over the next 2 years. Other industrial expansions totaling 400,000+ square feet are proposed at 2 other major manufacturers within the City, some of which are already under construction. In support of the strong growth and to expand Auburn's market share, the Mayor, City Manager, and ECD Department launched a major initiative aimed at attracting residents, investors, and industry from our south in November 2020. Strong project leads and inquiries are developing at a faster rate than before.

Community Development Block Grant Program

Several programs were re-adopted during the last budget process to aid residents with property improvements and to help the City rebuild and strengthen its neighborhoods and others were updated to meet the needs of the community. The City completed a renovation and expansion to the Senior Community Center primarily using CDBG funds and the facility has proven to add resilience for the City during the COVID 19 Pandemic. The City is leveraging CDBG funds and TIF funds to improve walkability and access to parking in downtown areas. The goal is to ensure that Auburn is a friendly and safe place that people want to live, work, and play in and the community is responding positively.

Transportation

The City has been actively involved in reviewing City rail serves (both freight and passenger). A passenger rail study and a freight rail study has recently been completed and the City is in the process of negotiating an advantageous lease for the previously vacant intermodal facility. The City has recently formed a Turnpike Ad Hoc Committee and is working on Comprehensive Plan updates for 2021. The need for an additional interchange to access the turnpike in the City of Auburn has been recognized for almost two decades. The City of Auburn continues to experience record growth and there is an increased need for an additional Turnpike interchange to improve accessibility to our downtown and open significant infill potential for real estate investment in Auburn.

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 FY 2004, and updated it in FY 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.

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 2020, the Capital Improvement budget included \$3.3 million to fund street, sidewalk, infrastructure and drainage improvements; \$1 million to fund School Department capital projects and \$4.9 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 2020

Educational Excellence: “Empowering life-long learners to succeed in an ever changing world”

During the 2019-20 school year, the Auburn School Department continued to work toward its guiding principles as outlined in Vision 2030. This vision leads the work of the district and guides all decisions. A central focus of Vision 2030 is creating an educational experience that is flexible and personalized to maximize every student’s growth. All Auburn students are supported to graduate with high aspirations, hope for the future, a passion for learning and the capacities to accomplish their dreams.

School Building Infrastructure and Fleet Improvements

New Edward Little High School: During the 2019-20 school year, Auburn School Department staff, Building Committee members and Harriman Associates worked on design development of a new, state-of-the-art high school. The building, funded primarily by the State of Maine, was approved overwhelmingly by voters in June 2019.

Construction documents will be complete by the fall of 2020, with the project scheduled to go out to bid in December 2020. Work is expected to begin as early as March 2021.

The new Edward Little High School will include a Career and Technical Education (CTE) program (which will be a satellite of the Lewiston Regional Technical Center), a full complement of athletic facilities on-site for the first time (including at least one artificial turf field), and a 1,200-seat performing arts center. The State of Maine will fund \$105.9 million (86.8%) of the approximately \$122 million project.

After receiving preliminary approval for a new, state-funded high school in Fall 2016, Auburn School Department selected Harriman Associates to lead the district through the process, from site selection through opening of the new building (scheduled for the Fall of 2023). Harriman led the Building Committee on an exhaustive evaluation of 47 potential sites across the city. The committee narrowed the number of sites to 5 and began a more thorough process of evaluating each site based upon parcel structure, site conditions, transit, proximity to utilities, overall cost and community priorities. By June 2018, it was clear the existing site best matched the top 3 priorities as defined by members of the community:

1. Ability to have all athletic fields on one site
2. Proximity to population density
3. Ability to act as an economic draw to bring people to Auburn

Infrastructure (Capital Improvement): Auburn School Department facilities are the property of the City of Auburn, and the Auburn School Department, as steward, maintains buildings and grounds. The School Department’s facilities have a total replacement value of approximately \$95 million.

In Winter/Spring 2019, the School Department evaluated its Capital Improvement needs for the 19-20 school year and submitted for review and recommendation to the City Council requests totaling \$1,288,719 (which represents 1.4% of capital asset values). City Councilors approved and authorized \$1 million in CIP Bond issuance for the School Department in their August 2019 Bond Issuance. This is a capital asset renewal of 1.1% of replacement value into school facilities infrastructure. Our goal has been to maintain at minimum 2% Facility Condition Index (FCI) to ensure facilities are kept in good working order to meet the needs of students and the community and not fall behind on needed maintenance and improvements. The School Department will continue to seek a minimum 2% FCI in future years.

The following projects and purchases were completed during the 2019-20 school year:

- Auburn Middle School: Fire Pump upgrade
- Auburn Middle School: New choir risers
- Fairview: New library carpet
- Fairview: Rear door made handicapped accessible

- Park Avenue: Addition of 2 new classrooms
- Park Avenue: Generator Replacement (powered by natural gas), allowing the school department to dispose of its final underground oil tank. Park Avenue School serves as the emergency shelter for the city.
- Support Services: One-ton pickup with plow
- Support Services: Portable sprinkler system
- Walton Elementary School: Cafeteria ceiling and windows addition
- Walton Elementary School: Bathroom renovations
- Walton Elementary School: New athletic field fence
- Walton Elementary School: New lockers
- Walton Elementary School: New bleachers and press box
- Walton Elementary School: Partial roof restoration
- Washburn Elementary School: Interior door replacement
- Central Office: New server
- District-wide: Upgrade to LED lighting at Auburn Middle School, East Auburn, Fairview, Franklin, RETC/SOS and Support Services Building. All buildings have now been upgraded to LED lighting.
- District-wide: One-way, tinted film added to external windows at schools across the district for increased safety
- District-wide: Additional swipe card readers added to doors to allow for elimination of master keys being given to staff

School Revolving Renovation Fund: In Fall 2019, the School Department applied for funding through the State's School Revolving Renovation Fund (SRRF) to complete two projects: a relocation of the main office to the front of Auburn Middle School, and the addition of an elevator/upgrade of bathrooms at Franklin School. In January 2020, both projects were approved, with total funding of up to \$190,000 for Auburn Middle School and \$1 million for Franklin.

Of those amounts, the State will forgive 61%, leaving the School Department to pay back 39% of the funds at zero interest over 10 years.

Stephen Blatt Architects were selected to design and manage the two projects. The Middle School project is scheduled for completion in December 2020, while the Franklin project is scheduled for Summer 2021.

Transportation: The School Department continues the replacement of older school buses, with the assistance of the State Department of Education (DOE) Bus Purchase/Replacement program. The DOE Bus Purchase/Replacement program stipulates that school buses are eligible for replacement utilizing state funding when they reach 10 years of age and exceed 125,000 miles of service. The DOE Bus Purchase/Replacement program schedule allows the Auburn School Department to maintain a bus fleet in conformance with State DOE standards while utilizing all available state funding and maintaining a safe and dependable fleet.

Reimbursement from DOE is a direct allocation provided through state subsidy one year after purchase. In 2019-20, the School Department added three new 2021 model year school buses that were eligible for DOE funding under the program. One of these buses has a propane-fired engine, while the other two are gasoline engines.

The Department added two other buses that were not funded by DOE: a handicapped-accessible bus (covered by insurance) to replace one that was totaled in an accident the prior year, and a propane-powered bus to replace a 2012 model with a faulty fuel tank.

With the addition of these new buses, the School Department has converted 100% of its main, "home to school" bus fleet to either propane or gas, eliminating diesel buses from everyday runs. Aside from producing an annual savings, we are lessening our greenhouse gas emissions and carbon footprint.

As of June 2020, the School Department owns 41 school buses. Of these, 26 are regularly in service, 9 are spares and 6 are marked to be sold.

On the Move: Fiscal Year 2021 Goals

For the 2021 Fiscal Year, the operating budget is to a great extent a maintenance budget to maintain the funding that is essential for the City to continue servicing the needs of the citizens in the community. But it also includes some innovation, expanded Economic Development capacity and strategic decision-making that will serve the city well. Last year's budget recognized that it is vital to retain and attract people to work for the city, and the adjusted funding for a Compensation Study is proving to help stabilize staffing and services as intended, with a well-balanced, stable and effective city government. The City has taken further steps to restore full bus service to the community with the partial restoration of funding to the Lewiston-Auburn Transit Committee and secured outside funding for a comprehensive public transit review study in cooperation with the City of Lewiston and ATRC. This will help implement the effort to reach out to the business community to create a new bus transportation model that makes the bus system an integral part of Auburn's future.

In terms of innovation, Auburn is on the move! The City has taken the step of being among the first communities in Maine to aggressively pursue as a goal a blend of recreation and sports tourism with the reorganization and establishment of a new department called Recreation and Sports Tourism. The City has purchased the previously leased Norway Savings Bank Arena (NSBA) and formally combined it with our former Recreation Department as well as the Ingersoll Turf Facility into a new dynamic, collaborative department. By maximizing our fiscal and personnel resources in this way, we are pointing ourselves toward the future and saying that we want Auburn to be one of Maine's most exciting recreation and sports destinations. 2021 boasts new partnerships with local non-profits to deliver even more recreation capacity and variety including the YMCA, Auburn Suburban Baseball and Softball, and New England Mountain Bike Association.

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 City 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 2020 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, 2020, 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, 2020, 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 Uniform Guidance. Auditing standards generally accepted in the United States of America and the standards set forth in the U.S. Government Accountability 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, 2019. This was the twenty-seventh 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, Jessica Bouchard 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,

A handwritten signature in black ink that reads "Jill M Eastman". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Jill M Eastman
Finance Director

This page intentionally left blank.



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

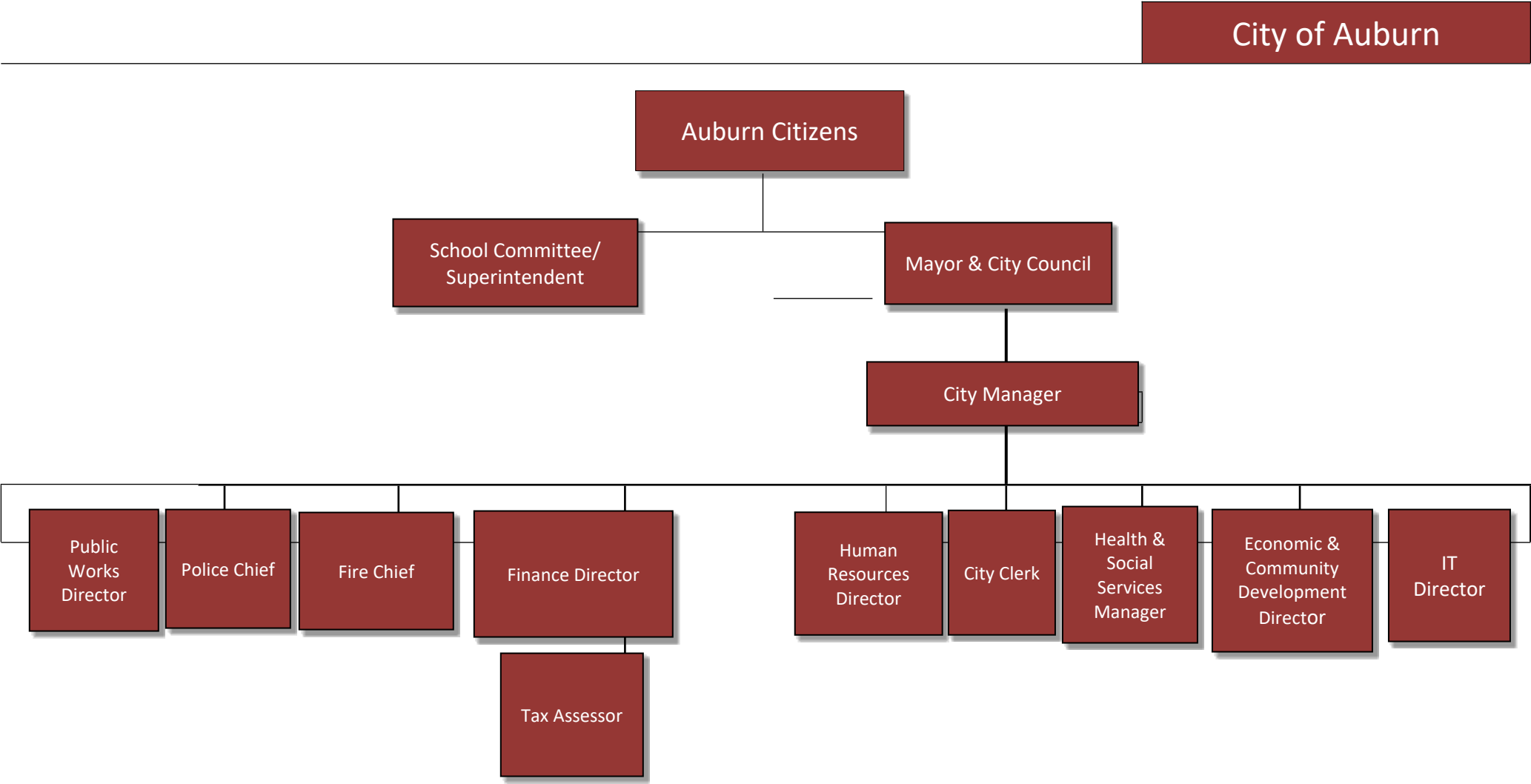
June 30, 2019

Christopher P. Morill

Executive Director/CEO

This page intentionally left blank.

ORGANIZATIONAL CHART
2020



CITY OF AUBURN, MAINE

LIST OF ELECTED AND APPOINTED OFFICIALS

June 30, 2020

Elected Officials

Mayor	Jason J. Levesque
Council Member – Ward 1	Holly Lasagna
Council Member – Ward 2	Timothy MacLeod
Council Member – Ward 3	Stephen Milks
Council Member – Ward 4	Brian Carrier
Council Member – Ward 5	Leroy G. Walker
Council Member – At Large	Belinda Gerry
Council Member – At Large	Katherine Boss
School Committee – Chair, Ward 3	Karen Mathieu
School Committee – Ward 1	Vacant
School Committee – Ward 2	Pamela Hart
School Committee – Ward 4	Brian Belknap II
School Committee – Ward 5	Daniel F. Poisson Sr.
School Committee – At Large	David Simpson
School Committee – At Large	Faith Fontaine
School Committee – Mayor's Representative	Brian Carrier

Appointed Officials

City Manager	Peter Crichton
Assistant City Manager	Phillip Crowell
Finance Director	Jill M. Eastman
School Superintendent	Katherine Grondin
School Business Manager	Adam Hanson
City Clerk	Susan Clements-Dallaire
Tax Collector	Nancy Bosse
Assessor	Karen Scammon
Fire Chief	Robert Chase
Human Resources Director	Christine Mumau
Police Chief	Jason Moen
Public Works Director	Dan Goyette
Recreation Director	Sabrina Best
Health & Social Services Manager	Holli Olivier
Economic & Community Development Director	Michael Chamings

FINANCIAL SECTION

This page intentionally left blank.

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, 2020, 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, 2020, 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 and the schedules related to the pension and OPEB liabilities, 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 fund 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 January 29, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Auburn, Maine's 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.

A handwritten signature in black ink, reading "Remya Kristen Ouellette". The signature is written in a cursive, flowing style.

January 29, 2021
South Portland, Maine

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2020

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, 2020. 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 \$73,419,666 (*net position*).
- The City of Auburn's total net position increased by \$804,877.
- As of the end of the current fiscal year, the City of Auburn's governmental funds reported combined ending fund balances of \$28,429,800 an increase of \$6,029,528 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 \$11,515,913, or 13.63% of total General Fund expenditures (budgetary basis – excluding transfers).
- The City of Auburn issued one bond for \$7,900,000 for its Capital Improvement Plan, one bond for \$7,000,000 to purchase the Norway Savings Bank Arena and one BAN (Bond Anticipation Note) for \$8,000,000 to go towards the new Edward Little High School Construction. The \$7,900,000 issuance will be used for the following projects: to fund the City's street, sidewalk and infrastructure improvements; purchase multiple pieces of heavy equipment; and for building improvements. Of the total \$7,900,000, \$1,000,000 will fund various school capital projects. Additionally, another \$1,190,000 of notes payable was issued to fund school construction and renovations.

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 basic 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 two business-type activities, Ingersoll Turf Facility and Norway Savings Bank Ice Arena. The government-wide financial statements can be found on pages 31-32 of this report.

Fund financial statements

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

Governmental funds

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

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

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

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

The basic governmental fund financial statements can be found on pages 33-38 of this report.

Proprietary funds

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

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

The basic proprietary fund financial statements can be found on pages 39-41 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of Auburn's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 42-43 of this report.

Notes to basic 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 basic financial statements can be found on pages 44-83 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that can be found beginning on page 84 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 93-105 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 \$73,419,666 at the close of the most recent fiscal year.

City of Auburn's Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019 Restated	2020	2019	2020	2019 Restated
Current and other assets	\$ 42,182,718	32,579,852	(1,291,143)	(1,400,887)	40,891,575	31,178,965
Capital assets	136,018,850	125,311,841	361,574	438,377	136,380,424	125,750,218
Total assets	178,201,568	157,891,693	(929,569)	(962,510)	177,271,999	156,929,183
Deferred outflows of resources:						
Related to pensions	4,056,753	381,958	27,093	27,179	4,083,846	409,137
Related to OPEB	594,583	3,590,116	-	-	594,583	3,590,116
Total deferred outflows of resources	4,651,336	3,972,074	27,093	27,179	4,678,429	3,999,253
Noncurrent liabilities	94,896,100	78,133,618	109,624	125,728	95,005,724	78,259,346
Other liabilities	11,692,509	8,014,036	5,246	14,240	11,697,755	8,028,276
Total liabilities	106,588,609	86,147,654	114,870	139,968	106,703,479	86,287,622
Deferred inflows of resources:						
Deferred charge on refunding	98,636	112,727	-	-	98,636	112,727
Related to pensions	2,339,599	2,049,458	17,626	16,926	2,357,225	2,066,384
Related to OPEB	406,394	876,984	4,770	9,672	411,164	886,656
Total deferred inflows of resources	2,844,629	3,039,169	22,396	26,598	2,867,025	3,065,767
Net investment in capital assets	78,952,151	80,147,897	361,574	438,377	79,313,725	80,586,274
Restricted	6,805,813	6,418,738	-	-	6,805,813	6,418,738
Unrestricted	(12,338,298)	(13,889,691)	(1,401,316)	(1,540,274)	(13,739,614)	(15,429,965)
Total net position	\$ 73,419,666	72,676,944	(1,039,742)	(1,101,897)	72,379,924	71,575,047

*The 2019 amounts in this table have been restated for the effects of prior-period adjustments.

By far, the largest portion of the City of Auburn's net position (109.58% or \$79,313,725) 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, and adding back any unspent bond proceeds. The City has made a conscious effort to continue its investment 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 (9.40%) represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted *net position* is a deficit of (\$13,739,614).

City of Auburn's Changes in Net Position							
	Governmental Activities		Business-type Activities		Total		
	2020	2019 Restated	2020	2019	2020	2019 Restated	
Revenues:							
Program revenues:							
Charges for services	\$ 3,853,586	3,896,435	973,169	1,204,906	4,826,755	5,101,341	
Operating grants and contributions	37,098,316	34,412,681	-	-	37,098,316	34,412,681	
Capital grants and contributions	289,649	530,953	-	-	289,649	530,953	
General revenues:							
Property and other taxes	50,590,615	50,131,887	-	-	50,590,615	50,131,887	
Grants and contributions not restricted to specific programs	7,939,649	6,338,739	-	-	7,939,649	6,338,739	
Other	1,093,844	146,146	2,222	816	1,096,066	146,962	
Total revenues	100,865,659	95,456,841	975,391	1,205,722	101,841,050	96,662,563	
Expenses:							
General government	15,340,450	10,970,510	-	-	15,340,450	10,970,510	
Public safety	10,521,575	10,562,320	-	-	10,521,575	10,562,320	
Health, welfare and recreation	2,733,265	2,312,264	-	-	2,733,265	2,312,264	
Public works	13,039,351	14,615,314	-	-	13,039,351	14,615,314	
Local agency support	4,127,325	3,883,900	-	-	4,127,325	3,883,900	
Education	51,702,067	47,221,915	-	-	51,702,067	47,221,915	
Interest on debt	1,567,231	784,154	-	-	1,567,231	784,154	
Food services	1,119,403	1,644,924	-	-	1,119,403	1,644,924	
Ingersoll Turf Facility	-	-	152,289	164,891	152,289	164,891	
Norway Savings Bank Arena	-	-	733,217	1,329,482	733,217	1,329,482	
Total expenses	100,150,667	91,995,301	885,506	1,494,373	101,036,173	93,489,674	
Increase (decrease) in net position before transfers	714,992	3,461,540	89,885	(288,651)	804,877	3,172,889	
Transfers	27,730	-	(27,730)	-	-	-	
Change in net position	742,722	3,461,540	62,155	(288,651)	804,877	3,172,889	
Net position - July 1, restated	72,676,944	69,215,404	(1,101,897)	(813,246)	71,575,047	68,402,158	
Net position - June 30	\$ 73,419,666	72,676,944	(1,039,742)	(1,101,897)	72,379,924	71,575,047	

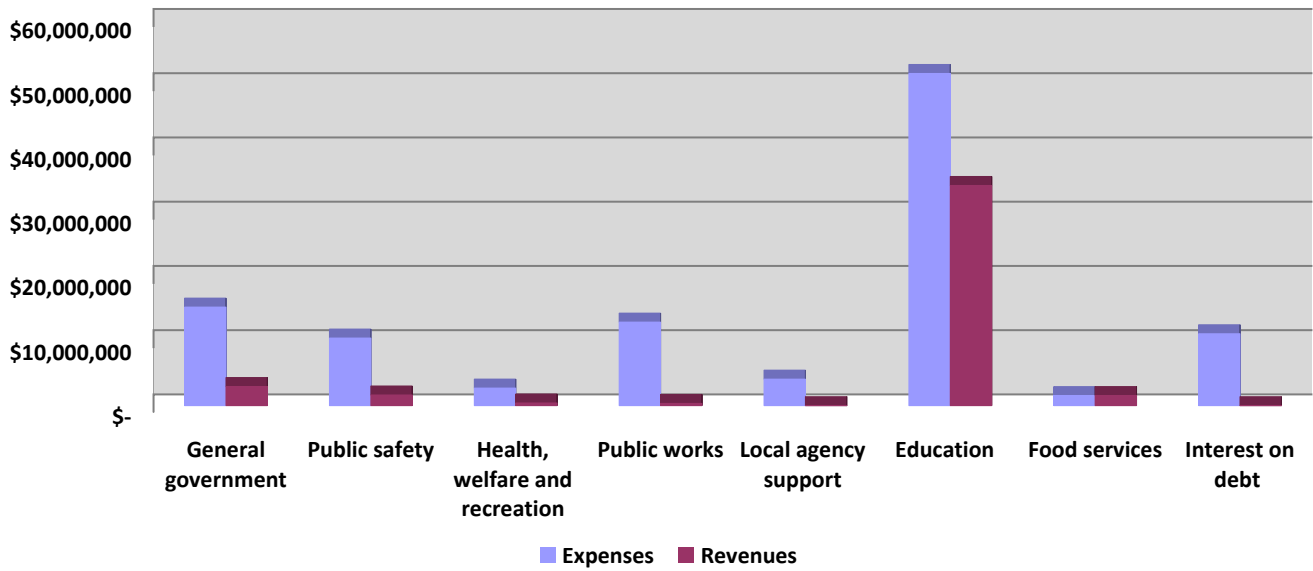
*The 2019 amounts in this table have been restated for the effects of prior-period adjustments.

Governmental Activities

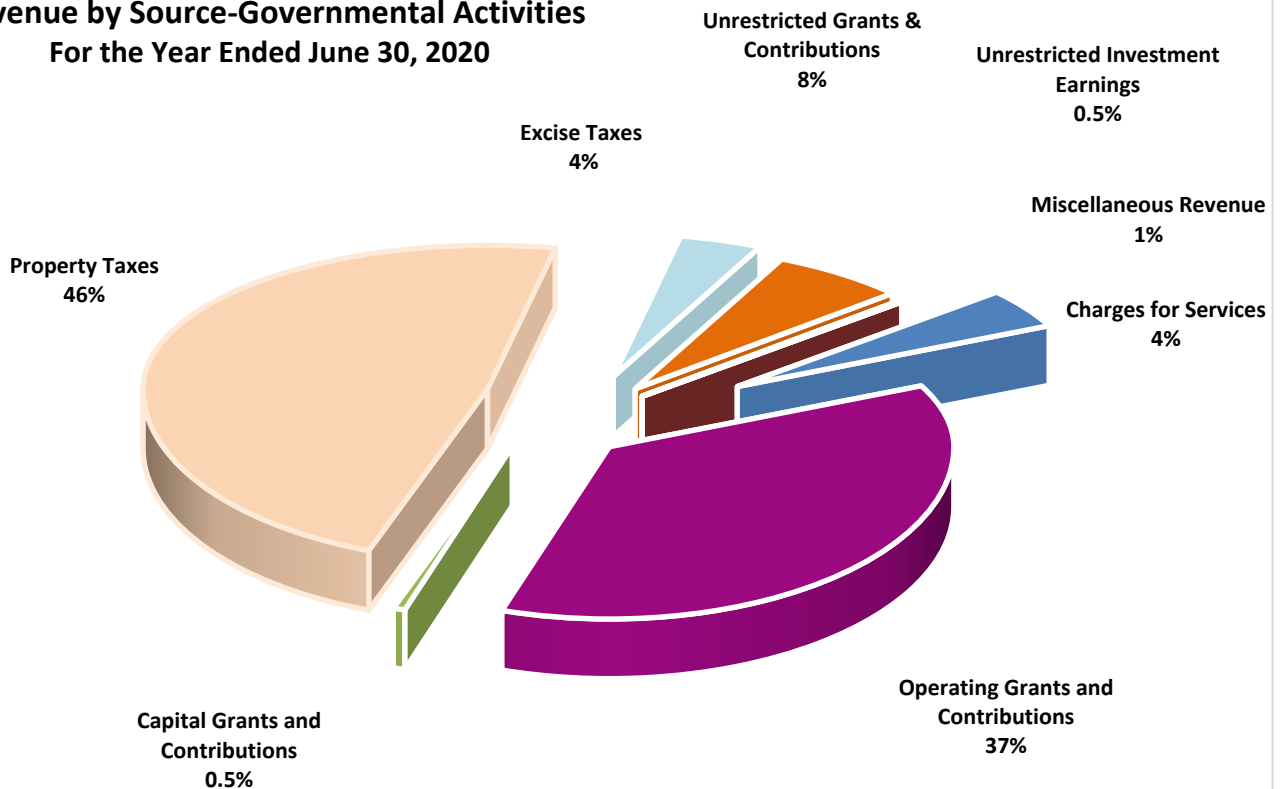
Governmental activities increased the City of Auburn's net position by \$742,722. Key elements of this increase are as follows:

- The City received more in operating grants and contributions during the current fiscal year.
- This increase was also from an increase in unrestricted grants and contributions of \$1,600,910, which was driven mostly by increases in State Revenue Sharing and Homestead and BETE exemption revenue.
- Total expenses increased by \$8,155,366 (8.86%) primarily due to the increase in, general government, education and interest expenses.

Expenses and Program Revenues -Governmental Activities For the Year Ending June 30, 2020



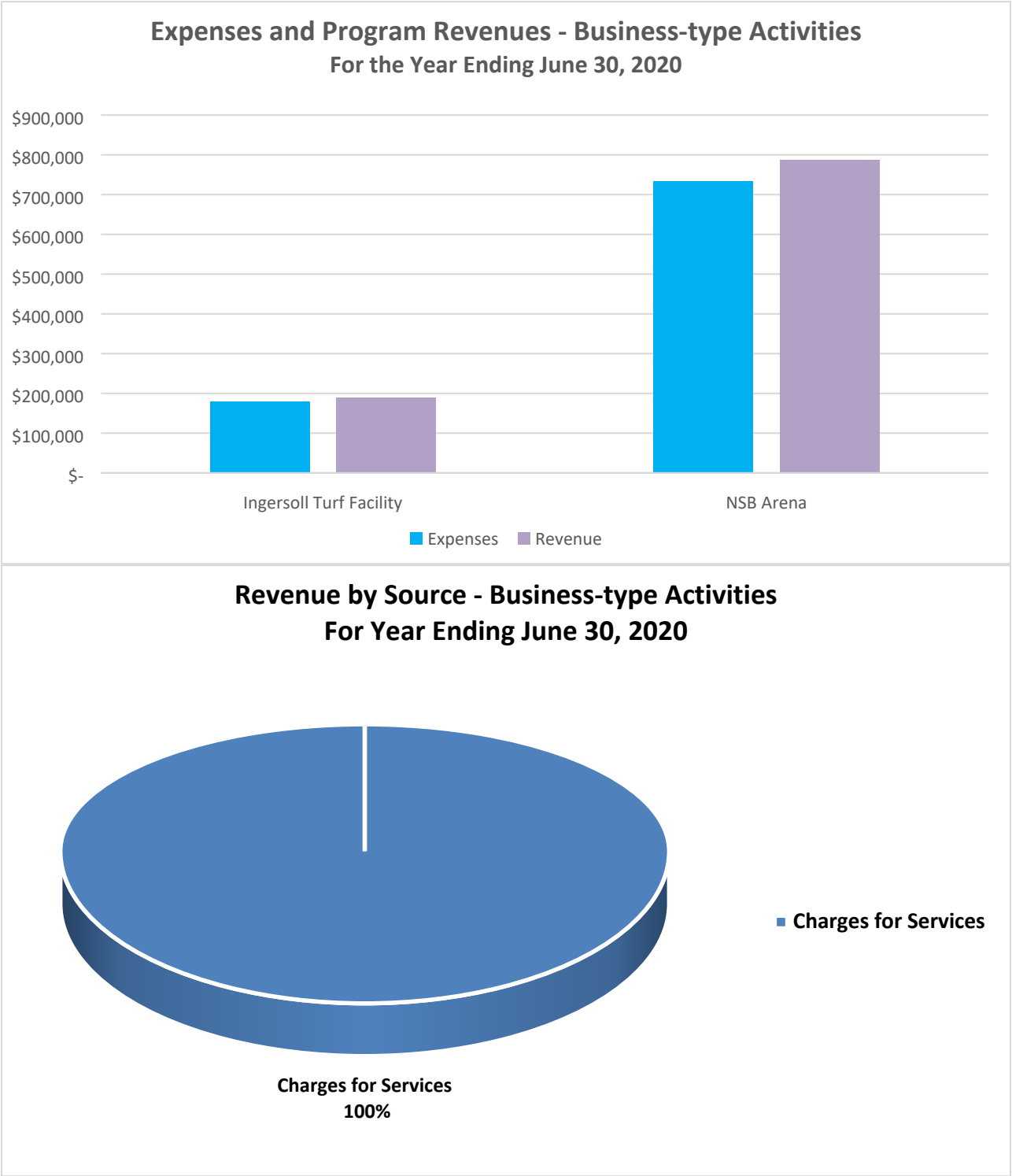
Revenue by Source-Governmental Activities For the Year Ended June 30, 2020



Business-type Activities

The City’s two business-type activities, its Ingersoll Turf Facility and Norway Savings Bank Arena, increased the City of Auburn’s net position by \$62,155.

Revenues for business-type activities decreased by \$258,061 or 21.40%. Expenses for business-type activities decreased by \$608,867 or 40.74%, which is primarily due to a decrease in wages, benefits, and utilities as these facilities were closed a portion of the year due to Covid-19.



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 \$28,429,800, an increase of \$6,029,528, in comparison with the prior year. This total consists of: General Fund, \$14,313,549; Community Development Programs Fund, \$1,973,268; Tax Increment Financing, (\$1,156,584); Capital Improvement Programs, \$7,261,474; New Edward Little Building Project, \$5,604,777; City Special Revenue Fund, (\$23,977), and Other Governmental Funds, \$457,293. These fund balances (deficits) are intended, and in some cases restricted, committed or assigned, for specific purposes.

The General Fund is the chief operating fund of the City of Auburn. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$9,862,432. 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 10.89% of the total General Fund's final budgeted expenditures of \$90,601,309 (includes budgeted transfers out) at June 30, 2020. 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 balance decreased by \$265,271. The decrease was due to the timing of drawdowns as well as the increase in expenditures for the CDBG program.

The Tax Increment Financing Fund balance decreased by \$532,017 due to capital expenditures and debt service payments.

The Capital Improvements Program balance decreased by \$574,976 which only represents an decrease of 7.34% of total fund balance from the prior year. Bond proceeds received in the current year were offset somewhat by capital and other expenditures, which led to the small decrease in fund balance.

The New Edward Little Building Project fund balance increased by \$6,061,962, due to the issuance of a BAN (bond anticipation note) to begin design and construction of the new school. This project is a State qualified project and bonds will be issued in the next 2 fiscal years to complete the project.

The City Special Revenue Fund balance increased by \$247,368 due to the City receiving grant funds and other revenue, which exceeded current year expenditures. These funds are carried forward into the next fiscal year and will be expended then.

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 Turf Facility and Norway Savings Bank Ice Arena, amounted to a deficit of (\$1,401,316). The total increase in net position was \$62,155.

General Fund Budgetary Highlights

For the current fiscal year, the total revenue was above budgetary projections and the total expenditures were below budgetary projections. During the current fiscal year, the budgetary fund balance of the City of Auburn's General Fund increased by \$962,806. Contributing factors to this increase included:

- Property taxes were below budgetary projections by \$318,347, primarily due to decreased collection on delinquent taxes.
- Motor vehicle excise taxes were above budgetary projections by \$143,613.
- Licenses and permits were below budgetary projections by \$70,857, due to an decrease in building permits the last quarter of the fiscal year.
- General government expenditures were under budget by \$1,100,602, due to savings in economic development, city clerk, information technology, facilities, and employee benefits. There were vacant positions in economic development during the fiscal year. Facilities had savings in utility costs and maintenance and repair costs. Employee benefits were below projections due to vacancies and a smaller increase in health insurance than was projected.
- Education expenditures were under budget by \$614,309 due to lower-than-expected student and staff support and facilities maintenance expenditures.
- Budgeted use of City and School surplus were used to offset the current year's expenditures and keep the mil rate down.

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, 2020 amounts to \$136,380,424 (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 10.83%. For more detail, refer to Capital Assets in the Detailed Notes for All Funds on Pages 55-56.

City of Auburn's Capital Assets (net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 7,886,570	7,886,570	-	-	7,886,570	7,886,570
Construction in progress	8,006,795	6,702,645	-	-	8,006,795	6,702,645
Buildings and improvements	47,087,414	39,536,667	120,744	147,180	47,208,158	39,683,847
Equipment	1,608,804	1,711,712	240,830	291,197	1,849,634	2,002,909
Vehicles	4,715,758	4,663,337	-	-	4,715,758	4,663,337
Infrastructure	66,713,509	64,810,910	-	-	66,713,509	64,810,910
Total capital assets	\$ 136,018,850	125,311,841	361,574	438,377	136,380,424	125,750,218

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

- Building and building improvements increased due to the purchase of Norway Savings Bank Arena for \$7,000,000, the Senior Center renovation of \$888,411 and completion of Public Works warm storage building of \$1,233,554.
- Building improvements, such as boiler replacement and restroom renovation for a total of \$85,446.
- Public works replaced a one ton truck (\$58,243) and 1 plow truck (\$213,658).
- The annual road reclamation and reconstruction projects totaled \$6,931,552.
- The School Department purchased five new school buses, and a truck with a plow for a total cost of \$458,711.
- The police department replaced four police vehicles for a total cost of \$150,527.

Long-term Debt

At the end of the current fiscal year, the City of Auburn had total general obligation bonded debt outstanding, not including premiums, of \$59,925,000. The City's entire debt is backed by the full faith and credit of the City. For more detail, refer to Long-term Debt in the Detailed Notes for All Funds on pages 59-61.

General Obligation Bonds			
Governmental Activities		Business-type Activities	
2020	2019	2020	2019
\$ 59,925,000	44,720,000	-	-

During the current fiscal year, the City of Auburn's total bonded debt increased by \$15,205,000. The City issued general obligation bonds totaling \$7,900,000 for the annual capital improvement program for the City and School Department, general obligation bonds (federally taxable) of \$7,000,000 to purchase the Norway Savings Bank Arena, and general obligation bond anticipation notes totaling \$8,000,000 for the Edward Little High School Project.

The City of Auburn maintained an "Aa3" rating from Moody's on October 1, 2019 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 their 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 \$315,592,500 that is significantly in excess of the City of Auburn's outstanding general obligation debt.

The City also has several other notes and financed purchase arrangements, the details of which can be found in the Long-term Debt in the Detailed Notes for All Funds on pages 59-61.

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

The City's property tax base has stabilized, and the current outlook is that Auburn and the region are poised for strong growth. 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. Over the past five years, there has been a steady increase in the number of approved permits from 804 in 2014 to 1,132 in 2019, and projections for 2020 based on the first 11 months are like the record set in 2019.

Property values have increased in total assessed value for fiscal year 2019 and showed a larger increase in 2020. Local real estate sales continue to produce sales values that exceed assessments and construction is strong. The FY 2019 budget focused on maintaining the current level of services, infrastructure improvements, and economic development, and the need to increase the City's assessed value. The 2020 budget increased resources for Economic Development to support an increase in new development and expand on positive trends.

On the Move: Fiscal Year 2021 Goals

The City of Auburn continues to experience an upswing in building construction for new businesses, business expansions and 2020 shows increased construction of new homes and market-rate apartment units. This is the best indication yet of the people and groups that are looking to Auburn as a place to live, work, and play. Previous downtown market rate and workforce development projects that provided over 100 units rented quickly and new market-rate apartments under construction are being leased prior to completion at increasing rental rates. There is currently another market-rate housing project in front of the

planning board for approval. This construction along with 100 new single-family houses built in the last 5 years is an outstanding example of the continued resurgence of development for Auburn.

For the 2021 Fiscal Year, the budget supports and expands the City's continued efforts to ensure that there is an adequate road and transportation network for economic commerce and the community's future growth. Significantly, the budget planning is driven by our Strategic Plan that was completed in late 2019 and prioritizes growth, quality of life, and investments in the future. The strategic plan is helping the City move forward with a full discussion of all available options, set goals for growing our economy and improving our quality of life, prioritize these goals, and define the investment strategy for achieving them. Our 2020 Comprehensive plan update is underway to update and maintain longer term vision for the City and continue to prioritize smart capital investment.

Additionally, the City has taken further steps to have all things recreation be among the city government's highest priorities through a restructuring of the Norway Savings Bank Arena, the Recreation Department, and the Ingersoll Turf Facility into a new department called the Department of Recreation & Sports Facilities and partnerships with the YMCA and Auburn Suburban Baseball and Softball for expanded recreational offerings. This new department is headed by a Director of Recreation & Sports Tourism giving more emphasis to Sports Tourism and the importance of implementing the recommendations included in the 2018 Sports Tourism Study. Auburn is on the move!

The Budget and Tax Rates

The City's Fiscal Year 2020-2021 budget has an expenditure increase of 1.7% and a tax levy increase of 0.0%. These increases were primarily due to an increase in operating expenses for both the municipal and school budgets offset by an increase in non-property tax revenue for municipal and education in FY 2021. The use of fund balance had been used in previous years to help keep the tax rate increase lower. The City's fund balance policy requires the City to maintain a 12.5% unassigned fund balance in the general fund (12.5% of general fund expenditures). At the end of fiscal year 2015, it was noted that the City fell below this percentage and the FY 2021 budget continued addressing this issue. It should also be noted that in FY 2019 and FY 2020, the City's unassigned fund balance as a percentage of expenditures increased, and thus the City feels that by eliminating the use of fund balance in the coming years, the City will be back in line with policy.

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.

This page intentionally left blank.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

CITY OF AUBURN, MAINE
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 7,415,225	458,085	7,873,310
Investments	17,922,101	-	17,922,101
Amounts held in escrow	1,153,694	-	1,153,694
Receivables:			
Accounts, net of allowance	507,377	60,037	567,414
Intergovernmental	3,658,978	-	3,658,978
Taxes receivable	2,419,823	-	2,419,823
Loans, net of allowance	6,467,392	-	6,467,392
Internal balances	1,809,265	(1,809,265)	-
Prepaid expenses	776,114	-	776,114
Inventories	52,749	-	52,749
Capital assets, not being depreciated	15,893,365	-	15,893,365
Capital assets, being depreciated, net	120,125,485	361,574	120,487,059
Total assets	178,201,568	(929,569)	177,271,999
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - related to pensions	4,056,753	27,093	4,083,846
Deferred outflows of resources - related to OPEB	594,583	-	594,583
Total deferred outflows of resources	4,651,336	27,093	4,678,429
LIABILITIES			
Accounts payable and other current liabilities	2,080,384	5,246	2,085,630
Accrued payroll	4,756,907	-	4,756,907
Prepaid taxes	258,316	-	258,316
Unearned revenue	4,596,902	-	4,596,902
Noncurrent liabilities:			
Due within one year	18,764,734	-	18,764,734
Due in more than one year	76,131,366	109,624	76,240,990
Total liabilities	106,588,609	114,870	106,703,479
DEFERRED INFLOWS OF RESOURCES			
Deferred charge on refunding	98,636	-	98,636
Deferred inflows of resources - related to pensions	2,339,599	17,626	2,357,225
Deferred inflows of resources related to OPEB	406,394	4,770	411,164
Total deferred inflows of resources	2,844,629	22,396	2,867,025
NET POSITION			
Net investment in capital assets	78,952,151	361,574	79,313,725
Restricted for:			
Permanent funds:			
Expendable	196,161	-	196,161
Nonexpendable	69,475	-	69,475
Other purposes:			
City Services	2,399,231	-	2,399,231
Education	1,901,243	-	1,901,243
Centralized School Lunch	266,435	-	266,435
Community Development Programs	1,973,268	-	1,973,268
Unrestricted	(12,338,298)	(1,401,316)	(13,739,614)
Total net position	\$ 73,419,666	(1,039,742)	72,379,924

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Activities
For the Year Ended June 30, 2020

For the Year Ended June 30, 2020					Net (expense) revenue and changes in net position		
Functions/programs	Expenses	Program Revenues			Primary Government		Total
		Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	
Primary government:							
Governmental activities:							
General government	\$ 15,340,450	1,244,128	1,733,686	-	(12,362,636)	-	(12,362,636)
Public safety	10,521,575	1,214,662	444,123	-	(8,862,790)	-	(8,862,790)
Health, welfare and recreation	2,733,265	405,971	9,111	-	(2,318,183)	-	(2,318,183)
Public works	13,039,351	-	60,578	289,649	(12,689,124)	-	(12,689,124)
Local agency support	4,127,325	-	-	-	(4,127,325)	-	(4,127,325)
Education	51,702,067	754,298	33,514,073	-	(17,433,696)	-	(17,433,696)
Food services	1,567,231	234,527	1,336,745	-	4,041	-	4,041
Interest on debt	1,119,403	-	-	-	(1,119,403)	-	(1,119,403)
Total governmental activities	100,150,667	3,853,586	37,098,316	289,649	(58,909,116)	-	(58,909,116)
Business-type activities:							
Ingersoll Turf Facility	152,289	187,151	-	-	-	34,862	34,862
Norway Savings Bank Arena	733,217	786,018	-	-	-	52,801	52,801
Total business-type activities	885,506	973,169	-	-	-	87,663	87,663
Total primary government	\$ 101,036,173	4,826,755	37,098,316	289,649	(58,909,116)	87,663	(58,821,453)
General revenues, unrestricted:							
Property taxes, levied for general purposes					46,382,016	-	46,382,016
Motor vehicle excise taxes					4,053,613	-	4,053,613
Interest on delinquent taxes					154,986	-	154,986
Grants and contributions not restricted to specific programs:							
State Revenue Sharing					2,804,845	-	2,804,845
Homestead and BETE exemptions					4,476,927	-	4,476,927
Other State aid					657,877	-	657,877
Unrestricted investment earnings					308,215	2,222	310,437
Forgiveness of debt					726,614	-	726,614
Miscellaneous revenues					59,015	-	59,015
Transfers					27,730	(27,730)	-
Total general revenues					59,651,838	(25,508)	59,626,330
Change in net position					742,722	62,155	804,877
Net position - beginning - as restated					72,676,944	(1,101,897)	71,575,047
Net position - ending					\$ 73,419,666	(1,039,742)	72,379,924

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Balance Sheet
Governmental Funds
June 30, 2020

	General	Community Development Programs	Tax Increment Financing	Capital Improvement Program	New Edward Little Building Project	City Special	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 7,257,027	-	-	-	-	-	158,198	7,415,225
Amounts held in escrow	-	-	-	1,153,694	-	-	-	1,153,694
Investments	7,455,522	-	1,043,691	2,815,175	6,085,007	255,351	267,355	17,922,101
Receivables:								
Taxes	2,419,823	-	-	-	-	-	-	2,419,823
Accounts, net of allowance	524,747	-	-	46,055	-	-	6,630	577,432
Loans, net of allowance	680,451	4,766,609	-	-	-	1,020,332	-	6,467,392
Intergovernmental	640,662	2,291,383	-	196,583	-	7,444	522,906	3,658,978
Inventory	-	-	-	-	-	-	52,749	52,749
Interfund receivables	2,575,964	-	-	3,785,614	-	-	136,676	6,498,254
Prepaid expenditures	753,071	-	-	-	-	-	23,043	776,114
Total assets	22,307,267	7,057,992	1,043,691	7,997,121	6,085,007	1,283,127	1,167,557	46,941,762
LIABILITIES								
Accounts payable	936,432	8,080	76,001	735,647	200,390	5,217	91,284	2,053,051
Accrued payroll and benefits payable	4,738,561	-	-	-	-	-	18,346	4,756,907
Prepaid taxes	258,316	-	-	-	-	-	-	258,316
Escrow funds payable	-	27,333	-	-	-	-	-	27,333
Unearned revenue	-	4,596,902	-	-	-	-	-	4,596,902
Interfund payables	-	452,409	2,124,274	-	279,840	1,301,887	600,634	4,759,044
Total liabilities	5,933,309	5,084,724	2,200,275	735,647	480,230	1,307,104	710,264	16,451,553
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - property taxes	2,060,409	-	-	-	-	-	-	2,060,409
Total deferred inflows of resources	2,060,409	-	-	-	-	-	-	2,060,409
FUND BALANCES (deficits)								
Nonspendable - inventory	-	-	-	-	-	-	52,749	52,749
Nonspendable - prepaid expenditures	753,071	-	-	-	-	-	23,043	776,114
Nonspendable - long-term receivables	680,451	-	-	-	-	-	-	680,451
Nonspendable - principal	-	-	-	-	-	-	69,475	69,475
Restricted	1,364,114	1,973,268	-	-	-	1,648,511	871,184	5,857,077
Committed	-	-	-	7,261,474	5,604,777	-	70,269	12,936,520
Assigned	1,653,481	-	-	-	-	-	-	1,653,481
Unassigned	9,862,432	-	(1,156,584)	-	-	(1,672,488)	(629,427)	6,403,933
Total fund balances (deficits)	14,313,549	1,973,268	(1,156,584)	7,261,474	5,604,777	(23,977)	457,293	28,429,800
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 22,307,267	7,057,992	1,043,691	7,997,121	6,085,007	1,283,127	1,167,557	

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.	136,018,850
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,060,409
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
Bonds and notes payable	(62,870,633)
Capital leases payable	(1,241,809)
Unamortized debt premiums	(3,724,934)
Accrued compensated absences	(2,487,738)
Accrued self-insurance liability	(860,739)
Other postemployment benefits with related deferred inflows and outflows of resources	(13,525,451)
Net pension liability with related deferred inflows and outflows of resources	(7,422,194)
Deferred charge on refunding	(98,636)
Landfill postclosure care costs	(102,000)
Accrued interest on debt	(755,259)

Net position of governmental activities

\$ 73,419,666

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, 2020

	General	Community Development Programs	Tax Increment Financing	Capital Improvement Program	New Edward Little Building Project	City Special	Other Governmental Funds	Total Governmental Funds
Revenues:								
Taxes	\$ 50,695,750	-	-	-	-	-	-	50,695,750
Intergovernmental	38,528,644	1,340,316	-	289,649	-	443,814	4,348,251	44,950,674
Licenses and permits	366,143	-	-	-	-	-	-	366,143
Charges for services	2,204,230	-	-	-	-	1,153	1,211,111	3,416,494
Other income	96,216	58,679	-	60,578	-	98,988	192,444	506,905
Interest income	154,104	-	-	77,829	70,338	2,234	3,710	308,215
Total revenues	92,045,087	1,398,995	-	428,056	70,338	546,189	5,755,516	100,244,181
Expenditures:								
Current:								
General government	10,996,672	1,664,266	1,069,289	-	-	136,077	125,847	13,992,151
Public safety	9,973,648	-	-	-	-	147,081	-	10,120,729
Health, welfare and recreation	1,723,634	-	-	-	-	7,868	465,427	2,196,929
Public works	5,627,171	-	-	-	-	116	-	5,627,287
Local agency support	4,127,325	-	-	-	-	-	-	4,127,325
Education	48,726,273	-	-	-	-	-	3,675,563	52,401,836
Food services	-	-	-	-	-	-	1,567,231	1,567,231
Unclassified	225,640	-	-	-	-	-	659	226,299
Capital outlay	-	-	874,948	17,348,032	3,067,896	-	-	21,290,876
Debt service	6,977,495	-	1,006,066	-	-	157,679	-	8,141,240
Total expenditures	88,377,858	1,664,266	2,950,303	17,348,032	3,067,896	448,821	5,834,727	119,691,903
Excess (deficiency) of revenues over (under) expenditures	3,667,229	(265,271)	(2,950,303)	(16,919,976)	(2,997,558)	97,368	(79,211)	(19,447,722)
Other financing sources (uses):								
Issuance of long-term debt	-	-	-	16,090,000	8,000,000	-	-	24,090,000
Premium on issuance of debt	-	-	-	1,300,000	59,520	-	-	1,359,520
Transfers to/from other funds	(2,488,447)	-	2,418,286	(1,045,000)	1,000,000	150,000	(7,109)	27,730
Total other financing sources (uses)	(2,488,447)	-	2,418,286	16,345,000	9,059,520	150,000	(7,109)	25,477,250
Net change in fund balances	1,178,782	(265,271)	(532,017)	(574,976)	6,061,962	247,368	(86,320)	6,029,528
Fund balances (deficits), beginning of year	13,134,767	2,238,539	(624,567)	7,836,450	(457,185)	(271,345)	543,613	22,400,272
Fund balances (deficits), end of year	\$ 14,313,549	1,973,268	(1,156,584)	7,261,474	5,604,777	(23,977)	457,293	28,429,800

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, 2020

Net change in fund balances - total governmental funds (from Statement 4)	\$ 6,029,528
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	19,332,950
Depreciation and losses on dispositions not reported in governmental funds	(8,625,941)
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.	(105,135)
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	(24,090,000)
Principal payments on long-term debt and capital leases	9,547,183
Premium on issuance of debt	(1,359,520)
Amortization of bond premium	580,437
Deferred charge on refunding	14,091
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:	
Accrued compensated absences	(96,355)
Accrued self-insurance liability	230,793
Other postemployment benefits with related deferred inflows and outflows of resources	19,947
Net pension liability with related deferred inflows and outflows of resources	(650,817)
City pension liability	85,491
Landfill postclosure care costs	47,000
Accrued interest on debt	(216,930)

Change in net position of governmental activities (see Statement 2)	\$	742,722
--	-----------	----------------

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance -- Budget and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes:				
Real and personal property	\$ 46,805,498	46,805,498	46,487,151	(318,347)
Excise and registrations	3,910,000	3,910,000	4,053,613	143,613
Interest on delinquent taxes	150,000	150,000	154,986	4,986
Total taxes	50,865,498	50,865,498	50,695,750	(169,748)
Intergovernmental:				
State revenue sharing	2,389,669	2,389,669	2,804,845	415,176
School subsidy	25,851,656	25,851,656	25,981,760	130,104
Homestead	1,250,000	1,250,000	1,321,692	71,692
BETE	2,400,000	2,400,000	3,155,235	755,235
Other:				
School Department	284,898	284,898	243,884	(41,014)
Tax sharing/in lieu of	255,000	255,000	243,970	(11,030)
Municipal	910,552	910,552	657,877	(252,675)
Total intergovernmental	33,341,775	33,341,775	34,409,263	1,067,488
Other revenue:				
Licenses and permits	437,000	437,000	366,143	(70,857)
Charges for services:				
Municipal	1,900,424	1,900,424	1,885,967	(14,457)
School	426,326	426,326	316,862	(109,464)
Fines, forfeits and penalties	53,000	53,000	37,201	(15,799)
Interest:				
Municipal	70,000	70,000	153,166	83,166
Miscellaneous	10,000	10,000	59,015	49,015
Total other revenue	2,896,750	2,896,750	2,818,354	(78,396)
Total revenues	87,104,023	87,104,023	87,923,367	819,344

CITY OF AUBURN, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balances -- Budget and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Expenditures:				
General government:				
Mayor and council	\$ 123,137	123,137	119,477	3,660
Economic and community development	1,333,724	1,438,733	999,383	439,350
City manager	582,119	582,119	587,529	(5,410)
City clerk	207,139	211,657	184,065	27,592
Finance	734,597	734,597	741,517	(6,920)
Human resources	153,182	153,182	147,824	5,358
Information technology	713,729	767,569	757,311	10,258
Facilities	667,128	736,313	662,413	73,900
Worker's compensation (transfer to reserve)	637,910	637,910	637,910	-
Benefits and wage increases	6,797,826	6,797,826	6,245,012	552,814
Total general government	11,950,491	12,183,043	11,082,441	1,100,602
Public safety:				
Fire	4,515,511	4,517,954	4,523,567	(5,613)
Fire EMS transport	545,751	550,037	477,474	72,563
Police	4,275,323	4,275,323	4,281,902	(6,579)
Water and sewer	645,216	645,216	669,837	(24,621)
Total public safety	9,981,801	9,988,530	9,952,780	35,750
Health, welfare and recreation:				
Health and social services administration	76,911	76,911	78,805	(1,894)
Health and social services - public assistance	134,460	134,460	70,410	64,050
Recreation and special events	448,575	448,575	557,776	(109,201)
Library	1,006,217	1,006,217	1,016,643	(10,426)
Total health, welfare and recreation	1,666,163	1,666,163	1,723,634	(57,471)
Public services:				
Public works	4,836,798	4,985,793	4,627,827	357,966
Solid waste disposal	1,030,500	1,050,885	999,344	51,541
Total public services	5,867,298	6,036,678	5,627,171	409,507
Local agency support:				
County tax	2,482,721	2,482,721	2,482,721	-
Auburn-Lewiston Airport	191,000	191,000	189,589	1,411
Lewiston-Auburn Transit Committee	331,138	331,138	331,138	-
Lewiston-Auburn E911 Center	1,134,304	1,134,304	1,123,877	10,427
Total local agency support	4,139,163	4,139,163	4,127,325	11,838

CITY OF AUBURN, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balances -- Budget and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Expenditures, continued:				
Education	\$ 45,337,437	45,337,437	44,723,128	614,309
Other appropriations:				
Tax sharing	270,000	270,000	225,640	44,360
Debt service - principal	6,261,310	6,261,310	5,995,309	266,001
Debt service - interest and other	1,073,380	1,073,380	982,186	91,194
Emergency reserve	445,802	445,802	32,500	413,302
Total other appropriations	8,050,492	8,050,492	7,235,635	814,857
Total expenditures	86,992,845	87,401,506	84,472,114	2,929,392
Excess (deficiency) of revenues over (under) expenditures	111,178	(297,483)	3,451,253	3,748,736
Other financing sources (uses):				
Transfers in from other funds	1,683,829	1,683,829	579,838	(1,103,991)
Transfers to other funds	(3,199,803)	(3,199,803)	(3,068,285)	131,518
Budgeted use of surplus - City	527,500	527,500	-	(527,500)
Use of carryforwards - City	-	408,661	-	(408,661)
Budgeted use of surplus - School	877,296	877,296	-	(877,296)
Total other financing sources (uses)	(111,178)	297,483	(2,488,447)	(2,785,930)
Net change in fund balance - budgetary basis	-	-	962,806	962,806
Fund balance, July 1 - budgetary basis			14,504,699	
Fund balance, June 30 - budgetary basis			15,467,505	
Reconciliation to GAAP basis:				
Reserve funds deficit fund balance			(1,153,956)	
Fund balance, June 30 - GAAP basis			\$ 14,313,549	

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2020

Business-type Activities - Enterprise Funds			
	Ingersoll Turf Facility	NSB Ice Arena	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 225,092	232,993	458,085
Accounts receivable	-	60,037	60,037
Total current assets	225,092	293,030	518,122
Noncurrent assets:			
Capital assets:			
Land improvements	18,584	-	18,584
Buildings	672,279	58,223	730,502
Equipment	119,673	514,998	634,671
Less accumulated depreciation	(693,287)	(328,896)	(1,022,183)
Total noncurrent assets	117,249	244,325	361,574
Total assets	342,341	537,355	879,696
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	-	27,093	27,093
Total deferred outflows of resources	-	27,093	27,093
LIABILITIES			
Current Liabilities:			
Accounts payable	390	4,856	5,246
Interfund payables	5,048	1,804,217	1,809,265
Total current liabilities	5,438	1,809,073	1,814,511
Noncurrent liabilities:			
Net pension liability	-	70,368	70,368
Net OPEB liability	-	39,256	39,256
Total noncurrent liabilities	-	109,624	109,624
Total liabilities	5,438	1,918,697	1,924,135
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	-	17,626	17,626
Deferred inflows of resources related to OPEB	-	4,770	4,770
Total deferred inflows of resources	-	22,396	22,396
NET POSITION			
Net investment in capital assets	117,249	244,325	361,574
Unrestricted	219,654	(1,620,970)	(1,401,316)
Total net position	\$ 336,903	(1,376,645)	(1,039,742)

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Business-type Activities - Enterprise Funds
For the Year Ended June 30, 2020

	Ingersoll Turf Facility	NSB Ice Arena	Total
Operating revenues:			
Charges for services	\$ 187,151	786,018	973,169
Total operating revenue	187,151	786,018	973,169
Operating expenses:			
Personnel	78,545	290,498	369,043
Supplies	22,166	90,555	112,721
Utilities	18,012	209,340	227,352
Contracted services	4,429	38,771	43,200
Repairs and maintenance	1,402	54,985	56,387
Depreciation	27,735	49,068	76,803
Total operating expenses	152,289	733,217	885,506
Operating income (loss)	34,862	52,801	87,663
Nonoperating revenue (expense):			
Interest income	2,222	-	2,222
Transfers to/from other funds	(27,730)	-	(27,730)
Total nonoperating revenue (expense)	(25,508)	-	(25,508)
Change in net position	9,354	52,801	62,155
Total net position (deficit), July 1	327,549	(1,429,446)	(1,101,897)
Total net position (deficit), June 30	\$ 336,903	(1,376,645)	(1,039,742)

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Cash Flows
Proprietary Funds
Business-type Activities - Enterprise Funds
For the Year Ended June 30, 2020

	Ingersoll Turf Facility	NSB Ice Arena	Total
Cash flows from operating activities:			
Cash received from customers	\$ 187,151	796,809	983,960
Cash paid to suppliers for goods and services	(46,602)	(402,052)	(448,654)
Cash paid to employees for services	(78,545)	(310,718)	(389,263)
Net cash provided by (used in) operating activities	62,004	84,039	146,043
Cash flows from noncapital financing activities:			
Net change in interfund loans	102,440	(22,677)	79,763
Transfers to (from) other funds	(27,730)	-	(27,730)
Net cash provided by (used in) noncapital financing activities	74,710	(22,677)	52,033
Cash flows from investing activities:			
Interest on investments	2,222	-	2,222
Net cash provided by (used in) investing activities	2,222	-	2,222
Net increase (decrease) in cash and cash equivalents	138,936	61,362	200,298
Cash and cash equivalents, July 1	86,156	171,631	257,787
Cash and cash equivalents, June 30	225,092	232,993	458,085
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	34,862	52,801	87,663
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	27,735	49,068	76,803
Pension expense (gain)	-	3,265	3,265
OPEB expense (gain)	-	(23,485)	(23,485)
(Increase) decrease in assets:			
Accounts receivable	-	10,791	10,791
Increase (decrease) in liabilities:			
Accounts payable	(593)	(8,401)	(8,994)
Total adjustments	27,142	31,238	58,380
Net cash provided by (used in) operating activities	\$ 62,004	84,039	146,043

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Private- purpose Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 148,206	214,475
Investments	1,481,513	-
Due from other governments	-	89,972
Interfund receivables	9,641	60,414
Total assets	1,639,360	364,861
LIABILITIES		
Accounts payable	-	851
Accrued payroll and benefits payable	-	75,013
Amounts held for others	-	288,997
Total liabilities	-	364,861
NET POSITION		
Held in trust	1,639,360	-
Total net position	\$ 1,639,360	-

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, 2020

	Private- purpose Trust Funds
Additions:	
Donations	\$ 73,464
Investment income	33,603
Total additions	107,067
Deductions:	
Scholarships and other	105,852
Total deductions	105,852
Change in net position	1,215
Net position - beginning	1,638,145
Net position - ending	\$ 1,639,360

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements
June 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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.

A. Reporting Entity

In evaluating how to define the reporting entity, for financial statement purposes, management has considered all potential component units. The decision to include a potential component unit was made by applying the criteria set forth in GAAP which defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. Based upon the application of these criteria, there were no potential component units required to be included in this report.

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. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of 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.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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 Improvements Program 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 *New Edward Little Building Project Fund* accounts for the revenues and expenditures related to the construction of a new high school.

The *City Special Revenue Fund* accounts for the revenues and expenditures of federal, State and local grants that are restricted by law or contractual agreement to specific purposes.

The government reports the following major enterprise funds:

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The *Ingersoll Turf Facility Fund* accounts for the activities of the indoor turf facility. The Facility operates an indoor venue for residents, various youth organizations, senior organizations, and school teams. The Ingersoll Turf Facility opened in October 2015, and was created from the repurposing of the old Ingersoll Ice Arena.

The *Norway Savings Bank Ice Arena Fund* accounts for the activities of the arena. The arena operates a dual rink for residents, youth hockey organizations, and school teams.

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. The City of Auburn serves as an agent for the various school activity accounts as well as the RETC and AVEC programs.

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.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Investments are reported at fair value, including the position in the Maine Community Foundation investment pool. The Maine Community Foundation operates in accordance with state law and is subject to regulatory oversight, but is not registered with the SEC. Maine Community Foundation issues a publicly available financial report that can be obtained at www.mainecef.org.

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 uncollectible amounts as necessary.

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 Centralized School Lunch Program. The costs of such inventories are recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

4. Capital Assets

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

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. All depreciable capital assets are depreciated using the straight-line method over the estimated useful lives as follows:

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

5. Deferred Inflows and Outflows of Resources

In addition to assets and liabilities, the statement of net position and balance sheet will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time. The governmental funds only report a deferred inflow of resources, 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 outflows and inflows that relate to the net pension and OPEB liabilities, which include the City's contributions subsequent to the measurement date, which is recognized as a reduction of the respective 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 respective plan. They also include the net difference between projected and actual earnings on plan investments, which is deferred and amortized over a five-year period. Deferred inflows of resources also include a deferred charge on refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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. In the fund financial statements, no amount is recorded unless the amount is to be paid out shortly after year-end, but the full liability is recorded in the government-wide statements.

7. Long-term Obligations

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

8. Fund Equity

In the fund financial statements, governmental fund balance is 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.
- *Assigned* – resources that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
- *Unassigned* – resources which have not been assigned to other funds and that 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, the 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 City Council to pass a resolution prior to year-end. Likewise, the Finance Director 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.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2020

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.

11. Other Postemployment Benefits (OPEB)

For purposes of measuring the OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the plans and additions to/deductions from the plan 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.

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 Basic Financial Statements, Continued
June 30, 2020

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, Continued

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2020, expenditures exceeded appropriation in the following general fund categories: City manager, \$5,410; Finance, \$6,920; Fire, \$5,613; Police, \$6,579; Water and Sewer, \$24,621; Health and social services, \$1,894; Recreation and special events, \$109,201; and Library, \$10,426. In total, the City's expenditures were \$2,929,392 less than appropriations.

C. Deficit Fund Equity

At June 30, 2020, the City had the following funds with a deficit fund balance/net position: Tax Increment Financing, \$1,156,584; 211 Fairview, \$566,304; Parking, \$2,006 and Norway Savings Bank Arena (Proprietary), \$1,376,645.

Additionally, within the City Special Revenue Fund, the following grants had deficit fund balances at June 30, 2020: Winter Festival, \$15,099; Homeland Security, \$112,904; Law Enforcement Training, \$10,738; EUDL Underage Drinking, \$2,685; Work4ME-PAL, \$13,340; Recreational Trails, \$2,597; MDOT Sopers Mill Culvert, \$26,094; State Bi-Centennial Parade, \$1,124; Leadercast, \$3,500 and EDI Grant, \$1,484,407.

These deficits are offset by fund balances in other grants and result in a net fund deficit in the City Special Revenue Fund as a whole at June 30, 2020 of \$23,977.

Revenue to offset the 211 Fairview deficit is expected from a future property sale in fiscal year 2020-2021 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 \$4,119,381 in 2020. 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, 2020, the City deposits amounted to \$26,158,092 with bank balances of \$28,401,253. The City does not have a deposit policy for custodial credit risk. As of June 30, 2020, none of the City's total bank balance was exposed to custodial credit risk as it was insured by the FDIC or secured by additional collateral.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2020

III. DETAILED NOTES ON ALL FUNDS, Continued

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

Cash and cash equivalents:	
Governmental funds	\$ 7,415,225
Proprietary funds	458,085
Fiduciary funds	362,681
Investments - Governmental funds	17,922,101
Total deposits reported	\$ 26,158,092

2. Investments

At June 30, 2020, all the City's governmental investments were in money market accounts or certificates of deposits, both of which have been included above under the disclosure on deposits. At June 30, 2020, the City held the following investments within the fiduciary funds:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity mutual funds	\$ 486,077	486,077	-	-
Bond mutual funds	517,988	517,988	-	-
Money market funds	53,609	53,609	-	-
Maine Community Foundation investment pool	423,839	-	-	423,839
Total	\$ 1,481,513	1,057,674	-	423,839

The Maine Community Foundation investment pool adheres to the standards and practices described in the Uniform Prudent Management of Institutional Funds Act (UPMIFA) passed by the Maine State Legislature in 2009. The Maine Community Foundation invests in a high quality portfolio of debt securities investments legally permissible for municipalities and school districts in the State.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Interest rate risk: In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the investment's term to match anticipated cash requirements. The City has only one type of investment for which the investment term is determinable: bond mutual funds. The weighted average maturity of the City's investment in bond mutual funds at year end was 10.02 years.

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. 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.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2020

III. DETAILED NOTES ON ALL FUNDS, Continued

At year end, the City's investments in bond mutual funds were segmented into the following rating categories by Standard & Poor's:

Fair Value at June 30, 2020	Rating
\$ 50,698	AA
337,528	BBB
129,762	Not Rated

None of the remaining investments held at year end were rated.

Concentration of Credit Risk: The City's investment policy states that the City will diversify its investments by security type and institution. Diversification strategies shall be established by the Finance Director and reviewed periodically by the Investment Advisory Committee.

Custodial Credit Risk-Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2020 the City had no investments that were subject to custodial credit risk. The City's investment policy states that all security transactions will be settled using a delivery versus payment settlement system. The City's securities are held by third party custodians or trust departments designated by the Finance Director and evidenced by safekeeping receipts.

B. Receivables

Receivables as of June 30, 2020, for the City's individual major funds, nonmajor funds and business-type enterprise funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	General Fund	Community Dev. Programs	Capital Projects	City Special	Other Governmental Funds	Enterprise Funds	Total
Receivables:							
Taxes	\$ 2,419,823	-	-	-	-	-	2,419,823
Accounts	749,937	-	46,055	-	6,630	60,037	862,659
Loans	680,451	5,017,056	-	1,020,332	-	-	6,717,839
Intergovernmental	640,662	2,291,383	196,583	7,444	522,906	-	3,658,978
Gross receivables	4,490,873	7,308,439	242,638	1,027,776	529,536	60,037	13,659,299
Less: allowance for uncollectible	(225,190)	(250,447)	-	-	-	-	(475,637)
Total net receivables	\$ 4,265,683	7,057,992	242,638	1,027,776	529,536	60,037	13,183,662

Property taxes levied during fiscal year 2020 are recorded as receivables. The receivables collected during the fiscal year ended June 30, 2020 and during the 1st 60 days of fiscal year 2021 are recognized as revenues in the Governmental Funds, in fiscal year 2020. Receivables of \$2,060,409, 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.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2020

III. DETAILED NOTES ON ALL FUNDS, Continued

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 July 16, 2019 on the assessed values of real property as of April 1, 2019. Taxes were due September 16, 2019 and March 15, 2020. The assessed value of \$1,957,006,058 was 93% of the 2020 state valuation of \$2,103,950,000.

The City is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$493,755 for the year ended June 30, 2020.

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, 2020 and 2019 levies:

	<u>2020</u>	<u>2019</u>
Valuation:		
Real property	\$1,840,831,799	1,839,302,499
Personal property	116,174,259	125,115,433
Assessed value (less: exempt properties)	1,957,006,058	1,964,417,932
Tax rate (per \$1,000)	23.75	23.68
Commitment	46,478,894	46,517,417
Supplemental taxes assessed	115,997	106,123
	46,594,891	46,623,540
Less:		
Collections and abatements	45,524,340	45,532,570
Receivable at June 30	\$ 1,070,551	1,090,970
Due date(s)	9/16/19 3/15/20	9/16/18 3/15/19
Interest rate charged on delinquent taxes	7.0%	7.0%
Collection rate	97.70%	97.66%

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2020

III. DETAILED NOTES ON ALL FUNDS, Continued

D. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	Restated Balance June 30, <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2020</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 7,886,570	-	-	7,886,570
Construction in progress	6,702,645	7,621,821	6,317,671	8,006,795
Total capital assets, not being depreciated	14,589,215	7,621,821	6,317,671	15,893,365
Capital assets, being depreciated:				
Buildings and building improvements	83,512,753	9,982,466	-	93,495,219
Equipment	7,205,210	204,443	-	7,409,653
Vehicles	12,145,878	910,339	567,712	12,488,505
Infrastructure	120,085,863	6,931,552	-	127,017,415
Total capital assets being depreciated	222,949,704	18,028,800	567,712	240,410,792
Less accumulated depreciation for:				
Buildings and building improvements	43,976,086	2,431,719	-	46,407,805
Equipment	5,493,498	307,351	-	5,800,849
Vehicles	7,482,541	857,918	567,712	7,772,747
Infrastructure	55,274,953	5,028,953	-	60,303,906
Total accumulated depreciation	112,227,078	8,625,941	567,712	120,285,307
Total capital assets being depreciated, net	110,722,626	9,402,859	-	120,125,485
Governmental activities capital assets, net	\$ 125,311,841	17,024,680	6,317,671	136,018,850

	Balance June 30, <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2020</u>
Business-type activities:				
Capital assets, being depreciated:				
Improvements other than buildings	\$ 18,584	-	-	18,584
Buildings and building improvements	730,502	-	-	730,502
Equipment	634,671	-	-	634,671
Total capital assets being depreciated	1,383,757	-	-	1,383,757
Less accumulated depreciation for:				
Improvements other than buildings	18,584	-	-	18,584
Buildings and building improvements	583,322	26,436	-	609,758
Equipment	343,474	50,367	-	393,841
Total accumulated depreciation	945,380	76,803	-	1,022,183
Total capital assets being depreciated, net	438,377	(76,803)	-	361,574
Business-type activities capital assets, net	\$ 438,377	(76,803)	-	361,574

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2020

III. DETAILED NOTES ON ALL FUNDS, Continued

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

Governmental activities:

General government	\$ 523,338
Public safety	386,937
Public works, including depreciation of general infrastructure assets	5,269,482
Health, welfare and recreation	519,421
Education	1,926,763

Total depreciation expense – governmental activities	\$ 8,625,941
---	---------------------

Business-type activities:

Ingersoll Turf Facility	\$ 27,735
Norway Savings Bank Ice Arena	49,068

Total depreciation expense – business-type activities	\$ 76,803
--	------------------

E. Tax Increment Financing Districts

The City currently has twenty-one tax increment financing (TIF) districts, fourteen of which were active during the year ended June 30, 2020. Two of the twenty-three districts never became active, and seven have expired, leaving fourteen active TIF districts (numbers 6 – 23 below, less #7, #8, #11, #15 which is combined with #14, and #17). TIF #8 is not an active TIF district. The objective of these TIF districts is to stimulate new investment in the community by financing, through various tax increment financing projects and 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:

#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 2020, \$221,015 was captured and recorded in the TIF Fund. During 2020, \$88,406 was expended in the TIF Fund.

#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 2020, \$483,324 was captured and recorded in the TIF Fund, and \$323,528 was transferred out of the TIF Fund.

#10 The Downtown Area - This TIF was established in 2002 and amended in 2012, and encompasses 119.31 acres. The original value was \$83,577,800. 100% of the tax revenue associated with increased value within the TIF can be captured. During 2020, \$778,114 was captured and recorded in the TIF Fund. During 2020, \$1,228,175 was expended in the TIF Fund for public improvements and debt service.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2020

III. DETAILED NOTES ON ALL FUNDS, Continued

#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 2020, \$175,524 was captured and recorded in the TIF Fund, and \$219,408 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 47% 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 2020, \$323,375 was captured and recorded in the TIF Fund. During 2020, \$151,986 was expended in the TIF Fund from current year captured and unexpended balances from prior years that remained in the TIF Fund for public improvements.

#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 2020, \$672,496 was captured and recorded in the TIF Fund. During 2020, \$1,101,920 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. 60% of the tax revenue associated with increased value within the TIF can be captured, of which 100% is used to fulfill the obligations under a credit enhancement agreement. During 2020, \$30,435 was captured and recorded in the TIF Fund, and \$30,435 was expended in the TIF Fund.

#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 district will be captured and used to fulfill the obligations under a credit enhancement agreement. During 2020, \$141,465 was captured and recorded in the TIF Fund and \$141,465 was expended or transferred from the TIF Fund.

#19 Hartt Transport – This TIF was established in 2014 and encompasses 8.5 acres. The original value was \$1,178,600. 40% of the tax revenue associated with increased value within the TIF can be captured and is used to fulfill the obligations under a credit enhancement agreement. During 2020, \$31,626 was captured and recorded in the TIF Fund, and there were no related expenditures for the year ended June 30, 2020.

#20 62 Spring St – This TIF was established in 2017 and encompasses 0.81 acres. The original value was \$474,300. 76% of the tax revenue associated with increased value within the TIF can be captured, of which 100% is used to fulfill the obligations under a credit enhancement agreement. During 2020, \$54,885 was captured and recorded in the TIF Fund, and \$53,764 was expended in the TIF Fund.

#21 Minot Ave – This TIF was established in 2018 and encompasses 3.83 acres. The original value was \$170,000. 100% of the tax revenue associated with increased value within the TIF can be captured, of which 50% is used to fulfill the obligations under a credit enhancement agreement. During 2020, \$195 was captured and recorded in the TIF Fund, and there were no related expenditures for the year ended June 30, 2020.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2020

III. DETAILED NOTES ON ALL FUNDS, Continued

#22 48 Hampshire St – This TIF was established in 2019 and encompasses 1.01 acres. The original value was \$0. 50% of the tax revenue associated with increased value within the TIF can be captured, of which 100% is used to fulfill the obligations under a credit enhancement agreement. During 2020, \$5,685 was captured and recorded in the TIF Fund, and \$5,685 was expended in the TIF Fund.

#23 Auburn Memory Care – This TIF was established in 2019 and encompasses 8.61 acres. The original value was \$327,100. 58.5% of the tax revenue associated with increased value within the TIF can be captured, of which 35% is used to fulfill the obligations under a credit enhancement agreement. During 2020, \$147 was captured and recorded in the TIF Fund.

F. Interfund Receivables and Payables and Transfers

The composition of interfund balances as of June 30, 2020 is as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 2,575,964	-	579,838	3,068,285
Community Dev. Programs	-	452,409	-	-
Tax Incrementing Financing	-	2,124,274	2,918,286	500,000
Capital Improvement	3,785,614	-	-	1,045,000
New Edward Little Building	-	279,840	1,000,000	-
City Special Revenue	-	1,301,887	150,000	-
Other Governmental Funds	136,676	600,634	-	7,109
Fiduciary Funds	70,055	-	-	-
Enterprise Funds:				
Ingersoll Turf Facility	-	5,048	-	27,730
Norway Savings Bank Ice Arena	-	1,804,217	-	-
Totals	\$ 6,568,309	6,568,309	4,648,124	4,648,124

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 funds 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, 2020:

	<u>Contract Total</u>	<u>Percentage Complete</u>	<u>Billed to Date</u>	<u>Balance Remaining</u>
Streetlight Project	\$ 800,000	91.47%	731,724	68,276
Rodman Road Resurface	448,426	79.37%	355,908	92,518
Stetson Road Reconstruction	827,868	90.28%	747,426	80,442
Poland Road Project	1,063,969	14.35%	152,671	911,298
PW Roof Replacement	227,000	40.76%	92,520	134,480
New Auburn Village	1,368,835	75.85%	1,038,308	330,527
2020 Reclamation	866,003	73.45%	636,046	229,957
Fern Street Reconstruction	1,212,212	13.31%	161,366	1,050,846
Park Ave Project	290,559	57.16%	166,088	124,471
High School Engineering	5,647,632	51.25%	2,894,248	2,753,384

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2020

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	\$ 260,472
Community development programs	245,218
Tax increment financing fund	292,605
Special revenue funds	77,368
Capital project funds	2,118,495
Total	<u>\$ 2,994,158</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 governmental activities only. Currently, there are no general obligation bonds outstanding for business-type activities. In 2020, general obligation bonds totaling \$7,900,000 were issued and dedicated to the capital improvement program for the City and School Department and general obligation bonds totaling \$7,000,000 were issued and dedicated to the purchase of the Norway Savings Bank Arena.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds are generally 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, 2020. General obligation bonds and notes payable outstanding at June 30, 2020 are as follows:

	<u>Issued</u>	<u>Original</u>	<u>Matures</u>	<u>Interest rate</u>	<u>Outstanding balance</u>
Bonds:					
General Obligation Bonds	11/01/10	\$ 7,900,000	09/01/20	2.00%-2.50%	790,000
General Obligation Bonds	11/01/11	4,500,000	09/01/21	2.00%-2.75%	900,000
General Obligation Bonds	09/27/12	13,835,000	09/01/27	2.00%-4.50%	6,620,000
General Obligation Bonds	11/01/13	5,625,000	09/01/23	2.00%-3.00%	2,240,000
General Obligation Bonds	10/30/14	6,800,000	09/01/24	2.00%-4.00%	3,400,000
General Obligation Bonds	11/05/15	5,700,000	09/01/25	2.00%	3,420,000
General Obligation Bonds	03/10/16	4,250,000	09/01/26	2.00-4.00%	2,570,000
General Obligation Bonds	11/15/16	5,030,000	09/01/26	3.00%	3,500,000
General Obligation Bonds	11/08/17	8,500,000	09/01/27	4.00-5.00%	6,700,000
General Obligation Bonds	11/08/18	7,655,000	09/01/28	3.00-5.00%	6,885,000
General Obligation Bonds	10/15/19	7,900,000	09/01/29	4.00-5.00%	7,900,000
General Obligation Bonds	10/15/19	7,000,000	09/01/39	1.90-3.50%	7,000,000
Bond Anticipation Note*	10/15/19	8,000,000	02/15/21	2.00%	8,000,000
Bonds payable					<u>59,925,000</u>

*This note is related to the New Edward Little Building Project and is intended to be refunded with bonds approved for issuance at the June 2019 referendum.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2020

III. DETAILED NOTES ON ALL FUNDS, Continued

Notes from direct borrowings:

Parking Garage	04/30/02	\$ 6,000,000	11/01/22	3.05%-5.25%	900,000
New Auburn Hall	10/31/02	13,100,000	11/01/22	2.031%-5.031%	1,230,000
QZAB	07/13/12	1,057,323	07/13/22	4.40%	317,197
School Revolving Loan	01/07/11	\$ 435,158	07/01/20	0.00%	35,050
School Revolving Loan	06/29/20	1,190,000	06/29/30	0.00%	463,386
Notes payable					2,945,633

Total long-term debt **\$ 62,870,633**

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

Year Ending June 30,	General Obligation Bonds		Notes from Direct Borrowing		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 16,240,000	1,980,397	897,121	28,641	170,528	38,996
2022	7,450,000	1,494,026	862,071	11,009	175,835	33,689
2023	6,600,000	1,232,160	862,071	4,652	181,308	28,216
2024	6,020,000	1,002,098	46,339	-	186,951	22,573
2025	5,485,000	808,392	46,339	-	192,770	16,755
2026-2030	14,130,000	1,747,502	231,692	-	334,417	21,736
2031-2035	1,860,000	448,485	-	-	-	-
2036-2040	2,140,000	158,485	-	-	-	-
Total	\$ 59,925,000	8,871,545	2,945,633	44,302	1,241,809	161,965

For the year ended June 30, 2020, interest expense of the General Fund was \$1,341,499 (which includes amounts allocated to the School Department).

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, 2020, the statutory limit for the City was \$315,592,500. The City's outstanding bonded long-term debt of \$59,925,000 at June 30, 2020 was \$255,667,500 less than the statutory limit.

The City has entered into several lease agreements as lessee for financing the acquisition of vehicles and various HVAC equipment at the City's schools. 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, 2020, the amount capitalized under capital leases totals \$1,799,036.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2020

III. DETAILED NOTES ON ALL FUNDS, Continued

Changes in General Long-term Liabilities. Long-term liability activity for the year ended June 30, 2020 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	\$ 44,720,000	22,900,000	7,695,000	59,925,000	16,240,000
Premium	2,945,851	1,359,520	580,437	3,724,934	520,917
Total bonds payable	47,665,851	24,259,520	8,275,437	63,649,934	16,760,917
Notes from direct borrowing	3,442,435	1,190,000	1,686,802	2,945,633	897,121
Capital leases payable	1,407,190	-	165,381	1,241,809	170,528
Accrued compensated absences	2,391,383	215,924	119,569	2,487,738	124,387
Accrued self-insurance liability	1,091,532	126,230	357,023	860,739	19,522
Other postemployment benefits	13,050,372	663,268	-	13,713,640	-
City pension liability	85,491	-	85,491	-	-
Net pension liability	8,312,035	827,313	-	9,139,348	-
Landfill postclosure care costs	149,000	-	47,000	102,000	37,000
Accrued interest on debt	538,329	216,930	-	755,259	755,259
Governmental activities					
long-term liabilities	\$ 78,133,618	27,499,185	10,736,703	94,896,100	18,764,734
Business-type activities:					
Net pension liability	67,889	2,479	-	70,368	-
Other postemployment benefits	57,839	-	18,583	39,256	-
Business-type activities					
long-term liabilities	\$ 125,728	2,479	18,583	109,624	-

General fund and special revenue accounts have been used to liquidate the liability for compensated absences, landfill postclosure care cost, net pension obligation, and other postemployment 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. The City's net investment in capital assets was calculated as follows at June 30, 2020:

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2020

III. DETAILED NOTES ON ALL FUNDS, Continued

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$ 256,304,157	1,383,757
Accumulated depreciation	(120,285,307)	(1,022,183)
General obligation bonds	(59,925,000)	-
Notes from direct borrowing	(2,945,633)	-
Capital leases	(1,241,809)	-
Unamortized debt premium	(3,724,934)	-
Deferred charge on refunding	(98,636)	-
Unspent bond proceeds	10,869,313	-
Total net investment in capital assets	\$ 78,952,151	361,574

J. Fund Balances

As of June 30, 2020, fund balances components consisted of the following:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable:			
Long-term receivables	\$ 680,451	-	680,451
Inventory	-	52,749	52,749
Prepaid expenditures	753,071	23,043	776,114
Principal for permanent funds	-	69,475	69,475
Total nonspendable	1,433,522	145,267	1,578,789
Restricted:			
Education	1,364,114	675,023	2,039,137
Community development programs	-	1,973,268	1,973,268
City special	-	1,648,511	1,648,511
Permanent funds	-	196,161	196,161
Total restricted	1,364,114	4,492,963	5,857,077
Committed:			
Parks and recreation	-	70,269	70,269
Capital improvement	-	7,261,474	7,261,474
New Edward Little Building project	-	5,604,777	5,604,777
Total committed	-	12,936,520	12,936,520
Assigned:			
Subsequent budget	527,500	-	527,500
Reserves	4,770	-	4,770
Self-insurance	860,739	-	860,739
Encumbrances	260,472	-	260,472
Total assigned	1,653,481	-	1,653,481
Unassigned	9,862,432	(3,458,499)	6,403,933
Total fund balance	\$ 14,313,549	14,116,251	28,429,800

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2020

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 post-closure care costs are recorded in the governmental activities on the statement of net position (Statement 1).

The \$102,000 reported as landfill post-closure care liability at June 30, 2020 represents the estimated liability for post-closure care costs at that date. The cost is comprised of \$78,000 for post-closure care costs (6 years) for a brush landfill that stopped accepting debris during fiscal year 1996. The additional cost of \$24,000 represents the estimated future post-closure care cost (1 year) of a previously closed ash landfill.

The estimated total cost of landfill post-closure care of \$102,000 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, 2020. 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, 2020.

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. For the year ending June 30, 2020, the City incurred new claims of \$126,230, but the City paid \$357,023 in actual claims during the fiscal year.

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 \$860,739 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 0.16% has been used in calculating the liability.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2020

IV. OTHER INFORMATION, Continued

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

	Fiscal Year <u>2020</u>	Fiscal Year <u>2019</u>
Unpaid claims as of July 1	\$ 1,091,532	1,119,708
Incurred claims (including claims incurred but not reported as of June 30)	126,230	627,703
<u>Total claim payments</u>	<u>357,023</u>	<u>655,879</u>
Current claims liability	19,522	20,609
<u>Long-term claims liability</u>	<u>841,217</u>	<u>1,070,923</u>
<u>Total unpaid claims liability</u>	<u>\$ 860,739</u>	<u>1,091,532</u>

The City assigns a portion of its General Fund balance for workers compensation. This amount totaled \$860,739 at June 30, 2020.

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 Transit Committee
Lewiston-Auburn 9-1-1 Committee

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

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

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

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

Information pertaining to each of these four joint ventures follows:

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2020

IV. OTHER INFORMATION, Continued

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 the 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, 2020, the City of Auburn contributed \$189,589 for airport operations.

The following is selected information for the years ending June 30, 2020 and June 30, 2019:

	June 30, <u>2020</u>	June 30, <u>2019</u>
Total assets	\$ 21,097,368	\$ 10,409,239
Total deferred outflows of resources	22,923	25,018
Total liabilities	6,605,545	1,701,920
Total deferred inflows of resources	36,097	28,877
Net position	14,478,649	8,703,460
Change in net position	5,775,189	715,477

In addition to contributions from the two municipalities, the Airport derives revenues through user fees, federal and state grant funding, and interest on investments in time deposits. For the year ended June 30, 2020, the Airport had total revenues of \$7,923,973 and expenditures of \$2,148,784, including depreciation of \$673,570 and a pension gain of \$4,739.

The separate audited financial statements of the Auburn-Lewiston Municipal Airport 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, 2020, the City of Auburn contributed \$331,138 for operating expenses.

The following is selected information for the years ending September 30, 2019 and September 30, 2018 (the latest information available):

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2020

IV. OTHER INFORMATION, Continued

	September 30, <u>2019</u>	September 30, <u>2018</u>
Total assets	\$ 3,780,358	\$ 2,128,664
Total liabilities	787,374	591,473
Net position	2,992,984	1,537,191
Change in net position	1,455,793	(145,543)

Total revenues for the year ended September 30, 2019 were \$3,449,415 and expenses were \$1,993,622, including depreciation on contributed assets of \$242,722.

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

Lewiston-Auburn 9-1-1 Committee

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

The committee's primary source of revenues consists of equal contributions from the Cities of Auburn and Lewiston. In the fiscal year ended June 30, 2020, the City of Auburn contributed \$1,134,303.

The following is selected financial information for the years ending June 30, 2019 and June 30, 2018 (the latest information available):

	June 30, <u>2019</u>	June 30, <u>2018</u>
Total assets	\$ 2,738,666	\$ 2,077,507
Total deferred outflows of resources	181,872	393,080
Total liabilities	701,700	1,157,900
Total deferred inflows of resources	108,053	275,409
Total net position	2,110,785	1,037,278
Change in net position	1,073,507	960,127

Total revenues for the year ended June 30, 2019 were \$3,352,095 and expenditures were \$2,278,588.

The separate audited financial statements of the Lewiston-Auburn 9-1-1 Committee may be obtained from the City's Finance Department.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2020

IV. OTHER INFORMATION, Continued

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.

The following is selected financial information for MMWAC for the years ending June 30, 2019 and June 30, 2018 (the latest information available):

	<u>2019</u>	<u>2018</u>
Total assets	\$ 10,196,137	\$ 10,519,395
Total liabilities	525,161	584,461
Members' equity	9,670,976	9,934,934
Operating revenue	7,271,875	6,962,863
Operating expenses	7,637,778	7,718,434
Depreciation and amortization	248,407	732,662
Non-operating revenue	101,452	77,493
Net income/(loss) before depreciation and amortization	(16,551)	54,584
Net change in members equity	(263,958)	(678,078)

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

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2020

IV. OTHER INFORMATION, Continued

C. Restatement of Net Position/Fund Balance

In prior years, construction in progress related to the renovations of the Senior Center were not capitalized. Management elected to correct the omission by restating the beginning fund balance. Details of the correction are shown below:

June 30, 2019:	Governmental Activities
Net Position, as previously reported	\$ 72,426,728
Additional construction in progress	250,216
Net position, as restated	\$ <u>72,676,944</u>

D. Deferred Compensation Plan

The plan, available to all full-time municipal employees, permits them to defer a portion of their salary until future years. The City is required to contribute 6% of an employee's gross wages while employees are required to contribute 5% of their gross wages. 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. For the year ended June 30, 2020 the City contributed \$135,021 to employee's deferred compensation plans.

E. Employee Retirement Plans

The City contributes to three defined benefit pension plans, (1) the Maine Public Employees Retirement System Consolidated Plan for Participating Local Districts (PLD Plan), (2) the Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan), and (3) the City Pension Plan. As of the year ended June 30, 2020, the City had the following balances reported in the government-wide financial statements:

	Net Pension <u>Liability</u>	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>	Pension <u>Expense</u>
PLD Plan	\$ 7,754,570	2,985,793	1,942,328	2,329,779
SET Plan	1,455,146	1,098,053	414,897	4,091,496
Total	\$ 9,209,716	4,083,846	2,357,225	6,421,275

Detailed disclosures for each plan follow.

IV. OTHER INFORMATION, Continued

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 (MainePERS). Benefit terms are established in Maine statute. MainePERS issues a publicly available financial report that can be obtained at www.mainebers.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 or 65. 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. MainePERS 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 7.35% to 9.50% of their annual pay depending on their age and the plan to which they subscribe. The City's contractually required contribution rate for the year ended June 30, 2020 was 10.00% or 12.80% of annual payroll for the regular plan or public safety plan, respectively. Contributions to the pension plan from the City were \$1,562,714 for governmental activities and \$14,311 for business-type activities for the year ended June 30, 2020.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2020

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, 2020, was 18.49% of annual payroll, of which 4.16% of payroll was required from the City and 14.33% was required from the State. Contributions to the pension plan from the City were \$942,731 for the year ended June 30, 2020.

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, 2019, 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, 2020, the City reported a liability of \$7,684,202 for governmental activities and \$70,368 for business-type activities for its proportionate share of the net pension liability. At June 30, 2019, the City's proportion of the PLD Plan was 2.537%.

SET Plan - At June 30, 2020, 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	\$ 1,455,146
State's proportionate share of the net pension liability associated with the City	<u>24,793,363</u>
Total	<u>\$ 26,248,509</u>

At June 30, 2019, the City's proportion of the SET Plan was 0.0993%.

For the year ended June 30, 2020, the City recognized pension expense of \$2,326,514 for governmental activities and \$3,265 for business-type activities for the PLD Plan and also recognized a pension expense of \$4,091,496 and revenue of \$3,247,438 for support provided by the State for the SET Plan.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2020

IV. OTHER INFORMATION, Continued

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to PLD plan from the following sources:

	<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	\$ 909,835	-	8,331	-
Changes of assumptions	389,154	-	3,563	-
Net difference between projected and actual earnings on pension plan investments	-	1,924,702	-	17,626
Changes in proportion and differences between City contributions and proportionate share of contributions	96,997	-	888	-
City contributions subsequent to the Measurement date	1,562,714	-	14,311	-
Total	\$ 2,958,700	1,924,702	27,093	17,626

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to SET plan from the following sources:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 113,191	-
Changes of assumptions	42,131	-
Net difference between projected and actual earnings on pension plan investments	-	205,402
Changes in proportion and differences between City contributions and proportionate share of contributions	-	209,495
City contributions subsequent to the Measurement date	942,731	-
Total	\$ 1,098,053	414,897

An amount of \$2,505,445 for governmental activities and \$14,311 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, 2021. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2020

IV. OTHER INFORMATION, Continued

Year Ended June 30:	Governmental Activities	Business-Type Activities
2021	\$ 340,798	4,356
2022	(931,123)	(7,802)
2023	(197,373)	(1,385)
2024	(593)	(13)

Actuarial Assumptions - The total pension liability in the June 30, 2019 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	2.75%	2.75%
Salary Increases, per year	2.75% to 9.0%	2.75% to 14.5%
Investment return, per annum, compounded annually	6.75%	6.75%
Cost of living benefit increases, per annum	1.91%	2.20%

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period June 30, 2012 to June 30, 2015.

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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public equities	30.0%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.0%
Alternative credit	5.0%	4.2%
Diversifiers	10.0%	5.9%

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2020

IV. OTHER INFORMATION, Continued

Discount Rate - The discount rate used to measure the total pension liability was 6.75% for the PLD Plan and 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 6.75% for the PLD Plan and 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 (5.75% for PLD Plan and for the SET Plan) or 1 percentage-point higher (7.75% for PLD Plan and for SET Plan) than the current rate:

<u>PLD Plan</u>	1% Decrease <u>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
City's proportionate share of the net pension liability	\$ 17,664,412	\$ 7,754,570	\$ (1,515,138)
<u>SET Plan</u>	1% Decrease <u>(5.75%)</u>	Current Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
City's proportionate share of the net pension liability	\$ 2,630,868	\$ 1,455,146	\$ 475,396

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

Payables to the Pension Plan - None as of June 30, 2020.

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 or her account at that time.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2020

IV. OTHER INFORMATION, Continued

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 \$135,021, which was 6% of its current-year covered payroll. The covered payroll amounted to \$2,250,351. Employees' required contributions amounted to \$112,520, 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.

F. Other Postemployment Benefits

The City contributes to three postemployment defined benefit plans, (1) the Maine Municipal Employee Health Trust (Health Plan), (2) the Maine Public Employees Retirement System State Employee and Teacher Group Term Life Plan (Life Plan), and (3) the Maine Education Association Benefits Trust (School Plan). As of the year ended June 30, 2020, the City had the following balances reported in the government-wide financial statements:

		Total OPEB <u>Liability</u>	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>	OPEB (Gain) <u>Expense</u>
Health Plan	\$	3,384,181	-	411,164	(62,434)
Life Plan		-	-	-	65,183
School Plan		10,368,715	594,583	-	457,724
Total		13,752,896	594,583	411,164	460,473

Detailed disclosures for each plan follow.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2020

IV. OTHER INFORMATION, Continued

Other Postemployment Benefits – Maine Municipal Employee Health Trust (Health Plan)

General Information about the OPEB Plan

Plan Description - The City sponsors a post-retirement benefit plan providing health insurance to retiring employees. The plan is a single-employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Trust (MMEHT). The City Council has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Benefits Provided – MMEHT provides healthcare and life insurance benefits for retirees and their dependents. City employees over the age of 55 with 5 years of continuous service are allowed to participate in the plan. Retirees that are designated in a plan pay 100% of the single coverage premium and 100% of the family coverage premium. For those City employees eligible for Medicare (post-65 Retiree Plan), the plan is offered in conjunction with Medicare Parts A and B and the Companion Plan B.

Employees Covered by Benefit Terms – At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	40
Inactive employee entitled to but not yet receiving benefits	-
Active employees	199
Total	<u>239</u>

Total OPEB Liability

The City's total OPEB liability of \$3,384,181 was measured as of January 1, 2020, and was determined by an actuarial valuation as of that date. \$39,256 has been allocated to business-type activities (based on number of participants) and the remaining \$3,344,925 is reported in governmental activities as of June 30, 2020.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00% per year
Salary increases	2.75% per year
Discount rate	2.74%
Healthcare cost trend rates	Initial trend of 8.55% grading over 20 years to 3.53% per annum
Retirees' share of the benefit related costs	100% of projected health insurance premiums

The discount rate was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index.

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2020

IV. OTHER INFORMATION, Continued

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2019	\$ 3,305,084
Changes for the year:	
Service cost	84,449
Interest	136,263
Changes in benefit terms	(84,028)
Difference between expected and actual	52,766
Changes in assumptions or other inputs	23,083
Benefit payments	(133,436)
Net changes	<u>79,097</u>
Balance at June 30, 2020	\$ <u>3,384,181</u>

Change in benefit terms is the result of the elimination of the Affordable Care Act Cadillac Tax. Change in assumptions reflects a change in the discount rate from 4.10% to 2.74%.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the City's total OPEB liability calculated using the discount rate of 2.74%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.74%) or 1 percentage-point higher (3.74%) than the current rate:

	1% Decrease (1.74%)	Discount Rate (2.74%)	1% Increase (3.74%)
Total OPEB liability	\$ <u>3,910,040</u>	<u>3,384,181</u>	<u>2,956,487</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the City's total OPEB liability calculated using the healthcare cost trend rates of 8.55% grading over 20 years to 3.53% per annum, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ <u>2,930,476</u>	<u>3,384,181</u>	<u>3,960,459</u>

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2020

IV. OTHER INFORMATION, Continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the City recognized an OPEB gain of \$62,434. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		Governmental Activities		Business-type Activities	
		Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	-	71,295	-	837
Changes of assumption or other inputs		-	335,099	-	3,933
Total	\$	-	406,394	-	4,770

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>		<u>Governmental Activities</u>	<u>Business-type Activities</u>
2021	\$	(64,920)	(762)
2022		(64,920)	(762)
2023		(64,920)	(762)
2024		(64,920)	(762)
2025		(64,920)	(762)
Thereafter		(81,794)	(960)

Other Postemployment Benefits – Maine Public Employees Retirement System (Life Plan)

General Information about the OPEB Plan

Plan Description - The City sponsors a post-retirement benefit plan providing group term life insurance to retiring Teachers. The plan is a cost-sharing multiple-employer defined benefit OPEB plan administered by the Maine Public Employees Retirement System (MPERS). The MPERS Board of Trustees has the authority to establish and amend the benefit terms and financing requirements. MPERS issues a publicly available financial report that is available at www.maineopers.org.

Benefits Provided - MPERS provides basic group life insurance benefits, during retirement, to retirees who participated in the plan prior to retirement for a minimum of 10 years. The level of coverage is initially set to an amount equal to the retirees average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

Contributions - Premium rates are determined by the MPERS Board of Trustees to be actuarially sufficient to pay anticipated claims. The State of Maine is required to remit the total dollar amount of each year's annual required contribution. Contributions to the OPEB plan by the State of Maine on behalf of the City were \$65,183 for the year ended June 30, 2020. Employers and employees are not required to contribute to the OPEB plan.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2020

IV. OTHER INFORMATION, Continued

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2020, the City reported no liability related to the plan. The State of Maine's proportionate share of the net OPEB liability associated with the City was \$708,166 as of June 30, 2020. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability was based on a projection of the City's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the City's proportion was 0.00%.

For the year ended June 30, 2020, the City recognized OPEB expense of \$65,183 and also revenues of \$65,183 for support provided by the State. At June 30, 2020, the City reported no deferred outflows of resources nor deferred inflows of resources related to the OPEB plan.

Actuarial Assumptions - The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	2.75% - 14.50%
Investment rate of return	6.75%

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study conducted for the period June 30, 2012 to June 30, 2015.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method which best estimates ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	70.0%	6.0%
Real estate	5.0%	5.2%
Traditional credit	15.0%	3.0%
US government securities	10.0%	2.3%

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2020

IV. OTHER INFORMATION, Continued

Discount Rate - The rate used to measure the total OPEB liability for the plan was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined. Based on this assumption, the OPEB plans fiduciary net position was projected to be available to make all projected OPEB payments for current and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

Other Postemployment Benefits – Maine Education Association Benefits Trust (School Plan)

General Information about the OPEB Plan

Plan Description - The City sponsors a post-retirement benefit plan providing health insurance to retiring school employees. The plan is a single-employer defined benefit OPEB plan administered by the Maine Education Association Benefits Trust (MEABT). The State Legislature has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Benefits Provided - MEABT provides healthcare insurance benefits for school retirees and their dependents. The employee must have participated in the MEABT health plan for the 12 months prior to retirement and have 10 years of continuous active service and enrollment in the health plan (under age 50), or 5 years of continuous active service and enrollment in the health plan (age 50 or above), in order to be eligible for postretirement benefits. The retiree is eligible for a State subsidy of 45% of the blended single premium for the retiree only. Under State laws, the blended premium is determined by blending rates for active members and retired members. The retiree pays 55% of the blended premium rate for coverage selected. Spouses must contribute 100% of the blended premium amounts. Thus, the total premium is paid for by both the State and the retiree and or spouse.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2020

IV. OTHER INFORMATION, Continued

Employees Covered by Benefit Terms – At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	260
Inactive employee entitled to but not yet receiving benefits	-
Active employees	486
Total	<u>746</u>

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The City's total OPEB liability of \$10,368,715 was measured as of June 30, 2019, and was determined by a roll forward of the actuarial valuation performed as of June 30, 2018.

Changes in the Total OPEB Liability

Balance at June 30, 2019	\$ 9,803,127
Changes for the year:	
Service cost	65,322
Interest	374,588
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	507,636
Benefit payments	<u>(381,958)</u>
Net changes	565,588
Balance at June 30, 2020	<u>\$ 10,368,715</u>

Change in assumptions reflects a change in the discount rate from 3.87% to 3.50%.

For the year ended June 30, 2020, The City recognized OPEB expense of \$457,724. At June 30, 2020, The City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumption or other inputs	\$ 155,861	-
City contributions subsequent to measurement date	<u>438,722</u>	-
Total	<u>\$ 594,583</u>	<u>-</u>

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2020

IV. OTHER INFORMATION, Continued

\$438,583 is reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	<u>Governmental Activities</u>
2021	\$ 17,814
2022	17,814
2023	17,814
2024	17,814
2025	84,605

Actuarial Assumptions - The total OPEB liability in the June 30, 2018 actuarial valuation for the total OPEB liability was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	Not reported
Salary increases	2.75% - 14.50% per year
Discount rate	3.50% per annum
Healthcare cost trend rates - Pre-Medicare	5.55% for 2018 grading over 15 years to 3.73%
Healthcare cost trend rates - Medicare	3.72% for 2018 grading over 15 years to 2.81%
Retirees' share of the benefit related costs	55% of the blended premium rate with a State subsidy for the remaining 45% of the blended premium rate

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

Discount Rate - The rate used to measure the total OPEB liability was 3.50% per annum. Since the plan is pay as you go and is not funded, the discount rate was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2020

IV. OTHER INFORMATION, Continued

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the City's total OPEB liability calculated using the discount rate of 3.50%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.50%) or 1 percentage-point higher (4.50%) than the current rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 11,962,690	10,368,715	9,082,082

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the City's total OPEB liability calculated using the healthcare cost trend rates, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 8,929,897	10,368,715	12,158,412

G. Credit Enhancement Agreements

GASB Statement 77, Tax Abatement Disclosures, defines tax abatement, for financial reporting purposes, as a reduction in tax revenue resulting from "an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take specific action after the agreement has been entered into that contributes to economic development or other benefits the governments or the citizens of those governments". While not called 'tax abatements', the City of Auburn does currently have Credit Enhancement Agreements (CEAs) which fit this definition.

The City of Auburn has entered into several Credit Enhancement Agreements (CEAs) with individual organizations as permitted within its TIF District development programs, established under the State of Maine Title 30-A. The CEA's outline conditions for the reimbursement of a percentage of tax revenues generated through the increased values of certain parcels within the district. The agreements and payments are intended to promote economic development through real estate development and job creation, as well as infrastructure improvements and business incentives within the City's TIF Districts. Based on compliance with the terms of the agreement, and the calculation methods established in the CEAs, the City returns to the organization a portion of the taxes paid.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2020

IV. OTHER INFORMATION, Continued

For the fiscal year ended June 30, 2020, the City remitted a total of \$1,069,288 in Credit Enhancement payments, including the following, each of which exceeded 10 percent of the total amount remitted:

<u>TIF district</u>	<u>Beginning; duration</u>	<u>CEA entity</u>	<u>CEA reimbursement basis</u>	<u>Amount paid during the fiscal year</u>
TIF 13 Retail Development	2007; 15 years	Auburn Plaza, Inc.	30%-47% based on growth in value of the district	151,986 (14.2%)
TIF 14 Auburn Mall	2005; 20 years	Auburn Plaza, Inc.	40% on revenues within district	650,928 (60.9%)

CITY OF AUBURN, MAINE
Required Supplementary Information
June 30, 2020

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*

PLD Plan

	<u>2020**</u>	<u>2019**</u>	<u>2018**</u>	<u>2017**</u>	<u>2016**</u>	<u>2015**</u>
City's proportion of the net pension liability	2.5370%	2.5645%	2.4465%	2.5764%	2.5871%	2.3477%
City's proportionate share of the net pension liability	\$ 7,754,570	7,018,363	10,017,066	13,689,300	8,254,041	3,612,401
City's covered payroll	13,487,059	12,843,417	11,795,593	11,596,585	11,365,621	11,004,456
City's proportionate share of the net pension liability as a percentage of its covered payroll	57.50%	54.65%	84.92%	118.05%	72.62%	32.83%
Plan fiduciary net position as a percentage of the total pension liability	90.62%	91.14%	86.43%	81.61%	88.27%	94.10%

SET Plan

City's proportion of the net pension liability	0.0993%	0.1009%	0.1415%	0.1268%	0.1256%	0.1048%
City's proportionate share of the net pension liability	\$ 1,455,146	1,361,561	2,055,382	2,239,879	1,695,546	1,132,380
State's proportionate share of the net pension liability associated with the City	24,793,363	22,421,680	23,808,252	28,107,548	22,336,682	16,612,780

Total	\$ 26,248,509	23,783,241	25,863,634	30,347,427	24,032,228	17,745,160
--------------	----------------------	-------------------	-------------------	-------------------	-------------------	-------------------

City's covered payroll	\$ 21,617,516	21,652,573	21,537,377	20,107,822	20,044,945	18,692,477
City's proportionate share of the net pension liability as a percentage of its covered payroll	6.73%	6.29%	9.54%	11.14%	8.46%	6.06%
Plan fiduciary net position as a percentage of the total pension liability	82.73%	82.90%	80.78%	76.21%	81.18%	83.91%

* Only six years 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, 2020

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan</u>							
Contractually required contribution	\$ 1,577,025	1,551,925	1,422,738	1,253,966	1,205,273	1,057,514	809,164
Contributions in relation to the contractually required contribution	(1,577,025)	(1,551,925)	(1,422,738)	(1,253,966)	(1,205,273)	(1,057,514)	(809,164)
Contribution deficiency (excess)	-	-	-	-	-	-	-
City's covered payroll	14,077,593	13,487,059	12,843,417	11,795,593	11,596,585	11,365,621	11,004,456
Contributions as a percentage of covered payroll	11.20%	11.51%	11.08%	10.63%	10.39%	9.30%	7.35%
<u>SET Plan</u>							
Contractually required contribution	\$ 942,731	858,216	859,607	723,656	675,623	531,203	495,351
Contributions in relation to the contractually required contribution	(942,731)	(858,216)	(859,607)	(723,656)	(675,623)	(531,203)	(495,351)
Contribution deficiency (excess)	-	-	-	-	-	-	-
City's covered payroll	22,661,814	21,617,516	21,652,573	21,537,377	20,107,822	20,044,945	18,692,477
Contributions as a percentage of covered payroll	4.16%	3.97%	3.97%	3.36%	3.36%	2.65%	2.65%

* Only seven years of information available.

CITY OF AUBURN, MAINE
Required Supplementary Information, Continued
June 30, 2020

Schedule of Changes in the City's Total Health Plan OPEB Liability and Related Ratios
Last 10 Fiscal Years*

		2020	2019	2018
Total OPEB Liability				
Service cost	\$	84,449	96,526	81,439
Interest		136,263	122,218	144,506
Changes of benefit terms		(84,028)	-	-
Differences between expected and actual experience		52,766	-	(178,552)
Changes of assumptions or other inputs		23,083	(305,301)	(183,140)
Benefit payments		(133,436)	(128,304)	(169,967)
Net change in total OPEB Liability		79,097	(214,861)	(305,714)
		3,305,084	3,519,945	3,825,659
Total OPEB liability - ending	\$	<u>3,384,181</u>	<u>3,305,084</u>	<u>3,519,945</u>
Covered-employee payroll	\$	11,051,932	11,209,262	11,209,262
Total OPEB liability as a percentage of covered-employee payroll		30.62%	29.49%	31.40%

* Only three years of information available.

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

		2020	2019	2018
City's proportion of the net OPEB liability		0.00%	0.00%	0.00%
City's proportionate share of the net OPEB liability	\$	-	-	-
State's proportionate share of the net OPEB liability associated with the City		708,166	659,905	598,566
Total		<u>708,166</u>	<u>659,905</u>	<u>598,566</u>
Plan fiduciary net position as a percentage of the total OPEB liability		49.22%	48.04%	47.29%

* Only three years of information available. Amounts presented for each fiscal year were determined as of the end of the previous fiscal year.

CITY OF AUBURN, MAINE
Required Supplementary Information, Continued
June 30, 2020

Schedule of Changes in the City's Total OPEB Liability and Related Ratios – School Plan
Last 10 Fiscal Years*

	2020	2019
Total OPEB Liability		
Service cost	\$ 65,322	70,006
Interest	374,588	359,102
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions or other inputs	507,636	(400,753)
Benefit payments	(381,958)	(368,757)
Net change in total OPEB liability	565,588	(340,402)
 Total OPEB liability - beginning	 9,803,127	 10,143,529
Total OPEB liability - ending	\$ 10,368,715	9,803,127
 Covered-employee payroll	 \$ 22,702,349	 22,094,744
Total OPEB liability as a percentage of covered-employee payroll	45.7%	44.4%

* Only two years of information available.

CITY OF AUBURN, MAINE
Notes to Required Supplementary Information
June 30, 2020

Maine Public Employees Retirement System (Pension):

Changes of Benefit Terms - None

Changes of Assumptions - The following are changes in actuarial assumptions used in the most recent valuations:

	<u>2018</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Discount rate – PLD	6.75%	6.875%	7.125%	7.250%	7.250%
Discount rate – SET	6.75%	6.875%	7.125%	7.125%	7.250%
Inflation rate	2.75%	2.75%	3.50%	3.50%	3.50%
Salary increases – PLD	2.75-9.00%	2.75-9.00%	3.50-9.50%	3.50-9.50%	3.50-9.50%
Salary increases – SET	2.75-14.50%	2.75-14.50%	3.50-13.50%	3.50-13.50%	3.50-13.50%
Cost of living increases – PLD	1.91%	2.20%	2.55%	3.12%	3.12%
Cost of living increases – SET	2.20%	2.20%	2.55%	2.55%	2.55%

** This schedule is intended to show information for ten years, but only the years in which changes occurred have been displayed. Additional years' information will be displayed as it becomes available.*

Mortality rates:

In 2015, mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA. In 2016 and going forward, mortality rates were based on the RP2014 Total Data Set Health Annuitant Mortality Table.

Maine Public Employees Retirement System (OPEB – Life Plan):

Changes of Benefit Terms - None

Changes of Assumptions - Under the Life Plan, changes of assumptions and other inputs reflects the changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal Year	Discount Rate
2018	6.875%
2019	6.750%

Maine Municipal Employees Health Trust (OPEB – Health Plan):

Changes of Benefit Terms – In fiscal year 2020 the valuation was adjusted to reflect the removal of the Affordable Care Act's Cadillac Tax.

Changes of Assumptions - Under the Health Plan, changes of assumptions and other inputs reflects the changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal Year	Discount Rate
2017	3.78%
2018	3.44%
2019	4.10%
2020	2.74%

Additionally, the valuation method was changed from the Projected Unit Credit funding method in 2017 to the Entry Age Normal funding method in 2018.

CITY OF AUBURN, MAINE
Notes to Required Supplementary Information, Continued
June 30, 2020

Maine Education Association Benefits Trust (OPEB – School Plan):

Changes of Benefit Terms - None

Changes of Assumptions - Under the School Plan, changes of assumptions and other inputs reflects the changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal Year	Discount Rate
2018	3.58%
2019	3.87%
2020	3.50%

This page intentionally left blank.

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 expend 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.

This page intentionally left blank.

CITY OF AUBURN, MAINE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 158,198	-	158,198
Investments	-	267,355	267,355
Receivables:			
Accounts	6,630	-	6,630
Intergovernmental	522,906	-	522,906
Prepaid expenditures	23,043	-	23,043
Inventory	52,749	-	52,749
Interfund receivable	136,676	-	136,676
Total assets	900,202	267,355	1,167,557
LIABILITIES			
Accounts payable	91,284	-	91,284
Accrued payroll	18,346	-	18,346
Interfund payable	598,915	1,719	600,634
Total liabilities	708,545	1,719	710,264
FUND BALANCES			
Nonspendable - inventory	52,749	-	52,749
Nonspendable - prepaid expenditures	23,043	-	23,043
Nonspendable - principal	-	69,475	69,475
Restricted	675,023	196,161	871,184
Committed	70,269	-	70,269
Unassigned	(629,427)	-	(629,427)
Total fund balances	191,657	265,636	457,293
Total liabilities and fund balances	\$ 900,202	267,355	1,167,557

CITY OF AUBURN, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
Revenues:			
Intergovernmental	\$ 4,348,251	-	4,348,251
Charges for services	1,211,111	-	1,211,111
Other income	192,444	-	192,444
Interest income	-	3,710	3,710
Total revenues	5,751,806	3,710	5,755,516
Expenditures:			
Current:			
General government	125,847	-	125,847
Health, welfare and recreation	465,427	-	465,427
Education	3,675,563	-	3,675,563
Food services	1,567,231	-	1,567,231
Unclassified	-	659	659
Total expenditures	5,834,068	659	5,834,727
Excess (deficiency) of revenues over (under) expenditures	(82,262)	3,051	(79,211)
Other financing sources (uses):			
Transfers out	(7,109)	-	(7,109)
Total other financing sources (uses)	(7,109)	-	(7,109)
Net change in fund balances	(89,371)	3,051	(86,320)
Fund balances, July 1	281,028	262,585	543,613
Fund balances, June 30	\$ 191,657	265,636	457,293

CITY OF AUBURN, MAINE
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2020

	School Special	Centralized School Lunch Program	211 Fairview	Parking	Parks and Recreation	Totals
ASSETS						
Cash and cash equivalents	\$ -	158,198	-	-	-	158,198
Receivables:						
Accounts	-	6,630	-	-	-	6,630
Intergovernmental	423,854	99,052	-	-	-	522,906
Prepaid expenditures	23,043	-	-	-	-	23,043
Inventory	-	52,749	-	-	-	52,749
Interfund receivable	33,777	-	-	29,786	73,113	136,676
Total assets	480,674	316,629	-	29,786	73,113	900,202
LIABILITIES						
Accounts payable	39,065	17,583	-	31,792	2,844	91,284
Accrued payroll	18,346	-	-	-	-	18,346
Interfund payable	-	32,611	566,304	-	-	598,915
Total liabilities	57,411	50,194	566,304	31,792	2,844	708,545
FUND BALANCES (DEFICITS)						
Nonspendable - inventory	-	52,749	-	-	-	52,749
Nonspendable - prepaid expenditures	23,043	-	-	-	-	23,043
Restricted	461,337	213,686	-	-	-	675,023
Committed	-	-	-	-	70,269	70,269
Unassigned	(61,117)	-	(566,304)	(2,006)	-	(629,427)
Total fund balances (deficits)	423,263	266,435	(566,304)	(2,006)	70,269	191,657
Total liabilities and fund balances (deficits)	\$ 480,674	316,629	-	29,786	73,113	900,202

CITY OF AUBURN, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2020

	School Special	Centralized School Lunch Program	211 Fairview	Parking	Parks and Recreation	Totals
Revenues:						
Intergovernmental	\$ 3,011,506	1,336,745	-	-	-	4,348,251
Charges for services	437,436	199,625	-	168,079	405,971	1,211,111
Other income	157,542	34,902	-	-	-	192,444
Total revenues	3,606,484	1,571,272	-	168,079	405,971	5,751,806
Expenditures:						
Current:						
General government	-	-	-	125,847	-	125,847
Health, welfare and recreation	-	-	-	-	465,427	465,427
Education	3,675,563	-	-	-	-	3,675,563
Food services	-	1,567,231	-	-	-	1,567,231
Total expenditures	3,675,563	1,567,231	-	125,847	465,427	5,834,068
Exceeds (deficiency) of revenues over (under) expenditures	(69,079)	4,041	-	42,232	(59,456)	(82,262)
Other financing sources (uses):						
Transfers out	(7,109)	-	-	-	-	(7,109)
Total other financing sources (uses)	(7,109)	-	-	-	-	(7,109)
Net change in fund balances	(76,188)	4,041	-	42,232	(59,456)	(89,371)
Fund balances (deficits), July 1	499,451	262,394	(566,304)	(44,238)	129,725	281,028
Fund balances (deficits), June 30	\$ 423,263	266,435	(566,304)	(2,006)	70,269	191,657

CITY OF AUBURN, MAINE
Combined Balance Sheet
Nonmajor Permanent Funds
June 30, 2020

ASSETS		
Investments	\$	267,355
<hr/>		
Total assets		267,355
<hr/>		
LIABILITIES		
Interfund payable		1,719
Total liabilities		1,719
<hr/>		
FUND BALANCES		
Nonspendable - principal		69,475
Restricted		196,161
Total fund balances		265,636
<hr/>		
Total liabilities and fund balances	\$	267,355

CITY OF AUBURN, MAINE
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Permanent Funds
For the Year Ended June 30, 2020

<hr/>		
<hr/>		
Revenues:		
Interest income	\$	3,710
Total revenues		3,710
<hr/>		
Expenditures:		
Current:		
Miscellaneous		659
Total expenditures		659
<hr/>		
Net change in fund balances		3,051
<hr/>		
Fund balances, July 1		262,585
<hr/>		
Fund balances, June 30	\$	265,636

This page intentionally left blank.

AGENCY FUNDS

This page intentionally left blank.

CITY OF AUBURN, MAINE
Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2020

		Student Activities	RETC	AVEC	Total
ASSETS					
Cash and cash equivalents	\$	214,475	-	-	214,475
Due from other governments		-	89,972	-	89,972
Interfund receivables		290	49,509	10,615	60,414
Total assets		214,765	139,481	10,615	364,861
LIABILITIES					
Accounts payable		-	-	851	851
Accrued payroll		-	74,456	557	75,013
Amounts held for others		214,765	65,025	9,207	288,997
Total liabilities	\$	214,765	139,481	10,615	364,861

CITY OF AUBURN, MAINE
Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2020

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
STUDENT ACTIVITIES				
ASSETS				
Cash and cash equivalents	\$ 238,317	291,349	315,191	214,475
Interfund receivables	290	-	-	290
Total assets	238,607	291,349	315,191	214,765
LIABILITIES				
Amounts held for others	238,607	291,349	315,191	214,765
Total liabilities	\$ 238,607	291,349	315,191	214,765
RETC				
ASSETS				
Due from other governments	\$ -	89,972	-	89,972
Interfund receivables	197,648	-	148,139	49,509
Total assets	197,648	89,972	148,139	139,481
LIABILITIES				
Accounts payable	2,332	-	2,332	-
Accrued payroll	76,039	-	1,583	74,456
Amounts held for others	119,277	-	54,252	65,025
Total liabilities	\$ 197,648	-	58,167	139,481
AVEC				
ASSETS				
Interfund receivables	\$ 6,065	4,550	-	10,615
Total assets	6,065	4,550	-	10,615
LIABILITIES				
Accounts payable	-	851	-	851
Accrued payroll	527	30	-	557
Amounts held for others	5,538	3,669	-	9,207
Total liabilities	\$ 6,065	4,550	-	10,615

TAX INCREMENT FINANCING FUND

This page intentionally left blank.

CITY OF AUBURN, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Tax Increment Financing Fund
For the Year Ended June 30, 2020

	TIF 4	TIF 6	TIF 9	TIF 10 Downtown	TIF 10 Downtown	TIF 12 Auburn Industrial	TIF 13 Retail	TIF 14 & 15 Auburn	TIF 16 Webster School	TIF 18 Slap Shot LLC	TIF 19 Hartt	TIF 20 62 Spring	TIF 21 Minot	TIF 22 48 Hampshire	TIF 23 Auburn Memory	Totals
	Tambrands	Tambrands II	Mall Area	Area	Omnibus	Park	Development	Mall	Housing		Transport	Street	Avenue	Street	Care Facility	
Revenues:																
Other income	\$ -	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditures:																
Current:																
General government	-	88,406	-	-	17,561	-	151,986	650,928	30,435	70,524	-	53,764	-	5,685	-	1,069,289
Capital Outlay	-	-	-	874,948	-	-	-	-	-	-	-	-	-	-	-	874,948
Debt service	-	-	-	335,666	-	219,408	-	450,992	-	-	-	-	-	-	-	1,006,066
Total expenditures	-	88,406	-	1,210,614	17,561	219,408	151,986	1,101,920	30,435	70,524	-	53,764	-	5,685	-	2,950,303
Excess (deficiency) of revenues over (under) expenditures	-	(88,406)	-	(1,210,614)	(17,561)	(219,408)	(151,986)	(1,101,920)	(30,435)	(70,524)	-	(53,764)	-	(5,685)	-	(2,950,303)
Other financing sources (uses):																
Transfers from other funds	-	221,015	483,324	760,553	17,561	175,524	323,375	672,496	30,435	141,465	31,626	54,885	195	5,685	147	2,918,286
Transfers to other funds	(105,531)	-	(323,528)	-	-	-	-	-	-	(70,941)	-	-	-	-	-	(500,000)
Total other financing sources (uses)	(105,531)	221,015	159,796	760,553	17,561	175,524	323,375	672,496	30,435	70,524	31,626	54,885	195	5,685	147	2,418,286
Net change in fund balances (deficits)	(105,531)	132,609	159,796	(450,061)	-	(43,884)	171,389	(429,424)	-	-	31,626	1,121	195	-	147	(532,017)
Fund balances (deficits), beginning of year	105,531	(294,448)	32,501	(27,858)	-	(344,883)	240,148	(333,847)	-	-	(1,711)	-	-	-	-	(624,567)
Fund balances (deficits), end of year	\$ -	(161,839)	192,297	(477,919)	-	(388,767)	411,537	(763,271)	-	-	29,915	1,121	195	-	147	(1,156,584)

This page intentionally left blank.

STATISTICAL SECTION

This page intentionally left blank.

STATISTICAL SECTION

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

Contents

Tables

Financial Trends

1-4

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

Revenue Capacity

5-8

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

Debt Capacity

9-12

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

Demographic and Economic Information

13-14

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

Operating Information

15-17

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

This page intentionally left blank.

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Net Investment in capital assets	\$ 56,084,796	\$ 53,111,954	\$ 61,542,514	\$ 67,831,558	\$ 73,604,804	\$ 79,732,308	\$ 80,283,459	\$ 80,738,742	\$ 80,147,897	\$ 78,952,151
Restricted	11,707,875	10,879,129	11,871,042	11,621,393	8,791,119	8,780,922	8,513,552	6,492,342	6,418,738	6,805,813
Unrestricted	12,166,714	21,012,904	10,929,045	(4,145,261)	(1,665,491)	(5,594,225)	(6,078,826)	(18,015,680)	(13,889,691)	(12,338,298)
Total governmental activities net position	79,959,385	85,003,987	84,342,601	75,307,690	80,730,432	82,919,005	82,718,185	69,215,404	72,676,944	73,419,666
Business-type activities:										
Net investment in capital assets	829,060	781,208	708,368	548,461	493,154	456,021	539,164	515,180	438,377	361,574
Restricted	-	-	34,042	-	196,221	238,079	324,591	-	-	-
Unrestricted	353,997	651,420	594,157	460,816	(118,847)	(426,861)	(854,106)	(1,328,426)	(1,540,274)	(1,401,316)
Total business-type activities net position	1,183,057	1,432,628	1,336,567	1,009,277	570,528	267,239	9,649	(813,246)	(1,101,897)	(1,039,742)
Primary government:										
Investment in capital assets	56,913,856	53,893,162	62,250,882	68,380,019	74,097,958	80,188,329	80,822,623	81,253,922	80,586,274	79,313,725
Restricted	11,707,875	10,879,129	11,905,084	11,621,393	8,987,340	9,019,001	8,838,143	6,492,342	6,418,738	6,805,813
Unrestricted	12,520,711	21,664,324	11,523,202	(3,684,445)	(1,784,338)	(6,021,086)	(6,932,932)	(19,344,106)	(15,429,965)	(13,739,614)
Total primary government net position	\$ 81,142,442	\$ 86,436,615	\$ 85,679,168	\$ 76,316,967	\$ 81,300,960	\$ 83,186,244	\$ 82,727,834	\$ 68,402,158	\$ 71,575,047	\$ 72,379,924

Table 2

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government	\$ 13,450,586	\$ 14,680,105	\$ 13,391,002	\$ 19,950,058	\$ 10,720,976	\$ 14,742,709	\$ 14,171,875	\$ 12,926,678	\$ 10,970,510	\$ 15,340,450
Public safety	7,673,153	8,001,972	8,468,689	9,404,183	9,969,244	10,298,205	10,180,500	10,164,734	10,562,320	10,521,575
Health, welfare and recreation	2,072,398	2,117,014	2,266,012	2,172,119	1,637,285	1,590,246	2,183,193	2,260,080	2,312,264	2,733,265
Public works	9,876,176	6,059,774	8,086,620	12,427,048	11,370,585	10,948,454	12,069,994	13,154,573	14,615,314	13,039,351
Local agency support	3,278,312	3,389,283	3,560,926	3,400,687	3,418,863	3,551,739	3,529,357	3,722,648	3,883,900	4,127,325
Education	42,408,444	42,418,741	41,810,979	44,089,463	40,636,517	42,854,285	44,423,602	46,840,880	47,221,915	51,702,067
Food services	-	-	-	-	-	-	-	1,597,569	1,644,924	1,567,231
Interest on debt	1,646,166	758,377	2,418,356	122,068	1,580,603	1,000,662	861,111	610,214	784,154	1,119,403
Total governmental activities expenses	80,405,235	77,425,266	80,002,584	91,565,626	79,334,073	84,986,300	87,419,632	91,277,376	91,995,301	100,150,667
Business-type activities:										
Ingersoll Ice Turf Facility	482,686	539,555	490,593	604,369	131,223	216,417	159,278	172,462	164,891	152,289
Norway Savings Bank Arena	-	-	-	525,814	1,218,591	1,230,422	1,293,801	1,373,107	1,329,482	733,217
Centralized School Lunch	-	-	1,421,308	1,312,651	1,419,459	1,497,678	1,576,332	-	-	-
Total business-type activities expenses	482,686	539,555	1,911,901	2,442,834	2,769,273	2,944,517	3,029,411	1,545,569	1,494,373	885,506
Total primary government expenses	80,887,921	77,964,821	81,914,485	94,008,460	82,103,346	87,930,817	90,449,043	92,822,945	93,489,674	101,036,173
Program Revenues										
Governmental activities:										
Charges for services:										
General government	710,124	532,771	480,870	456,624	695,278	1,306,850	1,371,527	1,193,393	1,171,724	1,244,128
Public safety	285,365	701,234	841,366	920,429	1,526,254	1,579,875	1,264,202	782,884	1,289,111	1,214,662
Health, welfare and recreation	287,013	308,403	318,635	279,854	261,595	240,972	304,873	332,437	342,772	405,971
Public works	50,334	3,158	2,674	1,549	-	-	-	-	-	-
Education	676,120	514,390	484,567	412,347	707,739	821,713	386,407	846,164	853,959	754,298
Food services	-	-	-	-	-	-	-	223,816	238,869	234,527
Operating grants and contributions	31,521,140	33,003,967	29,939,559	31,349,557	28,816,555	29,064,768	29,950,181	31,862,806	34,412,681	37,098,316
Capital grants and contributions	602,210	-	-	-	2,956,553	2,995,835	-	315,234	530,953	289,649
Total governmental activities program revenues	34,132,306	35,063,923	32,067,671	33,420,360	34,963,974	36,010,013	33,277,190	35,556,734	38,840,069	41,241,551
Business-type activities:										
Charges for services	424,614	433,375	669,015	1,139,096	1,067,189	1,308,448	1,383,077	1,132,476	1,204,906	973,169
Operating grants and contributions	-	-	1,159,343	1,090,354	1,241,187	1,332,667	1,388,744	-	-	-
Total business-type activities program revenues	424,614	433,375	1,828,358	2,229,450	2,308,376	2,641,115	2,771,821	1,132,476	1,204,906	973,169
Total primary government program revenues	34,556,920	35,497,298	33,896,029	35,649,810	37,272,350	38,651,128	36,049,011	36,689,210	40,044,975	42,214,720

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net (expense)/revenue:										
Governmental activities	(46,272,929)	(42,361,343)	(47,934,913)	(58,145,266)	(44,370,099)	(48,976,287)	(54,142,442)	(55,720,642)	(53,155,232)	(58,909,116)
Business-type activities	(58,072)	(106,180)	(83,543)	(213,384)	(460,897)	(303,402)	(257,590)	(413,093)	(289,467)	87,663
Total primary government net expense	(46,331,001)	(42,467,523)	(48,018,456)	(58,358,650)	(44,830,996)	(49,279,689)	(54,400,032)	(56,133,735)	(53,444,699)	(58,821,453)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes	42,962,974	43,192,698	42,759,291	44,522,766	45,445,286	46,425,471	48,765,867	50,260,659	50,131,887	50,590,615
Grants not restricted to specific programs	4,103,025	4,172,425	4,330,113	4,336,314	4,393,527	4,474,139	4,760,666	5,541,000	6,338,739	7,939,649
Investment earnings	70,562	65,072	16,581	2,829	49,791	197,562	112,123	106,216	141,270	308,215
Other	1,013,764	230,549	166,802	248,446	(95,763)	644,533	42,854	10,437	4,876	785,629
Transfers	-	-	-	-	-	-	-	-	-	27,730
Total governmental activities general revenues	48,150,325	47,660,744	47,272,787	49,110,355	49,792,841	51,741,705	53,681,510	55,918,312	56,616,772	59,651,838
Business-type activities:										
Investment earnings	-	51	757	1,176	370	113	-	-	816	2,222
Other	-	-	-	-	21,778	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	(27,730)
Total business-type activities general revenues	-	51	757	1,176	22,148	113	-	-	816	(25,508)
Total primary government	48,150,325	47,660,795	47,273,544	49,111,531	49,814,989	51,741,818	53,681,510	55,918,312	56,617,588	59,626,330
Change in Net Position										
Governmental activities	1,877,396	5,299,401	(662,126)	(9,034,911)	5,422,742	2,765,418	(460,932)	197,670	3,461,540	742,722
Business-type activities	(58,072)	(106,129)	(82,786)	(212,208)	(438,749)	(303,289)	(257,590)	(413,093)	(288,651)	62,155
Total primary government	\$ 1,819,324	\$ 5,193,272	\$ (744,912)	\$ (9,247,119)	\$ 4,983,993	\$ 2,462,129	\$ (718,522)	\$ (215,423)	\$ 3,172,889	\$ 804,877

Table 3

CITY OF AUBURN, MAINE Fund Balances Last Ten Fiscal Years From Governmental Funds Balance Sheet											
	Fiscal Year										
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
General Fund											
Nonspendable	\$ 226,255	\$ 97,171	\$ 75	\$ 629,503	\$ 1,415,749	\$ 1,341,590	\$ 1,178,773	\$ 1,600,597	\$ 761,970	\$ 1,433,522	
Restricted	2,679,579	1,840,047	2,449,945	1,969,754	1,411,047	1,625,968	2,023,296	1,931,802	2,273,457	1,364,114	
Assigned	1,087,851	942,172	1,154,572	812,886	3,046,996	2,084,993	1,750,310	1,863,605	2,034,264	1,653,481	
Unassigned	9,108,868	10,734,773	8,775,150	8,651,216	4,971,398	5,897,971	7,113,261	7,780,670	8,065,076	9,862,432	
Total general fund	\$ 13,102,553	\$ 13,614,163	\$ 12,379,742	\$ 12,063,359	\$ 10,845,190	\$ 10,950,522	\$ 12,065,640	\$ 13,176,674	\$ 13,134,767	\$ 14,313,549	
All Other Governmental Funds											
Nonspendable	5,922,783	5,813,531	5,712,143	5,628,850	5,670,226	4,007,094	3,725,627	101,863	102,425	145,267	
Restricted	3,105,513	3,464,347	3,710,739	4,022,789	1,709,846	1,518,854	1,393,889	3,506,455	3,164,800	4,492,963	
Committed	10,104,760	10,998,530	7,985,485	5,755,639	8,162,868	8,099,287	7,605,758	7,177,933	7,508,990	12,936,520	
Unassigned	(841,666)	(694,644)	(1,125,143)	(3,649,469)	(1,871,314)	(757,648)	(1,162,157)	(1,512,021)	(1,510,710)	(3,458,499)	
Total all other governmental funds	\$ 18,291,390	\$ 19,581,764	\$ 16,283,224	\$ 11,757,809	\$ 13,671,626	\$ 12,867,587	\$ 11,563,117	\$ 9,274,230	\$ 9,265,505	\$ 14,116,251	

Table 4

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes	\$ 42,742,974	\$ 42,960,856	\$ 42,749,449	\$ 44,563,151	\$ 45,411,397	\$ 46,319,694	\$ 48,639,845	\$ 50,263,953	\$ 50,021,033	\$ 50,695,750
Intergovernmental	34,919,262	36,258,176	33,631,641	35,325,279	35,719,754	36,041,524	34,192,549	37,269,921	40,798,002	44,950,674
Licenses and permits	303,183	266,852	374,011	325,476	345,658	330,039	364,352	345,604	330,240	366,143
Charges for services	1,699,004	1,750,848	1,720,625	1,799,725	2,644,856	3,452,095	2,900,398	2,983,648	3,500,458	3,416,494
Unclassified	1,710,401	1,191,668	854,889	601,599	876,354	1,502,589	735,534	615,214	696,252	815,120
Total revenues	81,374,824	82,428,400	79,330,615	82,615,230	84,998,019	87,645,941	86,832,678	91,478,340	95,345,985	100,244,181
Expenditures										
General government	11,666,157	12,532,558	11,881,126	11,362,793	10,963,750	11,832,503	11,898,280	13,613,954	13,184,929	13,992,151
Public safety	7,367,139	7,717,441	8,063,515	8,987,931	9,702,645	9,794,109	9,814,755	9,947,488	10,053,737	10,120,729
Health, welfare and recreation	1,847,549	1,876,392	2,022,319	1,937,404	1,388,546	1,704,443	1,920,557	1,956,709	2,001,090	2,196,929
Public works	4,191,424	4,285,363	4,524,288	7,611,817	8,943,737	8,326,272	5,598,126	5,465,530	6,175,911	5,627,287
Local agency support	3,278,312	3,389,283	3,560,926	3,400,687	3,418,863	3,551,739	3,529,357	3,722,648	3,883,900	4,127,325
Education	42,954,361	42,273,954	42,137,967	43,678,540	44,402,432	44,782,404	45,934,377	47,722,030	49,926,248	52,401,836
Food services	-	-	-	-	-	-	-	1,597,569	1,644,924	1,567,231
Unclassified	303,539	403,753	405,669	325,374	459,325	482,462	362,228	453,112	301,654	226,299
Self-insurance	671,092	517,299	383,566	-	-	-	-	-	-	-
Capital outlay	7,158,898	4,855,507	9,800,219	8,539,810	6,248,281	6,379,436	6,211,980	10,307,956	8,945,543	21,290,876
Debt service:										
Principal	6,854,251	6,894,785	7,027,846	6,508,659	6,484,056	6,439,503	6,545,628	6,509,811	6,829,817	7,159,054
Interest expense	1,513,494	1,511,411	1,045,204	1,000,416	942,636	997,067	879,024	814,380	1,007,693	982,186
Total expenditures	87,806,216	86,257,746	90,852,645	93,353,431	92,954,271	94,289,938	92,694,312	102,111,187	103,955,446	119,691,903
Deficiency of revenues under expenditures	(6,431,392)	(3,829,346)	(11,522,030)	(10,738,201)	(7,956,252)	(6,643,997)	(5,861,634)	(10,632,847)	(8,609,461)	(19,447,722)
Other financing sources (uses)										
Issuance of long-term debt	8,924,625	4,500,000	14,892,323	5,709,458	8,153,025	9,950,000	5,030,000	9,524,036	7,655,000	24,090,000
Premium on issuance of debt	85,597	83,077	1,052,751	186,945	498,875	481,134	382,170	1,177,478	794,168	1,359,520
Payment to refunded bond escrow agent	-	-	(9,118,353)	-	-	(4,485,844)	-	-	-	-
Transfers in	2,190,819	2,215,395	2,345,053	2,084,032	2,099,914	2,279,802	1,471,787	2,120,787	2,119,803	3,568,286
Transfers out	(2,177,330)	(2,202,120)	(2,331,778)	(2,084,032)	(2,099,914)	(2,279,802)	(1,471,787)	(2,120,787)	(2,119,803)	(3,540,556)
Total other financing sources	9,023,711	4,596,352	6,839,996	5,896,403	8,651,900	5,945,290	5,412,170	10,701,514	8,449,168	25,477,250
Net change in fund balances	\$ 2,592,319	\$ 767,006	\$ (4,682,034)	\$ (4,841,798)	\$ 695,648	\$ (698,707)	\$ (449,464)	\$ 68,667	\$ (160,293)	\$ 6,029,528
Debt service as a percentage of noncapital expenditures	10.38%	10.33%	9.96%	8.74%	8.99%	8.80%	8.46%	7.94%	8.14%	8.11%

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
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
2016		1,831,661,043	162,903,400	1,994,564,443	1,960,100,000	101.8%	21.25
2017		1,852,057,439	146,229,300	1,998,286,739	1,983,950,000	100.7%	22.35
2018		1,869,652,126	133,614,300	2,003,266,426	1,981,700,000	101.1%	22.99
2019		1,839,302,499	125,115,433	1,964,417,932	2,002,200,000	98.1%	23.68
2020		1,840,831,799	116,174,259	1,957,006,058	2,103,950,000	93.0%	23.75

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
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
2016	9.83	46.26%	3.18	14.96%	8.24	38.78%	21.25
2017	10.31	46.13%	3.21	14.36%	8.83	39.51%	22.35
2018	10.56	45.93%	3.10	13.48%	9.33	40.58%	22.99
2019	9.55	40.33%	4.97	20.99%	9.16	38.68%	23.68
2020	11.12	46.82%	3.48	14.65%	9.15	38.53%	23.75

Table 7

CITY OF AUBURN, MAINE
Principal Property Taxpayers
Current Year and Nine Years Ago
June 30, 2020

	Taxpayer	Business	Assessed Value	% of Total Tax Base	Cumulative %
1	Tambrands	Personal Products	\$ 61,707,736	3.1%	3.14%
2	Central Maine Power Company	Electric Utility	43,988,018	2.2%	5.38%
3	FPL Energy Maine Hydro LLC	Electric Utility	32,852,305	1.7%	7.05%
4	Pioneer Plastics	Laminates	20,665,779	1.1%	8.10%
5	Wal-Mart Real Estate	Retail	20,025,131	1.0%	9.12%
6	Northern Utilities Inc	Natural Gas Utility	18,060,500	0.9%	10.04%
7	Auburn Plaza	Regional Shopping	17,207,135	0.9%	10.92%
8	Gates Formed Fiber	Automotive Products	16,033,281	0.8%	11.74%
9	Riverwatch LLC	Lodging	12,837,705	0.7%	12.39%
10	Auburn Plaza	Retail	12,680,622	0.6%	13.03%
			<u>\$ 256,058,212</u>		

June 30, 2011

	Taxpayer	Business	Assessed Value	% of Total Tax Base	Cumulative %
1	Tambrands	Personal Products	\$ 92,890,500	4.5%	4.49%
2	Wal-Mart Real Estate	Retail	25,265,600	1.3%	5.75%
3	Pioneer Plastics	Plastic Laminates	24,705,700	1.2%	6.94%
4	Auburn Plaza Inc	Regional Shopping	22,728,200	1.1%	8.04%
5	Gates Formed Fiber	Automotive Products	20,246,900	1.0%	9.02%
6	Lowes Home Centers	Retail	16,604,500	0.8%	9.82%
7	Central Maine Power Co	Electric Utility	16,515,200	0.8%	10.62%
8	GFI Auburn Plaza Realty	Regional Shopping	15,226,200	0.7%	11.36%
9	Cascades Auburn Fiber	Paper Reprocessor	15,129,900	0.7%	12.09%
10	FPL Energy Maine Hydro LLC	Electric Utility	14,568,700	0.7%	12.79%
			<u>\$ 263,881,400</u>		

Table 8

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

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the		Collections Subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2011	\$ 39,984,486	38,914,458	97.32%	1,027,253	39,941,711	99.89%
2012	39,948,404	38,831,952	97.21%	1,068,764	39,900,716	99.88%
2013	39,455,557	38,386,284	97.29%	993,313	39,379,597	99.81%
2014	40,987,430	39,889,671	97.32%	1,023,876	40,913,547	99.82%
2015	41,671,464	40,403,806	96.96%	1,191,858	41,595,664	99.82%
2016	42,459,969	41,444,901	97.61%	925,892	42,370,793	99.79%
2017	44,678,284	43,627,568	97.65%	922,312	44,549,880	99.71%
2018	46,107,186	44,284,387	96.05%	\$1,341,370	45,625,757	98.96%
2019	46,623,540	45,532,570	97.66%	\$637,381	46,169,951	99.03%
2020	46,478,894	45,408,343	97.70%	N/A	45,408,343	97.70%

Table 9

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

Fiscal year	Governmental Activities					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	Net of State Subsidy	To Assessed Value	Per Capita	
2011	\$ 65,461,000	692,675	-	-	66,153,675	48,634,442	3.2%	2,869	2,109
2012	61,239,000	598,596	-	-	61,837,596	51,652,300	3.0%	2,682	2,240
2013	59,534,323	504,518	-	1,052,751	61,091,592	54,863,817	2.9%	2,650	2,380
2014	56,826,591	494,897	-	1,169,513	58,491,001	52,408,483	2.9%	2,537	2,273
2015	55,170,858	383,927	1,231,203	1,551,550	58,337,538	53,735,209	2.9%	2,530	2,331
2016	52,225,126	272,956	1,054,017	1,609,074	55,161,173	50,305,298	2.8%	2,393	2,182
2017	48,634,394	211,608	871,863	1,817,852	51,535,717	47,127,830	2.6%	2,235	2,044
2018	48,883,662	137,468	1,590,004	2,704,191	53,315,325	49,411,196	2.7%	2,313	2,143
2019	44,720,000	3,442,435	1,407,190	2,945,851	52,515,476	49,115,105	2.7%	2,264	2,117
2020	59,925,000	2,945,633	1,241,809	3,724,934	67,837,376	64,936,099	3.5%	2,925	2,799

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 General Obligation Bonds Net of State Subsidy	Per Capita Net of State Subsidy
2011	\$	65,461,000	3.3%	2,839.34	47,941,767	2,079.45
2012		61,239,000	3.1%	2,656.21	51,053,704	2,214.43
2013		60,587,074	3.1%	2,627.94	54,359,299	2,357.81
2014		57,996,104	3.0%	2,515.55	51,913,586	2,251.73
2015		56,722,408	2.9%	2,460.31	52,120,079	2,260.68
2016		53,834,200	2.7%	2,335.03	48,978,325	2,124.41
2017		50,452,246	2.5%	2,188.34	46,044,359	1,997.15
2018		51,587,853	2.6%	2,237.60	47,683,724	2,068.26
2019		47,665,851	2.4%	2,054.92	44,265,480	1,908.32
2020		63,649,934	3.0%	2,744.00	60,748,657	2,618.93

** The 2013-2019 General Obligation Bonds include the premium on bonds, as well as bond amounts.

Table 11

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

						Direct and Overlapping Debt		
Fiscal Year	Direct Debt - City of Auburn	Direct Debt - Androscoggin County	(1) Auburn's Share of Androscoggin County Debt	Overlapping Debt - Androscoggin County		Total Debt	Percent of Assessed Value	Per Capita
2011	\$ 66,153,675	-	24.47%	-		66,153,675	3.20%	2,869.39
2012	61,837,596	-	24.64%	-		61,837,596	3.00%	2,682.18
2013	61,091,592	-	24.64%	-		60,038,841	2.99%	2,604.16
2014	58,491,001	-	25.36%	-		57,321,488	2.86%	2,486.29
2015	58,337,538	-	25.36%	-		58,337,538	2.94%	2,530.36
2016	55,161,173	-	25.36%	-		55,161,173	2.77%	2,392.59
2017	51,535,717	-	25.36%	-		51,535,717	2.58%	2,235.34
2018	53,315,325	-	24.90%	-		53,315,325	2.66%	2,312.53
2019	52,515,476	-	24.44%	-		52,515,476	2.67%	2,263.99
2020	67,837,376	-	24.41%	-		67,837,376	3.47%	2,924.53

(1) The applicable percentages are provided by the Androscoggin County Treasurer's Office and are based on the proportion of the City's assessed valuation relative to the entire County.

CITY OF AUBURN, MAINE
Legal Debt Management
Last Ten Years
Computation of Legal Debt Margin
June 30, 2020

Historical Legal Debt Margin Last Ten Fiscal Years

123

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
2011	23,055	Not available	Not available	7.8%
2012	23,055	Not available	Not available	7.2%
2013	23,055	Not available	Not available	7.8%
2014	23,055	Not available	Not available	5.5%
2015	23,055	541,950,460	23,507	4.7%
2016	23,055	Not available	Not available	3.7%
2017	23,055	611,994,975	26,545	3.5%
2018	23,055	635,862,779	27,580	3.5%
2019	23,196	758,480,605	32,699	3.0%
2020	23,196	711,154,487	30,658	3.0%

(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, 2020

Rank	Employer	Total Number of Employees	Percent of Total Employees
1	Pioneer Plastics	624	3.7%
2	Wal-Mart Supercenter	518	3.1%
3	Tambrands Inc.	419	2.5%
4	Carbonite Inc	352	2.1%
5	Clover Living Center	287	1.7%
6	Hartt Transportation Systems	248	1.5%
7	UPS	232	1.4%
8	Conform Automotive	202	1.2%
9	Hannaford	170	1.0%
10	Shaws Supermarket	138	0.8%
	All Other Employers	13,786	81.2%
	Total Employees	16,976	

Principal Non-Governmental Employers
June 30, 2011

Rank	Employer	Total appr. number of employees	
1	Wal-Mart Supercenter	562	4.9%
2	Tambrands Inc.	541	4.7%
3	Leoage Bakeries	522	4.5%
4	Pioneer Plastics	502	4.3%
5	Gates Formed Fiber Products	450	3.9%
6	Clover Living Center	268	2.3%
7	Hannaford	177	1.5%
8	General Electric	161	1.4%
9	Shaw's Supermarket	156	1.3%
10	Thomas Moser Cabinetmakers	128	1.1%
	All Other Employers	8,103	70.0%
	Total Employees	11,570	

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
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
2016	34.00	126.00	4.50	70.00	565.00	3.00	802.50
2017	33.50	128.00	5.50	64.00	565.00	4.00	800.00
2018	33.00	137.00	7.50	63.00	569.00	4.00	813.50
2019	36.00	137.00	8.50	62.00	569.00	4.00	816.50
2020	36.00	137.00	8.50	62.00	569.00	4.00	816.50

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
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
2016	23,055	27,161 / 4,432	1 / 19 / 17	237	3,554	3,884
2017	22,948	25,470 / 4,609	1 / 19 / 17	237	3,498	3,899
2018	22,948	24,451 / 4,775	1 / 19 / 17	237	3,578	3,885
2019	23,196	24,036 / 4,741	1 / 19 / 17	237	3,474	2,963
2020	23,196	24,767 / 4,752	1 / 19 / 17	238	3,450	2,439

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
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		32,439,570	1,806,175	5,813,288	49,100,585	28,482,183	471,624
2015		32,659,081	2,837,912	5,700,706	47,011,147	29,350,762	416,996
2016		32,300,141	2,399,469	6,020,280	57,246,091	28,956,784	456,021
2017		33,091,101	2,373,248	4,342,849	55,694,038	28,816,772	539,164
2018		34,850,012	2,306,507	5,058,191	54,114,905	29,182,526	515,180
2019		33,150,491	2,297,125	4,613,096	55,782,871	29,218,042	438,377
2020		33,364,328	1,806,093	13,159,293	59,978,937	27,710,199	361,574

Source: Various City departments