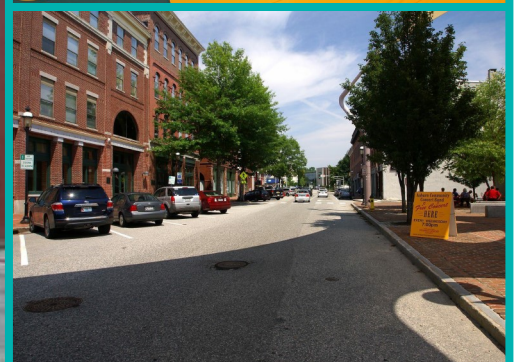


COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Auburn, Maine

For the year ended June 30, 2019



CITY OF AUBURN, MAINE

Finance Department

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**For Fiscal Year Ended
June 30, 2019**

Prepared By:
Finance and Management

CITY OF AUBURN, MAINE
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2019

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2019

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INTRODUCTORY SECTION

City of Auburn, Maine

"Maine's City of Opportunity"



January 31, 2020

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, 2019, 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".

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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 2019

Economic Development

The City of Auburn has been experiencing record growth in permit applications and building values. The low unemployment rate and worker demand has also created a demand for workforce housing. The City currently has three large workforce housing projects with a projected combined value of sixteen-million dollars, a permitted three-million-dollar market rate apartment housing project and a permitted seven-million-dollar senior housing expansion project.

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.

This designation comes at an appropriate time considering that the New Auburn Village Center Redevelopment Project is in its third phase. The project is creating a greenway trail along the Little Androscoggin River and Big Androscoggin River. The project is also constructing a new pedestrian friendly Riverway Street, creating opportunity for 14,000 square feet of new commercial space, 28,000 square feet of new residential space, and providing 168 parking spaces and will allow the closure of the Riverway for special events such as a farmer's market or arts and crafts fair.

Attracting Investors

Foreign investment continues to increase in the City with a proposed estimated twenty-million-dollar mushroom growing and processing facility. Two separate foreign investment groups have purchased investment property in the City with several more foreign investment groups currently scoping projects.

The department has been in negotiation with several developers regarding large-scale projects. A large retail development has been proposed adjacent to exit 75 off Washington Avenue, which will require collaboration with the State, MDOT, and the developer to complete. The City has been working with ABDC to help generate leads in the vacant business park off Kittyhawk Avenue with several potential suitors expressing interest in the past month. Staff has also worked with an investor to save the Saint Louis Church building that had recently become City acquired.

Foreign-Trade Zone

The foreign trade zone, a 760-acre parcel of land in Auburn, Maine that allows qualifying companies to save money conducting international trade by either eliminating or deferring the payment of tariffs, has shown a renewed interest due to the increase in interest from foreign investors. Currently, two warehouse operations in Auburn — Savage Safe Handling and NEPW Logistics — offer dedicated space reserved for General Purpose Foreign-Trade Zone use for clients of any size.

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 including the STAR Business Loan Program and Neighborhood Challenge Grant Program. The City just completed a renovation and expansion to the Senior Community Center primarily using CDBG funds. The City is leveraging CDBG funds and TIF funds to improve walkability and access to parking in downtown areas. The City is planning to open its third downtown Community Garden next spring. The goal is to make Auburn a friendly and safe place that people want to live, work and play in.

Transportation

The City has been actively involved in reviewing City rail serves (both freight and passenger). A passenger rail study has recently been completed and a freight rail study is in the final stages. The City has recently formed a Turnpike Ad Hoc Committee. 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 is experiencing 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 2019, the Capital Improvement budget included \$2.94 million to fund street, sidewalk, infrastructure and drainage improvements; \$1.60 million to fund School Department capital projects and \$3.84 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 2019

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

During the 2018-19 school year, the Auburn School Department updated its mission statement from Vision 2020, which was adopted in 2010, to 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: June 11, 2019 was a monumental day for the City of Auburn, as voters overwhelmingly approved construction of a new, state-of-the-art high school. 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

During the fall of 2019, Harriman will undergo the process of full design development, working with the Building Committee and ELHS students and staff. Construction documents will be complete by the fall of 2020, with the project scheduled to go out to bid in October 2020. Work is expected to begin as early as December 2020.

Infrastructure: 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 2018, the School Department evaluated its Capital Improvement needs for the 18-19 school year and submitted for review and recommendation to the City Council requests totaling \$2,258,579 (which represents 2.4% of capital asset values). City Councilors approved and authorized \$1,600,000 in CIP Bond issuance for the School Department in their August 2018 Bond Issuance. This is a capital asset renewal of 1.7% 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 2018-19 school year:

- Auburn Middle School: Hallway, kitchen and bathroom tile replacement
- East Auburn Elementary School: VCT tile replacement throughout building
- Edward Little High School: Track resurfacing
- Fairview Elementary School: Site improvements and paving
- Sherwood Heights Elementary School: Roof replacement
- Support Services Building: Roof restoration
- Support Services: Purchase of new plow truck and utility tractor
- Walton Elementary School: Kitchen equipment upgrade and roof restoration
- Washburn Elementary School: Artificial turf playspace upgrade and parking lot paving
- District-wide: Installation of panic buttons in all schools; numbering of external doors at all schools

Energy Performance Contract, Phase II: In the Spring of 2018, Auburn School Department entered into a "Phase 2" energy performance contract with Siemens. During the summer and fall of 2018, the following projects were completed as part of that contract:

- Boiler replacements at East Auburn and Fairview Elementary Schools
- LED lighting upgrades at Park Avenue, Sherwood Heights and Washburn Elementary Schools

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 2018-19, the School Department added four new 2020 model year school buses that were eligible for DOE funding under the program. All were added as "additions to fleet", approved by DOE based on the department's needs upon bringing transportation back "in house" after 4 years of using a contracted service.

The School Department also utilized the State of Maine's "VW Settlement Fund" program to purchase two additional buses, with 80% funding provided through the fund and only 20% of the cost paid by the School Department.

All six of the new buses are equipped with propane-fired engines. These propane engines have better gas mileage and lower maintenance costs than diesel engines. The added cost to install a propane engine is approximately \$7,000 per bus. After deducting the added cost of converting from diesel to propane and taking into account the life expectancy of propane buses, we estimate a savings of \$42,800 over the life of each school bus. A projected annual savings is \$5,000 per school bus, at minimum, and representing a payback in less than two years.

With the addition of four new buses scheduled for the Fall of 2019, Auburn will have 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.

On the Move: Fiscal Year 2020 Goals

For the 2020 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 and strategic decision making that will serve the city well. As it is vital to retain and attract people to work for the city, it includes funding to begin implementing a Compensation Study that was initiated to ensure that city staff are being paid appropriately and within the same pay range as other similar positions in comparable municipalities and counties in Maine. Of course, it goes without saying this is critical if we want the City of Auburn to cultivate a strong team, with a well-balanced, stable and effective city government. The City has also taken the first step of restoring full bus service to the community with the partial restoration of full funding to the Lewiston-Auburn Transit Committee. This is coupled with an 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.

This new department is an innovative and dynamic opportunity to rock the recreation and sports world in Maine. And we intend to do exactly that. As part of this change, upon the recommendation of our bond rating agencies the debt for the NSBA Auburn has been transferred into the City's debt service. This will help highlight the operational performance of the Arena as we move forward similar to other arenas, such as the Cross Insurance Arena in Portland, formerly called the Cumberland County Civic Center.

In addition, the Capital Improvement Plan supports 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 also includes funding for the development of a new state of the art 800 megahertz radio system for the Lewiston-Auburn Enhanced 911 System that is shared 50/50 in this instance between the cities of Auburn and Lewiston. The Capital Improvement Plan also includes funding to begin a discussion and start planning on how best to develop the Great Falls Plaza.

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 2019 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, 2019, 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, 2019, 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 General Accounting Office's *Government Auditing Standards* were used by the auditors in conducting the engagement. The auditors' reports on internal controls and compliance with applicable laws and regulations can be found in a separately issued single audit report.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the year ended June 30, 2018. This was the twenty-sixth 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 cursive script that reads "Jill M Eastman".

Jill M Eastman
Finance Director



Government Finance Officers Association

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

Presented to

**City of Auburn
Maine**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

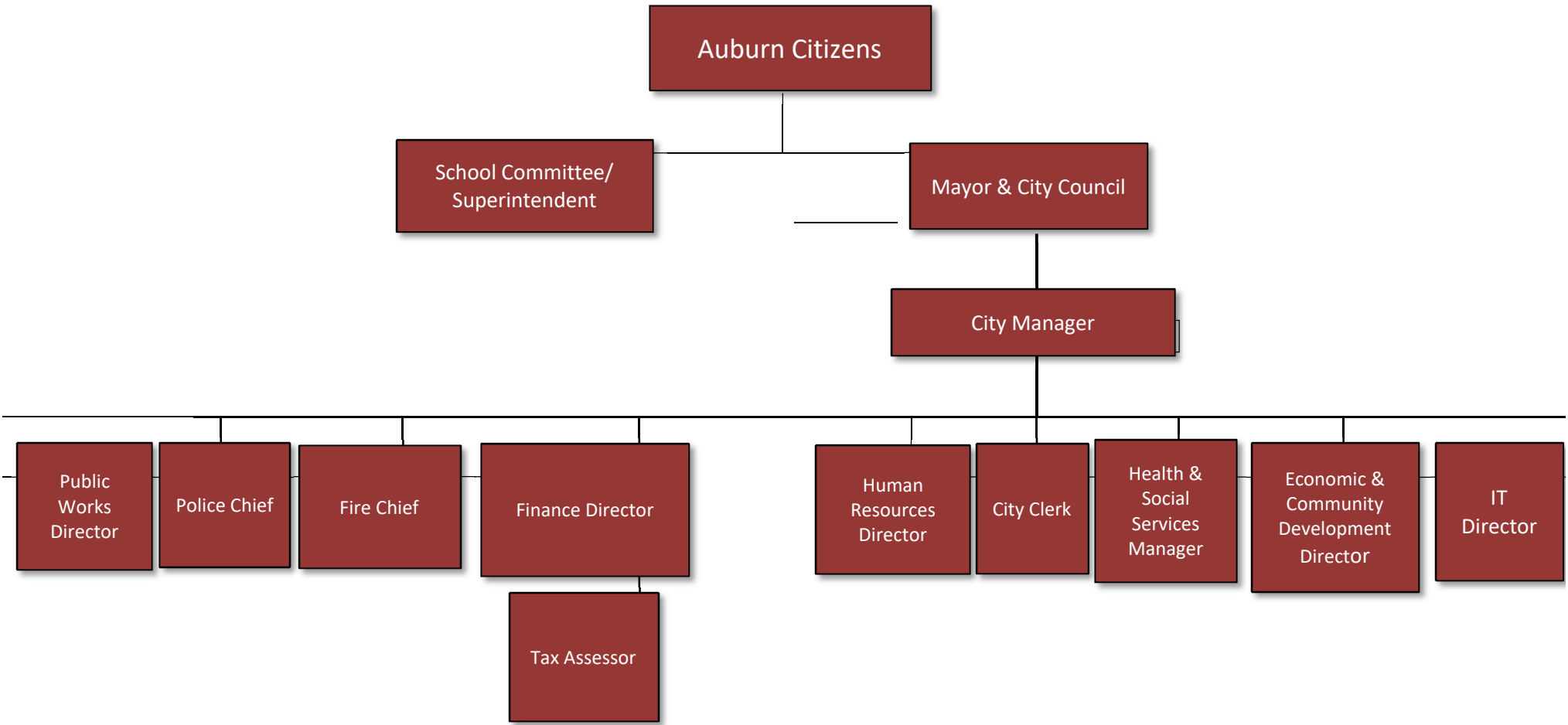
June 30, 2018

Christopher P. Morrill

Executive Director/CEO

**ORGANIZATIONAL CHART
2019**

City of Auburn



CITY OF AUBURN, MAINE

LIST OF ELECTED AND APPOINTED OFFICIALS

June 30, 2019

Elected Officials

Mayor	Jason J. Levesque
Council Member – Ward 1	Holly Lasagna
Council Member – Ward 2	Robert P. Hayes
Council Member – Ward 3	Andrew D. Titus
Council Member – Ward 4	Alfreda M. Fournier
Council Member – Ward 5	Leroy G. Walker
Council Member – At Large	Belinda Gerry
Council Member – At Large	David C. Young
School Committee – Chair, Ward 3	Thomas Kendall
School Committee – Ward 1	Robert Mennealy
School Committee – Ward 2	Bonnie J. Hayes
School Committee – Ward 4	Brian Belknap II
School Committee – Ward 5	Daniel F. Poisson Sr.
School Committee – At Large	Patricia Gautier
School Committee – At Large	Faith Fontaine
School Committee – Mayor’s Representative	Alfreda M. Fournier

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



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, 2019, 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, 2019, 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, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual 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 31, 2020, 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.



January 31, 2020
South Portland, Maine

Management's Discussion and Analysis Fiscal Year Ended June 30, 2019

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, 2019. 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 \$71,324,831 (*net position*).
- The City of Auburn's total net position increased by \$2,922,673.
- As of the end of the current fiscal year, the City of Auburn's governmental funds reported combined ending fund balances of \$22,400,272, a decrease of \$160,293 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 \$10,099,340, or 12.42% of total General Fund expenditures (on a budgetary basis).
- The City of Auburn issued one bond for \$7,655,000 for its Capital Improvement Plan. The \$7,655,000 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 \$7,655,000, \$1,466,667 will fund various school capital projects.

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 Projects Fund 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 \$71,324,831 at the close of the most recent fiscal year.

City of Auburn's Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018*	2019	2018	2019	2018*
Current and other assets	\$ 32,579,852	31,781,381	(1,400,887)	(1,140,841)	31,178,965	30,640,540
Capital assets	125,061,625	125,512,141	438,377	515,180	125,500,002	126,027,321
Total assets	157,641,477	157,293,522	(962,510)	(625,661)	156,678,967	156,667,861
Deferred outflows of resources:						
Related to pensions	381,958	3,341,664	27,179	27,142	409,137	3,368,806
Related to OPEB	3,590,116	368,757	-	-	3,590,116	368,757
Total deferred outflows of resources	3,972,074	3,710,421	27,179	27,142	3,999,253	3,737,563
Noncurrent liabilities	78,133,618	83,188,047	125,728	181,101	78,259,346	83,369,148
Other liabilities	8,014,036	7,166,128	14,240	16,779	8,028,276	7,182,907
Total liabilities	86,147,654	90,354,175	139,968	197,880	86,287,622	90,552,055
Deferred inflows of resources:						
Deferred charge on refunding	112,727	126,818	-	-	112,727	126,818
Related to pensions	2,049,458	991,668	16,926	11,221	2,066,384	1,002,889
Related to OPEB	876,984	315,878	9,672	5,626	886,656	321,504
Total deferred inflows of resources	3,039,169	1,434,364	26,598	16,847	3,065,767	1,451,211
Net investment in capital assets	79,897,681	80,738,742	438,377	515,180	80,336,058	81,253,922
Restricted	6,418,738	6,492,342	-	-	6,418,738	6,492,342
Unrestricted	(13,889,691)	(18,015,680)	(1,540,274)	(1,328,426)	(15,429,965)	(19,344,106)
Total net position	\$ 72,426,728	69,215,404	(1,101,897)	(813,246)	71,324,831	68,402,158

*The 2018 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 (112.63% or \$80,336,058) 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 (8.99%) represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted *net position* is a deficit of (\$15,429,965).

	City of Auburn's Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2019	2018*	2019	2018	2019	2018*
Revenues:						
Program revenues:						
Charges for services	\$ 3,896,435	3,378,694	1,204,906	1,132,476	5,101,341	4,511,170
Operating grants and contributions	34,412,681	31,862,806	-	-	34,412,681	31,862,806
Capital grants and contributions	530,953	315,234	-	-	530,953	315,234
General revenues:						
Property and other taxes	50,131,887	50,260,659	-	-	50,131,887	50,260,659
Grants and contributions not restricted to specific programs	6,338,739	5,541,000	-	-	6,338,739	5,541,000
Other	146,146	116,653	816	-	146,962	116,653
Total revenues	95,456,841	91,475,046	1,205,722	1,132,476	96,662,563	92,607,522
Expenses:						
General government	10,970,510	12,798,298	-	-	10,970,510	12,798,298
Public safety	10,562,320	10,164,734	-	-	10,562,320	10,164,734
Health, welfare and recreation	2,312,264	2,260,080	-	-	2,312,264	2,260,080
Public works	14,865,530	13,154,573	-	-	14,865,530	13,154,573
Other agencies	3,883,900	3,722,648	-	-	3,883,900	3,722,648
Education	47,221,915	46,840,880	-	-	47,221,915	46,840,880
Interest on debt	784,154	738,594	-	-	784,154	738,594
Food services	1,644,924	1,597,569	-	-	1,644,924	1,597,569
Ingersoll Turf Facility	-	-	164,891	172,462	164,891	172,462
Norway Savings Bank Arena	-	-	1,329,482	1,373,107	1,329,482	1,373,107
Total expenses	92,245,517	91,277,376	1,494,373	1,545,569	93,739,890	92,822,945
Change in net position	3,211,324	197,670	(288,651)	(413,093)	2,922,673	(215,423)
Net position - July 1, restated	69,215,404	78,682,847	(813,246)	(400,153)	68,402,158	78,282,694
Net position - June 30	\$ 72,426,728	78,880,517	(1,101,897)	(813,246)	71,324,831	78,067,271

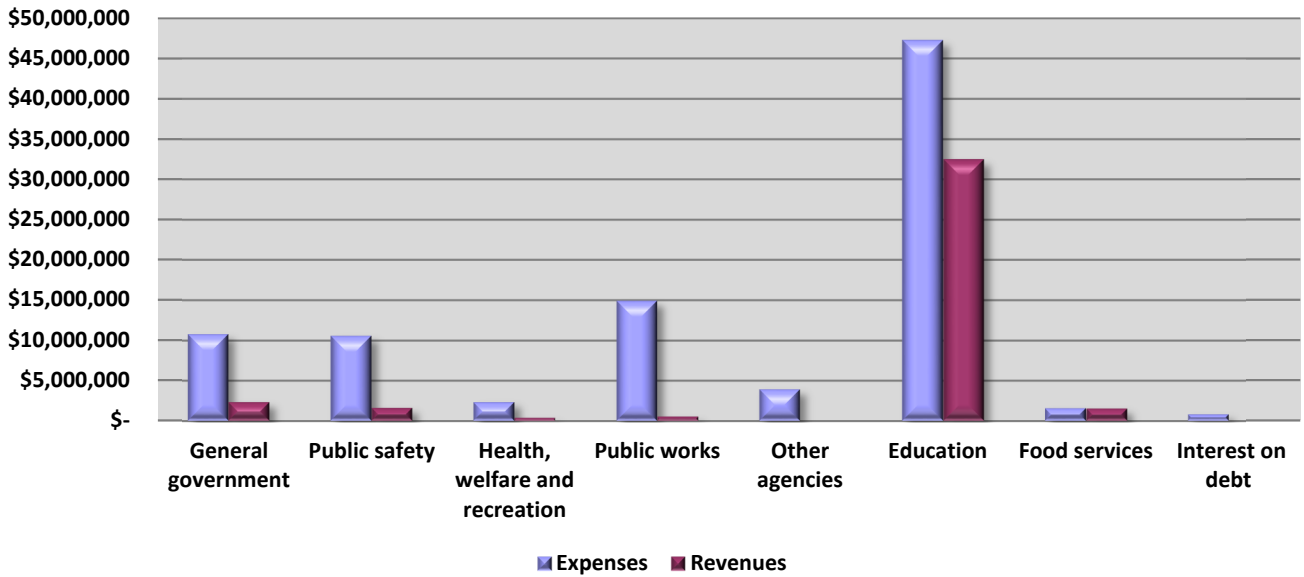
*The 2018 balances in the table above have *not* been restated for the effects of prior-period adjustments as the allocation of changes to revenue and expenses is unknown.

Governmental Activities

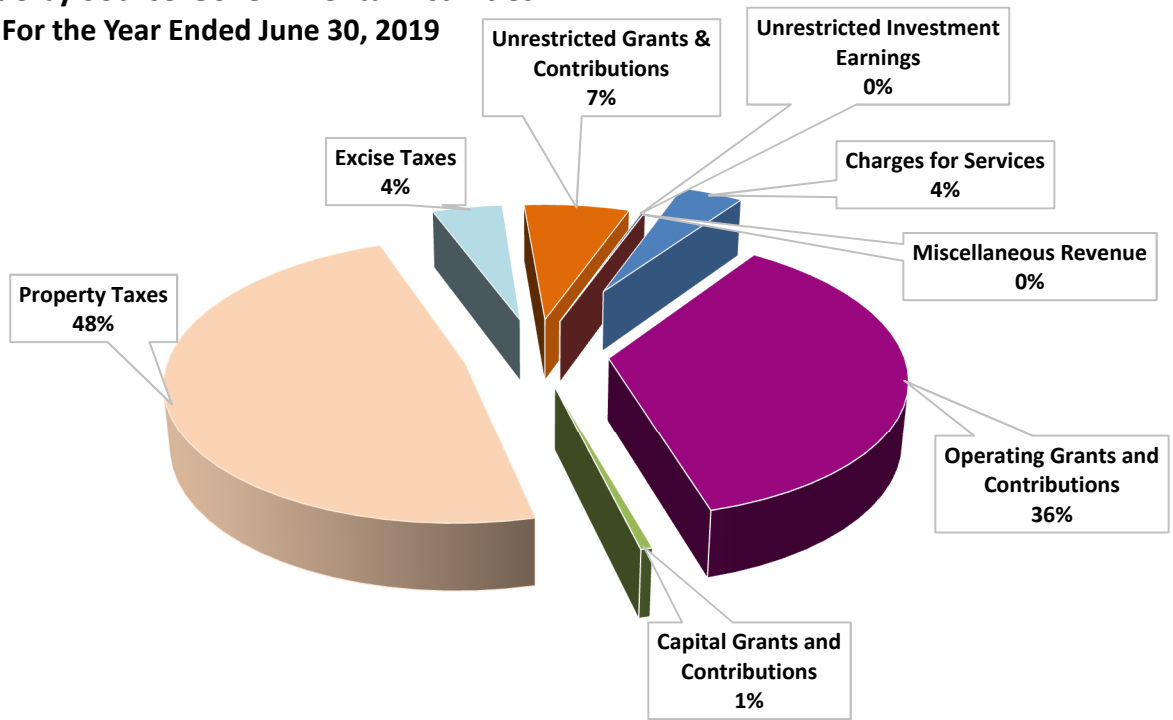
Governmental activities increased the City of Auburn's net position by \$3,211,324. Key elements of this increase are as follows:

- The City received more in charges for services, operating grants and contributions and capital grants during the current fiscal year.
- This increase was also from an increase in unrestricted grants and contributions of \$797,739, which was driven mostly by increases in Homestead and BETE exemption revenue.
- Total expenses increased by \$968,141 (1.06%) primarily due to the increase in, public works and education expenses. Public works expenses increased primarily due to an increase in capital maintenance expenses as well as an increase in depreciation from capitalized assets.

**Expenses and Program Revenues -Governmental Activities
For the Year Ending June 30, 2019**



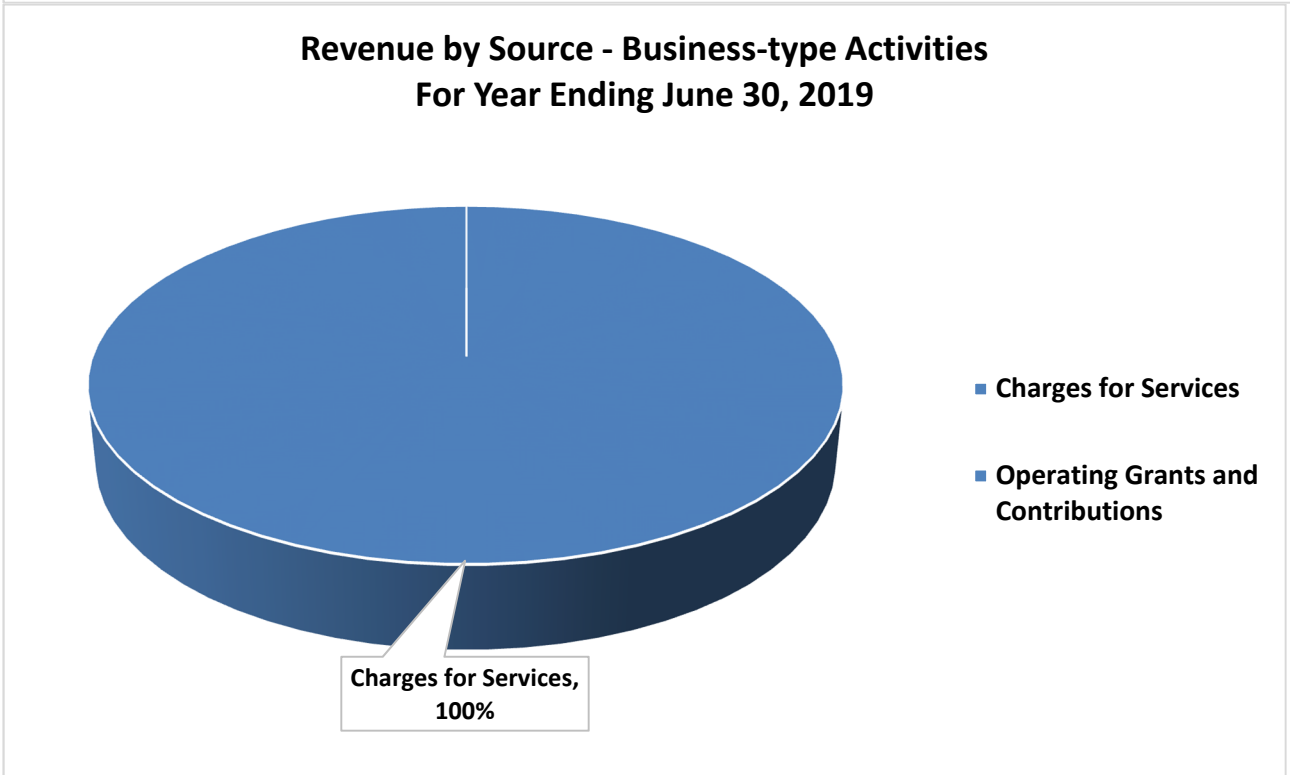
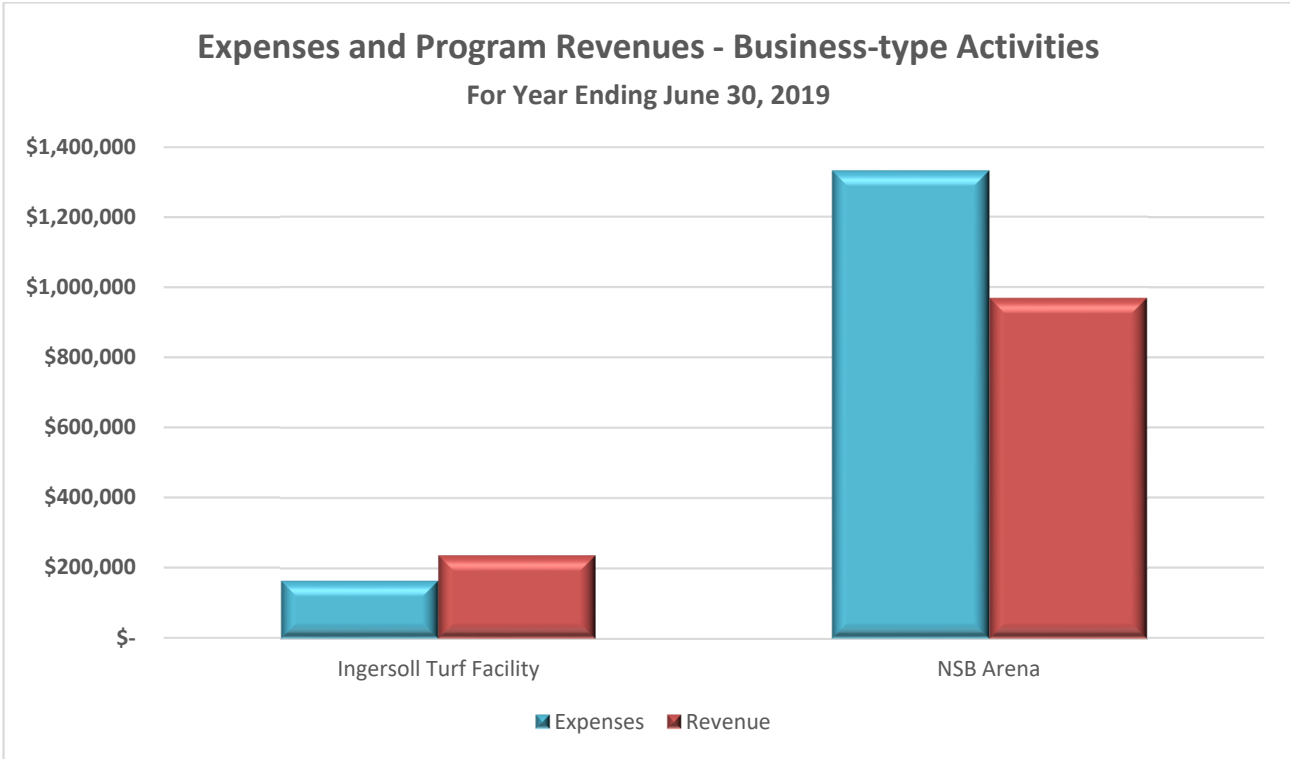
**Revenue by Source-Governmental Activities
For the Year Ended June 30, 2019**



Business-type Activities

The City's two business-type activities, its Ingersoll Turf Facility and Norway Savings Bank Arena, decreased the City of Auburn's net position by \$288,651.

Revenues for business-type activities increased by \$73,246 or 6.47%. Expenses for business-type activities decreased by \$51,196 or 3.3%, which is primarily due to an decrease in wages, benefits, and utilities.



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 \$22,400,272, a decrease of \$160,293, in comparison with the prior year. This total consists of: General Fund, \$13,134,767; Community Development Programs Fund, \$2,238,539; Tax Increment Financing, (\$624,567); Capital Projects Fund, \$7,379,265; City Special Revenue Fund, (\$271,345), and Other Governmental Funds, \$543,613. 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 \$8,065,076. 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 9.27% of the total General Fund's final budgeted expenditures of \$87,040,009 (includes budgeted transfers out) at June 30, 2019. 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 \$404,766. 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 \$270,061 due to capital expenditures and debt service payments.

The Capital Projects Fund balance increased by \$354,114 which only represents an increase of 5.04% 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 increase in fund balance.

The City Special Revenue Fund balance increased by \$150,400 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 (\$1,540,274). The total decrease in net position was (\$288,651).

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 \$756,806. Contributing factors to this increase included:

- Property taxes were below budgetary projections by \$856,964, primarily due to decreased collection on delinquent taxes.
- Motor vehicle excise taxes were above budgetary projections by \$387,613.
- Licenses and permits were above budgetary projections by \$71,240, due to an increase in building permits.
- General government expenditures were under budget by \$1,103,763, due to savings in economic development, city clerk, information technology and facilities. There were vacant positions in economic development during the fiscal year. Facilities had savings in utility costs and maintenance and repair costs.
- Education expenditures were under budget by \$850,510 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, 2019 amounts to \$125,500,002 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, machinery and equipment, vehicles and infrastructure. The total decrease in the City of Auburn's investment in capital assets for the current fiscal year was 0.42%. 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	
	2019	2018	2019	2018	2019	2018
Land	\$ 7,886,570	7,886,570	-	-	7,886,570	7,886,570
Construction in progress	6,452,429	7,024,763	-	-	6,452,429	7,024,763
Buildings and improvements	39,536,667	40,147,454	147,180	173,616	39,683,847	40,321,070
Equipment	1,711,712	1,624,043	291,197	341,564	2,002,909	1,965,607
Vehicles	4,663,337	4,486,164	-	-	4,663,337	4,486,164
Infrastructure	64,810,910	64,343,147	-	-	64,810,910	64,343,147
Total capital assets	\$ 125,061,625	125,512,141	438,377	515,180	125,500,002	126,027,321

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

- Building improvements, such as flooring and roof repairs at various schools totaled \$1,609,214.
- Public works replaced a skid steer (\$84,524) and 1 plow truck (\$188,298).
- The annual road reclamation and reconstruction projects totaled \$3,309,489.
- The School Department purchased six new school buses, one van, and a truck with a plow for a total cost of \$649,514.
- The police department replaced four police vehicles and mobile data terminals for a total cost of \$216,022.

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 \$48,082,930. 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	
2019	2018	2019	2018
\$ 48,082,930	48,883,662	-	-

During the current fiscal year, the City of Auburn's total bonded debt decreased by \$800,732. The City issued general obligation bonds totaling \$7,655,000 for the annual capital improvement program for the City and School Department.

The City of Auburn maintained an "Aa3" rating from Moody's on October 17, 2018 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 \$300,330,000 that is significantly in excess of the City of Auburn's outstanding general obligation debt.

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

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

Property values have seemed to level off and there was a slight increase in total assessed value again for fiscal year 2019. 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.

On the Move: Fiscal Year 2020 Goals

The City of Auburn is currently experiencing an upswing in building construction for businesses, business expansions, new homes, and new 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. In the downtown alone are a mix of two market rate and workforce development projects that when completed will provide over 100 units, as well as space for a business in one of the complexes. In addition, in two other locations are another mixed market and workforce housing project, as well as a 100% market rate apartment project. There is currently another market rate housing project in front of the planning board for approval. This construction along with 25 new houses built in the last 6 years is an outstanding example of the continued resurgence of development for Auburn.

For the 2020 Fiscal Year, the budget supports 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 also includes funding for beginning implementation of a Strategic Plan that will be completed in late 2019 and will set priorities for Auburn City Government on growth, quality of life, and investments in the future. The strategic plan will help 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.

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. 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 2019-2020 budget has an expenditure increase of 2.8% and a tax levy increase of 0.31%. These increases were primarily due to an increase in operating expenses for both the municipal and school budgets offset by an increase in the State Subsidy for education in FY 2020. 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 2020 budget continued addressing this issue. It should also be noted that in FY 2018 and FY 2019, 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.

BASIC FINANCIAL STATEMENTS

CITY OF AUBURN, MAINE
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 6,707,515	257,788	6,965,303
Investments	13,679,073	-	13,679,073
Amounts held in escrow	25,643	-	25,643
Receivables:			
Accounts, net of allowance	31,667	70,828	102,495
Intergovernmental	4,004,933	-	4,004,933
Taxes receivable	2,380,000	-	2,380,000
Loans, net of allowance	3,971,632	-	3,971,632
Internal balances	1,729,503	(1,729,503)	-
Prepaid expenses	20,946	-	20,946
Inventories	28,940	-	28,940
Capital assets, not being depreciated	14,338,999	-	14,338,999
Capital assets, being depreciated, net	110,722,626	438,377	111,161,003
Total assets	157,641,477	(962,510)	156,678,967
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - related to pensions	3,590,116	27,179	3,617,295
Deferred outflows of resources - related to OPEB	381,958	-	381,958
Total deferred outflows of resources	3,972,074	27,179	3,999,253
LIABILITIES			
Accounts payable and other current liabilities	1,591,865	14,240	1,606,105
Accrued payroll	4,473,313	-	4,473,313
Unearned revenue	1,948,858	-	1,948,858
Noncurrent liabilities:			
Due within one year	10,135,385	-	10,135,385
Due in more than one year	67,998,233	125,728	68,123,961
Total liabilities	86,147,654	139,968	86,287,622
DEFERRED INFLOWS OF RESOURCES			
Deferred charge on refunding	112,727	-	112,727
Deferred inflows of resources - related to pensions	2,049,458	16,926	2,066,384
Deferred inflows of resources related to OPEB	876,984	9,672	886,656
Total deferred inflows of resources	3,039,169	26,598	3,065,767
NET POSITION			
Net investment in capital assets	79,897,681	438,377	80,336,058
Restricted for:			
Permanent funds:			
Expendable	193,110	-	193,110
Nonexpendable	69,475	-	69,475
Other purposes:			
City Services	849,116	-	849,116
Education	2,806,104	-	2,806,104
Centralized School Lunch	262,394	-	262,394
Community Development Programs	2,238,539	-	2,238,539
Unrestricted	(13,889,691)	(1,540,274)	(15,429,965)
Total net position	\$ 72,426,728	(1,101,897)	71,324,831

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Activities
For the Year Ended June 30, 2019

Functions/programs	Expenses	Program Revenues			Net (expense) revenue and changes in net position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government		Total
					Governmental activities	Business-type activities	
Primary government:							
Governmental activities:							
General government	\$ 10,970,510	1,171,724	1,143,322	-	(8,655,464)	-	(8,655,464)
Public safety	10,562,320	1,289,111	300,605	-	(8,972,604)	-	(8,972,604)
Health, welfare and recreation	2,312,264	342,772	13,265	-	(1,956,227)	-	(1,956,227)
Public works	14,865,530	-	63,701	471,787	(14,330,042)	-	(14,330,042)
Other agencies	3,883,900	-	-	-	(3,883,900)	-	(3,883,900)
Education	47,221,915	853,959	31,527,798	59,166	(14,780,992)	-	(14,780,992)
Food services	1,644,924	238,869	1,363,990	-	(42,065)	-	(42,065)
Interest on debt	784,154	-	-	-	(784,154)	-	(784,154)
Total governmental activities	92,245,517	3,896,435	34,412,681	530,953	(53,405,448)	-	(53,405,448)
Business-type activities:							
Ingersoll Turf Facility	164,891	238,002	-	-	-	73,111	73,111
Norway Savings Bank Arena	1,329,482	966,904	-	-	-	(362,578)	(362,578)
Total business-type activities	1,494,373	1,204,906	-	-	-	(289,467)	(289,467)
Total primary government	\$ 93,739,890	5,101,341	34,412,681	530,953	(53,405,448)	(289,467)	(53,694,915)
General revenues, unrestricted:							
Property taxes, levied for general purposes					45,761,835	-	45,761,835
Motor vehicle excise taxes					4,222,613	-	4,222,613
Interest on delinquent taxes					147,439	-	147,439
Grants and contributions not restricted to specific programs:							
State Revenue Sharing					1,747,206	-	1,747,206
Homestead and BETE exemptions					3,915,065	-	3,915,065
Other State aid					676,468	-	676,468
Unrestricted investment earnings					141,270	816	142,086
Miscellaneous revenues					4,876	-	4,876
Total general revenues					56,616,772	816	56,617,588
Change in net position					3,211,324	(288,651)	2,922,673
Net position - beginning - as restated					69,215,404	(813,246)	68,402,158
Net position - ending					\$ 72,426,728	(1,101,897)	71,324,831

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Balance Sheet
Governmental Funds
June 30, 2019

	General	Community Development Programs	Tax Increment Financing	Capital Projects	City Special	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 6,505,562	-	-	-	-	201,953	6,707,515
Amounts held in escrow	25,643	-	-	-	-	-	25,643
Investments	7,162,525	-	1,029,206	5,038,327	185,371	263,644	13,679,073
Receivables:							
Taxes	2,380,000	-	-	-	-	-	2,380,000
Accounts, net of allowance	238,449	-	-	-	-	2,721	241,170
Loans, net of allowance	719,391	2,155,345	-	-	1,096,896	-	3,971,632
Intergovernmental	779,266	2,511,238	-	-	177,706	536,723	4,004,933
Inventory	-	-	-	-	-	28,940	28,940
Interfund receivables	2,970,731	-	-	2,630,221	-	192,654	5,793,606
Prepaid expenditures	16,936	-	-	-	-	4,010	20,946
Total assets	\$ 20,798,503	4,666,583	1,029,206	7,668,548	1,459,973	1,230,645	36,853,458
LIABILITIES							
Accounts payable	999,236	172,976	-	289,283	19,829	60,501	1,541,825
Accrued payroll and benefits payable	4,473,313	-	-	-	-	-	4,473,313
Escrow funds payable	25,643	24,397	-	-	-	-	50,040
Unearned revenue	-	1,933,657	-	-	-	15,201	1,948,858
Interfund payables	-	297,014	1,653,773	-	1,711,489	611,330	4,273,606
Total liabilities	5,498,192	2,428,044	1,653,773	289,283	1,731,318	687,032	12,287,642
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	2,165,544	-	-	-	-	-	2,165,544
Total deferred inflows of resources	2,165,544	-	-	-	-	-	2,165,544
FUND BALANCES (deficits)							
Nonspendable - amounts held in escrow	25,643	-	-	-	-	-	25,643
Nonspendable - inventory	-	-	-	-	-	28,940	28,940
Nonspendable - prepaid expenditures	16,936	-	-	-	-	4,010	20,946
Nonspendable - long-term receivables	719,391	-	-	-	-	-	719,391
Nonspendable - principal	-	-	-	-	-	69,475	69,475
Restricted	2,273,457	2,238,539	-	-	-	926,261	5,438,257
Committed	-	-	-	7,379,265	-	129,725	7,508,990
Assigned	2,034,264	-	-	-	-	-	2,034,264
Unassigned	8,065,076	-	(624,567)	-	(271,345)	(614,798)	6,554,366
Total fund balances (deficits)	13,134,767	2,238,539	(624,567)	7,379,265	(271,345)	543,613	22,400,272
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 20,798,503	4,666,583	1,029,206	7,668,548	1,459,973	1,230,645	

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

Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.	125,061,625
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,165,544
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	(48,162,435)
Capital leases payable	(1,407,190)
Unamortized debt premiums	(2,945,851)
Accrued compensated absences	(2,391,383)
Accrued self-insurance liability	(1,091,532)
Other postemployment benefits with related deferred inflows and outflows of resources	(13,545,398)
Net pension liability with related deferred inflows and outflows of resources	(6,771,377)
City pension liability	(85,491)
Deferred charge on refunding	(112,727)
Landfill postclosure care costs	(149,000)
Accrued interest on debt	(538,329)

Net position of governmental activities

\$ 72,426,728

CITY OF AUBURN, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	General	Community Development Programs	Tax Increment Financing	Capital Projects	City Special	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	\$ 50,021,033	-	-	-	-	-	50,021,033
Intergovernmental	34,646,259	649,286	-	-	772,953	4,729,504	40,798,002
Licenses and permits	330,240	-	-	-	-	-	330,240
Charges for services	2,251,806	-	-	-	1,653	1,246,999	3,500,458
Other income	70,613	61,389	6,499	63,701	240,275	112,505	554,982
Interest income	79,941	-	-	57,241	577	3,511	141,270
Total revenues	87,399,892	710,675	6,499	120,942	1,015,458	6,092,519	95,345,985
Expenditures:							
Current:							
General government	10,514,513	1,115,441	1,237,100	-	156,116	161,759	13,184,929
Public safety	9,813,368	-	-	-	240,369	-	10,053,737
Health, welfare and recreation	1,605,386	-	-	-	31,527	364,177	2,001,090
Public works	5,830,730	-	-	-	345,181	-	6,175,911
Other agencies	3,883,900	-	-	-	-	-	3,883,900
Education	46,073,929	-	-	-	-	3,852,319	49,926,248
Food services	-	-	-	-	-	1,644,924	1,644,924
Unclassified	232,025	-	-	68,861	-	768	301,654
Capital outlay	675,753	-	122,655	8,147,135	-	-	8,945,543
Debt service	6,709,037	-	966,608	-	161,865	-	7,837,510
Total expenditures	85,338,641	1,115,441	2,326,363	8,215,996	935,058	6,023,947	103,955,446
Excess (deficiency) of revenues over (under) expenditures	2,061,251	(404,766)	(2,319,864)	(8,095,054)	80,400	68,572	(8,609,461)
Other financing sources (uses):							
Issuance of long-term debt	-	-	-	7,655,000	-	-	7,655,000
Premium on issuance of debt	-	-	-	794,168	-	-	794,168
Transfers to/from other funds	(2,103,158)	-	2,049,803	-	70,000	(16,645)	-
Total other financing sources (uses)	(2,103,158)	-	2,049,803	8,449,168	70,000	(16,645)	8,449,168
Net change in fund balances	(41,907)	(404,766)	(270,061)	354,114	150,400	51,927	(160,293)
Fund balances (deficits), beginning of year, as restated	13,176,674	2,643,305	(354,506)	7,025,151	(421,745)	491,686	22,560,565
Fund balances (deficits), end of year	\$ 13,134,767	2,238,539	(624,567)	7,379,265	(271,345)	543,613	22,400,272

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, 2019

Net change in fund balances - total governmental funds (from Statement 4)	\$	(160,293)
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Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Governmental funds report capital outlays as expenditures.

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

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

Capital outlays recorded as expenditures in governmental funds		7,671,847
Depreciation and losses on dispositions not reported in governmental funds		(8,122,363)

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.

110,854

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		(7,655,000)
Principal payments on long-term debt and capital leases		8,696,509
Premium on issuance of debt		(794,168)
Amortization of bond premium		552,508
Deferred charge on refunding		14,093

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		(206,762)
Accrued self-insurance liability		28,176
Other postemployment benefits with related deferred inflows and outflows of resources		3,598
Net pension liability with related deferred inflows and outflows of resources		2,831,574
City pension liability		214,762
Landfill postclosure care costs		57,000
Accrued interest on debt		(31,011)

Change in net position of governmental activities (see Statement 2)	\$	3,211,324
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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, 2019

	Budgeted Amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes:				
Real and personal property	\$ 46,507,945	46,507,945	45,650,981	(856,964)
Excise and registrations	3,835,000	3,835,000	4,222,613	387,613
Interest on delinquent taxes	150,000	150,000	147,439	(2,561)
Total taxes	50,492,945	50,492,945	50,021,033	(471,912)
Intergovernmental:				
State revenue sharing	1,689,669	1,689,669	1,747,206	57,537
School subsidy	24,302,914	24,302,914	24,462,399	159,485
Homestead	1,190,000	1,190,000	1,331,328	141,328
BETE	2,175,000	2,175,000	2,583,737	408,737
Other:				
School Department	241,918	241,918	356,724	114,806
Tax sharing/in lieu of	255,000	255,000	257,741	2,741
Municipal	932,654	932,654	676,468	(256,186)
Total intergovernmental	30,787,155	30,787,155	31,415,603	628,448
Other revenue:				
Licenses and permits	259,000	259,000	330,240	71,240
Charges for services:				
Municipal	1,974,124	1,974,124	1,899,033	(75,091)
School	432,273	432,273	351,899	(80,374)
Fines, forfeits and penalties	69,000	69,000	65,737	(3,263)
Interest:				
Municipal	32,000	32,000	79,077	47,077
Miscellaneous	10,000	10,000	4,876	(5,124)
Total other revenue	2,776,397	2,776,397	2,730,862	(45,535)
Total revenues	84,056,497	84,056,497	84,167,498	111,001

CITY OF AUBURN, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balances -- Budget and Actual
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Expenditures:				
General government:				
Mayor and council	\$ 111,610	111,610	107,210	4,400
Economic and community development	1,471,918	1,551,396	1,108,075	443,321
City manager	474,086	484,781	486,040	(1,259)
City clerk	185,898	185,898	178,316	7,582
Finance	694,109	694,109	704,850	(10,741)
Human resources	149,953	149,953	144,268	5,685
Information technology	588,403	600,209	536,477	63,732
Facilities	650,641	662,991	586,603	76,388
Worker's compensation (transfer to reserve)	581,360	581,360	581,360	-
Benefits and wage increases	6,471,614	6,471,614	5,956,959	514,655
Total general government	11,379,592	11,493,921	10,390,158	1,103,763
Public safety:				
Fire	4,422,256	4,430,956	4,418,263	12,693
Fire EMS transport	683,181	722,836	604,069	118,767
Police	4,166,631	4,166,631	4,157,977	8,654
Water and sewer	645,216	645,216	632,716	12,500
Total public safety	9,917,284	9,965,639	9,813,025	152,614
Health, welfare and recreation:				
Health and social services administration	75,290	75,290	75,792	(502)
Health and social services - public assistance	148,210	148,210	76,943	71,267
Recreation and special events	384,630	384,630	454,462	(69,832)
Library	998,189	998,189	998,189	-
Total health, welfare and recreation	1,606,319	1,606,319	1,605,386	933
Public services				
Public works	4,778,668	4,937,043	4,759,682	177,361
Solid waste disposal	988,013	988,013	1,071,048	(83,035)
Total public services	5,766,681	5,925,056	5,830,730	94,326
Other agencies:				
County tax	2,407,766	2,407,766	2,407,766	-
Auburn-Lewiston Airport	172,000	172,000	173,559	(1,559)
Lewiston-Auburn Transit Committee	199,130	199,130	199,130	-
Lewiston-Auburn E911 Center	1,123,081	1,123,081	1,103,445	19,636
Total other agencies	3,901,977	3,901,977	3,883,900	18,077

CITY OF AUBURN, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balances -- Budget and Actual
For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures, continued:				
Education	\$ 43,693,783	43,693,783	42,843,273	850,510
Other appropriations:				
Tax sharing	270,000	270,000	232,025	37,975
Debt service - principal	5,741,705	5,741,705	5,701,344	40,361
Debt service - interest and other	960,803	960,803	1,007,693	(46,890)
Emergency reserve	431,003	431,003	-	431,003
Total other appropriations	7,403,511	7,403,511	6,941,062	462,449
Total expenditures	83,669,147	83,990,206	81,307,534	2,682,672
Excess (deficiency) of revenues over (under) expenditures	387,350	66,291	2,859,964	2,793,673
Other financing sources (uses):				
Transfers in from other funds	1,415,536	1,415,536	1,016,645	(398,891)
Transfers to other funds	(3,049,803)	(3,049,803)	(3,119,803)	(70,000)
Budgeted use of surplus - City	527,500	527,500	-	(527,500)
Use of carryforwards - City	-	321,059	-	(321,059)
Budgeted use of surplus - School	719,417	719,417	-	(719,417)
Total other financing sources (uses)	(387,350)	(66,291)	(2,103,158)	(2,036,867)
Net change in fund balance - budgetary basis	-	-	756,806	756,806
Fund balance, July 1 - budgetary basis			13,747,893	
Fund balance, June 30 - budgetary basis			14,504,699	
Reconciliation to GAAP basis:				
Reserve funds deficit fund balance			(1,369,932)	
Fund balance, June 30 - GAAP basis			\$ 13,134,767	

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2019

Business-type Activities - Enterprise Funds			
	Ingersoll Turf Facility	NSB Ice Arena	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 86,156	171,632	257,788
Accounts receivable	-	70,828	70,828
Interfund receivables	97,392	-	97,392
Total current assets	183,548	242,460	426,008
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	(665,552)	(279,828)	(945,380)
Total noncurrent assets	144,984	293,393	438,377
Total assets	328,532	535,853	864,385
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	-	27,179	27,179
Total deferred outflows of resources	-	27,179	27,179
LIABILITIES			
Current Liabilities:			
Accounts payable	983	13,257	14,240
Interfund payables	-	1,826,895	1,826,895
Total current liabilities	983	1,840,152	1,841,135
Noncurrent liabilities:			
Net pension liability	-	67,889	67,889
Net OPEB liability	-	57,839	57,839
Total noncurrent liabilities	-	125,728	125,728
Total liabilities	983	1,965,880	1,966,863
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	-	16,926	16,926
Deferred inflows of resources related to OPEB	-	9,672	9,672
Total deferred inflows of resources	-	26,598	26,598
NET POSITION			
Net investment in capital assets	144,984	293,393	438,377
Unrestricted	182,565	(1,722,839)	(1,540,274)
Total net position	\$ 327,549	(1,429,446)	(1,101,897)

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, 2019

	Ingersoll Turf Facility	NSB Ice Arena	Totals
Operating revenues:			
Charges for services	\$ 238,002	966,904	1,204,906
Total operating revenue	238,002	966,904	1,204,906
Operating expenses:			
Personnel	87,058	378,069	465,127
Supplies	20,378	82,363	102,741
Utilities	21,237	241,980	263,217
Contracted services	3,109	40,302	43,411
Repairs and maintenance	5,374	57,705	63,079
Rent	-	506,484	506,484
Depreciation	27,735	49,068	76,803
Other expenses	-	19,170	19,170
Total operating expenses	164,891	1,375,141	1,540,032
Operating income (loss)	73,111	(408,237)	(335,126)
Nonoperating revenue (expense):			
Interest income	816	-	816
Pension gain (expense)	-	45,945	45,945
OPEB gain (expense)	-	(286)	(286)
Total nonoperating revenue (expense)	816	45,659	46,475
Change in net position	73,927	(362,578)	(288,651)
Total net position (deficit), July 1	253,622	(1,066,868)	(813,246)
Total net position (deficit), June 30	\$ 327,549	(1,429,446)	(1,101,897)

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, 2019

	Ingersoll Turf Facility	NSB Ice Arena	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 238,002	939,994	1,177,996
Cash paid to suppliers for goods and services	(49,586)	(951,055)	(1,000,641)
Cash paid to employees for services	(87,058)	(378,069)	(465,127)
Net cash provided by (used in) operating activities	101,358	(389,130)	(287,772)
Cash flows from noncapital financing activities:			
Net change in interfund loans	(16,018)	464,510	448,492
Net cash provided by (used in) noncapital financing activities	(16,018)	464,510	448,492
Cash flows from investing activities:			
Interest on investments	816	-	816
Net cash provided by (used in) investing activities	816	-	816
Net increase (decrease) in cash and cash equivalents	86,156	75,380	161,536
Cash and cash equivalents, July 1	-	96,252	96,252
Cash and cash equivalents, June 30	86,156	171,632	257,788
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	73,111	(408,237)	(335,126)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	27,735	49,068	76,803
(Increase) decrease in assets:			
Accounts receivable	-	(26,910)	(26,910)
Increase (decrease) in liabilities:			
Accounts payable	512	(3,051)	(2,539)
Total adjustments	28,247	19,107	47,354
Net cash provided by (used in) operating activities	\$ 101,358	(389,130)	(287,772)

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Private- purpose Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 133,503	238,317
Investments	1,499,142	-
Interfund receivables	5,500	204,003
Total assets	1,638,145	442,320
LIABILITIES		
Accounts payable	-	2,859
Accrued payroll and benefits payable	-	76,039
Amounts held for others	-	363,422
Total liabilities	-	442,320
NET POSITION		
Held in trust	\$ 1,638,145	-

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, 2019

	Private- purpose Trust Funds
Additions:	
Donations	\$ 81,052
Dividend and interest income	35,043
Net increase in fair value of investments	24,332
Total additions	140,427
Deductions:	
Scholarships	107,320
Administrative expenses	19,285
Total deductions	126,605
Change in net position	13,822
Net position - beginning	1,624,323
Net position - ending	\$ 1,638,145

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements
June 30, 2019

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, 2019

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

The *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:

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.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 and/or funds. 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.

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.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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, 2019

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.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2019

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, 2019

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.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, Continued

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2019, expenditures exceeded appropriation in the following general fund categories: City manager, \$1,259; Finance, \$10,741; Health and social services, \$502; Recreation and special events, \$69,832; Solid waste disposal, \$83,035; Auburn Lewiston Airport, \$1,559; and Debt service – interest, \$46,890. In total, the City's expenditures were \$2,682,672 less than appropriations.

C. Deficit Fund Equity

At June 30, 2019, the City had the following funds with a deficit fund balance/net position: Tax Increment Financing, \$624,567; City Special Revenue, \$271,345; School Special Revenue, \$4,256; 211 Fairview, \$566,304; Parking, \$44,238 and Norway Savings Bank Arena (Proprietary), \$1,429,446.

Additionally, within the City Special Revenue Fund, the following grants had deficit fund balances at June 30, 2019: Winter Festival, \$15,099.; Byrne JAG, \$6,628; Homeland Security, \$125,602; Law Enforcement Training, \$12,462; Work4ME-PAL, \$38,086; Barker Mills Greenway, \$2,597; and EDI Grant, \$1,484,407.

These deficits are offset by fund balances in other grants and result in a net deficit in the City Special Revenue Fund as a whole at June 30, 2019 of \$271,345.

Revenue to offset the 211 Fairview deficit is expected from a future property sale in fiscal year 2019-2020 to Bedard Medical Equipment and Supplies. Future revenues and transfers from the General Fund are expected to fund the remaining deficit fund balances.

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

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

Additionally, certain on-behalf payments made by the State of Maine to the Maine Public Employees Retirement System (Maine PERS) for teachers and certain other School employees are not budgeted. Such on-behalf payments amounted to \$3,230,656 in 2019. 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, 2019, the City deposits amounted to \$21,016,196 with bank balances of \$22,940,809. The City does not have a deposit policy for custodial credit risk. As of June 30, 2019, \$164,528 of the City's total bank balance was exposed to custodial credit risk as it was not insured by the FDIC nor secured by additional collateral.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2019

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	\$ 6,707,515
Proprietary funds	257,788
Fiduciary funds	371,820
<u>Investments - Governmental funds</u>	<u>13,679,073</u>
<u>Total deposits reported</u>	<u>\$ 21,016,196</u>

2. Investments

At June 30, 2019, 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, 2019, 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	\$ 588,829	588,829	-	-
Bond mutual funds	456,727	456,727	-	-
Money market funds	20,183	20,183	-	-
Maine Community Foundation investment pool	433,403	-	-	433,403
Total	\$ 1,499,142	1,065,739	-	433,403

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.

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, 2019

III. DETAILED NOTES ON ALL FUNDS, Continued

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, 2019 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, 2019, 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	Enterprise Funds	City Special	Other Gov't Funds	Total
Receivables:						
Taxes	\$ 2,380,000	-	-	-	-	2,380,000
Accounts	473,867	-	70,828	-	2,721	547,416
Loans	719,391	4,926,542	-	1,096,896	-	6,742,829
Intergovernmental	779,266	2,511,238	-	177,706	536,723	4,004,933
Gross receivables	4,352,524	7,437,780	70,828	1,274,602	539,444	13,675,178
Less: allowance for uncollectible	(235,418)	(2,771,197)	-	-	-	(3,006,615)
Total net receivables	\$ 4,117,106	4,666,583	70,828	1,274,602	539,444	10,668,563

Property taxes levied during fiscal year 2019 are recorded as receivables. The receivables collected during the fiscal year ended June 30, 2019 and during the 1st 60 days of fiscal year 2020 are recognized as revenues in the Governmental Funds, in fiscal year 2019. Receivables of \$2,165,544, 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, 2019

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 25, 2018 on the assessed values of real property as of April 1, 2018. Taxes were due September 17, 2018 and March 15, 2019. The assessed value of \$1,964,417,932 was 98% of the 2019 state valuation of \$2,002,200,000.

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 \$559,162 for the year ended June 30, 2019.

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, 2019 and 2018 levies:

	<u>2019</u>	<u>2018</u>
Valuation:		
Real property	\$1,839,302,499	1,869,652,126
Personal property	125,115,433	133,614,300
	<hr/>	<hr/>
Assessed value (less: exempt properties)	1,964,417,932	2,003,266,426
Tax rate (per \$1,000)	23.68	22.99
	<hr/>	<hr/>
Commitment	46,517,417	46,055,095
Supplemental taxes assessed	106,123	52,091
	<hr/>	<hr/>
	46,623,540	46,107,186
Less:		
Collections and abatements	45,532,570	44,117,930
	<hr/>	<hr/>
Receivable at June 30	\$ 1,090,970	1,989,256
	<hr/>	<hr/>
Due date(s)	9/16/18	9/15/17
	3/15/19	3/15/18
Interest rate charged on delinquent taxes	7.0%	7.0%
Collection rate	97.66%	95.69%

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2019

III. DETAILED NOTES ON ALL FUNDS, Continued

D. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance June 30, <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2019</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 7,886,570	-	-	7,886,570
Construction in progress	7,024,763	3,024,456	3,596,790	6,452,429
Total capital assets, not being depreciated	14,911,333	3,024,456	3,596,790	14,338,999
Capital assets, being depreciated:				
Buildings and building improvements	81,891,539	1,621,214	-	83,512,753
Equipment	6,894,107	427,179	116,076	7,205,210
Vehicles	11,530,173	1,036,950	421,245	12,145,878
Infrastructure	114,927,025	5,158,838	-	120,085,863
Total capital assets being depreciated	215,242,844	8,244,181	537,321	222,949,704
Less accumulated depreciation for:				
Buildings and building improvements	41,744,085	2,232,001	-	43,976,086
Equipment	5,270,064	337,872	114,438	5,493,498
Vehicles	7,044,009	839,079	400,547	7,482,541
Infrastructure	50,583,878	4,691,075	-	55,274,953
Total accumulated depreciation	104,642,036	8,100,027	514,985	112,227,078
Total capital assets being depreciated, net	110,600,808	144,154	22,336	110,722,626
Governmental activities capital assets, net	\$ 125,512,141	3,168,610	3,619,126	125,061,625

	Balance June 30, <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2019</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	556,886	26,436	-	583,322
Equipment	293,107	50,367	-	343,474
Total accumulated depreciation	868,577	76,803	-	945,380
Total capital assets being depreciated, net	515,180	(76,803)	-	438,377
Business-type activities capital assets, net	\$ 515,180	(76,803)	-	438,377

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2019

III. DETAILED NOTES ON ALL FUNDS, Continued

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

Governmental activities:	
General government	\$ 528,348
Public safety	386,265
Public works, including depreciation of general infrastructure assets	4,883,656
Health, welfare and recreation	301,579
Education	2,000,179

Total depreciation expense – governmental activities \$ 8,100,027

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 nineteen tax increment financing (TIF) districts, fourteen of which were active during the year ended June 30, 2019. Two of the twenty-two districts never became active, and six have expired, leaving eleven active TIF districts (numbers 4 – 22 below, less #5, #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:

#4 TAMBRANDS - This TIF was established in 1998 and encompasses 40 acres, all the value of which is represented by personal property. The original value was \$1,702,000. 100% of the tax revenue associated with increased value within the TIF is captured, 35% of which is used to fulfill the obligations under a credit enhancement agreement. During 2019, \$1,198,827 was captured, of which \$675,547 was recorded in the General Fund and \$523,280 was recorded in the TIF Fund. During 2019, \$1,095,137 was expended, of which \$675,547 was expended in the General Fund and \$419,590 was expended in the TIF Fund.

#6 TAMBRANDS II - This TIF was established in 2001 and encompasses 84 acres. The original value was \$520,900. 100% of the tax revenue associated with increased value within the TIF is captured, 40% of which is used to fulfill the obligations under a credit enhancement agreement. During 2019, \$124,379 was captured and recorded in the TIF Fund. During 2019, \$88,145 was expended in the TIF Fund.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2019

III. DETAILED NOTES ON ALL FUNDS, Continued

#9 Mall Area - This TIF was established in 2002 and amended in both 2006 and 2007. The TIF, as amended, encompasses 57.74 acres. The amended base value is \$5,956,300. 100% of the tax revenue associated with increased value within the TIF is captured and used for public improvements. During 2019, \$383,288 was captured and recorded in the TIF Fund, and \$352,871 was expended in 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 2019, \$815,987 was captured and recorded in the TIF Fund. During 2019, \$451,573 was expended in the TIF Fund for public improvements and debt service.

#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 2019, \$193,476 was captured and recorded in the TIF Fund, and \$200,310 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 2019, \$349,638 was captured and recorded in the TIF Fund. During 2019, \$159,815 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 2019, \$670,513 was captured, of which \$209,624 was recorded in the General Fund and \$460,889 was recorded in the TIF Fund. During 2019, \$1,008,243 was expended, of which \$209,624 was expended in the General Fund and \$798,619 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 2019, \$30,116 was captured and recorded in the TIF Fund, and \$30,464 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 2019, \$137,960 was captured and recorded in the TIF Fund and \$137,899 was expended 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 2019, \$30,790 was captured and recorded in the TIF Fund, and \$32,483 was expended in the TIF Fund.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2019

III. DETAILED NOTES ON ALL FUNDS, Continued

F. Interfund Receivables and Payables and Transfers

The composition of interfund balances as of June 30, 2019 is as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 2,970,731	-	1,016,645	3,119,803
Community Dev. Programs	-	297,014	-	-
Tax Incrementing Financing	-	1,653,773	3,049,803	1,000,000
Capital Projects	2,630,221	-	-	-
City Special Revenue	-	1,711,489	70,000	-
Other Governmental Funds	192,654	611,330	-	16,645
Fiduciary Funds	209,503	-	-	-
Enterprise Funds:				
Ingersoll Turf Facility	97,392	-	-	-
Norway Savings Bank Ice Arena	-	1,826,895	-	-
Totals	\$ 6,100,501	6,100,501	4,136,448	4,136,448

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, 2019:

	<u>Contract Total</u>	<u>Percentage Complete</u>	<u>Billed to Date</u>	<u>Balance Remaining</u>
Ash Landfill Forced Main	\$ 347,852	85.63%	297,870	49,982
2017 Reconstruction	1,211,851	95.03%	1,151,557	60,294
Lake St Reconstruction	1,694,193	97.59%	1,653,372	40,821
2018 Road Reclamation	1,139,049	96.58%	1,099,141	39,908
2018 MPI Projects	665,559	90.00%	599,003	66,556
PW Warm Storage Building	921,750	4.12%	37,954	883,796
Main Street Mill & Fill	226,000	69.26%	156,544	69,456
Streetlight Project	800,000	16.72%	133,749	666,251
North River Rd	1,090,481	11.47%	125,061	965,420
5 th Street Reconstruction	477,138	64.71%	308,756	168,382
Rodman Road Resurface	448,426	75.17%	337,068	111,358

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2019

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	\$ 410,462
Community development programs	265,960
Special revenue funds	105,734
Capital project funds	4,155,107
Total	\$ 4,937,263

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. On November 8, 2018, general obligation bonds totaling \$7,655,000 were issued and dedicated to the capital improvement program for the City and School Department.

General obligation bonds are direct obligations and pledge the full faith and credit of the 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, 2019. General obligation bonds and notes payable outstanding at June 30, 2019 are as follows:

	<u>Issued</u>	<u>Original</u>	<u>Matures</u>	<u>Interest rate</u>	<u>Outstanding balance</u>
Bonds:					
General Obligation Bonds	04/30/02	\$ 6,000,000	11/01/22	3.05%-5.25%	1,200,000
General Obligation Bonds	10/31/02	13,100,000	11/01/22	2.031%-5.031%	1,640,000
QZAB	01/14/11	1,000,000	01/14/20	0.14%	100,000
General Obligation Bonds	10/15/09	5,500,000	09/01/19	2.00%-3.50%	550,000
General Obligation Bonds	11/01/10	7,900,000	09/01/20	2.00%-2.50%	1,580,000
General Obligation Bonds	11/01/11	4,500,000	09/01/21	2.00%-2.75%	1,350,000
QZAB	07/13/12	1,057,323	07/13/22	4.40%	422,930
General Obligation Bonds	09/27/12	13,835,000	09/01/27	2.00%-4.50%	7,950,000
General Obligation Bonds	11/01/13	5,625,000	09/01/23	2.00%-3.00%	2,800,000
General Obligation Bonds	10/30/14	6,800,000	09/01/24	2.00%-4.00%	4,080,000
General Obligation Bonds	11/05/15	5,700,000	09/01/25	2.00%	3,990,000
General Obligation Bonds	03/10/16	4,250,000	09/01/26	2.00-4.00%	3,155,000
General Obligation Bonds	11/15/16	5,030,000	09/01/26	3.00%	4,010,000
General Obligation Bonds	11/08/17	8,500,000	09/01/27	4.00-5.00%	7,600,000
General Obligation Bonds	11/08/18	7,655,000	09/01/28	3.00-5.00%	7,655,000
Bonds payable					48,082,930

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2019

III. DETAILED NOTES ON ALL FUNDS, Continued

Notes:

School Revolving Loan	01/07/11	\$ 435,158	07/01/20	0.00%	79,505
Notes payable					79,505

Total bonds and notes payable \$ 48,162,435

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

Year Ending <u>June 30,</u>	<u>Bonds Payable</u>		<u>Notes Payable</u>		<u>Capital Leases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 8,610,732	1,512,276	44,457	-	165,382	44,143
2021	8,000,732	1,247,111	35,048	-	170,528	38,996
2022	7,205,732	999,375	-	-	175,835	33,689
2022	6,345,734	762,522	-	-	181,308	28,217
2024	4,945,000	582,716	-	-	186,950	22,574
<u>2025-2029</u>	<u>12,975,000</u>	<u>968,582</u>	<u>-</u>	<u>-</u>	<u>527,187</u>	<u>38,492</u>
<u>Total</u>	<u>\$ 48,082,930</u>	<u>6,072,582</u>	<u>79,505</u>	<u>-</u>	<u>1,407,190</u>	<u>206,111</u>

For the year ended June 30, 2019, interest expense of the General Fund was \$1,007,693.

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, 2019, the statutory limit for the City was \$300,330,000. The City's outstanding long-term debt of \$48,082,930 at June 30, 2019 was \$252,247,070 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, 2019, the amount capitalized under capital leases totals \$2,377,061.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2019

III. DETAILED NOTES ON ALL FUNDS, Continued

Changes in General Long-term Liabilities. Long-term liability activity for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance, Restated</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable					
General obligation bonds	\$ 48,883,662	7,655,000	8,455,732	48,082,930	8,610,732
Premium	2,704,191	794,168	552,508	2,945,851	552,509
Total bonds payable	51,587,853	8,449,168	9,008,240	51,028,781	9,163,241
Notes payable	137,468	-	57,963	79,505	44,457
Capital leases payable	1,590,004	-	182,814	1,407,190	165,382
Accrued compensated absences	2,184,621	315,993	109,231	2,391,383	119,569
Accrued self-insurance liability	1,119,708	627,703	655,879	1,091,532	20,609
Other postemployment benefits	13,601,875	-	551,503	13,050,372	-
City pension liability	300,253	-	214,762	85,491	41,798
Net pension liability	11,952,946	-	3,640,911	8,312,035	-
Landfill postclosure care costs	206,000	-	57,000	149,000	42,000
Accrued interest on debt	507,318	31,011	-	538,329	538,329
Governmental activities long-term liabilities	\$ 83,188,046	9,423,875	14,478,303	78,133,618	10,135,385
Business-type activities:					
Net pension liability	119,502	-	51,613	67,889	-
Other postemployment benefits	61,599	-	3,760	57,839	-
Business-type activities long-term liabilities	\$ 181,101	-	55,373	125,728	-

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, 2019:

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2019

III. DETAILED NOTES ON ALL FUNDS, Continued

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$ 237,288,703	1,383,757
Accumulated depreciation	(112,227,078)	(945,380)
Bonds payable	(48,082,930)	-
Notes payable	(79,505)	-
Capital leases payable	(1,407,190)	-
Unamortized debt premium	(2,945,851)	-
Unspent bond proceeds	7,250,468	-
Non-capital related - unamortized debt premium	101,064	-
Total net investment in capital assets	\$ 79,897,681	438,377

J. Fund Balances

As of June 30, 2019, fund balances components consisted of the following:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable:			
Long-term receivables	\$ 719,391	-	719,391
Amounts held in escrow	25,643	-	25,643
Inventory	-	28,940	28,940
Prepaid expenditures	16,936	4,010	20,946
Principal for permanent funds	-	69,475	69,475
Total nonspendable	761,970	102,425	864,395
Restricted:			
Education	2,273,457	733,151	3,006,608
Community development programs	-	2,238,539	2,238,539
Permanent funds	-	193,110	193,110
Total restricted	2,273,457	3,164,800	5,438,257
Committed:			
Parks and recreation	-	129,725	129,725
Capital projects	-	7,379,265	7,379,265
Total committed	-	7,508,990	7,508,990
Assigned:			
Subsequent budget	527,500	-	527,500
Reserves	4,770	-	4,770
Self-insurance	1,091,532	-	1,091,532
Encumbrances	410,462	-	410,462
Total assigned	2,034,264	-	2,034,264
Unassigned	8,065,076	(1,510,710)	6,554,366
Total fund balance	\$ 13,134,767	9,265,505	22,400,272

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2019

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 \$149,000 reported as landfill post-closure care liability at June 30, 2019 represents the estimated liability for post-closure care costs at that date. The cost is comprised of \$91,000 for post-closure care costs (7 years) for a brush landfill that stopped accepting debris during fiscal year 1996. The additional cost of \$58,000 represents the estimated future post-closure care cost (2 years) of a previously closed ash landfill.

The estimated total cost of landfill post-closure care of \$149,000 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, 2019. 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, 2019.

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, 2019, the City incurred new claims of \$627,703, but the City paid \$655,879 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 \$1,091,532 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 1.80% has been used in calculating the liability.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2019

IV. OTHER INFORMATION, Continued

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

	Fiscal Year <u>2019</u>	Fiscal Year <u>2018</u>
Unpaid claims as of July 1	\$ 1,119,708	1,074,710
Incurred claims (including claims incurred but not reported as of June 30)	627,703	932,444
<u>Total claim payments</u>	<u>655,879</u>	<u>887,446</u>
Current claims liability	20,609	157,175
<u>Long-term claims liability</u>	<u>1,070,923</u>	<u>962,533</u>
<u>Total unpaid claims liability</u>	<u>\$ 1,091,532</u>	<u>1,119,708</u>

The City assigns a portion of its General Fund balance for workers compensation. This amount totaled \$1,091,532 at June 30, 2019.

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, 2019

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, 2019, the City of Auburn contributed \$173,559 for airport operations.

The following is selected information for the years ending June 30, 2019 and June 30, 2018:

	<u>June 30,</u> <u>2019</u>	<u>June 30,</u> <u>2018</u>
Total assets	\$ 10,409,239	\$ 10,306,641
Total deferred outflows of resources	25,018	26,402
Total liabilities	1,701,920	2,329,332
Total deferred inflows of resources	28,877	15,728
Net position	8,703,460	7,987,983
Change in net position	715,477	384,169

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, 2019, the Airport had total revenues of \$2719,189 and expenditures of \$2,003,712, including depreciation of \$670,406 and a pension gain of \$33,961.

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, 2019, the City of Auburn contributed \$199,130 for operating expenses.

The following is selected information for the years ending September 30, 2018 and September 30, 2017 (the latest information available):

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2019

IV. OTHER INFORMATION, Continued

	September 30, <u>2018</u>	September 30, <u>2017</u>
Total assets	\$ 2,128,664	\$ 2,121,700
Total liabilities	591,473	438,966
Net position	1,537,191	1,682,734
Change in net position	(145,543)	(128,869)

Total revenues for the year ended September 30, 2018 were \$1,747,510 and expenses were \$1,893,205, including depreciation on contributed assets of \$189,253.

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, 2019, the City of Auburn contributed \$1,103,081.

The following is selected financial information for the years ending June 30, 2018 and June 30, 2017 (the latest information available):

	June 30, <u>2018</u>	June 30, <u>2017</u> <u>(restated)</u>
Total assets	\$ 2,077,507	\$ 849,451
Total deferred outflows of resources	393,080	488,106
Total liabilities	1,138,100	1,055,584
Total deferred inflows of resources	275,409	185,022
Total net position	1,057,078	96,951
Change in net position	960,127	(90,081)

Total revenues for the year ended June 30, 2018 were \$3,328,072 and expenditures were \$2,367,945.

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, 2019

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, 2018 and June 30, 2017 (the latest information available):

	<u>2018</u>	<u>2017</u>
Total assets	\$ 10,519,395	\$ 11,099,603
Total liabilities	584,461	486,591
Members' equity	9,934,934	10,613,012
Operating revenue	6,962,863	6,548,718
Operating expenses	7,718,434	8,169,571
Depreciation and amortization	732,662	1,679,526
Other expenses	-	171,155
Non-operating revenue	77,493	66,532
Net income/(loss) before depreciation and amortization	54,584	125,205
Net change in members equity	(678,078)	(1,725,476)

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, 2019

IV. OTHER INFORMATION, Continued

C. Subsequent Events

On October 15, 2019, the City of Auburn issued \$7,900,000 of non-taxable general obligation bonds through U.S. Bank National Association. The interest rate on the bonds is 1.6 percent annually, and the maturity date is September 1, 2029. The City of Auburn also issued \$7,000,000 of taxable general obligation bonds through U.S. Bank National Association. The interest rate on the bonds is 2.8 percent and the maturity date is September 1, 2039. On October 15, 2019 the City of Auburn issued \$8,000,000 Bond Anticipation Notes with an interest rate of 1.4 percent that will mature on February 15, 2021.

D. Restatement of Net Position/Fund Balance

In prior years, certain receivables were not reported. Additionally, in 2018, the city adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The effects of the change in accounting principle were reflected in the prior year, except for amounts related to the School Department retiree health benefits, which were not estimable at that time. The aforementioned changes are shown in more detail below.

	Governmental	Total	City
June 30, 2018:	Activities	Governmental	Special
	Funds	Funds	Funds
Net Position/fund balance as previously reported	\$ 78,880,517	22,450,905	(531,404)
Change in receivables	109,659	109,659	109,659
Application of GASB Statement No. 75	(9,774,772)	-	-
Net position/fund balance, as restated	\$ 69,215,404	22,560,564	421,745

E. 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, 2019 the City contributed \$134,370 to employee's deferred compensation plans.

F. Employee Retirement Systems and Plans

Defined Benefit Pension Plan – Maine Public Employees Retirement System

General Information about the Pension Plan

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

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2019

IV. OTHER INFORMATION, Continued

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 8.0% or 9.50% of their annual pay for the regular plan or public safety plan, respectively. The City's contractually required contribution rate for the year ended June 30, 2019 was 10% or 12.7% of annual payroll for the regular plan or public safety plan, respectively. Contributions to the pension plan from the City were \$1,536,913 for governmental activities and \$15,012 for business-type activities for the year ended June 30, 2019.

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, 2019, was 15.05% of annual payroll, of which 3.97% of payroll was required from the City and 11.08% was required from the State. Contributions to the pension plan from the City were \$858,216 for the year ended June 30, 2019.

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, 2018, 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, 2019, the City reported a liability of \$6,950,474 for governmental activities and \$67,889 for business-type activities for its proportionate share of the net pension liability. At June 30, 2018, the City's proportion of the PLD Plan was 2.5645%.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2019

IV. OTHER INFORMATION, Continued

SET Plan - At June 30, 2019, 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	\$ 1,361,561
State's proportionate share of the net pension liability associated with the City	22,421,680
Total	\$ 23,783,241

At June 30, 2018, the City's proportion of the SET Plan was 0.1009%.

For the year ended June 30, 2019, the City recognized pension gain of \$1,160,885 for governmental activities and \$45,945 for business-type activities for the PLD Plan and also recognized a pension expense of \$3,100,067 and revenue of \$2,395,221 for support provided by the State for the SET Plan. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions 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	\$ -	12,994	-	533
Changes of assumptions	1,194,987	-	10,835	-
Net difference between projected and actual earnings on pension plan investments	-	1,855,266	-	16,393
Changes in proportion and differences between City contributions and proportionate share of contributions	-	181,198	1,332	-
City contributions subsequent to the Measurement date	2,395,129	-	15,012	-
Total	\$ 3,590,116	2,049,458	27,179	16,926

An amount of \$2,395,129 for governmental activities and \$15,012 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, 2020. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2020	\$ 884,912
2021	20,278
2022	(1,278,873)
2023	(485,547)

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2019

IV. OTHER INFORMATION, Continued

Actuarial Assumptions - The total pension liability in the June 30, 2018 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, 2018 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, 2018 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%
<u>Diversifiers</u>	<u>10.0%</u>	<u>5.9%</u>
<u>Total</u>	<u>100.0%</u>	

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.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2019

IV. OTHER INFORMATION, Continued

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	\$ 16,541,350	\$ 7,018,363	\$ (1,883,017)
<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	\$ 2,516,163	\$ 1,361,561	\$ 399,963

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, 2019.

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. 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.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2019

IV. OTHER INFORMATION, Continued

During the year, the City's required and actual contributions amounted to \$134,370, which was 6% of its current-year covered payroll. The covered payroll amounted to \$2,243,089. Employees' required contributions amounted to \$111,975, which was 5% of the City's current year covered payroll.

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

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

City Pension Plan

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

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

At June 30, 2019, the plan consisted of 2 retirees; both are currently receiving benefits. The last active employee retired on March 31, 1992.

At June 30, 2019, there were no pension assets, deferred outflows of resources or deferred inflows of resources related to the City Pension Plan. During the year, the City recognized pension expense of \$41,798.

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

Annual Pension Cost and Total Pension Liability. The City's annual pension cost and total pension liability for the year ended June 30, 2019 were as follows:

Interest on net pension obligation	\$ 8,599
Differences between expected and actual experience	(182,052)
Changes of assumptions, including discount rate	489
Annual pension cost (gain)	(172,964)
Contributions made	(41,798)
Increase (decrease) in net pension obligation	(214,762)
Total pension liability beginning of year	300,253
Total pension liability end of year	\$ 85,491

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2019

IV. OTHER INFORMATION, Continued

The measurement date for the City Pension Plan was June 30, 2019. The annual required contribution for the current year was determined as part of this actuarial valuation using the Entry Age Normal Cost Method. The actuarial assumptions included (a) a 2.79% discount rate and (b) 3.0% future cost of living increases. The discount rate of 2.79% reflects the index rate for 20-year municipal bonds as of June 30, 2019. The unfunded actuarial liability is being recognized as a level dollar amount on a closed basis. The remaining amortization period at June 30, 2019 was 3 years.

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

Six-year Trend Information

Fiscal Year Ending <u>June 30,</u>	Annual Pension <u>Expense/(Gain)</u>	% of Annual Pension Cost <u>Contributed</u>	Net Pension <u>Obligation</u>
2014	\$ 133,610	112%	816,665
2015	80,474	183%	749,577
2016	(155,166)	N/A	480,145
2017	37,129	245%	426,127
2018	(54,538)	N/A	300,253
2019	(172,964)	N/A	85,491

Sensitivity to the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City of Auburn Pension Plan calculated using a discount rate of 2.79%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point higher (3.79%) and one percentage point lower (1.79%) than the current rate:

	1% Decrease <u>(1.79%)</u>	Current Discount Rate <u>(2.79%)</u>	1% Increase <u>(3.79%)</u>
Net pension liability	\$ 88,058	\$ 85,491	\$ 83,080

Schedule of Employer Contributions

<u>Fiscal Year End</u>	Actuarial Required Contribution <u>(ARC)</u>	Percentage of ARC <u>Contributed</u>
6/30/2009	\$ 191,601	98%
6/30/2010	206,838	93%
6/30/2011	239,226	75%
6/30/2012	244,464	69%
6/30/2013	289,758	54%
6/30/2014	149,845	100%
6/30/2015	147,562	100%
6/30/2016	114,266	100%
6/30/2017	91,147	100%
6/30/2018	71,336	100%
6/30/2019	41,798	100%

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2019

IV. OTHER INFORMATION, Continued

Funded status and funding progress. As of June 30, 2019, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial liability (AL)	\$ 85,491
Actuarial value of plan assets	-
<hr/>	
<u>Unfunded actuarial liability (UAL)</u>	<u>\$ 85,491</u>
Funded ratio (actuarial value of plan assets/AL)	0%
Covered payroll	\$ -
UAL as a percentage of covered payroll	0%

Actuarial methods and assumptions. The ARC for the plan was determined as part of the June 30, 2019 actuarial valuation using the following methods and assumptions:

Discount Rate	2.79% per year
Investment Rate of Return	N/A
Retirement Age	All members are currently receiving benefits
Mortality	RP2014 adjusted to 2006 Blue Collar Mortality Table separate for Males and Females projected with mortality improvement scale MP-2018
Disabled Mortality	None
Marriage Assumptions	None
Cost of Living Adjustments	3.00% annual increase for participants

Payables to the Pension Plan - None as of June 30, 2019.

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.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2019

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	39
Inactive employee entitled to but not yet receiving benefits	0
Active employees	208
Total	247

Total OPEB Liability

The City's total OPEB liability of \$3,305,084 was measured as of January 1, 2019, and was determined by an actuarial valuation as of that date. \$57,839 has been allocated to business-type activities (based on number of participants) and the remaining \$3,247,245 is reported in governmental activities as of June 30, 2019.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00% per year
Salary increases	2.75% per year
Discount rate	4.10%
Healthcare cost trend rates	Initial trend of 8.20% grading over 14 years to 4.00% 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.

The actuarial assumptions used in the January 1, 2019 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, 2018	\$ 3,519,945
Changes for the year:	
Service cost	96,526
Interest	122,218
Changes in assumptions or other inputs	(305,301)
Benefit payments	(128,304)
Net changes	(214,861)
Balance at June 30, 2019	\$ 3,305,084

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2019

IV. OTHER INFORMATION, Continued

Change in assumptions reflects a change in the discount rate from 3.44% to 4.10%.

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 4.10%, 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 (3.10%) or 1 percentage-point higher (5.10%) than the current rate:

	1% Decrease (3.10%)	Discount Rate (4.10%)	1% Increase (5.10%)
Total OPEB liability	\$ 3,784,915	3,305,084	2,914,233

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 8.20% grading over 14 years to 4% 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	\$ 2,863,544	3,305,084	3,862,980

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$16,330. At June 30, 2019, 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
Differences between expected and actual experience	\$ -	136,444
Changes of assumption or other inputs	-	2,430
Total	\$ -	406,579
	-	9,672

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2019

IV. OTHER INFORMATION, Continued

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

Year ended June 30:		
2020	\$	(74,110)
2021		(74,110)
2022		(74,110)
2023		(74,110)
2024		(74,110)
Thereafter		(182,145)

Other Postemployment Benefits – Maine Public Employees Retirement System (SET 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.maineipers.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 \$60,216 for the year ended June 30, 2019. Employers and employees are not required to contribute to the OPEB plan.

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

At June 30, 2019, 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 \$659,905 as of June 30, 2019. The net OPEB liability was measured as of June 30, 2018, 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, 2018, the City's proportion was 0.00%.

For the year ended June 30, 2019, the City recognized OPEB expense of \$60,216 and also revenues of \$60,216 for support provided by the State. At June 30, 2019, the City reported no deferred outflows of resources nor deferred inflows of resources related to the OPEB plan.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2019

IV. OTHER INFORMATION, Continued

Actuarial Assumptions - The total OPEB liability in the June 30, 2018 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, 2018 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%
Total	100.0%	

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.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2019

IV. OTHER INFORMATION, Continued

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.

Employees Covered by Benefit Terms – At June 30, 2018, 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	<u>486</u>
Total	<u><u>746</u></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 \$9,803,127 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Changes in the Total OPEB Liability

Balance at June 30, 2018	\$ 10,143,529
Changes for the year:	
Service cost	70,006
Interest	359,102
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(400,753)
Benefit payments	<u>(368,757)</u>
Net changes	<u>(340,402)</u>
Balance at June 30, 2019	<u><u>\$ 9,803,127</u></u>

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2019

IV. OTHER INFORMATION, Continued

Change in assumptions reflects a change in the discount rate from 3.58% to 3.87%.

For the year ended June 30, 2019, The City recognized OPEB expense of \$362,316. At June 30, 2019, 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	\$ -	333,961
City contributions subsequent to measurement date	381,958	-
Total	\$ 381,958	333,961

\$381,958 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2020	\$ (66,792)
2021	(66,792)
2022	(66,793)
2023	(66,792)
2024	(66,792)

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	3.87% 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 3.87% 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, 2019

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 3.87%, 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 (2.87%) or 1 percentage-point higher (4.87%) than the current rate:

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB liability	\$ 11,298,176	9,803,127	8,593,689

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 liability	OPEB	\$ 8,532,283	9,803,127	11,372,954

E. 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.

For the fiscal year ended June 30, 2019, the City remitted a total of \$1,237,100 in Credit Enhancement payments, including the following, each of which exceeded 10 percent of the total amount remitted:

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2019

IV. OTHER INFORMATION, Continued

<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 4 Tambrands	1998; 20 years	Tambrands, Inc.	35% on revenues within district	\$ 419,590 (33.9%)
TIF 13 Retail Development	2007; 15 years	Auburn Plaza, Inc.	30%-47% based on growth in value of the district	159,815 (12.9%)
TIF 14 Auburn Mall	2005; 20 years	Auburn Plaza, Inc.	40% on revenues within district	352,464 (28.5%)
TIF 18 Ice Arena	2013; 5 years	Slap Shot LLC	100% on revenues within district	137,899 (11.1%)

CITY OF AUBURN, MAINE
Required Supplementary Information
June 30, 2019

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>2019**</u>	<u>2018**</u>	<u>2017**</u>	<u>2016**</u>	<u>2015**</u>
City's proportion of the net pension liability	2.5645%	2.4465%	2.5764%	2.5871%	2.3477%
City's proportionate share of the net pension liability	\$ 7,018,363	10,017,066	13,689,300	8,254,041	3,612,401
City's covered payroll	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	54.65%	84.92%	118.05%	72.62%	32.83%
Plan fiduciary net position as a percentage of the total pension liability	91.14%	86.43%	81.61%	88.27%	94.10%

SET Plan

City's proportion of the net pension liability	0.1009%	0.1415%	0.1268%	0.1256%	0.1048%
City's proportionate share of the net pension liability	\$ 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	22,421,680	23,808,252	28,107,548	22,336,682	16,612,780

Total	\$ 23,783,241	25,863,634	30,347,427	24,032,228	17,745,160
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City's covered payroll	\$ 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	6.29%	9.54%	11.14%	8.46%	6.06%
Plan fiduciary net position as a percentage of the total pension liability	82.90%	80.78%	76.21%	81.18%	83.91%

* Only five 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, 2019

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

	<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	\$ 1,551,925	1,422,738	1,253,966	1,205,273	1,057,514	809,164
Contributions in relation to the contractually required contribution	(1,551,925)	(1,422,738)	(1,253,966)	(1,205,273)	(1,057,514)	(809,164)
Contribution deficiency (excess)	-	-	-	-	-	-
City's covered payroll	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	11.51%	11.08%	10.63%	10.39%	9.30%	7.35%
<u>SET Plan</u>						
Contractually required contribution	\$ 858,216	859,607	723,656	675,623	531,203	495,351
Contributions in relation to the contractually required contribution	(858,216)	(859,607)	(723,656)	(675,623)	(531,203)	(495,351)
Contribution deficiency (excess)	-	-	-	-	-	-
City's covered payroll	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	3.97%	3.97%	3.36%	3.36%	2.65%	2.65%

* Only six years of information available.

CITY OF AUBURN, MAINE
Required Supplementary Information, Continued
June 30, 2019

Schedule of Changes in the City's Total Pension Liability
City Pension Plan
Last 10 Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability			
Service cost	\$ -	-	-
Interest	8,599	13,372	11,297
Differences between expected and actual experience	(182,052)	(68,664)	53,855
Changes of assumptions	489	754	(28,023)
Benefit payments	(41,798)	(71,336)	(91,147)
Net change in total pension liability	(214,762)	(125,874)	(54,018)
Total pension liability - beginning	300,253	426,127	480,145
Total pension liability - ending	\$ 85,491	300,253	426,127
 Plan Fiduciary Net Position			
Contributions – employer	\$ 41,798	71,336	91,147
Benefit payments	(41,798)	(71,336)	(91,147)
Net change in plan fiduciary net position	-	-	-
Net position – beginning	-	-	-
Net position – ending	\$ -	-	-

* Only three years of information available.

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

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service cost	\$ 96,526	81,439
Interest	122,218	144,506
Changes of benefit terms	-	-
Differences between expected and actual experience	-	(178,552)
Changes of assumptions or other inputs	(305,301)	(183,140)
Benefit payments	(128,304)	(169,967)
Net change in total OPEB Liability	(214,861)	(305,714)
Total OPEB liability - ending	\$ 3,305,084	3,825,659
Covered-employee payroll	\$ 11,209,262	11,209,262
Total OPEB liability as a percentage of covered-employee payroll	29.49%	31.40%

* Only two years of information available.

CITY OF AUBURN, MAINE
Required Supplementary Information, Continued
June 30, 2019

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

	2019	2018
City's proportion of the net OPEB liability	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	659,905	598,566
Total	659,905	598,566
 Plan fiduciary net position as a percentage of the total OPEB liability	 48.04%	 47.29%

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

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

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

* Only one year of information available.

CITY OF AUBURN, MAINE
Notes to Required Supplementary Information
June 30, 2019

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):

Changes of Benefit Terms - None

Changes of Assumptions - Under the SET 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):

Changes of Benefit Terms - None

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%

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
June 30, 2019

City Pension Plan:

Changes of Benefit Terms - None

Changes of Assumptions - Under the City Pension 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
2016	2.60%
2017	3.41%
2018	2.98%
2019	2.79%

The City Pension Plan does not have any invested assets, and thus there are no assets held in trust.

The required supplementary information presented does not disclose a 10-year schedule (or years available) of the liability, covered payroll, and percentage of covered payroll because the last active member retired on March 31, 1992, and therefore, there has not been any payroll related to the City's pension plan in the last 10 years.

Maine Education Association Benefits Trust (OPEB):

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%

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.

CITY OF AUBURN, MAINE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 201,953	-	201,953
Investments	-	263,644	263,644
Receivables:			
Accounts	2,721	-	2,721
Intergovernmental	536,723	-	536,723
Prepaid expenditures	4,010	-	4,010
Inventory	28,940	-	28,940
Interfund receivable	192,654	-	192,654
Total assets	967,001	263,644	1,230,645
LIABILITIES			
Accounts payable	60,501	-	60,501
Unearned revenue	15,201	-	15,201
Interfund payable	610,271	1,059	611,330
Total liabilities	685,973	1,059	687,032
FUND BALANCES			
Nonspendable - inventory	28,940	-	28,940
Nonspendable - prepaid expenditures	4,010	-	4,010
Nonspendable - principal	-	69,475	69,475
Restricted	733,151	193,110	926,261
Committed	129,725	-	129,725
Unassigned	(614,798)	-	(614,798)
Total fund balances	281,028	262,585	543,613
Total liabilities and fund balances	\$ 967,001	263,644	1,230,645

CITY OF AUBURN, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
Revenues:			
Intergovernmental	\$ 4,729,504	-	4,729,504
Charges for services	1,246,999	-	1,246,999
Other income	112,505	-	112,505
Interest income	-	3,511	3,511
Total revenues	6,089,008	3,511	6,092,519
Expenditures:			
Current:			
General government	161,759	-	161,759
Health, welfare and recreation	364,177	-	364,177
Education	3,852,319	-	3,852,319
Food services	1,644,924	-	1,644,924
Unclassified	-	768	768
Total expenditures	6,023,179	768	6,023,947
Excess (deficiency) of revenues over (under) expenditures	65,829	2,743	68,572
Other financing sources (uses):			
Transfers out	(16,645)	-	(16,645)
Total other financing sources (uses)	(16,645)	-	(16,645)
Net change in fund balances	49,184	2,743	51,927
Fund balances, July 1, as restated	231,844	259,842	491,686
Fund balances, June 30	\$ 281,028	262,585	543,613

CITY OF AUBURN, MAINE
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2019

		School Special	Centralized School Lunch Program	211 Fairview	Parking	Parks and Recreation	Totals
ASSETS							
Cash and cash equivalents	\$	-	201,953	-	-	-	201,953
Receivables:							
Accounts		2,721	-	-	-	-	2,721
Intergovernmental		454,579	82,144	-	-	-	536,723
Prepaid expenditures		4,010	-	-	-	-	4,010
Inventory		-	28,940	-	-	-	28,940
Interfund receivable		58,085	3,304	-	-	131,265	192,654
Total assets		519,395	316,341	-	-	131,265	967,001
LIABILITIES							
Accounts payable		17,226	41,464	-	271	1,540	60,501
Unearned revenue		2,718	12,483	-	-	-	15,201
Interfund payable		-	-	566,304	43,967	-	610,271
Total liabilities		19,944	53,947	566,304	44,238	1,540	685,973
FUND BALANCES (DEFICITS)							
Nonspendable - inventory		-	28,940	-	-	-	28,940
Nonspendable - prepaid expenditures		4,010	-	-	-	-	4,010
Restricted		499,697	233,454	-	-	-	733,151
Committed		-	-	-	-	129,725	129,725
Unassigned		(4,256)	-	(566,304)	(44,238)	-	(614,798)
Total fund balances (deficits)		499,451	262,394	(566,304)	(44,238)	129,725	281,028
Total liabilities and fund balances (deficits)	\$	519,395	316,341	-	-	131,265	967,001

CITY OF AUBURN, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2019

	School Special	Centralized School Lunch Program	211 Fairview	Parking	Parks and Recreation	Totals
Revenues:						
Intergovernmental	\$ 3,365,514	1,363,990	-	-	-	4,729,504
Charges for services	502,060	238,869	-	164,951	341,119	1,246,999
Other income	112,505	-	-	-	-	112,505
Total revenues	3,980,079	1,602,859	-	164,951	341,119	6,089,008
Expenditures:						
Current:						
General government	-	-	-	161,759	-	161,759
Health, welfare and recreation	-	-	-	-	364,177	364,177
Education	3,852,319	-	-	-	-	3,852,319
Food services	-	1,644,924	-	-	-	1,644,924
Total expenditures	3,852,319	1,644,924	-	161,759	364,177	6,023,179
Exceeds (deficiency) of revenues over (under) expenditures	127,760	(42,065)	-	3,192	(23,058)	65,829
Other financing sources (uses):						
Transfers out	(16,645)	-	-	-	-	(16,645)
Total other financing sources (uses)	(16,645)	-	-	-	-	(16,645)
Net change in fund balances	111,115	(42,065)	-	3,192	(23,058)	49,184
Fund balances (deficits), July 1	388,336	304,459	(566,304)	(47,430)	152,783	231,844
Fund balances (deficits), June 30	\$ 499,451	262,394	(566,304)	(44,238)	129,725	281,028

**CITY OF AUBURN, MAINE
 Combined Balance Sheet
 Nonmajor Permanent Funds
 June 30, 2019**

ASSETS		
Investments	\$	263,644
Total assets		263,644
LIABILITIES		
Interfund payable		1,059
Total liabilities		1,059
FUND BALANCES		
Nonspendable - principal		69,475
Restricted		193,110
Total fund balances		262,585
Total liabilities and fund balances		\$ 263,644

**CITY OF AUBURN, MAINE
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Permanent Funds
 For the Year Ended June 30, 2019**

Revenues:		
Interest income	\$	3,511
Total revenues		3,511
Expenditures:		
Current:		
Miscellaneous		768
Total expenditures		768
Net change in fund balances		2,743
Fund balances, July 1		259,842
Fund balances, June 30		\$ 262,585

AGENCY FUNDS

**Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019**

	Student Activities	RETC	AVEC	Total
ASSETS				
Cash and cash equivalents	\$ 238,317	-	-	238,317
Interfund receivables	290	197,648	6,065	204,003
Total assets	238,607	197,648	6,065	442,320
LIABILITIES				
Accounts payable	-	2,332	527	2,859
Accrued payroll	-	76,039	-	76,039
Amounts held for others	238,607	119,277	5,538	363,422
Total liabilities	\$ 238,607	197,648	6,065	442,320

CITY OF AUBURN, MAINE
Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2019

STUDENT ACTIVITIES	Balance			Balance
ASSETS	June 30, 2018	Additions	Deletions	June 30, 2019
Cash and cash equivalents	\$ 203,677	413,535	378,895	238,317
Interfund receivables	-	290	-	290
Total assets	\$ 203,677	\$ 413,825	\$ 378,895	\$ 238,607
LIABILITIES				
Amounts held for others	203,677	413,825	378,895	238,607
Total liabilities	\$ 203,677	413,825	378,895	238,607
RETC				
ASSETS				
Accounts receivable	\$ 33,121	-	33,121	-
Interfund receivables	158,040	39,608	-	197,648
Total assets	\$ 191,161	39,608	33,121	197,648
LIABILITIES				
Accounts payable	1,054	1,278	-	2,332
Accrued payroll	57,723	18,316	-	76,039
Amounts held for others	132,384	-	13,107	119,277
Total liabilities	\$ 191,161	19,594	13,107	197,648
AVEC				
ASSETS				
Interfund receivables	3,030	3,035	-	6,065
Total assets	\$ 3,030	3,035	-	6,065
LIABILITIES				
Accounts payable	-	527	-	527
Amounts held for others	3,030	2,508	-	5,538
Total liabilities	\$ 3,030	\$ 3,035	-	\$ 6,065

TAX INCREMENT FINANCING FUND

CITY OF AUBURN, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Tax Increment Financing Fund
For the Year Ended June 30, 2019

	TIF 4 Tambrands	TIF 5 J Enterprises	TIF 6 Tambrands II	TIF 7 J & A	TIF 8 Gates Formed Fiber	TIF 9 Mall Area	TIF 10 Downtown Area	TIF 10 Downtown Omnibus	TIF 11 Safe Handling	TIF 12 Auburn Industrial Park	TIF 13 Retail Development	TIF 14 & 15 Auburn Mall	TIF 16 Webster School Housing	TIF 17 Bedard Medical	TIF 18 Slap Shot LLC	TIF 19 Hartt Transport	Totals
Revenues:																	
Other income	\$ -	6,499	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,499
Total revenues	-	6,499	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,499
Expenditures:																	
Current:																	
General government	419,590	-	88,145	-	-	-	-	16,525	-	-	159,815	352,179	30,464	-	137,899	32,483	1,237,100
Capital Outlay	-	-	-	2,558	486	2,871	115,190	-	183	-	-	-	-	1,367	-	-	122,655
Debt service	-	-	-	-	-	-	319,858	-	-	200,310	-	446,440	-	-	-	-	966,608
Total expenditures	419,590	-	88,145	2,558	486	2,871	435,048	16,525	183	200,310	159,815	798,619	30,464	1,367	137,899	32,483	2,326,363
Excess (deficiency) of revenues over (under) expenditures	(419,590)	6,499	(88,145)	(2,558)	(486)	(2,871)	(435,048)	(16,525)	(183)	(200,310)	(159,815)	(798,619)	(30,464)	(1,367)	(137,899)	(32,483)	(2,319,864)
Other financing sources (uses):																	
Transfers from other funds	523,280	-	124,379	-	-	383,288	789,638	26,349	-	193,476	349,638	460,889	30,116	-	137,960	30,790	3,049,803
Transfers to other funds	-	-	-	-	-	(350,000)	(650,000)	-	-	-	-	-	-	-	-	-	(1,000,000)
Total other financing sources (uses)	523,280	-	124,379	-	-	33,288	139,638	26,349	-	193,476	349,638	460,889	30,116	-	137,960	30,790	2,049,803
Net change in fund balances (deficits)	103,690	6,499	36,234	(2,558)	(486)	30,417	(295,410)	9,824	(183)	(6,834)	189,823	(337,730)	(348)	(1,367)	61	(1,693)	(270,061)
Fund balances (deficits), beginning of year	1,841	(6,499)	(330,682)	2,558	486	2,084	257,263	465	183	(338,049)	50,325	3,883	348	1,367	(61)	(18)	(354,506)
Fund balances (deficits), end of year	\$ 105,531	-	(294,448)	-	-	32,501	(38,147)	10,289	-	(344,883)	240,148	(333,847)	-	-	-	(1,711)	(624,567)

STATISTICAL SECTION

STATISTICAL SECTION

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

Contents

Tables

Financial Trends

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

Revenue Capacity

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

Debt Capacity

9-12

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

Demographic and Economic Information

13-14

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

Operating Information

15-17

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
Net Investment in capital assets	\$ 59,140,618	\$ 56,084,796	\$ 53,111,954	\$ 61,542,514	\$ 67,831,558	\$ 73,604,804	\$ 79,732,308	\$ 80,283,459	\$ 80,738,742	\$ 79,897,681
Restricted	4,607,888	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
Unrestricted	13,892,494	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)
Total governmental activities net position	77,641,000	79,959,385	85,003,987	84,342,601	75,307,690	80,730,432	82,919,005	82,718,185	69,215,404	72,426,728
Business-type activities:										
Net investment in capital assets	928,388	829,060	781,208	708,368	548,461	493,154	456,021	539,164	515,180	438,377
Restricted	-	-	-	34,042	-	196,221	238,079	324,591	-	-
Unrestricted	326,230	353,997	651,420	594,157	460,816	(118,847)	(426,861)	(854,106)	(1,328,426)	(1,540,274)
Total business-type activities net position	1,254,618	1,183,057	1,432,628	1,336,567	1,009,277	570,528	267,239	9,649	(813,246)	(1,101,897)
Primary government:										
Investment in capital assets	60,069,006	56,913,856	53,893,162	62,250,882	68,380,019	74,097,958	80,188,329	80,822,623	81,253,922	80,336,058
Restricted	4,607,888	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
Unrestricted	14,218,724	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)
Total primary government net position	\$ 78,895,618	\$ 81,142,442	\$ 86,436,615	\$ 85,679,168	\$ 76,316,967	\$ 81,300,960	\$ 83,186,244	\$ 82,727,834	\$ 68,402,158	\$ 71,324,831

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 11,366,632	\$ 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
Public safety	7,899,897	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
Health, welfare and recreation	2,068,401	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
Public works	6,013,582	9,876,176	6,059,774	8,086,620	12,427,048	11,370,585	10,948,454	12,069,994	13,154,573	14,865,530
Other agencies	3,099,855	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
Education	39,952,843	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
Food services	-	-	-	-	-	-	-	-	1,597,569	1,644,924
Interest on debt	1,706,264	1,646,166	758,377	2,418,356	122,068	1,580,603	1,000,662	861,111	610,214	784,154
Total governmental activities expenses	72,107,474	80,405,235	77,425,266	80,002,584	91,565,626	79,334,073	84,986,300	87,419,632	91,277,376	92,245,517
Business-type activities:										
Ingersoll Ice Turf Facility	506,301	482,686	539,555	490,593	604,369	131,223	216,417	159,278	172,462	164,891
Norway Savings Bank Arena	-	-	-	-	525,814	1,218,591	1,230,422	1,293,801	1,373,107	1,329,482
Centralized School Lunch	-	-	-	1,421,308	1,312,651	1,419,459	1,497,678	1,576,332	-	-
Total business-type activities expenses	506,301	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
Total primary government expenses	72,613,775	80,887,921	77,964,821	81,914,485	94,008,460	82,103,346	87,930,817	90,449,043	92,822,945	93,739,890
Program Revenues										
Governmental activities:										
Charges for services:										
General government	1,204,104	710,124	532,771	480,870	456,624	695,278	1,306,850	1,371,527	1,193,393	1,171,724
Public safety	87,882	285,365	701,234	841,366	920,429	1,526,254	1,579,875	1,264,202	782,884	1,289,111
Health, welfare and recreation	290,936	287,013	308,403	318,635	279,854	261,595	240,972	304,873	332,437	342,772
Public works	-	50,334	3,158	2,674	1,549	-	-	-	-	-
Education	584,258	676,120	514,390	484,567	412,347	707,739	821,713	386,407	846,164	853,959
Food services	-	-	-	-	-	-	-	-	223,816	238,869
Operating grants and contributions	29,999,705	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
Capital grants and contributions	-	602,210	-	-	-	2,956,553	2,995,835	-	315,234	530,953
Total governmental activities program revenues	32,166,885	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
Business-type activities:										
Charges for services	425,328	424,614	433,375	669,015	1,139,096	1,067,189	1,308,448	1,383,077	1,132,476	1,204,906
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	425,328	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
Total primary government program revenues	32,592,213	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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net (expense)/revenue:										
Governmental activities	(39,940,589)	(46,272,929)	(42,361,343)	(47,934,913)	(58,145,266)	(44,370,099)	(48,976,287)	(54,142,442)	(55,720,642)	(53,405,448)
Business-type activities	(80,973)	(58,072)	(106,180)	(83,543)	(213,384)	(460,897)	(303,402)	(257,590)	(413,093)	(289,467)
Total primary government net expense	(40,021,562)	(46,331,001)	(42,467,523)	(48,018,456)	(58,358,650)	(44,830,996)	(49,279,689)	(54,400,032)	(56,133,735)	(53,694,915)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes	41,158,334	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
Grants not restricted to specific programs	4,651,989	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
Investment earnings	80,246	70,562	65,072	16,581	2,829	49,791	197,562	112,123	106,216	141,270
Other	1,707,975	1,013,764	230,549	166,802	248,446	(95,763)	644,533	42,854	10,437	4,876
Total governmental activities general revenues	47,598,544	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
Business-type activities:										
Investment earnings	47	-	51	757	1,176	370	113	-	-	816
Other	-	-	-	-	-	21,778	-	-	-	-
Total business-type activities general revenues	47	-	51	757	1,176	22,148	113	-	-	816
Total primary government	48,239,664	47,598,591	48,150,325	47,660,795	49,111,531	49,153,196	51,741,818	53,681,510	55,918,312	56,617,588
Change in Net Position										
Governmental activities	7,657,955	1,877,396	5,299,401	(662,126)	(9,034,911)	5,422,742	2,765,418	(460,932)	197,670	3,211,324
Business-type activities	(80,926)	(58,072)	(106,129)	(82,786)	(212,208)	(438,749)	(303,289)	(257,590)	(413,093)	(288,651)
Total primary government	\$ 7,577,029	\$ 1,819,324	\$ 5,193,272	\$ (744,912)	\$ (9,247,119)	\$ 4,983,993	\$ 2,462,129	\$ (718,522)	\$ (215,423)	\$ 2,922,673

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

	Fiscal Year									
	2010	2011 (a)	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved*	\$ 55,566	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved:										
Designated	1,737,562	-	-	-	-	-	-	-	-	-
Undesignated	9,599,911	-	-	-	-	-	-	-	-	-
Nonspendable	-	226,255	97,171	75	629,503	1,415,749	1,341,590	1,178,773	1,600,597	761,970
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
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
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
Total general fund	\$ 11,393,039	\$ 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
All Other Governmental Funds										
Reserved	9,449,895	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	3,414,932	-	-	-	-	-	-	-	-	-
Capital project funds	5,545,423	-	-	-	-	-	-	-	-	-
Permanent funds	22,960	-	-	-	-	-	-	-	-	-
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
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
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
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)
Total all other governmental funds	\$ 18,433,210	\$ 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

* Includes reserves for long-term receivables which were part of Unreserved, Undesignated from 2003-2005.

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

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 41,488,299	\$ 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
Intergovernmental	34,651,694	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
Licenses and permits	243,924	303,183	266,852	374,011	325,476	345,658	330,039	364,352	345,604	330,240
Charges for services	1,615,603	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
Unclassified	2,095,873	1,710,401	1,191,668	854,889	601,599	876,354	1,502,589	735,534	615,214	696,252
Total revenues	<u>80,095,393</u>	<u>81,374,824</u>	<u>82,428,400</u>	<u>79,330,615</u>	<u>82,615,230</u>	<u>84,998,019</u>	<u>87,645,941</u>	<u>86,832,678</u>	<u>91,478,340</u>	<u>95,345,985</u>
Expenditures										
General government	11,947,264	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
Public safety	7,703,785	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
Health, welfare and recreation	1,800,326	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
Public works	4,058,000	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
Other agencies	3,099,855	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
Education	41,550,748	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
Food services	-	-	-	-	-	-	-	-	1,597,569	1,644,924
Unclassified	310,093	303,539	403,753	405,669	325,374	459,325	482,462	362,228	453,112	301,654
Self-insurance	470,524	671,092	517,299	383,566	-	-	-	-	-	-
Capital outlay	6,024,814	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
Debt service:										
Principal	6,747,858	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
Interest expense	1,680,602	1,513,494	1,511,411	1,045,204	1,000,416	942,636	997,067	879,024	814,380	1,007,693
Total expenditures	<u>85,393,869</u>	<u>87,806,216</u>	<u>86,257,746</u>	<u>90,852,645</u>	<u>93,353,431</u>	<u>92,954,271</u>	<u>94,289,938</u>	<u>92,694,312</u>	<u>102,111,187</u>	<u>103,955,446</u>
Deficiency of revenues under expenditures	<u>(5,298,476)</u>	<u>(6,431,392)</u>	<u>(3,829,346)</u>	<u>(11,522,030)</u>	<u>(10,738,201)</u>	<u>(7,956,252)</u>	<u>(6,643,997)</u>	<u>(5,861,634)</u>	<u>(10,632,847)</u>	<u>(8,609,461)</u>
Other financing sources (uses)										
Proceeds - bonds and capital leases	6,500,000	7,900,000	4,500,000	14,892,323	5,625,000	8,153,025	9,950,000	5,030,000	9,524,036	7,655,000
Proceeds - notes	-	1,024,625	-	-	84,458	-	-	-	-	-
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
Payment to refunded bond escrow agent	-	-	-	(9,118,353)	-	-	(4,485,844)	-	-	-
Transfers in	2,345,005	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
Transfers out	(2,331,903)	(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)
Total other financing sources	<u>6,513,102</u>	<u>9,023,711</u>	<u>4,596,352</u>	<u>6,839,996</u>	<u>5,896,403</u>	<u>8,651,900</u>	<u>5,945,290</u>	<u>5,412,170</u>	<u>10,701,514</u>	<u>8,449,168</u>
Net change in fund balances	<u>\$ 1,214,626</u>	<u>\$ 2,592,319</u>	<u>\$ 767,006</u>	<u>\$ (4,682,034)</u>	<u>\$ (4,841,798)</u>	<u>\$ 695,648</u>	<u>\$ (698,707)</u>	<u>\$ (449,464)</u>	<u>\$ 68,667</u>	<u>\$ (160,293)</u>
Debt service as a percentage of noncapital expenditures	10.62%	10.38%	10.33%	9.96%	8.74%	8.99%	8.80%	8.46%	7.94%	8.14%

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
2010	\$	1,829,692,800	238,980,400	2,068,673,200	2,054,450,000	100.7%	18.31
2011		1,847,854,620	220,930,500	2,068,785,120	1,991,800,000	103.9%	19.30
2012		1,850,235,678	208,348,600	2,058,584,278	1,980,250,000	104.0%	19.39
2013		1,820,465,334	190,045,000	2,010,510,334	1,954,400,000	102.9%	19.59
2014		1,823,040,083	182,681,300	2,005,721,383	1,926,200,000	104.1%	20.43
2015		1,818,986,378	165,931,000	1,984,917,378	1,963,550,000	101.1%	20.95
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

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
2010	7.91	43.20%	3.28	17.91%	7.12	38.89%	18.31
2011	8.89	46.06%	3.29	17.05%	7.12	36.89%	19.30
2012	9.01	46.47%	3.31	17.07%	7.07	36.46%	19.39
2013	9.01	45.99%	3.20	16.33%	7.38	37.67%	19.59
2014	9.62	47.09%	3.15	15.42%	7.66	37.49%	20.43
2015	9.67	46.16%	3.15	15.04%	8.13	38.81%	20.95
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

Table 7

CITY OF AUBURN, MAINE
Principal Property Taxpayers
Current Year and Nine Years Ago
June 30, 2019

	Taxpayer	Business	Assessed Value	% of Total Tax Base	Cumulative %
1	Tambrands	Personal Products	\$ 63,073,888	3.2%	3.21%
2	Central Maine Power Company	Electric Utility	44,031,918	2.2%	5.45%
3	FPL Energy Maine Hydro LLC	Electric Utility	32,852,305	1.7%	7.12%
4	Auburn Plaza	Regional Shopping	24,641,228	1.3%	8.38%
5	Pioneer Plastics	Laminates	20,708,384	1.1%	9.43%
6	Wal-Mart Real Estate	Retail	20,566,414	1.0%	10.48%
7	Northern Utilities Inc	Natural Gas Utility	18,060,500	0.9%	11.40%
8	Gates Formed Fiber	Automotive Products	16,092,949	0.8%	12.22%
9	Riverwatch LLC	Lodging	13,539,141	0.7%	12.91%
10	Auburn Court LLC	Retail	13,422,055	0.7%	13.59%
			\$ 266,988,782		

June 30, 2010

	Taxpayer	Business	Assessed Value	% of Total Tax Base	Cumulative %
1	Tambrands	Personal Products	\$ 104,048,900	5.0%	5.03%
2	Wal-Mart Real Estate	Retail	26,102,200	1.3%	6.29%
3	Pioneer Plastics	Plastic Laminates	25,586,900	1.2%	7.53%
4	Gates Formed Fiber	Automotive Products	21,929,900	1.1%	8.59%
5	Lowes Home Centers	Retail	17,157,200	0.8%	9.42%
6	Auburn Plaza Inc	Regional Shopping	16,604,900	0.8%	10.22%
7	General Electric Company	Electrical Components	15,987,900	0.8%	10.99%
8	GFI Auburn Plaza Realty	Regional Shopping	15,226,200	0.7%	11.73%
9	Cascades Auburn Fiber	Paper Reprocessor	15,129,900	0.7%	12.46%
10	Central Maine Power Co	Electric Utility	14,936,900	0.7%	13.18%
			\$ 272,710,900		

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 Fiscal Year of the Levy		Collections Subsequent Years	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2010	\$ 37,999,926	37,148,508	97.76%	851,418	37,999,926	100.00%
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%	N/A	45,532,570	97.66%

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	
2010	\$ 65,973,000	371,595	-	-	66,344,595	50,080,604	3.2%	2,878	2,172
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	48,082,930	79,505	1,407,190	2,945,851	52,515,476	49,115,105	2.7%	2,264	2,117

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
2010	\$ 65,973,000	3.2%	2,861.55	49,709,009	2,156.11
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	51,028,781	2.5%	2,199.90	47,628,410	2,053.30

** 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

Fiscal Year	Direct Debt - City of Auburn	Direct Debt - Androscoggin County	Auburn's Share of Androscoggin County Debt	Overlapping Debt - Androscoggin County	Direct and Overlapping Debt		
					Total Debt	Percent of Assessed Value	Per Capita
2010	\$ 66,344,595	-	24.47%	-	65,973,000	3.19%	2,861.55
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

CITY OF AUBURN, MAINE
Legal Debt Management
Last Ten Years
Computation of Legal Debt Margin
June 30, 2019

Total State Valuation			\$	2,002,200,000		
Legal Debt Limitation:						
15% of State Valuation				300,330,000		
Debt Applicable to Debt Limitation:					Bonded General Obligation Debt	
	Legal Maximum				As a Percent of	
Purpose	Percentage	Amount	Dollar	Amount	Legal	State
					Maximum	Valuation
Municipal & School	15.0%	\$ 300,330,000		48,082,930	16.01%	2.40%
			Margin for Additional Borrowing:	<u>\$ 252,247,070</u>		

Historical Legal Debt Margin
Last Ten Fiscal Years

	Legal Debt Limit	Debt Outstanding	Legal Debt Margin	Debt Outstanding/ Legal Debt Limit
2010	\$ 308,167,500	65,973,000	242,194,500	21.4%
2011	298,770,000	65,461,000	233,309,000	21.9%
2012	297,037,500	61,239,000	235,798,500	20.6%
2013	293,160,000	59,534,323	293,160,000	20.3%
2014	288,930,000	56,826,591	288,930,000	19.7%
2015	294,532,500	55,170,858	239,361,642	18.7%
2016	294,015,000	52,225,126	241,789,874	17.8%
2017	297,592,500	48,634,394	248,958,106	16.3%
2018	297,255,000	48,883,662	248,371,338	16.4%
2019	300,330,000	48,082,930	252,247,070	16.0%

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
2010	23,055	Not available	Not available	7.9%
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	39,873	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, 2019

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, 2010

Rank	Employer	Total appr. number of employees	
1	Wal-Mart Supercenter	525	4.4%
2	Tambrands Inc.	445	3.8%
3	Gates Formed Fiber Products	450	3.8%
4	Pioneer Plastics	297	2.5%
5	Clover Living Center	268	2.3%
6	Hannaford	177	1.5%
7	General Electric	161	1.4%
8	Shaw's Supermarket	156	1.3%
9	Thomas Moser Cabinetmakers	128	1.1%
10	Advantage Business Services	110	0.9%
	All Other Employers	9,089	77.0%
	Total Employees	11,806	

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
2010	40.00	125.00	13.00	55.00	589.00	2.00	824.00
2011	44.00	117.00	20.00	53.00	679.00	2.00	915.00
2012	42.00	123.00	14.00	55.00	585.00	2.00	821.00
2013	45.00	124.00	5.00	55.00	585.00	2.00	816.00
2014	39.00	128.00	5.00	59.00	564.00	5.00	800.00
2015	34.00	126.00	5.00	72.00	565.00	3.00	805.00
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

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
2010	23,055	22,186 / 3,196	1 / 19 / 16	225	3,568	2,121
2011	23,055	23,924 / 3,365	1 / 19 / 16	225	3,634	1,684
2012	23,055	26,195 / 3,545	1 / 19 / 17	237	3,650	1,798
2013	23,055	24,110 / 3,560	1 / 19 / 17	237	3,744	1,798
2014	23,055	26,626 / 3,535	1 / 19 / 17	237	3,623	1,832
2015	23,055	29,428 / 4,232	1 / 19 / 17	237	3,610	2,996
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

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
2010	\$	28,824,479	2,109,338	8,982,225	51,600,320	27,133,850	928,388
2011		30,016,043	1,954,048	8,743,446	49,696,710	27,098,225	829,059
2012		33,680,128	1,844,090	8,507,608	47,535,463	27,830,918	729,731
2013		34,145,986	2,020,995	6,001,834	46,166,780	27,536,761	630,402
2014		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

Source: Various City departments