

COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Auburn, Maine

For the year ended June 30, 2017



Photo of Festival Plaza by John Bubier 2017

CITY OF AUBURN, MAINE

Finance Department

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**For Fiscal Year Ended
June 30, 2017**

Prepared By:
Finance and Management

CITY OF AUBURN, MAINE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2017

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INTRODUCTORY SECTION

City of Auburn, Maine

"Maine's City of Opportunity"



December 1, 2017

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

Ladies and Gentlemen:

The comprehensive annual financial report of the City of Auburn, Maine for the fiscal year ended June 30, 2017, 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 fourteenth 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".

60 Court Street • Suite 411 • Auburn, ME 04210
(207) 333-6600 Voice • (207) 333-6601 Automated • (207) 333-6620 Fax
www.auburnmaine.org

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

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

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

Major Initiatives during Fiscal Year 2017

Economic Development

With a new director in the Economic and Community Development Department, a renewed effort has started to bring new investment to the City. The Department has been working with foreign investors who are interested in investing in the area and will continue to work with investors and businesses.

Several programs were adopted during the 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 goals are to make Auburn a friendly and safe place that people want to live, work and play in. The City opened its first Community Garden in one of our downtown neighborhoods over the summer.

Form Based Code (FBC) – the City of Auburn adopted the largest downtown Form Based Code in Maine in May 2016. Auburn's Form Based Code creates standards for new development that will help attract investment to its downtown in multiple ways:

- New development projects under 12,000 square feet can move directly to a building permit if all the FBC standards are met, speeding up the approval process and saving money.
- The FBC increases allowable buildable area and reduces required parking, which increases buildable value.
- Developers will know that any surrounding new development will be compatible and complementary to their own.

- The FBC replaces the former Downtown Business Center zoning and creates a potential area for a new city center in the Great Falls Plaza parking area.
- The FBC standards are based on the existing character of the area and traditional city planning principles, which will lead to a pedestrian friendly street life and an aesthetically pleasing appearance.

The first project to comply with Form Based Code, 62 Spring Street, has been approved by the Planning Board and is pending Maine Housing funding. When completed, the project will be a four story, mixed-use building with 41 apartments and street level retail.

New Auburn Village Center Redevelopment Plan – After many years of planning, a redevelopment plan for a 7-acre area in the heart of New Auburn will begin in 2017. The plan will create a greenway trail along the Little Androscoggin River and Big Androscoggin River. The plan will also construct a new pedestrian friendly Riverway Street, create 14,000 square feet of new commercial space, create 28,000 square feet of new residential space, provide 168 parking spaces, and allow the closure of the Riverway for special events such as a farmer’s market or arts and crafts fair. The first phase of the project is funded for \$1.7 million through a Northern Borders Regional Commission grant and City funding. The Auburn Village Center Plan has the potential to draw investment from the region, stimulate additional redevelopment in the surrounding area, and bring new businesses and residents to New 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. In FY 2016, the City Council passed a resolve to discontinue the use of fund balance over the next two years. For the FY 2017 budget, the use of fund balance was reduced by half, or \$825,000, and a similar reduction will be made in the FY 2018 budget.

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 2017, the Capital Improvement budget included \$4.85 million to fund street, sidewalk, infrastructure and drainage improvements; \$1.50 million to fund School Department capital projects and \$1.15 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 2017

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

Educational Excellence

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

Connected to the vision of a customized, flexible educational system is Auburn's transition to a proficiency-based diploma. These requirements are being phased in over the next couple of years. The graduating class of 2021 will be the first to graduate with a full proficiency-based diploma. The proficiency-based diploma will mean that students earn a diploma by demonstrating proficiency on the required standards rather than by accumulating credits as in a traditional system. In order for the staff to meet the diverse needs of the student population, they have engaged in professional development about trauma and poverty. The importance of academics must be balanced with the understanding of the students that attend our schools in order to best support them towards success for a world yet imagined.

Another focus of Auburn's transformation is on creating multiple pathways to proficiency. This is directly tied to the principle that students learn in different ways. The district has increased early college opportunities for high school students by forging partnerships with local colleges. The School Department convened a Business Roundtable to bring local businesses into the conversation and to solicit their input and to expand opportunities for our students.

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

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

As Auburn works to create a new educational system, community education and participation is critical. The School Department understands the importance of communication using social media, community forums, and parent meetings to listen, answer questions, and inform the community about the district's work towards Vision 2020.

School Building Infrastructure and Fleet Improvements

Infrastructure: The facilities are the property of the City of Auburn and the Auburn School Department, as steward, maintains the City school facilities. The School Department's facilities have a total replacement value of \$95,030,315; thereby, the School Department's Capital Improvement needs for FY17 was submitted for review and recommendation to the City Council at \$4,235,057, which represents 4.5% of capital asset values. The City Councilors approved and authorized \$1,500,000 in CIP Bond issuance for the School Department in their August 2016 Bond Issuance. This is a capital asset renewal of 1.6% of replacement value into school facilities infrastructure. Our primary goal has been to maintain at minimum 2% Facility Condition Index (FCI) as our efforts to be good stewards of our school facilities. This is the second year in row that we have missed our objective in performing capital asset management to our school facilities of 2.0% FCI and could fall further behind in our deferred renewal maintenance.

Final Projects from FY17 Bonds were also included for award and implementation, since we were not able to implement some projects during the summer of 2016, due to time constraints.

The following projects were executed in the summer of 2016 with final project acceptance in September through April 2017:

<u>Location</u>	<u>Project Description</u>
Edward Little High School	Boiler Water Treatment Steam Trap Replacement Tennis Court Surface restoration meet MPA Regulation Automatic Slicer for Kitchen
Walton School	Elevator Renewal meet ADA compliance New stage flooring New 35 year asphalt shingles to original building Upgrade telephone with Mitel System
Auburn Middle School	Classroom and Library Furniture replacement Phase II Masonry Restoration Interior/Exterior Doors Replacement Phase II
Fairview School	Masonry Restoration Classroom Carpet Replacement Phase II- 96 Wing Replace three exterior doors w/new metal doors and ADA closures Added card reader to exterior doors Upgrade telephone with Mitel System
Sherwood Heights School	Upgrade communication with Mitel System Parking lot drainage upgrades and paving restoration
Industry Ave	Flooring-Replace old carpets with VCT
Franklin School	Replace Classroom/Teacher Furniture Exterior Security Lighting Upgrade telephone with Mitel System
Park Ave. School	Bathrooms - Replace 10 year old linoleum flooring with new VCT Replace 10 year old Water Pumps
East Auburn School	Exterior Lighting/Security 6- Bathroom Floor tile/asbestos replacement New 35 year asphalt shingles to original building
Washburn School	Exterior Lighting/Security
RETC/SOS School	Masonry Restoration New lower level window replacements with high efficiency units.
Industry Ave	Replace 2003 w/ ¾ ton pick-up truck with plow and sander Replace Propane Refueling with two dispensers and larger tanks New flooring throughout facility Phase II, old #2 fuel furnace with new Natural Gas furnace
Technology	Secondary Teachers/MacBooks

We are nearing the end of the Verification and Measurement of our Performance Contract with Siemens Technology. The Year- 8 Savings Report of 2017 is an important measure to solidify that the anticipated savings have been realized. The Verification and Measurement Year-8 Savings Report was conducted and analysis revealed that the Siemens guaranteed annual savings of \$253,784 was not only met, but in fact, a savings of \$475,121 was realized. The savings is \$221,337 greater than originally forecasted. Approximately 35% of the annual savings can be attributed to our energy conversion to natural gas from #2 fuel on ten school facilities. The energy savings each fiscal year is used to reimburse Siemens Technology for the energy efficiency projects conducted 8 years ago. Those energy efficiency projects were valued at \$1,935,000 in total project cost. Siemens has guaranteed the savings; thus, if the savings are not realized, Siemens will reimburse the School Department the difference. The Year-8 Verification and Measurement report is the last year of the payment agreement with Siemens Technology but moving forward, our annual savings will generate capital that will allow us to continue energy improvements to our 10 school facilities' infrastructure. To put this into perspective, over the last eight fiscal years, we have

saved a total of \$2,847,165 in energy savings, due to the installation of high efficiency boilers and other electrical devices. The resulting savings paid off a \$1,935,000 energy loan and netted \$912,165 in avoided cost; which has allowed us to stabilize our energy operating cost and reduce our overall energy dependency.

For FY18, we will endeavor to proceed with a Phase II of the Performance Contract and expect to realize additional energy savings that will be reported in our FY18 Education Write-up.

The School Department continues the replacement of older school buses, with the assistance of the State Department of Education Bus Purchase/Replacement program. Our Special Education transportation needs are increasing and during summer 2016, the DOE approved a Special Ed bus and a new 2016 - 21 passenger mini-bus with wheel chair access. In late January to early February 2017, we accepted delivery of two new 2018 Blue Bird Vision School Buses at a cost of \$92,189 each. We were fortunate to receive FY16 DOE approval for the replacement in the FY17 budget of two new school buses, which replaced a 2001 and a 2003 International school bus with a type C body. The DOE Bus Purchase/Replacement program requires that school buses be eligible for replacement when they reach ten-years of age and have an excess of 125,000 miles and 12 years of service. The DOE Bus Purchase/Replacement program schedule allows the Auburn School Department to maintain a bus fleet in conformance with the State DOE replacement guidelines and a fleet that this community can be proud of. The reimbursement from DOE is a direct allocation that is provided one year after the purchase; therefore, it behooves us to participate in the Bus Purchase/Replacement program and upgrade our bus fleet with State DOE funding assistance.

As we continue to explore alternative energy fuel, our FY17 bus purchases are equipped with propane-fired engines. These propane engines have better gas mileage and lower maintenance costs. The added cost to install a propane engine is \$7,200 per bus.

After deducting the added cost of converting from diesel to propane, and taking into account the life expectancy of propane buses, we will generate a savings of \$42,800 per school bus. A projected annual savings is \$5,000 per school bus, at minimum, and representing a payback in 1.44 years.

It is our intention to move the Auburn School Department bus fleet from diesel to propane fuel over the next 8 years, contingent on replacing 2 new buses each year that is subject to State DOE approval and reimbursement. We currently have 11 school buses that operate on propane-fired engines. Aside from producing an annual savings, we are lessening our greenhouse gas emissions and carbon footprint. We also purchased and accepted delivery in December 2016 of a 2017 1-Ton 4x4 Regular Cab Pick Up with plow and sander, which replaced a 2003 GMC.

Transportation Services

The 2016/17 transportation services and operation was a confusing and extremely difficult venture as we entered our fourth year of Subcontracting for Student Transportation. The Request for Student Transportation Services was awarded to Ledgemere of Wells, who is owned and operated by Student Transportation of America (STA). Ledgemere was awarded a 5-year contract on July 1st, 2016, to undertake the student transportation needs for the Auburn School Department. Unfortunately, the national school bus driver shortage did not bypass the State of Maine or the City of Auburn. Ledgemere struggled from the start of the school year to provide a full complement of school bus drivers. The shortage of drivers was compounded with the internal management changes and the shift that occurred several times during the course of 8 months.

In March 2017, we held a meeting with the STA Officials and at the end of April by mutual consent, it was agreed that the 5-year Contract would terminate on June 30, 2017 and Auburn would undertake all necessary steps to manage and coordinate the Student Transportation Service beginning with its' summer programming needs. The transition from the subcontract with Ledgemere during the month of June was very professional and amicable resulting in a smooth departure of Ledgemere and a transition to a School Department owned and operated Transportation Service.

Grant Office

The Auburn School Department was awarded directly or through joint applications 20 grants in fiscal year 2016-17 for a total of over \$909,487.

Federal	03
State of Maine	05
Foundation	12
Donation	0

Highlights of grants received during 2016-17 are:

After School Academic Support and Enrichment

21st Century Community Learning Centers

Auburn has one of the longest-running 21st Century Community Learning Center (CLC) programs in Maine and has been continuously funded exclusively by grants and program revenues since 1999. CLC programs served 812 students at Edward Little High School, Auburn Middle School, and Walton, Washburn, Park Avenue and Sherwood Heights elementary schools in the 2016-17 school year and summer of 2016. Students had the opportunity to extend their learning; develop new skills and interests; establish positive relationships with caring adults and their peers; and become involved in service to their school and community.

CLC Grant (Auburn 2016), Year 1

A three-year continuation award beginning July 1, 2016 was made from the Maine Department of Education's 21st Century Community Learning Center program to benefit students in grades 4-8 through after-school programs at Auburn Middle, Sherwood Heights, and Walton Schools. Seventy-five percent of the 425 students served were academically low performing, 56% were low-income students, 20% qualified for special services, and 8% were English Language Learners.

After school programs were held at each school. School-day teachers and Ed techs staffed the program; community volunteers aided weekly or for special events, including students from Bates College who held an aspirations program at the middle school and high school students who helped with the LEGO Robotics program at the middle school.

A variety of student-centered programming, including academic skill supplements, homework help, technology enrichment, wellness/recreation, arts, and community service was delivered at each site. At Sherwood Heights, students also received high-quality language and cultural enrichment through a partnership with the Maine French Heritage Language Program. Teachers reported consistent improvement in classroom performance and homework completion for a majority of participating students. Student surveys showed a high level of connection to adults in the program, increased levels of activity, and a sense of belonging—all-important developmental assets for the elementary and middle years.

CLC District Grant (Auburn 2014), Year 3

In 2014, Auburn School Department was awarded a three-year continuation grant from Maine's Department of Education to provide after-school and summer programming for students in grades 3-6 at Park Avenue and Washburn Schools and grades 9-12 at Edward Little High School. Eighty-five percent of the 387 students served were academically low performing, 66% were low-income students, 25% qualified for special services, and 15% were English Language Learners.

Students from Franklin Alternative School accessed services at Edward Little. Programs at the elementary level focused on reading/literacy, math, arts, health/wellness, and community service. High School students in grades 11 and 12 focused on meeting graduation requirements with ELPM, a credit recovery program. With the help of credit recovery, 50 students graduated between July 1, 2016 and June 30, 2017 and 228 academic half-credits were earned. EL Connect, a program serving students in grades 9 and 10, worked with students on study skills, aspirations, community building, credit recovery, and homework completion. Both high school programs focused on mentoring, raising student aspirations, and post-secondary planning, in addition to achieving academic success in high school.

Although this was the final year of the CLCDISRICT three-year grant, the Auburn School System applied for and was granted another three-year continuation grant for the after school programs at these schools. This will run from the 2017-18 fiscal year through the 2019-20 fiscal year.

21st Century Community Learning Centers after-school programs received a mini grant:

- \$449.50 from the Maine Engineering Promotional Council for transportation costs.

SIG Grant \$398,718

Washburn Elementary School was awarded \$398,718 for the second year of a five-year federal grant. The Student Intervention Grant allows for a behavioral consultant, coaching positions in math and literacy, professional development in literacy and math, and team leader meetings. It also supports math and literacy software programs, tutoring, summer planning, afterschool interventions, supplies, and books.

College Access

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

The MELMAC Continuation Grant was to end last year, in 2015/16, however, an additional \$16,500 was granted for 2016/17. \$6,725 remained at the end of the 2017 fiscal year due to transportation costs being lower than expected in previous years. The funds will be carried over into 2017/18.

The MELMAC Foundation also awarded \$4,000 for a second year of a MELMAC Partnership Grant. The Partnership Grant funds an elementary pilot program that took Walton 2nd, 4th, and 6th graders to LA College, Bates College and Central Maine Technical College for a day to instill early on that college is an option in their futures. \$2,234 remains from the grant and will fund a third year of the program in 2017/18.

LEWISTON AUBURN CHILDREN'S FOUNDATION

Literacy

A \$500 award from the Lewiston and Auburn Children's Foundation allowed Walton School to expand the book selection for one Kindergarten and one 5th-6th-grade classroom. This was the third year that LACF made an award to Walton School to help build classroom libraries.

Science Grants

Little Star That Could -- The Lewiston Auburn Children's Foundation awarded \$455 to Park Ave. Elementary for tickets and transportation to take students to the Southworth Planetarium in Portland as part of their study of the Sun, Moon, and Earth.

Tidal Pools -- The Lewiston Auburn Children's Foundation awarded Park Ave. Elementary \$350 for a "Traveling Natural History Program" presented by the Chewonki Foundation on Tidal Pools.

Wind Over Wings -- The Lewiston Auburn Children's Foundation awarded \$285 to Park Ave. Elementary for a wildlife program presented by Wind Over Wings. The in-house field trip helped students and adults make a connection with birds of prey, including a Common Raven, Red-shouldered Hawk, Great Horned Owl, and Umbrella Cockatoo.

Field Experiences

Show Must Go On -- The Lewiston Auburn Children's Foundation awarded Park Ave. Elementary \$800 for tickets and transportation to take students to a production of "Chicken and Crocodiles" at the Lewiston Public Theater.

Transportation -- The Lewiston Auburn Children's Foundation awarded Park Ave. \$217 for field trip transportation.

Health and Physical Fitness Grants

Park Ave. Backpack Program -- The Lewiston Auburn Children's Foundation awarded \$2,000 to Park Ave. Elementary to be used for its Good Shepherd Food Backpack Program. This program provides food for children near Holidays and weekends in a discrete manner.

Sherwood Heights received an award of \$809 from Good Shepherd Food Bank to purchase a refrigerator for fresh fruits and vegetables. This will enable Sherwood Heights to expand its offerings for the backpack program.

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

Other Grant /Awards

RETC -- Dollar General Literacy Foundation awarded \$1,000 to RETC for the purchase of a one-year site license for Discovery Education.

Youth Literacy -- Dollar General Literacy Foundation awarded \$2,000 to Park Ave. Elementary for the purchase of a one-year site license for Discovery Education.

The National Education Association granted a \$1,000 award to Franklin School for the purchase of books to grow a school library.

On-life Grant -- The Maine Education Association Benefits Trust awarded \$500 to the Wellness Committee for the encouragement of healthy eating and exercise practices by staff.

Math4Maine -- Through a partnership with the DOE, an award of \$89,604 was granted to the Auburn School System for services and training to improve instructional practices of educators and the proficiency of students with disabilities' in Math at the elementary level.

Looking Ahead: Fiscal Year 2018 Goals

The City is working on various projects in the downtown that could potentially increase the City's valuation by \$30 million. The new Industrial Park's infrastructure has been completed, and the lots are currently being marketed. Mechanic's Savings Bank has completed construction of their upgraded operations center, and several new retail shops and restaurants have begun construction along Center St. Rainbow Credit Union has recently completed an \$858,000 upgrade and there are planned upgrades to Proctor and Gamble as well as Hammond Tractor. We have also seen an increase in new residential development over the last year. These projects alone signal the resurgence of development for Auburn.

Moving forward into the 2018 Fiscal Year, there are several key initiatives that the Economic and Community Development Department is working on that will bring continued investment into the City. The City continues to partner with the Auburn Business Development Corporation on the expansion of high-speed fiber based internet to the Auburn Industrial Park. The City is focusing on the vast array of outdoor and indoor recreation amenities available to the community with the citywide sports tourism initiative, which has begun in earnest with a Sports Tourism Study this fall. Additionally, with expected changes to the EB-5 Visa program as well as increased pressures for development in the community there will continue to be significant investment interest in the City of Auburn.

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 2017 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, 2017, 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, 2017, 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, 2016. This was the twenty-fourth consecutive year that the City received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

Acknowledgments

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

Sincerely,

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**

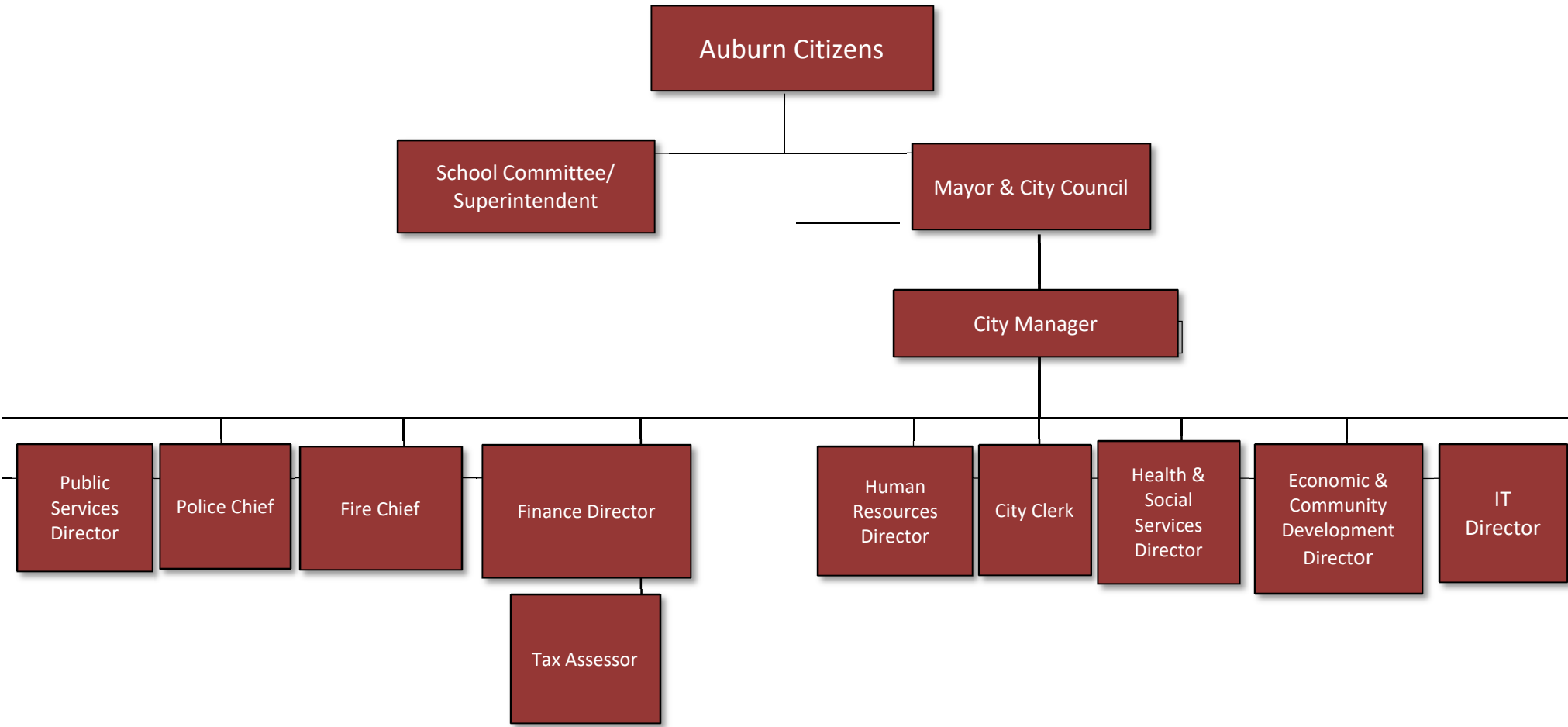
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

**ORGANIZATIONAL CHART
2017**

City of Auburn



CITY OF AUBURN, MAINE

LIST OF ELECTED AND APPOINTED OFFICIALS

June 30, 2017

Elected Officials

Mayor	Jonathan P. Labonte
Council Member – Ward 1	James F. Pross
Council Member – Ward 2	Robert D. Stone
Council Member – Ward 3	Andrew D. Titus
Council Member – Ward 4	Adam Lee
Council Member – Ward 5	Leroy G. Walker
Council Member – At Large	Grady R. Burns
Council Member – At Large	David C. Young
School Committee – Chair, Ward 3	Thomas Kendall
School Committee – Ward 1	Heidi Lachapelle
School Committee – Ward 2	Bonnie J. Hayes
School Committee – Ward 4	Tammy Neilson
School Committee – Ward 5	Daniel F. Poisson Sr.
School Committee – At Large	Brent Bilodeau
School Committee – At Large	Faith Fontaine
School Committee – Mayor’s Representative	James F. Pross

Appointed Officials

City Manager	Peter Crichton
Assistant City Manager	Vacant
Finance Director	Jill M. Eastman
School Superintendent	Katherine Grondin
School Business Manager	Jude Cyr
City Clerk	Susan Clements-Dallaire
Tax Collector	Nancy Bosse
Assessor	Karen Scammon
Fire Chief	Geoff Low
Human Resources Director	Christine Mumau
Police Chief	Phil Crowell
Public Services Director	Dan Goyette
Recreation Director	Sabrina Best
Health & Social Services Director	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, 2017, 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress of the retiree healthcare plan, the schedule of the City's proportionate share of the net pension liability, the schedule of City contributions, and the Schedule of Changes in the City's total pension liability, 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 December 1, 2017, on our consideration of the City of Auburn, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Auburn, Maine's internal control over financial reporting and compliance.



December 1, 2017
South Portland, Maine

Management's Discussion and Analysis Fiscal Year Ended June 30, 2017

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, 2017. 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 \$82,727,834 (*net position*).
- The City of Auburn's total net position decreased by \$718,522.
- As of the end of the current fiscal year, the City of Auburn's governmental funds reported combined ending fund balances of \$23,628,757, a decrease of \$449,464 in comparison with the prior year.
- At the end of the current fiscal year, total assigned and unassigned fund balance for the General Fund was \$8,863,571, or 11.0% of total General Fund expenditures (on a budgetary basis).
- The City of Auburn issued one bond for \$5,030,000 for its Capital Improvement Plan. The \$5,030,000 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 \$5,030,000, \$1,500,000 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 three business-type activities, Ingersoll Turf Facility, Norway Savings Bank Ice Arena and Centralized School Lunch. The government-wide financial statements can be found on pages 35-36 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 37-42 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, Norway Savings Bank Ice Arena and Centralized School Lunch.

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

The basic proprietary fund financial statements can be found on pages 43-45 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 46-47 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 48-81 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information as follows: the Schedule of Funding Progress for the Retiree Healthcare Plan and the City Pension Plan, the Schedule of City's Proportionate Share of the Net Pension Liability, and the Schedule of City Contributions. Required supplementary information can be found beginning on page 82 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 89-101 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 \$82,727,834 at the close of the most recent fiscal year.

City of Auburn's Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016 (restated)	2017	2016	2017	2016 (restated)
Current and other assets	\$ 31,552,547	35,597,105	(325,627)	(22,227)	31,226,920	35,574,878
Capital assets	124,318,008	126,922,765	539,164	456,021	124,857,172	127,378,786
Total assets	155,870,555	162,519,870	213,537	433,794	156,084,092	162,953,664
Deferred outflows of resources:						
Related to pensions	6,986,517	3,304,264	130,327	44,052	7,116,844	3,348,316
Noncurrent liabilities	73,472,464	71,489,841	310,650	163,578	73,783,114	71,653,419
Other liabilities	5,865,806	9,586,922	7,829	21,419	5,873,635	9,608,341
Total liabilities	79,338,270	81,076,763	318,479	184,997	79,656,749	81,261,760
Deferred inflows of resources:						
Deferred charge on refunding	140,909	155,000	-	-	140,909	155,000
Related to pensions	659,708	1,413,254	15,736	25,610	675,444	1,438,864
Total deferred inflows of resources	800,617	1,568,254	15,736	25,610	816,353	1,593,864
Net investment in capital assets	80,283,459	79,732,308	539,164	456,021	80,822,623	80,188,329
Restricted	8,513,552	9,041,034	324,591	238,079	8,838,143	9,279,113
Unrestricted	(6,078,826)	(5,594,225)	(854,106)	(426,861)	(6,932,932)	(6,021,086)
Total net position	\$ 82,718,185	83,179,117	9,649	267,239	82,727,834	83,446,356

By far, the largest portion of the City of Auburn's net position (97.70% or \$80,822,623) 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 (10.68%) represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted *net position* is a deficit of (\$6,932,932).

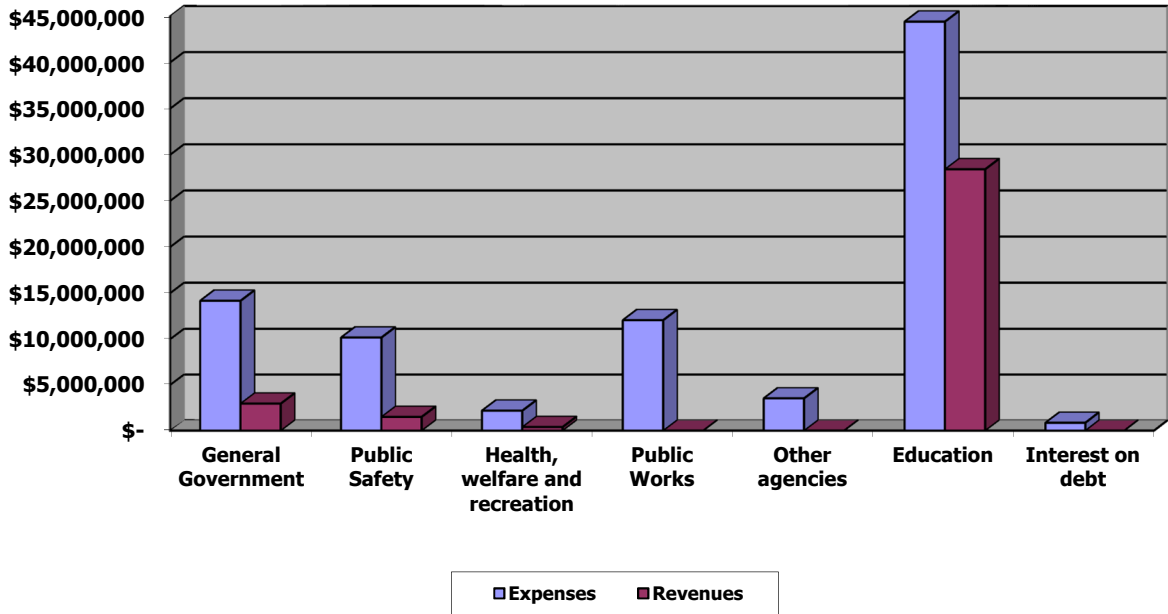
	City of Auburn's Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2017	2016 (restated)	2017	2016	2017	2016 (restated)
Revenues:						
Program revenues:						
Charges for services	\$ 3,703,524	3,949,410	1,383,077	1,308,448	5,086,601	5,257,858
Operating grants and contributions	29,573,666	29,064,768	1,388,744	1,332,667	30,962,410	30,397,435
Capital grants and contributions	-	2,995,835	-	-	-	2,995,835
General revenues:						
Property and other taxes	48,765,867	46,425,471	-	-	48,765,867	46,425,471
Grants and contributions not restricted to specific programs	4,760,666	4,474,139	-	-	4,760,666	4,474,139
Other	154,977	842,095	-	113	154,977	842,208
Total revenues	86,958,700	87,751,718	2,771,821	2,641,228	89,730,521	90,392,946
Expenses:						
General government	14,171,875	14,742,709	-	-	14,171,875	14,742,709
Public safety	10,180,500	10,298,205	-	-	10,180,500	10,298,205
Health, welfare and recreation	2,183,193	1,590,246	-	-	2,183,193	1,590,246
Public works	12,069,994	10,948,454	-	-	12,069,994	10,948,454
Other agencies	3,529,357	3,551,739	-	-	3,529,357	3,551,739
Education	44,423,602	42,594,173	-	-	44,423,602	42,594,173
Interest on debt	861,111	1,000,662	-	-	861,111	1,000,662
Ingersoll Turf Facility	-	-	159,278	216,417	159,278	216,417
Norway Savings Bank Arena	-	-	1,293,801	1,230,422	1,293,801	1,230,422
Centralized School Lunch	-	-	1,576,332	1,497,678	1,576,332	1,497,678
Total expenses	87,419,632	84,726,188	3,029,411	2,944,517	90,449,043	87,670,705
Change in net position	(460,932)	3,025,530	(257,590)	(303,289)	(718,522)	2,722,241
Net position - July 1 - as restated	83,179,117	80,153,587	267,239	570,528	83,446,356	80,724,115
Net position - June 30	\$ 82,718,185	83,179,117	9,649	267,239	82,727,834	83,446,356

Governmental Activities

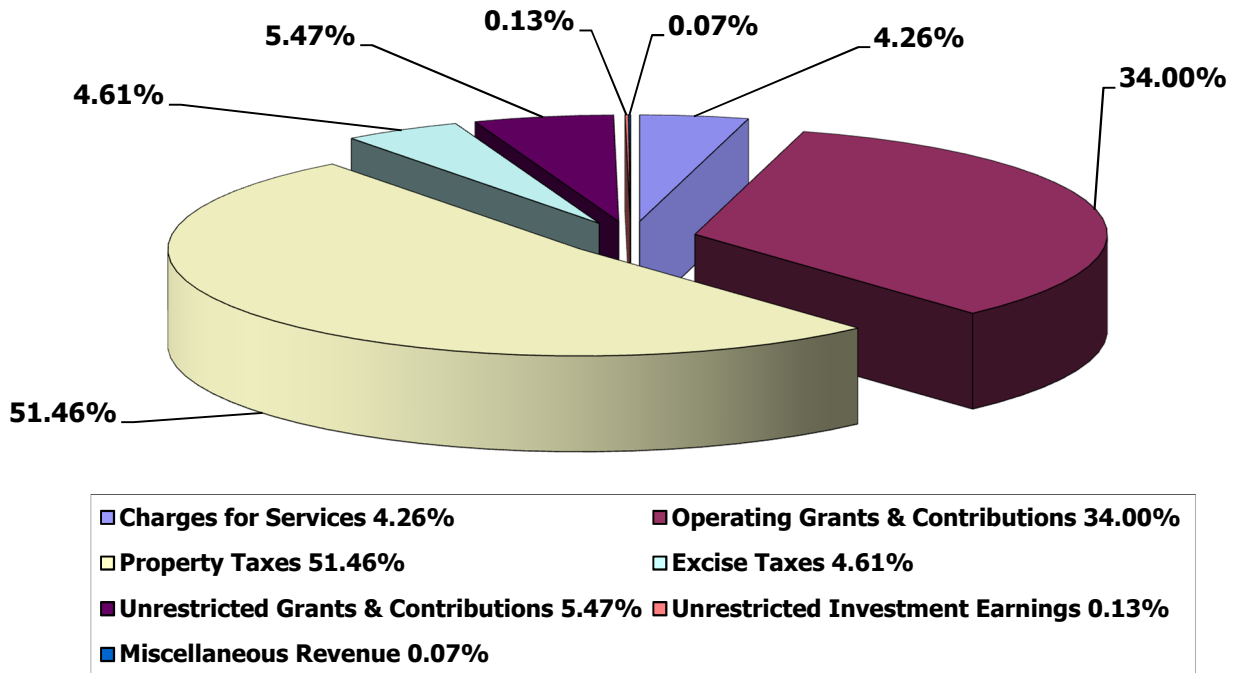
Governmental activities decreased the City of Auburn’s net position by \$460,932. Key elements of this decrease are as follows:

- The City did not receive any capital grants and contributions in the current year as all funding through MDOT was recorded in the prior year when the projects were completed. This resulted in a decrease in capital grants and contributions of \$2,995,835.
- This decrease was partially offset by increases in property and other taxes (\$2,340,396) and operating grants and contributions (\$508,898).
- Other revenue decreased by \$687,118 due to the sale of the old police building in the prior year that resulted in approximately \$558,000 of revenue in 2016.
- Total expenses increased by \$2,693,444 (3.18%) primarily due to the increase in health, welfare and recreation, public works and education expenses. Health, welfare, and recreation expenses increased primarily due to an increase in the number of clients seeking assistance, as well as the increase in costs related to the recreation department. 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, 2017



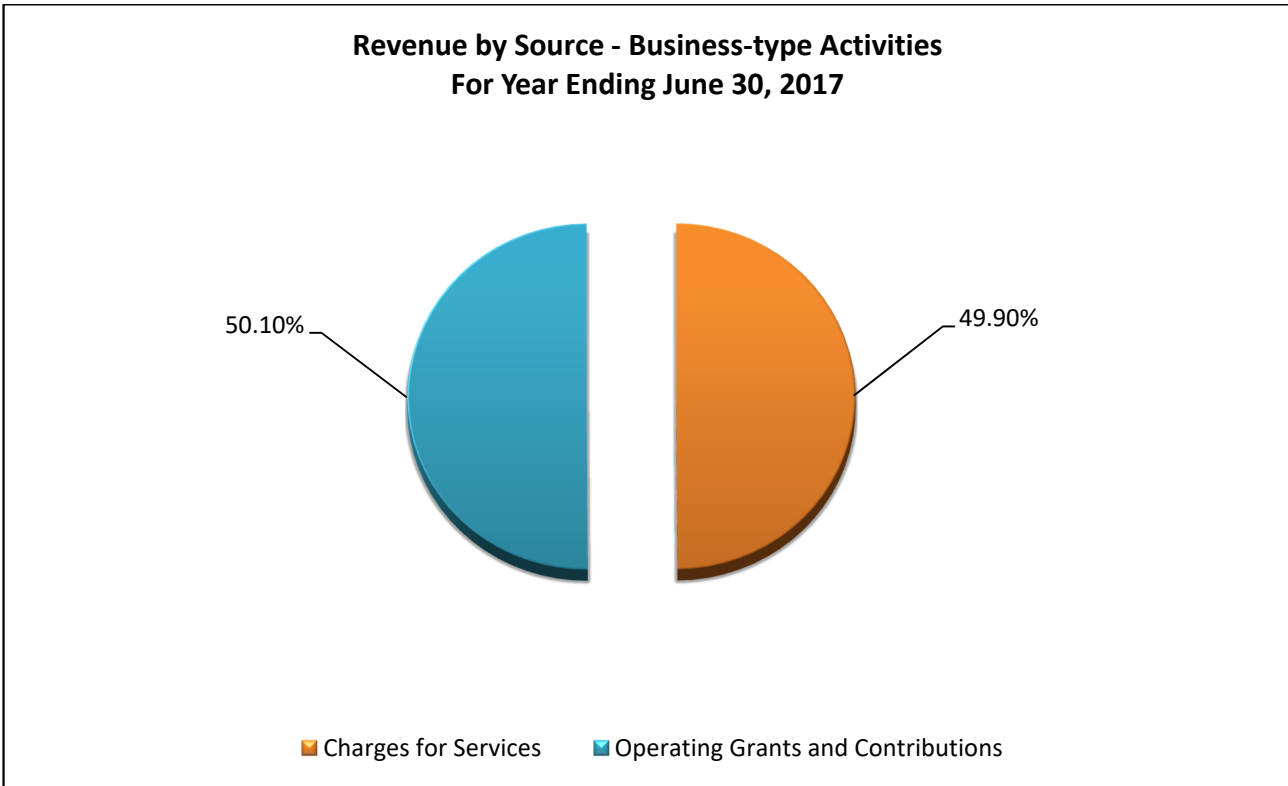
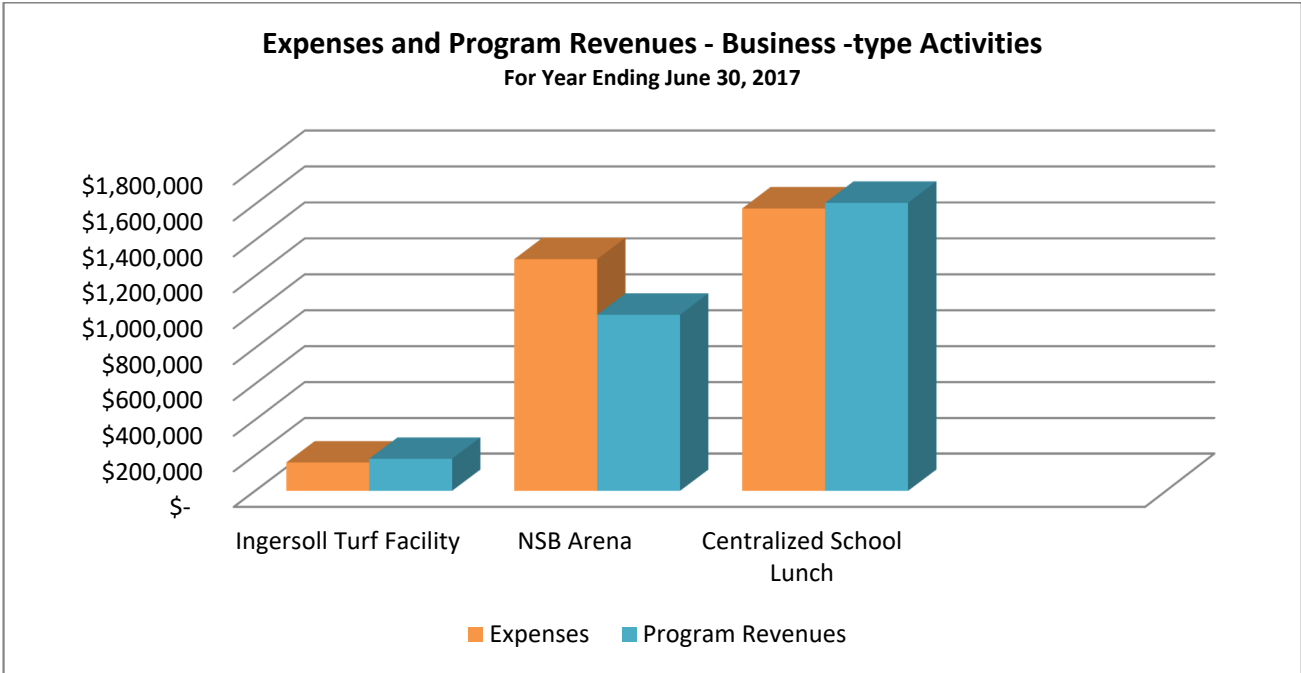
Revenues by Source - Governmental Activities
For the Year Ended June 30, 2017



Business-type Activities

The City's three business-type activities, its Ingersoll Turf Facility, Norway Savings Bank Arena, and Centralized School Lunch decreased the City of Auburn's net position by \$257,590.

Revenues for business-type activities increased by \$130,593 or 4.94%. Expenses for business-type activities increased by \$84,894 or 2.88%, which is primarily due to an increase 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 \$23,628,757, a decrease of \$449,464, in comparison with the prior year. This total consists of: General Fund, \$12,065,640; Community Development Programs Fund, \$4,521,764; Tax Increment Financing, (\$249,897); Capital Projects Fund, \$7,413,791; City Special Revenue Fund, (\$345,956), and Other Governmental Funds, \$223,415. 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 \$7,113,261. 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 8.82% of the total General Fund's final budgeted expenditures of \$80,585,909 (includes budgeted transfers out) at June 30, 2017. The City Council adopted a Fund Balance Policy in June 2011, establishing a goal of having a General Fund unassigned fund balance equal to 12.5% of the City's municipal and school budgets. Rating agencies look favorably upon the establishment of fund balance policies by communities, which signifies the recognition that a healthy fund balance is imperative to the good financial standing of the community.

The Community Development Program Fund fund balance increased by \$130,970. The increase was due to the timing of drawdowns as well as the decrease in expenditures for the HOME program.

The Tax Increment Financing Fund fund balance decreased by \$798,834 due to capital expenditures and debt service payments.

The Capital Projects Fund fund balance decreased by \$398,080, which only represents a reduction of 5.1% of total fund balance from the prior year. Bond proceeds received in the current year were more than offset by capital and other expenditures, which led to the decrease in fund balance.

The City Special Revenue Fund fund balance decreased by \$154,612 due to the City expending grant funds received in the prior years, which exceeded reimbursements and revenues from current year grants.

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, Norway Savings Bank Ice Arena, and the Centralized School Lunch Program, amounted to a deficit of (\$854,106). The total decrease in net position was \$257,590.

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 \$756,403. Contributing factors to this increase included:

- Property taxes were above budgetary projections by \$295,634, primarily due to increased collection efforts on delinquent taxes.
- Motor vehicle excise taxes were above budgetary projections by \$640,199.
- Licenses and permits were above budgetary projections by \$100,352, due to an increase in building permits.
- General government expenditures were under budget by \$617,141, due to savings in economic development, city manager, and human resources. These departments all had vacant positions during the fiscal year.
- Education expenditures were under budget by \$1,085,740 due to lower-than-expected regular instruction 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, 2017 amounts to \$124,857,172 (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 1.98%. For more detail, refer to Capital Assets in the Detailed Notes for All Funds on Pages 58-59.

	City of Auburn's Capital Assets (net of depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 7,489,841	7,489,841	-	-	7,489,841	7,489,841
Construction in progress	4,245,856	2,150,111	-	-	4,245,856	2,150,111
Buildings and improvements	39,749,387	40,918,348	200,052	204,170	39,949,439	41,122,518
Equipment	1,650,363	1,883,820	339,112	251,851	1,989,475	2,135,671
Vehicles	3,851,596	4,087,722	-	-	3,851,596	4,087,722
Infrastructure	67,330,965	70,392,923	-	-	67,330,965	70,392,923
Total capital assets	\$ 124,318,008	126,922,765	539,164	456,021	124,857,172	127,378,786

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

- Building improvements, such as masonry work at multiple schools, as well as roof repairs totaled \$403,556.
- Public works replaced a dump truck with plow (\$208,114), purchased a Ford F-150 (\$21,833), as well as multiple pieces of equipment with a total value of \$123,955.
- The annual road reclamation and reconstruction projects totaled \$1,260,170.
- The School Department purchased two new school buses, a bus and van for special education and a dump truck with a sander at a total cost of \$318,056.

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 \$48,634,394. 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 62-64.

City of Auburn's Outstanding Debt			
General Obligation Bonds			
Governmental Activities		Business-type Activities	
2017	2016	2017	2016
\$ 48,634,394	52,225,126	-	-

During the current fiscal year, the City of Auburn's total bonded debt decreased by \$3,590,732. The City issued general obligation bonds totaling \$5,030,000 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 27, 2016 and received an "AA-" rating from Standard & Poor's for its general obligation debt. Please refer to the agencies reports for a comprehensive explanation of its rating assessment.

State statutes limit the amount of general obligation debt a municipality may issue to 15 percent of its total state assessed valuation. The current debt limitation for the City of Auburn is \$297,592,500 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 1,056 in 2017.

Property values have seemed to level off and there was a slight increase in total assessed value again for fiscal year 2018, even with the \$5,000 increase in the Homestead Exemption passed by the State. The FY 2018 budget focused on maintaining the current level of services, infrastructure improvements and economic development and the need to increase the City's assessed value

Looking Ahead: Fiscal Year 2018 Goals

The City is working on various projects in the downtown area that could potentially increase the City's valuation by \$30 million. The new Auburn Industrial Park's infrastructure has been completed and the lots are currently being marketed. Mechanics Savings Bank has completed construction of their upgraded operations center, and several new retail shops and restaurants have begun construction along Center St. Additionally, Rainbow Credit Union has recently completed an \$858,000 upgrade and there are planned upgrades to Proctor and Gamble as well as Hammond Tractor. We have also seen an increase in new residential development over the last year. These projects alone signal the resurgence of development for Auburn.

Moving forward into the 2018 fiscal year there are several key initiatives that the Economic and Community Development Department is working on that will bring continued investment into the City. The City continues to partner with the Auburn Business Development Corporation on the expansion of high-speed fiber based internet to the Auburn Industrial Park. The City is focusing on the vast array of outdoor and indoor recreation amenities available to the community with the citywide sports tourism initiative, which has begun in earnest with a Sports Tourism Study this fall. Additionally, with expected changes to the EB-5 Visa program, as well as increased pressures for development in the community, there will continue to be significant investment interest in the City of Auburn.

The Budget and Tax Rates

The City's Fiscal Year 2017-2018 budget has an expenditure increase of 3.66% and a tax levy increase of 2.93%. These increases were primarily due to an increase in operating expenses for both the municipal and school budgets and a decrease in the use of fund balance from \$1,650,000 in prior years to \$412,500 in FY 2018. 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 2018 budget continued addressing this issue. It should also be noted that in FY 2017 and FY 2016, 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, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,331,500	379,878	5,711,378
Investments	12,440,002	-	12,440,002
Receivables:			
Accounts, net of allowance	1,693,636	23,721	1,717,357
Intergovernmental	2,878,947	84,394	2,963,341
Taxes receivable	2,226,590	-	2,226,590
Loans, net of allowance	6,138,767	-	6,138,767
Internal balances	843,105	(843,105)	-
Inventories	-	29,485	29,485
Capital assets, not being depreciated	11,735,697	-	11,735,697
Capital assets, being depreciated, net	112,582,311	539,164	113,121,475
Total assets	155,870,555	213,537	156,084,092
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	6,986,517	130,327	7,116,844
Total deferred outflows of resources	6,986,517	130,327	7,116,844
LIABILITIES			
Accounts payable and other current liabilities	1,695,285	7,829	1,703,114
Accrued payroll	4,076,362	-	4,076,362
Prepaid taxes	68,172	-	68,172
Unearned revenue	25,987	-	25,987
Noncurrent liabilities:			
Due within one year	9,465,641	-	9,465,641
Due in more than one year	64,006,823	310,650	64,317,473
Total liabilities	79,338,270	318,479	79,656,749
DEFERRED INFLOWS OF RESOURCES			
Deferred charge on refunding	140,909	-	140,909
Deferred inflows of resources related to pensions	659,708	15,736	675,444
Total deferred inflows of resources	800,617	15,736	816,353
NET POSITION			
Net investment in capital assets	80,283,459	539,164	80,822,623
Restricted for:			
Permanent funds:			
Expendable	189,762	-	189,762
Nonexpendable	69,475	-	69,475
Other purposes:			
City Services	1,382,431	-	1,382,431
Education	2,350,120	-	2,350,120
Ingersoll Turf Facility	-	48,756	48,756
Centralized School Lunch	-	275,835	275,835
Community Development Programs	4,521,764	-	4,521,764
Unrestricted	(6,078,826)	(854,106)	(6,932,932)
Total net position	\$ 82,718,185	9,649	82,727,834

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Activities
For the Year Ended June 30, 2017

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	\$ 14,171,875	1,371,527	1,583,992	-	(11,216,356)	-	(11,216,356)
Public safety	10,180,500	1,264,202	239,688	-	(8,676,610)	-	(8,676,610)
Health, welfare and recreation	2,183,193	304,873	86,845	-	(1,791,475)	-	(1,791,475)
Public works	12,069,994	-	169	-	(12,069,825)	-	(12,069,825)
Other agencies	3,529,357	-	-	-	(3,529,357)	-	(3,529,357)
Education	44,423,602	762,922	27,662,972	-	(15,997,708)	-	(15,997,708)
Interest on debt	861,111	-	-	-	(861,111)	-	(861,111)
Total governmental activities	87,419,632	3,703,524	29,573,666	-	(54,142,442)	-	(54,142,442)
Business-type activities:							
Ingersoll Turf Facility	159,278	180,222	-	-	-	20,944	20,944
Norway Savings Bank Arena	1,293,801	984,293	-	-	-	(309,508)	(309,508)
Centralized School Lunch	1,576,332	218,562	1,388,744	-	-	30,974	30,974
Total business-type activities	3,029,411	1,383,077	1,388,744	-	-	(257,590)	(257,590)
Total primary government	\$ 90,449,043	5,086,601	30,962,410	-	(54,142,442)	(257,590)	(54,400,032)
General revenues, unrestricted:							
Property taxes, levied for general purposes					44,609,091	-	44,609,091
Motor vehicle excise taxes					4,005,199	-	4,005,199
Interest on delinquent taxes					151,577	-	151,577
Grants and contributions not restricted to specific programs:							
State Revenue Sharing					1,485,600	-	1,485,600
Homestead and BETE exemptions					2,539,104	-	2,539,104
Other State aid					735,962	-	735,962
Unrestricted investment earnings					112,123	-	112,123
Miscellaneous revenues					42,854	-	42,854
Total general revenues					53,681,510	-	53,681,510
Change in net position					(460,932)	(257,590)	(718,522)
Net position - beginning - as restated					83,179,117	267,239	83,446,356
Net position - ending					\$ 82,718,185	9,649	82,727,834

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Balance Sheet
Governmental Funds
June 30, 2017

	General	Community Development Programs	Tax Increment Financing	Capital Projects	City Special	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 5,331,500	-	-	-	-	-	5,331,500
Investments	5,941,350	-	1,008,438	4,943,584	283,843	262,787	12,440,002
Receivables:							
Taxes	2,226,590	-	-	-	-	-	2,226,590
Accounts, net of allowance	1,353,838	1,887	367,984	-	-	16,406	1,740,115
Loans, net of allowance	1,178,773	3,656,152	-	-	1,303,842	-	6,138,767
Intergovernmental	-	888,012	-	-	1,402,156	588,779	2,878,947
Interfund receivables	3,021,419	146,628	-	3,208,302	-	208,307	6,584,656
Total assets	\$ 19,053,470	4,692,679	1,376,422	8,151,886	2,989,841	1,076,279	37,340,577
LIABILITIES							
Accounts payable	757,557	106,431	-	738,095	8,979	16,913	1,627,975
Accrued payroll and benefits payable	4,075,304	-	-	-	-	1,058	4,076,362
Prepaid taxes	68,172	-	-	-	-	-	68,172
Escrow funds payable	2,826	64,484	-	-	-	-	67,310
Unearned revenue	25,987	-	-	-	-	-	25,987
Interfund payables	-	-	1,626,319	-	3,326,818	834,893	5,788,030
Total liabilities	4,929,846	170,915	1,626,319	738,095	3,335,797	852,864	11,653,836
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	2,057,984	-	-	-	-	-	2,057,984
Total deferred inflows of resources	2,057,984	-	-	-	-	-	2,057,984
FUND BALANCES (DEFICITS)							
Nonspendable - long-term receivables	1,178,773	3,656,152	-	-	-	-	4,834,925
Nonspendable - principal	-	-	-	-	-	69,475	69,475
Restricted	2,023,296	865,612	-	-	-	528,277	3,417,185
Committed	-	-	-	7,413,791	-	191,967	7,605,758
Assigned	1,750,310	-	-	-	-	-	1,750,310
Unassigned	7,113,261	-	(249,897)	-	(345,956)	(566,304)	5,951,104
Total fund balances (deficits)	12,065,640	4,521,764	(249,897)	7,413,791	(345,956)	223,415	23,628,757
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 19,053,470	4,692,679	1,376,422	8,151,886	2,989,841	1,076,279	
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.							124,318,008
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.							2,057,984
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							(48,846,002)
Capital leases payable							(871,863)
Unamortized debt premiums							(1,817,852)
Accrued compensated absences							(2,160,923)
Accrued self-insurance liability							(1,074,710)
Other postemployment benefits							(1,828,689)
Net pension liability with related deferred inflows and outflows of resources							(9,300,898)
City pension liability							(426,127)
Deferred charge on refunding							(140,909)
Landfill postclosure care costs							(345,924)
Accrued interest on debt							(472,667)
Net position of governmental activities							\$ 82,718,185

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	General	Community Development Programs	Tax Increment Financing	Capital Projects	City Special	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	\$ 48,639,845	-	-	-	-	-	48,639,845
Intergovernmental	29,282,468	861,925	-	-	276,084	3,264,847	33,685,324
Licenses and permits	364,352	-	-	-	-	-	364,352
Charges for services	2,423,895	-	-	-	200	852,818	3,276,913
Other income	105,113	296,678	71,241	169	150,210	130,710	754,121
Interest income	61,094	-	-	48,725	1,059	1,245	112,123
Total revenues	80,876,767	1,158,603	71,241	48,894	427,553	4,249,620	86,832,678
Expenditures:							
Current:							
General government	9,701,998	1,027,633	969,429	-	31,955	167,265	11,898,280
Public safety	9,521,507	-	-	-	293,248	-	9,814,755
Health, welfare and recreation	1,508,814	-	-	-	79,150	332,593	1,920,557
Public works	5,437,748	-	-	-	160,378	-	5,598,126
Other agencies	3,529,357	-	-	-	-	-	3,529,357
Education	42,169,465	-	-	-	-	3,764,912	45,934,377
Unclassified	303,443	-	-	57,550	-	1,235	362,228
Capital outlay	36,962	-	373,424	5,801,594	-	-	6,211,980
Debt service	6,340,680	-	966,538	-	117,434	-	7,424,652
Total expenditures	78,549,974	1,027,633	2,309,391	5,859,144	682,165	4,266,005	92,694,312
Excess (deficiency) of revenues over (under) expenditures	2,326,793	130,970	(2,238,150)	(5,810,250)	(254,612)	(16,385)	(5,861,634)
Other financing sources (uses):							
Issuance of long-term debt	-	-	-	5,030,000	-	-	5,030,000
Premium on issuance of debt	-	-	-	382,170	-	-	382,170
Transfers to/from other funds	(1,471,787)	-	1,439,316	-	100,000	(67,529)	-
Total other financing sources (uses)	(1,471,787)	-	1,439,316	5,412,170	100,000	(67,529)	5,412,170
Net change in fund balances	855,006	130,970	(798,834)	(398,080)	(154,612)	(83,914)	(449,464)
Fund balances (deficits), beginning of year, as restated	11,210,634	4,390,794	548,937	7,811,871	(191,344)	307,329	24,078,221
Fund balances (deficits), end of year	\$ 12,065,640	4,521,764	(249,897)	7,413,791	(345,956)	223,415	23,628,757

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, 2017

Net change in fund balances - total governmental funds (from Statement 4)	\$	(449,464)
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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 depreciation expense exceeded capital outlay in the current period:

Capital outlays recorded as expenditures in governmental funds		4,959,596
Depreciation not reported in governmental funds		(7,564,353)

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.

126,022

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		(5,030,000)
Principal payments on long-term debt and capital leases		8,864,234
Premium on issuance of debt		(382,170)
Amortization of bond premium		173,392
Deferred charge on refunding		14,091

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

Accrued compensated absences		43,484
Accrued self-insurance liability		118,979
Other postemployment benefits		(204,327)
Net pension liability with related deferred inflows and outflows of resources		(1,398,857)
City pension liability		54,018
Landfill postclosure care costs		126,131
Accrued interest on debt		88,292

Change in net position of governmental activities (see Statement 2)	\$	(460,932)
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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, 2017

	Budgeted Amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes:				
Real and personal property	\$ 44,187,435	44,187,435	44,483,069	295,634
Excise and registrations	3,365,000	3,365,000	4,005,199	640,199
Interest on delinquent taxes	150,000	150,000	151,577	1,577
Total taxes	47,702,435	47,702,435	48,639,845	937,410
Intergovernmental:				
State revenue sharing	1,468,313	1,468,313	1,485,600	17,287
School subsidy	21,373,337	21,373,337	21,373,338	1
Homestead	750,000	750,000	750,000	-
BETE	1,755,000	1,755,000	1,789,104	34,104
Other:			-	-
School Department	296,044	296,044	382,240	86,196
Tax sharing/in lieu of	250,000	250,000	254,387	4,387
Municipal	828,604	828,604	735,962	(92,642)
Total intergovernmental	26,721,298	26,721,298	26,770,631	49,333
Other revenue:				
Licenses and permits	264,000	264,000	364,352	100,352
Charges for services:				
Municipal	1,864,624	1,864,624	1,887,672	23,048
School	518,496	518,496	386,407	(132,089)
Fines, forfeits and penalties	68,000	68,000	62,259	(5,741)
Interest:				
Municipal	10,000	10,000	60,416	50,416
Miscellaneous	57,500	57,500	42,854	(14,646)
Total other revenue	2,782,620	2,782,620	2,803,960	21,340
Total revenues	77,206,353	77,206,353	78,214,436	1,008,083

CITY OF AUBURN, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balances -- Budget and Actual
For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
General government:				
Mayor and council	\$ 78,464	78,464	80,986	(2,522)
Economic and community development	1,938,437	1,940,437	1,393,051	547,386
City manager	378,880	378,880	283,361	95,519
City clerk	177,906	177,906	183,630	(5,724)
Finance	637,754	637,754	643,411	(5,657)
Human resources	150,435	150,435	100,012	50,423
Information and communication technology	479,324	520,446	521,144	(698)
Legal services	45,650	45,650	149,415	(103,765)
Facilities	645,756	650,572	611,206	39,366
Worker's compensation (transfer to reserve)	522,088	522,088	522,088	-
Benefits and wage increases	5,274,528	5,274,528	5,271,715	2,813
Total general government	10,329,222	10,377,160	9,760,019	617,141
Public safety:				
Fire	4,049,396	4,049,396	4,447,164	(397,768)
Fire EMS transport	490,997	490,997	434,369	56,628
Police	3,875,113	3,875,113	3,956,465	(81,352)
Water and sewer	599,013	599,013	610,559	(11,546)
Total public safety	9,014,519	9,014,519	9,448,557	(434,038)
Health, welfare and recreation:				
Health and social services	73,696	73,696	70,040	3,656
Health and social services - public assistance	97,778	97,778	178,352	(80,574)
Recreation and special events	341,772	341,772	291,306	50,466
Library	979,516	979,516	969,116	10,400
Total health, welfare and recreation	1,492,762	1,492,762	1,508,814	(16,052)
Public services:				
Public services	4,496,349	4,503,549	4,526,467	(22,918)
Solid waste disposal	932,689	932,689	911,281	21,408
Total public services	5,429,038	5,436,238	5,437,748	(1,510)
Other agencies:				
County tax	2,167,824	2,167,824	2,167,824	-
Auburn-Lewiston Airport	106,000	106,000	105,688	312
Lewiston-Auburn Transit Committee	182,244	182,244	182,244	-
Lewiston-Auburn E911 Center	1,088,857	1,088,857	1,073,601	15,256
Total other agencies	3,544,925	3,544,925	3,529,357	15,568

CITY OF AUBURN, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balances -- Budget and Actual
For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures, continued:				
Education	\$ 40,743,368	40,743,368	39,657,628	1,085,740
Other appropriations:				
Tax sharing	270,000	270,000	245,721	24,279
Overlay/abatements	-	-	57,722	(57,722)
Debt service - principal	5,428,894	5,428,894	5,461,656	(32,762)
Debt service - interest and other	977,951	977,951	879,024	98,927
Emergency reserve	375,289	375,289	-	375,289
Total other appropriations	7,052,134	7,052,134	6,644,123	408,011
Total expenditures	77,605,968	77,661,106	75,986,246	1,674,860
Excess (deficiency) of revenues over (under) expenditures	(399,615)	(454,753)	2,228,190	2,682,943
Other financing sources (uses):				
Transfers in from other funds	1,592,536	1,592,536	1,605,347	12,811
Transfers to other funds	(2,924,803)	(2,924,803)	(3,077,134)	(152,331)
Budgeted use of surplus - City	825,000	825,000	-	(825,000)
Use of carryforwards - City	-	55,138	-	(55,138)
Budgeted use of surplus - School	906,882	906,882	-	(906,882)
Total other financing sources (uses)	399,615	454,753	(1,471,787)	(1,926,540)
Net change in fund balance - budgetary basis	-	-	756,403	756,403
Fund balance, July 1 - budgetary basis			12,139,815	
Fund balance, June 30 - budgetary basis			12,896,218	
Reconciliation to GAAP basis:				
Reserve funds deficit fund balance			(830,578)	
Fund balance, June 30 - GAAP basis			\$ 12,065,640	

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2017

	Ingersoll Turf Facility	NSB Ice Arena	Centralized School Lunch	Totals
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	91,189	288,689	379,878
Accounts receivable	-	23,721	-	23,721
Intergovernmental receivables	-	-	84,394	84,394
Inventory	-	-	29,485	29,485
Interfund receivables	49,158	-	-	49,158
Total current assets	49,158	114,910	402,568	566,636
Noncurrent assets:				
Capital assets:				
Land improvements	18,584	-	-	18,584
Buildings	672,279	58,223	-	730,502
Equipment	86,625	424,955	100,813	612,393
Vehicles	-	-	38,789	38,789
Less accumulated depreciation	(610,082)	(178,438)	(72,584)	(861,104)
Total noncurrent assets	167,406	304,740	67,018	539,164
Total assets	216,564	419,650	469,586	1,105,800
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	-	70,016	60,311	130,327
Total deferred outflows of resources	-	70,016	60,311	130,327
LIABILITIES				
Current Liabilities:				
Accounts payable	402	6,951	476	7,829
Interfund payables	-	861,667	30,596	892,263
Total current liabilities	402	868,618	31,072	900,092
Noncurrent liabilities:				
Accrued compensated absences	-	-	9,178	9,178
Net pension liability	-	161,960	139,512	301,472
Total noncurrent liabilities	-	161,960	148,690	310,650
Total liabilities	402	1,030,578	179,762	1,210,742
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	-	8,454	7,282	15,736
Total deferred inflows of resources	-	8,454	7,282	15,736
NET POSITION				
Net investment in capital assets	167,406	304,740	67,018	539,164
Restricted	48,756	-	275,835	324,591
Unrestricted	-	(854,106)	-	(854,106)
Total net position	\$ 216,162	(549,366)	342,853	9,649

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2017

	Ingersoll Turf Facility	NSB Ice Arena	Centralized School Lunch	Totals
Operating revenues:				
Charges for services	\$ 180,222	984,293	218,562	1,383,077
Intergovernmental	-	-	1,388,744	1,388,744
Total operating revenue	180,222	984,293	1,607,306	2,771,821
Operating expenses:				
Personnel	95,234	330,274	640,911	1,066,419
Food	-	-	785,701	785,701
Supplies	2,664	67,903	-	70,567
Utilities	19,061	247,481	-	266,542
Contracted services	10,687	33,578	-	44,265
Repairs and maintenance	3,379	34,708	50,616	88,703
Rent	-	506,484	-	506,484
Depreciation	28,253	43,282	6,782	78,317
Other expenses	-	6,991	66,636	73,627
Total operating expenses	159,278	1,270,701	1,550,646	2,980,625
Operating income (loss)	20,944	(286,408)	56,660	(208,804)
Nonoperating revenue (expense):				
Pension expense	-	(23,100)	(25,686)	(48,786)
Total nonoperating expense	-	(23,100)	(25,686)	(48,786)
Change in net position	20,944	(309,508)	30,974	(257,590)
Total net position (deficit), July 1	195,218	(239,858)	311,879	267,239
Total net position (deficit), June 30	\$ 216,162	(549,366)	342,853	9,649

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017

	Ingersoll Turf Facility	NSB Ice Arena	Centralized School Lunch	Totals
Cash flows from operating activities:				
Cash received from customers	\$ 181,222	986,978	218,562	1,386,762
Cash received from federal and state grants	-	-	1,365,844	1,365,844
Cash paid to suppliers for goods and services	(35,970)	(896,259)	(909,493)	(1,841,722)
Cash paid to employees for services	(95,234)	(330,274)	(642,908)	(1,068,416)
Net cash provided by (used in) operating activities	50,018	(239,555)	32,005	(157,532)
Cash flows from noncapital financing activities:				
Net change in interfund loans	(50,018)	400,967	19,399	370,348
Net cash provided by (used in) noncapital financing activities	(50,018)	400,967	19,399	370,348
Cash flows from capital and related financing activities:				
Purchase of capital assets	-	(161,460)	-	(161,460)
Net cash used in capital and related financing activities	-	(161,460)	-	(161,460)
Net increase (decrease) in cash and cash equivalents	-	(48)	51,404	51,356
Cash and cash equivalents, July 1	-	91,237	237,285	328,522
Cash and cash equivalents, June 30	-	91,189	288,689	379,878
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	20,944	(286,408)	56,660	(208,804)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	28,253	43,282	6,782	78,317
(Increase) decrease in assets:				
Accounts receivable	1,000	13,325	-	14,325
Intergovernmental receivables	-	-	(22,900)	(22,900)
Inventory	-	-	(7,016)	(7,016)
Increase (decrease) in liabilities:				
Accounts payable	(179)	886	476	1,183
Accrued payroll	-	-	(4,133)	(4,133)
Accrued compensated absences	-	-	2,136	2,136
Unearned revenue	-	(10,640)	-	(10,640)
Total adjustments	29,074	46,853	(24,655)	51,272
Net cash provided by (used in) operating activities	\$ 50,018	(239,555)	32,005	(157,532)

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Agency Funds	Private- purpose Trust Funds
ASSETS		
Cash and cash equivalents	\$ 159,337	123,349
Accounts receivable	6,138	-
Interfund receivables	62,471	-
Total assets	227,946	123,349
LIABILITIES		
Accrued payroll	35,657	-
Interfund payables	-	15,992
Amounts held for others	192,289	-
Total liabilities	227,946	15,992
NET POSITION		
Held in trust	\$ -	107,357

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, 2017

	Private- purpose Trust Funds
Additions:	
Interest income	\$ 1,227
Total additions	1,227
Deductions:	
Scholarships	8,200
Total deductions	8,200
Change in net position	(6,973)
Net position - beginning	114,330
Net position - ending	\$ 107,357

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements
June 30, 2017

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, 2017

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, 2017

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.

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

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, however, the Centralized School Lunch fund includes as operating revenues federal reimbursement received as part of providing breakfast and lunch to students as those revenues are used to operate the School's nutrition program; 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.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2017

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.

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

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 all other governmental fund type inventories are recorded as expenditures when purchased rather than when consumed.

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

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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. All depreciable capital assets are depreciated using the straight-line method over the estimated useful lives as follows:

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2017

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 liability, which include the City's contributions subsequent to the measurement date, which is recognized as a reduction of the net pension liability in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between City contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They also include the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized over a five-year period. 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, 2017

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

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

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

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

9. Use of Estimates

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

10. Pensions

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

The appropriated budget is prepared by department. The department managers may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Manager. The legal level of budgetary control (level at which expenditures may not legally exceed appropriations without seeking approval of the City Council) is the total appropriation resolve level. Supplemental budgetary appropriations must be approved by the City Council.

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.

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2017, expenditures exceeded appropriation in the following general fund categories: Mayor and council, \$2,522; City clerk, \$5,724; Finance, \$5,657; Information and communication technology, \$698; Legal services, \$103,765; Fire, \$397,768; Police, \$81,352; Water and sewer, \$11,546; Health and social services – public assistance, \$80,574; Public services, \$22,918; Overlay, \$57,722; and Debt service – principal, \$32,762. In total, the City's expenditures were \$1,674,860 less than appropriations.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2017

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, Continued

C. Deficit Fund Equity

At June 30, 2017, the City had the following funds with a deficit fund balance/net position: Tax Increment Financing, \$249,897; City Special Revenue, \$345,956; 211 Fairview, \$566,304; and Norway Savings Bank Arena (Proprietary), \$549,366.

Additionally, within the City Special Revenue Fund, the following grants had deficit fund balances at June 30, 2017: Winter Festival, \$1,530; Maine DOT, \$300,768; Homeland Security, \$73,633; Law Enforcement Training, \$5,669; HEAPP, \$15,906; Work4ME-PAL, \$13,692; Recreational Trails Grant, \$2,597; and EDI Grant, \$1,484,407.

These deficits result in a deficit in the fund as a whole at June 30, 2017 of \$345,956.

Revenue to offset the 211 Fairview deficit is expected from a future property sale in fiscal year 2017-2018 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 \$2,511,837 in 2017. 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, 2017, the City deposits amounted to \$5,994,064 with bank balances of \$6,367,752. The City does not have a deposit policy for custodial credit risk. None of the City's total bank balance was exposed to custodial credit risk.

2. Investments

Maine statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and certain corporate stocks and bonds. The City has an investment policy, adopted by the City Council in 1995, which further defines the investments in which the City's available funds are permitted to be invested. At June 30, 2017, all the City's investments were in money market accounts or certificates of deposits, both of which have been included above under the disclosure on deposits.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2017

III. DETAILED NOTES ON ALL FUNDS, Continued

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. All of the City's investments are level 1 inputs.

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

Reported in governmental funds	\$ 17,771,502
Reported in proprietary funds	379,878
Reported in fiduciary funds	282,686
Total reported	\$ 18,434,066
Disclosed as deposits (above)	\$ 5,994,064
Disclosed as investments (above)	12,440,002
Total reported	\$ 18,434,066

B. Receivables

Receivables as of June 30, 2017, 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	TIF Fund	Enterprise Funds	City Special	Other Gov't Funds	Fiduciary Funds	Total
Receivables:								
Taxes	\$ 2,226,590	-	-	-	-	-	-	2,226,590
Accounts	1,802,124	1,887	367,984	23,721	-	16,406	6,138	2,218,260
Loans	1,178,773	5,244,896	-	-	1,303,842	-	-	7,727,511
Intergovernmental	-	2,011,713	-	84,394	1,402,156	588,779	-	4,087,042
Gross receivables	5,207,487	7,258,496	367,984	108,115	2,705,998	605,185	6,138	16,259,403
Less: allowance for uncollectible	(448,286)	(2,712,445)	-	-	-	-	-	(3,160,731)
Total net receivables	\$ 4,759,201	4,546,051	367,984	108,115	2,705,998	605,185	6,138	13,098,672

Property taxes levied during fiscal year 2017 are recorded as receivables. The receivables collected during the fiscal year ended June 30, 2017 and during the 1st 60 days of fiscal year 2018 are recognized as revenues in the Governmental Funds, in fiscal year 2017. Receivables of \$2,057,984, estimated to be collectible subsequent to the 60 day period are considered to be unavailable revenues. Prior year tax levies were recorded using the same principle.

C. Property Taxes

The City's property tax is levied on the assessed value listed as of the prior April 1 for all real and taxable personal property located in the City. Assessed values are periodically established by the Assessor at 100% of the assumed market value. Property taxes were levied July 25, 2016 on the assessed values of real property as of April 1, 2016. Taxes were due September 15, 2016 and March 15, 2017. The assessed value of \$1,998,286,739 was 101% of the 2017 state valuation of \$1,983,950,000.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2017

III. DETAILED NOTES ON ALL FUNDS, Continued

The City is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$540,920 for the year ended June 30, 2017.

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, 2017 and 2016 levies:

	<u>2017</u>	<u>2016</u>
Valuation:		
Real property	\$1,852,057,439	1,831,661,043
Personal property	146,229,300	162,903,400
<hr/>		
Assessed value (less exempt properties)	1,998,286,739	1,994,564,443
Tax rate (per \$1,000)	22.35	21.25
<hr/>		
Commitment	44,661,709	42,384,494
Supplemental taxes assessed	17,205	75,475
	44,678,914	42,459,969
<hr/>		
Less:		
Collections and abatements	43,627,568	41,444,901
<hr/>		
Receivable at June 30	\$ 1,051,346	1,015,068
<hr/>		
Due date(s)	9/15/16	9/15/15
	3/15/17	3/15/16
<hr/>		
Interest rate charged on delinquent taxes	7.0%	7.0%
Collection rate	97.65%	97.61%

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2017

III. DETAILED NOTES ON ALL FUNDS, Continued

D. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance June 30, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2017</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 7,489,841	-	-	7,489,841
Construction in progress	2,150,111	2,866,645	770,900	4,245,856
Total capital assets, not being depreciated	9,639,952	2,866,645	770,900	11,735,697
Capital assets, being depreciated:				
Buildings and building improvements	78,322,700	908,482	-	79,231,182
Equipment	6,445,686	147,196	-	6,592,882
Vehicles	10,707,230	548,003	236,790	11,018,443
Infrastructure	112,255,176	1,260,170	-	113,515,346
Total capital assets being depreciated	207,730,792	2,863,851	236,790	210,357,853
Less accumulated depreciation for:				
Buildings and building improvements	37,404,352	2,077,443	-	39,481,795
Equipment	4,561,866	380,653	-	4,942,519
Vehicles	6,619,508	784,129	236,790	7,166,847
Infrastructure	41,862,253	4,322,128	-	46,184,381
Total accumulated depreciation	90,447,979	7,564,353	236,790	97,775,542
Total capital assets being depreciated, net	117,282,813	(4,700,502)	-	112,582,311
Governmental activities				
capital assets, net	\$ 126,922,765	(1,833,857)	770,900	124,318,008

	Balance June 30, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2017</u>
Business-type activities:				
Capital assets, being depreciated:				
Improvements other than buildings	\$ 18,584	-	-	18,584
Buildings and building improvements	708,184	22,318	-	730,502
Equipment	473,251	139,142	-	612,393
Vehicles	38,789	-	-	38,789
Total capital assets being depreciated	1,238,808	161,460	-	1,400,268
Less accumulated depreciation for:				
Improvements other than buildings	18,584	-	-	18,584
Buildings and building improvements	504,014	26,436	-	530,450
Equipment	221,400	51,881	-	273,281
Vehicles	38,789	-	-	38,789
Total accumulated depreciation	782,787	78,317	-	861,104
Total capital assets being depreciated, net	456,021	83,143	-	539,164
Business-type activities capital				
assets, net	\$ 456,021	83,143	-	539,164

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2017

III. DETAILED NOTES ON ALL FUNDS, Continued

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

Governmental activities:	
General government	\$ 513,432
Public safety	434,950
Public works, including depreciation of general infrastructure assets	4,566,347
Health, welfare and recreation	274,571
Education	1,775,053

Total depreciation expense – governmental activities \$ 7,564,353

Business-type activities:	
Ingersoll Turf Facility	\$ 28,253
Norway Savings Bank Ice Arena	43,282
Centralized School Lunch	6,782

Total depreciation expense – business-type activities \$ 78,317

E. Tax Increment Financing Districts

The City currently has nineteen tax increment financing (TIF) districts, thirteen of which were active during the year ended June 30, 2017. Two of the nineteen districts never became active, and four have expired, leaving thirteen active TIF districts (numbers 4 – 19 below, less #5, #7, #11, and #15, which is combined with #14. TIF #11 recorded a transfer out of \$50,000 to mostly close out the fund but 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, 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 2017, \$976,638 was captured, of which \$400,000 was recorded in the General Fund and \$576,638 was recorded in the TIF Fund. During 2017, \$857,364 was expended, of which \$400,000 was expended in the General Fund and \$457,364 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 2017, \$176,599 was captured and recorded in the TIF Fund. During 2017, \$70,639 was expended in the TIF Fund.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2017

III. DETAILED NOTES ON ALL FUNDS, Continued

#8 Gates Formed Fiber - This TIF was established in 2001 and encompasses 54 acres. The original value was \$366,000. 100% of the tax revenue associated with increased value within the TIF can be captured, 40% of which is used to fulfill the obligations under a credit enhancement agreement. During 2017, \$77,186 was captured and recorded in the TIF Fund. During 2017, \$180,874 was expended in the TIF Fund.

#9 Mall Area - This TIF was established in 2002 and amended in both 2006 and 2007. The TIF as amended encompasses 57.74 acres. The amended base value is \$5,956,300. 100% of the tax revenue associated with increased value within the TIF is captured and used for public improvements. During 2017, \$372,780 was captured and recorded in the TIF Fund, and \$761,831 was expended in the TIF Fund. The expenditures included balances from prior years that remained in the TIF Fund for future public improvements.

#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 2017, \$814,005 was captured and recorded in the TIF Fund. During 2017, \$1,504,368 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.

#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 2017, \$188,172 was captured and recorded in the TIF Fund, and \$165,537 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 2017, \$159,825 was captured and recorded in the TIF Fund. During 2017, \$309,825 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 2017, \$611,780 was captured, of which \$224,242 was recorded in the General Fund and \$387,538 was recorded in the TIF Fund. During 2017, \$511,779 was expended, of which \$224,242 was expended in the General Fund and \$287,536 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 2017, \$29,290 was captured and recorded in the TIF Fund, and \$29,290 was expended in the TIF Fund.

#17 Bedard Medical - This TIF was established in 2011 and encompasses 3.8 acres. The original value was \$468,800. 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 2017, \$30,978 was captured and recorded in the TIF Fund. The balance remains in the TIF Fund for future public improvements.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2017

III. DETAILED NOTES ON ALL FUNDS, Continued

#18 Slap Shot LLC- This TIF was established in 2013 and encompasses 8.5 acres. The original value was \$1,564,100. For the first 5 years of the TIF, 100% of the tax revenue associated with increased value within the TIF will be captured and used to fulfill the obligations under a credit enhancement agreement. During 2017, \$134,178 was captured and recorded in the TIF Fund.

#19 Hartt Transport – This TIF was established in 2014 and encompasses 8.5 acres. The original value was \$1,178,340. 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 2017, \$29,945 was captured and recorded in the TIF Fund, and \$29,945 was expended in the TIF Fund.

F. Interfund Receivables and Payables and Transfers

The composition of interfund balances as of June 30, 2017 is as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 3,021,419	-	1,605,347	3,077,134
Community Dev. Programs	146,628	-	-	-
Tax Incrementing Financing	-	1,626,319	2,977,134	1,537,818
Capital Projects	3,208,302	-	-	-
City Special Revenue	-	3,326,818	100,000	-
Other Governmental Funds	208,307	834,893	-	67,529
Fiduciary Funds	62,471	15,992	-	-
Enterprise Funds:				
Ingersoll Turf Facility	49,158	-	-	-
Norway Savings Bank Ice Arena	-	861,667	-	-
Centralized School Lunch	-	30,596	-	-
Totals	\$ 6,696,285	6,696,285	4,682,481	4,682,481

Interfund receivables and payables represent outstanding balances between funds that result from timing differences between when transactions are recorded in the accounting system, and when payments between funds are settled. Transfers are used to move revenues from the general fund to finance various other fund's programs or activities in accordance with budgetary authorizations.

G. Construction Contracts and Other Commitments

The following is a list of the City's open contracts as of June 30, 2017:

	<u>Contract Total</u>	<u>Percentage Complete</u>	<u>Billed to Date</u>	<u>Balance Remaining</u>
South Main St Phase II	\$ 1,192,197	98.33%	1,172,335	19,862
2017 Road Reclamation	790,000	20.63%	162,987	627,013
Hampshire Street	1,660,206	32.98%	547,614	1,112,592
2017 Sidewalks	238,435	61.09%	145,651	92,784
Ash Landfill Forced Main	373,635	0.00%	-	373,635
Engine 5 Roof Replacement	67,680	95.00%	64,296	3,384
2016 Reconstruction	396,325	87.97%	348,636	47,689
2017 Re-on	715,556	10.37%	74,236	641,320
Hasty Renovation	328,654	89.03%	292,600	36,054
Senior Center	124,167	59.93%	74,413	49,754

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2017

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	\$ 243,949
Community development programs	312,050
Tax incremental financing	4,459
Special revenue funds	3,491
Capital project funds	3,400,888
Total	\$ 3,964,837

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 15, 2016, general obligation bonds totaling \$5,030,000 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, 2017. General obligation bonds and notes payable outstanding at June 30, 2017 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%	1,800,000
General Obligation Bonds	10/31/02	13,100,000	11/01/22	2.031%-5.031%	2,460,000
General Obligation Bonds	11/30/07	6,000,000	09/01/17	3.50%-3.65%	600,000
General Obligation Bonds	10/30/08	6,430,000	09/01/18	3.25%-4.25%	1,280,000
QZAB	01/14/11	1,000,000	01/14/20	0.14%	300,000
General Obligation Bonds	10/15/09	5,500,000	09/01/19	2.00%-3.50%	1,650,000
General Obligation Bonds	11/01/10	7,900,000	09/01/20	2.00%-2.50%	3,160,000
General Obligation Bonds	11/01/11	4,500,000	09/01/21	2.00%-2.75%	2,250,000
QZAB	07/13/12	1,057,323	07/13/22	4.40%	634,394
General Obligation Bonds	09/27/12	13,835,000	09/01/27	2.00%-4.50%	10,745,000
General Obligation Bonds	11/01/13	5,625,000	09/01/27	2.00%-3.00%	3,930,000
General Obligation Bonds	10/30/14	6,800,000	09/01/28	2.00%-4.00%	5,440,000
General Obligation Bonds	11/05/15	5,700,000	09/01/29	2.00%	5,130,000
General Obligation Bonds	03/10/16	4,250,000	09/01/26	2.00-4.00%	4,225,000
General Obligation Bonds	11/15/16	5,030,000	09/01/26	3.00%	5,030,000
Bonds payable					48,634,394

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2017

III. DETAILED NOTES ON ALL FUNDS, Continued

Notes:

School Revolving Loan	12/29/10	\$ 444,565	07/01/20	0.00%	177,825
School Revolving Loan	09/13/13	188,313	09/13/18	0.00%	33,783
Notes payable					211,608

Total bonds and notes payable \$ 48,846,002

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>
2018	\$ 8,250,732	1,368,066	61,348	-	187,263	25,366
2019	7,555,732	1,130,221	61,348	-	192,516	20,114
2020	6,940,732	904,773	44,456	-	76,094	14,713
2021	6,335,732	695,165	44,456	-	78,369	12,438
2022	5,540,732	496,427	-	-	80,712	10,095
2023-2027	13,855,734	743,076	-	-	256,909	15,514
2028-2030	155,000	2,821	-	-	-	-
Total	\$ 48,634,394	5,340,549	211,608	-	871,863	98,240

For the year ended June 30, 2017, interest expense of the General Fund was \$861,111.

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, 2017, the statutory limit for the City was \$297,592,500. The City's outstanding long-term debt of \$48,846,002 at June 30, 2017 was \$248,746,498 less than the statutory limit.

The City has entered into several lease agreements as lessee for financing the acquisition of vehicles. These leases qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of future minimum lease payments as of the date of its inception. At June 30, 2017, the amount capitalized under capital leases totals \$1,353,025.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2017

III. DETAILED NOTES ON ALL FUNDS, Continued

Changes in General Long-term Liabilities. Long-term liability activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable					
General obligation bonds	\$ 52,225,126	5,030,000	8,620,732	48,634,394	8,250,732
Premium	1,609,074	382,170	173,392	1,817,852	173,391
Total bonds payable	53,834,200	5,412,170	8,794,124	50,452,426	8,424,123
Notes payable	272,956	-	61,348	211,608	61,348
Capital leases payable	1,054,017	-	182,154	871,863	187,263
Accrued compensated absences	2,204,407	43,292	86,776	2,160,923	108,046
Other postemployment benefits	1,624,362	259,272	54,945	1,828,689	-
Accrued self-insurance liability	1,193,689	325,448	444,427	1,074,710	48,814
City pension liability	480,145	37,129	91,147	426,127	93,774
Net pension liability	9,793,051	5,834,656	-	15,627,707	-
Landfill postclosure care costs	472,055	-	126,131	345,924	69,606
Accrued interest on debt	560,959	-	88,292	472,667	472,667
Governmental activities long-term liabilities	\$ 71,489,841	11,911,967	9,929,344	73,472,464	9,465,641
Business-type activities:					
Accrued compensated absences	7,042	2,136	-	9,178	-
Net pension liability	156,536	144,936	-	301,472	-
Business-type activities long-term liabilities	\$ 163,578	147,072	-	310,650	-

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, 2017:

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2017

III. DETAILED NOTES ON ALL FUNDS, Continued

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$ 222,093,550	1,400,268
Accumulated depreciation	(97,775,542)	(861,104)
Bonds payable	(48,634,394)	-
Notes payable	(211,608)	-
Capital leases payable	(871,863)	-
Unamortized debt premium	(1,817,852)	-
Unspent bond proceeds	7,377,645	-
Non-capital related - unamortized debt premium	123,523	-
Total net investment in capital assets	\$ 80,283,459	539,164

J. Fund Balances

As of June 30, 2017, fund balances components consisted of the following:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable:			
Long-term receivables	\$ 1,178,773	3,656,152	4,834,925
Principal for permanent funds	-	69,475	69,475
Total nonspendable	1,178,773	3,725,627	4,904,400
Restricted:			
Education	2,023,296	326,824	2,350,120
Community development programs	-	865,612	865,612
Permanent funds	-	189,762	189,762
Parking	-	11,691	11,691
Total restricted	2,023,296	1,393,889	3,417,185
Committed:			
Parks and recreation	-	191,967	191,967
Capital projects	-	7,413,791	7,413,791
Total committed	-	7,605,758	7,605,758
Assigned:			
Subsequent budget	412,500	-	412,500
Reserves	19,151	-	19,151
Self-insurance	1,074,710	-	1,074,710
Encumbrances	243,949	-	243,949
Total assigned	1,750,310	-	1,750,310
Unassigned	7,113,261	(1,162,157)	5,951,104
Total fund balance	\$ 12,065,640	11,563,117	23,628,757

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2017

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 \$345,924 reported as landfill post-closure care liability at June 30, 2017 represents the estimated liability for post-closure care costs at that date. The cost is comprised of \$121,500 for post-closure care costs (9 years) for a brush landfill that stopped accepting debris during fiscal year 1996. The additional cost of \$224,424 represents the estimated future post-closure care cost (4 years) of a previously closed ash landfill.

The estimated total current cost of landfill post-closure care of \$345,924 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, 2017. 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, 2017.

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, 2017, the City incurred new claims of \$325,448, but the City paid \$444,427 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 \$1,074,710 reported in the Statement of Net Position is based on the requirements of the Governmental Accounting Standards Board, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statement and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. A discount rate of 4.5% has been used in calculating the liability.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2017

IV. OTHER INFORMATION, Continued

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

	Fiscal Year <u>2017</u>	Fiscal Year <u>2016</u>
Unpaid claims as of July 1	\$ 1,193,689	945,292
Incurred claims (including claims incurred but not reported as of June 30)	325,448	784,360
<u>Total claim payments</u>	<u>444,427</u>	<u>535,963</u>
Current claims liability	48,814	32,934
<u>Long-term claims liability</u>	<u>1,025,896</u>	<u>1,160,755</u>
<u>Total unpaid claims liability</u>	<u>\$ 1,074,710</u>	<u>1,193,689</u>

The City assigns a portion of its General Fund fund balance for both workers compensation and a reserve for unemployment. This amount totaled \$1,087,003 at June 30, 2017, which is comprised of \$1,074,710 for workers compensation and \$12,293 for the unemployment reserve.

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

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

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

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

Information pertaining to each of these five joint ventures follows:

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2017

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 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, 2017, the City of Auburn contributed \$105,000 for airport operations.

The following is selected information for the years ending June 30, 2017 and June 30, 2016:

	June 30, <u>2017</u>	June 30, <u>2016</u>
Total assets	\$ 9,525,264	\$ 9,331,220
Total deferred outflows of resources	66,605	34,377
Total liabilities	1,971,983	2,084,036
Total deferred inflows of resources	16,072	18,079
Net position	7,603,814	7,263,482
Change in net position	340,332	(515,601)

In addition to contributions from the two municipalities, the Airport derives revenues through user fees, interest on investments in time deposits and from federal and state grants. For the year ended June 30, 2017, the Airport had total revenues of \$2,123,077 and expenditures of \$1,782,745, including depreciation of \$581,800 and pension expense of \$12,726.

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, 2017, the City of Auburn contributed \$182,244 for operating expenses.

The following is selected information for the years ending September 30, 2016 and September 30, 2015 (the latest information available):

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2017

IV. OTHER INFORMATION, Continued

	September 30, <u>2016</u>	September 30, <u>2015</u>
Total assets	\$1,287,578	\$ 1,855,455
Total liabilities	1,058,975	484,878
Net position	1,811,603	1,370,577
Change in net position	441,026	33,712

Total revenues for the year ended September 30, 2016 were \$2,285,131 and expenses were \$1,844,105, including depreciation on contributed assets of \$190,606.

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, 2017, the City of Auburn contributed \$1,073,601.

The following is selected financial information for the years ending June 30, 2016 and June 30, 2015 (the latest information available):

	June 30, <u>2016</u>	June 30, <u>2015</u>
Total assets	\$ 949,741	\$ 1,228,260
Total deferred outflows of resources	307,248	155,115
Total liabilities	786,201	906,620
Total deferred inflows of resources	253,785	246,470
Total net position	217,003	230,285
Change in net position	(13,282)	123,302

Total revenues for the year ended June 30, 2016 were \$2,202,852 and expenditures were \$2,216,134.

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, 2017

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, 2016 and June 30, 2015 (the latest information available):

	<u>2016</u>	<u>2015</u>
Total assets	\$ 12,761,221	\$ 14,085,813
Total liabilities	422,733	413,430
Members' equity	12,338,488	13,672,383
Operating revenue	6,273,701	6,172,511
Operating expenses	5	6,429,162
Depreciation and amortization	1,682,327	1,671,834
Other expenses	-	5,363
Non-operating revenue	52,239	45,305
Net income/(loss) before depreciation and amortization	348,432	(216,709)
Net change in members equity	(1,333,895)	(1,888,543)

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.

C. Subsequent Events

On November 8, 2017, the City of Auburn issued \$9,500,000 of non-taxable general obligation bonds through U.S. Bank National Association. The interest rate on the bonds is 1.8 percent annually, and the maturity date is September 1, 2027.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2017

IV. OTHER INFORMATION, Continued

D. Restatement of Net Position/Fund Balance

During fiscal year 2017, it was determined that the Auburn Department of Education over accrued health insurance benefits as of June 30, 2016 for school-year employees that had earned such benefits for August 2016.

Governmental activities net position and the general fund fund balance as of July 1, 2016 have been restated as follows:

	<u>Governmental Activities</u>	<u>General Fund</u>
Net position/fund balance as previously reported	\$ 82,919,005	10,950,522
Health insurance overstated	260,112	260,112
Net position/fund balance, as restated	\$ 83,179,117	11,210,634

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, 2017, the City contributed \$140,859 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.

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).

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2017

IV. OTHER INFORMATION, Continued

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, 2017 was 9.5% or 11.4% of annual payroll for the regular plan or public safety plan, respectively. Contributions to the pension plan from the City were \$1,226,351 for governmental activities and \$27,615 for business-type activities for the year ended June 30, 2017.

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, 2017, was 13.38% of annual payroll, of which 3.36% of payroll was required from the City and 10.02% was required from the State. Contributions to the pension plan from the City were \$723,656 for the year ended June 30, 2017.

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, 2016, 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, 2017, the City reported a liability of \$13,387,828 for governmental activities and \$301,472 for business-type activities for its proportionate share of the net pension liability. At June 30, 2016, the City's proportion of the PLD Plan was 2.5764%.

SET Plan - At June 30, 2017, 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	\$ 2,239,879
State's proportionate share of the net pension liability associated with the City	28,107,548
Total	\$ 30,347,427

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2017

IV. OTHER INFORMATION, Continued

At June 30, 2016, the City's proportion of the SET Plan was 0.1268%.

For the year ended June 30, 2017, the City recognized pension expense of \$2,409,493 for governmental activities and \$48,786 for business-type activities for the PLD Plan and \$3,478,823 and revenue of \$2,158,045 for support provided by the State for the SET Plan. At June 30, 2017, 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	\$ -	659,708	-	15,736
Changes of assumptions	1,377,682	-	32,319	-
Net difference between projected and actual earnings on pension plan investments	3,310,434	-	65,039	-
Changes in proportion and differences between City contributions and proportionate share of contributions	348,395	-	5,354	-
City contributions subsequent to the Measurement date	1,950,006	-	27,615	-
Total	\$ 6,986,517	659,708	130,327	15,736

An amount of \$1,950,006 for governmental activities and \$27,615 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, 2018. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2017	\$ 935,768
2018	747,989
2019	1,880,149
2020	899,873

Actuarial Assumptions - The total pension liability in the June 30, 2016 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	6.875%	6.875%
Cost of living benefit increases, per annum	2.20%	2.20%

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2017

IV. OTHER INFORMATION, Continued

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, 2016 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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equities	20%	5.7%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real estate	10%	5.2%
Infrastructure	10%	5.3%
Hard assets	5%	5.0%
Fixed income	25%	2.9%
<u>Total</u>	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 6.875% for the PLD Plan and the SET Plan. The projection of cash flows used to determine the discount rates assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liabilities.

Sensitivity of the City's Proportionate Share of the Net Pension Liabilities to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.875% 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 (5.875% for PLD Plan and for the SET Plan) or 1 percentage-point higher (7.875% for PLD Plan and for SET Plan) than the current rate:

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2017

IV. OTHER INFORMATION, Continued

<u>PLD Plan</u>	1% Decrease <u>(5.875%)</u>	Current Discount Rate <u>(6.875%)</u>	1% Increase <u>(7.875%)</u>
City's proportionate share of the net pension liability	\$ 22,721,772	\$ 13,689,300	\$ 5,185,550
<u>SET Plan</u>	1% Decrease <u>(5.875%)</u>	Current Discount Rate <u>(6.875%)</u>	1% Increase <u>(7.875%)</u>
City's proportionate share of the net pension liability	\$ 3,586,617	\$ 2,239,879	\$ 1,117,385

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, 2017.

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.

During the year, the City's required and actual contributions amounted to \$140,859, which was 6% of its current-year covered payroll. The covered payroll amounted to \$2,349,708. Employees' required contributions amounted to \$117,384, 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 OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2017

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, 2017, the plan consisted of 9 retirees and beneficiaries, all of whom are currently receiving benefits. The last active employee retired on March 31, 1992.

At June 30, 2017, 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 \$91,147.

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, 2017 were as follows:

Interest on net pension obligation	\$ 11,297
Differences between expected and actual experience	53,855
<u>Changes of assumptions, including discount rate</u>	<u>(28,023)</u>
Annual pension cost (gain)	37,129
<u>Contributions made</u>	<u>(91,147)</u>
Increase (decrease) in net pension obligation	(54,018)
<u>Total pension liability beginning of year</u>	<u>480,145</u>
 <u>Total pension liability end of year</u>	 <u>\$ 426,127</u>

The measurement date for the City Pension Plan was June 30, 2017. 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 3.41% discount rate and (b) 3.0% future cost of living increases. The discount rate of 3.41% reflects the index rate for 20-year municipal bonds as of June 30, 2017. The unfunded actuarial liability is being recognized as a level dollar amount on a closed basis. The remaining amortization period at June 30, 2017 was 5 years.

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

Five-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>
2013	\$ 106,240	147%	832,900
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

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2017

IV. OTHER INFORMATION, Continued

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 3.41%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point higher (4.41%) and one percentage point lower (2.41%) than the current rate:

	1% Decrease <u>(2.41%)</u>	Current Discount Rate <u>(3.41%)</u>	1% Increase <u>(4.41%)</u>
Net pension liability	\$ 442,152	\$ 426,127	\$ 411,240

Schedule of Employer Contributions

<u>Fiscal Year End</u>	<u>Actuarial Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>
6/30/2007	\$ 205,136	107%
6/30/2008	212,154	87%
6/30/2009	191,601	98%
6/30/2010	206,838	93%
6/30/2011	239,226	75%
6/30/2012	244,464	69%
6/30/2013	289,758	54%
6/30/2014	149,845	100%
6/30/2015	147,562	100%
6/30/2016	114,266	100%
6/30/2017	91,147	100%

Funded status and funding progress. As of June 30, 2017, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial liability (AL)	\$ 426,127
<u>Actuarial value of plan assets</u>	<u>-</u>
<u>Unfunded actuarial liability (UAL)</u>	<u>\$ 426,127</u>
Funded ratio (actuarial value of plan assets/AL)	0%
Covered payroll	\$ -
UAL as a percentage of covered payroll	0%

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2017

IV. OTHER INFORMATION, Continued

Actuarial methods and assumptions. The ARC for the plan was determined as part of the June 30, 2017 actuarial valuation using the following methods and assumptions:

Discount Rate	3.41% 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-2016
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, 2017.

Other Postemployment Benefits

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

The City is a member of the Maine Municipal Employees Health Trust. The Trust is an agent multiple-employer Voluntary Employee's Beneficiary Association. The City is an individually rated member within the Association. The Trust issues a publicly available financial report. That report may be obtained by writing to the Maine Municipal Association at 60 Community Drive, Augusta, ME 04332. The Health Trust contracted with an outside consultant to assist in the determination and valuation of the City's OPEB liability under GASB Statement 45. An OPEB liability actuarial valuation was completed by Cheiron in August 2017 for a valuation as of January 1, 2017.

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

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

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2017

IV. OTHER INFORMATION, Continued

The following table represents the annual required contributions and annual OPEB costs:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Normal Cost	\$ 76,736	96,138	96,138
Amortization of Unfunded Interest	205,901	218,033	218,033
Adjustment to ARC	(93,937)	(80,099)	(65,860)
Annual Required Contribution	<u>259,272</u>	<u>295,697</u>	<u>300,087</u>
Contributions Made	(54,945)	(56,408)	(53,861)
Increase in Net OPEB	<u>204,327</u>	<u>239,289</u>	<u>246,226</u>
Net OPEB Obligation – beginning of year	<u>1,624,362</u>	<u>1,385,073</u>	<u>1,138,847</u>
Net OPEB Obligation – end of year	<u>\$ 1,828,689</u>	<u>\$ 1,624,362</u>	<u>1,385,073</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ending June 30 were as follows:

Fiscal Year End	Annual OPEB Costs	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	\$ 300,087	17.95%	1,385,073
June 30, 2016	295,697	19.08%	1,624,362
June 30, 2017	259,272	21.19%	1,828,689

Funding Status and Funding Progress – As the City has chosen to fund OPEB liabilities on a pay-as-you-go basis, the plan has no net position. The funded status of the plan for the years ending June 30 are as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarial liability	\$ 3,702,871	3,921,035	3,921,035
Plan assets	-	-	-
Unfunded actuarial liability	<u>\$ 3,702,871</u>	<u>3,921,035</u>	<u>3,921,035</u>
Funded ratio	0%	0%	0%
Covered payroll	\$12,503,951	12,399,393	12,552,483
Unfunded actuarial liability as a percentage of covered payroll	29.61%	31.62%	31.24%

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

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2017

IV. OTHER INFORMATION, Continued

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

Actuarial valuation date	1/1/17
Actuarial cost method	Entry age normal
Amortization method	Level dollar open
Open amortization period	30 years
Discount rate	4.0%
Rate of salary increases	2.75%
Ultimate rate of medical inflation	4.00%

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

<u>Year</u>	<u>Pre-Medicare Blended</u>	<u>Medicare-Blended</u>
2017	8.78%	8.52%
2018	8.46%	8.27%
2019	8.15%	8.00%
2020	7.83%	7.72%
2021	7.51%	7.44%
2022	7.20%	7.15%
2023	6.88%	6.85%
2024	6.56%	6.55%
2025	6.24%	6.24%
2026	5.92%	5.93%
2027	5.60%	5.61%
2028	5.28%	5.29%
2029	4.96%	4.97%
2030	4.64%	4.65%
2031	4.32%	4.33%
2032	4.00%	4.00%
2033+	4.00%	4.00%

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

Payroll Growth - For the level percentage of pay entry age method, total payroll is assumed to grow at 2.75% per year.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2017

IV. OTHER INFORMATION, Continued

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, 2017, the City remitted a total of \$966,458 in Credit Enhancement payments, including the following, each of which exceeded 10 percent of the total amount remitted:

<u>TIF district</u>	<u>Beginning; duration</u>	<u>CEA entity</u>	<u>CEA reimbursement basis</u>	<u>Amount paid during the fiscal year</u>
TIF 4 Tambrands	1998; 20 years	Tambrands, Inc.	35% on revenues within district	\$ 341,823 (35.4%)
TIF 13 Retail Development	2007; 15 years	Auburn Plaza, Inc.	30%-47% based on growth in value of the district	159,825 (16.5%)
TIF 14 Auburn Mall	2005; 20 years	Auburn Plaza, Inc.	40% on revenues within district	287,536 (29.8%)

CITY OF AUBURN, MAINE
Required Supplementary Information
June 30, 2017

Retiree Healthcare Plan

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Liability (AL) – Entry Age (b)	Unfunded AL (UAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAL as a Percentage of Covered Payroll [(b-a) /c]
2013	1/1/13	-	\$ 3,525,364	3,525,364	0.00%	11,859,085	29.73%
2014	1/1/13	-	3,525,364	3,525,364	0.00%	12,075,857	29.19%
2015	1/1/15	-	3,921,035	3,921,035	0.00%	12,552,483	31.24%
2016	1/1/15	-	3,921,035	3,921,035	0.00%	12,399,393	31.62%
2017	1/1/17	-	3,702,871	3,702,871	0.00%	12,503,951	29.61%

CITY OF AUBURN, MAINE
Required Supplementary Information, Continued
June 30, 2017

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

	<u>2017**</u>	<u>2016**</u>	<u>2015**</u>
<u>PLD Plan</u>			
City's proportion of the net pension liability	2.5764%	2.5871%	2.3477%
City's proportionate share of the net pension liability	\$ 13,689,300	8,254,041	3,612,401
City's covered payroll	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	118.05%	72.62%	32.83%
Plan fiduciary net position as a percentage of the total pension liability	81.61%	88.27%	94.10%
<u>SET Plan</u>			
City's proportion of the net pension liability	0.1268%	0.1256%	0.1048%
City's proportionate share of the net pension liability	2,239,879	1,695,546	1,132,380
State's proportionate share of the net pension liability associated with the City	28,107,548	22,336,682	16,612,780
<u>Total</u>	<u>\$ 30,347,427</u>	<u>24,032,228</u>	<u>17,745,160</u>
City's covered payroll	\$ 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	11.14%	8.46%	6.06%
Plan fiduciary net position as a percentage of the total pension liability	76.21%	81.18%	83.91%

* Only three years of information available - additional years' information will be displayed as it becomes 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, 2017

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan</u>				
Contractually required contribution	\$ 1,253,966	1,205,273	1,057,514	809,164
Contributions in relation to the				
contractually required contribution	(1,253,966)	(1,205,273)	(1,057,514)	(809,164)
<u>Contribution deficiency (excess)</u>				
	-	-	-	-
City's covered payroll	11,795,593	11,596,585	11,365,621	11,004,456
Contributions as a percentage				
of covered payroll	10.63%	10.39%	9.30%	7.35%
<u>SET Plan</u>				
Contractually required contribution	\$ 723,656	675,623	531,203	495,351
Contributions in relation to the				
contractually required contribution	(723,656)	(675,623)	(531,203)	(495,351)
<u>Contribution deficiency (excess)</u>				
	-	-	-	-
City's covered payroll	\$ 21,537,377	20,107,822	20,044,945	18,692,477
Contributions as a percentage				
of covered payroll	3.36%	3.36%	2.65%	2.65%

* Only four years of information available – additional years' information will be displayed as it becomes available.

CITY OF AUBURN, MAINE
Required Supplementary Information, Continued
June 30, 2017

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

	<u>2017</u>
<u>Total Pension Liability</u>	
Service cost	\$ -
Interest	11,297
Differences between expected and actual experience	53,855
Changes of assumptions	(28,023)
<u>Benefit payments</u>	<u>(91,147)</u>
Net change in total pension liability	(54,018)

Total pension liability – beginning 480,145

Total pension liability – ending **\$ 426,127**

Plan Fiduciary Net Position

Contributions – employer	\$ 91,147
<u>Benefit payments</u>	<u>(91,147)</u>
Net change in plan fiduciary net position	-
<u>Net position – beginning</u>	<u>-</u>

Net position - ending **\$ -**

* Only one year of information available – additional years' information will be displayed as it becomes available.

CITY OF AUBURN, MAINE
Notes to Required Supplementary Information
June 30, 2017

Maine Public Employees Retirement System:

Changes of Benefit Terms - None

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

	<u>2017</u>	<u>2016</u>
Discount rate	6.875%	7.125%
Inflation rate	2.75%	3.5%
Salary increases – PLD Plan	2.75% to 9.0%	3.5% to 9.5%
Salary increases – SET Plan	2.75% to 14.5%	3.5% to 13.5%
Cost of living increase	2.20%	2.55%
Long-term expected real rate of return on assets:		
US equities	5.7%	5.2%
Real estate	5.2%	3.7%
Infrastructure	5.3%	4.0%
Hard assets	5.0%	4.8%
Fixed income	2.9%	0.7%

In addition, mortality rates were previously based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA, which, in the most recent valuation, changed to mortality rates that were based on the RP2014 Total Data Set Healthy Annuity Mortality Table.

City Pension Plan:

Changes of Benefit Terms - None

Changes of Assumptions - The discount rate used to measure the total pension liability was changed from 2.60% to 3.41% in the most recent valuation.

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.

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, 2017

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
ASSETS			
Investments	\$ -	262,787	262,787
Receivables:			
Accounts	16,406	-	16,406
Intergovernmental	588,779	-	588,779
Interfund receivables	208,307	-	208,307
Total assets	813,492	262,787	1,076,279
LIABILITIES			
Accounts payable	16,865	48	16,913
Accrued payroll	1,058	-	1,058
Interfund payables	831,391	3,502	834,893
Total liabilities	849,314	3,550	852,864
FUND BALANCES (DEFICITS)			
Nonspendable - principal	-	69,475	69,475
Restricted	338,515	189,762	528,277
Committed	191,967	-	191,967
Unassigned	(566,304)	-	(566,304)
Total fund balances (deficits)	(35,822)	259,237	223,415
Total liabilities and fund balances (deficits)	\$ 813,492	262,787	1,076,279

CITY OF AUBURN, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
Revenues:			
Intergovernmental	\$ 3,264,847	-	3,264,847
Charges for services	852,818	-	852,818
Other income	130,710	-	130,710
Interest income	-	1,245	1,245
Total revenues	4,248,375	1,245	4,249,620
Expenditures:			
Current:			
General government	167,265	-	167,265
Health, welfare and recreation	332,593	-	332,593
Education	3,764,912	-	3,764,912
Unclassified	-	1,235	1,235
Total expenditures	4,264,770	1,235	4,266,005
Excess (deficiency) of revenues over (under) expenditures	(16,395)	10	(16,385)
Other financing uses:			
Transfers out	(67,529)	-	(67,529)
Total other financing uses	(67,529)	-	(67,529)
Net change in fund balances	(83,924)	10	(83,914)
Fund balances, July 1	48,102	259,227	307,329
Fund balances (deficits), June 30	\$ (35,822)	259,237	223,415

CITY OF AUBURN, MAINE
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2017

		School Special	211 Fairview	Parking	Parks and Recreation	Totals
ASSETS						
Receivables:						
Accounts	\$	8,216	-	8,190	-	16,406
Intergovernmental		588,779	-	-	-	588,779
Interfund receivables		-	-	5,486	202,821	208,307
Total assets		596,995	-	13,676	202,821	813,492
LIABILITIES						
Accounts payable		4,026	-	1,985	10,854	16,865
Accrued payroll		1,058	-	-	-	1,058
Interfund payables		265,087	566,304	-	-	831,391
Total liabilities		270,171	566,304	1,985	10,854	849,314
FUND BALANCES (DEFICITS)						
Restricted		326,824	-	11,691	-	338,515
Committed		-	-	-	191,967	191,967
Unassigned		-	(566,304)	-	-	(566,304)
Total fund balances (deficits)		326,824	(566,304)	11,691	191,967	(35,822)
Total liabilities and fund balances (deficits)	\$	596,995	-	13,676	202,821	813,492

CITY OF AUBURN, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2017

	School Special	211 Fairview	Parking	Parks and Recreation	Totals
Revenues:					
Intergovernmental	\$ 3,264,847	-	-	-	3,264,847
Charges for services	376,515	-	171,630	304,673	852,818
Other income	130,710	-	-	-	130,710
Total revenues	3,772,072	-	171,630	304,673	4,248,375
Expenditures:					
Current:					
General government	-	-	167,265	-	167,265
Health, welfare and recreation	-	-	-	332,593	332,593
Education	3,764,912	-	-	-	3,764,912
Total expenditures	3,764,912	-	167,265	332,593	4,264,770
Excess (deficiency) of revenues over (under) expenditures	7,160	-	4,365	(27,920)	(16,395)
Other financing uses:					
Transfers out	-	-	-	(67,529)	(67,529)
Total other financing uses	-	-	-	(67,529)	(67,529)
Net change in fund balances	7,160	-	4,365	(95,449)	(83,924)
Fund balances (deficits), July 1	319,664	(566,304)	7,326	287,416	48,102
Fund balances (deficits), June 30	\$ 326,824	(566,304)	11,691	191,967	(35,822)

**CITY OF AUBURN, MAINE
 Combined Balance Sheet
 Nonmajor Permanent Funds
 June 30, 2017**

ASSETS	
Investments	\$ 262,787
Total assets	262,787
LIABILITIES	
Accounts Payable	48
Interfund payables	3,502
Total liabilities	3,550
FUND BALANCES	
Nonspendable - principal	69,475
Restricted	189,762
Total fund balances	259,237
Total liabilities and fund balances	\$ 262,787

**CITY OF AUBURN, MAINE
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Permanent Funds
 For the Year Ended June 30, 2017**

Revenues:	
Interest income	\$ 1,245
Total revenues	1,245
Expenditures:	
Current:	
Miscellaneous	1,235
Total expenditures	1,235
Net change in fund balances	10
Fund balances, July 1	259,227
Fund balances, June 30	\$ 259,237

AGENCY FUNDS

CITY OF AUBURN, MAINE
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Agency Funds
June 30, 2017

	Student Activities	RETC	AVEC	Total
ASSETS				
Cash and cash equivalents	\$ 159,337	-	-	159,337
Accounts receivable	-	6,138	-	6,138
Interfund receivables	-	61,794	677	62,471
Total assets	\$ 159,337	67,932	677	227,946
LIABILITIES				
Accrued payroll	\$ -	35,657	-	35,657
Amounts held for others	159,337	32,275	677	192,289
Total liabilities	\$ 159,337	67,932	677	227,946

CITY OF AUBURN, MAINE
Combining Statement of Changes in Assets and Liabilities
Fiduciary Funds - Agency Funds
For the Year Ended June 30, 2017

		Beginning Balances	Additions	Deletions	Ending Balances
ASSETS					
Cash and cash equivalents	\$	156,890	2,447	-	159,337
Accounts receivable		46,408	-	40,270	6,138
Interfund receivables		40,582	21,889	-	62,471
Total assets	\$	243,880	24,336	40,270	227,946
LIABILITIES					
Accrued payroll	\$	46,270	-	10,613	35,657
Amounts held for others		197,610	-	5,321	192,289
Total liabilities	\$	243,880	-	15,934	227,946

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, 2017

	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	\$ -	-	-	-	-	-	46,881	-	-	-	-	-	-	-	24,360	-	71,241
Total revenues	-	-	-	-	-	-	46,881	-	-	-	-	-	-	-	24,360	-	71,241
Expenditures:																	
Current:																	
General government	341,823	-	70,639	-	30,874	-	2,971	16,526	-	-	159,825	287,536	29,290	-	-	29,945	969,429
Capital outlay	15,541	-	-	-	-	193,496	164,387	-	-	-	-	-	-	-	-	-	373,424
Debt service	-	-	-	-	-	418,335	382,666	-	-	165,537	-	-	-	-	-	-	966,538
Total expenditures	357,364	-	70,639	-	30,874	611,831	550,024	16,526	-	165,537	159,825	287,536	29,290	-	-	29,945	2,309,391
Excess (deficiency) of revenues over (under) expenditures	(357,364)	-	(70,639)	-	(30,874)	(611,831)	(503,143)	(16,526)	-	(165,537)	(159,825)	(287,536)	(29,290)	-	24,360	(29,945)	(2,238,150)
Other financing sources (uses):																	
Transfers from other funds	576,638	-	176,599	-	77,186	372,780	797,479	16,526	-	188,172	159,825	387,538	29,290	30,978	134,178	29,945	2,977,134
Transfers to other funds	(100,000)	-	-	-	(150,000)	(150,000)	(937,818)	-	(50,000)	-	(150,000)	-	-	-	-	-	(1,537,818)
Total other financing sources (uses)	476,638	-	176,599	-	(72,814)	222,780	(140,339)	16,526	(50,000)	188,172	9,825	387,538	29,290	30,978	134,178	29,945	1,439,316
Net change in fund balances (deficits)	119,274	-	105,960	-	(103,688)	(389,051)	(643,482)	-	(50,000)	22,635	(150,000)	100,002	-	30,978	158,538	-	(798,834)
Fund balances (deficits), beginning of year	(127,348)	14,500	(471,230)	2,558	134,175	538,643	868,727	-	50,184	(373,287)	160,088	(90,279)	360	389	(158,538)	(5)	548,937
Fund balances (deficits), end of year	\$ (8,074)	14,500	(365,270)	2,558	30,487	149,592	225,245	-	184	(350,652)	10,088	9,723	360	31,367	-	(5)	(249,897)

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

1-4

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

Revenue Capacity

5-8

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

Debt Capacity

9-12

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

Demographic and Economic Information

13-14

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

Operating Information

15-17

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities:										
Net Investment in capital assets	\$ 54,681,797	\$ 59,484,907	\$ 59,140,618	\$ 56,084,796	\$ 53,111,954	\$ 61,542,514	\$ 67,831,558	\$ 73,604,804	\$ 79,732,308	\$ 80,283,459
Restricted	3,446,488	3,765,201	4,607,888	11,707,875	10,879,129	11,871,042	11,621,393	8,791,119	8,780,922	8,513,552
Unrestricted	6,449,247	6,738,835	13,892,494	12,166,714	21,012,904	10,929,045	(4,145,261)	(1,665,491)	(5,594,225)	(6,078,826)
Total governmental activities net position	64,577,532	69,988,943	77,641,000	79,959,385	85,003,987	84,342,601	75,307,690	80,730,432	82,919,005	82,718,185
Business-type activities:										
Net investment in capital assets	416,684	1,033,634	928,388	829,060	781,208	708,368	548,461	493,154	456,021	539,164
Restricted	-	-	-	-	-	34,042	-	196,221	238,079	324,591
Unrestricted	189,487	296,012	326,230	353,997	651,420	594,157	460,816	(118,847)	(426,861)	(854,106)
Total business-type activities net position	606,171	1,329,646	1,254,618	1,183,057	1,432,628	1,336,567	1,009,277	570,528	267,239	9,649
Primary government:										
Investment in capital assets	55,098,481	60,518,541	60,069,006	56,913,856	53,893,162	62,250,882	68,380,019	74,097,958	80,188,329	80,822,623
Restricted	3,446,488	3,765,201	4,607,888	11,707,875	10,879,129	11,905,084	11,621,393	8,987,340	9,019,001	8,838,143
Unrestricted	6,638,734	7,034,847	14,218,724	12,520,711	21,664,324	11,523,202	(3,684,445)	(1,784,338)	(6,021,086)	(6,932,932)
Total primary government net position	\$ 65,183,703	\$ 71,318,589	\$ 78,895,618	\$ 81,142,442	\$ 86,436,615	\$ 85,679,168	\$ 76,316,967	\$ 81,300,960	\$ 83,186,244	\$ 82,727,834

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government	\$ 13,595,025	\$ 12,782,124	\$ 11,366,632	\$ 13,450,586	\$ 14,680,105	\$ 13,391,002	\$ 19,950,058	\$ 10,720,976	\$ 14,742,709	\$ 14,171,875
Public safety	7,363,307	8,013,617	7,899,897	7,673,153	8,001,972	8,468,689	9,404,183	9,969,244	10,298,205	10,180,500
Health, welfare and recreation	3,331,984	2,225,779	2,068,401	2,072,398	2,117,014	2,266,012	2,172,119	1,637,285	1,590,246	2,183,193
Public works	4,943,719	6,554,513	6,013,582	9,876,176	6,059,774	8,086,620	12,427,048	11,370,585	10,948,454	12,069,994
Other agencies	3,154,009	3,277,800	3,099,855	3,278,312	3,389,283	3,560,926	3,400,687	3,418,863	3,551,739	3,529,357
Education	36,575,423	39,285,952	39,952,843	42,408,444	42,418,741	41,810,979	44,089,463	40,636,517	42,854,285	44,423,602
Unclassified	1,849,876	-	-	-	-	-	-	-	-	-
Interest on debt	1,306,563	1,983,816	1,706,264	1,646,166	758,377	2,418,356	122,068	1,580,603	1,000,662	861,111
Total governmental activities expenses	72,119,906	74,123,601	72,107,474	80,405,235	77,425,266	80,002,584	91,565,626	79,334,073	84,986,300	87,419,632
Business-type activities:										
Ingersoll Ice Turf Facility	144,519	296,500	506,301	482,686	539,555	490,593	604,369	131,223	216,417	159,278
Norway Savings Bank Arena	-	-	-	-	-	-	525,814	1,218,591	1,230,422	1,293,801
Centralized School Lunch	-	-	-	-	-	1,421,308	1,312,651	1,419,459	1,497,678	1,576,332
Total business-type activities expenses	144,519	296,500	506,301	482,686	539,555	1,911,901	2,442,834	2,769,273	2,944,517	3,029,411
Total primary government expenses	72,264,425	74,420,101	72,613,775	80,887,921	77,964,821	81,914,485	94,008,460	82,103,346	87,930,817	90,449,043
Program Revenues										
Governmental activities:										
Charges for services:										
General government	148,023	1,240,811	1,204,104	710,124	532,771	480,870	456,624	695,278	1,306,850	1,371,527
Public safety	-	50,221	87,882	285,365	701,234	841,366	920,429	1,526,254	1,579,875	1,264,202
Health, welfare and recreation	257,162	286,052	290,936	287,013	308,403	318,635	279,854	261,595	240,972	304,873
Public works	-	-	-	50,334	3,158	2,674	1,549	-	-	-
Education	1,283,420	689,325	584,258	676,120	514,390	484,567	412,347	707,739	821,713	762,922
Operating grants and contributions	27,379,368	29,718,646	29,999,705	31,521,140	33,003,967	29,939,559	31,349,557	28,816,555	29,064,768	29,573,666
Capital grants and contributions	-	-	-	602,210	-	-	-	2,956,553	2,995,835	-
Total governmental activities program revenues	29,067,973	31,985,055	32,166,885	34,132,306	35,063,923	32,067,671	33,420,360	34,963,974	36,010,013	33,277,190
Business-type activities:										
Charges for services	191,828	330,268	425,328	424,614	433,375	669,015	1,139,096	1,067,189	1,308,448	1,383,077
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	191,828	330,268	425,328	424,614	433,375	1,828,358	2,229,450	2,308,376	2,641,115	2,771,821
Total primary government program revenues	29,259,801	32,315,323	32,592,213	34,556,920	35,497,298	33,896,029	35,649,810	37,272,350	38,651,128	36,049,011

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (expense)/revenue:										
Governmental activities	(43,051,933)	(42,138,546)	(39,940,589)	(46,272,929)	(42,361,343)	(47,934,913)	(58,145,266)	(44,370,099)	(48,976,287)	(54,142,442)
Business-type activities	47,309	33,768	(80,973)	(58,072)	(106,180)	(83,543)	(213,384)	(460,897)	(303,402)	(257,590)
Total primary government net expense	(43,004,624)	(42,104,778)	(40,021,562)	(46,331,001)	(42,467,523)	(48,018,456)	(58,358,650)	(44,830,996)	(49,279,689)	(54,400,032)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes	44,232,811	41,640,678	41,158,334	42,962,974	43,192,698	42,759,291	44,522,766	45,445,286	46,425,471	48,765,867
Grants not restricted to specific programs	4,009,459	4,681,432	4,651,989	4,103,025	4,172,425	4,330,113	4,336,314	4,393,527	4,474,139	4,760,666
Investment earnings	600,248	382,621	80,246	70,562	65,072	16,581	2,829	49,791	197,562	112,123
Other	2,603,404	1,534,722	1,707,975	1,013,764	230,549	166,802	248,446	(95,763)	644,533	42,854
Total governmental activities general revenues	51,445,922	48,239,453	47,598,544	48,150,325	47,660,744	47,272,787	49,110,355	49,792,841	51,741,705	53,681,510
Business-type activities:										
Investment earnings	613	211	47	-	51	757	1,176	370	113	-
Other	-	-	-	-	-	-	-	21,778	-	-
Total business-type activities general revenues	613	211	47	-	51	757	1,176	22,148	113	-
Total primary government	51,446,535	48,239,664	47,598,591	48,150,325	47,660,795	47,273,544	49,153,196	49,814,989	51,741,818	53,681,510
Change in Net Position										
Governmental activities	8,393,989	6,100,907	7,657,955	1,877,396	5,299,401	(662,126)	(9,034,911)	5,422,742	2,765,418	(460,932)
Business-type activities	47,922	33,979	(80,926)	(58,072)	(106,129)	(82,786)	(212,208)	(438,749)	(303,289)	(257,590)
Total primary government	\$ 8,441,911	\$ 6,134,886	\$ 7,577,029	\$ 1,819,324	\$ 5,193,272	\$ (744,912)	\$ (9,247,119)	\$ 4,983,993	\$ 2,462,129	\$ (718,522)

Beginning FY 2009 Unclassified Revenue was reclassified.

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

	Fiscal Year									
	2008	2009	2010	2011 (a)	2012	2013	2014	2015	2016	2017
General Fund										
Reserved*	\$ 587,024	\$ 110,672	\$ 55,566	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved:										
Designated	1,790,409	2,337,962	1,737,562	-	-	-	-	-	-	-
Undesignated	8,783,174	8,405,631	9,599,911	-	-	-	-	-	-	-
Nonspendable	-	-	-	226,255	97,171	75	629,503	1,415,749	1,341,590	1,178,773
Restricted	-	-	-	2,679,579	1,840,047	2,449,945	1,969,754	1,411,047	1,625,968	2,023,296
Assigned	-	-	-	1,087,851	942,172	1,154,572	812,886	3,046,996	2,084,993	1,750,310
Unassigned	-	-	-	9,108,868	10,734,773	8,775,150	8,651,216	4,971,398	5,897,971	7,113,261
Total general fund	\$ 11,160,607	\$ 10,854,265	\$ 11,393,039	\$ 13,102,553	\$ 13,614,163	\$ 12,379,742	\$ 12,063,359	\$ 10,845,190	\$ 10,950,522	\$ 12,065,640
All Other Governmental Funds										
Reserved	3,448,001	9,149,416	9,449,895	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	3,987,906	3,503,209	3,414,932	-	-	-	-	-	-	-
Capital project funds	10,147,915	5,082,615	5,545,423	-	-	-	-	-	-	-
Permanent funds	20,356	22,118	22,960	-	-	-	-	-	-	-
Nonspendable	-	-	-	5,922,783	5,813,531	5,712,143	5,628,850	5,670,226	4,007,094	3,725,627
Restricted	-	-	-	3,105,513	3,464,347	3,710,739	4,022,789	1,709,846	1,518,854	1,393,889
Committed	-	-	-	10,104,760	10,998,530	7,985,485	5,755,639	8,162,868	8,099,287	7,605,758
Unassigned	-	-	-	(841,666)	(694,644)	(1,125,143)	(3,649,469)	(1,871,314)	(757,648)	(1,162,157)
Total all other governmental funds	\$ 17,604,178	\$ 17,757,358	\$ 18,433,210	\$ 18,291,390	\$ 19,581,764	\$ 16,283,224	\$ 11,757,809	\$ 13,671,626	\$ 12,867,587	\$ 11,563,117

* 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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes	\$ 43,935,273	\$ 41,667,416	\$ 41,488,299	\$ 42,742,974	\$ 42,960,856	\$ 42,749,449	\$ 44,563,151	\$ 45,411,397	\$ 46,319,694	\$ 48,639,845
Intergovernmental	31,426,596	34,400,078	34,651,694	34,919,262	36,258,176	33,631,641	35,325,279	35,719,754	36,041,524	33,685,324
Licenses and permits	340,375	285,951	243,924	303,183	266,852	374,011	325,476	345,658	330,039	364,352
Charges for services	1,857,235	1,532,589	1,615,603	1,699,004	1,750,848	1,720,625	1,799,725	2,644,856	3,452,095	3,276,913
Unclassified	2,656,878	2,365,212	2,095,873	1,710,401	1,191,668	854,889	601,599	876,354	1,502,589	866,244
Total revenues	<u>80,216,357</u>	<u>80,251,246</u>	<u>80,095,393</u>	<u>81,374,824</u>	<u>82,428,400</u>	<u>79,330,615</u>	<u>82,615,230</u>	<u>84,998,019</u>	<u>87,645,941</u>	<u>86,832,678</u>
Expenditures										
General government	13,074,585	10,908,351	11,947,264	11,666,157	12,532,558	11,881,126	11,362,793	10,963,750	11,832,503	11,898,280
Public safety	6,941,313	7,717,089	7,703,785	7,367,139	7,717,441	8,063,515	8,987,931	9,702,645	9,794,109	9,814,755
Health, welfare and recreation	1,807,107	1,986,595	1,800,326	1,847,549	1,876,392	2,022,319	1,937,404	1,388,546	1,704,443	1,920,557
Public works	4,836,864	4,574,186	4,058,000	4,191,424	4,285,363	4,524,288	7,611,817	8,943,737	8,326,272	5,598,126
Other agencies	3,154,009	3,277,800	3,099,855	3,278,312	3,389,283	3,560,926	3,400,687	3,418,863	3,551,739	3,529,357
Education	38,138,372	42,253,675	41,550,748	42,954,361	42,273,954	42,137,967	43,678,540	44,402,432	44,782,404	45,934,377
Unclassified	271,918	305,995	310,093	303,539	403,753	405,669	325,374	459,325	482,462	362,228
Self-insurance	692,607	348,629	470,524	671,092	517,299	383,566	-	-	-	-
Capital outlay	10,286,851	8,540,966	6,024,814	7,158,898	4,855,507	9,800,219	8,539,810	6,248,281	6,379,436	6,211,980
Debt service:										
Principal	7,121,719	6,758,858	6,747,858	6,854,251	6,894,785	7,027,846	6,508,659	6,484,056	6,439,503	6,545,628
Interest expense	2,643,237	2,062,090	1,680,602	1,513,494	1,511,411	1,045,204	1,000,416	942,636	997,067	879,024
Total expenditures	<u>88,968,582</u>	<u>88,734,234</u>	<u>85,393,869</u>	<u>87,806,216</u>	<u>86,257,746</u>	<u>90,852,645</u>	<u>93,353,431</u>	<u>92,954,271</u>	<u>94,289,938</u>	<u>92,694,312</u>
Deficiency of revenues under expenditures	<u>(8,752,225)</u>	<u>(8,482,988)</u>	<u>(5,298,476)</u>	<u>(6,431,392)</u>	<u>(3,829,346)</u>	<u>(11,522,030)</u>	<u>(10,738,201)</u>	<u>(7,956,252)</u>	<u>(6,643,997)</u>	<u>(5,861,634)</u>
Other financing sources (uses)										
Proceeds - bonds and capital leases	6,000,000	6,430,000	6,500,000	7,900,000	4,500,000	14,892,323	5,625,000	8,153,025	9,950,000	5,030,000
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
Payment to refunded bond escrow agent	-	-	-	-	-	(9,118,353)	-	-	(4,485,844)	-
Transfers in	3,089,839	2,500,434	2,345,005	2,190,819	2,215,395	2,345,053	2,084,032	2,099,914	2,279,802	1,539,316
Transfers out	(3,089,839)	(2,500,434)	(2,331,903)	(2,177,330)	(2,202,120)	(2,331,778)	(2,084,032)	(2,099,914)	(2,279,802)	(1,539,316)
Total other financing sources	<u>6,000,000</u>	<u>6,430,000</u>	<u>6,513,102</u>	<u>9,023,711</u>	<u>4,596,352</u>	<u>6,839,996</u>	<u>5,896,403</u>	<u>8,651,900</u>	<u>5,945,290</u>	<u>5,412,170</u>
Net change in fund balances	<u>\$ (2,752,225)</u>	<u>\$ (2,052,988)</u>	<u>\$ 1,214,626</u>	<u>\$ 2,592,319</u>	<u>\$ 767,006</u>	<u>\$ (4,682,034)</u>	<u>\$ (4,841,798)</u>	<u>\$ 695,648</u>	<u>\$ (698,707)</u>	<u>\$ (449,464)</u>
Debt service as a percentage of noncapital expenditures	12.41%	11.00%	10.62%	10.38%	10.33%	9.96%	8.74%	8.99%	8.80%	8.46%

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
2008	\$ 1,797,817,200	276,822,200	2,074,639,400	2,086,700,000	99.4%	19.28
2009	1,813,049,300	262,829,700	2,075,879,000	1,981,600,000	104.8%	18.41
2010	1,829,692,800	238,980,400	2,068,673,200	2,054,450,000	100.7%	18.31
2011	1,847,854,620	220,930,500	2,068,785,120	1,991,800,000	103.9%	19.30
2012	1,850,235,678	208,348,600	2,058,584,278	1,980,250,000	104.0%	19.39
2013	1,820,465,334	190,045,000	2,010,510,334	1,954,400,000	102.9%	19.59
2014	1,823,040,083	182,681,300	2,005,721,383	1,926,200,000	104.1%	20.43
2015	1,818,986,378	165,931,000	1,984,917,378	1,963,550,000	101.1%	20.95
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

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
2008	8.43	43.72%	3.44	17.83%	7.41	38.45%	19.28
2009	7.72	41.92%	3.41	18.53%	7.28	39.55%	18.41
2010	7.91	43.20%	3.28	17.91%	7.12	38.89%	18.31
2011	8.89	46.06%	3.29	17.05%	7.12	36.89%	19.30
2012	9.01	46.47%	3.31	17.07%	7.07	36.46%	19.39
2013	9.01	45.99%	3.20	16.33%	7.38	37.67%	19.59
2014	9.62	47.09%	3.15	15.42%	7.66	37.49%	20.43
2015	9.67	46.16%	3.15	15.04%	8.13	38.81%	20.95
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

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

Table 7

CITY OF AUBURN, MAINE
Principal Property Taxpayers
Current Year and Nine Years Ago
June 30, 2017

	Taxpayer	Business	Assessed Value	% of Total Tax Base	Cumulative %
1	Tambrands	Personal Products	\$ 59,140,900	3.0%	2.96%
2	FPL Energy Maine Hydro LLC	Electric Utility	32,852,205	1.6%	4.60%
3	Auburn Plaza	Regional Shopping	29,451,500	1.5%	6.08%
4	Central Maine Power Company	Electric Utility	29,138,350	1.5%	7.54%
5	Wal-Mart Real Estate	Retail	21,938,100	1.1%	8.63%
6	Pioneer Plastics	Laminates	21,657,300	1.1%	9.72%
7	Gates Formed Fiber	Automotive Products	16,862,600	0.8%	10.56%
8	Northern Utilities Inc	Natural Gas Utility	14,555,280	0.7%	11.29%
9	Cascades Auburn Fiber	Paper Reprocessor	14,206,100	0.7%	12.00%
10	Riverwatch LLC	Lodging	13,944,900	0.7%	12.70%
			\$ 253,747,235		

June 30, 2008

	Taxpayer	Business	Assessed Value	% of Total Tax Base	Cumulative %
1	Tambrands	Personal Products	\$ 114,998,000	5.5%	5.54%
2	Pioneer Plastics	Plastic Laminates	26,936,600	1.3%	6.84%
3	Wal-Mart Real Estate	Retail	26,355,600	1.3%	8.11%
4	Gates Formed Fiber	Automotive Products	22,350,800	1.1%	9.19%
5	Lowes	Retail	17,274,200	0.8%	10.02%
6	General Electric Company	Electrical Components	17,000,600	0.8%	10.84%
7	Auburn Plaza Inc	Regional Shopping	16,604,900	0.8%	11.64%
8	FPL Energy Maine Hydro	Electric Utility	16,442,900	0.8%	12.43%
9	Cascades Auburn Fiber	Paper Reprocessor	15,394,100	0.7%	13.18%
10	GFI Auburn Plaza Realty	Regional Shopping	15,280,400	0.7%	13.91%
			\$ 288,638,100		

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
2008	\$ 40,129,691	38,163,244	95.10%	1,788,058	39,951,302	99.56%
2009	38,257,009	36,898,083	96.45%	1,319,559	38,217,642	99.90%
2010	37,999,926	37,148,508	97.76%	779,092	37,927,600	99.81%
2011	39,984,486	38,914,458	97.32%	677,621	39,592,079	99.02%
2012	39,948,404	38,831,952	97.21%	414,039	39,245,991	98.24%
2013	39,455,557	38,386,284	97.29%	1,059,273	39,445,557	99.97%
2014	40,987,430	39,889,671	97.32%	1,003,577	40,893,248	99.77%
2015	41,671,464	40,403,806	96.96%	550,718	40,954,524	98.28%
2016	42,459,969	41,444,901	97.61%	599,599	42,044,500	99.02%
2017	44,678,914	43,627,568	97.65%	N/A	43,627,568	97.65%

Table 9

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

Fiscal year	Governmental Activities					Total Long-term Debt	Total Long-term Debt Net of State Subsidy	Ratio of Total Debt		Per Capita Net of State Subsidy
	General Obligation Bonds	Notes	Capital Leases	Bonds Payable Premium	Total Long-term Debt			To Assessed Value	Per Capita	
2008	\$ 70,267,000	618,562	-	-	70,885,562	70,885,562	57,617,931	3.4%	3,003.37	2,441.23
2009	67,925,000	495,078	-	-	68,420,078	68,420,078	52,369,513	3.3%	2,898.91	2,218.86
2010	65,973,000	371,595	-	-	66,344,595	66,344,595	50,080,604	3.2%	2,877.67	2,172.22
2011	65,461,000	692,675	-	-	66,153,675	66,153,675	48,634,442	3.2%	2,869.39	2,109.50
2012	61,239,000	598,596	-	-	61,837,596	61,837,596	51,652,300	3.0%	2,682.18	2,240.39
2013	59,534,323	504,518	-	1,052,751	61,091,592	61,091,592	54,863,817	2.9%	2,649.82	2,379.69
2014	56,826,591	494,897	-	1,169,513	58,491,001	58,491,001	52,408,483	2.9%	2,537.02	2,273.19
2015	55,170,858	383,927	1,231,203	1,551,550	58,337,538	58,337,538	53,735,209	2.9%	2,530.36	2,330.74
2016	52,225,126	272,956	1,054,017	1,609,074	55,161,173	55,161,173	50,305,298	2.8%	2,392.59	2,181.97
2017	48,634,394	211,608	871,863	1,817,852	51,535,717	51,535,717	47,127,830	2.6%	2,235.34	2,044.15

During the years shown above, there has been no outstanding debt for business-type activities.

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
2008	\$ 70,267,000	3.4%	2,977.16	56,999,369	2,415.02
2009	67,925,000	3.4%	2,877.93	51,874,435	2,197.88
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

** The 2013-2017 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
2008	\$ 70,267,000	516,800	25.75%	133,076	70,400,076	3.39%	2,982.80
2009	67,925,000	75,000	23.72%	17,788	67,942,788	3.27%	2,878.69
2010	65,973,000	-	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	60,038,841	-	24.64%	-	60,038,841	2.99%	2,604.16
2014	57,321,488	-	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

CITY OF AUBURN, MAINE
Legal Debt Management
Last Ten Years
Computation of Legal Debt Margin
June 30, 2017

Total State Valuation		\$	1,983,950,000
Legal Debt Limitation:			
15% of State Valuation			297,592,500
Debt Applicable to Debt Limitation:			Bonded General Obligation Debt
	Legal Maximum		As a Percent of
Purpose	Percentage	Amount	Dollar Amount
			Legal State Maximum Valuation
Municipal & School	15.0%	\$ 297,592,500	48,634,394
			16.34% 2.45%
			Margin for Additional Borrowing: <u>\$ 248,958,106</u>

Historical Legal Debt Margin
Last Ten Fiscal Years

	Legal Debt Limit	Debt Outstanding	Legal Debt Margin	Debt Outstanding/ Legal Debt Limit
2008	\$ 313,005,000	70,267,000	242,738,000	22.4%
2009	297,240,000	67,925,000	229,315,000	22.9%
2010	308,167,500	65,973,000	242,194,500	21.4%
2011	298,770,000	65,461,000	233,309,000	21.9%
2012	297,037,500	61,239,000	235,798,500	20.6%
2013	293,160,000	59,534,323	293,160,000	20.3%
2014	288,930,000	56,826,591	288,930,000	19.7%
2015	294,532,500	55,170,858	239,361,642	18.7%
2016	294,015,000	52,225,126	241,789,874	17.8%
2017	297,592,500	48,634,394	248,958,106	16.3%

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
2008	23,602	\$ 525,502,169	22,265	4.6%
2009	23,602	486,782,327	20,625	8.9%
2010	23,055	Not available	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%

(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, 2017

Rank	Employer	Total Number of Employees	Percent of Total Employees
1	Pioneer Plastics	633	3.7%
2	Wal-Mart Supercenter	559	3.2%
3	Tambrands Inc.	412	2.4%
4	Carbonite Inc.	341	2.0%
5	Clover Living Center	290	1.7%
6	Hartt Transportation Systems	250	1.4%
7	UPS	225	1.3%
8	Conform Automotive	200	1.2%
9	Hannaford	165	1.0%
10	Shaw's Supermarket	135	0.8%
	All Other Employers	14,054	81.4%
	Total Employees	<u>17,264</u>	

Principal Non-Governmental Employers
June 30, 2008

Rank	Employer	Total appr. number of employees	
1	Pioneer Plastics	600	3.8%
2	Tambrands Inc.	525	3.3%
3	Gates Formed Fiber Products	450	2.9%
4	Clover Living Center	305	1.9%
5	General Electric	300	1.9%
6	Shaw's Supermarkets	240	1.5%
7	Wal-Mart Supercenter	230	1.5%
8	Hannaford	190	1.2%
9	Advantage Business Services	180	1.1%
10	Auburn Shoe	175	1.1%
	All Other Employers	12,525	79.7%
	Total Employees	<u>15,720</u>	

Source: Maine Department of Labor

Table 15

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

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

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
2008	23,602	28,960 / 4,137	1 / 19 / 16	226	3,534	915
2009	23,602	24,282 / 3,877	1 / 19 / 16	226	3,534	1,540
2010	23,055	22,186 / 3,196	1 / 19 / 16	225	3,568	2,121
2011	23,055	23,924 / 3,365	1 / 19 / 16	225	3,634	1,684
2012	23,055	26,195 / 3,545	1 / 19 / 17	237	3,650	1,798
2013	23,055	24,110 / 3,560	1 / 19 / 17	237	3,744	1,798
2014	23,055	26,626 / 3,535	1 / 19 / 17	237	3,623	1,832
2015	23,055	29,428 / 4,232	1 / 19 / 17	237	3,610	2,996
2016	23,055	27,161 / 4,432	1 / 19 / 17	237	3,554	3,884
2017	23,055	25,470 / 4,609	1 / 19 / 17	237	3,498	3,899

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
2008	24,228,799	2,469,571	3,731,189	51,477,507	26,525,978	416,684
2009	23,607,655	2,203,282	3,655,392	57,109,583	27,619,073	1,033,634
2010	28,824,479	2,109,338	8,982,225	51,600,320	27,133,850	928,388
2011	30,016,043	1,954,048	8,743,446	49,696,710	27,098,225	829,059
2012	16,367,205	1,918,698	8,532,651	64,748,735	27,830,918	729,731
2013	12,704,212	2,020,995	5,979,490	67,630,898	27,536,761	630,402
2014	12,189,966	1,806,175	5,813,289	69,350,188	28,482,183	471,624
2015	11,658,537	2,837,912	5,700,706	67,966,725	29,395,728	416,996
2016	15,142,919	2,399,469	6,020,280	74,403,313	28,956,784	456,021
2017	14,319,646	2,373,248	8,538,926	70,269,416	28,816,772	539,164

Source: Various City departments