

# City of Auburn, Maine

*"Maine's City of Opportunity"*

## Financial Services



**TO: Clinton Deschene, City Manager**  
**FROM: Jill Eastman, Finance Director**  
**REF: September 2014 Financial Report**  
**DATE: October 14, 2014**

The following is a discussion regarding the significant variances found in the City's September financial report. Please note that although the monthly financial report contains amounts reported by the School Department, this discussion is limited to the City's financial results and does not attempt to explain any variances for the School Department.

The City has completed its third month of the current fiscal year. As a guideline for tracking purposes, revenues and expenditures should amount to approximately 25.0% of the annual budget. However, not all costs and revenues are distributed evenly throughout the year; individual line items can vary based upon cyclical activity.

### **Revenues**

Revenues collected through September 30th, including the school department were \$23,818,593, or 31.30%, of the budget. The municipal revenues including property taxes were \$22,151,132, or 41.01% of the budget which is less than the same period last year by 1.56%. The accounts listed below are noteworthy.

- A. September 15<sup>th</sup> the first installment for real estate taxes were due. The current year tax revenue is at 46.09% as compared to 46.59% last year.
- B. Excise tax for the month of September is at 28.78%. This is a \$47,194 increase from FY 13. Our excise revenues for FY15 are 3.78% above projections as of September 30, 2014.
- C. State Revenue Sharing for the month of September is 14.37% or \$237,111. The city received \$29,322 this month. This is \$142,124 decrease from this September to last September.

- D. Homestead Exemption is 77.53% of budget at the end of September. We received 75% of our allotted amount in September and the balance in June.
- E. Business and Non-Business Licenses and Permits are at 28.15% of budget due to various licenses and permits coming in higher than anticipated.

**Expenditures**

City expenditures through September 2014 were \$13,155,944 or 34.74%, of the budget. This is 0.62% higher than the same period last year. Noteworthy variances are:

- A. Debt Service payments were up by \$406,754 – which is for 2013 Bond principal and interest payments.

**Investments**

This section contains an investment schedule as of September 30th. Currently the City's funds are earning an average interest rate of .19%.

I have attached the bond rating documents that we received from Moody's and Standard and Poor's on the FY15 bonds for your review.

Respectfully submitted,



Jill M. Eastman  
Finance Director

**CITY OF AUBURN, MAINE**  
**BALANCE SHEET - CITY GENERAL FUND, WC AND UNEMPLOYMENT FUND**  
**AS of September 2014, August 2014, and June 2013**

	UNAUDITED September 30 2014	UNAUDITED August 31 2014	Increase (Decrease)	AUDITED JUNE 30 2013
<b>ASSETS</b>				
CASH	\$ 16,088,659	\$ 3,027,169	\$ 13,061,490	\$ 15,074,324
RECEIVABLES			-	
ACCOUNTS RECEIVABLES	736,441	827,557	(91,116)	1,218,554
TAXES RECEIVABLE-CURRENT	21,741,279	41,281,111	(19,539,833)	107,929
DELINQUENT TAXES	645,386	663,697	(18,311)	486,160
TAX LIENS	1,004,580	1,087,927	(83,347)	1,415,461
NET DUE TO/FROM OTHER FUNDS	4,077,001	9,205,125	(5,128,124)	470,312
<b>TOTAL ASSETS</b>	<b>\$ 44,293,346</b>	<b>\$ 56,092,587</b>	<b>\$ (11,799,241)</b>	<b>\$ 18,772,740</b>
<b>LIABILITIES &amp; FUND BALANCES</b>				
ACCOUNTS PAYABLE	\$ (173,763)	\$ (2,411,627)	\$ 2,237,864	\$ (670,227)
PAYROLL LIABILITIES	(82,022)	(276,445)	194,423	(501)
ACCRUED PAYROLL	(895,756)	(895,756)	-	(2,274,075)
STATE FEES PAYABLE	(47,722)	(52,656)	4,933	-
ESCROWED AMOUNTS	(50,651)	(43,526)	(7,125)	(41,865)
DEFERRED REVENUE	(23,078,626)	(42,720,213)	19,641,587	(1,822,839)
<b>TOTAL LIABILITIES</b>	<b>\$ (24,328,541)</b>	<b>\$ (46,400,223)</b>	<b>\$ 22,071,682</b>	<b>\$ (4,809,507)</b>
FUND BALANCE - UNASSIGNED	\$ (18,873,853)	\$ (8,601,412)	\$ (10,272,441)	\$ (12,378,441)
FUND BALANCE - RESTRICTED FOR WORKERS COMP & UNEMPLOYMENT	776,017	776,017	-	684,766
FUND BALANCE - RESTRICTED	(1,866,970)	(1,866,970)	-	(2,269,558)
<b>TOTAL FUND BALANCE</b>	<b>\$ (19,964,805)</b>	<b>\$ (9,692,365)</b>	<b>\$ (10,272,441)</b>	<b>\$ (13,963,233)</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ (44,293,346)</b>	<b>\$ (56,092,587)</b>	<b>\$ 11,799,241</b>	<b>\$ (18,772,740)</b>

**CITY OF AUBURN, MAINE**  
**REVENUES - GENERAL FUND COMPARATIVE**  
**THROUGH September 30, 2014 VS September 30, 2013**

REVENUE SOURCE	FY 2015 BUDGET	ACTUAL		FY 2014 BUDGET	ACTUAL		VARIANCE
		REVENUES THRU SEPTG 2014	% OF BUDGET		REVENUES THRU SEPT 2013	% OF BUDGET	
<b>TAXES</b>							
PROPERTY TAX REVENUE-	\$ 43,055,996	\$ 19,844,817	46.09%	\$ 42,844,641	\$ 19,959,812	46.59%	\$ (114,995)
PRIOR YEAR REVENUE	\$ -	\$ 403,716		\$ -	\$ 313,006		\$ 90,710
HOMESTEAD EXEMPTION REIMBURSEMENT	\$ 495,000	\$ 383,752	77.53%	\$ 482,575	\$ 371,573	77.00%	\$ 12,179
ALLOWANCE FOR ABATEMENT	\$ -	\$ -		\$ -	\$ -		\$ -
ALLOWANCE FOR UNCOLLECTIBLE TAXES	\$ -	\$ -		\$ -	\$ -		\$ -
EXCISE	\$ 3,185,000	\$ 916,565	28.78%	\$ 3,068,500	\$ 869,371	28.33%	\$ 47,194
PENALTIES & INTEREST	\$ 145,000	\$ 24,880	17.16%	\$ 140,000	\$ 20,982	14.99%	\$ 3,898
<b>TOTAL TAXES</b>	<b>\$ 46,880,996</b>	<b>\$ 21,573,730</b>	<b>46.02%</b>	<b>\$ 46,535,716</b>	<b>\$ 21,534,744</b>	<b>46.28%</b>	<b>\$ 38,986</b>
<b>LICENSES AND PERMITS</b>							
BUSINESS	\$ 48,300	\$ 15,253	31.58%	\$ 47,300	\$ 11,448	24.20%	\$ 3,805
NON-BUSINESS	\$ 339,300	\$ 93,864	27.66%	\$ 338,300	\$ 120,033	35.48%	\$ (26,169)
<b>TOTAL LICENSES</b>	<b>\$ 387,600</b>	<b>\$ 109,116</b>	<b>28.15%</b>	<b>\$ 385,600</b>	<b>\$ 131,481</b>	<b>34.10%</b>	<b>\$ (22,365)</b>
<b>INTERGOVERNMENTAL ASSISTANCE</b>							
STATE-LOCAL ROAD ASSISTANCE	\$ 440,000	\$ -	0.00%	\$ 440,000	\$ -	0.00%	\$ -
STATE REVENUE SHARING	\$ 1,649,470	\$ 237,111	14.37%	\$ 1,649,470	\$ 379,235	22.99%	\$ (142,124)
WELFARE REIMBURSEMENT	\$ 70,000	\$ 11,540	16.49%	\$ 53,000	\$ -	0.00%	\$ 11,540
OTHER STATE AID	\$ 22,000	\$ -	0.00%	\$ 22,000	\$ -	0.00%	\$ -
CITY OF LEWISTON	\$ 155,000	\$ -	0.00%	\$ 155,000	\$ -	0.00%	\$ -
<b>TOTAL INTERGOVERNMENTAL ASSISTANCE</b>	<b>\$ 2,336,470</b>	<b>\$ 248,651</b>	<b>10.64%</b>	<b>\$ 2,319,470</b>	<b>\$ 379,235</b>	<b>16.35%</b>	<b>\$ (130,584)</b>
<b>CHARGE FOR SERVICES</b>							
GENERAL GOVERNMENT	\$ 132,040	\$ 33,806	25.60%	\$ 140,240	\$ 29,148	20.78%	\$ 4,658
PUBLIC SAFETY	\$ 485,703	\$ 77,000	15.85%	\$ 366,152	\$ 23,384	6.39%	\$ 53,616
EMS AGREEMENT	\$ 987,551	\$ -	0.00%	\$ 100,000	\$ 25,000	25.00%	\$ (25,000)
<b>TOTAL CHARGE FOR SERVICES</b>	<b>\$ 1,605,294</b>	<b>\$ 110,805</b>	<b>6.90%</b>	<b>\$ 606,392</b>	<b>\$ 77,532</b>	<b>12.79%</b>	<b>\$ 33,273</b>
<b>FINES</b>							
PARKING TICKETS & MISC FINES	\$ 26,000	\$ 13,606	52.33%	\$ 40,000	\$ 4,599	11.50%	\$ 9,007
<b>MISCELLANEOUS</b>							
INVESTMENT INCOME	\$ 10,000	\$ 81	0.81%	\$ 20,000	\$ 86	0.43%	\$ (5)
INTEREST-BOND PROCEEDS	\$ 2,000	\$ -	0.00%	\$ 2,000	\$ -	0.00%	\$ -
RENTS	\$ 122,000	\$ -	0.00%	\$ 122,000	\$ -	0.00%	\$ -
UNCLASSIFIED	\$ 20,000	\$ 28,257	141.28%	\$ 17,500	\$ 38,396	219.41%	\$ (10,139)
SALE OF RECYCLABLES	\$ -	\$ -		\$ 4,800	\$ -	0.00%	\$ -
COMMERCIAL SOLID WASTE FEES	\$ -	\$ 10,072		\$ -	\$ 10,478		\$ (407)
SALE OF PROPERTY	\$ 20,000	\$ 1,200	6.00%	\$ 20,000	\$ 6,760	33.80%	\$ (5,560)
RECREATION PROGRAMS/ARENA	\$ -	\$ -		\$ -	\$ -		\$ -
MMWAC HOST FEES	\$ 206,000	\$ 52,315	25.40%	\$ 204,000	\$ 51,448	25.22%	\$ 867
9-1-1 DEBT SERVICE REIMBURSEMENT	\$ -	\$ -		\$ -	\$ -	0.00%	\$ -
TRANSFER IN: TIF	\$ 500,000	\$ -	0.00%	\$ 520,000	\$ -	0.00%	\$ -
TRANSFER IN: POLICE	\$ 20,000	\$ -	0.00%	\$ -	\$ -		\$ -
TRANSFER IN: PARKING PROGRAM	\$ 55,000	\$ -	0.00%	\$ -	\$ -		\$ -
TRANSFER IN: PD DRUG MONEY	\$ 45,000	\$ -	0.00%	\$ -	\$ -		\$ -
TRANSFER IN: REC SPEC REVENUE	\$ 41,720	\$ -	0.00%	\$ -	\$ -		\$ -
TRANSFER IN: SPECIAL REVENUE	\$ 290,000	\$ -	0.00%	\$ -	\$ -		\$ -
ENERGY EFFICIENCY	\$ -	\$ -		\$ 2,000	\$ 279	13.95%	\$ (279)
CDBG	\$ 58,000	\$ -	0.00%	\$ 58,000	\$ -	0.00%	\$ -
UTILITY REIMBURSEMENT	\$ 37,500	\$ 3,299	8.80%	\$ 37,500	\$ 5,440	14.51%	\$ (2,141)
CITY FUND BALANCE CONTRIBUTION	\$ 1,350,000	\$ -	0.00%	\$ 1,350,000	\$ -	0.00%	\$ -
<b>TOTAL MISCELLANEOUS</b>	<b>\$ 2,777,220</b>	<b>\$ 95,224</b>	<b>3.43%</b>	<b>\$ 2,357,800</b>	<b>\$ 112,887</b>	<b>4.79%</b>	<b>\$ (17,663)</b>
<b>TOTAL GENERAL FUND REVENUES</b>	<b>\$ 54,013,580</b>	<b>\$ 22,151,132</b>	<b>41.01%</b>	<b>\$ 52,244,978</b>	<b>\$ 22,240,478</b>	<b>42.57%</b>	<b>\$ (89,346)</b>
<b>SCHOOL REVENUES</b>							
EDUCATION SUBSIDY	\$ 20,411,239	\$ 1,607,611	7.88%	\$ 17,942,071	\$ 3,779,205	21.06%	\$ (2,171,594)
EDUCATION	\$ 774,572	\$ 59,850	7.73%	\$ 1,358,724	\$ 52,110	3.84%	\$ 7,740
SCHOOL FUND BALANCE CONTRIBUTION	\$ 906,882	\$ -	0.00%	\$ 855,251	\$ -	0.00%	\$ -
<b>TOTAL SCHOOL</b>	<b>\$ 22,092,693</b>	<b>\$ 1,667,461</b>	<b>7.55%</b>	<b>\$ 20,156,046</b>	<b>\$ 3,831,315</b>	<b>19.01%</b>	<b>\$ (2,163,854)</b>
<b>GRAND TOTAL REVENUES</b>	<b>\$ 76,106,273</b>	<b>\$ 23,818,593</b>	<b>31.30%</b>	<b>\$ 72,401,024</b>	<b>\$ 26,071,793</b>	<b>36.01%</b>	<b>\$ (2,253,200)</b>

**CITY OF AUBURN, MAINE**  
**EXPENDITURES - GENERAL FUND COMPARATIVE**  
**THROUGH September 30, 2014 VS September 30, 2013**

DEPARTMENT	FY 2015 BUDGET	Unaudited EXP THRU SEPT 2014	% OF BUDGET	FY 2014 BUDGET	Unaudited EXP THRU SEPT 2013	% OF BUDGET	VARIANCE
<b>ADMINISTRATION</b>							
MAYOR AND COUNCIL	\$ 78,532	\$ 22,339	28.45%	\$ 71,079	\$ 13,630	19.18%	\$ 8,709
CITY MANAGER	\$ 280,750	\$ 61,744	21.99%	\$ 238,903	\$ 56,903	23.82%	\$ 4,841
ECONOMIC DEVELOPMENT	\$ 359,500	\$ 59,761	16.62%	\$ 318,933	\$ 95,217	29.85%	\$ (35,456)
ASSESSING SERVICES	\$ 177,320	\$ 37,094	20.92%	\$ 172,277	\$ 40,336	23.41%	\$ (3,242)
CITY CLERK	\$ 164,593	\$ 30,770	18.69%	\$ 162,045	\$ 33,284	20.54%	\$ (2,514)
FINANCIAL SERVICES	\$ 427,815	\$ 93,391	21.83%	\$ 405,976	\$ 93,410	23.01%	\$ (19)
HUMAN RESOURCES	\$ 139,578	\$ 29,817	21.36%	\$ 139,566	\$ 29,146	20.88%	\$ 671
INFORMATION COMMUNICATION TECHNOLOGY	\$ 413,829	\$ 105,340	25.45%	\$ 395,350	\$ 165,617	41.89%	\$ (60,277)
LEGAL SERVICES	\$ 65,000	\$ 2,902	4.46%	\$ 100,000	\$ -	0.00%	\$ 2,902
<b>TOTAL ADMINISTRATION</b>	<b>\$ 2,106,917</b>	<b>\$ 443,158</b>	<b>21.03%</b>	<b>\$ 2,004,129</b>	<b>\$ 527,543</b>	<b>26.32%</b>	<b>\$ (84,385)</b>
<b>COMMUNITY SERVICES</b>							
PLANNING & PERMITTING	\$ 902,494	\$ 198,993	22.05%	\$ 775,230	\$ 182,818	23.58%	\$ 16,175
HEALTH & SOCIAL SERVICES	\$ 192,954	\$ 41,842	21.68%	\$ 189,539	\$ 58,240	30.73%	\$ (16,398)
PUBLIC LIBRARY	\$ 960,692	\$ 235,298	24.49%	\$ 946,737	\$ 231,809	24.49%	\$ 3,489
<b>TOTAL COMMUNITY SERVICES</b>	<b>\$ 2,056,140</b>	<b>\$ 476,133</b>	<b>23.16%</b>	<b>\$ 2,759,028</b>	<b>\$ 472,867</b>	<b>17.14%</b>	<b>\$ 3,266</b>
<b>FISCAL SERVICES</b>							
DEBT SERVICE	\$ 6,263,936	\$ 5,083,163	81.15%	\$ 6,321,584	\$ 4,676,409	73.98%	\$ 406,754
FACILITIES	\$ 698,335	\$ 161,362	23.11%	\$ 715,667	\$ 201,655	28.18%	\$ (40,293)
WORKERS COMPENSATION	\$ 468,081	\$ -	0.00%	\$ 431,446	\$ -	0.00%	\$ -
WAGES & BENEFITS	\$ 4,737,117	\$ 1,309,325	27.64%	\$ 4,397,585	\$ 1,197,179	27.22%	\$ 112,146
EMERGENCY RESERVE (10108062-670000)	\$ 375,289	\$ -	0.00%	\$ 375,289	\$ -	0.00%	\$ -
<b>TOTAL FISCAL SERVICES</b>	<b>\$ 12,542,758</b>	<b>\$ 6,553,850</b>	<b>52.25%</b>	<b>\$ 12,241,571</b>	<b>\$ 6,075,243</b>	<b>49.63%</b>	<b>\$ 478,607</b>
<b>PUBLIC SAFETY</b>							
FIRE DEPARTMENT	\$ 4,057,633	\$ 1,017,096	25.07%	\$ 4,024,789	\$ 941,530	23.39%	\$ 75,566
FIRE EMS	\$ 635,468	\$ 178,881	28.15%	\$ -	\$ -	-	\$ 178,881
POLICE DEPARTMENT	\$ 3,738,108	\$ 767,296	20.53%	\$ 3,589,583	\$ 736,860	20.53%	\$ 30,436
<b>TOTAL PUBLIC SAFETY</b>	<b>\$ 8,431,209</b>	<b>\$ 1,963,273</b>	<b>23.29%</b>	<b>\$ 7,614,372</b>	<b>\$ 1,678,390</b>	<b>22.04%</b>	<b>\$ 284,883</b>
<b>PUBLIC WORKS</b>							
PUBLIC SERVICES DEPARTMENT	\$ 5,806,379	\$ 1,121,924	19.32%	\$ 5,577,954	\$ 1,061,912	19.04%	\$ 60,012
WATER AND SEWER	\$ 599,013	\$ 146,628	24.48%	\$ 558,835	\$ 135,231	24.20%	\$ 11,397
<b>TOTAL PUBLIC WORKS</b>	<b>\$ 6,405,392</b>	<b>\$ 1,268,552</b>	<b>19.80%</b>	<b>\$ 5,289,267</b>	<b>\$ 1,197,143</b>	<b>22.63%</b>	<b>\$ 71,409</b>
<b>INTERGOVERNMENTAL PROGRAMS</b>							
AUBURN-LEWISTON AIRPORT	\$ 105,000	\$ 26,250	25.00%	\$ 105,000	\$ 52,500	50.00%	\$ (26,250)
E911 COMMUNICATION CENTER	\$ 1,067,249	\$ 325,005	30.45%	\$ 1,036,409	\$ 260,725	25.16%	\$ 64,280
LATC-PUBLIC TRANSIT	\$ 235,373	\$ 52,844	22.45%	\$ 235,496	\$ -	0.00%	\$ 52,844
LAEGC-ECONOMIC COUNCIL	\$ -	\$ -	-	\$ -	\$ -	-	\$ -
LA ARTS	\$ 17,000	\$ -	0.00%	\$ -	\$ -	-	\$ -
TAX SHARING	\$ 270,000	\$ -	0.00%	\$ 270,000	\$ 37,347	13.83%	\$ (37,347)
<b>TOTAL INTERGOVERNMENTAL</b>	<b>\$ 1,694,622</b>	<b>\$ 404,099</b>	<b>23.85%</b>	<b>\$ 1,646,905</b>	<b>\$ 350,572</b>	<b>21.29%</b>	<b>\$ 53,527</b>
<b>COUNTY TAX</b>							
TIF (10108058-580000)	\$ 2,046,880	\$ 2,046,879	100.00%	\$ 2,029,513	\$ 2,029,512	100.00%	\$ 17,367
OVERLAY	\$ 2,584,032	\$ -	0.00%	\$ 2,555,723	\$ -	0.00%	\$ -
	\$ -	\$ -	-	\$ -	\$ -	0.00%	\$ -
<b>TOTAL CITY DEPARTMENTS</b>	<b>\$ 37,867,950</b>	<b>\$ 13,155,944</b>	<b>34.74%</b>	<b>\$ 36,140,508</b>	<b>\$ 12,331,270</b>	<b>34.12%</b>	<b>\$ 824,674</b>
<b>EDUCATION DEPARTMENT</b>	<b>\$ 38,241,323</b>	<b>\$ 1,314,883</b>	<b>3.44%</b>	<b>\$ 37,128,028</b>	<b>\$ 2,543,560</b>	<b>6.85%</b>	<b>\$ (1,228,677)</b>
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<b>\$ 76,109,273</b>	<b>\$ 14,470,827</b>	<b>19.01%</b>	<b>\$ 73,268,536</b>	<b>\$ 14,874,830</b>	<b>20.30%</b>	<b>\$ (404,003)</b>

**CITY OF AUBURN, MAINE  
INVESTMENT SCHEDULE  
AS OF September 30, 2014**

INVESTMENT	FUND	BALANCE September 30, 2014	BALANCE August 31, 2014	INTEREST RATE	WEIGHTED AVG YIELD
BANKNORTH MNY MKT	24-1242924 GENERAL FUND	\$ 55,431.96	\$ 55,425.13	0.15%	
BANKNORTH MNY MKT	24-1745910 GF-WORKERS COMP	\$ 49,290.81	\$ 49,287.57	0.08%	
BANKNORTH MNY MKT	24-1745944 GF-UNEMPLOYMENT	\$ 67,020.92	\$ 67,012.66	0.15%	
BANKNORTH CD	7033 GF-UNEMPLOYMENT	\$ 102,404.84	\$ 102,404.84	0.15%	
BANKNORTH MNY MKT	24-1809302 SPECIAL REVENUE	\$ 52,651.49	\$ 52,645.00	0.15%	
BANKNORTH MNY MKT	24-1745902 SR-PERMIT PARKING	\$ 198,346.14	\$ 198,321.69	0.15%	
BANKNORTH MNY MKT	24-1745895 SR-TIF	\$ 1,119,820.01	\$ 1,119,681.97	0.15%	
BANKNORTH MNY MKT	24-1746819 CAPITAL PROJECTS	\$ 4,777,534.07	\$ 4,777,191.68	0.20%	
BANKNORTH MNY MKT	24-1745928 ICE ARENA	\$ 249,739.20	\$ 249,708.41	0.15%	
<b>GRAND TOTAL</b>		<b>\$ 6,672,239.44</b>	<b>\$ 6,671,678.95</b>		<b>0.19%</b>

# City of Auburn, Maine

*"Maine's City of Opportunity"*

## Financial Services

To: Clinton Deschene, City Manager  
From: Jill Eastman, Finance Director  
Re: Arena Financial Reports for September 30, 2014



Attached you will find a Statement of Net Assets and a Statement of Activities for the Ingersoll Arena and the Norway Savings Bank Arena as of September 30, 2014. I have also attached budget to actual reports for Norway Savings Bank Arena for revenue and expenditures.

### **INGERSOLL ARENA**

#### **Statement of Net Assets:**

The Statement of Net Assets lists current assets, noncurrent assets, liabilities and net assets.

#### **Current Assets:**

As of the end of September 2014 the total current assets were \$130,897. These consisted of cash and cash equivalents of \$249,708, and an interfund payable of \$118,811, which means that Ingersoll owes the General Fund \$118,811, so net cash available to Ingersoll is \$130,897 at the end of September.

#### **Noncurrent Assets:**

Noncurrent assets are the building, equipment and any building and land improvements, less depreciation. The total value of noncurrent assets as of September 30, 2014 were \$232,292. The equipment that was transferred to Norway Savings Bank Arena or sold have been removed from the Ingersoll balance sheet as well as the related accumulated depreciation.

#### **Liabilities:**

Ingersoll had no liabilities as of September 30, 2014

#### **Statement of Activities:**

The statement of activities shows the current operating revenue collected for the fiscal year and the operating expenses as well as any nonoperating revenue and expenses.

Ingersoll Arena had no operating revenues through September 2014.

The operating expenses for Ingersoll Arena through September 2014, were \$2,244. These expenses include supplies, utilities, and repairs and maintenance.

As of September 2014 Ingersoll has an operating loss of (\$2,244).

Non-operating revenue and expenses consist of interest income and debt service payments. The interest income to date is \$64 and debt service expense to date is \$81,563.

As of September 30, 2014 Ingersoll has a decrease in net assets of \$83,743.

## **NORWAY SAVINGS BANK ARENA**

### **Statement of Net Assets:**

The Statement of Net Assets lists current assets, noncurrent assets, liabilities and net assets.

### **Current Assets:**

As of the end of September 2014 the total current assets of Norway Savings Bank Arena were (\$61,875). These consisted of cash and cash equivalents of \$91,281, and an interfund payable of \$153,156, which means that Norway owes the General Fund \$153,156 at the end of September.

### **Noncurrent Assets:**

Norway's noncurrent assets are equipment that was purchased, less depreciation (depreciation is posted at year end). There was an adjustment to the equipment to account for equipment that was transferred from Ingersoll Arena. The total value of the noncurrent assets as of September 30, 2014 was \$239,332.

### **Liabilities:**

Norway Arena had accounts payable of \$2 as of September 30, 2014.

### **Statement of Activities:**

The statement of activities shows the current operating revenue collected for the fiscal year and the operating expenses as well as any nonoperating revenue and expenses.

The operating revenues for Norway Arena through September 2014 are \$152,120. This revenue comes from the concessions, sign advertisements, pro shop lease, youth programming, shinny hockey, public skating and ice rentals.

The operating expenses for Norway Arena through September 2014 were \$322,592. These expenses include personnel costs, supplies, utilities, repairs, capital purchases and maintenance. July 1<sup>st</sup> Norway began to pay the monthly rent payment on the arena of \$42,207 to Slap Shot LLC. The October rent payment was posted in September in order to have the check available for October 1<sup>st</sup>.

As of September 2014 Norway Arena has an operating loss of \$170,472.

As of September 30, 2014 Norway Arena has a decrease in net assets of \$170,472.

I have also attached budget to actual reports for revenue and expenditures.



**CITY OF AUBURN, MAINE**  
**Statement of Net Assets**  
**Proprietary Funds**  
**September 30, 2014**

**Business-type Activities - Enterprise Funds**

	Ingersoll	Norway Savings	Combined
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 249,708	\$ 91,281	\$ 340,989
Interfund receivables	\$ (118,811)	\$ (153,156)	(271,967)
Accounts receivable	-	-	-
Total current assets	130,897	(61,875)	69,022
Noncurrent assets:			
Capital assets:			
Buildings	672,279	35,905	708,184
Equipment	66,415	285,813	352,228
Land improvements	18,584		18,584
Less accumulated depreciation	(524,986)	(82,386)	(607,372)
Total noncurrent assets	232,292	239,332	471,624
Total assets	363,189	177,457	540,646
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 2	2
Total liabilities	-	2	2
<b>NET ASSETS</b>			
Invested in capital assets	\$ 232,292	\$ 239,332	471,624
Unrestricted	\$ 130,897	\$ (61,877)	69,020
Total net assets	\$ 363,189	\$ 177,455	\$ 540,644

**CITY OF AUBURN, MAINE**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Funds**  
**Business-type Activities - Enterprise Funds**  
**Statement of Activities**  
**August 31, 2014**

	Ingersoll Ice Arena	Norway Savings Arena	Total
Operating revenues:			
Charges for services	\$ -	\$ 152,120	\$ 152,120
Operating expenses:			
Personnel	-	67,644	67,644
Supplies	-	17,771	17,771
Utilities	1,879	46,970	48,849
Repairs and maintenance	365	3,156	3,521
Rent		168,828	168,828
Depreciation	-	-	-
Capital expenses		-	-
Other expenses	-	18,223	18,223
<b>Total operating expenses</b>	<b>2,244</b>	<b>322,592</b>	<b>324,836</b>
Operating gain (loss)	(2,244)	(170,472)	(172,716)
Nonoperating revenue (expense):			
Interest income	64	-	64
Interest expense (debt service)	(81,563)	-	(81,563)
<b>Total nonoperating expense</b>	<b>(81,499)</b>	<b>-</b>	<b>(81,499)</b>
Gain before transfer	(83,743)	(170,472)	(254,215)
Transfers out	-	-	
Change in net assets	(83,743)	(170,472)	(254,215)
Total net assets, July 1	446,932	347,927	794,859
<b>Total net assets, September 30, 2014</b>	<b>\$ 363,189</b>	<b>\$ 177,455</b>	<b>\$ 540,644</b>

**CITY OF AUBURN, MAINE**  
**REVENUES - NORWAY SAVINGS BANK ARENA**  
**Through September 30, 2014**

REVENUE SOURCE	FY 2015 BUDGET	ACTUAL REVENUES THRU SEPT 2014	% OF BUDGET
<b>CHARGE FOR SERVICES</b>			
Concessions	\$ 30,000	\$ -	0.00%
Sign Advertisements	\$ 233,225	\$ 69,958	30.00%
Pro Shop	\$ 8,500	\$ 1,686	19.84%
Programs	\$ 172,450	\$ 6,750	3.91%
Rental Income	\$ 753,260	\$ 72,601	9.64%
Tournaments	\$ 24,500	\$ 1,125	4.59%
<b>TOTAL CHARGE FOR SERVICES</b>	<b>\$ 1,221,935</b>	<b>\$ 152,120</b>	<b>12.45%</b>
<b>INTEREST ON INVESTMENTS</b>	<b>\$ -</b>		
<b>GRAND TOTAL REVENUES</b>	<b>\$ 1,221,935</b>	<b>\$ 152,120</b>	<b>12.45%</b>

**CITY OF AUBURN, MAINE**  
**EXPENDITURES - NORWAY SAVINGS BANK ARENA**  
**Through September 30, 2014**

<b>REVENUE SOURCE</b>	<b>FY 2015 BUDGET</b>	<b>ACTUAL EXPENDITURES THRU SEPT 2014</b>	<b>% OF BUDGET</b>
Salaries & Benefits	\$ 318,446	\$ 67,644	21.24%
Purchased Services	\$ 67,800	\$ 21,379	31.53%
Supplies	\$ 9,000	\$ 17,771	197.46%
Utilities	\$ 204,846	\$ 46,970	22.93%
Capital Outlay	\$ 80,000	\$ -	0.00%
Rent	\$ 528,408	\$ 168,828	31.95%
	<b>\$ 1,208,500</b>	<b>\$ 322,592</b>	<b>26.69%</b>
 <b>GRAND TOTAL EXPENDITURES</b>	 <b>\$ 1,208,500</b>	 <b>\$ 322,592</b>	 <b>26.69%</b>

# MOODY'S

## INVESTORS SERVICE

### New Issue: Moody's assigns Aa3 to Auburn, ME's \$7.2M 2014 GO Bonds

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Global Credit Research - 09 Oct 2014

#### Affirms Aa3 affecting \$57.2M of GO debt outstanding

AUBURN (CITY OF) ME  
Cities (including Towns, Villages and Townships)  
ME

#### Moody's Rating

ISSUE	RATING
2014 General Obligation Bonds	Aa3
<b>Sale Amount</b> \$7,200,000	
<b>Expected Sale Date</b> 10/15/14	
<b>Rating Description</b> General Obligation	

**Moody's Outlook** NOO

#### Opinion

NEW YORK, October 09, 2014 --Moody's Investors Service has assigned a Aa3 rating to the City of Auburn, ME's \$7.2 million 2014 General Obligation Bonds. Concurrently, Moody's has affirmed the Aa3 rating on the city's approximately \$57.2 million in outstanding general obligation debt. The current issue will fund various capital projects for the city and the school department. The school bonds (\$2.1 million of the current issue) are secured by the city's general obligation unlimited tax pledge. The remainder of the bonds are secured by the city's general obligation limited tax pledge as debt service for municipal purposes is subject to the state's property tax limitation known as LD-1.

#### SUMMARY RATING RATIONALE

The Aa3 rating reflects the city's healthy and stable financial position, moderately-sized tax base with average wealth levels, and above-average debt burden.

#### STRENGTHS

- Sound reserve position supported by a formal fund balance policy and conservative budgeting practices
- Ample property tax levy capacity under LD-1 limit
- Minimal pension and OPEB liabilities

#### CHALLENGES

- Above average debt burden
- Rising education costs to comply with state mandated school funding requirement

#### DETAILED CREDIT DISCUSSION

#### CAREFULLY MANAGED FINANCIAL POSITION

Auburn's financial position will remain stable given conservative budgeting practices, management's commitment to maintaining healthy reserve levels as reflected in a formal policy, and flexibility provided by significant property tax levy capacity. Following multiple years of balanced or surplus operations, fiscal 2013 ended with a planned

\$1.6 million draw on General Fund balance. The city has a formal policy to maintain available reserves (unassigned plus assigned fund balance) at a minimum of 12.5% of school and municipal expenditures, and the city has generally maintained reserves in excess of that policy. Following the draw down, this balance declined to \$9.9 million (13.5% of expenditures) from \$11.7 million (16.4% of expenditures) in fiscal 2012. The total General Fund balance was \$12.4 million (a healthy 17.2% of revenues) at the end of fiscal 2013.

According to fiscal 2014 unaudited results, the city expects total fund balance to decline by \$300,000 to \$12.1 million (16.8% of revenues) and available reserves will remain above 13% of expenditures. Fiscal 2014 excise taxes exceeded budgeted projections, although fire department overtime and truck repairs came in over budget. The fiscal 2015 budget increased 3.85% over the prior year due to the addition of EMT services (which were formally outsourced) and increased education costs to comply with the state's school funding requirement. Budgetary growth is offset by projected increases in excise taxes, a 2% property tax levy increase, and a \$2.1 million fund balance appropriation. Education costs will continue to be a budget driver, especially over the near term, as the city is required to increase student funding to comply with state mandated levels within the next two years. Management anticipates this will cost the city approximately \$2 million. Notably, the city's overall financial flexibility is enhanced by a significant \$7.5 million of accumulated excess taxing capacity under the provisions of LD-1, representing the amount of levy growth available for future budgets.

The city is exposed to moderate enterprise risk after leasing a new ice arena that had been constructed by a private developer. The arena opened in November 2013 and the city has entered into an agreement to reimburse the developer for construction costs. The total project is expected to cost the city a total of \$8.2 million, amortized over 30 years. Total payments per year will remain level at approximately \$504,000 (\$42,000 monthly) which represents less than 1% of the city's annual budget. Arena usage fees are expected to be sufficient to pay all operating costs as well as the payments to the developer, but General Fund revenues will be used for any shortfalls. Moody's considers this risk manageable and we will continue to monitor what pressure, if any, the ice arena imposes on the city's General Fund.

#### MODEST GROWTH EXPECTED FOR MODERATELY SIZED TAX BASE WITH HEALTHY COMMERCIAL PRESENCE

Following multiple years of tax base declines, the city's moderately-sized \$1.9 billion tax base should begin to stabilize in the near term and experience modest growth over the medium term given new commercial development. The tax base, which is 51% residential and 34% commercial/industrial, experienced declines in four of the last five years, leading to an compound annual decrease of 0.6% between 2009 and 2014. While the city does maintain an above average degree of taxpayer concentration, with the top ten taxpayers representing 11.9% of the total assessed value, the largest taxpayer, Tambrands (3.1% of 2014 assessed value), a division of The Procter & Gamble Company (Aa3 stable), has recently made sizable capital investments at its Auburn facility and hired 60 new employees. Additional new development includes a new industrial park, expansion of a trucking company, and the construction of a Hobby Lobby. The city's median family income is on par with the state (97%) and below the nation (90%), and full value per capita is \$83,548. The July 2014 unemployment (5.0%) is below that of the state (5.2%) and nation (6.5%).

#### CITY WILL REMAIN HIGHLY LEVERAGED

Auburn's debt position will remain above average yet manageable given rapid amortization of principal and future borrowing plans to partially support the Capital Improvement Plan. Including the current issue, the city's debt position is an above average 3.3% of full value, although the city has no overlapping debt. Pension obligation bonds (POBs) issued in 2003 represent a small portion of the city's total outstanding debt (3.5%). Debt service accounted for an above average 9.0% of 2013 expenditures but principal is amortized rapidly, with 95.2% of retired within 10 years. The city's only additional authorized debt relates to a \$5 million parking garage project, debt that officials do not expect to issue. While there is currently no other authorized unissued debt outstanding, the city expects to borrow \$20 to \$25 million over the next four years. Additionally, the city is considering constructing a new high school, although approval of this project will depend on state support. Should the state approve subsidies, pursuant to the city's charter, the project would be subject to referendum approval. All of the city's debt is fixed rate and it is not party to any derivative agreements.

The city issued pension obligation bonds in 2003, which were subsequently refunded in 2012, to fully fund its initial unfunded actuarial liability to the Maine State Retirement System. In addition, the city maintains a single employer defined benefit plan for police and fire employees who joined prior to the city's participation in the state plan. The reported unfunded liability is less than \$1 million for 14 retirees. The city's teachers participate in the Maine Public Employees Retirement System's Teacher Plan, which is administered at the state level. Beginning in fiscal 2014, the city is responsible for approximately half of the normal cost of the teachers' plan. The city contributed \$491,000

in fiscal 2014. This additional contribution is not expected to pressure the city's financial position over the near term. The OPEB liability is modest at \$3.5 million as it is limited to the value of its implicit rate subsidy to retirees that buy into the health insurance benefit plan offered to active employees.

#### WHAT COULD MAKE THE RATING GO UP

- Substantial growth of reserve levels
- Sustained trend of material tax base growth and diversification
- Significant improvement in demographic profile relative to state and national medians
- Material decline in the debt burden

#### WHAT COULD MAKE THE RATING GO DOWN

- Trend of operating deficits resulting in a material decline in reserves
- Declines in the tax base or deterioration of the demographic profile
- Material growth in debt burden

#### KEY STATISTICS:

2014 Full Value: \$1.9 billion

2014 Full Value Per Capita: \$83,548

Median Family Income as % of US: 90.0%

Fiscal 2013 Available Fund balance as a % of Revenues: 13.8%

5-Year Dollar Change in Fund Balance as % of Revenues: -0.9%

Fiscal 2013 Cash Balance as % of Revenues: 15.6%

5-Year Dollar Change in Cash Balance as % of Revenues: -0.8%

Institutional Framework: Aa

5-Year Average Operating Revenues / Operating Expenditures: 1.0x

Net Direct Debt as % of Full Value: 3.3%

Net Direct Debt / Operating Revenues: 0.9x

3-Year Average of Moody's ANPL as % of Full Value: 0.7%

3-Year Average of Moody's ANPL / Operating Revenues: 0.2x

The principal methodology used in this rating was US Local Government General Obligation Debt published in January 2014. Please see the Credit Policy page on [www.moody.com](http://www.moody.com) for a copy of this methodology.

#### REGULATORY DISCLOSURES

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October 8, 2014

City of Auburn  
60 Court Street  
Auburn, ME 04210  
Attention: Ms. Jill Eastman, Finance Director

Re: *\$7,200,000 Auburn, Maine, General Obligation Bonds, Series 2014*

Dear Ms. Eastman:

Pursuant to your request for a Standard & Poor's Ratings Services ("Ratings Services") rating on the above-referenced obligations, Ratings Services has assigned a rating of "AA-". Standard & Poor's views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

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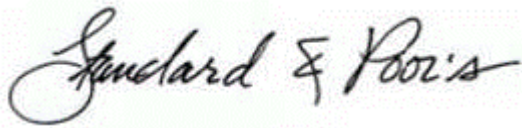
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Standard & Poor's Ratings Services

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cc: Mr. Joseph P. Cuetara, Senior Vice President  
Moors & Cabot, Inc. Capital Markets Division



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No Third Party Beneficiaries. Nothing in any credit rating engagement, or a credit rating when issued, is intended or should be construed as creating any rights on behalf of any third parties, including, without limitation, any recipient of a credit rating. No person is intended as a third party beneficiary of any credit rating engagement or of a credit rating when issued.

**Current Long-term Bond Ratings (Maine)**

<u>Municipality Name</u>	<u>Moody's Rating</u>	<u>S&amp;P Rating</u>	<u>Municipality Name</u>	<u>Moody's Rating</u>	<u>S&amp;P Rating</u>
Alfred	NR	AA	Scarborough	Aa3	AA
Auburn	Aa3	AA-	Somerset Cnty	Aa3	A+
Augusta	NR	AA	South Berwick	A1	NR
Bangor	Aa2	AA-	South Portland	Aaa	AAA
Bar Harbor	Aa2	AAA	St. George	NR	AA+
Bath	Aa3	AA	Topsham	NR	AA+
Biddeford	Aa2	AA-	Waterville	Aa3	A+
Brewer	Aa3	AA-	Wells	Aa2	AA+
Brunswick	Aa2	AA+	Westbrook	Aa3	AA
Cape Elizabeth	Aa1	AAA	Windham	Aa2	AA
Castine	Aa3	NR	Winslow	Aa3	AA-
Cumberland	Aa3	AA+	Winthrop	A1	AA-
Cumberland Cnty	Aa1	AA+	Yarmouth	Aa2	AA+
Dixfield	NR	AA-	York Cnty	NR	AA
Ellsworth	Aa3	AA-	York	NR	AA+
Falmouth	Aa1	AAA			
Farmington	NR	AA-	<b><u>Enterprise District</u></b>		
Freeport	Aa2	AAA	Auburn Sewer Dist.	NR	A+
Gorham	Aa2	AA+	Auburn Water Dist.	NR	A+
Gray	Aa3	AA+	Brewer HSD	NR	AA-
Hallowell	NR	A+	Bruns&Tops WD	NR	A+
Hancock Cnty	Aa2	AA	Cumberland Cnty Civic Cntr	NR	AA
Hermon	A1	AA-	ecomaine	NR	AA
Kennebunk	Aa2	AAA	Freeport Swr	Aa3	NR
Kittery	Aa2	AA+	Ken Lt & Pr	Aa3	A-
Knox Cnty	Aa2	AA	Kenn WD	A1	NR
Lewiston	Aa2	AA-	Linc-Sag Jail Auth	A1	A+
Manchester	NR	AA-	MSAD #51	Aa3	AA
New Gloucester	Aa3	AA+	No Jay WD	Baa2	NR
Old Orchard Beach	Aa3	AA+	Portland Jetport	Baa1	BBB+
Orono	Aa3	AA-	Portland Wtr Dis (Port Swr)	Aa1	AA
Oxford	NR	AA-	Portland Wtr Dis (Wtr Bonds)	A1	A+
Paris Twn	NR	A+	RSU No. 1	NR	AA
Pittsfield Twn	NR	A	RSU No. 23	Baa1	AA
Portland	Aa1	AA	Rumford WD	A2	NR
Presque Isle	A1	NR	So Berwick WD	A1	NR
Raymond	NR	AAA	Wells-Ogunquit CSD	Aa3	AA+
Saco	Aa3	AA	Yarmouth WD	Aa3	A+

**August 12, 2014**



## Moody's Long-term Ratings

**Moody's Investors Service ("Moody's")** Bonds carrying the same rating are not claimed to be of absolutely equal quality, but are in a broad sense alike in position of risk. The ratings involve judgments about the future, including an appraisal of long-term risks and the recognition of many statistical and non-statistical factors. The quality of a bond may change over its life and therefore a change from the initial rating designation may occur at any time. Moody's applies numerical modifiers (1, 2 and 3) in each rating classification. The modifier 1 indicates that the issue ranks in the higher end of its gradation; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates that the issue ranks in the lower end of its category. The classes of gradation are:

**Aaa** ratings, assigned for issues judged to be of the best quality, carry the smallest degree of investment risk and are generally referred to as "gilt edged". Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.

**Aa** ratings, assigned for issues judged to be of high quality by all standards and, together with **Aaa**, comprise what are generally known as "high grade" bonds. These are rated lower because margins of protection may not be as large as in **Aaa** issues, or fluctuation of protective elements may be of greater amplitude, or there may be other elements present which make the long-term risk appear somewhat larger than **Aaa** securities.

**A** ratings, assigned for issues judged to possess many favorable investment attributes, are considered upper-medium grade obligations. Factors giving security to principal and interest are considered adequate, but elements may be present which suggest a susceptibility to impairment sometime in the future.

**Baa** ratings, assigned for issues judged to be considered as medium-grade obligations, are neither highly protected nor poorly secured.

## S&P's Long-term Ratings

*Issue credit ratings are based, in varying degrees, on Standard & Poor's analysis of the following considerations: Likelihood of payment—capacity and willingness of the obligor to meet its financial commitment on an obligation in accordance with the terms of the obligation; Nature of and provisions of the obligation; Protection afforded by, and relative position of, the obligation in the event of bankruptcy, reorganization, or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights.*

*Issue ratings are an assessment of default risk, but may incorporate an assessment of relative seniority or ultimate recovery in the event of default.*

### AAA

An obligation rated 'AAA' has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

### AA

An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong.

### A

An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

### BBB

An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

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### Plus (+) or minus (-)

The ratings from may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.