

COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Auburn, Maine

For the year ended June 30, 2016



CITY OF AUBURN, MAINE

Finance Department

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended
June 30, 2016

Prepared By:
Finance and Management

CITY OF AUBURN, MAINE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2016

TABLE OF CONTENTS

	<u>Page(s)</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1-11
GFOA Certificate of Achievement	13
Organizational Chart	15
List of Elected and Appointed Officials	16
	<u>Statement</u> <u>Page(s)</u>
FINANCIAL SECTION	
Report of Independent Auditors	19-21
Management's Discussion and Analysis	22-31
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	1 35
Statement of Activities	2 36
Fund Financial Statements:	
Balance Sheet – Governmental Funds	3 37
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	4 38
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5 39
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	6 40-42
Statement of Net Position – Proprietary Funds	7 43
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	8 44
Statement of Cash Flows – Proprietary Funds	9 45
Statement of Fiduciary Net Position – Fiduciary Funds	10 46
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	11 47
Notes to the Financial Statements	48-81
Required Supplementary Information	82-85

CITY OF AUBURN, MAINE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2016

TABLE OF CONTENTS, Continued

	<u>Exhibit</u>	<u>Page</u>
COMBINING AND INDIVIDUAL FUND STATEMENTS:		
Combining Balance Sheet – Nonmajor Governmental Funds	A-1	89
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	A-2	90
Combining Balance Sheet – Nonmajor Special Revenue Funds	B-1	91
Combining Statement of Revenues, Expenditures and Changes In Fund Balances – Nonmajor Special Revenue Funds	B-2	92
Combined Balance Sheet – Nonmajor Permanent Funds	C-1	93
Combined Statement of Revenues, Expenditures and Changes In Fund Balances – Nonmajor Permanent Funds	C-2	93
Combining Statement of Fiduciary Net Position – Fiduciary Funds – Agency Funds	D	97
Statement of Revenues, Expenditures and Changes in Fund Balances – Tax Increment Financing Fund	E	101
	<u>Table</u>	<u>Page</u>
STATISTICAL SECTION		
Government-wide Information:		
Net Position by Component	1	107
Change in Net Position	2	108-109
Fund Information:		
Fund Balances	3	110
Changes in Fund Balances of Governmental Funds	4	111

CITY OF AUBURN, MAINE
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2016

TABLE OF CONTENTS, Continued

	<u>Table</u>	<u>Page</u>
Assessed Value to Actual Value of Taxable Property	5	112
Direct and Overlapping Property Tax Rates	6	113
Principal Property Taxpayers	7	114
Property Tax Levies and Collections	8	115
Ratios of Outstanding Debt by Type	9	116
Ratios of General Bonded Debt Outstanding	10	117
Direct and Overlapping Governmental Activities Debt	11	118
Legal Debt Management	12	119
Demographic and Economic Statistics	13	120
Principal Non-Governmental Employers	14	121
Number of Employees	15	122
Demand for Level of Service	16	123
Capital Assets Statistics – Net Book Value	17	124

INTRODUCTORY SECTION

City of Auburn, Maine

"Maine's City of Opportunity"



Financial Services

December 22, 2016

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, 2016, 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".

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 2016

Economic Development

The City continually works to improve the economic development climate in Auburn in an effort to attract new and retain existing quality jobs, expand the City's tax base and offer a quality of life that people desire. During Fiscal Year 2016, the City hired a new Economic Development Director and he has been busy marketing the City to various types of investors.

With the hiring of a new Economic Development Director, the City chose to combine three departments, Economic Development, Planning and Permitting and Community Development into one department, now known as Economic and Community Development. By combining these departments, the City can maximize resources and use a more holistic approach to development throughout the City.

The City, in partnership with Auburn Business Development Corporation (a private, nonprofit development corporation), continues to market the newest industrial park in the City. This development includes 174 acres and is located near the Auburn-Lewiston Municipal Airport and the intermodal facility.

The retail development in the City has seen a spark of new investments over the last year, with more to continue into the coming fiscal year. Sherwin Williams paints purchased and renovated an old Pizza Hut and has opened a new retail store. Taco Bell purchased a Tim Horton's that was closed earlier this year and is finalizing renovation.

The City, in partnership with the Lewiston Auburn Transit Committee and the Maine Department of Transportation, have constructed a Downtown Transportation Center to provide shelter for riders of the area's CityLink bus system. The ribbon cutting on the facility was in October. Also, the City is working on securing a contract with Concord Trailways to provide service to Portland and Boston.

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 2016, the Capital Improvement budget included \$2.96 million to fund street, sidewalk, infrastructure and drainage improvements; \$1.02 million to fund School Department capital projects and \$1.77 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 2016

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

Educational Excellence

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

Connected to the vision of a customized, flexible educational system is Auburn's transition to a proficiency-based diploma. These requirements are being phased in over the next couple of years. The graduating class of 2021 will be the first to graduate with a full proficiency-based diploma. The proficiency-based diploma will mean that students earn a diploma by demonstrating proficiency on the required standards rather than by accumulating credits as in a traditional system.

Another focus of Auburn's transformation is on creating multiple pathways to proficiency. This is directly tied to the principle that students learn in different ways. The district has increased early college opportunities for high school students by forging partnerships with local colleges.

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

Two years ago, Auburn convened a strategic planning committee composed of staff, School Committee representatives, parents, and community members. The three-year strategic plan will once again guide the work for this year.

As Auburn works to create a new educational system, community education and participation is critical. During the 2015-16 school year, the district held three well-attended community forums focusing on topics related to the district work. A series of forums are being planned for this year as well. In addition, the newly formed Parent Advisory Council meets regularly to bring the parent perspective to decision making.

Leveraging Learning Institute

Auburn Schools hosted its fifth annual Leveraging Learning Institute October 28-30, 2015. Approximately 85 participants, mostly from across Maine and other states across the nation, but also an international group from Scandinavia, descended on the Hilton Garden Inn to explore using the iPad as an instructional tool due to Auburn being one of the first in the country to purchase 1:1 iPads in primary grades. Many of sessions were led by Auburn School Department's own teachers and administrators and included topics in four strands: Leadership and Professional Development; Curriculum, Instruction, and Assessment; Data and Research; and Technical Project Management.

School Building Infrastructure and Fleet Improvements:

The City's school facilities are property of the City of Auburn and the Auburn School Department, and as stewards, maintain these facilities. The School Department's facilities have a total replacement value of \$95,030,315; thereby, the School Department's capital improvement needs for FY 2016 were 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 funding for the School Department in their November 2015 bond issuance. This is a capital asset renewal of 1.5% of replacement value into school facilities infrastructure.

Final projects from FY 2015 bonds were also included for award and implementation, since we were not able to complete some projects during the summer of 2015, due to time constraints. The following projects were executed in summer of 2016 with final project acceptance in September through December 2016:

<u>Location</u>	<u>Project Description</u>
Edward Little High School	Exterior Security Lighting Flooring Phase IV - Replace carpets with VCT PC Lab Bathrooms: 2 girls/boys; 1 teacher's restroom Automatic slicer for kitchen
Walton School	Stage flooring Replace with new fire alarms Replace the 1988 elevator, meeting ADA compliances Upgrade telephone with Mitel System
Auburn Middle School	Furniture replacement phase 1&2 Flooring - Complete classroom carpet replacement with VCT, and include new carpet in library
Fairview School	HVAC - Additional in kitchen area Exterior security lighting Upgrade telephone with Mitel System
Sherwood Heights School	Upgrade communication with Mitel System
Industry Ave	Flooring - Replace old carpets with VCT
Franklin School	Replace classroom furniture Exterior security lighting Flooring - phase II old carpet replacement with new VCT Upgrade telephone with Mitel System
Park Ave. School	Bathrooms - Replace worn linoleum flooring with new VCT Exterior lighting/security
East Auburn School	Exterior lighting/security Fire alarms

	Repave driveway/parking lot, added new drainage and parking lot security lighting Upgrade telephone with Mitel System
Washburn School	Exterior lighting/security
RETC/SOS School	Parking lot expansion and new drainage, and added new parking lot security lighting

We are nearing the end of the Verification and Measurement of our Performance Contract with Siemens Technology. The Year-8 Savings Report of 2016 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 at 10 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 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. 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. This 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.

The School Department continues the replacement of older school buses, with the assistance of the State Department of Education (DOE) Bus Purchase/Replacement program. In March 2016, we accepted delivery of two new 2017 Blue Bird Vision School Buses at a cost of \$92,189 each. We were fortunate to receive FY 2015 DOE approval for the replacement in the FY 2016 budget of two new school buses, which replaced two 2001 International school buses with type C bodies. The DOE Bus Purchase/Replacement program requires that school buses be eligible for replacement when they reach ten-years-old and have in excess of 125,000 miles. The DOE Bus Purchase/Replacement program schedule allows the Auburn School Department to maintain a bus fleet in conformance with the State DOE replacement guidelines and a fleet that this community can be proud of. The reimbursement from DOE is a direct allocation that is provided one year after the purchase; therefore, it behooves us to participate in the Bus Purchase/Replacement program and upgrade our bus fleet with State DOE funding assistance.

As we continue to explore alternative energy fuel, our FY 2016 bus purchases included a propane-fired engine. These propane engines have better gas mileage and lower maintenance costs. The added cost to install a propane engine is \$7,200 per bus. After deducting the added cost of converting from diesel to propane, and taking into account the life expectancy of propane buses, we will generate a savings of \$42,800 per school bus. A projected annual savings is \$5,000 per school bus, at minimum, and representing a payback in 1.44 years. It is our intention to move the Auburn School Department bus fleet from diesel to propane fuel over the course of 8 years, contingent on replacing 2 buses each year that is subject to State DOE approval and reimbursement. We currently have 9 school buses that operate on propane-fired engines. Aside from producing an annual savings, we are lessening our greenhouse gas emissions. We also purchased a 2016 1-Ton 4x4 Regular Cab Pick-up with plow and sander in October 2015.

Grant Office

The Auburn School Department was awarded directly or through joint applications 36 grants in fiscal year 15-16 for a total of \$868,180.

Federal	2
State of Maine	9
Foundation	23
Partnerships	1
Donation	1

Highlights of grants received during 2015-16 are as follows:

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 students at Edward Little High School, Auburn Middle School, and Walton, Washburn, and Sherwood Heights elementary schools in the 2015-16 school year and summer of 2015. 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, Year 3

The third year of this three-year continuation grant award in 2013 from the Maine Department of Education's 21st Century Community Learning Center program benefited students in grades 4-8, through after-school programs at Auburn Middle, Sherwood Heights, and Walton Schools. Students from Merrill Hill attended a tutoring extension of the AMS program. 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. Although this was the final year of this CLC three-year grant, the Auburn School System applied for and was granted another three-year grant for the CLC program. This will run from the 2016-17 fiscal year through the 2018-19 fiscal year.

CLC District Grant, Year 2

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. 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. 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.

21st Century Community Learning Centers after-school programs received two mini grants:

- \$400 from Maine Mathematics and Science Alliance to host Math and Science Night, and extension of CLC-Sustainability.
- \$800 from the Engineering Promotional Council for transportation costs.

School Improvement Grant (SIG) – Year 1

This \$1.6 million dollar, five-year Federal grant through the Maine Department of Education is based on the Early Learning model and actions taken include strengthening the instructional program through job-embedded coaching, improving teacher skills, providing professional development for teachers in literacy and math, increasing parent involvement, adding a Pre-K program, and enhancing a summer program. An award of \$302,288 was granted for the first year for planning and implementation.

Prevention & Treatment Programs

The Student Intervention and Reintegration Program (SIRP) targets ELHS and Franklin Alternative at-risk youth between the ages of 15-18 who experiment with drugs and/or alcohol but do not qualify for treatment. The program's focus is to make healthy decisions and reduce risk for problems. The District worked collaboratively with Healthy Androscoggin (HA) to implement the SIRP program. A community marijuana prevention program was also implemented. Only one session ran successfully with five students attending each of four classes in 2015-16 compared to twenty-six students who successfully completed one of the five sessions offered in 2014-15. Only five were referred to the program in 15-16. The programs are funded through a state grant from the Maine Department for Disease Control and Prevention and were awarded to HA. The SIRP committee is working on ways to increase referrals to the program.

SIRP and Auburn were awarded the same budget in 2015-16 as the previous year, however, Auburn only billed out \$1,431 to the grant due to the reduction in classes held.

College Access

The MELMAC Foundation previously 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.

ELHS received \$16,500 in 2015-16 from the MELMAC grant, with a required match of \$5,500 from ELHS. The local district contributed \$8,920, exceeding the required match. ELHS also received an additional \$4,000 to pilot a partnership program at the elementary level designed to get kids thinking it's possible to attend college and to get them on a college campus early in their academic careers. Walton students in 2nd, 4th, and 6th grades were taken to Central Maine Technical College, Bates College, or Lewiston-Auburn College. Students from Park Ave. were taken to Cambridge. An additional \$4,000 was awarded for the 2016-17 fiscal year to implement the program a second year.

Literacy

A previous award from the L/A Fund continued through 2015-16. The award allows students to integrate technology and art with writing by creating an original book in accordance with publication guidelines. The books are then judged and the winning entry is "published". The entire program culminates with a book-signing event at the local library.

The Barbara Bush Foundation awarded \$1,000 for the Teen Trendsetters Program, which pairs teens at ELHS with 3rd grade students at Park Ave and Washburn that are about 6 months behind in reading. The teens are matched with their younger buddies and read to them at least one hour a week during the school year. Parents of the younger children agree to read to the child at home to reinforce skills. Younger children receive take home books each year to encourage reading. In addition, the foundation provides curriculum, supplemental materials and professional development for teens and their advisors. The program typically sees about a year's growth in elementary students skills.

Field Experiences

Ticket To Ride Grants from the Maine Arts Commission funded several field experiences for students.

- \$168 was awarded to ELHS for students to visit the Telling Room to write their stories in a memoir that was put into a book and a blog.
- \$132 was awarded to ELHS for students to visit Victoria Mansion in Portland as part of their studies on Charles Dickens and the Victorian Era.
- \$264 was awarded to Walton to attend the L/A Public Theater production “African Adventures”.

Health and Physical Fitness Grants

The Farm to School Planning Grant – a \$45,000 multi-district Federal Grant from the United States Department of Agriculture – includes the Auburn School Department as lead applicant and the Lewiston School Department. Both school systems work with St. Mary’s Nutrition Center (contracted services for \$35,180) and other partners on local food, gardening, and nutrition initiatives.

An award of \$66,300 through the State of Maine’s “Fresh Fruits and Vegetables” program for fresh produce for students was granted to the following schools: Park Avenue, \$19,100; Washburn, \$12,200; Sherwood Heights, \$20,900; and Walton, \$14,100. This program provides daily healthy snacks to students, giving them the necessary vitamins and minerals, which they need to maximize their learning.

An award of \$500 was awarded by the Maine Education Association Benefits Trust to promote the health and wellness of Auburn School staff and employees. The School Department’s ambassadors to the wellness program through Anthem insurance company spearheaded the program.

For the second year, the Unified Basketball program at ELHS received \$3,000 from the Special Olympics, Inc. grant program for the purpose of developing a Unified basketball program. This program brings together youth with and without intellectual disabilities through education, sports, and youth leadership. Additionally, the program provides them with knowledge, attitudes, and skills necessary to create and sustain school communities that promote acceptance, respect, and human dignity.

Lewiston Auburn Children’s Foundation

Seven awards from Lewiston Auburn Children’s Foundation, totaling \$5,297, were received in 2015-16 as follows:

Park Avenue Elementary received five awards:

- **Science:** \$465 for the Chewonki Bug Mobile to visit the school which brought the world of arthropods – insects and their relatives – into the classroom
- **Science:** \$300 for transportation to Wolfe’s Neck State Park which provided science and educational opportunities that coincided with science units on habitats and life cycles, while students enjoyed a hike along the trail, explored the seaside and forest habitats
- **Nutrition:** \$2,000 to support the Good Shepherd Backpack Program which served 24 students, and provided food for children near Holidays and weekends in a discrete manner
- **Social Studies:** \$305 for transportation and tickets for 42 second-grade students and 5 chaperones to attend the L/A Public Theater’s production “African Adventure Folklore” - a show about African Folktales and which aligned with Social Studies units on Africa and other countries around the world. The students spent two weeks learning about African folktales, including the Anansi spider stories, which was one of the stories in the African Folktales show;
- **Literacy:** \$410 for first-grade students to attend “African Adventure Folklore” – which enriched culture and tradition common core goals and enhanced the students’ literacy development.

Edward Little High School received an award of \$817 for eight wireless links for the Chemistry Lab, which allowed the chemistry classes to upgrade use of existing sensors with the iPad and to enrich the students’ lab experience.

Walton Elementary received an award of \$1,000 for the purchase of books to upgrade three classroom libraries.

Other Grants /Awards

Five Discovery Education grants were received totaling \$7,900 from the Dollar General Literacy Foundation for five schools – ELHS, AMS, Fairview, Park Ave., and East Auburn. This grant helps students from different cultural and economic backgrounds make connections through literacy.

Looking Ahead: Fiscal Year 2017 Goals

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. 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 close to \$500,000 through a Northern Borders Regional Commission grant and a city match. 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 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 2016 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, 2016, 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, 2016, 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, 2015. This was the twenty third 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 black ink that reads "Jill M Eastman". The signature is written in a cursive, flowing style.

Jill M Eastman
Finance Director



Government Finance Officers Association

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

Presented to

**City of Auburn
Maine**

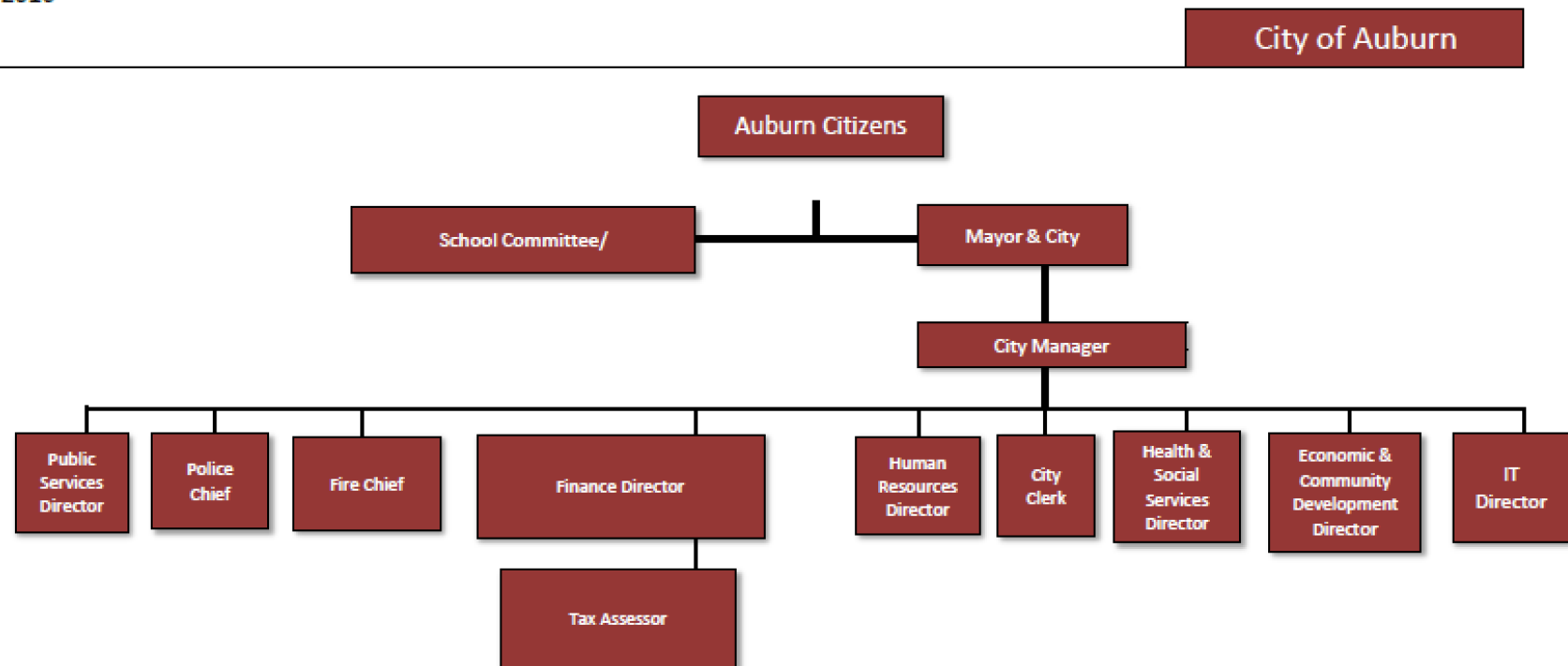
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

A handwritten signature in black ink, reading "Jeffrey R. Emen". The signature is written in a cursive, flowing style.

Executive Director/CEO

ORGANIZATIONAL CHART
2016



CITY OF AUBURN, MAINE

LIST OF ELECTED AND APPOINTED OFFICIALS

June 30, 2016

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	Ernestine M. Gilbert
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

Acting City Manager	Denis D'Auteuil
Assistant City Manager	Denis D'Auteuil
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	Vacant
Police Chief	Phil Crowell
Public Services Director	Dan Goyette
Recreation Director	Sabrina Best
Health & Social Services Director	Dorothy Meagher
Economic & Community Development Director	Michael Chammings

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, 2016, 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual 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 22, 2016, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Auburn, Maine's internal control over financial reporting and compliance.

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

December 22, 2016
South Portland, Maine

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2016

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, 2016. 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 \$83,186,244 (*net position*).
- The City of Auburn's total net position increased by \$2,462,129.
- As of the end of the current fiscal year, the City of Auburn's governmental funds reported combined ending fund balances of \$23,818,109, a decrease of \$698,707 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 \$7,982,964, or 10.87% of total General Fund expenditures (on a budgetary basis).
- The City of Auburn issued two bonds, one for \$5,700,000 for its Capital Improvement Plan, and another for \$4,250,000, for a total of \$9,950,000. Of the total \$5,700,000 issuance, \$4,675,500 will be used to fund the City's street, sidewalk and infrastructure improvements, as well as the purchase of multiple pieces of heavy equipment. The remaining \$1,024,500 will fund various school capital projects. The \$4,250,000 issuance was used to advance refund outstanding 2006 general obligation bonds, in which the City will see a savings of \$454,816 over the next 10 years.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Auburn's basic financial statements. The City of Auburn's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Auburn's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Auburn's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Auburn that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government; public safety; health, welfare and recreation; public works, including highways, streets, and solid waste disposal; other agencies; education; and interest on debt. The City has three business-type activities, 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, and the Capital Projects Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 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 the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 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 \$83,186,244 at the close of the most recent fiscal year.

City of Auburn's Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015 (restated)	2016	2015	2016	2015 (restated)
Current and other assets	\$ 35,597,105	31,703,402	(22,227)	213,017	35,574,878	31,916,419
Capital assets	126,922,765	124,666,341	456,021	493,154	127,378,786	125,159,495
Total assets	162,519,870	156,369,743	433,794	706,171	162,953,664	157,075,914
Deferred outflows of resources:						
Related to pensions	3,304,264	2,095,684	44,052	23,931	3,348,316	2,119,615
Noncurrent liabilities	71,489,841	69,380,586	163,578	68,203	71,653,419	69,448,789
Other liabilities	9,847,034	5,360,401	21,419	35,988	9,868,453	5,396,389
Total liabilities	81,336,875	74,740,987	184,997	104,191	81,521,872	74,845,178
Deferred inflows of resources:						
Deferred charge on refunding	155,000	-	-	-	155,000	-
Related to pensions	1,413,254	3,570,853	25,610	55,383	1,438,864	3,626,236
Total deferred inflows of resources	1,568,254	3,570,853	25,610	55,383	1,593,864	3,626,236
Net investment in capital assets	79,732,308	73,027,959	456,021	493,154	80,188,329	73,521,113
Restricted	8,780,922	8,791,119	238,079	196,221	9,019,001	8,987,340
Unrestricted	(5,594,225)	(1,665,491)	(426,861)	(118,847)	(6,021,086)	(1,784,338)
Total net position	\$ 82,919,005	80,153,587	267,239	570,528	83,186,244	80,724,115

By far, the largest portion of the City of Auburn's net position (96.40% or \$80,188,329) 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 (10.84%) represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted *net position* is a deficit of (\$6,021,086).

City of Auburn's Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2016	2015 (restated)	2016	2015	2016	2015 (restated)
Revenues:						
Program revenues:						
Charges for services	\$ 3,949,410	3,190,866	1,308,448	1,067,189	5,257,858	4,258,055
Operating grants and contributions	29,064,768	28,816,555	1,332,667	1,241,187	30,397,435	30,057,742
Capital grants and contributions	2,995,835	2,956,553	-	-	2,995,835	2,956,553
General revenues:						
Property and other taxes	46,425,471	45,445,286	-	-	46,425,471	45,445,286
Grants and contributions not restricted to specific programs	4,474,139	4,393,527	-	-	4,474,139	4,393,527
Other	842,095	229,121	113	22,148	842,208	251,269
Loss on disposal of capital assets	-	(275,093)	-	-	-	(275,093)
Total revenues	87,751,718	84,756,815	2,641,228	2,330,524	90,392,946	87,087,339
Expenses:						
General government	14,742,709	10,720,976	-	-	14,742,709	10,720,976
Public safety	10,298,205	9,969,244	-	-	10,298,205	9,969,244
Health, welfare and recreation	1,590,246	1,637,285	-	-	1,590,246	1,637,285
Public works	10,948,454	11,947,430	-	-	10,948,454	11,947,430
Other agencies	3,551,739	3,418,863	-	-	3,551,739	3,418,863
Education	42,854,285	40,636,517	-	-	42,854,285	40,636,517
Interest on debt	1,000,662	1,580,603	-	-	1,000,662	1,580,603
Ingersoll Ice Arena	-	-	-	131,223	-	131,223
Ingersoll Turf Facility	-	-	216,417	-	216,417	-
Norway Savings Bank Arena	-	-	1,230,422	1,218,591	1,230,422	1,218,591
Centralized School Lunch	-	-	1,497,678	1,419,459	1,497,678	1,419,459
Total expenses	84,986,300	79,910,918	2,944,517	2,769,273	87,930,817	82,680,191
Change in net position	2,765,418	4,845,897	(303,289)	(438,749)	2,462,129	4,407,148
Net position - July 1 - as restated	80,153,587	75,307,690	570,528	1,009,277	80,724,115	76,316,967
Net position - June 30	\$ 82,919,005	80,153,587	267,239	570,528	83,186,244	80,724,115

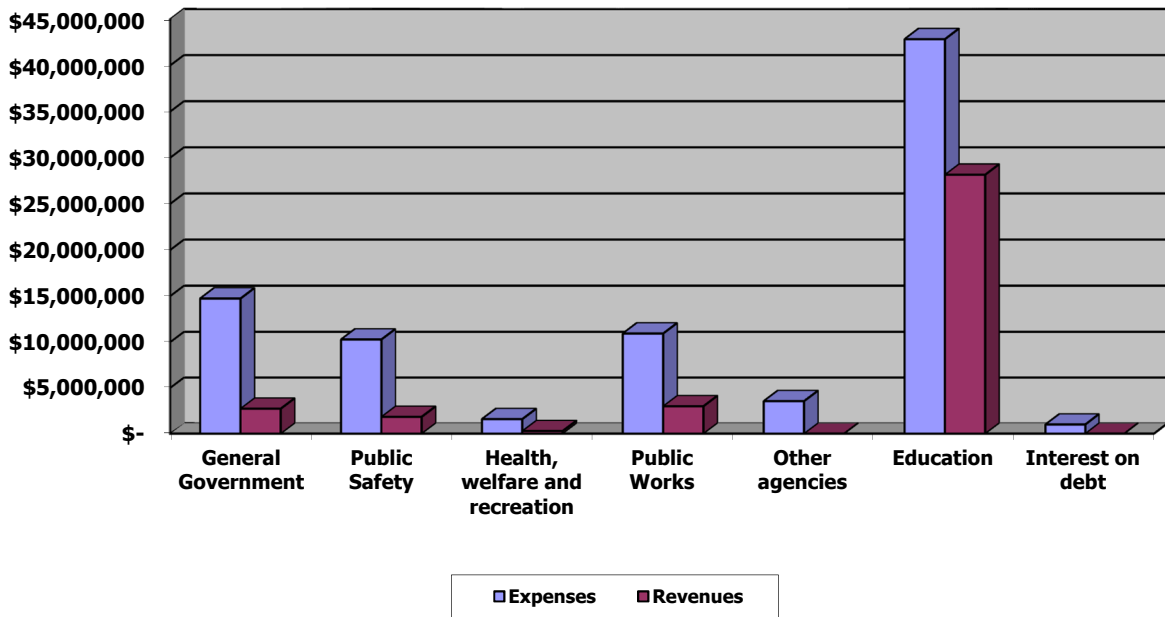
Governmental Activities

Governmental activities increased the City of Auburn's net position by \$2,765,418. Unclassified expenses have been reclassified in general government. Key elements of this increase are as follows:

- Charges for services increased by \$758,544 (23.77%). The increase was mainly attributed to an increase in EMS transport fees and rental income.
- Other revenue increased by \$612,974 (267.53%) due to the unexpected sale of City owned property.
- Total expenses increased by \$5,075,382 (6.35%) primarily due to the increase in general government and education expenses. General government expenses increased primarily due to the large increase in the net pension liability, as well as the increase in costs related to the community development program and workers compensation.

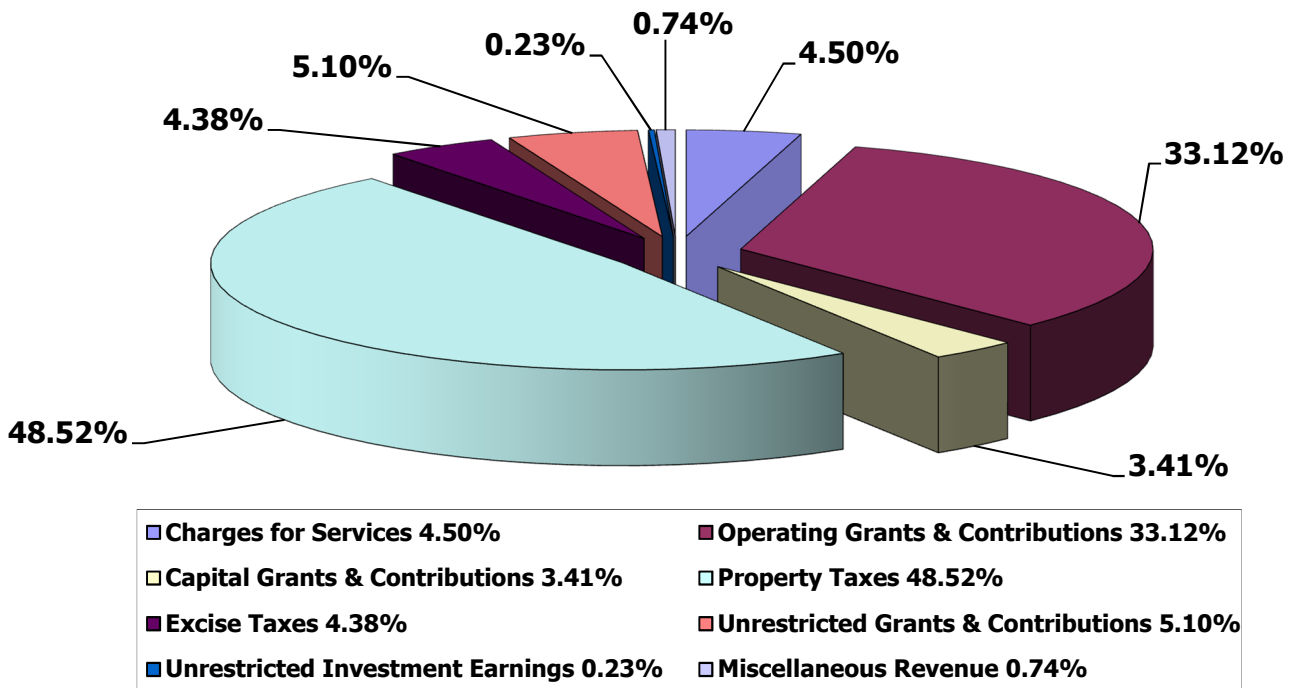
Expenses and Program Revenues - Governmental Activities

For the Year Ending June 30, 2016



Revenues by Source - Governmental Activities

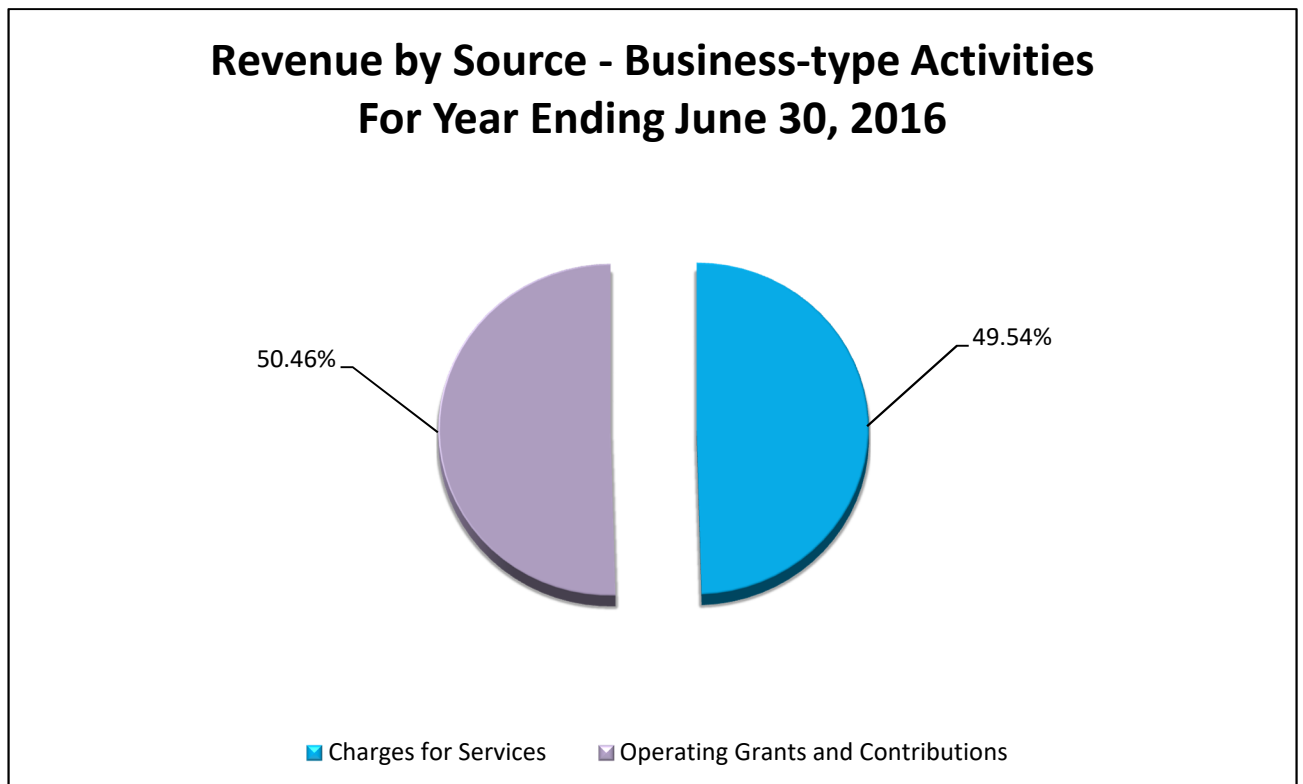
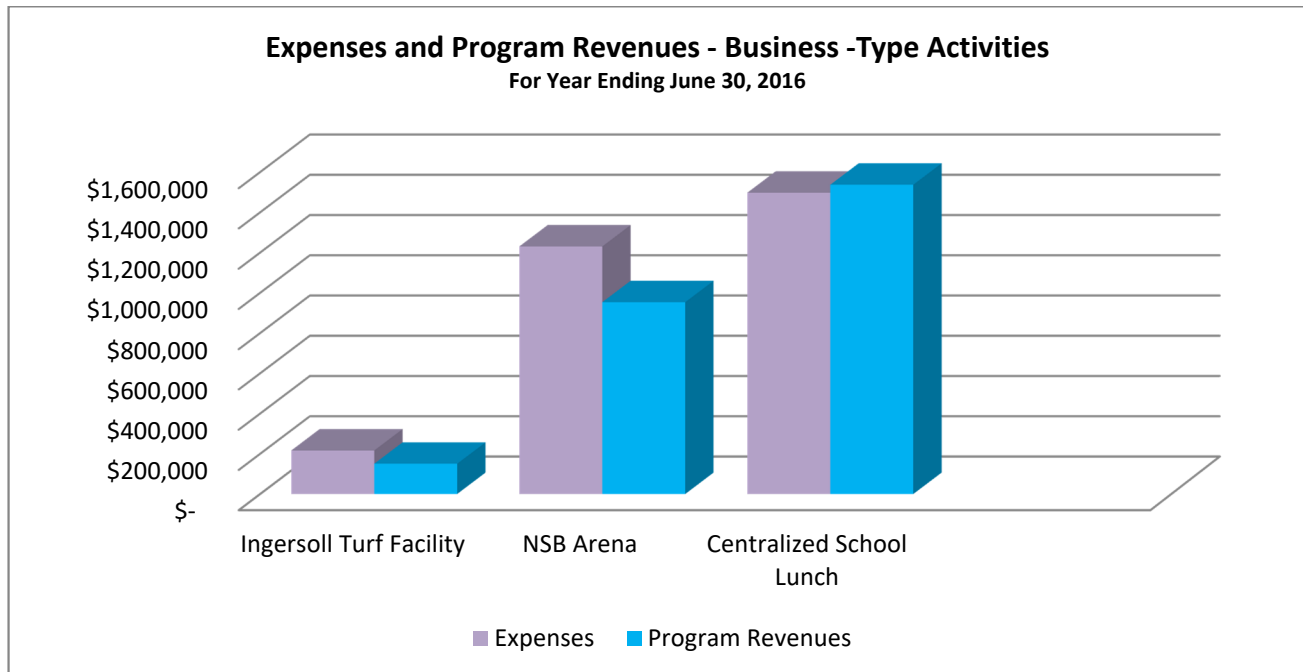
For the Year Ended June 30, 2016



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 \$303,289.

Revenues for business-type activities increased by \$310,704 or 13.33%. Expenses for business-type activities increased by \$175,244 or 6.33%, which is mainly attributed to the new Ingersoll Turf Facility operations. The Ingersoll Ice Arena, which was not being used, was repurposed in early FY 2016 to become the Ingersoll Turf Facility.



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 \$23,818,109, a decrease of \$698,707, in comparison with the prior year. This total consists of: General Fund, \$10,950,522; Community Development Programs Fund, \$4,390,794; Tax Increment Financing, \$548,937; Capital Projects Fund, \$7,811,871 and Other Governmental Funds, \$115,985. These fund balances are intended, and in some cases restricted, committed or assigned, for specific purposes.

The General Fund is the chief operating fund of the City of Auburn. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,897,971. 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 7.80% of the total General Fund's final budgeted expenditures of \$75,593,200 at June 30, 2016. 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 decreased by \$252,969. The decrease was due to the timing of drawdowns as well as the increase in expenditures for the HOME program.

The Tax Increment Financing Fund fund balance decreased by \$87,383 due to capital expenditures and debt service payments.

The Capital Projects Fund fund balance decreased by \$56,148, which only represents a reduction of 0.71% 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.

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 (\$426,861). The total decrease in net position was \$303,289.

General Fund Budgetary Highlights

There was one supplemental appropriation for the fiscal year ending June 30, 2016 for education. The School Department received additional State subsidy in the amount of \$200,404. Prior year carry forward amounts are reflected in the final budget on statement 6.

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 fund balance of the City of Auburn's General Fund increased by \$105,332. Contributing factors to this increase included:

- Motor vehicle excise taxes were above budgetary projections by \$494,081.
- School subsidy was above budgetary projections by \$288,000 primarily due to the additional appropriation by the State in the amount of \$200,404.
- State revenue sharing, Homestead reimbursement and BETE reimbursements all exceeded budget by a total of \$344,561.
- Miscellaneous City revenue exceeded budgeted revenues by \$509,033 due to the unbudgeted sale of City owned property.
- General government expenditures were under budget by \$490,884, due to savings in benefits and wages.
- 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, 2016 amounts to \$127,378,786 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, machinery and equipment, vehicles and infrastructure. The total increase in the City of Auburn's investment in capital assets for the current fiscal year was 1.77%. 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	
	2016	2015 (restated)	2016	2015	2016	2015 (restated)
Land	\$ 7,489,841	7,489,841	-	-	7,489,841	7,489,841
Construction in Progress	2,150,111	7,744,894	-	-	2,150,111	7,744,894
Buildings and improvements	40,918,348	42,325,060	204,170	228,374	41,122,518	42,553,434
Equipment	1,883,820	1,239,722	251,851	264,120	2,135,671	1,503,842
Vehicles	4,087,722	4,480,907	-	660	4,087,722	4,481,567
Infrastructure	70,392,923	61,385,917	-	-	70,392,923	61,385,917
Total capital assets	\$ 126,922,765	124,666,341	456,021	493,154	127,378,786	125,159,495

Capital assets as of July 1, 2015 have been restated by (\$576,845) due to a project that was over-capitalized in the prior year.

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

- Building improvements, such as new flooring at multiple schools, as well as bathroom improvements at Edward Little High School totaled \$651,346.
- Public works replaced an excavator (\$135,400), front-end loader (\$129,900) and dump truck with plow (\$60,298), as well as multiple pieces of other equipment with a total value of \$267,510.
- Major infrastructure projects and road reclamation and reconstruction projects at multiple locations such as Park Avenue, South Main St., Riverside Drive, and the Auburn Industrial Park totaled \$7,358,005.
- The School Department purchased two new school buses at a total cost of \$184,378.

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 \$52,225,126. 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	
2016	2015	2016	2015
\$ 52,225,126	55,170,858	-	-

During the current fiscal year, the City of Auburn's total bonded debt decreased by \$2,945,732. The City issued general obligation bonds totaling \$5,700,000 for the annual capital improvement program for the City and School Department, as well as \$4,250,000 for the advance refunding of outstanding 2006 general obligation bonds. The advance refunding resulted in a deferred charge on refunding of \$155,000 as the amount refunded (\$4,405,000) exceeded the amount issued (\$4,250,000). This deferred charge will be amortized on a straight-line basis over the shorter of the life of the refunded or refunding bond. The deferred charge is reported on the statement of net position. See the "advance refunding" footnote in the long-term debt section for more information on this issuance.

The City of Auburn maintained an "Aa3" rating from Moody's on October 16, 2015 and received an "AA-" rating from Standard & Poor's for its general obligation debt. Please refer to the agencies reports for a comprehensive explanation of its rating assessment.

State statutes limit the amount of general obligation debt a municipality may issue to 15 percent of its total state assessed valuation. The current debt limitation for the City of Auburn is \$294,015,000 that is significantly in excess of the City of Auburn's outstanding general obligation debt.

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

The City of Auburn has experienced another year of transition, beginning with the retirement of the Economic Development Director who worked for the City for 36 years. The City hired a new Economic Development Director and reorganized the Economic Development, Community Development, and Planning and Permitting departments into one new department called Economic and Community Development. The Economic and Community Development Department is currently working on advancing the City's Intermodal Facility and marketing various unoccupied buildings in the City.

Property values have seemed to level off and there was a slight increase in total assessed value again for fiscal year 2017, even with the \$5,000 increase in the Homestead Exemption passed by the State. The FY 2017 budget focused on maintaining the current level of services and economic development and the need to increase the City's assessed value.

Economic Factors

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.

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. We have also seen an increase in new residential development over the last year. These projects alone signal the resurgence of development for Auburn.

The Budget and Tax Rates

The City's Fiscal Year 2016-2017 budget has an expenditure increase of 3.84% and a tax levy increase of 4.27%. 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 \$825,000 in FY 2017. 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 2017 budget was set to address this issue. It should also be noted that in FY 2016, the City's unassigned fund balance as a percentage of expenditures increased from 2015, 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, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,596,756	328,522	2,925,278
Investments	19,199,162	-	19,199,162
Receivables:			
Accounts, net of allowance	1,389,215	38,046	1,427,261
Intergovernmental	3,171,458	61,494	3,232,952
Taxes receivable	2,101,678	-	2,101,678
Loans, net of allowance	6,666,078	-	6,666,078
Internal balances	472,758	(472,758)	-
Inventories	-	22,469	22,469
Capital assets, not being depreciated	9,639,952	-	9,639,952
Capital assets, being depreciated, net	117,282,813	456,021	117,738,834
Total assets	162,519,870	433,794	162,953,664
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - related to pensions	3,304,264	44,052	3,348,316
Total deferred outflows of resources	3,304,264	44,052	3,348,316
LIABILITIES			
Accounts payable and other current liabilities	5,613,195	6,646	5,619,841
Accrued payroll	4,195,604	4,133	4,199,737
Prepaid taxes	38,235	-	38,235
Unearned revenue	-	10,640	10,640
Noncurrent liabilities:			
Due within one year	9,783,416	-	9,783,416
Due in more than one year	61,706,425	163,578	61,870,003
Total liabilities	81,336,875	184,997	81,521,872
DEFERRED INFLOWS OF RESOURCES			
Deferred charge on refunding	155,000	-	155,000
Deferred inflows of resources - related to pensions	1,413,254	25,610	1,438,864
Total deferred inflows of resources	1,568,254	25,610	1,593,864
NET POSITION			
Net investment in capital assets	79,732,308	456,021	80,188,329
Restricted for:			
Permanent funds:			
Expendable	69,475	-	69,475
Nonexpendable	189,752	-	189,752
Tax Increment Financing Districts	548,937	-	548,937
Other purposes:			
City Services	1,636,332	-	1,636,332
Education	1,945,632	-	1,945,632
Centralized School Lunch	-	238,079	238,079
Community Development Programs	4,390,794	-	4,390,794
Unrestricted	(5,594,225)	(426,861)	(6,021,086)
Total net position	\$ 82,919,005	267,239	83,186,244

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Activities
For the Year Ended June 30, 2016

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	\$ 14,742,709	1,306,850	1,424,510	-	(12,011,349)	-	(12,011,349)
Public safety	10,298,205	1,579,875	259,311	-	(8,459,019)	-	(8,459,019)
Health, welfare and recreation	1,590,246	240,972	42,620	-	(1,306,654)	-	(1,306,654)
Public works	10,948,454	-	-	2,995,835	(7,952,619)	-	(7,952,619)
Other agencies	3,551,739	-	-	-	(3,551,739)	-	(3,551,739)
Education	42,854,285	821,713	27,338,327	-	(14,694,245)	-	(14,694,245)
Interest on debt	1,000,662	-	-	-	(1,000,662)	-	(1,000,662)
Total governmental activities	84,986,300	3,949,410	29,064,768	2,995,835	(48,976,287)	-	(48,976,287)
Business-type activities:							
Ingersoll Turf Facility	216,417	150,523	-	-	-	(65,894)	(65,894)
Norway Savings Bank Arena	1,230,422	953,413	-	-	-	(277,009)	(277,009)
Centralized School Lunch	1,497,678	204,512	1,332,667	-	-	39,501	39,501
Total business-type activities	2,944,517	1,308,448	1,332,667	-	-	(303,402)	(303,402)
Total primary government	\$ 87,930,817	5,257,858	30,397,435	2,995,835	(48,976,287)	(303,402)	(49,279,689)
General revenues, unrestricted:							
Property taxes, levied for general purposes					42,446,678	-	42,446,678
Motor vehicle excise taxes					3,844,081	-	3,844,081
Interest on delinquent taxes					134,712	-	134,712
Grants and contributions not restricted to specific programs:							
State Revenue Sharing					1,556,420	-	1,556,420
Homestead and BETE exemptions					2,325,782	-	2,325,782
Other State aid					591,937	-	591,937
Unrestricted investment earnings					197,562	113	197,675
Miscellaneous revenues					644,533	-	644,533
Total general revenues					51,741,705	113	51,741,818
Change in net position					2,765,418	(303,289)	2,462,129
Net position - beginning - as restated					80,153,587	570,528	80,724,115
Net position - ending					\$ 82,919,005	267,239	83,186,244

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Balance Sheet
Governmental Funds
June 30, 2016

	General	Community Development Programs	Tax Increment Financing	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 2,596,756	-	-	-	-	2,596,756
Investments	8,212,838	-	1,003,659	9,538,339	444,326	19,199,162
Receivables:						
Taxes	2,101,678	-	-	-	-	2,101,678
Accounts, net of allowance	1,220,087	575	184,638	-	8,505	1,413,805
Loans, net of allowance	1,341,590	3,937,619	-	-	1,386,869	6,666,078
Intergovernmental	-	616,123	-	-	2,555,335	3,171,458
Interfund receivables	2,298,596	-	-	2,928,494	297,262	5,524,352
Total assets	\$ 17,771,545	4,554,317	1,188,297	12,466,833	4,692,297	40,673,289
LIABILITIES						
Accounts payable	643,393	143,709	83,865	169,118	74,035	1,114,120
Accrued payroll and benefits payable	4,194,452	-	-	-	1,152	4,195,604
Prepaid taxes	38,235	-	-	-	-	38,235
Escrow funds payable	12,981	250	-	4,485,844	-	4,499,075
Interfund payables	-	19,564	555,495	-	4,501,125	5,076,184
Total liabilities	4,889,061	163,523	639,360	4,654,962	4,576,312	14,923,218
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	1,931,962	-	-	-	-	1,931,962
Total deferred inflows of resources	1,931,962	-	-	-	-	1,931,962
FUND BALANCES						
Nonspendable - long-term receivables	1,341,590	3,937,619	-	-	-	5,279,209
Nonspendable - principal	-	-	-	-	69,475	69,475
Restricted	1,625,968	453,175	548,937	-	516,742	3,144,822
Committed	-	-	-	7,811,871	287,416	8,099,287
Assigned	2,084,993	-	-	-	-	2,084,993
Unassigned	5,897,971	-	-	-	(757,648)	5,140,323
Total fund balances	10,950,522	4,390,794	548,937	7,811,871	115,985	23,818,109
Total liabilities, deferred inflows of resources, and fund balances	\$ 17,771,545	4,554,317	1,188,297	12,466,833	4,692,297	

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.	126,922,765
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,931,962
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	(52,498,082)
Capital leases payable	(1,054,017)
Unamortized debt premiums	(1,609,074)
Accrued compensated absences	(2,204,407)
Accrued self-insurance liability	(1,193,689)
Other postemployment benefits	(1,624,362)
Net pension liability with related deferred inflows and outflows of resources	(7,902,041)
City pension liability	(480,145)
Deferred charge on refunding	(155,000)
Landfill postclosure care costs	(472,055)
Accrued interest on debt	(560,959)

Net position of governmental activities

\$ 82,919,005

CITY OF AUBURN, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	General	Community Development Programs	Tax Increment Financing	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 46,319,694	-	-	-	-	46,319,694
Intergovernmental	28,663,912	748,710	-	-	6,628,902	36,041,524
Licenses and permits	330,039	-	-	-	-	330,039
Charges for services	2,540,617	-	-	-	911,478	3,452,095
Other income	711,809	133,403	168,307	-	291,508	1,305,027
Interest income	50,905	-	-	145,375	1,282	197,562
Total revenues	78,616,976	882,113	168,307	145,375	7,833,170	87,645,941
Expenditures:						
Current:						
General government	9,283,446	1,135,082	1,089,707	-	324,268	11,832,503
Public safety	9,391,462	-	-	-	402,647	9,794,109
Health, welfare and recreation	1,425,907	-	-	-	278,536	1,704,443
Public works	5,139,875	-	-	-	3,186,397	8,326,272
Other agencies	3,551,739	-	-	-	-	3,551,739
Education	40,942,401	-	-	-	3,840,003	44,782,404
Unclassified	337,715	-	-	142,312	2,435	482,462
Capital outlay	-	-	427,435	5,952,001	-	6,379,436
Debt service	6,247,015	-	1,018,350	52,500	118,705	7,436,570
Total expenditures	76,319,560	1,135,082	2,535,492	6,146,813	8,152,991	94,289,938
Excess (deficiency) of revenues over (under) expenditures	2,297,416	(252,969)	(2,367,185)	(6,001,438)	(319,821)	(6,643,997)
Other financing sources (uses):						
Issuance of long-term debt	-	-	-	5,700,000	-	5,700,000
Refunding bonds issued	-	-	-	4,250,000	-	4,250,000
Payment to refunding bonds escrow agent	-	-	-	(4,485,844)	-	(4,485,844)
Premium on issuance of debt	-	-	-	481,134	-	481,134
Transfers to/from other funds	(2,192,084)	-	2,279,802	-	(87,718)	-
Total other financing sources (uses)	(2,192,084)	-	2,279,802	5,945,290	(87,718)	5,945,290
Net change in fund balances	105,332	(252,969)	(87,383)	(56,148)	(407,539)	(698,707)
Fund balances, beginning of year	10,845,190	4,643,763	636,320	7,868,019	523,524	24,516,816
Fund balances, end of year	\$ 10,950,522	4,390,794	548,937	7,811,871	115,985	23,818,109

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, 2016

Net change in fund balances - total governmental funds (from Statement 4)	\$	(698,707)
---	----	-----------

Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Governmental funds report capital outlays as expenditures.

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

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

Capital outlays recorded as expenditures in governmental funds		9,760,047
Depreciation and losses on dispositions not reported in governmental funds		(7,503,623)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This represents the change in unavailable revenue - property taxes.

105,777

The issuance of long-term debt (e.g., bonds, notes and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the amount by which repayments exceeded proceeds:

Issuance of long-term debt and capital leases		(9,950,000)
Principal payments on long-term debt and capital leases		13,472,326
Premium on issuance of debt		(481,134)
Amortization of bond premium		135,173
Deferred charge on refunding		(155,000)

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		(158,228)
Accrued self-insurance liability		(248,397)
Other postemployment benefits		(239,289)
Net pension liability with related deferred inflows and outflows of resources		(1,743,743)
City pension liability		269,432
Landfill postclosure care costs		174,085
Accrued interest on debt		26,699

Change in net position of governmental activities (see Statement 2)	\$	2,765,418
--	-----------	------------------

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, 2016

	Budgeted Amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes:				
Real and personal property	\$ 42,376,283	42,376,283	42,340,901	(35,382)
Excise and registrations	3,350,000	3,350,000	3,844,081	494,081
Interest on delinquent taxes	150,000	150,000	134,712	(15,288)
Total taxes	45,876,283	45,876,283	46,319,694	443,411
Intergovernmental:				
State revenue sharing	1,477,641	1,477,641	1,556,420	78,779
School subsidy	20,854,672	21,055,076	21,343,076	288,000
Homestead	505,000	505,000	520,758	15,758
BETE	1,555,000	1,555,000	1,805,024	250,024
Other:				
School Department	318,111	318,111	237,950	(80,161)
Tax sharing/in lieu of	245,000	245,000	272,395	27,395
Municipal	720,038	720,038	591,937	(128,101)
Total intergovernmental	25,675,462	25,875,866	26,327,560	451,694
Other revenue:				
Licenses and permits	273,800	273,800	330,039	56,239
Charges for services:				
Municipal	1,793,440	1,793,440	1,982,922	189,482
School	538,496	538,496	476,323	(62,173)
Fines, forfeits and penalties	63,000	63,000	67,276	4,276
Interest:				
Municipal	7,000	7,000	50,371	43,371
Miscellaneous	135,500	135,500	644,533	509,033
Total other revenue	2,811,236	2,811,236	3,551,464	740,228
Total revenues	74,362,981	74,563,385	76,198,718	1,635,333

CITY OF AUBURN, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balances -- Budget and Actual
For the Year Ended June 30, 2016

For the Year Ended June 30, 2010				
	Budgeted Amounts			Variance with final budget positive (negative)
	Original	Final	Actual	
Expenditures:				
General government:				
Mayor and Council	\$ 77,366	77,366	76,139	1,227
Economic Development	361,080	375,705	355,815	19,890
City Manager	269,340	269,340	295,678	(26,338)
City Clerk	165,053	165,053	178,731	(13,678)
Finance	619,855	619,960	639,237	(19,277)
Human resources	143,526	143,526	148,130	(4,604)
Information Communication Technology	390,190	451,375	395,690	55,685
Legal services	65,000	65,000	107,588	(42,588)
Planning and permitting	906,631	1,016,838	961,939	54,899
Facilities	653,080	660,091	613,408	46,683
Worker's compensation (transfer to reserve)	496,536	496,536	496,536	-
Benefits and wage increases	5,171,309	5,171,309	4,752,324	418,985
Total general government	9,318,966	9,512,099	9,021,215	490,884
Public safety:				
Fire	4,099,634	4,185,653	4,466,944	(281,291)
Fire EMS Transport	549,801	585,042	466,303	118,739
Police	3,870,995	3,919,622	3,859,138	60,484
Water and sewer	599,013	599,013	599,013	-
Total public safety	9,119,443	9,289,330	9,391,398	(102,068)
Health, welfare and recreation:				
Health and social services	75,722	75,722	69,967	5,755
Health and social services - public assistance	108,989	108,989	82,836	26,153
Recreation and special events	338,871	338,871	293,588	45,283
Library	979,516	979,516	979,516	-
Total health, welfare and recreation	1,503,098	1,503,098	1,425,907	77,191
Public services				
Public services	4,525,898	4,574,011	4,257,711	316,300
Solid waste disposal	927,278	927,278	880,315	46,963
Total public services	5,453,176	5,501,289	5,138,026	363,263
Other agencies:				
County tax	2,142,268	2,142,268	2,142,268	-
Auburn-Lewiston Airport	105,000	105,000	105,000	-
Lewiston-Auburn Transit Committee	209,244	233,240	233,349	(109)
LA Arts-Arts & Culture - Auburn	-	-	2,000	(2,000)
Lewiston-Auburn E911 Center	1,069,122	1,069,122	1,069,122	-
Total other agencies	3,525,634	3,549,630	3,551,739	(2,109)

CITY OF AUBURN, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balances -- Budget and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Expenditures, continued:				
Education	\$ 39,062,197	39,262,601	38,345,937	916,664
Other appropriations:				
Tax sharing	270,000	270,000	228,985	41,015
Overlay/abatements	-	-	108,730	(108,730)
Debt service - principal	5,291,344	5,291,344	5,249,948	41,396
Debt service - interest and other	1,033,520	1,033,520	997,067	36,453
Emergency reserve	375,289	380,289	-	380,289
Total other appropriations	6,970,153	6,975,153	6,584,730	390,423
Total expenditures	74,952,667	75,593,200	73,458,952	2,134,248
Excess (deficiency) of revenues over (under) expenditures	(589,686)	(1,029,815)	2,739,766	3,769,581
Other financing sources (uses):				
Transfers in from other funds	632,718	632,718	632,718	-
Transfers to other funds	(2,599,914)	(2,599,914)	(2,824,802)	(224,888)
Budget use of surplus - City	1,650,000	1,650,000	-	(1,650,000)
Use of carryforwards - City	-	440,129	-	(440,129)
Budget use of surplus - School	906,882	906,882	-	(906,882)
Total other financing sources (uses)	589,686	1,029,815	(2,192,084)	(3,221,899)
Net change in fund balance - budgetary basis	-	-	547,682	547,682
Fund balance, July 1 - budgetary basis			11,592,133	
Fund balance, June 30 - budgetary basis			12,139,815	
Reconciliation to GAAP basis:				
Reserve funds deficit fund balance			(929,181)	
Accrued teacher benefits - August health insurance			(260,112)	
Fund balance, June 30 - GAAP basis			\$ 10,950,522	

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2016

Business-type Activities - Enterprise Funds				
	Ingersoll Turf Facility	NSB Ice Arena	Centralized School Lunch	Totals
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	91,237	237,285	328,522
Accounts receivable	1,000	37,046	-	38,046
Intergovernmental receivables	-	-	61,494	61,494
Inventory	-	-	22,469	22,469
Total current assets	1,000	128,283	321,248	450,531
Noncurrent assets:				
Capital assets:				
Land improvements	18,584	-	-	18,584
Buildings	672,279	35,905	-	708,184
Equipment	86,625	285,813	100,813	473,251
Vehicles	-	-	38,789	38,789
Less accumulated depreciation	(581,828)	(135,157)	(65,802)	(782,787)
Total noncurrent assets	195,660	186,561	73,800	456,021
Total assets	196,660	314,844	395,048	906,552
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	-	24,658	19,394	44,052
Total deferred outflows of resources	-	24,658	19,394	44,052
LIABILITIES				
Current Liabilities:				
Accounts payable	581	6,065	-	6,646
Accrued payroll	-	-	4,133	4,133
Unearned revenue	-	10,640	-	10,640
Interfund payables	861	460,699	11,198	472,758
Total current liabilities	1,442	477,404	15,331	494,177
Noncurrent liabilities:				
Accrued compensated absences	-	-	7,042	7,042
Net pension liability	-	87,621	68,915	156,536
Total noncurrent liabilities	-	87,621	75,957	163,578
Total liabilities	1,442	565,025	91,288	657,755
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	-	14,335	11,275	25,610
Total deferred inflows of resources	-	14,335	11,275	25,610
NET POSITION				
Net investment in capital assets	195,660	186,561	73,800	456,021
Restricted for:				
Centralized School Lunch	-	-	238,079	238,079
Unrestricted	(442)	(426,419)	-	(426,861)
Total net position	\$ 195,218	(239,858)	311,879	267,239

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Business-type Activities - Enterprise Funds
For the Year Ended June 30, 2016

	Ingersoll Turf Facility	NSB Ice Arena	Centralized School Lunch	Totals
Operating revenues:				
Charges for services	\$ 150,523	953,413	204,512	1,308,448
Intergovernmental	-	-	1,332,667	1,332,667
Total operating revenue	150,523	953,413	1,537,179	2,641,115
Operating expenses:				
Personnel	54,193	333,854	574,253	962,300
Food	-	-	812,165	812,165
Supplies	5,816	29,645	-	35,461
Utilities	17,345	213,297	-	230,642
Contracted services	2,366	44,633	-	46,999
Repairs and maintenance	17,054	26,870	55,994	99,918
Rent	-	506,484	-	506,484
Depreciation	28,600	26,386	7,442	62,428
Other expenses	91,043	23,037	29,250	143,330
Total operating expenses	216,417	1,204,206	1,479,104	2,899,727
Operating income (loss)	(65,894)	(250,793)	58,075	(258,612)
Nonoperating revenue (expense):				
Interest income	113	-	-	113
Pension expense	-	(26,216)	(18,574)	(44,790)
Total nonoperating expense	113	(26,216)	(18,574)	(44,677)
Net income (loss) before transfers	(65,781)	(277,009)	39,501	(303,289)
Transfers in (out)	(55,080)	55,080	-	-
Change in net position	(120,861)	(221,929)	39,501	(303,289)
Total net position (deficit), July 1	316,079	(17,929)	272,378	570,528
Total net position (deficit), June 30	\$ 195,218	(239,858)	311,879	267,239

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Cash Flows
Proprietary Funds
Business-type Activities - Enterprise Funds
For the Year Ended June 30, 2016

	Ingersoll Turf Facility	NSB Ice Arena	Centralized School Lunch	Totals
Cash flows from operating activities:				
Cash received from customers	\$ 149,523	1,003,054	204,512	1,357,089
Cash received from federal and state grants	-	-	1,344,475	1,344,475
Cash paid to suppliers for goods and services	(133,207)	(841,689)	(917,336)	(1,892,232)
Cash paid to employees for services	(54,193)	(333,854)	(572,599)	(960,646)
Net cash provided by (used in) operating activities	(37,877)	(172,489)	59,052	(151,314)
Cash flows from noncapital financing activities:				
Net change in interfund loans	(136,960)	117,365	14,247	(5,348)
Transfers to (from) other funds	(55,080)	55,080	-	-
Net cash provided by (used in) noncapital financing activities	(192,040)	172,445	14,247	(5,348)
Cash flows from capital and related financing activities:				
Purchase of capital assets	(20,210)	-	(5,085)	(25,295)
Net cash used in capital and related financing activities	(20,210)	-	(5,085)	(25,295)
Cash flows from investing activities:				
Interest on investments	113	-	-	113
Net cash provided by investing activities	113	-	-	113
Net increase (decrease) in cash and cash equivalents	(250,014)	(44)	68,214	(181,844)
Cash and cash equivalents, July 1	250,014	91,281	169,071	510,366
Cash and cash equivalents, June 30	-	91,237	237,285	328,522
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	(65,894)	(250,793)	58,075	(258,612)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	28,600	26,386	7,442	62,428
(Increase) decrease in assets:				
Accounts receivable	(1,000)	(3,206)	-	(4,206)
Prepaid rent	-	42,207	-	42,207
Intergovernmental receivables	-	-	11,808	11,808
Inventory	-	-	8,939	8,939
Increase (decrease) in liabilities:				
Accounts payable	417	2,277	(28,866)	(26,172)
Accrued payroll	-	-	963	963
Accrued compensated absences	-	-	691	691
Unearned revenue	-	10,640	-	10,640
Total adjustments	28,017	78,304	977	107,298
Net cash provided by (used in) operating activities	\$ (37,877)	(172,489)	59,052	(151,314)

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Agency Funds	Private- purpose Trust Funds
ASSETS		
Cash and cash equivalents	\$ 156,890	130,322
Accounts receivable	46,408	-
Interfund receivables	40,582	-
Total assets	243,880	130,322
LIABILITIES		
Accrued payroll	46,270	-
Interfund payables	-	15,992
Amounts held for others	197,610	-
Total liabilities	243,880	15,992
NET POSITION		
Held in trust	\$ -	114,330

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, 2016

	Private- purpose Trust Funds
Additions:	
Interest income	\$ 1,019
Donations	10,625
Total additions	11,644
Deductions:	
Scholarships	4,703
Total deductions	4,703
Change in net position	6,941
Net position - beginning	107,389
Net position - ending	\$ 114,330

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Notes to the Financial Statements
June 30, 2016

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2016

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 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 the Financial Statements, Continued
June 30, 2016

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 program.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's governmental activities and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary fund are charges to users; operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. City policy is that deposits can only be made in financial institutions insured by the FDIC. The City's investment policy authorizes investments in obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, certain corporate bonds, certain certificates of deposit and certain money market funds. The City invests its funds in an effort to ensure preservation of capital, remain sufficiently liquid and attain a reasonable market rate of return, while remaining within the guidelines as provided by the City's Investment Policy.

Investments are reported at fair value.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2016

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 are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. All depreciable capital assets are depreciated using the straight-line method over the estimated useful lives as follows:

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2016

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 the Financial Statements, Continued
June 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

8. Fund Equity

In the fund financial statements, governmental fund balance is reported in five classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which those funds can be spent. The Finance Director is authorized to classify the fund balances through the Fund Balance Policy adopted by the Auburn City Council on June 20, 2011. The five classifications of fund balance for the Governmental Funds are as follows:

- *Nonspendable* – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.
- *Restricted* – resources with constraints placed on the use of resources which are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or; b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – resources which are subject to limitations the government imposes on itself at its highest level of decision making authority, 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 the Financial Statements, Continued
June 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

9. Use of Estimates

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

10. Pensions

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

The appropriated budget is prepared by department. The department managers may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Manager. The legal level of budgetary control (level at which expenditures may not legally exceed appropriations without seeking approval of the City Council) is the total appropriation resolve level. Supplemental budgetary appropriations must be approved by the City Council. There was one supplementary appropriation during fiscal year 2016 for education.

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, 2016, expenditures exceeded appropriation in the following general fund categories: City Manager, \$26,338; City Clerk, \$13,678; Finance, \$19,277; Human Resources, \$4,604; Legal Services, \$42,588; Fire, \$281,291; LATC, \$109; and LA Arts \$2,000. In total, the City's expenditures were \$2,134,248 less than total appropriations.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2016

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, Continued

C. Deficit Fund Equity

At June 30, 2016, the City had the following funds with a deficit fund balance/net position: City Special Revenue, \$191,344; 211 Fairview, \$566,304; and Norway Savings Bank Ice Arena (Proprietary), \$239,858.

Additionally, within the City Special Revenue Fund, the following grants had deficit fund balances at June 30, 2016: Healthy Androscoggin, \$169; Maine DOT, \$300,768; Homeland Security, \$79,902; Law Enforcement Training, \$2,764; HEAPP, \$4,995; Safe School (COPS), \$11,599; Work4ME-PAL, \$10,825; Barker Mills Greenway, \$36,787; Distracted Driving, \$720; and EDI Grant, \$1,336,529.

These deficits result in a deficit in the fund as a whole at June 30, 2016 of \$191,344.

Revenue to offset the 211 Fairview deficit is expected from a future property sale in fiscal year 2016-2017 to Bedard Medical Equipment and Supplies. Future revenues and transfers from the General Fund are expected to fund the remaining deficit fund balances.

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

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

Additionally, certain on-behalf payments made by the State of Maine to the Maine Public Employees Retirement System (Maine PERS) for teachers and certain other School employees are not budgeted. Such on-behalf payments amounted to \$2,336,352 in 2016. 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, 2016, the City deposits amounted to \$22,411,652 with bank balances of \$23,070,005. 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, 2016, all the City's investments were in money market accounts or certificates of deposits, both of which have been included above under the disclosure on deposits.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2016

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	\$ 21,795,918
Reported in proprietary funds	328,522
Reported in fiduciary funds	287,212
Total reported	\$ 22,411,652
Disclosed as deposits (above)	\$ 3,212,490
Disclosed as investments (above)	19,199,162
Total reported	\$ 22,411,652

B. Receivables

Receivables as of June 30, 2016, 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	Other Gov't Funds	Fiduciary Funds	Total
Receivables:							
Taxes	\$ 2,101,678	-	-	-	-	-	2,101,678
Accounts	1,648,286	575	184,638	38,046	8,505	46,408	1,926,458
Loans	1,341,590	5,482,075	-	-	1,386,869	-	8,210,534
Intergovernmental	-	2,548,910	-	61,494	2,555,335	-	5,165,739
Gross receivables	5,091,554	8,031,560	184,638	99,540	3,950,709	46,408	17,404,409
Less: allowance for uncollectible	(428,199)	(3,477,243)	-	-	-	-	(3,905,442)
Total net receivables	\$ 4,663,355	4,554,317	184,638	99,540	3,950,709	46,408	13,498,967

Property taxes levied during fiscal year 2016 are recorded as receivables. The receivables collected during the fiscal year ended June 30, 2016 and during the 1st 60 days of fiscal year 2017 are recognized as revenues in the Governmental Funds, in fiscal year 2016. Receivables of \$1,931,962, estimated to be collectible subsequent to the 60 day period are considered to be unavailable revenues. Prior year tax levies were recorded using the same principle.

C. Property Taxes

The City's property tax is levied on the assessed value listed as of the prior April 1 for all real and taxable personal property located in the City. Assessed values are periodically established by the Assessor at 100% of the assumed market value. Property taxes were levied August 11, 2015 on the assessed values of real property as of April 1, 2015. Taxes were due September 15, 2015 and March 15, 2016. The assessed value of \$1,994,564,443 was 102% of the 2016 state valuation of \$1,960,100,000.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2016

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 \$359,801 for the year ended June 30, 2016.

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, 2016 and 2015 levies:

	<u>2016</u>	<u>2015</u>
Valuation:		
Real property	\$1,831,661,043	1,818,986,378
Personal property	162,903,400	165,931,000
Assessed value (less exempt properties)	1,994,564,443	1,984,917,378
Tax rate (per \$1,000)	21.25	20.95
Commitment	42,384,494	41,584,019
Supplemental taxes assessed	75,475	87,455
	42,459,969	41,671,464
Less:		
Collections and abatements	41,444,901	40,403,806
Receivable at June 30	\$ 1,015,068	1,267,658
Due date(s)	9/15/15 3/15/16	9/15/14 3/15/15
Interest rate charged on delinquent taxes	7.0%	7.0%
Collection rate	97.61%	96.95%

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2016

III. DETAILED NOTES ON ALL FUNDS, Continued

D. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance June 30, 2015 <u>(restated)</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, 2016
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 7,489,841	-	-	7,489,841
Construction in progress	7,744,894	575,245	6,170,028	2,150,111
Total capital assets, not being depreciated	15,234,735	575,245	6,170,028	9,639,952
Capital assets, being depreciated:				
Buildings and building improvements	77,671,354	651,346	-	78,322,700
Equipment	5,664,297	1,031,650	250,261	6,445,686
Vehicles	10,862,113	464,336	619,219	10,707,230
Infrastructure	99,047,678	13,207,498	-	112,255,176
Total capital assets being depreciated	193,245,442	15,354,830	869,480	207,730,792
Less accumulated depreciation for:				
Buildings and building improvements	35,346,294	2,058,058	-	37,404,352
Equipment	4,424,575	387,552	250,261	4,561,866
Vehicles	6,381,206	829,376	591,074	6,619,508
Infrastructure	37,661,761	4,200,492	-	41,862,253
Total accumulated depreciation	83,813,836	7,475,478	841,335	90,447,979
Total capital assets being depreciated, net	109,431,606	7,879,352	28,145	117,282,813
Governmental activities capital assets, net	\$ 124,666,341	8,454,597	6,198,173	126,922,765
Business-type activities:				
Capital assets, being depreciated:				
Improvements other than buildings	\$ 18,584	-	-	18,584
Buildings and building improvements	708,184	-	-	708,184
Equipment	447,956	25,295	-	473,251
Vehicles	38,789	-	-	38,789
Total capital assets being depreciated	1,213,513	25,295	-	1,238,808
Less accumulated depreciation for:				
Improvements other than buildings	18,584	-	-	18,584
Buildings and building improvements	479,810	24,204	-	504,014
Equipment	183,836	37,564	-	221,400
Vehicles	38,129	660	-	38,789
Total accumulated depreciation	720,359	62,428	-	782,787
Total capital assets being depreciated, net	493,154	(37,133)	-	456,021
Business-type activities capital assets, net	\$ 493,154	(37,133)	-	456,021

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2016

III. DETAILED NOTES ON ALL FUNDS, Continued

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

Governmental activities:

General government	\$ 517,956
Public safety	465,158
Public works, including depreciation of general infrastructure assets	4,496,964
Health, welfare and recreation	250,115
Education	1,745,285

<u>Total depreciation expense – governmental activities</u>	<u>\$ 7,475,478</u>
--	----------------------------

Business-type activities:

Ingersoll Turf Facility	\$ 28,600
Norway Savings Bank Ice Arena	26,386
Centralized School Lunch	7,442

<u>Total depreciation expense – business-type activities</u>	<u>\$ 62,428</u>
---	-------------------------

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, 2016. 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). 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 2016, \$990,191 was captured, of which \$643,624 was recorded in the General Fund and \$346,567 was recorded in the TIF Fund. During 2016, \$990,191 was expended, of which \$643,624 was expended in the General Fund and \$346,567 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 2016, \$167,907 was captured, of which \$100,744 was recorded in the General Fund and \$67,163 was recorded in the TIF Fund. During 2016, \$167,907 was expended, of which \$100,744 was expended in the General Fund and \$67,163 was expended in the TIF Fund.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2016

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 2016, \$191,004 was captured, of which \$114,603 was recorded in the General Fund and \$76,401 was recorded in the TIF Fund. During 2016, \$191,004 was expended, of which \$114,603 was expended in the General Fund and \$76,401 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 2016, \$358,938 was captured and recorded in the TIF Fund and nothing was expended. The balance remains 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 2016, \$813,711 was captured and recorded in the TIF Fund. During 2016, \$792,318 was expended in the TIF Fund and \$545,000 was transferred to the General Fund where it was fully expended.

#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 2016, \$143,550 was captured and recorded in the TIF Fund, and \$176,263 was expended in the TIF Fund.

#13 Retail Development - This TIF was established in 2007 and encompasses 29.67 acres. The original value was \$5,425,400. 100% of the tax revenue associated with the increased value within the TIF can be captured with a sliding scale of 30% to 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 2016, \$323,593 was captured and recorded in the TIF Fund, and \$598,712 was expended in the TIF Fund.

#14 & #15 Auburn Mall - This TIF was established in 2005 and encompasses 47.44 acres. The original value was \$12,719,900. 100% of the tax revenue associated with increased value within the TIF can be captured, 47% of which is used to fulfill the obligations under a credit enhancement agreement. During 2016, \$581,670 was captured, of which \$77,071 was recorded in the General Fund and \$504,599 was recorded in the TIF Fund. During 2016, \$364,857 was expended, of which \$77,071 was expended in the General Fund and \$287,786 was expended in the TIF Fund.

#16 Webster School Housing - This TIF was established in 2010 and encompasses 1.4 acres. The original value was \$522,800. 100% of the tax revenue associated with increased value within the TIF can be captured, 60% of which is used to fulfill the obligations under a credit enhancement agreement. During 2016, \$46,415 was captured, of which \$18,566 was recorded in the General Fund and \$27,849 was recorded in the TIF Fund. During 2016, \$46,415 was expended, of which \$18,566 was expended in the General Fund and \$27,849 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 2016, \$29,453 was captured and recorded in the TIF Fund, and \$29,453 was expended in the TIF Fund.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2016

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 2016, \$127,574 was captured and recorded in the TIF Fund, and \$127,571 was expended in the TIF Fund.

#19 Hartt Logistics – 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 2016, \$5,404 was captured and recorded in the TIF Fund, and \$5,409 was expended in the TIF Fund.

F. Interfund Receivables and Payables and Transfers

The composition of interfund balances as of June 30, 2016 is as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 2,298,596	-	632,718	2,824,802
Community Dev. Programs	-	19,564		
Tax Incrementing Financing	-	555,495	2,824,802	545,000
Capital Projects	2,928,494	-	-	-
Other Governmental Funds	297,262	4,501,125	-	87,718
Fiduciary Funds	40,582	15,992	-	-
Enterprise Fund:				
Ingersoll Turf Facility	-	861	-	-
Norway Savings Bank Ice Arena	-	460,699	-	-
Centralized School Lunch	-	11,198	-	-
Totals	\$ 5,564,934	5,564,934	3,457,520	3,457,520

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, 2016:

	<u>Contract Total</u>	<u>Percentage Complete</u>	<u>Billed to Date</u>	<u>Balance Remaining</u>
Ingersoll Repurposing	\$ 525,964	96.00%	504,925	21,039
South Main St Phase III	1,088,889	1.48%	16,123	1,072,766
2016 Road Reclamation	715,556	37.17%	265,974	449,582

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2016

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	\$ 56,763
Community development programs	7,500
Tax incremental financing	3,117
Special revenue funds	97,230
Capital project funds	1,868,704
<u>Enterprise funds</u>	<u>5,835</u>
 Total	 <u>\$ 2,039,149</u>

H. Long-term Debt

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities only. Currently, there are no general obligation bonds outstanding for business-type activities. On November 5, 2015, general obligation bonds totaling \$5,700,000 were issued and dedicated to the capital improvement program for the City and School Department.

Advance Refunding

The City issued \$4,250,000 in general obligation bonds with interest rates ranging from 2.0% to 4.0%. The proceeds were used to advance refund \$4,405,000 of outstanding 2006 general obligation bonds which had interest rates ranging from 4.0% to 4.25%. The difference of \$155,000 between the refunding and refunded debt has been recorded as a deferred charge on refunding in the statement of net position. The net proceeds of \$4,485,844 (including a net premium of \$288,437 and after payment of \$52,593 in issuance costs) were deposited into an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 2006 general obligation bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. The City advance refunded the 2006 general obligation bonds to reduce its total debt service payments over 10 years by \$454,816 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$418,643.

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, 2016. General obligation bonds and notes payable outstanding at June 30, 2016 are as follows:

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2016

III. DETAILED NOTES ON ALL FUNDS, Continued

	<u>Issued</u>	<u>Original</u>	<u>Matures</u>	<u>Interest rate</u>	<u>Outstanding balance</u>
Bonds:					
School Construction Bonds	10/31/96	\$ 8,400,000	11/01/16	5.183%-5.733%	420,000
General Obligation Bonds	04/30/02	6,000,000	11/01/22	3.05%-5.25%	2,100,000
General Obligation Bonds	10/31/02	13,100,000	11/01/22	2.031%-5.031%	2,870,000
General Obligation Bonds	10/18/05	15,281,000	09/01/16	4.00%-4.50%	515,000
General Obligation Bonds	11/01/06	13,000,000	09/01/16	4.00%-4.25%	940,000
General Obligation Bonds	11/30/07	6,000,000	09/01/17	3.50%-3.65%	1,200,000
General Obligation Bonds	10/30/08	6,430,000	09/01/18	3.25%-4.25%	1,920,000
QZAB	01/14/11	1,000,000	01/14/20	0.14%	400,000
General Obligation Bonds	10/15/09	5,500,000	09/01/19	2.00%-3.50%	2,200,000
General Obligation Bonds	11/01/10	7,900,000	09/01/20	2.00%-2.50%	3,950,000
General Obligation Bonds	11/01/11	4,500,000	09/01/21	2.00%-2.75%	2,700,000
QZAB	07/13/12	1,057,323	07/13/22	4.40%	740,126
General Obligation Bonds	09/27/12	13,835,000	09/01/27	2.00%-4.50%	11,705,000
General Obligation Bonds	11/01/13	5,625,000	09/01/27	2.00%-3.00%	4,495,000
General Obligation Bonds	10/30/14	6,800,000	09/01/28	2.00%-4.00%	6,120,000
General Obligation Bonds	11/05/15	5,700,000	09/01/29	2.00%	5,700,000
General Obligation Bonds	03/10/16	4,250,000	09/01/26	2.00-4.00%	4,250,000
Bonds payable					52,225,126

Notes:					
School Revolving Loan	12/29/10	444,565	07/01/20	0.00%	222,281
School Revolving Loan	09/13/13	188,313	09/13/18	0.00%	50,675
Notes payable					272,956

Total bonds and notes payable \$ 52,498,082

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

<u>Year Ending</u> <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>
2017	\$ 8,620,732	1,556,456	61,348	-	182,154	30,475
2018	7,740,732	1,224,816	61,348	-	187,263	25,366
2019	7,045,732	1,002,271	61,348	-	192,516	20,114
2020	6,430,732	792,123	44,456	-	76,094	14,713
2021	5,825,732	597,815	44,456	-	78,369	12,438
2022-2026	15,941,466	956,490	-	-	337,621	25,609
2027-2030	620,000	14,663	-	-	-	-
Total	\$ 52,225,126	6,144,634	272,956	-	1,054,017	128,715

For the year ended June 30, 2016, interest expense of the General Fund was \$997,067.

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, 2016, the statutory limit for the City was \$294,015,000. The City's outstanding long-term debt of \$52,498,082 at June 30, 2016 was \$241,516,918 less than the statutory limit.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2016

III. DETAILED NOTES ON ALL FUNDS, Continued

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, 2016, the amount capitalized under capital leases totals \$1,353,025.

Changes in General Long-term Liabilities. Long-term liability activity for the year ended June 30, 2016 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	\$ 55,170,858	9,950,000	12,895,732	52,225,126	8,620,732
Premium	1,551,550	192,697	135,173	1,609,074	135,174
Total bonds payable	56,722,408	10,142,697	13,030,905	53,834,200	8,755,906
Notes payable	383,927	-	110,971	272,956	61,348
Capital leases payable	1,231,203	-	177,186	1,054,017	182,154
Accrued compensated absences	2,046,179	231,785	73,557	2,204,407	109,204
Other postemployment benefits	1,385,073	295,697	56,408	1,624,362	-
Accrued self-insurance liability	945,292	784,360	535,963	1,193,689	32,934
City pension liability	749,577	-	269,432	480,145	-
Net pension liability	4,683,129	5,109,922	-	9,793,051	-
Landfill postclosure care costs	646,140	-	174,085	472,055	80,911
Accrued interest on debt	587,658	-	26,699	560,959	560,959
Governmental activities long-term liabilities	\$ 69,380,586	16,564,461	14,455,206	71,489,841	9,783,416
Business-type activities:					
Accrued compensated absences	6,351	691	-	7,042	-
Net pension liability	61,852	94,684	-	156,536	-
Business-type activities long-term liabilities	\$ 68,203	95,375	-	163,578	-

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, 2016:

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2016

III. DETAILED NOTES ON ALL FUNDS, Continued

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$ 217,370,744	\$ 1,238,808
Accumulated depreciation	(90,447,979)	(782,787)
Bonds payable	(52,225,126)	-
Notes payable	(272,956)	-
Capital leases payable	(1,054,017)	-
Unamortized debt premium	(1,609,074)	-
Unspent bond proceeds	7,835,964	-
Non-capital related - unamortized debt premium	134,752	-
Total net investment in capital assets	\$ 79,732,308	\$ 456,021

J. Fund Balances

As of June 30, 2016, fund balances components consisted of the following:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable:			
Long-term receivables	\$ 1,341,590	3,937,619	5,279,209
Principal for permanent funds	-	69,475	69,475
Total nonspendable	1,341,590	4,007,094	5,348,684
Restricted:			
Education	1,625,968	319,664	1,945,632
Community development programs	-	453,175	453,175
Tax increment financing	-	548,937	548,937
Permanent funds	-	189,752	189,752
Parking	-	7,326	7,326
Total restricted	1,625,968	1,518,854	3,144,822
Committed:			
Parks and recreation	-	287,416	287,416
Capital projects	-	7,811,871	7,811,871
Total committed	-	8,099,287	8,099,287
Assigned:			
Subsequent budget	825,000	-	825,000
Reserves	9,541	-	9,541
Self-insurance	1,193,689	-	1,193,689
Encumbrances	56,763	-	56,763
Total assigned	2,084,993	-	2,084,993
Unassigned	5,897,971	(757,648)	5,140,323
Total fund balance	\$ 10,950,522	12,867,587	23,818,109

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2016

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 \$472,055 reported as landfill post-closure care liability at June 30, 2016 represents the estimated liability for post-closure care costs at that date. The cost is comprised of \$135,000 for post-closure care costs (10 years) for a brush landfill that stopped accepting debris during fiscal year 1996. The additional cost of \$337,055 represents the estimated future post-closure care cost (5 years) of a previously closed ash landfill.

The estimated total current cost of landfill post-closure care of \$472,055 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, 2016. 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, 2016.

The City established a self-insured worker's compensation program in May 1982. This program provides coverage for up to a maximum of \$500,000 for each worker's compensation claim. This amount totaled \$1,193,689 at June 30, 2016.

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 \$1,193,689 reported in the Statement of Net Position is based on the requirements of the Governmental Accounting Standards Board, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statement and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. A discount rate of 4.5% has been used in calculating the liability.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2016

IV. OTHER INFORMATION, Continued

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

	Fiscal Year <u>2016</u>	Fiscal Year <u>2015</u>
Unpaid claims as of July 1	\$ 945,292	469,022
Incurred claims (including claims incurred but not reported as of June 30)	784,360	799,767
<u>Total claim payments</u>	<u>535,963</u>	<u>323,497</u>
Current claims liability	32,934	48,789
<u>Long-term claims liability</u>	<u>1,160,755</u>	<u>896,503</u>
<u>Total unpaid claims liability</u>	<u>\$ 1,193,689</u>	<u>945,292</u>

The City assigns a portion of its General Fund fund balance for both workers compensation and a reserve for unemployment. This amount totaled \$1,193,689 at June 30, 2016.

B. Joint Ventures

The City of Auburn has entered into several ventures with other entities. The following joint ventures result from a contractual arrangement (interlocal agreement) in which the City retains an ongoing financial responsibility. The following joint ventures' existence depends on continued funding by the governments:

Auburn-Lewiston Municipal Airport
Lewiston-Auburn Economic Growth Council
Lewiston-Auburn Transit Committee
Lewiston-Auburn 9-1-1 Committee

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

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

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

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

Information pertaining to each of these five joint ventures follows:

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2016

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, 2016, the City of Auburn contributed \$105,000 for airport operations.

The following is selected information for the years ending June 30, 2016 and June 30, 2015:

	June 30, <u>2016</u>	June 30, <u>2015</u>
Total assets	\$ 9,331,220	\$ 9,966,753
Total deferred outflows of resources	34,377	32,651
Total liabilities	2,084,036	2,174,335
Total deferred inflows of resources	18,079	45,986
Net position	7,263,482	7,779,083
Change in net position	(515,601)	(555,336)

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, 2016, the Airport had total revenues of \$1,360,505 and expenditures of \$1,876,106, including depreciation of \$582,937 and pension expense of \$26,743.

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

Lewiston-Auburn Economic Growth Council

The Lewiston-Auburn Economic Growth Council (LAEGC) is a nonprofit corporation formed to stimulate industrial and commercial development and expansion in the cities of Auburn and Lewiston. Auburn participates equally in this joint venture with the City of Lewiston, the Lewiston Development Corporation, and the Auburn Business Development Corporation.

The Growth Council is administered by a twelve-member board comprised of three members from each participant. The six members who represent the Cities of Auburn and Lewiston are appointed by the Mayors of those cities. The other board members are appointed by their respective corporations.

The Growth Council's governing Board selects management staff, establishes budgets and controls all aspects of its operations. The City of Auburn is responsible through the budget process, to fund 25% of the annual anticipated operating needs of the Council.

In the fiscal year ended June 30, 2016, the City of Auburn contributed \$160,612 to the Growth Council.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2016

IV. OTHER INFORMATION, Continued

The following is selected information for the years ending June 30, 2015 and June 30, 2014 (the latest information available):

	June 30, <u>2015</u>	June 30, <u>2014</u>
Total assets	\$ 2,683,651	\$ 2,011,080
Total liabilities	2,258,651	1,560,224
Net assets	425,000	450,856
Change in net assets	(25,856)	(5,724)

The Council derives the bulk of its revenues from the participants, but also receives some funds from federal and state grants. During the year ended June 30, 2015, revenues totaled \$522,907 while total expenses amounted to \$548,763.

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

Lewiston-Auburn Transit Committee

The Lewiston-Auburn Transit Committee is a joint venture of the Cities of Lewiston and Auburn. The Committee was formed for the purpose of planning and implementing short-term and long-term bus transit development, and to apply for and administer federal and state capital acquisition and operating assistance grants for mass transit benefiting the Lewiston-Auburn area. The Committee is made up of six members, three each from the Cities of Auburn and Lewiston, appointed by their respective City Councils. The Committee's governing board selects management staff, sets user charges, establishes budgets and controls all aspects of its operations.

For the fiscal year ended June 30, 2016, the City of Auburn contributed \$209,244 for operating expenses.

The following is selected information for the years ending September 30, 2015 and September 30, 2014 (the latest information available):

	September 30, <u>2015</u>	September 30, <u>2014</u>
Total assets	\$1,855,455	\$ 1,560,555
Total liabilities	484,878	223,690
Net position	1,370,577	1,336,865
Change in net position	33,712	(166,381)

Total revenues for the year ended September 30, 2015 were \$1,981,637 and expenses were \$1,947,925, including depreciation on contributed assets of \$251,808.

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

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2016

IV. OTHER INFORMATION, Continued

Lewiston-Auburn 9-1-1 Committee

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

The committee's primary source of revenues consists of equal contributions from the Cities of Auburn and Lewiston. In the fiscal year ended June 30, 2016, the City of Auburn contributed \$1,069,122.

The following is selected financial information for the years ending June 30, 2015 and June 30, 2014 (the latest information available):

	June 30, <u>2015</u>	June 30, <u>2014</u>
Total assets	\$ 1,228,260	\$ 1,026,833
Total deferred outflows of resources	155,115	52,280
Total liabilities	906,620	972,130
Total deferred inflows of resources	246,470	-
Total net position	230,285	106,983
Change in net position	123,302	94,707

Total revenues for the year ended June 30, 2015 were \$2,166,767 and expenses were \$2,043,465.

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

Mid-Maine Waste Action Corporation

Mid-Maine Waste Action Corporation (MMWAC) is a joint venture of the City of Auburn and eleven other Maine municipalities. The Corporation was formed in March 1986 for the purpose of razing the old Auburn Energy Recovery Facility and constructing a regional waste to energy facility. MMWAC is governed by the provisions of its Articles of Incorporation and Bylaws, and by the interlocal agreement between MMWAC and each of the participating municipalities. Each of the participating municipalities has also entered into a Waste Handling Agreement with MMWAC pursuant to which the municipality is obligated to send all of its waste to MMWAC for the term of the agreement. The Corporation is administered by a twelve-member board comprised of one member from each participating municipality. Each member is entitled to one vote for all corporate business except for bonding which matures more than three years from the date of issuance and for adoption of the annual budget in which case votes are weighted by community population and requires an 85% majority for passage. The City of Auburn accounts for approximately 70% of the population of the twelve municipalities participating in MMWAC.

The following is selected financial information for MMWAC for the years ending June 30, 2015 and June 30, 2014 (the latest information available):

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2016

IV. OTHER INFORMATION, Continued

	<u>2015</u>	<u>2014</u>
Total assets	\$ 14,085,813	\$ 15,972,628
Total liabilities	413,430	411,702
Members' equity	13,672,383	15,560,926
Operating revenue	6,172,511	6,784,743
Operating expenses	6,429,162	6,250,486
Depreciation and amortization	1,671,834	1,655,259
Other expenses	5,363	128,746
Non-operating revenue	45,305	47,104
Net income/(loss) before depreciation and amortization	(216,709)	452,615
Net change in members equity	(1,888,543)	(1,202,644)

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 15, 2016, the City of Auburn issued \$5,030,000 of non-taxable general obligation bonds through U.S. Bank National Association. The interest rate on the bonds is 3 percent annually, and the maturity date is September 1, 2026.

D. New Pronouncements and Restatement of Net Position/Fund Balance

For the fiscal year ended June 30, 2016, the City has elected to implement Statement No. 72 of the Governmental Accounting Standards Board – *Fair Value Measurement and Application*. There is no effect on fund balance or net position. This statement addresses accounting and financial reporting issues related to fair value measurements and provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. See the Deposits and Investments footnote for more information.

Additionally, the City determined that it over-capitalized a certain project that was included in construction in progress in the prior year. There were not enough expenses during the prior year to support the amount capitalized. Governmental activities net position as of July 1, 2015 has been restated to reflect the reduction in net position of \$576,845.

IV. OTHER INFORMATION, Continued

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, 2016, the City contributed \$153,649 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 (MPERS). Benefit terms are established in Maine statute. MPERS issues a publicly available financial report that can be obtained at www.mainebers.org.

Benefits Provided - The PLD and SET Plans provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e. eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60 or 65. For SET Plan members, normal retirement age is 60, 62, or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MPERS also provides disability and death benefits, which are established by contract under applicable statutory provisions (PLD Plan) or by statute (SET Plan).

Contributions - Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations. The contractually required contribution rates are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

PLD Plan - Employees are required to contribute 7.5% of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2016 was 8.9% or 11.4% of annual payroll for the regular plan or public safety plan, respectively. Contributions to the pension plan from the City were \$1,182,415 for governmental activities and \$22,858 for business-type activities for the year ended June 30, 2016.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2016

IV. OTHER INFORMATION, Continued

SET Plan - Maine statute requires the State to contribute a portion of the City's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2016, 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 \$675,623 for the year ended June 30, 2016.

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, 2015, 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, 2016, the City reported a liability of \$8,097,505 for governmental activities and \$156,536 for business-type activities for its proportionate share of the net pension liability. At June 30, 2015, the City's proportion of the PLD Plan was 2.5871%.

SET Plan - At June 30, 2016, the City reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the net pension liability	\$ 1,695,546
State's proportionate share of the net pension liability associated with the City	22,336,682
Total	<u>\$ 24,032,228</u>

At June 30, 2015, the City's proportion of the SET Plan was 0.1256%.

For the year ended June 30, 2016, the City recognized pension expense of \$2,283,361 for governmental activities and 44,790 for business-type activities for the PLD Plan and \$3,248,790 and revenue of \$2,620,049 for support provided by the State for the SET Plan. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2016

IV. OTHER INFORMATION, Continued

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	724,814	-	13,784
Changes of assumptions	762,322	-	13,833	-
Net difference between projected and actual earnings on pension plan investments	-	688,440	-	11,826
Changes in proportion and differences between City contributions and proportionate share of contributions	683,904	-	7,361	-
City contributions subsequent to the measurement date	1,858,038	-	22,858	-
Total	\$ 3,304,264	1,413,254	44,052	25,610

An amount of \$1,858,038 for governmental activities and \$22,858 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, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2017	\$ (71,611)
2018	(218,949)
2019	(407,455)
2020	726,571

Actuarial Assumptions - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PLD Plan</u>	<u>SET Plan</u>
Inflation	3.5%	3.5%
Salary Increases, per year	3.5% to 9.5%	3.5% to 13.5%
Investment return, per annum, compounded annually	7.125%	7.125%
Cost of living benefit increases, per annum	2.55%	2.55%

Mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2005 to June 30, 2010.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2016

IV. OTHER INFORMATION, Continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 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%	5.2%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real estate	10%	3.7%
Infrastructure	10%	4.0%
Hard assets	5%	4.8%
Fixed income	25%	0.7%
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 7.125% for the PLD Plan and 7.125% for the SET Plan. The projection of cash flows used to determine the discount rates assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liabilities.

Sensitivity of the City's Proportionate Share of the Net Pension Liabilities to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.125% for the PLD Plan and 7.125% for the SET Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.125% for PLD Plan and 6.125% for SET Plan) or 1 percentage-point higher (8.125% for PLD Plan and 8.125% for SET Plan) than the current rate:

<u>PLD Plan</u>	1% Decrease (6.125%)	Current Discount Rate (7.125%)	1% Increase (8.125%)
City's proportionate share of the net pension liability	\$ 16,444,495	\$ 8,254,041	\$ 488,985
<u>SET Plan</u>	1% Decrease (6.125%)	Current Discount Rate (7.125%)	1% Increase (8.125%)
City's proportionate share of the net pension liability	\$ 2,968,500	\$ 1,695,546	\$ 635,323

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2016

IV. OTHER INFORMATION, Continued

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

Payables to the Pension Plan - None as of June 30, 2016.

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 \$153,649, which was 6% of its current-year covered payroll. The covered payroll amounted to \$2,560,820. Employees' required contributions amounted to \$128,041, which was 5% of the City's current year covered payroll.

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

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

City Pension Plan

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

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

At June 30, 2016, the plan consisted of 9 retirees and beneficiaries. The last active employee retired on March 31, 1992.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2016

IV. OTHER INFORMATION, Continued

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

Annual Pension Cost and Net Pension Obligation. The City's annual pension cost and net pension obligation for the year ended June 30, 2016, were as follows:

Interest on net pension obligation	\$ 24,236
Differences between expected and actual experience	(193,060)
<u>Changes of assumptions, including discount rate</u>	<u>13,658</u>
Annual pension cost (gain)	(155,166)
<u>Contributions made</u>	<u>(114,266)</u>
Increase (decrease) in net pension obligation	(269,432)
<u>Net pension obligation beginning of year</u>	<u>749,577</u>
 <u>Net pension obligation end of year</u>	 <u>\$ 480,145</u>

The annual required contribution for the current year was determined as part of the July 1, 2016 actuarial valuation using the Entry Age Normal Cost Method. The actuarial assumptions included (a) 2.60% discount rate and (b) 3.0% future benefit increases. The unfunded actuarial accrued liability is being recognized as a level dollar amount on a closed basis. The remaining amortization period at June 30, 2016 was 6 years.

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

Four-Year Trend Information

<u>Fiscal Year</u> <u>Ending</u> <u>June 30,</u>	<u>Annual</u> <u>Pension</u> <u>Cost/(Gain)</u>	<u>% of Annual</u> <u>Pension Cost</u> <u>Contributed</u>	<u>Net Pension</u> <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

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2016

IV. OTHER INFORMATION, Continued

Schedule of Employer Contributions

<u>Fiscal Year End</u>	<u>Actuarial Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>
6/30/2007	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%

Funded status and funding progress. As of July 1, 2016, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 480,145
Actuarial value of plan assets	-
<u>Unfunded actuarial accrued liability (UAAL)</u>	<u>\$ 480,145</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll	\$ -
UAAL as a percentage of covered payroll	0%

Actuarial methods and assumptions. The ARC for the plan was determined as part of the July 1, 2016 actuarial valuation using the following methods and assumptions:

Discount Rate	2.60% per year
Investment Rate of Return	N/A
Retirement Age	All members are currently receiving benefits
Mortality	RP2014 Mortality Tables for Male and Female retirees with MP-2014 mortality improvement scale.
Disabled Mortality	None
Marriage Assumptions	None
Cost of living adjustments	3.00%

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2016

IV. OTHER INFORMATION, Continued

Other Post Employment Benefits

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

The City is a member of the Maine Municipal Employees Health Trust. The Trust is a multiple employer Voluntary Employee's Beneficiary Association. The City is an individually rated member within the Association. The Trust issues a publicly available financial report. That report may be obtained by writing to the Maine Municipal Association at 60 Community Drive, Augusta, ME 04332. The Health Trust contracted with an outside consultant to assist in the determination and valuation of the City's OPEB liability under GASB Statement 45. An OPEB liability actuarial valuation was completed by in July 2015 for a valuation as of January 1, 2015.

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

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Normal Cost	\$ 96,138	96,138	77,550
Amortization of Unfunded Interest	218,033	218,033	196,031
Adjustment to ARC	(80,099)	(65,860)	(54,129)
Annual Required Contribution	<u>295,697</u>	<u>300,087</u>	<u>262,310</u>
Contributions Made	(56,408)	(53,861)	(59,470)
Increase in Net OPEB	<u>239,289</u>	<u>246,226</u>	<u>202,840</u>
Net OPEB Obligation – beginning of year	<u>1,385,073</u>	<u>1,138,847</u>	<u>936,007</u>
Net OPEB Obligation – end of year	<u>\$1,624,362</u>	<u>1,385,073</u>	<u>1,138,847</u>

The following table represents the OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2016 and the two preceding years.

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2016

IV. OTHER INFORMATION, Continued

Fiscal Year End	Annual OPEB Costs	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	\$ 262,310	22.67%	1,138,847
June 30, 2015	300,087	17.95%	1,385,073
June 30, 2016	295,697	19.08%	1,624,362

Funding Status and Funding Progress - The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ending June 30, 2016 and two preceding years are as follows:

	FY 2016	FY 2015	FY 2014
Actuarial accrued liability	\$ 3,921,035	3,921,035	3,525,364
Plan assets	-	-	-
Unfunded actuarial accrued liability	\$ 3,921,035	3,921,035	3,525,364
Funded ratio	0%	0%	0%
Covered payroll	\$13,713,288	12,552,483	12,075,857
Unfunded actuarial accrued liability as a percentage of covered payroll	28.59%	31.24%	29.19%

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

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

Actuarial valuation date	1/1/15
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar open
Open amortization period	30 years
Discount Rate	4.0%
Rate of Salary Increases	3.0%
Ultimate Rate of Medical Inflation	4.25%

CITY OF AUBURN, MAINE
Notes to the Financial Statements, Continued
June 30, 2016

IV. OTHER INFORMATION, Continued

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

<u>Year</u>	<u>Pre-Medicare Blended</u>	<u>Medicare-Blended</u>
2015	5.24%	8.56%
2016	8.56%	10.12%
2017	8.27%	9.74%
2018	7.98%	9.36%
2019	7.69%	8.98%
2020	7.41%	8.59%
2021	7.12%	8.20%
2022	6.83%	7.81%
2023	6.55%	7.42%
2024	6.26%	7.03%
2025	5.97%	6.63%
2026	5.69%	6.24%
2027	5.40%	5.84%
2028	5.11%	5.44%
2029	4.82%	5.05%
2030	4.54%	4.65%
2031+	4.25%	4.25%

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

Payroll Growth - For the level percentage of pay amortization method, total payroll is assumed to grow at 3.00% per year.

CITY OF AUBURN, MAINE
Required Supplementary Information
June 30, 2016

Schedule of Funding Progress

City Pension Plan

Actuarial Valuation Date	Plan Assets	Actuarial Accrued Liability
6/30/2014	-	\$ 816,665
6/30/2015	-	749,577
6/30/2016	-	480,145

Retiree Healthcare Plan

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a) /c]
2011	1/1/11	-	\$ 3,903,927	3,903,927	0.00%	11,287,917	34.59%
2012	1/1/11	-	3,903,927	3,903,927	0.00%	11,513,675	33.91%
2013	1/1/13	-	3,525,364	3,525,364	0.00%	11,859,085	29.73%
2014	1/1/13	-	3,525,364	3,525,364	0.00%	12,075,857	29.19%
2015	1/1/15	-	3,921,035	3,921,035	0.00%	12,552,483	31.24%
2016	1/1/15	-	3,921,035	3,921,035	0.00%	13,713,288	28.59%

CITY OF AUBURN, MAINE
Required Supplementary Information, Continued
June 30, 2016

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>2016**</u>	<u>2015</u>
<u>PLD Plan</u>		
City's proportion of the net pension liability	2.5871%	2.3477%
City's proportionate share of the net pension liability	\$ 8,254,041	3,612,401
City's covered-employee payroll	11,596,585	11,365,621
City's proportion share of the net pension liability as a percentage of its covered-employee payroll	71.18%	31.79%
Plan fiduciary net position as a percentage of the total pension liability	88.27%	94.10%
<u>SET Plan</u>		
City's proportion of the net pension liability	0.1256%	0.1048%
City's proportionate share of the net pension liability	1,695,546	1,132,380
State's proportionate share of the net pension liability associated with the City	22,336,682	16,612,780
<u>Total</u>	<u>\$ 24,032,228</u>	<u>17,745,160</u>
City's covered-employee payroll	\$ 20,107,822	20,044,945
City's proportion share of the net pension liability as a percentage of its covered-employee payroll	8.43%	5.65%
Plan fiduciary net position as a percentage of the total pension liability	81.18%	83.91%

* Only two years of information available

** The amounts presented for each fiscal year were determined as of the prior fiscal year.

CITY OF AUBURN, MAINE
Required Supplementary Information, Continued
June 30, 2016

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

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

* Only three years of information available

CITY OF AUBURN, MAINE
Notes to Required Supplementary Information
June 30, 2016

Changes of Benefit Terms - None

Changes of Assumptions - The discount rate was decreased from 7.25% in the 2014 valuation to 7.125% in the 2015 valuation for the PLD Plan, and the cost of the living benefit increase assumption was changed from 3.12% in the 2014 valuation to 2.55% in the 2015 valuation for the PLD Plan. There were no changes of assumption for the SET Plan from the 2014 valuation to the 2015 valuation.

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are restricted either by law or by administrative action, to 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, 2016

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
ASSETS			
Investments	\$ 182,784	261,542	444,326
Receivables:			
Accounts	8,505	-	8,505
Loans receivable	1,386,869	-	1,386,869
Intergovernmental	2,555,335	-	2,555,335
Interfund receivable	297,262	-	297,262
Total assets	4,430,755	261,542	4,692,297
LIABILITIES			
Accounts payable	74,035	-	74,035
Accrued payroll	1,152	-	1,152
Interfund payable	4,498,810	2,315	4,501,125
Total liabilities	4,573,997	2,315	4,576,312
FUND BALANCES (DEFICITS)			
Nonspendable - principal	-	69,475	69,475
Restricted	326,990	189,752	516,742
Committed	287,416	-	287,416
Unassigned	(757,648)	-	(757,648)
Total fund balances (deficits)	(143,242)	259,227	115,985
Total liabilities and fund balances (deficits)	\$ 4,430,755	261,542	4,692,297

CITY OF AUBURN, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
Revenues:			
Intergovernmental	\$ 6,628,902	-	6,628,902
Charges for services	911,478	-	911,478
Other income	291,508	-	291,508
Interest income	452	830	1,282
Total revenues	7,832,340	830	7,833,170
Expenditures:			
Current:			
General government	324,268	-	324,268
Public safety	402,647	-	402,647
Health, welfare and recreation	278,536	-	278,536
Public works	3,186,397	-	3,186,397
Education	3,840,003	-	3,840,003
Unclassified	-	2,435	2,435
Debt service	118,705	-	118,705
Total expenditures	8,150,556	2,435	8,152,991
Deficiency of revenues under expenditures	(318,216)	(1,605)	(319,821)
Other financing uses:			
Transfer out	(87,718)	-	(87,718)
Total other financing uses	(87,718)	-	(87,718)
Net change in fund balances	(405,934)	(1,605)	(407,539)
Fund balances, July 1	262,692	260,832	523,524
Fund balances (deficits), June 30	\$ (143,242)	259,227	115,985

CITY OF AUBURN, MAINE
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2016

	City Special	School Special	211 Fairview	Parking	Parks and Recreation	Totals
ASSETS						
Investments	\$ 182,784	-	-	-	-	182,784
Receivables:						
Accounts	-	-	-	8,505	-	8,505
Loans receivable	1,386,869	-	-	-	-	1,386,869
Intergovernmental	1,824,994	730,341	-	-	-	2,555,335
Interfund receivable	-	-	-	-	297,262	297,262
Total assets	3,394,647	730,341	-	8,505	297,262	4,430,755
LIABILITIES						
Accounts payable	25,477	37,933	-	779	9,846	74,035
Accrued payroll	-	1,152	-	-	-	1,152
Interfund payable	3,560,514	371,592	566,304	400	-	4,498,810
Total liabilities	3,585,991	410,677	566,304	1,179	9,846	4,573,997
FUND BALANCES (DEFICITS)						
Restricted	-	319,664	-	7,326	-	326,990
Committed	-	-	-	-	287,416	287,416
Unassigned	(191,344)	-	(566,304)	-	-	(757,648)
Total fund balances (deficits)	(191,344)	319,664	(566,304)	7,326	287,416	(143,242)
Total liabilities and fund balances (deficits)	\$ 3,394,647	730,341	-	8,505	297,262	4,430,755

CITY OF AUBURN, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2016

	City Special	School Special	211 Fairview	Parking	Parks and Recreation	Totals
Revenues:						
Intergovernmental	\$ 3,387,709	3,241,193	-	-	-	6,628,902
Charges for services	161,145	345,390	-	163,971	240,972	911,478
Other income	111,752	179,756	-	-	-	291,508
Interest income	363	-	-	89	-	452
Total revenues	3,660,969	3,766,339	-	164,060	240,972	7,832,340
Expenditures:						
Current:						
General government	183,895	-	-	140,373	-	324,268
Public safety	402,647	-	-	-	-	402,647
Health, welfare and recreation	72,849	-	-	-	205,687	278,536
Public works	3,186,397	-	-	-	-	3,186,397
Education	-	3,840,003	-	-	-	3,840,003
Debt service	118,705	-	-	-	-	118,705
Total expenditures	3,964,493	3,840,003	-	140,373	205,687	8,150,556
Excess (deficiency) of revenues over (under) expenditures	(303,524)	(73,664)	-	23,687	35,285	(318,216)
Other financing uses:						
Transfer out	(45,000)	-	-	-	(42,718)	(87,718)
Total other financing uses	(45,000)	-	-	-	(42,718)	(87,718)
Net change in fund balances	(348,524)	(73,664)	-	23,687	(7,433)	(405,934)
Fund balances (deficits), July 1	157,180	393,328	(566,304)	(16,361)	294,849	262,692
Fund balances (deficits), June 30	\$ (191,344)	319,664	(566,304)	7,326	287,416	(143,242)

CITY OF AUBURN, MAINE
Combined Balance Sheet
Nonmajor Permanent Funds
June 30, 2016

ASSETS	
Investments	\$ 261,542
Total assets	261,542
LIABILITIES	
Interfund payable	2,315
Total liabilities	2,315
FUND BALANCES	
Nonspendable - principal	69,475
Restricted	189,752
Total fund balances	259,227
Total liabilities and fund balances	\$ 261,542

CITY OF AUBURN, MAINE
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Permanent Funds
For the Year Ended June 30, 2016

Revenues:	
Interest income	\$ 830
Total revenues	830
Expenditures:	
Current:	
Miscellaneous	2,435
Total expenditures	2,435
Net change in fund balances	(1,605)
Fund balances, July 1	260,832
Fund balances, June 30	\$ 259,227

AGENCY FUNDS

CITY OF AUBURN, MAINE
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Agency Funds
June 30, 2016

		Student Activities	RETC	Total
ASSETS				
Cash and cash equivalents	\$	156,890	-	156,890
Accounts receivable		-	46,408	46,408
Interfund receivables		-	40,582	40,582
Total assets	\$	156,890	86,990	243,880
LIABILITIES				
Accrued payroll	\$	-	46,270	46,270
Amounts held for others		156,890	40,720	197,610
Total liabilities	\$	156,890	86,990	243,880

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, 2016

	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 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	Totals
Revenues:																
Other income	\$ -	-	-	-	-	-	168,307	-	-	-	-	-	-	-	-	168,307
Total revenues	-	-	-	-	-	-	168,307	-	-	-	-	-	-	-	-	168,307
Expenditures:																
Current:																
General government	346,567	-	67,163	-	76,401	-	-	-	-	135,909	273,385	27,849	29,453	127,571	5,409	1,089,707
Capital Outlay	-	-	-	-	-	-	394,194	-	-	18,840	14,401	-	-	-	-	427,435
Debt service	-	-	-	-	-	-	398,124	-	176,263	443,963	-	-	-	-	-	1,018,350
Total expenditures	346,567	-	67,163	-	76,401	-	792,318	-	176,263	598,712	287,786	27,849	29,453	127,571	5,409	2,535,492
Deficiency of revenues under expenditures	(346,567)	-	(67,163)	-	(76,401)	-	(624,011)	-	(176,263)	(598,712)	(287,786)	(27,849)	(29,453)	(127,571)	(5,409)	(2,367,185)
Other financing sources (uses):																
Transfers from other funds	346,567	-	67,163	-	76,401	358,938	813,711	-	143,550	323,593	504,599	27,849	29,453	127,574	5,404	2,824,802
Transfers to other funds	-	-	-	-	-	-	(545,000)	-	-	-	-	-	-	-	-	(545,000)
Total other financing sources (uses)	346,567	-	67,163	-	76,401	358,938	268,711	-	143,550	323,593	504,599	27,849	29,453	127,574	5,404	2,279,802
Net change in fund balances (deficits)	-	-	-	-	-	358,938	(355,300)	-	(32,713)	(275,119)	216,813	-	-	3	(5)	(87,383)
Fund balances (deficits), beginning of year	(127,348)	14,500	(471,230)	2,558	134,175	179,705	1,224,027	50,184	(340,574)	435,207	(307,092)	360	389	(158,541)	-	636,320
Fund balances (deficits), end 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

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
Net Investment in capital assets	\$ 48,954,306	\$ 54,681,797	\$ 59,484,907	\$ 59,140,618	\$ 56,084,796	\$ 53,111,954	\$ 61,542,514	\$ 67,831,558	\$ 73,604,804	\$ 79,732,308
Restricted	3,574,150	3,446,488	3,765,201	4,607,888	11,707,875	10,879,129	11,871,042	11,621,393	8,791,119	8,780,922
Unrestricted	3,655,088	6,449,247	6,738,835	13,892,494	12,166,714	21,012,904	10,929,045	(4,145,261)	(1,665,491)	(5,594,225)
Total governmental activities net position	56,183,544	64,577,532	69,988,943	77,641,000	79,959,385	85,003,987	84,342,601	75,307,690	80,730,432	82,919,005
Business-type activities:										
Net investment in capital assets	390,008	416,684	1,033,634	928,388	829,060	781,208	708,368	548,461	493,154	456,021
Restricted	-	-	-	-	-	-	34,042	-	196,221	238,079
Unrestricted	168,242	189,487	296,012	326,230	353,997	651,420	594,157	460,816	(118,847)	(426,861)
Total business-type activities net position	558,250	606,171	1,329,646	1,254,618	1,183,057	1,432,628	1,336,567	1,009,277	570,528	267,239
Primary government:										
Investment in capital assets	49,344,314	55,098,481	60,518,541	60,069,006	56,913,856	53,893,162	62,250,882	68,380,019	74,097,958	80,188,329
Restricted	3,574,150	3,446,488	3,765,201	4,607,888	11,707,875	10,879,129	11,905,084	11,621,393	8,987,340	9,019,001
Unrestricted	3,823,330	6,638,734	7,034,847	14,218,724	12,520,711	21,664,324	11,523,202	(3,684,445)	(1,784,338)	(6,021,086)
Total primary government net position	\$ 56,741,794	65,183,703	71,318,589	78,895,618	81,142,442	86,436,615	85,679,168	76,316,967	81,300,960	83,186,244

Table 2

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government	\$ 12,052,878	\$ 13,595,025	\$ 12,782,124	\$ 11,366,632	\$ 13,450,586	\$ 14,680,105	\$ 13,391,002	\$ 19,950,058	\$ 10,720,976	\$ 14,742,709
Public safety	6,795,667	7,363,307	8,013,617	7,899,897	7,673,153	8,001,972	8,468,689	9,404,183	9,969,244	10,298,205
Health, welfare and recreation	1,758,864	3,331,984	2,225,779	2,068,401	2,072,398	2,117,014	2,266,012	2,172,119	1,637,285	1,590,246
Public works	6,046,292	4,943,719	6,554,513	6,013,582	9,876,176	6,059,774	8,086,620	12,427,048	11,370,585	10,948,454
Other agencies	2,949,122	3,154,009	3,277,800	3,099,855	3,278,312	3,389,283	3,560,926	3,400,687	3,418,863	3,551,739
Education	38,682,079	36,575,423	39,285,952	39,952,843	42,408,444	42,418,741	41,810,979	44,089,463	40,636,517	42,854,285
Unclassified	3,127,839	1,849,876	-	-	-	-	-	-	-	-
Interest on debt	1,699,824	1,306,563	1,983,816	1,706,264	1,646,166	758,377	2,418,356	122,068	1,580,603	1,000,662
Total governmental activities expenses	73,112,565	72,119,906	74,123,601	72,107,474	80,405,235	77,425,266	80,002,584	91,565,626	79,334,073	84,986,300
Business-type activities:										
Ingersoll Ice Turf Facility	192,310	144,519	296,500	506,301	482,686	539,555	490,593	604,369	131,223	216,417
Norway Savings Bank Arena	-	-	-	-	-	-	-	525,814	1,218,591	1,230,422
Centralized School Lunch	-	-	-	-	-	-	1,421,308	1,312,651	1,419,459	1,497,678
Total business-type activities expenses	192,310	144,519	296,500	506,301	482,686	539,555	1,911,901	2,442,834	2,769,273	2,944,517
Total primary government expenses	73,304,875	72,264,425	74,420,101	72,613,775	80,887,921	77,964,821	81,914,485	94,008,460	82,103,346	87,930,817
Program Revenues										
Governmental activities:										
Charges for services:										
General government	234,353	148,023	1,240,811	1,204,104	710,124	532,771	480,870	456,624	695,278	1,306,850
Public safety	-	-	50,221	87,882	285,365	701,234	841,366	920,429	1,526,254	1,579,875
Health, welfare and recreation	160,146	257,162	286,052	290,936	287,013	308,403	318,635	279,854	261,595	240,972
Public works	-	-	-	-	50,334	3,158	2,674	1,549	-	-
Education	1,083,731	1,283,420	689,325	584,258	676,120	514,390	484,567	412,347	707,739	821,713
Operating grants and contributions	26,991,891	27,379,368	29,718,646	29,999,705	31,521,140	33,003,967	29,939,559	31,349,557	28,816,555	29,064,768
Capital grants and contributions	-	-	-	-	602,210	-	-	-	2,956,553	2,995,835
Total governmental activities program revenues	28,470,121	29,067,973	31,985,055	32,166,885	34,132,306	35,063,923	32,067,671	33,420,360	34,963,974	36,010,013
Business-type activities:										
Charges for services	218,333	191,828	330,268	425,328	424,614	433,375	669,015	1,139,096	1,067,189	1,308,448
Operating grants and contributions	-	-	-	-	-	-	1,159,343	1,090,354	1,241,187	1,332,667
Total business-type activities program revenues	218,333	191,828	330,268	425,328	424,614	433,375	1,828,358	2,229,450	2,308,376	2,641,115
Total primary government program revenues	28,688,454	29,259,801	32,315,323	32,592,213	34,556,920	35,497,298	33,896,029	35,649,810	37,272,350	38,651,128

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (expense)/revenue:										
Governmental activities	(44,642,444)	(43,051,933)	(42,138,546)	(39,940,589)	(46,272,929)	(42,361,343)	(47,934,913)	(58,145,266)	(44,370,099)	(48,976,287)
Business-type activities	26,023	47,309	33,768	(80,973)	(58,072)	(106,180)	(83,543)	(213,384)	(460,897)	(303,402)
Total primary government net expense	(44,616,421)	(43,004,624)	(42,104,778)	(40,021,562)	(46,331,001)	(42,467,523)	(48,018,456)	(58,358,650)	(44,830,996)	(49,279,689)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes	45,422,662	44,232,811	41,640,678	41,158,334	42,962,974	43,192,698	42,759,291	44,522,766	45,445,286	46,425,471
Grants not restricted to specific programs	3,781,007	4,009,459	4,681,432	4,651,989	4,103,025	4,172,425	4,330,113	4,336,314	4,393,527	4,474,139
Investment earnings	684,283	600,248	382,621	80,246	70,562	65,072	16,581	2,829	49,791	197,562
Other	1,978,852	2,603,404	1,534,722	1,707,975	1,013,764	230,549	166,802	248,446	(95,763)	644,533
Total governmental activities general revenues	51,866,804	51,445,922	48,239,453	47,598,544	48,150,325	47,660,744	47,272,787	49,110,355	49,792,841	51,741,705
Business-type activities:										
Investment earnings	3,987	613	211	47	-	51	757	1,176	370	113
Other	-	-	-	-	-	-	-	-	21,778	-
Total business-type activities general revenues	3,987	613	211	47	-	51	757	1,176	22,148	113
Total primary government	51,870,791	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
Change in Net Position										
Governmental activities	7,224,360	8,393,989	6,100,907	7,657,955	1,877,396	5,299,401	(662,126)	(9,034,911)	5,422,742	2,765,418
Business-type activities	30,010	47,922	33,979	(80,926)	(58,072)	(106,129)	(82,786)	(212,208)	(438,749)	(303,289)
Total primary government	\$ 7,254,370	\$ 8,441,911	\$ 6,134,886	\$ 7,577,029	\$ 1,819,324	\$ 5,193,272	\$ (744,912)	\$ (9,247,119)	\$ 4,983,993	\$ 2,462,129

Beginning FY 2009 Unclassified Revenue was reclassified.

Table 3

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

	Fiscal Year									
	2007	2008	2009	2010	2011 (a)	2012	2013	2014	2015	2016
General Fund										
Reserved*	\$ 478,065	\$ 587,024	\$ 110,672	\$ 55,566	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved:										
Designated	1,224,436	1,790,409	2,337,962	1,737,562	-	-	-	-	-	-
Undesignated	7,898,295	8,783,174	8,405,631	9,599,911	-	-	-	-	-	-
Nonspendable	-	-	-	-	226,255	97,171	75	629,503	1,415,749	1,341,590
Restricted	-	-	-	-	2,679,579	1,840,047	2,449,945	1,969,754	1,411,047	1,625,968
Assigned	-	-	-	-	1,087,851	942,172	1,154,572	812,886	3,046,996	2,084,993
Unassigned	-	-	-	-	9,108,868	10,734,773	8,775,150	8,651,216	4,971,398	5,897,971
Total general fund	\$ 9,600,796	\$ 11,160,607	\$ 10,854,265	\$ 11,393,039	\$ 13,102,553	\$ 13,614,163	\$ 12,379,742	\$ 12,063,359	\$ 10,845,190	\$ 10,950,522
All Other Governmental Funds										
Reserved	5,553,478	3,448,001	9,149,416	9,449,895	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	4,769,893	3,987,906	3,503,209	3,414,932	-	-	-	-	-	-
Capital project funds	13,480,577	10,147,915	5,082,615	5,545,423	-	-	-	-	-	-
Permanent funds	12,092	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
Restricted	-	-	-	-	3,105,513	3,464,347	3,710,739	4,022,789	1,709,846	1,518,854
Committed	-	-	-	-	10,104,760	10,998,530	7,985,485	5,755,639	8,162,868	8,099,287
Unassigned	-	-	-	-	(841,666)	(694,644)	(1,125,143)	(3,649,469)	(1,871,314)	(757,648)
Total all other governmental funds	\$ 23,816,040	\$ 17,604,178	\$ 17,757,358	\$ 18,433,210	\$ 18,291,390	\$ 19,581,764	\$ 16,283,224	\$ 11,757,809	\$ 13,671,626	\$ 12,867,587

* 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.

Table 4

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes	\$ 44,952,500	\$ 43,935,273	\$ 41,667,416	\$ 41,488,299	\$ 42,742,974	\$ 42,960,856	\$ 42,749,449	\$ 44,563,151	\$ 45,411,397	\$ 46,319,694
Intergovernmental	29,750,266	31,426,596	34,400,078	34,651,694	34,919,262	36,258,176	33,631,641	35,325,279	35,719,754	36,041,524
Licenses and permits	485,045	340,375	285,951	243,924	303,183	266,852	374,011	325,476	345,658	330,039
Charges for services	2,355,904	1,857,235	1,532,589	1,615,603	1,699,004	1,750,848	1,720,625	1,799,725	2,644,856	3,452,095
Unclassified	2,323,048	2,656,878	2,365,212	2,095,873	1,710,401	1,191,668	854,889	601,599	876,354	1,502,589
Total revenues	79,866,763	80,216,357	80,251,246	80,095,393	81,374,824	82,428,400	79,330,615	82,615,230	84,998,019	87,645,941
Expenditures										
General government	11,380,493	13,074,585	10,908,351	11,947,264	11,666,157	12,532,558	11,881,126	11,362,793	10,963,750	11,832,503
Public safety	6,544,970	6,941,313	7,717,089	7,703,785	7,367,139	7,717,441	8,063,515	8,987,931	9,702,645	9,794,109
Health, welfare and recreation	1,690,272	1,807,107	1,986,595	1,800,326	1,847,549	1,876,392	2,022,319	1,937,404	1,388,546	1,704,443
Public works	4,439,555	4,836,864	4,574,186	4,058,000	4,191,424	4,285,363	4,524,288	7,611,817	8,943,737	8,326,272
Other agencies	2,949,122	3,154,009	3,277,800	3,099,855	3,278,312	3,389,283	3,560,926	3,400,687	3,418,863	3,551,739
Education	37,502,885	38,138,372	42,253,675	41,550,748	42,954,361	42,273,954	42,137,967	43,678,540	44,402,432	44,782,404
Unclassified	499,326	271,918	305,995	310,093	303,539	403,753	405,669	325,374	459,325	482,462
Self-insurance	323,581	692,607	348,629	470,524	671,092	517,299	383,566	-	-	-
Capital outlay	10,212,556	10,286,851	8,540,966	6,024,814	7,158,898	4,855,507	9,800,219	8,539,810	6,248,281	6,379,436
Debt service:										
Principal	7,316,079	7,121,719	6,758,858	6,747,858	6,854,251	6,894,785	7,027,846	6,508,659	6,484,056	6,439,503
Interest expense	2,905,760	2,643,237	2,062,090	1,680,602	1,513,494	1,511,411	1,045,204	1,000,416	942,636	997,067
Total expenditures	85,764,599	88,968,582	88,734,234	85,393,869	87,806,216	86,257,746	90,852,645	93,353,431	92,954,271	94,289,938
Deficiency of revenues under expenditures	(5,897,836)	(8,752,225)	(8,482,988)	(5,298,476)	(6,431,392)	(3,829,346)	(11,522,030)	(10,738,201)	(7,956,252)	(6,643,997)
Other financing sources (uses)										
Proceeds - bonds and capital leases	13,000,000	6,000,000	6,430,000	6,500,000	7,900,000	4,500,000	14,892,323	5,625,000	8,153,025	9,950,000
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
Payment to refunded bond escrow agent	-	-	-	-	-	-	(9,118,353)	-	-	(4,485,844)
Transfers in	3,475,757	3,089,839	2,500,434	2,345,005	2,190,819	2,215,395	2,345,053	2,084,032	2,099,914	2,279,802
Transfers out	(3,475,757)	(3,089,839)	(2,500,434)	(2,331,903)	(2,177,330)	(2,202,120)	(2,331,778)	(2,084,032)	(2,099,914)	(2,279,802)
Total other financing sources	13,000,000	6,000,000	6,430,000	6,513,102	9,023,711	4,596,352	6,839,996	5,896,403	8,651,900	5,945,290
Net change in fund balances	\$ 7,102,164	\$ (2,752,225)	\$ (2,052,988)	\$ 1,214,626	\$ 2,592,319	\$ 767,006	\$ (4,682,034)	\$ (4,841,798)	\$ 695,648	\$ (698,707)
Debt service as a percentage of noncapital expenditures	13.53%	12.41%	11.00%	10.62%	10.38%	10.33%	9.96%	8.74%	8.99%	8.80%

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
2007	\$	1,399,344,100	293,111,800	1,692,455,900	1,922,200,000	88.0%	24.35
2008		1,797,817,200	276,822,200	2,074,639,400	2,086,700,000	99.4%	19.28
2009		1,813,049,300	262,829,700	2,075,879,000	1,981,600,000	104.8%	18.41
2010		1,829,692,800	238,980,400	2,068,673,200	2,054,450,000	100.7%	18.31
2011		1,847,854,620	220,930,500	2,068,785,120	1,991,800,000	103.9%	19.30
2012		1,850,235,678	208,348,600	2,058,584,278	1,980,250,000	104.0%	19.39
2013		1,820,465,334	190,045,000	2,010,510,334	1,954,400,000	102.9%	19.59
2014		1,823,040,083	182,681,300	2,005,721,383	1,926,200,000	104.1%	20.43
2015		1,818,986,378	165,931,000	1,984,917,378	1,963,550,000	101.1%	20.95
2016		1,831,661,043	162,903,400	1,994,564,443	1,960,100,000	101.8%	21.25

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
2007	10.12	41.56%	4.56	18.74%	9.66	39.69%	24.35
2008	8.43	43.72%	3.44	17.83%	7.41	38.45%	19.28
2009	7.72	41.92%	3.41	18.53%	7.28	39.55%	18.41
2010	7.91	43.20%	3.28	17.91%	7.12	38.89%	18.31
2011	8.89	46.06%	3.29	17.05%	7.12	36.89%	19.30
2012	9.01	46.47%	3.31	17.07%	7.07	36.46%	19.39
2013	9.01	45.99%	3.20	16.33%	7.38	37.67%	19.59
2014	9.62	47.09%	3.15	15.42%	7.66	37.49%	20.43
2015	9.67	46.16%	3.15	15.04%	8.13	38.81%	20.95
2016	9.83	46.26%	3.18	14.96%	8.24	38.78%	21.25

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, 2016

	Taxpayer	Business	Assessed Value	% of Total Tax Base	Cumulative %
1	Tambrands	Personal Products	\$ 58,971,500	2.96%	2.96%
2	Auburn Plaza, Inc	Regional shopping	29,645,600	1.49%	4.44%
3	Central Maine Power Company	Electric Utility	29,100,150	1.46%	5.90%
4	Wal-Mart Real Estate	Retail	22,247,300	1.12%	7.02%
5	Pioneer Plastics	Laminates	21,823,400	1.09%	8.11%
6	Gates Formed Fiber	Automotive Products	19,420,200	0.97%	9.09%
7	FPL Energy Maine Hydro LLC	Electric Utility	15,169,100	0.76%	9.85%
8	Cascades Auburn Fiber	Paper Reprocessor	14,115,700	0.71%	10.55%
9	Riverwatch LLC	Lodging	13,927,700	0.70%	11.25%
10	Lowes Home Centers	Retail	13,713,500	0.69%	11.94%
			<u>\$ 238,134,150</u>		

June 30, 2007

	Taxpayer	Business	Assessed Value	% of Total Tax Base	Cumulative %
1	Tambrands	Personal Products	\$ 131,064,600	9.93%	9.93%
2	PPC Acquisition Corp	Plastic Laminates	33,602,900	2.55%	12.47%
3	Cascades Auburn Fiber	Paper Reprocessor	23,903,000	1.81%	14.29%
4	Gates Formed Fiber	Automotive Products	22,202,900	1.68%	15.97%
5	Wal-Mart Real Estate	Retail	21,041,900	1.59%	14.07%
6	General Electric Company	Electrical Components	19,495,600	1.48%	15.55%
7	Lowes	Retail	13,199,300	1.00%	16.55%
8	Seltzer & Rydholm, Inc	Beverage Bottlers	12,236,400	0.93%	17.47%
9	Central Maine Power Company	Electric Utility	11,876,300	0.90%	18.37%
10	International Paper	Cardboard Containers	11,194,900	0.85%	19.22%
			<u>\$ 299,817,800</u>		

Table 8

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

Fiscal year		Gross Tax Levy	Abatements	Net Tax Levy	Collections In Current Year	Percent of Net Levy Collected	Collections in Later Years	Total Collections	Total Collections as a Percent of Net Levy
2007	\$	41,211,301	350,703	40,860,598	39,748,652	97.28%	1,078,307	40,826,959	99.92%
2008		39,999,048	199,632	39,799,416	37,963,612	95.39%	1,782,463	39,746,075	99.87%
2009		38,216,932	139,750	38,077,182	36,718,256	96.43%	1,314,585	38,032,841	99.88%
2010		37,999,926	219,262	37,780,664	36,929,246	97.75%	774,982	37,704,228	99.80%
2011		39,984,486	192,788	39,791,698	38,721,670	97.31%	659,406	39,381,076	98.97%
2012		39,948,404	118,447	39,829,957	38,713,505	97.20%	394,613	39,108,118	98.19%
2013		39,455,557	123,605	39,331,952	38,262,685	97.28%	1,265,833	39,528,518	100.50%
2014		40,987,430	68,614	40,918,816	39,821,057	97.32%	915,975	40,737,032	99.56%
2015		41,671,464	159,684	41,511,780	40,244,122	96.95%	252,590	40,496,712	97.55%
2016		42,459,969	296,104	42,163,865	41,148,797	97.59%	-	41,148,797	97.59%

Table 9

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

Fiscal year	Governmental Activities					Business-type Activities			Total Long-term Debt	Total Long-term Debt	Ratio of Total Debt		Per Capita Net of State Subsidy	
	General Obligation Bonds	Notes	Capital Leases	Bonds Payable Premium	Total Long-term Debt	General Obligation Bonds	Notes	Total Long-term Debt		Net of State Subsidy	To Assessed Value	Per Capita		
2007	\$	72,629,000	745,801	-	-	73,374,801	26,676	-	26,676	73,401,477	60,160,522	4.3%	3,109.97	2,548.96
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

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
2007	\$	72,629,000	3.8%	3,077.24	59,414,721	2,517.36
2008		70,267,000	3.4%	2,977.16	56,999,369	2,415.02
2009		67,925,000	3.3%	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	3.2%	2,839.34	47,941,767	2,079.45
2012		61,239,000	3.0%	2,656.21	51,053,704	2,214.43
2013		60,587,074	2.9%	2,627.94	54,359,299	2,357.81
2014		57,996,104	2.9%	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	2.8%	2,335.03	48,978,325	2,124.41

** The 2013, 2014, 2015, and 2016 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 and Overlapping Debt		
	Direct Debt - City of Auburn	Direct Debt - Androscoggin County	Auburn's Share of Androscoggin County Debt	Overlapping Debt - Androscoggin County		Total Debt	Percent of Assessed Value	Per Capita
2007	\$ 72,629,000	965,000	25.75%	248,488		72,877,488	4.31%	3,087.77
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

Table 12

CITY OF AUBURN, MAINE
Legal Debt Management
Last Ten Years
Computation of Legal Debt Margin
June 30, 2016

Total State Valuation			\$	1,960,100,000		
Legal Debt Limitation:						
15% of State Valuation				294,015,000		
Debt Applicable to Debt Limitation:					Bonded General Obligation Debt	
	Legal Maximum				As a Percent of	
Purpose	Percentage	Amount	Dollar		Legal	State
			Amount		Maximum	Valuation
Municipal & School	15.0%	\$ 294,015,000	52,225,126		17.76%	2.66%
Margin for Additional Borrowing:			\$	241,789,874		

Historical Legal Debt Margin
Last Ten Fiscal Years

	Legal Debt Limit	Debt Outstanding	Legal Debt Margin	Debt Outstanding/ Legal Debt Limit
2007	\$ 288,330,000	72,629,000	215,701,000	25.2%
2008	313,005,000	70,267,000	242,738,000	22.4%
2009	297,240,000	67,925,000	229,315,000	22.9%
2010	308,167,500	65,973,000	242,194,500	21.4%
2011	298,770,000	65,461,000	233,309,000	21.9%
2012	297,037,500	61,239,000	235,798,500	20.6%
2013	293,160,000	59,534,323	293,160,000	20.3%
2014	288,930,000	56,826,591	288,930,000	19.7%
2015	294,532,500	55,170,858	239,361,642	18.7%
2016	294,015,000	52,225,126	241,789,874	17.8%

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
2007	23,602	\$ 516,644,872	21,890	4.5%
2008	23,602	525,502,169	22,265	4.6%
2009	23,602	486,782,327	20,625	8.9%
2010	23,055	Not available	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%

(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, 2016

Rank	Employer	Total Number of Employees	Percent of Total Employees
1	T.D. Bank N.A.	995	6.5%
2	Wal-Mart Supercenter	511	3.3%
3	Pioneer Plastics	495	3.2%
4	Tambrands Inc.	485	3.2%
5	Conform Automotive	352	2.3%
6	Clover Living Center	267	1.7%
7	Hannaford	198	1.3%
8	Hartt Transportation Systems	154	1.0%
9	Shaws Supermarkets Inc	130	0.9%
10	Great Falls Marketing	122	0.8%
	All Other Employers	11,566	75.7%
	Total Employees	15,275	

Principal Non-Governmental Employers
June 30, 2007

Rank	Employer	Total appr. number of employees	
1	Auburn School Department	628	3.9%
2	Pioneer Plastics	600	3.8%
3	Tambrands Inc.	590	3.7%
4	Formed Fiber Technologies	425	2.7%
5	General Electric	250	1.6%
6	City of Auburn, Municipal	240	1.5%
7	Wal-Mart Supercenter	230	1.4%
8	Hannaford	190	1.2%
9	Clover Living Center	150	0.9%
10	Central Maine Community College	135	0.8%
	All Other Employers	12,525	78.5%
	Total Employees	15,963	

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
2007	41.50	120.00	10.00	69.00	623.30	1.00	864.80
2008	40.75	120.50	12.00	69.00	645.00	1.00	888.25
2009	42.50	117.50	11.50	62.00	614.00	1.00	848.50
2010	40.00	125.00	13.00	55.00	589.00	2.00	824.00
2011	44.00	117.00	20.00	53.00	679.00	2.00	915.00
2012	42.00	123.00	14.00	55.00	585.00	2.00	821.00
2013	45.00	124.00	5.00	55.00	585.00	2.00	816.00
2014	39.00	128.00	5.00	59.00	564.00	5.00	800.00
2015	34.00	126.00	5.00	72.00	565.00	3.00	805.00
2016	34.00	126.00	4.50	70.00	565.00	3.00	802.50

Source: Various City departments

Table 16

CITY OF AUBURN, MAINE Demand for Level of Service Last Ten Fiscal Years						
	General Government	Public Safety	Health, Welfare & Recreation	Public Works	Education	Ice Arena
	Service Units:	Service Units:	Service Units:	Service Units:	Service Units:	Service Units:
Fiscal Year	City Population	Police / Fire No. of Service Calls	Libraries / Parks / Cemeteries Maintained	Miles of Road Maintained	No. of Students	Hours of Ice Time Rented
2007	23,602	28,741 / 4,222	1 / 16 / 18	223	3,497	991
2008	23,602	28,960 / 4,137	1 / 19 / 16	226	3,534	915
2009	23,602	24,282 / 3,877	1 / 19 / 16	226	3,534	1,540
2010	23,055	22,186 / 3,196	1 / 19 / 16	225	3,568	2,121
2011	23,055	23,924 / 3,365	1 / 19 / 16	225	3,634	1,684
2012	23,055	26,195 / 3,545	1 / 19 / 17	237	3,650	1,798
2013	23,055	24,110 / 3,560	1 / 19 / 17	237	3,744	1,798
2014	23,055	26,626 / 3,535	1 / 19 / 17	237	3,623	1,832
2015	23,055	29,428 / 4,232	1 / 19 / 17	237	3,610	2,996
2016	23,055	27,161 / 4,432	1 / 19 / 17	237	3,554	3,884

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
2007	\$	24,988,416	2,101,812	3,215,236	43,740,199	25,991,089	416,684
2008		24,228,799	2,469,571	3,731,189	51,477,507	26,525,978	416,684
2009		23,607,655	2,203,282	3,655,392	57,109,583	27,619,073	1,033,634
2010		28,824,479	2,109,338	8,982,225	51,600,320	27,133,850	928,388
2011		30,016,043	1,954,048	8,743,446	49,696,710	27,098,225	829,059
2012		33,680,128	1,844,090	8,507,608	47,535,463	27,830,918	729,731
2013		34,145,986	2,020,995	6,001,834	46,166,780	27,536,761	630,402
2014		32,439,570	1,806,175	5,813,288	49,100,585	28,482,183	471,624
2015		32,659,081	2,837,912	5,700,706	47,011,147	29,350,762	416,996
2016		32,300,141	2,399,469	6,020,280	57,246,091	28,956,784	456,021

Source: Various City departments