

CITY OF AUBURN, MAINE

Finance Department

ANNUAL FINANCIAL REPORT

For Fiscal Year Ended
June 30, 2022

Prepared By:
Finance and Management

CITY OF AUBURN, MAINE
ANNUAL FINANCIAL REPORT
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Certified Public Accountants and Business Consultants

Report of Independent Auditors

City Council
City of Auburn, Maine:

Report on the Audit of the Financial Statements

Opinions

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, 2022, 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.

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, 2022, and the respective changes in financial position, the respective budgetary comparison for the General Fund, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Auburn, Maine and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Auburn, Maine's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Auburn, Maine's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Auburn, Maine's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules related to the pension and OPEB liabilities, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, is the responsibility of management and 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.

Supplementary 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 accompanying combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2023 on our consideration of the City of Auburn, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Auburn, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Auburn, Maine's internal control over financial reporting and compliance.



August 29, 2023
South Portland, Maine

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2022

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, 2022. 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 \$86,190,554 (*net position*).
- The City of Auburn's total net position increased by \$5,816,104.
- As of the end of the current fiscal year, the City of Auburn's governmental funds reported combined ending fund balances of \$108,110,267 an increase of \$23,852,708 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 \$15,601,896, or 16.7% of total General Fund expenditures (budgetary basis – excluding transfers).
- The City of Auburn issued one bond for \$9,800,000 for its Capital Improvement Plan, and one bond for \$50,270,000 to finish construction of Edward Little High School. The \$9,800,000 issuance with the addition of bond premium of \$1,085,242 will be used for the following projects: to fund the City's street, sidewalk and infrastructure improvements; purchase multiple pieces of heavy equipment; and for building improvements. Of the total \$10,885,242, \$1,250,000 will fund various school capital projects.

Overview of the Financial Statements

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

Government-wide financial statements

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Auburn that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government; public safety; health, welfare and recreation; public works, including highways, streets, and solid waste disposal; other agencies; education; and interest on debt. The City has two business-type activities, Ingersoll Turf Facility and Norway Savings Bank Ice Arena. The government-wide financial statements can be found on pages 17-18 of this report.

Fund financial statements

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

Governmental funds

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

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

The City of Auburn maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Community Development Programs, Tax Increment Financing, Capital Improvement Program, and New Edward Little Building Project, 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 19-24 of this report.

Proprietary funds

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

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

The basic proprietary fund financial statements can be found on pages 40-41 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of Auburn's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 28-29 of this report.

Notes to basic financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 30-69 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that can be found beginning on page 70 of this report.

The combining statements referred to earlier in connection with governmental funds are presented immediately following the required supplementary information. The combining and individual fund statements and schedules can be found on pages 79-91 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 \$86,190,554 at the close of the most recent fiscal year.

City of Auburn's Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021 (restated)	2022	2021	2022	2021 (restated)
Current and other assets	\$ 148,828,774	107,245,568	(875,413)	(1,247,422)	147,953,361	105,998,146
Capital assets	181,007,966	144,653,351	211,519	284,771	181,219,485	144,938,122
Total assets	329,836,740	251,898,919	(663,894)	(962,651)	329,172,846	250,936,268
Deferred outflows of resources:						
Related to pensions	6,231,305	3,793,246	53,936	16,223	6,285,241	3,809,469
Related to OPEB	1,981,633	1,979,150	4,248	717	1,985,881	1,979,867
Total deferred outflows of resources	8,212,938	5,772,396	58,184	16,940	8,271,122	5,789,336
Noncurrent liabilities	200,089,472	153,257,803	64,494	100,465	200,153,966	153,358,268
Other liabilities	38,375,679	22,196,547	16,574	6,360	38,392,253	22,202,907
Total liabilities	238,465,151	175,454,350	81,068	106,825	238,546,219	175,561,175
Deferred inflows of resources:						
Deferred charge on refunding	70,455	84,545	-	-	70,455	84,545
Related to pensions	11,658,082	348,533	117,841	1,055	11,775,923	349,588
Related to OPEB	856,449	890,338	4,368	1,865	860,817	892,203
Total deferred inflows of resources	12,584,986	1,323,416	122,209	2,920	12,707,195	1,326,336
Net investment in capital assets	79,192,365	81,828,684	211,519	284,771	79,403,884	82,113,455
Restricted	12,376,454	7,417,293	-	-	12,376,454	7,417,293
Unrestricted	(4,569,278)	(7,816,071)	(1,020,506)	(1,340,227)	(5,589,784)	(9,156,298)
Total net position	\$ 86,999,541	81,429,906	(808,987)	(1,055,456)	86,190,554	80,374,450

By far, the largest portion of the City of Auburn's net position (92.14% or \$79,412,284) 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 (13.9%) represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted *net position* is a deficit of (\$5,222,026).

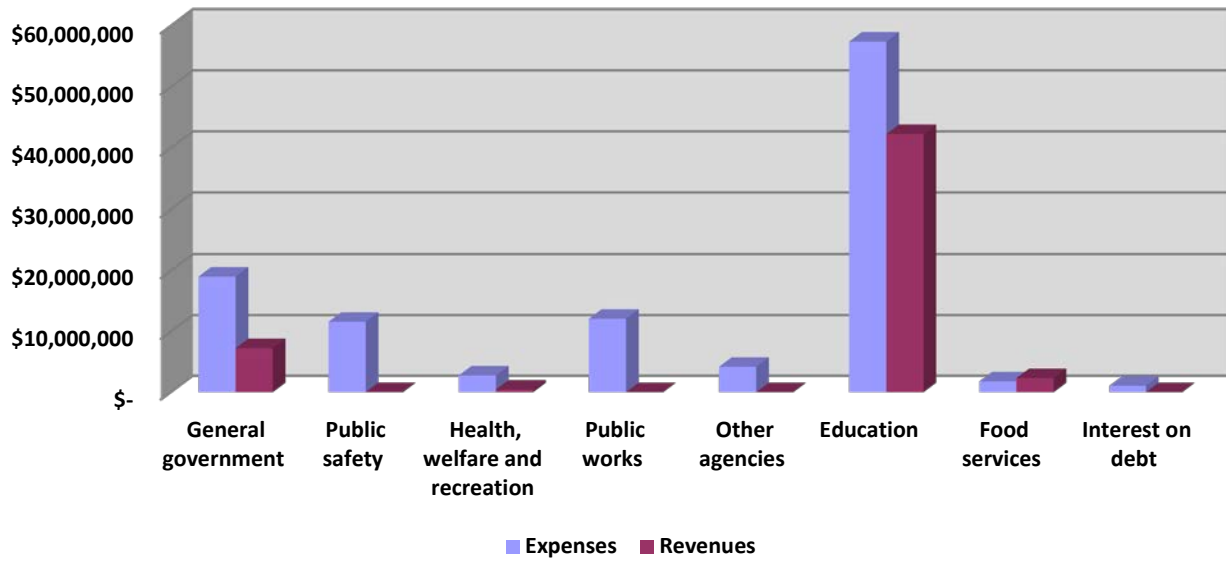
City of Auburn's Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2022	2021 (restated)	2022	2021	2022	2021 (restated)
Revenues:						
Program revenues:						
Charges for services	\$ 4,662,250	3,978,058	1,208,852	886,712	5,871,102	4,864,770
Operating grants and contributions	47,640,168	47,580,889	-	-	47,640,168	47,580,889
Capital grants and contributions	105,264	1,279,725	-	-	105,264	1,279,725
General revenues:						
Property and other taxes	51,817,513	51,032,434	-	-	51,817,513	51,032,434
Grants and contributions not restricted to specific programs	10,930,217	9,370,542	-	-	10,930,217	9,370,542
Other	541,266	339,769	634	1,289	541,900	341,058
Total revenues	115,696,678	113,581,417	1,209,486	888,001	116,906,164	114,469,418
Expenses:						
General government	19,070,440	14,663,651	-	-	19,070,440	14,663,651
Public safety	11,641,876	11,076,827	-	-	11,641,876	11,076,827
Health, welfare and recreation	2,764,421	2,985,799	-	-	2,764,421	2,985,799
Public works	12,146,351	13,544,720	-	-	12,146,351	13,544,720
Local agency support	4,196,458	3,942,717	-	-	4,196,458	3,942,717
Education	57,454,051	56,451,019	-	-	57,454,051	56,451,019
Interest on debt	1,068,789	1,463,253	-	-	1,068,789	1,463,253
Food services	1,784,657	2,194,313	-	-	1,784,657	2,194,313
Ingersoll Turf Facility	-	-	177,119	205,194	177,119	205,194
Norway Savings Bank Arena	-	-	785,898	698,522	785,898	698,522
Total expenses	110,127,043	106,322,299	963,017	903,716	111,090,060	107,226,015
Change in net position	5,569,635	7,259,118	246,469	(15,715)	5,816,104	7,243,403
Net position - July 1, restated	81,429,906	74,170,788	(1,055,456)	(1,039,741)	80,374,450	73,131,047
Net position - June 30	\$ 86,999,541	81,429,906	(808,987)	(1,055,456)	86,190,554	80,374,450

Governmental Activities

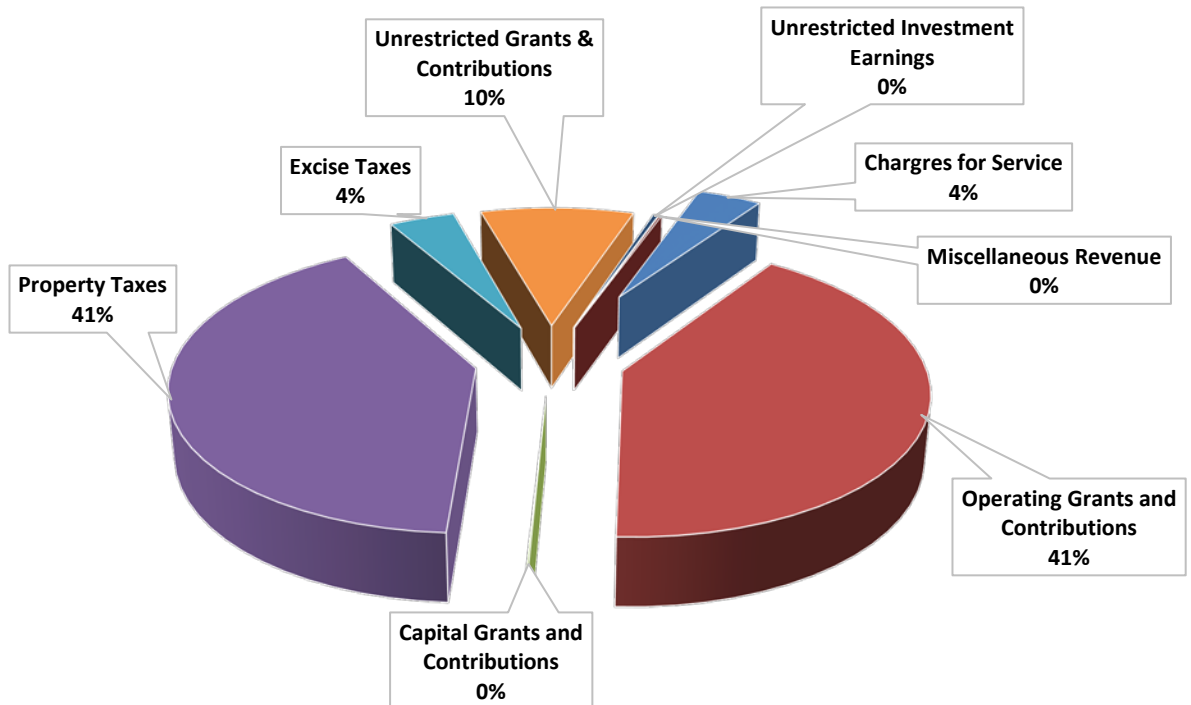
Governmental activities increased the City of Auburn's net position by \$5,569,635. Key elements of this increase are as follows:

- The City received more in operating grants and contributions during the current fiscal year.
- This increase was also from an increase in unrestricted grants and contributions of \$1,559,675, which was driven mostly by increases in State Revenue Sharing.
- Total expenses increased by \$3,804,744 (3.5%) primarily due to the increase in, general government and education.

Expenses and Program Revenues -Governmental Activities For the Year Ending June 30, 2022



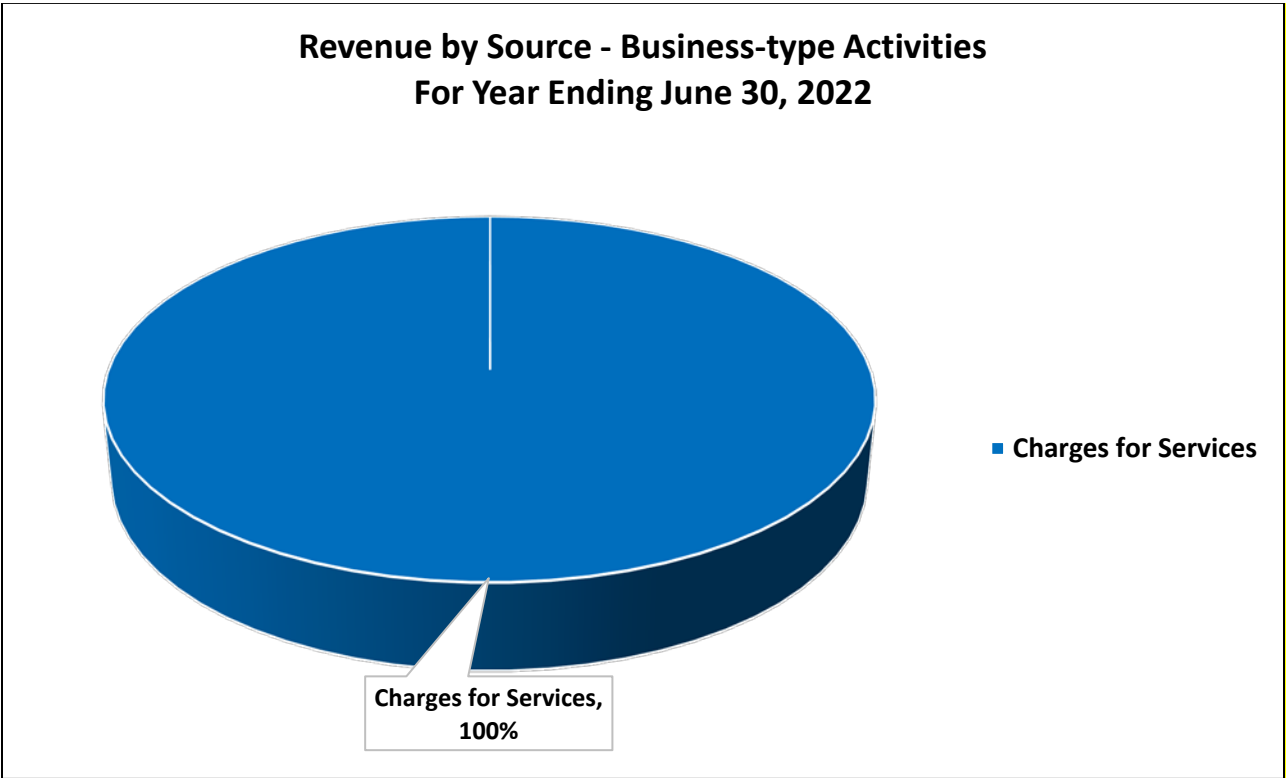
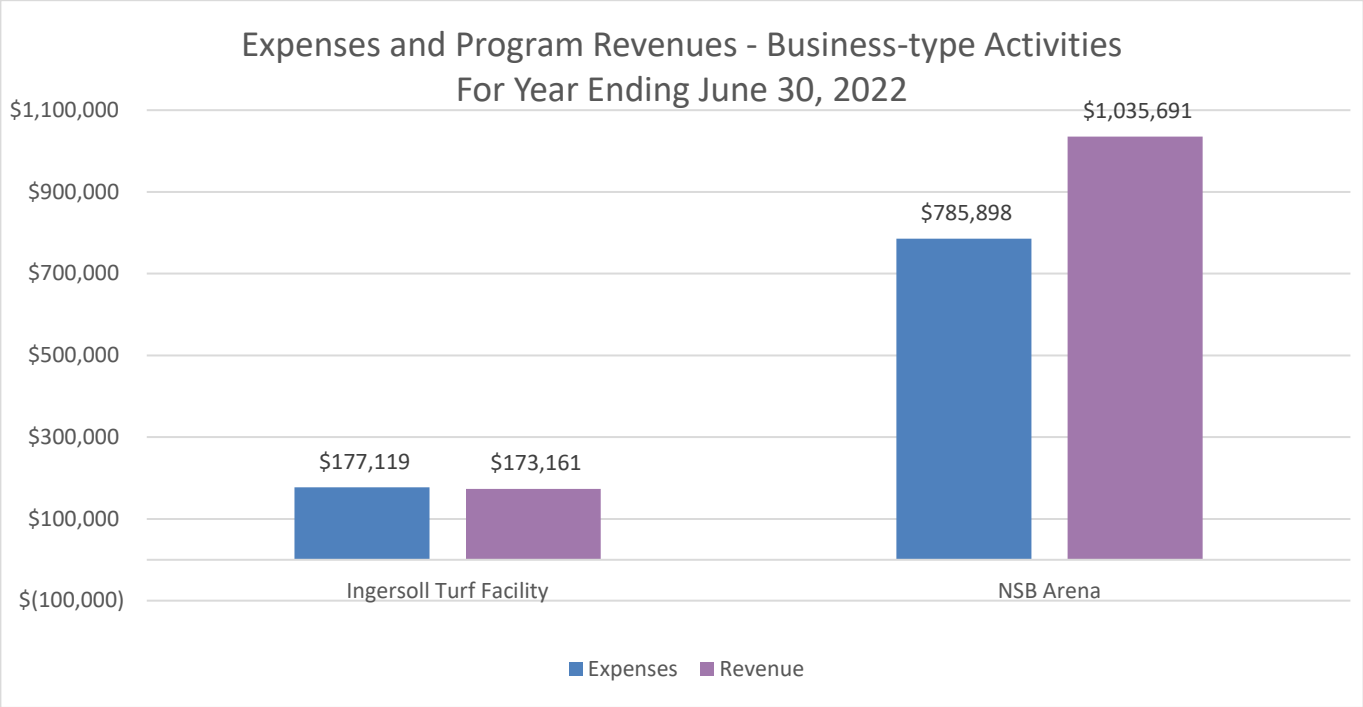
Revenue by Source-Governmental Activities For the Year Ended June 30, 2022



Business-type Activities

The City’s two business-type activities, its Ingersoll Turf Facility and Norway Savings Bank Arena, increased the City of Auburn’s net position by \$246,469.

Revenues for business-type activities increased by \$321,485 or 36.20%. This is attributed to an increase in operations since the end of the pandemic. Expenses for business-type activities increased by \$59,301 or 6.5%, which is primarily due to general inflation on wages, benefits, and utilities.



Financial Analysis of the Government's Funds

As noted earlier, the City of Auburn uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City of Auburn's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Auburn's governmental funds reported combined ending fund balances of \$108,110,267 an increase of \$23,852,708, in comparison with the prior year. This total consists of: General Fund, \$23,324,464; Community Development Programs Fund, \$1,569,372; Tax Increment Financing \$236,094; Capital Improvement Programs, \$10,277,605; New Edward Little Building Project, \$69,085,466; and Other Governmental Funds, \$3,617,266. These fund balances (deficits) are intended, and in some cases restricted, committed or assigned, for specific purposes.

The General Fund is the chief operating fund of the City of Auburn. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$13,064,546. 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 13.60% of the total General Fund's final budgeted expenditures of \$96,097,239 (includes budgeted transfers out) at June 30, 2022. The City Council adopted a Fund Balance Policy in June 2011, and updated in June 2021, establishing a goal of having a General Fund unrestricted fund balance no less than 10.0% and no more than 14.0% of the City's municipal and school budgets. Unrestricted fund balance is defined as Assigned and Unassigned funds balance together. Rating agencies look favorably upon the establishment of fund balance policies by communities, which signifies the recognition that a healthy fund balance is imperative to the good financial standing of the community.

The Community Development Program Fund balance decreased by \$664,848. The decrease was due to the timing of drawdowns as well as the increase in expenditures for the CDBG program.

The Tax Increment Financing Fund deficit decreased by \$1,033,056 due to increased tax revenue captured within the TIF districts.

The Capital Improvements Program balance increased by \$1,729,508 which represents an increase of 20.23% of total fund balance from the prior year. Bond proceeds received in the current year will be offset by future capital and other expenditures.

The New Edward Little Building Project fund balance increased by \$13,853,606, due to the issuance of a long-term bond. The New High School is on track to be opening in the Fall of 2023.

Proprietary Funds

The City of Auburn's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the City's proprietary funds, which include Ingersoll Turf Facility and Norway Savings Bank Ice Arena, amounted to a deficit of (\$808,987). The total increase in net position was \$246,469.

General Fund Budgetary Highlights

For the current fiscal year, the total revenue was above budgetary projections and the total expenditures were below budgetary projections. During the current fiscal year, the budgetary fund balance of the City of Auburn's General Fund increased by \$4,923,697. Contributing factors to this increase included:

- Motor vehicle excise taxes were above budgetary projections by \$231,759.
- State revenue sharing was above projections by \$2,396,187.
- General government expenditures were under budget by \$1,238,377, due to savings in planning and permitting and employee benefits. There were vacant positions in the various departments during the fiscal year. Facilities had savings in utility costs and maintenance and repair costs. Employee benefits were below projections due to vacancies and a smaller increase in health insurance than was projected.
- Education expenditures were under budget by \$3,422,252 due to savings in regular instruction and special education as many budgeted positions were not able to be filled.
- 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, 2022 amounts to \$181,219,485 (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 25.03%. For more detail, refer to Capital Assets in the Detailed Notes for All Funds on Pages 57-58.

City of Auburn's Capital Assets (net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 8,143,418	7,886,570	-	-	8,143,418	7,886,570
Construction in progress	54,093,740	14,453,861	-	-	54,093,740	14,453,861
Buildings and improvements	44,496,437	45,776,191	67,872	94,308	44,564,309	45,870,499
Equipment	3,236,285	3,161,392	143,647	190,463	3,379,932	3,351,855
Vehicles	5,273,122	5,504,711	-	-	5,273,122	5,504,711
Infrastructure	65,764,964	67,870,626	-	-	65,764,964	67,870,626
Total capital assets	\$ 181,007,966	144,653,351	211,519	284,771	181,219,485	144,938,122

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

- Construction of the new high school is ongoing and \$42,060,842 was spent in 2022.
- Public works replaced 1 sidewalk tractor, a backhoe and 2 plow trucks for \$763,131.
- The annual road reclamation and reconstruction projects totaled \$2,386,091.

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 \$163,900,000. The City's entire debt is backed by the full faith and credit of the City. For more detail, refer to Long-term Debt in the Detailed Notes for All Funds on pages 45-47.

City of Auburn's Outstanding Debt			
General Obligation Bonds			
Governmental Activities		Business-type Activities	
2022	2021	2022	2021
\$ 163,900,000	112,130,000	-	-

During the current fiscal year, the City of Auburn's total bonded debt increased by \$51,770,000. The City issued general obligation bonds totaling \$9,800,000 for the annual capital improvement program for the City and School Department and general obligation bonds of \$50,270,000 for the Edward Little High School Project.

The City of Auburn maintained an "Aa3" rating from Moody's on October 1, 2021 and received an "AA-" rating from Standard & Poor's for its general obligation debt. Please refer to the agencies' reports for a comprehensive explanation of their rating assessment.

State statutes limit the amount of general obligation debt a municipality may issue to 15 percent of its total state assessed valuation. The current debt limitation for the City of Auburn is \$342,300,000 that is significantly in excess of the City of Auburn's outstanding general obligation debt.

The City also has several other notes and financed purchase arrangements, the details of which can be found in the Long-term Debt in the Detailed Notes for All Funds on pages 45-47.

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

The City's property tax base has stabilized, and the current outlook is that Auburn and the region are poised for strong growth. The City continues to hold firm that pursuing further economic growth to increase the property tax base is the best way to sustain the quality of life and reduce the property tax burden. Over the past five years, there has been a steady increase in the number of approved permits and values of new construction has increased. In 2022 there were 214 Residential building permits issued with a value of \$8,926,600 and 143 Commercial building permits issued with a value of \$49,995,607. This was a total of new building permits with a value of \$58,922,207, more than double compared to 2020.

Property values have increased in total assessed value for fiscal year 2021 and showed a larger increase in 2022. Local real estate sales continue to produce sales values that exceed assessments and construction is strong. The FY 2021 budget focused on maintaining the current level of services, infrastructure improvements, and economic development, and the need to increase the City's assessed value. The 2022 budget increased resources for Economic Development to support an increase in new development and expand on positive trends.

Embracing possibilities and creating opportunities: Fiscal Year 2023 Goals

Within four days of the new mayor and city councilors being elected, a retreat was held to determine their vision and goals for the upcoming two-year term and the FY23 budget. The council framed their vision to be: ***“Auburn will embrace possibilities and create opportunities.”*** To make this vision a reality, they identified five goals for their term:

1. Planning for a better future
2. Reclaiming our streets
3. Making housing more attainable
4. Enriching neighborhood identities
5. Enacting resilient solutions

With the nation still reeling from the COVID-19 pandemic, it was vital for Auburn to determine how best to provide tangible taxpayer relief. Signed into law on March 11, 2021, the American Rescue Plan Act (ARPA) of 2021 provided the City of Auburn with \$13,545,799. Staff have been assisting the elected officials with the numerous regulations in spending the funds and have assisted to help ensure the long-term value of investments and financial stability of Auburn in using this one-time infusion of resources. Most of the allocations have been used on non-recurring expenditures.

The City's pandemic response included a “shift” in the way we deliver services, and in staff alignments, staff recruitment, and staff retention. The workforce market dictated our need to focus on staff retention and delivery of services. The world looks different post-pandemic, and expectations have, once again, shifted pertaining to receiving services as well as delivery. Auburn's FY23 budget has new and realigned positions to better serve the community, including a Downtown Coordinator, Asset Manager, Transportation Systems Director, and a Capital Infrastructure and Purchasing Director. These changes have created efficiencies and opportunities.

The FY23 budget includes several initiatives intended to help meet the goals outlined above, especially *“planning for a better future.”* Among these transformative initiatives that the city council believes will have a lasting impact: providing free recreational programs for students in kindergarten through sixth grade. Many barriers exist that can make it difficult to access services, and it is our goal to eliminate the barrier of registration costs.

The Budget and Tax Rates

The City's Fiscal Year 2022-2023 budget has an expenditure increase of 12.15% and a tax levy increase of 5.20%. These increases were primarily due to an increase in operating expenses for both the municipal and school budgets offset by an increase in non-property tax revenue for municipal and education in FY 2023. 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 between a 10% and 14% unassigned fund balance in the general fund (10-14%% of general fund expenditures). At the end of fiscal year 2015, it was noted that the City fell below this percentage and the FY 2022 budget continued addressing this issue and is currently in compliance with the 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, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 16,679,605	507,726	17,187,331
Investments	109,457,257	-	109,457,257
Amounts held in escrow	149,651	-	149,651
Receivables:			
Accounts, net of allowance	158,024	43,949	201,973
Intergovernmental	12,695,166	-	12,695,166
Taxes receivable	1,735,978	-	1,735,978
Loans, net of allowance	5,549,647	-	5,549,647
Internal balances	1,435,488	(1,435,488)	-
Prepaid expenses	159,572	-	159,572
Inventories	51,161	-	51,161
Net pension asset	757,225	8,400	765,625
Capital assets, not being depreciated	62,237,158	-	62,237,158
Capital assets, being depreciated, net	118,770,808	211,519	118,982,327
Total assets	329,836,740	(663,894)	329,172,846
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - related to pensions	6,231,305	53,936	6,285,241
Deferred outflows of resources - related to OPEB	1,981,633	4,248	1,985,881
Total deferred outflows of resources	8,212,938	58,184	8,271,122
LIABILITIES			
Accounts payable and other current liabilities	9,689,320	16,574	9,705,894
Accrued payroll	5,304,209	-	5,304,209
Unearned revenue	23,382,150	-	23,382,150
Noncurrent liabilities:			
Due within one year	15,327,965	-	15,327,965
Due in more than one year	184,761,508	64,494	184,826,002
Total liabilities	238,465,151	81,068	238,546,219
DEFERRED INFLOWS OF RESOURCES			
Deferred charge on refunding	70,455	-	70,455
Deferred inflows of resources - related to pensions	11,658,082	117,841	11,775,923
Deferred inflows of resources related to OPEB	856,449	4,368	860,817
Total deferred inflows of resources	12,584,986	122,209	12,707,195
NET POSITION			
Net investment in capital assets	79,192,365	211,519	79,403,884
Restricted for:			
Permanent funds:			
Expendable	196,846	-	196,846
Nonexpendable	69,475	-	69,475
Other purposes:			
City Services	1,521,986	-	1,521,986
Education	8,010,767	-	8,010,767
Centralized School Lunch	1,008,008	-	1,008,008
Community Development Programs	1,569,372	-	1,569,372
Unrestricted	(4,569,278)	(1,020,506)	(5,589,784)
Total net position	\$ 86,999,541	(808,987)	86,190,554

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Activities
For the Year Ended June 30, 2022

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	\$ 19,070,440	3,048,838	4,237,508	-	(11,784,094)	-	(11,784,094)
Public safety	11,641,876	31,192	-	-	(11,610,684)	-	(11,610,684)
Health, welfare and recreation	2,764,421	434,571	-	-	(2,329,850)	-	(2,329,850)
Public works	12,146,351	-	-	-	(12,146,351)	-	(12,146,351)
Other agencies	4,196,458	-	-	-	(4,196,458)	-	(4,196,458)
Education	57,454,051	1,106,477	41,105,725	105,264	(15,136,585)	-	(15,136,585)
Food services	1,784,657	41,172	2,296,935	-	553,450	-	553,450
Interest on debt	1,068,789	-	-	-	(1,068,789)	-	(1,068,789)
Total governmental activities	110,127,043	4,662,250	47,640,168	105,264	(57,719,361)	-	(57,719,361)
Business-type activities:							
Ingersoll Turf Facility	177,119	173,161	-	-	-	(3,958)	(3,958)
Norway Savings Bank Arena	785,898	1,035,691	-	-	-	249,793	249,793
Total business-type activities	963,017	1,208,852	-	-	-	245,835	245,835
Total primary government	\$ 111,090,060	5,871,102	47,640,168	105,264	(57,719,361)	245,835	(57,473,526)
General revenues, unrestricted:							
Property taxes, levied for general purposes					47,042,475	-	47,042,475
Motor vehicle excise taxes					4,656,759	-	4,656,759
Interest on delinquent taxes					118,279	-	118,279
Grants and contributions not restricted to specific programs:							
State Revenue Sharing					5,546,187	-	5,546,187
Homestead and BETE exemptions					4,730,018	-	4,730,018
Other State aid					654,012	-	654,012
Unrestricted investment earnings					369,655	634	370,289
Miscellaneous revenues					171,611	-	171,611
Total general revenues					63,288,996	634	63,289,630
Change in net position					5,569,635	246,469	5,816,104
Net position - beginning - as restated					81,429,906	(1,055,456)	80,374,450
Net position - ending					\$ 86,999,541	(808,987)	86,190,554

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Balance Sheet
Governmental Funds
June 30, 2022

	General	Community Development Programs	Tax Increment Financing	Capital Improvement Program	New Edward Little Building Project	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 6,882,291	-	-	-	3,337,121	6,460,193	16,679,605
Amounts held in escrow	-	-	-	149,651	-	-	149,651
Investments	18,576,421	-	1,052,612	9,748,108	79,402,089	678,027	109,457,257
Receivables:							
Taxes	1,735,978	-	-	-	-	-	1,735,978
Accounts, net of allowance	334,956	-	-	-	95,848	9,569	440,373
Loans, net of allowance	599,532	4,056,869	-	-	-	893,246	5,549,647
Intergovernmental	741,692	8,495,455	-	139,440	-	3,318,579	12,695,166
Inventory	-	-	-	-	-	51,161	51,161
Interfund receivables	2,364,248	-	-	998,212	-	8,190,740	11,553,200
Prepaid expenditures	135,392	-	-	-	-	24,180	159,572
Total assets	\$ 31,370,510	12,552,324	1,052,612	11,035,411	82,835,058	19,625,695	158,471,610
LIABILITIES							
Accounts payable	1,231,026	371,699	3,813	757,806	6,907,387	375,051	9,646,782
Accrued payroll and benefits payable	5,035,310	-	-	-	-	268,899	5,304,209
Escrow funds payable	40,426	2,112	-	-	-	-	42,538
Unearned revenue	153,681	10,486,203	-	-	-	12,742,266	23,382,150
Interfund payables	-	122,938	812,705	-	6,842,205	2,622,213	10,400,061
Total liabilities	6,460,443	10,982,952	816,518	757,806	13,749,592	16,008,429	48,775,740
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	1,585,603	-	-	-	-	-	1,585,603
Total deferred inflows of resources	1,585,603	-	-	-	-	-	1,585,603
FUND BALANCES (deficits)							
Nonspendable - amounts held in escrow	-	-	-	149,651	-	-	149,651
Nonspendable - inventory	-	-	-	-	-	51,161	51,161
Nonspendable - prepaid expenditures	135,392	-	-	-	-	24,180	159,572
Nonspendable - long-term receivables	599,532	-	-	-	-	-	599,532
Nonspendable - principal	-	-	-	-	-	69,475	69,475
Restricted	6,987,644	1,569,372	236,094	-	-	3,314,536	12,107,646
Committed	-	-	-	10,127,954	69,085,466	342,134	79,555,554
Assigned	2,537,350	-	-	-	-	-	2,537,350
Unassigned	13,064,546	-	-	-	-	(184,220)	12,880,326
Total fund balances	23,324,464	1,569,372	236,094	10,277,605	69,085,466	3,617,266	108,110,267
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 31,370,510	12,552,324	1,052,612	11,035,411	82,835,058	19,625,695	

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.	181,007,966
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,585,603
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	(165,138,170)
Financed purchases payable	(256,908)
Unamortized debt premiums	(14,753,957)
Accrued compensated absences	(2,455,930)
Accrued self-insurance liability	(1,115,089)
Other postemployment benefits with related deferred inflows and outflows of resources	(13,164,652)
Net pension liability with related deferred inflows and outflows of resources	(5,314,562)
Deferred charge on refunding	(70,455)
Landfill postclosure care costs	(42,000)
Accrued interest on debt	(1,392,572)

Net position of governmental activities

\$ 86,999,541

CITY OF AUBURN, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	General	Community Development Programs	Tax Increment Financing	Capital Improvement Program	New Edward Little Building Project	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	\$ 51,559,729	-	-	-	-	-	51,559,729
Intergovernmental	46,528,438	584,947	-	-	-	10,867,788	57,981,173
Licenses and permits	607,804	-	-	-	-	-	607,804
Charges for services	2,924,453	-	-	-	-	1,099,001	4,023,454
Student activity fees and fundraisers	-	-	-	-	-	105,016	105,016
Other income	202,603	26,881	-	-	-	457,315	686,799
Interest income	59,626	-	-	27,513	249,563	32,953	369,655
Total revenues	101,882,653	611,828	-	27,513	249,563	12,562,073	115,333,630
Expenditures:							
Current:							
General government	11,563,886	1,276,676	640,190	-	-	1,253,033	14,733,785
Public safety	10,850,253	-	-	-	-	250,537	11,100,790
Health, welfare and recreation	1,737,165	-	-	-	-	463,418	2,200,583
Public works	6,045,400	-	-	-	-	346,710	6,392,110
Other agencies	4,196,458	-	-	-	-	-	4,196,458
Education	49,233,405	-	-	-	-	7,610,772	56,844,177
Food services	-	-	-	-	-	1,784,657	1,784,657
Student activities	-	-	-	-	-	174,094	174,094
Unclassified	259,406	-	-	-	-	1,478	260,884
Capital outlay	-	-	67,418	9,340,240	42,060,842	-	51,468,500
Debt service	7,746,543	-	1,126,700	-	-	158,761	9,032,004
Total expenditures	91,632,516	1,276,676	1,834,308	9,340,240	42,060,842	12,043,460	158,188,042
Excess (deficiency) of revenues over (under) expenditures	10,250,137	(664,848)	(1,834,308)	(9,312,727)	(41,811,279)	518,613	(42,854,412)
Other financing sources (uses):							
Issuance of long-term debt	-	-	-	9,800,000	50,270,000	-	60,070,000
Premium on issuance of debt	-	-	-	1,085,242	5,394,885	-	6,480,127
School Revolving Renovations Fund loan proceeds	-	-	-	51,729	-	-	51,729
School Revolving Renovations Fund loan forgiveness	-	-	-	105,264	-	-	105,264
Transfers to/from other funds	(5,068,075)	-	2,867,364	-	-	2,200,711	-
Total other financing sources (uses)	(5,068,075)	-	2,867,364	11,042,235	55,664,885	2,200,711	66,707,120
Net change in fund balances	5,182,062	(664,848)	1,033,056	1,729,508	13,853,606	2,719,324	23,852,708
Fund balances (deficits), beginning of year, as restated	18,142,402	2,234,220	(796,962)	8,548,097	55,231,860	897,942	84,257,559
Fund balances, end of year	\$ 23,324,464	1,569,372	236,094	10,277,605	69,085,466	3,617,266	108,110,267

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, 2022

Net change in fund balances - total governmental funds (from Statement 4)	\$	23,852,708
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Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Governmental funds report capital outlays as expenditures.

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

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

Capital outlays recorded as expenditures in governmental funds	45,935,218
Depreciation not reported in governmental funds	(9,580,603)

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.

257,784

The issuance of long-term debt (e.g., bonds, notes, and financed purchases) 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	(60,121,729)
Principal payments on long-term debt and financed purchases	9,242,783
Premium on issuance of debt	(6,480,127)
Amortization of bond premium	1,090,514
Deferred charge on refunding	14,090

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	(207,764)
Accrued self-insurance liability	(134,940)
Other postemployment benefits with related deferred inflows and outflows of resources	(249,724)
Net pension liability with related deferred inflows and outflows of resources	2,370,862
Landfill postclosure care costs	10,500
Accrued interest on debt	(429,937)

Change in net position of governmental activities (see Statement 2)	\$	5,569,635
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See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance -- Budget and Actual
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes:				
Real and personal property	\$ 47,019,594	47,019,594	46,784,691	(234,903)
Excise and registrations	4,425,000	4,425,000	4,656,759	231,759
Interest on delinquent taxes	120,000	120,000	118,279	(1,721)
Total taxes	51,564,594	51,564,594	51,559,729	(4,865)
Intergovernmental:				
State revenue sharing	3,150,000	3,150,000	5,546,187	2,396,187
School subsidy	28,900,061	28,900,061	30,770,670	1,870,609
Homestead	1,650,000	1,650,000	1,707,936	57,936
BETE	3,101,000	3,101,000	3,022,082	(78,918)
Other:				
School Department	274,616	274,616	279,755	5,139
Tax sharing/in lieu of	240,000	240,000	233,505	(6,495)
Municipal	910,455	910,455	654,012	(256,443)
Total intergovernmental	38,226,132	38,226,132	42,214,147	3,988,015
Other revenue:				
Licenses and permits	351,200	351,200	607,804	256,604
Charges for services:				
Municipal	2,145,884	2,145,884	2,316,495	170,611
School	244,205	244,205	607,275	363,070
Fines, forfeits and penalties	39,000	39,000	30,992	(8,008)
Interest:				
Municipal	40,000	40,000	59,353	19,353
Miscellaneous	20,000	20,000	171,611	151,611
Total other revenue	2,840,289	2,840,289	3,793,530	953,241
Total revenues	92,631,015	92,631,015	97,567,406	4,936,391

CITY OF AUBURN, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balances -- Budget and Actual
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
General government:				
Mayor and council	\$ 104,850	123,950	115,415	8,535
City manager	447,401	492,655	545,747	(53,092)
Communications & Engagement	911,637	911,637	932,455	(20,818)
City clerk	237,474	257,321	244,249	13,072
Finance	810,303	810,303	787,957	22,346
Human resources	220,250	220,250	214,715	5,535
Planning & Permitting	900,583	959,670	854,133	105,537
Economic Development	108,469	108,469	126,833	(18,364)
Business and Community Development	512,260	512,260	284,343	227,917
Facilities	677,872	685,785	602,180	83,605
Worker's compensation (transfer to reserve)	642,400	642,400	642,400	-
Benefits and wage increases	7,334,932	7,334,932	6,470,868	864,064
Total general government	12,908,431	13,059,632	11,821,295	1,238,337
Public safety:				
Fire & EMS Transport	5,296,588	5,326,173	5,535,850	(209,677)
Police	4,343,924	4,365,656	4,533,200	(167,544)
Water and sewer	792,716	792,719	781,203	11,516
Total public safety	10,433,228	10,484,548	10,850,253	(365,705)
Health, welfare and recreation:				
Health and social services - public assistance	119,875	119,875	95,508	24,367
Recreation and sports tourism	584,056	591,294	589,494	1,800
Library	1,052,163	1,052,163	1,052,163	-
Total health, welfare and recreation	1,756,094	1,763,332	1,737,165	26,167
Public services:				
Public works	5,077,370	5,365,506	5,028,659	336,847
Solid waste disposal	1,089,950	1,089,950	1,016,741	73,209
Total public services	6,167,320	6,455,456	6,045,400	410,056
Other agencies:				
County tax	2,611,080	2,611,080	2,611,080	-
Auburn-Lewiston Airport	177,000	177,000	176,470	530
Auburn Art in the Park	10,000	10,000	10,000	-
Lewiston-Auburn Transit Committee	225,000	225,000	237,429	(12,429)
Lewiston-Auburn E911 Center	1,161,479	1,161,479	1,161,479	-
Total other agencies	4,184,559	4,184,559	4,196,458	(11,899)

CITY OF AUBURN, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balances -- Budget and Actual
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Expenditures, continued:				
Education	\$ 48,341,366	48,341,366	44,919,114	3,422,252
Other appropriations:				
Tax sharing	260,000	260,000	232,729	27,271
Overlay/abatements	153,144	153,144	26,677	126,467
Debt service - principal	6,195,037	6,195,037	6,020,035	175,002
Debt service - interest and other	1,539,132	1,539,132	1,726,508	(187,376)
Emergency reserve	461,230	461,230	-	461,230
Total other appropriations	8,608,543	8,608,543	8,005,949	602,594
Total expenditures	92,399,541	92,897,436	87,575,634	5,321,802
Excess (deficiency) of revenues over (under) expenditures	231,474	(266,421)	9,991,772	10,258,193
Other financing sources (uses):				
Transfers in from other funds	1,613,925	1,613,925	-	(1,613,925)
Transfers to other funds	(3,199,803)	(3,199,803)	(5,068,075)	(1,868,272)
Budgeted use of surplus - City	475,000	972,895	-	(972,895)
Budgeted use of surplus - School	879,404	879,404	-	(879,404)
Total other financing sources (uses)	(231,474)	266,421	(5,068,075)	(5,334,496)
Net change in fund balance - budgetary basis	-	-	4,923,697	4,923,697
Fund balance, July 1 - budgetary basis			19,184,902	
Fund balance, June 30 - budgetary basis			24,108,599	
Reconciliation to GAAP basis:				
Reserve funds deficit fund balance			(784,135)	
Fund balance, June 30 - GAAP basis			\$ 23,324,464	

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2022

Business-type Activities - Enterprise Funds			
	Ingersoll Turf Facility	NSB Ice Arena	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 227,016	280,710	507,726
Accounts receivable	-	43,949	43,949
Total current assets	227,016	324,659	551,675
Noncurrent assets:			
Pension asset	-	8,400	8,400
Capital assets:			
Land improvements	18,584	-	18,584
Buildings	672,278	58,223	730,501
Equipment	119,673	517,049	636,722
Less accumulated depreciation	(748,757)	(425,531)	(1,174,288)
Total noncurrent assets	61,778	158,141	219,919
Total assets	288,794	482,800	771,594
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	-	53,936	53,936
Deferred outflows of resources related to OPEB	-	4,248	4,248
Total deferred outflows of resources	-	58,184	58,184
LIABILITIES			
Current Liabilities:			
Accounts payable	186	16,388	16,574
Interfund payables	25,094	1,410,394	1,435,488
Total current liabilities	25,280	1,426,782	1,452,062
Noncurrent liabilities:			
Net OPEB liability	-	64,494	64,494
Total noncurrent liabilities	-	64,494	64,494
Total liabilities	25,280	1,491,276	1,516,556
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	-	117,841	117,841
Deferred inflows of resources related to OPEB	-	4,368	4,368
Total deferred inflows of resources	-	122,209	122,209
NET POSITION			
Net investment in capital assets	61,778	149,741	211,519
Unrestricted	201,736	(1,222,242)	(1,020,506)
Total net position	\$ 263,514	(1,072,501)	(808,987)

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, 2022

	Ingersoll Turf Facility	NSB Ice Arena	Totals
Operating revenues:			
Charges for services	\$ 173,161	1,035,691	1,208,852
Total operating revenue	173,161	1,035,691	1,208,852
Operating expenses:			
Personnel	88,311	325,233	413,544
Supplies	25,145	66,477	91,622
Utilities	24,630	226,439	251,069
Contracted services	4,944	43,974	48,918
Repairs and maintenance	798	34,735	35,533
Depreciation	27,735	47,568	75,303
Other expenses	5,556	7,798	13,354
Total operating expenses	177,119	752,224	929,343
Operating income (loss)	(3,958)	283,467	279,509
Nonoperating revenue (expense):			
Interest income	634	-	634
Pension gain (expense)	-	(12,871)	(12,871)
OPEB gain (expense)	-	(20,803)	(20,803)
Total nonoperating revenue (expense)	634	(33,674)	(33,040)
Change in net position	(3,324)	249,793	246,469
Total net position (deficit), July 1	266,838	(1,322,294)	(1,055,456)
Total net position (deficit), June 30	\$ 263,514	(1,072,501)	(808,987)

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, 2022

	Ingersoll Turf Facility	NSB Ice Arena	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 173,161	1,043,266	1,216,427
Cash paid to suppliers for goods and services	(61,440)	(368,841)	(430,281)
Cash paid to employees for services	(88,311)	(325,233)	(413,544)
Net cash provided by (used in) operating activities	23,410	349,192	372,602
Cash flows from noncapital financing activities:			
Net change in interfund loans	(23,410)	(328,662)	(352,072)
Net cash provided by (used in) noncapital financing activities	(23,410)	(328,662)	(352,072)
Cash flows from capital and related financing activities:			
Purchase of capital assets	-	(2,051)	(2,051)
Net cash used in capital and related financing activities	-	(2,051)	(2,051)
Cash flows from investing activities:			
Interest on investments	634	-	634
Net cash provided by (used in) investing activities	634	-	634
Net increase (decrease) in cash and cash equivalents	634	18,479	19,113
Cash and cash equivalents, July 1	226,382	262,231	488,613
Cash and cash equivalents, June 30	227,016	280,710	507,726
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	(3,958)	283,467	279,509
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	27,735	47,568	75,303
(Increase) decrease in assets:			
Accounts receivable	-	7,575	7,575
Increase (decrease) in liabilities:			
Accounts payable	(367)	10,582	10,215
Total adjustments	27,368	65,725	93,093
Net cash provided by (used in) operating activities	\$ 23,410	349,192	372,602

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

	Private- purpose Trust Funds	Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 152,996	-
Investments	1,681,990	-
Intergovernmental receivables	-	17,553
Interfund receivables	9,642	272,707
Total assets	1,844,628	290,260
LIABILITIES		
Accounts payable	-	914
Accrued payroll	-	42,183
Total liabilities	-	43,097
NET POSITION		
Held in trust	\$ 1,844,628	247,163

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, 2022

	Private- purpose Trust Funds	Custodial Funds
ADDITIONS		
Contributions		
Private contributions	\$ 88,215	719,890
Total additions	88,215	719,890
Investment earnings:		
Interest and dividends	26,733	-
Total investment earnings	26,733	-
Total additions	114,948	719,890
DEDUCTIONS		
Scholarships and other	405,189	-
Recipient payments	-	486,036
Total deductions	405,189	486,036
Net increase (decrease) in fiduciary net position	(290,241)	233,854
Net position - beginning	2,134,869	13,309
Net position - ending	\$ 1,844,628	247,163

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements
June 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Auburn, Maine was incorporated in 1869 under the laws of the State of Maine. The City operates under a Mayor-Council and City Manager form of government and provides the following services: general governmental services, public safety, public works (highways, streets, and sidewalks), health and social services, sanitation, culture and recreation, planning and permitting, education and public improvements. The Council is made up of seven members and one mayor elected by registered voters.

The accounting policies of the City of Auburn conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant of such policies.

A. Reporting Entity

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, investment earnings, and charges for services are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Community Development Programs Special Revenue Fund* accounts for the federal grants obtained and expended under the Housing and Community Development Act of 1974, as amended, for the development of viable urban communities.

The *Tax Increment Financing Special Revenue Fund* accounts for the capturing of new tax revenue and expenditures the City is allowed to allocate to pay for public purpose economic development projects and job creation.

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

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

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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

Additionally, the City reports the following fund types:

Private-purpose Trust Funds are used to report the activity for bequests left for charitable payments of scholarship awards. These assets are held by the City in a trustee capacity, whereby the original bequest is preserved as nonexpendable and the accumulated interest earnings are available to provide for educational awards.

Custodial funds account for monies held for the RETC and AVEC programs which are local agencies to which the City provides accounting and investing services.

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

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

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

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

1. Deposits and Investments

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

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "interfund receivables/payables."

Receivables are shown net of allowances for uncollectible amounts as necessary.

Under State law, tax liens are placed on real property if the taxes become delinquent. The lien process may commence after the expiration of eight months and within one year after the date of the tax commitment. The City has the authority to foreclose on real property if the tax lien and associated costs of filing the lien remain unpaid eighteen months after the date of filing.

Property taxes levied during the year were recorded as receivables at the time the levy was made. The receivables collected during the year and during the first sixty days following the end of the fiscal year have been recorded as revenues. The remaining receivables have been recorded as deferred inflows of resources - unavailable revenues.

3. Inventories and Prepaid Items

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. Inventories (consisting of food and supplies) include the value of government surplus items donated to the Centralized School Lunch Program. The costs of such inventories are recorded as expenditures/expenses when consumed rather than when purchased.

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

4. Capital Assets

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

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

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2022

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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time. The governmental funds only report a deferred inflow of resources, unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental activities have deferred outflows and inflows that relate to the net pension and OPEB liabilities, which include the City's contributions subsequent to the measurement date, which is recognized as a reduction of the respective liability in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between City contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the respective plan. They also include the net difference between projected and actual earnings on plan investments, which is deferred and amortized over a five-year period. Deferred inflows of resources also include a deferred charge on refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

6. Compensated Absences

Under terms of union contracts and personnel administration policies, employees are granted vacation and sick leave in varying amounts and are, in some cases, entitled to payment for unused vacation and sick leave upon termination or retirement. All vacation pay and vested sick leave is accrued as a liability in the government-wide financial statements. In the fund financial statements, no amount is recorded unless the amount is to be paid out shortly after year-end, but the full liability is recorded in the government-wide statements.

7. Long-term Obligations

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

8. Fund Equity

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

- *Nonspendable* – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.
- *Restricted* – resources with constraints placed on the use of resources which are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or; b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – resources which are subject to limitations the government imposes on itself at its highest level of decision making authority.
- *Assigned* – resources that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
- *Unassigned* – resources which have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

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

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

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

9. Use of Estimates

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

10. Pensions

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

11. Other Postemployment Benefits (OPEB)

For purposes of measuring the OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the plans and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2022

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, Continued

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2022, expenditures exceeded appropriation in the following general fund categories: City Manager, \$53,092; Communications and Engagement, \$20,818; Economic Development, \$18,364; Fire & EMS, \$209,677; Police, \$167,544; Lewiston-Auburn Transit, \$12,429; and Debt service – interest and other, \$187,376. In total, the City's expenditures were \$5,321,802 less than appropriations.

C. Deficit Fund Equity

At June 30, 2022, the City had the following fund with a deficit fund balance/net position: Norway Savings Bank Arena (Proprietary), \$1,072,501. Future revenues and transfers from the General Fund are expected to fund this remaining deficit fund balance.

Additionally, within the City Special Revenue Fund, the following grants had deficit fund balances at June 30, 2022: Homeland Security, \$153,800; Law Enforcement Training, \$8,205; APD DOJ Covid-19, \$930; American Firefighters, \$1,695; Project Canopy, \$9,519; Leadercast, \$3,500; and NRPA Youth Mentoring Grant, \$1,443. These deficits are offset by fund balances in other grants and result in net fund balance in the City Special Revenue Fund as a whole at June 30, 2022 of \$1,106,800.

Within the School Special Revenue Fund, the following grants and programs had deficit fund balances at June 30, 2022: Migrant Education, \$1,566; Employee Computer Reimbursement, \$1,358; Maine College and Career Access, \$1,645 and Other funds, \$559. These deficits are offset by fund balances in other grants and result in a positive net fund balance in the School Special Revenue Fund as a whole at June 30, 2022 of \$894,003.

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

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

Additionally, certain on-behalf payments made by the State of Maine to the Maine Public Employees Retirement System (Maine PERS) for teachers and certain other School employees are not budgeted. Such on-behalf payments amounted to \$4,314,291 in 2022. 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.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2022

III. DETAILED NOTES ON ALL FUNDS, Continued

As of June 30, 2022, the City deposits amounted to \$126,797,584 with bank balances of \$127,624,658. The City does not have a deposit policy for custodial credit risk. As of June 30, 2022, none of the City's total bank balance was exposed to custodial credit risk as it was insured by the FDIC or secured by additional collateral.

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

Cash and cash equivalents:	
Governmental funds	\$ 16,679,605
Proprietary funds	507,726
Fiduciary funds	152,996
<u>Investments - Governmental funds</u>	<u>109,457,257</u>
<u>Total deposits reported</u>	<u>\$ 126,797,584</u>

2. Investments

At June 30, 2022, all the City's governmental investments were in money market accounts or certificates of deposits, both of which have been included above under the disclosure on deposits. At June 30, 2022, the City held the following investments within the fiduciary funds:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity mutual funds	\$ 479,814	479,814	-	-
Bond mutual funds	453,576	453,576	-	-
Money market funds	61,963	61,963	-	-
Maine Community Foundation investment pool	686,637			686,637
Total	\$ 1,681,990	995,353	-	686,637

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

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

Interest rate risk: In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the investment's term to match anticipated cash requirements. The City has only one type of investment for which the investment term is determinable: bond mutual funds. The weighted average maturity of the City's investment in bond mutual funds at year end was 12.5 years.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2022

III. DETAILED NOTES ON ALL FUNDS, Continued

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Maine statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and certain corporate stocks and bonds. The City has an investment policy, adopted by the City Council in 1995, which further defines the investments in which the City's available funds are permitted to be invested.

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

Fair Value at June 30, 2022	Rating
\$ 22,594	AAA
113,429	AA-
205,007	A+
112,546	A

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

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

Custodial Credit Risk-Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2022 the City had no investments that were subject to custodial credit risk. The City's investment policy states that all security transactions will be settled using a delivery versus payment settlement system. The City's securities are held by third party custodians or trust departments designated by the Finance Director and evidenced by safekeeping receipts.

B. Receivables

Receivables as of June 30, 2022, for the City's individual major funds, nonmajor funds and business-type enterprise funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	General Fund	Community Dev. Programs	Capital Projects	New Edward Little Building	Other Governmental Funds	Enterprise Funds	Total
Receivables:							
Taxes	\$ 1,735,978	-	-	-	-	-	1,735,978
Accounts	613,956	-	-	95,848	9,569	43,949	763,322
Loans	599,532	4,307,316	-	-	893,246	-	5,800,094
Intergovernmental	741,692	8,495,455	139,440	-	3,318,579	-	12,695,166
Gross receivables	3,691,158	12,802,771	139,440	95,848	4,221,394	43,949	20,994,560
Less: allowance for uncollectible	(279,000)	(250,447)	-	-	-	-	(529,447)
Total net receivables	\$ 3,412,158	12,552,324	139,440	95,848	4,221,394	43,949	20,465,113

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2022

III. DETAILED NOTES ON ALL FUNDS, Continued

Property taxes levied during fiscal year 2022 are recorded as receivables. The receivables collected during the fiscal year ended June 30, 2022 and during the 1st 60 days of fiscal year 2023 are recognized as revenues in the Governmental Funds, in fiscal year 2022. Receivables of \$1,585,603, estimated to be collectible subsequent to the 60 day period are considered to be unavailable revenues. Prior year tax levies were recorded using the same principle.

C. Property Taxes

The City's property tax is levied on the assessed value listed as of the prior April 1 for all real and taxable personal property located in the City. Assessed values are periodically established by the Assessor at 100% of the assumed market value. Property taxes were levied July 26, 2021 on the assessed values of real property as of April 1, 2021. Taxes were due September 15, 2021 and March 15, 2022. The assessed value of \$1,973,954,411 was 87% of the 2022 state valuation of \$2,282,000,000.

The City is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$320,013 for the year ended June 30, 2022.

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, 2022 and 2021 levies:

	<u>2022</u>	<u>2021</u>
Valuation:		
Real property	\$1,871,839,670	1,841,328,464
Personal property	102,114,741	115,303,907
Assessed value (less: exempt properties)	1,973,954,411	1,956,632,371
Tax rate (per \$1,000)	23.82	23.82
Commitment	47,019,594	46,470,019
Supplemental taxes assessed	12,620	8,902
	47,032,214	46,478,921
Less:		
Collections and abatements	46,195,401	45,776,200
Receivable at June 30	\$ 836,813	702,721
Due date(s)	9/15/21 3/15/22	9/16/20 3/15/21
Interest rate charged on delinquent taxes	7.0%	8.0%
Collection rate	98.22%	98.49%

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2022

III. DETAILED NOTES ON ALL FUNDS, Continued

D. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	Balance June 30, <u>2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2022</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 7,886,570	256,848	-	8,143,418
Construction in progress	14,453,861	42,631,325	2,991,446	54,093,740
Total capital assets, not being depreciated	22,340,431	42,888,173	2,991,446	62,237,158
Capital assets, being depreciated:				
Buildings and building improvements	94,680,508	1,277,088	-	95,957,596
Equipment	8,834,060	672,141	107,708	9,398,493
Vehicles	13,707,352	663,269	256,191	14,114,430
Infrastructure	133,519,665	3,425,993	-	136,945,658
Total capital assets being depreciated	250,741,585	6,038,491	363,899	256,416,177
Less accumulated depreciation for:				
Buildings and building improvements	48,904,317	2,556,842	-	51,461,159
Equipment	5,672,668	597,248	107,708	6,162,208
Vehicles	8,202,641	894,858	256,191	8,841,308
Infrastructure	65,649,039	5,531,655	-	71,180,694
Total accumulated depreciation	128,428,665	9,580,603	363,899	137,645,369
Total capital assets being depreciated, net	122,312,920	(3,542,112)	-	118,770,808
Governmental activities				
capital assets, net	\$ 144,653,351	39,346,061	2,991,446	181,007,966

	Balance June 30, <u>2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2022</u>
Business-type activities:				
Capital assets, being depreciated:				
Improvements other than buildings	\$ 18,584	-	-	18,584
Buildings and building improvements	730,501	-	-	730,501
Equipment	634,671	2,051	-	636,722
Total capital assets being depreciated	1,383,756	2,051	-	1,385,807
Less accumulated depreciation for:				
Improvements other than buildings	18,584	-	-	18,584
Buildings and building improvements	636,193	26,436	-	662,629
Equipment	444,208	48,867	-	493,075
Total accumulated depreciation	1,098,985	75,303	-	1,174,288
Total capital assets being depreciated, net	284,771	(73,252)	-	211,519
Business-type activities capital				
assets, net	\$ 284,771	(73,252)	-	211,519

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2022

III. DETAILED NOTES ON ALL FUNDS, Continued

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

Governmental activities:

General government	\$ 501,264
Public safety	478,789
Public works, including depreciation of general infrastructure assets	5,763,081
Health, welfare and recreation	551,719
Education	2,285,750

<u>Total depreciation expense – governmental activities</u>	<u>\$ 9,580,603</u>
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Business-type activities:

Ingersoll Turf Facility	\$ 27,735
Norway Savings Bank Ice Arena	47,568

<u>Total depreciation expense – business-type activities</u>	<u>\$ 75,303</u>
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E. Tax Increment Financing Districts

The City currently has twenty-five tax increment financing (TIF) districts, fifteen of which were active during the year ended June 30, 2022. Two of the twenty-five districts never became active, and eight have expired, leaving fifteen active TIF districts (numbers 6 – 25 below, less #7, #8, #11, #17, and #18). TIF #8 is not an active TIF district. The objective of these TIF districts is to stimulate new investment in the community by financing, through various tax increment financing projects and various public improvements. Taxes derived from increased assessed valuation within the districts can be "captured" for approved uses. Expenditures in any given year may exceed captured values in that year as a result of balances available in TIF accounts from prior periods.

The following is a brief description of each:

#6 TAMBRANDS II - This TIF was established in 2001 and encompasses 84 acres. The original value was \$520,900. 100% of the tax revenue associated with increased value within the TIF is captured, 40% of which is used to fulfill the obligations under a credit enhancement agreement. During 2022, \$199,957 was captured and recorded in the TIF Fund. During 2022, \$79,983 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 2022, \$457,661 was captured and recorded in the TIF Fund, and no funds were used out of the TIF Fund.

#10 The Downtown Area - This TIF was established in 2002 and amended in 2012, and encompasses 119.31 acres. The original value was \$83,577,800. 100% of the tax revenue associated with increased value within the TIF can be captured. During 2022, \$853,881 was captured and recorded in the TIF Fund. During 2022, \$346,307 was expended in the TIF Fund for public improvements and debt service.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2022

III. DETAILED NOTES ON ALL FUNDS, Continued

#12 Auburn Industrial Park - This TIF was established in 2006 and encompasses 144 acres. The original value was \$334,200. 100% of the tax revenue associated with the increased value within the TIF is captured and will be dedicated to public improvements. During 2022, \$164,715 was captured and recorded in the TIF Fund, and \$230,043 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 2022, \$329,052 was captured and recorded in the TIF Fund. During 2022, \$154,654 was expended from the TIF Fund for public improvements.

#14 & #15 Auburn Mall - This TIF was established in 2005 and encompasses 47.44 acres. The original value was \$12,719,900. 100% of the tax revenue associated with increased value within the TIF can be captured, 47% of which is used to fulfill the obligations under a credit enhancement agreement. During 2022, \$443,099 was captured and recorded in the TIF Fund. During 2022, \$591,074 was expended in the TIF Fund.

#16 Webster School Housing - This TIF was established in 2010 and encompasses 1.4 acres. The original value was \$522,800. 60% of the tax revenue associated with increased value within the TIF can be captured, of which 100% is used to fulfill the obligations under a credit enhancement agreement. During 2022, \$30,525 was captured and recorded in the TIF Fund, and \$30,525 was expended in the TIF Fund.

#19 Hartt Transport - This TIF was established in 2014 and encompasses 8.5 acres. The original value was \$1,178,600. 40% of the tax revenue associated with increased value within the TIF can be captured and is used to fulfill the obligations under a credit enhancement agreement. During 2022, \$32,644 was captured and recorded in the TIF Fund, and \$32,644 was expended for the year ended June 30, 2022.

#20 62 Spring St - This TIF was established in 2017 and encompasses 0.81 acres. The original value was \$474,300. 76% of the tax revenue associated with increased value within the TIF can be captured, of which 100% is used to fulfill the obligations under a credit enhancement agreement. During 2022, \$59,152 was captured and recorded in the TIF Fund, and \$59,152 was expended in the TIF Fund.

#21 Minot Ave - This TIF was established in 2018 and encompasses 3.83 acres. The original value was \$170,000. 100% of the tax revenue associated with increased value within the TIF can be captured, of which 50% is used to fulfill the obligations under a credit enhancement agreement. During 2022, \$50,486 was captured and recorded in the TIF Fund, and \$25,243 was expended for the year ended June 30, 2022.

#22 48 Hampshire St - This TIF was established in 2019 and encompasses 1.01 acres. The original value was \$0. 50% of the tax revenue associated with increased value within the TIF can be captured, of which 100% is used to fulfill the obligations under a credit enhancement agreement. During 2022, \$84,185 was captured and recorded in the TIF Fund, and \$42,092 was expended in the TIF Fund.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2022

III. DETAILED NOTES ON ALL FUNDS, Continued

#23 Auburn Memory Care - This TIF was established in 2019 and encompasses 8.61 acres. The original value was \$327,100. 58.5% of the tax revenue associated with increased value within the TIF can be captured, of which 35% is used to fulfill the obligations under a credit enhancement agreement. During 2022, \$118,622 was captured and recorded in the TIF Fund, and \$183,247 was expended in the TIF Fund.

#24 Millbran LLC - This TIF was established in 2020 and encompasses 2.95 acres. The original value was \$262,600, 51% of the tax revenue associated with increased value within the district will be captured of which 100% will be used to fulfill the obligations under a credit enhancement agreement. During 2022, \$36,906 was captured and recorded in the TIF Fund and \$34,120 was expended from the TIF Fund.

#25 Futurguard - This TIF was established in 2021 and encompasses 16.8 acres. The original value was \$3,838,700. 50% of the tax revenue associated with increased value within the district will be captured of which 15% will be used to fulfill the obligations under a credit enhancement agreement. 2022, \$6,479 was captured and recorded in the TIF Fund and \$25,224 was expended from the TIF Fund.

F. Interfund Receivables and Payables and Transfers

The composition of interfund balances as of June 30, 2022 is as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 2,364,248	-	-	5,068,075
Community Dev. Programs	-	122,938	-	-
Tax Incrementing Financing	-	812,705	2,867,364	-
Capital Improvement	998,212	-	-	-
New Edward Little Building	-	6,842,205	-	-
Other Governmental Funds	8,190,740	2,622,213	2,200,711	-
Fiduciary Funds	282,349	-	-	-
Enterprise Funds:				
Ingersoll Turf Facility	-	25,094	-	-
Norway Savings Bank Ice Arena	-	1,410,394	-	-
Totals	\$ 11,835,549	11,835,549	5,068,075	5,068,075

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

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2022

III. DETAILED NOTES ON ALL FUNDS, Continued

Notes from direct borrowings:

Parking Garage	04/30/02	\$ 6,000,000	11/01/22	3.05%-5.25%	300,000
New Auburn Hall	10/31/02	13,100,000	11/01/22	2.031%-5.031%	410,000
QZAB	07/13/12	1,057,323	07/13/22	4.40%	105,732
School Revolving Loan	06/29/20	1,190,000	06/29/30	0.00%	370,709
School Revolving Loan	4/28/22	156,993	9/1/2032	0.00%	51,729
Notes payable					1,238,170

Total long-term debt **\$ 165,138,170**

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

Year Ending <u>June 30,</u>	<u>General Obligation Bonds</u>		<u>Notes from Direct Borrowing</u>		<u>Financed Purchases Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 11,430,000	6,050,495	867,244	4,652	83,126	7,682
2024	13,495,000	5,523,186	51,512	-	85,611	5,196
2025	12,960,000	4,985,730	51,512	-	88,171	2,636
2026	12,135,000	4,466,689	51,512	-	-	-
2027	11,090,000	3,991,926	51,512	-	-	-
2028-2032	43,065,000	13,932,830	164,878	-	-	-
2033-2037	30,195,000	7,158,603	-	-	-	-
2038-2042	29,530,000	2,217,550	-	-	-	-
Total	\$ 163,900,000	48,327,009	1,238,170	4,652	256,908	15,514

For the year ended June 30, 2022, interest expense of the General Fund was \$1,748,042 (which includes amounts allocated to the School Department).

The City is subject to a statutory limitation by the State of Maine of its general long-term debt equal to 15% of the State's valuation of the City. At June 30, 2022, the statutory limit for the City was \$342,300,000. The City's outstanding bonded long-term debt of \$163,900,000 at June 30, 2022 was \$178,400,000 less than the statutory limit.

The City has entered into an agreement for financing the acquisition of a fire truck. This agreement qualifies as a financed purchase for accounting purposes. This asset is recorded as a capital asset in the government-wide financial statements. The financed purchase has been recorded as a liability in the government-wide financial statements at the present value of the future minimum lease payments. At June 30, 2022, the amount capitalized under financed purchases totals \$775,000.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2022

III. DETAILED NOTES ON ALL FUNDS, Continued

Changes in General Long-term Liabilities. Long-term liability activity for the year ended June 30, 2022 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	\$ 112,130,000	60,070,000	8,300,000	163,900,000	11,430,000
Premium	9,364,344	6,480,127	1,090,514	14,753,957	1,392,067
Total bonds payable	121,494,344	66,550,127	9,390,514	178,653,957	12,822,067
Notes payable*	2,048,512	51,729	862,071	1,238,170	867,244
Finance purchases payable*	337,620	-	80,712	256,908	83,126
Accrued compensated absences	2,248,166	320,172	112,408	2,455,930	122,797
Accrued self-insurance liability	980,149	428,264	293,324	1,115,089	29,659
Other postemployment benefits	14,003,740	286,096	-	14,289,836	-
Net pension liability (asset)	11,130,137	-	11,242,352	(112,215)	-
Landfill postclosure care costs	52,500	-	10,500	42,000	10,500
Accrued interest on debt	962,635	429,937	-	1,392,572	1,392,572
Governmental activities					
long-term liabilities	\$ 153,257,803	68,066,325	21,991,881	199,332,247	15,327,965

*Financed purchases and notes payable are considered direct borrowing.

The 2021 General Obligation Bond and the 2022 General Obligation for ELHS are liquidated by the New Edward Little Building project fund. All other bonds, notes, and financed purchases payable are primarily liquidated by the General fund (90%), TIF Fund (9 %), and Other Governmental Funds (1%). Similarly, the General fund normally liquidates the liability for compensated absences, self-insurance liability, landfill postclosure care cost, net pension liability, and other postemployment benefits for governmental activities. When appropriate, immaterial amounts of accrued compensated absences may be liquidated from the Other Governmental Funds.

Business-type activities:

Net pension liability (asset)	\$ 57,802	-	66,202	(8,400)	-
Other postemployment benefits	42,663	21,831	-	64,494	-
Business-type activities					
long-term liabilities	\$ 100,465	21,831	66,202	56,094	-

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 financed purchases 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, 2022:

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2022

III. DETAILED NOTES ON ALL FUNDS, Continued

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$ 318,653,335	1,385,807
Accumulated depreciation	(137,645,369)	(1,174,288)
General obligation bonds	(163,900,000)	-
Notes payable	(1,238,170)	-
Financed purchases payable	(256,908)	-
Unamortized debt premium	(14,753,957)	-
Deferred charge on refunding	(70,455)	-
Non-capital unamortized premium	67,376	-
Unspent bond proceeds	78,336,513	-
Total net investment in capital assets	\$ 79,192,365	211,519

J. Fund Balances

As of June 30, 2022, fund balances components consisted of the following:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable:			
Amounts held in escrow	\$ -	149,651	149,651
Long-term receivables	599,532	-	599,532
Inventory	-	51,161	51,161
Prepaid expenditures	135,392	24,180	159,572
Principal for permanent funds	-	69,475	69,475
Total nonspendable	734,924	294,467	1,029,391
Restricted:			
Education	6,987,644	1,831,798	8,819,442
Community development programs	-	1,569,372	1,569,372
Tax Increment Financing	-	236,094	236,094
City special:			
General government	-	1,074,435	1,074,435
Public safety	-	121,588	121,588
Public works	-	89,869	89,869
Permanent funds:			
Health and welfare	-	190,654	190,654
Public services	-	6,192	6,192
Total restricted	6,987,644	5,120,002	12,107,646
Committed:			
Education	-	63,597	63,597
Parking	-	46,171	46,171
Parks and recreation	-	232,366	232,366
Capital improvement	-	10,127,954	10,127,954
New Edward Little Building project	-	69,085,466	69,085,466
Total committed	-	79,555,554	79,555,554

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2022

III. DETAILED NOTES ON ALL FUNDS, Continued

Assigned:			
Subsequent budget	\$ 875,000	-	875,000
Reserves	1,422	-	1,422
Self-insurance	1,115,089	-	1,115,089
Encumbrances:			
General government	224,956	-	224,956
Public safety	50,716	-	50,716
Health and welfare	5,007	-	5,007
Public services	265,160	-	265,160
<u>Total assigned</u>	<u>2,537,350</u>	<u>-</u>	<u>2,537,350</u>
 Unassigned	 13,064,546	 (184,220)	 12,880,326
 <u>Total fund balance</u>	 <u>\$ 23,324,464</u>	 <u>84,785,803</u>	 <u>108,110,267</u>

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 \$42,000 reported as landfill post-closure care liability at June 30, 2022 represents the estimated liability for post-closure care costs at that date. The cost is comprised of \$42,000 for post-closure care costs (4 years) for a brush landfill that stopped accepting debris during fiscal year 1996.

The estimated total cost of landfill post-closure care of \$42,000 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2022. 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, 2022.

The City established a self-insured worker's compensation program in May 1982. This program provides coverage for up to a maximum of \$500,000 for each worker's compensation claim. For the year ending June 30, 2022, the City incurred new claims of \$428,264, but the City paid \$293,324 in actual claims during the fiscal year.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2022

IV. OTHER INFORMATION, Continued

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 \$1,115,089 reported in the Statement of Net Position is based on the requirements of the Governmental Accounting Standards Board, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statement and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. A discount rate of 0.50% has been used in calculating the liability.

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

	Fiscal Year <u>2022</u>	Fiscal Year <u>2021</u>
Unpaid claims as of July 1	\$ 980,149	860,739
Incurred claims (including claims incurred but not reported as of June 30)	428,264	627,600
<u>Total claim payments</u>	<u>293,324</u>	<u>508,190</u>
Current claims liability	29,659	30,710
<u>Long-term claims liability</u>	<u>1,085,430</u>	<u>949,439</u>
<u>Total unpaid claims liability</u>	<u>\$ 1,115,089</u>	<u>980,149</u>

The City assigns a portion of its General Fund balance for workers compensation. This amount totaled \$1,115,089 at June 30, 2022.

B. Joint Ventures

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

Auburn-Lewiston Municipal Airport
Lewiston-Auburn Transit Committee
Lewiston-Auburn 9-1-1 Committee

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

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

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

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

Information pertaining to each of these four joint ventures follows:

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2022

IV. OTHER INFORMATION, Continued

Auburn-Lewiston Municipal Airport

The Auburn-Lewiston Municipal Airport is operated jointly by the Cities of Auburn and Lewiston by a seven-member board currently comprised of three members from the City of Auburn and three members from the City of Lewiston appointed by the respective City Councils, and one member from the Auburn Chamber of Commerce. The Airport's governing Board selects management staff, sets user charges, establishes budgets, and controls all aspects of its operations. The City of Auburn is responsible, through the budget process, to fund 50% of the annual anticipated operating and capital needs of the airport. In the fiscal year ended June 30, 2022, the City of Auburn contributed \$177,000 for airport operations.

The following is selected information for the years ending June 30, 2022 and June 30, 2021:

	June 30, <u>2022</u>	June 30, <u>2021</u>
Total assets	\$ 22,336,868	\$ 19,494,055
Total deferred outflows of resources	35,343	21,193
Total liabilities	1,406,428	2,562,845
Total deferred inflows of resources	3,055,116	3,150,432
Net position	17,910,667	16,937,189
Change in net position	973,478	2,458,540

In addition to contributions from the two municipalities, the Airport derives revenues through user fees, federal and state grant funding, and interest on investments in time deposits. For the year ended June 30, 2022, the Airport had total revenues of \$3,283,462 and expenditures of \$2,309,984 including depreciation of \$735,094.

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

Lewiston-Auburn Transit Committee

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

For the fiscal year ended June 30, 2022, the City of Auburn contributed \$237,429 for operating expenses.

The following is selected information for the years ending September 30, 2021 and September 30, 2020 (the latest information available):

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2022

IV. OTHER INFORMATION, Continued

	September 30, <u>2021</u>	September 30, <u>2020</u>
Total assets	\$ 2,755,540	\$ 3,251,925
Total liabilities	317,612	536,189
Net position	2,437,928	2,715,736
Change in net position	(277,808)	(277,248)

Total revenues for the year ended September 30, 2021 were \$2,243,559 and expenses were \$2,521,367, including depreciation on contributed assets of \$311,955.

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

Lewiston-Auburn 9-1-1 Committee

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

The committee's primary source of revenues consists of equal contributions from the Cities of Auburn and Lewiston. In the fiscal year ended June 30, 2022, the City of Auburn contributed \$1,161,479.

The following is selected financial information for the years ending June 30, 2021 and June 30, 2020 (the latest information available):

	June 30, <u>2021</u>	June 30, <u>2020</u>
Total assets (restated for FY 2020)	\$ 5,619,753	\$ 6,544,885
Total deferred outflows of resources	224,575	186,006
Total liabilities	1,007,505	2,820,063
Total deferred inflows of resources	10,360	121,746
Total net position	4,826,463	3,789,082
Change in net position	1,037,381	1,758,710

Total revenues for the year ended June 30, 2021 were \$3,581,216 and expenditures were \$2,323,772.

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

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2022

IV. OTHER INFORMATION, Continued

Mid-Maine Waste Action Corporation

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

The following is selected financial information for MMWAC for the years ending June 30, 2021 and June 30, 2020 (the latest information available):

	<u>2021</u>	<u>2020</u>
Total assets and deferred outflows	\$ 9,461,762	9,746,282
Total liabilities and deferred inflows	844,861	722,562
Members' equity	8,616,901	9,023,720
Operating revenue	8,003,530	7,313,223
Operating expenses	8,551,528	7,868,316
Non-operating revenue	141,179	109,625
Net loss	(406,819)	(445,468)

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

The separate audited financial statements of the MMWAC may be obtained from the City's Finance Department.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2022

IV. OTHER INFORMATION, Continued

C. 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, 2022 the City contributed \$131,703 to employee's deferred compensation plans.

D. Employee Retirement Plans

The City contributes to two defined benefit pension plans: (1) the Maine Public Employees Retirement System Consolidated Plan for Participating Local Districts (PLD Plan), and (2) the Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan). As of the year ended June 30, 2022, the City had the following balances reported in the government-wide financial statements:

		Net Pension <u>Liability</u>	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>	Pension <u>Expense</u>
PLD Plan	\$	(765,625)	4,915,996	10,740,661	(289,619)
SET Plan		645,010	1,369,245	1,035,262	4,221,934
Total	\$	(120,615)	6,285,241	11,775,923	3,932,315

Detailed disclosures for each plan follow.

IV. OTHER INFORMATION, Continued

Defined Benefit Pension Plan – Maine Public Employees Retirement System

General Information about the Pension Plan

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

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

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

PLD Plan - Employees are required to contribute 7.05% to 9.70% of their annual pay depending on their age and the plan to which they subscribe. The City's contractually required contribution rate for the year ended June 30, 2022 was 10.30% or 13.40% of annual payroll for the regular plan or public safety plan, respectively. Contributions to the pension plan from the City were \$1,880,996 for governmental activities and \$20,866 for business-type activities for the year ended June 30, 2022.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2022

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, 2022, was 18.13% of annual payroll, of which 3.84% of payroll was required from the City and 14.29% was required from the State. Contributions to the pension plan from the City were \$929,488 for the year ended June 30, 2022.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

The net pension liabilities (assets) were measured as of June 30, 2021, and the total pension liabilities (assets) used to calculate the net pension liabilities (assets) were determined by actuarial valuations as of that date. The City's proportion of the net pension liabilities (assets) 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, 2022, the City reported an asset of \$757,225 for governmental activities and \$8,400 for business-type activities for its proportionate share of the net pension asset. At June 30, 2022, the City's proportion of the PLD Plan was 2.3824%.

SET Plan - At June 30, 2022, 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	\$ 645,010
State's proportionate share of the net pension liability associated with the City	14,057,079
Total	\$ 14,702,089

At June 30, 2022, the City's proportion of the SET Plan was 0.0763%.

For the year ended June 30, 2022, the City recognized pension gain of \$302,490 for governmental activities and a expense of \$12,871 for business-type activities for the PLD Plan and also recognized a pension expense of \$4,221,934 and revenue of \$3,458,955 for support provided by the State for the SET Plan.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2022

IV. OTHER INFORMATION, Continued

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to PLD plan from the following sources:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 438,365	-	4,863	-
Changes of assumptions	2,542,699	-	28,207	-
Net difference between projected and actual earnings on pension plan investments	-	10,321,258	-	114,496
Changes in proportion and differences between City contributions and proportionate share of contributions	-	301,562	-	3,345
City contributions subsequent to the Measurement date	1,880,996	-	20,866	-
Total	\$ 4,862,060	10,622,820	53,936	117,841

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to SET plan from the following sources:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	3,626
Changes of assumptions	439,757	-
Net difference between projected and actual earnings on pension plan investments	-	878,879
Changes in proportion and differences between City contributions and proportionate share of contributions	-	152,757
City contributions subsequent to the Measurement date	929,488	-
Total	\$ 1,369,245	1,035,262

An amount of \$2,810,484 for governmental activities and \$20,866 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 (assets) in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2022

IV. OTHER INFORMATION, Continued

Year Ended <u>June 30:</u>	Governmental <u>Activities</u>	Business-type <u>Activities</u>
2023	\$ (1,483,614)	(14,898)
2024	(1,091,469)	(11,994)
2025	(2,549,128)	(26,063)
2026	(3,113,050)	(31,816)

Actuarial Assumptions - The total pension liability (asset) in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PLD Plan</u>	<u>SET Plan</u>
Inflation	2.75%	2.75%
Salary increases, per year	2.75% - 11.48%	2.80% - 13.03%
Investment return, per annum, compounded annually	6.50%	6.50%
Cost of living benefit increases, per annum	1.91%	2.20%

Mortality rates were based on the 2010 Public Plan General benefits (PLD Plan) or Teacher Benefits (SET Plan) Weighted Healthy Retiree Mortality Tables, for males and females, projected generationally using the RPEC 2020 Model.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period June 30, 2016 to June 30, 2020.

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, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public Equities	30.0%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural Resources	5.0%	5.0%
Traditional Credit	7.5%	3.0%
Alternative Credit	5.0%	7.2%
Diversifiers	10.0%	5.9%

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2022

IV. OTHER INFORMATION, Continued

Discount Rate - The discount rate used to measure the total pension liability (asset) was 6.50% for the PLD Plan and the SET Plan. The projection of cash flows used to determine the discount rates assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liabilities (assets).

Sensitivity of the City's Proportionate Share of the Net Pension Liabilities (Assets) to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.50% for the PLD Plan and the SET Plan, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50% for PLD Plan and for the SET Plan) or 1 percentage-point higher (7.50% for PLD Plan and for SET Plan) than the current rate:

<u>PLD Plan</u>	1% Decrease <u>(5.50%)</u>	Current Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
City's proportionate share of the net pension liability (asset)	\$ 10,895,290	(\$765,625)	(\$10,410,739)
<u>SET Plan</u>	1% Decrease <u>(5.50%)</u>	Current Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
City's proportionate share of the net pension liability	\$ 1,693,870	\$ 645,010	(\$228,272)

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

Payables to the Pension Plan - None as of June 30, 2022.

Defined Contribution Pension Plan

The City contributes to the International City Manager's Money Purchase Plan, which is a defined contribution pension plan administered by the International City Manager's Association Retirement Corporation.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account. As established by council resolve, all municipal employees of the City have the option of participating in the plan or the Maine Public Employees Retirement System.

Contributions made by both the employee and the employer vest immediately. An employee who leaves the employment of the City is entitled to all contributions and earned income in his or her account at that time.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2022

IV. OTHER INFORMATION, Continued

Each employee must contribute a minimum of 5% of his or her gross earnings to the pension plan, while the City is required to contribute an amount equal to 6% of the employee's gross earnings.

As employees are immediately vested in employer contributions, there is therefore no forfeiture provision.

During the year, the City's required and actual contributions amounted to \$131,703 which was 6% of its current-year covered payroll. The covered payroll amounted to \$2,195,038. Employees' required contributions amounted to \$109,784, 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.

E. Other Postemployment Benefits

The City contributes to three postemployment defined benefit plans, (1) the Maine Municipal Employee Health Trust (Health Plan), (2) the Maine Public Employees Retirement System State Employee and Teacher Group Term Life Plan (Life Plan), and (3) the Maine Education Association Benefits Trust (School Plan). As of the year ended June 30, 2022, the City had the following balances reported in the government-wide financial statements:

	Total OPEB <u>Liability</u>	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>	OPEB (Gain) <u>Expense</u>
Health Plan	\$ 3,816,222	251,384	258,434	46,420
Life Plan	-	-	-	85,603
School Plan	10,538,108	1,734,497	602,383	212,969
Total	\$14,354,330	1,985,881	860,817	344,992

Detailed disclosures for each plan follow.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2022

IV. OTHER INFORMATION, Continued

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

General Information about the OPEB Plan

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

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

Employees Covered by Benefit Terms – At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	34
Inactive employee entitled to but not yet receiving benefits	-
Active employees	186
Total	<u>220</u>

Total OPEB Liability

The City's total OPEB liability of \$3,816,222 was measured as of January 1, 2022, and was determined by an actuarial valuation as of that date. \$64,494 has been allocated to business-type activities (based on number of participants) and the remaining \$3,751,728 is reported in governmental activities as of June 30, 2022.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the January 1, 2022 measurement was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40% per year
Salary increases	2.75% per year
Discount rate	2.06%
Healthcare cost trend rates	8.60% for 2022, decreasing to 3.53% for 2042
Retirees' share of the benefit related costs	100% of projected health insurance premiums

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

Mortality rates were based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Rate, for males and females.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2022

IV. OTHER INFORMATION, Continued

The actuarial assumptions used in the January 1, 2022 valuation were based on the results of an actuarial experience study for the period June 30, 2016 through June 30, 2020.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021	\$ 3,677,874
Changes for the year:	
Service cost	110,607
Interest	79,190
Changes in benefit terms	-
Difference between expected and actual	(235,679)
Changes in assumptions or other inputs	290,961
Benefit payments	(106,731)
Net changes	138,348
Balance at June 30, 2022	\$ <u>3,816,222</u>

Change in assumptions reflects a change in the discount rate from 2.12% to 2.06%.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the City's total OPEB liability calculated using the discount rate of 2.06%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.06%) or 1 percentage-point higher (3.06%) than the current rate:

	1% Decrease (1.06%)	Discount Rate (2.06%)	1% Increase (3.06%)
Total OPEB liability	\$ <u>4,444,721</u>	<u>3,816,222</u>	<u>3,306,609</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the City's total OPEB liability calculated using the healthcare cost trend rates of 6.25% grading over 20 years to 3.53% per annum, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ <u>3,253,954</u>	<u>3,816,222</u>	<u>4,543,844</u>

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2022

IV. OTHER INFORMATION, Continued

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

For the year ended June 30, 2022, the City recognized an OPEB expense of \$46,420. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		Governmental Activities		Business-type Activities	
		Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	-	254,066	-	4,368
Changes of assumption or other inputs		187,276	-	3,219	-
Contributions subsequent to measurement		59,860	-	1,029	-
Total	\$	<u>247,136</u>	<u>254,066</u>	<u>4,248</u>	<u>4,368</u>

An amount of \$59,860 for governmental activities and \$1,029 for business-type activities is reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liabilities in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>		<u>Governmental Activities</u>	<u>Business-type Activities</u>
2023	\$	(36,935)	(635)
2024		(36,935)	(635)
2025		(36,935)	(635)
2026		(36,935)	(635)
2027		2,571	44
Thereafter		78,379	1,347

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

General Information about the OPEB Plan

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

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

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2022

IV. OTHER INFORMATION, Continued

Contributions - Premium rates are determined by the MPERS Board of Trustees to be actuarially sufficient to pay anticipated claims. The State of Maine is required to remit the total dollar amount of each year's annual required contribution. Contributions to the OPEB plan by the State of Maine on-behalf of the City were \$85,603 for the year ended June 30, 2022. Employers and employees are not required to contribute to the OPEB plan.

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

At June 30, 2022, the City reported no liability related to the plan. The State of Maine's proportionate share of the net OPEB liability associated with the City was \$365,432 as of June 30, 2022. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability was based on a projection of the City's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the City's proportion was 0.00%.

For the year ended June 30, 2022, the City recognized OPEB expense of \$85,603 and also revenues of \$85,603 for support provided by the State. At June 30, 2022, the City reported no deferred outflows of resources nor deferred inflows of resources related to the OPEB plan.

Actuarial Assumptions - The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	2.80%-13.03%
Investment rate of return	6.50%

Mortality rates were based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study conducted for the period June 30, 2016 to June 30, 2020.

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

Asset Class	Long-term Expected Real Rate of Return
Public equities	6.0%
Real estate	5.2%
Traditional credit	3.0%
US government securities	2.3%

IV. OTHER INFORMATION, Continued

Discount Rate - The rate used to measure the total OPEB liability for the plan was 6.50%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined. Based on this assumption, the OPEB plans fiduciary net position was projected to be available to make all projected OPEB payments for current and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

General Information about the OPEB Plan

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

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

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2022

IV. OTHER INFORMATION, Continued

Employees Covered by Benefit Terms – At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	248
Inactive employee entitled to but not yet receiving benefits	-
Active employees	488
Total	<u>736</u>

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

The City's total OPEB liability of \$10,538,108 was measured as of June 30, 2021, and was determined by an actuarial valuation as of June 30, 2020.

Changes in the Total OPEB Liability

Balance at June 30, 2021	\$ 10,379,667
Changes for the year:	
Service cost	158,111
Interest	229,536
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	75,509
Benefit payments	<u>(304,715)</u>
Net changes	<u>158,441</u>
Balance at June 30, 2022	<u>\$ 10,538,108</u>

Change of benefit terms reflects the implementation of the Medicare Advantage plan. Change in assumptions reflects a change in the discount rate from 2.21% to 2.16%.

For the year ended June 30, 2022, the City recognized an OPEB expense of \$212,969. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	602,383
Changes of assumption or other inputs	1,416,463	-
City contributions subsequent to measurement date	318,034	-
Total	<u>\$ 1,734,497</u>	<u>602,383</u>

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2022

IV. OTHER INFORMATION, Continued

\$318,034 is reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	<u>Governmental Activities</u>
2022	\$ 154,425
2023	154,424
2024	221,217
2025	136,611
2026	136,616
Thereafter	10,787

Actuarial Assumptions - The total OPEB liability in the June 30, 2020 actuarial valuation for the total OPEB liability was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Salary increases	2.75% per year
Discount rate	2.16% per annum
Healthcare cost trend rates - Pre-Medicare	6.21% for 2021 grading over 19 years to 3.25%
Healthcare cost trend rates - Medicare	0.00% for 2021 grading over 19 years to 3.25%
Retirees' share of the benefit related costs	55% of the blended premium rate with a State subsidy for the remaining 45% of the blended premium rate

Mortality rates were based on the 2010 Public Plan Teacher Benefits Weighted Healthy Retiree mortality table.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period June 30, 2015 through June 30, 2020.

Discount Rate - The rate used to measure the total OPEB liability was 2.16% per annum. Since the plan is pay as you go and is not funded, the discount rate was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2022

IV. OTHER INFORMATION, Continued

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the City's total OPEB liability calculated using the discount rate of 2.16%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.16%) or 1 percentage-point higher (3.16%) than the current rate:

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	\$ 12,229,557	10,538,108	9,166,924

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 9,004,238	10,538,108	12,462,998

F. Credit Enhancement Agreements

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

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

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2022

IV. OTHER INFORMATION, Continued

For the fiscal year ended June 30, 2022, the City remitted a total of \$640,190 in Credit Enhancement payments, including the following, each of which exceeded 10 percent of the total amount remitted:

<u>TIF district</u>	<u>Beginning; duration</u>	<u>CEA entity</u>	<u>CEA reimbursement basis</u>	<u>Amount paid during the fiscal year</u>
TIF 6 Tambrands II	2001; 30 Years	Tambrands, Inc.	40% on revenues within district	\$ 79,983 (12.49%)
TIF 13 Retail Development	2007; 15 years	Auburn Plaza, Inc.	30%-47% based on growth in value of the district	154,654 (24.16%)
TIF 14 & 15 Hart Transport	2007; 20 years	Auburn Plaza Inc	47% of 75% on revenues within district	138,342 (21.61%)

G. Prior Period Adjustments

In the current year, management determined that \$536,357 of loans receivables in the Community Development Programs fund had been erroneously excluded in the prior fiscal year.

	<u>Governmental Activities</u>	<u>Community Development Programs</u>
June 2021:		
Net position / fund balance as previously reported	\$ 80,893,549	1,697,863
<u>Change in loans receivables</u>	<u>536,357</u>	<u>536,357</u>
Net position / fund balance, as restated	\$ 81,429,906	2,234,220

CITY OF AUBURN, MAINE
Required Supplementary Information
June 30, 2022

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

PLD Plan

	<u>2022**</u>	<u>2021**</u>	<u>2020**</u>	<u>2019**</u>	<u>2018**</u>	<u>2017**</u>	<u>2016**</u>	<u>2015**</u>
City's proportion of the net pension liability (asset)	2.3824%	2.4741%	2.5370%	2.5645%	2.4465%	2.5764%	2.5871%	2.3477%
City's proportionate share of the net pension liability (asset)	\$ (765,625)	9,830,068	7,754,570	7,018,363	10,017,066	13,689,300	8,254,041	3,612,401
City's covered payroll	13,758,683	14,077,593	13,487,059	12,843,417	11,795,593	11,596,585	11,365,621	11,004,456
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(5.56%)	69.83%	57.50%	54.65%	84.92%	118.05%	72.62%	32.83%
Plan fiduciary net position as a percentage of the total pension liability(asset)	100.86%	88.35%	90.62%	91.14%	86.43%	81.61%	88.27%	94.10%

SET Plan

City's proportion of the net pension liability	0.0763%	0.0832%	0.0993%	0.1009%	0.1415%	0.1268%	0.1256%	0.1048%
City's proportionate share of the net pension liability	\$ 645,010	1,357,871	1,455,146	1,361,561	2,055,382	2,239,879	1,695,546	1,132,380
State's proportionate share of the net pension liability associated with the City	14,057,079	28,523,249	24,793,363	22,421,680	23,808,252	28,107,548	22,336,682	16,612,780

Total	\$ 14,702,089	29,881,120	26,248,509	23,783,241	25,863,634	30,347,427	24,032,228	17,745,160
City's covered payroll	\$ 23,545,854	22,661,814	21,617,516	21,652,573	21,537,377	20,107,822	20,044,945	18,692,477
City's proportionate share of the net pension liability as a percentage of its covered payroll	2.74%	5.99%	6.73%	6.29%	9.54%	11.14%	8.46%	6.06%
Plan fiduciary net position as a percentage of the total pension liability	90.90%	81.03%	82.73%	82.90%	80.78%	76.21%	81.18%	83.91%

* Only eight 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, 2022

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
PLD Plan									
Contractually required contribution	\$ 1,901,862	1,637,544	1,577,025	1,551,925	1,422,738	1,253,966	1,205,273	1,057,514	809,164
Contributions in relation to the contractually required contribution	(1,901,862)	(1,637,544)	(1,577,025)	(1,551,925)	(1,422,738)	(1,253,966)	(1,205,273)	(1,057,514)	(809,164)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
City's covered payroll	16,540,280	13,758,683	14,077,593	13,487,059	12,843,417	11,795,593	11,596,585	11,365,621	11,004,456
Contributions as a percentage of covered payroll	11.50%	11.90%	11.20%	11.51%	11.08%	10.63%	10.39%	9.30%	7.35%
SET Plan									
Contractually required contribution	\$ 929,488	979,508	942,731	858,216	859,607	723,656	675,623	531,203	495,351
Contributions in relation to the contractually required contribution	(929,488)	(979,508)	(942,731)	(858,216)	(859,607)	(723,656)	(675,623)	(531,203)	(495,351)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
City's covered payroll	\$ 24,205,427	23,545,854	22,661,814	21,617,516	21,652,573	21,537,377	20,107,822	20,044,945	18,692,477
Contributions as a percentage of covered payroll	3.84%	4.16%	4.16%	3.97%	3.97%	3.36%	3.36%	2.65%	2.65%

* Only nine years of information available.

CITY OF AUBURN, MAINE
Required Supplementary Information, Continued
June 30, 2022

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

		2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$	110,607	94,619	84,449	96,526	81,439
Interest		79,190	93,923	136,263	122,218	144,506
Changes of benefit terms		-	-	(84,028)	-	-
Differences between expected and actual experience		(235,679)	-	52,766	-	(178,552)
Changes of assumptions or other inputs		290,961	207,777	23,083	(305,301)	(183,140)
Benefit payments		(106,731)	(102,626)	(133,436)	(128,304)	(169,967)
Net change in total OPEB Liability		138,348	293,693	79,097	(214,861)	(305,714)
		<u>3,677,874</u>	<u>3,384,181</u>	<u>3,305,084</u>	<u>3,519,945</u>	<u>3,825,659</u>
Total OPEB liability - ending	\$	<u>3,816,222</u>	<u>3,677,874</u>	<u>3,384,181</u>	<u>3,305,084</u>	<u>3,519,945</u>
Covered-employee payroll	\$	11,045,990	11,051,932	11,051,932	11,209,262	11,209,262
Total OPEB liability as a percentage of covered-employee payroll		34.55%	33.28%	30.62%	29.49%	31.40%

* Only five years of information available.

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

		2022	2021	2020	2019	2018
City's proportion of the net OPEB liability		0.00%	0.00%	0.00%	0.00%	0.00%
City's proportionate share of the net OPEB liability	\$	-	-	-	-	-
State's proportionate share of the net OPEB liability associated with the City		365,432	761,280	708,166	659,905	598,566
Total	\$	<u>365,432</u>	<u>761,280</u>	<u>708,166</u>	<u>659,905</u>	<u>598,566</u>
Plan fiduciary net position as a percentage of the total OPEB liability		62.90%	49.51%	49.22%	48.04%	47.29%

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

CITY OF AUBURN, MAINE
Notes to Required Supplementary Information, Continued
June 30, 2022

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

	2022	2021	2020	2019
Total OPEB Liability				
Service cost	\$ 158,111	77,627	65,322	70,006
Interest	229,536	358,010	374,588	359,102
Changes of benefit terms	-	(866,736)	-	-
Differences between expected and actual experience	-	(843,337)	-	-
Changes of assumptions or other inputs	75,509	1,724,110	507,636	(400,753)
Benefit payments	(304,715)	(438,722)	(381,958)	(368,757)
Net change in total OPEB liability	158,441	10,952	565,588	(340,402)
Total OPEB liability - beginning	10,379,667	10,368,715	9,803,127	10,143,529
Total OPEB liability - ending	\$ 10,538,108	10,379,667	10,368,715	9,803,127
Covered-employee payroll	\$ 24,446,471	23,564,575	22,702,349	22,094,744
Total OPEB liability as a percentage of covered-employee payroll	43.1%	44.0%	45.7%	44.4%

* Only four years of information available.

CITY OF AUBURN, MAINE
Notes to Required Supplementary Information
June 30, 2022

Maine Public Employees Retirement System (Pension):

Changes of Benefit Terms - None

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

	<u>2022</u>	<u>2020</u>	<u>2018</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Discount rate – PLD	6.50%	6.75%	6.75%	6.875%	7.125%	7.250%	7.250%
Discount rate – SET	6.75%	6.75%	6.75%	6.875%	7.125%	7.125%	7.250%
Inflation rate	2.75%	2.75%	2.75%	2.75%	3.50%	3.50%	3.50%
Salary increases – PLD	2.75%- 11.48%	2.75% plus merit	2.75%- 9.00%	2.75%- 9.00%	3.50- 9.50%	3.50- 9.50%	3.50- 9.50%
Salary increases – SET	3.26%- 9.43%	2.75% plus merit	2.75%- 14.50%	2.75%- 14.50%	3.50- 13.50%	3.50- 13.50%	3.50- 13.50%
Cost of living increases – PLD	1.91%	1.91%	1.91%	2.20%	2.55%	3.12%	3.12%
Cost of living increases – SET	2.20%	2.20%	2.20%	2.20%	2.55%	2.55%	2.55%

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

Mortality rates:

In 2015, mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA. For years, 2016-2020 mortality rates were based on the RP2014 Total Data Set Healthy Annuitant Mortality Table. In 2021, Mortality rates were based on Based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC 2020 model.

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

Changes of Benefit Terms - None

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

Fiscal Year	Discount Rate
2018	6.875%
2019	6.750%
2022	6.500%

Mortality rates:

In 2018, for active members and non-disabled retirees of the teachers plan, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, were used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, were used. Starting 2021, Mortality rates were based on the 2010 Public Plan Teacher Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC 2020 model.

CITY OF AUBURN, MAINE
Notes to Required Supplementary Information, Continued
June 30, 2022

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

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

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

Fiscal Year	Discount Rate
2017	3.78%
2018	3.44%
2019	4.10%
2020	2.74%
2021	2.12%
2022	2.06%

Mortality rates:

In 2018 through 2021, mortality rates were based on the RP2014 total data set healthy annuitant mortality table. In 2022, mortality rates were based on the 2010 Public Plan General Benefits- Weighted Employee Mortality Table.

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

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

Changes of Benefit Terms – In 2021 the Trust introduced a new Medicare Advantage plan.

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

Fiscal Year	Discount Rate
2018	3.58%
2019	3.87%
2020	3.50%
2021	2.21%
2022	2.16%

Mortality rates:

2018 to 2020, mortality rates were based on the RP2014 Total Data Set Healthy Annuitant Mortality Table. In 2021 and going forward, mortality rates were based on the 2010 Public Plan Teacher Benefits Weighted Healthy Retiree Mortality Table.

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, 2022

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 6,460,193	-	6,460,193
Investments	408,388	269,639	678,027
Receivables:			
Accounts	9,569	-	9,569
Loans receivable	893,246	-	893,246
Intergovernmental	3,318,579	-	3,318,579
Prepaid expenditures	24,180	-	24,180
Inventory	51,161	-	51,161
Interfund receivable	8,190,740	-	8,190,740
Total assets	19,356,056	269,639	19,625,695
LIABILITIES			
Accounts payable	375,051	-	375,051
Accrued payroll	268,899	-	268,899
Unearned revenue	12,742,266	-	12,742,266
Interfund payable	2,618,895	3,318	2,622,213
Total liabilities	16,005,111	3,318	16,008,429
FUND BALANCES			
Nonspendable - inventory	51,161	-	51,161
Nonspendable - prepaid expenditures	24,180	-	24,180
Nonspendable - principal	-	69,475	69,475
Restricted	3,117,690	196,846	3,314,536
Committed	342,134	-	342,134
Unassigned	(184,220)	-	(184,220)
Total fund balances	3,350,945	266,321	3,617,266
Total liabilities and fund balances	\$ 19,356,056	269,639	19,625,695

CITY OF AUBURN, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
Revenues:			
Intergovernmental	\$ 10,867,788	-	10,867,788
Charges for services	1,099,001	-	1,099,001
Student activity fees and fundraisers	105,016	-	105,016
Other income	457,315	-	457,315
Interest income	32,200	753	32,953
Total revenues	12,561,320	753	12,562,073
Expenditures:			
Current:			
General government	1,253,033	-	1,253,033
Public safety	250,537	-	250,537
Health, welfare and recreation	463,418	-	463,418
Public works	346,710	-	346,710
Education	7,610,772	-	7,610,772
Food services	1,784,657	-	1,784,657
Student activities	174,094	-	174,094
Unclassified	-	1,478	1,478
Debt service	158,761	-	158,761
Total expenditures	12,041,982	1,478	12,043,460
Excess (deficiency) of revenues over (under) expenditures	519,338	(725)	518,613
Other financing sources (uses):			
Transfers out	2,200,711	-	2,200,711
Total other financing sources (uses)	2,200,711	-	2,200,711
Net change in fund balances	2,720,049	(725)	2,719,324
Fund balances, July 1	630,896	267,046	897,942
Fund balances, June 30	\$ 3,350,945	266,321	3,617,266

CITY OF AUBURN, MAINE
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2022

	City Special	Centralized School Lunch Program	School Activity Funds	School Special	211 Fairview	Parking	Parks and Recreation	Totals
ASSETS								
Cash and cash equivalents	\$ 6,008,037	388,849	63,307	-	-	-	-	6,460,193
Investment	408,388	-	-	-	-	-	-	408,388
Receivables:								
Accounts	3,629	-	-	5,940	-	-	-	9,569
Loans receivable	893,246	-	-	-	-	-	-	893,246
Intergovernmental	15,928	127,834	-	3,174,817	-	-	-	3,318,579
Prepaid expenditures	-	12,780	-	11,400	-	-	-	24,180
Inventory	-	51,161	-	-	-	-	-	51,161
Interfund receivable	7,468,286	440,299	290	-	-	47,861	234,004	8,190,740
Total assets	14,797,514	1,020,923	63,597	3,192,157	-	47,861	234,004	19,356,056
LIABILITIES								
Accounts payable	22,886	-	-	348,837	-	1,690	1,638	375,051
Accrued payroll	-	-	-	268,899	-	-	-	268,899
Unearned revenue	12,729,351	12,915	-	-	-	-	-	12,742,266
Interfund payable	938,477	-	-	1,680,418	-	-	-	2,618,895
Total liabilities	13,690,714	12,915	-	2,298,154	-	1,690	1,638	16,005,111
FUND BALANCES (DEFICITS)								
Nonspendable - inventory	-	51,161	-	-	-	-	-	51,161
Nonspendable - prepaid expenditures	-	12,780	-	11,400	-	-	-	24,180
Restricted	1,285,892	944,067	-	887,731	-	-	-	3,117,690
Committed	-	-	63,597	-	-	46,171	232,366	342,134
Unassigned	(179,092)	-	-	(5,128)	-	-	-	(184,220)
Total fund balances (deficits)	1,106,800	1,008,008	63,597	894,003	-	46,171	232,366	3,350,945
Total liabilities and fund balances (deficits)	\$ 14,797,514	1,020,923	63,597	3,192,157	-	47,861	234,004	19,356,056

CITY OF AUBURN, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2022

	City Special	Centralized School Lunch Program	School Activity Funds	School Special	211 Fairview	Parking	Parks and Recreation	Totals
Revenues:								
Intergovernmental	\$ 1,370,227	2,296,935	-	7,200,626	-	-	-	10,867,788
Charges for services	548	41,172	-	499,202	-	123,508	434,571	1,099,001
Student activity fees and fundraisers	-	-	105,016	-	-	-	-	105,016
Other income	146,200	-	-	311,115	-	-	-	457,315
Interest income	32,200	-	-	-	-	-	-	32,200
Total revenues	1,549,175	2,338,107	105,016	8,010,943	-	123,508	434,571	12,561,320
Expenditures:								
Current:								
General government	1,162,857	-	-	-	-	90,176	-	1,253,033
Public safety	250,537	-	-	-	-	-	-	250,537
Health, welfare and recreation	8,889	-	-	-	-	-	454,529	463,418
Public works	346,710	-	-	-	-	-	-	346,710
Education	-	-	-	7,610,772	-	-	-	7,610,772
Food services	-	1,784,657	-	-	-	-	-	1,784,657
Student activities	-	-	174,094	-	-	-	-	174,094
Debt service	158,761	-	-	-	-	-	-	158,761
Total expenditures	1,927,754	1,784,657	174,094	7,610,772	-	90,176	454,529	12,041,982
Excess (deficiency) of revenues over (under) expenditures	(378,579)	553,450	(69,078)	400,171	-	33,332	(19,958)	519,338
Other financing sources (uses):								
Transfers in/out	1,634,407	-	-	-	566,304	-	-	2,200,711
Total other financing sources (uses)	1,634,407	-	-	-	566,304	-	-	2,200,711
Net change in fund balances	1,255,828	553,450	(69,078)	400,171	566,304	33,332	(19,958)	2,720,049
Fund balances (deficits), July 1	(149,028)	454,558	132,675	493,832	(566,304)	12,839	252,324	630,896
Fund balances, June 30	\$ 1,106,800	1,008,008	63,597	894,003	-	46,171	232,366	3,350,945

CITY OF AUBURN, MAINE
Combined Balance Sheet
Nonmajor Permanent Funds
June 30, 2022

ASSETS	
Investments	\$ 269,639
Total assets	269,639
LIABILITIES	
Interfund payable	3,318
Total liabilities	3,318
FUND BALANCES	
Nonspendable - principal	69,475
Restricted	196,846
Total fund balances	266,321
Total liabilities and fund balances	\$ 269,639

CITY OF AUBURN, MAINE
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Permanent Funds
For the Year Ended June 30, 2022

Revenues:	
Interest income	\$ 753
Total revenues	753
Expenditures:	
Current:	
Miscellaneous	1,478
Total expenditures	1,478
Net change in fund balances	(725)
Fund balances, July 1	267,046
Fund balances, June 30	\$ 266,321

CUSTODIAL FUNDS

CITY OF AUBURN, MAINE
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2022

		RETC	AVEC	Total
ASSETS				
Intergovernmental receivables	\$	17,553	-	17,553
Interfund receivables		259,886	12,821	272,707
Total assets		277,439	12,821	290,260
LIABILITIES				
Accounts payable		914	-	914
Accrued payroll		42,183	-	42,183
Total liabilities		43,097	-	43,097
NET POSITION				
Restricted for:				
Individuals and organizations		234,342	12,821	247,163
Total net position	\$	234,342	12,821	247,163

CITY OF AUBURN, MAINE
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the year ended June 30, 2022

		RETC	AVEC	Total
ADDITIONS				
Contributions:				
Private contributions	\$	703,389	16,501	719,890
Total contributions		703,389	16,501	719,890
Total additions		703,389	16,501	719,890
DEDUCTIONS				
Recipient payments		470,522	15,514	486,036
Total deductions		470,522	15,514	486,036
Net increase (decrease) in fiduciary net position		232,867	987	233,854
Net position - beginning		1,475	11,834	13,309
Net position - ending	\$	234,342	12,821	247,163

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, 2022

	TIF 6 Tambrands II	TIF 9 Mall Area	TIF 10 Downtown Area	TIF 10 Downtown Omnibus	TIF 12 Auburn Industrial Park	TIF 13 Retail Developme	TIF 14 & 15 Auburn Mall	TIF 16 Webster School Housing	TIF 19 Hartt Transport	TIF 20 62 Spring Street	TIF 21 Minot Avenue	TIF 22 48 Hampshire Street	TIF 23 Auburn Memory Care Facility	TIF 24 Millbran LLC	TIF 25 Futurguard	Totals
Revenues:																
Other income	\$ -	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditures:																
Current:																
General government	79,983	-	-	17,613	-	154,654	138,342	30,525	32,644	59,152	25,243	42,092	41,518	18,147	277	640,190
Capital outlay	-	-	24,765	-	-	-	-	-	-	-	-	-	1,733	15,973	24,947	67,418
Debt service	-	-	303,929	-	230,043	-	452,732	-	-	-	-	-	139,996	-	-	1,126,700
Total expenditures	79,983	-	328,694	17,613	230,043	154,654	591,074	30,525	32,644	59,152	25,243	42,092	183,247	34,120	25,224	1,834,308
Excess (deficiency) of revenues over (under) expenditures	(79,983)	-	(328,694)	(17,613)	(230,043)	(154,654)	(591,074)	(30,525)	(32,644)	(59,152)	(25,243)	(42,092)	(183,247)	(34,120)	(25,224)	(1,834,308)
Other financing sources (uses):																
Transfers from other funds	199,957	457,661	836,268	17,613	164,715	329,052	443,099	30,525	32,644	59,152	50,486	84,185	118,622	36,906	6,479	2,867,364
Total other financing sources (uses)	199,957	457,661	836,268	17,613	164,715	329,052	443,099	30,525	32,644	59,152	50,486	84,185	118,622	36,906	6,479	2,867,364
Net change in fund balances (deficits)	119,974	457,661	507,574	-	(65,328)	174,398	(147,975)	-	-	-	25,243	42,093	(64,625)	2,786	(18,745)	1,033,056
Fund balances (deficits), beginning of year	(41,023)	348,613	(280,179)	10,289	(454,099)	281,096	(752,491)	-	(2,664)	1,121	24,999	41,968	97,739	11,128	(83,459)	(796,962)
Fund balances (deficits), end of year	\$ 78,951	806,274	227,395	10,289	(519,427)	455,494	(900,466)	-	(2,664)	1,121	50,242	84,061	33,114	13,914	(102,204)	236,094