

COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Auburn, Maine

For the year ended June 30, 2018



CITY OF AUBURN, MAINE

Finance Department

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended
June 30, 2018

Prepared By:
Finance and Management

CITY OF AUBURN, MAINE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2018

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INTRODUCTORY SECTION

City of Auburn, Maine

"Maine's City of Opportunity"

Financial Services



December 11, 2018

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

Ladies and Gentlemen:

The comprehensive annual financial report of the City of Auburn, Maine for the fiscal year ended June 30, 2018, is hereby submitted in accordance with the requirements of both our City Charter and State statutes. The Charter and statutes require that the City issue an annual report of its financial position and activity, and that this report be audited by an independent firm of certified public accountants. This is the fifteenth year that the City's Financial Services Department has prepared this report using the reporting requirements prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34. Responsibility for both the accuracy of the data presented, and the completeness and fairness of the presentation including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the City of Auburn on a government-wide and fund basis. All disclosures necessary to enable the reader to gain the maximum understanding of the City's activities have been included.

The City is required to undergo an annual single audit in conformity with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). The "single audit" is designed to meet the special needs of federal grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. Information related to this single audit, including a schedule of federal awards, findings, recommendations and the independent auditor's report on compliance for each major program and on internal control over compliance, is included in a separately issued single audit report entitled "Reports Required by *Government Auditing Standards* and the Uniform Guidance".

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Accounting Principles Generally Accepted in the United States of America (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Governmental Structure

The City of Auburn, incorporated in 1869, is located on the west bank of the Androscoggin River, in the south central section of the State and is the fifth largest City in the State of Maine. The City of Auburn continues to be a key area within the State in which industrial and commercial companies are investing. Auburn has a land area of 64 square miles and a population of 23,602. The City is empowered to levy a property tax on both real and personal property located within its boundaries.

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

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

Major Initiatives during Fiscal Year 2018

Economic Development

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

Opportunity Zones and the New Auburn Village Center Redevelopment Project.

In 2018 a census tract in New Auburn was designated as an Opportunity Zone. The purpose of this federal program is to encourage development and growth in Low-Income Community census tract areas, with the hope that this will stimulate the neighborhood and result in a higher quality of life for the residents.

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

Foreign Investment.

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

Foreign-Trade Zone.

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

Community Development Block Grant Program.

Several programs were re-adopted during the last budget process to aid residents with property improvements and to help the City rebuild and strengthen its neighborhoods including the STAR Business Loan Program and Neighborhood Challenge Grant Program. The City is leveraging CDBG funds and TIF funds to improve walkability and access to parking in downtown areas. The goals are to make Auburn a friendly and safe place that people want to live, work and play in. The City opened its' second Community Garden in one of our downtown neighborhoods over the summer.

Financial Management

The City is committed to ensuring sound financial management of the public's funds. This includes a five year Financial Plan, a five year Capital Improvement Plan, maintaining a sufficient fund balance, and adhering to the highest management standards. The City Council adopted a Fund Balance Policy in FY 2004, and updated it in FY 2011, to provide on-going guidance to elected officials to strengthen fund balance. City employees perform their daily work with guidance from these plans and policies. In FY 2016, the City Council passed a resolve to discontinue the use of fund balance over the next two years. For the FY 2018 budget, the use of fund balance was reduced by half, or \$412,500, and a similar reduction will be made in the FY 2019 budget.

Capital Improvements and Debt Service

The City maintains an ongoing five year Capital Improvement Plan (CIP) that serves as a tool for the Mayor and City Council to make strategic investments in the community. In fiscal year 2018, the Capital Improvement budget included \$4.80 million to fund street, sidewalk, infrastructure and drainage improvements; \$1.30 million to fund School Department capital projects and \$3.40 million for building improvements and equipment replacements. The City of Auburn maintains an "AA-" rating from Standard & Poor's and an Aa3 rating from Moody's for the City's general obligation debt.

Education 2018

Educational Excellence

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

As the 2017-18 school year came to a close, Auburn's school administration had started the task of "rebooting" its vision to "Vision 2030", affirming its commitment to meet the needs of all learners as we approach a new decade.

School Building Infrastructure and Fleet Improvements

New Edward Little High School: The 2017-18 school year concluded with a major milestone, as the Building Committee announced its recommendation that a new, state-funded high school be constructed on the existing site that has been the home of Edward Little High School (ELHS) since 1961. Beneath a banner declaring "Our Future is Here", the Building Committee made the announcement on June 29, 2018 at ELHS. This recommendation received approval from the State Board of Education on September 12, 2018.

After receiving approval for a new, state-funded high school in Fall 2016, Auburn School Department selected Harriman Associates to lead the District through the process, from site selection through opening of the new building (possibly as soon as the Fall of 2023). Harriman lead the Building Committee on an exhaustive evaluation of 47 potential sites across the city. The committee narrowed the number of sites to 5 and began a more thorough process of evaluating each site based upon parcel structure, site conditions, transit, proximity to utilities, overall cost and community priorities. By June, it was clear the existing site best matched the top 3 priorities as defined by members of the community:

1. Ability to have all athletic fields on one site
2. Proximity to population density
3. Ability to act as an economic draw to bring people to Auburn

In the 2018-19 school year, the Building Committee will continue its work with Harriman to develop programming, design the new building, and determine which locally-funded features to add to the project. Discussions have included a performing arts center, turf field, and full climate control of the building to facilitate year-round learning. The work will culminate with a referendum vote in 2019, in which the community will be asked to approve the project and allocate funds for the locally-funded options.

Auburn School Department also will continue its work with Lewiston School Department and the State Department of Education to offer new Career Technical Education (CTE) opportunities to its students at the new ELHS. As of September 2018, the State had begun approving CTE programs to be offered at ELHS as a "satellite" of the Lewiston Regional Technical Center, providing an array of new opportunities for Auburn students.

Infrastructure: Auburn School Department facilities are the property of the City of Auburn, and the Auburn School Department, as steward, maintains buildings and grounds. The School Department's facilities have a total replacement value of approximately \$95 million.

In Winter/Spring 2017, the School Department evaluated its Capital Improvement needs for the 17-18 school year and submitted for review and recommendation to the City Council requests totaling \$3,194,225 (which represents 3.3% of capital asset values). City Councilors approved and authorized \$1,300,000 in CIP Bond issuance for the School Department in their August 2017 Bond Issuance. This is a capital asset renewal of 1.4% of replacement value into school facilities infrastructure. Our goal has been to maintain at minimum 2% Facility Condition Index (FCI) to ensure facilities are kept in good working order to meet the needs of students and the community and not fall behind on needed maintenance and improvements. The School Department will continue to seek a minimum 2% FCI in future years.

The following projects were executed in the summer of 2017 with final project acceptance throughout the Fall of 2017:

- Auburn Middle School: Elevator upgrade & locker replacement
- Fairview Elementary School: new exterior doors
- Franklin School: Exterior masonry work
- Sherwood Heights: Bathroom refurbishing, new exterior doors & siding, partial roof replacement, tile floor and exterior masonry
- Support Services Building: Parking lot resurfacing
- Walton Elementary School: Exterior masonry work
- Washburn Elementary School: Tile floor and outdoor artificial turf play space

Transportation: The School Department continues the replacement of older school buses, with the assistance of the State Department of Education (DOE) Bus Purchase/Replacement program. The DOE Bus Purchase/Replacement program stipulates that school buses are eligible for replacement utilizing state funding when they reach 10 years of age and exceed 125,000 miles of service. The DOE Bus Purchase/Replacement program schedule allows the Auburn School Department to maintain a bus fleet in conformance with State DOE standards while utilizing all available state funding and maintaining a safe and dependable fleet.

Reimbursement from DOE is a direct allocation provided through state subsidy one year after purchase. In 2017-18, the School Department added three new 2019 model year school buses that were eligible for DOE funding under the program. One was an "addition to fleet" approved by DOE based on the department's needs upon bringing transportation back "in house" after 4 years of using a contracted service. The others (one handicapped-accessible) replaced 2000 and 2003 model year buses that had reached the end of their useful lives.

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

It is our intention to move the Auburn School Department bus fleet from diesel to propane fuel over the next 6 to 7 years, contingent on replacing at least 2 new buses each year (subject to State DOE approval and reimbursement). We now have 14 school buses that operate on propane-fired engines. Aside from producing an annual savings, we are lessening our greenhouse gas emissions and carbon footprint.

In the Spring of 2018, the School Department received a one-time approval to purchase 4 new, state-funded school buses as "additions to fleet" due to bringing transportation back in house. These buses were budgeted in the 2018-19 budget and ordered for delivery in the Fall of 2018. By taking advantage of this one-time opportunity, the School Department is in position to fulfill its goal of maintaining a safe, reliable, and environmentally friendly fleet.

On the Move: Fiscal Year 2019 Goals

The City of Auburn is currently experiencing an upswing in building construction for businesses, business expansions, new homes, and new apartment units. This is the best indication yet of the people and groups that are looking to Auburn as a place to live, work, and play. In the downtown alone are a mix of two market rate and workforce development projects that when completed will provide over 100 units, as well as space for a business in one of the complexes. In addition, in two other locations are another mixed market and workforce housing project, as well as a 100% market rate apartment project. This construction along with 20 new houses built in the last 5 years is an outstanding example of the continued resurgence of development for Auburn.

For the 2019 Fiscal Year, the budget supports the City's continued efforts to ensure that there is an adequate road and transportation network for economic commerce and the community's future growth. Significantly, the budget also includes funding for the development of a Strategic Plan to set goals and priorities for Auburn City Government on growth, quality of life, and investments in the future. The strategic planning will help the City to move forward with a full discussion of all available options, set goals for growing our economy and improving our quality of life, prioritize these goals, and define the investment strategy for achieving them.

Additionally, the City has taken further steps to have all things recreation be among the City government's highest priorities through a restructuring of the Norway Savings Bank Arena, the Recreation Department, and the Ingersoll Turf Facility into a new department called the Department of Recreation & Sports Facilities. This new department is headed by a Director of Recreation & Sports Tourism giving more emphasis to Sports Tourism and the importance of implementing the recommendations included in the 2018 Sports Tourism Study. Auburn is on the move!

Financial Information

The City's Financial Services Department is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure being used is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the costs of control procedures are weighed against the expected benefits to be derived, and that the evaluation of costs and benefits requires educated estimates and professional judgments by management. All of the City's internal accounting control evaluations occur within this framework.

As a recipient of federal, state, and local financial assistance, the City is also responsible for ensuring that adequate internal controls are in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management and the finance department staff of the City.

The City adopts fiscal year budgets that are established in accordance with the various laws that govern the City's operations as authorized by the Council. The budget is divided into monthly budget allocations based on expenditure expectations and on historical trends whenever possible. These allocations are reviewed monthly against actual expenditures, and variances are addressed in the financial report presented each month to the City Council. At mid-year, unless conditions dictate an earlier need, budgets are reviewed; year-end projections made, and adjustments to the financial plan considered and any necessary changes are legally adopted through the passage of an appropriation and revenue resolve.

Other Information

Independent Audit

State Statute and the City Charter require an annual audit of all financial records by independent certified public accountants. The audit of fiscal year 2018 was performed for the City Council by the firm of Runyon Kersteen Ouellette, PA, a firm of licensed Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Auburn, for the fiscal year ended June 30, 2018, are free of material misstatement.

The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluation of the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Auburn's financial statements for the fiscal year ending June 30, 2018, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Uniform Guidance. Auditing standards generally accepted in the United States of America and the standards set forth in the General Accounting Office's *Government Auditing Standards* were used by the auditors in conducting the engagement. The auditors' reports on internal controls and compliance with applicable laws and regulations can be found in a separately issued single audit report.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the year ended June 30, 2017. This was the twenty-fifth consecutive year that the City received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

Acknowledgments

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

Sincerely,

A handwritten signature in black ink that reads "Jill M Eastman". The signature is written in a cursive, flowing style.

Jill M Eastman
Finance Director



Government Finance Officers Association

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

Presented to

**City of Auburn
Maine**

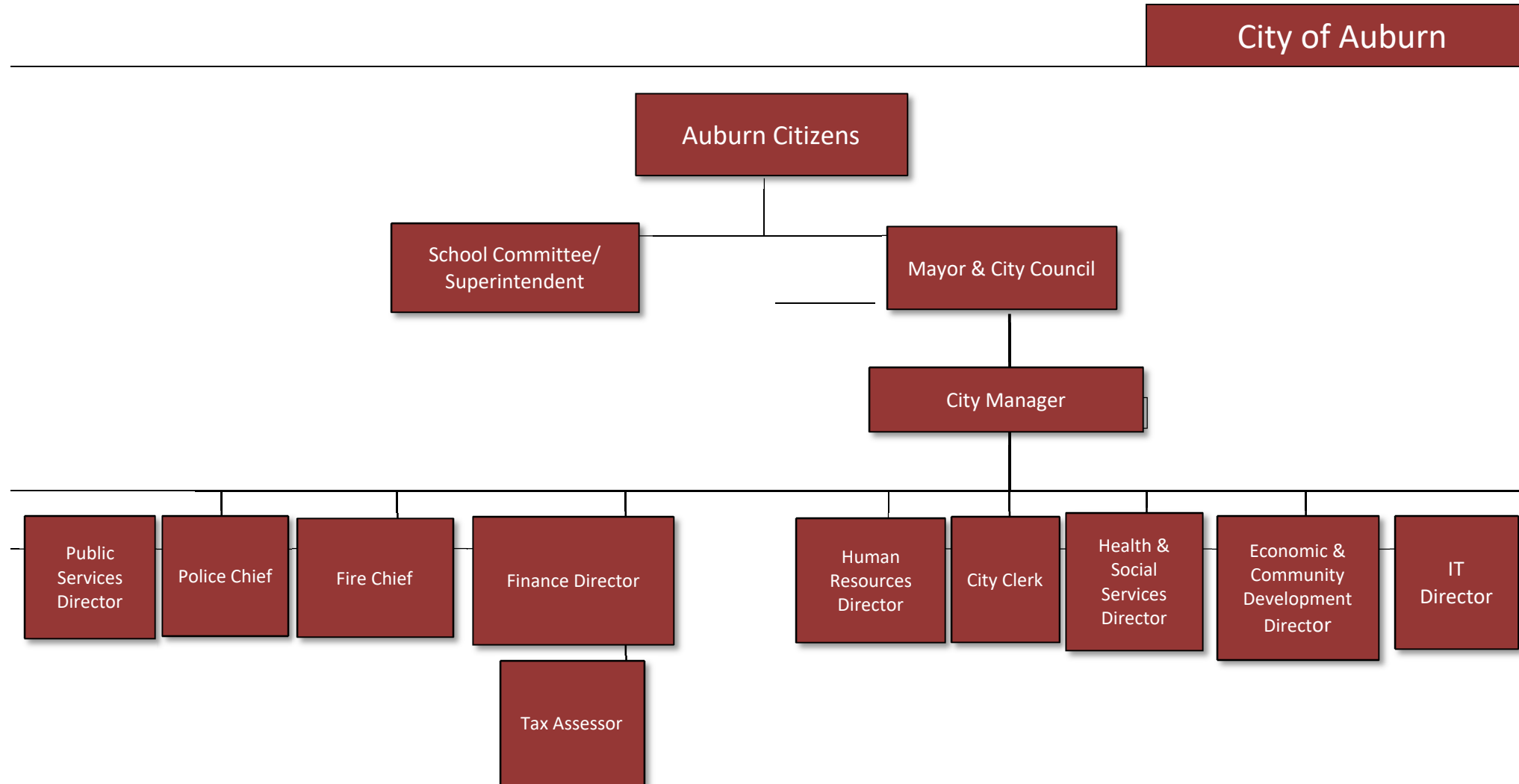
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

**ORGANIZATIONAL CHART
2018**



CITY OF AUBURN, MAINE

LIST OF ELECTED AND APPOINTED OFFICIALS

June 30, 2018

Elected Officials

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

Appointed Officials

| | |
|---|-------------------------|
| City Manager | Peter Crichton |
| Assistant City Manager | Denise Clavette |
| Finance Director | Jill M. Eastman |
| School Superintendent | Katherine Grondin |
| School Business Manager | Adam Hanson |
| City Clerk | Susan Clements-Dallaire |
| Tax Collector | Nancy Bosse |
| Assessor | Karen Scammon |
| Fire Chief | Robert Chase |
| Human Resources Director | Christine Mumau |
| Police Chief | Phil Crowell |
| Public Services Director | Dan Goyette |
| Recreation Director | Sabrina Best |
| Health & Social Services Director | Holli Olivier |
| Economic & Community Development Director | Michael Chamings |

FINANCIAL SECTION

Report of Independent Auditors

City Council
City of Auburn, Maine:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Auburn, Maine, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Auburn, Maine's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Auburn, Maine, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in the notes to the financial statements, in 2018, the City adopted new accounting guidance, *GASB No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

City Council
City of Auburn, Maine

The combining and individual fund statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2018, on our consideration of the City of Auburn, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Auburn, Maine's internal control over financial reporting and compliance.



December 11, 2018
South Portland, Maine

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2018

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, 2018. 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 \$78,067,271 (*net position*).
- The City of Auburn's total net position decreased by \$215,423.
- As of the end of the current fiscal year, the City of Auburn's governmental funds reported combined ending fund balances of \$22,450,904, an increase of \$68,667 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 \$9,644,275, or 12.38% of total General Fund expenditures (on a budgetary basis).
- The City of Auburn issued one bond for \$8,500,000 for its Capital Improvement Plan. The \$8,500,000 issuance will be used for the following projects: to fund the City's street, sidewalk and infrastructure improvements; purchase multiple pieces of heavy equipment; and for building improvements. Of the total \$8,500,000, \$1,163,158 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; food services; and interest on debt. The City has two business-type activities, Ingersoll Turf Facility and Norway Savings Bank Ice Arena. The government-wide financial statements can be found on pages 31-32 of this report.

Fund financial statements

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

Governmental funds

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

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

The City of Auburn maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Community Development Programs, Tax Increment Financing, Capital Projects Fund and City Special Revenue, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 33-38 of this report.

Proprietary funds

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

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

The basic proprietary fund financial statements can be found on pages 39-41 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of Auburn's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 42-43 of this report.

Notes to basic financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 44-80 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information and can be found beginning on page 81 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. The combining and individual fund statements and schedules can be found on pages 89-101 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Auburn, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$78,067,271 at the close of the most recent fiscal year.

City of Auburn's Net Position

| | Governmental Activities | | Business-type Activities | | Total | |
|-------------------------------------|----------------------------|-------------|-----------------------------|-----------|-------------|-------------|
| | 2018 | 2017* | 2018 | 2017* | 2018 | 2017* |
| Current and other assets | \$ 31,671,722 | 31,552,547 | (1,140,841) | (325,627) | 30,530,881 | 31,226,920 |
| Capital assets | 125,512,141 | 124,318,008 | 515,180 | 539,164 | 126,027,321 | 124,857,172 |
| Total assets | 157,183,863 | 155,870,555 | (625,661) | 213,537 | 156,558,202 | 156,084,092 |
| Deferred outflows of resources: | | | | | | |
| Related to pensions | 3,341,664 | 6,986,517 | 27,142 | 130,327 | 3,368,806 | 7,116,844 |
| Noncurrent liabilities | 73,044,518 | 73,472,464 | 181,101 | 310,650 | 73,225,619 | 73,783,114 |
| Other liabilities | 7,166,128 | 5,865,806 | 16,779 | 7,829 | 7,182,907 | 5,873,635 |
| Total liabilities | 80,210,646 | 79,338,270 | 197,880 | 318,479 | 80,408,526 | 79,656,749 |
| Deferred inflows of resources: | | | | | | |
| Deferred charge on refunding | 126,818 | 140,909 | - | - | 126,818 | 140,909 |
| Related to pensions | 991,668 | 659,708 | 11,221 | 15,736 | 1,002,889 | 675,444 |
| Related to OPEB | 315,878 | - | 5,626 | - | 321,504 | - |
| Total deferred inflows of resources | 1,434,364 | 800,617 | 16,847 | 15,736 | 1,451,211 | 816,353 |
| Net investment in capital assets | 80,738,742 | 80,283,459 | 515,180 | 539,164 | 81,253,922 | 80,822,623 |
| Restricted | 6,492,342 | 8,513,552 | - | 324,591 | 6,492,342 | 8,838,143 |
| Unrestricted | (8,350,567) | (6,078,826) | (1,328,426) | (854,106) | (9,678,993) | (6,932,932) |
| Total net position | \$ 78,880,517 | 82,718,185 | (813,246) | 9,649 | 78,067,271 | 82,727,834 |

*This table has not been restated for the effects of prior-period adjustments, including the implementation of Governmental Accounting Standards Board (GASB) 75.

By far, the largest portion of the City of Auburn's net position (104.08% or \$81,253,922) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding, and adding back any unspent bond proceeds. The City has made a conscious effort to continue its investment in long-term infrastructure improvements such as storm water separation, roadways, traffic improvements, sidewalks, facilities, and large equipment. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Auburn's net position (8.32%) represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted *net position* is a deficit of (\$9,678,993).

| City of Auburn's Changes in Net Position | | | | | | |
|--|-------------------------|-------------------|--------------------------|--------------|-------------------|-------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2018 | 2017* | 2018 | 2017* | 2018 | 2017* |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 3,378,694 | 3,703,524 | 1,132,476 | 1,383,077 | 4,511,170 | 5,086,601 |
| Operating grants and contributions | 31,862,806 | 29,573,666 | - | 1,388,744 | 31,862,806 | 30,962,410 |
| Capital grants and contributions | 315,234 | - | - | - | 315,234 | - |
| General revenues: | | | | | | |
| Property and other taxes | 50,260,659 | 48,765,867 | - | - | 50,260,659 | 48,765,867 |
| Grants and contributions not restricted to specific programs | 5,541,000 | 4,760,666 | - | - | 5,541,000 | 4,760,666 |
| Other | 116,653 | 154,977 | - | - | 116,653 | 154,977 |
| Total revenues | 91,475,046 | 86,958,700 | 1,132,476 | 2,771,821 | 92,607,522 | 89,730,521 |
| Expenses: | | | | | | |
| General government | 12,798,298 | 14,171,875 | - | - | 12,798,298 | 14,171,875 |
| Public safety | 10,164,734 | 10,180,500 | - | - | 10,164,734 | 10,180,500 |
| Health, welfare and recreation | 2,260,080 | 2,183,193 | - | - | 2,260,080 | 2,183,193 |
| Public works | 13,154,573 | 12,069,994 | - | - | 13,154,573 | 12,069,994 |
| Other agencies | 3,722,648 | 3,529,357 | - | - | 3,722,648 | 3,529,357 |
| Education | 46,840,880 | 44,423,602 | - | - | 46,840,880 | 44,423,602 |
| Interest on debt | 738,594 | 861,111 | - | - | 738,594 | 861,111 |
| Ingersoll Turf Facility | - | - | 172,462 | 159,278 | 172,462 | 159,278 |
| Norway Savings Bank Arena | - | - | 1,373,107 | 1,293,801 | 1,373,107 | 1,293,801 |
| Food services | 1,597,569 | - | - | 1,576,332 | 1,597,569 | 1,576,332 |
| Total expenses | 91,277,376 | 87,419,632 | 1,545,569 | 3,029,411 | 92,822,945 | 90,449,043 |
| Change in net position | 197,670 | (460,932) | (413,093) | (257,590) | (215,423) | (718,522) |
| Net position - July 1 - as restated | 78,682,847 | 83,179,117 | (400,153) | 267,239 | 78,282,694 | 83,446,356 |
| Net position - June 30 | \$ 78,880,517 | 82,718,185 | (813,246) | 9,649 | 78,067,271 | 82,727,834 |

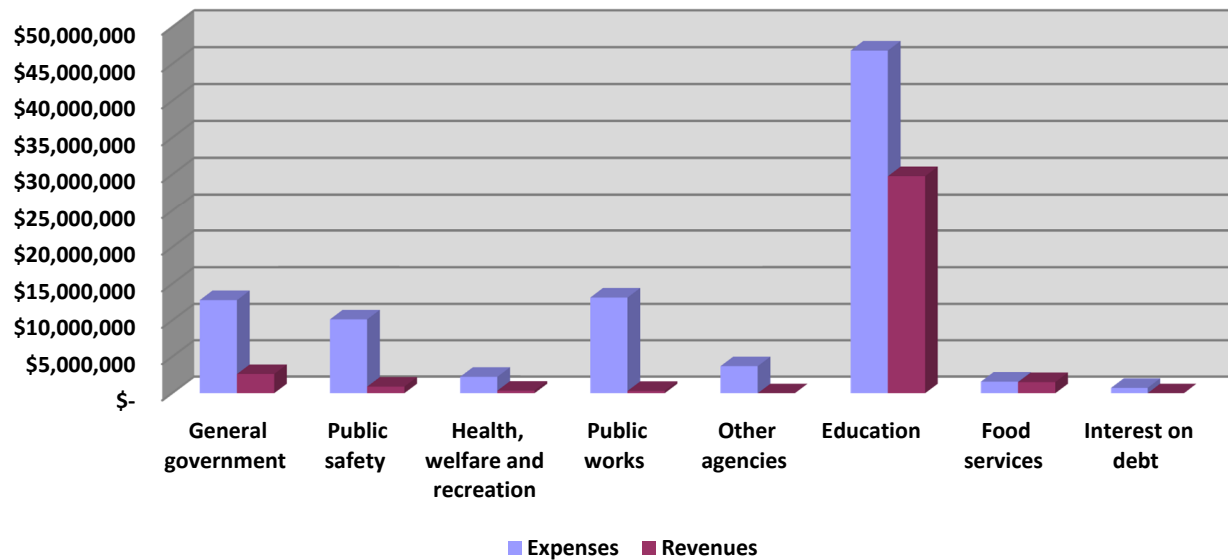
*This table has not been restated for the effects of prior-period adjustments, including the implementation of Governmental Accounting Standards Board (GASB) 75.

Governmental Activities

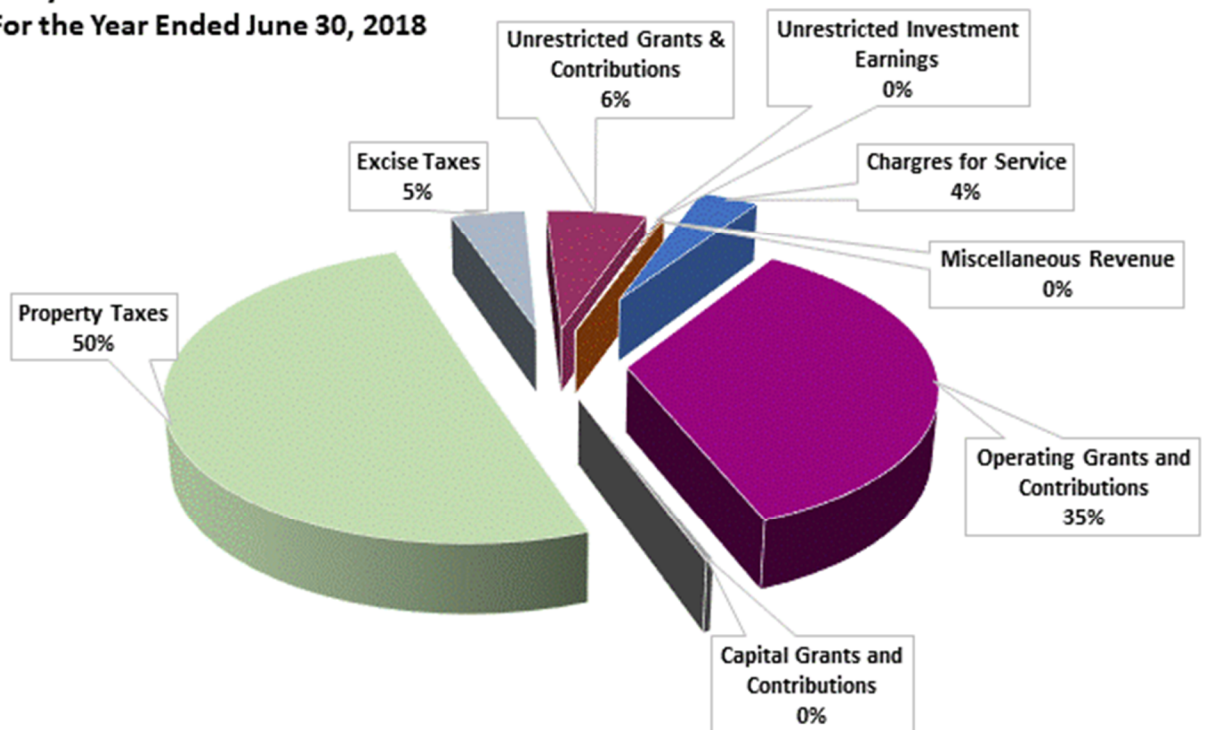
Governmental activities increased the City of Auburn's net position by \$197,670. Key elements of this decrease are as follows:

- The City received less in charges for services and operating grants and contributions during the current fiscal year.
- This decrease was partially offset by increases in property and other taxes (\$1,494,792) and Homestead and BETE exemptions (\$698,660).
- Total expenses increased by \$3,857,744 (4.41%) primarily due to the increase in public works and education expenses. Public works expenses increased primarily due to an increase in capital maintenance expenses as well as an increase in depreciation from capitalized assets.
- Additionally, in the current year, management chose to reclassify the school nutrition fund as a special revenue fund. It had previously been classified as an enterprise fund.

Expenses and Program Revenues -Governmental Activities For the Year Ending June 30, 2018



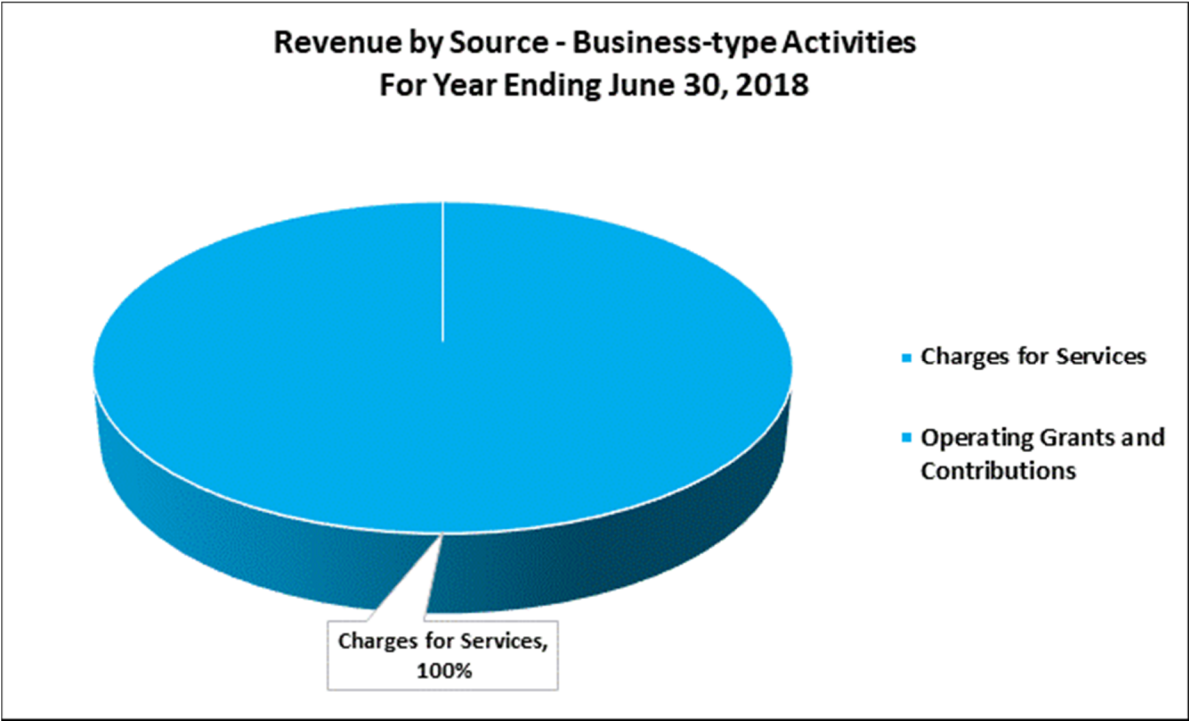
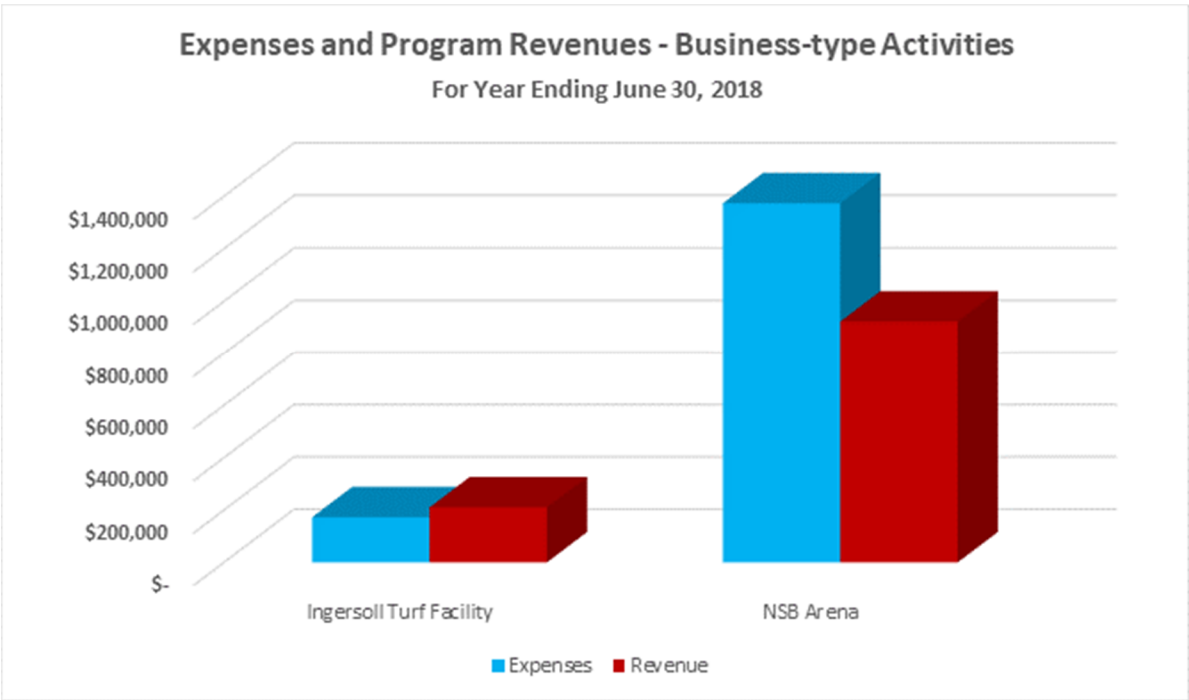
Revenue by Source-Governmental Activities For the Year Ended June 30, 2018



Business-type Activities

The City’s two business-type activities, its Ingersoll Turf Facility and Norway Savings Bank Arena decreased the City of Auburn’s net position by \$413,093.

Revenues for business-type activities decreased by \$1,639,345 or 59.14%. Expenses for business-type activities decreased by \$1,483,842 or 48.98%. In the current year, management chose to reclassify the school nutrition fund as a special revenue fund. It had previously been classified as an enterprise fund. Excluding the school nutrition fund, enterprise fund expenditures increased by \$92,490, primarily due to an increase in wages, benefits and utilities.



Financial Analysis of the Government's Funds

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

Governmental Funds

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

As of the end of the current fiscal year, the City of Auburn's governmental funds reported combined ending fund balances of \$22,450,904, an increase of \$68,667, in comparison with the prior year. This total consists of: General Fund, \$13,176,674; Community Development Programs Fund, \$2,643,305; Tax Increment Financing, (\$354,506); Capital Projects Fund, \$7,025,150; City Special Revenue Fund, (\$531,404), and Other Governmental Funds, \$491,685. These fund balances (deficits) are intended, and in some cases restricted, committed or assigned, for specific purposes.

The General Fund is the chief operating fund of the City of Auburn. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,780,670. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund budget. Unassigned fund balance represents 9.30% of the total General Fund's final budgeted expenditures of \$83,715,558 (includes budgeted transfers out) at June 30, 2018. The City Council adopted a Fund Balance Policy in June 2011, establishing a goal of having a General Fund unassigned fund balance equal to 12.5% of the City's municipal and school budgets. Rating agencies look favorably upon the establishment of fund balance policies by communities, which signifies the recognition that a healthy fund balance is imperative to the good financial standing of the community.

The Community Development Program Fund fund balance decreased by \$236,929. 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 fund balance decreased by \$104,609 due to capital expenditures and debt service payments.

The Capital Projects Fund fund balance decreased by \$388,641 which only represents a reduction of 5.24% of total fund balance from the prior year. Bond proceeds received in the current year were more than offset by capital and other expenditures, which led to the decrease in fund balance.

The City Special Revenue Fund fund balance decreased by \$185,448 due to the City expending grant funds received in the prior years, which exceeded reimbursements and revenues from current year grants.

Proprietary Funds

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

Unrestricted net position of the City's proprietary funds, which include Ingersoll Turf Facility and Norway Savings Bank Ice Arena, amounted to a deficit of (\$1,328,426). The total decrease in net position was \$413,093.

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 \$839,382. Contributing factors to this increase included:

- Property taxes were above budgetary projections by \$30,511, primarily due to increased collection efforts on delinquent taxes.
- Motor vehicle excise taxes were above budgetary projections by \$309,850.
- Licenses and permits were above budgetary projections by \$96,604, due to an increase in building permits.
- General government expenditures were under budget by \$1,034,234, due to savings in economic development, city manager, and facilities. There were vacant positions in economic development and city manager during the fiscal year. Facilities had savings in property and casualty insurance costs.
- Education expenditures were under budget by \$891,748 due to lower-than-expected regular instruction and facilities maintenance expenditures.
- Budgeted use of City and School surplus were used to offset the current year's expenditures and keep the mil rate down.

Capital Asset and Debt Administration

Capital Assets

The City of Auburn's investment in capital assets for its governmental and business-type activities as of June 30, 2018 amounts to \$126,027,679 (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 .99%. For more detail, refer to Capital Assets in the Detailed Notes for All Funds on pages 54-55

| City of Auburn's Capital Assets (net of depreciation) | | | | | | |
|--|----------------------------|--------------------|-----------------------------|----------------|--------------------|--------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Land | \$ 7,886,570 | 7,489,841 | - | - | 7,886,570 | 7,489,841 |
| Construction in progress | 7,024,763 | 2,882,768 | - | - | 7,024,763 | 2,882,768 |
| Buildings and improvements | 40,147,454 | 40,202,436 | 173,616 | 200,052 | 40,321,070 | 40,402,488 |
| Equipment | 1,624,043 | 1,756,657 | 341,564 | 271,737 | 1,965,607 | 2,028,394 |
| Vehicles | 4,486,164 | 3,875,460 | - | - | 4,486,164 | 3,875,460 |
| Infrastructure | 64,343,147 | 67,347,709 | - | - | 64,343,147 | 67,347,709 |
| Total capital assets | \$ 125,512,141 | 123,554,871 | 515,180 | 471,789 | 126,027,321 | 124,026,660 |

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

- Building improvements, such as masonry work, exterior doors and siding and flooring at multiple schools, as well as roof repairs totaled \$1,586,480.
- Public works replaced a multi use tractor (\$162,100), 2 plow trucks (\$358,546), 3 one ton trucks (\$107,137), as well as multiple pieces of equipment with a total value of \$133,837.
- The annual road reclamation and reconstruction projects totaled \$1,411,679.
- The School Department purchased three new school buses, three vans and two wagons, and a truck with a plow for a total cost of \$449,638.

Long-term Debt

At the end of the current fiscal year, the City of Auburn had total general obligation bonded debt outstanding, not including premiums, of \$48,883,662. 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 58-60.

| General Obligation Bonds | | | |
|----------------------------|------------|-----------------------------|------|
| Governmental Activities | | Business-type Activities | |
| 2018 | 2017 | 2018 | 2017 |
| \$ 48,883,662 | 48,634,394 | - | - |

During the current fiscal year, the City of Auburn's total bonded debt increased by \$249,268. The City issued general obligation bonds totaling \$8,500,000 for the annual capital improvement program for the City and School Department.

The City of Auburn maintained an "Aa3" rating from Moody's on October 27, 2016 and received an "AA-" rating from Standard & Poor's for its general obligation debt. Please refer to the agencies reports for a comprehensive explanation of its rating assessment.

State statutes limit the amount of general obligation debt a municipality may issue to 15 percent of its total state assessed valuation. The current debt limitation for the City of Auburn is \$297,255,000 that is significantly in excess of the City of Auburn's outstanding general obligation debt.

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

The City's property tax base has stabilized and the current outlook is that Auburn and the region are poised to make a strong rebound. The City continues to hold firm that pursuing further economic growth to increase the property tax base is the best way to sustain the quality of life and reduce the property tax burden. Over the past five years, there has been a steady increase in the number of approved permits from 804 in 2014 to 1,056 in 2018.

Property values have seemed to level off and there was a slight increase in total assessed value again for fiscal year 2019. The FY 2019 budget focused on maintaining the current level of services, infrastructure improvements and economic development and the need to increase the City's assessed value.

On the Move: Fiscal Year 2019 Goals

The City of Auburn is currently experiencing an upswing in building construction for businesses, business expansions, new homes, and new apartment units. This is the best indication yet of the people and groups that are looking to Auburn as a place to live, work, and play. In the downtown alone are a mix of two market rate and workforce development projects that when completed will provide over 100 units, as well as space for a business in one of the complexes. In addition, in two other locations are another mixed market and workforce housing project, as well as a 100% market rate apartment project. This construction along with 20 new houses built in the last 5 years is an outstanding example of the continued resurgence of development for Auburn.

For the 2019 Fiscal Year, the budget supports the City's continued efforts to ensure that there is an adequate road and transportation network for economic commerce and the community's future growth. Significantly, the budget also includes funding for the development of a Strategic Plan to set goals and priorities for Auburn City Government on growth, quality of life, and investments in the future. The strategic planning will help the City to move forward with a full discussion of all available options, set goals for growing our economy and improving our quality of life, prioritize these goals, and define the investment strategy for achieving them.

Additionally, the City has taken further steps to have all things recreation be among the City government's highest priorities through a restructuring of the Norway Savings Bank Arena, the Recreation Department, and the Ingersoll Turf Facility into a new department called the Department of Recreation & Sports Facilities. This new department is headed by a Director of Recreation & Sports Tourism giving more emphasis to Sports Tourism and the importance of implementing the recommendations included in the 2018 Sports Tourism Study. Auburn is on the move!

The Budget and Tax Rates

The City's Fiscal Year 2018-2019 budget has an expenditure increase of 3.89% and a tax levy increase of 0.99%. These increases were primarily due to an increase in operating expenses for both the municipal and school budgets and a increase in the State Subsidy for education in FY 2019. The use of fund balance had been used in previous years to help keep the tax rate increase lower. The City's fund balance policy requires the City to maintain a 12.5% unassigned fund balance in the general fund (12.5% of general fund expenditures). At the end of fiscal year 2015, it was noted that the City fell below this percentage and the FY 2019 budget continued addressing this issue. It should also be noted that in FY 2018 and FY 2017, the City's unassigned fund balance as a percentage of expenditures increased, and thus the City feels that by eliminating the use of fund balance in the coming years, the City will be back in line with policy.

Requests for Information

This financial report is designed to provide a general overview of the City of Auburn's financial condition for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director or City Manager, 60 Court Street, Auburn, Maine.

BASIC FINANCIAL STATEMENTS

CITY OF AUBURN, MAINE
Statement of Net Position
June 30, 2018

| | Governmental Activities | Business-type Activities | Total |
|--|----------------------------|-----------------------------|--------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 4,994,412 | 96,252 | 5,090,664 |
| Investments | 13,533,287 | - | 13,533,287 |
| Amounts held in escrow | 674,828 | - | 674,828 |
| Receivables: | | | |
| Accounts, net of allowance | 224,680 | 43,918 | 268,598 |
| Intergovernmental | 3,196,128 | - | 3,196,128 |
| Taxes receivable | 3,212,230 | - | 3,212,230 |
| Loans, net of allowance | 4,396,428 | - | 4,396,428 |
| Internal balances | 1,281,011 | (1,281,011) | - |
| Prepaid expenses | 126,330 | - | 126,330 |
| Inventories | 32,388 | - | 32,388 |
| Capital assets, not being depreciated | 14,911,333 | - | 14,911,333 |
| Capital assets, being depreciated, net | 110,600,808 | 515,180 | 111,115,988 |
| Total assets | 157,183,863 | (625,661) | 156,558,202 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows of resources - related to pensions | 3,341,664 | 27,142 | 3,368,806 |
| Total deferred outflows of resources | 3,341,664 | 27,142 | 3,368,806 |
| LIABILITIES | | | |
| Accounts payable and other current liabilities | 2,165,331 | 16,779 | 2,182,110 |
| Accrued payroll | 3,314,228 | - | 3,314,228 |
| Prepaid taxes | 166,885 | - | 166,885 |
| Unearned revenue | 1,519,684 | - | 1,519,684 |
| Noncurrent liabilities: | | | |
| Due within one year | 9,876,347 | - | 9,876,347 |
| Due in more than one year | 63,168,171 | 181,101 | 63,349,272 |
| Total liabilities | 80,210,646 | 197,880 | 80,408,526 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred charge on refunding | 126,818 | - | 126,818 |
| Deferred inflows of resources - related to pensions | 991,668 | 11,221 | 1,002,889 |
| Deferred inflows of resources related to OPEB | 315,878 | 5,626 | 321,504 |
| Total deferred inflows of resources | 1,434,364 | 16,847 | 1,451,211 |
| NET POSITION | | | |
| Net investment in capital assets | 80,738,742 | 515,180 | 81,253,922 |
| Restricted for: | | | |
| Permanent funds: | | | |
| Expendable | 69,475 | - | 69,475 |
| Nonexpendable | 190,367 | - | 190,367 |
| Other purposes: | | | |
| City Services | 952,222 | - | 952,222 |
| Education | 2,332,514 | - | 2,332,514 |
| Centralized School Lunch | 304,459 | - | 304,459 |
| Community Development Programs | 2,643,305 | - | 2,643,305 |
| Unrestricted | (8,350,567) | (1,328,426) | (9,678,993) |
| Total net position | \$ 78,880,517 | (813,246) | 78,067,271 |

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Activities
For the Year Ended June 30, 2018

| 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 | \$ 12,926,678 | 1,193,393 | 1,450,248 | - | (10,283,037) | - | (10,283,037) |
| Public safety | 10,164,734 | 782,884 | 128,480 | - | (9,253,370) | - | (9,253,370) |
| Health, welfare and recreation | 2,260,080 | 332,437 | 24,526 | - | (1,903,117) | - | (1,903,117) |
| Public works | 13,154,573 | - | - | 315,234 | (12,839,339) | - | (12,839,339) |
| Other agencies | 3,722,648 | - | - | - | (3,722,648) | - | (3,722,648) |
| Education | 46,840,880 | 846,164 | 28,952,835 | - | (17,041,881) | - | (17,041,881) |
| Food services | 1,597,569 | 223,816 | 1,306,717 | - | (67,036) | - | (67,036) |
| Interest on debt | 610,214 | - | - | - | (610,214) | - | (610,214) |
| Total governmental activities | 91,277,376 | 3,378,694 | 31,862,806 | 315,234 | (55,720,642) | - | (55,720,642) |
| Business-type activities: | | | | | | | |
| Ingersoll Turf Facility | 172,462 | 209,922 | - | - | - | 37,460 | 37,460 |
| Norway Savings Bank Arena | 1,373,107 | 922,554 | - | - | - | (450,553) | (450,553) |
| Total business-type activities | 1,545,569 | 1,132,476 | - | - | - | (413,093) | (413,093) |
| Total primary government | \$ 92,822,945 | 4,511,170 | 31,862,806 | 315,234 | (55,720,642) | (413,093) | (56,133,735) |
| General revenues, unrestricted: | | | | | | | |
| Property taxes, levied for general purposes | | | | | 45,998,747 | - | 45,998,747 |
| Motor vehicle excise taxes | | | | | 4,119,850 | - | 4,119,850 |
| Interest on delinquent taxes | | | | | 142,062 | - | 142,062 |
| Grants and contributions not restricted to specific programs: | | | | | | | |
| State Revenue Sharing | | | | | 1,535,468 | - | 1,535,468 |
| Homestead and BETE exemptions | | | | | 3,237,764 | - | 3,237,764 |
| Other State aid | | | | | 767,768 | - | 767,768 |
| Unrestricted investment earnings | | | | | 106,216 | - | 106,216 |
| Miscellaneous revenues | | | | | 10,437 | - | 10,437 |
| Total general revenues | | | | | 55,918,312 | - | 55,918,312 |
| Change in net position | | | | | 197,670 | (413,093) | (215,423) |
| Net position - beginning - as restated | | | | | 78,682,847 | (400,153) | 78,282,694 |
| Net position - ending | | | | | \$ 78,880,517 | (813,246) | 78,067,271 |

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Balance Sheet
Governmental Funds
June 30, 2018

| | General | Community Development Programs | Tax Increment Financing | Capital Projects | City Special | Other Governmental Funds | Total Governmental Funds |
|---|----------------------|--------------------------------------|----------------------------|------------------|------------------|--------------------------------|--------------------------------|
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 4,588,432 | - | - | - | - | 405,980 | 4,994,412 |
| Amounts held in escrow | 674,828 | - | - | - | - | - | 674,828 |
| Investments | 6,187,381 | - | 1,015,500 | 5,981,086 | 84,693 | 264,627 | 13,533,287 |
| Receivables: | | | | | | | |
| Taxes | 3,212,230 | - | - | - | - | - | 3,212,230 |
| Accounts, net of allowance | 268,590 | - | 85,968 | - | - | 15,200 | 369,758 |
| Loans, net of allowance | 799,439 | 2,426,923 | - | - | 1,170,066 | - | 4,396,428 |
| Intergovernmental | 747,267 | 1,758,864 | - | - | 67,935 | 622,062 | 3,196,128 |
| Inventory | - | - | - | - | - | 32,388 | 32,388 |
| Interfund receivables | 3,182,810 | - | - | 2,006,569 | - | 162,227 | 5,351,606 |
| Prepaid expenditures | 126,330 | - | - | - | - | - | 126,330 |
| Total assets | \$ 19,787,307 | 4,185,787 | 1,101,468 | 7,987,655 | 1,322,694 | 1,502,484 | 35,887,395 |
| LIABILITIES | | | | | | | |
| Accounts payable | 1,073,230 | 20,281 | - | 962,505 | 29,160 | 66,336 | 2,151,512 |
| Accrued payroll and benefits payable | 3,314,228 | - | - | - | - | - | 3,314,228 |
| Prepaid taxes | 166,885 | - | - | - | - | - | 166,885 |
| Escrow funds payable | 1,600 | 12,219 | - | - | - | - | 13,819 |
| Unearned revenue | - | 1,508,839 | - | - | - | 10,845 | 1,519,684 |
| Interfund payables | - | 1,143 | 1,455,974 | - | 1,824,938 | 933,618 | 4,215,673 |
| Total liabilities | 4,555,943 | 1,542,482 | 1,455,974 | 962,505 | 1,854,098 | 1,010,799 | 11,381,801 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Unavailable revenue - property taxes | 2,054,690 | - | - | - | - | - | 2,054,690 |
| Total deferred inflows of resources | 2,054,690 | - | - | - | - | - | 2,054,690 |
| FUND BALANCES (DEFICITS) | | | | | | | |
| Nonspendable - amounts held in escrow | 674,828 | - | - | - | - | - | 674,828 |
| Nonspendable - inventory | - | - | - | - | - | 32,388 | 32,388 |
| Nonspendable - prepaid expenditures | 126,330 | - | - | - | - | - | 126,330 |
| Nonspendable - long-term receivables | 799,439 | - | - | - | - | - | 799,439 |
| Nonspendable - principal | - | - | - | - | - | 69,475 | 69,475 |
| Restricted | 1,931,802 | 2,643,305 | - | - | - | 863,150 | 5,438,257 |
| Committed | - | - | - | 7,025,150 | - | 152,783 | 7,177,933 |
| Assigned | 1,863,605 | - | - | - | - | - | 1,863,605 |
| Unassigned | 7,780,670 | - | (354,506) | - | (531,404) | (626,111) | 6,268,649 |
| Total fund balances (deficits) | 13,176,674 | 2,643,305 | (354,506) | 7,025,150 | (531,404) | 491,685 | 22,450,904 |
| Total liabilities, deferred inflows of resources, and fund balances (deficits) | \$ 19,787,307 | 4,185,787 | 1,101,468 | 7,987,655 | 1,322,694 | 1,502,484 | |

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

| | |
|--|--------------|
| Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds. | 125,512,141 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | 2,054,690 |
| 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 | (49,021,130) |
| Capital leases payable | (1,590,004) |
| Unamortized debt premiums | (2,704,191) |
| Accrued compensated absences | (2,184,621) |
| Accrued self-insurance liability | (1,119,708) |
| Other postemployment benefits with related deferred inflows and outflows of resources | (3,774,224) |
| Net pension liability with related deferred inflows and outflows of resources | (9,602,951) |
| City pension liability | (300,253) |
| Deferred charge on refunding | (126,818) |
| Landfill postclosure care costs | (206,000) |
| Accrued interest on debt | (507,318) |

Net position of governmental activities

\$ 78,880,517

CITY OF AUBURN, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

| | General | Community Development Programs | Tax Increment Financing | Capital Projects | City Special | Other Governmental Funds | Total Governmental Funds |
|---|---------------|--------------------------------------|----------------------------|---------------------|-----------------|--------------------------------|--------------------------------|
| Revenues: | | | | | | | |
| Taxes | \$ 50,263,953 | - | - | - | - | - | 50,263,953 |
| Intergovernmental | 31,354,051 | 911,052 | - | - | 445,859 | 4,558,959 | 37,269,921 |
| Licenses and permits | 345,604 | - | - | - | - | - | 345,604 |
| Charges for services | 1,789,622 | - | - | - | 2,810 | 1,191,216 | 2,983,648 |
| Other income | 59,879 | 165,465 | - | - | 142,647 | 141,007 | 508,998 |
| Interest income | 64,962 | - | - | 37,502 | 1,911 | 1,841 | 106,216 |
| Total revenues | 83,878,071 | 1,076,517 | - | 37,502 | 593,227 | 5,893,023 | 91,478,340 |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| General government | 10,538,722 | 1,313,446 | 1,130,735 | - | 427,757 | 203,294 | 13,613,954 |
| Public safety | 9,792,661 | - | - | - | 154,827 | - | 9,947,488 |
| Health, welfare and recreation | 1,563,965 | - | - | - | 23,935 | 368,809 | 1,956,709 |
| Public works | 5,349,463 | - | - | - | 116,067 | - | 5,465,530 |
| Other agencies | 3,722,648 | - | - | - | - | - | 3,722,648 |
| Education | 43,882,191 | - | - | - | - | 3,839,839 | 47,722,030 |
| Food services | - | - | - | - | - | 1,597,569 | 1,597,569 |
| Unclassified | 257,783 | - | - | 194,093 | - | 1,236 | 453,112 |
| Capital outlay | 349,208 | - | 49,220 | 9,909,528 | - | - | 10,307,956 |
| Debt service | 6,213,645 | - | 994,457 | - | 116,089 | - | 7,324,191 |
| Total expenditures | 81,670,286 | 1,313,446 | 2,174,412 | 10,103,621 | 838,675 | 6,010,747 | 102,111,187 |
| Excess (deficiency) of revenues over (under) expenditures | 2,207,785 | (236,929) | (2,174,412) | (10,066,119) | (245,448) | (117,724) | (10,632,847) |
| Other financing sources (uses): | | | | | | | |
| Issuance of long-term debt | - | - | - | 8,500,000 | - | - | 8,500,000 |
| Issuance of capital leases | 1,024,036 | - | - | - | - | - | 1,024,036 |
| Premium on issuance of debt | - | - | - | 1,177,478 | - | - | 1,177,478 |
| Transfers to/from other funds | (2,120,787) | - | 2,069,803 | - | 60,000 | (9,016) | - |
| Total other financing sources (uses) | (1,096,751) | - | 2,069,803 | 9,677,478 | 60,000 | (9,016) | 10,701,514 |
| Net change in fund balances | 1,111,034 | (236,929) | (104,609) | (388,641) | (185,448) | (126,740) | 68,667 |
| Fund balances (deficits), beginning of year, as restated | 12,065,640 | 2,880,234 | (249,897) | 7,413,791 | (345,956) | 618,425 | 22,382,237 |
| Fund balances (deficits), end of year | \$ 13,176,674 | 2,643,305 | (354,506) | 7,025,150 | (531,404) | 491,685 | 22,450,904 |

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, 2018

| | | |
|---|----|--------|
| Net change in fund balances - total governmental funds (from Statement 4) | \$ | 68,667 |
|---|----|--------|

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

Governmental funds report capital outlays as expenditures.

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

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

| | |
|--|-------------|
| Capital outlays recorded as expenditures in governmental funds | 9,870,418 |
| Depreciation and losses on dispositions not reported in governmental funds | (7,913,147) |

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.

(3,294)

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

| | |
|---|-------------|
| Issuance of long-term debt | (8,500,000) |
| Issuance of capital leases | (1,024,036) |
| Principal payments on long-term debt and capital leases | 8,630,767 |
| Premium on issuance of debt | (1,177,478) |
| Amortization of bond premium | 291,139 |
| Deferred charge on refunding | 14,091 |

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

| | |
|---|-----------|
| Accrued compensated absences | (14,520) |
| Accrued self-insurance liability | (44,998) |
| Other postemployment benefits with related deferred inflows and outflows of resources | (15,514) |
| Net pension liability with related deferred inflows and outflows of resources | (215,570) |
| City pension liability | 125,874 |
| Landfill postclosure care costs | 139,924 |
| Accrued interest on debt | (34,653) |

| | | |
|--|-----------|----------------|
| Change in net position of governmental activities (see Statement 2) | \$ | 197,670 |
|--|-----------|----------------|

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, 2018

| | Budgeted Amounts | | Actual | Variance with final budget positive (negative) |
|-------------------------------|-------------------------|--------------|---------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes: | | | | |
| Real and personal property | \$ 45,971,530 | 45,971,530 | 46,002,041 | 30,511 |
| Excise and registrations | 3,810,000 | 3,810,000 | 4,119,850 | 309,850 |
| Interest on delinquent taxes | 150,000 | 150,000 | 142,062 | (7,938) |
| Total taxes | 49,931,530 | 49,931,530 | 50,263,953 | 332,423 |
| Intergovernmental: | | | | |
| State revenue sharing | 1,509,117 | 1,509,117 | 1,535,468 | 26,351 |
| School subsidy | 22,039,568 | 22,039,568 | 22,168,323 | 128,755 |
| Homestead | 1,015,000 | 1,015,000 | 1,084,829 | 69,829 |
| BETE | 2,000,000 | 2,000,000 | 2,152,935 | 152,935 |
| Other: | | | | |
| School Department | 312,694 | 312,694 | 372,779 | 60,085 |
| Tax sharing/in lieu of | 255,000 | 255,000 | 253,465 | (1,535) |
| Municipal | 923,907 | 923,907 | 767,768 | (156,139) |
| Total intergovernmental | 28,055,286 | 28,055,286 | 28,335,567 | 280,281 |
| Other revenue: | | | | |
| Licenses and permits | 249,000 | 249,000 | 345,604 | 96,604 |
| Charges for services: | | | | |
| Municipal | 1,968,124 | 1,968,124 | 1,435,386 | (532,738) |
| School | 499,050 | 499,050 | 352,564 | (146,486) |
| Fines, forfeits and penalties | 69,000 | 69,000 | 49,442 | (19,558) |
| Interest: | | | | |
| Municipal | 32,000 | 32,000 | 64,385 | 32,385 |
| Miscellaneous | 10,000 | 10,000 | 10,437 | 437 |
| Total other revenue | 2,827,174 | 2,827,174 | 2,257,818 | (569,356) |
| Total revenues | 80,813,990 | 80,813,990 | 80,857,338 | 43,348 |

CITY OF AUBURN, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balances -- Budget and Actual
For the Year Ended June 30, 2018

| | Budgeted Amounts | | Actual | Variance with final budget positive (negative) |
|--|-------------------------|--------------|---------------|---|
| | Original | Final | | |
| Expenditures: | | | | |
| General government: | | | | |
| Mayor and council | \$ 80,300 | 80,300 | 81,819 | (1,519) |
| Economic and community development | 1,717,028 | 1,793,116 | 1,019,589 | 773,527 |
| City manager | 581,170 | 581,170 | 475,192 | 105,978 |
| City clerk | 181,332 | 181,332 | 185,276 | (3,944) |
| Finance | 675,239 | 675,239 | 649,302 | 25,937 |
| Human resources | 156,887 | 156,887 | 147,874 | 9,013 |
| Information communication technology | 531,551 | 534,158 | 523,151 | 11,007 |
| Facilities | 640,201 | 650,015 | 544,805 | 105,210 |
| Worker's compensation (transfer to reserve) | 555,164 | 555,164 | 555,164 | - |
| Benefits and wage increases | 5,960,970 | 5,960,970 | 5,951,945 | 9,025 |
| Total general government | 11,079,842 | 11,168,351 | 10,134,117 | 1,034,234 |
| Public safety: | | | | |
| Fire | 4,227,575 | 4,232,086 | 4,515,808 | (283,722) |
| Fire EMS transport | 648,828 | 651,314 | 492,899 | 158,415 |
| Police | 4,043,998 | 4,055,512 | 4,137,918 | (82,406) |
| Water and sewer | 632,716 | 632,716 | 645,216 | (12,500) |
| Total public safety | 9,553,117 | 9,571,628 | 9,791,841 | (220,213) |
| Health, welfare and recreation: | | | | |
| Health and social services | 77,400 | 77,400 | 76,758 | 642 |
| Health and social services - public assistance | 143,470 | 143,470 | 147,779 | (4,309) |
| Recreation and special events | 388,581 | 388,581 | 341,239 | 47,342 |
| Library | 998,189 | 998,189 | 998,189 | - |
| Total health, welfare and recreation | 1,607,640 | 1,607,640 | 1,563,965 | 43,675 |
| Public services | | | | |
| Public services | 4,611,116 | 4,743,746 | 4,481,984 | 261,762 |
| Solid waste disposal | 964,118 | 964,118 | 867,479 | 96,639 |
| Total public services | 5,575,234 | 5,707,864 | 5,349,463 | 358,401 |
| Other agencies: | | | | |
| County tax | 2,296,224 | 2,296,224 | 2,296,224 | - |
| Auburn-Lewiston Airport | 167,800 | 167,800 | 167,353 | 447 |
| Lewiston-Auburn Transit Committee | 189,949 | 189,949 | 189,949 | - |
| Lewiston-Auburn E911 Center | 1,088,857 | 1,088,857 | 1,069,122 | 19,735 |
| Total other agencies | 3,742,830 | 3,742,830 | 3,722,648 | 20,182 |

CITY OF AUBURN, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balances -- Budget and Actual
For the Year Ended June 30, 2018

| | Budgeted Amounts | | Actual | Variance with final budget positive (negative) |
|--|-------------------------|--------------|----------------------|---|
| | Original | Final | | |
| Expenditures, continued: | | | | |
| Education | \$ 41,755,455 | 41,755,455 | 40,863,707 | 891,748 |
| Other appropriations: | | | | |
| Tax sharing | 270,000 | 270,000 | 257,783 | 12,217 |
| Debt service - principal | 5,389,667 | 5,389,667 | 5,399,265 | (9,598) |
| Debt service - interest and other | 976,866 | 976,866 | 814,380 | 162,486 |
| Emergency reserve | 415,454 | 415,454 | - | 415,454 |
| Total other appropriations | 7,051,987 | 7,051,987 | 6,471,428 | 580,559 |
| Total expenditures | 80,366,105 | 80,605,755 | 77,897,169 | 2,708,586 |
| Excess (deficiency) of revenues over (under) expenditures | 447,885 | 208,235 | 2,960,169 | 2,751,934 |
| Other financing sources (uses): | | | | |
| Transfers in from other funds | 1,342,536 | 1,342,536 | 989,016 | (353,520) |
| Transfers to other funds | (3,109,803) | (3,109,803) | (3,109,803) | - |
| Budgeted use of surplus - City | 412,500 | 412,500 | - | (412,500) |
| Use of carryforwards - City | - | 239,650 | - | (239,650) |
| Budgeted use of surplus - School | 906,882 | 906,882 | - | (906,882) |
| Total other financing sources (uses) | (447,885) | (208,235) | (2,120,787) | (1,912,552) |
| Net change in fund balance - budgetary basis | - | - | 839,382 | 839,382 |
| Fund balance, July 1 - budgetary basis | | | 12,908,511 | |
| Fund balance, June 30 - budgetary basis | | | 13,747,893 | |
| Reconciliation to GAAP basis: | | | | |
| Lease proceeds held in escrow | | | 674,828 | |
| Reserve funds deficit fund balance | | | (1,246,047) | |
| Fund balance, June 30 - GAAP basis | | | \$ 13,176,674 | |

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2018

| Business-type Activities - Enterprise Funds | | | |
|--|------------------------------------|--------------------------|---------------|
| | Ingersoll Turf Facility | NSB Ice Arena | Totals |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ - | 96,252 | 96,252 |
| Accounts receivable | - | 43,918 | 43,918 |
| Interfund receivables | 81,374 | - | 81,374 |
| Total current assets | 81,374 | 140,170 | 221,544 |
| Noncurrent assets: | | | |
| Capital assets: | | | |
| Land improvements | 18,584 | - | 18,584 |
| Buildings | 672,279 | 58,223 | 730,502 |
| Equipment | 119,673 | 514,998 | 634,671 |
| Less accumulated depreciation | (637,817) | (230,760) | (868,577) |
| Total noncurrent assets | 172,719 | 342,461 | 515,180 |
| Total assets | 254,093 | 482,631 | 736,724 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows of resources related to pensions | - | 27,142 | 27,142 |
| Total deferred outflows of resources | - | 27,142 | 27,142 |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts payable | 471 | 16,308 | 16,779 |
| Interfund payables | - | 1,362,385 | 1,362,385 |
| Total current liabilities | 471 | 1,378,693 | 1,379,164 |
| Noncurrent liabilities: | | | |
| Net OPEB liability | - | 61,599 | 61,599 |
| Net pension liability | - | 119,502 | 119,502 |
| Total noncurrent liabilities | - | 181,101 | 181,101 |
| Total liabilities | 471 | 1,559,794 | 1,560,265 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows of resources related to pensions | - | 11,221 | 11,221 |
| Deferred inflows of resources related to OPEB | - | 5,626 | 5,626 |
| Total deferred inflows of resources | - | 16,847 | 16,847 |
| NET POSITION | | | |
| Net investment in capital assets | 172,719 | 342,461 | 515,180 |
| Unrestricted | 80,903 | (1,409,329) | (1,328,426) |
| Total net position | \$ 253,622 | (1,066,868) | (813,246) |

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, 2018

| | Ingersoll Turf Facility | NSB Ice Arena | Totals |
|---|----------------------------|--------------------|------------------|
| Operating revenues: | | | |
| Charges for services | \$ 209,922 | 922,554 | 1,132,476 |
| Total operating revenue | 209,922 | 922,554 | 1,132,476 |
| Operating expenses: | | | |
| Personnel | 95,516 | 382,562 | 478,078 |
| Supplies | 19,560 | 69,563 | 89,123 |
| Utilities | 20,796 | 265,816 | 286,612 |
| Contracted services | 4,651 | 38,465 | 43,116 |
| Repairs and maintenance | 4,204 | 37,297 | 41,501 |
| Rent | - | 506,484 | 506,484 |
| Depreciation | 27,735 | 52,322 | 80,057 |
| Other expenses | - | 17,139 | 17,139 |
| Total operating expenses | 172,462 | 1,369,648 | 1,542,110 |
| Operating income (loss) | 37,460 | (447,094) | (409,634) |
| Nonoperating revenue (expense): | | | |
| Pension expense | - | (3,183) | (3,183) |
| OPEB expense | - | (276) | (276) |
| Total nonoperating expense | - | (3,459) | (3,459) |
| Change in net position | 37,460 | (450,553) | (413,093) |
| Total net position (deficit), July 1, as restated | 216,162 | (616,315) | (400,153) |
| Total net position (deficit), June 30 | \$ 253,622 | (1,066,868) | (813,246) |

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, 2018

| | Ingersoll Turf Facility | NSB Ice Arena | Totals |
|--|----------------------------|------------------|------------------|
| Cash flows from operating activities: | | | |
| Cash received from customers | \$ 209,922 | 902,357 | 1,112,279 |
| Cash paid to suppliers for goods and services | (49,142) | (925,407) | (974,549) |
| Cash paid to employees for services | (95,516) | (382,562) | (478,078) |
| Net cash provided by (used in) operating activities | 65,264 | (405,612) | (340,348) |
| Cash flows from noncapital financing activities: | | | |
| Net change in interfund loans | (32,216) | 500,719 | 468,503 |
| Net cash provided by (used in) noncapital financing activities | (32,216) | 500,719 | 468,503 |
| Cash flows from capital and related financing activities: | | | |
| Purchase of capital assets | (33,048) | (90,044) | (123,092) |
| Net cash used in capital and related financing activities | (33,048) | (90,044) | (123,092) |
| Net increase in cash and cash equivalents | - | 5,063 | 5,063 |
| Cash and cash equivalents, July 1 | - | 91,189 | 91,189 |
| Cash and cash equivalents, June 30 | - | 96,252 | 96,252 |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Operating income (loss) | 37,460 | (447,094) | (409,634) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Depreciation expense | 27,735 | 52,322 | 80,057 |
| (Increase) decrease in assets: | | | |
| Accounts receivable | - | (20,197) | (20,197) |
| Increase (decrease) in liabilities: | | | |
| Accounts payable | 69 | 9,357 | 9,426 |
| Total adjustments | 27,804 | 41,482 | 69,286 |
| Net cash provided by (used in) operating activities | \$ 65,264 | (405,612) | (340,348) |

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

| | Agency Funds | Private- purpose Trust Funds |
|--------------------------------------|-------------------------|---|
| ASSETS | | |
| Cash and cash equivalents | \$ 174,192 | 125,575 |
| Due from other governments | 33,121 | - |
| Interfund receivables | 161,070 | - |
| Total assets | 368,383 | 125,575 |
| LIABILITIES | | |
| Accounts payable | 1,055 | - |
| Accrued payroll and benefits payable | 57,723 | - |
| Interfund payables | - | 15,992 |
| Amounts held for others | 309,605 | - |
| Total liabilities | 368,383 | 15,992 |
| NET POSITION | | |
| Held in trust | \$ - | 109,583 |

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, 2018

| | Private- purpose Trust Funds |
|------------------------------|---|
| Additions: | |
| Interest income | \$ 11,115 |
| Total additions | 11,115 |
| Deductions: | |
| Scholarships | 8,889 |
| Total deductions | 8,889 |
| Change in net position | 2,226 |
| Net position - beginning | 107,357 |
| Net position - ending | \$ 109,583 |

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements
June 30, 2018

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, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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

The *City Special Revenue Fund* accounts for the revenues and expenditures of federal, State and local grants that are restricted by law or contractual agreement to specific purposes.

The government reports the following major enterprise funds:

The *Ingersoll Turf Facility Fund* accounts for the activities of the indoor turf facility. The Facility operates an indoor venue for residents, various youth organizations, senior organizations, and school teams. The Ingersoll Turf Facility opened in October 2015, and was created from the repurposing of the old Ingersoll Ice Arena.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Additionally, the City reports the following fund types:

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

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency Funds account for assets held by the City as an agent for individuals, private organizations, other governments and/or funds. The City of Auburn serves as an agent for the various school activity accounts as well as the RETC and AVEC programs.

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

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

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

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

1. Deposits and Investments

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

Investments are reported at fair value.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

2. Receivables and Payables

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

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

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

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

3. Inventories and Prepaid Items

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

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

4. Capital Assets

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

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. 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, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

| | |
|-------------------------------------|---------------|
| Vehicles | 3 – 15 years |
| Equipment | 5 – 15 years |
| Buildings and Building Improvements | 10 – 40 years |
| Improvements other than Buildings | 10 years |
| Infrastructure | 10 – 60 years |

5. Deferred Inflows and Outflows of Resources

In addition to assets and liabilities, the statement of net position and balance sheet will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time. The governmental funds only report a deferred inflow of resources, unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental activities have deferred outflows and inflows that relate to the net pension and OPEB liabilities, which include the City's contributions subsequent to the measurement date, which is recognized as a reduction of the net pension liability in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between City contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They also include the net difference between projected and actual earnings on 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, 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, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

9. Use of Estimates

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

10. Pensions

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2018, expenditures exceeded appropriation in the following general fund categories: Mayor and council, \$1,519; City clerk, \$3,944; Fire, \$283,722; Police, \$82,406; Water and sewer, \$12,500; Health and social services – public assistance, \$4,309; and Debt service – principal, \$9,598. In total, the City's expenditures were \$2,708,586 less than appropriations.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2018

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, Continued

C. Deficit Fund Equity

At June 30, 2018, the City had the following funds with a deficit fund balance/net position: Tax Increment Financing, \$354,506; City Special Revenue, \$531,404; 211 Fairview, \$566,304; Parking, \$47,430 and Norway Savings Bank Arena (Proprietary), \$1,066,868.

Additionally, within the City Special Revenue Fund, the following grants had deficit fund balances at June 30, 2018: Winter Festival, \$5,390.; Maine DOT, \$101,600; Homeland Security, \$110,031; Law Enforcement Training, \$7,638; HEAPP, \$4,995; Safe School/COPS, \$15,906; Work4ME-PAL, \$13,692; Project Canopy, \$421; 150th Celebration, \$3,155; Distracted Driving, \$10,736; Barker Mills Greenway, \$2,597; and EDI Grant, \$1,484,407.

These deficits are offset by fund balances in other grants and result in a net deficit in the City Special Revenue Fund as a whole at June 30, 2018 of \$531,404.

Revenue to offset the 211 Fairview deficit is expected from a future property sale in fiscal year 2018-2019 to Bedard Medical Equipment and Supplies. Future revenues and transfers from the General Fund are expected to fund the remaining deficit fund balances.

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

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

Additionally, certain on-behalf payments made by the State of Maine to the Maine Public Employees Retirement System (Maine PERS) for teachers and certain other School employees are not budgeted. Such on-behalf payments amounted to \$3,018,484 in 2018. These amounts have been included as intergovernmental revenue and an education expense/expenditure on Statement 2 and in the General Fund on Statement 4 (GAAP basis). There is no effect on net position/fund balance at the end of the year.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

1. Deposits

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2018, the City deposits amounted to \$18,923,718 with bank balances of \$20,030,223. The City does not have a deposit policy for custodial credit risk. None of the City's total bank balance was exposed to custodial credit risk.

2. Investments

Maine statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and certain corporate stocks and bonds. The City has an investment policy, adopted by the City Council in 1995, which further defines the investments in which the City's available funds are permitted to be invested. At June 30, 2018, all the City's investments were in money market accounts or certificates of deposits, both of which have been included above under the disclosure on deposits.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2018

III. DETAILED NOTES ON ALL FUNDS, Continued

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

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

| | |
|---|-----------------------------|
| Cash and cash equivalents: | |
| Governmental funds | \$ 4,994,412 |
| Proprietary funds | 96,252 |
| Fiduciary funds | 299,767 |
| <u>Investments - Governmental funds</u> | <u>13,533,287</u> |
| <u>Total deposits reported</u> | <u>\$ 18,923,718</u> |

B. Receivables

Receivables as of June 30, 2018, for the City's individual major funds, nonmajor funds and business-type enterprise funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

| | General Fund | Community Dev. Programs | TIF Fund | Enterprise Funds | City Special | Other Gov't Funds | Fiduciary Funds | Total |
|--------------------------------------|---------------------|-------------------------------|---------------|---------------------|------------------|-------------------------|--------------------|-------------------|
| Receivables: | | | | | | | | |
| Taxes | \$ 3,212,230 | - | - | - | - | - | - | 3,212,230 |
| Accounts | 468,434 | - | 85,968 | 43,918 | - | 15,200 | - | 613,520 |
| Loans | 799,439 | 5,106,555 | - | - | 1,170,066 | - | - | 7,076,060 |
| Intergovernmental | 747,267 | 1,758,864 | - | - | 67,935 | 622,062 | 33,121 | 3,229,249 |
| Gross receivables | 5,227,370 | 6,865,419 | 85,968 | 43,918 | 1,238,001 | 637,262 | 33,121 | 14,131,059 |
| Less: allowance for uncollectible | (199,844) | (2,679,632) | - | - | - | - | - | (2,879,476) |
| Total net receivables | \$ 5,027,526 | 4,185,787 | 85,968 | 43,918 | 1,238,001 | 637,262 | 33,121 | 11,251,583 |

Property taxes levied during fiscal year 2018 are recorded as receivables. The receivables collected during the fiscal year ended June 30, 2018 and during the 1st 60 days of fiscal year 2019 are recognized as revenues in the Governmental Funds, in fiscal year 2018. Receivables of \$2,054,690, 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 27, 2017 on the assessed values of real property as of April 1, 2017. Taxes were due September 15, 2017 and March 15, 2018. The assessed value of \$2,003,266,426 was 101% of the 2018 state valuation of \$1,981,700,000.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2018

III. DETAILED NOTES ON ALL FUNDS, Continued

The City is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$273,191 for the year ended June 30, 2018.

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, 2018 and 2017 levies:

| | <u>2018</u> | <u>2017</u> |
|---|---------------------|--------------------|
| Valuation: | | |
| Real property | \$1,869,652,126 | 1,852,057,439 |
| Personal property | 133,614,300 | 146,229,300 |
| Assessed value (less: exempt properties) | 2,003,266,426 | 1,998,286,739 |
| Tax rate (per \$1,000) | 22.99 | 22.35 |
| Commitment | 46,055,095 | 44,661,709 |
| Supplemental taxes assessed | 52,091 | 17,205 |
| | 46,107,186 | 44,678,914 |
| Less: | | |
| Collections and abatements | 44,117,930 | 43,627,568 |
| Receivable at June 30 | \$ 1,989,256 | 1,051,346 |
| Due date(s) | 9/15/17 3/15/18 | 9/15/16 3/15/17 |
| Interest rate charged on delinquent taxes | 7.0% | 7.0% |
| Collection rate | 95.69% | 97.65% |

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2018

III. DETAILED NOTES ON ALL FUNDS, Continued

D. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

| | Balance, Restated June 30, <u>2017</u> | <u>Increases</u> | <u>Decreases</u> | Balance June 30, <u>2018</u> |
|--|---|------------------|------------------|------------------------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 7,489,841 | 396,729 | - | 7,886,570 |
| Construction in progress | 2,882,768 | 5,891,290 | 1,749,295 | 7,024,763 |
| Total capital assets, not being depreciated | 10,372,609 | 6,288,019 | 1,749,295 | 14,911,333 |
| Capital assets, being depreciated: | | | | |
| Buildings and building improvements | 79,771,984 | 2,119,555 | - | 81,891,539 |
| Equipment | 6,693,695 | 225,212 | 24,800 | 6,894,107 |
| Vehicles | 11,057,232 | 1,575,248 | 1,102,307 | 11,530,173 |
| Infrastructure | 113,515,346 | 1,411,679 | - | 114,927,025 |
| Total capital assets being depreciated | 211,038,257 | 5,331,694 | 1,127,107 | 215,242,844 |
| Less accumulated depreciation for: | | | | |
| Buildings and building improvements | 39,569,548 | 2,174,536 | - | 41,744,084 |
| Equipment | 4,937,038 | 354,283 | 21,257 | 5,270,064 |
| Vehicles | 7,181,772 | 851,688 | 989,450 | 7,044,010 |
| Infrastructure | 46,167,637 | 4,416,241 | - | 50,583,878 |
| Total accumulated depreciation | 97,855,995 | 7,796,748 | 1,010,707 | 104,642,036 |
| Total capital assets being depreciated, net | 113,182,262 | (2,465,054) | 116,399 | 110,600,808 |
| Governmental activities capital assets, net | \$ 123,554,871 | 3,822,964 | 1,865,694 | 125,512,141 |

| | Balance, Restated June 30, <u>2017</u> | <u>Increases</u> | <u>Decreases</u> | Balance June 30, <u>2018</u> |
|---|---|------------------|------------------|------------------------------------|
| Business-type activities: | | | | |
| Capital assets, being depreciated: | | | | |
| Improvements other than buildings | \$ 18,584 | - | - | 18,584 |
| Buildings and building improvements | 730,502 | - | - | 730,502 |
| Equipment | 511,223 | 123,448 | - | 634,671 |
| Total capital assets being depreciated | 1,260,309 | 123,448 | - | 1,383,757 |
| Less accumulated depreciation for: | | | | |
| Improvements other than buildings | 18,584 | - | - | 18,584 |
| Buildings and building improvements | 530,450 | 26,436 | - | 556,886 |
| Equipment | 239,486 | 53,621 | - | 293,107 |
| Total accumulated depreciation | 788,520 | 80,057 | - | 868,577 |
| Total capital assets being depreciated, net | 471,789 | 43,391 | - | 515,180 |
| Business-type activities capital assets, net | \$ 471,789 | 43,391 | - | 515,180 |

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2018

III. DETAILED NOTES ON ALL FUNDS, Continued

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

Governmental activities:

| | |
|---|------------|
| General government | \$ 511,381 |
| Public safety | 444,920 |
| Public works, including depreciation of general infrastructure assets | 4,664,758 |
| Health, welfare and recreation | 292,311 |
| Education | 1,883,378 |

| | |
|--|----------------------------|
| <u>Total depreciation expense – governmental activities</u> | <u>\$ 7,796,748</u> |
|--|----------------------------|

Business-type activities:

| | |
|-------------------------------|-----------|
| Ingersoll Turf Facility | \$ 27,735 |
| Norway Savings Bank Ice Arena | 52,322 |

| | |
|---|-------------------------|
| <u>Total depreciation expense – business-type activities</u> | <u>\$ 80,057</u> |
|---|-------------------------|

E. Tax Increment Financing Districts

The City currently has nineteen tax increment financing (TIF) districts, thirteen of which were active during the year ended June 30, 2018. Two of the nineteen districts never became active, and six have expired, leaving thirteen active TIF districts (numbers 4 – 19 below, less #5, #7, #8, #11, #15 which is combined with #14, and #17). TIF #8 recorded a transfer out of \$30,000 to mostly close out the fund but is not an active TIF district. The objective of these TIF districts is to stimulate new investment in the community by financing, through various tax increment financing projects, various public improvements. Taxes derived from increased assessed valuation within the districts can be "captured" for approved uses. Expenditures in any given year may exceed captured values in that year as a result of balances available in TIF accounts from prior periods.

The following is a brief description of each:

#4 TAMBRANDS - This TIF was established in 1998 and encompasses 40 acres, all the value of which is represented by personal property. The original value was \$1,702,000. 100% of the tax revenue associated with increased value within the TIF is captured, 35% of which is used to fulfill the obligations under a credit enhancement agreement. During 2018, \$1,200,556 was captured, of which \$677,276 was recorded in the General Fund and \$523,280 was recorded in the TIF Fund. During 2018, \$1,190,642 was expended, of which \$677,276 was expended in the General Fund and \$513,366 was expended in the TIF Fund.

#6 TAMBRANDS II - This TIF was established in 2001 and encompasses 84 acres. The original value was \$520,900. 100% of the tax revenue associated with increased value within the TIF is captured, 40% of which is used to fulfill the obligations under a credit enhancement agreement. During 2018, \$124,379 was captured and recorded in the TIF Fund. During 2018, \$89,791 was expended in the TIF Fund.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2018

III. DETAILED NOTES ON ALL FUNDS, Continued

#9 Mall Area - This TIF was established in 2002 and amended in both 2006 and 2007. The TIF, as amended, encompasses 57.74 acres. The amended base value is \$5,956,300. 100% of the tax revenue associated with increased value within the TIF is captured and used for public improvements. During 2018, \$383,288 was captured and recorded in the TIF Fund, and \$530,796 was expended in the TIF Fund. The expenditures included balances from prior years that remained in the TIF Fund for future public improvements.

#10 The Downtown Area - This TIF was established in 2002 and amended in 2012, and encompasses 119.31 acres. The original value was \$83,577,800. 100% of the tax revenue associated with increased value within the TIF can be captured. During 2018, \$815,987 was captured and recorded in the TIF Fund. During 2018, \$783,503 was expended in the TIF Fund for public improvements.

#12 Auburn Industrial Park - This TIF was established in 2006 and encompasses 144 acres. The original value was \$334,200. 100% of the tax revenue associated with the increased value within the TIF is captured and will be dedicated to public improvements. During 2018, \$193,476 was captured and recorded in the TIF Fund, and \$180,874 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 2018, \$349,638 was captured and recorded in the TIF Fund. During 2018, \$309,402 was expended in the TIF Fund from current year captured and unexpended balances from prior years that remained in the TIF Fund for public improvements.

#14 & #15 Auburn Mall - This TIF was established in 2005 and encompasses 47.44 acres. The original value was \$12,719,900. 100% of the tax revenue associated with increased value within the TIF can be captured, 47% of which is used to fulfill the obligations under a credit enhancement agreement. During 2018, \$651,902 was captured, of which \$191,013 was recorded in the General Fund and \$460,889 was recorded in the TIF Fund. During 2018, \$657,741 was expended, of which \$191,013 was expended in the General Fund and \$466,728 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 2018, \$30,116 was captured and recorded in the TIF Fund, and \$30,128 was expended in the TIF Fund.

#18 Slap Shot LLC - This TIF was established in 2013 and encompasses 8.5 acres. The original value was \$1,564,100. For the first 5 years of the TIF, 100% of the tax revenue associated with increased value within the TIF will be captured and used to fulfill the obligations under a credit enhancement agreement. During 2018, \$137,960 was captured and recorded in the TIF Fund and \$138,021 was expended from the TIF Fund.

#19 Hartt Transport - This TIF was established in 2014 and encompasses 8.5 acres. The original value was \$1,278,600. 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 2018, \$30,790 was captured and recorded in the TIF Fund, and \$30,803 was expended in the TIF Fund.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2018

III. DETAILED NOTES ON ALL FUNDS, Continued

F. Interfund Receivables and Payables and Transfers

The composition of interfund balances as of June 30, 2018 is as follows:

| | <u>Interfund Receivables</u> | <u>Interfund Payables</u> | <u>Transfers In</u> | <u>Transfers Out</u> |
|-------------------------------|----------------------------------|-------------------------------|-------------------------|--------------------------|
| General Fund | \$ 3,182,810 | - | 989,016 | 3,109,803 |
| Community Dev. Programs | - | 1,143 | - | - |
| Tax Incrementing Financing | - | 1,455,974 | 3,049,803 | 980,000 |
| Capital Projects | 2,006,569 | - | - | - |
| City Special Revenue | - | 1,824,938 | 60,000 | - |
| Other Governmental Funds | 162,227 | 933,618 | - | 9,016 |
| Fiduciary Funds | 161,070 | 15,992 | - | - |
| Enterprise Funds: | | | | |
| Ingersoll Turf Facility | 81,374 | - | - | - |
| Norway Savings Bank Ice Arena | - | 1,362,385 | - | - |
| Totals | \$ 5,594,050 | 5,594,050 | 4,098,819 | 4,098,819 |

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

G. Construction Contracts and Other Commitments

The following is a list of the City's open contracts as of June 30, 2018:

| | <u>Contract Total</u> | <u>Percentage Complete</u> | <u>Billed to Date</u> | <u>Balance Remaining</u> |
|--------------------------|---------------------------|--------------------------------|---------------------------|------------------------------|
| South Main St Phase III | \$ 1,192,197 | 98.33% | 1,172,335 | 19,862 |
| 2017 Road Reclamation | 968,866 | 83.27% | 806,737 | 162,129 |
| Hampshire Street | 1,853,404 | 90.73% | 1,681,539 | 171,865 |
| Ash Landfill Forced Main | 347,852 | 76.35% | 265,570 | 82,282 |
| 2016 Reconstruction | 396,325 | 91.76% | 363,686 | 32,639 |
| 2017 Reconstruction | 1,211,851 | 90.28% | 1,094,076 | 117,775 |
| Sopers Mill Bridge | 187,835 | 93.09% | 174,859 | 12,976 |
| Lake St Reconstruction | 1,438,889 | 78.54% | 1,130,072 | 308,817 |
| 2018 Road Reconstruction | 864,856 | 16.48% | 142,555 | 722,301 |
| 2018 Road Reclamation | 821,305 | 77.02% | 632,587 | 188,718 |
| 2018 MPI Projects | 529,286 | 23.75% | 125,695 | 403,591 |

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2018

III. DETAILED NOTES ON ALL FUNDS, Continued

As discussed in note II.A, Budgetary Information, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

| | |
|--------------------------------|---------------------|
| General fund | \$ 325,359 |
| Community development programs | 55,178 |
| Special revenue funds | 168,742 |
| Capital project funds | 2,940,179 |
| Total | \$ 3,489,458 |

H. Long-term Debt

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities only. Currently, there are no general obligation bonds outstanding for business-type activities. On November 8, 2017, general obligation bonds totaling \$8,500,000 were issued and dedicated to the capital improvement program for the City and School Department.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds are generally issued as ten-year serial bonds with equal amounts of principal maturing each year. Additionally, Androscoggin County, who's bonded debt would be considered overlapping with the City of Auburn, had no outstanding debt at June 30, 2018. General obligation bonds and notes payable outstanding at June 30, 2018 are as follows:

| | <u>Issued</u> | <u>Original</u> | <u>Matures</u> | <u>Interest rate</u> | <u>Outstanding balance</u> |
|--------------------------|---------------|-----------------|----------------|----------------------|----------------------------|
| Bonds: | | | | | |
| General Obligation Bonds | 04/30/02 | \$ 6,000,000 | 11/01/22 | 3.05%-5.25% | 1,500,000 |
| General Obligation Bonds | 10/31/02 | 13,100,000 | 11/01/22 | 2.031%-5.031% | 2,050,000 |
| General Obligation Bonds | 10/30/08 | 6,430,000 | 09/01/18 | 3.25%-4.25% | 640,000 |
| QZAB | 01/14/11 | 1,000,000 | 01/14/20 | 0.14% | 200,000 |
| General Obligation Bonds | 10/15/09 | 5,500,000 | 09/01/19 | 2.00%-3.50% | 1,100,000 |
| General Obligation Bonds | 11/01/10 | 7,900,000 | 09/01/20 | 2.00%-2.50% | 2,370,000 |
| General Obligation Bonds | 11/01/11 | 4,500,000 | 09/01/21 | 2.00%-2.75% | 1,800,000 |
| QZAB | 07/13/12 | 1,057,323 | 07/13/22 | 4.40% | 528,662 |
| General Obligation Bonds | 09/27/12 | 13,835,000 | 09/01/27 | 2.00%-4.50% | 9,285,000 |
| General Obligation Bonds | 11/01/13 | 5,625,000 | 09/01/27 | 2.00%-3.00% | 3,365,000 |
| General Obligation Bonds | 10/30/14 | 6,800,000 | 09/01/28 | 2.00%-4.00% | 4,760,000 |
| General Obligation Bonds | 11/05/15 | 5,700,000 | 09/01/29 | 2.00% | 4,560,000 |
| General Obligation Bonds | 03/10/16 | 4,250,000 | 09/01/26 | 2.00-4.00% | 3,705,000 |
| General Obligation Bonds | 11/15/16 | 5,030,000 | 09/01/26 | 3.00% | 4,520,000 |
| General Obligation Bonds | 11/08/17 | 8,500,000 | 09/01/27 | 4.00-5.00% | 8,500,000 |
| Bonds payable | | | | | 48,883,662 |

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2018

III. DETAILED NOTES ON ALL FUNDS, Continued

Notes:

| | | | | | |
|-----------------------|----------|------------|----------|-------|---------|
| School Revolving Loan | 01/07/11 | \$ 435,158 | 07/01/20 | 0.00% | 123,963 |
| School Revolving Loan | 09/13/13 | 67,525 | 09/13/18 | 0.00% | 13,505 |
| Notes payable | | | | | 137,468 |

Total bonds and notes payable \$ 49,021,130

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

| Year Ending <u>June 30,</u> | <u>Bonds Payable</u> | | <u>Notes Payable</u> | | <u>Capital Leases</u> | |
|--------------------------------|----------------------|------------------|----------------------|-----------------|-----------------------|-----------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2019 | \$ 8,455,732 | 1,516,721 | 57,962 | - | 182,814 | 29,902 |
| 2020 | 7,840,732 | 1,246,273 | 44,456 | - | 165,382 | 44,143 |
| 2021 | 7,235,733 | 991,665 | 35,050 | - | 170,528 | 38,996 |
| 2022 | 6,440,732 | 747,927 | - | - | 175,835 | 33,689 |
| 2023 | 5,580,733 | 522,779 | - | - | 181,308 | 28,217 |
| 2024-2028 | 13,330,000 | 862,797 | - | - | 714,137 | 61,065 |
| Total | \$ 48,883,662 | 5,888,162 | 137,468 | - | 1,590,004 | 236,012 |

For the year ended June 30, 2018, interest expense of the General Fund was \$814,380.

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, 2018, the statutory limit for the City was \$297,255,000. The City's outstanding long-term debt of \$48,883,662 at June 30, 2018 was \$248,371,338 less than the statutory limit.

The City has entered into several lease agreements as lessee for financing the acquisition of vehicles and various HVAC equipment at the City's schools. These leases qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of future minimum lease payments as of the date of its inception. At June 30, 2018, the amount capitalized under capital leases totals \$2,377,061.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2018

III. DETAILED NOTES ON ALL FUNDS, Continued

Changes in General Long-term Liabilities. Long-term liability activity for the year ended June 30, 2018 was as follows:

| | <u>Beginning Balance, Restated</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|----------------------------------|--|-------------------|-------------------|---------------------------|--------------------------------|
| Governmental activities: | | | | | |
| Bonds payable | | | | | |
| General obligation bonds | \$ 48,634,394 | 8,500,000 | 8,250,732 | 48,883,662 | 8,455,732 |
| Premium | 1,817,852 | 1,177,478 | 291,139 | 2,704,191 | 291,139 |
| Total bonds payable | 50,452,246 | 9,677,478 | 8,541,871 | 51,587,853 | 8,746,871 |
| Notes payable | 211,608 | - | 74,140 | 137,468 | 57,962 |
| Capital leases payable | 871,863 | 1,024,036 | 305,895 | 1,590,004 | 182,814 |
| Accrued compensated absences | 2,170,101 | 91,345 | 76,825 | 2,184,621 | 109,231 |
| Accrued self-insurance liability | 1,074,710 | 932,444 | 887,446 | 1,119,708 | 157,175 |
| Other postemployment benefits | 3,758,710 | - | 300,364 | 3,458,346 | - |
| City pension liability | 426,127 | - | 125,874 | 300,253 | 67,975 |
| Net pension liability | 15,767,219 | - | 3,814,273 | 11,952,946 | - |
| Landfill postclosure care costs | 345,924 | - | 139,924 | 206,000 | 47,000 |
| Accrued interest on debt | 472,667 | 34,652 | - | 507,319 | 507,319 |
| Governmental activities | | | | | |
| long-term liabilities | \$ 75,551,175 | 11,759,955 | 14,266,612 | 73,044,518 | 9,876,347 |
| Business-type activities: | | | | | |
| Net pension liability | 161,960 | - | 42,458 | 119,502 | - |
| Other postemployment benefits | 66,949 | - | 5,350 | 61,599 | - |
| Business-type activities | | | | | |
| long-term liabilities | \$ 228,909 | - | 47,808 | 181,101 | - |

General fund and special revenue accounts have been used to liquidate the liability for compensated absences, landfill postclosure care cost, net pension obligation, and other postemployment benefits for governmental activities.

I. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of bonds, notes payable and capital leases payable and adding back any unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City, through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2018

III. DETAILED NOTES ON ALL FUNDS, Continued

The City's net investment in capital assets was calculated as follows at June 30, 2018:

| <u>Governmental</u> | <u>Business-type</u> | |
|---|----------------------|----------------|
| Capital assets | \$ 230,154,177 | 1,383,757 |
| Accumulated depreciation | (104,642,036) | (868,577) |
| Bonds payable | (48,883,662) | - |
| Notes payable | (137,468) | - |
| Capital leases payable | (1,590,004) | - |
| Unamortized debt premium | (2,704,191) | - |
| Unspent bond proceeds | 7,754,804 | - |
| Unspent capital lease proceeds | 674,828 | - |
| Non-capital related - unamortized debt premium | 112,294 | - |
| Total net investment in capital assets | \$ 80,738,742 | 515,180 |

J. Fund Balances

As of June 30, 2018, fund balances components consisted of the following:

| | <u>General Fund</u> | <u>Other Governmental Funds</u> | <u>Total</u> |
|--------------------------------|-------------------------|---|-------------------|
| Nonspendable: | | | |
| Long-term receivables | \$ 799,439 | - | 799,439 |
| Amounts held in escrow | 674,828 | - | 674,828 |
| Inventory | - | 32,388 | 32,388 |
| Prepaid expenditures | 126,330 | - | 126,330 |
| Principal for permanent funds | - | 69,475 | 69,475 |
| Total nonspendable | 1,600,597 | 101,863 | 1,702,460 |
| Restricted: | | | |
| Education | 1,931,802 | 672,783 | 2,604,585 |
| Community development programs | - | 2,643,305 | 2,643,305 |
| Permanent funds | - | 190,367 | 190,367 |
| Total restricted | 1,931,802 | 3,506,455 | 5,438,257 |
| Committed: | | | |
| Parks and recreation | - | 152,783 | 152,783 |
| Capital projects | - | 7,025,150 | 7,025,150 |
| Total committed | - | 7,177,933 | 7,177,933 |
| Assigned: | | | |
| Subsequent budget | 412,500 | - | 412,500 |
| Reserves | 6,038 | - | 6,038 |
| Self-insurance | 1,119,708 | - | 1,119,708 |
| Encumbrances | 325,359 | - | 325,359 |
| Total assigned | 1,863,605 | - | 1,863,605 |
| Unassigned | 7,780,670 | (1,512,021) | 6,268,649 |
| Total fund balance | \$ 13,176,674 | 9,274,230 | 22,450,904 |

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2018

III. DETAILED NOTES ON ALL FUNDS, Continued

K. Landfill Postclosure Care Costs

State and federal laws require that the City place a final cover on its landfills when waste is no longer accepted and perform certain maintenance and monitoring functions at the sites for thirty years after closure. In addition to operating expenditures related to current activities of the landfill, a liability for the post-closure care costs are recorded in the governmental activities on the statement of net position (Statement 1).

The \$206,000 reported as landfill post-closure care liability at June 30, 2018 represents the estimated liability for post-closure care costs at that date. The cost is comprised of \$104,000 for post-closure care costs (8 years) for a brush landfill that stopped accepting debris during fiscal year 1996. The additional cost of \$102,000 represents the estimated future post-closure care cost (3 years) of a previously closed ash landfill.

The estimated total cost of landfill post-closure care of \$206,000 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, 2018. 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, 2018.

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, 2018, the City incurred new claims of \$932,444, but the City paid \$887,446 in actual claims during the fiscal year.

The City purchases commercial insurance for claims in excess of coverage provided by the self-insurance program and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. All departments of the City participate in the program and the General Fund budget is based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for estimated future payment of incurred losses. The total liability of \$1,119,708 reported in the Statement of Net Position is based on the requirements of the Governmental Accounting Standards Board, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statement and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. A discount rate of 4.5% has been used in calculating the liability.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2018

IV. OTHER INFORMATION, Continued

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

| | Fiscal Year <u>2018</u> | Fiscal Year <u>2017</u> |
|--|----------------------------|----------------------------|
| Unpaid claims as of July 1 | \$ 1,074,710 | 1,193,689 |
| Incurred claims (including claims incurred but not reported as of June 30) | 932,444 | 325,448 |
| <u>Total claim payments</u> | <u>887,446</u> | <u>444,427</u> |
| Current claims liability | 157,175 | 48,814 |
| <u>Long-term claims liability</u> | <u>962,533</u> | <u>1,025,896</u> |
| <u>Total unpaid claims liability</u> | <u>\$ 1,119,708</u> | <u>1,074,710</u> |

The City assigns a portion of its General Fund fund balance for workers compensation. This amount totaled \$1,119,708 at June 30, 2018.

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, 2018

IV. OTHER INFORMATION, Continued

Auburn-Lewiston Municipal Airport

The Auburn-Lewiston Municipal Airport is operated jointly by the Cities of Auburn and Lewiston by a seven-member board currently comprised of three members from the City of Auburn and three members from the City of Lewiston appointed by the respective City Councils, and one member from Auburn Chamber of Commerce. The Airport's governing Board selects management staff, sets user charges, establishes budgets, and controls all aspects of its operations. The City of Auburn is responsible, through the budget process, to fund 50% of the annual anticipated operating and capital needs of the airport. In the fiscal year ended June 30, 2018, the City of Auburn contributed \$167,353 for airport operations.

The following is selected information for the years ending June 30, 2018 and June 30, 2017:

| | June 30, <u>2018</u> | June 30, <u>2017</u> |
|--------------------------------------|-------------------------|-------------------------|
| Total assets | \$ 10,306,641 | \$ 9,525,264 |
| Total deferred outflows of resources | 26,402 | 66,605 |
| Total liabilities | 2,329,332 | 1,971,983 |
| Total deferred inflows of resources | 15,728 | 16,072 |
| Net position | 7,987,983 | 7,603,814 |
| Change in net position | 384,169 | 340,332 |

In addition to contributions from the two municipalities, the Airport derives revenues through user fees, interest on investments in time deposits and from federal and state grants. For the year ended June 30, 2018, the Airport had total revenues of \$2,330,441 and expenditures of \$1,946,272, including depreciation of \$587,628 and pension expense of \$8,256.

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, 2018, the City of Auburn contributed \$189,949 for operating expenses.

The following is selected information for the years ending September 30, 2017 and September 30, 2016 (the latest information available):

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2018

IV. OTHER INFORMATION, Continued

| | September 30, <u>2017</u> | September 30, <u>2016</u> |
|------------------------|------------------------------|------------------------------|
| Total assets | \$ 2,121,700 | \$ 2,870,578 |
| Total liabilities | 438,966 | 1,058,975 |
| Net position | 1,682,734 | 1,811,603 |
| Change in net position | (128,869) | 441,026 |

Total revenues for the year ended September 30, 2017 were \$1,738,450 and expenses were \$1,867,319, including depreciation on contributed assets of \$191,412.

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, 2018, the City of Auburn contributed \$1,069,122.

The following is selected financial information for the years ending June 30, 2017 and June 30, 2016 (the latest information available):

| | June 30, <u>2017</u> | June 30, <u>2016</u> |
|--------------------------------------|-------------------------|-------------------------|
| Total assets | \$ 879,422 | \$ 949,741 |
| Total deferred outflows of resources | 488,106 | 307,248 |
| Total liabilities | 1,055,584 | 786,201 |
| Total deferred inflows of resources | 185,022 | 253,785 |
| Total net position | 126,922 | 217,003 |
| Change in net position | (90,081) | (13,282) |

Total revenues for the year ended June 30, 2017 were \$2,205,779 and expenditures were \$2,295,860.

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, 2018

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, 2017 and June 30, 2016 (the latest information available):

| | <u>2017</u> | <u>2016</u> |
|--|---------------|---------------|
| Total assets | \$ 11,099,603 | \$ 12,761,221 |
| Total liabilities | 486,591 | 422,733 |
| Members' equity | 10,613,012 | 12,338,488 |
| Operating revenue | 6,548,718 | 6,273,701 |
| Operating expenses | 8,169,571 | 7,659,835 |
| Depreciation and amortization | 1,679,526 | 1,682,327 |
| Other expenses | 171,155 | - |
| Non-operating revenue | 63,532 | 52,239 |
| Net income/(loss) before depreciation and amortization | 125,205 | 348,432 |
| Net change in members equity | (1,725,476) | (1,333,895) |

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

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

C. Subsequent Events

On November 8, 2018, the City of Auburn issued \$8,375,000 of non-taxable general obligation bonds through U.S. Bank National Association. The interest rate on the bonds is 1.8 percent annually, and the maturity date is September 1, 2028.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2018

IV. OTHER INFORMATION, Continued

D. Restatement of Net Position/Fund Balance

In prior years, certain capital assets were replaced by new items and neither the disposal of the old assets nor the addition of the new assets were reported. Additionally, in 2018, the City applied a new method of tracking and reporting certain long term grant receivables and related unearned revenue. Also in 2018, the City reclassified the Centralized School Lunch Program from a business-type activity to a governmental activity. Similarly, the City recognized certain additional School special revenue funds which were previously only tracked internally due to their immaterial nature. Finally, in 2018, the city adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The effects of the change in accounting principle and the other aforementioned changes are shown in more detail below.

| | Governmental Activities | Business- type Activities | Total Governmental Funds | Community Development Programs | Other Governmental Funds |
|---|------------------------------------|--|---|---|---|
| June 30, 2017: | | | | | |
| Net Position/fund balance as previously reported | \$ 82,718,185 | 9,649 | 23,628,757 | 4,521,764 | 223,415 |
| Addition/disposal of capital assets (net of related depreciation) | (830,155) | - | - | - | - |
| Change in grant receivables | (1,641,530) | - | (1,641,530) | (1,641,530) | - |
| Reclassification of the Centralized School Lunch Program | 342,853 | (342,853) | 371,495 | - | 371,495 |
| Additional School Special Revenue funds | 23,515 | - | 23,515 | - | 23,515 |
| Application of GASB Statement No. 75 | (1,930,021) | (66,949) | - | - | - |
| Net position/fund balance, as restated | \$ 78,682,847 | (400,153) | 22,382,237 | 2,880,234 | 618,425 |

E. Deferred Compensation Plan

The plan, available to all full-time municipal employees, permits them to defer a portion of their salary until future years. The City is required to contribute 6% of an employee's gross wages while employees are required to contribute 5% of their gross wages. All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. The deferred compensation is not available to employees until termination of employment, unforeseeable emergency, or retirement. In the event of an employee's death, the beneficiary is eligible to receive the full value of the account, including earnings. For the year ended June 30, 2018, the City contributed \$146,506 to employee's deferred compensation plans.

F. Employee Retirement Systems and Plans

Defined Benefit Pension Plan – Maine Public Employees Retirement System

General Information about the Pension Plan

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

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2018

IV. OTHER INFORMATION, Continued

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

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

PLD Plan - Employees are required to contribute 8.0% or 9.50% of their annual pay for the regular plan or public safety plan, respectively. The City's contractually required contribution rate for the year ended June 30, 2018 was 9.6% or 12.2% of annual payroll for the regular plan or public safety plan, respectively. Contributions to the pension plan from the City were \$1,405,764 for governmental activities and \$16,973 for business-type activities for the year ended June 30, 2018.

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, 2018, was 15.05% of annual payroll, of which 3.97% of payroll was required from the City and 11.08% was required from the State. Contributions to the pension plan from the City were \$859,607 for the year ended June 30, 2018.

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

The net pension liabilities were measured as of June 30, 2017, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date. The City's proportion of the net pension liabilities were based on projections of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating local districts (PLD Plan) and of all participating School Administrative Units and the State (SET Plan), actuarially determined.

PLD Plan - At June 30, 2018, the City reported a liability of \$9,897,564 for governmental activities and \$119,502 for business-type activities for its proportionate share of the net pension liability. At June 30, 2017, the City's proportion of the PLD Plan was 2.4465%.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2018

IV. OTHER INFORMATION, Continued

SET Plan - At June 30, 2018, the City reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the City were as follows:

| | |
|--|----------------------|
| City's proportionate share of the net pension liability | \$ 2,055,382 |
| State's proportionate share of the net pension liability associated with the City | 23,808,252 |
| Total | \$ 25,863,634 |

At June 30, 2017, the City's proportion of the SET Plan was 0.1415%.

For the year ended June 30, 2018, the City recognized pension expense of \$1,599,169 for governmental activities and \$20,156 for business-type activities for the PLD Plan and \$3,280,878 and revenue of \$2,399,105 for support provided by the State for the SET Plan. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | PLD Plan | | | |
|---|---|--|---|--|
| | 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 | \$ - | 475,507 | - | 5,741 |
| Changes of assumptions | 842,221 | - | 10,169 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 272,159 | - | 3,286 |
| Changes in proportion and differences between City Contributions and proportionate share of contributions | - | 181,673 | - | 2,194 |
| City contributions subsequent to the measurement date | 1,405,764 | - | 16,973 | - |
| Total | \$ 2,247,985 | 929,339 | 27,142 | 11,221 |

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2018

IV. OTHER INFORMATION, Continued

| | | SET Plan | | | |
|---|-----------|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
| | | 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 | \$ | 86,443 | - | - | - |
| Changes of assumptions | | - | 32,101 | - | - |
| Net difference between projected and actual earnings on pension plan investments | | - | 30,228 | - | - |
| Changes in proportion and differences between City Contributions and proportionate share of contributions | | 147,629 | - | - | - |
| City contributions subsequent to the measurement date | | 859,607 | - | - | - |
| Total | \$ | 1,093,679 | 62,329 | - | - |

An amount of \$2,265,371 for governmental activities and \$16,973 for business-type activities is reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liabilities in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

| | | PLD Plan | SET Plan |
|------|----|-----------------|-----------------|
| 2019 | \$ | (199,418) | 51,048 |
| 2020 | | 726,044 | 216,984 |
| 2021 | | 67,204 | 13,740 |
| 2022 | | (682,001) | (110,029) |

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2018

IV. OTHER INFORMATION, Continued

Actuarial Assumptions - The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | <u>PLD Plan</u> | <u>SET Plan</u> |
|---|-----------------|-----------------|
| Inflation | 2.75% | 2.75% |
| Salary Increases, per year | 2.75% to 9.0% | 2.75% to 14.5% |
| Investment return, per annum, compounded annually | 6.875% | 6.875% |
| Cost of living benefit increases, per annum | 2.20% | 2.20% |

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period June 30, 2012 to June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-term Expected Real Rate of Return</u> |
|---------------------|--------------------------|---|
| Public equities | 30.0% | 6.0% |
| US Government | 7.5% | 2.3% |
| Private equity | 15.0% | 7.6% |
| Real estate | 10.0% | 5.2% |
| Infrastructure | 10.0% | 5.3% |
| Natural resources | 5.0% | 5.0% |
| Traditional credit | 7.5% | 3.0% |
| Alternative credit | 5.0% | 4.2% |
| <u>Diversifiers</u> | <u>10.0%</u> | <u>5.9%</u> |
| <u>Total</u> | <u>100.0%</u> | |

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

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2018

IV. OTHER INFORMATION, Continued

Sensitivity of the City's Proportionate Share of the Net Pension Liabilities to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.875% for the PLD Plan and the SET Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.875% for PLD Plan and for the SET Plan) or 1 percentage-point higher (7.875% for PLD Plan and for SET Plan) than the current rate:

| <u>PLD Plan</u> | 1% Decrease <u>(5.875%)</u> | Current Discount Rate <u>(6.875%)</u> | 1% Increase <u>(7.875%)</u> |
|--|-----------------------------------|---|-----------------------------------|
| City's proportionate share of the net pension liability | \$ 20,097,313 | \$ 10,017,066 | \$ 2,428,202 |
| <u>SET Plan</u> | 1% Decrease <u>(5.875%)</u> | Current Discount Rate <u>(6.875%)</u> | 1% Increase <u>(7.875%)</u> |
| City's proportionate share of the net pension liability | \$ 3,606,588 | \$ 2,055,382 | \$ 774,642 |

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, 2018.

Defined Contribution Pension Plan

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

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

Contributions made by both the employee and the employer vest immediately. An employee who leaves the employment of the City is entitled to all contributions and earned income in his or her account at that time. Each employee must contribute a minimum of 5% of his or her gross earnings to the pension plan, while the City is required to contribute an amount equal to 6% of the employee's gross earnings.

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

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2018

IV. OTHER INFORMATION, Continued

During the year, the City's required and actual contributions amounted to \$146,506, which was 6% of its current-year covered payroll. The covered payroll amounted to \$2,441,769. Employees' required contributions amounted to \$122,058, which was 5% of the City's current year covered payroll.

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

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

City Pension Plan

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

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

At June 30, 2018, the plan consisted of 4 retirees and beneficiaries, all of whom are currently receiving benefits. The last active employee retired on March 31, 1992.

At June 30, 2018, there were no pension assets, deferred outflows of resources or deferred inflows of resources related to the City Pension Plan. During the year, the City recognized pension expense of \$71,336.

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

Annual Pension Cost and Total Pension Liability. The City's annual pension cost and total pension liability for the year ended June 30, 2018 were as follows:

| | |
|--|-------------------|
| Interest on net pension obligation | \$ 13,372 |
| Differences between expected and actual experience | (68,664) |
| Changes of assumptions, including discount rate | 754 |
| Annual pension cost (gain) | (54,538) |
| Contributions made | (71,336) |
| Increase (decrease) in net pension obligation | (125,874) |
| Total pension liability beginning of year | 426,127 |
| Total pension liability end of year | \$ 300,253 |

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2018

IV. OTHER INFORMATION, Continued

The measurement date for the City Pension Plan was June 30, 2018. The annual required contribution for the current year was determined as part of this actuarial valuation using the Entry Age Normal Cost Method. The actuarial assumptions included (a) a 2.98% discount rate and (b) 3.0% future cost of living increases. The discount rate of 2.98% reflects the index rate for 20-year municipal bonds as of June 30, 2018. The unfunded actuarial liability is being recognized as a level dollar amount on a closed basis. The remaining amortization period at June 30, 2018 was 4 years.

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

Five-year Trend Information

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

Sensitivity to the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City of Auburn Pension Plan calculated using a discount rate of 2.98%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point higher (3.98%) and one percentage point lower (1.98%) than the current rate:

| | <u>1% Decrease (1.98%)</u> | <u>Current Discount Rate (2.98%)</u> | <u>1% Increase (3.98%)</u> |
|-----------------------|------------------------------------|--|------------------------------------|
| Net pension liability | \$ 311,034 | \$ 300,253 | \$ 290,213 |

Schedule of Employer Contributions

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

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2018

IV. OTHER INFORMATION, Continued

Funded status and funding progress. As of June 30, 2018, the most recent actuarial valuation date, the funded status of the plan was as follows:

| | |
|--|-------------------|
| Actuarial liability (AL) | \$ 300,253 |
| Actuarial value of plan assets | - |
| <hr/> | |
| <u>Unfunded actuarial liability (UAL)</u> | <u>\$ 300,253</u> |
| Funded ratio (actuarial value of plan assets/AL) | 0% |
| Covered payroll | \$ - |
| UAL as a percentage of covered payroll | 0% |

Actuarial methods and assumptions. The ARC for the plan was determined as part of the June 30, 2018 actuarial valuation using the following methods and assumptions:

| | |
|----------------------------|---|
| Discount Rate | 2.98% per year |
| Investment Rate of Return | N/A |
| Retirement Age | All members are currently receiving benefits |
| Mortality | RP2014 adjusted to 2006 Blue Collar Mortality Table separate for Males and Females projected with mortality improvement scale MP-2016 |
| Disabled Mortality | None |
| Marriage Assumptions | None |
| Cost of Living Adjustments | 3.00% annual increase for participants |

Payables to the Pension Plan - None as of June 30, 2018.

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

General Information about the OPEB Plan

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

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

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2018

IV. OTHER INFORMATION, Continued

Employees Covered by Benefit Terms - At June 30, 2018, the following employees were covered by the benefit terms:

| | |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefits | 39 |
| Inactive employee entitled to but not yet receiving benefits | 0 |
| Active employees | 208 |
| Total | <u>247</u> |

Total OPEB Liability

The City's total OPEB liability of \$3,519,945 was measured as of January 1, 2018, and was determined by an actuarial valuation as of that date. \$61,599 has been allocated to business-type activities (based on number of participants) and the remaining \$3,458,346 is reported in governmental activities as of June 30, 2018.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|--|---|
| Inflation | 3.00% per year |
| Salary increases | 2.75% per year |
| Discount rate | 3.44% |
| Healthcare cost trend rates | 8.27% for 2018, decreasing 0.28% per year |
| Retirees' share of the benefit related costs | 100% of projected health insurance premiums |

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

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the period June 30, 2012 through June 30, 2015.

Changes in the Total OPEB Liability

| | Total OPEB Liability |
|--|-----------------------------|
| Balance at June 30, 2017 | \$ 3,825,659 |
| Changes for the year: | |
| Service Cost | 81,439 |
| Interest | 144,506 |
| Differences between expected and actual experience | (178,552) |
| Changes in assumptions or other inputs | (183,140) |
| Benefit payments | (169,967) |
| Net changes | <u>305,714</u> |
| Balance at June 30, 2018 | \$ <u>3,519,945</u> |

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2018

IV. OTHER INFORMATION, Continued

Change in assumptions reflects a change in the discount rate from 3.78% to 3.44% and also a change in valuation method from Projected Unit Credit to the Entry Age Normal funding method.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the City's total OPEB liability calculated using the discount rate of 3.44%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.44%) or 1 percentage-point higher (4.44%) than the current rate:

| | 1% Decrease (2.44%) | Discount Rate (3.44%) | 1% Increase (4.44%) |
|----------------------|--------------------------------|----------------------------------|--------------------------------|
| Total OPEB liability | \$ 4,062,994 | 3,519,945 | 3,080,023 |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the City's total OPEB liability calculated using the healthcare cost trend rates of 8.27% decreasing 0.28% per year, 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 (7.27% decreasing 0.28% per year) or 1 percentage-point higher (9.27% decreasing 0.28% per year) than the current healthcare cost trend rates:

| | | Healthcare Cost Trend Rates | |
|----------------------|--------------------|--|--------------------|
| | 1% Decrease | | 1% Increase |
| Total OPEB liability | \$ 3,052,981 | 3,519,945 | 4,112,956 |

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

For the year ended June 30, 2018, the City recognized negative OPEB expense of \$15,790. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | | Governmental Activities | Business-type Activities |
|--|----|---|--|
| | | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ | - | 155,936 |
| Changes of assumption or other inputs | | - | 159,942 |
| Total | \$ | - | 315,878 |

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2018

IV. OTHER INFORMATION, Continued

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

| Year ended June 30: | | |
|----------------------------|----|-----------|
| 2019 | \$ | (40,188) |
| 2020 | | (40,188) |
| 2021 | | (40,188) |
| 2022 | | (40,188) |
| 2023 | | (40,188) |
| Thereafter | | (120,564) |

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

General Information about the OPEB Plan

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

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

Contributions - Premium rates are determined by the MPERS Board of Trustees to be actuarially sufficient to pay anticipated claims. The State of Maine is required to remit the total dollar amount of each year's annual required contribution. Contributions to the OPEB plan by the State of Maine on-behalf of the City were \$54,247 for the year ended June 30, 2018. 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, 2018, 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 \$598,566 as of June 30, 2018. The net OPEB liability was measured as of June 30, 2017, 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, 2017, the City's proportion was 0.00%.

For the year ended June 30, 2018, the City recognized OPEB expense of \$54,247 and also revenues of \$54,247 for support provided by the State. At June 30, 2018, the City reported no deferred outflows of resources nor deferred inflows of resources related to the OPEB plan.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2018

IV. OTHER INFORMATION, Continued

Actuarial Assumptions - The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---------------------------|----------------|
| Inflation | 2.75% |
| Salary increases | 2.75% - 14.50% |
| Investment rate of return | 6.875% |

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, with adjustments ranging 104% to 120% based on actuarially determined demographic differences.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study conducted for the period June 30, 2012 to June 30, 2015.

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

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return |
|--------------------------|-------------------|---|
| Public equities | 70.0% | 6.0% |
| Real estate | 5.0% | 5.2% |
| Traditional credit | 16.0% | 3.0% |
| US Government Securities | 9.0% | 2.3% |
| Total | 100.0% | |

Discount Rate - The rate used to measure the total OPEB liability for the plan was 6.875%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined. Based on this assumption, the OPEB plans fiduciary net position was projected to be available to make all projected OPEB payments for current and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2018

IV. OTHER INFORMATION, Continued

E. Credit Enhancement Agreements

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

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

For the fiscal year ended June 30, 2018, the City remitted a total of \$1,130,735 in Credit Enhancement payments, including the following, each of which exceeded 10 percent of the total amount remitted:

| <u>TIF district</u> | <u>Beginning; duration</u> | <u>CEA entity</u> | <u>CEA reimbursement basis</u> | <u>Amount paid during the fiscal year</u> |
|------------------------------|--------------------------------|--------------------|---|---|
| TIF 4 Tambrands | 1998; 20 years | Tambrands, Inc. | 35% on revenues within district | \$ 329,336 (29.1%) |
| TIF 13 Retail Development | 2007; 15 years | Auburn Plaza, Inc. | 30%-47% based on growth in value of the district | 164,402 (14.5%) |
| TIF 14 Auburn Mall | 2005; 20 years | Auburn Plaza, Inc. | 40% on revenues within district | 331,728 (29.3%) |
| TIF 18 Ice Arena | 2013; 5 years | Slap Shot LLC | 100% on revenues within district | 138,021 (12.2%) |

CITY OF AUBURN, MAINE
Required Supplementary Information
June 30, 2018

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

PLD Plan

| | <u>2018**</u> | <u>2017**</u> | <u>2016**</u> | <u>2015**</u> |
|--|---------------|---------------|---------------|---------------|
| City's proportion of the net pension liability | 2.4465% | 2.5764% | 2.5871% | 2.3477% |
| City's proportionate share of the net pension liability | \$ 10,017,066 | 13,689,300 | 8,254,041 | 3,612,401 |
| City's covered payroll | 11,795,593 | 11,596,585 | 11,365,621 | 11,004,456 |
| City's proportionate share of the net pension liability as a percentage of its covered payroll | 84.92% | 118.05% | 72.62% | 32.83% |
| Plan fiduciary net position as a percentage of the total pension liability | 86.43% | 81.61% | 88.27% | 94.10% |

SET Plan

| | | | | |
|--|--------------|------------|------------|------------|
| City's proportion of the net pension liability | 0.1415 % | 0.1268% | 0.1256% | 0.1048% |
| City's proportionate share of the net pension liability | \$ 2,055,382 | 2,239,879 | 1,695,546 | 1,132,380 |
| State's proportionate share of the net pension liability associated with the School Unit | 23,808,252 | 28,107,548 | 22,336,682 | 16,612,780 |

| | | | | |
|--------------|----------------------|-------------------|-------------------|-------------------|
| Total | \$ 25,863,634 | 30,347,427 | 24,032,228 | 17,745,160 |
|--------------|----------------------|-------------------|-------------------|-------------------|

| | | | | |
|--|---------------|------------|------------|------------|
| City's covered payroll | \$ 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 | 9.54% | 11.14% | 8.46% | 6.06% |
| Plan fiduciary net position as a percentage of the total pension liability | 80.78% | 76.21% | 81.18% | 83.91% |

* Only four 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, 2018

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

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|--------------|-------------|-------------|-------------|-------------|
| <u>PLD Plan</u> | | | | | |
| Contractually required contribution | \$ 1,422,737 | 1,253,966 | 1,205,273 | 1,057,514 | 809,164 |
| Contributions in relation to the contractually required contribution | (1,422,737) | (1,253,966) | (1,205,273) | (1,057,514) | (809,164) |
| Contribution deficiency (excess) | - | - | - | - | - |
| City's covered payroll | 12,843,417 | 11,795,593 | 11,596,585 | 11,365,621 | 11,004,456 |
| Contributions as a percentage of covered payroll | 11.08% | 10.63% | 10.39% | 9.30% | 7.35% |
| <u>SET Plan</u> | | | | | |
| Contractually required contribution | \$ 859,607 | 723,656 | 675,623 | 531,203 | 495,351 |
| Contributions in relation to the contractually required contribution | (859,607) | (723,656) | (675,623) | (531,203) | (495,351) |
| Contribution deficiency (excess) | - | - | - | - | - |
| City's covered payroll | 21,652,573 | 21,537,377 | 20,107,822 | 20,044,945 | 18,692,477 |
| Contributions as a percentage of covered payroll | 3.97% | 3.36% | 3.36% | 2.65% | 2.65% |

* Only five years of information available.

CITY OF AUBURN, MAINE
Required Supplementary Information, Continued
June 30, 2018

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

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

* Only two years of information available.

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

| | <u>2018</u> |
|--|---------------------|
| Total OPEB Liability | |
| Service cost | \$ 81,439 |
| Interest | 144,506 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | (178,552) |
| Changes of assumptions or other inputs | (183,140) |
| Benefit payments | (169,967) |
| Net change in total OPEB Liability | (305,714) |
| Total OPEB liability - beginning | 3,825,659 |
| Total OPEB liability - ending | \$ 3,519,945 |
| Covered-employee payroll | \$ 11,209,262 |
| Total OPEB liability as a percentage of covered-employee payroll | 31.40% |

* Only one year of information available.

CITY OF AUBURN, MAINE
Required Supplementary Information, Continued
June 30, 2018

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

| | <u>2018</u> |
|--|-------------------|
| City's proportion of the net OPEB liability | 0.00% |
| City's proportionate share of the net OPEB liability | \$ - |
| State's proportionate share of the net OPEB liability associated with the City | <u>598,566</u> |
| Total | <u>\$ 598,566</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 47.29% |

* Only one year 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
June 30, 2018

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>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|--------------------------------|-------------|-------------|-------------|-------------|
| Discount rate – PLD | 6.875% | 7.125% | 7.250% | 7.250% |
| Discount rate – SET | 6.875% | 7.125% | 7.125% | 7.250% |
| Inflation rate | 2.75% | 3.50% | 3.50% | 3.50% |
| Salary increases – PLD | 2.75-9.00% | 3.50-9.50% | 3.50-9.50% | 3.50-9.50% |
| Salary increases – SET | 2.75-14.50% | 3.50-13.50% | 3.50-13.50% | 3.50-13.50% |
| Cost of living increases – PLD | 2.20% | 2.55% | 3.12% | 3.12% |
| Cost of living increases – SET | 2.20% | 2.55% | 2.55% | 2.55% |

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

Mortality rates:

In 2015, mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA. In 2016 and going forward, mortality rates were based on the RP2014 Total Data Set Health Annuitant Mortality Table.

Maine Public Employees Retirement System (OPEB):

Changes of Benefit Terms - None

Changes of Assumptions - None

Maine Municipal Employees Health Trust (OPEB):

Changes of Benefit Terms - None

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

| Fiscal Year | Discount Rate |
|------------------------|--------------------------|
| 2018 | 3.44% |
| 2017 | 3.78% |

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

CITY OF AUBURN, MAINE
Notes to Required Supplementary Information
June 30, 2018

City Pension Plan:

Changes of Benefit Terms - None

Changes of Assumptions - The discount rate used to measure the total pension liability was changed from 2.60% in 2016, to 3.41% in 2017, and to 2.98% in the most recent valuation.

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

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

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are restricted either by law or by administrative action, to expend for particular purposes.

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs.

Frank Boomer – This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to benefit the poor and needy families of the City.

Ella Foss – This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to benefit the needy and indigent residents of the City for food, shelter, clothing, and medical treatment.

George Stetson – This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to benefit the poor of the City.

Cemetery Perpetual Care – This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain various City cemeteries.

CITY OF AUBURN, MAINE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

| | Nonmajor Special Revenue Funds | Nonmajor Permanent Funds | Total Other Governmental Funds |
|---|---|--------------------------------|--------------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 405,980 | - | 405,980 |
| Investments | - | 264,627 | 264,627 |
| Receivables: | | | |
| Accounts | 15,200 | - | 15,200 |
| Intergovernmental | 622,062 | - | 622,062 |
| Inventory | 32,388 | - | 32,388 |
| Interfund receivable | 162,227 | - | 162,227 |
| Total assets | 1,237,857 | 264,627 | 1,502,484 |
| LIABILITIES | | | |
| Accounts payable | 66,336 | - | 66,336 |
| Accrued payroll | - | - | - |
| Unearned revenue | 10,845 | | 10,845 |
| Interfund payable | 928,833 | 4,785 | 933,618 |
| Total liabilities | 1,006,014 | 4,785 | 1,010,799 |
| FUND BALANCES (DEFICITS) | | | |
| Nonspendable - inventory | 32,388 | - | 32,388 |
| Nonspendable - principal | - | 69,475 | 69,475 |
| Restricted | 672,783 | 190,367 | 863,150 |
| Committed | 152,783 | - | 152,783 |
| Unassigned | (626,111) | - | (626,111) |
| Total fund balances (deficits) | 231,843 | 259,842 | 491,685 |
| Total liabilities and fund balances (deficits) | \$ 1,237,857 | 264,627 | 1,502,484 |

CITY OF AUBURN, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

| | Nonmajor Special Revenue Funds | Nonmajor Permanent Funds | Total Other Governmental Funds |
|---|---|---|---|
| Revenues: | | | |
| Intergovernmental | \$ 4,558,959 | - | 4,558,959 |
| Charges for services | 1,191,216 | - | 1,191,216 |
| Other income | 141,007 | - | 141,007 |
| Interest income | - | 1,841 | 1,841 |
| Total revenues | 5,891,182 | 1,841 | 5,893,023 |
| Expenditures: | | | |
| Current: | | | |
| General government | 203,294 | - | 203,294 |
| Health, welfare and recreation | 368,809 | - | 368,809 |
| Education | 3,839,839 | - | 3,839,839 |
| Food services | 1,597,569 | - | 1,597,569 |
| Unclassified | - | 1,236 | 1,236 |
| Total expenditures | 6,009,511 | 1,236 | 6,010,747 |
| Excess (deficiency) of revenues over (under) expenditures | (118,329) | 605 | (117,724) |
| Other financing uses: | | | |
| Transfers out | (9,016) | - | (9,016) |
| Total other financing uses | (9,016) | - | (9,016) |
| Net change in fund balances | (127,345) | 605 | (126,740) |
| Fund balances (deficits), July 1, as restated | 359,188 | 259,237 | 618,425 |
| Fund balances (deficits), June 30 | \$ 231,843 | 259,842 | 491,685 |

CITY OF AUBURN, MAINE
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2018

| | School Special | School Lunch Fund | 211 Fairview | Parking | Parks and Recreation | Totals |
|---|---------------------------|------------------------------|-------------------------|-----------------|---------------------------------|------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ - | 405,980 | - | - | - | 405,980 |
| Receivables: | | | | | | |
| Accounts | 7,750 | 7,450 | - | - | - | 15,200 |
| Intergovernmental | 547,198 | 74,864 | - | - | - | 622,062 |
| Inventory | - | 32,388 | - | - | - | 32,388 |
| Interfund receivable | - | - | - | - | 162,227 | 162,227 |
| Total assets | 554,948 | 520,682 | - | - | 162,227 | 1,237,857 |
| LIABILITIES | | | | | | |
| Accounts payable | 10,856 | 46 | - | 45,990 | 9,444 | 66,336 |
| Accrued payroll | - | - | - | - | - | - |
| Unearned revenue | - | 10,845 | - | - | - | 10,845 |
| Interfund payable | 155,757 | 205,332 | 566,304 | 1,440 | - | 928,833 |
| Total liabilities | 166,613 | 216,223 | 566,304 | 47,430 | 9,444 | 1,006,014 |
| FUND BALANCES (DEFICITS) | | | | | | |
| Nonspendable - inventory | - | 32,388 | - | - | - | 32,388 |
| Restricted | 400,712 | 272,071 | - | - | - | 672,783 |
| Committed | - | - | - | - | 152,783 | 152,783 |
| Unassigned | (12,377) | - | (566,304) | (47,430) | - | (626,111) |
| Total fund balances (deficits) | 388,335 | 304,459 | (566,304) | (47,430) | 152,783 | 231,843 |
| Total liabilities and fund balances (deficits) | \$ 554,948 | 520,682 | - | - | 162,227 | 1,237,857 |

CITY OF AUBURN, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2018

| | School Special | School Lunch Fund | 211 Fairview | Parking | Parks and Recreation | Totals |
|---|---------------------------|------------------------------|-------------------------|-----------------|---------------------------------|----------------|
| Revenues: | | | | | | |
| Intergovernmental | \$ 3,252,242 | 1,306,717 | - | - | - | 4,558,959 |
| Charges for services | 493,600 | 223,816 | - | 144,173 | 329,627 | 1,191,216 |
| Other income | 141,007 | - | - | - | - | 141,007 |
| Total revenues | 3,886,849 | 1,530,533 | - | 144,173 | 329,627 | 5,891,182 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | 203,294 | - | 203,294 |
| Health, welfare and recreation | - | - | - | - | 368,809 | 368,809 |
| Education | 3,839,839 | - | - | - | - | 3,839,839 |
| Food services | - | 1,597,569 | - | - | - | 1,597,569 |
| Total expenditures | 3,839,839 | 1,597,569 | - | 203,294 | 368,809 | 6,009,511 |
| Excess (deficiency) of revenues over (under) expenditures | 47,010 | (67,036) | - | (59,121) | (39,182) | (118,329) |
| Other financing uses: | | | | | | |
| Transfers out | (9,016) | - | - | - | - | (9,016) |
| Total other financing uses | (9,016) | - | - | - | - | (9,016) |
| Net change in fund balances | 37,994 | (67,036) | - | (59,121) | (39,182) | (127,345) |
| Fund balances (deficits), July 1, as restated | 350,341 | 371,495 | (566,304) | 11,691 | 191,965 | 359,188 |
| Fund balances (deficits), June 30 | \$ 388,335 | 304,459 | (566,304) | (47,430) | 152,783 | 231,843 |

CITY OF AUBURN, MAINE
Combined Balance Sheet
Nonmajor Permanent Funds
June 30, 2018

| | | |
|--|-----------|----------------|
| ASSETS | | |
| Investments | \$ | 264,627 |
| Total assets | | 264,627 |
| LIABILITIES | | |
| Interfund payable | | 4,785 |
| Total liabilities | | 4,785 |
| FUND BALANCES | | |
| Nonspendable - principal | | 69,475 |
| Restricted | | 190,367 |
| Total fund balances | | 259,842 |
| Total liabilities and fund balances | \$ | 264,627 |

CITY OF AUBURN, MAINE
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Permanent Funds
For the Year Ended June 30, 2018

| | | |
|-------------------------------|-----------|----------------|
| Revenues: | | |
| Interest income | \$ | 1,841 |
| Total revenues | | 1,841 |
| Expenditures: | | |
| Current: | | |
| Miscellaneous | | 1,236 |
| Total expenditures | | 1,236 |
| Net change in fund balances | | 605 |
| Fund balances, July 1 | | 259,237 |
| Fund balances, June 30 | \$ | 259,842 |

AGENCY FUNDS

CITY OF AUBURN, MAINE
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Agency Funds
June 30, 2018

| | | Student Activities | RETC | AVEC | Total |
|---------------------------|-----------|-------------------------------|----------------|--------------|----------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ | 174,192 | - | - | 174,192 |
| Intergovernmental | | - | 33,121 | - | 33,121 |
| Interfund receivables | | - | 158,040 | 3,030 | 161,070 |
| Total assets | \$ | 174,192 | 191,161 | 3,030 | 368,383 |
| LIABILITIES | | | | | |
| Accounts payable | \$ | - | 1,055 | - | 1,055 |
| Accrued payroll | | - | 57,723 | - | 57,723 |
| Amounts held for others | | 174,192 | 132,383 | 3,030 | 309,605 |
| Total liabilities | \$ | 174,192 | 191,161 | 3,030 | 368,383 |

CITY OF AUBURN, MAINE
Combing Statement of Changes in Assets and Liabilities
Fiduciary Funds - Agency Funds
For the year ended June 30, 2018

| | Balance June 30, 2017 | Additions | Deletions | Balance June 30, 2018 |
|---------------------------|--------------------------|----------------|----------------|--------------------------|
| STUDENT ACTIVITIES | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 159,337 | 378,618 | 363,763 | 174,192 |
| Total assets | \$ 159,337 | 378,618 | 363,763 | 174,192 |
| LIABILITIES | | | | |
| Amounts held for others | 159,337 | 378,618 | 363,763 | 174,192 |
| Total liabilities | \$ 159,337 | 378,618 | 363,763 | 174,192 |
| RETC | | | | |
| ASSETS | | | | |
| Accounts receivable | \$ 6,138 | 33,121 | 6,138 | 33,121 |
| Interfund receivables | 61,794 | 673,298 | 577,052 | 158,040 |
| Total assets | \$ 67,932 | 706,419 | 583,190 | 191,161 |
| LIABILITIES | | | | |
| Accounts payable | - | 1,055 | - | 1,055 |
| Accrued payroll | 35,657 | 57,723 | 35,657 | 57,723 |
| Amounts held for others | 32,275 | 700,281 | 600,173 | 132,383 |
| Total liabilities | \$ 67,932 | 759,059 | 635,830 | 191,161 |
| AVEC | | | | |
| ASSETS | | | | |
| Interfund receivables | 677 | 18,901 | 16,548 | 3,030 |
| Total assets | \$ 677 | 18,901 | 16,548 | 3,030 |
| LIABILITIES | | | | |
| Amounts held for others | 677 | 18,901 | 16,548 | 3,030 |
| Total liabilities | \$ 677 | 18,901 | 16,548 | 3,030 |

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, 2018

| | TIF 4 Tambrands | TIF 5 J Enterprises | TIF 6 Tambrands II | TIF 7 J & A | TIF 8 Gates Formed Fiber | TIF 9 Mall Area | TIF 10 Downtown Area | TIF 10 Downtown Omnibus | TIF 11 Safe Handling | TIF 12 Auburn Industrial Park | TIF 13 Retail Development | TIF 14 & 15 Auburn Mall | TIF 16 Webster School Housing | TIF 17 Bedard Medical | TIF 18 Slap Shot LLC | TIF 19 Hartt Transport | Totals |
|--|--------------------|------------------------|-----------------------|----------------|-----------------------------------|--------------------|----------------------------|-------------------------------|----------------------------|--|---------------------------------|-------------------------------|--|-----------------------------|-------------------------|------------------------------|-------------|
| Revenues: | | | | | | | | | | | | | | | | | |
| Other income | \$ - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total revenues | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Expenditures: | | | | | | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | | | | | | |
| General government | 329,336 | - | 89,791 | - | - | - | - | 16,526 | - | - | 164,402 | 331,728 | 30,128 | - | 138,021 | 30,803 | 1,130,735 |
| Capital Outlay | 4,030 | 11,000 | - | - | - | 14,220 | 19,970 | - | - | - | - | - | - | - | - | - | 49,220 |
| Debt service | - | - | - | - | - | 446,576 | 367,007 | - | - | 180,874 | - | - | - | - | - | - | 994,457 |
| Total expenditures | 333,366 | 11,000 | 89,791 | - | - | 460,796 | 386,977 | 16,526 | - | 180,874 | 164,402 | 331,728 | 30,128 | - | 138,021 | 30,803 | 2,174,412 |
| Excess (deficiency) of revenues over (under) expenditures | (333,366) | (11,000) | (89,791) | - | - | (460,796) | (386,977) | (16,526) | - | (180,874) | (164,402) | (331,728) | (30,128) | - | (138,021) | (30,803) | (2,174,412) |
| Other financing sources (uses): | | | | | | | | | | | | | | | | | |
| Transfers from other funds | 523,280 | - | 124,379 | - | - | 383,288 | 798,996 | 16,991 | - | 193,476 | 349,638 | 460,889 | 30,116 | - | 137,960 | 30,790 | 3,049,803 |
| Transfers to other funds | (180,000) | (10,000) | - | - | (30,000) | (70,000) | (380,000) | - | - | - | (145,000) | (135,000) | - | (30,000) | - | - | (980,000) |
| Total other financing sources (uses) | 343,280 | (10,000) | 124,379 | - | (30,000) | 313,288 | 418,996 | 16,991 | - | 193,476 | 204,638 | 325,889 | 30,116 | (30,000) | 137,960 | 30,790 | 2,069,803 |
| Net change in fund balances (deficits) | 9,914 | (21,000) | 34,588 | - | (30,000) | (147,508) | 32,019 | 465 | - | 12,602 | 40,236 | (5,839) | (12) | (30,000) | (61) | (13) | (104,609) |
| Fund balances (deficits), beginning of year | (8,074) | 14,500 | (365,270) | 2,558 | 30,487 | 149,592 | 225,245 | - | 184 | (350,652) | 10,088 | 9,723 | 360 | 31,367 | - | (5) | (249,897) |
| Fund balances (deficits), end of year | \$ 1,840 | (6,500) | (330,682) | 2,558 | 487 | 2,084 | 257,264 | 465 | 184 | (338,050) | 50,324 | 3,884 | 348 | 1,367 | (61) | (18) | (354,506) |

STATISTICAL SECTION

STATISTICAL SECTION

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

Contents

Tables

Financial Trends

1-4

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

Revenue Capacity

5-8

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

Debt Capacity

9-12

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

Demographic and Economic Information

13-14

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

Operating Information

15-17

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

Table 1

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

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental activities: | | | | | | | | | | |
| Net Investment in capital assets | \$ 59,484,907 | \$ 59,140,618 | \$ 56,084,796 | \$ 53,111,954 | \$ 61,542,514 | \$ 67,831,558 | \$ 73,604,804 | \$ 79,732,308 | \$ 80,283,459 | \$ 80,738,742 |
| Restricted | 3,765,201 | 4,607,888 | 11,707,875 | 10,879,129 | 11,871,042 | 11,621,393 | 8,791,119 | 8,780,922 | 8,513,552 | 6,492,342 |
| Unrestricted | 6,738,835 | 13,892,494 | 12,166,714 | 21,012,904 | 10,929,045 | (4,145,261) | (1,665,491) | (5,594,225) | (6,078,826) | (8,350,567) |
| Total governmental activities net position | 69,988,943 | 77,641,000 | 79,959,385 | 85,003,987 | 84,342,601 | 75,307,690 | 80,730,432 | 82,919,005 | 82,718,185 | 78,880,517 |
| Business-type activities: | | | | | | | | | | |
| Net investment in capital assets | 1,033,634 | 928,388 | 829,060 | 781,208 | 708,368 | 548,461 | 493,154 | 456,021 | 539,164 | 515,180 |
| Restricted | - | - | - | - | 34,042 | - | 196,221 | 238,079 | 324,591 | - |
| Unrestricted | 296,012 | 326,230 | 353,997 | 651,420 | 594,157 | 460,816 | (118,847) | (426,861) | (854,106) | (1,328,426) |
| Total business-type activities net position | 1,329,646 | 1,254,618 | 1,183,057 | 1,432,628 | 1,336,567 | 1,009,277 | 570,528 | 267,239 | 9,649 | (813,246) |
| Primary government: | | | | | | | | | | |
| Investment in capital assets | 60,518,541 | 60,069,006 | 56,913,856 | 53,893,162 | 62,250,882 | 68,380,019 | 74,097,958 | 80,188,329 | 80,822,623 | 81,253,922 |
| Restricted | 3,765,201 | 4,607,888 | 11,707,875 | 10,879,129 | 11,905,084 | 11,621,393 | 8,987,340 | 9,019,001 | 8,838,143 | 6,492,342 |
| Unrestricted | 7,034,847 | 14,218,724 | 12,520,711 | 21,664,324 | 11,523,202 | (3,684,445) | (1,784,338) | (6,021,086) | (6,932,932) | (9,678,993) |
| Total primary government net position | \$ 71,318,589 | \$ 78,895,618 | \$ 81,142,442 | \$ 86,436,615 | \$ 85,679,168 | \$ 76,316,967 | \$ 81,300,960 | \$ 83,186,244 | \$ 82,727,834 | \$ 78,067,271 |

For the years 2013 through 2017, management chose to recognize its school lunch fund as an enterprise fund. In all other years presented, the school lunch fund has been classified as a special revenue fund.

Table 2

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

| | Fiscal Year | | | | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 12,782,124 | \$ 11,366,632 | \$ 13,450,586 | \$ 14,680,105 | \$ 13,391,002 | \$ 19,950,058 | \$ 10,720,976 | \$ 14,742,709 | \$ 14,171,875 | \$ 12,926,678 |
| Public safety | 8,013,617 | 7,899,897 | 7,673,153 | 8,001,972 | 8,468,689 | 9,404,183 | 9,969,244 | 10,298,205 | 10,180,500 | 10,164,734 |
| Health, welfare and recreation | 2,225,779 | 2,068,401 | 2,072,398 | 2,117,014 | 2,266,012 | 2,172,119 | 1,637,285 | 1,590,246 | 2,183,193 | 2,260,080 |
| Public works | 6,554,513 | 6,013,582 | 9,876,176 | 6,059,774 | 8,086,620 | 12,427,048 | 11,370,585 | 10,948,454 | 12,069,994 | 13,154,573 |
| Other agencies | 3,277,800 | 3,099,855 | 3,278,312 | 3,389,283 | 3,560,926 | 3,400,687 | 3,418,863 | 3,551,739 | 3,529,357 | 3,722,648 |
| Education | 39,285,952 | 39,952,843 | 42,408,444 | 42,418,741 | 41,810,979 | 44,089,463 | 40,636,517 | 42,854,285 | 44,423,602 | 46,840,880 |
| Food services | - | - | - | - | - | - | - | - | - | 1,597,569 |
| Interest on debt | 1,983,816 | 1,706,264 | 1,646,166 | 758,377 | 2,418,356 | 122,068 | 1,580,603 | 1,000,662 | 861,111 | 610,214 |
| Total governmental activities expenses | 74,123,601 | 72,107,474 | 80,405,235 | 77,425,266 | 80,002,584 | 91,565,626 | 79,334,073 | 84,986,300 | 87,419,632 | 91,277,376 |
| Business-type activities: | | | | | | | | | | |
| Ingersoll Ice Turf Facility | 296,500 | 506,301 | 482,686 | 539,555 | 490,593 | 604,369 | 131,223 | 216,417 | 159,278 | 172,462 |
| Norway Savings Bank Arena | - | - | - | - | - | 525,814 | 1,218,591 | 1,230,422 | 1,293,801 | 1,373,107 |
| Centralized School Lunch | - | - | - | - | 1,421,308 | 1,312,651 | 1,419,459 | 1,497,678 | 1,576,332 | - |
| Total business-type activities expenses | 296,500 | 506,301 | 482,686 | 539,555 | 1,911,901 | 2,442,834 | 2,769,273 | 2,944,517 | 3,029,411 | 1,545,569 |
| Total primary government expenses | 74,420,101 | 72,613,775 | 80,887,921 | 77,964,821 | 81,914,485 | 94,008,460 | 82,103,346 | 87,930,817 | 90,449,043 | 92,822,945 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | 1,240,811 | 1,204,104 | 710,124 | 532,771 | 480,870 | 456,624 | 695,278 | 1,306,850 | 1,371,527 | 1,193,393 |
| Public safety | 50,221 | 87,882 | 285,365 | 701,234 | 841,366 | 920,429 | 1,526,254 | 1,579,875 | 1,264,202 | 782,884 |
| Health, welfare and recreation | 286,052 | 290,936 | 287,013 | 308,403 | 318,635 | 279,854 | 261,595 | 240,972 | 304,873 | 332,437 |
| Public works | - | - | 50,334 | 3,158 | 2,674 | 1,549 | - | - | - | - |
| Education | 689,325 | 584,258 | 676,120 | 514,390 | 484,567 | 412,347 | 707,739 | 821,713 | 386,407 | 846,164 |
| Food services | - | - | - | - | - | - | - | - | - | 223,816 |
| Operating grants and contributions | 29,718,646 | 29,999,705 | 31,521,140 | 33,003,967 | 29,939,559 | 31,349,557 | 28,816,555 | 29,064,768 | 29,950,181 | 31,862,806 |
| Capital grants and contributions | - | - | 602,210 | - | - | - | 2,956,553 | 2,995,835 | - | 315,234 |
| Total governmental activities program revenues | 31,985,055 | 32,166,885 | 34,132,306 | 35,063,923 | 32,067,671 | 33,420,360 | 34,963,974 | 36,010,013 | 33,277,190 | 35,556,734 |
| Business-type activities: | | | | | | | | | | |
| Charges for services | 330,268 | 425,328 | 424,614 | 433,375 | 669,015 | 1,139,096 | 1,067,189 | 1,308,448 | 1,383,077 | 1,132,476 |
| Operating grants and contributions | - | - | - | - | 1,159,343 | 1,090,354 | 1,241,187 | 1,332,667 | 1,388,744 | - |
| Total business-type activities program revenues | 330,268 | 425,328 | 424,614 | 433,375 | 1,828,358 | 2,229,450 | 2,308,376 | 2,641,115 | 2,771,821 | 1,132,476 |
| Total primary government program revenues | 32,315,323 | 32,592,213 | 34,556,920 | 35,497,298 | 33,896,029 | 35,649,810 | 37,272,350 | 38,651,128 | 36,049,011 | 36,689,210 |

For the years 2013 through 2017, management chose to recognize its school lunch fund as an enterprise fund. In all other years presented, the school lunch fund as been classified as a special revenue fund.

Table 2, cont.

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

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|
| Net (expense)/revenue: | | | | | | | | | | |
| Governmental activities | (42,138,546) | (39,940,589) | (46,272,929) | (42,361,343) | (47,934,913) | (58,145,266) | (44,370,099) | (48,976,287) | (54,142,442) | (55,720,642) |
| Business-type activities | 33,768 | (80,973) | (58,072) | (106,180) | (83,543) | (213,384) | (460,897) | (303,402) | (257,590) | (413,093) |
| Total primary government net expense | (42,104,778) | (40,021,562) | (46,331,001) | (42,467,523) | (48,018,456) | (58,358,650) | (44,830,996) | (49,279,689) | (54,400,032) | (56,133,735) |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | 41,640,678 | 41,158,334 | 42,962,974 | 43,192,698 | 42,759,291 | 44,522,766 | 45,445,286 | 46,425,471 | 48,765,867 | 50,260,659 |
| Grants not restricted to specific programs | 4,681,432 | 4,651,989 | 4,103,025 | 4,172,425 | 4,330,113 | 4,336,314 | 4,393,527 | 4,474,139 | 4,760,666 | 5,541,000 |
| Investment earnings | 382,621 | 80,246 | 70,562 | 65,072 | 16,581 | 2,829 | 49,791 | 197,562 | 112,123 | 106,216 |
| Other | 1,534,722 | 1,707,975 | 1,013,764 | 230,549 | 166,802 | 248,446 | (95,763) | 644,533 | 42,854 | 10,437 |
| Total governmental activities general revenues | 48,239,453 | 47,598,544 | 48,150,325 | 47,660,744 | 47,272,787 | 49,110,355 | 49,792,841 | 51,741,705 | 53,681,510 | 55,918,312 |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | 211 | 47 | - | 51 | 757 | 1,176 | 370 | 113 | - | - |
| Other | - | - | - | - | - | - | 21,778 | - | - | - |
| Total business-type activities general revenues | 211 | 47 | - | 51 | 757 | 1,176 | 22,148 | 113 | - | - |
| Total primary government | 48,239,664 | 47,598,591 | 48,150,325 | 47,660,795 | 47,273,544 | 49,153,196 | 49,814,989 | 51,741,818 | 53,681,510 | 55,918,312 |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | 6,100,907 | 7,657,955 | 1,877,396 | 5,299,401 | (662,126) | (9,034,911) | 5,422,742 | 2,765,418 | (460,932) | 197,670 |
| Business-type activities | 33,979 | (80,926) | (58,072) | (106,129) | (82,786) | (212,208) | (438,749) | (303,289) | (257,590) | (413,093) |
| Total primary government | \$ 6,134,886 | \$ 7,577,029 | \$ 1,819,324 | \$ 5,193,272 | \$ (744,912) | \$ (9,247,119) | \$ 4,983,993 | \$ 2,462,129 | \$ (718,522) | \$ (215,423) |

For the years 2013 through 2017, management chose to recognize its school lunch fund as an enterprise fund. In all other years presented, the school lunch fund as been classified as a special revenue fund.

Beginning FY 2009 Unclassified Revenue was reclassified.

Table 3

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

| | Fiscal Year | | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2009 | 2010 | 2011 (a) | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| General Fund | | | | | | | | | | |
| Reserved* | \$ 110,672 | \$ 55,566 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved: | | | | | | | | | | |
| Designated | 2,337,962 | 1,737,562 | - | - | - | - | - | - | - | - |
| Undesignated | 8,405,631 | 9,599,911 | - | - | - | - | - | - | - | - |
| Nonspendable | - | - | 226,255 | 97,171 | 75 | 629,503 | 1,415,749 | 1,341,590 | 1,178,773 | 1,600,597 |
| Restricted | - | - | 2,679,579 | 1,840,047 | 2,449,945 | 1,969,754 | 1,411,047 | 1,625,968 | 2,023,296 | 1,931,802 |
| Assigned | - | - | 1,087,851 | 942,172 | 1,154,572 | 812,886 | 3,046,996 | 2,084,993 | 1,750,310 | 1,863,605 |
| Unassigned | - | - | 9,108,868 | 10,734,773 | 8,775,150 | 8,651,216 | 4,971,398 | 5,897,971 | 7,113,261 | 7,780,670 |
| Total general fund | \$ 10,854,265 | \$ 11,393,039 | \$ 13,102,553 | \$ 13,614,163 | \$ 12,379,742 | \$ 12,063,359 | \$ 10,845,190 | \$ 10,950,522 | \$ 12,065,640 | \$ 13,176,674 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | 9,149,416 | 9,449,895 | - | - | - | - | - | - | - | - |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 3,503,209 | 3,414,932 | - | - | - | - | - | - | - | - |
| Capital project funds | 5,082,615 | 5,545,423 | - | - | - | - | - | - | - | - |
| Permanent funds | 22,118 | 22,960 | - | - | - | - | - | - | - | - |
| Nonspendable | - | - | 5,922,783 | 5,813,531 | 5,712,143 | 5,628,850 | 5,670,226 | 4,007,094 | 3,725,627 | 101,863 |
| Restricted | - | - | 3,105,513 | 3,464,347 | 3,710,739 | 4,022,789 | 1,709,846 | 1,518,854 | 1,393,889 | 3,506,455 |
| Committed | - | - | 10,104,760 | 10,998,530 | 7,985,485 | 5,755,639 | 8,162,868 | 8,099,287 | 7,605,758 | 7,177,933 |
| Unassigned | - | - | (841,666) | (694,644) | (1,125,143) | (3,649,469) | (1,871,314) | (757,648) | (1,162,157) | (1,512,021) |
| Total all other governmental funds | \$ 17,757,358 | \$ 18,433,210 | \$ 18,291,390 | \$ 19,581,764 | \$ 16,283,224 | \$ 11,757,809 | \$ 13,671,626 | \$ 12,867,587 | \$ 11,563,117 | \$ 9,274,230 |

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

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

Table 4

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

| | Fiscal Year | | | | | | | | | |
|--|-----------------------|---------------------|---------------------|--------------------|-----------------------|-----------------------|--------------------|---------------------|---------------------|---------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Revenues | | | | | | | | | | |
| Taxes | \$ 41,667,416 | \$ 41,488,299 | \$ 42,742,974 | \$ 42,960,856 | \$ 42,749,449 | \$ 44,563,151 | \$ 45,411,397 | \$ 46,319,694 | \$ 48,639,845 | \$ 50,263,953 |
| Intergovernmental | 34,400,078 | 34,651,694 | 34,919,262 | 36,258,176 | 33,631,641 | 35,325,279 | 35,719,754 | 36,041,524 | 34,192,549 | 37,269,921 |
| Licenses and permits | 285,951 | 243,924 | 303,183 | 266,852 | 374,011 | 325,476 | 345,658 | 330,039 | 364,352 | 345,604 |
| Charges for services | 1,532,589 | 1,615,603 | 1,699,004 | 1,750,848 | 1,720,625 | 1,799,725 | 2,644,856 | 3,452,095 | 2,900,398 | 2,983,648 |
| Unclassified | 2,365,212 | 2,095,873 | 1,710,401 | 1,191,668 | 854,889 | 601,599 | 876,354 | 1,502,589 | 735,534 | 615,214 |
| Total revenues | <u>80,251,246</u> | <u>80,095,393</u> | <u>81,374,824</u> | <u>82,428,400</u> | <u>79,330,615</u> | <u>82,615,230</u> | <u>84,998,019</u> | <u>87,645,941</u> | <u>86,832,678</u> | <u>91,478,340</u> |
| Expenditures | | | | | | | | | | |
| General government | 10,908,351 | 11,947,264 | 11,666,157 | 12,532,558 | 11,881,126 | 11,362,793 | 10,963,750 | 11,832,503 | 11,898,280 | 13,613,954 |
| Public safety | 7,717,089 | 7,703,785 | 7,367,139 | 7,717,441 | 8,063,515 | 8,987,931 | 9,702,645 | 9,794,109 | 9,814,755 | 9,947,488 |
| Health, welfare and recreation | 1,986,595 | 1,800,326 | 1,847,549 | 1,876,392 | 2,022,319 | 1,937,404 | 1,388,546 | 1,704,443 | 1,920,557 | 1,956,709 |
| Public works | 4,574,186 | 4,058,000 | 4,191,424 | 4,285,363 | 4,524,288 | 7,611,817 | 8,943,737 | 8,326,272 | 5,598,126 | 5,465,530 |
| Other agencies | 3,277,800 | 3,099,855 | 3,278,312 | 3,389,283 | 3,560,926 | 3,400,687 | 3,418,863 | 3,551,739 | 3,529,357 | 3,722,648 |
| Education | 42,253,675 | 41,550,748 | 42,954,361 | 42,273,954 | 42,137,967 | 43,678,540 | 44,402,432 | 44,782,404 | 45,934,377 | 47,722,030 |
| Food services | - | - | - | - | - | - | - | - | - | 1,597,569 |
| Unclassified | 305,995 | 310,093 | 303,539 | 403,753 | 405,669 | 325,374 | 459,325 | 482,462 | 362,228 | 453,112 |
| Self-insurance | 348,629 | 470,524 | 671,092 | 517,299 | 383,566 | - | - | - | - | - |
| Capital outlay | 8,540,966 | 6,024,814 | 7,158,898 | 4,855,507 | 9,800,219 | 8,539,810 | 6,248,281 | 6,379,436 | 6,211,980 | 10,307,956 |
| Debt service: | | | | | | | | | | |
| Principal | 6,758,858 | 6,747,858 | 6,854,251 | 6,894,785 | 7,027,846 | 6,508,659 | 6,484,056 | 6,439,503 | 6,545,628 | 6,509,811 |
| Interest expense | 2,062,090 | 1,680,602 | 1,513,494 | 1,511,411 | 1,045,204 | 1,000,416 | 942,636 | 997,067 | 879,024 | 814,380 |
| Total expenditures | <u>88,734,234</u> | <u>85,393,869</u> | <u>87,806,216</u> | <u>86,257,746</u> | <u>90,852,645</u> | <u>93,353,431</u> | <u>92,954,271</u> | <u>94,289,938</u> | <u>92,694,312</u> | <u>102,111,187</u> |
| Deficiency of revenues under expenditures | <u>(8,482,988)</u> | <u>(5,298,476)</u> | <u>(6,431,392)</u> | <u>(3,829,346)</u> | <u>(11,522,030)</u> | <u>(10,738,201)</u> | <u>(7,956,252)</u> | <u>(6,643,997)</u> | <u>(5,861,634)</u> | <u>(10,632,847)</u> |
| Other financing sources (uses) | | | | | | | | | | |
| Proceeds - bonds and capital leases | 6,430,000 | 6,500,000 | 7,900,000 | 4,500,000 | 14,892,323 | 5,625,000 | 8,153,025 | 9,950,000 | 5,030,000 | 9,524,036 |
| Proceeds - notes | - | - | 1,024,625 | - | - | 84,458 | - | - | - | - |
| Premium on issuance of debt | - | - | 85,597 | 83,077 | 1,052,751 | 186,945 | 498,875 | 481,134 | 382,170 | 1,177,478 |
| Payment to refunded bond escrow agent | - | - | - | - | (9,118,353) | - | - | (4,485,844) | - | - |
| Transfers in | 2,500,434 | 2,345,005 | 2,190,819 | 2,215,395 | 2,345,053 | 2,084,032 | 2,099,914 | 2,279,802 | 1,471,787 | 2,120,787 |
| Transfers out | (2,500,434) | (2,331,903) | (2,177,330) | (2,202,120) | (2,331,778) | (2,084,032) | (2,099,914) | (2,279,802) | (1,471,787) | (2,120,787) |
| Total other financing sources | <u>6,430,000</u> | <u>6,513,102</u> | <u>9,023,711</u> | <u>4,596,352</u> | <u>6,839,996</u> | <u>5,896,403</u> | <u>8,651,900</u> | <u>5,945,290</u> | <u>5,412,170</u> | <u>10,701,514</u> |
| Net change in fund balances | <u>\$ (2,052,988)</u> | <u>\$ 1,214,626</u> | <u>\$ 2,592,319</u> | <u>\$ 767,006</u> | <u>\$ (4,682,034)</u> | <u>\$ (4,841,798)</u> | <u>\$ 695,648</u> | <u>\$ (698,707)</u> | <u>\$ (449,464)</u> | <u>\$ 68,667</u> |
| Debt service as a percentage of noncapital expenditures | 11.00% | 10.62% | 10.38% | 10.33% | 9.96% | 8.74% | 8.99% | 8.80% | 8.46% | 7.94% |

Table 5

CITY OF AUBURN, MAINE
Assessed Value to Actual Value of Taxable Property
Last Ten Fiscal Years

| Fiscal year | | Assessed Value - Real Property | Assessed Value - Personal Property | Total Assessed Value | Estimated Actual Value | Ratio of Total Assessed Value to Total Estimated Actual Value | Total Tax/ (Mil) Rate |
|--------------------|----|---------------------------------------|---|-----------------------------|-------------------------------|--|------------------------------|
| 2009 | \$ | 1,813,049,300 | 262,829,700 | 2,075,879,000 | 1,981,600,000 | 104.8% | 18.41 |
| 2010 | | 1,829,692,800 | 238,980,400 | 2,068,673,200 | 2,054,450,000 | 100.7% | 18.31 |
| 2011 | | 1,847,854,620 | 220,930,500 | 2,068,785,120 | 1,991,800,000 | 103.9% | 19.30 |
| 2012 | | 1,850,235,678 | 208,348,600 | 2,058,584,278 | 1,980,250,000 | 104.0% | 19.39 |
| 2013 | | 1,820,465,334 | 190,045,000 | 2,010,510,334 | 1,954,400,000 | 102.9% | 19.59 |
| 2014 | | 1,823,040,083 | 182,681,300 | 2,005,721,383 | 1,926,200,000 | 104.1% | 20.43 |
| 2015 | | 1,818,986,378 | 165,931,000 | 1,984,917,378 | 1,963,550,000 | 101.1% | 20.95 |
| 2016 | | 1,831,661,043 | 162,903,400 | 1,994,564,443 | 1,960,100,000 | 101.8% | 21.25 |
| 2017 | | 1,852,057,439 | 146,229,300 | 1,998,286,739 | 1,983,950,000 | 100.7% | 22.35 |
| 2018 | | 1,869,652,126 | 133,614,300 | 2,003,266,426 | 1,981,700,000 | 101.1% | 22.99 |

Table 6

CITY OF AUBURN, MAINE
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

| Fiscal Year | General Government | | General Fund Debt Service | | Education | | Total Tax/ (Mil) Rate |
|--------------------|---------------------------|--------|----------------------------------|--------|------------------|--------|------------------------------|
| 2009 | 7.72 | 41.92% | 3.41 | 18.53% | 7.28 | 39.55% | 18.41 |
| 2010 | 7.91 | 43.20% | 3.28 | 17.91% | 7.12 | 38.89% | 18.31 |
| 2011 | 8.89 | 46.06% | 3.29 | 17.05% | 7.12 | 36.89% | 19.30 |
| 2012 | 9.01 | 46.47% | 3.31 | 17.07% | 7.07 | 36.46% | 19.39 |
| 2013 | 9.01 | 45.99% | 3.20 | 16.33% | 7.38 | 37.67% | 19.59 |
| 2014 | 9.62 | 47.09% | 3.15 | 15.42% | 7.66 | 37.49% | 20.43 |
| 2015 | 9.67 | 46.16% | 3.15 | 15.04% | 8.13 | 38.81% | 20.95 |
| 2016 | 9.83 | 46.26% | 3.18 | 14.96% | 8.24 | 38.78% | 21.25 |
| 2017 | 10.31 | 46.13% | 3.21 | 14.36% | 8.83 | 39.51% | 22.35 |
| 2018 | 10.56 | 45.93% | 3.10 | 13.48% | 9.33 | 40.58% | 22.99 |

Table 7

CITY OF AUBURN, MAINE
Principal Property Taxpayers
Current Year and Nine Years Ago
June 30, 2018

| | Taxpayer | Business | Assessed Value | % of Total Tax Base | Cumulative % |
|----|-----------------------------|---------------------|------------------------------|----------------------------|---------------------|
| 1 | Tambrands | Personal Products | \$ 65,298,800 | 3.3% | 3.26% |
| 2 | Central Maine Power Company | Electric Utility | 43,541,345 | 2.2% | 5.43% |
| 3 | FPL Energy Maine Hydro LLC | Electric Utility | 32,852,205 | 1.6% | 7.07% |
| 4 | Auburn Plaza | Regional Shopping | 24,678,000 | 1.2% | 8.30% |
| 5 | Pioneer Plastics | Laminates | 20,767,900 | 1.0% | 9.34% |
| 6 | Wal-Mart Real Estate | Retail | 19,508,400 | 1.0% | 10.32% |
| 7 | Northern Utilities Inc | Natural Gas Utility | 17,830,100 | 0.9% | 11.21% |
| 8 | Gates Formed Fiber | Automotive Products | 16,193,400 | 0.8% | 12.01% |
| 9 | Riverwatch LLC | Lodging | 13,601,600 | 0.7% | 12.69% |
| 10 | Auburn Court LLC | Retail | 13,423,800 | 0.7% | 13.36% |
| | | | <u><u>\$ 267,695,550</u></u> | | |

June 30, 2009

| | Taxpayer | Business | Assessed Value | % of Total Tax Base | Cumulative % |
|----|--------------------------|-----------------------|------------------------------|----------------------------|---------------------|
| 1 | Tambrands | Personal Products | \$ 104,048,900 | 5.0% | 5.01% |
| 2 | Wal-Mart Real Estate | Retail | 26,102,200 | 1.3% | 6.27% |
| 3 | Pioneer Plastics | Plastic Laminates | 25,586,900 | 1.2% | 7.50% |
| 4 | Gates Formed Fiber | Automotive Products | 21,929,900 | 1.1% | 8.56% |
| 5 | Lowes | Retail | 17,157,200 | 0.8% | 9.39% |
| 6 | Auburn Plaza Inc | Regional Shopping | 16,604,900 | 0.8% | 10.19% |
| 7 | General Electric Company | Electrical Components | 15,987,900 | 0.8% | 10.96% |
| 8 | GFI Auburn Plaza Realty | Regional Shopping | 15,226,200 | 0.7% | 11.69% |
| 9 | Cascades Auburn Fiber | Paper Reprocessor | 15,129,900 | 0.7% | 12.42% |
| 10 | FPL Energy Maine Hydro | Electric Utility | 14,936,900 | 0.7% | 13.14% |
| | | | <u><u>\$ 272,710,900</u></u> | | |

Table 8

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

| Fiscal Year Ended June 30 | Total Tax Levy for Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections Subsequent Years | Total Collections to Date | |
|---------------------------------|--------------------------------------|---|-----------------------|---------------------------------|---------------------------|-----------------------|
| | | Amount Collected | Percentage of Levy | | Amount Collected | Percentage of Levy |
| 2009 | \$ 38,257,009 | 36,898,083 | 96.45% | 1,320,862 | 38,218,945 | 99.90% |
| 2010 | 37,999,926 | 37,148,508 | 97.76% | 851,418 | 37,999,926 | 100.00% |
| 2011 | 39,984,486 | 38,914,458 | 97.32% | 682,034 | 39,596,492 | 99.03% |
| 2012 | 39,948,404 | 38,831,952 | 97.21% | 418,622 | 39,250,574 | 98.25% |
| 2013 | 39,455,557 | 38,386,284 | 97.29% | 1,067,847 | 39,454,131 | 100.00% |
| 2014 | 40,987,430 | 39,889,671 | 97.32% | 1,026,159 | 40,915,830 | 99.83% |
| 2015 | 41,671,464 | 40,403,806 | 96.96% | 895,500 | 41,299,306 | 99.11% |
| 2016 | 42,459,969 | 41,444,901 | 97.61% | 1,008,103 | 42,453,004 | 99.98% |
| 2017 | 44,678,914 | 43,627,568 | 97.65% | 613,383 | 44,240,951 | 99.02% |
| 2018 | 46,107,186 | 44,117,930 | 95.69% | N/A | 44,117,930 | 95.69% |

Table 9

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

| Fiscal year | Governmental Activities | | | | | Total Long-term Debt | Total Long-term Debt | Ratio of Total Debt | | Per Capita Net of State Subsidy |
|----------------|--------------------------------|---------|-------------------|-----------------------------|----------------------------|----------------------------|----------------------------|----------------------|------------|---------------------------------------|
| | General Obligation Bonds | Notes | Capital Leases | Bonds Payable Premium | Total Long-term Debt | | Net of State Subsidy | To Assessed Value | Per Capita | |
| 2009 | \$ 67,925,000 | 495,078 | - | - | 68,420,078 | 68,420,078 | 52,369,513 | 3.3% | 2,967.69 | 2,271.50 |
| 2010 | 65,973,000 | 371,595 | - | - | 66,344,595 | 66,344,595 | 50,080,604 | 3.2% | 2,877.67 | 2,172.22 |
| 2011 | 65,461,000 | 692,675 | - | - | 66,153,675 | 66,153,675 | 48,634,442 | 3.2% | 2,869.39 | 2,109.50 |
| 2012 | 61,239,000 | 598,596 | - | - | 61,837,596 | 61,837,596 | 51,652,300 | 3.0% | 2,682.18 | 2,240.39 |
| 2013 | 59,534,323 | 504,518 | - | 1,052,751 | 61,091,592 | 61,091,592 | 54,863,817 | 2.9% | 2,649.82 | 2,379.69 |
| 2014 | 56,826,591 | 494,897 | - | 1,169,513 | 58,491,001 | 58,491,001 | 52,408,483 | 2.9% | 2,537.02 | 2,273.19 |
| 2015 | 55,170,858 | 383,927 | 1,231,203 | 1,551,550 | 58,337,538 | 58,337,538 | 53,735,209 | 2.9% | 2,530.36 | 2,330.74 |
| 2016 | 52,225,126 | 272,956 | 1,054,017 | 1,609,074 | 55,161,173 | 55,161,173 | 50,305,298 | 2.8% | 2,392.59 | 2,181.97 |
| 2017 | 48,634,394 | 211,608 | 871,863 | 1,817,852 | 51,535,717 | 51,535,717 | 47,127,830 | 2.6% | 2,235.34 | 2,044.15 |
| 2018 | 48,883,662 | 137,468 | 1,590,004 | 2,704,191 | 53,315,325 | 53,315,325 | 49,411,196 | 2.7% | 2,312.53 | 2,143.19 |

Table 10

CITY OF AUBURN, MAINE
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

| Fiscal year | | General Obligation Bonds** | To Estimated Actual Value | Per Capita | Total General Obligation Bonds Net of State Subsidy | Per Capita Net of State Subsidy |
|------------------------|----|---|--------------------------------------|-------------------|--|--|
| 2009 | \$ | 67,925,000 | 3.4% | 2,946.22 | 51,874,435 | 2,250.03 |
| 2010 | | 65,973,000 | 3.2% | 2,861.55 | 49,709,009 | 2,156.11 |
| 2011 | | 65,461,000 | 3.3% | 2,839.34 | 47,941,767 | 2,079.45 |
| 2012 | | 61,239,000 | 3.1% | 2,656.21 | 51,053,704 | 2,214.43 |
| 2013 | | 60,587,074 | 3.1% | 2,627.94 | 54,359,299 | 2,357.81 |
| 2014 | | 57,996,104 | 3.0% | 2,515.55 | 51,913,586 | 2,251.73 |
| 2015 | | 56,722,408 | 2.9% | 2,460.31 | 52,120,079 | 2,260.68 |
| 2016 | | 53,834,200 | 2.7% | 2,335.03 | 48,978,325 | 2,124.41 |
| 2017 | | 50,452,246 | 2.5% | 2,188.34 | 46,044,359 | 1,997.15 |
| 2018 | | 51,587,853 | 2.6% | 2,237.60 | 47,683,724 | 2,068.26 |

** The 2013-2018 General Obligation Bonds include the premium on bonds, as well as bond amounts.

Table 11

CITY OF AUBURN, MAINE
Direct and Overlapping Governmental Activities Debt
Last Ten Fiscal Years

| Fiscal Year | | | | | | Direct and Overlapping Debt | | |
|-------------|------------------------------|-----------------------------------|--|--|--|-----------------------------|---------------------------|------------|
| | Direct Debt - City of Auburn | Direct Debt - Androscoggin County | Auburn's Share of Androscoggin County Debt | Overlapping Debt - Androscoggin County | | Total Debt | Percent of Assessed Value | Per Capita |
| 2009 | \$ 68,420,078 | 75,000 | 23.72% | 17,788 | | 67,942,788 | 3.27% | 2,946.99 |
| 2010 | 66,344,595 | - | 24.47% | - | | 65,973,000 | 3.19% | 2,861.55 |
| 2011 | 66,153,675 | - | 24.47% | - | | 66,153,675 | 3.20% | 2,869.39 |
| 2012 | 61,837,596 | - | 24.64% | - | | 61,837,596 | 3.00% | 2,682.18 |
| 2013 | 61,091,592 | - | 24.64% | - | | 60,038,841 | 2.99% | 2,604.16 |
| 2014 | 58,491,001 | - | 25.36% | - | | 57,321,488 | 2.86% | 2,486.29 |
| 2015 | 58,337,538 | - | 25.36% | - | | 58,337,538 | 2.94% | 2,530.36 |
| 2016 | 55,161,173 | - | 25.36% | - | | 55,161,173 | 2.77% | 2,392.59 |
| 2017 | 51,535,717 | - | 25.36% | - | | 51,535,717 | 2.58% | 2,235.34 |
| 2018 | 53,315,325 | - | 24.90% | - | | 53,315,325 | 2.66% | 2,312.53 |

Table 12

CITY OF AUBURN, MAINE
Legal Debt Management
Last Ten Years
Computation of Legal Debt Margin
June 30, 2018

| | | | | | |
|-------------------------------------|---------------|--------------------------------|---------------|-----------------|-----------------|
| Total State Valuation | | \$ 1,981,700,000 | | | |
| Legal Debt Limitation: | | | | | |
| 15% of State Valuation | | 297,255,000 | | | |
| Debt Applicable to Debt Limitation: | | Bonded General Obligation Debt | | | |
| | Legal Maximum | | | As a Percent of | |
| Purpose | Percentage | Amount | Dollar Amount | Legal Maximum | State Valuation |
| Municipal & School | 15.0% | \$ 297,255,000 | 48,883,662 | 16.45% | 2.47% |
| Margin for Additional Borrowing: | | <u>\$ 248,371,338</u> | | | |

Historical Legal Debt Margin Last Ten Fiscal Years

| | | Legal Debt Limit | Debt Outstanding | Legal Debt Margin | Debt Outstanding Legal Debt Limit |
|------|----|---------------------|---------------------|----------------------|--------------------------------------|
| 2009 | \$ | \$297,240,000.0 | 67,925,000 | 229,315,000 | 22.9% |
| 2010 | | 308,167,500 | 65,973,000 | 242,194,500 | 21.4% |
| 2011 | | 298,770,000 | 65,461,000 | 233,309,000 | 21.9% |
| 2012 | | 297,037,500 | 61,239,000 | 235,798,500 | 20.6% |
| 2013 | | 293,160,000 | 59,534,323 | 293,160,000 | 20.3% |
| 2014 | | 288,930,000 | 56,826,591 | 288,930,000 | 19.7% |
| 2015 | | 294,532,500 | 55,170,858 | 239,361,642 | 18.7% |
| 2016 | | 294,015,000 | 52,225,126 | 241,789,874 | 17.8% |
| 2017 | | 297,592,500 | 48,634,394 | 248,958,106 | 16.3% |
| 2018 | | 297,255,000 | 48,883,662 | 248,371,338 | 16.4% |

Table 13

CITY OF AUBURN, MAINE
Demographic and Economic Statistics
Last Ten Calendar Years

| Fiscal Year | (1) Population | (2) Total Personal Wages | Per Capita Personal Wages | (2) Annual Average Unemployment Rate |
|--------------------|---------------------------|---|--|---|
| 2009 | 23,602 | 486,782,327 | 20,625 | 8.9% |
| 2010 | 23,055 | Not available | Not available | 7.9% |
| 2011 | 23,055 | Not available | Not available | 7.8% |
| 2012 | 23,055 | Not available | Not available | 7.2% |
| 2013 | 23,055 | Not available | Not available | 7.8% |
| 2014 | 23,055 | Not available | Not available | 5.5% |
| 2015 | 23,055 | 541,950,460 | 23,507 | 4.7% |
| 2016 | 23,055 | Not available | Not available | 3.7% |
| 2017 | 23,055 | 611,994,975 | 26,545 | 3.5% |
| 2018 | 23,055 | 635,862,779 | 27,580 | 3.5% |

(1) Source: US Census Bureau

(2) Source: Maine Department of Labor

Table 14

CITY OF AUBURN, MAINE
Principal Non-Governmental Employers
Current Year and Nine Years Ago
June 30, 2018

| Rank | Employer | Total Number of Employees | Percent of Total Employees |
|-------------|------------------------------|--------------------------------------|---------------------------------------|
| 1 | Pioneer Plastics | 624 | 3.6% |
| 2 | Wal-Mart Supercenter | 525 | 3.1% |
| 3 | Tambrands Inc. | 425 | 2.5% |
| 4 | Carbonite Inc | 352 | 2.0% |
| 5 | Clover Living Center | 287 | 1.7% |
| 6 | Hartt Transportation Systems | 245 | 1.4% |
| 7 | UPS | 232 | 1.4% |
| 8 | Conform Automotve | 202 | 1.2% |
| 9 | Hannaford | 170 | 1.0% |
| 10 | Shaws Supermarket | 138 | 0.8% |
| | All Other Employers | 13,985 | 81.4% |
| | Total Employees | 17,185 | |

Principal Non-Governmental Employers
June 30, 2009

| Rank | Employer | Total appr. number of employees | |
|-------------|-----------------------------|--|-------|
| 1 | Wal-Mart Supercenter | 481 | 4.2% |
| 2 | Tambrands Inc. | 461 | 4.1% |
| 3 | Gates Formed Fiber Products | 450 | 4.0% |
| 4 | Pioneer Plastics | 332 | 2.9% |
| 5 | Clover Living Center | 290 | 2.6% |
| 6 | Hannaford | 190 | 1.7% |
| 7 | Shaw's Supermarkets | 165 | 1.5% |
| 8 | General Electric | 163 | 1.4% |
| 9 | Advantage Business Services | 150 | 1.3% |
| 10 | Thomas Moser Cabinetmakers | 106 | 0.9% |
| | All Other Employers | 8,569 | 75.5% |
| | Total Employees | 11,357 | |

Source: Maine Department of Labor

Table 15

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

| Fiscal Year | General Government | Public Safety | Health, Welfare & Recreation | Public Services | Education | Ice Arena | Total |
|--------------------|---------------------------|----------------------|---|------------------------|------------------|------------------|--------------|
| 2009 | 42.50 | 117.50 | 11.50 | 62.00 | 614.00 | 1.00 | 848.50 |
| 2010 | 40.00 | 125.00 | 13.00 | 55.00 | 589.00 | 2.00 | 824.00 |
| 2011 | 44.00 | 117.00 | 20.00 | 53.00 | 679.00 | 2.00 | 915.00 |
| 2012 | 42.00 | 123.00 | 14.00 | 55.00 | 585.00 | 2.00 | 821.00 |
| 2013 | 45.00 | 124.00 | 5.00 | 55.00 | 585.00 | 2.00 | 816.00 |
| 2014 | 39.00 | 128.00 | 5.00 | 59.00 | 564.00 | 5.00 | 800.00 |
| 2015 | 34.00 | 126.00 | 5.00 | 72.00 | 565.00 | 3.00 | 805.00 |
| 2016 | 34.00 | 126.00 | 4.50 | 70.00 | 565.00 | 3.00 | 802.50 |
| 2017 | 33.50 | 128.00 | 5.50 | 64.00 | 565.00 | 4.00 | 800.00 |
| 2018 | 33.00 | 137.00 | 7.50 | 63.00 | 569.00 | 4.00 | 813.50 |

Source: Various City departments

Table 16

| CITY OF AUBURN, MAINE Demand for Level of Service Last Ten Fiscal Years | | | | | | |
|---|-----------------------|--|---|-----------------------------|--------------------|-----------------------------|
| | General Government | Public Safety | Health, Welfare & Recreation | Public Works | Education | Ice Arena |
| | Service Units: | Service Units: | Service Units: | Service Units: | Service Units: | Service Units: |
| Fiscal Year | City Population | Police / Fire No. of Service Calls | Libraries / Parks / Cemeteries Maintained | Miles of Road Maintained | No. of Students | Hours of Ice Time Rented |
| 2009 | 23,602 | 24,282 / 3,877 | 1 / 19 / 16 | 226 | 3,534 | 1,540 |
| 2010 | 23,055 | 22,186 / 3,196 | 1 / 19 / 16 | 225 | 3,568 | 2,121 |
| 2011 | 23,055 | 23,924 / 3,365 | 1 / 19 / 16 | 225 | 3,634 | 1,684 |
| 2012 | 23,055 | 26,195 / 3,545 | 1 / 19 / 17 | 237 | 3,650 | 1,798 |
| 2013 | 23,055 | 24,110 / 3,560 | 1 / 19 / 17 | 237 | 3,744 | 1,798 |
| 2014 | 23,055 | 26,626 / 3,535 | 1 / 19 / 17 | 237 | 3,623 | 1,832 |
| 2015 | 23,055 | 29,428 / 4,232 | 1 / 19 / 17 | 237 | 3,610 | 2,996 |
| 2016 | 23,055 | 27,161 / 4,432 | 1 / 19 / 17 | 237 | 3,554 | 3,884 |
| 2017 | 22,948 | 25,470 / 4,609 | 1 / 19 / 17 | 237 | 3,498 | 3,899 |
| 2018 | 22,948 | 24,451 / 4,775 | 1 / 19 / 17 | 237 | 3,578 | 3,885 |

Source: Various City departments

Table 17

CITY OF AUBURN, MAINE
Capital Assets Statistics - Net Book Value
Last Ten Fiscal Years

| Fiscal Year | | General Government | Public Safety | Health, Welfare & Recreation | Public Works | Education | Proprietary Funds |
|--------------------|----|---------------------------|----------------------|---|---------------------|------------------|--------------------------|
| 2009 | \$ | 23,607,655 | 2,203,282 | 3,655,392 | 57,109,583 | 27,619,073 | 1,033,634 |
| 2010 | | 28,824,479 | 2,109,338 | 8,982,225 | 51,600,320 | 27,133,850 | 928,388 |
| 2011 | | 30,016,043 | 1,954,048 | 8,743,446 | 49,696,710 | 27,098,225 | 829,059 |
| 2012 | | 33,680,128 | 1,844,090 | 8,507,608 | 47,535,463 | 27,830,918 | 729,731 |
| 2013 | | 34,145,986 | 2,020,995 | 6,001,834 | 46,166,780 | 27,536,761 | 630,402 |
| 2014 | | 32,439,570 | 1,806,175 | 5,813,288 | 49,100,585 | 28,482,183 | 471,624 |
| 2015 | | 32,659,081 | 2,837,912 | 5,700,706 | 47,011,147 | 29,350,762 | 416,996 |
| 2016 | | 32,300,141 | 2,399,469 | 6,020,280 | 57,246,091 | 28,956,784 | 456,021 |
| 2017 | | 33,091,101 | 2,373,248 | 4,342,849 | 55,694,038 | 28,816,772 | 539,164 |
| 2018 | | 34,850,012 | 2,306,507 | 5,058,191 | 54,114,905 | 29,182,526 | 515,180 |

Source: Various City departments