

CITY OF AUBURN, MAINE

Finance Department

ANNUAL FINANCIAL REPORT

**For Fiscal Year Ended
June 30, 2023**

**CITY OF AUBURN, MAINE
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2023**

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Report of Independent Auditors

City Council
City of Auburn, Maine:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Auburn, Maine, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Auburn, Maine's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Auburn, Maine, as of June 30, 2023, and the respective changes in financial position, the respective budgetary comparison for the General Fund, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Auburn, Maine and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Auburn, Maine's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Auburn, Maine's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules related to the pension and OPEB liabilities, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, is the responsibility of management and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Auburn, Maine's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2024 on our consideration of the City of Auburn, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Auburn, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Auburn, Maine's internal control over financial reporting and compliance.



August 30, 2024
South Portland, Maine

BASIC FINANCIAL STATEMENTS

CITY OF AUBURN, MAINE
Statement of Net Position
June 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 49,206,581	510,575	49,717,156
Investments	31,335,790	-	31,335,790
Amounts held in escrow	149,650	-	149,650
Receivables:			
Accounts, net of allowance	692,721	118,476	811,197
Intergovernmental	15,196,420	-	15,196,420
Taxes receivable	1,718,967	-	1,718,967
Loans, net of allowance	5,227,121	-	5,227,121
Internal balances	1,146,216	(1,146,216)	-
Prepaid expenses	157,225	-	157,225
Inventories	54,658	-	54,658
Capital assets, not being depreciated	116,198,818	-	116,198,818
Capital assets, being depreciated, net	118,843,371	228,920	119,072,291
Total assets	339,927,538	(288,245)	339,639,293
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - related to pensions	6,989,652	47,828	7,037,480
Deferred outflows of resources - related to OPEB	1,536,207	1,077	1,537,284
Total deferred outflows of resources	8,525,859	48,905	8,574,764
LIABILITIES			
Accounts payable and other current liabilities	12,566,872	9,851	12,576,723
Accrued payroll	4,748,705	-	4,748,705
Prepaid taxes	99,366	-	99,366
Unearned revenue	22,259,238	-	22,259,238
Noncurrent liabilities:			
Due within one year	17,351,607	-	17,351,607
Due in more than one year	184,708,491	126,595	184,835,086
Total liabilities	241,734,279	136,446	241,870,725
DEFERRED INFLOWS OF RESOURCES			
Deferred charge on refunding	56,364	-	56,364
Deferred inflows of resources - related to pensions	3,222,121	28,957	3,251,078
Deferred inflows of resources related to OPEB	572,424	6,646	579,070
Total deferred inflows of resources	3,850,909	35,603	3,886,512
NET POSITION			
Net investment in capital assets	87,855,325	228,920	88,084,245
Restricted for:			
Permanent funds:			
Expendable	199,761	-	199,761
Nonexpendable	69,475	-	69,475
Other purposes:			
City Services	3,266,436	-	3,266,436
Education	10,741,895	-	10,741,895
Centralized School Lunch	1,391,609	-	1,391,609
Community Development Programs	1,368,340	-	1,368,340
Unrestricted	(2,024,632)	(640,309)	(2,664,941)
Total net position	\$ 102,868,209	(411,389)	102,456,820

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Activities
For the Year Ended June 30, 2023

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	\$ 16,131,528	3,019,837	6,081,888	-	(7,029,803)	-	(7,029,803)
Public safety	11,365,100	18,176	-	-	(11,346,924)	-	(11,346,924)
Health, welfare and recreation	3,109,439	512,392	-	-	(2,597,047)	-	(2,597,047)
Public works	14,414,736	-	-	-	(14,414,736)	-	(14,414,736)
Other agencies	4,649,304	-	-	-	(4,649,304)	-	(4,649,304)
Education	60,665,088	1,057,392	45,634,447	415,510	(13,557,739)	-	(13,557,739)
Food services	2,123,206	73,839	2,432,968	-	383,601	-	383,601
Interest on debt	21,575	-	-	-	(21,575)	-	(21,575)
Total governmental activities	112,479,976	4,681,636	54,149,303	415,510	(53,233,527)	-	(53,233,527)
Business-type activities:							
Ingersoll Turf Facility	57,751	178,107	-	-	-	120,356	120,356
Norway Savings Bank Arena	774,964	1,049,735	-	-	-	274,771	274,771
Total business-type activities	832,715	1,227,842	-	-	-	395,127	395,127
Total primary government	\$ 113,312,691	5,909,478	54,149,303	415,510	(53,233,527)	395,127	(52,838,400)
General revenues, unrestricted:							
Property taxes, levied for general purposes					49,502,583	-	49,502,583
Motor vehicle excise taxes					4,796,428	-	4,796,428
Interest on delinquent taxes					102,241	-	102,241
Grants and contributions not restricted to specific programs:							
State Revenue Sharing					6,317,130	-	6,317,130
Homestead and BETE exemptions					4,527,276	-	4,527,276
Other State aid					711,771	-	711,771
Unrestricted investment earnings					1,481,684	2,471	1,484,155
Miscellaneous revenues					277,969	-	277,969
Total general revenues					67,717,082	2,471	67,719,553
Change in net position					14,483,555	397,598	14,881,153
Net position - beginning - as restated					88,384,654	(808,987)	87,575,667
Net position - ending					\$ 102,868,209	(411,389)	102,456,820

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
 Balance Sheet
 Governmental Funds
 June 30, 2023

	General	Community Development Programs	Tax Increment Financing	Capital Improvement Program	New Edward Little Building Project	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 26,818,464	-	1,054,563	12,954,137	1,352,025	7,027,392	49,206,581
Amounts held in escrow	-	-	-	149,650	-	-	149,650
Investments	5,094,330	-	-	-	26,241,460	-	31,335,790
Receivables:							
Taxes	1,718,967	-	-	-	-	-	1,718,967
Accounts, net of allowance	585,777	-	-	129,584	55,640	973	771,974
Loans, net of allowance	599,532	3,727,374	-	-	-	900,215	5,227,121
Intergovernmental	749,671	8,653,476	-	-	-	5,793,273	15,196,420
Inventory	-	-	-	-	-	54,658	54,658
Interfund receivables	107,636	-	221,775	-	-	7,906,527	8,235,938
Prepaid expenditures	50,782	-	-	-	-	106,443	157,225
Total assets	\$ 35,725,159	12,380,850	1,276,338	13,233,371	27,649,125	21,789,481	112,054,324
LIABILITIES							
Accounts payable	1,452,447	20,487	76	2,057,223	7,762,168	1,241,210	12,533,611
Accrued payroll and benefits payable	4,699,560	-	-	-	-	49,145	4,748,705
Prepaid taxes	99,366	-	-	-	-	-	99,366
Escrow funds payable	32,511	750	-	-	-	-	33,261
Unearned revenue	-	10,861,349	-	-	-	11,397,889	22,259,238
Interfund payables	-	129,924	-	3,275,447	490,193	3,273,411	7,168,975
Total liabilities	6,283,884	11,012,510	76	5,332,670	8,252,361	15,961,655	46,843,156
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	1,613,742	-	-	-	-	-	1,613,742
Unavailable revenue - settlement proceeds	-	-	-	-	-	1,025,186	1,025,186
Total deferred inflows of resources	1,613,742	-	-	-	-	1,025,186	2,638,928
FUND BALANCES (deficits)							
Nonspendable - amounts held in escrow	-	-	-	149,650	-	-	149,650
Nonspendable - inventory	-	-	-	-	-	54,658	54,658
Nonspendable - prepaid expenditures	50,782	-	-	-	-	106,443	157,225
Nonspendable - long-term receivables	599,532	-	-	-	-	-	599,532
Nonspendable - principal	-	-	-	-	-	69,475	69,475
Restricted	9,875,588	1,368,340	1,276,262	-	-	4,329,631	16,849,821
Committed	-	-	-	7,751,051	19,396,764	358,492	27,506,307
Assigned	3,298,999	-	-	-	-	-	3,298,999
Unassigned	14,002,632	-	-	-	-	(116,059)	13,886,573
Total fund balances	27,827,533	1,368,340	1,276,262	7,900,701	19,396,764	4,802,640	62,572,240
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 35,725,159	12,380,850	1,276,338	13,233,371	27,649,125	21,789,481	

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.	235,042,189
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,638,928
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	(159,646,099)
Financed purchases payable	(173,782)
Leases payable	(617,128)
Unamortized debt premiums	(13,600,660)
Accrued compensated absences	(2,559,194)
Accrued self-insurance liability	(853,036)
Other postemployment benefits with related deferred inflows and outflows of resources	(13,335,074)
Net pension liability with related deferred inflows and outflows of resources	(5,158,269)
Deferred charge on refunding	(56,364)
Landfill postclosure care costs	(31,500)
Accrued interest on debt	(1,354,042)

Net position of governmental activities

\$ 102,868,209

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General	Community Development Programs	Tax Increment Financing	Capital Improvement Program	New Edward Little Building Project	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	\$ 54,373,113	-	-	-	-	-	54,373,113
Intergovernmental	51,608,089	536,531	-	-	-	12,323,010	64,467,630
Licenses and permits	475,259	-	-	-	-	-	475,259
Charges for services	2,753,018	-	-	-	-	1,435,183	4,188,201
Student activity fees and fundraisers	-	-	-	-	-	277,863	277,863
Other income	296,145	24,477	-	-	1,059	878,605	1,200,286
Donation	411,000	-	-	4,510	-	-	415,510
Interest income	278,901	-	-	279,964	910,954	11,865	1,481,684
Total revenues	110,195,525	561,008	-	284,474	912,013	14,926,526	126,879,546
Expenditures:							
Current:							
General government	11,946,944	955,396	735,466	-	-	1,907,587	15,545,393
Public safety	11,461,619	-	-	-	-	141,139	11,602,758
Health, welfare and recreation	2,044,326	-	-	-	-	531,311	2,575,637
Public works	6,822,438	-	-	-	-	2,217,504	9,039,942
Other agencies	4,649,304	-	-	-	-	-	4,649,304
Education	56,874,309	-	-	-	-	6,576,017	63,450,326
Food services	-	-	-	-	-	2,123,206	2,123,206
Student activities	-	-	-	-	-	260,269	260,269
Unclassified	229,135	-	-	-	-	-	229,135
Capital outlay	615,433	-	11,963	10,061,736	50,600,715	-	61,289,847
Debt service	8,394,862	-	691,489	-	-	159,119	9,245,470
Total expenditures	103,038,370	955,396	1,438,918	10,061,736	50,600,715	13,916,152	180,011,287
Excess (deficiency) of revenues over (under) expenditures	7,157,155	(394,388)	(1,438,918)	(9,777,262)	(49,688,702)	1,010,374	(53,131,741)
Other financing sources (uses):							
Issuance of long-term debt	-	-	-	6,800,000	-	-	6,800,000
Premium on issuance of debt	-	-	-	600,358	-	-	600,358
Transfers to/from other funds	(2,654,086)	-	2,479,086	-	-	175,000	-
Total other financing sources (uses)	(2,654,086)	-	2,479,086	7,400,358	-	175,000	7,400,358
Net change in fund balances	4,503,069	(394,388)	1,040,168	(2,376,904)	(49,688,702)	1,185,374	(45,731,383)
Fund balances, beginning of year, as restated	23,324,464	1,762,728	236,094	10,277,605	69,085,466	3,617,266	108,303,623
Fund balances, end of year	\$ 27,827,533	1,368,340	1,276,262	7,900,701	19,396,764	4,802,640	62,572,240

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, 2023

Net change in fund balances - total governmental funds (from Statement 4)	\$	(45,731,383)
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Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Governmental funds report capital outlays as expenditures.

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

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

Capital outlays recorded as expenditures in governmental funds		63,355,507
Depreciation and loss on disposal not reported in governmental funds		(10,208,796)

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.

83,985

The issuance of long-term debt (e.g., bonds, notes, financed purchases 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		(6,800,000)
Principal payments on long-term debt and financed purchases		12,375,197
Principal payments on leases		47,967
Premium on issuance of debt		(600,358)
Amortization of bond premium		1,753,655
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		(103,264)
Accrued self-insurance liability		262,053
Other postemployment benefits with related deferred inflows and outflows of resources		(170,422)
Net pension liability with related deferred inflows and outflows of resources		156,293
Landfill postclosure care costs		10,500
Accrued interest on debt		38,530

Change in net position of governmental activities (see Statement 2)	\$	14,483,555
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See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance -- Budget and Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes:				
Real and personal property	\$ 49,302,320	49,302,320	49,474,444	172,124
Excise and registrations	4,435,000	4,435,000	4,796,428	361,428
Interest on delinquent taxes	120,000	120,000	102,241	(17,759)
Total taxes	53,857,320	53,857,320	54,373,113	515,793
Intergovernmental:				
State revenue sharing	4,504,100	4,504,100	6,317,130	1,813,030
School subsidy	34,826,024	34,826,024	35,118,115	292,091
Homestead	1,770,000	1,770,000	1,661,443	(108,557)
BETE	3,101,000	3,101,000	2,865,833	(235,167)
Other:				
School Department	224,555	224,555	219,721	(4,834)
Tax sharing/in lieu of	242,000	242,000	294,207	52,207
Municipal	1,249,066	1,249,066	711,771	(537,295)
Total intergovernmental	45,916,745	45,916,745	47,188,220	1,271,475
Other revenue:				
Licenses and permits	385,250	385,250	475,259	90,009
Charges for services:				
Municipal	2,277,200	2,277,200	2,397,183	119,983
School	264,910	264,910	355,529	90,619
Fines, forfeits and penalties	28,000	28,000	18,176	(9,824)
Interest:				
Municipal	30,000	30,000	278,143	248,143
Donation	-	-	411,000	411,000
Miscellaneous	120,000	120,000	277,969	157,969
Total other revenue	3,105,360	3,105,360	4,213,259	1,107,899
Total revenues	102,879,425	102,879,425	105,774,592	2,895,167

CITY OF AUBURN, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balances -- Budget and Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Expenditures:				
General government:				
Mayor and council	\$ 170,500	176,826	168,373	8,453
City manager	510,978	528,067	514,763	13,304
Communications & Engagement	218,746	229,041	185,456	43,585
City clerk	257,506	279,510	275,390	4,120
Finance	1,138,802	1,143,152	1,128,501	14,651
Human resources	222,099	222,099	220,415	1,684
Planning & Permitting	666,629	745,388	742,516	2,872
Economic Development	286,598	286,598	299,003	(12,405)
Business and Community Development	671,411	671,411	317,603	353,808
Facilities	-	23,773	25,485	(1,712)
Information technology	827,000	830,360	764,660	65,700
Worker's compensation (transfer to reserve)	698,000	698,000	698,000	-
Benefits and wage increases	7,876,393	7,940,393	6,651,578	1,288,815
Total general government	13,544,662	13,774,618	11,991,743	1,782,875
Public safety:				
Fire & EMS Transport	5,518,284	5,550,389	5,875,613	(325,224)
Police	4,945,034	4,963,645	4,803,381	160,264
Water and sewer	792,716	792,716	781,203	11,513
Total public safety	11,256,034	11,306,750	11,460,197	(153,447)
Health, welfare and recreation:				
Health and social services - public assistance	119,875	119,875	291,067	(171,192)
Recreation and sports tourism	762,440	767,447	668,822	98,625
Library	1,084,437	1,084,437	1,084,437	-
Total health, welfare and recreation	1,966,752	1,971,759	2,044,326	(72,567)
Public services:				
Public works	5,600,109	5,865,269	5,456,809	408,460
Solid waste disposal	1,320,000	1,320,000	1,365,629	(45,629)
Total public services	6,920,109	7,185,269	6,822,438	362,831
Other agencies:				
County tax	2,761,220	2,761,220	2,761,220	-
Auburn-Lewiston Airport	205,000	205,000	208,560	(3,560)
Auburn Art in the Park	30,000	30,000	30,000	-
Lewiston-Auburn Transit Committee	431,811	431,811	431,811	-
Lewiston-Auburn E911 Center	1,217,713	1,217,713	1,217,713	-
Total other agencies	4,645,744	4,645,744	4,649,304	(3,560)

CITY OF AUBURN, MAINE
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balances -- Budget and Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Expenditures, continued:				
Education	\$ 55,732,090	55,732,090	52,454,440	3,277,650
Other appropriations:				
Tax sharing	260,000	260,000	229,135	30,865
Debt service - principal	6,721,695	6,721,695	6,700,998	20,697
Debt service - interest and other	1,639,559	1,639,559	1,693,864	(54,305)
Capital investment and purchasing	672,473	672,473	615,433	57,040
Emergency reserve	461,230	461,230	-	461,230
Total other appropriations	9,754,957	9,754,957	9,239,430	515,527
Total expenditures	103,820,348	104,371,187	98,661,878	5,709,309
Excess (deficiency) of revenues over (under) expenditures	(940,923)	(1,491,762)	7,112,714	8,604,476
Other financing sources (uses):				
Transfers in from other funds	1,414,000	1,414,000	-	(1,414,000)
Transfers to other funds	(3,224,803)	(3,224,803)	(2,904,086)	320,717
Budgeted use of surplus - City	1,500,000	2,050,839	-	(2,050,839)
Budgeted use of surplus - School	1,251,726	1,251,726	-	(1,251,726)
Total other financing sources (uses)	940,923	1,491,762	(2,904,086)	(4,395,848)
Net change in fund balance - budgetary basis	-	-	4,208,628	4,208,628
Fund balance, July 1 - budgetary basis			24,108,599	
Fund balance, June 30 - budgetary basis			28,317,227	
Reconciliation to GAAP basis:				
Reserve funds deficit fund balance			(489,694)	
Fund balance, June 30 - GAAP basis			\$ 27,827,533	

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Net Position
Proprietary Funds
June 30, 2023

Business-type Activities - Enterprise Funds			
	Ingersoll Turf Facility	NSB Ice Arena	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 229,487	281,088	510,575
Accounts receivable	-	118,476	118,476
Interfund receivables	118,439	-	118,439
Total current assets	347,926	399,564	747,490
Noncurrent assets:			
Capital assets:			
Land improvements	18,584	-	18,584
Buildings	672,278	58,223	730,501
Equipment	124,045	615,473	739,518
Less accumulated depreciation	(776,492)	(483,191)	(1,259,683)
Total noncurrent assets	38,415	190,505	228,920
Total assets	386,341	590,069	976,410
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	-	47,828	47,828
Deferred outflows of resources related to OPEB	-	1,077	1,077
Total deferred outflows of resources	-	48,905	48,905
LIABILITIES			
Current Liabilities:			
Accounts payable	-	9,851	9,851
Interfund payables	-	1,264,655	1,264,655
Total current liabilities	-	1,274,506	1,274,506
Noncurrent liabilities:			
Net pension liability	-	67,710	67,710
Net OPEB liability	-	58,885	58,885
Total noncurrent liabilities	-	126,595	126,595
Total liabilities	-	1,401,101	1,401,101
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	-	28,957	28,957
Deferred inflows of resources related to OPEB	-	6,646	6,646
Total deferred inflows of resources	-	35,603	35,603
NET POSITION			
Net investment in capital assets	38,415	190,505	228,920
Unrestricted	347,926	(988,235)	(640,309)
Total net position	\$ 386,341	(797,730)	(411,389)

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, 2023

	Ingersoll Turf Facility	NSB Ice Arena	Totals
Operating revenues:			
Charges for services	\$ 178,107	1,049,735	1,227,842
Total operating revenue	178,107	1,049,735	1,227,842
Operating expenses:			
Personnel	490	389,910	390,400
Program expenses	17,886	2,243	20,129
Supplies	-	50,988	50,988
Utilities	234	177,395	177,629
Contracted services	-	64,417	64,417
Repairs and maintenance	9,765	31,267	41,032
Depreciation	27,735	57,660	85,395
Other expenses	1,641	7,910	9,551
Total operating expenses	57,751	781,790	839,541
Operating income (loss)	120,356	267,945	388,301
Nonoperating revenue (expense):			
Interest income	2,471	-	2,471
Pension gain (expense)	-	6,666	6,666
OPEB gain (expense)	-	160	160
Total nonoperating revenue (expense)	2,471	6,826	9,297
Change in net position	122,827	274,771	397,598
Total net position (deficit), July 1	263,514	(1,072,501)	(808,987)
Total net position (deficit), June 30	\$ 386,341	(797,730)	(411,389)

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, 2023

	Ingersoll Turf Facility	NSB Ice Arena	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 178,107	975,208	1,153,315
Cash paid to suppliers for goods and services	(29,712)	(340,757)	(370,469)
Cash paid to employees for services	(490)	(389,910)	(390,400)
Net cash provided by (used in) operating activities	147,905	244,541	392,446
Cash flows from noncapital financing activities:			
Net change in interfund loans	(143,533)	(145,739)	(289,272)
Net cash provided by (used in) noncapital financing activities	(143,533)	(145,739)	(289,272)
Cash flows from capital and related financing activities:			
Purchase of capital assets	(4,372)	(98,424)	(102,796)
Net cash used in capital and related financing activities	(4,372)	(98,424)	(102,796)
Cash flows from investing activities:			
Interest on investments	2,471	-	2,471
Net cash provided by (used in) investing activities	2,471	-	2,471
Net increase (decrease) in cash and cash equivalents	2,471	378	2,849
Cash and cash equivalents, July 1	227,016	280,710	507,726
Cash and cash equivalents, June 30	229,487	281,088	510,575
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	120,356	267,945	388,301
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	27,735	57,660	85,395
(Increase) decrease in assets:			
Accounts receivable	-	(74,527)	(74,527)
Increase (decrease) in liabilities:			
Accounts payable	(186)	(6,537)	(6,723)
Total adjustments	27,549	(23,404)	4,145
Net cash provided by (used in) operating activities	\$ 147,905	244,541	392,446

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

		Private- purpose Trust Funds	Custodial Funds
ASSETS			
Cash and cash equivalents	\$	149,850	-
Investments		1,765,903	-
Intergovernmental receivables		-	68,035
Interfund receivables		5,500	73,753
Total assets		1,921,253	141,788
LIABILITIES			
Accounts payable		-	1,285
Accrued payroll		-	49,133
Total liabilities		-	50,418
RESTRICTED FOR:			
Individuals and organizations	\$	1,921,253	91,370

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, 2023

		Private- purpose Trust Funds	Custodial Funds
ADDITIONS			
Donations	\$	59,498	-
Service revenues		-	495,749
Interest and dividends		157,620	-
Total additions		217,118	495,749
DEDUCTIONS			
Scholarships and other Programs		140,493	-
		-	651,542
Total deductions		140,493	651,542
Net increase (decrease) in fiduciary net position		76,625	(155,793)
Net position - beginning		1,844,628	247,163
Net position - ending	\$	1,921,253	91,370

See accompanying notes to financial statements.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements
June 30, 2023

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, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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

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

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The government reports the following major enterprise funds:

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

1. Deposits and Investments

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

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

2. Receivables and Payables

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

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

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

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

3. Inventories and Prepaid Items

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

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

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. All capital assets are capitalized at cost or estimated historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed the leases note below) and updated for additions and retirements during the year. Donated capital assets, donated works of art and similar assets, and capital assets received in a service concession arrangement are recorded at acquisition value.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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:

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

5. Deferred Inflows and Outflows of Resources

In addition to assets and liabilities, the statement of net position and balance sheet will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time. The governmental funds report two types of deferred inflows of resources; unavailable revenue from property taxes and unavailable revenue from settlement proceeds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The governmental activities have two additional items that qualify for reporting in this category. One is the deferred charge on refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The governmental activities also 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 are recognized as a reduction of the net pension and OPEB liabilities in the subsequent year. They include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between City contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. They also include the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized over a five-year period.

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.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

8. Leases

The City is a lessee for noncancellable leases of office space and a gravel pit. The City recognizes lease liabilities and intangible right-to-use lease assets (lease assets) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$10,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

9. Fund Equity

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

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

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

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

10. 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.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

11. 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.

12. Other Postemployment Benefits (OPEB)

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, Continued

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2023, expenditures exceeded appropriation in the following general fund categories: Economic Development, \$12,405; Facilities, \$1,712; Fire & EMS, \$325,224; Health and social services - public assistance, \$171,192; Solid waste disposal, \$45,629; Auburn-Lewiston Airport, \$3,560; and Debt service – interest and other, \$54,305. In total, the City’s expenditures were \$5,709,309 less than appropriations.

C. Deficit Fund Equity

At June 30, 2023, the City had the following fund with a deficit fund balance/net position: Norway Savings Bank Arena (Proprietary), \$797,730. Future revenues and transfers from the General Fund are expected to fund this remaining deficit fund balance.

Additionally, within the City Special Revenue Fund, the following grants had deficit fund balances at June 30, 2023: Homeland Security, \$101,433; Law Enforcement Training, \$8,205; American Firefighters \$1,695; and Project Canopy, \$1,523. These deficits are offset by fund balances in other grants and result in net fund balance in the City Special Revenue Fund as a whole at June 30, 2023 of \$1,877,318.

Within the School Special Revenue Fund, the following grants and programs had deficit fund balances at June 30, 2023: Migrant Education, \$1,566; Employee Computer Reimbursement, \$1,358; Title 1A, \$279. These deficits are offset by fund balances in other grants and result in a positive net fund balance in the School Special Revenue Fund as a whole at June 30, 2023 of \$905,985.

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

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

Additionally, certain on-behalf payments made by the State of Maine to the Maine Public Employees Retirement System (Maine PERS) for teachers and certain other School employees are not budgeted. Such on-behalf payments amounted to \$4,419,869 in 2023. These amounts have been included as intergovernmental revenue and an education expense/expenditure on Statement 2 and in the General Fund on Statement 4 (GAAP basis). There is no effect on net position/fund balance at the end of the year.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

1. Deposits

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

III. DETAILED NOTES ON ALL FUNDS, Continued

As of June 30, 2023, the City deposits amounted to \$82,968,699 with bank balances of \$83,466,089. The City does not have a deposit policy for custodial credit risk. As of June 30, 2023, \$30,888 of the City's total bank balance was exposed to custodial credit risk as it was not insured by the FDIC or secured by additional collateral.

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

Cash and cash equivalents:	
Governmental funds	\$ 49,206,581
Proprietary funds	510,575
Fiduciary funds	149,850
Investments:	
Governmental funds	31,335,790
Fiduciary funds	1,765,903
Total deposits reported	\$ 82,968,699

2. Investments

At June 30, 2023, all the City's governmental investments were in money market accounts or certificates of deposits, both of which have been included above under the disclosure on deposits. At June 30, 2023, the City held the following investments within the fiduciary funds:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity mutual funds	\$ 744,149	744,149	-	-
Bond mutual funds	204,482	204,482	-	-
Money market funds	114,592	114,592	-	-
Maine Community Foundation investment pool	702,680	-	-	702,680
Total	\$ 1,765,903	1,063,223	-	702,680

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

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

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

III. DETAILED NOTES ON ALL FUNDS, Continued

Interest rate risk: In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the investment's term to match anticipated cash requirements. The City has only one type of investment for which the investment term is determinable: bond mutual funds. The weighted average maturity of the City's investment in bond mutual funds at year end was 11.03 years.

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

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

<u>Fair Value at June 30, 2023</u>	<u>Rating</u>
\$ 10,222	AAA
56,268	AA
48,909	AA-
89,083	A+

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

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

Custodial Credit Risk-Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2023 the City had no investments that were subject to custodial credit risk. The City's investment policy states that all security transactions will be settled using a delivery versus payment settlement system. The City's securities are held by third party custodians or trust departments designated by the Finance Director and evidenced by safekeeping receipts.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

III. DETAILED NOTES ON ALL FUNDS, Continued

B. Receivables

Receivables as of June 30, 2023, for the City's individual major funds, nonmajor funds and business-type enterprise funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	General Fund	Community Dev. Programs	Capital Projects	New Edward Little Building	Other Governmental Funds	Enterprise Funds	Total
Receivables:							
Taxes	\$ 1,718,967	-	-	-	-	-	1,718,967
Accounts	882,396	-	129,584	55,640	973	118,476	1,187,069
Loans	599,532	3,977,821	-	-	900,215	-	5,477,568
Intergovernmental	749,671	8,653,476	-	-	5,793,273	-	15,196,420
Gross receivables	3,950,566	12,631,297	129,584	55,640	6,694,461	118,476	23,580,024
Less: allowance for uncollectible	(296,619)	(250,447)	-	-	-	-	(547,066)
Total net receivables	\$ 3,653,947	12,380,850	129,584	55,640	6,694,461	118,476	23,032,958

Property taxes levied during fiscal year 2023 are recorded as receivables. The receivables collected during the fiscal year ended June 30, 2023 and during the 1st 60 days of fiscal year 2024 are recognized as revenues in the Governmental Funds, in fiscal year 2023. Receivables of \$1,613,742, 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 18, 2022 on the assessed values of real property as of April 1, 2022. Taxes were due September 14, 2022 and March 14, 2023. The assessed value of \$2,171,967,423 was 83% of the 2023 state valuation of \$2,607,050,000.

The City is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay and amounted to \$371,955 for the year ended June 30, 2023.

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.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

III. DETAILED NOTES ON ALL FUNDS, Continued

The following summarizes the periods ended June 30, 2023 and 2022 levies:

	<u>2023</u>	<u>2022</u>
Valuation:		
Real property	\$ 2,070,114,480	1,871,839,670
Personal property	101,852,943	102,114,741
<hr/>		
Assessed value (less: exempt properties)	2,171,967,423	1,973,954,411
Tax rate (per \$1,000)	22.75	23.82
<hr/>		
Commitment	49,412,529	47,019,594
Supplemental taxes assessed	-	12,620
<hr/>		
	49,412,529	47,032,214
Less:		
Collections and abatements	48,477,107	46,195,401
<hr/>		
Receivable at June 30	\$ 935,422	836,813
<hr/>		
Due date(s)	9/14/22	9/15/21
	3/14/23	3/15/22
<hr/>		
Interest rate charged on delinquent taxes	7.0%	7.0%
Collection rate	98.10%	98.22%

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

III. DETAILED NOTES ON ALL FUNDS, Continued

D. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance June 30, 2022 <u>(restated)</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, 2023
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 8,143,418	184,984	-	8,328,402
<u>Construction in progress</u>	<u>53,584,221</u>	<u>56,688,896</u>	<u>2,402,701</u>	<u>107,870,416</u>
Total capital assets, not being depreciated	61,727,639	56,873,880	2,402,701	116,198,818
Capital assets, being depreciated:				
Buildings and building improvements	95,957,596	1,897,316	-	97,854,912
Equipment	9,398,493	1,745,056	121,835	11,021,714
Vehicles	14,114,430	998,310	339,989	14,772,751
Infrastructure	137,695,976	4,243,646	-	141,939,622
<u>Right to use assets</u>	<u>702,016</u>	<u>-</u>	<u>-</u>	<u>702,016</u>
Total capital assets being depreciated	257,868,511	8,884,328	461,824	266,291,015
Less accumulated depreciation for:				
Buildings and building improvements	51,461,159	2,639,665	-	54,100,824
Equipment	6,162,208	755,326	121,835	6,795,699
Vehicles	8,841,308	1,026,172	318,571	9,548,909
Infrastructure	71,181,624	5,700,248	-	76,881,872
<u>Right to use assets</u>	<u>54,373</u>	<u>65,967</u>	<u>-</u>	<u>120,340</u>
Total accumulated depreciation	137,700,672	10,187,378	440,406	147,447,644
Total capital assets being depreciated, net	120,167,839	(1,303,050)	21,418	118,843,371
Governmental activities				
capital assets, net	\$ 181,895,478	55,570,830	2,424,119	235,042,189

	Balance June 30, 2022	<u>Increases</u>	<u>Decreases</u>	Balance June 30, 2023
Business-type activities:				
Capital assets, being depreciated:				
Improvements other than buildings	\$ 18,584	-	-	18,584
Buildings and building improvements	730,501	-	-	730,501
<u>Equipment</u>	<u>636,722</u>	<u>102,796</u>	<u>-</u>	<u>739,518</u>
Total capital assets being depreciated	1,385,807	102,796	-	1,488,603
Less accumulated depreciation for:				
Improvements other than buildings	18,584	-	-	18,584
Buildings and building improvements	662,629	26,436	-	689,065
<u>Equipment</u>	<u>493,075</u>	<u>58,959</u>	<u>-</u>	<u>552,034</u>
Total accumulated depreciation	1,174,288	85,395	-	1,259,683
Total capital assets being depreciated, net	211,519	17,401	-	228,920
Business-type activities capital				
assets, net	\$ 211,519	17,401	-	228,920

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

III. DETAILED NOTES ON ALL FUNDS, Continued

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

Governmental activities:

General government	\$ 596,797
Public safety	577,687
Public works, including depreciation of general infrastructure assets	6,003,616
Health, welfare and recreation	577,979
Education	2,431,299

Total depreciation expense – governmental activities \$ 10,187,378

Business-type activities:

Ingersoll Turf Facility	\$ 27,735
Norway Savings Bank Ice Arena	57,660

Total depreciation expense – business-type activities \$ 85,395

E. Tax Increment Financing Districts

The City currently has twenty-six tax increment financing (TIF) districts, sixteen of which were active during the year ended June 30, 2023. Two of the twenty-six districts never became active, and eight have expired, leaving sixteen active TIF districts (numbers 6 – 26 below, less #7, #8, #11, #17, and #18). TIF #8 is not an active TIF district. The objective of these TIF districts is to stimulate new investment in the community by financing, through various tax increment financing projects and various public improvements. Taxes derived from increased assessed valuation within the districts can be "captured" for approved uses. Expenditures in any given year may exceed captured values in that year as a result of balances available in TIF accounts from prior periods.

The following is a brief description of each:

#6 TAMBRANDS II - This TIF was established in 2001 and encompasses 84 acres. The original value was \$520,900. 100% of the tax revenue associated with increased value within the TIF is captured, 40% of which is used to fulfill the obligations under a credit enhancement agreement. During 2023, \$190,975 was captured and recorded in the TIF Fund. During 2023, \$143,231 was expended in the TIF Fund.

#9 Mall Area - This TIF was established in 2002 and amended in both 2006 and 2007. The TIF, as amended, encompasses 57.74 acres. The amended base value is \$5,956,300. 100% of the tax revenue associated with increased value within the TIF is captured and used for public improvements. During 2023, no funds were captured and recorded in the TIF Fund, and no funds were used out of the TIF Fund.

#10 The Downtown Area - This TIF was established in 2002 and amended in 2012, and encompasses 119.31 acres. The original value was \$83,577,800. 100% of the tax revenue associated with increased value within the TIF can be captured. During 2023, \$865,341 was captured and recorded in the TIF Fund. During 2023, \$316,334 was expended in the TIF Fund for public improvements and debt service.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

III. DETAILED NOTES ON ALL FUNDS, Continued

#12 Auburn Industrial Park - This TIF was established in 2006 and encompasses 144 acres. The original value was \$334,200. 100% of the tax revenue associated with the increased value within the TIF is captured and will be dedicated to public improvements. During 2023, \$157,316 was captured and recorded in the TIF Fund, and \$265,100 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 2023, \$294,264 was captured and recorded in the TIF Fund. During 2023, \$126,667 was expended from the TIF Fund for public improvements.

#14 & #15 Auburn Mall - This TIF was established in 2005 and encompasses 47.44 acres. The original value was \$12,719,900. 100% of the tax revenue associated with increased value within the TIF can be captured, 47% of which is used to fulfill the obligations under a credit enhancement agreement. During 2023, \$448,773 was captured and recorded in the TIF Fund. During 2023, \$210,923 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 2023, \$48,589 was captured and recorded in the TIF Fund, and \$29,154 was expended in the TIF Fund.

#19 Hartt Transport - This TIF was established in 2014 and encompasses 8.5 acres. The original value was \$1,178,600. 40% of the tax revenue associated with increased value within the TIF can be captured and is used to fulfill the obligations under a credit enhancement agreement. During 2023, \$30,617 was captured and recorded in the TIF Fund, and no funds were expended for the year ended June 30, 2023.

#20 62 Spring St - This TIF was established in 2017 and encompasses 0.81 acres. The original value was \$474,300. 76% of the tax revenue associated with increased value within the TIF can be captured, of which 100% is used to fulfill the obligations under a credit enhancement agreement. During 2023, \$56,495 was captured and recorded in the TIF Fund, and \$56,495 was expended in the TIF Fund.

#21 Minot Ave - This TIF was established in 2018 and encompasses 3.83 acres. The original value was \$170,000. 100% of the tax revenue associated with increased value within the TIF can be captured, of which 50% is used to fulfill the obligations under a credit enhancement agreement. During 2023, \$48,219 was captured and recorded in the TIF Fund, and \$24,109 was expended for the year ended June 30, 2023.

#22 48 Hampshire St - This TIF was established in 2019 and encompasses 1.01 acres. The original value was \$0. 50% of the tax revenue associated with increased value within the TIF can be captured, of which 100% is used to fulfill the obligations under a credit enhancement agreement. During 2023, \$96,002 was captured and recorded in the TIF Fund, and \$48,001 was expended in the TIF Fund.

#23 Auburn Memory Care - This TIF was established in 2019 and encompasses 8.61 acres. The original value was \$327,100. 58.5% of the tax revenue associated with increased value within the TIF can be captured, of which 35% is used to fulfill the obligations under a credit enhancement agreement. During 2023, \$113,293 was captured and recorded in the TIF Fund, and \$174,889 was expended in the TIF Fund.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

III. DETAILED NOTES ON ALL FUNDS, Continued

#24 Millbran LLC - This TIF was established in 2020 and encompasses 2.95 acres. The original value was \$262,600, 51% of the tax revenue associated with increased value within the district will be captured of which 100% will be used to fulfill the obligations under a credit enhancement agreement. During 2023, \$35,248 was captured and recorded in the TIF Fund and \$35,248 was expended from the TIF Fund.

#25 Futurguard - This TIF was established in 2021 and encompasses 16.8 acres. The original value was \$3,838,700. 50% of the tax revenue associated with increased value within the district will be captured of which 15% will be used to fulfill the obligations under a credit enhancement agreement. During 2023, \$34,426 was captured and recorded in the TIF Fund and \$8,767 was expended from the TIF Fund.

#26 West Shore Landing/North River Rd Apartments - This TIF was established in 2022 and encompasses 3.32 acres. The original value was \$60,300. 100% of the tax revenue associated with increased value within the district will be captured. In 2023, \$59,528 was captured and recorded in the TIF Fund, no funds were expended.

F. Interfund Receivables and Payables and Transfers

The composition of interfund balances as of June 30, 2023 is as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 107,636	-	-	2,654,086
Community Dev. Programs	-	129,924	-	-
Tax Incrementing Financing	221,775	-	2,479,086	-
Capital Improvement	-	3,275,447	-	-
New Edward Little Building	-	490,193	-	-
Other Governmental Funds	7,906,527	3,273,411	175,000	-
Fiduciary Funds	79,253	-	-	-
Enterprise Funds:				
Ingersoll Turf Facility	118,439	-	-	-
Norway Savings Bank Ice Arena	-	1,264,655	-	-
Totals	\$ 8,433,630	8,433,630	2,654,086	2,654,086

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

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

III. DETAILED NOTES ON ALL FUNDS, Continued

G. Construction Contracts and Other Commitments

The following is a list of the City's open contracts as of June 30, 2023:

	Contract <u>Total</u>	Percentage <u>Complete</u>	Billed <u>to Date</u>	Balance <u>Remaining</u>
2021 Reconstruction	\$ 604,667	95.87%	579,702	24,965
2021 Reclamation	256,522	98.19%	251,887	4,635
ELHS Engineering & Design	50,600,384	0%	-	50,600,384
2022 Reclamation	2,810,149	65.85%	1,850,565	959,584
2022 Reconstruction	1,267,969	74.83%	948,866	319,103
2023 Resurfacing MPI Mt Auburn	3,106,336	38.27%	1,188,934	1,917,402
Inspection Mill Main Broad	273,100	40.70%	111,156	161,944
Main Mill Broad Excavation & Paving	3,347,345	37.55%	1,257,027	2,090,318
2023 Resurfacing	232,023	0%	-	232,023
2023 Reconstruction	1,795,700	2.22%	39,845	1,755,855
2023 Sealcoating	46,248	0%	-	46,248
Traffic Signal ADA Upgrades	849,363	29.67%	252,038	597,325

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	\$ 695,963
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CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

III. DETAILED NOTES ON ALL FUNDS, Continued

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. In 2023, general obligation bonds totaling \$6,800,000 were issued and dedicated to the capital improvement program for the City.

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, 2023. General obligation bonds and notes payable outstanding at June 30, 2023 are as follows:

	<u>Issued</u>	<u>Original</u>	<u>Matures</u>	<u>Interest rate</u>	<u>Outstanding balance</u>
Bonds:					
General Obligation Bonds	09/27/12	\$ 13,835,000	09/01/27	2.00%-4.50%	2,605,000
General Obligation Bonds	11/01/13	5,625,000	09/01/23	2.00%-3.00%	560,000
General Obligation Bonds	10/30/14	6,800,000	09/01/24	2.00%-4.00%	1,360,000
General Obligation Bonds	11/05/15	5,700,000	09/01/25	2.00%	1,710,000
General Obligation Bonds	03/10/16	4,250,000	09/01/26	2.00-4.00%	1,105,000
General Obligation Bonds	11/15/16	5,030,000	09/01/26	3.00%	1,990,000
General Obligation Bonds	11/08/17	8,500,000	09/01/27	4.00-5.00%	4,000,000
General Obligation Bonds	11/08/18	7,655,000	09/01/28	3.00-5.00%	4,590,000
General Obligation Bonds	10/15/19	7,900,000	09/01/29	4.00-5.00%	5,530,000
General Obligation Bonds	10/15/19	7,000,000	09/01/39	1.90-3.50%	6,185,000
General Obligation Bonds	11/12/20	8,460,000	09/01/30	5.00%	6,760,000
General Obligation Bonds	05/03/21	59,985,000	11/01/41	2.12-4.00%	56,985,000
General Obligation Bonds	09/30/21	9,800,000	09/01/31	2.00-5.00%	8,820,000
General Obligation Bonds	04/28/22	50,270,000	11/01/41	4.00-5.00%	50,270,000
General Obligation Bonds	10/13/22	6,800,000	09/01/32	4.00-5.00%	6,800,000
Bonds payable					159,270,000
Notes from direct borrowings:					
School Revolving Loan	06/29/20	1,190,000	06/29/30	0.00%	324,370
School Revolving Loan	4/28/22	156,993	9/1/2032	0.00%	51,729
Notes payable					376,099
Total long-term debt					\$ 159,646,099

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, 2023, the statutory limit for the City was \$391,057,500. The City's outstanding bonded long-term debt of \$159,270,000 at June 30, 2023 was \$231,787,500 less than the statutory limit.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

III. DETAILED NOTES ON ALL FUNDS, Continued

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

Year Ending <u>June 30,</u>	<u>General Obligation Bonds</u>		<u>Notes from Direct Borrowing</u>		<u>Financed Purchases Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 14,175,000	5,839,386	51,512	-	85,611	5,196
2025	13,640,000	5,267,930	51,512	-	88,171	2,636
2026	12,815,000	4,714,889	51,512	-	-	-
2027	11,770,000	4,206,126	51,512	-	-	-
2028	10,980,000	3,713,663	51,512	-	-	-
2029-2033	42,180,000	12,663,350	118,539	-	-	-
2034-2038	30,255,000	6,109,353	-	-	-	-
2039-2042	23,455,000	1,404,018	-	-	-	-
Total	\$ 159,270,000	43,918,715	376,099	-	173,782	7,832

The City has entered into an agreement for financing the acquisition of a fire truck. This agreement qualifies as a financed purchase for accounting purposes. This asset is recorded as a capital asset in the government-wide financial statements. The financed purchase has been recorded as a liability in the government-wide financial statements at the present value of the future minimum payments. At June 30, 2023, the amount capitalized under financed purchases totals \$775,000.

I. Leases Payable

During the fiscal year 2022, the City entered into a two lease agreements as lessee for the acquisition and use of office space and a gravel pit. As of June 30, 2023, the value of the lease liabilities were \$617,128. Both leases have an interest rate of 5% derived from the estimated incremental borrowing rate. The value of the right-to-use assets as of the end of the current fiscal year was \$702,016 and had \$120,340 accumulated amortization as of June 30, 2023.

The future principal and interest lease payments as of June 30, 2023 were as follows:

	<u>Lease Payable</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2024	\$ 51,995	29,679	81,674
2025	56,242	26,983	83,225
2026	60,753	24,069	84,822
2027	65,545	20,923	86,468
2028	70,634	17,530	88,164
2029 – 2033	143,936	54,734	198,670
2034 – 2038	122,414	27,586	150,000
2039 - 2040	<u>45,609</u>	<u>1,923</u>	<u>47,532</u>
	<u>\$ 617,128</u>	<u>203,427</u>	<u>820,555</u>

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

III. DETAILED NOTES ON ALL FUNDS, Continued

Changes in General Long-term Liabilities. Long-term liability activity for the year ended June 30, 2023 was as follows:

	Beginning Balance <u>(restated)</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance	Due Within <u>One Year</u>
Governmental activities:					
Bonds payable					
General obligation bonds	\$ 163,900,000	6,800,000	11,430,000	159,270,000	14,175,000
Premium	14,753,957	600,358	1,753,655	13,600,660	1,452,101
Total bonds payable	178,653,957	7,400,358	13,183,655	172,870,660	15,627,101
Notes payable*	1,238,170	-	862,071	376,099	51,512
Finance purchases payable*	256,908	-	83,126	173,782	85,611
Accrued compensated absences	2,455,930	226,061	122,797	2,559,194	127,960
Leases payable	665,095	-	47,967	617,128	51,995
Accrued self-insurance liability	1,115,089	295,079	557,132	853,036	42,886
Other postemployment benefits	14,289,836	9,021	-	14,298,857	-
Net pension liability (asset)	(112,215)	9,038,015	-	8,925,800	-
Landfill postclosure care costs	42,000	-	10,500	31,500	10,500
Accrued interest on debt	1,392,572	-	38,530	1,354,042	1,354,042
Governmental activities					
long-term liabilities	\$ 199,997,342	16,968,534	14,905,778	202,060,098	17,351,607

*Financed purchases and notes payable are considered direct borrowing.

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

Business-type activities:

Net pension liability (asset)	\$ (8,400)	76,110	-	67,710	-
Other postemployment benefits	64,494	-	5,609	58,885	-
Business-type activities					
long-term liabilities	\$ 56,094	76,110	5,609	126,595	-

J. 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, financed purchases payable and leases payable and adding back any unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City, through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. The City's net investment in capital assets was calculated as follows at June 30, 2023:

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

III. DETAILED NOTES ON ALL FUNDS, Continued

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$ 382,489,833	1,488,603
Accumulated depreciation	(147,447,644)	(1,259,683)
General obligation bonds	(159,270,000)	-
Notes payable	(376,099)	-
Leases payable	(617,128)	-
Financed purchases payable	(173,782)	-
Unamortized debt premium	(13,600,660)	-
Deferred charge on refunding	(56,364)	-
Non-capital unamortized premium	56,147	-
<u>Unspent bond proceeds</u>	<u>26,851,022</u>	<u>-</u>
Total net investment in capital assets	\$ 87,855,325	228,920

K. Fund Balances

As of June 30, 2023, fund balances components consisted of the following:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable:			
Amounts held in escrow	\$ -	149,650	149,650
Long-term receivables	599,532	-	599,532
Inventory	-	54,658	54,658
Prepaid expenditures	50,782	106,443	157,225
<u>Principal for permanent funds</u>	<u>-</u>	<u>69,475</u>	<u>69,475</u>
Total nonspendable	650,314	380,226	1,030,540
Restricted:			
Education	9,875,588	2,139,696	12,015,284
Community development programs	-	1,368,340	1,368,340
Tax Increment Financing	-	1,276,262	1,276,262
City special:			
General government	-	1,695,333	1,695,333
Public safety	-	129,779	129,779
Public works	-	165,062	165,062
Permanent funds:			
Health and welfare	-	193,452	193,452
Public services	-	6,309	6,309
Total restricted	9,875,588	6,974,233	16,849,821
Committed:			
Education	-	81,191	81,191
Parking	-	40,215	40,215
Parks and recreation	-	237,086	237,086
Capital improvement	-	7,751,051	7,751,051
<u>New Edward Little Building project</u>	<u>-</u>	<u>19,396,764</u>	<u>19,396,764</u>
Total committed	-	27,506,307	27,506,307

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

III. DETAILED NOTES ON ALL FUNDS, Continued

Assigned:			
Subsequent budget	\$ 1,500,000	-	1,500,000
Reserves	250,000	-	250,000
Self-insurance	853,036	-	853,036
Encumbrances:			
General government	264,508	-	264,508
Public safety	84,234	-	84,234
Health and welfare	1,215	-	1,215
Public services	294,645	-	294,645
Capital investment and purchasing	51,361	-	51,361
<u>Total assigned</u>	<u>3,298,999</u>	<u>-</u>	<u>3,298,999</u>
<u>Unassigned</u>	<u>14,002,632</u>	<u>(116,059)</u>	<u>13,886,573</u>
<u>Total fund balance</u>	<u>\$ 27,827,533</u>	<u>34,744,707</u>	<u>62,572,240</u>

L. 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 \$31,500 reported as landfill post-closure care liability at June 30, 2023 represents the estimated liability for post-closure care costs at that date. The cost is comprised of \$31,500 for post-closure care costs (3 years) for a brush landfill that stopped accepting debris during fiscal year 1996.

The estimated total cost of landfill post-closure care of \$31,500 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, 2023. 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, 2023.

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, 2023, the City incurred new claims of \$295,079, but the City paid \$557,132 in actual claims during the fiscal year.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

IV. OTHER INFORMATION, Continued

The City purchases commercial insurance for claims in excess of coverage provided by the self-insurance program and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. All departments of the City participate in the program and the General Fund budget is based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for estimated future payment of incurred losses. The total liability of \$853,036 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 3.00% has been used in calculating the liability.

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

	Fiscal Year <u>2023</u>	Fiscal Year <u>2022</u>
Unpaid claims as of July 1	\$ 1,115,089	980,149
Incurred claims (including claims incurred but not reported as of June 30)	295,079	428,264
<u>Total claim payments</u>	<u>557,132</u>	<u>293,324</u>
Current claims liability	42,886	29,659
<u>Long-term claims liability</u>	<u>810,150</u>	<u>1,085,430</u>
<u>Total unpaid claims liability</u>	<u>\$ 853,036</u>	<u>1,115,089</u>

The City assigns a portion of its General Fund balance for workers compensation. This amount totaled \$853,036 at June 30, 2023.

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.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

IV. OTHER INFORMATION, Continued

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:

C. Deferred Compensation Plan

The plan, available to all full-time municipal employees, permits them to defer a portion of their salary until future years. The City is required to contribute 6% of an employee's gross wages while employees are required to contribute 5% of their gross wages. All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. The deferred compensation is not available to employees until termination of employment, unforeseeable emergency, or retirement. In the event of an employee's death, the beneficiary is eligible to receive the full value of the account, including earnings. For the year ended June 30, 2023 the City contributed \$119,151 to employee's deferred compensation plans.

D. Employee Retirement Plans

The City contributes to two defined benefit pension plans: (1) the Maine Public Employees Retirement System Consolidated Plan for Participating Local Districts (PLD Plan), and (2) the Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan). As of the year ended June 30, 2023, the City had the following balances reported in the government-wide financial statements:

		Deferred	Deferred	
	Net Pension	Outflows of	Inflows of	Pension
	<u>Liability</u>	<u>Resources</u>	<u>Resources</u>	<u>Expense</u>
PLD Plan	\$ 6,414,099	4,530,677	2,743,056	1,604,255
SET Plan	2,579,411	2,506,803	508,022	4,792,281
Total	\$ 8,993,510	7,037,480	3,251,078	6,396,536

Detailed disclosures for each plan follow.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

IV. OTHER INFORMATION, Continued

Defined Benefit Pension Plan – Maine Public Employees Retirement System

General Information about the Pension Plan

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

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

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

PLD Plan - Employees are required to contribute 6.85% to 9.70% of their annual pay depending on their age and the plan to which they subscribe. The City's contractually required contribution rate for the year ended June 30, 2022 was 10.20% or 13.40% of annual payroll for the regular plan or public safety plan, respectively. Contributions to the pension plan from the City were \$2,015,317 for governmental activities and \$21,501 for business-type activities for the year ended June 30, 2023.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

IV. OTHER INFORMATION, Continued

SET Plan - Maine statute requires the State to contribute a portion of the City's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The City's contractually required contribution rate for the year ended June 30, 2023, was 18.13% of annual payroll, of which 3.84% of payroll was required from the City and 14.29% was required from the State. Contributions to the pension plan from the City were \$958,022 for the year ended June 30, 2023.

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, 2022, 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, 2023, the City reported a liability of \$6,346,389 for governmental activities and \$67,710 for business-type activities for its proportionate share of the net pension liability. At June 30, 2023, the City's proportion of the PLD Plan was 2.4128%.

SET Plan - At June 30, 2023, 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	\$ 2,579,411
State's proportionate share of the net pension liability	
associated with the City	23,209,509
Total	\$ 25,788,920

At June 30, 2023, the City's proportion of the SET Plan was 0.1737%.

For the year ended June 30, 2023, the City recognized pension expense of \$1,597,589 for governmental activities and \$6,666 for business-type activities for the PLD Plan and also recognized a pension expense of \$4,792,281 and revenue of \$3,564,656 for support provided by the State for the SET Plan.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

IV. OTHER INFORMATION, Continued

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to PLD plan from the following sources:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,179,436	-	12,583	-
Changes of assumptions	1,288,097	-	13,743	-
Net difference between projected and actual earnings on pension plan investments	-	2,663,615	-	28,418
Changes in proportion and differences between City contributions and proportionate share of contributions	-	50,484	-	539
City contributions subsequent to the measurement date	2,015,317	-	21,501	-
Total	\$ 4,482,850	2,714,099	47,827	28,957

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to SET plan from the following sources:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 128,497	-
Changes of assumptions	500,861	-
Net difference between projected and actual earnings on pension plan investments	-	508,022
Changes in proportion and differences between City contributions and proportionate share of contributions	919,423	-
City contributions subsequent to the measurement date	958,022	-
Total	\$ 2,506,803	508,022

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

IV. OTHER INFORMATION, Continued

An amount of \$2,973,339 for governmental activities and \$21,501 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, 2024. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30:</u>	Governmental <u>Activities</u>	Business-type <u>Activities</u>
2024	\$ 1,341,278	7,700
2025	(422,149)	(6,024)
2026	(1,615,613)	(17,655)
2027	1,490,677	13,348

Actuarial Assumptions - The total pension liability (asset) in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 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	10.0%	2.3%
Private equity	12.5%	7.6%
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural Resources	5.0%	5.0%
Traditional Credit	5.0%	3.2%
Alternative Credit	10.0%	7.4%
Diversifiers	7.5%	5.9%

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

IV. OTHER INFORMATION, Continued

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

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 6.50% 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 (5.50% for PLD Plan and for the SET Plan) or 1 percentage-point higher (7.50% for PLD Plan and for SET Plan) than the current rate:

<u>PLD Plan</u>	1% Decrease <u>(5.50%)</u>	Current Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
City's proportionate share of the net pension liability (asset)	\$ 18,949,075	\$ 6,414,099	(\$ 3,946,504)
<u>SET Plan</u>	1% Decrease <u>(5.50%)</u>	Current Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
City's proportionate share of the net pension liability	\$ 5,051,100	\$ 2,579,411	\$ 521,473

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, 2023.

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.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

IV. OTHER INFORMATION, Continued

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

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

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

During the year, the City's required and actual contributions amounted to \$119,151 which was 6% of its current-year covered payroll. The covered payroll amounted to \$1,992,029. Employees' required contributions amounted to \$99,292, which was 5% of the City's current year covered payroll.

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

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

E. Other Postemployment Benefits

The City contributes to three postemployment defined benefit plans, (1) the Maine Municipal Employee Health Trust (Health Plan), (2) the Maine Public Employees Retirement System State Employee and Teacher Group Term Life Plan (Life Plan), and (3) the Maine Education Association Benefits Trust (School Plan). As of the year ended June 30, 2023, the City had the following balances reported in the government-wide financial statements:

	Total OPEB <u>Liability</u>	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>	OPEB (Gain) <u>Expense</u>
Health Plan	\$ 3,484,306	63,751	393,226	(9,491)
Life Plan	-	-	-	81,915
School Plan	10,873,436	1,473,533	185,844	179,753
Total	\$14,357,742	1,537,284	579,070	252,177

Detailed disclosures for each plan follow.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

IV. OTHER INFORMATION, Continued

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

General Information about the OPEB Plan

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

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

Employees Covered by Benefit Terms – At January 1, 2023, the following employees were covered by the benefit terms:

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

Total OPEB Liability

The City's total OPEB liability of \$3,484,306 was measured as of January 1, 2023, and was determined by an actuarial valuation as of that date. \$58,885 has been allocated to business-type activities (based on number of participants) and the remaining \$3,425,421 is reported in governmental activities as of June 30, 2023.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the January 1, 2023 measurement 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	3.72%
Healthcare cost trend rates	7.26% for 2023, decreasing to 4.55% for 2043
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.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

IV. OTHER INFORMATION, Continued

Mortality rates were based on the 2010 Public Plan General benefits Weighted Healthy Retiree Mortality Tables, for males and females, projected generationally using the RPEC 2020 Model.

The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the period June 30, 2015 through June 30, 2020.

Changes in the Total OPEB Liability

		Total OPEB Liability
Balance at June 30, 2022	\$	3,816,222
Changes for the year:		
Service cost		109,385
Interest		79,620
Changes in benefit terms		-
Difference between expected and actual		-
Changes in assumptions or other inputs		(399,143)
Benefit payments		(121,778)
Net changes		<u>(331,916)</u>
Balance at June 30, 2023	\$	<u>3,484,306</u>

Change in assumptions reflects a change in the discount rate from 2.06% to 3.72%.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the City’s total OPEB liability calculated using the discount rate of 2.06%, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.72%) or 1 percentage-point higher (4.72%) than the current rate:

		1% Decrease (2.72%)	Discount Rate (3.72%)	1% Increase (4.72%)
Total OPEB liability	\$	<u>4,036,238</u>	<u>3,484,306</u>	<u>3,036,520</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the City’s total OPEB liability calculated using the healthcare cost trend rates of 7.90% grading over 20 years to 4.55% per annum, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

		1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$	<u>2,966,453</u>	<u>3,484,306</u>	<u>4,151,170</u>

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

IV. OTHER INFORMATION, Continued

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

For the year ended June 30, 2023, the City recognized an OPEB gain of \$9,491. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		Governmental Activities		Business-type Activities	
		Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	-	219,264	-	3,769
Changes of assumption or other inputs		-	167,316	-	2,877
Contributions subsequent to measurement		62,674	-	1,077	-
Total	\$	62,674	386,580	1,077	6,646

An amount of \$62,674 for governmental activities and \$1,077 for business-type activities is reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liabilities in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>		<u>Governmental Activities</u>	<u>Business-type Activities</u>
2024	\$	(72,608)	(1,248)
2025		(72,608)	(1,248)
2026		(72,608)	(1,248)
2027		(33,102)	(569)
2028		250	4
Thereafter		(135,904)	(2,337)

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

General Information about the OPEB Plan

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

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

IV. OTHER INFORMATION, Continued

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 \$81,915 for the year ended June 30, 2023. 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, 2023, 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 \$687,259 as of June 30, 2023. The net OPEB liability was measured as of June 30, 2022, 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, 2023, the City's proportion was 0.00%.

For the year ended June 30, 2023, the City recognized OPEB expense of \$81,915 and also revenues of \$81,915 for support provided by the State. At June 30, 2023, the City reported no deferred outflows of resources nor deferred inflows of resources related to the OPEB plan.

Actuarial Assumptions - The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

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

Mortality rates for each plan were based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC 2020 model.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study conducted for the period July 1, 2015 to June 30, 2020.

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

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

IV. OTHER INFORMATION, Continued

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

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

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

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

General Information about the OPEB Plan

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

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

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

IV. OTHER INFORMATION, Continued

Employees Covered by Benefit Terms – At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	245
Inactive employee entitled to but not yet receiving benefits	-
Active employees	447
Total	692

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

The City's total OPEB liability of \$10,873,436 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2022.

Changes in the Total OPEB Liability

Balance at June 30, 2022	\$ 10,538,108
Changes for the year:	
Service cost	143,686
Interest	227,310
Changes of benefit terms	-
Differences between expected and actual experience	345,406
Changes in assumptions or other inputs	(63,040)
Benefit payments	(318,034)
Net changes	335,328
Balance at June 30, 2023	\$ 10,873,436

Change in assumptions reflects a change in the discount rate from 2.16% to 3.54%.

For the year ended June 30, 2023, the City recognized an OPEB expense of \$179,753. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	185,844
Changes of assumption or other inputs	1,087,527	-
City contributions subsequent to measurement date	386,006	-
Total	\$ 1,473,533	185,844

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

IV. OTHER INFORMATION, Continued

\$386,006 is reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	<u>Governmental Activities</u>
2024	\$ 194,762
2025	261,555
2026	176,949
2027	176,954
2028	51,125
Thereafter	40,338

Actuarial Assumptions - The total OPEB liability in the June 30, 2022 actuarial valuation for the total OPEB liability was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.70%
Salary increases	2.75% per year
Discount rate	3.54% per annum
Healthcare cost trend rates - Pre-Medicare	7.96% for 2023 grading to 4.00% through 2043
Healthcare cost trend rates - Medicare	0.00% for 2023 grading to 4.29% through 2043
Retirees' share of the benefit related costs	55% of the blended premium rate with a State subsidy for the remaining 45% of the blended premium rate

Mortality rates were based on the 2010 Public Plan Teacher Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC 2020 model

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period June 30, 2015 through June 30, 2020.

Discount Rate - The rate used to measure the total OPEB liability was 3.54% per annum. Since the plan is pay as you go and is not funded, the discount rate was based upon high quality AA/Aa or higher bond yields in effect for 20 years, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index.

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

IV. OTHER INFORMATION, Continued

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the City's total OPEB liability calculated using the discount rate of 3.54%, 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 (2.54%) or 1 percentage-point higher (4.54%) than the current rate:

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	\$ 12,463,915	10,873,436	9,570,884

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 9,523,775	10,873,436	12,529,341

F. Credit Enhancement Agreements

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

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

CITY OF AUBURN, MAINE
Notes to Basic Financial Statements, Continued
June 30, 2023

IV. OTHER INFORMATION, Continued

For the fiscal year ended June 30, 2023, the City remitted a total of \$735,467 in Credit Enhancement payments, including the following, each of which exceeded 10 percent of the total amount remitted:

<u>TIF district</u>	<u>Beginning; duration</u>	<u>CEA entity</u>	<u>CEA reimbursement basis</u>	<u>Amount paid during the fiscal year</u>
TIF 6 Tambrands II	2001; 30 Years	Tambrands, Inc.	40% on revenues within district	\$ 143,231 (19.47%)
TIF 13 Retail Development	2007; 15 years	Auburn Plaza, Inc.	30%-47% based on growth in value of the district	126,667 (17.22%)
TIF 14 & 15 Hartt Transport	2007; 20 years	Auburn Plaza Inc	47% of 75% on revenues within district	210,923 (28.68%)

G. Prior Period Adjustments

In the current year, the City restated beginning net position and fund balance as follows:

- 1) The City is participating in the National Opioid Settlement, which negotiated settlements with various pharmaceutical supply chain entities for their role in the marketing and sales of opioid pain medications. Settlements will be paid from the National Opioid Settlement fund over a period of 18 years and may be used to fund permissible opioid abatement activities as described in the court order to the Settlement. Three settlements were reached in fiscal year 2022 that were not recorded as receivable on the City's books. The error resulted in understating revenues by \$969,340 in the Government-Wide Statement of Activities.
- 2) \$887,512 in capital asset were not properly recognized in the prior year.
- 3) Two leases payable, with a combined value of \$665,095, were excluded in the prior year.
- 4) In the current-year, management determined that \$193,356 in Community Development Programs loans had been erroneously excluded in the prior year.

	<u>Governmental Activities</u>	<u>Community Development Programs</u>
June 2022:		
Net position / fund balance as previously reported	\$ 86,999,541	1,569,372
Opioid settlement	969,340	-
Change in capital assets	887,512	-
Additional leases	(665,095)	-
Change in Community Development Programs loan balance	193,356	193,356
Net position / fund balance, as restated	\$ 88,384,654	1,762,728

CITY OF AUBURN, MAINE
Required Supplementary Information
June 30, 2023

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

<u>PLD Plan</u>		<u>2023**</u>	<u>2022**</u>	<u>2021**</u>	<u>2020**</u>	<u>2019**</u>	<u>2018**</u>	<u>2017**</u>	<u>2016**</u>	<u>2015**</u>
City's proportion of the net pension liability (asset)		2.4128%	2.3824%	2.4741%	2.5370%	2.5645%	2.4465%	2.5764%	2.5871%	2.3477%
City's proportionate share of the net pension liability (asset)	\$	6,414,099	(765,625)	9,830,068	7,754,570	7,018,363	10,017,066	13,689,300	8,254,041	3,612,401
City's covered payroll		16,540,279	13,758,683	14,077,593	13,487,059	12,843,417	11,795,593	11,596,585	11,365,621	11,004,456
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll		38.78%	(5.56%)	69.83%	57.50%	54.65%	84.92%	118.05%	72.62%	32.83%
Plan fiduciary net position as a percentage of the total pension liability(asset)		93.26%	100.86%	88.35%	90.62%	91.14%	86.43%	81.61%	88.27%	94.10%
<u>SET Plan</u>										
City's proportion of the net pension liability		0.1737%	0.0763%	0.0832%	0.0993%	0.1009%	0.1415%	0.1268%	0.1256%	0.1048%
City's proportionate share of the net pension liability	\$	2,579,411	645,010	1,357,871	1,455,146	1,361,561	2,055,382	2,239,879	1,695,546	1,132,380
State's proportionate share of the net pension liability associated with the City		23,209,509	14,057,079	28,523,249	24,793,363	22,421,680	23,808,252	28,107,548	22,336,682	16,612,780
Total	\$	25,788,920	14,702,089	29,881,120	26,248,509	23,783,241	25,863,634	30,347,427	24,032,228	17,745,160
City's covered payroll	\$	24,205,427	23,545,854	22,661,814	21,617,516	21,652,573	21,537,377	20,107,822	20,044,945	18,692,477
City's proportionate share of the net pension liability as a percentage of its covered payroll		10.66%	2.74%	5.99%	6.73%	6.29%	9.54%	11.14%	8.46%	6.06%
Plan fiduciary net position as a percentage of the total pension liability		85.79%	90.90%	81.03%	82.73%	82.90%	80.78%	76.21%	81.18%	83.91%

* Only nine 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, 2023

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
PLD Plan										
Contractually required contribution	\$ 2,036,818	1,901,862	1,637,544	1,577,025	1,551,925	1,422,738	1,253,966	1,205,273	1,057,514	809,164
Contributions in relation to the contractually required contribution	(2,036,818)	(1,901,862)	(1,637,544)	(1,577,025)	(1,551,925)	(1,422,738)	(1,253,966)	(1,205,273)	(1,057,514)	(809,164)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
City's covered payroll	17,725,568	16,540,280	13,758,683	14,077,593	13,487,059	12,843,417	11,795,593	11,596,585	11,365,621	11,004,456
Contributions as a percentage of covered payroll	11.49%	11.50%	11.90%	11.20%	11.51%	11.08%	10.63%	10.39%	9.30%	7.35%
SET Plan										
Contractually required contribution	\$ 958,022	929,488	979,508	942,731	858,216	859,607	723,656	675,623	531,203	495,351
Contributions in relation to the contractually required contribution	(958,022)	(929,488)	(979,508)	(942,731)	(858,216)	(859,607)	(723,656)	(675,623)	(531,203)	(495,351)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
City's covered payroll	\$ 24,945,109	24,205,427	23,545,854	22,661,814	21,617,516	21,652,573	21,537,377	20,107,822	20,044,945	18,692,477
Contributions as a percentage of covered payroll	3.84%	3.84%	4.16%	4.16%	3.97%	3.97%	3.36%	3.36%	2.65%	2.65%

CITY OF AUBURN, MAINE
Required Supplementary Information, Continued
June 30, 2023

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

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 109,385	110,607	94,619	84,449	96,526	81,439
Interest	79,620	79,190	93,923	136,263	122,218	144,506
Changes of benefit terms	-	-	-	(84,028)	-	-
Differences between expected and actual experience	-	(235,679)	-	52,766	-	(178,552)
Changes of assumptions or other inputs	(399,143)	290,961	207,777	23,083	(305,301)	(183,140)
Benefit payments	(121,778)	(106,731)	(102,626)	(133,436)	(128,304)	(169,967)
Net change in total OPEB Liability	(331,916)	138,348	293,693	79,097	(214,861)	(305,714)
Total OPEB liability - beginning	3,816,222	3,677,874	3,384,181	3,305,084	3,519,945	3,825,659
Total OPEB liability - ending	\$ 3,484,306	3,816,222	3,677,874	3,384,181	3,305,084	3,519,945
Covered-employee payroll	11,045,990	11,045,990	11,051,932	11,051,932	11,209,262	11,209,262
Total OPEB liability as a percentage of covered- employee payroll	31.54%	34.55%	33.28%	30.62%	29.49%	31.40%

* Only six years of information available.

CITY OF AUBURN, MAINE
Notes to Required Supplementary Information, Continued
June 30, 2023

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

	2023	2022	2021	2020	2019	2018
City's proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
City's proportionate share of the net OPEB liability	\$ -	-	-	-	-	-
State's proportionate share of the net OPEB liability associated with the City	687,259	365,432	761,280	708,166	659,905	598,566
Total	\$ 687,259	365,432	761,280	708,166	659,905	598,566
Plan fiduciary net position as a percentage of the total OPEB liability	52.39%	62.90%	49.51%	49.22%	48.04%	47.29%

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

CITY OF AUBURN, MAINE
Notes to Required Supplementary Information, Continued
June 30, 2023

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

	2023	2022	2021	2020	2019
Total OPEB Liability					
Service cost	\$ 143,686	158,111	77,627	65,322	70,006
Interest	227,310	229,536	358,010	374,588	359,102
Changes of benefit terms	-	-	(866,736)	-	-
Differences between expected and actual experience	345,406	-	(843,337)	-	-
Changes of assumptions or other inputs	(63,040)	75,509	1,724,110	507,636	(400,753)
Benefit payments	(318,034)	(304,715)	(438,722)	(381,958)	(368,757)
Net change in total OPEB liability	335,328	158,441	10,952	565,588	(340,402)
Total OPEB liability - beginning	10,538,108	10,379,667	10,368,715	9,803,127	10,143,529
Total OPEB liability - ending	\$ 10,873,436	10,538,108	10,379,667	10,368,715	9,803,127
Covered-employee payroll	\$ 21,874,201	24,446,471	23,564,575	22,702,349	22,094,744
Total OPEB liability as a percentage of covered-employee payroll	49.7%	43.1%	44.0%	45.7%	44.4%

* Only five years of information available.

CITY OF AUBURN, MAINE
Notes to Required Supplementary Information
June 30, 2023

Maine Public Employees Retirement System (Pension):

Changes of Benefit Terms - None

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

	<u>2022</u>	<u>2021</u>	<u>2019</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Discount rate – PLD	6.50%	6.75%	6.75%	6.875%	6.875%	7.125%	7.250%
Discount rate – SET	6.50%	6.75%	6.75%	6.875%	7.125%	7.125%	7.250%
Inflation rate	2.75%	2.75%	2.75%	2.75%	3.50%	3.50%	3.50%
Salary increases – PLD	2.75%- 11.48%	2.75% plus merit	2.75- 9.00%	2.75- 9.00%	3.50- 9.50%	3.50- 9.50%	3.50- 9.50%
Salary increases – SET	2.80%- 13.03%	2.75% plus merit	2.75- 14.50%	2.75- 14.50%	3.50- 13.50%	3.50- 13.50%	3.50- 13.50%
Cost of living increases – PLD	1.91%	1.91%	1.91%	2.20%	2.20%	2.55%	3.12%
Cost of living increases – SET	2.20%	2.20%	2.20%	2.20%	2.55%	2.55%	2.55%

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

Mortality rates:

In 2016, mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2016 using Scale AA. Between 2017 and 2021, mortality rates were based on the RP2014 Total Data Set Health Annuitant Mortality Table. Starting 2022, Mortality rates were based on the 2010 Public Plan General Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC 2020 model.

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

Changes of Benefit Terms - None

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

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

Mortality rates:

In 2016, mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2016 using Scale AA. Between 2017 and 2021, mortality rates were based on the RP2014 Total Data Set Health Annuitant Mortality Table. Starting 2022, Mortality rates were based on the 2010 Public Plan General Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC 2020 model.

CITY OF AUBURN, MAINE
Notes to Required Supplementary Information, Continued
June 30, 2023

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

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

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

Fiscal Year	Discount Rate
2017	3.78%
2018	3.44%
2019	4.10%
2020	2.74%
2021	2.12%
2022	2.06%
2023	3.72%

Mortality rates:

In 2018 through 2021, mortality rates were based on the RP2014 total data set healthy annuitant mortality table. In 2022, mortality rates were based on the 2010 Public Plan General Benefits- Weighted Employee Mortality Table, for males and females, projected generationally using the RPEC 2020 model.

Additionally, the valuation method was changed from the Projected Unit Credit funding method in 2018 to the Entry Age Normal funding method in 2019.

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

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

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

Fiscal Year	Discount Rate
2018	3.58%
2019	3.87%
2020	3.50%
2021	2.21%
2022	2.16%
2023	3.54%

Mortality rates:

In 2018 through 2021, mortality rates were based on the RP2014 total data set healthy annuitant mortality table. In 2022, mortality rates were based on the 2010 Public Plan General Benefits- Weighted Employee Mortality Table, for males and females, projected generationally using the RPEC 2020 model.

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, 2023

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 6,756,618	270,774	7,027,392
Receivables:			
Accounts	973	-	973
Loans receivable	900,215	-	900,215
Intergovernmental	5,793,273	-	5,793,273
Prepaid expenditures	106,443	-	106,443
Inventory	54,658	-	54,658
Interfund receivable	7,906,527	-	7,906,527
Total assets	21,518,707	270,774	21,789,481
LIABILITIES			
Accounts payable	1,241,210	-	1,241,210
Accrued payroll	49,145	-	49,145
Unearned revenue	11,397,889	-	11,397,889
Interfund payable	3,271,873	1,538	3,273,411
Total liabilities	15,960,117	1,538	15,961,655
Deferred inflows of resources:			
Unavailable revenue - settlement proceeds	1,025,186	-	1,025,186
Total deferred inflows of resources	1,025,186	-	1,025,186
Nonspendable - inventory	54,658	-	54,658
Nonspendable - prepaid expenditures	106,443	-	106,443
Nonspendable - principal	-	69,475	69,475
Restricted	4,129,870	199,761	4,329,631
Committed	358,492	-	358,492
Unassigned	(116,059)	-	(116,059)
Total fund balances	4,533,404	269,236	4,802,640
Total liabilities and fund balances	\$ 21,518,707	270,774	21,789,481

CITY OF AUBURN, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Nonmajor Special Revenue Funds	Nonmajor Permanent Funds	Total Other Governmental Funds
Revenues:			
Intergovernmental	\$ 12,323,010	-	12,323,010
Charges for services	1,435,183	-	1,435,183
Student activity fees and fundraisers	277,863	-	277,863
Other income	878,605	-	878,605
Interest income	8,950	2,915	11,865
Total revenues	14,923,611	2,915	14,926,526
Expenditures:			
Current:			
General government	1,907,587	-	1,907,587
Public safety	141,139	-	141,139
Health, welfare and recreation	531,311	-	531,311
Public works	2,217,504	-	2,217,504
Education	6,576,017	-	6,576,017
Food services	2,123,206	-	2,123,206
Student activities	260,269	-	260,269
Debt service	159,119	-	159,119
Total expenditures	13,916,152	-	13,916,152
Excess (deficiency) of revenues over (under) expenditures	1,007,459	2,915	1,010,374
Other financing sources (uses):			
Transfers out	175,000	-	175,000
Total other financing sources (uses)	175,000	-	175,000
Net change in fund balances	1,182,459	2,915	1,185,374
Fund balances, July 1	3,350,945	266,321	3,617,266
Fund balances, June 30	\$ 4,533,404	269,236	4,802,640

CITY OF AUBURN, MAINE
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2023

	City Special	Centralized School Lunch Program	School Activity Funds	School Special	Parking	Parks and Recreation	Totals
ASSETS							
Cash and cash equivalents	\$ 6,470,601	205,660	80,357	-	-	-	6,756,618
Receivables:							
Accounts	-	-	260	713	-	-	973
Loans receivable	900,215	-	-	-	-	-	900,215
Intergovernmental	3,093,778	116,665	-	2,582,830	-	-	5,793,273
Prepaid expenditures	-	12,780	-	93,663	-	-	106,443
Inventory	-	54,658	-	-	-	-	54,658
Interfund receivable	6,588,918	1,024,624	574	-	40,799	251,612	7,906,527
Total assets	17,053,512	1,414,387	81,191	2,677,206	40,799	251,612	21,518,707
LIABILITIES							
Accounts payable	959,970	11,404	-	254,726	584	14,526	1,241,210
Accrued payroll	-	-	-	49,145	-	-	49,145
Unearned revenue	11,386,515	11,374	-	-	-	-	11,397,889
Interfund payable	1,804,523	-	-	1,467,350	-	-	3,271,873
Total liabilities	14,151,008	22,778	-	1,771,221	584	14,526	15,960,117
Deferred inflows of resources:							
Unavailable revenue - settlement proceeds	1,025,186	-	-	-	-	-	1,025,186
Total deferred inflows of resources	1,025,186	-	-	-	-	-	1,025,186
FUND BALANCES (DEFICITS)							
Nonspendable - inventory	-	54,658	-	-	-	-	54,658
Nonspendable - prepaid expenditures	-	12,780	-	93,663	-	-	106,443
Restricted	1,990,174	1,324,171	-	815,525	-	-	4,129,870
Committed	-	-	81,191	-	40,215	237,086	358,492
Unassigned	(112,856)	-	-	(3,203)	-	-	(116,059)
Total fund balances (deficits)	1,877,318	1,391,609	81,191	905,985	40,215	237,086	4,533,404
Total liabilities and fund balances (deficits)	\$ 17,053,512	1,414,387	81,191	2,677,206	40,799	251,612	21,518,707

CITY OF AUBURN, MAINE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2023

		City Special	Centralized School Lunch Program	School Activity Funds	School Special	Parking	Parks and Recreation	Totals
Revenues:								
Intergovernmental	\$	4,414,442	2,428,908	-	5,479,660	-	-	12,323,010
Charges for services		2,677	73,839	-	701,863	144,412	512,392	1,435,183
Student activity fees and fundraisers		-	-	277,863	-	-	-	277,863
Other income		468,069	4,060	-	406,476	-	-	878,605
Interest income		8,950	-	-	-	-	-	8,950
Total revenues		4,894,138	2,506,807	277,863	6,587,999	144,412	512,392	14,923,611
Expenditures:								
Current:								
General government		1,757,219	-	-	-	150,368	-	1,907,587
Public safety		141,139	-	-	-	-	-	141,139
Health, welfare and recreation		23,639	-	-	-	-	507,672	531,311
Public works		2,217,504	-	-	-	-	-	2,217,504
Education		-	-	-	6,576,017	-	-	6,576,017
Food services		-	2,123,206	-	-	-	-	2,123,206
Student activities		-	-	260,269	-	-	-	260,269
Debt service		159,119	-	-	-	-	-	159,119
Total expenditures		4,298,620	2,123,206	260,269	6,576,017	150,368	507,672	13,916,152
Excess (deficiency) of revenues over (under) expenditures		595,518	383,601	17,594	11,982	(5,956)	4,720	1,007,459
Other financing sources (uses):								
Transfers in/out		175,000	-	-	-	-	-	175,000
Total other financing sources (uses)		175,000	-	-	-	-	-	175,000
Net change in fund balances		770,518	383,601	17,594	11,982	(5,956)	4,720	1,182,459
Fund balances (deficits), July 1		1,106,800	1,008,008	63,597	894,003	46,171	232,366	3,350,945
Fund balances, June 30	\$	1,877,318	1,391,609	81,191	905,985	40,215	237,086	4,533,404

**CITY OF AUBURN, MAINE
 Combined Balance Sheet
 Nonmajor Permanent Funds
 June 30, 2023**

ASSETS	
Cash and cash equivalents	\$ 270,774
Total assets	270,774
LIABILITIES	
Interfund payable	1,538
Total liabilities	1,538
FUND BALANCES	
Nonspendable - principal	69,475
Restricted	199,761
Total fund balances	269,236
Total liabilities and fund balances	\$ 270,774

**CITY OF AUBURN, MAINE
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Permanent Funds
 For the Year Ended June 30, 2023**

Revenues:	
Interest income	\$ 2,915
Total revenues	2,915
Expenditures:	
Current:	
Miscellaneous	-
Total expenditures	-
Net change in fund balances	2,915
Fund balances, July 1	266,321
Fund balances, June 30	\$ 269,236

CUSTODIAL FUNDS

CITY OF AUBURN, MAINE
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2023

	RETC	AVEC	Total
ASSETS			
Intergovernmental receivables	\$ 68,035	-	68,035
Interfund receivables	62,735	11,018	73,753
Total assets	130,770	11,018	141,788
LIABILITIES			
Accounts payable	1,285	-	1,285
Accrued payroll	48,591	542	49,133
Total liabilities	49,876	542	50,418
NET POSITION			
Restricted for:			
Individuals and organizations	80,894	10,476	91,370
Total net position	\$ 80,894	10,476	91,370

CITY OF AUBURN, MAINE
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the year ended June 30, 2023

	RETC	AVEC	Total
ADDITIONS			
Contributions:			
Service revenues	\$ 479,249	16,500	495,749
Total contributions	479,249	16,500	495,749
Total additions	479,249	16,500	495,749
DEDUCTIONS			
Recipient payments	632,697	18,845	651,542
Total deductions	632,697	18,845	651,542
Net increase (decrease) in fiduciary net position	(153,448)	(2,345)	(155,793)
Net position - beginning	234,342	12,821	247,163
Net position - ending	\$ 80,894	10,476	91,370

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, 2023

	TIF 6 Tambrands II	TIF 9 Mall Area	TIF 10 Downtown Area	TIF 10 Downtown Omnibus	TIF 12 Auburn Industrial Park	TIF 13 Retail	TIF 14 & 15 Auburn Mall	TIF 16 Webster School Housing	TIF 19 Hartt Transport	TIF 20 62 Spring Street	TIF 21 Minot Avenue	TIF 22 48 Hampshire Street	TIF 23 Auburn Memory Care Facility	TIF 24 Millbran LLC	TIF 25 Futurguard	TIF 26 West Shore Landing	Totals
Revenues:																	
Other income	\$ -	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditures:																	
Current:																	
General government	143,231	-	-	16,821	-	126,667	210,923	29,154	-	56,495	24,109	48,001	39,653	35,248	5,164	-	735,466
Capital outlay	-	-	11,963	-	-	-	-	-	-	-	-	-	-	-	-	-	11,963
Debt service	-	-	287,550	-	265,100	-	-	-	-	-	-	-	135,236	-	3,603	-	691,489
Total expenditures	143,231	-	299,513	16,821	265,100	126,667	210,923	29,154	-	56,495	24,109	48,001	174,889	35,248	8,767	-	1,438,918
Excess (deficiency) of revenues over (under) expenditures	(143,231)	-	(299,513)	(16,821)	(265,100)	(126,667)	(210,923)	(29,154)	-	(56,495)	(24,109)	(48,001)	(174,889)	(35,248)	(8,767)	-	(1,438,918)
Other financing sources (uses):																	
Transfers from other funds	190,975	-	848,520	16,821	157,316	294,264	448,773	48,589	30,617	56,495	48,219	96,002	113,293	35,248	34,426	59,528	2,479,086
Total other financing sources (uses)	190,975	-	848,520	16,821	157,316	294,264	448,773	48,589	30,617	56,495	48,219	96,002	113,293	35,248	34,426	59,528	2,479,086
Net change in fund balances (deficits)	47,744	-	549,007	-	(107,784)	167,597	237,850	19,435	30,617	-	24,110	48,001	(61,596)	-	25,659	59,528	1,040,168
Fund balances (deficits), beginning of year	78,951	806,274	227,395	10,289	(519,427)	455,494	(900,466)	-	(2,664)	1,121	50,242	84,061	33,114	13,914	(102,204)	-	236,094
Fund balances (deficits), end of year	\$ 126,695	806,274	776,402	10,289	(627,211)	623,091	(662,616)	19,435	27,953	1,121	74,352	132,062	(28,482)	13,914	(76,545)	59,528	1,276,262