

This Preliminary Official Statement and the information contained herein are subject to change, completion or amendment. The City will make available its final Official Statement with respect to the Securities. This Preliminary Official Statement is for information purposes only and does not constitute an offer to sell or the solicitation of any offer to buy the Securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.



In the opinion of Pierce Atwood LLP, of Portland, Maine, Bond Counsel ("Bond Counsel"), and assuming continuing compliance with certain provisions of the Internal Revenue Code of 1986, as amended (the "Code") and with certain tax covenants, under existing statutes, regulations and court decisions, interest on the Bonds (as defined below) is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. In addition, such interest on the Bonds is not an item of tax preference for purposes of calculating the alternative minimum tax under the Section 55 of the Code; however, such interest will be taken into account in determining the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Bond Counsel is also of the opinion that pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended, interest paid on the Bonds is exempt from taxation within the State of Maine (the "State. **The City will not designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.** See "THE BONDS—TAX MATTERS" and "APPENDIX B" herein.

CITY OF AUBURN, MAINE

\$47,260,000<sup>(\*)</sup>

2025 GENERAL OBLIGATION BONDS

| Dated: Date of Delivery |                       |                  |                   | Due: September 1, as shown below |                       |                  |                   |
|-------------------------|-----------------------|------------------|-------------------|----------------------------------|-----------------------|------------------|-------------------|
| Year of<br>Maturity     | Amount <sup>(*)</sup> | Interest<br>Rate | Yield<br>or Price | Year of<br>Maturity              | Amount <sup>(*)</sup> | Interest<br>Rate | Yield<br>or Price |
| 2026                    | \$2,600,000           |                  |                   | 2039                             | \$1,420,000           |                  |                   |
| 2027                    | 2,600,000             |                  |                   | 2040                             | 1,420,000             |                  |                   |
| 2028                    | 2,600,000             |                  |                   | 2041                             | 1,420,000             |                  |                   |
| 2029                    | 2,600,000             |                  |                   | 2042                             | 1,420,000             |                  |                   |
| 2030                    | 2,600,000             |                  |                   | 2043                             | 1,420,000             |                  |                   |
| 2031                    | 2,595,000             |                  |                   | 2044                             | 1,420,000             |                  |                   |
| 2032                    | 2,595,000             |                  |                   | 2045                             | 1,420,000             |                  |                   |
| 2033                    | 2,590,000             |                  |                   | 2046                             | 1,420,000             |                  |                   |
| 2034                    | 2,590,000             |                  |                   | 2027                             | 1,420,000             |                  |                   |
| 2035                    | 2,590,000             |                  |                   | 2048                             | 1,420,000             |                  |                   |
| 2036                    | 1,420,000             |                  |                   | 2049                             | 1,420,000             |                  |                   |
| 2037                    | 1,420,000             |                  |                   | 2050                             | 1,420,000             |                  |                   |
| 2038                    | 1,420,000             |                  |                   |                                  |                       |                  |                   |

The City of Auburn, Maine 2025 General Obligation Bonds (the "Bonds") will be issued as fully-registered certificates without coupons and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the minimum denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. See "THE BONDS—BOOK-ENTRY-ONLY SYSTEM" herein. Principal and interest on the Bonds will be paid to DTC by U.S. Bank Trust Company, National Association, Boston, Massachusetts, as Paying Agent. Interest on the Bonds will be payable on September 1, 2026 and semi-annually on each March 1 and September 1 thereafter until maturity, or redemption prior to maturity.

The legal opinion of Bond Counsel will be provided to the original purchaser and will indicate that the Bonds are valid general obligations of the City of Auburn, Maine (the "City") and, unless paid from other sources are payable as to both principal and interest from *ad valorem* taxes that may be levied without limit as to rate or amount upon all the property within the territorial limits of the City and taxable by it, except to the extent that the City may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality and except to the extent that the City establishes or has established development districts either as tax increment financing districts or affordable housing development districts (collectively, "development districts") pursuant to Title 30-A, Chapter 206 and former (now repealed) Chapter 207 of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Bonds (see "CITY FINANCES—TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS" herein). The City has entered into agreements with the City of Lewiston, Maine to share the tax revenue from facilities located solely within either of the cities. See "CITY FINANCESTAX BASE SHARING" herein. The City has established certain tax increment financing districts and elected to retain a portion of the tax increment on the captured assessed value of the property in the districts to pay costs of the economic development projects and programs described in the development programs adopted with respect to such districts. Within the limits established by statute, the City has the right to designate additional development districts pursuant to Title 30-A, Chapter 206 of the Maine Revised Statutes, as amended. Bond Counsel's opinion will indicate that the enforceability of the obligations of the City, including the Bonds, is subject to and may be limited by bankruptcy, insolvency, moratorium and other laws affecting the rights and remedies of creditors generally, and are subject to general principles of equity. The opinion will be dated and given on and will speak as of the date of original delivery of the Bonds to the original purchasers.

Bonds maturing on and before September 1, 2035 are not subject to redemption prior to their stated dates of maturity. Bonds maturing on and after September 1, 2036 are subject to optional redemption prior to their stated dates of maturity, at the option of the City, on and after September 1, 2035 as more fully set forth herein (see "THE BONDS—OPTIONAL REDEMPTION PRIOR TO MATURITY" herein).

The Bonds are offered when, as and if issued, subject to the approval of legality by Pierce Atwood LLP, Bond Counsel. Moors & Cabot, Inc., Boston, Massachusetts, serves as Municipal Advisor to the City. It is expected that the Bonds in definitive form will be available for delivery to DTC on or about December 17, 2025.

NOTE: <sup>(\*)</sup>Preliminary, subject to change.

No dealer, broker, salesman or other person has been authorized by the City or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering of the Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the City and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, any party other than the City. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the condition or affairs of the City since the date hereof.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED, IF ANY, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES, CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NONE OF THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

The CUSIP numbers set forth in this Official Statement have been assigned by an independent company not affiliated with the City and are included solely for the convenience of the holders of the Bonds. Neither the City nor the Underwriter makes any representation with respect to the accuracy of such CUSIP numbers set forth in this Official Statement or undertakes any responsibility for the selection of the CUSIP numbers or their accuracy now or at any time in the future. The City is not responsible for the selection or uses of the CUSIP numbers and no representation is made as to their correctness on the Bonds or as set forth in this Official Statement. The CUSIP number for a specific maturity of the Bonds is subject to change after the issuance of the Bonds and as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that may be applicable to all or a portion of certain maturities of the Bonds.

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## **CERTIFICATE CONCERNING OFFICIAL STATEMENT**

The information contained herein has been prepared by the City of Auburn, Maine with the assistance of Moors & Cabot, Inc., its Municipal Advisor, from the records of the City and from various other public documents and sources which are believed to be reliable. There has been no independent investigation of such information by the Municipal Advisor or by Pierce Atwood LLP, Bond Counsel, and such information is not guaranteed as to accuracy or completeness and is not intended to be a representation by the Municipal Advisor or Bond Counsel.

This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or its agencies and authorities, since the date hereof.

To the best of the knowledge and belief of the Finance Director, of the City this Official Statement does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements made herein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in the Official Statement obtained from sources other than the City is not guaranteed as to accuracy, completeness or fairness, the Finance Director has no reason to believe that such information is materially inaccurate or misleading. A certificate to this effect, with such if any corrections, changes and additions as may be necessary, will be signed by the Finance Director and furnished at the closing.

This Official Statement is in a form “deemed final” by the City for purposes of Securities and Exchange Commission’s Rule 15c2-12(b) [17 C.F.R. §240.15c2-12(b)] except for the omission from the Preliminary Official Statement of such information as is permitted by such Rule.

Kelsey L. D. Earle  
Finance Director  
City of Auburn, Maine

**OFFICIAL STATEMENT  
CITY OF AUBURN, MAINE  
\$47,260,000<sup>(\*)</sup>  
2025 GENERAL OBLIGATION BONDS**

This Official Statement is provided for the purpose of presenting certain information relating to the City of Auburn, Maine (the “City” or “Auburn”) in connection with the sale of its 2025 General Obligation Bonds (the “Bonds” or the “2025 Bonds”).

**THE BONDS**

**DESCRIPTION OF THE BONDS**

The Bonds will be issued only as fully-registered bonds without coupons, one certificate per maturity, and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York City, New York (“DTC” or the “Securities Depository”). DTC will act as the securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the minimum denomination of \$5,000 or any integral multiple thereof. The Bonds will be dated on the date of delivery and will bear interest (accrued on the basis of a 360-day year with twelve 30-day months) payable on September 1, 2026, and semi-annually thereafter on March 1 and September 1 of each year until maturity, or redemption prior to maturity. The Bonds will mature as follows:

| <u>Amount <sup>(*)</sup></u> | <u>September 1,</u> | <u>CUSIP</u> | <u>Amount <sup>(*)</sup></u> | <u>September 1,</u> | <u>CUSIP</u> |
|------------------------------|---------------------|--------------|------------------------------|---------------------|--------------|
| \$2,600,000                  | 2026                | 050375YM0    | \$1,420,000                  | 2039                | 050375ZA5    |
| 2,600,000                    | 2027                | 050375YN8    | 1,420,000                    | 2040                | 050375ZB3    |
| 2,600,000                    | 2028                | 050375YP3    | 1,420,000                    | 2041                | 050375ZC1    |
| 2,600,000                    | 2029                | 050375YQ1    | 1,420,000                    | 2042                | 050375ZD9    |
| 2,600,000                    | 2030                | 050375YR9    | 1,420,000                    | 2043                | 050375ZE7    |
| 2,595,000                    | 2031                | 050375YS7    | 1,420,000                    | 2044                | 050375ZF4    |
| 2,595,000                    | 2032                | 050375YT5    | 1,420,000                    | 2045                | 050375ZG2    |
| 2,590,000                    | 2033                | 050375YU2    | 1,420,000                    | 2046                | 050375ZH0    |
| 2,590,000                    | 2034                | 050375YV0    | 1,420,000                    | 2047                | 050375ZJ6    |
| 2,590,000                    | 2035                | 050375YW8    | 1,420,000                    | 2048                | 050375ZK3    |
| 1,420,000                    | 2036                | 050375YX6    | 1,420,000                    | 2049                | 050375ZL1    |
| 1,420,000                    | 2037                | 050375YY4    | 1,420,000                    | 2050                | 050375ZA5    |
| 1,420,000                    | 2038                | 050375YZ1    |                              |                     |              |

It is expected that the Bonds will be available for delivery at DTC on or about December 17, 2025.

Principal of and interest on the Bonds will be payable in Clearing House Funds to DTC, or its nominee, as registered owner of the Bonds by U.S. Bank Trust Company, National Association, Boston, Massachusetts, as paying agent (the “Paying Agent”). Transfer of principal and interest payments to Participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to Beneficial Owners (as hereinafter defined) will be the responsibility of such Participants and other nominees of Beneficial Owners. The City will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants. See “THE BONDS - BOOK-ENTRY-ONLY SYSTEM” herein.

NOTE: <sup>(\*)</sup> Preliminary, subject to change.

## **OPTIONAL REDEMPTION OF THE BONDS PRIOR TO MATURITY**

Bonds maturing on and before September 1, 2035 are not subject to redemption prior to their stated dates of maturity. Bonds maturing on and after September 1, 2036 are subject to optional redemption prior to their stated dates of maturity, at the option of the City, on and after September 1, 2035, as a whole or in part at any time, in such order of maturity as the City, in its discretion, may determine at a price of par (100% of original stated amount of value at maturity), together with interest accrued and unpaid to the redemption date, if any.

## **GENERAL PROVISIONS REGARDING REDEMPTION**

### **Notice of Redemption**

In the case of every redemption of the Bonds, the City shall cause notice of such redemption to be given to the registered owner of any Bonds designated for redemption in whole or in part, at his or her address as the same shall last appear upon the registration books kept by the Paying Agent by mailing a copy of the redemption notice by first class mail not less than thirty (30) days prior to the redemption date. Any notice mailed shall be conclusively presumed to have been duly given, whether or not the Bondholder actually receives notice. The failure of the City to give notice to a Bondholder or any defect in such notice shall not affect the validity of the redemption of any Bond of any other owner. Each notice of redemption shall specify the date fixed for redemption, the place or places of payment, that payment will be made upon presentation and surrender of the Bonds to be redeemed, that interest, if any, accrued to the date fixed for redemption will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue. If less than all the Bonds outstanding are to be redeemed, the notice of redemption shall specify the numbers of the Bonds or portions thereof (in denominations of \$5,000 or any integral multiple thereof) to be redeemed.

The City shall notify the Securities Depository (see "THE BONDS - BOOK-ENTRY-ONLY SYSTEM" herein) in the same manner as the Bondholders, with a request that the Securities Depository notify its Participants who in turn notify the beneficial owners of such Bonds. Any failure on the part of the Securities Depository, or failure on the part of a nominee of a Beneficial Owner (having received notice from the City, a Participant or otherwise) to notify the Beneficial Owner so affected, shall not affect the validity of the redemption of such Bond.

### **Bonds Due and Payable on Redemption Date; Interest Ceases to Accrue**

On any redemption date, the principal amount of each Bond to be redeemed, together with the premium, if any, and accrued interest thereon to such date, shall become due and payable. Funds shall be deposited with the Paying Agent to pay, and the Paying Agent is authorized and directed to apply such funds to the payment of the Bonds called for redemption, together with accrued interest thereon, to the redemption date and redemption premium, if any. After such redemption date, notice having been given and funds deposited in the manner described above, then, notwithstanding that any Bonds called for redemption shall not have been surrendered, no further interest shall accrue on any of such Bonds. From and after such date of redemption (such notice having been given and funds deposited), the Bonds to be redeemed shall not be deemed to be outstanding.

### **Cancellation of Bonds**

All Bonds that have been redeemed shall be canceled by the Paying Agent and either destroyed by the Paying Agent with counterparts of a certificate of destruction evidencing such destruction furnished by the Paying Agent to the City or returned to the City at its request.

## **Partial Redemption of Bonds**

Bonds or portions of Bonds to be redeemed in part shall be selected when held by a Securities Depository by lot and when not held by a Securities Depository, by the City by lot or in such other manner, as the City in its discretion may deem appropriate.

## **RECORD DATE; PAYMENT**

The principal of the Bonds is payable upon surrender thereof at the designated Corporate Trust Office of the Paying Agent. Payment of the interest on the Bonds will be made to the person appearing on the registration books of the Paying Agent as the registered owner thereof at the close of business on the 15<sup>th</sup> day of the month preceding each interest payment date for the Bonds, and if such day is not a regular business day of the Paying Agent the next day preceding which is a regular business day of the Paying Agent, by check, wire or draft mailed to each registered owner at such person's address as it appears on the registration books, or at another address as is furnished to the Paying Agent in writing by the owner. Interest that is not timely paid or provided for shall cease to be payable to the registered owner as of the regular record date and shall be payable to the registered owner at the close of business on a special record date to be fixed by the Paying Agent.

## **AUTHORIZATION AND PURPOSE**

The City typically borrows to provide funds to finance a portion of its Capital Improvement Program each year (see "CITY FINANCES – CAPITAL IMPROVEMENT PROGRAM" herein). Pursuant to Title 30-A, Section 5772 of the Maine Revised Statutes, as amended, Section 8.13 of the City Charter, and Order 40-05052025 adopted by the City Council on May 19, 2025, the City authorized bonds in the amount of \$11,762,700 to finance the City's 2026 Capital Improvement Projects (the "City CIP Projects") and the Auburn School Department's 2026 Capital Improvement Projects (the "School CIP Projects" and collectively with the City CIP Projects, the "2026 CIP Projects"). A portion of the 2025 Bonds, in an authorized amount not to exceed \$10,762,700, as such amount may be adjusted to reflect allocable bid premium, are being issued to finance the City's 2026 CIP Projects. A portion of the Bonds, in an authorized amount not to exceed \$1,000,000, as such amount may be adjusted to reflect allocable bid premium, are being issued to finance the School CIP Projects.

### **The Public Safety Facilities Project**

Pursuant to Title 30-A, Section 5772 of the Maine Revised Statutes, as amended, Section 8.13 of the City Charter, Order 119-09052023 adopted by the City Council on September 5, 2023, Order 131-10162023 adopted by the City Council on October 23, 2023, and an approving vote of the voters of the City at a referendum election on November 7, 2023, the City authorized bonds in the amount of \$45,000,000 to finance a new public safety facility (the "Public Safety Facility Project", as further described below). The Public Safety Facility will provide accommodations for the City's Police Department and Central Fire Station, including the 911 Dispatch Center.

The City issued \$5,459,194 of its 2024 Bonds, plus allocable bid premium of \$390,806, for a consolidated amount of \$5,850,000 of issue proceeds, to finance a portion of the Public Safety Facility Project. A portion of the 2025 Bonds, in the amount of \$35,500,000, as such amount may be adjusted to reflect allocable bid premium, are being issued to finance a portion of the costs of a facility. Following issuance of the 2025 Bonds, the remaining amount of unissued bonds authorized for the Public Safety Facility Project is \$3,650,000<sup>(\*)</sup>. See "INDEBTEDNESS - FUTURE FINANCING – Public Safety Facility" herein.

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NOTE: <sup>(\*)</sup> Preliminary, subject to change.



## The 2026 CIP Projects

| <u>Department</u>     | <u>Project</u>                    | <u>Amount</u> | <u>By Dept</u> |
|-----------------------|-----------------------------------|---------------|----------------|
| Airport               | CDS Hangar                        | \$78,500      | \$78,500       |
| Engineering           | Reconstruction                    | 100,000       |                |
| Engineering           | Reclamation                       | 500,000       |                |
| Engineering           | Major Drainage                    | 1,750,000     |                |
| Engineering           | MDOT Match                        | 1,500,000     |                |
| Engineering           | Resurfacing                       | 927,200       |                |
| Engineering           | Retaining Walls                   | 20,000        |                |
| Engineering           | Lake Grove Park                   | 300,000       |                |
| Engineering           | Downtown Pkg/Walk-UPI Grant Match | 300,000       |                |
| Engineering           | Small Area Master Plan            | 100,000       | 5,497,200      |
| Facilities & Energy   | Engine 2 Station                  | 3,700,000     | 3,700,000      |
| Finance               | Revaluation                       | \$500,000     | 500,000        |
| Fire                  | Rescue Boat                       | 42,000        |                |
| Fire                  | Cascade system                    | 60,000        | 102,000        |
| IT                    | Fiber Connection                  | 50,000        |                |
| IT                    | Security Camera                   | 100,000       | 150,000        |
| Planning & Permitting | Buildings/Junk Cleanups           | 100,000       |                |
| Planning & Permitting | Comprehensive Plan                | 250,000       | 350,000        |
| Police                | Cruiser Camera System             | 120,000       | 120,000        |
| Public Works          | Road Maintenance Equip.           | 165,000       |                |
| Public Works          | Recreation/OpenSpace Main.        | 50,000        | 215,000        |
| Transportation        | LATC Bus Replacement              | 50,000        | 50,000         |
|                       |                                   | 10,762,700    | 10,762,700     |
| School                | Various School                    | 1,000,000     | 1,000,000      |
|                       |                                   | \$11,762,700  | \$11,762,700   |

## Rendition and Description of the Public Safety Facility Project

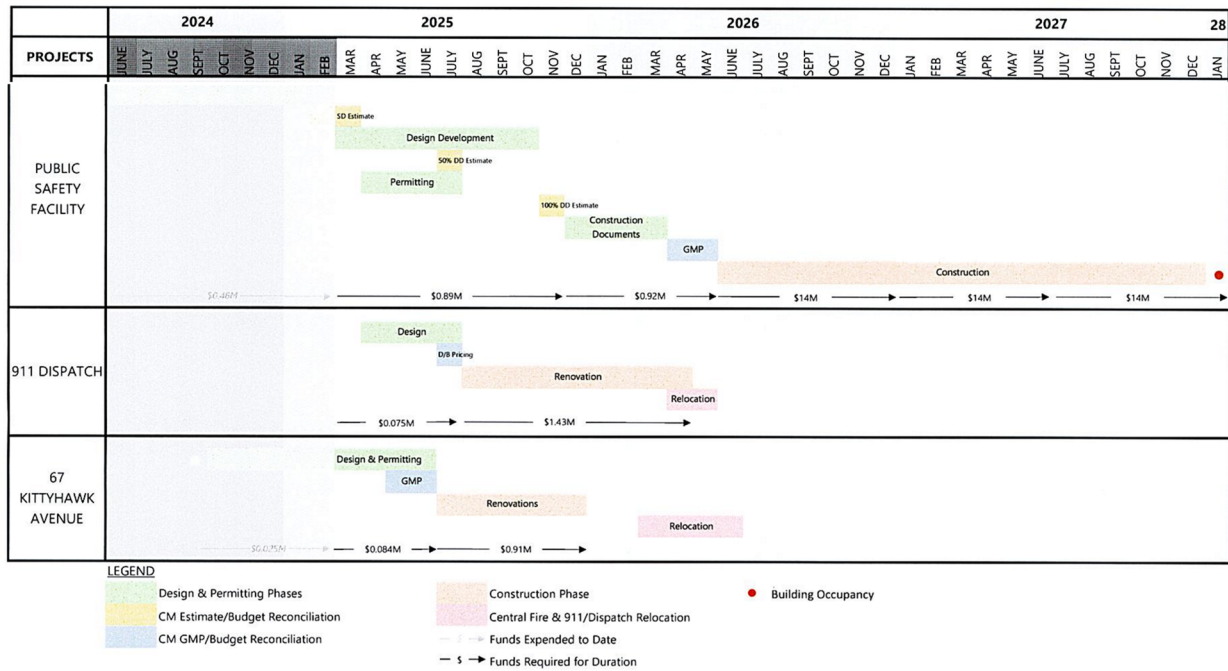


### Renderings of the Public Safety Facility

The Public Safety Facility Project will be an approximately 70,000 square foot facility and will include office space, a courtroom, evidence storage, a 911 Dispatch Center, a data center, and a 4-bay fire station, including living quarters and a commercial kitchen. The Public Safety Facility will house the City's Public Safety Department, City Council, Municipal Courts, Police facilities, and Fire Department. The project's design spanned several years and included an in-depth Master Plan study for the Douglas J. Watson Municipal Complex, and is intended to be the first of several projects on the site.

## Current Construction Schedule

The table below reflects the currently anticipated construction timeline for the various elements of the Public Safety Facility Project.



## Amortization of the Projects, by Department Total <sup>(\*)</sup>

| Sept 1,                | Airport | Engineering | Facilities & Energy | Finance | Fire    | IT      | Planning & Permit. | Police  | Public Works | Trans. | Sub-total City CIP | School CIP | Public Safety | 2025 Bonds |
|------------------------|---------|-------------|---------------------|---------|---------|---------|--------------------|---------|--------------|--------|--------------------|------------|---------------|------------|
| 2026                   | 7,850   | 553,450     | 370,000             | 50,000  | 10,200  | 15,000  | 35,000             | 12,000  | 21,500       | 5,000  | 1,080,000          | 100,000    | 1,420,000     | 2,600,000  |
| 2027                   | 7,850   | 553,450     | 370,000             | 50,000  | 10,200  | 15,000  | 35,000             | 12,000  | 21,500       | 5,000  | 1,080,000          | 100,000    | 1,420,000     | 2,600,000  |
| 2028                   | 7,850   | 553,450     | 370,000             | 50,000  | 10,200  | 15,000  | 35,000             | 12,000  | 21,500       | 5,000  | 1,080,000          | 100,000    | 1,420,000     | 2,600,000  |
| 2029                   | 7,850   | 553,450     | 370,000             | 50,000  | 10,200  | 15,000  | 35,000             | 12,000  | 21,500       | 5,000  | 1,080,000          | 100,000    | 1,420,000     | 2,600,000  |
| 2030                   | 7,850   | 553,450     | 370,000             | 50,000  | 10,200  | 15,000  | 35,000             | 12,000  | 21,500       | 5,000  | 1,080,000          | 100,000    | 1,420,000     | 2,600,000  |
| 2031                   | 7,850   | 548,450     | 370,000             | 50,000  | 10,200  | 15,000  | 35,000             | 12,000  | 21,500       | 5,000  | 1,075,000          | 100,000    | 1,420,000     | 2,595,000  |
| 2032                   | 7,850   | 548,450     | 370,000             | 50,000  | 10,200  | 15,000  | 35,000             | 12,000  | 21,500       | 5,000  | 1,075,000          | 100,000    | 1,420,000     | 2,595,000  |
| 2033                   | 7,850   | 543,450     | 370,000             | 50,000  | 10,200  | 15,000  | 35,000             | 12,000  | 21,500       | 5,000  | 1,070,000          | 100,000    | 1,420,000     | 2,590,000  |
| 2034                   | 7,850   | 543,450     | 370,000             | 50,000  | 10,200  | 15,000  | 35,000             | 12,000  | 21,500       | 5,000  | 1,070,000          | 100,000    | 1,420,000     | 2,590,000  |
| 2035                   | 7,850   | 543,450     | 370,000             | 50,000  | 10,200  | 15,000  | 35,000             | 12,000  | 21,500       | 5,000  | 1,070,000          | 100,000    | 1,420,000     | 2,590,000  |
| 2036                   |         |             |                     |         |         |         |                    |         |              |        |                    |            | 1,420,000     | 1,420,000  |
| 2037                   |         |             |                     |         |         |         |                    |         |              |        |                    |            | 1,420,000     | 1,420,000  |
| 2038                   |         |             |                     |         |         |         |                    |         |              |        |                    |            | 1,420,000     | 1,420,000  |
| 2039                   |         |             |                     |         |         |         |                    |         |              |        |                    |            | 1,420,000     | 1,420,000  |
| 2040                   |         |             |                     |         |         |         |                    |         |              |        |                    |            | 1,420,000     | 1,420,000  |
| 2041                   |         |             |                     |         |         |         |                    |         |              |        |                    |            | 1,420,000     | 1,420,000  |
| 2042                   |         |             |                     |         |         |         |                    |         |              |        |                    |            | 1,420,000     | 1,420,000  |
| 2043                   |         |             |                     |         |         |         |                    |         |              |        |                    |            | 1,420,000     | 1,420,000  |
| 2044                   |         |             |                     |         |         |         |                    |         |              |        |                    |            | 1,420,000     | 1,420,000  |
| 2045                   |         |             |                     |         |         |         |                    |         |              |        |                    |            | 1,420,000     | 1,420,000  |
| 2046                   |         |             |                     |         |         |         |                    |         |              |        |                    |            | 1,420,000     | 1,420,000  |
| 2047                   |         |             |                     |         |         |         |                    |         |              |        |                    |            | 1,420,000     | 1,420,000  |
| 2048                   |         |             |                     |         |         |         |                    |         |              |        |                    |            | 1,420,000     | 1,420,000  |
| 2049                   |         |             |                     |         |         |         |                    |         |              |        |                    |            | 1,420,000     | 1,420,000  |
| 2050                   |         |             |                     |         |         |         |                    |         |              |        |                    |            | 1,420,000     | 1,420,000  |
| <b>Bonds:</b>          | 78,500  | 5,494,500   | 3,700,000           | 500,000 | 102,000 | 150,000 | 350,000            | 120,000 | 215,000      | 50,000 | 10,760,000         | 1,000,000  | 35,500,000    | 47,260,000 |
| <b>Bid Premium:</b>    |         | 2,700       |                     |         |         |         |                    |         |              |        | 2,700              |            |               | 2,700      |
| <b>Issue Proceeds:</b> | 78,500  | 5,497,200   | 3,700,000           | 500,000 | 102,000 | 150,000 | 350,000            | 120,000 | 215,000      | 50,000 | 10,762,700         | 1,000,000  | 35,500,000    | 47,262,700 |

NOTE: <sup>(\*)</sup> Preliminary, subject to change. Amounts in the above table may be adjusted to reflect the par amount of Bonds, plus the allocable net Original Issue bid premium, if any, allocated to each Project.

## **Unspent Bond Proceeds**

In the event that any proceeds of the Bonds remain unspent upon completion of a Project or the City abandons any Project, the City reserves the right to reallocate unspent proceeds to the costs of other qualified projects approved, or to be approved, by the City, or to apply unspent proceeds to the payment of debt service on the Bonds.

## **SOURCE OF PAYMENT AND REMEDIES**

### **General**

The Bonds are general obligations of the City and their payment is not limited to a particular fund or revenue source. Municipalities in the State of Maine (the “State”) have the right to tax their inhabitants to pay municipal indebtedness. The Bonds are payable as to both principal and interest from *ad valorem* taxes that may then be levied without limit as to rate or amount upon all the taxable property within its territorial limits, except to the extent that the City may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality, and except to the extent that the City establishes or has established development districts as tax increment financing districts or affordable housing development districts pursuant to Title 30-A, Chapter 206 and former (now repealed) Chapter 207 of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Bonds (see “CITY FINANCES – PROPERTY TAXATION - Tax Increment Financing Districts and Affordable Housing Development Districts” herein). The City has entered into agreements with the City of Lewiston, Maine to share the tax revenue from facilities located solely within either of the cities (see “CITY FINANCES – TAX BASE SHARING” herein). The City has established certain tax increment financing districts and elected to retain a portion of the tax increment on the captured assessed value of the property in these districts to pay costs of the economic development projects and programs described in the development programs for the districts. Within the limits established by statute, the City has the right to designate additional development districts pursuant to Title 30-A, Chapter 206 of the Maine Revised Statutes, as amended. There is no statutory provision for a lien on any portion of the tax levy to secure bonds or notes, or judgments thereon, in priority to other claims.

The City is subject to suit on the Bonds. Title 14, Section 4951 of the Maine Revised Statutes, as amended, provides that executions against a town shall be issued against the personal property of the residents of that town and real estate within its boundaries, whether or not owned by the town. Only town real estate not used for public purposes, however, is subject to such execution. In addition, Title 30-A, Section 5701 of the Maine Revised Statutes, as amended, provides that the personal property of the residents and the real estate within the boundaries of a municipality may be taken to pay any debt due from the municipality. There has been no judicial determination as to whether the statutory remedy of taking property of residents to satisfy debts of or judgments against, a municipality is constitutional under current due process and equal protection standards and Bond Counsel expresses no opinion thereon. There has been no judicial determination as to whether statutory remedies available against towns are applicable to cities and Bond Counsel expresses no opinion thereon.

Funds to meet City expenses, including debt service, are not included in the tax levy to the extent they are expected to be met with other non-tax revenues. Amounts necessary to repay sums borrowed temporarily in anticipation of bonds or grants are similarly excluded because they would normally be expected to be paid from the anticipated bond proceeds or grants. Enforcement of a claim for payment of principal of or interest on bonds or notes would be subject to the applicable provisions of federal bankruptcy laws and to the provisions of statutes, if any, hereafter enacted by the Congress or the State Legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. The Bonds are not guaranteed by the State.

## **TAX MATTERS**

### **Exclusion of Interest on the Bonds from Gross Income for Federal Income Tax Purposes**

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Bonds in order that interest on the Bonds be and remain excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use, investment and expenditure of bond proceeds and the requirement that certain earnings be rebated to the federal government. Failure of the City to comply with such requirements may cause interest on the Bonds to be included in the gross income of the holders thereof for purposes of federal income taxation retroactive to the date of issuance of the Bonds, regardless of when such noncompliance occurs or is ascertained.

The City will make certain representations with respect to the use of the proceeds of the Bonds and the projects and improvements financed by the Bonds and will covenant (i) to comply with the provisions and procedures of the Code applicable to the Bonds and (ii) not to take any action or permit any action that would cause the interest paid on the Bonds to be included in gross income for purposes of federal income taxation pursuant to Section 103 of the Code.

In the opinion of Pierce Atwood LLP, Bond Counsel (“Bond Counsel”), under existing statutes, regulations and court decisions interest on the Bonds is excludable from the gross income of the owners of the Bonds for federal income tax purposes pursuant to Section 103 of the Code. In addition, such interest is not an item of tax preference item for purposes of calculating the alternative minimum tax under the Section 55 of the Code provided, however, such interest will be taken into account in determining the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In rendering its opinion, Bond Counsel will rely upon the City’s representations made with respect to the use of the proceeds of the Bonds, and the projects financed with the Bonds, and the City’s covenant that it will comply with the Code. See “PROPOSED FORM OF LEGAL OPINION” in APPENDIX B herein.

### **Exemption of Interest on the Bonds from Taxation Within the State of Maine**

In the opinion of Bond Counsel, interest paid on the Bonds is exempt from income taxation within the State pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended. See “PROPOSED FORM OF LEGAL OPINION” in APPENDIX B herein.

### **Not Designated as Qualified Tax-Exempt Obligations**

The City will not designate the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

### **Original Issue Discount**

Certain maturities of the Bonds (the “Discount Bonds”) may be sold at an issue price that is less than the stated redemption price of the Discount Bonds at maturity (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates). The difference between the issue price at which each of the Discount Bonds is sold and the stated redemption price at maturity (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) of each of the Discount Bonds constitutes original issue discount (“OID”). Pursuant to Section 1288 of the Code, OID on the Discount Bonds accrues on the basis of economic accrual under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on the Discount Bonds, as applicable. The basis of an initial purchaser of a Discount

Bond acquired at the initial public offering price of the Discount Bond will be increased by the amount of such accrued OID for purposes of determining gain or loss on the sale, exchange, or other disposition of such Bond. Bond Counsel is of the opinion that the appropriate portion of the OID properly allocable to the original and each subsequent owner of the Discount Bonds will be treated as interest excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code to the same extent as stated interest on the Discount Bonds.

Prospective purchasers of the Discount Bonds should consult their tax advisors with respect to the determination for federal income tax purposes of the OID properly accruable with respect to the Discount Bonds and the tax accounting treatment of accrued interest, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

### **Original Issue Premium**

Certain maturities of the Bonds (the “Premium Bonds”) may be sold at a purchase price in excess of the amount payable on such Bonds after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates). The excess, if any, of the tax basis of the Premium Bonds to a purchaser (other than a purchaser who holds such Premium Bonds as inventory, stock in trade or for sale to customers in the ordinary course of business) over the amount payable at maturity (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner’s tax cost of the Premium Bonds used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Premium Bonds. Accordingly, an owner of a Premium Bond may have taxable gain from the disposition of the Premium Bond, even though the Premium Bond is sold, or disposed of, for a price equal to the owner’s original cost of acquiring the Premium Bond. Bond premium amortizes over the term of the Premium Bonds under the “constant yield method” described in regulations interpreting Section 1272 of the Code.

Prospective purchasers of the Premium Bonds should consult their tax advisors with respect to the calculation of the amount of bond premium which will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

### **Additional Federal Income Tax Consequences**

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Bonds, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty insurance companies, foreign corporations and certain S corporations. Prospective purchasers of the Bonds should consult their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

The Internal Revenue Service (the “IRS”) has an ongoing program of auditing state and local government obligations, which may include randomly selecting bond issues for audit, to determine whether interest paid to the holders is properly excludable from gross income for federal income tax purposes. It cannot be predicted whether the Bonds will be audited. If an audit is commenced, under current IRS procedures holders of the Bonds may not be permitted to participate in the audit process and the value and liquidity of the Bonds may be adversely affected.



## **Changes in Federal and State Tax Law**

From time to time, there are legislative proposals in the United States Congress (“Congress”) and in the States that, if enacted, could alter or amend the federal and State tax matters referred to herein. In addition, such legislation (whether currently proposed, proposed in the future or enacted) could affect the market value or marketability of the Bonds or significantly reduce the benefit of, or otherwise affect, the exclusion from gross income for federal income tax of interest on the Bonds. Future Congressional proposals could also affect the Bonds, even if never enacted. It cannot be predicted whether, or in what form, any such proposals might ultimately be enacted or whether if enacted such proposals would apply to bonds issued prior to enactment. The introduction or enactment of any such legislative proposals may affect, perhaps significantly, the market price for, or marketability of, the Bonds. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Prospective purchasers of the Bonds should consult their tax and financial advisors regarding such matters.

## **Opinion of Bond Counsel**

The legal opinion of Pierce Atwood LLP, of Portland, Maine (see “APPENDIX B - PROPOSED FORM OF LEGAL OPINION”) will be furnished to the original purchaser of the Bonds. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the original purchaser of the Bonds.

## **Extent of Opinion**

Bond Counsel expresses no opinion regarding any tax consequences of holding the Bonds other than its opinion with regard to (a) the exclusion of interest on the Bonds from gross income pursuant to Section 103 of the Code, (b) interest on the Bonds not constituting an item of tax preference pursuant to Section 57 of the Code provided, however, that such interest will be taken into account included in determining the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code), and (c) the exemption of interest on the Bonds from taxation within the State pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended. Prospective purchasers of the Bonds should consult their tax advisors with respect to all other tax consequences (including but not limited to those described above) of holding the Bonds.

## **BOOK-ENTRY-ONLY SYSTEM**

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued in fully-registered form registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One-fully registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and each such certificate will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited

securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated securities. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security deposited with DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with it; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with it unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the

issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records.

Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

## **RATINGS**

The Bonds are rated "\_\_\_" by Moody's Ratings ("Moody's") and "\_\_\_" by S&P Global Ratings ("S&P"). The City has furnished the rating agencies certain information and materials, some of which may not have been included in this Official Statement. The ratings, if obtained, will reflect only the view of Moody's or S&P at the time such rating is assigned and will be subject to revision or withdrawal, which could affect the market price of the Bonds. Moody's or S&P should be contacted directly for its rating on the Bonds and its explanation of such rating. A rating is not a recommendation to buy, sell or hold the Bonds, and such rating should be evaluated independently.

Except as set forth in the Continuing Disclosure Agreement set forth in APPENDIX C and referred to under "THE BONDS – CONTINUING DISCLOSURE" herein, the City has not undertaken any responsibility either to bring to the attention of the owners of the Bonds any proposed change in, or withdrawal of, any rating of the Bonds or to oppose any such change or withdrawal.

## **CONTINUING DISCLOSURE**

In order to assist the underwriter of the Bonds in complying with the Securities and Exchange Commission's ("SEC") Rule 15c2-12 (the "Rule"), the City will enter into a Continuing Disclosure Agreement (the "CDA") for the benefit of the owners of the Bonds to provide certain financial information and operating data relating to the Rule by not later than 270 days after the end of each fiscal year (the "Annual Filing") and to provide notices of the occurrence of certain enumerated events, if material. Pursuant to the Rule, such filings will be made with the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access System ("EMMA"). The proposed form of the CDA is provided in APPENDIX C. The CDA will be executed by the Finance Director of the City, and incorporated by reference in the Bonds.



Except as discussed on the following paragraphs, in the last five years, the City has not failed to comply in all material respects with its previous undertakings to provide financial information or operating data or notices of material events in accordance with the Rule.

### **Financial and/or Operating Data Filings**

In the last five years, the City has made the following filings:

- On August 12, 2020, the City entered into a School Revolving Renovation Program loan (“SRRF”), in the amount of \$1,190,000 with the Maine Municipal Bond Bank (“MMBB”), of which \$463,386 is to be repaid and \$726,614 is to be forgiven. The City filed notice of this loan with EMMA on October 13, 2020, when it filed a material event notice and a notice of late filing for this SRRF loan, as a *Financial Obligation – Incurrence of Agreement* and a *Failure to Provide Event Filing Information as Required*. These event filings were outside the 10-day filing requirement under the Rule.
- The City posts its Annual Financial Report (“ACFR”, as defined herein) to EMMA to satisfy its Annual Filing requirement. For fiscal years 2019 and 2020, certain financial information and operating data tables covered by the City’s CDAs were not included in the respective ACFRs and thus not included in the City’s Annual Filing. The missing tables were included in the City’s Official Statements prepared and posted with EMMA with respect to the City’s general obligation bonds issued in each of the referenced fiscal years (the “Official Statements”), but the respective Official Statements were not also filed with EMMA as separate Operating Data filings or identified as such. On March 31, 2021, the City made corrective filings and posted a “Failure to File” notice, which provided, or identified the location of, the complete financial information and operating data required for the Annual Filing for each of the above-referenced fiscal years.
- On April 28, 2022, the City entered into an SRRF loan in the amount of \$156,992.72 with the MMBB, of which \$51,729.10 is to be repaid and \$105,263.62 is to be forgiven. The City filed notice of this loan with EMMA on September 19, 2023, when it filed a material event notice and a notice of late filing for this SRRF loan, as a *Financial Obligation – Incurrence of Agreement* and a *Failure to Provide Event Filing Information as Required*. These event filings were outside the 10-day filing requirement under the Rule.
- The City failed to file its Annual Filing for the fiscal year 2022 on a timely basis. This late filing was due to the fact that the City’s Audit Firm experienced staffing shortages, which created unforeseen delays in the preparation and release of the 2022 ACFR. The City did not receive its 2022 ACFR until August 30, 2023 (although it is dated August 29, 2023). The City filed its 2022 ACFR on September 13, 2023 with EMMA and submitted a Voluntary Filing, posted on September 13, 2023 providing this explanation.
- On September 22, 2022, the City filed the Preliminary Official Statement for its 2022 General Obligation Bonds, dated September 20, 2022, with EMMA, with the intent of providing the operating date portion of its 2022 Annual Filing. However, the filed operating data was incomplete, as it did not include certain 2022 operating data, which should have been included. In order to remedy this situation, on September 25, 2023, the City’s filed the Preliminary Official Statement for its 2023 General Obligation Bonds, dated September 22, 2023, with EMMA. The operating date included in the 2023 Preliminary Official Statement supplements the operating data included in its earlier 2022 operating data filing. Also on September 25, 2023, a *Late Filing – Failure to File in a Timely Manner* event filing was posted on EMMA.

- The City failed to file financial data or complete operating data for the fiscal year 2023 on a timely basis. As with its 2022 Annual Filing, this late filing was also due to the City’s Audit Firm’s continued staffing shortages, which delays were exacerbated by the City’s transition to replace the former and seasoned Finance Director. The City did not receive the 2023 ACFR until September 30, 2024 (although it is dated August 30, 2024). The City filed its 2023 ACFR with EMMA on October 15, 2024. The City has submitted a *Late Filing – Failure to File in a Timely Manner* event filing, posted on October 31, 2024 providing this explanation.
- The City failed to file financial data or complete operating data for the fiscal year 2024 on a timely basis. As with its 2022 and 2023 Annual Filings, this late filing was also due to the City’s Audit Firm’s continued staffing shortages. The City did not receive the 2024 ACFR until October 6, 2025. The City filed its 2024 ACFR with EMMA on November 10, 2025 and has submitted a *Late Filing – Failure to File in a Timely Manner* event filing, posted on November 10, 2025 providing this explanation.
- The City intends to submit the operating date portion of its 2024 Operating Data Filing by filing the Preliminary Official Statement prepared with respect to the 2025 Bonds, when available.

The following list summarizes the City’s recent ACFR filings:

| <b>Fiscal Year ended<br/><u>June 30,</u></b> | <b>Date Filed<br/><u>with EMMA</u></b> | <b>Days After<br/><u>Fiscal Year End</u></b> |
|----------------------------------------------|----------------------------------------|----------------------------------------------|
| 2024                                         | November 10, 2025                      | >270 days                                    |
| 2023                                         | October 15, 2024                       | >270 days                                    |
| 2022                                         | September 22, 2023                     | >270 days                                    |
| 2021                                         | March 14, 2022 <sup>(1)</sup>          | 257 days                                     |
| 2020                                         | February 1, 2021                       | 216 days                                     |

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NOTE: <sup>(1)</sup> The 2021 operating data component of the City’s 2022 Annual Filing was filed on March 24, 2022.

### **Re -assurance of Future Compliance**

On June 17, 2013, the City Council adopted a post-issuance compliance policy that, among other things, provides for timely filings with EMMA or its successor repository, if any, with respect to its existing and future continuing disclosure undertakings and establishes written procedures that are expected to ensure prompt compliance with its continuing disclosure undertakings on a going forward basis. The City has also registered with the EMMA reminder system to receive e-mail reminders to help ensure timely annual filing of required financial and operating data.

Going forward, the City has reaffirmed that it will annually post on EMMA, including to all applicable CUSIPs, its ACFR or to file unaudited financial data if the ACFR is not available within the time period specified in its CDAs; and, as and to the extent required by its CDAs, the City will file a separate operating data filing as part of its Annual Filing, or will file an Official Statement prepared in the applicable year, if it includes the operating date required to be submitted.

## **MUNICIPAL ADVISOR**

Moors & Cabot, Inc. is a Municipal Advisor registered with the Securities and Exchange Commission and the MSRB and has acted as Municipal Advisor to the City with respect to the issuance of the Bonds pursuant to MSRB Rule G-23. Moors & Cabot, Inc. does not intend to submit its bid on, or participate in an underwriting syndicate for the public distribution of, the Bonds.

## **STATUTORY REFERENCES**

All quotations from and summaries and explanations of laws herein do not purport to be complete, and reference is made to said laws for full and complete statements of their provisions.

## **CUSIP® IDENTIFICATION NUMBERS**

It is anticipated that CUSIP® (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Bonds. All expenses in relation to the printing of CUSIP® numbers on the Bonds will be paid for by the City provided, however, that the City assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

## **CONDITIONS PRECEDENT TO DELIVERY**

The following, among other things, are conditions precedent to the delivery of the Bonds to the original purchasers thereof.

### **No Litigation**

Upon delivery of the Bonds, the City shall deliver or cause to be delivered a certificate of the Finance Director, dated the date of delivery of the Bonds, to the effect that there is no litigation pending or, to the knowledge of such official, threatened, affecting the validity of the Bonds or the power of the City to levy and collect taxes to pay them, and that neither the corporate existence nor boundaries of the City, nor the title of any of said officers to their respective offices, is being contested.

### **Approval of Legality**

The legality of the Bonds will be approved by Pierce Atwood LLP, Bond Counsel. The approving opinion of such counsel with respect to the Bonds in substantially the form attached to this Official Statement as APPENDIX B will be delivered at the time of original delivery of the Bonds and a copy of the opinion will be provided to the original purchasers. Bond Counsel are not passing upon, and do not assume responsibility for, the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as their opinion) and make no representations that they have independently verified the same. See also "PROPOSED FORM OF LEGAL OPINION" in APPENDIX B herein.

### **Certificate With Respect to Debt Limits**

At the time of the original delivery of the Bonds, the City will deliver a certificate of the Finance Director of the City which certifies that the City has not exceeded its debt limits established under Title 30-A, Section 5702 of the Maine Revised Statutes, as amended, and that issuance of the Bonds will not cause the City to exceed such debt limits.





## CITY OF AUBURN

### HISTORY

The City of Auburn (the “City” or “Auburn”), located on the west bank of the Androscoggin River in the south central section of the State of Maine, is the County Seat of Androscoggin County and is Maine’s fifth largest city. Auburn is approximately 34 miles north of Portland, the State’s largest city and 142 miles from Boston, Massachusetts. The City is contiguous to the City of Lewiston, the State’s second largest city, with the Androscoggin River separating the “twin cities”. Auburn is bounded by the towns of Durham on the southeast; New Gloucester on the southwest; Poland lying west of the middle portion; Minot on the northwest; and Turner forming the northern border. Access to Auburn is provided by Exit 75 (formerly Exit 12) of the Maine Turnpike (US Interstate Route 95), US Route 202, and State Routes 4, 11, 100, 121 and 136, all of which intersect the City from various directions. Transportation includes the Auburn- Lewiston Municipal Airport, located in the City of Auburn but jointly operated by the two cities, as well as the Grand Trunk line railroad, and various trucking and bus facilities. Some sources cite the origin of the City’s name being from Oliver Goldsmith’s “Sweet Auburn, Loveliest Village of the Plain”. Another possible source of the name is Aubourn, a city in Lincolnshire, England.



*Androscoggin County*

The area embracing Auburn was first settled in 1786, formerly consisting of a large part of Bakerstown, now the towns of Poland, Minot and the northern portion of what is now Auburn. This territory was first incorporated on February 17, 1795 as the Town of Poland. On February 18, 1802 a portion of Poland, also embracing the northern portion of the present Auburn, was set off and incorporated as the Town of Minot, which further separated on February 24, 1842 when the Town of Auburn was incorporated. The southern portion of the present City was incorporated in 1802 as the Town of Pejepscot, changing its name to Danville in 1819. In 1852 a further portion of the eastern part of Poland was set off to Danville. The Town of Danville was annexed to Auburn on February 26, 1867. Auburn incorporated as a city on February 22, 1869. In 1917, Auburn was the first city in Maine to adopt a council-manager form of government. Auburn was considered the home of the shoe industry in Maine as it was still part of Minot when the Minot Shoe Company was established in 1835 in what is now West Auburn. This is where the factory system of making shoes originated. The principal neighborhoods of the City include: Auburn, East Auburn, New Auburn, North Auburn, West Auburn, Danville, South Auburn, Stevens Mills and Marston’s Corner.

Auburn exists as a major retail center of central Maine, which is evidenced by a shopping mall, shopping plazas and various retail stores throughout the City. A longtime shoe manufacturing center, Auburn also supports textile, handicraft, electronics and plastics manufacturing industries. The City has several industrial parks. Seven banks, with several branch offices, provide financial services to the City. Central Maine Community College is located in the City. The City is an urban community with land area comprised of residential, resource protection, business, industrial, farming and conservation zones, open space and woodland areas totaling approximately 61.67 square miles.

### GOVERNMENT

There are two basic forms of local government in Maine: the “Direct” form, often referred to as town meeting government, in which the town meeting serves as the legislative body, passing laws and approving the spending of monies; and the “Representational” form, in which an elected council serves as the legislative body. There are several variations of these two forms. Variations of the Direct form are: *Selectmen/Town Meeting* form of government (169 municipalities); *Selectmen/Town Meeting/Manager*

(141 towns); *Council/Town Meeting/Manager* (18 towns) and *Selectmen/Town Meeting/Administrative Assistant* or *Administrator* (80 towns). Variations of the Representational form are: *Council/Mayor/Administrator* (three cities), *Council/Mayor/Manager* (18 cities) and *Council/Manager* (26 towns).

The City operates under a charter adopted by its voters on November 8, 2005, effective July 1, 2006, as most recently amended on August 15, 2022 (the “Charter”), providing for a *Council/Mayor/Manager* form of government with a Mayor and a seven-member City Council, five of whom are elected by ward, with the Mayor and two members of the Council elected at-large. All members of the City Council, and the Mayor, serve two-year terms.

The Charter grants to the City Council all powers to enact, amend, or repeal rules, ordinances and resolutions relating to the City’s property, affairs and government, to preserve the public peace, health and safety, to establish personnel policies, give effect to any vote of the City and to authorize the issuance of debt. The entire Council, working as the Finance Committee, adopts an annual budget and provides for an annual audit. The City Manager is appointed by the City Council and serves as the Chief Administrative Officer of the City.

## **MUNICIPAL SERVICES**

The City provides general governmental services for the territory within its boundaries, including police and fire protection, highways, streets and sidewalks, parks, recreation and riverfront areas. Public education is provided for grades Kindergarten (“K”) through 12. Water service is provided by the Auburn Water District; and sewer service is provided by the Auburn Sewer District, each being individual and wholly separate quasi-municipal entities whose operation and obligations are not part of the City. However, the respective district must obtain prior approval from the City Council before debt issuance.

The City provides various other municipal services through several ventures with other entities in which the City retains an ongoing financial responsibility. See “CITY OF AUBURN - MUNICIPAL SERVICES - JOINT VENTURES” herein.

### **Public Safety**

The Police Department is staffed by employees who include: one Chief of Police, one Deputy Chief of Police, seven Lieutenants, seven Sergeants, five Detectives, 32 officers, one Executive Assistant, one Information Assistant, one Parking Enforcement Officer, one Evidence Technician, one Court Officer and one Crime Analyst. The Police Department operates from the downtown Police Station. The Police Department operates 31 vehicles.

The Fire Department is overseen by the Fire Chief, one Deputy Fire Chief, one Executive Assistant, one EMS Coordinator, one Fire Prevention Officer, four Platoon Chiefs, four Captains, 16 Lieutenants, approximately 36 firefighters. The Fire Department operates from three fire stations and maintains approximately 15 vehicles or pieces of equipment, all of which are in good repair. Emergency Medical Service is provided by the Fire Department by its 16 EMT’s (Basic), 14 EMT’s (Intermediate) and 22 EMTs (Paramedics).

### **Public Services**

The Public Services Department provides for a number of services including highway maintenance and recycling. The Department is staffed with one Public Works Director, a Deputy Director and approximately 65 full-time employees. The Department utilizes approximately 100 pieces of equipment.

## Landfill Closure

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. The \$21,000 reported as landfill post-closure care liability at June 30, 2024, represents the estimated liability for post-closure care costs at that date. The cost is comprised of \$21,000 for post-closure care costs (2 years) for a brush landfill that stopped accepting debris during fiscal year 1996. The estimated total cost of landfill post-closure care of \$21,000 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2024. 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.

## PUBLIC EDUCATION

### Department of Education

The City operates its educational program for grades pre-K through 12 as a School Administrative Unit (“SAU”) under its own supervision. Article 4 of the City’s Charter provides that the Department of Education for the City be administered by a Superintending School Committee (the “School Committee”) comprised of the City’s Mayor (or a representative) and seven other members, five of whom are elected, one from each ward, and two members elected from the registered voters of the entire City at-large. All members serve two-year terms. The School Committee performs all duties and functions in regard to the care and management of the public schools of the City. The School Committee prepares and submits its budget to the City Manager, who includes it in the City budget process.

The School’s staff consists of a Superintendent, an Assistant Superintendent, one Business Manager, one Special Ed Director, one Assistant Special Ed Director, one Technology Director, 10 full-time Principals, five Assistant Principals, one Athletic Director, approximately 306.0 full-time equivalent (“FTE”) teachers and approximately 506 other FTE professional and non-professional staff. The City’s schools and enrollment trends are:

| <u>School</u>                                 | <u>Grade</u> | <u>Estimated Capacity</u> | <u>Attending Enrollment<sup>(1)</sup><br/>(Oct 1, 2025)</u> |
|-----------------------------------------------|--------------|---------------------------|-------------------------------------------------------------|
| East Auburn Community                         | Pre-K - 6    | 140                       | 148                                                         |
| Washburn                                      | K - 6        | 260                       | 212                                                         |
| Fairview                                      | Pre-K - 6    | 550                       | 476                                                         |
| Park Avenue Elementary                        | Pre-K - 6    | 325                       | 388                                                         |
| Sherwood Heights Elementary                   | Pre-K - 6    | 500                       | 289                                                         |
| Walton                                        | Pre-K - 6    | 250                       | 148                                                         |
| RETC/SOS                                      | 7 - 12       | 50                        | 0                                                           |
| Auburn Middle                                 | 7 - 8        | 550                       | 481                                                         |
| Merrill Hill Alternative/Franklin Alternative | 7 - 12       | 40/80                     | 65                                                          |
| Edward Little High                            | 9 - 12       | 1,100                     | 988                                                         |

NOTE: <sup>(1)</sup> **Attending Enrollment** is an attending student count, or a head count of students, based on where the students are educated. Public school district attending counts include: (1) students from the local school district attending schools in the local school district, plus (2) students from outside the school district who are tuitioned from other school districts.

| Oct. 1, | Resident Enrollment <sup>(1)</sup> |       |       |        | Tuition<br>(Non-Resident) | Total<br>Enrollment |
|---------|------------------------------------|-------|-------|--------|---------------------------|---------------------|
|         | Pre-K - 2                          | 3 - 6 | 7 - 8 | 9 - 12 |                           |                     |
| 2024    | 756                                | 905   | 481   | 1,039  | 14                        | 3,195               |
| 2023    | 625                                | 772   | 478   | 1,014  | 0                         | 3,119               |
| 2022    | 792                                | 919   | 501   | 992    | 16                        | 3,220               |
| 2021    | 823                                | 933   | 530   | 990    | 7                         | 3,283               |
| 2020    | 793                                | 914   | 506   | 1,017  | 17                        | 3,247               |
| 2019    | 888                                | 1,024 | 514   | 973    | 51                        | 3,450               |
| 2018    | 894                                | 1,034 | 531   | 1,005  | 119                       | 3,583               |
| 2017    | 932                                | 1,075 | 508   | 1,012  | 97                        | 3,624               |
| 2016    | 817                                | 977   | 520   | 1,115  | 69                        | 3,498               |
| 2015    | 950                                | 1,031 | 541   | 971    | 97                        | 3,590               |

NOTE: <sup>(1)</sup> **Resident Enrollment** is based on where the students live. They are counts of students who reside in each school district and are educated at public expense. Public school district resident counts include: (1) resident students from the local school unit attending schools in the local school unit, plus (2) resident students from the local unit who are tuitioned to other public school units or private schools and who are paid for with public funds.

### Applied Technology Education

Title 20-A, Chapter 313 of the Maine Revised Statutes, as amended, provides for “applied technology education” or a course or program of education that is designed to create or improve job-related skills in current or emerging occupations as part of a secondary school curriculum. The programs are offered via career and technical education centers (each a “Center”) or career and technical education regions (each a “Region”), or a career and technical education satellite program affiliated with either a Center or a Region (a “Satellite Program”). A Center is an administrative entity established to provide career and technical education to secondary students. Unless otherwise specifically provided for, a Center is governed, operated and administered by an SAU.

The Lewiston Regional Technology Center (“LRTC”) is a Center owned, operated and maintained by the City of Lewiston, acting by and through its Department of Education. The LRTC student body includes students from Lewiston, Auburn, Lisbon, Leavitt High School (Town of Turner and adjoining towns), Poland Regional High School and Oak Hill High School (Town of Sabattus and adjoining towns). Centers and Regions are funded under Title 20-A, Chapter 606-B of the Maine Revised Statutes, as amended, through an allocation paid by the State to an SAU that has a Center or directly to a Region. The school funding statute allows a Center to assess members if its budget needs exceed the State allocation and to enter into a cost sharing agreement with its member units. LRTC first opened to secondary students in 1971 and currently provides career and technical education to students in grades 11 and 12. The 2024/2025 LRTC enrollment was 739, of which approximately 16% were residents of Auburn.

Edward Little High School in partnership with LRTC has created a series of new Career and Technical Education (“CTE”) programs, which opened in the 2023/2024 school year on the new ELHS campus. These programs offer new sought after CTE programs not currently available at LRTC, while also mirroring some existing popular LRTC CTE programs, allowing more students from the LRTC sending region to participate. The total area dedicated to the LRTC Career and Technical Education programs within the ELHS project spans approximately 32,682 square feet across two floors, with classrooms and shops for 10 CTE offerings. These programs accommodate between 200-300 students. This partnership will provide substantially expanded CTE opportunities in emergent and in-demand programs for EL students.



## LABOR RELATIONS

The City employs approximately 1,161 full-time and part-time employees, of which approximately 806 are employed by the School Department. Employees not included in the below table are not represented by unions. The various contracts for employees represented by unions are effective and expire as follows:

| <u>Union<sup>(1)</sup></u> | <u>Bargaining Unit</u>            | <u>Date of Contract</u> |                   |
|----------------------------|-----------------------------------|-------------------------|-------------------|
|                            |                                   | <u>Effective</u>        | <u>Expiration</u> |
| Teamsters Local 340        | Public Works                      | July 1, 2023            | June 30, 2026     |
| IAFF Local 797             | Fire Department                   | July 1, 2025            | June 30, 2028     |
| MAP                        | Police Command Unit               | July 1, 2025            | June 30, 2028     |
| MAP                        | Police Officers and Detectives    | July 1, 2023            | June 30, 2026     |
| MSEA-SEIU                  | Administrative and Clerical Staff | July 1, 2023            | June 30, 2026     |
| AEA                        | School Teachers                   | Sept. 1, 2025           | Aug. 31, 2028     |
| AEA                        | Ed. Technicians and Secretaries   | Sept. 1, 2024           | Aug. 31, 2027     |
| ASAA                       | School Administrators             | July 1, 2024            | June 30, 2027     |
| IAMAW                      | Support Personnel                 | July 1, 2024            | June 30, 2027     |
| AEA                        | Food Service                      | July 1, 2023            | June 30, 2026     |
| AEA                        | Transportation                    | July 1, 2024            | June 30, 2027     |

NOTE: <sup>(1)</sup>“IAFF” indicates the International Association of Firefighters, affiliated with the American Federation of Labor & Congress of Industrial Organizations (“AFL-CIO”), as separate bargaining units. “MAP” indicates the Maine Association of Police. “IAMAW” indicates the International Association of Machinists & Aerospace Workers, affiliated with the AFL-CIO, as a separate bargaining unit. “MSEA-SEIU” indicates Maine State Employees Association – Service Employees International. “MEA” indicates the Maine Education Association of which the various components of the Auburn Education Association (“AEA”) and the Auburn School Administrators Association (“ASAA”) are affiliated, as separate bargaining units. “Teamsters” indicates the International Brotherhood of Teamsters, which are affiliated, as separate bargaining units.

## BUILDING PERMITS

| <b>FY Ended<br/>June 30,</b> | <b>Residential</b> |              | <b>Commercial</b> |              | <b>Totals</b> |              |
|------------------------------|--------------------|--------------|-------------------|--------------|---------------|--------------|
|                              | <b>Units</b>       | <b>Value</b> | <b>Units</b>      | <b>Value</b> | <b>Units</b>  | <b>Value</b> |
| 2025                         | 266                | \$19,554,400 | 90                | \$41,729,196 | 356           | \$61,283,596 |
| 2024                         | 243                | 16,060,211   | 93                | 44,219,477   | 336           | 60,279,688   |
| 2023                         | 188                | 13,085,060   | 71                | 31,284,177   | 259           | 44,369,237   |
| 2021                         | 171                | 10,676,384   | 73                | 32,467,390   | 244           | 43,143,774   |
| 2020                         | 199                | 8,248,482    | 118               | 14,737,387   | 317           | 22,985,869   |
| 2019                         | 225                | 9,195,733    | 137               | 37,469,998   | 362           | 46,665,731   |
| 2018                         | 205                | 9,172,744    | 155               | 27,237,892   | 360           | 36,410,369   |
| 2017                         | 239                | 9,805,433    | 11                | 18,768,648   | 350           | 28,574,081   |
| 2016                         | 199                | 4,917,705    | 139               | 15,933,811   | 338           | 20,851,516   |
| 2015                         | 183                | 6,186,559    | 100               | 24,386,982   | 283           | 30,573,541   |

SOURCE: City of Auburn – Code Enforcement Office.

## **AUBURN PUBLIC LIBRARY**

The Auburn Public Library (the “Library”) was officially chartered on October 27, 1890, to “... establish and maintain a public library in the City of Auburn, Maine; to acquire by gifts, fees, bequests, purchase, or otherwise such real and personal property as may be necessary and convenient therefore; and do all acts necessary or expedient for carrying out any and all of the foresaid objects and purposes.” Money was raised to support the Library through membership dues, fees, compliance charges, and fundraising events and activities. In 1895, the City committed financial support to the Library through annual appropriation, with the condition that the Library’s collections and services would be made available free of charge to all Auburn citizens. In 1902, Library Trustee, the Hon. George C. Wing, was informed that the noted philanthropist Andrew Carnegie would give the City \$25,000 to build a new library, provided that the City would make a building site available and that an annual tax appropriation equal to 10% of his gift would be guaranteed. Ground was broken on July 22, 1903, and the library opened on August 1, 1904.

Following various minor renovations and improvements over the next 50 years in 1956, a 4,156 square-foot building expansion was made to the facility, financed by the City; and a federal community development grant in 1978 allowed the Library’s space to grow to a consolidated 13,146 square feet. Starting in 1999, the Library’s Board of Trustees formed a campaign that ultimately raised over \$3.5 million in funds to further expand the facility but preserve the integrity and style of the original Carnegie-funded building. The City approved a bond issue for an additional \$3.5 million contribution and that was financed in 2004. The expanded, 33,000 square foot facility, opened its doors in June of 2006.

The Library is a “free” public library governed by a Board of Trustees made up of nine individuals selected from a pool of six hundred Library Corporators and one City Councilor serves as a member of the Board. The Board makes policy, with fiduciary responsibilities to the operation of the Library. Day-to-day operations are managed by a library director with a staff of nineteen full and part time employees and the help of numerous volunteers. The Library building and the land on which it is situated are owned by the City and leased to the Library under a 99-year ground lease (currently set to expire on December 31, 2101). The Library is a separate, IRS Code Section 501(c)(3), private non-profit organization and operates under a management contract with the City. While not a department of the City, the Library has strong ties to city government and receives a substantial portion of its annual operating budget from City appropriation. The City’s fiscal year 2024/2025 contribution to the Library’s operating budget was \$1,199,897 (or 81.80%) of the Library’s total operating budget for that period).

## **JOINT VENTURES**

The City of Auburn has entered into several ventures with other entities. The following joint ventures result from contractual inter-local arrangements under which the City retains an ongoing financial responsibility. The following joint ventures’ existence depends on continued funding by the governments:

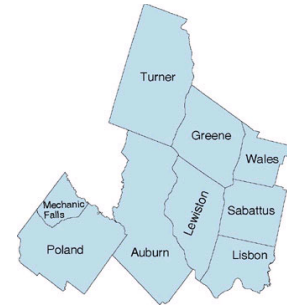
Auburn-Lewiston Municipal Airport  
Lewiston-Auburn Transit Committee  
Lewiston-Auburn 9-1-1 Committee

The inter-local agreements for these three joint ventures do not stipulate that the participants have a present or future claim to the net resources of the organization, except upon dissolution. Therefore, no equity interest has been reported in the City’s 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 inter-local agreement, the City is responsible for funding certain deficits the organization may incur.

## THE FORMER LEWISTON-AUBURN METROPOLITAN STATISTICAL AREA

The U.S. Department of Commerce, Bureau of the Census formerly defined a metropolitan statistical area ("MSA") as an area that included at least one city with 50,000 or more inhabitants, or a Census Bureau-defined urbanized area (of at least 50,000 inhabitants) and a total metropolitan population of at least 75,000 (in New England). Additional cities and towns were included in the MSA if they met specified requirements of commuting to the central area and other selected requirements of metropolitan character (such as population density and percent urban). A MSA was also considered a labor market area ("LMA"). The map displays the nine cities or towns and one reservation that comprised the former Lewiston-Auburn MSA.



### Commercial Center (\$/000)

| <u>CY</u> | <u>Business/<br/>Operating</u> | <u>Building<br/>Supply</u> | <u>Food<br/>Store</u> | <u>General<br/>Mdse.</u> | <u>Other<br/>Retail</u> | <u>Auto/<br/>Transp.</u> | <u>Rest. &amp;<br/>Lodging</u> | <u>Group<br/>Total</u> | <u>Consumer<br/>Sales</u> |
|-----------|--------------------------------|----------------------------|-----------------------|--------------------------|-------------------------|--------------------------|--------------------------------|------------------------|---------------------------|
| 2024      | 97,056.4                       | 196,131.1                  | 56,420.2              | 207,853.4                | 83,140.2                | 358,541.4                | 115,433.8                      | 1,114,576.5            | 1,017,520.1               |
| 2023      | 103,129.9                      | 187,579.6                  | 56,545.1              | 202,970.4                | 88,002.5                | 355,010.6                | 114,620.2                      | 1,107,858.2            | 1,004,728.3               |
| 2022      | 99,275.5                       | 192,112.0                  | 55,498.1              | 191,483.1                | 88,837.1                | 321,908.0                | 107,239.2                      | 1,056,353.2            | 957,077.6                 |
| 2021      | 83,132.1                       | 178,245.5                  | 53,868.9              | 183,976.9                | 87,899.5                | 293,332.6                | 98,176.1                       | 978,631.6              | 895,499.5                 |
| 2020      | 64,728.1                       | 152,906.6                  | 52,089.7              | 154,666.1                | 72,371.1                | 259,760.8                | 74,478.4                       | 831,000.9              | 766,272.8                 |
| 2019      | 71,586.0                       | 130,990.2                  | 50,386.3              | 167,266.2                | 56,804.7                | 246,000.8                | 88,869.5                       | 811,903.7              | 740,317.8                 |
| 2018      | 71,784.4                       | 133,465.2                  | 47,779.6              | 163,795.0                | 52,326.4                | 229,503.0                | 86,435.1                       | 785,088.6              | 713,304.2                 |
| 2017      | 76,034.1                       | 132,315.5                  | 47,492.8              | 156,497.1                | 52,288.5                | 218,928.8                | 83,593.2                       | 767,150.0              | 691,115.8                 |
| 2016      | 71,695.1                       | 123,227.9                  | 48,428.4              | 157,726.3                | 50,980.2                | 213,625.3                | 82,067.6                       | 747,750.8              | 676,055.7                 |
| 2015      | 74,716.2                       | 115,138.5                  | 39,249.1              | 144,262.9                | 48,193.7                | 194,839.3                | 77,349.8                       | 693,749.6              | 619,033.4                 |

SOURCE: State of Maine, Department of Taxation, Sales Tax Section.

### Representative Employers

| <u>Current Major Employers in Auburn</u> | <u>Business</u>       | <u>Approx #<br/>Employees</u> | <u>% All<br/>Employees</u> |
|------------------------------------------|-----------------------|-------------------------------|----------------------------|
| Pioneer Plastics                         | Plastic Molding Manf. | 620                           | 3.67%                      |
| Wal-Mart                                 | Department Store      | 520                           | 3.07%                      |
| Tambrands, Inc. (div. of P&G)            | Fem Hygiene Products  | 415                           | 2.45%                      |
| Carbonite Inc.                           | Data Protection       | 353                           | 2.09%                      |
| Clover Living Center                     | Health Services       | 283                           | 1.67%                      |
| UPS                                      | Package Delivery      | 239                           | 1.41%                      |
| Bisson Transportation                    | Truck Terminal        | 235                           | 1.39%                      |
| Conform Automotive                       | Auto Interior Manf.   | 205                           | 1.21%                      |
| Hannaford Bros.                          | Grocery               | 176                           | 1.04%                      |
| Shaw's                                   | Grocery               | 141                           | 0.83%                      |
| <b>Total Top Ten Non-Governmental</b>    |                       | <b>3,187</b>                  | <b>18.83%</b>              |
| Other Non-Governmental                   |                       | 13,728                        |                            |
| All Non-Governmental                     |                       | 16,915                        |                            |

SOURCE: State of Maine, Department of Labor.

## Commuter Patterns

| <b>Commuters to<br/>Auburn<br/>who live in:</b> | <b>Number of<br/>Workers</b> | <b>% of<br/>Auburn's<br/>Workers</b> | <b>Residents of<br/>Auburn<br/>who work in:</b> | <b>Number of<br/>Workers</b> | <b>% of<br/>Auburn's<br/>Workforce</b> |
|-------------------------------------------------|------------------------------|--------------------------------------|-------------------------------------------------|------------------------------|----------------------------------------|
| Auburn                                          | 4,922                        | 30.51%                               | Auburn                                          | 4,922                        | 45.87%                                 |
| Lewiston                                        | 3,415                        | 21.17%                               | Lewiston                                        | 2,924                        | 27.25%                                 |
| Poland                                          | 586                          | 3.63%                                | Portland                                        | 530                          | 4.94%                                  |
| Greene                                          | 523                          | 3.24%                                | Augusta                                         | 257                          | 2.40%                                  |
| Turner                                          | 464                          | 2.88%                                | South Portland                                  | 171                          | 1.59%                                  |
| Lisbon                                          | 437                          | 2.71%                                | Turner                                          | 168                          | 1.57%                                  |
| Mechanic Falls                                  | 404                          | 2.50%                                | Freeport                                        | 150                          | 1.40%                                  |
| Minot                                           | 338                          | 2.10%                                | Brunswick                                       | 113                          | 1.05%                                  |
| Sabattus                                        | 328                          | 2.03%                                | Lisbon                                          | 111                          | 1.03%                                  |
| Oxford                                          | 240                          | 1.49%                                | Scarborough                                     | 106                          | 0.99%                                  |
| Paris                                           | 211                          | 1.31%                                | Poland                                          | 96                           | 0.89%                                  |
| Leeds                                           | 210                          | 1.30%                                | Bath                                            | 86                           | 0.80%                                  |
| Norway                                          | 210                          | 1.30%                                | Gray                                            | 82                           | 0.76%                                  |
| Portland                                        | 172                          | 1.07%                                | Westbrook                                       | 74                           | 0.69%                                  |
| New Gloucester                                  | 170                          | 1.05%                                | Saco                                            | 65                           | 0.61%                                  |
| Buckfield                                       | 164                          | 1.02%                                | New Gloucester                                  | 56                           | 0.52%                                  |
| Gray                                            | 163                          | 1.01%                                | Sabattus                                        | 51                           | 0.48%                                  |
| Brunswick                                       | 134                          | 0.83%                                | Topsham                                         | 48                           | 0.45%                                  |
| Litchfield                                      | 133                          | 0.82%                                | Norway                                          | 41                           | 0.38%                                  |
| Wales                                           | 130                          | 0.81%                                | Jay                                             | 35                           | 0.33%                                  |
| Hebron                                          | 130                          | 0.81%                                | Yarmouth                                        | 34                           | 0.32%                                  |
| Livermore                                       | 120                          | 0.74%                                | Paris                                           | 34                           | 0.32%                                  |
| Raymond                                         | 111                          | 0.69%                                | Mechanic Falls                                  | 32                           | 0.30%                                  |
| Monmouth                                        | 106                          | 0.66%                                | Oxford                                          | 30                           | 0.28%                                  |
| Hartford                                        | 104                          | 0.64%                                | Windham                                         | 29                           | 0.27%                                  |
| Jay                                             | 93                           | 0.58%                                | Bethel                                          | 27                           | 0.25%                                  |
| Canton                                          | 85                           | 0.53%                                | Falmouth                                        | 25                           | 0.23%                                  |
| Durham                                          | 83                           | 0.51%                                | Greene                                          | 24                           | 0.22%                                  |
| West Paris                                      | 82                           | 0.51%                                | Casco                                           | 24                           | 0.22%                                  |
| Gorham                                          | 79                           | 0.49%                                | Livermore Falls                                 | 21                           | 0.20%                                  |
| Otisfield                                       | 77                           | 0.48%                                | Waterville                                      | 21                           | 0.20%                                  |
| Limington                                       | 67                           | 0.42%                                | Gorham                                          | 20                           | 0.19%                                  |
| West Gardiner                                   | 59                           | 0.37%                                | Hebron                                          | 20                           | 0.19%                                  |
| Gardiner                                        | 57                           | 0.35%                                | Harpswell                                       | 19                           | 0.18%                                  |
| Sumner                                          | 56                           | 0.35%                                | Leeds                                           | 18                           | 0.17%                                  |
| Casco                                           | 55                           | 0.34%                                | Wilton                                          | 17                           | 0.16%                                  |
| Standish                                        | 55                           | 0.34%                                | Buxton                                          | 17                           | 0.16%                                  |
| Bowdoin                                         | 52                           | 0.32%                                | Wales                                           | 15                           | 0.14%                                  |
| Livermore Falls                                 | <u>50</u>                    | <u>0.31%</u>                         | Waterboro                                       | <u>14</u>                    | <u>0.13%</u>                           |
| Above Total                                     | 14,875                       | 92.21%                               | Above Total                                     | 10,527                       | 98.11%                                 |
| All Other                                       | <u>1,256</u>                 | <u>7.79%</u>                         | All Other                                       | <u>203</u>                   | <u>1.89%</u>                           |
| <b>Total Commuters</b>                          | <b>16,131</b>                | <b>100.00%</b>                       | <b>Total Workers</b>                            | <b>10,730</b>                | <b>100.00%</b>                         |

SOURCE: U.S. Department of Commerce, Bureau of Census - Tables 3 & 4. Residence MCD/County to Workplace MCD/County Commuting Flows for the United States: 5-Year ACS, 2011-2015, the latest information available

## DEMOGRAPHIC CHARACTERISTICS

| <b>Population</b> | <b>City of<br/>Auburn</b> | <b><u>Change Since Prior Census</u></b> |                     |                   |
|-------------------|---------------------------|-----------------------------------------|---------------------|-------------------|
|                   |                           | <b><u>City</u></b>                      | <b><u>State</u></b> | <b><u>USA</u></b> |
| 1980              | 23,128                    | (4.2)                                   | 13.4                | 11.4              |
| 1990              | 24,309                    | 5.1                                     | 9.2                 | 9.8               |
| 2000              | 23,203                    | (4.5)                                   | 3.8                 | 13.2              |
| 2010              | 23,055                    | (0.6)                                   | 4.2                 | 8.9               |
| 2020              | 24,061                    | 4.4                                     | 2.6                 | 7.3               |

SOURCE: Respective Census, U.S. Department of Commerce, Bureau of the Census.

| <b>Population Characteristics</b> | <b><u>City of<br/>Auburn</u></b> | <b><u>Androscoggin<br/>County</u></b> | <b><u>State of<br/>Maine</u></b> | <b><u>USA</u></b> |
|-----------------------------------|----------------------------------|---------------------------------------|----------------------------------|-------------------|
| Median age (years)                | 40.0                             | 41.0                                  | 44.7                             | 38.1              |
| % under 5 years                   | 4.9%                             | 5.8%                                  | 4.7%                             | 6.0%              |
| % under 18 years                  | 21.8%                            | 21.5%                                 | 18.5%                            | 22.3%             |
| % 65 years and over               | 18.1%                            | 18.2%                                 | 21.2%                            | 16.5%             |
| Persons/household                 | 2.22                             | 2.28                                  | 2.29                             | 2.62              |

| <b>Income</b>           | <b><u>City of<br/>Auburn</u></b> | <b><u>Androscoggin<br/>County</u></b> | <b><u>State of<br/>Maine</u></b> | <b><u>USA</u></b> |
|-------------------------|----------------------------------|---------------------------------------|----------------------------------|-------------------|
| Median household income | \$51,681                         | \$55,002                              | \$59,489                         | \$64,994          |
| % below poverty level   | 12.1%                            | 11.7%                                 | 10.6%                            | 11.4%             |
| Per capita income       | \$31,917                         | \$29,947                              | \$33,774                         | \$35,384          |

| <b>Housing</b>            | <b><u>City of<br/>Auburn</u></b> | <b><u>Androscoggin<br/>County</u></b> | <b><u>State of<br/>Maine</u></b> | <b><u>USA</u></b> |
|---------------------------|----------------------------------|---------------------------------------|----------------------------------|-------------------|
| % owner occupied          | 56.8%                            | 64.9%                                 | 72.9%                            | 64.4%             |
| Owner occupied med. value | \$175,300                        | \$166,600                             | \$198,000                        | \$229,800         |
| Median gross rent         | \$801                            | \$771                                 | \$873                            | \$1,096           |
| Households                | 10,180                           | 45,906                                | 569,551                          | -                 |

SOURCE: 2020 Census, U.S. Department of Commerce, Bureau of the Census

| <b>Unemployment</b> | <b><u>City of<br/>Auburn</u></b> | <b><u>Androscoggin<br/>County</u></b> | <b><u>State of<br/>Maine</u></b> | <b><u>USA</u></b> |
|---------------------|----------------------------------|---------------------------------------|----------------------------------|-------------------|
| 2024                | 3.0%                             | 3.2%                                  | 3.1%                             | 4.0%              |
| 2023                | 3.0                              | 3.0                                   | 2.9                              | 3.6               |
| 2022                | 3.0                              | 3.0                                   | 3.0                              | 3.6               |
| 2021                | 5.0                              | 4.9                                   | 4.6                              | 5.3               |
| 2020                | 5.7                              | 5.5                                   | 5.4                              | 8.1               |
| 2019                | 3.0                              | 3.0                                   | 3.0                              | 3.7               |
| 2018                | 3.4                              | 3.3                                   | 3.4                              | 3.9               |
| 2017                | 3.0                              | 3.1                                   | 3.3                              | 4.4               |
| 2016                | 3.5                              | 3.6                                   | 3.9                              | 4.9               |
| 2015                | 3.9                              | 4.1                                   | 4.4                              | 5.3               |

SOURCE: State of Maine, Department of Labor, Division of Economic Analysis and Research.

## CITY FINANCES

### BUDGETARY PROCESS

The fiscal year (or “budget year”) of the City begins on the first day of July and ends on the thirtieth day of June of the following year. Sections 8.2 to 8.8 of the City’s Charter provide for a budget process. By the first day of May before the end of the fiscal year, the City Manager submits to the Council budget estimates for the ensuing fiscal year compiled from detailed information furnished by the administrative officers and boards. The budget is published not later than two weeks after its submission to the Council, which then fixes a time and place for holding a public hearing upon the budget. Prior to the beginning of the fiscal year, the Council adopts an annual appropriation resolve for the new fiscal year. The resolve is itemized by department, except the school department. The total amount appropriated may exceed the estimated revenue of the City, subject to the City’s Fund balance Policy. Should the Council take no final action on the annual appropriation resolve within the time set forth therein, the budget as submitted by the City Manager, is deemed to have been finally adopted by the Council. Chapter 2, Article VI, Section 2-485 of the City’s Code of Ordinances establishes a budget tax commitment cap. Beginning with the City’s fiscal year 2016 budget, the City Council may not approve any increase in the tax commitment (City and School combined) that exceeds the consumer price index (urban) as compiled for the 12-month period ending as of December 31 prior the start of the succeeding fiscal year. However, if the City Council deems it necessary, this cap may be waived by a super majority vote of the City Council with five affirmative council votes.

The school budget is voted on by the School Board, then presented to the City Council at a Budget Meeting; and is then subject to referendum by the voters of the City through a Budget Validation process. Upon adoption of the budget, a property tax levy is then established and filed with the City Assessor. The following table sets forth the trends in the General Fund’s budgets for the City for the last four fiscal years and for the current fiscal year.

| <b>General Fund Budgets</b>               |                     |                      |                      |                      |                      |
|-------------------------------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| <b><u>Fiscal Year Ending June 30,</u></b> |                     |                      |                      |                      |                      |
|                                           | <b><u>2022</u></b>  | <b><u>2023</u></b>   | <b><u>2024</u></b>   | <b><u>2025</u></b>   | <b><u>2026</u></b>   |
| <b>Revenues</b>                           |                     |                      |                      |                      |                      |
| Taxes                                     | \$56,237,450        | \$58,788,320         | \$60,320,348         | \$54,769,223         | \$57,802,681         |
| Intergovernmental                         | 32,791,101          | 40,028,036           | 43,439,037           | 48,924,675           | 57,259,035           |
| Licenses and Permits                      | 466,200             | 385,250              | 439,100              | 500,010              | 784,060              |
| Charges for Services                      | 2,129,821           | 2,231,665            | 2,458,053            | 2,698,454            | 2,872,171            |
| Fines, Forfeits, Penalties                | 41,500              | 28,000               | 23,000               | 32,000               | 35,000               |
| Interest                                  | 40,000              | 30,000               | 45,000               | 350,000              | 350,000              |
| Other Sources                             | <u>3,740,128</u>    | <u>5,553,880</u>     | <u>6,445,654</u>     | <u>5,445,742</u>     | <u>9,378,350</u>     |
| <b>Total Revenues</b>                     | <b>95,446,200</b>   | <b>107,045,151</b>   | <b>113,170,192</b>   | <b>121,825,948</b>   | <b>128,481,297</b>   |
| <br>General Government                    | <br>13,369,661      | <br>14,678,365       | <br>15,728,713       | <br>17,763,820       | <br>13,984,592       |
| Public Safety                             | 10,583,228          | 10,638,318           | 11,511,873           | 12,152,619           | 13,053,472           |
| Health, Welfare & Recreation              | 1,756,094           | 1,966,752            | 2,041,900            | 2,691,963            | 3,781,351            |
| Public Works                              | 6,167,320           | 7,712,825            | 8,287,553            | 8,825,716            | 11,771,796           |
| Education                                 | 48,341,366          | 55,732,090           | 59,071,289           | 62,123,472           | 64,493,893           |
| Debt Service                              | 7,734,169           | 8,361,254            | 8,334,544            | 9,772,812            | 12,259,977           |
| County Tax                                | 2,611,080           | 2,761,220            | 2,972,037            | 3,117,240            | 3,385,568            |
| Other Agencies                            | 1,573,479           | 1,884,524            | 1,912,480            | 2,068,502            | 2,217,975            |
| Other                                     | 260,000             | 260,000              | 260,000              | 260,000              | 4260,000             |
| Transfers                                 | <u>3,049,803</u>    | <u>3,049,803</u>     | <u>3,049,803</u>     | <u>3,049,803</u>     | <u>3,272,673</u>     |
| <b>Total Expenditures</b>                 | <b>\$95,446,200</b> | <b>\$107,045,151</b> | <b>\$113,170,192</b> | <b>\$121,825,947</b> | <b>\$128,481,297</b> |

## CAPITAL IMPROVEMENT PROGRAM

The City of Auburn has a formal Capital Improvement Program (“CIP”), which is required by Section 8.9 of the City’s Charter. The CIP includes a Capital Budget for the current year and the next four years. The overall program is driven by a number of factors and may be financed in part, or in whole, by the future issuance of the City’s bonds. The City’s Charter requires the CIP to be subject to a public hearing following a public notice. Section 8.13(C)(2) of the City’s Charter requires that any Council Order providing for the issuance of debt for certain single projects such as buildings and structures in excess of 9% of the current fiscal year’s annual appropriation resolve be subject to approval by the voters of the City. The following table displays the City’s current Capital Improvements schedule:

| <u>Department</u>     | <u>Capital Improvement Plan for Fiscal Year Ending June 30,</u> |                     |                     |                     |                    | <u>Totals</u>      | <u>Five Year Average</u> |
|-----------------------|-----------------------------------------------------------------|---------------------|---------------------|---------------------|--------------------|--------------------|--------------------------|
|                       | <u>2026</u>                                                     | <u>2027</u>         | <u>2028</u>         | <u>2029</u>         | <u>2030</u>        |                    |                          |
| LA Airport            | \$78,500                                                        | \$175,000           | \$0                 | \$0                 | \$0                | \$253,500          | \$50,700                 |
| City Clerk            | 50,000                                                          | 50,000              | 150,000             | 50,000              | 50,000             | 350,000            | 70,000                   |
| Finance               | 500,000                                                         | 250,000             | 50,000              | 0                   | 0                  | 800,000            | 160,000                  |
| Fire/EMS              | 489,000                                                         | 1,457,000           | 1,705,000           | 140,000             | 755,000            | 4,546,000          | 909,200                  |
| Information Tech.     | 205,000                                                         | 150,000             | 150,000             | 150,000             | 150,000            | 805,000            | 161,000                  |
| LA 911                | 50,000                                                          | 0                   | 0                   | 0                   | 0                  | 50,000             | 10,000                   |
| NSBA & Ingersoll      | 0                                                               | 715,000             | 500,000             | 170,000             | 50,000             | 1,435,000          | 287,000                  |
| Planning & Permitting | 350,000                                                         | 500,000             | 500,000             | 500,000             | 500,000            | 2,350,000          | 470,000                  |
| Police                | 138,000                                                         | 120,000             | 120,000             | 425,000             | 310,000            | 1,113,000          | 222,600                  |
| Engineering           | 5,497,200                                                       | 6,638,500           | 4,747,900           | 5,327,500           | 4,380,000          | 26,591,100         | 5,318,220                |
| Facilities & Energy   | 3,700,000                                                       | 6,819,850           | 565,500             | 9,812,500           | 100,000            | 20,997,850         | 4,199,570                |
| PW Equip & projects   | 662,000                                                         | 5,163,200           | 2,866,000           | 3,713,400           | 2,363,400          | 14,768,000         | 2,953,600                |
| Recreation            | 0                                                               | 100,000             | 100,000             | 100,000             | 100,000            | 400,000            | 80,000                   |
| Transportation        | 700,000                                                         | 1,200,000           | 350,000             | 350,000             | 350,000            | 2,950,000          | 590,000                  |
| <b>Total CIP</b>      | <b>\$12,421,726</b>                                             | <b>\$23,340,577</b> | <b>\$11,806,428</b> | <b>\$20,740,429</b> | <b>\$9,110,430</b> | <b>\$7,409,450</b> | <b>\$15,481,890</b>      |

## FUND BALANCE POLICY

Pursuant to Governmental Accounting Standards Board (“GASB”) Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (“GASB 54”), the City Council repealed and replaced its General Fund Balance Policy with a “General Fund – Fund Balance Policy”, adopted on June 7, 2021 (the “2021 Policy”), as amended on October 20, 2025 (Order # 99-10202025). The amendment did not change recommended levels of fund balance but was to clarify descriptions that were interchangeably creating ambiguity. The purpose of the policy is to establish a target level of fund balance for the General Fund (“GF”) and to establish a process and criteria for the continued evaluation of that target level as conditions warrant. The policy also establishes a process for reaching and maintaining the targeted level of unassigned fund balance, and the priority for the use of amounts in excess of the target. Finally, the policy provides a mechanism for monitoring and reporting the City’s General Fund balance. The policy applies only to the General Fund and requires the City to maintain unrestricted fund balance at no less than 10% and no more than 14% of General Fund expenditures measured on a Generally Accepted Accounting Principles (“GAAP”) basis. In the event that the unassigned fund balance drops below this level, the Finance Director will develop a plan, implemented through the annual budgetary process, to bring the balance to the target level over a period of no more than three (3) years. Amounts in excess of the target shall be brought to the City Council in the form of a Council Order before use for City Council approval. The Finance Director, in accordance with GAAP, shall report fund balance in the appropriate classifications and make the appropriate disclosures in the City’s financial statements. Unless classified as restricted or committed, the following balances shall be classified as assigned per GAAP or as required by this policy:



- *Encumbrances* - Amounts encumbered at year-end by purchase order or another means shall be classified as assigned.
- *Budget Appropriations* - Amounts appropriated in the annual budget resolve, or in any supplemental budget resolves, for expenditures in the following fiscal year shall be classified as assigned.
- *Capital Budget* - Amounts designated in the first year of the City's capital improvement program (CIP) as either appropriations or advances to other funds shall be classified as assigned.
- *Self-Insurance* - Amounts designated in the City's self-insurance shall be classified as assigned.
- *Compensated Absences* - These are not typically recorded as liabilities in the governmental funds, unless they are paid out immediately following the close of the fiscal year. However, the obligation for compensated absences can be significant. Therefore, the City will assign the amount equal to the estimated amount required at year end to pay the compensated absence obligation for those who meet the eligibility criteria for payment and can be expected to terminate employment with the City in the following fiscal year. This amount shall exclude any amount recorded as a liability. The following table displays fund balance results over the last five fiscal years:

**General Fund Balance as % Expenditures (per City's Policy)**

| <b>Fiscal Year ended June 30,</b> | <b><u>2020</u></b> | <b><u>2021</u></b> | <b><u>2022</u></b> | <b><u>2023</u></b> | <b><u>2024</u></b> |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Unrestricted General Fund Balance | \$11,515,913       | \$15,143,586       | \$15,601,896       | \$17,301,631       | \$14,851,498       |
| Total GF Expenditures             | 88,377,858         | 89,653,702         | 96,700,591         | 101,309,251        | 113,559,055        |
| Fund Balance as % Expenditures    | 13.03%             | 16.89%             | 16.13%             | 17.07%             | 13.08%             |
| Unassigned General Fund Bal       | \$9,862,432        | \$13,192,192       | \$13,064,546       | \$14,002,632       | \$9,041,558        |
| Total GF Expenditures             | 88,377,858         | 89,653,702         | 96,700,591         | 101,309,251        | 113,559,055        |
| Fund Balance as % Expenditures    | 11.16%             | 14.71%             | 13.51%             | 13.82%             | 7.96%              |

**General Fund Balance as % Revenues**

| <b>Fiscal Year ended June 30,</b> | <b><u>2020</u></b> | <b><u>2021</u></b> | <b><u>2022</u></b> | <b><u>2023</u></b> | <b><u>2024</u></b> |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Unrestricted General Fund Balance | \$11,515,913       | \$15,143,586       | \$15,601,896       | \$17,301,631       | \$14,851,498       |
| Total GF Revenues                 | 92,045,087         | 95,878,178         | 101,882,653        | 105,210,876        | 115,079,257        |
| Fund Balance as % Revenues        | 12.51%             | 15.79%             | 15.31%             | 16.44%             | 12.91%             |
| Unassigned General Fund Bal       | \$9,862,432        | \$13,192,192       | \$13,064,546       | \$14,002,632       | \$9,041,558        |
| Total GF Revenues                 | 92,045,087         | 95,878,178         | 11,882,653         | 105,210,876        | 115,079,257        |
| Fund Balance as % Revenues        | 10.71%             | 13.76%             | 12.82%             | 13.31%             | 7.86%              |

**INVESTMENT POLICY**

The City adopted and has followed a formal Investment Policy since April of 1995. Pursuant to its Investment Policy and applicable Maine law [Title 30-A, Section 5706 *et seq.* of the Maine Revised Statutes, as amended (the "Act")], all investments of the City must be made with the judgment and care that persons of prudence, discretion and intelligence, under circumstances then prevailing, exercise in the management of their own affairs, not for speculation but for investment considering (i) safety of principal and maintenance of capital, (ii) maintenance of sufficient liquidity to meet all operating and cash requirements with which a fund is charged, that is reasonably expected, and (iii) return of income commensurate with avoidance of unreasonable risk. Under its Investment Policy, the City's investment practice is to maintain a cash and investment pool that is available for use by all funds and consists of short-term investments. The City is invested principally in direct obligations of the United States government

and its agencies. The City is not invested in any obligations typically referred to as derivatives, meaning obligations created from, or whose value depends on, or is derived from, the value of one or more underlying assets or indexes of asset values in which the municipality owns no direct interest.

## FINANCIAL STATEMENTS

Title 30-A, Chapter 223, Subchapter VIII of the Maine Revised Statutes, as amended, and Section 8.11 of the City's Charter provide for independent annual audits of the City's accounts and establishes procedures for such audits. The City, in conformance with this statute and its Charter currently engages the services of Runyon Kersteen Ouellette, Certified Public Accountants ("Runyon Kersteen Ouellette").

The City's fiscal year 2024 Annual Financial Report, audited by Runyon Kersteen Ouellette is presented as APPENDIX A to this Official Statement. The City has not requested the consent of Runyon Kersteen Ouellette for the incorporation of Annual Comprehensive Financial Report ("ACFR") included in APPENDIX A, nor has it been received.

## FUNDS

The City's *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works (highways, streets, and solid waste disposal), education, and culture and recreation. The City has one business-type activity, its ice arena.

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

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

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

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

The City maintains one type of *proprietary fund*, its *enterprise fund*, used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses the enterprise fund to account for its operations of Ingersoll Ice Arena. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

*Fiduciary funds* are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**CITY OF AUBURN**  
**COMPARATIVE BALANCE SHEET**  
**GENERAL FUND**  
**(As of June 30,)**

|                                                              | <u><b>2024</b></u>         | <u><b>2023</b></u>         | <u><b>2022</b></u>         | <u><b>2021</b></u>         | <u><b>2020</b></u>         |
|--------------------------------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| <b>ASSETS</b>                                                |                            |                            |                            |                            |                            |
| Cash and equivalents                                         | \$23,270,321               | \$26,818,464               | \$6,882,291                | \$19,829,213               | \$7,257,027                |
| Investments                                                  | 4,745,050                  | 5,094,330                  | 18,576,421                 | 6,159,297                  | 7,455,522                  |
| Receivables:                                                 |                            |                            |                            |                            |                            |
| Taxes                                                        | 2,040,148                  | 1,718,967                  | 1,735,978                  | 1,501,283                  | 2,419,823                  |
| Accounts                                                     | 640,142                    | 585,777                    | 334,956                    | 557,611                    | 524,747                    |
| Loans receivable                                             | 599,532                    | 599,532                    | 599,532                    | 656,408                    | 680,451                    |
| Intergovernmental                                            | 3,724,651                  | 749,671                    | 741,692                    | 681,691                    | 640,662                    |
| Inter-fund                                                   | 0                          | 107,636                    | 2,364,248                  | 0                          | 2,575,964                  |
| Prepaid                                                      | <u>11,724</u>              | <u>50,782</u>              | <u>135,392</u>             | <u>32,855</u>              | <u>753,071</u>             |
| <b>TOTAL ASSETS</b>                                          | <b>35,031,568</b>          | <b>35,725,159</b>          | <b>31,370,510</b>          | <b>29,418,358</b>          | <b>22,307,267</b>          |
| <b>LIABILITIES</b>                                           |                            |                            |                            |                            |                            |
| Accounts payable                                             | 2,248,683                  | 1,452,447                  | 1,231,026                  | 1,037,281                  | 936,432                    |
| Accrued wages                                                | 4,471,260                  | 4,699,560                  | 5,035,310                  | 4,810,136                  | 4,738,561                  |
| Prepaid taxes                                                | 95,418                     | 99,366                     | 0                          | 0                          | 258,316                    |
| Escrow funds                                                 | 34,616                     | 32,511                     | 40,426                     | 0                          | 0                          |
| Unearned revenue                                             | 0                          | 0                          | 153,681                    | 223,250                    | 0                          |
| Inter-fund payables                                          | <u>1,417,166</u>           | <u>0</u>                   | <u>0</u>                   | <u>3,877,470</u>           | <u>0</u>                   |
| <b>TOTAL LIABILITIES</b>                                     | <b>8,267,143</b>           | <b>6,283,884</b>           | <b>6,460,443</b>           | <b>9,948,137</b>           | <b>5,933,309</b>           |
| <b>DEFERRED REVENUES</b>                                     |                            |                            |                            |                            |                            |
| Unavailable (Property tax)                                   | <u>1,753,129</u>           | <u>1,613,742</u>           | <u>1,585,603</u>           | <u>1,327,819</u>           | <u>2,060,409</u>           |
| <b>TOTAL DEFERRED</b>                                        | <b>1,753,129</b>           | <b>1,613,742</b>           | <b>1,585,603</b>           | <b>1,327,819</b>           | <b>2,060,409</b>           |
| <b>FUND BALANCE</b>                                          |                            |                            |                            |                            |                            |
| Non-spendable                                                | 611,256                    | 650,314                    | 734,924                    | 689,263                    | 1,433,522                  |
| Restricted                                                   | 9,548,542                  | 9,875,588                  | 6,987,644                  | 2,309,553                  | 1,364,114                  |
| Committed                                                    | 0                          | 0                          | 0                          | 0                          | 0                          |
| Assigned                                                     | 5,809,940                  | 3,298,999                  | 2,537,350                  | 1,951,394                  | 1,653,481                  |
| Unassigned                                                   | <u>9,041,558</u>           | <u>14,002,632</u>          | <u>13,064,546</u>          | <u>13,192,192</u>          | <u>9,862,432</u>           |
| <b>TOTAL FUND BALANCE</b>                                    | <b>25,011,296</b>          | <b>27,827,533</b>          | <b>23,324,464</b>          | <b>18,142,402</b>          | <b>14,313,549</b>          |
| <b>TOTAL LIABILITIES,<br/>DEFERRALS<br/>AND FUND BALANCE</b> | <b><u>\$35,031,568</u></b> | <b><u>\$35,725,159</u></b> | <b><u>\$31,370,510</u></b> | <b><u>\$29,418,358</u></b> | <b><u>\$22,307,267</u></b> |

Prepared from Audited Financial Statements

**CITY OF AUBURN**  
**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GENERAL FUND**  
**(For the Years Ended June 30,)**

|                                                                            | <u>2024</u>         | <u>2023</u>         | <u>2022</u>         | <u>2021</u>         | <u>2020</u>         |
|----------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>REVENUES</b>                                                            |                     |                     |                     |                     |                     |
| Taxes                                                                      | \$56,178,488        | \$54,373,113        | \$51,559,729        | \$51,765,024        | \$50,695,750        |
| Inter-governmental                                                         | 54,361,809          | 51,608,089          | 46,528,438          | 40,794,332          | 38,528,644          |
| Licenses and permits                                                       | 777,378             | 475,259             | 607,804             | 607,551             | 366,143             |
| Charges for services                                                       | 2,582,309           | 2,753,018           | 2,924,453           | 2,402,506           | 2,204,230           |
| Other                                                                      | 448,091             | 296,145             | 202,603             | 239,634             | 96,216              |
| Donation                                                                   | 0                   | 411,000             | 0                   | 0                   | 0                   |
| Interest income                                                            | <u>731,182</u>      | <u>278,901</u>      | <u>59,626</u>       | <u>69,131</u>       | <u>154,104</u>      |
| <b>TOTAL REVENUES</b>                                                      | 115,079,257         | 110,195,525         | 101,882,653         | 95,878,178          | 92,045,087          |
| <b>EXPENDITURES</b>                                                        |                     |                     |                     |                     |                     |
| General government                                                         | 13,181,946          | 11,946,944          | 11,563,886          | 11,131,004          | 10,996,672          |
| Public safety                                                              | 12,427,417          | 11,461,619          | 10,850,253          | 10,497,535          | 9,973,648           |
| Health, welfare and recreation                                             | 2,772,939           | 2,044,326           | 1,737,165           | 1,680,073           | 1,723,634           |
| Public works                                                               | 8,035,475           | 6,822,438           | 6,045,400           | 5,608,516           | 5,627,171           |
| Other agencies                                                             | 4,887,938           | 4,649,304           | 4,196,458           | 3,942,717           | 4,127,325           |
| Education                                                                  | 62,732,971          | 56,874,309          | 49,233,405          | 48,947,314          | 48,726,273          |
| Unclassified                                                               | 296,415             | 229,135             | 259,406             | 230,726             | 225,640             |
| Capital outlay                                                             | 833,709             | 615,433             | 0                   | 0                   | 0                   |
| Debt Service                                                               | <u>8,390,245</u>    | <u>8,394,862</u>    | <u>7,746,543</u>    | <u>7,615,817</u>    | <u>6,977,495</u>    |
| <b>TOTAL EXPENDITURES</b>                                                  | 113,559,055         | 103,038,370         | 91,632,516          | 89,653,702          | 88,377,858          |
| <b>EXCESS (DEFICIENCY) OF<br/>OPERATING REVENUES OVER<br/>EXPENDITURES</b> | 1,520,202           | 7,157,155           | 10,250,137          | 6,224,476           | 3,667,229           |
| <b>OTHER FINANCING SOURCES (USES)</b>                                      |                     |                     |                     |                     |                     |
| Debt proceeds                                                              | 0                   | 0                   | 0                   | 0                   | 0                   |
| Transfers (Net)                                                            | <u>(4,336,439)</u>  | <u>(2,654,086)</u>  | <u>(5,068,075)</u>  | <u>(2,395,623)</u>  | <u>(2,488,447)</u>  |
| <b>TOTAL OTHER SOURCES</b>                                                 | (4,336,439)         | (2,654,086)         | (5,068,075)         | (2,395,623)         | (2,488,447)         |
| <b>NET CHANGE IN FUND BALANCE</b>                                          | (2,816,237)         | 4,503,069           | 5,182,062           | 3,828,853           | 1,178,782           |
| <b>BEGINNING FUND BALANCE</b>                                              | <u>27,827,533</u>   | <u>23,324,464</u>   | <u>18,142,402</u>   | <u>14,313,549</u>   | <u>13,134,767</u>   |
| <b>ENDING FUND BALANCE</b>                                                 | <u>\$25,011,296</u> | <u>\$27,827,533</u> | <u>\$23,324,464</u> | <u>\$18,142,402</u> | <u>\$14,313,549</u> |

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Prepared from Audited Financial Statements

## **PROPERTY TAXATION**

The principal tax of the City is the tax on real and personal property. A single tax applies for each fiscal year to the assessed value of the taxable real or personal property. The City's Tax Collector receives the tax commitment from the City Assessor, with assessed values as of April 1 of each year, after which time the tax bills are mailed. For fiscal 2024/2025 the tax due dates will be September 15, 2025 and March 16, 2026. All taxes paid after the due date will be subject to interest, with a maximum rate established pursuant to Title 36, Section 505(4) of the Maine Revised Statutes, as amended. The City currently charges at the rate of 7.0% per annum, as set by the City.

### **Real Estate Tax**

Collection of real estate taxes is ordinarily enforced in the City by the "tax lien" procedure as provided in the Maine Revised Statutes, as amended, to the collection of delinquent real estate taxes. Real estate tax liens are recorded against the individual property at the County Registry of Deeds. This lien has priority over all mortgages, liens, attachments and encumbrances of any nature, subject to any paramount federal tax lien and subject to bankruptcy and insolvency laws. If the account is not satisfied within 18 months, the property becomes tax acquired and may be disposed of by the City.

### **Homestead Exemption**

Title 36, Chapter 105, Subchapter 4-B of the Maine Revised Statutes, as amended, (the "Homestead Program") provides Maine residents with a homestead property tax exemption (the "Homestead Exemption") that gives a measure of property tax relief for certain qualifying individuals. The Homestead Exemption reduces the assessed value of a home for property tax purposes by up to \$25,000. To qualify, (1) the applicant must be a permanent resident of Maine, (2) the home must be the applicant's permanent residence, (3) the applicant must have owned the home in Maine for the twelve months prior to applying and (4) an application must be filed on or before April 1 with the municipality where the property is located.

A municipality that has approved Homestead Exemptions may recover from the State the following percentage of taxes lost by reason of the exemptions: for the property tax year beginning April 1, 2022, 73%, which percentage increases by 3% a year for property taxes years beginning on or after April 1, 2023, until the percentage of the reimbursement to the municipality reaches 100%.

### **Business Equipment Tax Exemption**

Title 36, Chapter 105, Subchapter 4-C of the Maine Revised Statutes, as amended, provides for an eligible business equipment tax exemption ("BETE" or the "BETE Act") for certain types of tangible business personal property subject to an allowance for depreciation and some specialty types of real property improvements. The exemption does not apply to: office furniture; lamps and lighting fixtures used to provide general purpose office or worker lighting; property owned or used by public utilities and persons providing certain television/telecommunications services; telecommunications personal property subject to the tax imposed by section 457 of Title 36; gambling machines or devices and associated equipment; property located at a retail sales facility unless such facility is more than 100,000 square feet in size and owned by a business whose Maine-based operations derive less than 30% of their total annual revenue from sales in the State; and certain energy and pollution control facilities.

Pursuant to the BETE Act, the State will reimburse municipalities with respect to the lost property taxes associated with this new exemption through one of three formulas, whichever is most beneficial to the municipality, as follows:

1. Basic reimbursement formula - For all municipalities in the first year after the exemption, and for a majority of the municipalities thereafter, the reimbursement would be 100% for the lost property taxes in the first tax year after the exemption takes effect (i.e., FYE 2009), 90% in the second year after the exemption takes effect (i.e., FYE 2010), 80% in FYE 2011, 70% in 2012, 60% in 2013, and 50% in 2014 and every subsequent year. The State Constitution requires a minimum reimbursement of at least 50%.
2. Enhanced formula - Municipalities that have a total property tax base that is made up of at least 5% personal property will be eligible for an alternative reimbursement formula any year in which the alternative reimbursement formula provides a higher level of reimbursement than the basic reimbursement formula. Those municipalities will be eligible to receive the 50% minimum reimbursement plus 50% of their tax base percentage that is made up of personal property. For example, if a town's tax base is 64% personal property, it would be eligible for a reimbursement rate of 82%, which is a combination of the minimum 50% reimbursement *plus* one-half of that municipality's 64% "personal property factor".
3. Municipal Retention TIF Districts – Certain TIF districts that were enacted prior to April 1, 2008 entitle a municipality to receive reimbursement at a rate of up to 100% for exempt business equipment that is TIF exempt business equipment as defined in Title 36, Section 691(1)(G) of the Maine Revised Statutes, as amended. The increased reimbursement percentage is based on the tax increment percentage allocated to the municipality, as provided in Title 36, Section 694(2)(C) of the Maine Revised Statutes, as amended

For the purposes of identifying the municipality's valuation for determining the local property tax rate, the value of all property made exempt by this legislation in the municipality must be considered part of that municipality's local valuation to the extent the municipality is being reimbursed for its lost property taxes by the State other than property located in, and the assessed value of which is retained in, a tax increment financing district.

The value of all property made exempt by this law in the City will also be considered part of that municipality's equalized State Valuation to the extent the City is being reimbursed for its lost property taxes by the state with an additional adjustment for property in a tax increment financing district. The law provides some additional security for the municipal reimbursement system by funding the reimbursements described above directly from State Income Tax receipts before those receipts are deposited into the State's General Fund, rather than as an annual General Fund appropriation.

## **TAX BASE SHARING**

Pursuant to Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, a municipality may establish an agreement to share the tax revenues generated by a specific parcel or parcels of land with another municipality ("Tax Base Sharing"). The City has two such agreements with Lewiston with regard to the Auburn-Lewiston Municipal Airpark, located in Auburn, and the Brookfield White Pine Hydro LLC (formerly known as FPL Energy Maine Hydro LLC) generating facility, in Lewiston.

The Airpark, a 12.5-acre Industrial Park located next to the Auburn-Lewiston Municipal Airpark has assessed valuation of \$27,411,299 and generated tax revenues of \$609,901 in fiscal year ended June 30, 2025, of which 40% was paid to Auburn, 25% to Lewiston and 35% to the Airpark. In addition, tax revenue from an area identified in the agreement adjacent to the Airpark will generate tax revenue at a rate of 17%, increasing the tax base share, accordingly. The FPL facility is located at the falls in the Androscoggin River between Auburn and Lewiston, near the respective downtowns. The facility generates 25 megawatts of power, has a fiscal year ended June 30, 2025 assessed valuation of \$36,037,200, generating tax revenues of \$1,144,903, of which 82.5% is retained by Lewiston and 17.5% (or \$200,358) is paid to Auburn.

## **TAX INCREMENT FINANCING DISTRICTS AND AFFORDABLE HOUSING DEVELOPMENT DISTRICTS**

Chapter 206 and former (now repealed) Chapter 207 of Title 30-A of the Maine Revised Statutes, as amended, enables a municipality to finance qualified development by borrowing against the future increased property tax receipts attributable to that development. Under the statutory framework, the municipality designates a tax increment financing (“TIF”) district or an affordable housing development district (a “housing district”) for a period of up to 30 years and adopts a development program (the “Development Program”) stating the means and objectives for the development of that district. The municipality may designate, or “capture”, all or a portion of the increase in assessed value resulting from development within the district and dedicates the increased property taxes it receives in future years generated by the “captured” assessed value to payment of the costs of the Development Program, which may include debt service on borrowing to fund such costs. Such districts are subject to statutory limits on their size, including the following limitations: (a) the total area of a single district may not exceed 2% of the total acreage of the municipality, (b) the total area of all TIF districts or housing districts within a municipality each may not exceed 5% of the total acreage of the municipality, and (c) the aggregate original assessed value of all TIF districts and the aggregate original assessed value of all housing districts within the municipality as of the April 1<sup>st</sup> preceding the date the Commissioner of the Department of Economic and Community Development, with respect to TIF Districts, or the Director of the Maine State Housing Authority, with respect to housing districts, approves the designation of any such district each cannot exceed 5% of the municipality’s total value of taxable property. Excluded from this limit as applicable to TIF districts is any district involving project costs in excess of \$10,000,000, the geographic area of which consists entirely of contiguous property owned by a single taxpayer with an assessed value in excess of 10% of the municipality’s total assessed value. In addition, the foregoing limitations do not apply to approved downtown TIF districts, TIF districts included within Pine Tree Development Zones or TIF districts that consist solely of one or more community wind power generation facilities owned by a community wind power generator that has been certified by the Public Utilities Commission pursuant to Title 35-A, Section 3403, Subsection 3 of the Maine Revised Statutes, as amended.

The increase in assessed value captured by the municipality is excluded from the municipality’s equalized just value for each year’s State valuation filed with the Secretary of State in accordance with Title 36, Sections 208 and 305 of Maine Revised Statutes, as amended, and is therefore not included in calculating that municipality’s share of State educational aid, State municipal revenue sharing, the county tax or the 15% debt limitation for the municipality pursuant to Title 30-A, Section 5702 of the Maine Revised Statutes, as amended.

The City currently has 26 TIF districts, 16 of which were active during the year ended June 30, 2023. Two of the 26 districts never became active, and eight have expired, leaving 16 active TIF districts. All districts are evaluated based upon the City’s comprehensive plan for economic development, which includes TIF as one of its aspects. In no event will the City’s districts exceed the statutory limitation of total area to not more than 5% of the City’s acreage, and aggregate equalized value within all districts (not otherwise exempt from this calculation), determined as of their date of designation, of not more than 5% of the City’s total equalized value of taxable property. See “APPENDIX A – CITY OF AUBURN, MAINE, ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2024 - Notes to Basic Financial Statements – III. DETAILED NOTES ON ALL FUNDS - E. Tax Increment Financing Districts”, pages 47 *et seq.* herein.



## TAX LEVY AND COLLECTIONS

| Fiscal<br>Yr. End<br>June 30, | Equalized<br>State<br>Valuation<br>(000) | Assessed<br>Valuation<br>(000) | Tax<br>Rate<br>(per 000) | Gross<br>Tax<br>Levy<br>(000) | Collections<br>(after Supplements and<br>Abatements) |              |                          |
|-------------------------------|------------------------------------------|--------------------------------|--------------------------|-------------------------------|------------------------------------------------------|--------------|--------------------------|
|                               |                                          |                                |                          |                               | Year End<br>(000)                                    | % of<br>Levy | % of Levy<br>A/O 8/31/25 |
| 2025                          | \$3,224,350                              | \$2,460,446                    | \$22.25                  | \$54,315                      | --- In Process ---                                   |              |                          |
| 2024                          | 2,968,800                                | 2,253,171                      | 22.75                    | 50,774                        | \$50,356                                             | 99.17%       | 99.50%                   |
| 2023                          | 2,607,050                                | 2,171,967                      | 22.75                    | 49,412                        | 48,349                                               | 97.85        | 97.95                    |
| 2022                          | 2,282,000                                | 1,973,954                      | 23.82                    | 47,020                        | 48,735                                               | 99.39        | 99.45                    |
| 2021                          | 2,175,900                                | 1,956,632                      | 23.75                    | 46,790                        | 45,715                                               | 98.49        | 98.42                    |
| 2020                          | 2,103,950                                | 1,957,006                      | 23.75                    | 46,479                        | 45,408                                               | 97.70        | 99.22                    |
| 2019                          | 2,002,200                                | 1,964,418                      | 23.68                    | 46,624                        | 45,533                                               | 97.66        | 99.72                    |
| 2018                          | 1,981,700                                | 2,003,349                      | 22.98                    | 46,107                        | 44,284                                               | 96.05        | 99.60                    |
| 2017                          | 1,983,950                                | 1,998,287                      | 22.35                    | 44,679                        | 43,628                                               | 67.65        | 99.80                    |
| 2016                          | 1,960,100                                | 1,994,564                      | 21.25                    | 42,460                        | 41,445                                               | 97.61        | 99.82                    |

## TAXPAYERS

| <u>Taxpayer</u>                              | <u>Business</u> | <u>Assessed<br/>Total<sup>(1)</sup></u> | <u>% of<br/>Levy</u> |
|----------------------------------------------|-----------------|-----------------------------------------|----------------------|
| Tambrands Inc                                | Industrial      | \$63,568,982                            | 2.55%                |
| Central Maine Power                          | Utility         | 57,441,517                              | 2.31%                |
| Brookfield White Pin Hydro                   | Utility         | 29,870,075                              | 1.20%                |
| Pioneer Plastics Corporation                 | Laminates       | 21,264,521                              | 0.85%                |
| Northern Utilities Inc                       | Utility         | 17,838,182                              | 0.72%                |
| Walmart Real Estate Bus. Trust               | Retail          | 16,776,808                              | 0.67%                |
| Auburn Plaza Inc                             | Retail          | 15,949,754                              | 0.64%                |
| Angstrom Fiber                               | Industrial      | 14,134,357                              | 0.57%                |
| EVP LLC                                      | Retail          | 14,020,900                              | 0.56%                |
| Lowes Home Centers                           | Retail          | 12,795,481                              | 0.51%                |
| <b>Top Ten Taxpayer Total Assessed Value</b> |                 | <b>\$263,690,578</b>                    | <b>10.58%</b>        |
| <b>City of Auburn Total Valuation</b>        |                 | <b>\$2,489,764,624</b>                  | <b>100.00%</b>       |

NOTE: <sup>(1)</sup> As of April 1, 2025.

## REVENUES FROM THE STATE

The State provides revenue to the City in a number of areas including aid to the City in the areas of education and road maintenance, reimbursement for general assistance, homestead exemption and BETE and revenue sharing. The amount of revenue in each category is based upon a number of formulas, many of which contain variables that change annually. Further, most categories of State disbursements are governed by laws that may be changed by the State Legislature and are subject to appropriation by the State Legislature in its budgetary process.

The State subsidizes most local school administrative units through the Essential Programs and Services (“EPS”) model of calculating and distributing state education aid. EPS utilizes a number of factors that are subject to change each year. In addition, the EPS model itself is subject to change by the Legislature. Furthermore, subsidies for school administrative units are an annual item in the State’s budgetary process and are subject to legislative appropriation in that process. The following table displays revenues received by the City from the State for the last five audited fiscal periods:

| Fiscal<br>Yr. End<br>June 30, | State<br>Revenue<br>Sharing | State<br>School<br>Subsidy | Reimbursements        |                        |             | Other<br>State<br>Aid | Total<br>From<br>State |
|-------------------------------|-----------------------------|----------------------------|-----------------------|------------------------|-------------|-----------------------|------------------------|
|                               |                             |                            | General<br>Assistance | Homestead<br>Exemption | BETE        |                       |                        |
| 2024                          | \$6,607,704                 | \$29,231,738               | \$520,066             | \$1,597,107            | \$2,963,503 | \$788,000             | \$41,708,118           |
| 2023                          | 6,317,130                   | 27,580,651                 | 212,667               | 1,661,443              | 2,865,833   | 711,771               | 39,349,545             |
| 2022                          | 5,546,187                   | 30,770,670                 | 61,429                | 1,707,936              | 3,022,082   | 872,338               | 41,980,642             |
| 2021                          | 3,784,092                   | 26,535,270                 | 53,784                | 1,853,039              | 3,083,263   | 1,190,498             | 36,520,036             |
| 2020                          | 2,804,845                   | 25,981,760                 | 46,330                | 1,321,692              | 3,155,235   | 1,450,450             | 34,760,312             |

## INDEBTEDNESS

### LIMITATIONS AND EXCLUSIONS

In accordance with Title 30-A, Section 5702 of the Maine Revised Statutes, as amended, “No municipality shall incur debt which would cause its total debt outstanding at any time, exclusive of debt incurred for school purposes, for storm or sanitary sewer purposes, for energy facility purposes or for municipal airport purposes to exceed 7½% of its last full state valuation, or any lower percentage or amount that a municipality may set. A municipality may incur debt for school purposes to an amount outstanding at any time not exceeding 10% of its last full state valuation, or any lower percentage or amount that a municipality may set, for storm and sewer purposes to an amount outstanding at any time not exceeding 7½% of its last full state valuation, or any lower percentage or amount that a municipality may set, and for municipal airport and special district purposes to an amount outstanding at any time not exceeding 3% of its last full state valuation, or any lower percentage or amount that a municipality may set; provided, however, that in no event shall any municipality incur debt which would cause its total debt outstanding at any time to exceed 15% of its last full state valuation, or any lower percentage or amount that a municipality may set.”

Title 30-A, Section 5703 of the Maine Revised Statutes, as amended, provides that the limitations on municipal debt contained in Section 5702 do not apply “... to any funds received in trust by any municipality, any loan which has been funded or refunded, notes issued in anticipation of federal or state aid or revenue sharing money, tax anticipation loans, notes maturing in the current municipal year, indebtedness of entities other than municipalities, indebtedness of any municipality to the Maine School Building Authority, debt issued under Chapter 235 and Title 10, Chapter 110, Subchapter IV, of the Maine Revised Statutes, as amended, obligations payable from revenues of the current municipal year or from other revenues previously appropriated by or committed to the municipality, and the state reimbursable portion of school debt.”

The City’s 2025 equalized state valuation (“equalized State Valuation”) is \$3,224,350,000. The 15% debt limit is \$483,652,500. The 10% school debt limit is \$322,435. As of June 30, 2025, the City’s long term general obligation long-term bonds outstanding is projected to be \$168,478,076, or 5.23% of its 2025 equalized State Valuation.

The City will certify on the date of issue of the Bonds that the City has not exceeded the foregoing debt limits and that issuance of the Bonds will not cause the City to exceed such debt limits.

## DEBT SUMMARY

| <b>Dated<br/>Date</b> | <b>Amount<br/>Issued</b> | <b>Final<br/>Maturity</b> | <b>6/30/2024<br/>(Audited)</b> | <b>6/30/2025<br/>(Unaudited)</b> | <b>6/30/2026<br/>(Unaudited)</b> |
|-----------------------|--------------------------|---------------------------|--------------------------------|----------------------------------|----------------------------------|
| 9/27/2012             | \$13,835,000             | 9/1/2027                  | \$1,775,000                    | \$955,000                        | \$570,000                        |
| 10/30/2014            | 6,800,000                | 9/1/2024                  | 680,000                        | 570,000                          | 310,000                          |
| 11/5/2015             | 5,700,000                | 9/1/2025                  | 1,140,000                      | 570,000                          | 0                                |
| 3/10/2016             | 4,250,000                | 9/1/2026                  | 865,000                        | 600,000                          | 310,000                          |
| 11/15/2016            | 5,030,000                | 9/1/2026                  | 1,490,000                      | 990,000                          | 490,000                          |
| 11/8/2017             | 8,500,000                | 9/1/2027                  | 3,200,000                      | 2,400,000                        | 1,600,000                        |
| 11/8/2018             | 7,655,000                | 9/1/2028                  | 3,825,000                      | 3,060,000                        | 2,295,000                        |
| 10/15/2019            | 7,900,000                | 9/1/2029                  | 4,740,000                      | 3,950,000                        | 3,160,000                        |
| 10/15/2019            | 7,000,000                | 9/1/2039                  | 5,900,000                      | 5,605,000                        | 5,305,000                        |
| 6/29/2020             | 1,190,000                | 6/29/2030                 | 278,032                        | 231,693                          | 185,354                          |
| 11/12/2020            | 8,460,000                | 9/1/2030                  | 5,915,000                      | 5,070,000                        | 4,225,000                        |
| 5/3/2021              | 59,985,000               | 11/1/2041                 | 53,985,000                     | 50,985,000                       | 47,985,000                       |
| 9/30/2021             | 9,800,000                | 9/1/2031                  | 7,840,000                      | 6,860,000                        | 5,880,000                        |
| 4/28/2022             | 50,270,000               | 11/1/2041                 | 47,620,000                     | 44,970,000                       | 43,320,000                       |
| 4/28/2022             | 156,993                  | 9/1/2032                  | 46,556                         | 41,383                           | 36,210                           |
| 10/13/2022            | 6,800,000                | 9/1/2032                  | 6,120,000                      | 5,440,000                        | 4,760,000                        |
| 11/1/2023             | 16,873,000               | 9/1/2043                  | 16,873,000                     | 14,405,000                       | 13,935,000                       |
| 12/10/2024            | 21,775,000               | 9/1/2049                  | 0                              | 21,775,000                       | 19,925,000                       |
|                       | <b>Sub-totals</b>        |                           | \$162,292,588                  | \$168,478,076                    | \$154,291,564                    |
| 12/17/2025            | 47,260,000               | 9/1/2050                  | 0                              | 0                                | 47,260,000                       |
|                       | <b>Totals</b>            |                           | <b>\$162,292,588</b>           | <b>\$168,478,076</b>             | <b>\$201,551,564</b>             |

## DEBT RATIOS

| <b>Fiscal<br/>Yr. End<br/>June 30,</b> | <b>Population</b> | <b>Equalized<br/>State Val.<br/>(000)</b> | <b>Total<br/>Debt</b>      | <b>Debt<br/>as %<br/>Eq. Val.</b> | <b>Per<br/>Capita<br/>Debt</b> |
|----------------------------------------|-------------------|-------------------------------------------|----------------------------|-----------------------------------|--------------------------------|
| 2025                                   | 24,061            | \$3,224,350                               | \$168,478,076              | 5.23%                             | \$7,002.12                     |
| 2024                                   | 24,061            | 2,968,000                                 | 162,292,588                | 5.47                              | 6,745.05                       |
| 2023                                   | 24,061            | 2,607,050                                 | 159,594,370 <sup>(1)</sup> | 6.12                              | 6,632.91                       |
| 2022                                   | 24,061            | 2,282,000                                 | 165,138,170 <sup>(1)</sup> | 7.24                              | 6,863.31                       |
| 2021                                   | 24,061            | 2,175,900                                 | 114,178,512 <sup>(1)</sup> | 5.25                              | 4,745.38                       |
| 2020                                   | 24,061            | 2,103,950                                 | 54,870,633                 | 2.61                              | 2,280.48                       |
| 2019                                   | 23,055            | 2,002,200                                 | 48,162,435                 | 2.41                              | 2,089.02                       |
| 2018                                   | 23,055            | 1,981,700                                 | 49,021,130                 | 2.47                              | 2,126.27                       |
| 2017                                   | 23,055            | 1,983,950                                 | 48,846,002                 | 2.46                              | 2,118.67                       |
| 2016                                   | 23,055            | 1,960,100                                 | 52,498,082                 | 2.68                              | 2,298.29                       |
| 2015                                   | 23,055            | 1,963,550                                 | 55,554,785                 | 2.83                              | 2,409.66                       |

NOTE: <sup>(1)</sup> Indicates bonds issued, or portions of bonds issued, to finance the ELHS Project, in the consolidated amount of \$125,028,331 for which 87.27% of the amount of the ELHS Bonds are eligible for inclusion in the City's total debt service allocation for the purpose of calculating the City's EPS distribution of state education aid and 12.73% are not eligible for inclusion in the City's EPS subsidy.

## DEBT SERVICE COMPONENT OF OPERATING EXPENDITURES

|                                                              | <u>2021</u>      | <u>2022</u>        | <u>2023</u>        | <u>2024</u>        | <u>2025</u>        |
|--------------------------------------------------------------|------------------|--------------------|--------------------|--------------------|--------------------|
| Gross Current Year Debt Service                              | \$11,375,346     | \$13,000,712       | \$18,496,810       | \$22,142,976       | \$21,472,442       |
| (less St Qual School Bonds)                                  | <u>(579,894)</u> | <u>(2,637,998)</u> | <u>(4,968,230)</u> | <u>(4,968,230)</u> | <u>(4,968,230)</u> |
| Net Current Year Debt Service                                | 9,618,995        | 10,362,714         | 13,528,580         | 17,174,746         | 16,504,212         |
| Budgeted Operating Expense                                   | \$91,735,175     | \$95,446,200       | \$107,045,151      | \$113,170,192      | \$121,825,947      |
| Net Current Year Debt Service<br>as % Operating Expenditures | 10.49%           | 10.86%             | 12.64%             | 15.18%             | 13.55%             |

## PROJECTED DEBT SERVICE REQUIREMENTS

| <u>Fiscal</u><br><u>Yr. End</u> | <u>Prior Debt</u><br><u>Principal</u> | <u>Interest</u> | <u>Total</u>  | <u>2025 CIP (Pro-forma)</u><br><u>Principal</u> | <u>Interest</u> | <u>Total</u> | <u>Projected</u><br><u>Total Debt</u> |
|---------------------------------|---------------------------------------|-----------------|---------------|-------------------------------------------------|-----------------|--------------|---------------------------------------|
| <b>2024</b>                     | \$13,666,512                          | \$6,115,766     | \$19,782,277  |                                                 |                 |              | \$19,782,277                          |
| <b>2025</b>                     | 15,159,512                            | 6,312,930       | 21,472,442    |                                                 |                 |              | 21,472,442                            |
| <b>2026</b>                     | 16,186,512                            | 6,451,352       | 22,637,864    |                                                 |                 |              | 22,637,864                            |
| <b>2027</b>                     | 15,141,512                            | 5,775,876       | 20,917,388    |                                                 |                 |              | 20,917,388                            |
| <b>2028</b>                     | 14,351,512                            | 5,120,234       | 19,471,745    |                                                 |                 |              | 19,471,745                            |
| <b>2029</b>                     | 13,406,512                            | 4,488,538       | 17,895,049    |                                                 |                 |              | 17,895,049                            |
| <b>2030</b>                     | 12,651,512                            | 3,929,726       | 16,581,237    |                                                 |                 |              | 16,581,237                            |
| <b>2031</b>                     | 11,820,173                            | 3,406,363       | 15,226,535    |                                                 |                 |              | 15,226,535                            |
| <b>2032</b>                     | 10,985,173                            | 2,915,068       | 13,900,240    |                                                 |                 |              | 13,900,240                            |
| <b>2033</b>                     | 10,015,173                            | 2,454,408       | 12,469,580    |                                                 |                 |              | 12,469,580                            |
| <b>2034</b>                     | 9,345,000                             | 2,047,711       | 11,392,711    |                                                 |                 |              | 11,392,711                            |
| <b>2035</b>                     | 8,110,000                             | 1,718,776       | 9,828,776     |                                                 |                 |              | 9,828,776                             |
| <b>2036</b>                     | 6,490,000                             | 1,452,176       | 7,942,176     |                                                 |                 |              | 7,942,176                             |
| <b>2037</b>                     | 6,500,000                             | 1,226,036       | 7,726,036     |                                                 |                 |              | 7,726,036                             |
| <b>2038</b>                     | 6,515,000                             | 999,533         | 7,514,533     |                                                 |                 |              | 7,514,533                             |
| <b>2039</b>                     | 6,525,000                             | 785,893         | 7,310,893     |                                                 |                 |              | 7,310,893                             |
| <b>2040</b>                     | 6,530,000                             | 581,494         | 7,111,494     |                                                 |                 |              | 7,111,494                             |
| <b>2041</b>                     | 6,080,000                             | 379,009         | 6,459,009     |                                                 |                 |              | 6,459,009                             |
| <b>2042</b>                     | 6,080,000                             | 186,022         | 6,266,022     |                                                 |                 |              | 6,266,022                             |
| <b>2043</b>                     | 440,000                               | 81,500          | 521,500       |                                                 |                 |              | 521,500                               |
| <b>2044</b>                     | 440,000                               | 61,700          | 501,700       |                                                 |                 |              | 501,700                               |
| <b>2045</b>                     | 220,000                               | 47,400          | 267,400       |                                                 |                 |              | 267,400                               |
| <b>2046</b>                     | 215,000                               | 38,700          | 253,700       |                                                 |                 |              | 253,700                               |
| <b>2047</b>                     | 215,000                               | 30,100          | 245,100       |                                                 |                 |              | 245,100                               |
| <b>2048</b>                     | 215,000                               | 21,500          | 236,500       |                                                 |                 |              | 236,500                               |
| <b>2049</b>                     | 215,000                               | 12,900          | 227,900       |                                                 |                 |              | 227,900                               |
| <b>2050</b>                     | 215,000                               | 4,300           | 219,300       |                                                 |                 |              | 219,300                               |
| <b>2051</b>                     | 0                                     | 0               | 0             |                                                 |                 |              |                                       |
| <b>TOTAL</b>                    | \$197,734,099                         | \$56,645,005    | \$254,379,104 |                                                 |                 |              | \$254,379,104                         |

**PROJECTED PRINCIPAL PAYMENTS, BY ISSUE (\$/000)**

| <b>FY End</b>   | <b>2012</b>  |             |              | <b>2016</b>  | <b>2016</b>  | <b>2017</b>  | <b>2018</b>  | <b>2019A</b> | <b>2019B</b>   | <b>2020</b> | <b>2020</b>  | <b>2021</b>   | <b>2021</b>  | <b>2022</b>   | <b>2022</b> | <b>2022</b>  | <b>2023</b>   | <b>2024</b>   | <b>2025 CIP</b> |                |
|-----------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|-------------|--------------|---------------|--------------|---------------|-------------|--------------|---------------|---------------|-----------------|----------------|
| <b>June 30,</b> | <b>Refdg</b> | <b>2014</b> | <b>2015</b>  | <b>Refdg</b> | <b>CIP</b>   | <b>CIP</b>   | <b>CIP</b>   | <b>CIP</b>   | <b>(Arena)</b> | <b>SRRF</b> | <b>CIP</b>   | <b>ELHS</b>   | <b>CIP</b>   | <b>ELHS</b>   | <b>SRRF</b> | <b>CIP</b>   | <b>CIP</b>    | <b>CIP</b>    | <b>Pub Safy</b> | <b>Totals</b>  |
| 2025            | 820          | 680         | 570          | 265          | 500          | 800          | 765          | 790          | 295            | 46          | 845          | 3,000         | 980          | 2,650         | 5           | 680          | 1,468         | 0             | 0               | 15,160         |
| 2026            | 645          | 0           | 570          | 290          | 500          | 800          | 765          | 790          | 300            | 46          | 845          | 3,000         | 980          | 2,650         | 5           | 680          | 1,470         | 1,850         | 0               | 16,187         |
| 2027            | 155          |             |              | 310          | 490          | 800          | 765          | 790          | 310            | 46          | 845          | 3,000         | 980          | 2,645         | 5           | 680          | 1,470         | 1,850         | 2,600           | 17,742         |
| 2028            | 155          |             |              |              |              | 800          | 765          | 790          | 320            | 46          | 845          | 3,000         | 980          | 2,645         | 5           | 680          | 1,470         | 1,850         | 2,600           | 16,952         |
| 2029            |              |             |              |              |              |              | 765          | 790          | 330            | 46          | 845          | 3,000         | 980          | 2,645         | 5           | 680          | 1,470         | 1,850         | 2,600           | 16,007         |
| 2030            |              |             |              |              |              |              |              | 790          | 345            | 46          | 845          | 3,000         | 980          | 2,645         | 5           | 680          | 1,465         | 1,850         | 2,600           | 15,252         |
| 2031            |              |             |              |              |              |              |              |              | 350            |             | 845          | 3,000         | 980          | 2,645         | 5           | 680          | 1,465         | 1,850         | 2,600           | 14,420         |
| 2032            |              |             |              |              |              |              |              |              | 360            |             |              | 3,000         | 980          | 2,645         | 5           | 680          | 1,465         | 1,850         | 2,595           | 13,580         |
| 2033            |              |             |              |              |              |              |              |              | 370            |             |              | 3,000         |              | 2,645         | 5           | 680          | 1,465         | 1,850         | 2,595           | 12,610         |
| 2034            |              |             |              |              |              |              |              |              | 385            |             |              | 3,000         |              | 2,645         |             |              | 1,465         | 1,850         | 2,590           | 11,935         |
| 2035            |              |             |              |              |              |              |              |              | 395            |             |              | 3,000         |              | 2,645         |             |              | 220           | 1,850         | 2,590           | 10,700         |
| 2036            |              |             |              |              |              |              |              |              | 405            |             |              | 3,000         |              | 2,645         |             |              | 220           | 220           | 2,590           | 9,080          |
| 2037            |              |             |              |              |              |              |              |              | 415            |             |              | 3,000         |              | 2,645         |             |              | 220           | 220           | 1,420           | 7,920          |
| 2038            |              |             |              |              |              |              |              |              | 430            |             |              | 3,000         |              | 2,645         |             |              | 220           | 220           | 1,420           | 7,935          |
| 2039            |              |             |              |              |              |              |              |              | 440            |             |              | 3,000         |              | 2,645         |             |              | 220           | 220           | 1,420           | 7,945          |
| 2040            |              |             |              |              |              |              |              |              | 450            |             |              | 2,995         |              | 2,645         |             |              | 220           | 220           | 1,420           | 7,950          |
| 2041            |              |             |              |              |              |              |              |              |                |             |              | 2,995         |              | 2,645         |             |              | 220           | 220           | 1,420           | 7,500          |
| 2042            |              |             |              |              |              |              |              |              |                |             |              | 2,995         |              | 2,645         |             |              | 220           | 220           | 1,420           | 7,500          |
| 2043            |              |             |              |              |              |              |              |              |                |             |              |               |              |               |             |              | 220           | 220           | 1,420           | 1,860          |
| 2044            |              |             |              |              |              |              |              |              |                |             |              |               |              |               |             |              | 220           | 220           | 1,420           | 1,860          |
| 2045            |              |             |              |              |              |              |              |              |                |             |              |               |              |               |             |              |               | 220           | 1,420           | 1,640          |
| 2046            |              |             |              |              |              |              |              |              |                |             |              |               |              |               |             |              |               | 215           | 1,420           | 1,635          |
| 2047            |              |             |              |              |              |              |              |              |                |             |              |               |              |               |             |              |               | 215           | 1,420           | 1,635          |
| 2048            |              |             |              |              |              |              |              |              |                |             |              |               |              |               |             |              |               | 215           | 1,420           | 1,635          |
| 2049            |              |             |              |              |              |              |              |              |                |             |              |               |              |               |             |              |               | 215           | 1,420           | 1,635          |
| 2050            |              |             |              |              |              |              |              |              |                |             |              |               |              |               |             |              |               | 215           | 1,420           | 1,635          |
| 2051            |              |             |              |              |              |              |              |              |                |             |              |               |              |               |             |              |               | 0             | 1,420           | 1,420          |
|                 | <b>1,775</b> | <b>680</b>  | <b>1,140</b> | <b>865</b>   | <b>1,490</b> | <b>3,200</b> | <b>3,825</b> | <b>4,740</b> | <b>5,900</b>   | <b>278</b>  | <b>5,915</b> | <b>53,985</b> | <b>7,840</b> | <b>47,620</b> | <b>47</b>   | <b>6,120</b> | <b>16,873</b> | <b>21,775</b> | <b>47,260</b>   | <b>231,328</b> |

NOTE: “(SRRF)” indicates the State School Revolving Renovation Fund administered through the MMBB; “(QZAB)” indicates Qualified Zone Academy Bonds;  
“ELHS” indicates the ELHS Project for 2021, 2022 and a portion of 2023 Series.

## **OVERLAPPING DEBT**

The City is subject to an annual assessment of its proportional share of the County of Androscoggin's (the "County") expenses, including debt repayment, as determined by the percentage of the City's to the County's equalized State Valuation. At January 1, 2025, the City's equalized State Valuation of \$3,224,350,000 was 21.96% of the County's equalized State Valuation of \$14,680,050,000. As of June 30, 2024 the County had \$0 long-term debt outstanding.

## **CONTINGENT DEBT**

### **Mid-Maine Waste Action Corporation**

Mid-Maine Waste Action Corporation ("MMWAC") is a joint venture of the City of Auburn and eleven other Maine municipalities. The corporation was formed in March of 1986 for the purpose of razing the old Auburn Energy Recovery Facility and constructing a regional waste to energy facility. MMWAC is governed by the provisions of its Articles of Incorporation and Bylaws, and by the Inter-local Agreement among MMWAC and each of the participating municipalities. Each of the participating municipalities has also entered into a Waste Handling Agreement with MMWAC, pursuant to which the municipality is obligated to send all of its waste to MMWAC for the term of the agreement.

MMWAC has no taxing power, however, pursuant to its Waste Handling Agreements, participating municipalities are obligated severally to deliver certain of the solid waste produced within each such participating municipality to MMWAC for processing and to make service payments and pay tipping fees for such processing in amounts which, when added to other available monies, would be at least equal to required debt service on resource recovery system ("RRS") debt, if any. The obligations of the Member Municipalities under the Waste Handling Agreements are secured by the full faith and credit of the Member Municipalities, subject to certain limitations. On June 30, 2025, MMWAC had \$0 obligations outstanding.

## **FUTURE FINANCING**

### **Capital Improvement Program**

The City typically borrows to provide funds to finance a portion of its CIP each year. The City Manager develops a formal CIP that is submitted to the City Council. Section 8.13(C)(2) of the City's Charter requires that any Council Order providing for the issuance of debt for certain single projects in excess of 9% of the current fiscal year's annual appropriation resolve may be submitted to the voters of the City for approval. Bonds to fund the CIP, if any, are typically authorized in June of each year and is typically financed, if any, in the fall of each year.

Pursuant to Section 8.13 (C) (2) of the City's Charter "When the cost of any one (1) such project exceeds nine percent (9%) of the City's annual appropriation resolve, the City Council by a majority vote may place such bond proposal on the ballot for citywide election. Such bond proposal must be approved by a majority of those voters who vote in that citywide election)....".

Other than the discussion above, the City has no authorized but unissued bonds it expects to issue over the next year.

## **RETIREMENT**

### **DEFINED BENEFIT PENSION PLANS**

*Plan descriptions:* For its participating municipal employees and certain participating School Department employees, the City contributes to the Consolidated Plan for Participating Local Districts (the "PLD Plan") a cost-sharing multiple-employer, defined benefit pension plan administered by the Maine Public

Employees Retirement System (“MainePERS”). Teachers and certain other School Department employees also participate in MainePERS through the State Employee and Teacher Plan (the “SET Plan”), a cost-sharing multiple-employer, defined benefit pension plan with a special funding situation established by the Maine Legislature.

The MainePERS is established and administered under Maine law, and the authority to establish and amend benefit provisions rests with the State legislature. The MainePERS issues a publicly available financial report which may be obtained by writing the Maine Public Employees Retirement System, 46 State House Station, Augusta, ME 04333-0046 or at [www.mainePers.org](http://www.mainePers.org).

The City reports on the benefits provided and the contributions to the pension plans, associated pension liabilities, pension expense, deferred outflows and deferred inflows of resources related to pensions, as well as the actuarial methodology and assumptions in its ACFR. Please see “APPENDIX A – CITY OF AUBURN, MAINE, ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2024”, pages 59 *et seq.* herein.

## **DEFINED CONTRIBUTION PENSION PLAN**

The City contributes to the International City Manager’s Money Purchase Plan, a defined contribution pension plan administered by the International City Manager’s Association Retirement Corporation (“ICMARC”).

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 MainePERS.

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 ended June 30, 2024, the City’s required and actual contributions amounted to \$140,952, which was 6% of its current-year covered payroll. The covered payroll amounted to \$2,349,182. Employees’ required contributions amounted to \$117,460, 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 ICMARC Money Purchase Plan held no securities of the City or other related parties during the year or as of the close of the year.

## **OTHER POST-EMPLOYMENT BENEFITS**

### **Health Insurance**

The City sponsors a post-retirement benefit plan providing health insurance to retiring employees (hereafter referred to as the “Health Plan”). 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*.

MMEHT provides healthcare 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.

Eligible retirees are required to pay 100% of health insurance premiums to receive health benefit coverage and therefore, the City makes no actual contributions. The City reports on the benefits provided and the contributions for these OPEB plans, as well as the actuarial methodology and assumptions in its Annual Financial Report. See APPENDIX A – CITY OF AUBURN, MAINE 2024 ANNUAL FINANCIAL REPORT, pages 65 *et seq.*

### **Life Insurance**

The City sponsors two post-retirement benefit plans providing group term life insurance to retiring employees. For municipal employees, and certain School Department employees, the City participates in Group Life Insurance Plan for Participating Local District (“PLD”), a cost-sharing multiple-employer defined benefit OPEB plan administered by MPERS. Retiring school employees may participate in the Group Term Life Insurance Plan for State Employees and Teachers (“SET”), a cost-sharing multiple-employer defined benefit OPEB plan administered by the Maine Education Association Benefits Trust (“MEABT”).

The City reports on the benefits provided and the contributions for these OPEB plans, as well as the actuarial methodology and assumptions in its Annual Financial Report. See APPENDIX A – CITY OF AUBURN, MAINE 2024 ANNUAL FINANCIAL REPORT, pages 68 *et seq* and 70 *et seq* herein.

## **ENVIRONMENTAL MATTERS**

Securities and Exchange Commission Regulation 229.103 (the “Regulation”) requires that issuers subject to the disclosure requirements of the Securities Exchange Act of 1934 disclose, among other things, any material pending legal proceedings, including without limitation, legal proceedings involving environmental issues. The Regulation states that no information need be given with respect to any proceeding that involves primarily a claim for damages if the amount involved, exclusive of interest and costs, does not exceed ten percent (10%) of the current assets of the issuer, and, if a governmental authority is a party to such proceeding and such proceeding involves potential monetary sanctions, unless the issuer reasonably believes that such proceeding will result in no monetary sanctions, or in monetary sanctions, exclusive of interest and costs, of less than \$100,000. Although the City, as an issuer of municipal securities, is not subject to the provisions of the Regulation or the Securities Exchange Act of 1934, the City is voluntarily making the disclosure required by the Regulation with respect to environmental liabilities: The City is not subject to any pending legal proceedings involving environmental matters that would require disclosure under the Regulation were the City subject to its provisions.

## **LITIGATION**

In the opinion of City officials there is no litigation pending or threatened against the City which, either individually or in the aggregate, would result in judgments that would have a materially adverse effect on the City’s financial position or its ability to meet its debt service obligations.



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**APPENDIX A**

**CITY OF AUBURN, MAINE  
ANNUAL FINANCIAL REPORT  
FOR  
FISCAL YEAR ENDED JUNE 30, 2024**

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# **CITY OF AUBURN, MAINE**

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**Finance Department**

## **ANNUAL FINANCIAL REPORT**

**For Fiscal Year Ended  
June 30, 2024**

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**CITY OF AUBURN, MAINE**  
**ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2024**

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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, 2024, 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, 2024, and the respective changes in financial position, the respective budgetary comparison for the General Fund, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

***Responsibilities of Management for the Financial Statements***

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

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



### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

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

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Auburn, Maine's basic financial statements. The accompanying combining and individual 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 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 October 6, 2025 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.



October 6, 2025  
South Portland, Maine

**CITY OF AUBURN, MAINE**  
**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2024**

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As management of the City of Auburn, Maine, we offer this narrative overview and analysis of the financial activities of the City of Auburn, Maine for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal to this report.

### Financial Highlights

- The assets and deferred outflows of resources of the City of Auburn exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$110,075,555 (*net position*).
- The City of Auburn's total net position increased by \$7,468,735.
- At the end of the current fiscal year, total unrestricted fund balance for the General Fund was \$15,462,754, or 13.95% of total General Fund budgeted expenditures (budgetary basis – excluding transfers).
- The City of Auburn issued one bond for \$16,873,000 for its Capital Improvement Plan. The issuance will be used for the following projects: to fund the City's street, sidewalk and infrastructure improvements, purchase multiple pieces of heavy equipment, building improvements, two major initiatives of a new PAL center and Fire station in New Auburn and the new Edward Little building.

### Overview of the Financial Statements

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

#### Government-wide financial statements

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Auburn that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government; public safety; health, welfare and recreation; public works, including highways, streets, and solid waste disposal; other agencies; education; food

**CITY OF AUBURN, MAINE**  
**Management's Discussion and Analysis, Continued**  
**Fiscal Year Ended June 30, 2024**

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services, and interest on debt. The City has two business-type activities, Ingersoll Turf Facility and Norway Savings Bank Ice Arena. The government-wide financial statements can be found on pages 21-22 of this report.

**Fund financial statements**

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

**Governmental funds**

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

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

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

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

The basic governmental fund financial statements can be found on pages 19-31 of this report.

**Proprietary funds**

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

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

The basic proprietary fund financial statements can be found on pages 27-29 of this report.

**CITY OF AUBURN, MAINE**  
**Management's Discussion and Analysis, Continued**  
**Fiscal Year Ended June 30, 2024**

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**Fiduciary funds**

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

**Notes to basic financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 46-85 of this report.

**Other information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that can be found beginning on page 75 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. The combining and individual fund statements and schedules can be found on pages 85-97 of this report.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Auburn, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$109,192,242 at the close of the most recent fiscal year.

**CITY OF AUBURN, MAINE**  
**Management's Discussion and Analysis, Continued**  
**Fiscal Year Ended June 30, 2024**

|                                      | City of Auburn's Net Position |                    |               |           |              |                    |
|--------------------------------------|-------------------------------|--------------------|---------------|-----------|--------------|--------------------|
|                                      | Governmental                  |                    | Business-type |           | Total        |                    |
|                                      | Activities                    |                    | Activities    |           |              |                    |
|                                      | 2024                          | 2023<br>(restated) | 2024          | 2023      | 2024         | 2023<br>(restated) |
| Current and other assets             | \$ 83,148,369                 | 104,885,349        | 30,454        | (517,165) | 83,178,823   | 104,368,184        |
| Capital assets                       | 255,493,736                   | 235,042,189        | 1,067,354     | 228,920   | 256,561,090  | 235,271,109        |
| Total assets                         | 338,642,105                   | 339,927,538        | 1,097,808     | (288,245) | 339,739,913  | 339,639,293        |
| Deferred outflows of resources:      |                               |                    |               |           |              |                    |
| Related to pensions                  | 5,177,364                     | 6,989,652          | 48,536        | 47,828    | 5,225,900    | 7,037,480          |
| Related to OPEB                      | 1,554,322                     | 1,536,207          | 10,840        | 1,077     | 1,565,162    | 1,537,284          |
| Total deferred outflows of resources | 6,731,686                     | 8,525,859          | 59,376        | 48,905    | 6,791,062    | 8,574,764          |
| Noncurrent liabilities               | 205,759,169                   | 201,910,098        | 188,010       | 126,595   | 205,947,179  | 202,036,693        |
| Other liabilities                    | 28,230,959                    | 39,674,181         | 34,050        | 9,851     | 28,265,009   | 39,684,032         |
| Total liabilities                    | 233,990,128                   | 241,584,279        | 222,060       | 136,446   | 234,212,188  | 241,720,725        |
| Deferred inflows of resources:       |                               |                    |               |           |              |                    |
| Deferred charge on refunding         | 42,273                        | 56,364             | -             | -         | 42,273       | 56,364             |
| Related to pensions                  | 1,731,974                     | 3,222,121          | 21,162        | 28,957    | 1,753,136    | 3,251,078          |
| Related to OPEB                      | 417,174                       | 572,424            | 6,930         | 6,646     | 424,104      | 579,070            |
| Related to leases                    | -                             | -                  | 23,719        | -         | 23,719       | -                  |
| Total deferred inflows of resources  | 2,191,421                     | 3,850,909          | 51,811        | 35,603    | 2,243,232    | 3,886,512          |
| Net investment in capital assets     | 101,386,458                   | 87,855,325         | 1,067,354     | 228,920   | 102,453,812  | 88,084,245         |
| Restricted                           | 20,405,293                    | 17,187,516         | -             | -         | 20,405,293   | 17,187,516         |
| Unrestricted                         | (12,599,509)                  | (2,024,632)        | (184,041)     | (640,309) | (12,783,550) | (2,664,941)        |
| Total net position                   | \$ 109,192,242                | 103,018,209        | 883,313       | (411,389) | 110,075,555  | 102,606,820        |

By far, the largest portion of the City of Auburn's net position (93.08% or \$102,453,812) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding and adding back any unspent bond proceeds. The City has made a conscious effort to continue its investment in long-term infrastructure improvements such as storm water separation, roadways, traffic improvements, sidewalks, facilities, and large equipment. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Auburn's net position (18.54%) represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted *net position* is a deficit of (\$12,783,550).

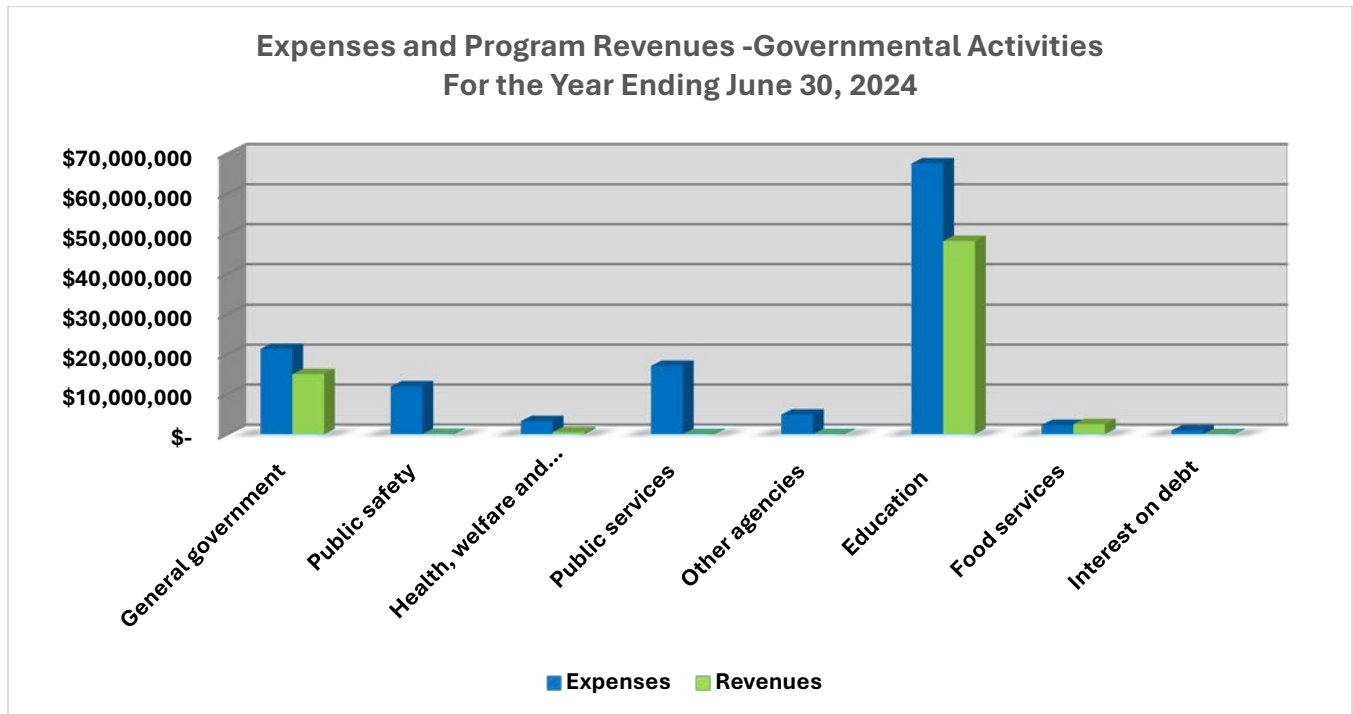
**CITY OF AUBURN, MAINE**  
**Management's Discussion and Analysis, Continued**  
**Fiscal Year Ended June 30, 2024**

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**Governmental Activities**

Governmental activities increased the City of Auburn's net position by \$6,174,033. Key elements of this increase are as follows:

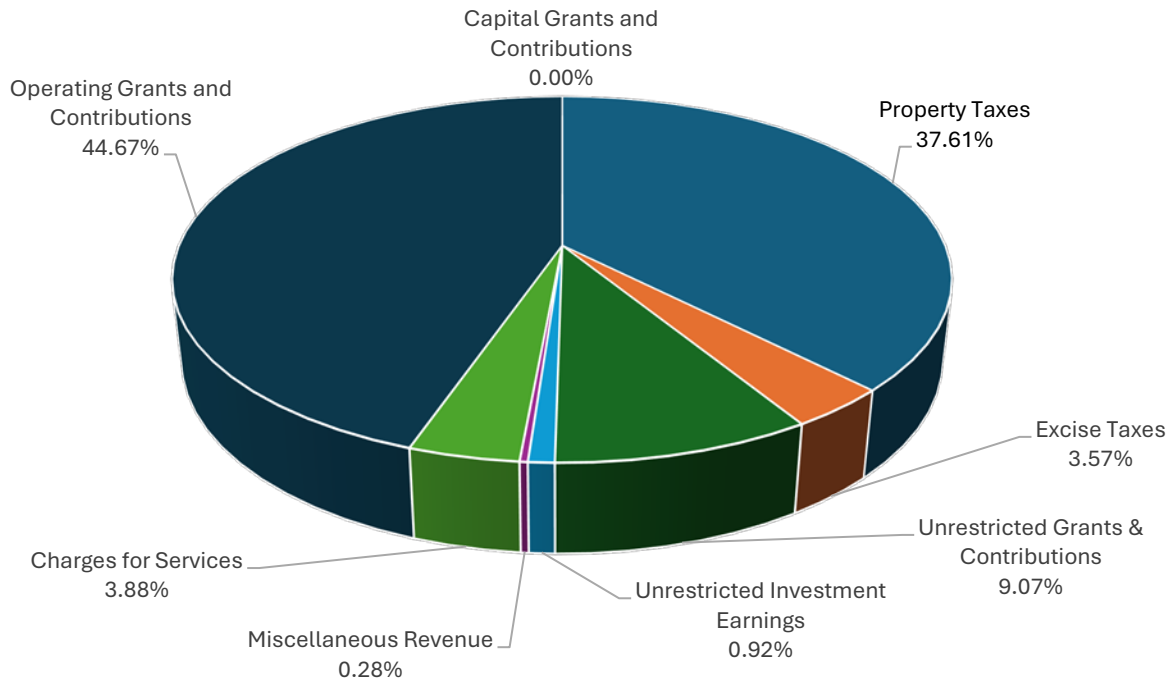
- The City received more in operating grants and contributions during the current fiscal year.
- This increase was also from an increase in unrestricted grants and contributions which was driven mostly by increases in State Revenue Sharing.
- Total expenses increased by \$16,855,957 (14.99%) primarily due to the increase in general government, education and public safety.



**CITY OF AUBURN, MAINE**  
**Management's Discussion and Analysis, Continued**  
**Fiscal Year Ended June 30, 2024**

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**Revenue by Source - Governmental Activities**  
**For the Year Ended June 30, 2024**



**Business-type Activities**

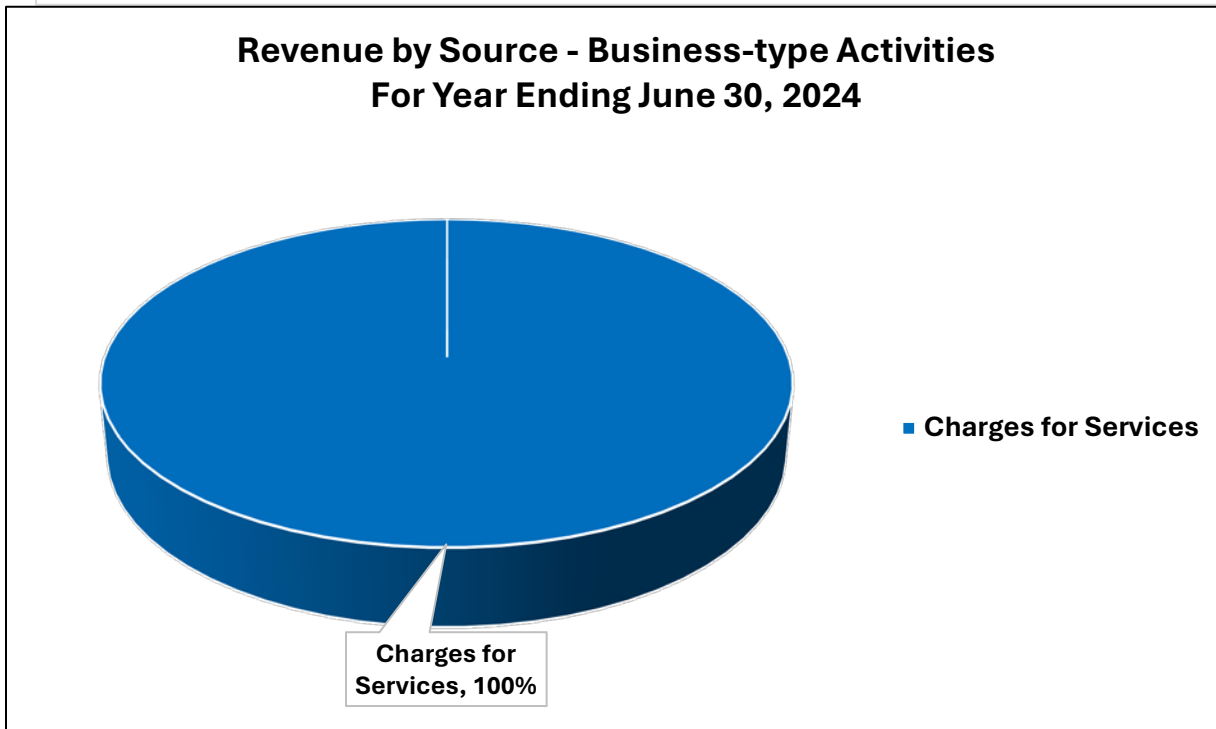
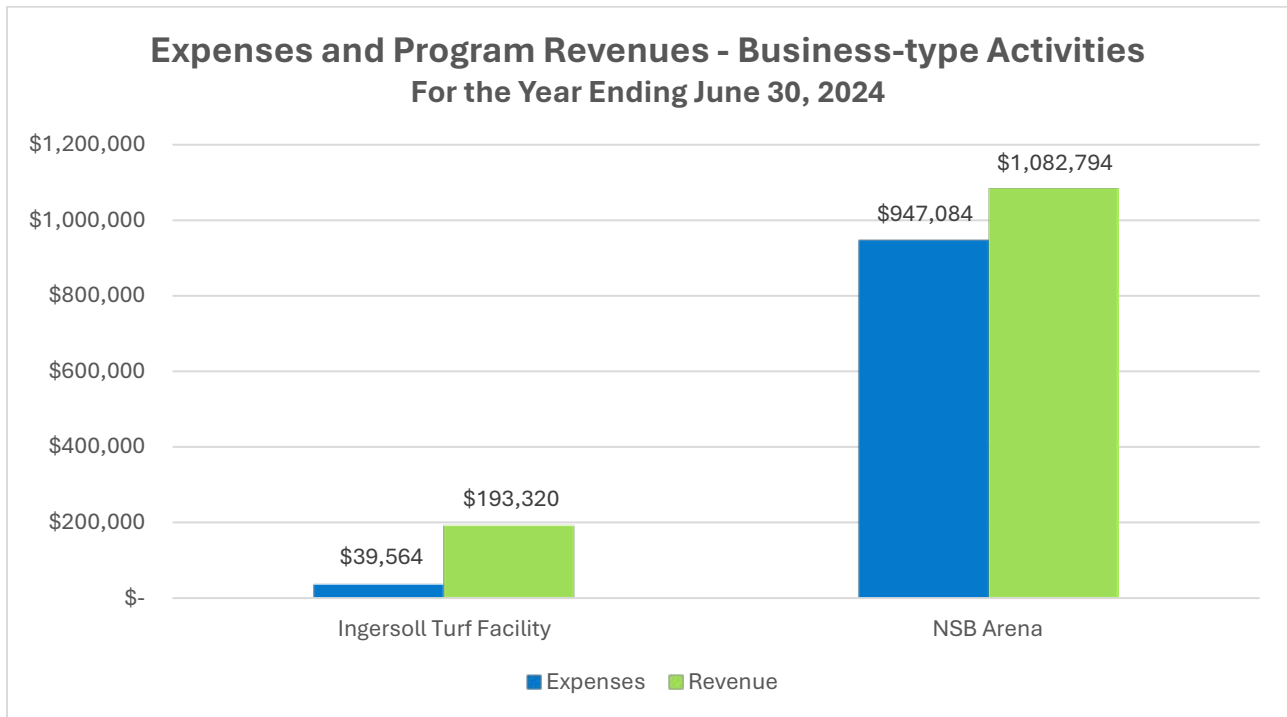
The City's two business-type activities, its Ingersoll Turf Facility and Norway Savings Bank Arena, increased the City of Auburn's net position by \$1,294,702.

Revenues for business-type activities increased by \$48,272 or 3.93%. This is attributed to an increase in operations. Expenses for business-type activities increased by \$153,933 or 18.49%, which is primarily due to general inflation on wages, benefits, and utilities.



**CITY OF AUBURN, MAINE**  
**Management's Discussion and Analysis, Continued**  
**Fiscal Year Ended June 30, 2024**

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**CITY OF AUBURN, MAINE**  
**Management's Discussion and Analysis, Continued**  
**Fiscal Year Ended June 30, 2024**

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**Financial Analysis of the Government's Funds**

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

**Governmental Funds**

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

As of the end of the current fiscal year, the City of Auburn's governmental funds reported combined ending fund balances of \$51,951,007 a decrease of \$10,771,233, in comparison with the prior year. This total consists of: General Fund, \$25,011,296; Community Development Programs Fund, \$1,272,107; Tax Increment Financing, \$3,578,363; Capital Improvement Programs, \$11,107,184; New Edward Little Building Project, \$4,629,388; and Other Governmental Funds, \$3,354,281 and City Special, \$2,998,388. These fund balances (deficits) are intended, and in some cases restricted, committed or assigned, for specific purposes.

*The General Fund* is the chief operating fund of the City of Auburn. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$9,041,558. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund budget. Unassigned fund balance represents 7.93% of the total General Fund's final budgeted expenditures of \$114,062,295 (including budgeted transfers out) at June 30, 2024. The City Council adopted a Fund Balance Policy in June 2011, and updated in June 2021, establishing a goal of having a General Fund unrestricted fund balance no less than 10.0% and no more than 14.0% of the City's municipal and school budgets. Unrestricted fund balance at June 30, 2024, that was 13.95%. Rating agencies look favorably upon the establishment of fund balance policies by communities, which signifies the recognition that a healthy fund balance is imperative to the good financial standing of the community.

*The Community Development Program Fund* balance decreased by \$96,233. The decrease was due to the timing of drawdowns as well as the increase in expenditures for the CDBG program.

*The Tax Increment Financing Fund* balance increased by \$2,302,101 due to several new TIF districts.

*The City Special Revenue Fund* increased by \$971,070 due to the timing of grant revenues and expenditures.

*The Capital Improvements Program* balance increased by \$3,206,483 which represents an increase of 40.58% of total fund balance from the prior year. Bond proceeds received in the current year will be offset by future capital and other expenditures.

*The New Edward Little Building Project* balance decreased by \$14,767,376 as bond proceeds have been spent down on construction costs.

**Proprietary Funds**

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

**CITY OF AUBURN, MAINE**  
**Management's Discussion and Analysis, Continued**  
**Fiscal Year Ended June 30, 2024**

Unrestricted net position of the City's proprietary funds, which include Ingersoll Turf Facility and Norway Savings Bank Ice Arena, amounted to a deficit of (\$184,041). The total increase in net position was \$1,294,702.

**General Fund Budgetary Highlights**

For the current fiscal year, the total revenue was above budgetary projections, and the total expenditures were below budgetary projections. During the current fiscal year, the City of Auburn's expenditures were \$1,773,598 less than appropriations. Contributing factors to this included:

- Motor vehicle excise taxes were above budgetary projections by \$336,876.
- State revenue sharing was above projections by \$632,704.
- Education expenditures were under budget by \$627,326 due to savings in regular instruction and special education as many budgeted positions were not able to be filled.
- Budgeted use of City and School surplus were used to offset the current year's expenditures and keep the mil rate down.

**Capital Asset and Debt Administration**

**Capital Assets**

The City of Auburn's investment in capital assets for its governmental and business-type activities as of June 30, 2024, amounts to \$256,561,090 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, machinery and equipment, vehicles and infrastructure. The total increase in the City of Auburn's investment in capital assets for the current fiscal year was 9.05%. For more details, refer to Capital Assets in the Detailed Notes for All Funds on Pages 45-46.

|                             | Governmental<br>Activities |                    | Business-type<br>Activities |                | Total              |                    |
|-----------------------------|----------------------------|--------------------|-----------------------------|----------------|--------------------|--------------------|
|                             | 2024                       | 2023               | 2024                        | 2023           | 2024               | 2023               |
| Land                        | \$ 8,458,402               | 8,328,402          | -                           | -              | 8,458,402          | 8,328,402          |
| Construction in progress    | 12,171,657                 | 107,870,416        | 793,295                     | -              | 12,964,952         | 107,870,416        |
| Buildings and improvements  | 141,489,897                | 43,754,088         | 105,346                     | 41,436         | 141,595,243        | 43,795,524         |
| Equipment                   | 6,953,367                  | 4,226,015          | 168,713                     | 187,484        | 7,122,080          | 4,413,499          |
| Vehicles                    | 5,414,440                  | 5,223,842          | -                           | -              | 5,414,440          | 5,223,842          |
| Infrastructure              | 80,299,076                 | 65,057,750         | -                           | -              | 80,299,076         | 65,057,750         |
| Right to use assets         | 706,897                    | 581,676            | -                           | -              | 706,897            | 581,676            |
| <b>Total capital assets</b> | <b>\$ 255,493,736</b>      | <b>235,042,189</b> | <b>1,067,354</b>            | <b>228,920</b> | <b>256,561,090</b> | <b>235,271,109</b> |

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

- Construction of the new high school is ongoing and \$19,565,394 was spent in 2024.
- The annual road reclamation and reconstruction projects totaled \$6,755,605.

**CITY OF AUBURN, MAINE**  
**Management's Discussion and Analysis, Continued**  
**Fiscal Year Ended June 30, 2024**

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**Long-term Debt**

At the end of the current fiscal year, the City of Auburn had total general obligation bonded debt and notes outstanding, not including premiums, of \$162,338,926. The City's entire debt is backed by the full faith and credit of the City. For more detail, refer to Long-term Debt in the Detailed Notes for All Funds on pages 51-52.

| City of Auburn's Outstanding Debt |             |               |      |
|-----------------------------------|-------------|---------------|------|
| General Obligation Bonds          |             |               |      |
| Governmental                      |             | Business-type |      |
| Activities                        |             | Activities    |      |
| 2024                              | 2023        | 2024          | 2023 |
| 162,338,926                       | 159,646,099 | -             | -    |

During the current fiscal year, the City issued general obligation bonds totaling \$16,873,000 for the annual capital improvement program for the City and School Department.

The City of Auburn maintained an "Aa3" rating from Moody's on November 15, 2024, and received an "AA-" rating from Standard & Poor's for its general obligation debt. Please refer to the agencies' reports for a comprehensive explanation of their rating assessment.

State statutes limit the amount of general obligation debt a municipality may issue to 15 percent of its total state assessed valuation. The current debt limitation for the City of Auburn is \$445,320,000 that is significantly in excess of the City of Auburn's outstanding general obligation debt.

The City also has several other notes and financed purchase arrangements, the details of which can be found in the Long-term Debt in the Detailed Notes for All Funds on pages 53-55.

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

The City's property tax base has stabilized, and the current outlook is that Auburn and the region are poised for strong growth. Auburn continues to shine as a sought-after destination for housing developers and businesses, with new projects consistently being proposed and advanced. Development efforts are strategically focused on addressing the region's housing needs, strengthening the workforce, and supporting a diverse range of industrial and mixed-use projects.

Local and national developers, along with companies across various industries, are increasingly choosing Auburn — either entering the market or expanding their existing operations. In Fiscal Year 2024, Auburn issued a record number of new permits and achieved the second-highest permit value in the city's history, exceeding \$61 million. Looking ahead, Fiscal Year 2025 projections are strong, with permit values forecasted between **\$70–\$80 million**, signaling continued robust economic momentum.

**CITY OF AUBURN, MAINE**  
**Management's Discussion and Analysis, Continued**  
**Fiscal Year Ended June 30, 2024**

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In February of 2024, Auburn Economic Development elected officials and residents were informed of the Tech Hub designation the State of Maine received from the Economic Development Administration.

The Community Development Program supported several public infrastructure initiatives during the program year, including capital investments in the PAL Center and the Auburn Resource Center at 121 Mill Street. These brick-and-mortar improvements align with broader community development goals informed by feedback collected through the City's annual Community Development Survey.

Service expansion and new partnerships this year included homeless outreach, case management, and housing navigation efforts. Additionally, the City strategically leveraged CDBG and TIF funds to enhance downtown walkability and job creation. These efforts are part of the City's continued commitment to making Auburn a welcoming, safe, and vibrant community where residents and visitors choose to live, work, and recreate - an objective that continues to receive positive feedback from the community.

**Embracing possibilities and creating opportunities:**

The City of Auburn continues to build on the vision established by the Mayor and City Council: *"Auburn will embrace possibilities and create opportunities."* This guiding principle shaped the FY25 budget and strategic initiatives, reinforcing the five core goals:

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

**Fiscal Stewardship and Budgetary Focus**

The FY25 Budget takes steps to preserve high quality City services, and enhance the services the City is already providing, all while considering long-term sustainability and efficiencies, resulting in a total tax levy increase of 5.96%. As the City had numerous unsettled collective bargaining agreements during FY23 and FY24, FY25 has approximately one million dollars in previous years' negotiated wages and benefits. It is our priority to continue controlling costs for our taxpayers, which has been the focus of staff in preparing this budget. The budget is in line with the historic stabilization in total government spending. Auburn's municipal tax levy has averaged a 3% increase annually for the past five years. Auburn's non-tax revenue has continued to increase with an average of 10% annually for the past five years.

**Workforce and Service Delivery**

Auburn's workforce remains central to its success. In FY24, the city ratified **five collective bargaining agreements**, reinforcing its commitment to competitive wages, professional development, and a supportive work environment. These efforts align with the post-pandemic shift in service expectations and delivery models, ensuring Auburn remains responsive and resilient in the coming fiscal years. Auburn is not alone in facing the driving demands to retain and recruit a qualified and skilled workforce. When the cost of living increases rapidly, it is critical for our organization to do our best to keep wages within reach of the rising impacts of inflation. All indications show a stabilization in the workforce salary demands for the future.

**CITY OF AUBURN, MAINE**  
**Management's Discussion and Analysis, Continued**  
**Fiscal Year Ended June 30, 2024**

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### **Strategic Investments and Community Impact**

The city continues to leverage its **\$13.5 million ARPA allocation** for non-recurring investments that enhance infrastructure, public health, and community services. FY25 initiatives include:

- **Revaluation Process:** A full city-wide property revaluation has begun, aiming to improve equity and accuracy in assessments over a three-year period.
- **Housing Expansion:** Auburn remains a leader in housing policy, with over **300 units under construction** and zoning reforms that support accessory dwelling units and veteran permit waivers.
- **Youth Engagement:** Free recreational programming for K–6 students continues to eliminate financial barriers and foster inclusive opportunities for Auburn's youth.

### **Looking Ahead**

The FY25 budget reflects Auburn's commitment to innovation, equity, and fiscal responsibility. Through strategic planning and community engagement, the city is well-positioned to meet the evolving needs of its residents and to continue creating opportunities for all.

### **The Budget and Tax Rates**

The City's Fiscal Year 2024-2025 budget has an expenditure increase of 7.65%. These increases were primarily due to an increase in operating expenses for both the municipal and school budgets offset by an increase in non-property tax revenue for municipal and education in FY 2025. The use of fund balance had been used in previous years to help keep the tax rate increase lower. The City's fund balance policy requires the City to maintain between a 10% and 14% unrestricted fund balance in the general fund (10-14% of general fund expenditures). At the end of fiscal year 2024, it was noted that the City fell below this percentage and the FY 2025 budget continued addressing this issue and is currently in compliance with the policy.

### **Requests for Information**

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

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## **BASIC FINANCIAL STATEMENTS**



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**CITY OF AUBURN, MAINE**  
**Statement of Net Position**  
**June 30, 2024**

|                                                      | Governmental<br>Activities | Business-type<br>Activities | Total        |
|------------------------------------------------------|----------------------------|-----------------------------|--------------|
| <b>ASSETS</b>                                        |                            |                             |              |
| Cash and cash equivalents                            | \$ 47,036,570              | 515,369                     | 47,551,939   |
| Investments                                          | 10,127,808                 | -                           | 10,127,808   |
| Receivables:                                         |                            |                             |              |
| Accounts, net of allowance                           | 666,511                    | 113,129                     | 779,640      |
| Intergovernmental                                    | 18,244,911                 | -                           | 18,244,911   |
| Taxes receivable                                     | 2,040,148                  | -                           | 2,040,148    |
| Lease receivable                                     | -                          | 30,352                      | 30,352       |
| Loans, net of allowance                              | 4,361,892                  | -                           | 4,361,892    |
| Internal balances                                    | 628,396                    | (628,396)                   | -            |
| Prepaid expenses                                     | 18,114                     | -                           | 18,114       |
| Inventories                                          | 24,019                     | -                           | 24,019       |
| Capital assets, not being depreciated                | 20,630,059                 | 793,295                     | 21,423,354   |
| Capital assets, being depreciated, net               | 234,863,677                | 274,059                     | 235,137,736  |
| Total assets                                         | 338,642,105                | 1,097,808                   | 339,739,913  |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                |                            |                             |              |
| Deferred outflows of resources - related to pensions | 5,177,364                  | 48,536                      | 5,225,900    |
| Deferred outflows of resources - related to OPEB     | 1,554,322                  | 10,840                      | 1,565,162    |
| Total deferred outflows of resources                 | 6,731,686                  | 59,376                      | 6,791,062    |
| <b>LIABILITIES</b>                                   |                            |                             |              |
| Accounts payable and other current liabilities       | 5,871,613                  | 34,050                      | 5,905,663    |
| Accrued payroll                                      | 4,792,101                  | -                           | 4,792,101    |
| Prepaid taxes                                        | 95,418                     | -                           | 95,418       |
| Unearned revenue                                     | 17,471,827                 | -                           | 17,471,827   |
| Noncurrent liabilities:                              |                            |                             |              |
| Due within one year                                  | 18,482,488                 | -                           | 18,482,488   |
| Due in more than one year                            | 187,276,681                | 188,010                     | 187,464,691  |
| Total liabilities                                    | 233,990,128                | 222,060                     | 234,212,188  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                 |                            |                             |              |
| Deferred charge on refunding                         | 42,273                     | -                           | 42,273       |
| Deferred inflows of resources - related to pensions  | 1,731,974                  | 21,162                      | 1,753,136    |
| Deferred inflows of resources related to OPEB        | 417,174                    | 6,930                       | 424,104      |
| Deferred inflows of resources related to leases      | -                          | 23,719                      | 23,719       |
| Total deferred inflows of resources                  | 2,191,421                  | 51,811                      | 2,243,232    |
| <b>NET POSITION</b>                                  |                            |                             |              |
| Net investment in capital assets                     | 101,386,458                | 1,067,354                   | 102,453,812  |
| Restricted for:                                      |                            |                             |              |
| Permanent funds:                                     |                            |                             |              |
| Expendable                                           | 205,941                    | -                           | 205,941      |
| Nonexpendable                                        | 69,475                     | -                           | 69,475       |
| Other purposes:                                      |                            |                             |              |
| City Services                                        | 6,727,779                  | -                           | 6,727,779    |
| Education                                            | 10,550,082                 | -                           | 10,550,082   |
| Centralized School Lunch                             | 1,579,909                  | -                           | 1,579,909    |
| Community Development Programs                       | 1,272,107                  | -                           | 1,272,107    |
| Unrestricted                                         | (12,599,509)               | (184,041)                   | (12,783,550) |
| Total net position                                   | \$ 109,192,242             | 883,313                     | 110,075,555  |

*See accompanying notes to financial statements.*

**CITY OF AUBURN, MAINE**  
**Statement of Activities**  
**For the Year Ended June 30, 2024**

| 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                                            | \$ 21,337,945  | 3,244,562            | 11,778,046                         | -                                | (6,315,337)                                       | -                        | (6,315,337)  |
| Public safety                                                 | 11,947,864     | 63,210               | -                                  | -                                | (11,884,654)                                      | -                        | (11,884,654) |
| Health, welfare and recreation                                | 3,259,236      | 514,033              | -                                  | -                                | (2,745,203)                                       | -                        | (2,745,203)  |
| Public works                                                  | 17,087,095     | -                    | -                                  | -                                | (17,087,095)                                      | -                        | (17,087,095) |
| Other agencies                                                | 4,887,938      | -                    | -                                  | -                                | (4,887,938)                                       | -                        | (4,887,938)  |
| Education                                                     | 67,611,498     | 1,406,395            | 46,799,908                         | -                                | (19,405,195)                                      | -                        | (19,405,195) |
| Food services                                                 | 2,280,470      | 66,361               | 2,402,409                          | -                                | 188,300                                           | -                        | 188,300      |
| Interest on debt                                              | 923,887        | -                    | -                                  | -                                | (923,887)                                         | -                        | (923,887)    |
| Total governmental activities                                 | 129,335,933    | 5,294,561            | 60,980,363                         | -                                | (63,061,009)                                      | -                        | (63,061,009) |
| Business-type activities:                                     |                |                      |                                    |                                  |                                                   |                          |              |
| Ingersoll Turf Facility                                       | 39,564         | 193,320              | -                                  | -                                | -                                                 | 153,756                  | 153,756      |
| Norway Savings Bank Arena                                     | 947,084        | 1,082,794            | -                                  | -                                | -                                                 | 135,710                  | 135,710      |
| Total business-type activities                                | 986,648        | 1,276,114            | -                                  | -                                | -                                                 | 289,466                  | 289,466      |
| Total primary government                                      | \$ 130,322,581 | 6,570,675            | 60,980,363                         | -                                | (63,061,009)                                      | 289,466                  | (62,771,543) |
| General revenues, unrestricted:                               |                |                      |                                    |                                  |                                                   |                          |              |
| Property taxes, levied for general purposes                   |                |                      |                                    |                                  | 51,345,566                                        | -                        | 51,345,566   |
| Motor vehicle excise taxes                                    |                |                      |                                    |                                  | 4,871,876                                         | -                        | 4,871,876    |
| Interest on delinquent taxes                                  |                |                      |                                    |                                  | 100,433                                           | -                        | 100,433      |
| Grants and contributions not restricted to specific programs: |                |                      |                                    |                                  |                                                   |                          |              |
| State revenue sharing                                         |                |                      |                                    |                                  | 6,607,704                                         | -                        | 6,607,704    |
| Homestead and BETE exemptions                                 |                |                      |                                    |                                  | 4,449,277                                         | -                        | 4,449,277    |
| Other state aid                                               |                |                      |                                    |                                  | 1,223,337                                         | -                        | 1,223,337    |
| Unrestricted investment earnings                              |                |                      |                                    |                                  | 1,251,968                                         | 5,236                    | 1,257,204    |
| Miscellaneous revenues                                        |                |                      |                                    |                                  | 384,881                                           | -                        | 384,881      |
| Transfers                                                     |                |                      |                                    |                                  | (1,000,000)                                       | 1,000,000                | -            |
| Total general revenues                                        |                |                      |                                    |                                  | 69,235,042                                        | 1,005,236                | 70,240,278   |
| Change in net position                                        |                |                      |                                    |                                  | 6,174,033                                         | 1,294,702                | 7,468,735    |
| Net position - beginning - as previously presented            |                |                      |                                    |                                  | 102,868,209                                       | (411,389)                | 102,456,820  |
| Error correction                                              |                |                      |                                    |                                  | 150,000                                           | -                        | 150,000      |
| Net position - beginning - as restated                        |                |                      |                                    |                                  | 103,018,209                                       | (411,389)                | 102,606,820  |
| Net position - ending                                         | \$             | 109,192,242          | 883,313                            | 110,075,555                      |                                                   |                          |              |

*See accompanying notes to financial statements.*

**CITY OF AUBURN, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2024**

|                                                                                           | General              | Community<br>Development<br>Programs | Tax Increment<br>Financing | City<br>Special   | Capital<br>Improvement<br>Program | New Edward<br>Little Building<br>Project | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-------------------------------------------------------------------------------------------|----------------------|--------------------------------------|----------------------------|-------------------|-----------------------------------|------------------------------------------|--------------------------------|--------------------------------|
| <b>ASSETS</b>                                                                             |                      |                                      |                            |                   |                                   |                                          |                                |                                |
| Cash and cash equivalents                                                                 | \$ 23,270,321        | -                                    | 1,054,569                  | 6,877,594         | 7,628,571                         | 7,553,656                                | 651,859                        | 47,036,570                     |
| Investments                                                                               | 4,745,050            | -                                    | -                          | -                 | -                                 | 5,382,758                                | -                              | 10,127,808                     |
| Receivables:                                                                              |                      |                                      |                            |                   |                                   |                                          |                                |                                |
| Taxes                                                                                     | 2,040,148            | -                                    | -                          | -                 | -                                 | -                                        | -                              | 2,040,148                      |
| Accounts, net of allowance                                                                | 640,142              | -                                    | -                          | -                 | 26,109                            | -                                        | 260                            | 666,511                        |
| Loans, net of allowance                                                                   | 599,532              | 3,477,280                            | -                          | 285,080           | -                                 | -                                        | -                              | 4,361,892                      |
| Intergovernmental                                                                         | 3,724,651            | 7,786,964                            | -                          | 4,297,417         | -                                 | -                                        | 2,435,879                      | 18,244,911                     |
| Inventory                                                                                 | -                    | -                                    | -                          | -                 | -                                 | -                                        | 24,019                         | 24,019                         |
| Interfund receivables                                                                     | -                    | -                                    | 2,523,794                  | 3,946,839         | 4,702,458                         | -                                        | 1,680,513                      | 12,853,604                     |
| Prepaid expenditures                                                                      | 11,724               | -                                    | -                          | -                 | -                                 | -                                        | 6,390                          | 18,114                         |
| <b>Total assets</b>                                                                       | <b>\$ 35,031,568</b> | <b>11,264,244</b>                    | <b>3,578,363</b>           | <b>15,406,930</b> | <b>12,357,138</b>                 | <b>12,936,414</b>                        | <b>4,798,920</b>               | <b>95,373,577</b>              |
| <b>LIABILITIES</b>                                                                        |                      |                                      |                            |                   |                                   |                                          |                                |                                |
| Accounts payable                                                                          | 2,248,683            | 39,017                               | -                          | 903,361           | 1,249,954                         | 1,183,149                                | 197,400                        | 5,821,564                      |
| Accrued payroll and benefits payable                                                      | 4,471,260            | -                                    | -                          | -                 | -                                 | -                                        | 320,841                        | 4,792,101                      |
| Prepaid taxes                                                                             | 95,418               | -                                    | -                          | -                 | -                                 | -                                        | -                              | 95,418                         |
| Escrow funds payable                                                                      | 34,616               | 750                                  | -                          | -                 | -                                 | -                                        | -                              | 35,366                         |
| Unearned revenue                                                                          | -                    | 9,884,353                            | -                          | 7,585,982         | -                                 | -                                        | 1,492                          | 17,471,827                     |
| Interfund payables                                                                        | 1,417,166            | 68,017                               | -                          | 2,705,925         | -                                 | 7,123,877                                | 924,906                        | 12,239,891                     |
| <b>Total liabilities</b>                                                                  | <b>8,267,143</b>     | <b>9,992,137</b>                     | <b>-</b>                   | <b>11,195,268</b> | <b>1,249,954</b>                  | <b>8,307,026</b>                         | <b>1,444,639</b>               | <b>40,456,167</b>              |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                                      |                      |                                      |                            |                   |                                   |                                          |                                |                                |
| Unavailable revenue - property taxes                                                      | 1,753,129            | -                                    | -                          | -                 | -                                 | -                                        | -                              | 1,753,129                      |
| Unavailable revenue - settlement proceeds                                                 | -                    | -                                    | -                          | 1,213,274         | -                                 | -                                        | -                              | 1,213,274                      |
| <b>Total deferred inflows of resources</b>                                                | <b>1,753,129</b>     | <b>-</b>                             | <b>-</b>                   | <b>1,213,274</b>  | <b>-</b>                          | <b>-</b>                                 | <b>-</b>                       | <b>2,966,403</b>               |
| <b>FUND BALANCES (deficits)</b>                                                           |                      |                                      |                            |                   |                                   |                                          |                                |                                |
| Nonspendable - inventory                                                                  | -                    | -                                    | -                          | -                 | -                                 | -                                        | 24,019                         | 24,019                         |
| Nonspendable - prepaid expenditures                                                       | 11,724               | -                                    | -                          | -                 | -                                 | -                                        | 6,390                          | 18,114                         |
| Nonspendable - long-term receivables                                                      | 599,532              | -                                    | -                          | -                 | -                                 | -                                        | -                              | 599,532                        |
| Nonspendable - principal                                                                  | -                    | -                                    | -                          | -                 | -                                 | -                                        | 69,475                         | 69,475                         |
| Restricted                                                                                | 9,548,542            | 1,272,107                            | 3,578,363                  | 3,149,416         | -                                 | -                                        | 2,745,257                      | 20,293,685                     |
| Committed                                                                                 | -                    | -                                    | -                          | -                 | 11,107,184                        | 4,629,388                                | 556,503                        | 16,293,075                     |
| Assigned                                                                                  | 5,809,940            | -                                    | -                          | -                 | -                                 | -                                        | -                              | 5,809,940                      |
| Unassigned                                                                                | 9,041,558            | -                                    | -                          | (151,028)         | -                                 | -                                        | (47,363)                       | 8,843,167                      |
| <b>Total fund balances</b>                                                                | <b>25,011,296</b>    | <b>1,272,107</b>                     | <b>3,578,363</b>           | <b>2,998,388</b>  | <b>11,107,184</b>                 | <b>4,629,388</b>                         | <b>3,354,281</b>               | <b>51,951,007</b>              |
| <b>Total liabilities, deferred inflows of<br/>resources, and fund balances (deficits)</b> | <b>\$ 35,031,568</b> | <b>11,264,244</b>                    | <b>3,578,363</b>           | <b>15,406,930</b> | <b>12,357,138</b>                 | <b>12,936,414</b>                        | <b>4,798,920</b>               |                                |

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.                  | 255,493,736   |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.                 | 2,966,403     |
| 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                                                                                                                    | (162,338,926) |
| Financed purchases payable                                                                                                                 | (88,171)      |
| Leases payable                                                                                                                             | (565,133)     |
| Subscription payable                                                                                                                       | (123,401)     |
| Unamortized debt premiums                                                                                                                  | (13,033,267)  |
| Accrued compensated absences                                                                                                               | (2,932,778)   |
| Accrued self-insurance liability                                                                                                           | (1,076,024)   |
| Other postemployment benefits with related deferred inflows and outflows of resources                                                      | (13,652,752)  |
| Net pension liability with related deferred inflows and outflows of resources                                                              | (5,863,811)   |
| Deferred charge on refunding                                                                                                               | (42,273)      |
| Landfill postclosure care costs                                                                                                            | (21,000)      |
| Accrued interest on debt                                                                                                                   | (1,481,368)   |

**Net position of governmental activities**

**\$ 109,192,242**

**CITY OF AUBURN, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2024**

|                                                                  | General              | Community<br>Development<br>Programs | Tax Increment<br>Financing | City<br>Special  | Capital<br>Improvement<br>Program | New Edward<br>Little Building<br>Project | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|------------------------------------------------------------------|----------------------|--------------------------------------|----------------------------|------------------|-----------------------------------|------------------------------------------|--------------------------------|--------------------------------|
| <b>Revenues:</b>                                                 |                      |                                      |                            |                  |                                   |                                          |                                |                                |
| Taxes                                                            | \$ 56,178,488        | -                                    | -                          | -                | -                                 | -                                        | -                              | 56,178,488                     |
| Intergovernmental                                                | 54,361,809           | 1,984,970                            | -                          | 8,222,007        | -                                 | -                                        | 7,472,676                      | 72,041,462                     |
| Licenses and permits                                             | 777,378              | -                                    | -                          | -                | -                                 | -                                        | -                              | 777,378                        |
| Charges for services                                             | 2,582,309            | -                                    | -                          | 1,823            | -                                 | -                                        | 1,869,841                      | 4,453,973                      |
| Student activity fees and fundraisers                            | -                    | -                                    | -                          | -                | -                                 | -                                        | 156,538                        | 156,538                        |
| Other income                                                     | 448,091              | 39,579                               | 37,809                     | 322,186          | -                                 | 62,064                                   | 412,955                        | 1,322,684                      |
| Interest income                                                  | 731,182              | -                                    | -                          | 7,842            | 168,901                           | 337,863                                  | 6,180                          | 1,251,968                      |
| <b>Total revenues</b>                                            | <b>115,079,257</b>   | <b>2,024,549</b>                     | <b>37,809</b>              | <b>8,553,858</b> | <b>168,901</b>                    | <b>399,927</b>                           | <b>9,918,190</b>               | <b>136,182,491</b>             |
| <b>Expenditures:</b>                                             |                      |                                      |                            |                  |                                   |                                          |                                |                                |
| <b>Current:</b>                                                  |                      |                                      |                            |                  |                                   |                                          |                                |                                |
| General government                                               | 13,181,946           | 2,120,782                            | 717,424                    | 3,560,710        | -                                 | -                                        | 64,041                         | 19,644,903                     |
| Public safety                                                    | 12,427,417           | -                                    | -                          | 133,959          | -                                 | -                                        | -                              | 12,561,376                     |
| Health, welfare and recreation                                   | 2,772,939            | -                                    | -                          | 47,316           | -                                 | -                                        | 504,604                        | 3,324,859                      |
| Public works                                                     | 8,035,475            | -                                    | -                          | 3,881,506        | -                                 | -                                        | -                              | 11,916,981                     |
| Other agencies                                                   | 4,887,938            | -                                    | -                          | -                | -                                 | -                                        | -                              | 4,887,938                      |
| Education                                                        | 62,732,971           | -                                    | -                          | -                | -                                 | -                                        | 6,514,827                      | 69,247,798                     |
| Food services                                                    | -                    | -                                    | -                          | -                | -                                 | -                                        | 2,280,470                      | 2,280,470                      |
| Student activities                                               | -                    | -                                    | -                          | -                | -                                 | -                                        | 125,289                        | 125,289                        |
| Unclassified                                                     | 296,415              | -                                    | -                          | -                | -                                 | -                                        | -                              | 296,415                        |
| Capital outlay                                                   | 833,709              | -                                    | -                          | -                | 9,929,630                         | 19,565,394                               | 119,456                        | 30,448,189                     |
| Debt service                                                     | 8,390,245            | -                                    | 433,272                    | 159,297          | 166,539                           | 240                                      | -                              | 9,149,593                      |
| <b>Total expenditures</b>                                        | <b>113,559,055</b>   | <b>2,120,782</b>                     | <b>1,150,696</b>           | <b>7,782,788</b> | <b>10,096,169</b>                 | <b>19,565,634</b>                        | <b>9,608,687</b>               | <b>163,883,811</b>             |
| <b>Excess (deficiency) of revenues over (under) expenditures</b> | <b>1,520,202</b>     | <b>(96,233)</b>                      | <b>(1,112,887)</b>         | <b>771,070</b>   | <b>(9,927,268)</b>                | <b>(19,165,707)</b>                      | <b>309,503</b>                 | <b>(27,701,320)</b>            |
| <b>Other financing sources (uses):</b>                           |                      |                                      |                            |                  |                                   |                                          |                                |                                |
| Issuance of long-term debt                                       | -                    | -                                    | -                          | -                | 12,468,888                        | 4,404,112                                | -                              | 16,873,000                     |
| Premium on issuance of debt                                      | -                    | -                                    | -                          | -                | 664,863                           | 194,219                                  | -                              | 859,082                        |
| Subscription proceeds                                            | 78,549               | -                                    | -                          | -                | -                                 | -                                        | 119,456                        | 198,005                        |
| Transfers to/from other funds                                    | (4,414,988)          | -                                    | 3,414,988                  | 200,000          | -                                 | (200,000)                                | -                              | (1,000,000)                    |
| <b>Total other financing sources (uses)</b>                      | <b>(4,336,439)</b>   | <b>-</b>                             | <b>3,414,988</b>           | <b>200,000</b>   | <b>13,133,751</b>                 | <b>4,398,331</b>                         | <b>119,456</b>                 | <b>16,930,087</b>              |
| <b>Net change in fund balances</b>                               | <b>(2,816,237)</b>   | <b>(96,233)</b>                      | <b>2,302,101</b>           | <b>971,070</b>   | <b>3,206,483</b>                  | <b>(14,767,376)</b>                      | <b>428,959</b>                 | <b>(10,771,233)</b>            |
| <b>Fund balances, beginning of year, as previously presented</b> | <b>27,827,533</b>    | <b>1,368,340</b>                     | <b>1,276,262</b>           | <b>-</b>         | <b>7,900,701</b>                  | <b>19,396,764</b>                        | <b>4,802,640</b>               | <b>62,572,240</b>              |
| Error correction                                                 | -                    | -                                    | -                          | 150,000          | -                                 | -                                        | -                              | 150,000                        |
| Adjustment - City Special as major fund                          | -                    | -                                    | -                          | 1,877,318        | -                                 | -                                        | (1,877,318)                    | -                              |
| <b>Fund balances, beginning of year, as restated</b>             | <b>27,827,533</b>    | <b>1,368,340</b>                     | <b>1,276,262</b>           | <b>2,027,318</b> | <b>7,900,701</b>                  | <b>19,396,764</b>                        | <b>2,925,322</b>               | <b>62,722,240</b>              |
| <b>Fund balances, end of year</b>                                | <b>\$ 25,011,296</b> | <b>1,272,107</b>                     | <b>3,578,363</b>           | <b>2,998,388</b> | <b>11,107,184</b>                 | <b>4,629,388</b>                         | <b>3,354,281</b>               | <b>51,951,007</b>              |

*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, 2024**

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|                                                                           |    |              |
|---------------------------------------------------------------------------|----|--------------|
| Net change in fund balances - total governmental funds (from Statement 4) | \$ | (10,771,233) |
|---------------------------------------------------------------------------|----|--------------|

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       | 34,803,823   |
| Depreciation and loss on disposal not reported in governmental funds | (14,352,276) |

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.

327,475

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                                  | (16,873,000) |
| Subscriptions proceeds                                      | (198,005)    |
| Principal payments on long-term debt and financed purchases | 14,265,784   |
| Principal payments on leases                                | 51,995       |
| Principal payments on subscriptions                         | 74,604       |
| Premium on issuance of debt                                 | (859,082)    |
| Amortization of bond premium                                | 1,426,475    |
| 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                                                          | (373,584) |
| Accrued self-insurance liability                                                      | (222,988) |
| Other postemployment benefits with related deferred inflows and outflows of resources | (317,678) |
| Net pension liability with related deferred inflows and outflows of resources         | (705,542) |
| Landfill postclosure care costs                                                       | 10,500    |
| Accrued interest on debt                                                              | (127,326) |

---

|                                                                            |           |                  |
|----------------------------------------------------------------------------|-----------|------------------|
| <b>Change in net position of governmental activities (see Statement 2)</b> | <b>\$</b> | <b>6,174,033</b> |
|----------------------------------------------------------------------------|-----------|------------------|

*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, 2024**

|                               | Budgeted Amounts |             | Actual      | Variance with<br>final budget<br>positive<br>(negative) |
|-------------------------------|------------------|-------------|-------------|---------------------------------------------------------|
|                               | Original         | Final       |             |                                                         |
| Revenues:                     |                  |             |             |                                                         |
| Taxes:                        |                  |             |             |                                                         |
| Real and personal property    | \$ 50,774,348    | 50,774,348  | 51,206,179  | 431,831                                                 |
| Excise and registrations      | 4,535,000        | 4,535,000   | 4,871,876   | 336,876                                                 |
| Interest on delinquent taxes  | 80,000           | 80,000      | 100,433     | 20,433                                                  |
| Total taxes                   | 55,389,348       | 55,389,348  | 56,178,488  | 789,140                                                 |
| Intergovernmental:            |                  |             |             |                                                         |
| State revenue sharing         | 5,975,000        | 5,975,000   | 6,607,704   | 632,704                                                 |
| School subsidy                | 36,751,140       | 36,751,140  | 36,987,225  | 236,085                                                 |
| Homestead                     | 1,770,000        | 1,770,000   | 1,738,629   | (31,371)                                                |
| BETE                          | 3,101,000        | 3,101,000   | 2,710,648   | (390,352)                                               |
| Other:                        |                  |             |             |                                                         |
| School department             | 120,000          | 120,000     | 631,600     | 511,600                                                 |
| Tax sharing/in lieu of        | 60,000           | 60,000      | 173,658     | 113,658                                                 |
| Municipal                     | 1,329,154        | 1,329,154   | 1,223,337   | (105,817)                                               |
| Total intergovernmental       | 49,106,294       | 49,106,294  | 50,072,801  | 966,507                                                 |
| Other revenue:                |                  |             |             |                                                         |
| Licenses and permits          | 642,850          | 642,850     | 777,378     | 134,528                                                 |
| Charges for services:         |                  |             |             |                                                         |
| Municipal                     | 2,175,000        | 2,175,000   | 2,243,733   | 68,733                                                  |
| School                        | 183,000          | 183,000     | 338,322     | 155,322                                                 |
| Fines, forfeits and penalties | 51,200           | 51,200      | 63,210      | 12,010                                                  |
| Interest:                     |                  |             |             |                                                         |
| Municipal                     | 45,000           | 45,000      | 729,645     | 684,645                                                 |
| Donation                      | 40,000           | 40,000      | -           | (40,000)                                                |
| Miscellaneous:                |                  |             |             |                                                         |
| Municipal                     | 140,001          | 140,001     | 261,078     | 121,077                                                 |
| School                        | 219,999          | 219,999     | 123,803     | (96,196)                                                |
| Total other revenue           | 3,497,050        | 3,497,050   | 4,537,169   | 1,040,119                                               |
| Total revenues                | 107,992,692      | 107,992,692 | 110,788,458 | 2,795,766                                               |

**CITY OF AUBURN, MAINE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balances -- Budget and Actual**  
**For the Year Ended June 30, 2024**

|                                             | Budgeted Amounts |            | Actual     | Variance with<br>final budget<br>positive<br>(negative) |
|---------------------------------------------|------------------|------------|------------|---------------------------------------------------------|
|                                             | Original         | Final      |            |                                                         |
| Expenditures:                               |                  |            |            |                                                         |
| General government:                         |                  |            |            |                                                         |
| Mayor and council                           | \$ 171,750       | 174,696    | 208,251    | (33,555)                                                |
| City manager                                | 695,009          | 719,509    | 704,396    | 15,113                                                  |
| Communications & engagement                 | 356,522          | 361,522    | 323,996    | 37,526                                                  |
| City clerk                                  | 290,268          | 299,254    | 335,493    | (36,239)                                                |
| Finance                                     | 1,228,112        | 1,228,278  | 1,303,079  | (74,801)                                                |
| Human resources                             | 246,260          | 246,260    | 254,282    | (8,022)                                                 |
| Planning & permitting                       | 682,189          | 717,461    | 761,073    | (43,612)                                                |
| Economic development                        | 123,893          | 123,893    | 203,008    | (79,115)                                                |
| Business and community development          | 710,692          | 710,692    | 410,433    | 300,259                                                 |
| Facilities                                  | -                | -          | 10,647     | (10,647)                                                |
| Information technology                      | 917,487          | 985,541    | 894,337    | 91,204                                                  |
| Worker's compensation (transfer to reserve) | 715,400          | 715,400    | 715,400    | -                                                       |
| Benefits and wage increases                 | 8,257,879        | 8,377,629  | 6,961,210  | 1,416,419                                               |
| Total general government                    | 14,395,461       | 14,660,135 | 13,085,605 | 1,574,530                                               |
| Public safety:                              |                  |            |            |                                                         |
| Fire & EMS Transport                        | 6,104,713        | 6,167,749  | 6,389,586  | (221,837)                                               |
| Police                                      | 5,207,160        | 5,228,358  | 5,254,128  | (25,770)                                                |
| Water and sewer                             | 792,716          | 792,716    | 781,203    | 11,513                                                  |
| Total public safety                         | 12,104,589       | 12,188,823 | 12,424,917 | (236,094)                                               |
| Health, welfare and recreation:             |                  |            |            |                                                         |
| Health and social services                  | 180,825          | 180,825    | 894,775    | (713,950)                                               |
| Recreation                                  | 722,416          | 723,631    | 739,146    | (15,515)                                                |
| Library                                     | 1,138,659        | 1,138,659  | 1,139,018  | (359)                                                   |
| Total health, welfare and recreation        | 2,041,900        | 2,043,115  | 2,772,939  | (729,824)                                               |
| Public services:                            |                  |            |            |                                                         |
| Public works                                | 6,108,837        | 6,511,956  | 6,580,209  | (68,253)                                                |
| Solid waste disposal                        | 1,386,000        | 1,411,000  | 1,455,266  | (44,266)                                                |
| Total public services                       | 7,494,837        | 7,922,956  | 8,035,475  | (112,519)                                               |
| Other agencies:                             |                  |            |            |                                                         |
| County tax                                  | 2,972,037        | 2,972,037  | 2,972,037  | -                                                       |
| Auburn-Lewiston Airport                     | 205,000          | 205,000    | 218,449    | (13,449)                                                |
| Auburn Art in the Park                      | 20,000           | 20,000     | 20,000     | -                                                       |
| Lewiston-Auburn Transit Committee           | 400,079          | 400,079    | 389,797    | 10,282                                                  |
| Lewiston-Auburn E911 Center                 | 1,287,401        | 1,287,401  | 1,287,655  | (254)                                                   |
| Total other agencies                        | 4,884,517        | 4,884,517  | 4,887,938  | (3,421)                                                 |



**CITY OF AUBURN, MAINE**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balances -- Budget and Actual**  
**For the Year Ended June 30, 2024**

|                                                           | Budgeted Amounts |             | Actual               | Variance with<br>final budget<br>positive<br>(negative) |
|-----------------------------------------------------------|------------------|-------------|----------------------|---------------------------------------------------------|
|                                                           | Original         | Final       |                      |                                                         |
| Expenditures, continued:                                  |                  |             |                      |                                                         |
| Education                                                 | \$ 59,071,289    | 59,071,289  | 58,443,963           | 627,326                                                 |
| Other appropriations:                                     |                  |             |                      |                                                         |
| Tax sharing                                               | 260,000          | 260,000     | 233,915              | 26,085                                                  |
| Debt service - principal                                  | 6,540,566        | 6,540,566   | 6,540,566            | -                                                       |
| Debt service - interest and other                         | 1,793,978        | 1,793,978   | 1,849,679            | (55,701)                                                |
| Capital investment and purchasing                         | 783,252          | 834,613     | 701,397              | 133,216                                                 |
| Emergency reserve                                         | 550,000          | 550,000     | -                    | 550,000                                                 |
| Total other appropriations                                | 9,927,796        | 9,979,157   | 9,325,557            | 653,600                                                 |
| Special projects - warming center                         | -                | 62,500      | 62,500               | -                                                       |
| Total expenditures                                        | 109,920,389      | 110,812,492 | 109,038,894          | 1,773,598                                               |
| Excess (deficiency) of revenues over (under) expenditures | (1,927,697)      | (2,819,800) | 1,749,564            | 4,569,364                                               |
| Other financing sources (uses):                           |                  |             |                      |                                                         |
| Transfers in from other funds                             | 1,677,500        | 1,677,500   | 200,000              | (1,477,500)                                             |
| Transfers to other funds                                  | (3,249,803)      | (3,249,803) | (8,274,243)          | (5,024,440)                                             |
| Budgeted use of surplus - city                            | 1,500,000        | 2,392,103   | -                    | (2,392,103)                                             |
| Budgeted use of surplus - school                          | 2,000,000        | 2,000,000   | -                    | (2,000,000)                                             |
| Total other financing sources (uses)                      | 1,927,697        | 2,819,800   | (8,074,243)          | (10,894,043)                                            |
| Net change in fund balance - budgetary basis              | -                | -           | (6,324,679)          | (6,324,679)                                             |
| Fund balance, July 1 - budgetary basis                    |                  |             | 28,317,227           |                                                         |
| Fund balance, June 30 - budgetary basis                   |                  |             | 21,992,548           |                                                         |
| Reconciliation to GAAP basis:                             |                  |             |                      |                                                         |
| Reserve funds fund balance                                |                  |             | 3,018,748            |                                                         |
| <b>Fund balance, June 30 - GAAP basis</b>                 |                  |             | <b>\$ 25,011,296</b> |                                                         |

*See accompanying notes to financial statements.*

**CITY OF AUBURN, MAINE**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2024**

| <b>Business-type Activities - Enterprise Funds</b> |                                    |                          |                |
|----------------------------------------------------|------------------------------------|--------------------------|----------------|
|                                                    | <b>Ingersoll<br/>Turf Facility</b> | <b>NSB Ice<br/>Arena</b> | <b>Totals</b>  |
| <b>ASSETS</b>                                      |                                    |                          |                |
| Current assets:                                    |                                    |                          |                |
| Cash and cash equivalents                          | \$ 234,723                         | 280,646                  | 515,369        |
| Accounts receivable, net of allowance of \$49,566  | -                                  | 113,129                  | 113,129        |
| Lease receivable                                   | -                                  | 30,352                   | 30,352         |
| Interfund receivables                              | 292,668                            | -                        | 292,668        |
| Total current assets                               | 527,391                            | 424,127                  | 951,518        |
| Noncurrent assets:                                 |                                    |                          |                |
| Capital assets:                                    |                                    |                          |                |
| Construction In progress                           | -                                  | 793,295                  | 793,295        |
| Land improvements                                  | 18,584                             | -                        | 18,584         |
| Buildings                                          | 672,278                            | 158,608                  | 830,886        |
| Equipment                                          | 132,600                            | 628,388                  | 760,988        |
| Less accumulated depreciation                      | (805,520)                          | (530,879)                | (1,336,399)    |
| Total noncurrent assets                            | 17,942                             | 1,049,412                | 1,067,354      |
| Total assets                                       | 545,333                            | 1,473,539                | 2,018,872      |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>              |                                    |                          |                |
| Deferred outflows of resources related to pensions | -                                  | 48,536                   | 48,536         |
| Deferred outflows of resources related to OPEB     | -                                  | 10,840                   | 10,840         |
| Total deferred outflows of resources               | -                                  | 59,376                   | 59,376         |
| <b>LIABILITIES</b>                                 |                                    |                          |                |
| Current Liabilities:                               |                                    |                          |                |
| Accounts payable                                   | -                                  | 34,050                   | 34,050         |
| Interfund payables                                 | -                                  | 921,064                  | 921,064        |
| Total current liabilities                          | -                                  | 955,114                  | 955,114        |
| Noncurrent liabilities:                            |                                    |                          |                |
| Net pension liability                              | -                                  | 97,305                   | 97,305         |
| Net OPEB liability                                 | -                                  | 90,705                   | 90,705         |
| Total noncurrent liabilities                       | -                                  | 188,010                  | 188,010        |
| Total liabilities                                  | -                                  | 1,143,124                | 1,143,124      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>               |                                    |                          |                |
| Deferred inflows of resources related to pensions  | -                                  | 21,162                   | 21,162         |
| Deferred inflows of resources related to OPEB      | -                                  | 6,930                    | 6,930          |
| Deferred inflows of resources related to leases    | -                                  | 23,719                   | 23,719         |
| Total deferred inflows of resources                | -                                  | 51,811                   | 51,811         |
| <b>NET POSITION</b>                                |                                    |                          |                |
| Net investment in capital assets                   | 17,942                             | 1,049,412                | 1,067,354      |
| Unrestricted                                       | 527,391                            | (711,432)                | (184,041)      |
| <b>Total net position</b>                          | <b>\$ 545,333</b>                  | <b>337,980</b>           | <b>883,313</b> |

*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, 2024**

|                                              | Ingersoll<br>Turf Facility | NSB Ice<br>Arena | Totals         |
|----------------------------------------------|----------------------------|------------------|----------------|
| Operating revenues:                          |                            |                  |                |
| Charges for services                         | \$ 193,320                 | 1,082,794        | 1,276,114      |
| Total operating revenue                      | 193,320                    | 1,082,794        | 1,276,114      |
| Operating expenses:                          |                            |                  |                |
| Personnel                                    | -                          | 420,007          | 420,007        |
| Program expenses                             | 9,834                      | 6,021            | 15,855         |
| Supplies                                     | -                          | 55,448           | 55,448         |
| Utilities                                    | 702                        | 146,604          | 147,306        |
| Contracted services                          | -                          | 77,882           | 77,882         |
| Repairs and maintenance                      | -                          | 83,098           | 83,098         |
| Depreciation                                 | 29,028                     | 47,688           | 76,716         |
| Other expenses                               | -                          | 17,338           | 17,338         |
| Total operating expenses                     | 39,564                     | 854,086          | 893,650        |
| Operating income (loss)                      | 153,756                    | 228,708          | 382,464        |
| Nonoperating revenue (expense):              |                            |                  |                |
| Interest income                              | 5,236                      | -                | 5,236          |
| Pension gain (expense)                       | -                          | (21,091)         | (21,091)       |
| OPEB gain (expense)                          | -                          | (22,341)         | (22,341)       |
| Bad debt expense                             | -                          | (49,566)         | (49,566)       |
| Transfers in from other funds                | -                          | 1,000,000        | 1,000,000      |
| Total nonoperating revenue (expense)         | 5,236                      | 907,002          | 912,238        |
| Change in net position                       | 158,992                    | 1,135,710        | 1,294,702      |
| Total net position (deficit), July 1         | 386,341                    | (797,730)        | (411,389)      |
| <b>Total net position (deficit), June 30</b> | <b>\$ 545,333</b>          | <b>337,980</b>   | <b>883,313</b> |

*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, 2024**

|                                                                                                          | Ingersoll<br>Turf Facility | NSB Ice<br>Arena | Totals         |
|----------------------------------------------------------------------------------------------------------|----------------------------|------------------|----------------|
| Cash flows from operating activities:                                                                    |                            |                  |                |
| Cash received from customers                                                                             | \$ 193,320                 | 1,031,943        | 1,225,263      |
| Cash paid to suppliers for goods and services                                                            | (10,536)                   | (362,192)        | (372,728)      |
| Cash paid to employees for services                                                                      | -                          | (420,007)        | (420,007)      |
| Net cash provided by (used in) operating activities                                                      | 182,784                    | 249,744          | 432,528        |
| Cash flows from noncapital financing activities:                                                         |                            |                  |                |
| Net change in interfund loans                                                                            | (174,229)                  | (343,591)        | (517,820)      |
| Transfers (to) from other funds                                                                          | -                          | 1,000,000        | 1,000,000      |
| Net cash provided by (used in) noncapital financing activities                                           | (174,229)                  | 656,409          | 482,180        |
| Cash flows from capital and related financing activities:                                                |                            |                  |                |
| Purchase of capital assets                                                                               | (8,555)                    | (906,595)        | (915,150)      |
| Net cash used in capital and related financing activities                                                | (8,555)                    | (906,595)        | (915,150)      |
| Cash flows from investing activities:                                                                    |                            |                  |                |
| Interest on investments                                                                                  | 5,236                      | -                | 5,236          |
| Net cash provided by (used in) investing activities                                                      | 5,236                      | -                | 5,236          |
| Net increase (decrease) in cash and cash equivalents                                                     | 5,236                      | (442)            | 4,794          |
| Cash and cash equivalents, July 1                                                                        | 229,487                    | 281,088          | 510,575        |
| <b>Cash and cash equivalents, June 30</b>                                                                | <b>234,723</b>             | <b>280,646</b>   | <b>515,369</b> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:        |                            |                  |                |
| Operating income (loss)                                                                                  | 153,756                    | 228,708          | 382,464        |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: |                            |                  |                |
| Depreciation expense                                                                                     | 29,028                     | 47,688           | 76,716         |
| (Increase) decrease in assets:                                                                           |                            |                  |                |
| Accounts receivable                                                                                      | -                          | (44,218)         | (44,218)       |
| Lease receivable, net of deferred inflow                                                                 | -                          | (6,633)          | (6,633)        |
| Increase (decrease) in liabilities:                                                                      |                            |                  |                |
| Accounts payable                                                                                         | -                          | 24,199           | 24,199         |
| Total adjustments                                                                                        | 29,028                     | 21,036           | 50,064         |
| <b>Net cash provided by (used in) operating activities</b>                                               | <b>\$ 182,784</b>          | <b>249,744</b>   | <b>432,528</b> |

*See accompanying notes to financial statements.*

**CITY OF AUBURN, MAINE**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2024**

|                               | <b>Private-<br/>purpose<br/>Trust Funds</b> | <b>Custodial<br/>Funds</b> |
|-------------------------------|---------------------------------------------|----------------------------|
| <b>ASSETS</b>                 |                                             |                            |
| Cash and cash equivalents     | \$ 114,105                                  | -                          |
| Investments                   | 1,877,383                                   | -                          |
| Intergovernmental receivables | -                                           | 1,196                      |
| Interfund receivables         | 9,642                                       | 6,165                      |
| Total assets                  | 2,001,130                                   | 7,361                      |
| <b>LIABILITIES</b>            |                                             |                            |
| Accounts payable              | -                                           | 72                         |
| Accrued payroll               | -                                           | 559                        |
| Interfund payables            | -                                           | 1,124                      |
| Total liabilities             | -                                           | 1,755                      |
| <b>RESTRICTED FOR:</b>        |                                             |                            |
| Individuals and organizations | \$ 2,001,130                                | 5,606                      |

*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, 2024**

|                                                   | <b>Private-<br/>purpose<br/>Trust Funds</b> | <b>Custodial<br/>Funds</b> |
|---------------------------------------------------|---------------------------------------------|----------------------------|
| <b>ADDITIONS</b>                                  |                                             |                            |
| Donations                                         | \$ 134,214                                  | -                          |
| Service revenues                                  | -                                           | 12,000                     |
| Interest and dividends                            | 135,574                                     | -                          |
| Total additions                                   | 269,788                                     | 12,000                     |
| <b>DEDUCTIONS</b>                                 |                                             |                            |
| Scholarships and other                            | 193,658                                     | -                          |
| Programs                                          | -                                           | 97,764                     |
| Total deductions                                  | 193,658                                     | 97,764                     |
| Net increase (decrease) in fiduciary net position | 76,130                                      | (85,764)                   |
| Net position - beginning                          | 1,925,000                                   | 91,370                     |
| <b>Net position - ending</b>                      | <b>\$ 2,001,130</b>                         | <b>5,606</b>               |

*See accompanying notes to financial statements.*

**CITY OF AUBURN, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2024**

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**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.

**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 *City Special Revenue Fund* accounts for accounts for transactions related to resources obtained and used under certain federal, state, and local grants.

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, 2024**

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**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, 2024**

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**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](http://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, 2024**

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**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.

**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**

Lessor: The City is a lessor for a noncancellable lease of a concessions stand at the Norway Savings Bank Arena. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and business-type financial statements. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

- The City uses prime rate at the commencement of the lease as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

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.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

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.

**9. Subscription-Based Information Technology Arrangements (SBITAs)**

The City holds contracts for subscription-based information technology arrangements (SBITAs) that convey control of the right to use a third party's software for a defined period of time. Noncancellable subscription agreements with terms greater than 12 months are subject to measurement and recording.

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments. When possible, the City uses the interest rate charged by the service provider as the discount rate. When the interest rate charged by the service provider is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.

At the commencement of the agreement, a SBITA liability is recognized at the present value of payments expected to be paid during the subscription term, discounted using the interest rate implicit in the agreement, or the City's estimated incremental borrowing rate. The liability is amortized using the effective interest method. A corresponding subscription asset is measured at the sum of the initial measurement of the subscription liability plus any other capitalizable initial implementation costs. The asset is amortized using the straight-line method over the shorter of the asset's estimated useful life or the subscription term.

**10. 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:

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

- *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.

**11. 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.

**12. 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.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**13. 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.

**B. Excess of Expenditures over Appropriations**

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.

For the year ended June 30, 2024, expenditures exceeded appropriation in the following general fund categories: Mayor and Council, \$33,555; City Clerk, \$36,239; Finance, \$74,801; Human Resources, \$8,022; Planning & Permitting, \$43,612; Economic Development, \$79,115; Facilities, \$10,647; Fire & EMS, \$221,837; Police, \$25,770; Health and Social Services, \$713,950; Recreation, \$15,515; Library, \$359; Public Works, \$68,253; Solid Waste Disposal, \$44,266; Auburn-Lewiston Airport, \$13,449; Lewiston-Auburn E911 Center, \$254; and Debt Service – Interest and Other, \$55,701. In total, the City's expenditures were \$1,773,598 less than appropriations.

**CITY OF AUBURN, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2024**

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**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, Continued**

**C. Deficit Fund Equity**

At June 30, 2024, the City had the following fund with a deficit fund balance/net position:

Within City Special Revenue Fund, the following grants had deficit fund balances at June 30, 2024: Byrne JAG, \$416; Homeland Security, \$130,993; State Forfeiture, \$8,176, Law Enforcement Training, \$8,205; Bullet Proof Vests, \$569, American Firefighters \$1,695; and Project Canopy, \$974. 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, 2024, of \$2,998,388.

Within the School Special Revenue Fund, the following grants and programs had deficit fund balances at June 30, 2024: Employee Computer Reimbursement, \$1,358; Title 1A, \$313; ESSER #3, \$1,546; ARPA Homeless Children & Youth II, \$5,600, Migrant Education; \$1,566; Title IVA, \$449, Day Care, \$ 17,848; LRTC, \$16,942; Maine college and career access, \$130; and Share Center, \$1,611 . 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, 2024, of \$942,453.

**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 \$4,289,008 in 2024. These amounts have been included as intergovernmental revenue and an education expense/expenditure on Statement 2 and in the General Fund on Statement 4 (GAAP basis). There is no effect on net position/fund balance at the end of the year.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

**1. Deposits**

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

As of June 30, 2024, the City deposits amounted to \$47,666,044 with bank balances of \$48,639,954. The City does not have a deposit policy for custodial credit risk. As of June 30, 2024, \$30,446 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.



**CITY OF AUBURN, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2024**

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**III. DETAILED NOTES ON ALL FUNDS, Continued**

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             | \$ 47,036,570               |
| Proprietary funds              | 515,369                     |
| Fiduciary funds                | 114,105                     |
| Investments:                   |                             |
| Governmental funds             | 10,127,808                  |
| Fiduciary funds                | <u>1,877,383</u>            |
| <b>Total deposits reported</b> | <b><u>\$ 59,671,235</u></b> |

**2. Investments**

At June 30, 2024, 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, 2024, 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                              | \$ 792,201          | 792,201          | -              | -              |
| Bond mutual funds                                | 200,765             | 200,765          | -              | -              |
| Money market funds                               | 115,948             | 115,948          | -              | -              |
| Maine Community<br>Foundation investment<br>pool | 768,469             | -                | -              | 768,469        |
| <b>Total</b>                                     | <b>\$ 1,877,383</b> | <b>1,108,914</b> | <b>-</b>       | <b>768,469</b> |

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

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

*Interest rate risk:* In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the investment's term to match anticipated cash requirements. The City has only one type of investment for which the investment term is determinable: bond mutual funds. The weighted average maturity of the City's investment in bond mutual funds at year end was 9.88 years.

**CITY OF AUBURN, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2024**

**III. DETAILED NOTES ON ALL FUNDS, Continued**

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

None of the 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, 2024, the City had no investments that were subject to custodial credit risk. The City's investment policy states that all security transactions will be settled using a delivery versus payment settlement system. The City's securities are held by third party custodians or trust departments designated by the Finance Director and evidenced by safekeeping receipts.

**B. Receivables**

Receivables as of June 30, 2024, 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<br>Fund     | Community<br>Dev.<br>Programs | City<br>Special  | Capital<br>Projects | Other<br>Governmental<br>Funds | Enterprise<br>Funds | Total             |
|----------------------------------|---------------------|-------------------------------|------------------|---------------------|--------------------------------|---------------------|-------------------|
| Receivables:                     |                     |                               |                  |                     |                                |                     |                   |
| Taxes                            | \$ 2,040,148        | -                             | -                | -                   | -                              | -                   | 2,040,148         |
| Accounts                         | 951,760             | -                             | -                | 26,109              | 260                            | 162,695             | 1,140,824         |
| Loans                            | 599,532             | 3,727,727                     | 285,080          | -                   | -                              | -                   | 4,612,339         |
| SBITAs                           | -                   | -                             | -                | -                   | -                              | 30,352              | 30,352            |
| Intergov.                        | 3,724,651           | 7,786,964                     | 4,297,417        | -                   | 2,435,879                      | -                   | 18,244,911        |
| Gross<br>receivables             | 7,316,091           | 11,514,691                    | 4,582,497        | 26,109              | 2,436,139                      | 193,047             | 26,068,574        |
| Less: allowance                  | (311,618)           | (250,447)                     | -                | -                   | -                              | (49,566)            | (611,631)         |
| <b>Total<br/>net receivables</b> | <b>\$ 7,004,473</b> | <b>11,264,244</b>             | <b>4,582,497</b> | <b>26,109</b>       | <b>2,436,139</b>               | <b>143,481</b>      | <b>25,456,943</b> |

**CITY OF AUBURN, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2024**

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**III. DETAILED NOTES ON ALL FUNDS, Continued**

Property taxes levied during fiscal year 2024 are recorded as receivables. The receivables collected during the fiscal year ended June 30, 2024, and during the 1<sup>st</sup> 60 days of fiscal year 2025 are recognized as revenues in the Governmental Funds, in fiscal year 2024. Receivables of \$1,753,129, 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 21, 2023, on the assessed values of real property as of April 1, 2023. Taxes were due September 15, 2023, and March 15, 2024. The assessed value of \$2,253,171,176 was 76% of the 2024 state valuation of \$2,968,800,000.

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 \$268,862 for the year ended June 30, 2024.

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.

The following summarizes the periods ended June 30, 2024, and 2023 levies:

|                                           | <u>2024</u>        | <u>2023</u>        |
|-------------------------------------------|--------------------|--------------------|
| Valuation:                                |                    |                    |
| Real property                             | \$ 2,144,361,339   | 2,070,114,480      |
| Personal property                         | 108,809,837        | 101,852,943        |
| Assessed value (less: exempt properties)  | 2,253,171,176      | 2,171,967,423      |
| Tax rate (per \$1,000)                    | 22.75              | 22.75              |
| Commitment                                | 51,259,644         | 49,412,259         |
| Less:                                     |                    |                    |
| Collections and abatements                | 50,344,670         | 48,476,837         |
| <b>Receivable at June 30</b>              | <b>\$ 914,974</b>  | <b>935,422</b>     |
| Due date(s)                               | 9/15/23<br>3/15/24 | 9/15/22<br>3/15/23 |
| Interest rate charged on delinquent taxes | 4.0%               | 7.0%               |
| Collection rate                           | 98.22%             | 98.10%             |

**CITY OF AUBURN, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2024**

**III. DETAILED NOTES ON ALL FUNDS, Continued**

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2024, was as follows:

|                                             | Balance<br>June 30,<br><u>2023</u> | <u>Increases</u>   | June 30,<br><u>Decreases</u> | Balance<br>June 30,<br><u>2024</u> |
|---------------------------------------------|------------------------------------|--------------------|------------------------------|------------------------------------|
| <b>Governmental activities:</b>             |                                    |                    |                              |                                    |
| Capital assets, not being depreciated:      |                                    |                    |                              |                                    |
| Land                                        | \$ 8,328,402                       | 130,000            | -                            | 8,458,402                          |
| Construction in progress                    | 107,870,416                        | 29,730,149         | 125,428,908                  | 12,171,657                         |
| Total capital assets, not being depreciated | 116,198,818                        | 29,860,149         | 125,428,908                  | 20,630,059                         |
| Capital assets, being depreciated:          |                                    |                    |                              |                                    |
| Buildings and building improvements         | 97,854,912                         | 102,983,299        | -                            | 200,838,211                        |
| Equipment                                   | 11,021,714                         | 3,985,529          | -                            | 15,007,243                         |
| Vehicles                                    | 14,772,751                         | 1,320,922          | 417,507                      | 15,676,166                         |
| Infrastructure                              | 141,939,622                        | 21,830,756         | -                            | 163,770,378                        |
| Right to use assets:                        |                                    |                    |                              |                                    |
| SBITAs                                      | -                                  | 252,076            | -                            | 252,076                            |
| Buildings                                   | 702,016                            | -                  | -                            | 702,016                            |
| Total capital assets being depreciated      | 266,291,015                        | 130,372,582        | 417,507                      | 396,246,090                        |
| Less accumulated depreciation for:          |                                    |                    |                              |                                    |
| Buildings and building improvements         | 54,100,824                         | 5,247,490          | -                            | 59,348,314                         |
| Equipment                                   | 6,795,699                          | 1,258,177          | -                            | 8,053,876                          |
| Vehicles                                    | 9,548,909                          | 1,113,510          | 400,693                      | 10,261,726                         |
| Infrastructure                              | 76,881,872                         | 6,589,430          | -                            | 83,471,302                         |
| Right to use assets                         |                                    |                    |                              |                                    |
| SBITAs                                      | -                                  | 60,888             | -                            | 60,888                             |
| Buildings                                   | 120,340                            | 65,967             | -                            | 186,307                            |
| Total accumulated depreciation              | 147,447,644                        | 14,335,462         | 400,693                      | 161,382,413                        |
| Total capital assets being depreciated, net | 118,843,371                        | 116,037,120        | 16,814                       | 234,863,677                        |
| <b>Governmental activities</b>              |                                    |                    |                              |                                    |
| <b>capital assets, net</b>                  | <b>\$ 235,042,189</b>              | <b>145,897,269</b> | <b>125,445,722</b>           | <b>255,493,736</b>                 |

**CITY OF AUBURN, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2024**

**III. DETAILED NOTES ON ALL FUNDS, Continued**

|                                                     | Balance<br>June 30,<br><u>2023</u> | <u>Increases</u> | <u>Decreases</u> | Balance<br>June 30,<br><u>2024</u> |
|-----------------------------------------------------|------------------------------------|------------------|------------------|------------------------------------|
| <b>Business-type activities:</b>                    |                                    |                  |                  |                                    |
| Capital assets, not being depreciated:              |                                    |                  |                  |                                    |
| Construction in progress                            | \$ -                               | 793,295          | -                | 793,295                            |
| Total capital assets, not being depreciated         | -                                  | 793,295          | -                | 793,295                            |
| Capital assets, being depreciated:                  |                                    |                  |                  |                                    |
| Improvements other than buildings                   | \$ 18,584                          | -                | -                | 18,584                             |
| Buildings and building improvements                 | 730,501                            | 100,385          | -                | 830,886                            |
| Equipment                                           | 739,518                            | 21,470           | -                | 760,988                            |
| Total capital assets being depreciated              | 1,488,603                          | 121,855          | -                | 1,610,458                          |
| Less accumulated depreciation for:                  |                                    |                  |                  |                                    |
| Improvements other than buildings                   | 18,584                             | -                | -                | 18,584                             |
| Buildings and building improvements                 | 689,065                            | 36,475           | -                | 725,540                            |
| Equipment                                           | 552,034                            | 40,241           | -                | 592,275                            |
| Total accumulated depreciation                      | 1,259,683                          | 76,716           | -                | 1,336,399                          |
| Total capital assets being depreciated, net         | 228,920                            | 45,139           | -                | 274,059                            |
| <b>Business-type activities capital assets, net</b> | <b>\$ 228,920</b>                  | <b>838,434</b>   | <b>-</b>         | <b>1,067</b>                       |

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

|                                                                       |            |
|-----------------------------------------------------------------------|------------|
| Governmental activities:                                              |            |
| General government                                                    | \$ 651,472 |
| Public safety                                                         | 578,147    |
| Public works, including depreciation of general infrastructure assets | 6,339,822  |
| Health, welfare and recreation                                        | 641,677    |
| Education                                                             | 6,124,344  |

**Total depreciation expense – governmental activities      \$ 14,335,462**

|                               |           |
|-------------------------------|-----------|
| Business-type activities:     |           |
| Ingersoll Turf Facility       | \$ 29,028 |
| Norway Savings Bank Ice Arena | 47,688    |

**Total depreciation expense – business-type activities      \$ 76,716**

**CITY OF AUBURN, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2024**

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**III. DETAILED NOTES ON ALL FUNDS, Continued**

**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, 2024. 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 2024, \$560,732 was captured and recorded in the TIF Fund. During 2024, \$240,313 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 2024, 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 2024, \$1,075,955 was captured and recorded in the TIF Fund. During 2024, \$40,250 was expended in the TIF Fund for public improvements and debt service.

*#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 2024, \$157,316 was captured and recorded in the TIF Fund, and \$278,200 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 2024, \$305,587 was captured and recorded in the TIF Fund and no funds were used out of the TIF Fund.

*#14 & #15 Auburn Mall* - This TIF was established in 2005 and encompasses 47.44 acres. The original value was \$12,719,900. 100% of the tax revenue associated with increased value within the TIF can be captured, 47% of which is used to fulfill the obligations under a credit enhancement agreement. During 2024, \$498,458 was captured and recorded in the TIF Fund. During 2024, \$180,725 was expended in the TIF Fund.

**CITY OF AUBURN, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2024**

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**III. DETAILED NOTES ON ALL FUNDS, Continued**

*#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 2024, \$54,109 was captured and recorded in the TIF Fund, and \$36,073 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 2024, \$30,617 was captured and recorded in the TIF Fund, and no funds were expended for the year ended June 30, 2024.

*#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 2024, \$103,870 was captured and recorded in the TIF Fund, and \$69,246 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 2024, \$72,883 was captured and recorded in the TIF Fund, and \$29,154 was expended for the year ended June 30, 2024.

*#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 2024, \$143,110 was captured and recorded in the TIF Fund, and \$57,244 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 2024, \$133,120 was captured and recorded in the TIF Fund, and \$170,143 was expended in the TIF Fund.

*#24 Millbran LLC* - This TIF was established in 2020 and encompasses 2.95 acres. The original value was \$262,600, 51% of the tax revenue associated with increased value within the district will be captured of which 100% will be used to fulfill the obligations under a credit enhancement agreement. During 2024, \$64,256 was captured and recorded in the TIF Fund and \$42,838 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 2024, \$39,669 was captured and recorded in the TIF Fund and \$6,512 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 2024, \$71,601 was captured and recorded in the TIF Fund, no funds were expended.

**CITY OF AUBURN, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2024**

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**III. DETAILED NOTES ON ALL FUNDS, Continued**

*#27 Stable Ridge Apartments* - This TIF was established in 2023 and encompasses 13.19 acres. The original value was \$235,500. 100% of the tax revenue associated with increased value within the district will be captured. In 2024, \$103,703 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, 2024, is as follows:

|                               | Interfund<br><u>Receivables</u> | Interfund<br><u>Payables</u> | Transfers<br><u>In</u> | Transfers<br><u>Out</u> |
|-------------------------------|---------------------------------|------------------------------|------------------------|-------------------------|
| General Fund                  | \$ -                            | 1,417,166                    | -                      | 4,414,988               |
| Community Dev. Programs       | -                               | 68,017                       | -                      | -                       |
| Tax Incrementing Financing    | 2,523,794                       | -                            | 3,414,988              | -                       |
| City Special                  | 3,946,839                       | 2,705,925                    | 200,000                | -                       |
| Capital Improvement           | 4,702,458                       | -                            | -                      | -                       |
| New Edward Little Building    | -                               | 7,123,877                    | -                      | 200,000                 |
| Other Governmental Funds      | 1,680,513                       | 924,906                      | -                      | -                       |
| Fiduciary Funds               | 15,807                          | 1,124                        | -                      | -                       |
| Enterprise Funds:             |                                 |                              |                        |                         |
| Ingersoll Turf Facility       | 292,668                         | -                            | -                      | -                       |
| Norway Savings Bank Ice Arena | -                               | 921,064                      | 1,000,000              | -                       |
| <b>Totals</b>                 | <b>\$ 13,162,079</b>            | <b>13,162,079</b>            | <b>4,614,988</b>       | <b>4,614,988</b>        |

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, 2024**

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**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, 2024:

|                                     | <u>Contract<br/>Total</u> | <u>Percentage<br/>Complete</u> | <u>Billed<br/>to Date</u> | <u>Balance<br/>Remaining</u> |
|-------------------------------------|---------------------------|--------------------------------|---------------------------|------------------------------|
| ELHS Engineering & Design           | \$ 112,312,792            | 99%                            | 110,758,786               | 1,554,006                    |
| 2023 Resurfacing MPI Mt Auburn      | 3,106,336                 | 99%                            | 3,071,761                 | 34,575                       |
| Inspection Mill Main Broad          | 273,100                   | 94%                            | 257,162                   | 15,938                       |
| Main Mill Broad Excavation & Paving | 3,821,557                 | 95%                            | 3,625,392                 | 196,165                      |
| 2023 Reconstruction                 | 1,814,503                 | 73%                            | 1,332,393                 | 482,110                      |
| Traffic Signal ADA Upgrades         | 863,263                   | 89%                            | 764,967                   | 98,295                       |
| 2024 Hotel Road Reconstruction      | 1,729,367                 | 32%                            | 547,867                   | 1,181,500                    |
| 2024 Hotel Road Inspection          | 254,000                   | 47%                            | 119,568                   | 134,432                      |
| 2024 Hotel Road Restoration         | 2,980,155                 | 33%                            | 978,777                   | 2,001,378                    |
| Dennison Street Safety              | 84,600                    | 27%                            | 22,485                    | 62,115                       |
| Turner Street Safety                | 74,500                    | 68%                            | 50,510                    | 23,990                       |
| Hillcrest Retaining Wall            | 246,308                   | 44%                            | 109,204                   | 137,104                      |
| 2024 Resurfacing                    | 773,885                   | 3%                             | 20,000                    | 753,885                      |
| 2024 Reclamation                    | 3,480,443                 | 3%                             | 90,500                    | 3,389,942                    |
| PAL Center                          | 669,400                   | 45%                            | 301,210                   | 368,190                      |

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 | \$ 1,433,636 |
|--------------|--------------|

**H. Subsequent Event**

The City issued \$21,775,000 of General Obligation Bonds on December 10, 2024. The bonds carry an interest rate of 5% and mature on March 1, 2050.

**CITY OF AUBURN, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2024**

**III. DETAILED NOTES ON ALL FUNDS, Continued**

**I. 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 2024, general obligation bonds totaling \$16,873,000 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, 2024. General obligation bonds and notes payable outstanding at June 30, 2024, 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%          | 1,775,000                  |
| General Obligation Bonds      | 10/30/14      | 6,800,000       | 09/01/24       | 2.00%-4.00%          | 680,000                    |
| General Obligation Bonds      | 11/05/15      | 5,700,000       | 09/01/25       | 2.00%                | 1,140,00                   |
| General Obligation Bonds      | 03/10/16      | 4,250,000       | 09/01/26       | 2.00-4.00%           | 865,000                    |
| General Obligation Bonds      | 11/15/16      | 5,030,000       | 09/01/26       | 3.00%                | 1,490,000                  |
| General Obligation Bonds      | 11/08/17      | 8,500,000       | 09/01/27       | 4.00-5.00%           | 3,200,000                  |
| General Obligation Bonds      | 11/08/18      | 7,655,000       | 09/01/28       | 3.00-5.00%           | 3,825,000                  |
| General Obligation Bonds      | 10/15/19      | 7,900,000       | 09/01/29       | 4.00-5.00%           | 4,740,000                  |
| General Obligation Bonds      | 10/15/19      | 7,000,000       | 09/01/39       | 1.90-3.50%           | 5,900,000                  |
| General Obligation Bonds      | 11/12/20      | 8,460,000       | 09/01/30       | 5.00%                | 5,915,000                  |
| General Obligation Bonds      | 05/03/21      | 59,985,000      | 11/01/41       | 2.12-4.00%           | 53,985,000                 |
| General Obligation Bonds      | 09/30/21      | 9,800,000       | 09/01/31       | 2.00-5.00%           | 7,840,000                  |
| General Obligation Bonds      | 04/28/22      | 50,270,000      | 11/01/41       | 4.00-5.00%           | 47,620,000                 |
| General Obligation Bonds      | 10/13/22      | 6,800,000       | 09/01/32       | 4.00-5.00%           | 6,120,000                  |
| General Obligation Bonds      | 11/1/2023     | 16,873,000      | 9/1/2043       | 5.00%                | 16,873,000                 |
| Bonds payable                 |               |                 |                |                      | 161,968,000                |
| 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%                | 46,556                     |
| Notes payable                 |               |                 |                |                      | 370,926                    |
| <b>Total long-term debt</b>   |               |                 |                |                      | <b>\$ 162,338,926</b>      |

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, 2024, the statutory limit for the City was \$445,320,000. The City's outstanding bonded long-term debt of \$161,968,000 at June 30, 2024, was \$283,352,000 less than the statutory limit.

**CITY OF AUBURN, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2024**

**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<br>June 30, | General Obligation<br>Bonds |                   | Notes from Direct<br>Borrowing |          | Financed Purchases<br>Payable |              |
|-------------------------|-----------------------------|-------------------|--------------------------------|----------|-------------------------------|--------------|
|                         | Principal                   | Interest          | Principal                      | Interest | Principal                     | Interest     |
| 2025                    | \$ 15,108,000               | 6,074,880         | 97,850                         | -        | 88,171                        | 2,636        |
| 2026                    | 14,285,000                  | 5,448,389         | 51,512                         | -        | -                             | -            |
| 2027                    | 13,240,000                  | 4,866,126         | 51,512                         | -        | -                             | -            |
| 2028                    | 12,450,000                  | 4,300,163         | 51,512                         | -        | -                             | -            |
| 2029                    | 11,505,000                  | 3,763,787         | 51,512                         | -        | -                             | -            |
| 2030-2034               | 45,500,000                  | 12,507,773        | 67,028                         | -        | -                             | -            |
| 2035-2039               | 31,410,000                  | 5,514,160         | -                              | -        | -                             | -            |
| 2040-2043               | 18,470,000                  | 919,625           | -                              | -        | -                             | -            |
| <b>Total</b>            | <b>\$ 161,968,000</b>       | <b>43,394,903</b> | <b>370,926</b>                 | <b>-</b> | <b>88,171</b>                 | <b>2,636</b> |

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, 2024, the amount capitalized under financed purchases totals \$775,000.

**J. 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, 2024, the value of the lease liabilities were \$565,133. 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 \$186,307 accumulated amortization as of June 30, 2024.

The future principal and interest lease payments as of June 30, 2024, were as follows:

|             | Lease Payable     |                |                |
|-------------|-------------------|----------------|----------------|
|             | Principal         | Interest       | Total          |
| 2025        | \$ 56,242         | 26,983         | 83,225         |
| 2026        | 60,753            | 24,069         | 84,822         |
| 2027        | 65,545            | 20,922         | 86,467         |
| 2028        | 70,634            | 17,530         | 88,164         |
| 2029        | 65,773            | 12,897         | 78,670         |
| 2030 - 2034 | 100,265           | 49,735         | 150,000        |
| 2035 - 2039 | 128,676           | 21,324         | 150,000        |
| 2040 - 2041 | 17,245            | 288            | 17,533         |
|             | <b>\$ 565,133</b> | <b>173,748</b> | <b>738,881</b> |

**CITY OF AUBURN, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2024**

**III. DETAILED NOTES ON ALL FUNDS, Continued**

**K. Subscription Based Information Technology Agreements (SBITA) payable**

During the fiscal year 2024, the City entered into two multi-year subscription-based information technology agreements for the right to use software. The software subscription terms range from 36 months to 60 months. As of June 30, 2024, the value of the SBITA liabilities was \$123,401. Both SBITAS 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 \$252,076 and had \$60,888 of accumulated amortization as of June 30, 2024.

The future principal and interest lease payments as of June 30, 2024, were as follows:

|      | <b>SBITA Payable</b>     |                        |                       |
|------|--------------------------|------------------------|-----------------------|
|      | <b><u>Principal</u></b>  | <b><u>Interest</u></b> | <b><u>Total</u></b>   |
| 2025 | \$ 48,342                | 6,229                  | 54,571                |
| 2026 | 51,601                   | 3,783                  | 55,384                |
| 2027 | <u>23,458</u>            | <u>1,173</u>           | <u>24,631</u>         |
|      | <b><u>\$ 123,401</u></b> | <b><u>11,185</u></b>   | <b><u>134,586</u></b> |

*Changes in General Long-term Liabilities.* Long-term liability activity for the year ended June 30, 2024, was as follows:

|                                  | <b><u>Beginning<br/>Balance</u></b> | <b><u>Additions</u></b>  | <b><u>Reductions</u></b> | <b><u>Ending<br/>Balance</u></b> | <b><u>Due Within<br/>One Year</u></b> |
|----------------------------------|-------------------------------------|--------------------------|--------------------------|----------------------------------|---------------------------------------|
| <b>Governmental activities:</b>  |                                     |                          |                          |                                  |                                       |
| Bonds payable                    |                                     |                          |                          |                                  |                                       |
| General obligation bonds         | \$ 159,270,000                      | 16,873,000               | 14,175,000               | 161,968,000                      | 15,108,000                            |
| Premium                          | 13,600,660                          | 859,082                  | 1,426,475                | 13,033,267                       | 1,426,474                             |
| Total bonds payable              | 172,870,660                         | 17,732,082               | 15,601,475               | 175,001,267                      | 16,534,474                            |
| Notes payable*                   | 376,099                             | -                        | 5,173                    | 370,926                          | 97,850                                |
| Finance purchases payable*       | 173,782                             | -                        | 85,611                   | 88,171                           | 88,171                                |
| SBITAs                           | -                                   | 198,005                  | 74,604                   | 123,401                          | 48,342                                |
| Accrued compensated absences     |                                     | 2,559,194                | 406,417                  | 32,833                           | 2,932,778                             |
| 146,639                          |                                     |                          |                          |                                  |                                       |
| Leases payable                   | 617,128                             | -                        | 51,995                   | 565,133                          | 56,242                                |
| Accrued self-insurance liability | 853,036                             | 938,947                  | 715,959                  | 1,076,024                        | 18,902                                |
| Other postemployment benefits    | 14,298,857                          | 491,043                  | -                        | 14,789,900                       | -                                     |
| Net pension liability (asset)    | 8,925,800                           | 383,401                  | -                        | 9,309,201                        | -                                     |
| Landfill postclosure care costs  | 31,500                              | -                        | 10,500                   | 21,000                           | 10,500                                |
| Accrued interest on debt         | 1,354,042                           | 127,326                  | -                        | 1,481,368                        | 1,481,368                             |
| <b>Governmental activities</b>   |                                     |                          |                          |                                  |                                       |
| <b>long-term liabilities</b>     | <b><u>\$ 202,060,098</u></b>        | <b><u>20,277,221</u></b> | <b><u>16,578,150</u></b> | <b><u>205,759,169</u></b>        | <b><u>18,482,488</u></b>              |

\*Financed purchases and notes payable are considered direct borrowing.

**CITY OF AUBURN, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2024**

**III. DETAILED NOTES ON ALL FUNDS, Continued**

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) | \$ | 67,710 | 29,595 | - | 97,305 | - |
| Other postemployment benefits |    | 58,885 | 31,820 | - | 90,705 | - |

**Business-type activities**

|                              |           |                |               |          |                |          |
|------------------------------|-----------|----------------|---------------|----------|----------------|----------|
| <b>long-term liabilities</b> | <b>\$</b> | <b>126,595</b> | <b>61,415</b> | <b>-</b> | <b>188,010</b> | <b>-</b> |
|------------------------------|-----------|----------------|---------------|----------|----------------|----------|

**L. 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, 2024:

|                                 | <u>Governmental</u>   | <u>Business-type</u> |
|---------------------------------|-----------------------|----------------------|
| Capital assets                  | \$ 416,876,149        | 2,403,753            |
| Accumulated depreciation        | (161,382,413)         | (1,336,399)          |
| General obligation bonds        | (161,968,000)         | -                    |
| Notes payable                   | (370,926)             | -                    |
| Leases payable                  | (565,133)             | -                    |
| Financed purchases payable      | (88,171)              | -                    |
| SBITAs payable                  | (123,401)             | -                    |
| Unamortized debt premium        | (13,033,268)          | -                    |
| Deferred charge on refunding    | (42,273)              | -                    |
| Non-capital unamortized premium | 44,918                | -                    |
| Unspent bond proceeds           | 22,038,976            | -                    |
| <b>Total net investment in</b>  |                       |                      |
| <b>capital assets</b>           | <b>\$ 101,386,458</b> | <b>1,067,354</b>     |

**CITY OF AUBURN, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2024**

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**III. DETAILED NOTES ON ALL FUNDS, Continued**

**M. Fund Balances**

As of June 30, 2024, fund balances components consisted of the following:

|                                    | General<br><u>Fund</u> | Other<br>Governmental<br><u>Funds</u> | <u>Total</u>      |
|------------------------------------|------------------------|---------------------------------------|-------------------|
| Nonspendable:                      |                        |                                       |                   |
| Long-term receivables              | \$ 599,532             | -                                     | 599,532           |
| Inventory                          | -                      | 24,019                                | 24,019            |
| Prepaid expenditures               | 11,724                 | 6,390                                 | 18,114            |
| Principal for permanent funds      | -                      | 69,475                                | 69,475            |
| <u>Total nonspendable</u>          | <u>611,256</u>         | <u>99,884</u>                         | <u>711,140</u>    |
| Restricted:                        |                        |                                       |                   |
| Education                          | 9,548,542              | 2,539,316                             | 12,087,858        |
| Community development programs     | -                      | 1,272,107                             | 1,272,107         |
| Tax Increment Financing            | -                      | 3,578,363                             | 3,578,363         |
| City special:                      |                        |                                       |                   |
| General government                 | -                      | 2,945,953                             | 2,945,953         |
| Public safety                      | -                      | 99,960                                | 99,960            |
| Public works                       | -                      | 103,503                               | 103,503           |
| Permanent funds:                   |                        |                                       |                   |
| Health and welfare                 | -                      | 199,383                               | 199,383           |
| Public services                    | -                      | 6,558                                 | 6,558             |
| <u>Total restricted</u>            | <u>9,548,542</u>       | <u>10,745,143</u>                     | <u>20,293,685</u> |
| Committed:                         |                        |                                       |                   |
| Education                          | -                      | 112,440                               | 112,440           |
| Parking                            | -                      | 197,548                               | 197,548           |
| Parks and recreation               | -                      | 246,515                               | 246,515           |
| Capital improvement                | -                      | 11,107,184                            | 11,107,184        |
| New Edward Little Building project | -                      | 4,629,388                             | 4,629,388         |
| <u>Total committed</u>             | <u>-</u>               | <u>16,293,075</u>                     | <u>16,293,075</u> |

**CITY OF AUBURN, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2024**

**III. DETAILED NOTES ON ALL FUNDS, Continued**

|                                       |                          |                       |                       |
|---------------------------------------|--------------------------|-----------------------|-----------------------|
| Assigned:                             |                          |                       |                       |
| Subsequent budget                     | \$ 1,875,000             | -                     | 1,875,000             |
| Reserves:                             |                          |                       |                       |
| Relocation of fountain                | 50,000                   | -                     | 50,000                |
| PAL Food insecurity program           | 33,241                   | -                     | 33,241                |
| Memorial signage for parks and fields | 91,996                   | -                     | 91,996                |
| Building security analysis            | 100,000                  | -                     | 100,000               |
| ASD storm water separation study      | 100,000                  | -                     | 100,000               |
| PAL center construction               | 594,255                  | -                     | 594,255               |
| Kittyhawk Property purchase reserve   | 1,350,000                | -                     | 1,350,000             |
| Self-insurance                        | 1,076,024                | -                     | 1,076,024             |
| Encumbrances:                         |                          |                       |                       |
| General government                    | 253,183                  | -                     | 253,183               |
| Public safety                         | 30,051                   | -                     | 30,051                |
| Public works                          | 237,431                  | -                     | 237,431               |
| Capital investment and purchasing     | 18,759                   | -                     | 18,759                |
| <b>Total assigned</b>                 | <b>5,809,940</b>         | <b>-</b>              | <b>5,809,940</b>      |
| <br>Unassigned                        | <br>9,041,558            | <br>(198,391)         | <br>8,843,167         |
| <br><b>Total fund balance</b>         | <br><b>\$ 25,011,296</b> | <br><b>26,939,711</b> | <br><b>51,951,007</b> |

**N. 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 \$21,000 reported as landfill post-closure care liability at June 30, 2024, represents the estimated liability for post-closure care costs at that date. The cost is comprised of \$21,000 for post-closure care costs (2 years) for a brush landfill that stopped accepting debris during fiscal year 1996.

The estimated total cost of landfill post-closure care of \$21,000 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2024. 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.

**CITY OF AUBURN, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2024**

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**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, 2024.

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, 2024, the City incurred new claims of \$938,947, but the City paid \$715,959 in actual claims during the fiscal year.

The City purchases commercial insurance for claims in excess of coverage provided by the self-insurance program and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. All departments of the City participate in the program and the General Fund budget is based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for estimated future payment of incurred losses. The total liability of \$1,076,024 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<br><u>2024</u> | Fiscal Year<br><u>2023</u> |
|----------------------------------------------------------------------------|----------------------------|----------------------------|
| Unpaid claims as of July 1                                                 | \$ 853,036                 | 1,115,089                  |
| Incurred claims (including claims incurred but not reported as of June 30) | 938,947                    | 295,079                    |
| <u>Total claim payments</u>                                                | <u>715,959</u>             | <u>557,132</u>             |
| Current claims liability                                                   | 18,902                     | 42,886                     |
| <u>Long-term claims liability</u>                                          | <u>1,057,122</u>           | <u>810,150</u>             |
| <b><u>Total unpaid claims liability</u></b>                                | <b><u>\$ 1,076,024</u></b> | <b><u>853,036</u></b>      |

The City assigns a portion of its General Fund balance for workers compensation. This amount totaled \$1,076,024 at June 30, 2024.



**CITY OF AUBURN, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2024**

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**IV. OTHER INFORMATION, Continued**

**B. Joint Ventures**

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

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

The interlocal agreements for these three joint ventures do not stipulate that the participants have a present or future claim to the net resources of the organization, except upon dissolution. Therefore, no equity interest has been reported in the financial statements for these joint ventures.

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

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

**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, 2024, the City contributed \$140,952 to employee's deferred compensation plans.

**CITY OF AUBURN, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2024**

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**IV. OTHER INFORMATION, Continued**

**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, 2024, the City had the following balances reported in the government-wide financial statements:

|              |           | Net Pension<br><u>Liability</u> | Deferred<br>Outflows of<br><u>Resources</u> | Deferred<br>Inflows of<br><u>Resources</u> | Pension<br><u>Expense</u> |
|--------------|-----------|---------------------------------|---------------------------------------------|--------------------------------------------|---------------------------|
| PLD Plan     | \$        | 7,060,537                       | 3,521,857                                   | 1,535,494                                  | 2,658,755                 |
| SET Plan     |           | 2,345,969                       | 1,704,044                                   | 217,641                                    | 4,877,189                 |
| <b>Total</b> | <b>\$</b> | <b>9,406,506</b>                | <b>5,225,901</b>                            | <b>1,753,135</b>                           | <b>7,535,944</b>          |

Detailed disclosures for each plan follow.

**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.maineopers.org](http://www.maineopers.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.

**CITY OF AUBURN, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2024**

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**IV. OTHER INFORMATION, Continued**

**PLD Plan** - Employees are required to contribute 6.95% to 9.30% 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, 2023, was 10.2% or 12.8% of annual payroll for the regular plan or public safety plan, respectively. Contributions to the pension plan from the City were \$2,180,586 for governmental activities and \$30,472 for business-type activities for the year ended June 30, 2024.

**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, 2024, was 18.98% of annual payroll, of which 4.47% of payroll was required from the City and 14.51% was required from the State. Contributions to the pension plan from the City were \$1,082,939 for the year ended June 30, 2024.

***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, 2023, 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, 2024, the City reported a liability of \$6,963,232 for governmental activities and \$97,305 for business-type activities for its proportionate share of the net pension liability. At June 30, 2024, the City's proportion of the PLD Plan was 2.2127%.

**SET Plan** - At June 30, 2024, 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  | \$ 2,345,969                |
| State's proportionate share of the net pension liability |                             |
| associated with the City                                 | <u>23,125,661</u>           |
| <b>Total</b>                                             | <b><u>\$ 25,471,630</u></b> |

At June 30, 2024, the City's proportion of the SET Plan was 0.1546%.

For the year ended June 30, 2023, the City recognized pension expense of \$2,637,664 for governmental activities and \$21,091 for business-type activities for the PLD Plan and also recognized a pension expense of \$4,877,189 and revenue of \$3,515,314 for support provided by the State for the SET Plan.

**CITY OF AUBURN, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2024**

**IV. OTHER INFORMATION, Continued**

At June 30, 2024, 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                                                        | \$ 1,292,734                          | -                                    | 18,065                                | -                                    |
| Changes of assumptions                                                                                    | -                                     | -                                    | -                                     | -                                    |
| Net difference between projected and actual earnings on pension plan investments                          | -                                     | 1,181,622                            | -                                     | 16,512                               |
| Changes in proportion and differences between City contributions and proportionate share of contributions | -                                     | 332,711                              | -                                     | 4,649                                |
| City contributions subsequent to the measurement date                                                     | 2,180,586                             | -                                    | 30,472                                | -                                    |
| <b>Total</b>                                                                                              | <b>\$ 3,473,320</b>                   | <b>1,514,333</b>                     | <b>48,537</b>                         | <b>21,161</b>                        |

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to SET plan from the following sources:

|                                                                                                           | <u>Governmental</u>                   | <u>Activities</u>                    |
|-----------------------------------------------------------------------------------------------------------|---------------------------------------|--------------------------------------|
|                                                                                                           | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Differences between expected and actual experience                                                        | \$ 192,207                            | -                                    |
| Changes of assumptions                                                                                    | -                                     | -                                    |
| Net difference between projected and actual earnings on pension plan investments                          | -                                     | 217,641                              |
| Changes in proportion and differences between City contributions and proportionate share of contributions | 428,898                               | -                                    |
| City contributions subsequent to the measurement date                                                     | 1,082,939                             | -                                    |
| <b>Total</b>                                                                                              | <b>\$ 1,704,044</b>                   | <b>217,641</b>                       |

**CITY OF AUBURN, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2024**

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**IV. OTHER INFORMATION, Continued**

An amount of \$3,263,525 for governmental activities and \$30,472 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, 2025. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended</u><br><u>June 30:</u> | <u>Governmental</u><br><u>Activities</u> | <u>Business-type</u><br><u>Activities</u> |
|--------------------------------------|------------------------------------------|-------------------------------------------|
| 2025                                 | \$ (93,813)                              | (3,327)                                   |
| 2026                                 | (1,184,562)                              | (17,285)                                  |
| 2027                                 | 1,394,300                                | 16,748                                    |
| 2028                                 | 65,940                                   | 768                                       |

**Actuarial Assumptions** - The total pension liability (asset) in the June 30, 2023, 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, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2015, to June 30, 2020.

**CITY OF AUBURN, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2024**

**IV. OTHER INFORMATION, Continued**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023, are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-term Expected<br/>Real Rate of Return</u> |
|--------------------|--------------------------|---------------------------------------------------|
| Public Equities    | 30.0%                    | 6.0%                                              |
| US Government      | 10.0%                    | 2.6%                                              |
| 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%                     | 5.0%                                              |

**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%<br>Decrease<br>( <u>5.50%</u> ) | Current<br>Discount Rate<br>( <u>6.50%</u> ) | 1%<br>Increase<br>( <u>7.50%</u> ) |
|--------------------------------------------------------------------|------------------------------------|----------------------------------------------|------------------------------------|
| City's proportionate share of<br>the net pension liability (asset) | \$ 19,346,385                      | \$ 7,060,537                                 | (\$ 3,074,289)                     |
| <u>SET Plan</u>                                                    | 1%<br>Decrease<br>( <u>5.50%</u> ) | Current<br>Discount Rate<br>( <u>6.50%</u> ) | 1%<br>Increase<br>( <u>7.50%</u> ) |
| City's proportionate share of<br>the net pension liability         | \$ 4,612,722                       | \$ 2,345,969                                 | \$ 459,018                         |

**CITY OF AUBURN, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2024**

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**IV. OTHER INFORMATION, Continued**

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

**Payables to the Pension Plan** - None as of June 30, 2024.

**Defined Contribution Pension Plan**

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

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

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

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

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

During the year, the City's required and actual contributions amounted to \$140,952 which was 6% of its current-year covered payroll. The covered payroll amounted to \$2,349,182. Employees' required contributions amounted to \$117,460, which was 5% of the City's current year covered payroll.

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

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

**CITY OF AUBURN, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2024**

**IV. OTHER INFORMATION, Continued**

**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, 2024, the City had the following balances reported in the government-wide financial statements:

|              | Total OPEB<br>Liability | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources | OPEB (Gain)<br>Expense |
|--------------|-------------------------|--------------------------------------|-------------------------------------|------------------------|
| Health Plan  | \$ 4,049,330            | 483,919                              | 309,393                             | 61,023                 |
| Life Plan    | -                       | -                                    | -                                   | 80,807                 |
| School Plan  | 10,831,275              | 1,081,243                            | 114,711                             | 278,996                |
| <b>Total</b> | <b>\$14,880,605</b>     | <b>1,565,162</b>                     | <b>424,104</b>                      | <b>420,826</b>         |

Detailed disclosures for each plan follow.

**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, 2024, the following employees were covered by the benefit terms:

|                                                                  |            |
|------------------------------------------------------------------|------------|
| Inactive employees or beneficiaries currently receiving benefits | 28         |
| Inactive employee entitled to but not yet receiving benefits     | -          |
| Active employees                                                 | 204        |
| <b>Total</b>                                                     | <b>232</b> |



**CITY OF AUBURN, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2024**

**IV. OTHER INFORMATION, Continued**

***Total OPEB Liability***

The City's total OPEB liability of \$4,049,330 was measured as of January 1, 2024, and was determined by an actuarial valuation as of that date. \$90,705 has been allocated to business-type activities (based on number of participants) and the remaining \$3,958,625 is reported in governmental activities as of June 30, 2024.

**Actuarial Assumptions and Other Inputs** – The total OPEB liability in the January 1, 2024, measurement was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

|                                              |                                                  |
|----------------------------------------------|--------------------------------------------------|
| Inflation                                    | 2.38% per year                                   |
| Salary increases                             | 2.75% per year                                   |
| Discount rate                                | 3.26%                                            |
| Healthcare cost trend rates                  | 10.77% for 2024, decreasing to<br>3.81% for 2044 |
| Retirees' share of the benefit related costs | 100% of projected health insurance<br>premiums   |

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

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

The actuarial assumptions used in the January 1, 2024, valuation were based on the results of an actuarial experience study for the period June 30, 2016, through June 30, 2020.

***Changes in the Total OPEB Liability***

|                                        | <b>Total OPEB<br/>Liability</b> |
|----------------------------------------|---------------------------------|
| Balance at June 30, 2023               | \$ 3,484,306                    |
| Changes for the year:                  |                                 |
| Service cost                           | 89,213                          |
| Interest                               | 130,585                         |
| Changes in benefit terms               | -                               |
| Difference between expected and actual | (135,290)                       |
| Changes in assumptions or other inputs | 608,019                         |
| Benefit payments                       | (127,503)                       |
| Net changes                            | 565,024                         |
| Balance at June 30, 2024               | \$ 4,049,330                    |

Change in assumptions reflects a change in the discount rate from 3.72% to 3.26%.

**CITY OF AUBURN, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2024**

**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 3.26%, 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 (2.26%) or 1 percentage-point higher (3.26%) than the current rate:

|                      | <b>1% Decrease<br/>(2.26%)</b> | <b>Discount Rate<br/>(3.26%)</b> | <b>1% Increase<br/>(4.26%)</b> |
|----------------------|--------------------------------|----------------------------------|--------------------------------|
| Total OPEB liability | \$ 4,718,949                   | 4,049,330                        | 3,506,120                      |

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates** – The following presents the City's total OPEB liability calculated using the healthcare cost trend rates of 6.5% grading over 20 years to 3.81% 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:

|                      | <b>1% Decrease</b> | <b>Healthcare Cost<br/>Trend Rates</b> | <b>1% Increase</b> |
|----------------------|--------------------|----------------------------------------|--------------------|
| Total OPEB liability | \$ 3,452,610       | 4,049,330                              | 4,814,282          |

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

For the year ended June 30, 2024, the City recognized an OPEB expense of \$61,023. At June 30, 2024, 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 | \$ | -                              | 302,463                       | -                              | 6,930                         |
| Changes of assumption or other inputs              |    | 406,172                        | -                             | 9,307                          | -                             |
| Contributions subsequent to measurement            |    | 66,907                         | -                             | 1,533                          | -                             |
| Total                                              | \$ | 473,079                        | 302,463                       | 10,840                         | 6,930                         |

**CITY OF AUBURN, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2024**

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**IV. OTHER INFORMATION, Continued**

An amount of \$66,907 for governmental activities and \$1,533 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, 2025. 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</u><br><u>Activities</u> | <u>Business-type</u><br><u>Activities</u> |
|----------------------------|------------------------------------------|-------------------------------------------|
| 2025                       | \$ (25,988)                              | (595)                                     |
| 2026                       | (25,988)                                 | (595)                                     |
| 2027                       | 13,297                                   | 305                                       |
| 2028                       | 46,459                                   | 1,065                                     |
| 2029                       | 38,226                                   | 876                                       |
| Thereafter                 | 57,703                                   | 1,321                                     |

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

***General Information about the OPEB Plan***

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

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

**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 \$80,807 for the year ended June 30, 2024. 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, 2024, 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 \$589,210 as of June 30, 2024. The net OPEB liability was measured as of June 30, 2023, 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, 2024, the City's proportion was 0.00%.

**CITY OF AUBURN, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2024**

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**IV. OTHER INFORMATION, Continued**

For the year ended June 30, 2024, the City recognized OPEB expense of \$80,807 and also revenues of \$80,807 for support provided by the State. At June 30, 2024, 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, 2023, 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, 2023, 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:

| Asset Class              | Long-term<br>Expected<br>Real Rate of Return |
|--------------------------|----------------------------------------------|
| Public equities          | 6.0%                                         |
| Real estate              | 5.2%                                         |
| Traditional credit       | 3.2%                                         |
| 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.

CITY OF AUBURN, MAINE  
Notes to Basic Financial Statements, Continued  
June 30, 2024

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IV. OTHER INFORMATION, Continued

**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.

**Employees Covered by Benefit Terms** – At June 30, 2024, 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                                                            | <u>692</u> |

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

The City's total OPEB liability of \$10,831,275 was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2023.

***Changes in the Total OPEB Liability***

|                                                    |                      |
|----------------------------------------------------|----------------------|
| Balance at June 30, 2023                           | \$ 10,873,436        |
| Changes for the year:                              |                      |
| Service cost                                       | 115,682              |
| Interest                                           | 382,242              |
| Changes of benefit terms                           | -                    |
| Differences between expected and actual experience | -                    |
| Changes in assumptions or other inputs             | (154,079)            |
| Benefit payments                                   | (386,006)            |
| Net changes                                        | <u>(42,161)</u>      |
| Balance at June 30, 2024                           | <u>\$ 10,831,275</u> |

**CITY OF AUBURN, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2024**

**IV. OTHER INFORMATION, Continued**

Change in assumptions reflects a change in the discount rate from 3.54% to 3.65%.

For the year ended June 30, 2024, the City recognized an OPEB expense of \$278,996. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                    | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|----------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ -                                 | 114,711                             |
| Changes of assumption or other inputs              | 689,564                              | -                                   |
| City contributions subsequent to measurement date  | 391,679                              | -                                   |
| Total                                              | \$ <u>1,081,243</u>                  | <u>114,711</u>                      |

\$391,679 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, 2025. 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> | Governmental<br><u>Activities</u> |
|----------------------------|-----------------------------------|
| 2025                       | \$ 239,544                        |
| 2026                       | 154,938                           |
| 2027                       | 154,943                           |
| 2028                       | 29,114                            |
| 2029                       | 18,327                            |
| Thereafter                 | (22,013)                          |

**Actuarial Assumptions** - The total OPEB liability in the June 30, 2023, 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                                | 3.65% 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 | 40% of the blended premium rate with a State subsidy for the remaining 60% 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

**CITY OF AUBURN, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2024**

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**IV. OTHER INFORMATION, Continued**

The actuarial assumptions used in the June 30, 2023, 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 3.65% 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.

**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 3.65%, 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 (2.65%) or 1 percentage-point higher (4.65%) than the current rate:

|                      | 1%<br>Decrease<br>(2.65%) | Discount<br>Rate<br>(3.65%) | 1%<br>Increase<br>(4.65%) |
|----------------------|---------------------------|-----------------------------|---------------------------|
| Total OPEB liability | \$ 12,365,115             | 10,831,275                  | 9,571,881                 |

**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<br>Trend Rates | 1% Increase |
|----------------------|--------------|--------------------------------|-------------|
| Total OPEB liability | \$ 9,431,865 | 10,831,275                     | 12,552,349  |

**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, 2024**

**IV. OTHER INFORMATION, Continued**

For the fiscal year ended June 30, 2024, the City remitted a total of \$717,424 in Credit Enhancement payments, including the following, each of which exceeded 10 percent of the total amount remitted:

| <u>TIF district</u>            | <u>Beginning;<br/>duration</u> | <u>CEA entity</u> | <u>CEA reimbursement basis</u>            | <u>Amount paid<br/>during the<br/>fiscal year</u> |
|--------------------------------|--------------------------------|-------------------|-------------------------------------------|---------------------------------------------------|
| TIF 6<br>Tambrands II          | 2001;<br>30 Years              | Tambrands, Inc.   | 40% on revenues<br>within district        | \$ 240,314 (33.50%)                               |
| TIF 14 & 15<br>Hartt Transport | 2007;<br>20 years              | Auburn Plaza Inc  | 47% of 75% on revenues<br>within district | 180,725 (25.19%)                                  |

**G. Prior Period Adjustments**

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

The City was advanced Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) that have not been fully expended. \$150,000 of loan advances were not taken into consideration when determining the income earned in fiscal year 2023. As a result, grant revenues were under-stated by \$150,000 at June 30, 2023.

Due to the increased amount of federal funding the City Special Fund is now required to be reported as a major governmental fund. The City Special Fund was previously reported as a nonmajor governmental fund. The effect of the change within the financial reporting entity is summarized below in the "Adjustment - City Special Fund as major fund" column in the following table.

|                           | <u>6/30/2023<br/>As previously<br/>reported</u> | <u>Error<br/>Correctio<br/>n</u> | <u>Adjustment –<br/>City Special<br/>as major<br/>fund</u> | <u>6/30/2023<br/>As<br/>Restated</u> |
|---------------------------|-------------------------------------------------|----------------------------------|------------------------------------------------------------|--------------------------------------|
| Government-Wide           |                                                 |                                  |                                                            |                                      |
| Governmental Activities   | \$ 102,868,209                                  | 150,000                          | -                                                          | 103,018,209                          |
| Business -type activities | (411,389)                                       | -                                | -                                                          | (411,389)                            |
| Total Primary Government  | \$ 102,456,820                                  | 150,000                          | -                                                          | 102,606,820                          |



**CITY OF AUBURN, MAINE**  
**Notes to Basic Financial Statements, Continued**  
**June 30, 2024**

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**IV. OTHER INFORMATION, Continued**

Governmental Funds  
Major Funds:

|                                    |    |            |         |             |            |
|------------------------------------|----|------------|---------|-------------|------------|
| General Fund                       | \$ | 27,827,533 | -       | -           | 27,827,533 |
| Community Development Programs     |    | 1,368,340  | -       | -           | 1,368,340  |
| Tax Increment Financing            |    | 1,276,262  | -       | -           | 1,276,262  |
| Capital Improvement Program        |    | 7,900,701  | -       | -           | 7,900,701  |
| New Edward Little Building Project |    | 19,396,764 | -       | -           | 19,396,764 |
| City Special                       |    | -          | 150,000 | 1,877,318   | 2,027,318  |
| Other Governmental Funds           |    | 4,802,640  | -       | (1,877,318) | 2,925,322  |
| <hr/>                              |    |            |         |             |            |
| Total Governmental Funds           | \$ | 62,572,240 | 150,000 | -           | 62,722,240 |
| <hr/>                              |    |            |         |             |            |

**CITY OF AUBURN, MAINE**  
**Required Supplementary Information**  
**June 30, 2024**

**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

| <b><u>PLD Plan</u></b>                                                                                 | <b><u>2024**</u></b> | <b><u>2023**</u></b> | <b><u>2022**</u></b> | <b><u>2021**</u></b> | <b><u>2020**</u></b> | <b><u>2019**</u></b> | <b><u>2018**</u></b> | <b><u>2017**</u></b> | <b><u>2016**</u></b> | <b><u>2015**</u></b> |
|--------------------------------------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| City's proportion of the net pension liability (asset)                                                 | 2.2127%              | 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)                                        | \$ 7,060,537         | 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                                                                                 | 17,725,568           | 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 | 39.83%               | 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)                      | 92.34%               | 93.26%               | 100.86%              | 88.35%               | 90.62%               | 91.14%               | 86.43%               | 81.61%               | 88.27%               | 94.10%               |
| <b><u>SET Plan</u></b>                                                                                 |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| City's proportion of the net pension liability                                                         | 0.1546%              | 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                                                | \$ 2,345,969         | 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                      | 23,125,661           | 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           |
| <b>Total</b>                                                                                           | <b>\$ 25,471,630</b> | <b>25,788,920</b>    | <b>14,702,089</b>    | <b>29,881,120</b>    | <b>26,248,509</b>    | <b>23,783,241</b>    | <b>25,863,634</b>    | <b>30,347,427</b>    | <b>24,032,228</b>    | <b>17,745,160</b>    |
| 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           |
| City's proportionate share of the net pension liability as a percentage of its covered payroll         | 9.40%                | 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                             | 86.03%               | 85.79%               | 90.90%               | 81.03%               | 82.73%               | 82.90%               | 80.78%               | 76.21%               | 81.18%               | 83.91%               |

**\*\* 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, 2024**

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

|                                                                      |    | <u>2024</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> |
|----------------------------------------------------------------------|----|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>PLD Plan</b>                                                      |    |             |             |             |             |             |             |             |             |             |             |
| Contractually required contribution                                  | \$ | 2,211,058   | 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   |
| Contributions in relation to the contractually required contribution |    | (2,211,058) | (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) |
| <b>Contribution deficiency (excess)</b>                              |    |             |             |             |             |             |             |             |             |             |             |
|                                                                      |    | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| <b>SET Plan</b>                                                      |    |             |             |             |             |             |             |             |             |             |             |
| Contractually required contribution                                  | \$ | 1,082,939   | 958,022     | 929,488     | 979,508     | 942,731     | 858,216     | 859,607     | 723,656     | 675,623     | 531,203     |
| Contributions in relation to the contractually required contribution |    | (1,082,939) | (958,022)   | (929,488)   | (979,508)   | (942,731)   | (858,216)   | (859,607)   | (723,656)   | (675,623)   | (531,203)   |
| <b>Contribution deficiency (excess)</b>                              |    |             |             |             |             |             |             |             |             |             |             |
|                                                                      |    | -           | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| City's covered payroll                                               | \$ | 24,226,833  | 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  |
| Contributions as a percentage of covered payroll                     |    | 4.47%       | 3.84%       | 3.84%       | 4.16%       | 4.16%       | 3.97%       | 3.97%       | 3.36%       | 3.36%       | 2.65%       |

**CITY OF AUBURN, MAINE**  
**Required Supplementary Information, Continued**  
**June 30, 2024**

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

|                                                                  |    | <b>2024</b> | <b>2023</b> | <b>2022</b> | <b>2021</b> | <b>2020</b> | <b>2019</b> | <b>2018</b> |
|------------------------------------------------------------------|----|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Total OPEB Liability</b>                                      |    |             |             |             |             |             |             |             |
| Service cost                                                     | \$ | 89,213      | 109,385     | 110,607     | 94,619      | 84,449      | 96,526      | 81,439      |
| Interest                                                         |    | 130,585     | 79,620      | 79,190      | 93,923      | 136,263     | 122,218     | 144,506     |
| Changes of benefit terms                                         |    | -           | -           | -           | -           | (84,028)    | -           | -           |
| Differences between expected and actual experience               |    | (135,290)   | -           | (235,679)   | -           | 52,766      | -           | (178,552)   |
| Changes of assumptions or other inputs                           |    | 608,019     | (399,143)   | 290,961     | 207,777     | 23,083      | (305,301)   | (183,140)   |
| Benefit payments                                                 |    | (127,503)   | (121,778)   | (106,731)   | (102,626)   | (133,436)   | (128,304)   | (169,967)   |
| <b>Net change in total OPEB Liability</b>                        |    | 565,024     | (331,916)   | 138,348     | 293,693     | 79,097      | (214,861)   | (305,714)   |
| Total OPEB liability - beginning                                 |    | 3,484,306   | 3,816,222   | 3,677,874   | 3,384,181   | 3,305,084   | 3,519,945   | 3,825,659   |
| Total OPEB liability - ending                                    | \$ | 4,049,330   | 3,484,306   | 3,816,222   | 3,677,874   | 3,384,181   | 3,305,084   | 3,519,945   |
| Covered-employee payroll                                         |    | 13,924,175  | 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 |    | 29.08%      | 31.54%      | 34.55%      | 33.28%      | 30.62%      | 29.49%      | 31.40%      |

\* Only seven years of information available.

**CITY OF AUBURN, MAINE**  
**Required Supplementary Information, Continued**  
**June 30, 2024**

**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\*

|                                                                                | <b>2024</b>       | <b>2023</b>    | <b>2022</b>    | <b>2021</b>    | <b>2020</b>    | <b>2019</b>    | <b>2018</b>    |
|--------------------------------------------------------------------------------|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| City's proportion of the net OPEB liability                                    | 0.00%             | 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 | 589,210           | 687,259        | 365,432        | 761,280        | 708,166        | 659,905        | 598,566        |
| Total                                                                          | <u>\$ 589,210</u> | <u>687,259</u> | <u>365,432</u> | <u>761,280</u> | <u>708,166</u> | <u>659,905</u> | <u>598,566</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability        | 56.97%            | 52.39%         | 62.90%         | 49.51%         | 49.22%         | 48.04%         | 47.29%         |

\* Only seven 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**  
**Required Supplementary Information, Continued**  
**June 30, 2024**

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

|                                                                  | <b>2024</b>     | <b>2023</b>    | <b>2022</b>    | <b>2021</b>   | <b>2020</b>    | <b>2019</b>      |
|------------------------------------------------------------------|-----------------|----------------|----------------|---------------|----------------|------------------|
| <b>Total OPEB Liability</b>                                      |                 |                |                |               |                |                  |
| Service cost                                                     | \$ 115,682      | 143,686        | 158,111        | 77,627        | 65,322         | 70,006           |
| Interest                                                         | 382,242         | 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                           | (154,079)       | (63,040)       | 75,509         | 1,724,110     | 507,636        | (400,753)        |
| Benefit payments                                                 | (386,006)       | (318,034)      | (304,715)      | (438,722)     | (381,958)      | (368,757)        |
| <b>Net change in total OPEB liability</b>                        | <b>(42,161)</b> | <b>335,328</b> | <b>158,441</b> | <b>10,952</b> | <b>565,588</b> | <b>(340,402)</b> |
| Total OPEB liability - beginning                                 | 10,873,436      | 10,538,108     | 10,379,667     | 10,368,715    | 9,803,127      | 10,143,529       |
| Total OPEB liability - ending                                    | \$ 10,831,275   | 10,873,436     | 10,538,108     | 10,379,667    | 10,368,715     | 9,803,127        |
| Covered-employee payroll                                         | \$ 22,421,056   | 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 | 48.3%           | 49.7%          | 43.1%          | 44.0%         | 45.7%          | 44.4%            |

\* Only six years of information available.

**CITY OF AUBURN, MAINE**  
**Notes to Required Supplementary Information**  
**June 30, 2024**

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**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%-<br>11.48% | 2.75% plus<br>merit | 2.75-<br>9.00%  | 2.75-<br>9.00%  | 3.50-<br>9.50%  | 3.50-<br>9.50%  | 3.50-<br>9.50%  |
| Salary increases – SET            | 2.80%-<br>13.03% | 2.75% plus<br>merit | 2.75-<br>14.50% | 2.75-<br>14.50% | 3.50-<br>13.50% | 3.50-<br>13.50% | 3.50-<br>13.50% |
| Cost of living increases<br>– PLD | 1.91%            | 1.91%               | 1.91%           | 2.20%           | 2.20%           | 2.55%           | 3.12%           |
| Cost of living increases<br>– 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 Healthy 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:

| <b>Fiscal Year</b> | <b>Discount<br/>Rate</b> |
|--------------------|--------------------------|
| 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 Healthy 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, 2024**

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**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:

| <b>Fiscal Year</b> | <b>Discount Rate</b> |
|--------------------|----------------------|
| 2017               | 3.78%                |
| 2018               | 3.44%                |
| 2019               | 4.10%                |
| 2020               | 2.74%                |
| 2021               | 2.12%                |
| 2022               | 2.06%                |
| 2023               | 3.72%                |
| 2024               | 3.26%                |

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:

| <b>Fiscal Year</b> | <b>Discount Rate</b> |
|--------------------|----------------------|
| 2018               | 3.58%                |
| 2019               | 3.87%                |
| 2020               | 3.50%                |
| 2021               | 2.21%                |
| 2022               | 2.16%                |
| 2023               | 3.54%                |
| 2024               | 3.65%                |

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.



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## **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.

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**CITY OF AUBURN, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2024**

|                                            | Nonmajor<br>Special<br>Revenue<br>Funds | Nonmajor<br>Permanent<br>Funds | Total Other<br>Governmental<br>Funds |
|--------------------------------------------|-----------------------------------------|--------------------------------|--------------------------------------|
| <b>ASSETS</b>                              |                                         |                                |                                      |
| Cash and cash equivalents                  | \$ 374,906                              | 276,953                        | 651,859                              |
| Receivables:                               |                                         |                                |                                      |
| Accounts                                   | 260                                     | -                              | 260                                  |
| Loans receivable                           | -                                       | -                              | -                                    |
| Intergovernmental                          | 2,435,879                               | -                              | 2,435,879                            |
| Prepaid expenditures                       | 6,390                                   | -                              | 6,390                                |
| Inventory                                  | 24,019                                  | -                              | 24,019                               |
| Interfund receivable                       | 1,680,513                               | -                              | 1,680,513                            |
| <b>Total assets</b>                        | <b>4,521,967</b>                        | <b>276,953</b>                 | <b>4,798,920</b>                     |
| <b>LIABILITIES</b>                         |                                         |                                |                                      |
| Accounts payable                           | 197,400                                 | -                              | 197,400                              |
| Accrued payroll                            | 320,841                                 | -                              | 320,841                              |
| Unearned revenue                           | 1,492                                   | -                              | 1,492                                |
| Interfund payable                          | 923,369                                 | 1,537                          | 924,906                              |
| <b>Total liabilities</b>                   | <b>1,443,102</b>                        | <b>1,537</b>                   | <b>1,444,639</b>                     |
| Nonspendable - inventory                   | 24,019                                  | -                              | 24,019                               |
| Nonspendable - prepaid expenditures        | 6,390                                   | -                              | 6,390                                |
| Nonspendable - principal                   | -                                       | 69,475                         | 69,475                               |
| Restricted                                 | 2,539,316                               | 205,941                        | 2,745,257                            |
| Committed                                  | 556,503                                 | -                              | 556,503                              |
| Unassigned                                 | (47,363)                                | -                              | (47,363)                             |
| <b>Total fund balances</b>                 | <b>3,078,865</b>                        | <b>275,416</b>                 | <b>3,354,281</b>                     |
| <b>Total liabilities and fund balances</b> | <b>\$ 4,521,967</b>                     | <b>276,953</b>                 | <b>4,798,920</b>                     |

**CITY OF AUBURN, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2024**

|                                                 | Nonmajor<br>Special<br>Revenue<br>Funds | Nonmajor<br>Permanent<br>Funds | Total Other<br>Governmental<br>Funds |
|-------------------------------------------------|-----------------------------------------|--------------------------------|--------------------------------------|
| Revenues:                                       |                                         |                                |                                      |
| Intergovernmental                               | \$ 7,472,676                            | -                              | 7,472,676                            |
| Charges for services                            | 1,869,841                               | -                              | 1,869,841                            |
| Student activity fees and fundraisers           | 156,538                                 | -                              | 156,538                              |
| Other income                                    | 412,955                                 | -                              | 412,955                              |
| Interest income                                 | -                                       | 6,180                          | 6,180                                |
| Total revenues                                  | 9,912,010                               | 6,180                          | 9,918,190                            |
| Expenditures:                                   |                                         |                                |                                      |
| Current:                                        |                                         |                                |                                      |
| General government                              | 64,041                                  | -                              | 64,041                               |
| Health, welfare and recreation                  | 504,604                                 | -                              | 504,604                              |
| Education                                       | 6,514,827                               | -                              | 6,514,827                            |
| Food services                                   | 2,280,470                               | -                              | 2,280,470                            |
| Student activities                              | 125,289                                 | -                              | 125,289                              |
| Total expenditures                              | 9,489,231                               | -                              | 9,489,231                            |
| Net change in fund balances                     | 422,779                                 | 6,180                          | 428,959                              |
| Fund balances, July 1 - as previously presented | 4,533,404                               | 269,236                        | 4,802,640                            |
| Adjustment - city special as major fund         | (1,877,318)                             | -                              | (1,877,318)                          |
| Fund balances, July 1, as restated              | 2,656,086                               | 269,236                        | 2,925,322                            |
| <b>Fund balances, June 30</b>                   | <b>\$ 3,078,865</b>                     | <b>275,416</b>                 | <b>3,354,281</b>                     |

**CITY OF AUBURN, MAINE**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2024**

|                                                       | Centralized<br>School Lunch<br>Program | School<br>Activity<br>Funds | School<br>Special | Parking        | Parks and<br>Recreation | Totals           |
|-------------------------------------------------------|----------------------------------------|-----------------------------|-------------------|----------------|-------------------------|------------------|
| <b>ASSETS</b>                                         |                                        |                             |                   |                |                         |                  |
| Cash and cash equivalents                             | \$ 263,300                             | 111,606                     | -                 | -              | -                       | 374,906          |
| Receivables:                                          |                                        |                             |                   |                |                         |                  |
| Accounts                                              | -                                      | 260                         | -                 | -              | -                       | 260              |
| Intergovernmental                                     | 92,292                                 | -                           | 2,343,587         | -              | -                       | 2,435,879        |
| Prepaid expenditures                                  | 6,390                                  | -                           | -                 | -              | -                       | 6,390            |
| Inventory                                             | 24,019                                 | -                           | -                 | -              | -                       | 24,019           |
| Interfund receivable                                  | 1,227,990                              | 901                         | -                 | 198,735        | 252,887                 | 1,680,513        |
| <b>Total assets</b>                                   | <b>1,613,991</b>                       | <b>112,767</b>              | <b>2,343,587</b>  | <b>198,735</b> | <b>252,887</b>          | <b>4,521,967</b> |
| <b>LIABILITIES</b>                                    |                                        |                             |                   |                |                         |                  |
| Accounts payable                                      | 5,948                                  | -                           | 183,893           | 1,187          | 6,372                   | 197,400          |
| Accrued payroll                                       | 26,642                                 | -                           | 294,199           | -              | -                       | 320,841          |
| Unearned revenue                                      | 1,492                                  | -                           | -                 | -              | -                       | 1,492            |
| Interfund payable                                     | -                                      | 327                         | 923,042           | -              | -                       | 923,369          |
| <b>Total liabilities</b>                              | <b>34,082</b>                          | <b>327</b>                  | <b>1,401,134</b>  | <b>1,187</b>   | <b>6,372</b>            | <b>1,443,102</b> |
| <b>FUND BALANCES</b>                                  |                                        |                             |                   |                |                         |                  |
| Nonspendable - inventory                              | 24,019                                 | -                           | -                 | -              | -                       | 24,019           |
| Nonspendable - prepaid expenditures                   | 6,390                                  | -                           | -                 | -              | -                       | 6,390            |
| Restricted                                            | 1,549,500                              | -                           | 989,816           | -              | -                       | 2,539,316        |
| Committed                                             | -                                      | 112,440                     | -                 | 197,548        | 246,515                 | 556,503          |
| Unassigned                                            | -                                      | -                           | (47,363)          | -              | -                       | (47,363)         |
| <b>Total fund balances</b>                            | <b>-</b>                               | <b>112,440</b>              | <b>942,453</b>    | <b>197,548</b> | <b>246,515</b>          | <b>3,078,865</b> |
| <b>Total liabilities and fund balances (deficits)</b> | <b>\$ 1,613,991</b>                    | <b>112,767</b>              | <b>2,343,587</b>  | <b>198,735</b> | <b>252,887</b>          | <b>4,521,967</b> |

**CITY OF AUBURN, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2024**

|                                               | City<br>Special | Centralized<br>School Lunch<br>Program | School<br>Activity<br>Funds | School<br>Special | Parking        | Parks and<br>Recreation | Totals           |
|-----------------------------------------------|-----------------|----------------------------------------|-----------------------------|-------------------|----------------|-------------------------|------------------|
| Revenues:                                     |                 |                                        |                             |                   |                |                         |                  |
| Intergovernmental                             | \$ -            | 2,389,898                              | -                           | 5,082,778         | -              | -                       | 7,472,676        |
| Charges for services                          | -               | 66,361                                 | -                           | 1,068,073         | 221,374        | 514,033                 | 1,869,841        |
| Student activity fees and fundraisers         | -               | -                                      | 156,538                     | -                 | -              | -                       | 156,538          |
| Other income                                  | -               | 12,511                                 | -                           | 400,444           | -              | -                       | 412,955          |
| Interest income                               | -               | -                                      | -                           | -                 | -              | -                       | -                |
| Total revenues                                | -               | 2,468,770                              | 156,538                     | 6,551,295         | 221,374        | 514,033                 | 9,912,010        |
| Expenditures:                                 |                 |                                        |                             |                   |                |                         |                  |
| Current:                                      |                 |                                        |                             |                   |                |                         |                  |
| General government                            | -               | -                                      | -                           | -                 | 64,041         | -                       | 64,041           |
| Health, welfare and recreation                | -               | -                                      | -                           | -                 | -              | 504,604                 | 504,604          |
| Education                                     | -               | -                                      | -                           | 6,514,827         | -              | -                       | 6,514,827        |
| Food services                                 | -               | 2,280,470                              | -                           | -                 | -              | -                       | 2,280,470        |
| Student activities                            | -               | -                                      | 125,289                     | -                 | -              | -                       | 125,289          |
| Total expenditures                            | -               | 2,280,470                              | 125,289                     | 6,514,827         | 64,041         | 504,604                 | 9,489,231        |
| Net change in fund balances                   | -               | 188,300                                | 31,249                      | 36,468            | 157,333        | 9,429                   | 422,779          |
| Fund balances , July 1 - as previously stated | 1,877,318       | 1,391,609                              | 81,191                      | 905,985           | 40,215         | 237,086                 | 4,533,404        |
| Adjustment - city special as major fund       | (1,877,318)     | -                                      | -                           | -                 | -              | -                       | (1,877,318)      |
| Fund balances, July 1 , as restated           | -               | 1,391,609                              | 81,191                      | 905,985           | 40,215         | 237,086                 | 2,656,086        |
| <b>Fund balances, June 30</b>                 | <b>\$ -</b>     | <b>1,579,909</b>                       | <b>112,440</b>              | <b>942,453</b>    | <b>197,548</b> | <b>246,515</b>          | <b>3,078,865</b> |

**CITY OF AUBURN, MAINE**  
**Combined Balance Sheet**  
**Nonmajor Permanent Funds**  
**June 30, 2024**

|                                            |           |                |
|--------------------------------------------|-----------|----------------|
| <b>ASSETS</b>                              |           |                |
| Cash and cash equivalents                  | \$        | 276,953        |
| <hr/>                                      |           |                |
| <b>Total assets</b>                        |           | <b>276,953</b> |
| <hr/>                                      |           |                |
| <b>LIABILITIES</b>                         |           |                |
| Interfund payable                          |           | 1,537          |
| Total liabilities                          |           | 1,537          |
| <hr/>                                      |           |                |
| <b>FUND BALANCES</b>                       |           |                |
| Nonspendable - principal                   |           | 69,475         |
| Restricted                                 |           | 205,941        |
| Total fund balances                        |           | 275,416        |
| <hr/>                                      |           |                |
| <b>Total liabilities and fund balances</b> | <b>\$</b> | <b>276,953</b> |

**CITY OF AUBURN, MAINE**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Permanent Funds**  
**For the Year Ended June 30, 2024**

|                               |           |                |
|-------------------------------|-----------|----------------|
| <b>Revenues:</b>              |           |                |
| Interest income               | \$        | 6,180          |
| Total revenues                |           | 6,180          |
| <hr/>                         |           |                |
| <b>Expenditures:</b>          |           |                |
| Current:                      |           |                |
| Miscellaneous                 |           | -              |
| Total expenditures            |           | -              |
| <hr/>                         |           |                |
| Net change in fund balances   |           | 6,180          |
| <hr/>                         |           |                |
| Fund balances, July 1         |           | 269,236        |
| <hr/>                         |           |                |
| <b>Fund balances, June 30</b> | <b>\$</b> | <b>275,416</b> |



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***CUSTODIAL FUNDS***

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CITY OF AUBURN, MAINE  
Combining Statement of Fiduciary Net Position  
Custodial Funds  
June 30, 2024

|                               | RETC         | AVEC         | Total        |
|-------------------------------|--------------|--------------|--------------|
| <b>ASSETS</b>                 |              |              |              |
| Intergovernmental receivables | \$ 1,196     | -            | 1,196        |
| Interfund receivables         | -            | 6,165        | 6,165        |
| <b>Total assets</b>           | <b>1,196</b> | <b>6,165</b> | <b>7,361</b> |
| <b>LIABILITIES</b>            |              |              |              |
| Accounts payable              | 72           | -            | 72           |
| Interfund payables            | 1,124        | -            | 1,124        |
| Accrued payroll               | -            | 559          | 559          |
| <b>Total liabilities</b>      | <b>1,196</b> | <b>559</b>   | <b>1,755</b> |
| <b>NET POSITION</b>           |              |              |              |
| Restricted for:               |              |              |              |
| Individuals and organizations | -            | 5,606        | 5,606        |
| <b>Total net position</b>     | <b>\$ -</b>  | <b>5,606</b> | <b>5,606</b> |

**CITY OF AUBURN, MAINE**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Custodial Funds**  
**For the year ended June 30, 2024**

|                                                   |           | RETC     | AVEC         | Total        |
|---------------------------------------------------|-----------|----------|--------------|--------------|
| <b>ADDITIONS</b>                                  |           |          |              |              |
| Contributions:                                    |           |          |              |              |
| Service revenues                                  | \$        | -        | 12,000       | 12,000       |
| Total contributions                               |           | -        | 12,000       | 12,000       |
| Total additions                                   |           | -        | 12,000       | 12,000       |
| <b>DEDUCTIONS</b>                                 |           |          |              |              |
| Recipient payments                                |           | 80,894   | 16,870       | 97,764       |
| Total deductions                                  |           | 80,894   | 16,870       | 97,764       |
| Net increase (decrease) in fiduciary net position |           | (80,894) | (4,870)      | (85,764)     |
| Net position - beginning                          |           | 80,894   | 10,476       | 91,370       |
| <b>Net position - ending</b>                      | <b>\$</b> | <b>-</b> | <b>5,606</b> | <b>5,606</b> |

***TAX INCREMENT FINANCING FUN***

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CITY OF AUBURN, MAINE  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Tax Increment Financing Fund  
For the Year Ended June 30, 2024

|                                                              | TIF 6<br>Tambrands II | TIF 9<br>Mall Area | TIF 10<br>Downtown<br>Area | TIF 10<br>Downtown<br>Omnibus | TIF 12<br>Auburn<br>Industrial<br>Park | TIF 13<br>Retail | TIF 14 & 15<br>Auburn<br>Mall | TIF 16<br>Webster<br>School<br>Housing | TIF 19<br>Hartt<br>Transport | TIF 20<br>62 Spring<br>Street | TIF 21<br>Minot<br>Avenue | TIF 22<br>48 Hampshire<br>Street | TIF 23<br>Auburn Memory<br>Care Facility | TIF 24<br>Millbran LLC | TIF 25<br>Futurguard | TIF 26<br>West Shore<br>Landing | TIF 27<br>Stable<br>Ridge | Totals      |
|--------------------------------------------------------------|-----------------------|--------------------|----------------------------|-------------------------------|----------------------------------------|------------------|-------------------------------|----------------------------------------|------------------------------|-------------------------------|---------------------------|----------------------------------|------------------------------------------|------------------------|----------------------|---------------------------------|---------------------------|-------------|
| Revenues:                                                    |                       |                    |                            |                               |                                        |                  |                               |                                        |                              |                               |                           |                                  |                                          |                        |                      |                                 |                           |             |
| Other Income                                                 | \$ -                  | -                  | -                          | -                             | -                                      | -                | -                             | -                                      | -                            | -                             | -                         | -                                | -                                        | -                      | -                    | -                               | 37,809                    | 37,809      |
| Total revenues                                               | -                     | -                  | -                          | -                             | -                                      | -                | -                             | -                                      | -                            | -                             | -                         | -                                | -                                        | -                      | -                    | -                               | 37,809                    | 37,809      |
| Expenditures:                                                |                       |                    |                            |                               |                                        |                  |                               |                                        |                              |                               |                           |                                  |                                          |                        |                      |                                 |                           |             |
| Current:                                                     |                       |                    |                            |                               |                                        |                  |                               |                                        |                              |                               |                           |                                  |                                          |                        |                      |                                 |                           |             |
| General government                                           | 240,314               | -                  | 194                        | 16,821                        | -                                      | -                | 180,725                       | 36,072                                 | -                            | 69,246                        | 29,154                    | 57,244                           | 39,653                                   | 42,838                 | 5,163                | -                               | -                         | 717,424     |
| Debt service                                                 | -                     | -                  | 23,234                     | -                             | 278,200                                | -                | -                             | -                                      | -                            | -                             | -                         | -                                | 130,490                                  | -                      | 1,348                | -                               | -                         | 433,272     |
| Total expenditures                                           | 240,314               | -                  | 23,428                     | 16,821                        | 278,200                                | -                | 180,725                       | 36,072                                 | -                            | 69,246                        | 29,154                    | 57,244                           | 170,143                                  | 42,838                 | 6,511                | -                               | -                         | 1,150,696   |
| Excess (deficiency) of revenues<br>over (under) expenditures | (240,314)             | -                  | (23,428)                   | (16,821)                      | (278,200)                              | -                | (180,725)                     | (36,072)                               | -                            | (69,246)                      | (29,154)                  | (57,244)                         | (170,143)                                | (42,838)               | (6,511)              | -                               | 37,809                    | (1,112,887) |
| Other financing sources (uses):                              |                       |                    |                            |                               |                                        |                  |                               |                                        |                              |                               |                           |                                  |                                          |                        |                      |                                 |                           |             |
| Transfers from other funds                                   | 560,732               | -                  | 1,059,135                  | 16,821                        | 157,316                                | 305,587          | 498,458                       | 54,109                                 | 30,617                       | 103,870                       | 72,883                    | 143,111                          | 133,120                                  | 64,256                 | 39,669               | 71,601                          | 103,703                   | 3,414,988   |
| Total other financing sources (uses)                         | 560,732               | -                  | 1,059,135                  | 16,821                        | 157,316                                | 305,587          | 498,458                       | 54,109                                 | 30,617                       | 103,870                       | 72,883                    | 143,111                          | 133,120                                  | 64,256                 | 39,669               | 71,601                          | 103,703                   | 3,414,988   |
| Net change in fund balances (deficits)                       | 320,418               | -                  | 1,035,707                  | -                             | (120,884)                              | 305,587          | 317,733                       | 18,037                                 | 30,617                       | 34,624                        | 43,729                    | 85,867                           | (37,023)                                 | 21,418                 | 33,158               | 71,601                          | 141,512                   | 2,302,101   |
| Fund balances (deficits), beginning 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   |
| Fund balances (deficits), end of year                        | \$ 447,113            | 806,274            | 1,812,109                  | 10,289                        | (748,095)                              | 928,678          | (344,883)                     | 37,472                                 | 58,570                       | 35,745                        | 118,081                   | 217,929                          | (65,505)                                 | 35,332                 | (43,387)             | 131,129                         | 141,512                   | 3,578,363   |



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**APPENDIX B**

**PROPOSED FORM  
OF  
LEGAL OPINION**

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**Upon issuance and delivery of the Bonds described herein, Pierce Atwood LLP, Portland, Maine, Bond Counsel, proposes to issue its opinion in substantially the following form:**

[Dated date of Issue]

City of Auburn, Maine  
Auburn, ME

Re: City of Auburn, Maine \$47,260,000\* 2025 General Obligation Bonds

Ladies and Gentlemen:

We have acted as Bond Counsel for the City of Auburn, Maine (the "City"), in connection with the issue and sale of \$47,260,000\* aggregate principal amount of its 2025 General Obligation Bonds dated December \_\_, 2025 (the "Bonds"). In such capacity, we have examined the law, including Title 30-A, Section 5772 of the Maine Revised Statutes, as amended, the City Charter and the record of proceedings submitted to us by the City in connection with the execution, issue and delivery of the Bonds, including among other documents and materials, certified copies of the following Orders adopted by the City Council on the date indicated and, where applicable, approved by the voters of the City at a municipal referendum election held on the date indicated, authorizing issuance of the Bonds (collectively, the "Authorizing Votes"), and all other authority thereto enabling.

| <u>Order No.</u> | <u>Date Adopted</u>            | <u>Referendum Date</u><br><u>(if applicable)</u> |
|------------------|--------------------------------|--------------------------------------------------|
| 119-09052023     | September 5, 2023 (referendum) | November 7, 2023                                 |
| 131-10162023     | October 23, 2023               |                                                  |
| 40-05052025      | May 19, 2025                   |                                                  |

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certificates of public officials without undertaking to verify such facts by independent investigations. We have assumed the genuineness of all signatures, the authenticity and completeness of all documents submitted to us as originals and the conformity to the originals of all documents submitted to us as copies.

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\*Preliminary, subject to change.

We understand the Bonds are dated as of December \_\_, 2025 and have been issued as serial bonds in the denominations, bearing interest payable commencing September 1, 2026 and semi-annually on each September 1 and March 1 thereafter until maturity, or redemption prior to maturity, and maturing on September 1 of each year as follows:

| <u>Sept. 1</u> | <u>Amount*</u> | <u>Interest Rate</u> | <u>Sept. 1</u> | <u>Amount*</u> | <u>Interest Rate</u> |
|----------------|----------------|----------------------|----------------|----------------|----------------------|
| 2026           | \$2,600,000    |                      | 2039           | \$1,420,000    |                      |
| 2027           | \$2,600,000    |                      | 2040           | \$1,420,000    |                      |
| 2028           | \$2,600,000    |                      | 2041           | \$1,420,000    |                      |
| 2029           | \$2,600,000    |                      | 2042           | \$1,420,000    |                      |
| 2030           | \$2,600,000    |                      | 2043           | \$1,420,000    |                      |
| 2031           | \$2,595,000    |                      | 2044           | \$1,420,000    |                      |
| 2032           | \$2,595,000    |                      | 2045           | \$1,420,000    |                      |
| 2033           | \$2,590,000    |                      | 2046           | \$1,420,000    |                      |
| 2034           | \$2,590,000    |                      | 2047           | \$1,420,000    |                      |
| 2035           | \$2,590,000    |                      | 2048           | \$1,420,000    |                      |
| 2036           | \$1,420,000    |                      | 2049           | \$1,420,000    |                      |
| 2037           | \$1,420,000    |                      | 2050           | \$1,420,000    |                      |
| 2038           | \$1,420,000    |                      |                |                |                      |

Bonds maturing on and before September 1, 2035 are not subject to optional redemption prior to their stated dates of maturity. Bonds maturing on or after September 1, 2036 are subject to redemption prior to their stated dates of maturity, at the option of the City, on and after September 1, 2035, as a whole or in part at any time, in such order of maturity as the City, in its discretion, may determine at a price of par (100% of original stated amount of value at maturity), together with interest accrued and unpaid to the redemption date, if any.

The Bonds should be signed by the City's Finance Director/City Treasurer attested by the City Clerk and sealed with the seal of the City, and should bear the signed certificate of the certifying agent identified thereon.

We note that the Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements regarding the amount, use, expenditure and investment of the proceeds of the Bonds and timely payment of certain investment earnings to the U.S. Treasury, , and the use of the improvements financed or refinanced with the proceeds of the Bonds, that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excludable from gross income for purposes of federal income taxation pursuant to Section 103 of the Code.

In expressing the opinions set forth in paragraph 3 below, we have examined and relied upon the Arbitrage and Use of Proceeds Certificate and the General Certificate of the Director of Finance of the City (collectively, the "Tax Certificates"), delivered by the City concurrently herewith, which contain certain covenants, representations and certifications regarding compliance with the requirements of the Code. The City, in executing such Tax Certificates, (i) has set forth facts, estimates, circumstances and reasonable expectations of the City as of the date hereof as to future events regarding the amount, use and investment of the proceeds of the Bonds and the use of the improvements financed with the proceeds of the Bonds that are material for purposes of Section 141 and Section 148 of the Code, and (ii) has certified that the information therein is true, accurate, correct and complete and that the City will

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\*Preliminary, subject to change.

comply with the requirements of the Code and do and perform all acts and things necessary or desirable in order to assure that interest paid on the Bonds is excludable from gross income for purposes of federal income taxation. In rendering the opinions set forth in paragraph 3 below, we have relied upon the representations, certifications, facts, estimates, circumstances and reasonable expectations of the City set forth in such Tax Certificates, and we have assumed that the City will comply with the requirements of the Code and with the covenants, representations and certifications set forth in such Tax Certificates. The City's failure to comply with such requirements may cause interest on the Bonds to be included in the gross income of the owners thereof retroactive to the date of issuance of the Bonds, regardless of when such noncompliance occurs.

We also note that ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

With reference to the Bonds, based upon the record of proceedings, materials and information discussed above and assuming no material change thereto, we are of the opinion that:

1. Under the Constitution and laws of the State of Maine, the City has been duly created and validly exists as a body corporate and politic and a municipality under the name of the City of Auburn with lawful power and authority to adopt the Authorizing Votes and to issue the Bonds.
2. The Bonds are in proper form, have been duly authorized and executed by the City and, subject to due authentication, are a valid and binding general obligation of the City, enforceable in accordance with their terms. The Bonds are payable from *ad valorem* taxes that may be levied without limit as to rate or amount upon all taxable property within the City, except to the extent that (a) the City may enter into an agreement under Title 30-A, Chapter 223, Subchapter V of the Maine Revised Statutes, as amended, to share its assessed valuation with another municipality, or (b) the City establishes or has established municipal development districts or municipal affordable housing districts pursuant to Title 30-A, Chapters 206 and former (now repealed) Chapter 207 of the Maine Revised Statutes, as amended, the captured tax increment of which may not be available for payment of debt service on the Bonds.
3. In reliance on and assuming compliance by the City with the Tax Certificates and the requirements of the Code, under existing law, interest paid on the Bonds is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, such interest is not a specific preference item under the Code for purposes of computing the alternative minimum tax under Section 55 of the Code; provided, however that such interest will be taken into account in determining the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.
4. Pursuant to Title 30-A, Section 5772(9) of the Maine Revised Statutes, as amended, interest paid on the Bonds is exempt from taxation within the State of Maine.

The foregoing opinions are qualified to the extent that the enforceability of the obligations of the City, including the Bonds, is subject to or may be limited by bankruptcy, insolvency moratorium and other laws and general principles of equity (regardless of whether the enforceability of such obligations is considered in a proceeding in equity or at law) affecting the rights and remedies of creditors generally, and that the availability of equitable relief may be subject to the discretion of the Court before which it is requested.

We have not examined and assume no responsibility for the financial condition of the City and nothing set forth herein shall be construed as assurance as to the City's financial condition or ability to make required debt service payments on the Bonds.

We have not examined any documents or information relating to the City, and we are not passing upon and do not assume any responsibilities for the completeness, accuracy or adequacy of the statements made in any Preliminary Official Statement or Official Statement, other offering material or similar information prepared or provided by the City with respect to the Bonds and we express no opinion, advice or representation to any person with respect to any such Preliminary Official Statement or Official Statement, other offering material or similar information.

The opinions rendered herein are given and speak as of the date hereof. We have addressed only the laws of the United States and of the State of Maine referenced herein and the opinions stated herein are limited solely to the matters expressly set forth above. We assume no obligation to update, revise or supplement the opinions rendered herein to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur. No assurance can be given that future legislation or common law will not contain provisions or create precedent which could directly or indirectly affect the matters set forth herein.

Very truly yours,

PIERCE ATWOOD LLP

**APPENDIX C**

**PROPOSED FORM  
OF  
CONTINUING DISCLOSURE AGREEMENT**



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**CITY OF AUBURN, MAINE  
PROPOSED FORM OF  
CONTINUING DISCLOSURE AGREEMENT**

In connection with the issuance by the City of Auburn, Maine (the “Issuer”) of its \$ \_\_, \_\_, 000 2025 General Obligation, dated as of \_\_\_\_, 2025 (the “Bonds”) and with reference to the continuing disclosure requirements of Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended, and officially interpreted from time to time (the “Rule”), the Issuer hereby covenants under this Continuing Disclosure Agreement (the “Agreement”) that it will engage in the undertakings described in Section 1, 2 and 3 herein for the benefit of the beneficial owners of the Bonds, subject to the conditions and limitations specified herein. Under the Agreement, the Issuer is obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the MSRB (defined below). This information will be available from the MSRB via the Electronic Municipal Market Access (“EMMA”) system at [www.emma.msrb.org](http://www.emma.msrb.org). The Issuer reserves the right to incorporate by reference its Official Statement dated \_\_\_\_, 2025 relating to the Bonds (the “Official Statement”), which will be submitted to the MSRB, as hereinafter defined, at the time of delivery of the Bonds, in any future disclosure provided hereunder.

In addition to the definitions set forth above in this Agreement, the following capitalized terms shall have the following meanings:

“Annual Financial Information” shall mean the financial information or operating data of the type included in the final Official Statement, provided at least annually by the Issuer pursuant to, and as described in, Sections 1 of this Agreement.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Business Day” shall mean a day other than a Saturday or a Sunday or a day on which banks in Maine are authorized or required by law to close.

“Dissemination Agent” shall mean the Issuer or any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with SEC Rule 15c2-12.

“Holders” shall mean the registered Holders of the Bonds, as recorded in the registration books of the Registrar.

“Municipal Securities Rulemaking Board” or “MSRB” shall mean the Municipal Securities Rulemaking Board, established under the Securities and Exchange Act of 1934, as amended, or any successor thereto, with an address of 1300 I Street NW, Suite 1000, Washington, DC 20005.

“State” shall mean the State of Maine.

1. The Issuer will provide to the MSRB: (a) not later than 270 days after the end of each fiscal year, commencing with the fiscal year ending June 30, 2026, certain updated Annual Financial Information and operating data relating to the Issuer for the preceding fiscal year of the type presented in the Official Statement prepared in connection with the Bonds under the headings “CITY FINANCES,” “INDEBTEDNESS,” “RETIREMENT” and in APPENDIX A to the Official Statement and such other Annual Financial Information and operating data as may be required to comply with the Rule; and (b) the updated information discussed in clause (a) above will include audited financial statements, if the Issuer commissions an audit and it is completed by the required time. If audited financial statements

are not available by the required time, the Issuer will provide audited financial statements when and if such audited financial statements become available. Such filings, if not completed by the required time in clause (a) above, but if filed when available, will not be deemed to be a “late filing”. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX A to the Official Statement or such other accounting principles as the Issuer may be required to employ from time to time pursuant to State law or regulation.

The Issuer reserves the right to modify from time to time the specific types of information provided under clause (a) above or the format of the presentation of such information to reflect changed circumstances, provided that any such modification will be done in a manner consistent with the Rule.

2. The Issuer will provide in a timely manner, not in excess of ten (10) Business Days, after the occurrence of an event listed in this Section 2 to the MSRB through EMMA (in an electronic format as prescribed by the MSRB) notice of the occurrence of any of the following events with respect to the Bonds.

(a) Certain events whether material or not material:

- (1) Principal and interest payment delinquencies;
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (4) Substitution of credit or liquidity providers, or their failure to perform;
- (5) Adverse tax opinions or events affecting the tax-exempt status of the Bonds, the issuance by the Internal Revenue Service of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (6) Tender offers;
- (7) Defeasances;
- (8) Rating changes;
- (9) Bankruptcy, insolvency, receivership or similar event of the Issuer (Note: For the purposes of the event identified in this subparagraph (9), the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.);or
- (10) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any Financial Obligation of the Issuer or obligated person, any of which reflect financial difficulties.

(b) Certain events if material:

- (1) Non-payment related defaults;
- (2) Modifications to the rights of Holders of the Bonds;
- (3) Bond calls;
- (4) The release, substitution, or sale of property securing repayment of the Bonds;
- (5) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
- (6) Appointment of a successor or additional trustee or the change of name of a trustee; and
- (7) Incurrence of a Financial Obligation of the Issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or obligated person, any of which affect security Holders, if material.

The Issuer from time to time may choose to provide notice of the occurrence of certain other events, in addition to those listed above, but the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those listed above.

3. The Issuer will provide in a timely manner to the MSRB notice of a failure to satisfy the requirements of Section 1 herein.
4. The intent of the Issuer's undertaking in this Agreement is to provide on a continuing basis the information described in the Rule. The provisions of the Agreement may be amended by the Issuer without the consent of, or notice to, any Beneficial Owners of the Bonds, (a) to comply with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the Securities and Exchange Commission ("SEC") or its staff (whether required or optional), (b) to add a Dissemination Agent for the information required to be provided by such undertakings and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Issuer for the benefit of the Beneficial Owners of the Bonds, (d) to modify the contents, presentation and format of the Annual Financial Information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner consistent with the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the Beneficial Owners of the Bonds, as determined either by a party unaffiliated with the Issuer (such as bond counsel), or by the vote or consent of Beneficial Owners of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment.

Furthermore, the Issuer's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment of in full of all of the Bonds or to the extent that the Rule, as in effect from time to time, no longer requires the issuers of municipal securities to provide all or any portion of the information the Issuer has agreed to provide pursuant to the Agreement, the obligation of the Issuer to provide such information also shall cease immediately.

5. The purpose of the Issuer's undertaking is to conform to the requirements of the Rule and, except for creating the right on the part of the Beneficial Owners of the Bonds, from time to time, to specifically enforce the Issuer's obligations hereunder, not to create new contractual or other rights for any Beneficial Owner of the Bonds, any municipal securities broker or dealer, any potential purchaser of the Bonds, the SEC or any other person. The sole remedy in the event of any actual or alleged failure by the Issuer to comply with any provision herein shall be an action for the specific performance of the Issuer's obligations hereunder and not for money damages in any amount. Any failure by the Issuer to comply with any provision of this undertaking shall not constitute an event of default with respect to the Bonds.
6. Except as disclosed in its Official Statement, the Issuer has never failed to comply in all material respects with any previous undertakings to provide Annual Financial Information or notices of material events in accordance with the Rule.
7. The Issuer's Finance Director, or such official's designee from time to time, shall be the contact person on behalf of the Issuer from whom the foregoing information, data and notices may be obtained. The name, address and telephone number of the initial contact person is: Kelsey Earle, Finance Director, City of Auburn, 60 Court Street, Auburn, ME 04210; Telephone: (207) 333-6601.

CITY OF AUBURN, MAINE

Dated: \_\_\_\_\_, 20\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

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