



CITY OF AUBURN, AL
ANNUAL COMPREHENSIVE
FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2022

TOWN CREEK INCLUSIVE PLAYGROUND

MANAGEMENT TEAM



Megan McGowen Crouch, *City Manager*

Rick Davidson, *City Attorney*

Alfred Davis, Sr., *Community Services Director*

Scott Cummings, *Development Services Exec. Director*

Phillip Dunlap, *Economic Development Director*

Alison Frazier, *Engineering Services Director*

Catrina Cook, *Environmental Services Director*

Allison Edge, *Finance Director/Treasurer*

John C. Lankford, IV, *Fire Chief*

Kristen Reeder, *Human Resources Director*

Greg Nelson, *Chief Information Officer*

John Hoar, *Inspection Services Director*

Tyler Whitten, *Library Director*

James McLaughlin, *Municipal Judge*

Rebecca O. Richardson, *Parks and Recreation Director*

Kevin Howard, *Interim Planning Director*

Cedric Anderson, *Police Chief*

Will Mathews, *Public Safety Executive Director*

Keith Williams, *Public Services Executive Director*

Dan Ballard, *Public Works Director*

Eric A. Carson, *Water Resource Mgt. Director*

CITY COUNCIL

Ron Anders, Jr., *Mayor*

Connie Fitch Taylor, *Ward 1*

Kelley Griswold, *Ward 2*

Beth Witten, *Mayor Pro Tem, Ward 3*

Tyler Adams, *Ward 4*

Sonny Moreman, *Ward 5*

Bob Parsons, *Ward 6*

Max Coblentz, *Ward 7*

Tommy Dawson, *Ward 8*

PREPARED BY THE CITY OF AUBURN FINANCE DEPARTMENT

Allison Edge, CPA, CGMA, *Finance Director/Treasurer*

Heidi Lowery, *Accounting & Financial Reporting Manager*

Erika Sprouse, CPA, *Principal Financial Analyst*

Valerie Baker, *Finance Information Officer*



City of Auburn

City of Auburn, Alabama
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2022

Table of Contents

	Page
Introductory Section	
Letter of Transmittal.....	7
GFOA Certificate of Achievement	21
Map of the City of Auburn	22
Organization Chart	23
Financial Section	
Independent Auditor's Report.....	25
Management's Discussion and Analysis	29
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	65
Statement of Activities	67
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	68
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	69
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	70
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – General Fund	71
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual - Special School Tax Special Revenue Fund	72
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – CV Local Fiscal Recovery Special Revenue Fund.....	73
Statement of Net Position – Proprietary Funds.....	74
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds.....	75
Statement of Cash Flows – Proprietary Funds.....	76
Statement of Fiduciary Net Position	77
Statement of Changes in Fiduciary Net Position	78
Discretely Presented Component Units – Combining Statement of Net Position	79
Discretely Presented Component Units – Combining Statement of Activities	80
Discretely Presented Business-Type Component Units – Combining Statement of Revenues, Expenses, and Changes in Net Position	81
Guide to Notes to the Financial Statements.....	83
Notes to the Financial Statements	85
Required Supplementary Information:	
Schedule of Changes in Net Pension Liability and Related Ratios	167
Schedule of Employer Contributions	168
Schedule of Changes in Total OPEB Liability and Related Ratios	169
Combining and Individual Statements and Schedules:	
Description of Nonmajor Governmental Funds.....	171
Combining Balance Sheet – Nonmajor Governmental Funds	172

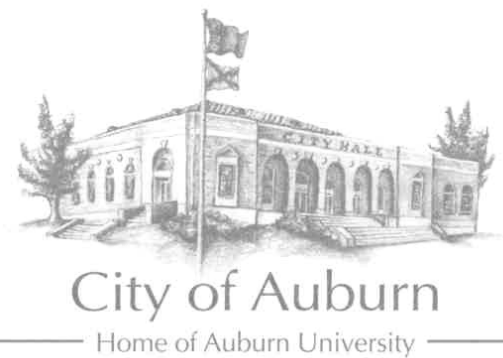
City of Auburn, Alabama
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2022

Table of Contents *(continued)*

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds.....	174
<i>Special Revenue Funds</i>	
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual	
Seven Cent Gas Tax Special Revenue Fund	176
Four and Five Cent Gas Tax Special Revenue Fund	176
Ten Cent Gas Tax Special Revenue Fund	177
Municipal Court Judicial Administration Special Revenue Fund	177
Public Safety Substance Abuse Special Revenue Fund	178
<i>Debt Service Funds</i>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual	
Special 5-Mill Tax Debt Service Fund	178
Description of Nonmajor Component Units.....	179
Discretely Presented Business-Type Nonmajor Component Units	
Statement of Net Position	181
Statement of Revenues, Expenses and Changes in Net Position	182
Statement of Cash Flows	183
Capital Assets Used in the Operation of Governmental Funds	
Schedule by Source	187
Schedule by Function and Activity.....	188
Schedule of Changes by Function and Activity	190

Statistical Section

Guide to Statistical Tables	191
Table 1 - Net Position by Activity Type	192
Table 2 - Changes in Net Position	194
Table 3 - General Government Tax Revenues by Source.....	196
Table 4 - Fund Balances of Governmental Funds.....	196
Table 5 - Changes in Fund Balances of Governmental Funds	197
Table 6 - Components of Sales Tax Base	199
Table 7 - Revenue Rates for General Sales Tax.....	199
Table 8 - Principal Revenue Remitters of Sales and Use Tax	200
Table 9 - Ratios of Outstanding Debt by Type	200
Table 10 - Ratios of General Bonded Debt Outstanding	201
Table 11 - Direct and Overlapping Governmental Activities Debt.....	201
Table 12 - Legal Debt Margin Information.....	202
Table 13 - Pledged Revenue Coverage	202
Table 14 - Demographic and Economic Statistics.....	203
Table 15 - Principal Employers.....	203
Table 16 - Regular Full-Time Employees by Function/Program.....	204
Table 17 - Operating Indicators by Function/Program	205
Table 18 - Capital Asset Statistics by Function/Program	205



Letter of Transmittal

March 30, 2023

To the Mayor, Members of Council, and Citizens of the City of Auburn:

The Annual Comprehensive Financial Report (ACFR) of The City of Auburn (the government) for the fiscal year ended September 30, 2022 is hereby transmitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with City of Auburn management. To the best of our knowledge and belief, the enclosed data are accurate in all material aspects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the government and its component units. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities have been included in this report.

The Report

The ACFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, a copy of the City's Certificate of Achievement for Excellence in Financial Reporting, and the primary government's organization chart. The financial section includes the management's discussion and analysis (MD&A), the basic financial statements including notes for the primary government and its separately presented component units, and the primary government's combining and individual financial statements and schedules, as well as the independent auditor's report on the financial statements and schedules. The MD&A contains a narrative introduction, overview, and analysis of the City's financial statements. It should be read in conjunction with this letter of transmittal. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. In contrast to the financial section information, the statistical section information has not been audited.

This report includes all funds of the primary government and its component units. The primary government provides a full range of services. These services include public safety, public works, development services, environmental services, culture and recreation, economic and community development, and general administrative services. Component units of the City of Auburn include the Auburn City Board of Education, Water Works Board of the City of Auburn, Industrial Development Board of the City of Auburn, Commercial Development Authority of the City of Auburn, Auburn Downtown Redevelopment Authority, and City of Auburn Public Park and Recreation Board. All have been included as separately presented component units of the City's reporting entity in the annual report. Please see note 1.A for details of the reporting entity.

Governmental Accounting Standards Board (GASB) Reporting Requirements The City of Auburn presents financial information that meet the requirements of accounting standards issued by the GASB. Each year, management evaluates new GASB reporting requirements to determine applicability to the City. The requirements issued by GASB that became effective during this fiscal period and those that will become effective in the next fiscal period are described in this section.

The City implemented the following statements during fiscal year 2022:

- GASB Statement 87, "Leases," improves accounting and financial reporting for leases by governments, which will better meet the information needs of financial statement users.
- GASB Statement 92, "Omnibus 2020," enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.
- GASB Statement 93, "Replacement of Interbank Offered Rates," establishes accounting and financial reporting requirements related to the replacement of interbank offered rates in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. This statement does not currently affect the City.
- GASB Statement 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans," clarifies how the absence of a governing board should be considered in determining whether a primary government is financially accountable for purposes of evaluating potential component units and modifies the applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans (for example, certain Section 457 plans). This statement does not currently affect the City.
- GASB Statement 99, "Omnibus 2022," enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

Management is aware of the following statements that become effective for the fiscal 2023 reporting period and will implement those applicable to the City:

- GASB Statement 91, "Conduit Debt Obligations," provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.
- GASB Statement 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements," improves financial reporting by addressing issues related to

public-private and public-public partnership arrangements. This statement also provides guidance for accounting and financial reporting for availability payment arrangements.

- GASB Statement 96, "Subscription-Based Information Technology Arrangements," provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users.

City Profile

The City of Auburn, located in east central Alabama, is a thriving and diverse university-based community. The City was incorporated in Lee County in February of 1839. The establishment of Auburn University in 1856 marked the beginning of a mutually beneficial partnership producing what *Demographics Daily* recognized as a small city "dream town," offering a high quality of life to all its citizens.

During 2022, the City was named one of the winners of the ETC Institutes' Leading the Way Award, which recognizes local governments for delivering outstanding services to their communities. The City ranked in the top 10% of all cities and counties surveyed in the United States in three core areas: (1) satisfaction with the overall quality of services, (2) satisfaction with customer service provided by employees and (3) satisfaction with the value residents think they receive for local taxes and fees. *Southern Living* ranked Auburn No. 3 on its list of the South's Best College Towns 2022. The new Town Creek Inclusive Playground was awarded the 2022 Facility of the Year by the Alabama Recreation and Parks Association.

Located near Georgia's west central border, Auburn is conveniently located on Interstate Highway 85, 105 miles southwest of Atlanta and 50 miles east of Montgomery, the Alabama State Capital. Auburn is 210 miles southeast of Huntsville, the largest city in Alabama, and is 35 miles northwest of Columbus, Georgia's second largest city. With easy access to highway, rail, and air transportation, Auburn's location has been a significant factor in its continuing growth.



Auburn is conveniently located on Interstate 85.

Auburn has been among the fastest growing communities in Alabama, since beginning humbly in 1900 with a population of 1,831. During the past five decades, the City has seen tremendous growth from 22,767 residents in 1970 to 76,143 residents in 2020 per the U. S. Census Bureau. As the population has grown and the economic base diversified, the City of Auburn has responded with expanded and innovative government services to provide for the needs and the expectations of a highly educated and multicultural citizenry.

Auburn has a Council-Manager form of municipal government. The City Council consists of nine members: eight elected from eight single-member wards, and the Mayor, who is elected at large. This legislative body establishes policy to guide the various City departments in providing

services to its citizens. The City Manager is the chief executive officer of the City, directing and managing the daily activities of the city government. Megan McGowen Crouch has served as City Manager since February 2021.

Approximately 522 regular, full-time employees staff these departments, producing high quality and cost-effective public services.

Major Initiatives

In fiscal year 2022, the City continued to prioritize school funding. The City contributed \$18.6 million from its General Fund to the Auburn Board of Education, maintaining a commitment that ranks the municipal government among the highest in Alabama in terms of the level of local school support.

During fiscal 2022, the City issued general obligation warrants which fully refunded \$3.3 million of the 2012-B general obligation sewer fund warrants and \$11.2 million of the 2012-B general obligation school warrants. The refunding will reduce interest costs over the remaining life of this debt. The City also issued \$48.9 million in general obligation warrants for the construction of Will Buechner Parkway, construction of the Environmental Services and Public Works facility, and improvements to the Auburn Soccer Complex.

The City received \$8.3 million as its second tranche from the Coronavirus Local Fiscal Recovery Funds, a part of the American Rescue Plan. The City received a total of \$16.5 million in funding from this program between fiscal 2021 and fiscal 2022. No funds were spent as of the end of fiscal 2022; however, a budget was adopted for the funds and spending will begin in fiscal 2023.

The Town Creek Park inclusive playground opened in July 2022 as a 60,000 square feet accessible playground featuring parallel play components, fitness equipment, two pavilions, restroom building, walking trail, playground equipment, sensory components and more to provide an engaging and barrier-free experience for persons for all abilities and ages to enjoy.

Fire Station No. 6 opened in August 2022. The station is approximately 8,000 square feet and includes living and sleeping quarters, office space, and an apparatus bay. The station services the north Auburn area where much of the new housing developments are located.

Construction began on Will Buechner Parkway which is approximately 1.5 miles of new roadway connecting SR-14 and Richland Road. A multi-use path is also being constructed adjacent to the new roadway. Work also began on a new Environmental Services and Public Works facility which includes three new buildings and warehouse space for Environmental Services, Public Works and Fleet Services, along with pole barns, a wash building and a fuel depot. Improvements to the Auburn Soccer Complex was also started during fiscal 2022. Improvements include a new 20,600 square foot multi-purpose building, new free-standing restroom pavilion building, three new multi-purpose fields with sidewalks, expanded parking, and a new roundabout at the main entrance on Wire Road.

Government Services

The City of Auburn is organized into four business units that are comprised of 20 departments. This business unit structure was implemented with the goal of developing an innovative, efficient, accountable organizational structure capable of meeting the demands of a quickly growing community well into the future.

Administrative Services

Economic Development
 Finance
 Human Resources
 Information Technology
 Judicial
 Office of the City Manager

Development Services

Development Services Administration
 Planning Services
 Inspection Services
 Community Services
 Engineering Services

Public Safety Services

Public Safety Administration
 Police
 Fire

Public Services

Public Services Administration
 Water Resource Management
 Public Works
 Library
 Parks and Recreation
 Environmental Services

Public Safety Services Public Safety Services is comprised of three departments: Police, Fire, and Administration. In fiscal year 2022, the business unit handled and/or responded to 221,526 calls. The Police Department includes 147 full-time and 15 part-time sworn officer positions, providing an average emergency call response time of 2-3 minutes. The Police Department has provided police service for the campus of Auburn University since 2004. The Auburn University Precinct is staffed with 39 officers and managed by an Assistant Police Chief. In 2001, the City and Lee County, Alabama initiated an agreement for the County to provide jail services for the City. The City pays the County a charge per inmate. The City also pays for medical care for prisoners who must be given care outside of the jail.

The Fire Department includes 64 regular, full-time firefighters and an average of 55 student firefighters, operating six fire stations in providing service to residents in the City of Auburn as well as the campus of Auburn University. The City currently has a 2/2X fire insurance rating. This is a good rating and equates to lower insurance rates for Auburn's citizens.

Emergency Management and Communications, a division of the Public Safety Administration Department, provides E-911 emergency response and dispatch services to the public and coordinates preparedness, notifications and response regarding critical incidents. The Division is comprised of 18 full-time and 8 part-time staff members. Ambulance services are provided via a contract with East Alabama Medical Center.

Public Services The City's Public Works Department oversees the maintenance of City infrastructure including streets, sidewalks, stormwater and drainage facilities, landscape areas including medians and traffic islands, and right-of-way vegetation. The City expends approximately \$3.0 million per fiscal year on road maintenance. The City roadway system currently includes over 720 lane miles of paved streets. Public Works also maintains 160 miles of sidewalk, 2,600 acres of right-of-way, 8,500 street trees, 150 miles of storm sewer system, and 17 City owned facilities.

Given Auburn University's origins as an agricultural and mechanical college, it is not surprising that Auburn's residents give a high priority to its environmental quality of life. Environmental Services collects household waste, recyclables, and yard waste, offering citizens their choice of lower-cost curbside collection or higher-fee back yard collection service. During fiscal year

2022, approximately 17,902 households were served with 17,676 tons of garbage, 2,473 tons of recycling and 10,676 tons of yard waste collected. 70% of the yard waste collected was recycled.

In an effort to provide residents the opportunity to do a holistic cleanup around their properties each spring, Environmental Services provides an annual trash amnesty period where fees are waived for oversized debris piles. Environmental Services also hosts a biannual household hazardous waste collection event and an annual comprehensive neighborhood clean-up event. During fiscal year 2022, the household hazardous waste collection events had over 1,200 participants that disposed of 50 tons of material.

The goal of Fleet Services, a division of Environmental Services, is to procure safe, dependable, cost-effective equipment and furnish quality vehicle maintenance services for the City of Auburn. These support services enable the City to provide excellent service to its citizens. The City's fleet is comprised of 756 units. These units range from small equipment, such as lawnmowers, to large construction equipment. Environmental Services is also responsible for animal control.

The Auburn Public Library has 36 internet-connected computer workstations available to the public. During fiscal 2022, there were 22,858 logins on these computers. Additionally, the Auburn Public Library offers wireless internet access through AuburnWeb, the City's public Wi-Fi network, for patrons bringing their own laptops, tablets, and other portable devices. Library patrons checked out 544,970 books, audiobooks, eBooks, and movies. Circulation of digital resources represented just 18% of total circulation, indicating that physical resources continued to be in high demand with Auburn residents. In addition, 28,785 patrons attended the Library's 1,546 programs offered for children, teens, and adults.

The Library expanded services to APL@Boykin, a micro-library located within the Boykin Community Center that provides more immediate service to Northwest Auburn, as well as Auburn Day Care, Joyland Child Development, the Boys and Girls Club, and the senior groups that meet at the Center. Library staff visit the Boykin Center several times each week to provide technology assistance and help users with accessing Library resources. Community members can also pick up holds and drop off returns at APL@Boykin.

Programs offered by the Auburn Public Library included early literacy story time, puppet shows, the Third Grade Reading Dragons, the Summer Learning Challenge, a virtual book club for adults, financial literacy workshops, learning difficulties workshops, research classes, multilingual & multicultural programs, community English conversation classes, and one-on-one technology assistance, some sponsored in part by the Auburn Public Library Foundation. The Library hosted author Carmen Agra Deedy, who visited all third-grade classrooms, along with performing for the public in a separate program at the Library. The Library also hosted authors Lisa McNair, Anna Moates, Anna Penland, Bonnie Busbin, and Rachel Hawkins. The Library provided outreach activities to the Auburn University College of Business Women's Entrepreneur Workshop, the Christian Women's Job Corps, local homeschool organizations, local daycare centers, Auburn Housing Authority's COMMUNITY event and block parties, and Auburn Public Safety's National Night Out.

The Parks and Recreation Department maintains 16 City parks, four cemeteries, and numerous recreation facilities. This includes five recreation centers, an award-winning inclusive playground, one pool, four youth baseball complexes, a seven-field soccer complex, a skate park, three dog parks, 33 miles of bike paths, a five-field competition class softball complex, an

award-winning 34 court tennis center, a community arts center, six pickleball courts, and more. Parks and Recreation provides programs including organized team sports leagues for football, basketball, soccer, baseball, volleyball, track and softball; music and dancing lessons; summer day camps; pickleball; special needs programming; and swimming teams. Annual events offered by the Parks and Recreation Department include Daddy Daughter Date Night, Easter egg hunt, Auburn CityFest, and an Independence Day celebration. In addition, the department is increasing emphasis on fitness and seniors programming at Harris Center and Frank Brown Recreation Center.

Development Services The Engineering Services Department plans, organizes and directs the design and construction of infrastructure and engineering programs, projects and activities. The department provides engineering services and project management for the City's streets, sidewalks, bridges, drainage structures and traffic signals, while also maintaining proper traffic control signage and street name signs. Traffic Engineering maintains 68 signalized intersections which all communicate with the traffic control center, along with approximately 1,050 streetlights, 140 LED edge lit signs, 5,425 street signs, 1,425 street name signs and 10 solar powered rapid flashing beacons at 5 pedestrian mid-block crossings.

The Inspection Services department completed over 22,000 inspections, 31% of which were commercial developments, 67% of which were residential, and the remaining were property maintenance inspections. City inspectors completed an average of 87 inspections a day throughout the year to ensure developments are meeting the City's standards to create safe, reliable housing and businesses in our community.

Education Services Auburn City Schools provide services to more than 9,400 students. It is one of the fastest growing school systems in Alabama, averaging about 200 new students each year. Auburn City Schools consistently experiences record enrollment growth each year as parents are drawn to the excellent teachers, facilities and programming.

Currently, students are housed on 13 separate campuses. These campuses include nine elementary schools, one 6th grade school, one 7th grade school, one 8th-9th grade junior high school, and one 10th-12th grade high school. Excellent choral, drama, art, band, academic teams, sports, and other extracurricular programs are offered. All schools have a media center, art teacher, music teacher, and one or more full-time counselors.

The City school system is accredited by the State Department of Education and the Southern Association of Colleges and Schools. Auburn High School consistently produces an average of ten National Merit finalists/semi-finalists each year from the senior class. For the class of 2022, the graduation rate for Auburn High School was 98% and seniors were awarded more than \$23.1 million in scholarships. Concurrent college enrollment, through Auburn University, University of Alabama and Southern Union State Community College, is available for students who wish to take courses not taught at Auburn High School.

There are numerous colleges and technical schools within a 50-mile radius of Auburn.

Auburn University, Auburn	Columbus State University, Columbus, GA
Tuskegee University, Tuskegee	LaGrange College, LaGrange, GA
Huntingdon College, Montgomery	Southern Union State Community College, Opelika
Faulkner University, Montgomery	Chattahoochee Valley Community College, Phenix City
Auburn University, Montgomery	Central Alabama Community College, Alexander City

Troy University at Montgomery
Point University, West Point, GA

Alabama State University, Montgomery

Auburn University, located adjacent to downtown Auburn, is a comprehensive research institution blending arts and applied sciences. The student body is taught by approximately 1,443 full-time faculty members, and the student to faculty ratio is 20 to 1. The University is nationally known for the achievements of its veterinary medicine, engineering, and business graduates. Auburn offers degrees in 15 schools and colleges with over 150 majors at the undergraduate, graduate, and professional levels. Auburn has awarded more than 300,000 academic degrees since it opened in 1856.

As the City's largest employer with over 5,400 employees, Auburn University is a major contributor to the local economy. Enrollment was 31,764 for fall semester of the 2022/2023 academic year.

Southern Union State Community College is located in Auburn's sister city, Opelika, the Lee County seat. Southern Union is located five miles from Auburn and offers courses in business, accounting, computer science, industrial electricity and electronics technology, automotive mechanics technology, welding, and more.

Utilities The Water Works Board of the City of Auburn, drawing from Lake Ogletree as its main source, with secondary sources from two groundwater wells (Well No. 3 located on Highway 29 South and Well No. 4 located on Sandhill Road) and Opelika Utilities, provides potable water services. The City's Water Resource Management (WRM) Department also provides the wastewater treatment services for the City, with a permitted treatment capacity of 13.45 million gallons per day. The City's stormwater program is managed by WRM, as well. The Watershed Management Division coordinates and implements the Phase II Stormwater Regulations published by the federal government in 1999, while offering educational opportunities about stormwater issues and enforcing the City's erosion and sediment control ordinance.

Healthcare The Auburn area is served by East Alabama Health (EAH). Among the many services that EAH provides are open-heart surgery and cancer treatment, both of which are highly acclaimed specialties at the hospital. The center provides emergency medical transport services to the City of Auburn. EAH has been recognized three times for having a "Top 100 heart program." EAH has been named twice as one of *Fortune's* "100 best companies to work for in America". The hospital has over 2,600 employees, making it the second largest employer in Lee County. EAH facilities in Auburn include Rehab Works, several assisted living communities, the Auburn University Medical Clinic on the Auburn University campus and the Auburn Medical Pavilion. The Auburn Medical Pavilion opened in phases starting in June 2021 and is home to an outpatient surgery center, in-house pharmacy, breast health center, and a freestanding emergency department (FED). This 12-bed, level 3 trauma center is just the sixth FED in Alabama.

Transportation The Auburn area is highly accessible by various transportation modes. Situated at the intersections of Interstate 85 with US Highways 280 and 29, the cities of Atlanta, Montgomery and Birmingham are all within an easy two-hour drive. Auburn is served by four trucking terminals, all within 25 miles of the City, three overnight delivery services, and two commercial bus lines.

Auburn University operates the Auburn University Regional Airport with the financial support of the three local governments in Lee County. Other conveniently accessible airports include Hartsfield-Jackson Atlanta International Airport (100 miles by Interstate 85), the Columbus, Georgia regional airport (40 miles by US 280), and the Montgomery, Alabama regional airport

(60 miles by Interstate 85). CSX Transportation provides local mainline rail service through its Southern Railway and Western Railway of Alabama divisions.

Factors Affecting Financial Conditions

Local Economy

From the founding of Auburn University in 1856, the City's economy has been dominated by the University's presence. The University's students and faculty were attracted to the quality of life in Auburn and wanted to remain in the City on a long-term basis. Consequently, many were overqualified for the available jobs, but chose to accept under-employment to remain in Auburn.

In the mid-1980's, the City government began a conscious effort to strengthen the City's economic base through diversification. The City government established an Economic Development Department, whose mission is to recruit small- to medium-sized technology-based companies that offer a high level of employment to citizens, with the corresponding improvements in salaries and benefits.

The City's Economic Development Department, in partnership with the City's Industrial Development Board, has achieved an outstanding level of success in this effort, having announced the recruitment of more than fifty-five companies, resulting in the creation of nearly 8,000 jobs over the last three decades. The location of these companies in Auburn has meant that the City had to acquire and develop four industrial-technology parks. Construction of the first phase of the Auburn Technology Park West Annex was completed in 2020.

In 2022, the Industrial Development Board contracted to purchase additional land to further expand the developable area in and around Auburn Technology Park West. As the City's existing companies continue to grow and expand, the need for additional developable land for the growing industrial base has become an increasing priority for the Industrial Development Board. This acquisition poises the City for the next decade of recruiting diverse, technology-based, value-added companies to the Auburn area.

The City's Commercial Development Incentive Program has assisted new and redeveloped commercial enterprises in the City. In 2022, the program assisted in the recruitment of a downtown development that will feature an urban Target, providing a general merchandiser to the already bustling downtown area. This program also helped recruit Buc-ee's at exit 50, which is the new gateway to Auburn. Additionally, the area around the Auburn Mall and along Opelika Road continues to see growth as a result of the City's Commercial Development Incentive Program. In fiscal 2022, HomeGoods was added to the Auburn market because of this program.

The City's Community Services Department, a branch of the Development Services Business Unit, provides a variety of opportunities to improve the quality of life for Auburn's citizens. The Community Development Block Grant (CDBG) Program is administered by the Community Services Department. These federal funds help facilitate programs specifically targeted to housing, public service and special economic development activities which will directly impact citizens identified as low- to moderate- income. Affordable housing, emergency housing rehab, housing reconstruction, and utility and mortgage assistance are examples of programs available to qualifying citizens in need. The East Alabama Food Bank, North Auburn Housing Development Corporation, and Presbyterian Community Ministries are a few agencies that

administer CDBG funding and provide supportive services directly to applicants residing within the City limits. Along with the Community Services Department, several other tenants such as Auburn Day Care Center, Auburn Senior Center, Boys and Girls Clubs of East Alabama, Joyland Development Center, Inc. and Auburn Community Development Corporation operate out of the Boykin Community Center to provide services to and help meet the needs of qualifying citizens.



Boykin Community Center

During the COVID-19 pandemic, the City of Auburn received special CDBG-CV funds to aid in the fight to prevent and respond to the growing concerns of the coronavirus pandemic in the low- to moderate- income community. Additional funds were allocated to entitlement cities above and beyond the normal formula grant allocations. These funds were utilized to provide targeted assistance to those who were unemployed or underemployed due to circumstances arising from the COVID-19 pandemic. Rental, utility, mortgage, and homelessness assistance was at a program high during this time, and the Community Services Department responded swiftly to the needs of the community.

In an effort to leverage funds to finance economic development activities to create and retain jobs, the City of Auburn was approved for a Section 108 Loan sponsored by the U.S. Department of Housing and Urban Development (HUD). Section 108 funds are used to fund business loans and provide financing for commercial and industrial loans for undertaking special economic development activities and to offer short-term loans for active small businesses and small business start-ups. Currently, there are two (2) active loans issued to entities operating within the City of Auburn committed to job creation for low- to moderate- income workers.

In fiscal 2022, building permits were issued for 338 new single-family detached residences valued at \$126.3 million and 177 new single-family attached residences valued at \$40.7 million. The average valuation for single-family detached homes was \$373,708 and \$230,218 for single-family attached homes. Also, 50 new commercial and industrial facilities valued at \$86.4 million were permitted during fiscal 2022.

CompPlan 2030

CompPlan 2030 is the City of Auburn's plan for future growth and development. The plan looks forward 20 years and provides recommendations for the future based on public input, analysis of existing future conditions, and the best practices of planning. CompPlan 2030 focuses on how the City uses the land, now and in the future; how land use and the built environment affect the natural world, and vice-versa; schools, parks and other facilities that form the civic foundation of the City; and the many forms of transportation that link everything together. The

plan represents an achievable, comprehensive vision for Auburn's future growth and development that reflects input from a broad array of plan stakeholders.

Risk Management

The City of Auburn's risk management program includes identification and analysis of loss exposures and the selection of appropriate risk management techniques for specific loss exposures. The City uses a combination of risk reduction and risk financing techniques. The risk reduction techniques include loss prevention and loss reduction through periodic inspections and training. While insurance or self-insurance is used for risk financing, some loss exposures are retained by the City and paid for out of the operating budget.

Long-term Financial Planning

The City's capital improvements plan identifies potential capital projects for fiscal years 2023 through 2028. Project areas include sidewalk and neighborhood projects, downtown improvements, technology investments, public safety projects and major equipment, parks and cultural projects, and City facility improvements. Various funding options, including debt and grants, will be identified at the appropriate time. Several of the most significant projects planned are listed below.

- South College Street and Samford Avenue intersection improvements
- Will Buechner Parkway
- Environmental Services/Public Works facility
- Soccer Complex
- Lake Wilmore Community Center
- Boykin Donahue Campus improvements

Financial Information

Management of the government is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse and to ensure that adequate data are compiled to allow for the presentation of financial statements in conformance with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) that valuation of costs and benefits requires estimates and judgments by management.

Single Audit As a recipient of federal and state financial assistance, the government is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

As part of the City's audit in accordance with generally accepted government auditing standards, tests are made to determine the adequacy of the internal control structure, including that portion related to federal assistance programs, as well as to determine that the government has complied with applicable laws and regulations.

Budgeting Although accountability for budgetary compliance is held at the department level, budgetary tracking is maintained at the line-item level by the encumbrance of actual or

estimated purchase amounts prior to the release of purchase orders to vendors. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. The City Manager has the authority to adjust between budget line items.

The City has been using biennial budgeting since fiscal 2001. The objectives of a biennial budget process are two-fold: to give the Council and City management a longer time horizon for budgeting and to reduce the amount of staff time required for developing and adjusting the budget. Under the annual budgeting process, Auburn conducted a mid-year budget review process each April that was nearly as rigorous as the budget development each summer. With a biennial budget, the mid-year review is streamlined and there is an in-depth Mid-Biennium Review. Also, a comprehensive revenue review is completed periodically to evaluate the City's revenue structure.

Ordinances and resolutions enacted during the year by the governing body are incorporated into the budget through amendments at mid-biennium and, if necessary, at fiscal year-end. Activities of the General Fund, the debt service fund, and most special revenue funds are included in the budget. Encumbrances for outstanding purchase orders lapse at year-end; however, departments may request, with City Manager approval, a carryover of encumbrances should a positive budget balance remain. All encumbrances associated with contracts are signed commitments of the government and will be re-appropriated at the beginning of the new fiscal year.

The City's budget is prepared in accordance with generally accepted accounting principles (GAAP), with the exception that capital outlays and debt service payments related to the operation of individual departments are budgeted within those departments. The financial statements presented in the financial section of this report are presented in accordance with GAAP; that is, all capital outlays have been aggregated in a single line captioned "capital outlay." Debt service expenditures are presented in a single line caption in the GAAP financial statements, as well.

Cash Management and Investments It is the policy of the City to invest public funds not required for immediate operations in a manner that will provide the highest investment return. The priorities for City investments shall be safety, liquidity, and return on investment. All financial institutions holding City deposits are Qualified Public Depositories (QPD) authorized by the Security for Alabama Funds Enhancement (SAFE) program. The SAFE program provides a collateral pool administered by the Alabama State Treasurer.

During fiscal year 2022, idle cash was invested in U.S. treasury notes, U.S. treasury bills, and federal agency securities with 2 month – 5 year terms and rates ranging from 0.05% to 4.66%. The City's idle cash was also invested in various money market accounts with rates ranging from 0.005% to 2.33%. The City's demand deposit operating account earned 0.10% to 0.60% during the fiscal year.

During fiscal year 2022, the City invested the debt proceeds from four capital projects issued in four separate construction cash money market accounts with rates ranging from 0.005% to 2.03%.

General Fund Reserves The City Council has adopted a policy of maintaining a net ending fund balance in the General Fund that is equal to or greater than 6% of total expenditures and other

financing uses. Management has an informal goal of 20-25%. The ending fund balance as a percentage of expenditures and other financing uses for the fiscal 2022 period was 68.0%, exceeding management's informal goal.

Other Information

Independent Audit The government is required by State law to undergo an annual audit by independent public accountants. To meet federal requirements of the Single Audit Act Amendments of 1996, and the resultant issuance of OMB Circular No. A-133 (*Audits of States, Local Governments, and Non-Profit Organizations*) and the Uniform Guidance effective December 26, 2014, the City's audit report must be signed by a certified public accountant. The accounting firm of Machen McChesney completed the City's fiscal year 2022 audit. The auditor's report on the basic financial statements and the combining and individual fund statements and schedules is included in the *financial* section of this report.

Information related to this Single Audit, including the schedule of federal financial assistance, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations, are generally meaningful only to oversight agencies and therefore have not been included in this report. This information is contained in a separate Single Audit report, which is available for review at the Office of the City Manager in City Hall at 144 Tichenor Avenue, Auburn, Alabama.

Awards The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Auburn, Alabama, for its annual report for the fiscal year ended September 30, 2021. This was the thirty-fifth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current annual report continues to meet the program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City also received an Award for Outstanding Achievement in Popular Annual Financial Reporting from the GFOA for its annual report for the fiscal year ended September 30, 2021. Governments that wish to participate in the PAFR program must submit the annual comprehensive financial report to the GFOA's Certificate of Achievement for Excellence in Financial Reporting for the current fiscal year and ultimately receive the GFOA's Certificate of Achievement for Excellence in Financial Reporting for the current fiscal year.

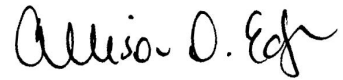
In addition, the City has also received a GFOA Award for Distinguished Budget Presentation for its biennium beginning October 1, 2021. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged proficient in several categories including policy documentation, financial planning, and organization.

Acknowledgments The preparation of the annual comprehensive financial report could not be accomplished without the dedicated services of an efficient Finance Department staff, including adjunct members in other City departments. We express appreciation to each member of the Department and to those members of other City departments for their contributions made in the preparation of this report.

In closing, the commitment to the achievement of mandated priorities speaks to the progressive leadership and dedication to public service of the Mayor and the City Council. Their support for a policy of financial integrity has been instrumental in the preparation of this report.

A handwritten signature in black ink, reading "Megan McGowen Crouch". The signature is fluid and cursive, with the first name "Megan" being more prominent.

Megan McGowen Crouch
City Manager

A handwritten signature in black ink, reading "Allison D. Edge". The signature is cursive and elegant, with the last name "Edge" being the most distinct part.

Allison D. Edge, CPA, CGMA
Finance Director/Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Auburn
Alabama**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

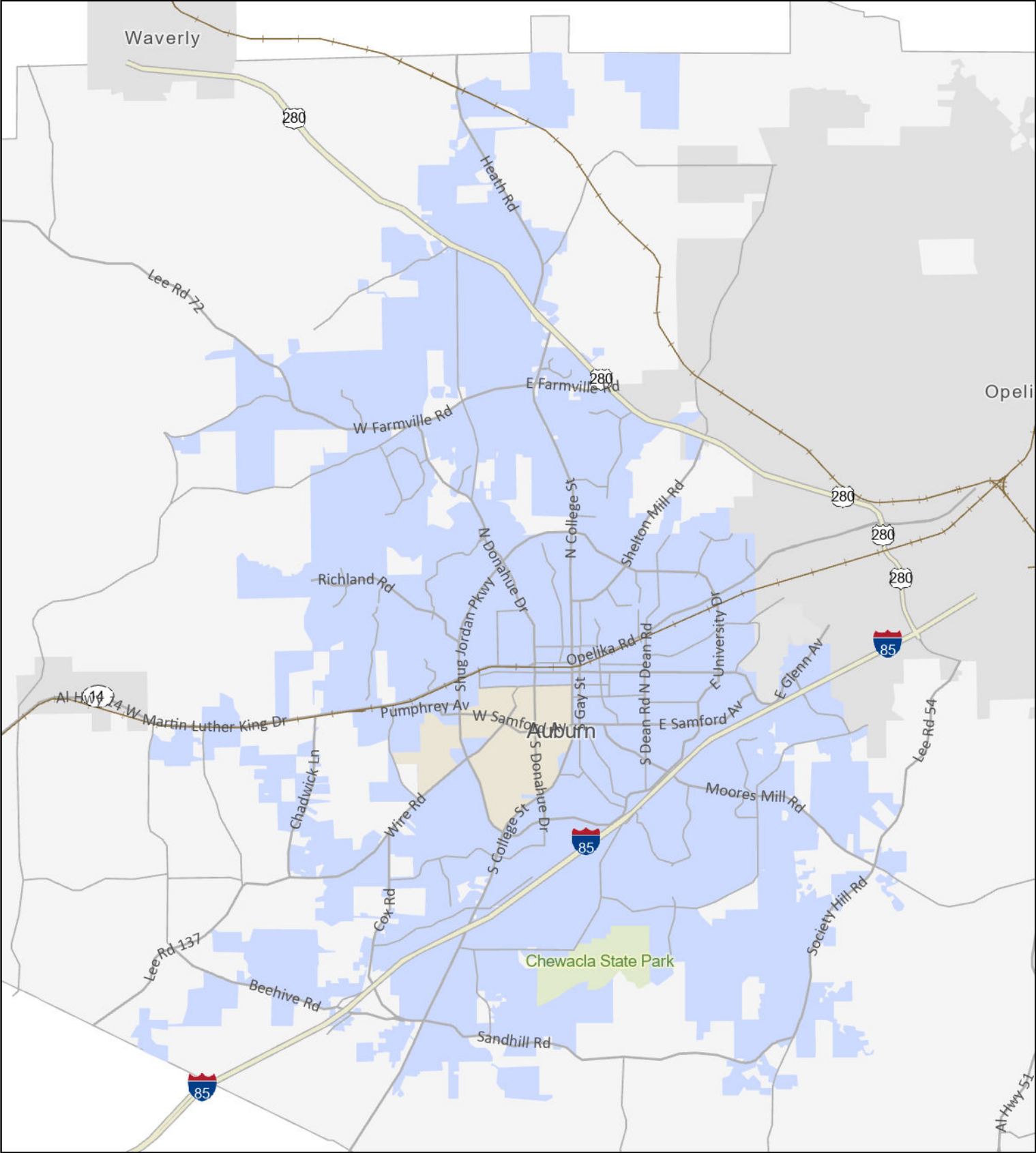
September 30, 2021

Christopher P. Morill

Executive Director/CEO

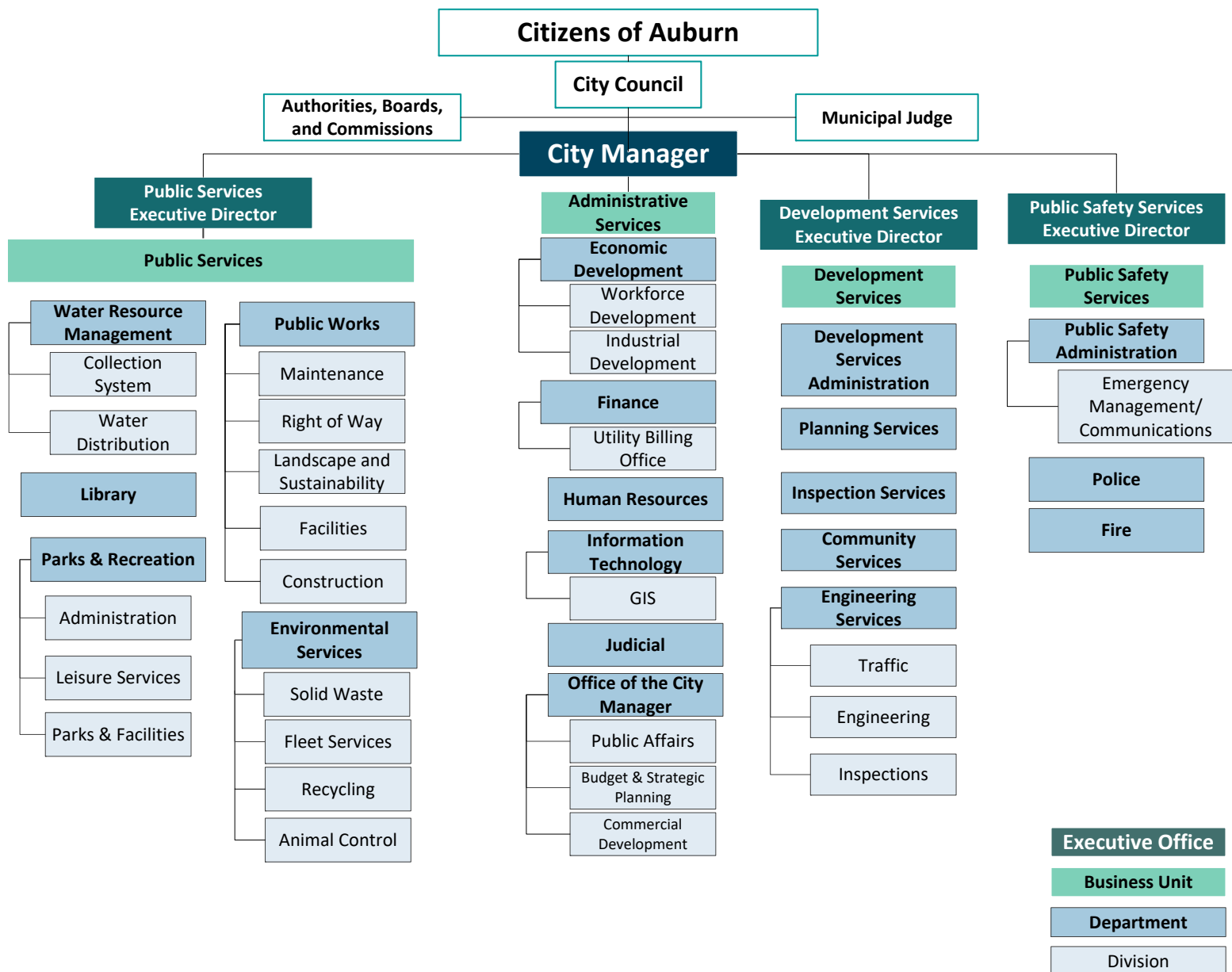
MAP OF THE CITY OF AUBURN

for the fiscal year ending September 30, 2022



GIS Division
01/23/2023

The City of Auburn, Alabama does not guarantee or warrant the accuracy of this map or any information contained herein. Information may contain errors and should be verified by an appropriately qualified, licensed and independent professional.





City of Auburn

INDEPENDENT AUDITOR'S REPORT

The Honorable Ron Anders, Jr., Mayor
Members of the City Council and City Manager
City of Auburn, Alabama

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Auburn, Alabama, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Auburn, Alabama's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Auburn, Alabama, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Special School Tax Fund and the CV Local Fiscal Recovery Fund 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 (GAAS) 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. The financial statements of the Water Works Board of the City of Auburn and the City of Auburn Industrial Development Board were not audited in accordance with *Government Auditing Standards*.

We are required to be independent of the City of Auburn, Alabama 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

The City of Auburn, Alabama's 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, Alabama's ability to continue as a going concern for one year after the date that the financial statements are issued.

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 GAAS 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 GAAS, 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, Alabama'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, Alabama'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 (pages 29 through 61), pension information (pages 167 through 168), and OPEB information (page 169) 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, Alabama's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, the respective budgetary comparison for the special revenue and debt service funds, the discretely presented nonmajor component unit financial statements, the capital asset schedules, and the statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the respective budgetary comparison for the special revenue and debt service funds, the discretely presented nonmajor component unit financial statements, and the capital asset schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the respective budgetary comparison for the special revenue and debt service funds, the discretely presented nonmajor component unit financial statements, and the capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2023, on our consideration of the City of Auburn, Alabama'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, Alabama'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, Alabama's internal control over financial reporting and compliance.

Machen McChesney, LLP

Auburn, Alabama
March 27, 2023



City of Auburn

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Auburn's Annual Comprehensive Financial Report presents City management's discussion and analysis (MD&A) of the City's financial performance during the fiscal year that ended on September 30, 2022. Please read this in conjunction with the City's financial statements and the accompanying notes, which follow this section, and the additional information furnished in the letter of transmittal in the introductory section of the Annual Comprehensive Financial 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 fiscal year by \$227.6 million (net position). Of this amount, the City had a deficit unrestricted net position of \$143.9 million offset by \$68.6 million in restricted net position and \$302.9 million in net investment in capital assets.
- The primary government experienced a 20.1% increase in net position from \$189.5 million at September 30, 2021 to \$227.6 million at September 30, 2022.
- At the close of fiscal 2022, the City's governmental funds reported a *combined* fund balance of \$174.4 million. This was an increase of \$43.2 million (32.9%) from the prior year.
- At the end of fiscal 2022, total fund balance for the General Fund was \$81.4 million or 68.0% of total General Fund expenditures and other financing uses; total fund balance increased by \$12.7 million (18.4%) from fiscal year 2021. Total ending fund balance in the General Fund comprised 64.0% of total revenues in 2022 and 60.6% in 2021.
- Unassigned fund balance for the General Fund was \$46.0 million, or 38.4% of total General Fund expenditures and other financing uses; this was an increase of \$4.8 million (11.6%) from fiscal 2021.
- Sales and use tax, the City's single largest revenue source, increased by \$7.7 million (15.0%) during the 2022 fiscal year.
- Significant changes in revenue in the City's General Fund during 2022 include the following: occupational license fees increased \$2.0 million (14.2%); state shared taxes increased \$1.7 million (33.6%); lodging taxes increased \$1.3 million (53.2%); and fines and forfeitures decreased \$406,292 (34.9%).

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements consist of three parts: management's discussion and analysis (this section), the basic financial statements, and the narrative notes to the financial statements. The basic financial statements include two kinds of statements that present different views of the City's finances.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual elements of the City government, reporting the City's operations in more detail than the government-wide statements.

- The governmental funds statements tell how general government services like public safety and public works were financed in the short term, as well as what remains for future spending.
- Proprietary funds statements offer short and long-term financial information about the activities the government operates like businesses, such as the sewer and solid waste systems.
- Fiduciary funds statements convey information about financial relationships in which the City acts solely as a trustee for the benefit of others, like athletic organizations' resources held for spending on specific sports' activities.

The financial statements also include narrative notes that explain some of the information in the financial statements and provide more details. Figure A shows how the required parts of this annual report are arranged and relate to one another.

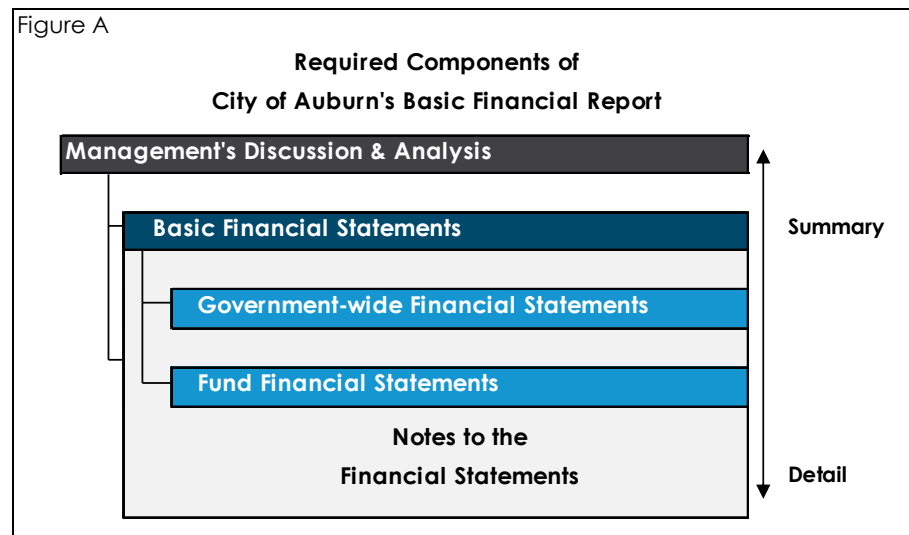


Figure B (on the following page) summarizes the major elements of the financial statements, explaining the portions of the City government included in each and the types of information contained therein. The remainder of this overview explains the structure and contents of each of the financial statements.

Government-wide Statements

The *government-wide financial statements* report information about the City as a whole, using accounting methods like those used by private-sector companies.

- The *statement of net position* includes all the government's assets and liabilities, with the difference between the two reported as net position.
- All the fiscal year's revenues and expenses are accounted for in the *statement of activities*, presenting the change in net position for the most recently completed fiscal year. All changes in net position (revenues and expenses) are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

To assess the overall economic health of the City, additional non-financial factors, such as changes in the City's tax base, planning and zoning actions, and the condition of the City's roads, other infrastructure and public school system, should also be considered.

Figure B

Major Elements of Auburn's Government-wide and Fund Financial Statements

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government and the City's component units	The activities of the City that are not proprietary, such as police, fire, and parks and recreation	Activities the City operates similar to private businesses: Sewer Fund and Solid Waste Management Fund	Instances in which the City is the trustee or agent for someone else's resources: Youth Athletic Funds
Required financial statements	Statement of net position	Balance sheet	Statement of net position	Statement of fiduciary net position
	Statement of activities	Statement of revenues, expenditures, and changes in fund balance	Statement of revenues, exp, and changes in net position Statement of cash flows	Statement of changes in fiduciary net position
Accounting basis & measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability	All assets, deferred inflows, liabilities, and deferred outflows, both financial and capital, short-term and long-term	Only assets and deferred inflows expected to be used up and liabilities and deferred outflows that come due during the year or soon thereafter; no capital assets or long-term debt included	All assets, deferred inflows, liabilities and deferred outflows, both financial and capital, short-term and long-term	All assets, deferred inflows, liabilities and deferred outflows, both financial and capital, short-term and long-term
Type of inflow/outflow	All revenue and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year and expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year regardless of when it is received or paid.	All revenues and expenses during the year regardless of when it is received or paid.

The government-wide financial statements of the City are divided into three categories:

- *Governmental activities.* Most of the City's basic services are included in this category, such as the services provided by the Public Safety, Public Works, Parks and Recreation, Human Resources, and Finance departments. General revenues from sales and use taxes, occupational license fees, property taxes, charges for services, and state and federal grants finance most of these activities.
- *Business-type activities.* The City charges fees to customers to help cover the costs of certain services it provides to the public. The City's Sewer Fund and Solid Waste Management Fund are included in this category as enterprise funds.
- *Discretely Presented Component Units.* The City includes six other entities in this report. These entities include the City of Auburn Board of Education (Auburn City Schools), Water Works Board of the City of Auburn, City of Auburn Industrial Development Board, City of Auburn Public Park and Recreation Board, the Commercial Development Authority of the City of Auburn, and the Auburn Downtown Redevelopment Authority. Please refer to Note 1.A. within the Notes to the Financial Statements regarding the availability of separately issued component unit financial statements.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds. Funds are groupings of related accounts that the City uses to keep track of specific revenues and spending for particular activities or objectives.

- State law requires gasoline tax funds to be accounted for separately, because the expenditures are restricted for specific uses.

- The City Council establishes other funds to control the use of monies for particular purposes, such as property taxes that are legally dedicated for repayment of long-term debt for voted projects or for support of the City school system.
- The City also establishes funds to demonstrate compliance with certain legally restricted revenue sources, such as tracking debt-financed capital projects and the spending of grant revenues.

The City has three kinds of funds:

- *Governmental funds.* Most of the City's basic services are accounted for in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flows in and out, and (2) the balances left at year-end that are available for spending in subsequent years. Consequently, the governmental funds' statements provide a detailed, short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs following the completion of a fiscal year.

Because governmental fund information does not encompass the additional long-term focus of the government-wide 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. Doing so provides a better understanding of the long-term impact of the government's short-term funding decisions. Both the balance sheet and the statement of revenues, expenditures, and changes in fund balances for governmental funds provide a reconciliation to facilitate this comparison between governmental funds statements and government-wide statements on governmental activities.

- *Proprietary funds.* Services provided to the public for which customers pay a fee are generally reported in enterprise funds, which are a type of proprietary fund. Proprietary funds' financial statements, like the government-wide statements, provide both long- and short-term financial information. Proprietary funds function like a business activity; therefore, the financial statements provide additional information, such as depreciation expense and cash flows, which are not presented for governmental funds.
- *Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City of Auburn's own programs. These private-purpose trust funds account for the revenues and expenditures of independent associations supporting youth athletic programs.

The City adopts a biennial budget for its General Fund and most other governmental funds. For legal compliance, comparison, and reporting purposes, this budget is divided into two separate fiscal years. A budgetary comparison statement for the General Fund has been provided immediately following the fund financial statements.

Notes to the financial statements The notes are an integral and essential part of the basic financial statements. They provide additional information that is important if the reader is to have a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements.

FINANCIAL ANALYSIS OF THE CITY (PRIMARY GOVERNMENT)

Net position

The City's combined net position at September 30, 2022 totaled \$227.6 million (see Table 1). Governmental Activities' net position increased \$32.3 million (26.9%), while Business-type Activities' net position increased \$5.8 million (8.4%) during the year.

The primary government's total net position increase of \$38.1 million (20.1%) in fiscal 2022 includes the following major changes: 1) a decrease in the deficit in unrestricted net position of \$26.7 million, 2) an increase in restricted net position of \$2.4 million, and 3) an increase in net investment in capital assets of \$9.0 million.

Table 1

**City of Auburn's Net Position
September 30, 2022 and 2021**

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 208,710,607	\$ 153,610,147	\$ 20,373,280	\$ 17,798,750	\$ 229,083,887	\$ 171,408,897
Capital assets	322,753,594	288,599,670	83,220,711	83,191,159	405,974,305	371,790,829
Total assets	531,464,201	442,209,817	103,593,991	100,989,909	635,058,192	543,199,726
Deferred outflows of resources	16,729,334	15,545,998	2,679,289	3,085,280	19,408,623	18,631,278
Current liabilities	48,272,669	34,170,746	5,093,704	4,836,459	53,366,373	39,007,205
Long-Term debt and other liabilities	339,232,511	303,289,753	25,183,529	29,723,673	364,416,040	333,013,426
Total liabilities	387,505,180	337,460,499	30,277,233	34,560,132	417,782,413	372,020,631
Deferred inflows of resources	8,365,662	226,263	742,806	84,092	9,108,468	310,355
Net position:						
Net investment in capital assets	243,667,658	238,127,410	59,196,287	55,737,271	302,863,945	293,864,681
Restricted	65,192,820	64,086,025	3,419,134	2,098,948	68,611,954	66,184,973
Unrestricted	(156,537,785)	(182,144,382)	12,637,820	11,594,746	(143,899,965)	(170,549,636)
Total net position	\$ 152,322,693	\$ 120,069,053	\$ 75,253,241	\$ 69,430,965	\$ 227,575,934	\$ 189,500,018

Net investment in capital assets (buildings, equipment, roads, etc.) is the primary component of Governmental Activities' net position. The net investment in capital assets for governmental activities at September 30, 2022 was \$243.7 million. Debt outstanding related to capital assets owned by the City of Auburn was \$62.9 million. The large negative unrestricted net position in FY 2021 (\$182.1 million) and FY 2022 (\$156.5 million) is primarily the result of a common financing circumstance in Alabama. The City of Auburn issues debt (repaid with legally dedicated ad valorem taxes) in the City's name for the benefit of Auburn City Schools (ACS), a discretely presented component unit of the City. Therefore, the City must report the debt in its financial statements. However, the City typically does not have a legal right (title) to the assets associated with the debt (which are owned by ACS); hence, the large negative unrestricted net position balances. Total debt outstanding for school issues was \$187.5 million as of September 30, 2022. In fiscal 2022, the City issued \$11.2 million in general obligation warrants to refund the 2012-B general obligation warrants. The last new debt the City issued on behalf of the Board of Education was \$17.9 million in general obligation warrants in fiscal 2021, used by ACS for the construction of Woodland Pines Elementary School and renovations at East Samford School. The City holds the debt proceeds and transfers the proceeds to the School Board as needed to pay for construction. Any unused proceeds are classified as restricted net position, further increasing the deficit in unrestricted net position.

Like the school funding situation, the City entered into an agreement with Auburn University to issue general obligation debt, enabling Auburn University to finance an expansion of the City's tennis complex. The City leases a portion of the complex to Auburn University. These lease payments fund principal and interest on the City's debt. The City's Public Park and Recreation Board, a component unit of the City, owns and operates the joint tennis facility. With respect to the Tennis Center, the debt principal of \$1.0 million outstanding is included in the City's liabilities and the offsetting capital asset is included on the balance sheet of the Public Park and Recreation Board, increasing the deficit in the City's unrestricted net position.

Also contributing to the large unrestricted net position balance are liabilities related to pensions and other post-employment benefits (OPEB). The City implemented GASB Statement 68 – Accounting and Financial Reporting for Pensions in fiscal 2015. The City and its employees contribute to the Employees' Retirement System of Alabama (RSA), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participants. The net pension liability of governmental activities required to be included in the long-term liabilities section of the Statement of Net Position as of September 30, 2022 was \$39.3 million. In fiscal 2018, the City implemented GASB Statement 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement requires the recognition of a liability for obligations incurred under OPEB plans. The City's OPEB plan provides medical benefits to employees upon retirement based on certain eligibility requirements. The retirees pay 100% of the premium costs and specific deductibles. The City pays for all costs in excess of premiums and deductibles. The net OPEB liability of governmental activities required to be included in the long-term liabilities section of the Statement of Net Position was \$4.6 million as of September 30, 2022.

Table 2 displays detail of debt issued by the City to acquire or construct capital assets owned by other entities, affecting the City's unrestricted net position. Total City debt for the benefit of Auburn City Schools outstanding at September 30, 2022, was \$187.5 million, a decrease of \$8.3 million (4.2%) from the prior year. As previously mentioned, this decrease results from the refunding of the 2012-B general obligation warrants along with principal payments made on existing debt during the year. Debt outstanding in respect to agreements made with Auburn University was \$1.0 million, a decrease from the prior year of \$225,930 (18.4%). This decrease is attributable to the City's principal repayments.

Governmental Activities' unrestricted net position (excluding the effects of others' debt) increased \$17.1 million (114.9%) to \$32.0 million at the end of fiscal 2022. The primary component of this change is due to a net increase in cash and cash equivalents and investments of \$21.1 million (19.5%). Also effecting this change is an increase of \$2.0 million (288.8%) in other current assets due to prepayments for the City's portion of two Alabama Department of Transportation projects and one fire truck. These changes are offset by \$8.3 million in unearned revenue for funds received during fiscal 2022 from the Coronavirus Local Fiscal Recovery Funds, a part of the American Rescue Plan. No funds were spent as of the end of fiscal 2022; however, a budget was adopted for the funds and spending will begin in fiscal 2023.

The City's governmental activities had an overall positive net position of \$152.3 million at the end of the 2022 fiscal year, an increase of \$32.3 million (26.9%).

Table 2

Governmental Activities

Net Position	<u>2022</u>	<u>2021</u>
	\$	\$
Net investment in capital assets	243,667,658	238,127,410
Restricted		
Capital Projects	6,687,056	1,104,254
Debt Service	9,649,649	9,300,463
Federal and State Grants	3,892,465	3,780,381
Investments	1,277,849	1,531,881
Special Revenue, non-grant	43,685,801	48,369,046
Unrestricted (deficit)		
Governmental Activities	31,982,680	14,885,986
City School Debt	(187,515,951)	(195,799,924)
Auburn University Debt	(1,004,514)	(1,230,444)
Total Net Position-Governmental	<u>152,322,693</u>	<u>120,069,053</u>

Net position of the City's business-type activities increased by \$5.8 million (8.4%) to \$75.3 million in fiscal year 2022, from \$69.4 million in fiscal year 2021. This increase is partially due to a positive change in net position from combined business-type operations revenues over expenses of \$5.0 million which is offset by nonoperating interest expense of \$641,194 and the net decrease in the fair value of investments of \$649,800. The City's investments experienced a decline in market value during fiscal 2022 because of extraordinary market conditions led by the Federal Reserve's aggressive interest rate policies. However, this loss of market value is unrealized, also known as a "paper" loss, and will not be realized because of the City's policy of purchasing investments and holding them until maturity. Activity related to capital contributions also affected net position. Capital contributions increased \$1.1 million (120.0%) in sewer lines contributed by developers. The restricted for capital projects category of net position increased \$1.3 million (62.9%). This increase is from access fee revenue earned but not used for expansion capital projects in the sewer system during the year. This revenue will be available for projects that increase the capacity of the sewer system in future years.

The primary government's net position increased \$38.1 million (20.1%) in fiscal year 2022. Total assets increased \$91.9 million (16.9%), while deferred outflows of resources increased \$777,345 (4.2%). The net increase in assets is attributable to three main factors:

- Cash and cash equivalents decreased \$23.3 million (36.9%) and investments increased \$47.0 million (78.6%), for a net increase between the two categories of \$23.7 million (19.3%). Excess funds were moved from money market accounts to an investment portfolio comprised of U.S. Treasury and federal agency securities to maximize interest earnings. Interest rates on the portfolio ranged from .08% to 4.663%.
- Restricted cash increased \$31.2 million (134.1%). During fiscal year 2022, the City issued \$48.9 million in general obligation warrants for improvements to the soccer complex, construction of Will Buechner Parkway and construction of the Environmental Services and Public Works facility. The increase represents the balance of debt proceeds in the construction cash account, which are drawn down as project expenditures are incurred. This increase is offset by a decrease in

construction cash held for Auburn City Schools. The City holds the proceeds from two debt issuances, 2019 general obligation bonds and 2021-A general obligation warrants, related to school improvements. As improvements are paid for, the City transfers borrowing proceeds to cover the payments.

- Capital assets, both depreciated and not being depreciated, increased by \$34.2 million (9.2%) in fiscal year 2022. The largest component of this change is an increase of \$21.6 million (8.5%) in governmental activities' infrastructure. Several large multi-year projects were capitalized in fiscal 2022, including the Town Creek inclusive playground, a new fire station, and Cox Road and Wire Road intersection improvements. In addition, governmental activities' construction in progress increased \$14.4 million (85.7%). The City began construction of a new Environmental Services and Public Works facility in fiscal 2022 and expenditures for this project increased construction in progress by \$12.0 million. These increases were offset by a decrease in accumulated depreciation of \$9.1 million (3.7%).

Also, roads contributed by developers in fiscal 2022 totaled \$4.9 million, which is an increase of \$856,468 (21.4%) from fiscal 2021. When new subdivisions are developed, the developer is responsible for construction of necessary roads. The roads are then contributed to the City upon completion. More information on the change in capital assets is included in the *Capital Assets* section.

The net increase in deferred outflows of resources is the result of several changes. First, deferred amount on refunding decreased \$1.9 million (41.8%). Pursuant to GASB Statement 23 – *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities* and GASB Statement 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, when the reacquisition price required to refund outstanding bonds or warrants is greater than the net carrying amount of the outstanding debt, the difference is recorded as a deferred outflow of resources in the period in which the refunding takes place. This difference is then recognized in subsequent periods through amortization as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. For fiscal 2022, these transactions resulted in a decrease in deferred amount on refunding for governmental activities of \$1.3 million (49.9%) and a decrease in deferred amount on refunding for business-type activities of \$586,124 (30.8%). Also, deferred outflows related to the City's pension liability increased \$3.1 million (27.0%). This increase is related to changes in actuarial assumptions, the difference between expected and actual experience, and projected and actual earnings on plan investments. Deferred outflows related to the City's other post-employment benefits (OPEB) decreased \$493,924 (19.5%). This decrease is due to changes in actuarial assumptions, as well as the difference between expected and actual experience.

Total liabilities increased \$45.8 million (12.3%) and deferred inflows of resources increased \$8.8 million (2,834.9%). The increase in total liabilities is a result of several major changes. Unearned revenue increased \$8.2 million (77.3%) due to unspent proceeds from the Coronavirus Local Fiscal Recovery Funds, a part of the American Rescue Plan. The City received \$8.3 million as its second tranche in fiscal 2022 bringing total funding to \$16.5 million over the last two fiscal years. No funds were spent in fiscal 2022; however, a budget was adopted for the funds and spending will begin in fiscal 2023. Long-term debt increased by \$36.9 million (13.2%) due to the issuance of \$48.9 million in general obligation warrants. The proceeds from the warrants are being used for the improvements to the

soccer complex, construction of Will Buechner Parkway and construction of the Environmental Services and Public Works facility. \$11.2 million in general obligation warrants were issued to fully refund the 2012-B general obligation warrants originally issued for school purposes. Sewer Fund also fully refunded \$3.3 million of its 2012-B general obligation warrants. This is offset by principal repayments for both governmental and business-type activities of \$14.7 million.

The net increase in deferred inflows of resources is the result of increases in both pension and OPEB related inflows. Pension related deferred inflows increased \$7.1 million (11,507.5%) which is related to the net difference between projected and actual earnings on plan investments as a result of higher than expected interest rates. OPEB related deferred inflows of resources increased \$1.7 million (665.4%) related to changes in actuarial assumptions, as well as the difference between expected and actual experience. Assumptions made by actuaries can vary within certain parameters. In fiscal 2022, the City contracted with a new actuarial firm, Fontenot Benefits & Actuarial Consulting.

Governmental Activities

Table 3 presents the cost of each of the City's functions and/or programs, as well as each program's net expenses (total expenses less fees generated by the program's activities and intergovernmental support).

Table 3

Excerpt of Governmental Activities
from the
City of Auburn Statement of Activities for the Fiscal Years ended September 30, 2022 and 2021

Governmental Activities	Expenses		Program Revenues*		Net (Expense) Revenue	
	2022	2021	2022	2021	2022	2021
<i>Functions and programs</i>	\$	\$	\$	\$	\$	\$
General government	11,191,159	13,125,800	25,922,860	23,329,062	14,731,701	10,203,262
Public works	10,490,344	9,696,921	7,146,939	5,952,326	(3,343,405)	(3,744,595)
Environmental services	1,957,252	1,790,534	-	-	(1,957,252)	(1,790,534)
Public safety	30,354,172	27,140,426	7,852,073	6,917,819	(22,502,099)	(20,222,607)
Library	2,699,844	2,426,778	20,849	36,410	(2,678,995)	(2,390,368)
Parks and recreation	8,128,256	7,205,293	1,295,433	1,182,201	(6,832,823)	(6,023,092)
Development services	5,959,730	5,606,773	2,198,339	1,067,053	(3,761,391)	(4,539,720)
Social and economic development	8,239,594	7,537,644	1,747,174	1,121,886	(6,492,420)	(6,415,758)
Other functions	10,359,772	9,784,544	4,940,650	4,849,194	(5,419,122)	(4,935,350)
Education (payments to Board of Ed)	35,861,206	39,554,189	-	-	(35,861,206)	(39,554,189)
Interest on long-term debt	8,559,444	8,513,776	-	-	(8,559,444)	(8,513,776)
Total governmental activities	133,800,773	132,382,678	51,124,317	44,455,951	(82,676,456)	(87,926,727)

*Program revenue for governmental activities are analyzed in detail in the following section.

The cost of governmental activities this year was \$133.8 million. Program revenues provided \$51.1 million to finance the cost of the City's governmental activities. The amount that Auburn taxpayers paid to provide for governmental activities' expenses through general revenues (taxes, license fees, interest earnings, etc.) was \$82.7 million. This net expense is a \$5.3 million (6.0%) decrease from fiscal 2021.

There are a couple of items to note in the change in net expense of governmental activities. Payments for education decreased by \$3.7 million (9.3%) from fiscal 2021. The City holds the proceeds from two debt issuances, 2019 general obligation bonds and 2021-A general obligation warrants, related to school projects and as construction

progresses, funds are transferred to the school board for construction payments. The total amount transferred for school projects in fiscal 2022 was \$9.9 million as compared to \$13.1 million during fiscal 2021, a decrease of \$3.2 million (24.6%).

Another significant change in net expense occurred in the public safety function which increased \$2.3 million (11.3%). This change resulted primarily from an increase in expenses of \$3.2 million (11.8%). The largest component of this increase is related to salaries and benefits, which increased \$1.7 million (7.4%). Part of this increase is due to normal adjustments from the City's merit pay plan and a cost-of-living adjustment effective October 1. Another part of the salaries and benefits increase was the approval of a 20% pay increase for all temporary employees to catch up from years of not receiving a cost-of-living increase. This change was effective October 1. Public safety also added four new Communications Officer positions. In addition to increases in salaries and benefits, the police department purchased additional equipment for its integrated camera system which includes in-car cameras, body worn cameras, and camera equipped tasers. Also affecting expenses in the public safety function were higher fuel prices and an increase in gameday services due to football season returning to normal following the COVID-19 pandemic.

Total City program income exceeded expenses for only one function in fiscal 2022; general government produced an excess of \$14.7 million, an increase of \$4.5 million (44.4%) over fiscal 2021. Factors contributing to this change include a decrease in expenses of \$1.9 million (14.7%) and an increase in program revenue of \$2.6 million (11.1%). The largest change in expenses is a decrease in pension expense of \$2.3 million (82.1%) related to the City's net pension liability calculation. This decrease is due to the difference between projected and actual earnings on plan investments. See note 12 to the financial statements for additional information about these changes. The change in program revenue is attributed to several increases and decreases in various charges for services and operating grants and contributions, which are described below.

General business license fees increased \$919,656 (12.1%) because businesses were able to return to normal operations in calendar year 2021 following a year of COVID related issues. Fiscal 2022 business license fees are based on gross receipts for the previous year. Also, parking fees increased \$323,541 (60.7%) due to the City's newest parking deck opening in late fiscal 2021.

Public safety charges increased \$591,871 (82.6%) over fiscal 2021. As businesses returned to normal operations following the COVID-19 pandemic, public safety charges for sporting events and other private functions increased. Also, public safety charges to Auburn University for public safety services provided on campus increased \$248,569 (5.0%). The contract with Auburn University was renewed in fiscal 2022 for an additional five years and includes an annual cost escalator of 5%.

Construction permits and construction percent are both related to building activities within the City. Construction permits decreased \$93,237 (4.9%) in fiscal 2022 from fiscal 2021. These fees are collected from contractors and property owners at rates that vary based on the type of building. Construction percent is a license fee paid by general or sub-contractors in addition to a flat business license fee. This fee is equal to $\frac{1}{4}$ of 1% of the total contract price or the total cost to the licensee, whichever is greater, of each project undertaken by the licensee. Construction percent increased \$397,698 (28.8%) in fiscal 2022. Commercial/industrial/institutional building valuation (including new construction and additions/renovations) increased in fiscal 2022 in terms of valuation by

\$26.1 million or 23.4%. A major component of this increase resulted from the permit for a new building for environmental services and public works. Also, valuation of multi-family buildings was up \$84.0 million primarily due to several large multi-family buildings that permitted during fiscal 2022.

The operating grants and contributions component of program revenue for general government increased \$1.3 million (23.7%) primarily due to changes in state shared taxes and Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. The simplified sellers use tax (SSUT) is a state shared tax collected from eligible sellers who participate in the Simplified Sellers Use Program administered by Alabama Department of Revenue (ADOR). This program allows eligible sellers to collect, report and remit use tax in lieu of the sales or use taxes otherwise due by or on behalf of customers in Alabama who make purchases online and have them delivered into cities and counties in Alabama. This tax is collected by ADOR and distributed to each county and municipality based on population. This tax began in fiscal 2018 and continues to grow as more sellers participate in the program, increasing by \$1.7 million (58.4%) in fiscal 2022 over collections in fiscal 2021. Starting in January 2022, the City's population was updated per the 2020 census, increasing the City's share of SSUT. These increases in state shared taxes are offset by a decrease in operating grants of \$400,708 (92.1%). During fiscal 2021, the City received \$435,197 in CARES Act grant reimbursements for COVID-19 related expenditures. The City received \$34,490 in COVID-19 related grant reimbursements during fiscal 2022.

The *Net (Expense) Revenue* amounts in table 4 show the financial burden placed on the City's general revenues by each of these functions.

Table 4

Excerpt of Governmental Activities		
<i>from the</i>		
Statement of Activities		
Governmental Activities	<i>Net (Expense) Revenue</i>	
	2022	2021
	\$	\$
Net expense of the total governmental activities	(82,676,456)	(87,926,727)
General revenues:		
Sales taxes	58,557,684	50,902,320
Property taxes	37,613,310	35,374,100
Occupational license fees	16,386,691	14,345,721
Rental and leasing taxes	975,941	962,586
Lodging taxes	3,692,170	2,409,917
Motor fuel taxes	470,303	430,315
Other taxes	396,022	362,836
Interest and investment earnings	1,384,642	144,884
Net inc (dec) in fair value of investments	(4,433,263)	-
Gain/(loss) disposal of assets	(44,695)	36,346
Miscellaneous	122,307	65,258
<i>Total general revenues</i>	<u>115,121,112</u>	<u>105,034,283</u>
<i>Excess before transfers</i>	<u>32,444,656</u>	<u>17,107,556</u>
Transfers	12,971	108,253
<i>Change in net position</i>	<u>32,457,627</u>	<u>17,215,809</u>
Beginning net position	120,069,053	103,355,512
Prior period adjustment	(203,987)	(502,268)
Ending net position	<u>152,322,693</u>	<u>120,069,053</u>

Table 5 divides total governmental program revenue by source for 2022 and 2021 into three components: charges for services, operating grants and contributions, and capital grants and contributions. These totals and the narrative following the table provide insight into the changes in program revenue.

Table 5	Governmental Activities	
	2022	2021
Program revenue by source:	\$	\$
Charges for services	32,639,230	30,206,903
Operating grants and contributions	10,173,618	7,998,302
Capital grants and contributions	8,311,469	6,250,746
Program revenue - governmental activities	<u>51,124,317</u>	<u>44,455,951</u>

Some of the program costs of governmental activities in 2022 were paid by revenues collected from those who directly benefit from the programs (\$32.6 million). These revenue sources include the following:

- General business license fees of \$8.5 million that support general government services.
- Residential rental license fees of \$3.1 million that fund a portion of general government services. The City charges this fee to owners of residential property used primarily for rental purposes.
- Court fines and tickets of \$1.1 million that support essential public safety and judicial services within the City.
- Construction permit fees of \$1.8 million that fund construction and building inspections to meet Auburn's building requirement standards and provide other general government services.
- Public safety fees of \$5.2 million paid by Auburn University to fund fire and police services on campus.

Operating and capital grants and contributions of \$18.5 million also supported program costs during fiscal 2022. These revenues were up \$4.2 million (29.7%) from fiscal year 2021. Details of this change are described below.

- As described earlier, the simplified sellers use tax is a state shared tax collected from eligible sellers who participate in the Simplified Sellers Use Program administered by the Alabama Department of Revenue (ADOR). All state shared taxes are included in operating grants and contributions in the government-wide financial statements. This tax began in fiscal 2018 and continues to grow as more sellers participate, increasing \$1.7 million (58.4%) in fiscal 2022 over collections in fiscal 2021.
- The increases in state shared taxes were offset by decreases in grant funding, which is included in program revenue. During fiscal 2022, the City received \$34,490 in CARES Act and FEMA funding for COVID-19 related. This is \$400,708 (92.1%) less than reimbursements received in fiscal 2021.
- Gifts and donations, including donation of assets, are included in operating and capital grants. This includes streets contributed by developers as part of subdivision developments and easements donated to the City. Both street and easement donations can vary greatly from year to year based on subdivision development and construction activity. Streets and easements contributed during fiscal 2022 totaled \$5.3 million, which is an increase of \$744,478 (16.2%) over similar donations

in fiscal 2021. In fiscal 2022, two traffic signals were also donated to the City as part of subdivision development agreements. These donations totaled \$581,498.

The City financed net expenses of \$82.7 million for governmental activities from taxes, license fees and other general revenues. General revenues include all revenue sources not reported as program revenues. All taxes, even those levied for a specific purpose, are general revenues. All other non-tax revenues (including license fees, interest, gains and losses, and contributions) that do not meet the criteria for program revenues are also general revenues.

- The largest of the City's general revenues is sales and use tax, comprising 50.9% of total general revenues. The sales tax rate for purchases made in the City of Auburn is 9%, which includes 4% for the State, 4% for the City, and 1% for Lee County.
- The second largest source of general revenues is property taxes (32.7%). Of the total 26 mills the City receives in property taxes, 16 mills are legally dedicated to Auburn City Schools.
- The third largest general revenue source is occupational license fees (14.2%). This fee is levied at 1% of gross wages earned within the City limits.

Business-type Activities

The City has two business-type activities. The largest is its sewer system, which includes two, active discharge permitted wastewater treatment plants operated by Veolia Water North America Operating Services, LLC, a Chicago, Illinois based engineering and contract services firm. In 2013, the City decided to shut down the treatment portion of the Northside Water Pollution Control Facility (Northside Facility), and made improvements to the south side facility, the H. C. Morgan Water Pollution Control Facility, that allows this plant to handle treatment of sewage for the entire city. Flow historically treated by the Northside Facility diverts to the facility in the south. The Northside Facility continues to act as a pumping station for this diverted flow. The City continues to evaluate the need for future treatment capacity, and if necessary, the Northside Facility will reopen.

The City constantly monitors the need for sewer rate changes by studying and evaluating whether existing rates will meet the projected operating and capital needs of the sewer system in the future. The last formal rate study and analysis, conducted in November 2013, resulted in confirmation that the fund's current rates are adequate to meet revenue requirements through the end of fiscal 2019. Assumptions used in this analysis included currently identified capital expenditures and no unexpected, significant changes in operating expenses, sewer sales, regulatory requirements, or the economy. Although this study only provided revenue requirements through fiscal 2019, the performance of this fund continues to be strong. City staff continues to evaluate rates internally to determine if rates are adequate for the capital and operating needs of the sewer function. There is no formal rate study planned at this time.

Table 6 presents the cost of each business-type activity function and/or program, as well as each program's net expenses (total expenses less fees generated by the program's activities).

Table 6

Excerpt of Business Type Activities (Condensed)
from the
City of Auburn Statement of Activities for the Fiscal Years ended September 30, 2022 and 2021

Business-Type Activities	Expenses		Program Revenues*		Net (Expense) Revenue	
	2022	2021	2022	2021	2022	2021
Functions and programs	\$	\$	\$	\$	\$	\$
Sewer Fund	9,426,516	9,526,755	15,892,444	13,639,411	6,465,928	4,112,656
Solid Waste Management Fund	5,568,394	5,349,988	5,464,108	5,379,702	(104,286)	29,714
Total business-type activities	14,994,910	14,876,743	21,356,552	19,019,113	6,361,642	4,142,370

*Program revenues for business-type activities are displayed and analyzed in detail below.

	Business-Type Activities	
	2022	2021
	\$	\$
Expenses of total business-type activities	(14,994,910)	(14,876,743)
Program revenues by source:		
Charges for services	19,333,272	18,098,390
Operating grants and contributions	-	1,103
Capital grants and contributions	2,023,280	919,620
<i>Total program revenues</i>	<i>21,356,552</i>	<i>19,019,113</i>
General revenues:		
Interest and investment earnings	88,222	28,179
Net inc (dec) in fair value of investments	(649,799)	-
Gain on disposal of assets	9,041	-
Miscellaneous	26,141	31,692
<i>Total general revenues</i>	<i>(526,395)</i>	<i>59,871</i>
<i>Excess before transfers</i>	<i>5,835,247</i>	<i>4,202,241</i>
Transfers	(12,971)	(108,253)
<i>Change in net position</i>	<i>5,822,276</i>	<i>4,093,988</i>
Beginning net position	69,430,965	65,336,977
Ending net position	<u>75,253,241</u>	<u>69,430,965</u>

Program revenue of the Sewer Fund business-type activity, including charges for services (sewer treatment and disposal), operating grants and contributions, and capital grants and contributions increased from the prior year by \$2.3 million (16.5%). There are several components to this change. Sewer access fees increased by \$789,600 (53.4%). Sewer access fees are fees charged to customers for new access to the sewer system. Also contributing to the change in sewer program revenue is an increase of \$1.1 million (120.0%) in sewer lines contributed by developers. Lines contributed during fiscal 2022 totaled \$2.0 million, as compared to \$919,620 in fiscal 2021. Both access fees and lines contributed are driven by development and can vary greatly from year to year. Sewer service fee revenue increased \$315,207 (2.8%). This increase reflects the impact of a drier peak growing season (May through September) during fiscal 2022. Sewer service fees are calculated based on water usage. Rainfall greatly affects water usage, which in turn, affects sewer usage. Recorded rainfall during the peak growing season for 2021 was approximately 6.68 inches above normal while rainfall during the peak growing season for fiscal 2022 was approximately 3.89 inches below normal.

Sewer Fund expenses (operating plus interest expense) decreased \$100,238 (1.1%) to \$9.4 million. The major components of this change include the following:

- Professional services increased \$193,857 (83.2%). This expense varies from year to year based on the City's need to hire consultants for services such as general engineering and sewer flow monitoring. During fiscal 2022, sewer staff worked with a consultant to conduct two sewer system evaluation survey projects. These expenses totaled \$181,093.

- Fuel increased \$32,722 (57.6%) due to higher fuel costs.
- Management fees increased \$274,668 (16.4%). As mentioned in the *Business-type Activities* section, management fees are paid to Veolia Water North America Operating Services, LLC for the operation, management and maintenance of the City's publicly owned wastewater treatment facilities. This fee is based on a percentage of the cost of operations which was higher due to increased salaries.
- Interest and fiscal charges decreased \$705,184 (52.4%) due to the refunding of Sewer Fund's 2012-B general obligation warrants in fiscal 2022.

The City's only other business-type activity, solid waste management, receives revenue from garbage charges to customers, special trash pick-up fees, and sales of recyclables. Revenue and expenses related to this function are accounted for in the Solid Waste Management Fund (SWMF). Expenses include salaries and benefits of solid waste and recycling employees, landfill tipping fees, fuel, vehicle parts and other supplies, management fees and depreciation expense on the capital assets used in the solid waste and recycling functions.

As Table 6 shows, expenses exceeded revenues by \$104,286 in fiscal 2022. Due to unexpected rising fuel costs, this fund experienced a loss for fiscal 2022. Like the sewer function, user fees are expected to cover the cost of providing solid waste and recycling services. The City reviews and analyzes these fees regularly to ensure they continue to cover these costs. The current rate for curbside garbage service is \$23.50 with residents who receive backdoor service currently paying \$10.00 per month more. As projected operating and capital needs of the solid waste function change, the need for further analysis of these rates becomes necessary. During late fiscal 2017 and early fiscal 2018, the City worked with a consultant to develop a solid waste rate model for the City's solid waste and recycling program. Although no specific action has been taken to adjust rates based on this study, the model provides the City with a management tool to anticipate future needs, including both operating and capital costs for the solid waste and recycling function. This model also provides a means to anticipate the significance of capital expenditures on overall system financial health. The next formal rate study will occur in fiscal 2023.

Also shown in Table 6, program revenue of the SWMF business-type activity, including charges for services (garbage and recycling collection), operating contributions and grants, and capital contributions and grants, increased from the prior year by \$84,406 (1.6%). Charges for services for solid waste collection increased by \$85,509 (1.6%). Collection fees increased \$50,171 (0.9%) from customer growth. Recycling revenue increased \$11,803 (47.7%) due to increased drop offs at the recycling center and increased grease collection downtown.

Expenses of the SWMF increased \$218,406 (4.1%). The largest component of this increase is related to higher fuel prices resulting in an increase of \$175,422 (70.0%) in fuel costs over fiscal 2021. The remainder of the change in expenses is the result of typical fluctuations, both up and down, in other operating expenses, such as utilities, supplies, and minor tools and equipment. These changes are normal for operations of solid waste and recycling activities.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

As the City completed the 2022 fiscal year, its governmental funds reported a combined fund balance of \$174.4 million, a \$43.2 million (32.9%) increase from the prior year. The total increase in fund balance is comprised of a \$12.7 million (18.4%) increase in the General Fund's fund balance; a \$4.6 million (9.0%) decrease in special revenue funds' fund balances; a \$349,186 (3.8%) increase in the debt service fund's fund balance; and a \$34.7 million (1,483.2%) increase in capital projects funds' fund balances. The following narrative discusses the financial activities that comprise the major changes in governmental fund balances.

Governmental revenues and other financing sources

Total revenues of the governmental funds increased \$15.4 million (10.6%) over the prior year. Major components of this change are described below, in statement presentation order.

- Sales and use tax, the City's single largest revenue source, represents 36.5% of governmental funds' revenue in fiscal 2022. This major revenue source increased by \$7.7 million (15.0%) over fiscal 2021. The City continued to experience record sales tax collections throughout fiscal 2022. This increase reflects continued steady growth in Auburn's economy, as well as higher prices caused by inflation.
- Occupational license fees increased \$2.0 million (14.2%). This is the fourth largest revenue source (10.2%) of governmental funds' revenue. This change is attributable to the increase in remittances from the top 20 occupational licensees along with remittances from approximately 200 remote workers not previously remitting. Remote work is on the rise following the pandemic and will continue to be monitored closely for occupational license fee implications.
- Lodging taxes increased \$1.3 million (53.2%). This revenue source continues to set records as well. Auburn University's football schedule greatly impacts the City's lodging tax revenue. The number of home games, as well as the teams played at home, affect lodging tax. Football season returned to normal in the fall of 2021 (fiscal 2022) following an abbreviated, lower capacity season in the fall of 2020 (fiscal 2021).
- Licenses and permits increased \$1.7 million (11.0%) due to several factors. General business license fees increased \$919,656 (12.1%) because businesses were able to return to normal operations in calendar year 2021 following a year of COVID related issues. Fiscal 2022 business license fees are based on gross receipts for the previous year. Construction percent increased \$402,195 (29.0%). This is an additional fee levied against any general or sub-contractor conducting business in the City and is in addition to the business license fee. There were several large projects permitted in fiscal 2022. Also, parking fees increased \$323,541 (60.7%) due to the City's newest parking deck opening in late fiscal 2021.
- General property tax revenues increased by \$2.2 million (6.3%). This revenue source is the second largest source (23.4%) of governmental funds' revenue. Property taxes continue to show steady growth in Auburn. This increase comes in the form of new property developed within the City as well as increases in assessed values on existing property. Auburn has seen growth in single-family, multi-family and student housing developments. This growth is also due to Auburn's ability to

remain an attractive city and the overall health of the real estate market in the Auburn area with its low foreclosure rate and low turnover.

- Charges for services increased \$1.2 million (8.5%). Most of this increase relates to public safety charges which increased \$591,871 (82.6%) over fiscal 2021. As businesses returned to normal operations following the COVID-19 pandemic, public safety charges for sporting events and other private functions increased. Also, public safety charges to Auburn University for public safety services on campus increased \$248,569 (5.0%). The contract with Auburn University was renewed in fiscal 2022 for an additional five years and includes an annual cost escalator of 5%. Recreation fees increased \$164,692 (131.8%). Prior to fiscal 2022, parks and recreation instructors collected the fees for their classes and remitted 10% to the City which was recorded as recreation fees. New registration software was implemented in May 2022 and the City now records recreation fees for instructor led classes for the full amount of the class and the associated instructor fees are charged to parks and recreation as an expenditure.
- State shared taxes increased \$1.8 million (32.0%). The primary component of this change is an increase in the simplified sellers use tax (SSUT). As more remote sellers participate in the SSUT program, the City's allocation from the State increases. In fiscal 2022, the City received \$4.5 million, an increase of \$1.7 million (58.4%). Starting in January 2022, the City's population was updated per the 2020 Census, increasing the City's share of SSUT.
- Interest revenue increased \$1.2 million (855.7%) in fiscal 2022. This change is directly related to increases in interest rates earned on cash and investment balances. The City primarily invests in interest-bearing demand and time deposits as well as U.S. Treasury and federal agency securities, which experienced declining interest rates in fiscal 2021 due to the impact of COVID-19 on financial markets.
- Net increase (decrease) in the fair value of investments decreased \$4.4 million in fiscal 2022. The City's investments experienced a decline in market value during fiscal 2022 because of extraordinary market conditions led by the Federal Reserve's aggressive interest rate policies. However, this loss of market value is unrealized, also known as a "paper" loss, and will not be realized because of the City's policy of purchasing investments and holding them until maturity. It is the policy of the City to invest with three primary objectives, in priority order: safety, liquidity and return on investment. In accordance with this policy, the City's fixed income investments consists of a ladder portfolio of direct obligations of the Department of the Treasury of the United States (U.S. Treasuries) and obligations of certain federal agencies as allowed by state law.

Other financing sources, excluding transfers between governmental funds, increased by \$35.3 million (111.5%) in fiscal 2022 as compared to fiscal 2021. In August 2022, the City issued \$48.9 million in general obligation warrants. The proceeds from the warrants are being used for the improvements to the City's soccer complex, construction of Will Buechner Parkway and construction of the Environmental Services and Public Works facility. The City also issued \$11.2 million in general obligation warrants to refund the 2012-B general obligation school warrants. Offsetting these increases to other financing sources are decreases for debt issued in the previous year, including two issuances for Auburn City Schools and a partial refunding of the 2014-B general obligation school

warrants. More information on debt issuances and/or refunding can be found in the *Long-term Debt* section of this MD&A.

Governmental expenditures and other financing uses

Total governmental expenditures increased by \$10.7 million (6.6%) in fiscal 2022 over fiscal 2021. There are several components of this change, and the most notable of these components are described below, in statement presentation order.

- Departmental expenditures increased \$6.2 million (9.4%). The most significant changes were seen in general government and administration (increase of \$691,932 or 11.6%), public safety (increase of \$2.1 million or 8.0%), parks and recreation (increase of \$801,853 or 13.9%), social and economic development (increase of \$500,773 or 9.9%), and human resources (increase of \$1.1 million or 12.5%). Details of these changes are listed below.
 - General government and administration increased \$691,932 (11.6%). Part of this increase is attributable to normal adjustments from the City's merit pay plan and a cost-of-living adjustment effective October 1. Also, the information technology department added a new Computer Systems Technician position, and the finance department added a new Revenue Officer position. The Public Services Executive Director position was filled in mid-fiscal 2022 and is included in general government and administration.
 - Public safety increased \$2.1 million (8.0%) in fiscal 2022 as compared to fiscal 2021. The largest component of this increase is related to salaries and benefits, which increased \$1.7 million (7.4%). Part of this increase is attributable to normal adjustments from the City's merit pay plan and a cost-of-living adjustment effective October 1. Another part of the salaries and benefits increase was the approval of a 20% pay increase for all temporary employees to catch up from years of not receiving a cost-of-living increase. This change was effective October 1. Public safety also added four new Communications Officer positions. In addition to increases in salaries and benefits, the police department also purchased additional equipment for its integrated camera system which includes in-car cameras, body worn cameras, and camera equipped tasers. Higher fuel prices resulted in an increase of fuel costs and gameday services increased due to football season returning to normal following the COVID-19 pandemic.
 - Parks and recreation increased \$801,853 (13.9%). Salaries and benefits are the largest component of this increase (\$417,633 or 10.9%). With COVID restrictions ending in fiscal 2022, parks and recreation programming was back to normal, resulting in increased expenditures for items such as temporary employees, utilities, and recreation supplies.
 - Social and economic development increased \$500,773 (9.9%). Community services added an Administrative Secretary position in fiscal 2022. Also, three affordable housing homes were constructed in the City's second affordable housing subdivision in fiscal 2022 as compared to one in fiscal 2021.
 - Human resources increased \$1.1 million (12.5%) due to rising health care costs and increased health insurance claims associated with the City's self-insured employee health benefits program.

- The City's payments to its component units decreased \$4.0 million (9.7%) in fiscal 2022 as compared to 2021. One component of this change is a decrease in debt proceeds held by the City and transferred to Auburn City Schools for construction projects. The City is holding and investing funds from two prior debt issues, and as construction progresses, funds are transferred to the school board to pay contractors. These transfers of debt proceeds totaled \$9.8 million in fiscal 2022, a decrease of \$3.2 million (24.6%) from transfers in 2021. Another component of this change is a decrease of \$4.7 million (38.9%) in the transfer of dedicated education property taxes. In fiscal 2021, Auburn City Schools drew additional funds for a property purchase.
- Table 7 provides more detail about payments to component units; additional information follows the table.

Table 7

Governmental Funds - Expenditures Comparison

<u>Paid to component units:</u>	<u>2022</u>	<u>2021</u>	<u>FY 22 > FY 21</u>
Auburn City Schools	\$	\$	\$
General revenues	18,619,284	14,410,442	4,208,842
Education property taxes	7,347,821	12,026,879	(4,679,058)
Debt issuance - Schools	9,894,101	13,116,868	(3,222,767)
Subtotal to Schools	35,861,206	39,554,189	(3,692,983)
Industrial Development Board			
Operating Costs	1,100,000	1,000,000	100,000
West Tech Park Improvements	-	449,580	(449,580)
Subtotal to IDB	1,100,000	1,449,580	(349,580)
Public Park & Rec Board	323,645	268,538	55,107
Total - Component Units	37,284,851	41,272,307	(3,987,456)

- Payments to Auburn City Schools decreased by \$3.7 million (9.3%) in fiscal 2022 as compared to 2021. Details of this change are included below.
 - The City appropriated \$18.6 million (an increase of \$4.2 million or 29.2%) from its general revenue to Auburn City Schools in fiscal year 2022. This increase is due to the growth in sales tax revenue. The City has committed to providing 1.25 of its 4 pennies of sales tax to the Schools. This commitment includes a floor of \$11.5 million, meaning that when 1.25 pennies of total sales tax collected is less than \$11.5 million, the City will not lower the amount appropriated to the Schools.
 - In addition to the City's General Fund providing support to the schools, the School Board elects to draw additional operating revenue from the dedicated education property taxes each year. These taxes pay for principal and interest on school debt issued by the City of Auburn on behalf of Auburn City Schools and provides additional funds for operating expenses of the school system. This payment of additional operating funds of \$7.3 million in fiscal 2022 is a \$4.7 million (38.9%) decrease from 2021. Additional funds were drawn in fiscal 2021 for a property purchase.
 - As described previously, the City transferred debt proceeds to the schools during 2022 for the construction of Woodland Pines Elementary School and improvements to East Samford School. The City holds these proceeds, and as construction progresses, funds are transferred to the

school board to pay contractors. The total amount transferred for school projects in fiscal 2022 was \$9.9 million, a decrease of \$3.2 million (24.6%) from fiscal 2021.

- The City appropriates funds to the Industrial Development Board (IDB) for economic development initiatives. This funding decreased by \$349,580 (24.1%) in fiscal 2022 as compared to 2021. Details of this change are included below.
 - Payments for the operating costs of the IDB increased \$25,000 (2.5%) during fiscal 2022. The City Council continues to promote aggressive economic development as a long-term goal in providing jobs and expanding the City's revenue base. Payments to the IDB for general operations, workforce development, commercial development, and industrial development help with this continuing economic development focus.
 - In addition to operating transfers to the IDB, the City transferred \$75,000 in fiscal 2022 for the creation of a Community Development Financial Institution in Auburn which will assist startups, minority-owned, underserved, and other local businesses looking to start and grow in the Auburn area.
- The Public Park and Recreation Board (PPRB) was established in 1990, primarily to advise the Council concerning proposed recreation projects and to acquire such recreation facilities as deemed to be in the public interest. In 2006, the City, Auburn University, and the PPRB partnered to construct and manage a state-of-the-art tennis facility for student and community use. This collaboration resulted in complex transactions concerning both the borrowing and subsequent transfers among the PPRB, the City, and Auburn University to properly account for the development, supervision, and daily operation of the facility. The PPRB continues to receive amounts from the General Fund for the operation of the Yarbrough Tennis Center. In 2022, the transfer increased by \$55,107 (20.5%) to \$323,645. The tennis center returned to normal operations following the COVID-19 pandemic, therefore increasing operating costs for fiscal 2022.

Proprietary Funds

The City of Auburn has two proprietary funds that account for its business-type activities. The Sewer Fund, an enterprise fund, accounts for sewer collection, treatment and disposal services provided to residents and businesses within the City limits. The Solid Waste Management Fund, also an enterprise fund, accounts for services to collect and dispose of solid waste and recycling materials provided to the same customers. Net position of these proprietary funds combined increased by \$5.8 million (8.4%) from fiscal 2021 to fiscal 2022.

Proprietary funds' revenues, other resources

Sewer Fund operating revenues increased by \$1.2 million (9.0%) in 2022 as compared to 2021. This change in operating revenue is primarily due to an increase in sewer access fees of \$789,600 (53.4%). Sewer access fees are charged to customers for new access to the sewer system. These fees can vary greatly from year to year depending on the level of development. In addition to changes in operating revenue, the Sewer Fund's net position increased \$2.0 million from developers' contributions of sewer lines in fiscal 2022, which is a \$1.1 million (120.0%) increase from contributions in 2021. Sewer line

contributions are contingent upon completion of commercial and residential developments in the City and like access fees, can vary significantly from year to year.

Operating revenues in the Solid Waste Management Fund increased by \$79,175 (1.5%) in 2022. This change is attributable to an increase in charges for services of \$85,509 (1.6%). This small increase is not typical and reflects reduced customer penalties. Penalties were not assessed for October 2021 through January 2022 due to the bill print vendor's staffing issues.

Proprietary funds' expenses

In the Sewer Fund, operating expenses for fiscal 2022 increased \$604,946 (7.4%). Components of this increase are listed below, in statement presentation order.

- Professional services increased \$193,857 (83.2%). As mentioned in the *Business-type Activities* section, this expense varies from year to year based on the City's need to hire consultants for services such as general engineering and sewer flow monitoring. During fiscal 2022, sewer staff worked with a consultant to conduct two sewer system evaluation survey projects. These expenses totaled \$181,093.
- Fuel increased \$32,722 (57.6%) due to higher fuel costs.
- Management fees increased \$274,668 (16.4%) to \$2.0 million. As mentioned in the *Business-type Activities* section, management fees are paid to Veolia North America Operating Services, LLC for the operation, management and maintenance of the City's publicly owned wastewater treatment facilities. The management fee is based on a percentage of the cost of operations which was higher due to increased salaries.

In the Solid Waste Management Fund, operating expenses increased \$218,407 (4.1%) in fiscal 2022 over 2021. There are three main components of this increase:

- Fuel increased \$175,422 (70.0%) due to higher fuel costs.
- Repairs, maintenance, and parts decreased \$72,889 (12.8%). Vehicle and equipment repairs can fluctuate from year to year based on the age of assets and replacement schedules.
- Depreciation increased \$58,122 (11.5%) in fiscal 2022. This fund acquired two large solid waste vehicles totaling \$432,357.

For more information related to the above funds, see the Business-type Activities section of this Management's Discussion and Analysis.

Analysis of Changes in Major Funds

Major funds are those whose revenues, expenditures/expenses, assets or liabilities are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds for the same item. The General Fund is a major fund every year. In addition to the General Fund, the Special School Tax Fund, the Coronavirus Local Fiscal Recovery Fund (both special revenue funds), and the 2022 Capital Projects Fund (a capital projects fund) were determined by testing to be the other major governmental funds in 2022. The Sewer Fund is the only major fund in the business-type activities.

The General Fund (Governmental)

At the end of fiscal 2022, total fund balance of the City's General Fund increased by \$12.7 million (18.4%) from the prior year ending balance. Fund balance reflects the cumulative excess of revenues and other financing sources over expenditures and other financing uses. The 2022 total ending fund balance was \$81.4 million, compared to \$68.7 million at the end of 2021.

In accordance with GASB Statement 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balance categories include the following: nonspendable, restricted, committed, assigned, and unassigned. Nonspendable fund balance increased by \$2.0 million (40.1%) from 2021. These balances represent inventories, prepaid items, advances, and land held for resale. The City prepaid for one fire truck and made two prepayments to the Alabama Department of Transportation (ALDOT). These payments to ALDOT were for the City's portion of a lighting and landscaping project at I-85 and exit 57 and an intersection improvements project at South College Street and Samford Avenue. The restricted, committed and assigned categories increased by \$5.9 million (26.2%). This change is mainly due to an increase in assigned fund balance of \$6.0 million (29.2%). Assigned fund balance for encumbrances decreased \$6.3 million (52.4%) primarily due to larger encumbrances at fiscal 2021 year-end for various capital projects. Also, in accordance with GASB Statement 54 – *Fund Balance Classifications*, the amount budgeted for fund balance drawdown for the next fiscal year (2023) must be set aside as assigned fund balance. The budgeted spenddown for fiscal 2023 is \$20.5 million, which is \$12.3 million (149.6%) more than the budgeted spend down for the previous year.

The General Fund's total assets increased \$11.4 million (14.5%) during 2022. The major components of this change are listed below, in statement presentation order.

- Cash and cash equivalents decreased \$7.8 million (41.8%) in fiscal 2022 as compared to 2021. This decrease is offset by an increase in investments of \$15.4 million (38.6%). Excess funds were moved from money market accounts to an investment portfolio comprised of U.S. Treasury and federal agency securities. The net change within the two categories is an increase in cash and investments of \$7.6 million (13.0%) which is primarily attributable to excess revenues and other financing sources over expenditures and other financing uses of \$12.7 million.
- Receivables increased \$1.4 million (10.9%) primarily due to an increase in the year-end revenue receivable accrual. This reflects Auburn University hosting five home football games in a row during the fall of 2022 which greatly impacts revenues collected during this time. Per GASB Statement 33 – *Accounting and Financial Reporting for Nonexchange Transactions*, revenues received within 60 days after year end are accrued.
- Prepaids increased \$2.0 (339.7%) in fiscal 2022. As mentioned above, one fire truck for the fire department was prepaid. It will replace an older fire truck that is used at Fire Station No. 3. There were also two prepayments to the Alabama Department of Transportation. These payments were for the City's portion of a lighting and landscaping improvements project at I-85 and exit 57 and an intersection improvements project at South College Street and Samford Avenue.

Total liabilities of the General Fund decreased \$1.3 million (13.6%) in 2022. The largest component of this change is a decrease of \$1.1 million (18.6%) in accounts payable and

other accrued liabilities. At fiscal year-end 2021, accounts payable included \$1.5 million in invoices for various capital projects.

Special School Tax Fund (Governmental)

The Special School Tax Fund, a special revenue fund, accounts for sixteen mills of education ad valorem tax revenue used to pay principal and interest on City bonds and warrants issued for Auburn City Schools. In addition to debt service payments, this fund provides additional funding for school operations. The school system drew \$7.3 million from this fund for operations in 2022. This is a \$4.7 million (38.9%) decrease from 2021. The school system drew an additional \$5.3 million in 2021 to purchase land. This amount varies from year to year depending on property tax revenue collections, fund balance levels of this fund, and needs of the school system. The City also transferred \$9.9 million of borrowing proceeds to the school system for expenditures related to construction of Woodland Pines Elementary School and improvements at Cary Woods Elementary School, J. F. Drake Middle School, and East Samford School. The City holds the proceeds from two debt issuances, 2019 general obligation bonds and 2021-A general obligation warrants, related to these improvements until Auburn City Schools requests a draw to pay construction invoices. The City then transfers borrowing proceeds necessary to cover those cash outlays.

Revenues increased \$97,607 (0.5%) in this fund. There are two primary reasons for this slight increase over 2021. First, property tax increased \$1.4 million (6.6%). This increase is the result of new property developed within the City, as well as increases in assessed values on existing property. Second, the net decrease in the fair value of investments was \$1.7 million in fiscal 2022. The City's investments experienced a decline in market value during fiscal 2022 because of extraordinary market conditions led by the Federal Reserve's aggressive interest rate policies. However, this loss of market value is unrealized, also known as a "paper" loss, and will not be realized because of the City's policy of purchasing investments and holding them until maturity. It is the policy of the City to invest with three primary objectives, in priority order: safety, liquidity and return on investment. In accordance with this policy, the City's fixed income investments consists of a ladder portfolio of direct obligations of the Department of the Treasury of the United States (U.S. Treasuries) and obligations of certain federal agencies as allowed by state law.

Expenditures, including the transfers mentioned above and debt service on borrowings, decreased \$6.8 million (20.3%). Debt related other financing sources and uses decreased \$20.2 million (99.6%). In August 2022, the City issued \$11.2 million in general obligation warrants to refund the 2012-B general obligation warrants. This increase was offset by the fiscal 2021 debt issuance of \$11.0 million in general obligation warrants to partially refund the 2014-B general obligation warrants and \$17.9 million in general obligation warrants for school renovation projects.

Coronavirus Local Fiscal Recovery Fund (Governmental)

The Coronavirus Local Fiscal Recovery Fund is a special revenue fund which accounts for American Rescue Plan funding received from the federal government to support the City's response to and recovery from the COVID-19 public health emergency. The City received \$8.3 million as its second tranche during fiscal 2022 which is recognized as unearned revenue until the funds are spent. The City received \$16.5 million in funding from this program between fiscal 2021 and fiscal 2022. No funds were spent as of the end of fiscal 2022; however, a budget was adopted for the funds and spending will begin in fiscal 2023. Revenues increased \$76,619 (5,778.2%) This increase is directly related to

increases in interest rates earned on cash and investment balances. Total fund balance of this fund was \$79,271 at the end of the year and is restricted for social and economic development.

2022 Capital Projects Fund (Governmental)

The 2022 Capital Projects Fund is a capital projects fund that accounts for the spending of bond proceeds for the improvements to the soccer complex, construction of Will Buechner Parkway and construction of the Environmental Services and Public Works facility. The City issued \$48.9 million in general obligation warrants in August 2022 to fund the construction of these projects. During fiscal 2022, spending on the projects totaled \$16.3 million. The total fund balance of this fund was \$36.8 million at the end of the year, and it is restricted for capital projects. All projects are expected to be completed by early summer of 2023.

Sewer Fund (Business-type activity)

The Sewer Fund accounts for the provision of sewer services to the City's residents and businesses. In addition, the Sewer Fund accounts for the capital expansion and maintenance of the City's sewer collection, treatment and disposal facilities. While the City owns the sewer collection, treatment and disposal facilities, they are operated by Veolia Water North America Operating Services, LLC, a Chicago, Illinois based engineering and contract services firm. Veolia also maintains the City's sewer lift stations.

The Sewer Fund's net position increased \$5.9 million (8.8%) in fiscal year 2022. The largest change in the components of net position is an increase of \$3.6 million (6.6%) in net investment in capital assets. This net position category includes asset acquisitions as well as outstanding debt related to the assets. Also, net position restricted for capital projects increased \$1.3 million (62.9%). Access fees collected by customers for connecting to the City's sewer system are reserved for spending on projects that expand the sewer system. Total access fees available on September 30, 2022 was \$3.4 million.

Assets of the Sewer Fund increased \$2.6 million (2.7%). Cash and cash equivalents decreased \$10.1 million (81.5%) in fiscal 2022. This decrease is offset by an increase in investments of \$12.6 million. Due to the declining interest rate environment, funds were moved from money market accounts to an investment portfolio comprised of U.S. Treasury and federal agency securities. The net change within the two categories is an increase in cash and investments of \$2.5 million (20.3%) which is primarily attributable to the fund's operating income of \$5.1 million.

Sewer Fund liabilities decreased \$4.1 million (12.7%), primarily the result of principal payments on the fund's warrant payables based on debt amortization schedules. Also, during fiscal 2022, the Sewer Fund fully refunded \$3.3 million of the 2012-B general obligation warrants. As of September 30, 2022, the Sewer Fund has \$24.7 million in outstanding warrants. These warrants include debt issued to fund capital improvements to the sewer system as well as refundings issued to take advantage of favorable interest rates. The current portion of warrants payable due in 2023 is \$3.6 million.

Operating revenues of the Sewer Fund increased \$1.2 million (9.0%). As discussed in the *Proprietary Funds* section, this change in operating revenue is composed primarily of increases in both sewer service fees and sewer access fees. Sewer service fees are user fees charged to customers based on their water usage. Sewer service fees increased \$315,207 (2.8%), which is attributable to drier weather conditions during fiscal 2022. Water usage in fiscal 2022 was higher during the peak growing season (May through

September) than fiscal 2021. Sewer access fees increased \$789,600 (53.4%). Sewer access fees are fees charged to customers for new access to the sewer system. These fees can vary greatly from year to year depending on the level of development.

Operating expenses increased \$604,946 (7.4%). Major components of this increase include an increase in professional services of \$193,857 (83.2%); an increase in fuel of \$32,722 (57.6%); an increase in management fees of \$274,668 (16.4%); and an increase in depreciation of \$86,938 (3.0%). More information on these changes can be found in the *Proprietary Funds* section.

For more details on the Sewer Fund, see the *Business-type Activities* and *Proprietary Funds* sections of this Management's Discussion and Analysis.

General Fund Budgetary Highlights

The City of Auburn adopts a biennial budget, consisting of two annual budgets. State law requires adoption of annual budgets. Auburn's management actively uses the budget as a financial management tool, reporting on budget status to the City Council each month. The budget integrates with the financial management system, enabling management at all levels to determine budgetary status on a line-item basis each day. Management constantly reviews the annual budgets in preparation for mid-year or mid-biennium adjustments. Revenue projections and budgeted expenditures are adjusted via Council ordinance to reflect changing conditions.

The fiscal year 2022 *final* General Fund budget projected \$122.7 million in revenue and \$8.3 million in other financing sources; appropriations were approved for \$126.9 million in expenditures and \$3.5 million in other financing uses, producing a planned increase of \$614,012 in the General Fund's fund balance. Actual amounts for revenues (\$127.3 million), other financing sources (\$5.2 million), expenditures (\$119.6 million), and other financing uses (\$118,279) netted to a larger ending fund balance than expected. The General Fund's fund balance increased by \$12.7 million in 2022 from revenues and other sources and expenditures and other uses. Total ending fund balance in the General Fund was \$81.4 million at the end of fiscal 2022.

The *original* revenue projections in the General Fund were \$16.1 million (15.1%) under the *final* projections. Budget adjustments resulted from varied growth/decline in revenue sources, with the largest increases found in sales and use taxes (\$9.7 million or 21.2%), lodging taxes (\$712,804 or 29.2%), and state shared taxes (\$2.4 million or 61.7%). The original budget was adopted during the summer of 2020 with conservative estimates. These adjustments reflect the uncertainty of the COVID-19 pandemic impact on these revenue sources. As fiscal 2022 progressed, sales and use taxes began to rebound and quickly exceeded pre-pandemic collections. Lodging taxes improved, as well. Should Auburn experience financial difficulty, alteration of spending can be made because of management's assessment of revenue changes during the year, using tools such as monthly financial reports and real-time department budget to actual reports.

The *final* operating budget for all departments increased \$2.2 million (3.0%) over the *original* budget. The three largest increases (\$1,597,745, \$303,287, and \$92,037) were in the amounts appropriated for employee services, engineering services and public services administration, respectively.

Total actual departmental expenditures in the General Fund were under budget \$4.8 million in fiscal 2022. All individual departments kept expenditures under final budget except for community services. This department is over budget due to an unbudgeted

position as well as unexpected facility repairs and improvements. The other City departments were under budget, with the most notable being public safety, engineering services and parks and recreation. More details of these departments are included below.

- The public safety function was under budget \$2.1 million. Most of this savings is attributable to vacant positions that were approved and budgeted in both the regular and temporary employee categories for the police and fire departments.
- The engineering services function was under budget \$562,118. One component of this savings is the result of a decrease in traffic sign and signal parts due to supply chain issues. Another component of this variance is vacant positions that were not filled during the fiscal year.
- The parks and recreation function was under budget \$355,124. This function includes a variety of parks and recreation expenditure types, including temporary employees that work leisure activities and parks maintenance. These temporary positions were under budget by \$266,543.

Non-departmental expenditures were over budget by \$487,355 primarily due to expenditures associated with electricity costs. This is a result of increased rates as well as additional street lighting and the addition of a new parking deck.

Capital outlay expenditures were under budget \$4.3 million. The General Fund budget includes estimated expenditures for capital projects such as streets and roadway improvements and facilities' improvements. Many of these projects are multi-year although the budget is for the entire project. Any remaining budget for these projects is typically carried over to the next fiscal year.

Payments to component units was over budget by \$1.3 million due to the annual true-up payment to Auburn City Schools for its appropriation from sales and use taxes collected. The true-up varies from year to year because the appropriation is based on projected sales and use taxes.

CAPITAL ASSET AND DEBT MANAGEMENT

Capital Assets

Capital assets are those assets that have a cost of \$5,000 or more (\$100,000 for software) and an expected useful life of more than two years. The City records capital assets at historical cost. If the historical cost is unknown, an estimated cost is developed as provided by Generally Accepted Accounting Principles. As of September 30, 2022, the City owned \$406.0 million invested in a broad range of capital assets, including land, buildings, park facilities, roads and bridges, wastewater infrastructure, sidewalks, bikeways, vehicles, and other equipment. This amount represents an increase of \$34.2 million (9.2%) over last year.

Table 8 lists the largest capital asset additions to the City for fiscal year 2022. Some of these additions were multi-year projects completed in 2022 and reclassified from construction in progress.

Table 8 **Largest Capital Asset Additions**
Fiscal Year 2022

	<u>Total Cost</u>
<i>Land and buildings</i>	
Fire station #6	3,522,618
Public safety training center infrastructure	497,657
<i>Roadway and intersection improvements</i>	
Cox Road/Wire Road intersection improvements	2,269,003
Renew Opelika Road phase 4	2,036,787
Cox Road widening and resurfacing	1,910,782
I85/Exit 50 lighting and landscaping	1,816,602
FY20 resurfacing	983,514
<i>Other improvements</i>	
Town Creek inclusive playground	4,177,051
Dinius park	1,286,357
Sam Harris park/Westview greenway	556,697
	<u>19,057,068</u>
Total	<u>19,057,068</u>

The City has committed, through general fund funding and potential future borrowings, to continue or complete major construction projects in fiscal years 2023 and 2024. Although the timing and size of these projects could require adjustments to the schedule, the current capital improvements plan (CIP) for the next two years includes the following:

- Public safety projects, including a new training center;
- Parks and recreation projects, including a new community center;
- Facility improvements, including a new building for environmental services and public works;
- Traffic and transportation projects; and
- Sewer improvement projects.

Note 8 of the narrative notes to the financial statements provides additional detail on capital assets.

Long-term Liabilities

At 2022 fiscal year-end, the City owed \$381.2 million in long-term liabilities outstanding, of which \$16.8 million will mature during fiscal 2023. Long-term liabilities include bonds, warrants, and notes payable, accumulated annual leave, claims payable, landfill closure liability, other post-employment benefits liability, and pension liability. The fiscal 2022 net increase in long-term liabilities, including the current portion, from the previous year was \$33.3 million or 9.6%.

Bonds and warrants payable

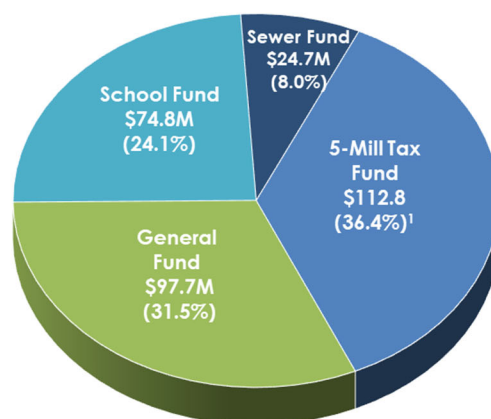
Bonds, warrants, and notes payable outstanding on September 30, 2022 totaled \$310.0 million. As mentioned in the *Net Position* section, the City issues debt for Auburn City Schools and for projects that result from partnerships with Auburn University or component units of the City. Of the \$310.0 million in debt outstanding, \$187.5 million is debt issued for assets that belong to Auburn City Schools and \$1.0 million is debt issued for assets that are owned by the City's Public Park and Recreation Board.

General obligation debt is usually payable from the City's general revenues (the General Fund). However, some long-term debt is payable from legally restricted revenue sources, such as debt issued to provide financing for Auburn City Schools, which is payable from property taxes dedicated for education purposes. In addition, the City levies a property tax, the Special Five Mill Tax, which is legally restricted for repaying debt issued to finance projects approved by the voters. The City also issues general obligation debt for sewer purposes, which is intended to be repaid from the Sewer Fund, and for capital improvements related to development agreements, which is issued with the intent being that a developer will pay the debt service as required by the agreement.

Figure D illustrates the various funding sources for the repayment of the City's long-term debt.

Figure D

**Debt Principal Outstanding by Repayment Source
September 30, 2022**



¹ Debt outstanding in the 5-Mill Tax Fund was issued for education purposes.

At the end of fiscal 2022, the Special Five Mill Tax Fund had long-term debt outstanding of \$112.8 million. The City dedicated the resources of this fund to Auburn City Schools. In July 2019, the City held a special municipal election allowing the citizens to vote on using the Special Five Mill Tax Fund for improvements to existing school facilities, including Cary Woods Elementary and J. F. Drake Middle School. The referendum passed and \$37.1 million in general obligation bonds were issued in fiscal 2020.

The City also repays debt issued for Auburn City Schools from the Special School Tax Fund, which is a fund that accounts for 16 mills of ad valorem taxes legally restricted for education purposes. The principal amount of currently outstanding school debt is \$74.8 million, which will be repaid from these dedicated taxes. In fiscal 2022, the City issued \$11.2 million in general obligation warrants to fully refund the 2012-B general obligation warrants. This refunding allowed the City to take advantage of lower interest rates.

The Sewer Fund (a business-type activity of the City) pays for long-term debt issues with total principal outstanding of \$24.7 million at the end of fiscal 2022. Sewer Fund debt is issued to construct and improve the sewer system. Although the City issues general obligation debt, sewer service revenue supports debt payments for any sewer related debt. In August 2022, the City issued \$3.3 million in general obligation warrants to fully

refund the 2012-B general obligation warrants. As mentioned above, this refunding allowed the City to take advantage of lower interest rates.

The remaining \$97.7 million in outstanding principal will be repaid solely from the General Fund. The last debt issued that is repaid from the General Fund is \$48.9 million in general obligation warrants issued in fiscal 2022. The proceeds from this issuance are being used for improvements to the soccer complex, construction of Will Buechner Parkway and construction of the Environmental Services and Public Works facility.

The reader may refer to Note 9 of the narrative notes to the financial statements for more detail concerning the debt issuances and debt outstanding of the City and its component units.

State law limits the amount of general obligation debt the City can issue to 20 percent of the assessed value of all taxable property within the City's corporate limits. Debt issued for schools, and water and sewer purposes are exempt from the legal debt limit. The City's outstanding debt applicable to this limit is \$95.9 million, resulting in a legal debt margin (additional legal debt capacity) of \$176.4 million.

An important financial analysis ratio in government is the percentage of total expenditures comprised of debt service (repayment of principal, interest and related fees). In the governmental funds, the ratio for 2022 is 12.0%; the ratio for 2021 was 13.1%.

Bond Ratings

In July 2022, Standard and Poor's (S&P) affirmed the City of Auburn's bond rating as AA+. In their report, S&P cites very strong management, as well as Auburn's "strong economy, with a local stabilizing institutional influence, very strong management with strong financial policies and practices, strong budgetary performance, and very strong liquidity" as factors that were considered in the rating. According to S&P, an AA+ rating indicates a "strong capacity to meet financial commitments."

In addition, the City holds a rating of Aa2 from Moody's Investors Service, also issued in July 2022. The Moody's rating report cited the City's "healthy financial position, marked by strong reserve and liquidity levels and formalized fiscal policies" as among the factors considered in rating the City's credit.

ECONOMIC FACTORS, NEXT YEAR'S BUDGETS AND RATES

The City's strategic goals, which guide management's decision-making processes, are concisely outlined in the City's mission statement:

City of Auburn Mission Statement

The *mission* of the City of Auburn is to provide economical delivery of quality services created and designed in response to the needs of its citizens rather than by habit or tradition. We will achieve this by:

Encouraging planned and managed growth as a means of developing an attractive built-environment and protecting and conserving our natural resources;

- Creating diverse employment opportunities leading to an increased tax base;
- Providing and maintaining reliable and appropriate infrastructure;
- Providing and promoting quality housing, educational, cultural and recreational opportunities;

- Providing quality public safety services;
- Operating an adequately funded city government in a financially responsible and fiscally sound manner;
- Recruiting and maintaining a highly motivated work force committed to excellence; and
- Facilitating citizen involvement.

The City's robust budgetary processes, proactive financial management efforts, aggressive (yet selective) industrial and commercial recruitment strategies, the presence of Auburn University, a diversified revenue base and the exceptional City public school system, all combine to position Auburn as a strong municipal economy. As the economy within the State of Alabama and the nation continues to recover from the pandemic, Auburn has remained stable and has experienced a growing economy. The City's unemployment rates typically compare favorably with the State and national rates. The most recent data available from the Alabama Department of Labor show that for September 2022, Auburn's unemployment rate (Auburn-Opelika metropolitan) was 2.3%. The State's unemployment rate in September 2022 was 2.6%, while the national rate was 3.5% (US Bureau of Labor Statistics, September 2022).

The Auburn City Council is committed to the development of a diversified economic base, with Auburn University as the cornerstone. The City's Economic Development Department, in partnership with the City's Industrial Development Board, has achieved an outstanding level of success in this effort, having announced the recruitment of more than fifty-five companies, resulting in the creation of nearly 8,000 jobs over the last three decades. The location of these companies in Auburn has meant that the City had to acquire and develop four industrial-technology parks. Additional industrial property was identified in 2022 and contracted for purchase in early 2023. Companies in Auburn continue to invest in the area with 8 existing companies announcing expansions in 2022 with a total capital investment greater than \$113.0 million. Two companies new to the Auburn area—Korea Fuel Tech America, Inc. and ADS-Tec Energy, Inc.—joined the industrial base in 2022. In total, these new companies and expansions of existing companies will add nearly 450 jobs to the Auburn economy.

The City's Commercial Development Incentive Program (CDIP) has assisted new and redeveloped commercial enterprises in our area. In 2022, the program assisted in the recruitment of a downtown development that will feature an urban Target, further enhancing the walkable shopping options available to students from Auburn University. Additionally, at exit 50, the new gateway to Auburn, the CDIP program assisted in the recruitment of Buc-ee's, which will provide a travel stop with Texas-sized offerings to travelers along the I-85 corridor. Also, Home Goods was added to the market near the Auburn Mall, creating new synergy and buzz along the Opelika Road corridor and around the Auburn Mall.



Auburn's consistent growth continues for many reasons. One major reason for this growth is the success of Auburn City Schools (ACS), the City's public school system. ACS has received consistently high ratings for the qualifications of its faculty and staff and the achievements of its students, as well as strong local funding levels. The ACS standard of excellence proves a major factor in the City's residential growth and contributes to the City's geographic growth through annexations. In fiscal 2020, 456 permits were issued for single-family detached homes. During fiscal 2021, a record high of 642 permits were issued. For fiscal 2022, the number decreased to 338. This is a decrease of 304 permits (47.3%) from the previous fiscal year. Commercial/industrial/institutional building valuation (including new construction and additions/renovations) increased in fiscal 2022 compared to the activity of 2021 in terms of valuation by \$26.1 million or 23.4%. A major component of this increase resulted from the permit for a new building for environmental services and public works. The City's size has grown from 45.5 square miles in 2001 to 62.7 square miles in 2022. Population growth continues to average over 3% per year. Auburn's population has grown by 22,763 (42.6%) from 53,380 in the 2010 census to 76,143 in the 2020 census.

The City's staff considered all the factors described above in preparing the biennial budget for fiscal years 2023 and 2024. Various revenue scenarios were developed and analyzed as management developed realistic yet conservative revenue projections. Management's strategy has been to continue to contain operating costs while maintaining high levels of service and investing in capital asset maintenance and replacement. As mentioned in the *Capital Assets* section of this report, the City has several capital projects slated for 2023 and 2024. As 2023 progresses, decisions will be made about the timing of these projects and any changes will be included in a budget adjustment for both years that will be presented to Council in the late spring or early summer. In addition, any necessary changes to revenue projections and operating expenditures/expenses will be adjusted at this time. As of the date of this report, staff has already begun planning for the mid-biennium review of the fiscal 2023 and 2024 budget. The main focus will be on capital projects, as well as on maintaining high levels of service for the City's programs. As part of the City's budget process, projected revenues and

proposed expenditures are input into the long-term forecasting model to determine the effects on fund balances of various scenarios. Use of the long-term forecasting model is helpful for determining the effects of tax or fee increases that may be considered, as well as the need for borrowing, within the context of proposed expenditure scenarios.

The Council has established a formal goal of maintaining the fund balance in the General Fund at not less than 6% of expenditures plus other financing uses, but management's goal is 25%. The City has consistently exceeded this goal; the total fund balance in the General Fund on September 30, 2022 was 68.0% of expenditures plus other financing uses compared to 62.0% in 2021. The total fund balance includes \$4.3 million designated by the Council for use only in the event of natural disaster or significant, unexpected economic downturn. Total fund balance less the designated \$4.3 million comprised 64.4% of expenditures and other financing uses. Another useful measure is the comparison of fund balance with total revenues, excluding other financing sources. The General Fund's total fund balance as a percentage of revenues was 64.0% and 60.6% at the end of fiscal 2022 and 2021, respectively, another indication of the stability of fund balance. These large percentages are due to revenues being higher than projected and projects taking longer because of supply chain issues and contractor availability.

The primary government provides wastewater treatment and disposal and solid waste management utility services. As discussed in the *Business-Type Activities* section of this report, the City constantly monitors the need for sewer and solid waste rate changes by studying and evaluating whether existing rates will meet the projected operating and capital needs of each activity in the future. During late fiscal 2017 and early fiscal 2018, the City worked with a consultant to develop a solid waste rate model for the City's solid waste and recycling program. Although no specific action has been taken to adjust rates based on this study, the model provides the City with a management tool to anticipate future needs, including both operating and capital costs for the solid waste and recycling function. A formal rate study for solid waste services will occur in fiscal 2023. A formal rate study for sewer services is not currently planned but is likely to happen within the next two years.

The Water Works Board of the City of Auburn, a component unit of the City, provides water services to the citizens of Auburn. During fiscal year 2018, the Board hired a rate consultant to complete a revenue sufficiency study for the Board's capital improvement plan funding. Based on the recommendation from the consultant and staff, the Board approved an 8% rate increase for fiscal 2019. The minimum monthly bill of 3,000 gallons for residential water customers increased from \$14.58 to \$15.75 (8%), effective January 1, 2019. A formal rate study for water services will occur in fiscal 2023.

The Board utilizes four sources to provide safe drinking water to the citizens of Auburn: Lake Ogletree, a groundwater production well (AWWB Well #3), a groundwater source well (AWWB Well #4) and purchases from Opelika Utilities. Additionally, Lake Ogletree is sometimes supplemented with water from the Martin Marietta Quarry.

An expanding populace translates into additional needs for public services and facilities. Auburn citizens enjoy and continue to expect a high quality of life from their City government. In the past, Auburn citizens have demonstrated their willingness to pay for these services and facilities by supporting the Council's decision to increase the sales tax rate as necessary. The last increase was in fiscal 2011 when the Council decided to increase the sales tax rate from 3% to 4%. This public support is attributable, at least in part, to the open government policies of the City Council, as well as the public's

confidence that the City's finances are carefully managed, and their knowledge that taxes and license fee increases are imposed infrequently and proposed only after deliberate study and debate. Auburn's management team carefully follows potential revenue changes at the state level, as well. As bills that could potentially affect the City's revenue structure are introduced, staff carefully reviews the bills and actively lobbies, as appropriate. Although there are no future changes to tax rates planned, Auburn's management continues to evaluate and project the needs of the City and will make recommendations to the City Council, as necessary.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide Auburn's citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances, and to demonstrate the City's accountability for the public assets under its management. For any additional questions or information, please contact the City of Auburn Finance Department by mail, 144 Tichenor Avenue, Suite 5, Auburn, Alabama 36830, or by email, webfinance@auburnalabama.org. Updated financial information about the City is also available by accessing the City's web site at www.auburnalabama.org/finance/city-information/acfr.



City of Auburn

Basic Financial Statements

These statements provide a summary overview of the financial position of all funds and of the operating results by fund types for the City and its component units. They also serve as an introduction to the more detailed statements and schedules that follow. Separate columns are used for each fund type and for each of the City's discretely presented component units.



City of Auburn

CITY OF AUBURN, ALABAMA
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
	\$	\$	\$	\$
ASSETS				
Current assets:				
Cash and cash equivalents	34,888,301	4,827,637	39,715,938	79,000,735
Certificates of deposit	179,015	-	179,015	59,496
Receivables, net	15,435,330	2,369,800	17,805,130	2,104,064
Accrued interest receivable	-	-	-	201,805
Due from component units	686,362	450,116	1,136,478	-
Inventories	331,257	79,761	411,018	845,143
Current portion of mortgages and notes receivable	139,121	-	139,121	-
Current portion of leases receivable	-	-	-	1,763,804
Current portion of net investment in capital leases	-	-	-	1,114,456
Property tax receivable	-	-	-	11,063,721
Interest receivable	-	-	-	52,186
Due from other governments	-	-	-	3,956,466
Due from primary government	-	-	-	2,005,171
Other current assets	2,677,539	71,612	2,749,151	222,980
Restricted cash	54,544,932	3,050	54,547,982	40,804
Total current assets	<u>108,881,857</u>	<u>7,801,976</u>	<u>116,683,833</u>	<u>102,430,831</u>
Noncurrent assets:				
Restricted assets				
Cash and cash equivalents	-	-	-	3,084,201
Interest receivable	-	-	-	2,240
Leases receivable, net of current portion	-	-	-	29,804,644
Mortgages and notes receivable, net of current portion	1,513,943	-	1,513,943	-
Investments	94,183,680	12,571,304	106,754,984	4,758,122
Net investment in capital leases, net of current portion	-	-	-	20,592,005
Property for resale	4,131,127	-	4,131,127	8,831,981
Capital assets not being depreciated	59,994,043	164,626	60,158,669	79,326,370
Capital assets net of accumulated depreciation	262,759,551	83,056,085	345,815,636	299,731,170
Total noncurrent assets	<u>422,582,344</u>	<u>95,792,015</u>	<u>518,374,359</u>	<u>446,130,733</u>
Total assets	<u>531,464,201</u>	<u>103,593,991</u>	<u>635,058,192</u>	<u>548,561,564</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount on refunding	1,285,038	1,316,883	2,601,921	1,731,720
Pension related	13,610,875	1,150,956	14,761,831	20,523,911
OPEB related	1,833,421	211,450	2,044,871	19,457,689
Total deferred outflows of resources	<u>16,729,334</u>	<u>2,679,289</u>	<u>19,408,623</u>	<u>41,713,320</u>

CITY OF AUBURN, ALABAMA
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2022
CONTINUED

	Primary Government			Component
	Governmental	Business-type	Total	Units
	Activities	Activities		
	\$	\$	\$	\$
LIABILITIES				
Current liabilities:				
Liabilities payable from restricted assets:				
Due to other government	-	-	-	267
Current portion of long-term debt	-	-	-	1,391,836
Accrued interest payable	-	-	-	236,517
Accounts payable and other accrued liabilities	9,630,650	466,152	10,096,802	5,486,971
Due to component units	1,944,682	60,489	2,005,171	-
Accrued interest payable	3,193,621	123,240	3,316,861	-
Salaries and benefits payable	787,487	89,439	876,926	8,205,761
Claims payable	304,596	-	304,596	-
Customer deposits	362,041	791,684	1,153,725	635,710
Unearned revenue	18,810,821	-	18,810,821	1,384,256
Current portion of long-term debt	13,238,771	3,562,700	16,801,471	3,450,371
Retainage payable	-	-	-	130,200
Due to primary government	-	-	-	1,136,478
Total current liabilities	<u>48,272,669</u>	<u>5,093,704</u>	<u>53,366,373</u>	<u>22,058,367</u>
Noncurrent liabilities:				
Long-term debt and other liabilities	295,330,893	21,800,774	317,131,667	79,345,057
Net pension liability	39,338,106	2,874,596	42,212,702	67,649,965
Net OPEB liability	4,563,512	508,159	5,071,671	38,363,446
Total noncurrent liabilities	<u>339,232,511</u>	<u>25,183,529</u>	<u>364,416,040</u>	<u>185,358,468</u>
Total liabilities	<u>387,505,180</u>	<u>30,277,233</u>	<u>417,782,413</u>	<u>207,416,835</u>
DEFERRED INFLOWS OF RESOURCES				
Future property tax revenue	-	-	-	11,063,721
Pension related	6,636,292	572,053	7,208,345	20,631,856
Deferred lease revenue	-	-	-	31,124,168
OPEB related	1,729,370	170,753	1,900,123	34,600,476
Total deferred inflows of resources	<u>8,365,662</u>	<u>742,806</u>	<u>9,108,468</u>	<u>97,420,221</u>
NET POSITION				
Net investment in capital assets	243,667,658	59,196,287	302,863,945	317,672,787
Restricted for :				
Capital projects	6,687,056	3,419,134	10,106,190	3,084,201
Debt service	9,649,649	-	9,649,649	-
Federal and state grants	3,892,465	-	3,892,465	-
Investments	1,277,849	-	1,277,849	-
Other Projects	-	-	-	6,530,203
Special revenues (gas tax and road projects)	203,523	-	203,523	-
Special revenues (education)	42,786,340	-	42,786,340	-
Special revenues (public safety)	695,938	-	695,938	-
Unrestricted (deficit)	<u>(156,537,785)</u>	<u>12,637,820</u>	<u>(143,899,965)</u>	<u>(41,849,363)</u>
Total net position	<u>152,322,693</u>	<u>75,253,241</u>	<u>227,575,934</u>	<u>285,437,828</u>

CITY OF AUBURN, ALABAMA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:	\$	\$	\$	\$	\$	\$	\$	\$
Governmental activities:								
General government and administration	11,191,159	19,092,166	6,830,694	-	14,731,701	-	14,731,701	
Public works	10,490,344	-	1,256,482	5,890,457	(3,343,405)	-	(3,343,405)	
Environmental services	1,957,252	-	-	-	(1,957,252)	-	(1,957,252)	
Public safety	30,354,172	7,478,047	338,374	35,652	(22,502,099)	-	(22,502,099)	
Library	2,699,844	19,955	894	-	(2,678,995)	-	(2,678,995)	
Parks and recreation	8,128,256	1,019,820	-	275,613	(6,832,823)	-	(6,832,823)	
Development services	5,959,730	88,592	-	2,109,747	(3,761,391)	-	(3,761,391)	
Social and economic development	8,239,594	-	1,747,174	-	(6,492,420)	-	(6,492,420)	
Human resources	9,434,036	4,940,650	-	-	(4,493,386)	-	(4,493,386)	
Risk management	925,736	-	-	-	(925,736)	-	(925,736)	
Education (payments to Board of Education)	35,861,206	-	-	-	(35,861,206)	-	(35,861,206)	
Interest on long-term debt	8,559,444	-	-	-	(8,559,444)	-	(8,559,444)	
Total governmental activities	133,800,773	32,639,230	10,173,618	8,311,469	(82,676,456)	-	(82,676,456)	
Business-type activities:								
Sewer Fund	9,426,516	13,869,164	-	2,023,280		6,465,928	6,465,928	
Solid Waste Management Fund	5,568,394	5,464,108	-	-		(104,286)	(104,286)	
Total business-type activities	14,994,910	19,333,272	-	2,023,280		6,361,642	6,361,642	
Total primary government	148,795,683	51,972,502	10,173,618	10,334,749	(82,676,456)	6,361,642	(76,314,814)	
Component units:								
Board of Education	107,434,956	8,950,744	60,208,596	10,797,195				(27,478,421)
Water Works Board	12,414,729	13,590,103	-	2,979,557				4,154,931
Industrial Development Board	5,426,840	2,374,169	-	670,932				(2,381,739)
Public Park & Recreation Board	924,159	169,770	-	-				(754,389)
Downtown Redevelopment Authority	21,202	-	-	-				(21,202)
Total Component Units	126,221,886	25,084,786	60,208,596	14,447,684				(26,480,820)
General revenues								
Taxes:								
Sales taxes					58,557,684	-	58,557,684	11,942,958
Occupational license fees					16,386,691	-	16,386,691	-
Property taxes					37,613,310	-	37,613,310	16,805,054
Motor fuel taxes					470,303	-	470,303	-
Lodging taxes					3,692,170	-	3,692,170	-
Rental and leasing taxes					975,941	-	975,941	-
Cigarette taxes					49,520	-	49,520	-
Alcoholic beverage taxes					346,502	-	346,502	680,947
Other taxes					-	-	-	56,403
Appropriations from the City of Auburn					-	-	-	29,902,323
Grants and contributions not restricted					-	-	-	1,720
Interest and investment earnings					1,384,642	88,222	1,472,864	1,183,105
Lease interest received					-	-	-	1,663,616
Net increase (decrease) in fair value of investments					(4,433,263)	(649,799)	(5,083,062)	(205,243)
Gain/(Loss) on disposal of assets					(44,695)	9,041	(35,654)	23,875
Rental income					-	-	-	121,390
Miscellaneous					122,307	26,141	148,448	1,584,824
Transfers					12,971	(12,971)	-	-
Total general revenues and transfers					115,134,083	(539,366)	114,594,717	63,760,972
Change in net position					32,457,627	5,822,276	38,279,903	37,280,152
Net position - beginning					120,069,053	69,430,965	189,500,018	248,157,676
Prior period adjustment					(203,987)	-	(203,987)	-
Net position - beginning, as restated					119,865,066	69,430,965	189,296,031	248,157,676
Net position - ending					152,322,693	75,253,241	227,575,934	285,437,828

CITY OF AUBURN, ALABAMA
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2022

	General Fund	Special School Tax Fund	CV Local Fiscal Recovery Fund	2022 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
	\$	\$	\$	\$	\$	\$
ASSETS						
Cash and cash equivalents	10,867,345	1,904,806	16,594,677	(21,387)	5,542,860	34,888,301
Certificates of deposit	179,015	-	-	-	-	179,015
Investments	55,331,983	31,312,842	-	-	7,538,855	94,183,680
Receivables, net	14,348,203	276,319	7,671	79,472	723,665	15,435,330
Due from other funds	918,742	-	-	-	-	918,742
Due from component units	686,361	-	-	-	-	686,361
Inventories	331,257	-	-	-	-	331,257
Prepaid items	2,536,533	-	-	-	3,533	2,540,066
Mortgages receivable	-	-	-	-	1,653,063	1,653,063
Restricted cash	343,491	11,222,724	-	41,948,936	1,029,782	54,544,933
Property for resale	4,131,127	-	-	-	-	4,131,127
Total assets	89,674,057	44,716,691	16,602,348	42,007,021	16,491,758	209,491,875
LIABILITIES						
Accounts payable and accrued liabilities	4,765,933	3,180	-	5,223,883	551,476	10,544,472
Due to component units	17,512	1,927,169	-	-	-	1,944,681
Customer deposits	235,705	-	-	-	-	235,705
Claims payable	387,273	-	-	-	-	387,273
Due to other funds	-	-	-	-	918,742	918,742
Unearned revenue	2,852,655	-	16,523,077	-	1,684,966	21,060,698
Total liabilities	8,259,078	1,930,349	16,523,077	5,223,883	3,155,184	35,091,571
FUND BALANCES						
Nonspendable						
Inventories	331,257	-	-	-	-	331,257
Prepaid items	2,536,533	-	-	-	-	2,536,533
Property for resale	4,131,127	-	-	-	-	4,131,127
Restricted						
Roads, bridges and streets	-	-	-	-	203,523	203,523
Law enforcement	343,491	-	-	-	809,583	1,153,074
Education	-	42,786,340	-	-	-	42,786,340
General grants	-	-	-	-	516,165	516,165
Social and economic development	-	-	79,271	-	1,842,932	1,922,203
Capital projects	-	-	-	36,783,138	284,490	37,067,628
Debt service	-	-	-	-	9,649,649	9,649,649
Committed						
Investments	1,277,849	-	-	-	-	1,277,849
Interest Subsidy Program	-	-	-	-	30,233	30,233
Assigned						
General	26,830,491	-	-	-	-	26,830,491
Unassigned	45,964,231	-	-	-	-	45,964,231
Total fund balances	81,414,979	42,786,340	79,271	36,783,138	13,336,575	174,400,303
Total liabilities and fund balances	89,674,057	44,716,691	16,602,348	42,007,021	16,491,758	

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.	322,753,594
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the current period.	(344,107,612)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	2,249,878
Prepaid items accounted for using the purchases method are not reported in the funds.	137,475
Accrued revenues and expenses that do not meet recognition criteria under the modified accrual basis of accounting are not recorded in the governmental funds.	(3,110,945)
Net position of governmental activities	152,322,693

CITY OF AUBURN, ALABAMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	General Fund	Special School Tax Fund	CV Local Fiscal Recovery Fund	2022 Capital Projects	Other Governmental Funds	Total Governmental Funds
	\$	\$	\$	\$	\$	\$
Revenues						
Sales and use taxes	58,557,684	-	-	-	-	58,557,684
Occupational license fees	16,386,691	-	-	-	-	16,386,691
Motor fuel taxes	923,967	-	-	-	-	923,967
Lodging taxes	3,692,170	-	-	-	-	3,692,170
Rental and leasing taxes	975,941	-	-	-	-	975,941
Other taxes	396,022	-	-	-	-	396,022
Licenses and permits	16,913,634	-	-	-	-	16,913,634
General property taxes	7,825,496	23,043,784	-	-	6,744,030	37,613,310
Charges for services	14,788,026	-	-	-	-	14,788,026
Fines and forfeitures	758,584	-	-	-	110,933	869,517
State shared taxes	6,799,048	-	-	-	801,817	7,600,865
Contributions from the public	937,909	-	-	-	51,744	989,653
Grants	-	-	-	-	3,209,344	3,209,344
Program income	-	-	-	-	582,435	582,435
Interest	638,113	441,080	77,945	114,940	112,564	1,384,642
Net increase (decrease) in fair value of investments	(2,438,609)	(1,749,502)	-	-	(245,152)	(4,433,263)
Miscellaneous	122,309	-	-	-	243	122,552
Total revenues	127,276,985	21,735,362	77,945	114,940	11,367,958	160,573,190
Expenditures						
General government and administration	6,642,902	-	-	-	657	6,643,559
Public works	4,474,985	-	-	-	1,000	4,475,985
Environmental services	1,923,449	-	-	-	-	1,923,449
Public safety	28,358,033	-	-	-	74,323	28,432,356
Library	2,516,357	-	-	-	894	2,517,251
Parks and recreation	6,563,005	-	-	-	-	6,563,005
Development services	5,542,398	-	-	-	49,985	5,592,383
Social and economic development	4,135,631	-	-	-	1,416,795	5,552,426
Human resources	9,460,516	-	-	-	-	9,460,516
Risk management	550,661	-	-	-	-	550,661
Total departmental	70,167,937	-	-	-	1,543,654	71,711,591
Non-Departmental	2,654,908	833,826	-	-	245,327	3,734,061
Debt service						
Administrative charges	1,470	86,195	-	405,969	825	494,459
Interest	1,863,449	2,245,583	-	-	4,910,495	9,019,527
Principal retirement	3,739,955	6,214,804	-	-	1,309,000	11,263,759
Capital outlay	19,737,184	-	-	16,341,426	2,094,325	38,172,936
Intergovernmental	1,510,752	-	-	-	-	1,510,752
Payments to component units	19,967,929	17,241,922	-	-	75,000	37,284,851
Total expenditures	119,643,584	26,622,330	-	16,747,395	10,178,626	173,191,936
Excess (deficiency) of revenues over expenditures	7,633,401	(4,886,968)	77,945	(16,632,455)	1,189,332	(12,618,746)
Other financing sources (uses)						
Debt issuance	-	-	-	48,925,000	-	48,925,000
Debt refunding	-	10,245,831	-	-	-	10,245,831
Premium on debt issued	-	1,087,868	-	6,465,622	-	7,553,490
Payment to refunded bond escrow agent	-	(11,250,028)	-	-	-	(11,250,028)
Leases (as lessee)	289,279	-	-	-	-	289,279
Sale of surplus assets	20,372	-	-	-	7,600	27,972
Transfers in	4,844,378	-	-	-	357,564	5,201,942
Transfers out	(118,279)	-	-	(1,975,029)	(3,095,664)	(5,188,972)
Total other financing sources (uses)	5,035,750	83,671	-	53,415,593	(2,730,500)	55,804,514
Net changes in fund balances	12,669,151	(4,803,297)	77,945	36,783,138	(1,541,168)	43,185,768
Fund balances, beginning of year	68,745,828	47,589,636	1,326	-	14,877,740	131,214,530
Fund balances, end of year	81,414,979	42,786,340	79,271	36,783,138	13,336,575	174,400,303

CITY OF AUBURN, ALABAMA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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

Net change in fund balances - total governmental funds	\$ 43,185,768
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 and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	28,452,480
The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) net position.	5,905,430
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of prepaid bond issue insurance, premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(44,499,814)
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.	(371,073)
Revenues previously recorded as unearned revenue in governmental funds that were recognized in prior years in the statement of activities, but in the current year in governmental funds.	(215,164)
Change in net position - statement of activities	\$ 32,457,627

CITY OF AUBURN, ALABAMA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
PRESENTED BY LEGAL LEVEL OF BUDGETARY CONTROL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues	\$	\$	\$	\$
Sales and use taxes	45,801,567	55,500,000	58,557,684	3,057,684
Occupational license fees	13,493,000	14,583,000	16,386,691	1,803,691
Motor fuel taxes	810,000	925,000	923,967	(1,033)
Lodging taxes	2,437,196	3,150,000	3,692,170	542,170
Rental and leasing taxes	904,291	990,000	975,941	(14,059)
Other taxes	295,046	361,700	396,022	34,322
Licenses and permits	14,842,731	16,031,540	16,913,634	882,094
General property taxes	7,516,205	7,732,400	7,825,496	93,096
Charges for services	14,731,465	14,826,667	14,788,026	(38,641)
Fines and forfeitures	1,043,000	999,000	758,584	(240,416)
State shared taxes	3,889,200	6,286,914	6,799,048	512,134
Contributions from the public	714,915	921,601	937,909	16,308
Interest	135,344	297,672	638,113	340,441
Net increase (decrease) in fair value of investments	-	-	(2,438,609)	(2,438,609)
Miscellaneous	19,000	94,250	122,309	28,059
Total revenues	106,632,960	122,699,744	127,276,985	4,577,241
Expenditures				
City Council	274,821	274,821	252,568	22,253
Office of City Manager	1,449,314	1,357,277	1,120,420	236,857
Judicial	917,224	982,224	934,671	47,553
Information technology	2,477,368	2,491,808	2,461,679	30,129
Finance	1,862,416	1,862,416	1,765,379	97,037
Public services administration	-	92,037	81,848	10,189
Economic development	3,736,668	3,736,668	3,496,473	240,195
Development services	370,748	370,748	309,360	61,388
Planning services	857,922	857,922	642,674	215,248
Inspection services	1,537,932	1,578,845	1,391,733	187,112
Community services	582,289	595,289	639,158	(43,869)
Engineering services	3,457,462	3,760,749	3,198,631	562,118
Employee services	8,773,865	10,371,610	10,011,177	360,433
Public safety	30,423,990	30,462,436	28,358,033	2,104,403
Public works	4,663,357	4,663,357	4,474,985	188,372
Environmental services	1,923,998	1,923,998	1,923,449	549
Library	2,565,231	2,629,138	2,516,357	112,781
Parks and recreation	6,858,029	6,918,129	6,563,005	355,124
Total departmental	72,732,634	74,929,472	70,141,600	4,787,872
Non-departmental	2,127,120	2,193,890	2,681,245	(487,355)
Debt service:				
Administrative charges	3,000	3,000	1,470	1,530
Interest	3,216,551	1,861,836	1,863,449	(1,613)
Principal retirement	4,572,392	3,690,392	3,739,955	(49,563)
Capital outlay	15,923,461	24,035,382	19,737,184	4,298,198
Intergovernmental	1,486,057	1,494,289	1,510,752	(16,463)
Payments to component units	15,655,990	18,686,750	19,967,929	(1,281,179)
Total expenditures	115,717,205	126,895,011	119,643,584	7,251,427
Excess (deficiency) of revenues over expenditures	(9,084,245)	(4,195,267)	7,633,401	11,828,668
Other financing sources (uses)				
Leases (as lessee)	-	-	289,279	289,279
Sale of surplus assets	60,000	10,000	20,372	10,372
Transfers in	2,282,250	8,299,279	4,844,378	(3,454,901)
Transfers out	(1,500,000)	(3,500,000)	(118,279)	3,381,721
Total other financing sources (uses)	842,250	4,809,279	5,035,750	226,471
Net changes in fund balances	(8,241,995)	614,012	12,669,151	12,055,139
Fund balances, beginning of year	68,745,828	68,745,828	68,745,828	-
Fund balances, end of year	60,503,833	69,359,840	81,414,979	12,055,139

The notes to the financial statements are an integral part of this statement.

CITY OF AUBURN, ALABAMA
SPECIAL SCHOOL TAX SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues	\$	\$	\$	\$
General property taxes	22,229,535	22,945,930	23,043,784	97,854
Interest	250,000	170,000	441,080	271,080
Net increase (decrease) in fair value of investments	-	-	(1,749,502)	(1,749,502)
Total revenues	<u>22,479,535</u>	<u>23,115,930</u>	<u>21,735,362</u>	<u>(1,380,568)</u>
Expenditures				
Non-Departmental	717,885	831,850	833,826	(1,976)
Debt service				
Administrative charges	1,500	1,500	86,195	(84,695)
Interest	2,500,055	2,256,761	2,245,583	11,178
Principal retirement	6,064,805	6,214,805	6,214,804	1
Payments to component units	<u>22,896,283</u>	<u>19,437,617</u>	<u>17,241,922</u>	<u>2,195,695</u>
Total expenditures	<u>32,180,528</u>	<u>28,742,533</u>	<u>26,622,330</u>	<u>2,120,203</u>
Excess (deficiency) of revenues over expenditures	<u>(9,700,993)</u>	<u>(5,626,603)</u>	<u>(4,886,968)</u>	<u>739,635</u>
Other financing sources (uses)				
Debt refunding	-	-	10,245,831	10,245,831
Premium on debt issued	-	-	1,087,868	1,087,868
Payment to refunded bond escrow agent	-	-	(11,250,028)	(11,250,028)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>83,671</u>	<u>83,671</u>
Net changes in fund balances	(9,700,993)	(5,626,603)	(4,803,297)	823,306
Fund balances, beginning of year	<u>47,589,636</u>	<u>47,589,636</u>	<u>47,589,636</u>	<u>-</u>
Fund balances, end of year	<u>37,888,643</u>	<u>41,963,033</u>	<u>42,786,340</u>	<u>823,306</u>

CITY OF AUBURN, ALABAMA
CV LOCAL FISCAL RECOVERY SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts			Variance with Final Budget - Favorable (Unfavorable)
	Original	Final	Actual Amounts	
Revenues	\$	\$	\$	\$
Interest	-	6,500	77,945	71,445
Total revenues	-	6,500	77,945	71,445
Expenditures				
Non-Departmental	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	6,500	77,945	71,445
Net changes in fund balances	-	6,500	77,945	71,445
Fund balances, beginning of year	1,326	1,326	1,326	-
Fund balances, end of year	1,326	7,826	79,271	71,445

CITY OF AUBURN, ALABAMA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2022

	Major Fund		
	Sewer Fund	Solid Waste Management Fund	Total
	\$	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	2,284,274	2,543,363	4,827,637
Receivables, net	1,702,282	667,518	2,369,800
Due from component units	327,800	122,316	450,116
Inventories	44,596	35,165	79,761
Other current assets	24,780	46,832	71,612
Restricted cash	3,050	-	3,050
Total current assets	<u>4,386,782</u>	<u>3,415,194</u>	<u>7,801,976</u>
Noncurrent assets			
Investments	12,571,303	-	12,571,303
Capital assets not being depreciated	164,626	-	164,626
Capital assets net of accumulated depreciation	81,743,378	1,312,708	83,056,086
Total noncurrent assets	<u>94,479,307</u>	<u>1,312,708</u>	<u>95,792,015</u>
Total assets	<u>98,866,089</u>	<u>4,727,902</u>	<u>103,593,991</u>
 DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	1,316,883	-	1,316,883
Pension related	554,588	596,368	1,150,956
OPEB related	99,729	111,721	211,450
Total deferred outflows of resources	<u>1,971,200</u>	<u>708,089</u>	<u>2,679,289</u>
 LIABILITIES			
Current liabilities			
Accounts payable	350,513	115,638	466,151
Salaries and benefits payable	25,783	63,657	89,440
Due to component units	58,244	2,245	60,489
Accrued interest payable	123,240	-	123,240
Customer deposits	546,300	245,384	791,684
Current portion of long-term debt	3,562,700	-	3,562,700
Total current liabilities	<u>4,666,780</u>	<u>426,924</u>	<u>5,093,704</u>
Noncurrent liabilities			
Long-term debt and other liabilities	21,723,533	77,241	21,800,774
Net pension liability	1,254,800	1,619,796	2,874,596
Net OPEB liability	255,409	252,750	508,159
Total noncurrent liabilities	<u>23,233,742</u>	<u>1,949,787</u>	<u>25,183,529</u>
Total liabilities	<u>27,900,522</u>	<u>2,376,711</u>	<u>30,277,233</u>
 DEFERRED INFLOWS OF RESOURCES			
Pension related	263,251	308,802	572,053
OPEB related	56,400	114,353	170,753
Total deferred inflows of resources	<u>319,651</u>	<u>423,155</u>	<u>742,806</u>
 NET POSITION			
Net investment in capital assets	57,883,579	1,312,708	59,196,287
Restricted for capital projects	3,419,134	-	3,419,134
Unrestricted	11,314,401	1,323,419	12,637,820
Total net position	<u>72,617,114</u>	<u>2,636,127</u>	<u>75,253,241</u>

The notes to the financial statements are an integral part of this statement.

CITY OF AUBURN, ALABAMA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Major Fund		
	Sewer Fund	Solid Waste Management Fund	Total
Operating revenues	\$	\$	\$
Charges for services	13,869,164	5,464,108	19,333,272
Miscellaneous	16,116	10,025	26,141
Total operating revenues	<u>13,885,280</u>	<u>5,474,133</u>	<u>19,359,413</u>
Operating expenses			
Salaries and wages	1,433,095	2,068,803	3,501,898
Employee benefits	399,710	666,353	1,066,063
Repairs and maintenance	51,817	105,426	157,243
Utilities	742,711	996	743,707
Professional services	426,746	795,529	1,222,275
Rentals and leasing	111,376	-	111,376
Insurance	27,218	34,397	61,615
Office supplies	25,387	5,169	30,556
Fuels and lubricants	89,502	425,999	515,501
Agricultural and chemical supplies	24,668	2,379	27,047
Minor equipment and tools	86,882	158,191	245,073
Repair parts and materials	157,717	393,286	551,003
Clothing and linens	24,234	11,176	35,410
Sewer service fees	215,711	-	215,711
Management fees	1,953,218	334,000	2,287,218
Depreciation/amortization	2,994,046	563,088	3,557,134
Travel and training	19,572	3,483	23,055
Miscellaneous	1,712	119	1,831
Total operating expenses	<u>8,785,322</u>	<u>5,568,394</u>	<u>14,353,716</u>
Operating income (loss)	<u>5,099,958</u>	<u>(94,261)</u>	<u>5,005,697</u>
Nonoperating revenues (expenses)			
Interest earned	84,915	3,307	88,222
Net increase (decrease) in fair value of investments	(649,799)	-	(649,799)
Interest and fiscal charges	(641,194)	-	(641,194)
Gain (loss) on disposal of capital assets	13,000	(3,959)	9,041
Total nonoperating revenues (expenses)	<u>(1,193,078)</u>	<u>(652)</u>	<u>(1,193,730)</u>
Income (loss) before transfers and capital contributions	3,906,880	(94,913)	3,811,968
Transfers	(69,430)	56,459	(12,971)
Capital contributions - developers	<u>2,023,280</u>	<u>-</u>	<u>2,023,280</u>
Change in net position	5,860,730	(38,454)	5,822,277
Net position - beginning	66,756,384	2,674,581	69,430,965
Net position - ending	<u><u>72,617,114</u></u>	<u><u>2,636,127</u></u>	<u><u>75,253,241</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF AUBURN, ALABAMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Major Fund		
	Sewer Fund	Solid Waste Management Fund	Total
	\$	\$	\$
Cash flows from operating activities			
Cash collected from customers	14,010,414	5,514,098	19,524,512
Other cash collected	16,116	10,025	26,141
Customer deposits collected	50,223	32,672	82,895
Payments to suppliers for goods and services	(3,860,668)	(2,333,233)	(6,193,901)
Payments to employees for services	(1,795,344)	(2,697,911)	(4,493,255)
Net cash provided (consumed) by operating activities (A)	<u>8,420,741</u>	<u>525,651</u>	<u>8,946,392</u>
Cash flows from noncapital financing activities			
Transfers in	6,820	111,459	118,279
Transfers out	(76,250)	(55,000)	(131,250)
Net cash provided (consumed) by noncapital financing activities	<u>(69,430)</u>	<u>56,459</u>	<u>(12,971)</u>
Cash flows from capital and related financing activities			
Principal repayments on borrowing	(3,750,831)	-	(3,750,831)
Proceeds from sale of assets	13,000	1,580	14,580
Acquisition and construction of capital assets	(1,136,588)	(432,357)	(1,568,945)
Interest and fiscal fees paid	(353,235)	-	(353,235)
Net cash provided (consumed) by capital and related financing activities	<u>(5,227,654)</u>	<u>(430,777)</u>	<u>(5,658,431)</u>
Cash flows from investing activities			
Interest on investments	30,871	3,307	34,178
Purchase of investments	(13,221,103)	-	(13,221,103)
Net cash provided (consumed) by investing activities	<u>(13,190,232)</u>	<u>3,307</u>	<u>(13,186,925)</u>
Net increase (decrease) in cash	<u>(10,066,575)</u>	<u>154,640</u>	<u>(9,911,935)</u>
Cash and cash equivalents, beginning of year	<u>12,353,899</u>	<u>2,388,725</u>	<u>14,742,624</u>
Cash and cash equivalents, end of year	<u><u>2,287,324</u></u>	<u><u>2,543,365</u></u>	<u><u>4,830,689</u></u>
Composition of cash and cash equivalents at September 30, 2022:			
Cash and cash equivalents - unrestricted	2,284,274	2,543,363	4,827,637
Restricted cash	3,050	-	3,050
Total cash and cash equivalents	<u><u>2,287,324</u></u>	<u><u>2,543,363</u></u>	<u><u>4,830,687</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities (A):			
Operating income (loss)	5,099,958	(94,261)	5,005,697
Add:			
Depreciation	2,994,046	563,089	3,557,135
Increase in accounts payable	78,654	-	78,654
Decrease in accounts receivable	245,937	49,988	295,925
Increase in customer deposits	50,223	32,672	82,895
Increase in accrued leave	17,523	6,077	23,600
Increase in amounts due to component units	23,635	-	23,635
Increase in pension related deferred inflows	242,599	267,353	509,952
Increase in OPEB related deferred inflows	46,488	102,274	148,762
Decrease in OPEB related deferred outflows	13,900	30,581	44,481
Deduct:			
Decrease in amounts due to component units	-	(367)	(367)
Decrease in accounts payable	-	(14,846)	(14,846)
Decrease in OPEB liability	(56,677)	(124,689)	(181,366)
Increase in amounts due from component units	(104,686)	-	(104,686)
Increase in prepaid items	(4,487)	(47,871)	(52,358)
Decrease in pension related liabilities	(117,080)	(129,027)	(246,107)
Increase in deferred pension contributions	(109,292)	(115,322)	(224,614)
Net cash provided by operating activities	<u><u>8,420,741</u></u>	<u><u>525,651</u></u>	<u><u>8,946,392</u></u>
Noncash transactions:			
Estimated cost of sewer lines installed by and contributed to the City by developers	2,023,280	-	2,023,280
Fully refunded 2012-B general obligation warrants	3,285,000	-	3,285,000

CITY OF AUBURN, ALABAMA
STATEMENT OF FIDUCIARY NET POSITION
AS OF SEPTEMBER 30, 2022

	Youth Athletic Associations' Private-purpose Trust Fund
	<u>\$</u>
ASSETS	
Current assets:	
Cash and cash equivalents	849,790
Receivables, net	<u>5,567</u>
Total assets	<u>855,357</u>
NET POSITION	
Held in trust for:	
Auburn Dixie Baseball/Softball Association	121,179
Auburn Soccer Organization	629,391
Auburn Youth Football	54,949
Auburn Community Tennis Association	25,928
Auburn Cemetery Trust	<u>23,910</u>
Total net position	<u><u>855,357</u></u>

CITY OF AUBURN, ALABAMA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Youth Athletic Associations' Private-purpose Trust Fund
ADDITIONS	<u>\$</u>
Program revenues:	
Baseball/Softball	132,501
Soccer	149,605
Football	44,961
Tennis	10,929
Total program revenues	<u>337,996</u>
Investment earnings:	
Baseball/Softball interest	130
Soccer interest	752
Football interest	37
Tennis interest	6
Cemetery Trust interest	36
Total investment earnings	<u>961</u>
Total additions	<u>338,957</u>
DEDUCTIONS	
Program expenses:	
Baseball/Softball	127,020
Soccer	67,837
Football	31,188
Tennis	9,070
Total deductions	<u>235,115</u>
Change in net position	103,842
Net position - beginning	<u>751,515</u>
Net position - ending	<u><u>855,357</u></u>

CITY OF AUBURN, ALABAMA
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2022

	Major Component Units				
	Board of Education	Water Works Board	Industrial Development Board	Nonmajor Component Units	Total
	\$	\$	\$	\$	\$
ASSETS					
Current assets:					
Cash and cash equivalents	67,084,405	8,250,094	3,665,462	774	79,000,735
Certificates of deposit	-	-	59,496	-	59,496
Receivables, net	15,033	1,962,346	108,035	18,650	2,104,064
Accrued interest receivable	-	-	201,805	-	201,805
Inventories	304,962	540,181	-	-	845,143
Current portion of leases receivable	-	-	1,763,804	-	1,763,804
Current portion of net investment in capital leases	-	-	1,060,821	53,635	1,114,456
Property tax receivable	11,063,721	-	-	-	11,063,721
Interest receivable	-	52,186	-	-	52,186
Due from other government	3,956,466	-	-	-	3,956,466
Due from primary government	1,925,485	79,686	-	-	2,005,171
Other current assets	-	95,654	123,902	3,424	222,980
Restricted cash	-	-	40,804	-	40,804
Total current assets	84,350,072	10,980,147	7,024,129	76,483	102,430,831
Noncurrent assets					
Restricted assets					
Cash and cash equivalents	-	3,084,201	-	-	3,084,201
Interest receivable	-	2,240	-	-	2,240
Leases receivable, net of current portion	-	-	29,804,644	-	29,804,644
Investments	-	4,758,122	-	-	4,758,122
Net investment in capital leases, net of current portion	-	-	19,488,350	1,103,655	20,592,005
Property for resale	-	-	8,831,981	-	8,831,981
Capital assets not being depreciated	66,546,060	5,443,807	7,336,503	-	79,326,370
Capital assets, net of accumulated depreciation	177,057,354	79,836,243	39,925,723	2,911,850	299,731,170
Total noncurrent assets	243,603,414	93,124,613	105,387,201	4,015,505	446,130,733
Total assets	327,953,486	104,104,760	112,411,330	4,091,988	548,561,564
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts on refunding, net	-	1,731,720	-	-	1,731,720
OPEB related	19,338,343	105,038	-	14,308	19,457,689
Pension related	20,002,487	455,148	-	66,276	20,523,911
Total deferred outflows of resources	39,340,830	2,291,906	-	80,584	41,713,320
LIABILITIES					
Current liabilities:					
Liabilities payable from restricted assets:					
Due to other government	267	-	-	-	267
Current portion of long-term debt	36,836	1,355,000	-	-	1,391,836
Accrued interest payable	-	84,618	151,899	-	236,517
Accounts payable and other accrued liabilities	3,433,987	1,887,521	120,078	45,385	5,486,971
Salaries and benefits payable	8,169,632	36,129	-	-	8,205,761
Customer deposits	-	555,031	80,679	-	635,710
Unearned revenue	1,235,330	-	148,926	-	1,384,256
Short term loans payable	-	-	300,000	-	300,000
Current portion of notes payable	-	-	3,052,016	53,635	3,105,651
Current portion of lease liability	37,820	6,900	-	-	44,720
Retainage payable	-	130,200	-	-	130,200
Due to primary government	-	1,136,478	-	-	1,136,478
Total current liabilities	12,913,872	5,191,877	3,853,598	99,020	22,058,367
Noncurrent liabilities:					
Long-term debt and other liabilities	1,779	33,543,051	44,654,585	1,103,655	79,303,070
Lease liability	33,263	8,724	-	-	41,987
Net OPEB liability	38,113,929	221,667	-	27,850	38,363,446
Net pension liability	67,322,000	160,345	-	167,620	67,649,965
Total noncurrent liabilities	105,470,971	33,933,787	44,654,585	1,299,125	185,358,468
Total liabilities	118,384,843	39,125,664	48,508,183	1,398,145	207,416,835
DEFERRED INFLOWS OF RESOURCES					
Future property tax revenue	11,063,721	-	-	-	11,063,721
OPEB related	34,490,472	95,972	-	14,032	34,600,476
Deferred lease revenue	-	-	31,124,168	-	31,124,168
Pension related	20,036,000	562,392	-	33,464	20,631,856
Total deferred inflows of resources	65,590,193	658,364	31,124,168	47,496	97,420,221
NET POSITION					
Net investment in capital assets	243,493,716	52,179,110	19,088,111	2,911,850	317,672,787
Restricted for:					
Capital projects	-	3,084,201	-	-	3,084,201
Other projects	6,530,203	-	-	-	6,530,203
Unrestricted	(66,704,639)	11,349,327	13,690,868	(184,919)	(41,849,363)
Total net position	183,319,280	66,612,638	32,778,979	2,726,931	285,437,828

CITY OF AUBURN, ALABAMA
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Total Component Units		
					Governmental Activities	Business-Type Activities	Total
	\$	\$	\$	\$	\$	\$	\$
Governmental activities:							
Auburn Board of Education							
Functions/Programs							
Instruction	60,717,487	1,434,324	40,144,149	9,999,212	(9,139,802)	-	(9,139,802)
Instructional support	20,623,993	837,108	11,200,320	16,176	(8,570,389)	-	(8,570,389)
Operation and maintenance	10,225,868	148,678	3,160,283	84,355	(6,832,552)	-	(6,832,552)
Auxiliary services							
Student transportation services	6,073,547	155,606	4,371,184	697,452	(849,305)	-	(849,305)
Food services	5,023,826	5,416,116	519,544	-	911,834	-	911,834
General administrative services	3,306,302	1,417	459,981	-	(2,844,904)	-	(2,844,904)
Other	1,457,730	957,495	353,135	-	(147,100)	-	(147,100)
Interest and fiscal charges	6,203	-	-	-	(6,203)	-	(6,203)
Total governmental activities	107,434,956	8,950,744	60,208,596	10,797,195	(27,478,421)	-	(27,478,421)
Business-type activities:							
Water Works Board	12,414,729	13,590,103	-	2,979,557	-	4,154,931	4,154,931
Industrial Development Board	5,426,840	2,374,169	-	670,932	-	(2,381,739)	(2,381,739)
Public Park & Recreation Board	924,159	169,770	-	-	-	(754,389)	(754,389)
Downtown Redevelopment Authority	21,202	-	-	-	-	(21,202)	(21,202)
Total business-type activities	18,786,930	16,134,042	-	3,650,489	-	997,601	997,601
Total component units	126,221,886	25,084,786	60,208,596	14,447,684	(27,478,421)	997,601	(26,480,820)

General revenues:

Taxes:			
Sales taxes	11,942,958	-	11,942,958
Property taxes	16,805,054	-	16,805,054
Alcoholic beverage taxes	680,947	-	680,947
Other taxes	56,403	-	56,403
Unrestricted appropriations from the City of Auburn	28,478,678	1,423,645	29,902,323
Grants and contributions not restricted	1,720	-	1,720
Interest and investment earnings	96,889	1,086,216	1,183,105
Lease interest received	-	1,663,616	1,663,616
Gain (loss) on disposal of assets	-	23,875	23,875
Net decrease in fair value of investments	-	(205,243)	(205,243)
Rental income	-	121,390	121,390
Miscellaneous	1,221,474	363,350	1,584,824
Total general revenues	59,284,123	4,476,849	63,760,972
Change in net position	31,805,702	5,474,450	37,280,152
Net position - beginning	151,513,578	96,644,098	248,157,676
Net position - ending	183,319,280	102,118,548	285,437,828

CITY OF AUBURN, ALABAMA
DISCRETELY PRESENTED BUSINESS-TYPE COMPONENT UNITS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Major Business-type Component Units		Nonmajor Business-type Component Units	Total
	Water Works Board	Industrial Development Board		
	\$	\$	\$	\$
Operating revenues				
Lease income	-	2,089,124	-	2,089,124
Short term and other lease payments	-	285,045	-	285,045
Water sales and service	13,590,103	-	-	13,590,103
Tennis center revenue	-	-	169,770	169,770
Miscellaneous	105,811	179,981	77,558	363,350
Total operating revenues	13,695,914	2,554,150	247,328	16,497,392
Operating expenses				
Water treatment and pumping expense	3,590,350	-	-	3,590,350
Water distribution expense	1,693,314	-	-	1,693,314
Meter reading expense	778,140	-	-	778,140
Operations administration expense	505,681	-	-	505,681
Utility billing office expense	1,124,201	-	-	1,124,201
General operations expense	835,688	-	-	835,688
Salaries and wages	-	-	272,609	272,609
Contract services	-	25,000	-	25,000
Employee benefits	-	-	71,184	71,184
Repairs and maintenance	-	389,718	72,123	461,841
Advertising	-	71,337	-	71,337
Utilities	-	122,210	129,767	251,977
Rentals and leasing	-	-	1,548	1,548
Insurance	-	-	6,848	6,848
Minor equipment and tools	-	-	32,050	32,050
Professional services	-	162,774	7,538	170,312
Office supplies	-	16,889	564	17,453
Bad debt expense	-	90,000	-	90,000
Agricultural and chemical supplies	-	-	1,372	1,372
Depreciation/amortization	2,880,431	1,223,357	328,526	4,432,314
Industrial recruitment	-	367,171	-	367,171
Industrial incentives granted	-	499,445	-	499,445
Travel and training	-	20,985	-	20,985
Special events	-	3,725	-	3,725
Workforce development	-	107,879	-	107,879
Miscellaneous	-	18,637	30	18,667
Total operating expenses	11,407,805	3,119,127	924,159	15,451,091
Operating income (loss)	2,288,109	(564,977)	(676,831)	1,046,301
Non-operating revenues (expenses)				
Interest and investment earnings	115,435	949,575	21,206	1,086,216
Lease interest received	-	1,663,616	-	1,663,616
Net decrease in fair value of investments	(205,243)	-	-	(205,243)
Rental income	121,390	-	-	121,390
Appropriations from the City of Auburn	-	1,100,000	323,645	1,423,645
Amortization	(89,531)	-	-	(89,531)
Interest and fiscal charges	(917,393)	(2,307,713)	(21,202)	(3,246,308)
Gain/(loss) on disposal of assets	23,875	-	-	23,875
Total non-operating revenues (expenses)	(951,467)	1,405,478	323,649	777,660
Income (loss) before capital contributions	1,336,642	840,501	(353,182)	1,823,961
Capital contributions				
From other governments	-	670,932	-	670,932
From primary government	157	-	-	157
From developers	1,469,200	-	-	1,469,200
From access fees	1,510,200	-	-	1,510,200
Total capital contributions	2,979,557	670,932	-	3,650,489
Change in net position	4,316,199	1,511,433	(353,182)	5,474,450
Net position - beginning	62,296,439	31,267,546	3,080,113	96,644,098
Net position - ending	66,612,638	32,778,979	2,726,931	102,118,548

The notes to the financial statements are an integral part of this statement.



City of Auburn

City of Auburn, Alabama
Guide to Notes to the Financial Statements
September 30, 2022

	Page Number
1. Summary of Significant Accounting Policies	85
A. Reporting Entity	85
Discretely Presented Component Units	85
Related Organizations	87
Joint Venture	87
Jointly Governed Organizations	87
B. Basis of Presentation	89
Governmental Funds	89
Proprietary Funds	89
Major Funds	90
C. Basis of Accounting	90
D. Reconciliation of Government-Wide and Fund Financial Statements	91
E. Budgets and Budgetary Accounting	93
F. Cash and Cash Equivalents	94
G. Deposits and Investments	94
H. Restricted Assets	94
I. Accounts Receivable	94
J. Inventories	94
K. Capital Assets	95
L. Leases	95
City of Auburn Primary Government	95
Component Units	96
M. Risk Financing	96
City of Auburn Primary Government	96
Component Units	96
N. Long-Term Obligations	98
O. Compensated Absences	98
City of Auburn Primary Government	98
Component Units	98
P. Postretirement Benefits	99
Q. Pensions	99
R. Fund Balance	99
S. Net Position	100
T. Interfund Transactions	100
U. Estimates	101
V. Recently Implemented Accounting Pronouncements	101
2. Deposits in Financial Institutions	101
3. Deposits and Investments	102
4. Accounts Receivable	104
5. Mortgages and Notes Receivable	105
6. Property for Resale	105
7. Property Taxes	105

City of Auburn, Alabama
Guide to Notes to the Financial Statements
September 30, 2022

(continued)

	Page Number
8. Capital Assets.....	106
City of Auburn Primary Government	106
Component Units.....	108
9. Long-Term Liabilities.....	112
City of Auburn Primary Government	112
Component Units.....	118
10. Unearned Program Revenue	122
11. Leases	123
City of Auburn Primary Government.....	123
Component Units	124
12. Defined Benefit Pension Plans	127
City of Auburn Primary Government	127
Component Units	132
13. Other Postemployment Benefits	138
City of Auburn Primary Government.....	138
Component Units	141
14. Workers' Compensation Self-Insurance	147
15. Medical Self-Insurance.....	148
16. Unemployment Compensation	148
17. Ad Valorem Tax Collection Expense	148
18. Interfund Receivables and Payables	149
19. Interfund Transfers.....	149
20. Intra-entity Transactions	150
21. Reporting of Federal Grant Loan Repayment Special Revenue Fund	151
22. Reporting of Public Safety Substance Abuse Special Revenue Fund	153
23. Reporting of General Fund Activities	154
24. Commitments, Litigation and Contingencies	156
City of Auburn Primary Government	156
Component Units.....	157
25. Landfill Closure and Postclosure Care.....	160
26. Tax Abatements.....	160
27. Subsequent Events	161
City of Auburn Primary Government	161
Component Units.....	161
28. Prior Period Adjustments	163

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Auburn was incorporated February 2, 1839. The City operates under the Council-Manager form of government and provides the following services: public safety (police, fire, and emergency communications), solid waste collection and recycling, recreation, library, planning and zoning, inspection services, public improvements, sanitary sewer, economic development, and general administrative services.

The accounting policies of the City of Auburn conform to generally accepted accounting principles in the United States of America (GAAP) applicable to municipal governments as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative literature. The following is a summary of the most significant policies:

- A. Reporting Entity** - As required by generally accepted accounting principles, the financial statements present the City of Auburn (the primary government) and its component units. The component units include organizations that are financially accountable to the City's executive or legislative branches (the Mayor or the Council, respectively) and other organizations for which the nature and significance of their relationships with the primary government are such that their exclusion could cause the City's financial statements to be misleading or incomplete. The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations. The City has no blended component units.

DISCRETELY PRESENTED COMPONENT UNITS

The component unit columns in the government-wide financial statements include the financial data of the City's six discretely presented component units. These organizations are legally separate from the City and are included in the reporting entity because the primary government is financially accountable for the component unit.

City of Auburn Board of Education (ABOE)

The City Council appoints all members of the ABOE. The City has assumed an obligation to provide financial support to the ABOE by consistently appropriating large amounts in excess of property taxes legally restricted for school purposes. Furthermore, the City has authority to levy taxes, a function which the ABOE cannot perform, and issue debt on behalf of the ABOE. The ABOE is presented as a governmental fund type or governmental-type activity.

Water Works Board of the City of Auburn (AWWB)

The City Council appoints all members of the AWWB. A financial benefit relationship exists between the City and the AWWB by virtue of the fact that the City is legally entitled to the AWWB's resources after the indebtedness is retired. In addition, the City and the AWWB are parties to an exchange of services agreement which provides that the City will supply management services to the AWWB. In exchange, the AWWB bills and collects service charges for the City's sewer and solid waste services. The AWWB is presented as a proprietary fund type or business-type activity.

City of Auburn Industrial Development Board (IDB)

The City Council appoints all members of the IDB and has charged the IDB with conducting the City's industrial development efforts on behalf of the City Council. The IDB acts as an extension of the City Council for achieving the Council's goals to enhance the City's tax base and to provide opportunities for full employment to its citizens. The City's day-to-day industrial development activities are conducted by its Economic Development Department, which is staffed by City employees. The Economic Development Department functions as liaison between the Council and the IDB.

Conveyances of any City-owned real properties to the IDB include legally binding restrictive covenants that prohibit the IDB from conveying any land held in the IDB's name without first obtaining the Council's consent in the form of a duly passed City Council resolution. These restrictive covenants are designed to give the City Council ultimate control over the types of businesses that locate in the City's industrial parks.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The City is the IDB's primary source of operating funds, including funds for acquisition of real property. The City has responsibility for funding deficits and operating deficiencies of the IDB. The IDB is presented as a proprietary fund type or business-type activity.

City of Auburn Public Park and Recreation Board (PPRB)

In October of 1990, the Auburn City Council authorized the establishment of a park and recreation board, the PPRB, primarily for the purpose of advising the Council concerning proposed recreation projects and acquiring such recreation facilities as may be deemed to be in the public interest.

All three PPRB members are appointed by the City Council, which maintains a significant degree of control over the PPRB's officials. The City exercises total control over budgetary adoption requests and revisions and is responsible for funding deficits and operating deficiencies of the PPRB. The PPRB is a proprietary fund type or business-type activity.

Commercial Development Authority of the City of Auburn (CDA)

On August 12, 2004, the CDA was incorporated. The City Council appoints all members of the CDA and has charged the CDA with conducting the City's commercial development efforts on behalf of the City Council. The CDA acts as a financing conduit to facilitate the recruitment of commercial projects to the City. Daily commercial development activities are conducted by the City's Economic Development Department, and the Department acts as a liaison between the CDA and the City Council.

The City is the CDA's primary source of operating funds. The City is responsible for funding deficits and operating deficiencies of the CDA and City Council exercises significant influence over the CDA's actions. The CDA is presented as a proprietary fund type or business-type activity. The CDA had no activity for the year ending September 30, 2022, and no assets or liabilities as of September 30, 2022.

Auburn Downtown Redevelopment Authority (ADRA)

The ADRA was incorporated in February of 1985 and all members are appointed by the City Council. It was established in order to aid in the revitalization and improvement of the central downtown business district. The ADRA is charged with promoting the public good and general welfare, trade, commerce, industry, and employment opportunities, as well as creating a climate favorable to the location of new industry, trade and commerce, and the development of existing industry, trade, and commerce.

The City invested funds into the ADRA to facilitate the redevelopment of downtown property. The ADRA must repay the City, which indicates a financial benefit burden relationship, as the City is legally entitled to the ADRA's resources. The ADRA is presented as a proprietary fund type or business-type activity.

Complete financial statements of the individual component units can be obtained from the following locations or can be requested from the City's Finance Director. The PPRB, the CDA and the ADRA do not prepare separately issued financial statements.

City of Auburn Board of Education
855 East Samford Avenue
Auburn, Alabama 36830

Water Works Board of the City of Auburn
1501 West Samford Avenue
Auburn, Alabama 36832

City of Auburn Industrial Development Board
144 Tichenor Avenue
Auburn, Alabama 36830

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

RELATED ORGANIZATIONS

The City's officials are also responsible for appointing the members of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. The following organizations are related organizations that are excluded from the reporting entity:

- Board of Zoning Adjustments
- Building Board of Adjustments
- Cemeteries Advisory Board
- Educational Building Authority
- Green Space Advisory Board
- Historic Preservation Commission
- Library Board
- Parks and Recreation Advisory Board
- Planning Commission
- Tree Commission

JOINT VENTURE

The City is a participant in one joint venture in which it retains an ongoing financial interest and an ongoing financial responsibility.

Indian Pines Golf Course Venture

The City is a party to a joint venture agreement with the City of Opelika, Alabama, to own and operate the Indian Pines Golf Course. The joint venture agreement, dated October 1, 1976, required equal capital contributions from both cities and gave each city a 50% share in the venture's net profits and losses. The agreement also provides that each City has a responsibility for 50% of golf course debts. The City of Auburn's initial capital contribution of \$589,200 was used to purchase the land and buildings, which are titled to the two cities as tenants in common. In July 2005, the clubhouse was destroyed by fire. Insurance proceeds were received, and in fiscal year 2006, the two cities appropriated the insurance proceeds to the Indian Pines Recreation Authority (the Authority) to assist in the construction of a new clubhouse. As of September 30, 2022, the City's remaining net investment in the Indian Pines Golf Course is \$503,300, which represents the initial cost of the land capitalized by the City.

The joint venture agreement provided that management decisions shall be made by mutual agreement of the two cities. The cities leased the Indian Pines Golf Course to the Indian Pines Recreation Authority, a jointly governed organization (see discussion below). The lease expired September 30, 1979, but, by a provision in the lease, the Authority continues to operate the golf course on a month-to-month basis with the lease terms continuing in force.

Complete financial statements of the Indian Pines Recreation Authority, Inc. can be obtained from:

Indian Pines Golf Course
900 Country Club Lane
Auburn, Alabama 36830

JOINTLY GOVERNED ORGANIZATIONS

The City, in conjunction with other governments, has created the following organizations that are excluded from the City's reporting entity. These organizations are not joint ventures because the City does not retain an ongoing financial interest or an ongoing financial responsibility.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Indian Pines Recreation Authority

The Authority is a corporation created to operate the Indian Pines Golf Course which is owned under a joint venture agreement between the City of Auburn and the City of Opelika (see above). The Authority has a five-member Board of Directors; two each are selected by the City of Auburn and the City of Opelika and the fifth member is selected by the four members appointed by the cities. A lease agreement between the Authority and the two cities authorizes the Authority to operate and maintain the golf course. The City typically does not provide any funding to the Indian Pines Recreation Authority; however, there have been appropriations in the past. During 2019 and 2020, the City approved funding for the demolition of old tennis courts and the construction of a new skate park. As of September 30, 2019 and 2020, the City had expended approximately \$126,000 and \$281,000, respectively, for those projects. There were no expenditures in 2021 or 2022.

Summary financial information for the Indian Pines Recreation Authority as of and for the year ended September 30, 2022, is as follows:

Total assets and deferred outflows	
of resources	\$3,179,222
Total liabilities and deferred inflows	
of resources	(486,725)
Total net position	<u>\$2,692,497</u>
Total operating revenues	\$1,878,763
Total operating expenses	(1,277,447)
Other revenues	1,315
Net increase in net position	<u>\$ 602,631</u>

Lee-Russell Council of Governments

The Lee-Russell Council of Governments (LRCOG) provides transportation services, governmental planning services and services to the aging in Lee and Russell counties, which includes the City of Auburn.

Two of the ten members of the Board of Directors of the Council represent the City of Auburn. Generally, the Mayor and a City Council member appointed by the City Council are Auburn's representatives on the LRCOG. Other member governing bodies, each having two representatives on the Board, are the City of Opelika, Lee County, the City of Phenix City, and Russell County.

The LRCOG's activities are funded in part by appropriations from its member governmental units. The Auburn City Council controls the amount of Auburn's appropriation to the LRCOG, but cannot exert significant influence over the LRCOG's financial activities, including approval of the budget, due to a lack of majority representation on the Board of Directors.

While the City of Auburn does not have explicit responsibility for any of the LRCOG's debts, there could be a perception that the City would be morally responsible for 20% of any such debts. There are no special financing arrangements between the City and the LRCOG.

The Metropolitan Planning Organization (MPO) is part of the LRCOG and includes a policy board, citizen advisory committee and a technical advisory committee. The governing bodies who appoint members to the LRCOG also appoint members to the various MPO committees.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

East Alabama Mental Health Center

The East Alabama Mental Health Center Board consists of 33 members, of which three are appointed by the City. The City provides an annual appropriation to the Board; however, the East Alabama Mental Health Center is not dependent on the City's funding.

Lee County Youth Development Center

The City appoints four of the twelve board members of the Lee County Youth Development Center (the Center). The City provides an annual appropriation to the Center; however, the Center is not dependent on the City's funding.

East Alabama Health

The East Alabama Health Board consists of nine members, all appointed by the Lee County Commission. Three of these appointments are made based on the recommendation of the City Council. The City provides an annual appropriation to East Alabama Health for ambulance service; however, East Alabama Health is not dependent on the City's funding.

Auburn-Opelika Tourism Bureau

The Mayor appoints one of the five board members of the Auburn-Opelika Tourism Bureau (A-O Tourism). The City appropriates 1/7th of lodging tax collections to A-O Tourism on a monthly basis; however, A-O Tourism is not dependent on the City's funding.

- B. Basis of Presentation** - The financial transactions of the City are recorded in individual funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into fund types and broad fund categories as follows:

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources not accounted for or reported in another fund.

Special Revenue Funds - The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed for specified purposes other than debt service and capital projects.

Debt Service Funds - The Debt Service Funds are used to account for all financial resources that are restricted, committed, or assigned for principal and interest.

Capital Projects Funds - The Capital Projects Funds are used to account for financial resources that are restricted, committed, or assigned for capital projects.

PROPRIETARY FUNDS

The Proprietary Funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 activity. The principal operating revenues for the Sewer Fund, the Solid Waste Management Fund, and discretely presented business-type component units are charges to customers for sales and services. Operating expenses include cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

MAJOR FUNDS

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and proprietary combined) for the determination of major funds. The nonmajor funds are combined in a single column in the fund financial statements.

The City reports the following major governmental funds:

The General Fund (See note above).

The Special School Tax Fund, a special revenue fund, accounts for five mill ad valorem tax revenues used to pay principal and interest on bonds issued for school purposes and eleven mill ad valorem tax revenues used in furtherance of education.

The Coronavirus Local Fiscal Recovery Fund, a special revenue fund, accounts for American Rescue Plan federal funding provided through the U.S. Department of Treasury to respond to the COVID-19 public health emergency and its economic impacts.

The 2022 Capital Projects Fund, a capital projects fund, accounts for funds received from the issuance of long-term debt to be expended on various capital projects approved by the City Council.

The City reports the following major proprietary fund:

The Sewer Fund, a proprietary fund, accounts for revenues and costs related to the provision of sewer services.

- C. **Basis of Accounting** - Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements, and the proprietary and component unit proprietary fund financial statements are presented on an accrual basis of accounting. The governmental funds in the fund financial statements are presented on a modified accrual basis.

Accrual Basis - Revenues are recognized when earned and expenses are recognized when incurred.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, etc.) which are otherwise being supported by general government revenues (property taxes, sales taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include charges for services, operating grants, and capital grants. The program revenues must be directly associated with the function or a business-type activity.

Charges for services include revenues from fines and forfeitures, licenses and permit fees, user fees, and special assessment taxes. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. As a rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Modified Accrual Basis - All the governmental funds of the primary government are accounted for using the modified accrual basis of accounting. Their revenues are recorded when they are susceptible to accrual; i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City does not accrue property taxes because those revenues are budgeted to finance the fiscal year in which they are scheduled to be received. Each fiscal year's budget and actual financial statements include twelve months' property tax revenue.

The City defines the length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements to be 60 days. The specific types of major revenue sources that are susceptible to accrual include sales and use taxes, occupational license fees, lodging taxes, rental and leasing taxes, gasoline taxes and fines.

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred, with the following exceptions that are in conformity with generally accepted accounting principles: general long-term obligations' principal and interest are reported only when due; inventory costs are reported in the period consumed, rather than in the period purchased; and costs of accumulated unpaid annual and sick leave are reported in the period due and payable rather than in the period earned by employees.

Fiduciary fund financial statements are presented on the accrual basis of accounting and are presented separately from the government-wide and the governmental fund financial statements.

D. Reconciliation of Government-Wide and Fund Financial Statements

1. Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position

The governmental Balance Sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the current period." The details of this \$344,107,612 difference are as follows:

Bonds and warrants payable	\$ 283,369,454
Less: Deferred amount on refunding	(1,285,038)
Add: Issuance premium	18,871,917
Leases payable	239,715
Notes payable	1,890,000
Compensated absences	2,593,148
Claims and judgments	1,514,429
Landfill closure and post-closure care	91,000
Other postemployment benefits	4,563,515
Net pension liability	39,338,106
Less: Deferred outflow pension related	(13,610,875)
Less: Deferred outflow OPEB related	(1,833,421)
Add: Deferred inflow pension related	6,636,292
Add: Deferred inflow OPEB related	1,729,370
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u><u>\$ 344,107,612</u></u>

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Explanation of certain differences between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities

The governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. One element of that reconciliation explains that "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 and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and amortization expense in the current period." The details of this \$28,452,480 difference are as follows:

Capital outlay	\$ 38,172,936
Depreciation expense	(9,672,089)
Amortization expense	<u>(48,367)</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ 28,452,480</u>

Another element of that reconciliation states that "The net effect of various transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase (decrease) net position." The details of this \$5,905,430 difference are as follows:

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources:

Donations from outside parties	\$ 5,978,098
--------------------------------	--------------

In the Statement of Activities, only the gain or loss on the disposal of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold or disposed of:

Remaining cost basis of disposed assets	<u>(72,668)</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ 5,905,430</u>

Another element of that reconciliation states that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of prepaid bond issue insurance, premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items." The details of this \$44,499,814 difference are as follows:

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Debt issued or incurred:	
General obligation warrants	\$ (59,170,831)
Leases payable	(289,279)
Issue premiums on new debt	(7,553,491)
Principal repayments	11,263,759
Payment to escrow agent for refunding	<u>11,250,028</u>
Net adjustment to increase <i>net change in fund balances -</i> <i>total governmental funds</i> to arrive at <i>change in net</i> <i>position of governmental activities</i>	<u><u>\$ (44,499,814)</u></u>

Another element of that reconciliation states that "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." The details of this \$371,073 difference are as follows:

Compensated absences	\$ 1,471
Accrued interest	(210,786)
Claims and judgments	(238,372)
Landfill closure and post-closure care	7,000
Other post employment benefits	(119,997)
Net pension liability	(506,886)
Amortization of deferred amount on refunding	(1,345,536)
Amortization of bond premiums	2,016,412
Amortization of prepaid expenses	<u>25,621</u>
Net adjustment to increase <i>net change in fund balances -</i> <i>total governmental funds</i> to arrive at <i>change in net</i> <i>position of governmental activities</i>	<u><u>\$ (371,073)</u></u>

E. Budgets and Budgetary Accounting - The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Manager submits to the City Council a proposed budget (operating and capital) prior to the beginning of each biennial period. The proposed budget is for two one-year periods, each beginning on October 1 and ending on the following September 30.
2. Prior to September 30, the budget is legally enacted through passage of an ordinance. Any revisions that alter the total expenditures of any fund must be approved by the City Council.
3. Annual budgets were legally adopted for the 2022 fiscal year for the General Fund, Seven-Cent Gas Tax Fund, Four and Five-Cent Gas Tax Fund, Ten-Cent Gas Tax Fund, Special School Tax Fund, Municipal Court Judicial Administration Fund, Public Safety Substance Abuse Fund, Coronavirus Local Fiscal Recovery Fund, Special 5-Mill Tax Debt Service Fund, Sewer Fund, and the Solid Waste Management Fund.
4. Budgets for the General, Special Revenue, and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
5. Each department head is responsible to the City Manager for the department's overall budgetary performance. Budgeted amounts may be transferred among line items within the department; however, any increase in total departmental appropriations must be justified to the City Manager and approved by the City Council. The legal level of budgetary control is the individual department.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Budgeted amounts are as originally adopted, or as amended by the City Council. Individual amendments were material in relation to the original appropriations. All budget amounts presented in the accompanying supplemental information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions to the annual budgets during the year).
7. All budgetary appropriations expire at fiscal year-end. Encumbrances of departments that did not exceed their departmental budgets may be added to the subsequent year's appropriations at the time of the mid-biennium budget review, if the City Manager so recommends and if the Council approves.
8. Excess of expenditures over appropriations: In the General Fund, community services expenditures of \$639,158 exceeded appropriations of \$595,289; non-departmental expenditures of \$2,681,245 exceeded appropriations of \$2,193,890; intergovernmental expenditures of \$1,510,752 exceeded appropriations of \$1,494,289; and payments to component units of \$19,967,929 exceeded appropriations of \$18,686,750.

- F. Cash and Cash Equivalents** - Cash and cash equivalents of the City of Auburn primary government include demand deposits as well as all highly liquid investments with a maturity of three months or less when purchased.

Cash and cash equivalents of the Board of Education include cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Cash and cash equivalents of the Water Works Board include demand deposits as well as all highly liquid investments with a maturity of three months or less when purchased.

Cash and cash equivalents of the Industrial Development Board include cash on hand, demand deposits and all highly liquid investments with an original maturity of three months or less when purchased. Also included is restricted cash.

Cash and cash equivalents of the Public Park and Recreation Board include demand deposits.

- G. Deposits and Investments** - Deposits and investments of the City of Auburn and its component units are stated at fair value, except for nonnegotiable certificates of deposit with redemption terms that do not consider market rates and money market investments which include short-term, highly liquid debt instruments, which are reported at cost or amortized cost (See Note 3).

State statutes authorize the City and its component units to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; U.S. dollar denominated deposit accounts and certificates of deposit; pre-funded public obligations as defined by state law; and interests in any common trust fund or other collective investment bank, trust company or savings and loan association. The City of Auburn has invested in interest-bearing demand deposits, certificates of deposit and U.S. Treasury and federal agency securities. The Board of Education's investments include donated equity securities carried at fair value. The Water Works Board is invested in interest-bearing demand deposits and U.S. Treasury and federal agency securities. The Industrial Development Board has invested in certificates of deposit and interest-bearing demand deposits (see Note 3).

- H. Restricted Assets** - Certain debt proceeds of the City's component units, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants and they are maintained in separate bank accounts. Also, funds from access fees paid by developers are restricted for capital improvement projects.
- I. Accounts Receivable** - Revenues receivable are reflected net of an allowance for doubtful accounts. For the General Fund, the Sewer Fund, Solid Waste Management Fund and the Water Works Board component unit, the amount of the allowance is equal to accounts receivable in excess of 90 days past due.
- J. Inventories** - Inventories of the City of Auburn primary government are valued at first-in/first-out cost and consist of gasoline, parts, and supplies held for consumption. These inventories are recorded as an asset in the General Fund, Sewer Fund and Solid Waste Management Fund. The cost of inventories is recorded as an expenditure when the items are consumed.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Inventories of the Board of Education are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Inventories of the Water Works Board are valued at cost and consists of expendable supplies held for future consumption or capitalization.

- K. Capital Assets** - Capital assets, which include property, plant and 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 \$5,000 (except for software that has a capitalization threshold of \$100,000) and an estimated useful life in excess of two years. Such assets are recorded at actual cost (or estimated historical cost if actual cost is not available) if purchased or constructed. Easements are valued at 50% of the average value for commercial and residential property within the City as obtained from the Lee County Appraisers Office on an annual basis, multiplied by the square footage of the easement. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the City, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Infrastructure	25-50
Buildings and improvements	10-50
Communication equipment	5-10
Office equipment	5-10
Heavy equipment	3-10
Vehicles	3-10
Small tools and equipment	3-10
Software	3

L. Leases

CITY OF AUBURN PRIMARY GOVERNMENT

The City is a lessee for noncancellable leases of office equipment and office space. The City recognizes lease liabilities and intangible right-to-use lease assets on the Statement of Net Position. The City recognizes lease liabilities with an initial, individual value of \$5,000 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 at the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines 1) the discount rate it uses to discount the expected lease payments to present value, 2) lease term, and 3) lease payments. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City 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 the purchase option price that the City is reasonably certain to exercise, if applicable.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The City monitors changes in circumstances that would require a remeasurement of its leases 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.

COMPONENT UNITS

The Board of Education and the Water Works Board follows the same lease policies as the City.

Industrial Development Board - The IDB is a lessor for noncancelable leases of industrial space in facilities owned by the Board. The Board recognizes a lease receivable and a deferred inflow of resources in the statement of net position. The Board recognizes lease receivables with an initial, individual value of \$5,000 or more. At the commencement of a lease, the Board initially measures the lease receivable and deferred inflow of resources at the present value of lease payments expected to be received during the lease term. The Board monitors changes in circumstances that would require a remeasurement of a lease and will remeasure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

M. Risk Financing

CITY OF AUBURN PRIMARY GOVERNMENT

The City is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions, and torts related to municipal operations. These risks are covered by commercial insurance purchased from independent third parties or the City's Liability Risk Retention self-insurance fund. These risks are accounted for in the City's General Fund. The total liability for unpaid claims within the coverage deductible consists of claims reported at the balance sheet date. These estimates are based primarily upon historical trends. There were only minimal changes to insurance coverage from coverage in the prior year. Also, no settlements have exceeded insurance coverage in the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Settled claims in the period since the purchase of insurance have not exceeded the commercial insurance coverage, and there have been no significant reductions in insurance coverage from coverage in the prior year.

The City has chosen to retain the risk of loss for risks associated with its employees' health insurance plan. Premiums are charged to other funds and component units that account for employees eligible for coverage by the plan. Total premiums allocated to the participating entities are calculated using medical cost trends and claims experience. Employees may also be charged for extended benefits at their option. Medical claims exceeding \$200,000 per covered individual are covered through a private insurance carrier. Liabilities associated with the plan are recorded in the City's Employee Benefit Self-Insurance fund when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported.

The City is a self-insurer under the Alabama Workers' Compensation Law for its workers' compensation exposure. Workers' compensation claims exceeding \$750,000 per injury in an accident period are covered through a private insurance carrier. Stop loss coverage is purchased through the General Fund. Liabilities include an amount for claims within the coverage deductible that have been incurred but not reported and are recorded when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

COMPONENT UNITS

Board of Education - The ABOE is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and natural disasters. The ABOE has insurance for its buildings and contents through the State Insurance Fund (SIF), Alabama Department of Finance, Division of Risk Management, a public entity risk

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

pool, which operates as a common risk management and insurance program for state-owned properties and boards of education. The ABOE pays an annual premium based on the amount of coverage. The SIF is self-insured up to \$10 million per nonwind-related loss occurrence and \$25 million per wind-related loss occurrence. The SIF purchases commercial insurance for claims in excess of these deductibles. Errors and omissions insurance is purchased from the Alabama Trust for Boards of Education (ATBE), a public entity risk pool. The ATBE collects the premiums and purchases commercial insurance for the amount of coverage requested by pool participants. The ABOE purchases commercial insurance for fidelity bonds and its transportation fleet.

Settled claims in the past three years have not exceeded the commercial insurance coverage. Also, there have been no significant reductions in insurance coverage from the prior year.

Employee health insurance is provided through the Public Education Employees' Health Insurance Plan (PEEHIP), administered by the Public Education Employees' Health Insurance Board (PEEHIB). The PEEHIP was established to provide a uniform plan of health insurance for active and retired employees of state educational institutions and is self-sustaining. Monthly premiums for employee and dependent coverage are determined annually by the plan's actuary and are based on anticipated claims in the upcoming year, considering any remaining fund balance on hand available for claims. The ABOE's contribution is applied against the employees' premiums for the coverage selected and the employee pays any remaining balance.

The ABOE does not have insurance coverage for job-related injuries. ABOE employees who are injured while on the job are entitled to salary and fringe benefits of up to ninety working days in accordance with the Code of Alabama 1975, Section 16-1-18.1(d). Any unreimbursed medical expenses and costs that the employee incurs as a result of an on-the-job injury may be filed for reimbursement with the State Board of Adjustment. The State Board of Adjustment is a state agency with which employees can file claims against the ABOE to collect reimbursement for damages when all other means have been exhausted. The Board of Adjustment determines if a claim is valid and determines the proper amount of compensation. Payments are made from the state appropriated funds at no cost to the ABOE.

Water Works Board - For risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and general liability torts; the AWWB has purchased commercial insurance from independent third parties. There were only minimal changes to insurance coverage from coverage in the prior year, and no settlements have exceeded insurance coverage in the past three fiscal years.

The AWWB employees are covered under the City's health insurance plan. Premiums are charged to the AWWB and are calculated using trends in actual claims experience, along with overall program costs, including third-party administration and reinsurance. Employees may also be charged for additional benefits through supplemental insurance programs. Medical claims exceeding \$200,000 per covered individual, per year, are covered through a private insurance carrier.

To insure against risk of loss relating to workers' compensation claims, the AWWB has purchased workers' compensation insurance from independent third parties.

Industrial Development Board - The IDB is exposed to various risks of loss related to damage to and destruction of assets and errors and omissions. The IDB is a component unit of the City of Auburn and is covered by commercial insurance purchased by the City from independent third parties to cover those types of risks.

There has been no significant reduction in insurance coverage from coverage in the prior year. Also, for the past three fiscal years, no settlements have exceeded insurance coverage.

The City purchases commercial insurance from independent third parties to cover claims arising from general liability torts. The IDB is covered by this insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The IDB had no liability for unpaid claims at September 30, 2022.

Public Park and Recreation Board - The PPRB is exposed to various risks of loss related to errors and omissions. The PPRB is a component unit of the City of Auburn and is covered by commercial insurance purchased by the City from independent third parties to cover those types of risks.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

For risk of loss from claims arising from torts (general liability), the PPRB is covered by the City's commercial insurance purchased from third parties. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The PPRB had no liability for unpaid claims at September 30, 2022. Settled claims in the period since the purchase of insurance have not exceeded the insurance coverage, and there have been no significant reductions in insurance coverage from coverage in the prior year.

N. 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, as well as issuance costs related to prepaid insurance, are deferred and amortized over the life of the bonds using the effective interest method.

Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at issuance, except for those related to prepaid insurance, which are recorded as prepaids in the Statement of Net Position.

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 issued 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.

O. Compensated Absences

CITY OF AUBURN PRIMARY GOVERNMENT

Effective September 23, 2003, City employees, with the exception of unclassified employees, may accumulate up to twenty days of annual leave. Unclassified employees may accumulate an unlimited number of annual leave days. Annual leave is earned at the rate of one day per month and is paid upon separation from City service. Employees with ten years' service receive an additional three days annual leave on their anniversary date and employees with fifteen years' service receive an additional five days annual leave on their anniversary date. The liability for compensated absences attributable to the City's governmental funds is recorded in the government-wide statements. The amount attributable to the business-type activities is charged to expense with a corresponding liability established in the government-wide statements as well as the applicable business-type funds.

City employees may accumulate an unlimited number of sick leave days. Sick leave is earned at the rate of one day per month or in proportion to the number of hours they work per year, with 8 hours/2080 hours being the basis. Effective April 5, 1994, all new employees may, upon retirement, apply their entire accrued sick leave balance to retirement service credit with the Retirement Systems of Alabama. Except for firefighters, employees hired prior to that date may, upon retirement, elect to apply their entire balance to retirement service credit or to be paid for one-half of their accumulated sick leave. Firefighters hired prior to February 3, 1989, may, upon retirement, elect to apply their entire balance to retirement service credit or to be paid for one-half of their sick leave earned during the first fifteen years of service plus all of their sick leave earned after fifteen years. The City estimates its accrued sick leave liability using the vesting method, whereby the estimated liability is based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

COMPONENT UNITS

Board of Education – Non-tenured certified and support personnel are provided two state days and one local personal leave day per year and tenured personnel are provided two state days and three local personal leave days per year. All personnel may choose to convert personal leave days to sick leave days at the end of the school year. Only certified employees may choose to be paid, at the ABOE's substitute rate, for up to two state

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

days of unused personal leave. Because unused personal leave cannot be carried over to succeeding years, no liability for unpaid leave is accrued in the financial statements.

Professional, clerical and office personnel with twelve (12) month positions earn ten (10) days of vacation per year. Because no extra compensation in lieu of vacation is allowed and terminal leave cannot exceed the employee's contract, no liability is recorded on the financial statements.

Certified and support employees earn non-vesting sick leave at the rate of one day per month worked. Employees may convert their accrued sick leave as membership service in determining the total years of creditable service in the teachers' retirement system, with no additional cost to the ABOE. Because employees do not receive compensation for unused sick leave at termination, no liability is recorded on the financial statements.

Water Works Board - The AWWB allows employees to accumulate annual and sick leave up to certain limits for use in subsequent periods. Upon termination of employment, an employee receives payment of accumulated annual leave hours at current wage rates. Upon retirement with at least ten years of service, an employee can receive payment of one-half of accumulated sick leave hours if hired before April 5, 1994. All employees may elect to apply unused accumulated sick leave hours toward their retirement.

- P. Postretirement Benefits** - Upon retirement, retired employees of the City of Auburn may elect to continue their group health care benefits. The entire cost of the group health insurance premiums must be borne by the retiree. No life insurance benefits are provided to retirees. Specific information related to the City's postemployment benefits plan is included in Note 13.
- Q. Pensions** - The Employees' Retirement System of Alabama (the Plan or ERS) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with the requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Annual Comprehensive Financial Report.
- R. Fund Balance** - The City has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:
- Nonspendable fund balance - amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
 - Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
 - Committed fund balance - amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint. City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution, which are equally binding. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund.
 - Assigned fund balance - amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority. The City Council has by resolution authorized the Finance Director to assign fund balance. Assigned fund balance is established by City Council through adoption or amendment of the budget as intended for specific

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless City Council has provided otherwise in its commitment or assignment actions.

The City Council has officially adopted a fund balance policy of maintaining a net ending fund balance in the General Fund that is equal to or greater than 6% of total expenditures and other financing sources. This policy has been informally updated, with a goal of maintaining a net ending fund balance in the General fund that is equal to or greater than 20% of total expenditures and other financing sources.

- S. **Net Position** - The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- Net investment in capital assets - represents capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- Restricted net position - represents liquid assets which have third party (statutory, bond covenant or granting agency) limitations on their use. Certain enterprise funds and component units have assets that are restricted for construction that is being funded with impact fees or long-term debt; therefore, there are no net restricted assets for these amounts. The City would typically use restricted net position first as appropriate opportunities arise, but reserves the right to selectively defer the use for a future project or other capital outlay.
- Unrestricted net position - represents unrestricted liquid assets. While City management may have categorized and segmented portions for various purposes, the City Council has the unrestricted authority to revisit or alter these managerial decisions.

- T. **Interfund Transactions** - Interfund transactions are either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate and are subject to elimination upon consolidation. Services, deemed to be reasonably equivalent in value, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are presented as transfers. Transfers within governmental activities or within business-type activities are eliminated upon consolidation in the government-wide statements.

Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the government-wide governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Three types of interfund transactions may be accounted for in the affected fund's statements.

1. **Interfund receivables and payables** - consist of temporary loans between funds which are expected to be repaid within one year. These short-term interfund loans are captioned "Due from other funds" and "Due to other funds" in the various funds' balance sheets. See Note 18.
2. **Interfund advances** - consist of longer-term loans between funds, which are not expected to be repaid within one year. These longer term interfund loans are captioned "Advances to other funds" and "Advances from other funds" in the various funds' balance sheets. Within the governmental fund financial statements, such

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

amounts are equally offset by a fund balance reserve that indicates they do not constitute available spendable resources. There were no interfund advances outstanding at year end.

3. Interfund transfers - consist of routine, recurring transfers between funds, other than interfund loans or advances, fund reimbursements or payments between the City and component units. Interfund transfers are accounted for separately from fund revenues and expenses. See Note 19.

Resource flows (except those that affect the Statement of Net Position/Balance Sheet only, such as loans and repayments) between a primary government and its discretely presented component units are reported as external transactions - that is, as revenues and expenses. Resource flows between the primary government and blended component units are classified as internal activity in the financial statements. Payments to component units are primarily subsidized funding for debt service payments and other recurring operating expenses incurred by the component units.

- U. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

- V. Recently Implemented Accounting Pronouncements - GASB Statement No. 87, *Leases*, better meets the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability, and consistency of information about the leasing activities of governments. The standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The City adopted the new standard effective October 1, 2021.

GASB Statement No. 92, *Omnibus 2020*, establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The City adopted this new standard effective October 1, 2021; however, implementation did not materially affect the City's financial statements.

GASB Statement No. 99, *Omnibus 2022*, establishes accounting and financial reporting requirements for specific issues related to derivatives, leases, public-private and public-public partnerships and availability payment arrangements, subscription-based information technology arrangements, extension of use of the LIBOR interest rate, accounting for the distribution of benefits under the SNAP program, nonmonetary transactions, pledges of future revenues, clarification of provisions in GASB Statement No. 34, and terminology updates related to GASB Statement No. 63 and 53. The City adopted this new standard effective October 1, 2021; however, implementation did not materially affect the City's financial statements.

NOTE 2. DEPOSITS IN FINANCIAL INSTITUTIONS

As of September 30, 2022, all deposits of the City of Auburn primary government (except for its fiduciary funds), the Auburn Board of Education, the Water Works Board, the Industrial Development Board, and the Public Park and Recreation Board are held in a certified qualified public depository, and as such, are deemed fully insured. As of September 30, 2022, the Commercial Development Authority and the Auburn Downtown Redevelopment Authority did not have any deposits.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 3. DEPOSITS AND INVESTMENTS

Investments of the City consist of certificates of deposit, U.S. Treasury and federal agency securities, and other investments. The City's deposits are held by a certified qualified public depository under the SAFE program, therefore its deposits are not subject to "custodial credit risk".

A summary of the City's certificates of deposits and investments held as of September 30, 2022, is as follows:

	Carrying Value	Fair Value	Maturities
<u>Governmental Activities</u>			
Certificates of deposit			
General Fund	\$ 179,015	\$ 179,015	2023
Total certificates of deposit	<u>\$ 179,015</u>	<u>\$ 179,015</u>	
 Investments			
U.S. Treasury and federal agency securities			
General Fund	\$ 54,054,135	\$ 54,054,135	2022-2026
Special School Tax Fund	31,312,842	31,312,842	2022-2026
Federal Grant Loan Repayment Fund	1,350,432	1,350,432	2022
Special 5-Mill Tax Fund	6,188,423	6,188,423	2022-2026
Sewer Fund	12,571,303	12,571,303	2022-2026
Industrial Development Revenue Bond	120,558	120,558	2023
Limited Obligation Revenue Bond	1,157,290	1,157,290	2035
Total investments	<u>\$106,754,983</u>	<u>\$ 106,754,983</u>	

During fiscal year 2013, the City sold a building to the Industrial Development Board for \$1,800,000. The IDB in turn issued an Industrial Development Revenue Bond to the City in that same amount. The City recognized an investment that will be reduced as payments of \$17,399 are received from the IDB on a monthly basis that commenced on May 1, 2013 and will continue through April 1, 2023, at an interest rate of 3.03% per annum. The balance of the City's investment at September 30, 2022 was \$120,558.

During fiscal year 2015 the City invested \$1,450,000 into the Auburn Downtown Redevelopment Authority (ADRA) to facilitate the redevelopment of downtown property. The City recognized an investment that will be reduced as payments of \$6,126 are received from ADRA on a monthly basis that commenced on December 1, 2015 and will continue through October 1, 2035 at an interest rate of 2.50% per annum. On April 1, 2020, the City agreed to defer nine months of payments through December 2020 totaling \$55,135, and added it to the final balloon payment due October 1, 2035. The final balloon payment is \$355,135 and bears no interest. The balance of the City's investment at September 30, 2022 was \$1,157,290.

The fair value measurements listed in the table above are based upon Level 1 inputs per GASB Statement No. 72, which are defined as quoted prices in active markets for identical assets or liabilities that a government can access at the measurement date.

Interest Rate Risk – The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 3. DEPOSITS AND INVESTMENTS - CONTINUED

COMPONENT UNITS

Board of Education

Investments of the ABOE consist of donated equity securities carried at fair value. These securities are valued using quoted market prices obtained from the New York Stock Exchange or the NASDAQ (Level 1 inputs).

At September 30, 2022, the Board of Education's restricted cash was composed of the following, all of which are insured through the SAFE Program:

	Carrying Value	Fair Value
Cash - General Fund		
Educational Trust Fund		
Advancement & Technology Fund	\$ 2,412,551	\$ 2,412,551
Advanced Placement - State	3,323	3,323
Fine Arts Initiative	5,167	5,167
Gifted Education	5,677	5,677
Penny Trust Fund	1,666	1,666
State Contracts	100	100
Robotics Grant Program	2,461	2,461
Cash - Other Governmental Funds		
Child Nutrition Program	4,078,938	4,078,938
Dental Clinic	105,361	105,361
E-rate	9,988	9,988
	<u>\$ 6,625,232</u>	<u>\$ 6,625,232</u>

Interest Rate Risk – The ABOE does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Water Works Board

At September 30, 2022, the Water Board's restricted cash and cash equivalents were comprised of the following:

<u>Restricted cash (access fees)</u>	
Cash	\$ 1,866,863
Pooled cash with City of Auburn	1,217,338
Total restricted cash	<u>\$ 3,084,201</u>

At September 30, 2022, the Water Board's investments were comprised of the following pooled investments with the City of Auburn:

<u>Unrestricted investments</u>	Carrying Value	Fair Value	Maturities
U.S. Treasury and federal agency securities	<u>\$ 4,758,122</u>	<u>\$ 4,758,122</u>	2022-2026

Interest Rate Risk – The investment policy of the AWWB does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 3. DEPOSITS AND INVESTMENTS - CONTINUED

Industrial Development Board

At September 30, 2022, the Industrial Development Board's investments were comprised of the following:

<u>Restricted cash and investments</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Cash (SAFE deposit)		
Restricted for capital projects	<u>\$ 40,804</u>	<u>\$ 40,804</u>

The restricted cash is held by a certified qualified public depository under the SAFE program. Cash restricted for capital projects is restricted to acquisition of equipment and payment of construction costs.

<u>Unrestricted investments</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Certificate of deposit		
AuburnBank, 0.05%, maturity date February 24, 2023	<u>\$ 59,496</u>	<u>\$ 59,496</u>

The above certificate of deposit is held in a certified qualified public depository and is entirely insured.

Interest Rate Risk – The IDB does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 4. ACCOUNTS RECEIVABLE

Receivables as of year-end for the government's individual major funds and aggregate nonmajor funds and component units, including applicable allowances for uncollectible accounts are as follows:

	<u>General Fund</u>	<u>Special School Tax Fund</u>	<u>CV Local Fiscal Recovery Fund</u>	<u>2022 Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Sewer Fund</u>	<u>Nonmajor Proprietary Fund</u>	<u>Component Units</u>	<u>Total</u>
Receivables:									
Revenues receivable	\$ 16,670,183	\$ 135,606	\$ -	\$ 79,472	\$ 447,735	\$ 1,864,153	\$ 746,616	\$ 2,155,773	\$ 22,099,538
Grants receivable	-	-	-	-	533,282	-	-	-	533,282
Receivable from other governmental units	1,264,433	-	-	-	-	-	-	-	1,264,433
Other receivables	<u>952,023</u>	<u>140,713</u>	<u>7,671</u>	<u>-</u>	<u>2,371</u>	<u>71,082</u>	<u>100</u>	<u>84,816</u>	<u>1,258,776</u>
Gross receivables	18,886,639	276,319	7,671	79,472	983,388	1,935,235	746,716	2,240,589	25,156,029
Less: allowance for uncollectibles	<u>(4,538,436)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(259,723)</u>	<u>(232,953)</u>	<u>(79,198)</u>	<u>(136,525)</u>	<u>(5,246,835)</u>
Net receivables	<u>\$ 14,348,203</u>	<u>\$ 276,319</u>	<u>\$ 7,671</u>	<u>\$ 79,472</u>	<u>\$ 723,665</u>	<u>\$ 1,702,282</u>	<u>\$ 667,518</u>	<u>\$ 2,104,064</u>	<u>\$ 19,909,194</u>

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 5. MORTGAGES AND NOTES RECEIVABLE

For information regarding mortgages receivable of the Federal Grant Loan Repayment Fund, see Note 10.

NOTE 6. PROPERTY FOR RESALE

CITY OF AUBURN PRIMARY GOVERNMENT

During fiscal year 2003, the City purchased seven outparcels of land for future mall expansion totaling \$4,131,127. One of the lots has been leased to Lee County for \$1 per year for 10 years beginning May 2007. The County extended the lease for additional five-year terms in May 2017 and May 2022 as allowed under the original lease. The City anticipates extending the lease with the County in May 2027. The County constructed the satellite office of the Lee County Courthouse on this site.

COMPONENT UNITS

Industrial Development Board

The following is a schedule of changes in property for resale for the year ended September 30, 2022:

	Balance 10/1/2021	Additions	Reclassi- fications	Disposals	Balance 9/30/2022
Land and buildings	\$ 3,795,420	\$ -	\$ -	\$ -	\$ 3,795,420
Improvements in progress	5,020,181	16,380	-	-	5,036,561
Total property held for resale	<u>\$ 8,815,601</u>	<u>\$ 16,380</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,831,981</u>

NOTE 7. PROPERTY TAXES

Property taxes attach as an enforceable lien as of January 1. Taxes are levied on October 1 and are due and payable between October 1 and December 31. The County bills and collects the taxes and remits them semimonthly to the City of Auburn. The City currently levies taxes of \$2.60 per \$100 assessed valuation for governmental purposes - \$.50 for general governmental services, \$.50 for payment of principal and interest on outstanding bonds of the municipality, \$.50 for school purposes and \$1.10 for the support and furtherance of education. The tax rates are applied to 10% of the appraised value of residential property, also called assessed value. The tax rates are also applied to commercial property at 20%, utility property at 30% and vehicles at 15%. A description of property class groups is included in the chart below. Property is assessed based on these classifications.

Class	Description	Assessment Percent
I	All property of utilities used in the business of such utilities	30%
II	All property not otherwise classified	20%
III	All agricultural, forest, and single family, owner occupied residential property, including owner occupied residential manufactured homes located on land owned by the manufactured home owner, and historic buildings and sites	10%
IV	All private passenger automobiles and motor trucks of the type commonly known as "pickups" or "pickup trucks" owned and operated by an individual for personal or private use and not for hire, rent, or compensation	15%

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 8. CAPITAL ASSETS

CITY OF AUBURN PRIMARY GOVERNMENT

Capital asset activity for the City's governmental activities for the year ended September 30, 2022, was as follows:

	Balance 10/1/2021	Transfers/ Additions	Transfers/ Deductions	Balance 9/30/2022
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 28,310,682	\$ 485,560	\$ (31,512)	\$ 28,764,730
Construction in progress	16,817,669	35,872,257	(21,460,613)	31,229,313
Total capital assets, not being depreciated	45,128,351	36,357,817	(21,492,125)	59,994,043
Capital assets, being depreciated/amortized:				
Buildings and improvements	90,896,279	4,924,797	(22,686)	95,798,390
Heavy equipment	4,059,940	120,209	(30,596)	4,149,553
Office equipment	7,546,680	834,191	(403,916)	7,976,955
Small tools and equipment	2,326,051	243,846	(130,576)	2,439,321
Vehicles	12,237,305	993,657	(80,176)	13,150,786
Infrastructure	254,788,616	21,643,865	(22,506)	276,409,975
Right-to-use leased assets	-	289,279	-	289,279
Total capital assets, being depreciated/amortized	371,854,871	29,049,844	(690,456)	400,214,259
Less accumulated depreciation/amortization for:				
Buildings and improvements	(22,518,962)	(2,511,726)	13,433	(25,017,255)
Heavy equipment	(2,538,368)	(276,172)	30,596	(2,783,944)
Office equipment	(4,798,913)	(818,313)	403,916	(5,213,310)
Small tools and equipment	(1,755,900)	(255,514)	120,776	(1,890,638)
Vehicles	(8,878,930)	(1,107,471)	73,039	(9,913,362)
Infrastructure	(87,892,479)	(4,702,892)	7,539	(92,587,832)
Right-to-use leased assets	-	(48,367)	-	(48,367)
Total accumulated depreciation/amortization	(128,383,552)	(9,720,455)	649,299	(137,454,708)
Total capital assets, being depreciated/amortized, net	243,471,319	19,329,389	(41,157)	262,759,551
Governmental activities capital assets, net	\$ 288,599,670	\$ 55,687,206	\$ (21,533,282)	\$ 322,753,594

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 8. CAPITAL ASSETS - CONTINUED

Capital asset activity for the City's business-type activities for the year ended September 30, 2022, was as follows:

	Balance 10/1/2021	Transfers/ Additions	Transfers/ Deductions	Balance 9/30/2022
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 164,626	\$ -	\$ -	\$ 164,626
Construction in progress	5,208,425	1,011,424	(6,219,849)	-
Total capital assets, not being depreciated	5,373,051	1,011,424	(6,219,849)	164,626
Capital assets, being depreciated:				
Buildings and improvements	22,832,499	5,191,835	-	28,024,334
Sewage plants and lines	82,330,007	2,990,357	(5,754)	85,314,610
Machinery and equipment	5,555,515	142,216	(84,467)	5,613,264
Small tools and equipment	7,200	-	-	7,200
Vehicles	6,912,909	476,242	(336,383)	7,052,768
Total capital assets, being depreciated	117,638,130	8,800,650	(426,604)	126,012,176
Less accumulated depreciation for:				
Buildings and improvements	(7,436,019)	(720,805)	-	(8,156,824)
Sewage plants and lines	(23,872,532)	(1,647,644)	5,754	(25,514,422)
Machinery and equipment	(3,137,745)	(519,693)	78,928	(3,578,510)
Small tools and equipment	(7,200)	-	-	(7,200)
Vehicles	(5,366,526)	(668,992)	336,383	(5,699,135)
Total accumulated depreciation	(39,820,022)	(3,557,134)	421,065	(42,956,091)
Total capital assets, being depreciated, net	77,818,108	5,243,516	(5,539)	83,056,085
Business-type activities capital assets, net	\$ 83,191,159	\$ 6,254,940	\$ (6,225,388)	\$ 83,220,711

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

Governmental activities:	
General government and administration	\$ 778,532
Public works	5,043,546
Environmental services	36,845
Public safety	1,942,532
Library	178,299
Parks and recreation	1,214,637
Development services	348,079
Social and economic development	102,289
Employee services	75,696
Total depreciation expense - governmental activities	<u>\$9,720,455</u>
Business-type activities:	
Sewer Fund	\$2,994,046
Solid Waste Management Fund	563,088
Total depreciation expense - business-type activities	<u>\$3,557,134</u>

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 8. CAPITAL ASSETS - CONTINUED

COMPONENT UNITS

Board of Education

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

	Balance 10/1/2021	Transfers/ Additions	Transfers/ Deductions	Balance 9/30/2022
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 18,829,988	\$ -	\$ (63,914)	\$ 18,766,074
Construction in progress	48,653,613	22,273,676	(23,147,303)	47,779,986
Total capital assets, not being depreciated	67,483,601	22,273,676	(23,211,217)	66,546,060
Capital assets, being depreciated/amortized:				
Land improvements	5,817,532	-	(76,948)	5,740,584
Buildings and improvements	200,291,608	23,147,303	-	223,438,911
Furniture, equipment and vehicles	15,446,031	1,571,273	(724,936)	16,292,368
Right-to-use leased assets	-	109,706	-	109,706
Total capital assets, being depreciated/amortized	221,555,171	24,828,282	(801,884)	245,581,569
Less accumulated depreciation/amortization for:				
Land improvements	(3,549,900)	(171,931)	53,864	(3,667,967)
Buildings and improvements	(49,916,691)	(4,808,692)	-	(54,725,383)
Furniture, equipment and vehicles	(9,545,716)	(1,191,469)	645,026	(10,092,159)
Right-to-use leased assets	-	(38,706)	-	(38,706)
Total accumulated depreciation/amortization	(63,012,307)	(6,210,798)	698,890	(68,524,215)
Total capital assets, being depreciated/amortized, net	158,542,864	18,617,484	(102,994)	177,057,354
Total governmental activities capital assets, net	\$ 226,026,465	\$ 40,891,160	\$ (23,314,211)	\$ 243,603,414

Depreciation expense was charged to governmental functions/programs as follows:

Governmental activities:	
Instruction	\$5,046,397
Instructional support	128,869
Operation and maintenance	90,069
Auxiliary services	
Student transportation services	899,535
Food services	44,179
General administrative services	1,749
Total depreciation expense - governmental activities	<u>\$6,210,798</u>

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 8. CAPITAL ASSETS - CONTINUED

Water Works Board

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

	Balance 10/1/2021	Transfers/ Additions	Transfers/ Deductions	Balance 9/30/2022
Business-type activity:				
Capital assets, not being depreciated:				
Land and land clearing	\$ 1,633,430	\$ 157	\$ -	\$ 1,633,587
Construction in progress	926,245	3,546,519	(662,544)	3,810,220
Total capital assets, not being depreciated	<u>2,559,675</u>	<u>3,546,676</u>	<u>(662,544)</u>	<u>5,443,807</u>
Capital assets, being depreciated/amortized:				
Utility system and plant	108,082,614	2,043,795	(8,000)	110,118,409
Buildings and improvements	7,873,542	-	-	7,873,542
Vehicles	1,211,299	9,500	(69,939)	1,150,860
Machinery, equipment and tools	1,406,650	132,530	(5,218)	1,533,962
Office equipment	770,140	18,280	-	788,420
Right-to-use leased office equipment	-	22,140	-	22,140
Total capital assets, being depreciated/amortized	<u>119,344,245</u>	<u>2,226,245</u>	<u>(83,157)</u>	<u>121,487,333</u>
Less accumulated depreciation and amortization for:				
Utility system and plant	(32,534,797)	(2,278,590)	8,000	(34,805,387)
Buildings and improvements	(3,922,930)	(315,193)	-	(4,238,123)
Vehicles	(799,696)	(141,238)	69,939	(870,995)
Machinery, equipment and tools	(907,533)	(91,009)	2,480	(996,062)
Office equipment	(686,122)	(47,971)	-	(734,093)
Right-to-use leased office equipment	-	(6,430)	-	(6,430)
Total accumulated depreciation	<u>(38,851,078)</u>	<u>(2,880,431)</u>	<u>80,419</u>	<u>(41,651,090)</u>
Total capital assets, being depreciated/amortized, net	<u>80,493,167</u>	<u>(654,186)</u>	<u>(2,738)</u>	<u>79,836,243</u>
Business-type activity capital assets, net	<u>\$83,052,842</u>	<u>\$ 2,892,490</u>	<u>\$ (665,282)</u>	<u>\$ 85,280,050</u>

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 8. CAPITAL ASSETS - CONTINUED

Industrial Development Board

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

	Balance 10/1/2021	Additions	Retirements/ Reclassifications	Balance 9/30/2022
Business-type activity:				
Capital assets, not being depreciated:				
Land	\$ 5,902,041	\$ -	\$ -	\$ 5,902,041
Construction in progress	4,468,731	3,705,691	(6,739,960)	1,434,462
Total capital assets, not being depreciated	10,370,772	3,705,691	(6,739,960)	7,336,503
Capital assets, being depreciated:				
Buildings	42,323,083	6,368,375	-	48,691,458
Building improvements	2,108,957	495,448	-	2,604,405
Land improvements	1,728,856	-	-	1,728,856
Equipment	1,375,069	15,018	-	1,390,087
Vehicles	172,615	-	-	172,615
Total capital assets, being depreciated	47,708,580	6,878,841	-	54,587,421
Accumulated depreciation				
Buildings	(11,049,984)	(922,074)	-	(11,972,058)
Building improvements	(469,807)	(66,969)	-	(536,776)
Land improvements	(978,372)	(59,159)	-	(1,037,531)
Equipment	(786,579)	(167,794)	-	(954,373)
Vehicles	(153,599)	(7,361)	-	(160,960)
Total accumulated depreciation	(13,438,341)	(1,223,357)	-	(14,661,698)
Total capital assets, being depreciated, net	34,270,239	5,655,484	-	39,925,723
Total capital assets, net	\$ 44,641,011	\$ 9,361,175	\$ (6,739,960)	\$ 47,262,226

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 8. CAPITAL ASSETS - CONTINUED

Public Park and Recreation Board

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

	Balance 10/1/2021	Transfers/ Additions	Transfers/ Deductions	Balance 9/30/2022
Business-type activity:				
Capital assets, being depreciated:				
Buildings and improvements	\$7,407,716	\$ -	\$ -	\$7,407,716
Machinery and equipment	62,550	-	-	62,550
Vehicles	9,149	-	-	9,149
Total capital assets, being depreciated	<u>7,479,415</u>	<u>-</u>	<u>-</u>	<u>7,479,415</u>
Less accumulated depreciation for:				
Buildings and improvements	(4,175,733)	(325,277)	-	(4,501,010)
Machinery and equipment	(58,884)	(1,419)	-	(60,303)
Vehicles	(4,422)	(1,830)	-	(6,252)
Total accumulated depreciation	<u>(4,239,039)</u>	<u>(328,526)</u>	<u>-</u>	<u>(4,567,565)</u>
Business-type activity capital assets, net	<u>\$3,240,376</u>	<u>\$(328,526)</u>	<u>\$ -</u>	<u>\$2,911,850</u>

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 9. LONG-TERM LIABILITIES

CITY OF AUBURN PRIMARY GOVERNMENT

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2022, was as follows:

	Balance 10/1/2021	Additions	Reductions	Balance 9/30/2022	Due Within One Year
Governmental activities:					
Bonds and warrants payable:					
General obligation bonds	\$ 115,115,000	\$ -	\$ (1,520,000)	\$ 113,595,000	\$ 2,265,000
General obligation warrants	41,410,000	59,170,831	(12,900,000)	87,680,831	3,404,300
General obligation warrants from direct placements	89,893,819	-	(7,800,196)	82,093,623	7,087,351
Add: bond issue premiums	13,334,837	7,553,491	(2,016,411)	18,871,917	-
Total bonds and warrants payable	259,753,656	66,724,322	(24,236,607)	302,241,371	12,756,651
Notes payable	2,069,000	-	(179,000)	1,890,000	179,000
Leases	-	289,279	(49,563)	239,716	71,957
Accumulated annual leave	2,594,620	72,234	(73,706)	2,593,148	141,486
Claims payable	1,292,862	863,024	(641,457)	1,514,429	82,677
Landfill closure and postclosure care liability	98,000	-	(7,000)	91,000	7,000
Other postemployment benefits liability	6,396,068	-	(1,832,556)	4,563,512	-
Net pension liability	42,554,218	-	(3,216,112)	39,338,106	-
Governmental activities long-term liabilities	314,758,424	67,948,859	(30,236,001)	352,471,282	13,238,771
Business-type activities:					
General obligation warrants payable:					
Warrants payable	6,625,000	3,009,169	(4,515,000)	5,119,169	1,270,700
Warrants payable from direct placements	21,827,000	-	(2,245,000)	19,582,000	2,292,000
Add: warrant issue premiums	768,257	319,504	(617,243)	470,518	-
Total warrants payable	29,220,257	3,328,673	(7,377,243)	25,171,687	3,562,700
Accumulated annual leave	168,188	29,070	(5,471)	191,787	6,147
Other postemployment benefits liability	689,526	-	(181,367)	508,159	-
Net pension liability	3,120,703	-	(246,107)	2,874,596	-
Business-type activities long-term liabilities	33,198,674	3,357,743	(7,810,188)	28,746,229	3,568,847
Total primary government long-term liabilities	\$ 347,957,098	\$ 71,306,602	\$ (38,046,189)	\$ 381,217,511	\$ 16,807,618

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 9. LONG-TERM LIABILITIES

CITY OF AUBURN PRIMARY GOVERNMENT

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2022 was as follows:

	Balance 10/1/2021	Additions	Reductions	Balance 9/30/2022	Due Within One Year
Governmental activities:					
Bonds and warrants payable:					
General obligation bonds	\$ 115,115,000	\$ -	\$ (1,520,000)	\$ 113,595,000	\$ 2,265,000
General obligation warrants	41,410,000	59,170,831	(12,900,000)	87,680,831	3,404,300
General obligation warrants from direct placements	89,893,819	-	(7,800,196)	82,093,623	7,087,351
Add: bond issue premiums	13,334,837	7,553,491	(2,016,411)	18,871,917	-
Total bonds and warrants payable	259,753,656	66,724,322	(24,236,607)	302,241,371	12,756,651
Notes payable	2,069,000	-	(179,000)	1,890,000	179,000
Leases	-	289,279	(49,563)	239,716	71,957
Accumulated annual leave	2,594,620	72,234	(73,706)	2,593,148	141,486
Claims payable	1,292,862	863,024	(641,457)	1,514,429	82,677
Landfill closure and postclosure care liability	98,000	-	(7,000)	91,000	7,000
Other postemployment benefits liability	6,396,068	-	(1,832,556)	4,563,512	-
Net pension liability	42,554,218	-	(3,216,112)	39,338,106	-
Governmental activities long-term liabilities	314,758,424	67,948,859	(30,236,001)	352,471,282	13,238,771
Business-type activities:					
General obligation warrants payable:					
Warrants payable	6,625,000	3,009,169	(4,515,000)	5,119,169	1,270,700
Warrants payable from direct placements	21,827,000	-	(2,245,000)	19,582,000	2,292,000
Add: warrant issue premiums	768,257	319,504	(617,243)	470,518	-
Total warrants payable	29,220,257	3,328,673	(7,377,243)	25,171,687	3,562,700
Accumulated annual leave	168,188	29,070	(5,471)	191,787	6,147
Other postemployment benefits liability	689,526	-	(181,367)	508,159	-
Net pension liability	3,120,703	-	(246,107)	2,874,596	-
Business-type activities long-term liabilities	33,198,674	3,357,743	(7,810,188)	28,746,229	3,568,847
Total primary government long-term liabilities	\$ 347,957,098	\$ 71,306,602	\$ (38,046,189)	\$ 381,217,511	\$ 16,807,618

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 9. LONG-TERM LIABILITIES – CONTINUED

For the governmental activities, accumulated annual leave, claims payable, landfill closure and post closure care liabilities, and other postemployment benefits liabilities are generally paid by the General Fund.

Bonds, notes and warrants payable of the City of Auburn at September 30, 2022 are comprised of the following individual issues:

	Interest Rate	Interest Dates	Source of Payment	Principal Issued	Principal Outstanding September 30, 2022	Year of Final Principal Maturity
Governmental activities:						
Bonds payable:						
General obligation bonds, dated 05.01.2012 (12 Capital projects)	2%-5%	2/1-8/1	Full faith credit and taxing power of the City of Auburn	\$ 4,000,000	\$ 845,000	2024
General obligation bonds, dated 06.23.2015 (New high school and school capital improvements)	2.25%-5%	5/1-11/1	Special 5-Mill Tax Fund ad valorem taxes	78,145,000	76,895,000	2045
General obligation bonds, dated 10.17.2019 (New school)	3%-5%	5/1-11/1	Special 5-Mill Tax Fund ad valorem taxes	37,090,000	35,855,000	2049
Total bonds payable				119,235,000	113,595,000	
Notes Payable:						
Note payable, U. S. Dept of Housing and Urban Development, dated 03.27.2012 (Loan Guarantee Assistance)	LIBOR+0.2%	Monthly	Section 108 Loan Program Fund	3,312,000	1,890,000	2034
Warrants payable:						
General obligation warrants, dated 09.22.2006 (Tennis center - AU portion)	4.23%	3/1 - 9/1	Full faith credit and taxing power of the City of Auburn	3,700,000	1,004,514	2026
General obligation warrants, dated 07.27.2010 (Refund IDB '04-A Bonds)	4.84%	Monthly	Full faith credit and taxing power of the City of Auburn	10,275,000	1,856,909	2024
General obligation school warrants, dated 02.22.2012 (Pick Elementary School and land)	2.78%	Monthly	Special School Tax Fund ad valorem taxes	18,500,000	9,972,095	2032

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 9. LONG-TERM LIABILITIES - CONTINUED

	Interest Rate	Interest Dates	Source of Payment	Principal Issued	Principal Outstanding September 30, 2022	Year of Final Principal Maturity
Warrants payable:						
General obligation warrants, dated 11.09.2012 (West Tech Park - Phase II)	1.72%	Monthly	Full faith credit and taxing power of the City of Auburn	5,525,000	100,080	2022
General obligation warrants, dated 10.28.2014 (partially refund '05 warrants - school	1% - 5%	2/1-8/1	Special School Tax Fund ad valorem taxes	10,240,000	120,000	2026
General obligation school warrants, dated 08.04.2017 (New elementary school)	2.58%	2/1-8/1	Special School Tax Fund ad valorem taxes	18,000,000	14,319,987	2037
General obligation warrants, dated 05.08.2018 (New public safety complex & other improvements)	2% - 5%	5/1-11/1	Full faith credit and taxing power of the City of Auburn	30,610,000	28,390,000	2048
General obligation warrants, dated 12.11.2018 (Refund '08 warrants) (Auburn HS renovations)	3.01%	Monthly	Special School Tax Fund ad valorem taxes	5,259,668	3,358,038	2028
General obligation refunding school warrants, dated 03.10.2020 (Refund '10-A School Warrants)	1.56%	2/1-8/1	Special School Tax Fund ad valorem taxes	14,625,000	8,650,000	2026
General obligation warrants, dated 07.27.2020 (New parking deck and other capital improvements)	2.30%	2/1-8/1	Full faith credit and taxing power of the City of Auburn	16,000,000	14,732,000	2040
General obligation school warrants, dated 08.19.2021 (New elementary school & other improvements)	2% - 4%	2/1-8/1	Special School Tax Fund ad valorem taxes	17,915,000	17,255,000	2041

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 9. LONG-TERM LIABILITIES - CONTINUED

	Interest Rate	Interest Dates	Source of Payment	Principal Issued	Principal Outstanding September 30, 2022	Year of Final Principal Maturity
General obligation refunding school warrants, dated 08.19.2021 (Partially refund '14-B School Warrants)	.31% - 2.16%	2/1-8/1		10,955,000	10,845,000	2035
General obligation warrants, dated 08.18.2022 (Public works and environmental services capital improvements)	4% - 5%	2/1-8/1	Full faith credit and taxing power of the City of Auburn	48,925,000	48,925,000	2042
General obligation refunding school warrants, dated 08.18.2022 (Refund '12-B School Warrants)	4% - 5%	2/1-8/1	Special School Tax Fund ad valorem taxes	10,245,831	10,245,831	2030
Total warrants payable				220,775,499	169,774,454	
Total governmental activity bonds, notes, and warrants payable				343,322,499	285,259,454	
Business-type activities:						
Warrants payable:						
General obligation warrants, dated 10.28.2014 (Partial refund '08 warrants)	3%-5%	6/1-12/1	Sewer Fund	19,240,000	2,110,000	2023
General obligation warrants, dated 12.11.18 (Refund '09 warrants)	2.72%	1/1-7/1	Sewer Fund	9,652,000	4,027,000	2024
General obligation warrants, dated 8.19.21 (Partial refund '14 warrants)	.31% - 2.16%	2/1-8/1	Sewer Fund	15,870,000	15,555,000	2034
General obligation warrants, dated 8.18.22 (Refund '12-B warrants)	4% - 5%	2/1-8/1	Sewer Fund	3,009,169	3,009,169	2032
Total business type activity warrants payable				47,771,169	24,701,169	
Total bonds, notes, and warrants payable				\$ 391,093,668	\$ 309,960,623	

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 9. LONG-TERM LIABILITIES - CONTINUED

The following schedule shows debt service to maturity for bonds, notes, and warrants payable of the City of Auburn at September 30, 2022:

Fiscal Year	Total Annual Requirements			Governmental Activity Bonds, Notes, and Warrants Payable			Business-type Activity Warrants Payable		
	Principal	Interest	Total	Principal	Interest	Total Requirements	Principal	Interest	Total Requirements
2023	\$ 16,498,351	\$ 11,456,257	\$ 27,954,608	\$ 12,935,651	\$ 10,929,858	\$ 23,865,509	\$ 3,562,700	\$ 526,399	\$ 4,089,099
2024	16,670,569	11,040,101	27,710,670	12,989,869	10,635,567	23,625,436	3,680,700	404,534	4,085,234
2025	13,647,552	10,552,639	24,200,191	11,961,852	10,218,618	22,180,470	1,685,700	334,021	2,019,721
2026	15,344,623	10,130,890	25,475,513	13,638,923	9,823,364	23,462,287	1,705,700	307,526	2,013,226
2027	13,263,516	9,622,006	22,885,522	11,527,816	9,344,407	20,872,223	1,735,700	277,599	2,013,299
2028	13,578,869	9,105,655	22,684,524	11,808,169	8,860,184	20,668,353	1,770,700	245,471	2,016,171
2029	13,573,915	8,579,503	22,153,418	11,773,215	8,369,219	20,142,434	1,800,700	210,284	2,010,984
2030	14,068,032	8,034,573	22,102,605	12,070,763	7,856,695	19,927,458	1,997,269	177,878	2,175,147
2031	14,679,645	7,516,110	22,195,755	12,906,145	7,373,252	20,279,397	1,773,500	142,858	1,916,358
2032	14,371,058	7,050,253	21,421,311	12,557,558	6,945,562	19,503,120	1,813,500	104,691	1,918,191
2033	14,018,266	6,592,879	20,611,145	12,443,266	6,529,049	18,972,315	1,575,000	63,830	1,638,830
2034	14,490,692	6,067,445	20,558,137	12,890,692	6,034,485	18,925,177	1,600,000	32,960	1,632,960
2035	13,297,799	5,518,687	18,816,486	13,297,799	5,518,687	18,816,486			
2036	11,697,607	4,982,887	16,680,494	11,697,607	4,982,887	16,680,494			
2037	12,179,129	4,503,214	16,682,343	12,179,129	4,503,214	16,682,343			
2038	11,498,000	4,023,013	15,521,013	11,498,000	4,023,013	15,521,013			
2039	11,987,000	3,551,069	15,538,069	11,987,000	3,551,069	15,538,069			
2040	12,431,000	3,057,173	15,488,173	12,431,000	3,057,173	15,488,173			
2041	11,945,000	2,538,488	14,483,488	11,945,000	2,538,488	14,483,488			
2042	11,250,000	2,032,956	13,282,956	11,250,000	2,032,956	13,282,956			
2043	7,850,000	1,530,556	9,380,556	7,850,000	1,530,556	9,380,556			
2044	8,195,000	1,200,556	9,395,556	8,195,000	1,200,556	9,395,556			
2045	8,530,000	877,150	9,407,150	8,530,000	877,150	9,407,150			
2046	3,455,000	540,550	3,995,550	3,455,000	540,550	3,995,550			
2047	3,585,000	407,175	3,992,175	3,585,000	407,175	3,992,175			
2048	3,725,000	268,625	3,993,625	3,725,000	268,625	3,993,625			
2049	2,025,000	124,700	2,149,700	2,025,000	124,700	2,149,700			
2050	2,105,000	42,100	2,147,100	2,105,000	42,100	2,147,100			
Total	\$ 309,960,623	\$ 140,947,210	\$ 450,907,833	\$ 285,259,454	\$ 138,119,159	\$ 423,378,613	\$ 24,701,169	\$ 2,828,051	\$ 27,529,220

In the current year and prior years, the government defeased various general obligation bonds and warrants by placing the proceeds of the new bonds or warrants in an irrevocable trust account to provide for all future debt service payments on the old bonds and warrants. Accordingly, the trust account assets and the liabilities for the defeased bonds and warrants are not included in the government's financial statements. At September 30, 2022, \$69,545,000 of defeased bonds and warrants remain outstanding.

On August 18, 2022, the City issued its \$62,180,000 General Obligation Warrants with an average interest rate of 5% for the purpose of financing \$55,000,000 of various public capital improvements of the City including, without limitation, public roadway improvements, facilities and other improvements for the utility and environmental operations of the City, public park improvements, and various other public improvements and assets of the City (collectively, the "2022 Improvements"), and to redeem and retire \$11,185,000 of outstanding General Obligation Series 2012-B School Warrants and \$3,285,000 of outstanding General Obligation Series 2012-B Sewer Warrants, both with an average interest rate of 5% maturing in 2023 through 2032. The net proceeds of \$69,470,000 (after realizing a net issue premium of \$7,872,994 and payment of \$582,994 in issuance costs) were used to finance the 2022 Improvements and fully redeem the 2012-B Warrants. The refunding resulted in a \$371,626 difference between the reacquisition price and the net carrying amount of the old debt. This difference, reported as a deduction from warrants payable, is being charged to operations through the year 2032 using the straight-line method. The City completed the current refunding to reduce its total debt service payments over the next ten years by \$1,024,475 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$874,940.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 9. LONG-TERM LIABILITIES - CONTINUED

COMPONENT UNITS

Water Works Board

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2022, was as follows:

	Balance 10/1/2021	Additions	Reductions	Balance 9/30/2022	Due Within One Year
Business-type activities:					
Bonds payable:					
Bonds payable - 2020A	\$15,520,000	\$ -	\$ (1,110,000)	\$14,410,000	\$ 1,150,000
Bonds payable - 2020B	18,225,000	-	(205,000)	18,020,000	205,000
Premiums on bonds	2,523,436	-	(136,402)	2,387,034	-
Leases	-	22,140	(6,516)	15,624	6,900
	<u>36,268,436</u>	<u>22,140</u>	<u>(1,457,918)</u>	<u>34,832,658</u>	<u>1,361,900</u>
Accumulated annual leave	75,502	8,549	(3,035)	81,016	-
Other postemployment benefits liability	323,686	-	(102,019)	221,667	-
Net pension liability	373,261	-	(212,916)	160,345	-
	<u>772,449</u>	<u>8,549</u>	<u>(317,970)</u>	<u>463,028</u>	<u>-</u>
Business-type activity long-term liabilities	<u>\$37,040,885</u>	<u>\$ 30,689</u>	<u>\$ (1,775,888)</u>	<u>\$35,295,686</u>	<u>\$ 1,361,900</u>

Bonds payable at September 30, 2022, are comprised of an original bond issue of \$16,860,000 dated March 26, 2020 known as the Series 2020-A Water Revenue Bonds and an original bond issue of \$18,475,000 dated March 26, 2020 known as the Series 2020-B Taxable Water Revenue Bonds.

The proceeds of the Series 2020-A Bonds, including an original issue premium of \$2,728,039, were issued for the purpose of paying the costs of certain public capital improvements to the System totaling \$5,800,000, redeeming and retiring \$13,604,140 of the Board's Series 2010 Bonds, and paying issuance costs of \$183,899. The 2020-A bonds were issued at interest rates ranging from 2.125% to 4.0%. The stated maturity dates of the 2020-A bonds are September 1 beginning in 2020 and continuing through 2039.

The proceeds of the Series 2020-B Bonds were issued for the purpose of redeeming and retiring \$18,278,845 of the Board's Series 2015 Bonds and to pay issuance costs of \$196,155. The 2020-B bonds were issued at interest rates ranging from 1.388% to 2.98%. The stated maturity dates of the 2020-B bonds are September 1 beginning in 2020 and continuing through 2040.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 9. LONG-TERM LIABILITIES - CONTINUED

Bonds payable of the Water Works Board of the City of Auburn at September 30, 2022, are comprised of the following individual issues:

	Interest Rate	Interest Dates	Source of Payment	Principal Issued	Principal Outstanding September 30, 2022	Year of Final Principal Maturity
Business type activities						
Bonds payable:						
Series 2020-A Bonds, Dated 03.26.2020	2.125% to 4.0%	3/1-9/1	Revenues	\$16,860,000	\$ 14,410,000	2039
Series 2020-B Bonds, Dated 03.26.2020	1.388% to 2.98%	3/1-9/1	Revenues	18,475,000	18,020,000	2040
Total bonds payable				<u>\$35,335,000</u>	<u>\$ 32,430,000</u>	

The following schedule shows debt service to maturity for bonds payable of the Water Works Board of the City of Auburn at September 30, 2022:

Year ending September 30	Principal	Interest	Total
2023	\$ 1,355,000	\$ 1,015,421	\$ 2,370,421
2024	1,390,000	977,805	2,367,805
2025	1,430,000	939,000	2,369,000
2026	1,480,000	886,943	2,366,943
2027	1,535,000	832,378	2,367,378
2028-2032	8,585,000	3,257,449	11,842,449
2033-2037	10,065,000	1,776,963	11,841,963
2038-2040	6,590,000	385,338	6,975,338
Total	<u>\$32,430,000</u>	<u>\$10,071,297</u>	<u>\$42,501,297</u>

The Water Revenue Bonds are collateralized by a pledge of net system revenues derived, and to be derived from, the operation of the AWWB's water system. The AWWB is also required to maintain such rates and charges for the water service and other services supplied from the system and make collections from the users thereof in such a manner as shall produce revenues sufficient at all times (i) to provide for payment of all operating expenses, (ii) to produce annual net income of not less than 110% of the then applicable maximum annual debt service requirement, and (iii) to make all monthly payments provided herein. These coverage requirements have been met by the AWWB for the year ended September 30, 2022.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 9. LONG-TERM LIABILITIES - CONTINUED

Industrial Development Board

The following is a summary of changes in notes payable of the IDB for the year ended September 30, 2022:

	Balance 10/1/2021	Additions	Reductions	Balance 9/30/2022	Due Within One Year
Long term notes payable	\$ 45,779,127	\$ 4,725,662	\$ (2,798,188)	\$ 47,706,601	\$ 3,052,016
Short term notes payable	509,626	2,364,373	(2,573,999)	300,000	300,000
Total	<u>\$ 46,288,753</u>	<u>\$ 7,090,035</u>	<u>\$ (5,372,187)</u>	<u>\$ 48,006,601</u>	<u>\$ 3,352,016</u>

Short-term notes were issued to finance construction costs for buildings held for leasing prior to obtaining permanent financing and to finance the purchase of land for resale. As of September 30, 2022, there was no remaining available credit on short-term construction loans.

During fiscal year 2019, the Board obtained a line of credit for \$1,000,000 from AuburnBank for the purpose of acquiring equipment. The line matures on September 19, 2029, and bears interest at 5.50%. Draws totaling \$999,608 have been made against the line since its inception (\$285,849 in fiscal year 2022), and the amount of available credit at September 30, 2022, was \$392. All equipment owned by the Board is pledged as security for the line of credit.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 9. LONG-TERM LIABILITIES - CONTINUED

Long-term notes payable of the IDB at September 30, 2022, are comprised of the following individual issues:

	Interest Rate	Interest Dates	Principal Issued	Principal Outstanding 9/30/2022	Year of Final Principal Maturity
AuburnBank	5.00%	Monthly	\$ 8,670,000	\$ 3,215,458	2025
AuburnBank	5.00%	Monthly	2,157,341	1,611,969	2025
AuburnBank	5.50%	Monthly	5,525,000	5,119,099	2024
AuburnBank	5.00%	Monthly	260,000	118,221	2026
AuburnBank	5.00%	Monthly	5,738,184	5,380,201	2025
AuburnBank	5.00%	Monthly	1,445,000	1,313,743	2024
AuburnBank	4.50%	Monthly	1,290,000	461,416	2027
AuburnBank	4.50%	Monthly	1,025,000	385,010	2026
AuburnBank	5.00%	Monthly	493,000	448,219	2025
AuburnBank	5.00%	Monthly	875,000	432,899	2024
AuburnBank	5.50%	Monthly	3,968,914	3,308,175	2024
AuburnBank	5.00%	Monthly	7,059,363	6,124,883	2025
AuburnBank	4.50%	Monthly	2,700,000	2,216,854	2022
AuburnBank	4.75%	Monthly	5,000,000	4,515,248	2025
AuburnBank	5.50%	Monthly	999,608	700,000	2029
AuburnBank	4.50%	Monthly	9,475,500	7,978,260	2026
AuburnBank	4.50%	Monthly	1,174,990	1,174,990	2027
AuburnBank	4.50%	Monthly	1,000,000	988,607	2027
AuburnBank	5.00%	Monthly	150,000	150,000	2026
AuburnBank	4.50%	Monthly	1,473,999	1,367,868	2029
AuburnBank	4.50%	Monthly	600,000	574,923	2027
City of Auburn	3.03%	Monthly	1,800,000	120,558	2023
Total notes payable			<u>\$ 62,880,899</u>	<u>\$ 47,706,601</u>	

Proceeds of the notes were used to purchase and construct industrial buildings held for leasing by the IDB, to purchase property for resale, to purchase equipment and to finance property and equipment sold under capital leases. The notes are secured by real estate mortgages on the properties financed and assignment of related leases.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 9. LONG-TERM LIABILITIES - CONTINUED

The following schedule shows debt service to maturity for notes payable of the Industrial Development Board at September 30, 2022:

Fiscal Year	Total Annual Requirements		
	Principal	Interest	Total
2023	\$ 3,052,016	\$ 2,191,109	\$ 5,243,125
2024	14,920,856	1,744,812	16,665,668
2025	13,150,468	1,170,320	14,320,788
2026	8,282,144	600,978	8,883,122
2027	4,675,140	334,858	5,009,998
2028	664,746	161,381	826,127
2029	541,636	130,336	671,972
2030	2,419,595	107,100	2,526,695
Total	<u>\$ 47,706,601</u>	<u>\$ 6,440,894</u>	<u>\$ 54,147,495</u>

NOTE 10. UNEARNED PROGRAM REVENUE

During prior years, the City received monies from the U.S. Department of Housing and Urban Development (HUD) for Urban Development Action Grants and Housing Development Action Grants. Under the terms of the grants, the monies received from HUD are loaned to qualified borrowers and the City holds second mortgages as collateral. When the City made these loans, unearned revenue equal to the principal amount of the mortgage was recorded in the governmental fund financial statements. The loans will remain outstanding until such time as specified in the grant agreements. At that time, the City will receive the balance of the second mortgages plus interest, and unearned revenue equal to the amount of principal repayment received by the City will be recognized as program revenue. The mortgages outstanding at September 30, 2022, totaled \$96,243.

During prior years and the current year, the City received monies from the U.S. Department of Housing and Urban Development (HUD) for Community Development Block Grants. Under the terms of the grants, the monies received from HUD are loaned to qualified borrowers for housing rehabilitation and the City holds second mortgages as collateral. When the City made these loans, unearned revenue equal to the principal amount of the mortgage was recorded in the governmental fund financial statements. The loans made under this program are deferred for 20 years from the date of the loan. At that time, the City will begin receiving amortized payments of principal and interest for the second mortgages, and unearned revenue equal to the amount of principal repayment received by the City will be recognized as program revenue. The mortgages outstanding at September 30, 2022, totaled \$1,175,299.

During prior years, the City received monies from the U.S. Department of Housing and Urban Development (HUD) under a Loan Guarantee Assistance contract pursuant to Section 108 of Title 1 of the Housing and Urban Development Act of 1974. Under the terms of the loans, the monies received from HUD are loaned to qualified borrowers as micro-loans or as part of a Commercial and Industrial Loan Program. When the City made these loans, unearned revenue equal to the principal amount of the loan was recorded in the governmental fund financial statements. The loans made under this program are repaid according to the terms of each individual loan agreement. As the City receives amortized payments of principal and interest, unearned revenue equal to the amount of principal repayment received by the City will be recognized as program revenue. The loans outstanding at September 30, 2022, totaled \$369,502.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 11. LEASES

CITY OF AUBURN PRIMARY GOVERNMENT

For the year ended September 30, 2022, the financial statements include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about the City's leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

The City is currently entered into 12 noncancelable leases with various third parties. Current lease activities include the right-to-use office space, copiers and postage machines. The lease terms include the noncancelable period of the lease and extensions the City is reasonably certain to exercise and vary with each contract. The leases have interest rates ranging from .529% to 2.907%.

The City amortized the right to use lease assets as following during the fiscal year:

	Balance 10/1/2021	Additions	Deletions	Balance 9/30/2022
Governmental activities:				
Lease assets				
Equipment	\$ -	\$ 74,672	\$ -	\$ 74,672
Buildings	-	214,607	-	214,607
Total lease assets	-	289,279	-	289,279
Less accumulated amortization				
Equipment	-	(18,199)	-	(18,199)
Buildings	-	(30,168)	-	(30,168)
Total accumulated amortization	-	(48,367)	-	(48,367)
Total lease assets, being amortized, net	\$ -	\$ 240,912	\$ -	\$ 240,912

At September 30, 2022, the lease liability principal and interest requirements to maturity are as follows:

Year ending September 30	Principal	Interest	Total
2023	\$ 71,957	\$ 3,417	\$ 75,374
2024	70,518	2,295	72,813
2025	62,039	1,194	63,233
2026	33,531	248	33,779
2027	1,671	23	1,694
Total	\$ 239,716	\$ 7,177	\$ 246,893

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 11. LEASES- CONTINUED

COMPONENT UNITS

Board of Education

As of September 30, 2022, the Board of Education had 13 active lease agreements for the use of copiers, digital imagers and a postage machine. The lease terms range from 16-36 months. The Board's incremental borrowing rate for the lease agreements range from 0.263% to 2.354%. Under these agreements, the Board is required to make monthly payments ranging from \$94 to \$688. The total value of the Board's right-to-use lease asset balance at September 30, 2022, was \$109,706 and accumulated amortization related to the right-to-use asset at September 30, 2022, was \$38,706. The September 30, 2022 lease liability was \$71,083.

The future principal and interest payments as of September 30, 2022, were as follows:

Year ending September 30	Principal	Interest	Total
2023	\$ 37,820	\$ 377	\$ 38,197
2024	26,606	177	26,783
2025	6,657	30	6,687
Total	<u>\$ 71,083</u>	<u>\$ 584</u>	<u>\$ 71,667</u>

Water Works Board

On October 1, 2021, the Water Board entered into a 47-month lease as Lessee for the use of a postage machine. An initial lease liability was recorded in the amount of \$10,432. As of September 30, 2022, the value of the lease liability is \$7,681. The Water Board is required to make quarterly fixed payments of \$708. The lease has an interest rate of 0.916%. The equipment's estimated useful life was 47 months as of the contract commencement. The value of the right-to-use asset as of September 30, 2022, was \$10,432 with accumulated amortization of \$2,641.

On October 1, 2021, the Water Board entered into a 32-month lease as Lessee for the use of a copier. An initial lease liability was recorded in the amount of \$5,519. As of September 30, 2022, the value of the lease liability is \$3,460. The Water Board is required to make monthly fixed payments of \$174. The lease has an interest rate of 0.7426%. The estimated useful life was 32 months as of the contract commencement. The value of the right-to-use asset as of September 30, 2022, was \$5,519 with accumulated amortization of \$2,070.

On December 1, 2021, the Water Board entered into a 36-month lease as Lessee for the use of a copier. An initial lease liability was recorded in the amount of \$6,189. As of September 30, 2022, the value of the lease liability is \$4,483. The Water Board is required to make monthly fixed payments of \$174. The lease has an interest rate of 0.8770%. The estimated useful life was 36 months as of the contract commencement. The value of the right-to-use asset as of September 30, 2022, was \$6,189 with accumulated amortization of \$1,719.

The future principal and interest payments as of September 30, 2022, were as follows:

Year ending September 30	Principal	Interest	Total
2023	\$ 6,900	\$ 111	\$ 7,011
2024	6,262	52	6,314
2025	2,462	10	2,472
Total	<u>\$ 15,624</u>	<u>\$ 173</u>	<u>\$ 15,797</u>

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 11. LEASES- CONTINUED

Industrial Development Board

Description of leasing arrangements - The IDB's leasing activities consist of the leasing of industrial space in facilities owned by the IDB (operating leases) and sales-type capital leases to various industries for land, buildings and/or equipment located in the IDB's industrial parks. The operating leases expire over the next ten years and the capital leases expire over the next twenty-four years.

Operating leases - As of September 30, 2022, the IDB has 10 active lease agreements consisting of leasing of industrial space in facilities owned by the Board. The lease terms range from 1-10 years. The Board's interest rates for the lease agreements range from 4.75% to 5.75%. Under these agreements, the Board receives monthly fixed payments ranging from \$5,600 to \$72,476. The Board recognized \$2,089,124 in lease revenue and \$1,663,616 in interest revenue during the current fiscal year related to these leases, additionally, variable payments not included in the measurement of leases receivable in the amount of \$66,803 were recognized by the Board. As of October 1, 2021 (the date of GASB 87 implementation), the lease receivable balance was \$33,213,292, and at September 30, 2022, the Board's receivable for lease payments was \$31,568,448. Also, the Board has a deferred inflow of resources associated with these leases that will be recognized as revenue over the term of the leases. As of September 30, 2022, the balance of the deferred inflow of resources from these leases was \$31,124,168.

At September 30, 2022, the IDB recognizes the following lease receivables:

	Restated Balance 10/1/2021	Additions	Reductions	Balance 9/30/2022
Lease receivable				
Buildings	\$ 33,213,292	\$ -	\$ -	\$ 33,213,292
Less amortization				
Buildings	-	(1,644,844)	-	(1,644,844)
Total lease assets				
being amortized, net	<u>\$ 33,213,292</u>	<u>\$ (1,644,844)</u>	<u>\$ -</u>	<u>\$ 31,568,448</u>

At September 30, 2022, the lease receivable principal and interest requirements to maturity are as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 1,763,804	\$ 1,588,805	\$ 3,352,609
2024	1,804,358	1,496,651	3,301,009
2025	1,812,521	1,402,888	3,215,409
2026	1,876,069	1,308,366	3,184,435
2027	1,827,876	1,212,405	3,040,281
2028-2032	8,193,404	4,733,554	12,926,958
2033-2037	6,898,611	2,731,767	9,630,378
2038-2042	4,971,059	1,189,046	6,160,105
2043-2047	2,420,746	274,009	2,694,755
Total	<u>\$ 31,568,448</u>	<u>\$ 15,937,491</u>	<u>\$ 47,505,939</u>

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 11. LEASES- CONTINUED

Capital leases

- A. The IDB has leased, under capital leases, nine parcels of land located in its industrial parks. Each lease contains a bargain-purchase option which can be exercised during the term of the lease. All rentals due under the leases were paid in advance and are not refundable in the event of lease cancellation or exercise of purchase option. Expiration of the leases ranges from 2024 to 2045, and several of the leases provide for renewal terms. No capital lease payments were received for these leases in fiscal year 2022, and future amounts receivable under the leases consist solely of payments under the bargain-purchase options, which are minimal.

During fiscal year 2017, 2018, 2021 and 2022, five existing companies conveyed property to the IDB, and the Board leased the property back to the companies under prepaid capital leases. Remaining payments under the leases consist solely of payments due under the bargain-purchase options, which are minimal, and no payments were received in fiscal year 2022. The leases expire in 2027, 2028, 2032 and 2041.

- B. The IDB has five sales-type capital leases involving land and buildings in the Auburn Industrial Park and the Auburn Technology Park West with lease terms expiring in 2023, 2025, 2035, 2039 and 2040. The components of the net investment in sales-type capital leases at September 30, 2022, are as follows:

Total minimum lease payments to be received	\$ 28,067,425
Less: unearned income	<u>(7,518,254)</u>
Net investment in capital leases	<u>\$ 20,549,171</u>

Executory costs such as maintenance and insurance are paid directly by lessees and therefore are not included in minimum lease payments. All lease payments are deemed collectible and there are no contingent rentals or unguaranteed residual values associated with the leases.

Future minimum lease payments due under the leases are as follows:

<u>Fiscal Year</u>	<u>Future Minimum Lease Payments</u>
2023	\$ 1,964,014
2024	1,840,649
2025	3,400,077
2026	1,696,649
2027	1,696,649
2028	1,696,649
2029	1,696,649
2030	1,696,649
2031	1,696,649
2032	1,696,649
Thereafter	<u>8,986,142</u>
Total	<u>\$ 28,067,425</u>

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 11. LEASES - CONTINUED

- C. The Auburn Center for Developing Industries (a component unit of the Industrial Development Board) maintains industrial space for rent to new industries. The land and buildings held for leasing by the Center are owned by the Industrial Development Board. Rents received during fiscal year 2022 were \$218,242. There were eleven operating leases in effect at September 30, 2022. Ten expire within one year and one of the leases is month-to-month.

NOTE 12. DEFINED BENEFIT PENSION PLANS

CITY OF AUBURN PRIMARY GOVERNMENT

General Information about the Pension Plan

Plan description. The Employees' Retirement System of Alabama (ERS), an agent multiple-employer public employee retirement plan, was established as of October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and on an elective basis, to all cities, counties, towns and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 15 trustees. Act 390 of the Legislature of 2021 created two additional representatives to the ERS Board of Control effective October 1, 2021. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 36, Chapter 27* grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

The ERS Board of Control consists of 15 trustees as follows:

- 1) The Governor, ex officio.
- 2) The State Treasurer, ex officio.
- 3) The State Personnel Director, ex officio.
- 4) The State Director of Finance, ex officio.
- 5) Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head.
- 6) Eight members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
 - a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county, or a public agency each of whom is an active beneficiary of ERS.
 - b. Two vested active state employees.
 - c. One full time employee of a participating municipality or city in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
 - d. One full time employee of a participating county in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
 - e. One full time employee or retiree of a participating employer in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
 - f. One full time employee of a participating employer other than a municipality, city or county in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.

Benefits provided. State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 12. DEFINED BENEFIT PENSION PLANS – CONTINUED

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a formula method. Under the formula method, Tier 2 members of the ERS are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service up to 80% of their average final compensation.

Members are eligible for disability retirement if they have 10 years of creditable service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending September 30 are paid to the beneficiary.

Act 132 of the Legislature of 2019 allowed employers who participate in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 members of employers adopting Act 2019-132 will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers. A total of 590 employers adopted Act 2019-132. On September 1, 2020, the Auburn City Council approved the implementation of Act 2019-132 which provides Tier 1 retirement benefits to its Tier 2 plan members.

Act 316 of the Legislature of 2019 allows employees at the time of retirement to receive a partial lump sum (PLOP) distribution as a single payment not to exceed the sum of 24 months of the maximum monthly retirement allowance the member could receive. This option may be selected in addition to the election of another retirement allowance option at a reduced amount based upon the amount of partial lump sum distribution selected.

The ERS serves approximately 879 local participating employers. The ERS membership includes approximately 104,510 participants. As of September 30, 2021, membership consisted of:

Retirees and beneficiaries currently receiving benefits	29,727
Terminated employees entitled to but not yet receiving benefits	2,130
Terminated employees not entitled to a benefit	16,415
Active Members	56,184
Post-DROP participants who are still in active service	54
	<hr/>
	104,510

Contributions. Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation.

Employers participating in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* were not required by statute to increase covered member contribution rates but were provided the opportunity to do so through Act 2011-676. By adopting Act 2011-676 Tier 1 regular members contribution rates increased from 5% to 7.5% of earnable compensation and Tier 1 certified law enforcement, correctional officers', and firefighters' member contribution rates increased from 6% to 8.5% of earnable compensation.

Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation. These contributions rates are the same for Tier 2 covered members of ERS local participating employers.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 12. DEFINED BENEFIT PENSION PLANS – CONTINUED

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year with additional amounts to finance any unfunded accrued liability, the preretirement death benefit, and administrative expenses of the Plan. For the year ended September 30, 2022, the City's active employee contribution rate was 6.34% of covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 10.25% of pensionable payroll.

The City's contractually required contribution rate for the year ended September 30, 2022 was 11.10% of pensionable pay for Tier 1 employees, and 7.94% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2019, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City were \$4,075,563 for the year ended September 30, 2022. *Net Pension Liability*. The City's net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2020 rolled forward to September 30, 2021, using standard roll-forward techniques as shown in the following table:

	Expected	Actual
(a) Total Pension Liability as of September 30, 2020	\$ 128,221,222	\$ 135,820,392
(b) Discount rate	7.70%	7.45%
(c) Entry Age Normal Cost for the period		
October 1, 2020 - September 30, 2021	3,006,904	3,379,969
(d) Transfers Among Employers	-	(163,074)
(e) Actual Benefit Payments and Refunds for the		
period October 1, 2020 - September 30, 2021	(6,389,298)	(6,389,298)
(f) Total Pension Liability as of September 30, 2021		
= [(a) x (1+(b))] + (c) + (d) + [(e) x (1+ 0.5*(b))]	<u>\$ 134,465,874</u>	<u>\$ 142,528,606</u>

Actuarial assumptions. The total pension liability as of September 30, 2021, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2020. The key actuarial assumptions are summarized below:

Inflation	2.50%
Projected salary increases	3.25%-6.00%
Investment rate of return*	7.45%

* Net of pension plan investment expense, including inflation.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 12. DEFINED BENEFIT PENSION PLANS – CONTINUED

Mortality rates were based on the Pub-2010 Below-Median Tables, projected generationally using the MP-2020 scale, which is adjusted by 66-2/3% beginning with year 2019:

<u>Group</u>	<u>Membership Table</u>	<u>Set Forward (+)/Setback (-)</u>	<u>Adjustment to Rates</u>
Non-FLC Service Retirees	General Healthy Below Median	Male: +2, Female: +2	Male: 90% ages <65, 96% ages >= 65, Female: 96% all ages
FLC/State Police Service Retirees	Public Safety Healthy Below Median	Male: +1, Female: none	None
Beneficiaries	Contingent Survivor Below Median	Male: +2, Female: +2	None
Non-FLC Disabled Retirees	General Disability	Male: +7, Female: +3	None
FLC/State Police Disabled Retirees	Public Safety Disability	Male: +7, Female: none	None

The actuarial assumptions used in the September 30, 2020, valuation were based on the results of an actuarial experience study for the period October 1, 2015 – September 30, 2020.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis 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. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return*</u>
Fixed Income	15.0%	2.8%
US Large Stocks	32.0%	8.0%
US Mid Stocks	9.0%	10.0%
US Small Stocks	4.0%	11.0%
Int'l Developed Mkt Stocks	12.0%	9.5%
Int'l Emerging Mkt Stocks	3.0%	11.0%
Alternatives	10.0%	9.0%
Real Estate	10.0%	6.5%
Cash Equivalents	5.0%	1.5%
Total	100.0%	

*Includes assumed rate of inflation of 2.00%

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 12. DEFINED BENEFIT PENSION PLANS – CONTINUED

Discount rate. The discount rate used to measure the total pension liability was the long-term rate of return, 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. 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 liability.

Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2020	\$ 128,221,222	\$ 82,364,347	\$ 45,856,875
Changes for the year:			
Service cost	3,006,904	-	3,006,904
Interest	9,627,046	-	9,627,046
Changes of benefit terms	-	-	-
Changes of assumptions	5,444,804	-	5,444,804
Difference between expected and actual experience	2,781,002	-	2,781,002
Contributions - employer	-	3,721,336	(3,721,336)
Contributions - employee	-	2,375,294	(2,375,294)
Net investment income	-	18,239,681	(18,239,681)
Benefit payments, including refunds of employee contributions	(6,389,298)	(6,389,298)	-
Transfers among employers	(163,074)	(163,074)	-
Net changes	14,307,384	17,783,939	(3,476,555)
Balances at September 30, 2021	\$ 142,528,606	\$ 100,148,286	42,380,320
Less: Public Park & Recreation Board			(167,620)
Total primary government			\$ 42,212,700

Sensitivity of the net pension liability to changes in the discount rate. The following table presents the City's net pension liability calculated using the discount rate of 7.45%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.45%) or 1 percentage point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
City's net pension liability	\$ 61,342,661	\$ 42,380,320	\$ 26,617,393

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2021. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2021. The auditor's report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 12. DEFINED BENEFIT PENSION PLANS – CONTINUED

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended September 30, 2022, the City recognized pension expense of \$546,117. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,246,295	\$ 10,895
Changes of assumptions	5,506,248	-
Net difference between projected and actual earnings on pension plan investments	-	7,230,914
Employer contributions subsequent to the measurement date	4,075,563	-
	14,828,106	7,241,809
Less: Public Park & Recreation Board	(66,276)	(33,464)
Total primary government	<u>\$ 14,761,830</u>	<u>\$ 7,208,345</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

Year ended September 30:

2023	\$ 1,391,663
2024	\$ 1,309,695
2025	\$ 116,325
2026	\$ (561,735)
2027	\$ 1,254,786
Thereafter	\$ -

COMPONENT UNITS

Board of Education

Plan Description. The ABOE employees are members of the Teachers' Retirement System of Alabama (TRS). The TRS, a cost-sharing multiple-employer public employee retirement plan, was established as of September 15, 1939, pursuant to the Code of Alabama 1975, Title 16, Chapter 25 (Act 419 of the Legislature of 1939) for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by State-supported educational institutions. The responsibility for the general administration and operation of the TRS is vested in its Board of Control which consists of 15 trustees. The plan is administered by the Retirement Systems of Alabama (RSA). The Code of Alabama 1975, Title 16, Chapter 25 grants the authority to establish and amend the benefit terms to the TRS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

Benefits Provided. State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the TRS. Benefits for TRS members vest after 10 years of creditable service. TRS members who retire after age 60 with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the TRS are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 12. DEFINED BENEFIT PENSION PLANS – CONTINUED

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 TRS members are eligible for retirement after age 62 with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a formula method. Under the formula method, Tier 2 members of the TRS are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service, up to 80% of their average final compensation. Members are eligible for disability retirement if they have 10 years of creditable service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member, as reported to the Plan for the preceding year ending June 30, are paid to a qualified beneficiary.

Contributions. Covered Tier 1 members of the TRS contributed 5% of earnable compensation to the TRS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the TRS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the TRS are required by statute to contribute 7.50% of earnable compensation.

Effective October 1, 2021, the covered Tier 2 members contribution rate increased from 6.0% to 6.2% of earnable compensation to the TRS as required by statute.

Participating employers' contractually required contribution rate for the fiscal year ended September 30, 2021, was 12.36% of annual pay for Tier 1 members and 11.22% of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Board were \$6,772,487 for the year ended September 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2022, the Board reported a liability of \$67,322,000 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2020. The Board's proportion of the collective net pension liability was based on the employers' shares of contributions to the pension plan relative to the total employer contributions of all participating TRS employers. At September 30, 2021, the Board's proportion was 0.714645%, which was a decrease of 0.002449% from its proportion measured as of September 30, 2020.

For the year ended September 30, 2022, the Board recognized pension expense of \$6,567,318. At September 30, 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,117,000	\$ 3,922,000
Changes of assumptions	7,067,000	-
Net difference between projected and actual earnings on pension plan investments	-	15,891,000
Changes in proportion and differences between Employer contributions and proportionate share of contributions	3,046,000	223,000
Employer contributions subsequent to the measurement date	6,772,487	-
	<u>\$ 20,002,487</u>	<u>\$ 20,036,000</u>

Deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date (\$6,772,487) will be recognized as a reduction of the net pension liability in the year ended September 30, 2023.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 12. DEFINED BENEFIT PENSION PLANS – CONTINUED

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:

2023	\$	9,000
2024		(157,000)
2025		(1,978,000)
2026		(4,680,000)
2027		-
Thereafter		-

Actuarial Assumptions. The total pension liability as of September 30, 2021, was determined by an actuarial valuation as of September 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Investment rate of return*	7.45%
Projected salary increases	3.25%-5.00%

*Net of pension plan investment expense, including inflation.

The actuarial assumptions used in the actuarial valuation as of September 30, 2020, were based on the results of an investigation of the economic and demographic experience for the TRS based upon participant data as of September 30, 2020. The Board of Control accepted and approved these changes in September 2021 which became effective at the beginning of fiscal year 2021.

Mortality rates were based on the Pub-2010 Teacher tables with the following adjustments, projected generationally using scale MP-2020 adjusted by 66 2/3% beginning with year 2019:

<u>Group</u>	<u>Membership Table</u>	<u>Set Forward (+) /</u>	<u>Adjustment to Rates</u>
Service Retirees	Teacher Retiree - Below Median	Male: +2, Female: +2	Male: 108% ages <63, 96% ages >67; Phasing down 63-67 Female: 112% ages <69 98% > age 74 Phasing down 69-74
	Contingent		
Beneficiaries	Survivor Below Median	Male: +2, Female: None	None
Disabled Retirees	Teacher Disability	Male: +8, Female: +3	None

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 12. DEFINED BENEFIT PENSION PLANS – CONTINUED

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis 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. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	15.00%	2.80%
U.S. Large Stocks	32.00%	8.00%
U.S. Mid Stocks	9.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real Estate	10.00%	6.50%
Cash Equivalents	5.00%	2.50%
Total	100.00%	

*Includes assumed rate of inflation of 2.00%

Discount Rate. The discount rate used to measure the total pension liability was 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. 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 liability.

Sensitivity of the Board's Proportionate Share of Net Pension Liability to Changes in the Discount Rate. The following table presents the Board's proportionate share of the net pension liability calculated using the discount rate of 7.45%, as well as what the Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Board's proportionate share of collective net pension liability	\$ 99,091,000	\$ 67,322,000	\$ 40,564,000

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 12. DEFINED BENEFIT PENSION PLANS – CONTINUED

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2021. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2021. The auditor's report on the Schedule of Employer Allocations and Pension Amounts by Employer and accompanying notes detail by employer and in aggregate information needed to comply with GASB 68. The additional financial and actuarial information is available at <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

Water Works Board

The Water Works Board of the City of Auburn (AWWB) also contributes to the Employees' Retirement Systems of Alabama under the same plan description and statutory requirements as the City.

For the year ended September 30, 2022, AWWB's active employee contribution rate was 2.71% of covered employee payroll, and AWWB's average contribution rate to fund the normal and accrued liability costs was 3.37% of pensionable payroll.

The AWWB's contractually required contribution rate for the year ended September 30, 2022 was 5.40% of pensionable pay for Tier 1 employees and 2.28% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2019, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the AWWB were \$78,980 for the year ended September 30, 2022.

Net Pension Liability. The AWWB's net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2020, rolled forward to September 30, 2021, using standard roll-forward techniques as shown in the following table:

	<u>Expected</u>	<u>Actual</u>
(a) TPL as of September 30, 2020	\$ 4,193,679	\$ 4,528,433
(b) Discount rate	7.70%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2020 - September 30, 2021	126,035	134,785
(d) Transfers Among Employers	-	-
(e) Actual Benefit Payments and Refunds for the period October 1, 2020 - September 30, 2021	<u>(123,848)</u>	<u>(123,848)</u>
(f) TPL as of September 30, 2021 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1+ 0.5*(b))]	<u>\$ 4,514,011</u>	<u>\$ 4,872,125</u>

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 12. DEFINED BENEFIT PENSION PLANS – CONTINUED

Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2020	\$ 4,193,679	\$ 3,820,418	\$ 373,261
Changes for the year:			
Service cost	126,035	-	126,035
Interest	318,145	-	318,145
Changes of benefit terms	-	-	-
Changes of assumptions	176,164	-	176,164
Difference between expected and actual experience	181,950	-	181,950
Contributions - employer	-	76,320	(76,320)
Contributions - employee	-	86,212	(86,212)
Net investment income	-	852,678	(852,678)
Benefit payments, including refunds of employee contributions	(123,848)	(123,848)	-
Net changes	678,446	891,362	(212,916)
Balances at September 30, 2021	\$ 4,872,125	\$ 4,711,780	\$ 160,345

Sensitivity of the net pension liability to changes in the discount rate. The following table presents AWWB's net pension liability calculated using the discount rate of 7.45%, as well as what AWWB's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.45%) or 1 percentage point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Net pension liability (asset)	\$ 796,341	\$ 160,345	\$ (376,689)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended September 30, 2022, the AWWB recognized pension expense/(income) of (\$140,034). At September 30, 2022, AWWB reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 206,387	\$ 221,481
Changes of assumptions	175,715	-
Net difference between projected and actual earnings on plan investments	-	340,911
Employer contributions subsequent to the measurement date	73,046	-
Total	\$ 455,148	\$ 562,392

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 12. DEFINED BENEFIT PENSION PLANS – CONTINUED

Amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

Year ended September 30:

2023	\$	(97,337)
2024		(54,604)
2025		(95,004)
2026		(59,932)
2027		48,436
Thereafter		71,151

NOTE 13. OTHER POSTEMPLOYMENT BENEFITS

CITY OF AUBURN PRIMARY GOVERNMENT

The Water Works Board of the City of Auburn (AWWB) and the Public Park and Recreation Board (PPRB), two component units of the City of Auburn, participate in The City of Auburn's General Employees' OPEB plan. All descriptions, policies, costs, methods and assumptions described below apply to the City, as well as the AWWB and PPRB, and their employees.

General Information about the OPEB Plan

Plan description – The City of Auburn (the City) provides certain continuing health care benefits for its retired employees. The City of Auburn's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the City. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the City. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB).

Benefits provided – Medical and dental benefits are provided through a comprehensive medical benefit plan. The plan provisions are contained in the official plan documents. Medical and dental benefits are provided to employees upon actual retirement. To qualify for those retiree benefits, retirees must be eligible to retire under the provisions of the Retirement System of Alabama – Employees' Retirement System (RSA). The retirement eligibility provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service (called "Tier I members").

Employees covered by benefit terms – As of the measurement date September 30, 2022, the following employees were covered by the benefit terms:

	General Fund	Sewer Fund	Solid Waste Management Fund	Total Primary Government	Water Works Board	Public Park and Recreation Board	Total
Inactive employees or beneficiaries currently receiving benefit payments	34	2	2	38	2	1	41
Active plan members	451	13	31	495	25	3	523
Total	<u>485</u>	<u>15</u>	<u>33</u>	<u>533</u>	<u>27</u>	<u>4</u>	<u>564</u>

Total OPEB Liability

The City's total OPEB liability is \$5,321,188 as of the measurement date September 30, 2022, the end of the fiscal year.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 13. OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

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

Inflation	2.5%
Salary increases	4.0%, including inflation
Discount rate	2.15% annually (Beginning of Year to determine ADC) 4.02%, annually (As of End of Year Measurement Date)
Healthcare cost trend rates	2.5% annually
Mortality	RP-2000 combined mortality table without projection

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of September 30, 2022, the end of the applicable measurement period.

The actuarial assumptions used in the September 30, 2022, valuation were based on the results of ongoing evaluations of the assumptions from October 1, 2009, to September 30, 2022.

Changes in the Total OPEB Liability

	General Fund	Sewer Fund	Solid Waste Management Fund	Total Primary Government	Water Works Board	Public Park and Recreation Board	Total
Total OPEB Liability 9/30/2021	\$ 6,396,067	\$ 312,086	\$ 377,439	\$ 7,085,592	\$ 323,686	\$ 42,963	\$ 7,452,241
Changes for the year:							
Service cost	297,490	9,201	20,242	326,933	16,561	2,454	345,948
Interest	133,046	4,115	9,053	146,214	7,407	1,097	154,718
Changes in assumptions	(1,004,504)	(31,067)	(68,348)	(1,103,919)	(55,921)	(8,285)	(1,168,125)
Differences between expected and actual experience	(818,088)	(25,302)	(55,664)	(899,054)	(45,543)	(6,747)	(951,344)
Benefit payments	(440,498)	(13,624)	(29,972)	(484,094)	(24,523)	(3,633)	(512,250)
Net change in total OPEB liability	(1,832,554)	(56,677)	(124,689)	(2,013,920)	(102,019)	(15,114)	(2,131,053)
Total OPEB Liability 9/30/2022	\$ 4,563,513	\$ 255,409	\$ 252,750	\$ 5,071,672	\$ 221,667	\$ 27,849	\$ 5,321,188
Plan fiduciary net position 9/30/2021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Changes for the year:							
Contributions - employer	440,498	13,624	29,972	484,094	24,523	3,633	512,250
Benefit payments	(440,498)	(13,624)	(29,972)	(484,094)	(24,523)	(3,633)	(512,250)
Net change in plan fiduciary net position	-	-	-	-	-	-	-
Plan fiduciary net position 9/30/2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position as a % of total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Covered employee payroll	\$ 28,714,958	\$ 888,091	\$ 1,953,801	\$ 31,556,850	\$ 1,598,565	\$ 236,824	\$ 33,392,239
Net OPEB liability as % of covered employee payroll	15.89%	28.76%	12.94%	16.07%	13.87%	11.76%	15.94%

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 13. OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the City, 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 (3.02%) or 1-percentage-point higher (5.02%) than the current discount rate:

	1% Decrease (3.02%)	Current Discount Rate (4.02%)	1% Increase (5.02%)
General Fund	\$ 5,515,254	\$ 4,563,513	\$ 3,828,900
Sewer Fund	308,676	255,409	214,294
Solid Waste Management Fund	305,462	252,750	212,063
Total primary government	6,129,392	5,071,672	4,255,258
Water Works Board	267,897	221,667	185,984
Public Park and Recreation Board	33,657	27,849	23,366
Total	<u>\$ 6,430,946</u>	<u>\$ 5,321,188</u>	<u>\$ 4,464,608</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the City, 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 (1.5%) or 1-percentage-point higher (3.5%) than the current healthcare trend rates:

	1% Decrease (1.50%)	Healthcare Cost Current Trend (2.50%)	1% Increase (3.50%)
General Fund	\$ 3,921,308	\$ 4,563,513	\$ 5,403,093
Sewer Fund	219,466	255,409	302,398
Solid Waste Management Fund	217,181	252,750	299,250
Total primary government	4,357,955	5,071,672	6,004,742
Water Works Board	190,473	221,667	262,449
Public Park and Recreation Board	23,930	27,849	32,973
Total	<u>\$ 4,572,358</u>	<u>\$ 5,321,188</u>	<u>\$ 6,300,163</u>

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 13. OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

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

For the year ended September 30, 2022, the City recognized OPEB expense of \$651,791. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources						
	General Fund	Sewer Fund	Solid Waste Management Fund	Total Primary Government	Water Works Board	Public Park and Recreation Board	Total
Differences between expected and actual experience	\$1,833,421	\$ 99,729	\$ 111,721	\$ 2,044,871	\$ 105,038	\$ 14,308	\$ 2,164,217

	Deferred Inflows of Resources						
	General Fund	Sewer Fund	Solid Waste Management Fund	Total Primary Government	Water Works Board	Public Park and Recreation Board	Total
Change of assumptions or other inputs	\$1,729,370	\$ 56,400	\$ 114,353	\$ 1,900,123	\$ 95,972	\$ 14,032	\$ 2,010,127

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

	General Fund	Sewer Fund	Solid Waste Management Fund	Total Primary Government	Water Works Board	Public Park and Recreation Board	Total
Year ended September 30:							
2023	\$ 102,050	\$ 42,496	\$ (2,581)	\$ 141,964	\$ 8,892	\$ 271	\$ 151,126
2024	102,050	42,496	(2,581)	141,964	8,892	271	151,126
2025	102,603	42,726	(2,595)	142,733	8,940	272	151,945
2026	115,788	48,217	(2,929)	161,076	10,089	307	171,472
2027	(113,983)	(47,465)	2,883	(158,565)	(9,931)	(302)	(168,799)
Thereafter	(204,456)	(85,140)	5,172	(284,424)	(17,814)	(542)	(302,781)

COMPONENT UNITS

Board of Education

General Information about the OPEB Plan

Plan Description. The Alabama Retired Education Employees' Health Care Trust (Trust) is a cost-sharing multiple-employer defined benefit postemployment healthcare plan that administers healthcare benefits to the retirees of participating state and local educational institutions. The Trust was established under the Alabama Retiree Health Care Funding Act of 2007 which authorized and directed the Public Education Employees' Health Insurance Board (PEEHIP Board) to create an irrevocable trust to fund postemployment healthcare benefits to retirees participating in the Public Education Employees' Health Insurance Plan (PEEHIP). Active and retiree health insurance benefits are paid through the PEEHIP. In accordance with GASB, the Trust is considered a component unit of the State of Alabama (State) and is included in the State's Annual Comprehensive Financial Report.

The PEEHIP was established in 1983 pursuant to the provisions of the *Code of Alabama 1975, Title 16, Chapter 25A* (Act 83-455) to provide a uniform plan of health insurance for active and retired employees of state and local educational institutions which provide instruction at any combination of grades K-14 (collectively, eligible employees), and to provide a method for funding the benefits related to the plan.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 13. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

The four-year universities participate in the plan with respect to their retired employees and are eligible and may elect to participate in the plan with respect to their active employees. Responsibility for the establishment of the health insurance plan and its general administration and operations is vested in the PEEHIP Board. The PEEHIP Board is a corporate body for purposes of management of the health insurance plan. *The Code of Alabama 1975, Section 16-25A-4* provides the PEEHIP Board with the authority to amend the benefit provisions in order to provide reasonable assurance of stability in future years for the plan. All assets of the PEEHIP are held in trust for the payment of health insurance benefits. The Teachers' Retirement System of Alabama (TRS) has been appointed as the administrator of the PEEHIP and, consequently, serves as the administrator of the Trust.

Benefits provided. PEEHIP offers a basic hospital medical plan to active members and non-Medicare eligible retirees. Benefits include inpatient hospitalization for a maximum of 365 days without a dollar limit, inpatient rehabilitation, outpatient care, physician services, and prescription drugs.

Active employees and non-Medicare eligible retirees who do not have Medicare eligible dependents can enroll in a health maintenance organization (HMO) in lieu of the basic hospital medical plan. The HMO includes hospital medical benefits, dental benefits, vision benefits, and an extensive formulary. However, participants in the HMO are required to receive care from a participating physician in the HMO plan.

The PEEHIP offers four optional plans (Hospital Indemnity, Cancer, Dental, and Vision) that may be selected in addition to or in lieu of the basic hospital medical plan or HMO. The Hospital Indemnity Plan provides a per-day benefit for hospital confinement, maternity, intensive care, cancer, and convalescent care. The Cancer Plan covers cancer disease only and benefits are provided regardless of other insurance. Coverage includes a per-day benefit for each hospital confinement related to cancer. The Dental Plan covers diagnostic and preventative services, as well as basic and major dental services. Diagnostic and preventative services include oral examinations, teeth cleaning, x-rays, and emergency office visits. Basic and major services include fillings, general aesthetics, oral surgery not covered under a Group Medical Program, periodontics, endodontics, dentures, bridgework, and crowns. Dental services are subject to a maximum of \$1,250 per year for individual coverage and \$1,000 per person per year for family coverage. The Vision Plan covers annual eye examinations, eyeglasses, and contact lens prescriptions.

PEEHIP members may opt to elect the PEEHIP Supplemental Plan as their hospital medical coverage in lieu of the PEEHIP Hospital Medical Plan. The PEEHIP Supplemental Plan provides secondary benefits to the member's primary plan provided by another employer. Only active and non-Medicare retiree members and dependents are eligible for the PEEHIP Supplemental Plan. There is no premium required for this plan, and the plan covers most out-of-pocket expenses not covered by the primary plan. The plan cannot be used as a supplement to Medicare, the PEEHIP Hospital Medical Plan, or the State or Local Governmental Plans administered by the State Employees' Insurance Board (SEIB).

Effective January 1, 2017, Medicare eligible members and Medicare eligible dependents who are covered on a retiree contract were enrolled in the United Healthcare (UHC) Group Medicare Advantage plan for PEEHIP retirees. Effective January 1, 2020, Humana replaced the UHC Contract. The MAPHP plan is fully insured by Humana and members are able to have all of their Medicare Part A, Part B, and Part D (prescription drug coverage) in one convenient plan. With the MAPDP plan for PEEHIP, retirees can continue to see their same providers with no interruption and see any doctor who accepts Medicare on a national basis. Retirees have the same benefits in and out-of-network and there is no additional retiree cost share if a retiree uses an out-of-network provider and no balance billing from the provider.

Contributions. *The Code of Alabama 1975, Section 16-25A-8* and *the Code of Alabama 1975, Section, 16-25A-8.1* provide the PEEHIP Board with the authority to set the contribution requirements for plan members and the authority to set the employer contribution requirements for each required class, respectively. Additionally, the PEEHIP Board is required to certify to the Governor and the Legislature, the amount, as a monthly premium per active employee, necessary to fund the coverage of active and retired member benefits for the following fiscal year. The Legislature then sets the premium rate in the annual appropriation bill.

For employees who retired after September 30, 2005, but before January 1, 2012, the employer contribution of the health insurance premium set forth by the PEEHIP Board for each retiree class is reduced by 2% for each year of service less than 25 and increased by 2% for each year of service over 25, subject to adjustment by the Board for

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 13. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

changes in Medicare premium costs required to be paid by a retiree. In no case does the employer contribution of the health insurance premium exceed 100% of the total health insurance premium cost for the retiree.

For employees who retired after December 31, 2011, the employer contribution to the health insurance premium set forth by the PEEHIP Board for each retiree class is reduced by 4% for each year of service less than 25 and increased by 2% for each year over 25, subject to adjustment by the PEEHIP Board for changes in Medicare premium costs required to be paid by a retiree. In no case does the employer contribution of the health insurance premium exceed 100% of the total health insurance premium cost for the retiree. For employees who retired after December 31, 2011, who are not covered by Medicare, regardless of years of service, the employer contribution to the health insurance premium set forth by the PEEHIP Board for each retiree class is reduced by a percentage equal to 1% multiplied by the difference between the Medicare entitlement age and the age of the employee at the time of retirement as determined by the PEEHIP Board. This reduction in the employer contribution ceases upon notification to the PEEHIP Board of the attainment of Medicare coverage.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At September 30, 2022, the ABOE reported a liability of \$38,113,929 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2020. The ABOE's proportion of the net OPEB liability was based on the ABOE's share of contributions to the OPEB plan relative to the total employer contributions of all participating PEEHIP employers. At September 30, 2021, the ABOE's proportion was .737668%, which was a decrease of .001292% from its proportion measured as of September 30, 2020.

For the year ended September 30, 2022, the ABOE recognized OPEB expense of (\$2,220,208), with no special funding situations. At September 30, 2022, the ABOE reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 901,777	\$ 13,259,907
Changes of assumptions	13,573,908	14,773,286
Net difference between projected and actual earnings on OPEB plan investments	-	1,188,907
Changes in proportion and differences between Employer contributions and proportionate share of contributions	3,315,703	5,268,372
Employer contributions subsequent to the measurement date	1,546,955	-
	<u>\$ 19,338,343</u>	<u>\$ 34,490,472</u>

Deferred outflows of resources related to OPEB resulting from ABOE contributions subsequent to the measurement date (\$1,546,955) will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2023.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 13. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

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

Year ended September 30:	
2023	\$ (5,422,582)
2024	(4,197,042)
2025	(4,707,466)
2026	(771,639)
2027	(481,781)
Thereafter	(1,118,574)

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of September 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Projected salary increases*	3.25% - 5.00%
Long-term investment rate of return**	7.00%
Municipal bond index rate at the measurement date	2.29%
Municipal bond index rate at the prior measurement date	2.25%
Projected year for Fiduciary Net Position (FNP) to be depleted	2051
Single equivalent interest rate at the measurement date	3.97%
Single equivalent interest rate at the prior measurement date	3.05%
Healthcare cost trend rate	
Pre-Medicare eligible	6.50%
Medicare eligible	***
Ultimate trend rate	
Pre-Medicare eligible	4.5% in 2028
Medicare eligible	4.5% in 2025

*Includes 2.75% wage inflation.

**Compounded annually, net of investment expense, and includes inflation.

***Initial Medicare claims are set based on scheduled increases through plan year 2022.

The rates of mortality are based on the Pub-2010 Public Mortality Plans Mortality Tables, adjusted generationally based on scale MP-2020, with an adjustment of 66 2/3% to the table beginning in year 2019. The mortality rates are adjusted forward and/or back depending on the plan and group covered, as shown in the table below.

<u>Group</u>	<u>Membership Table</u>	<u>Set Forward (+) / Setback(-)</u>	<u>Adjustment to Rates</u>
Active Members	Teacher Employee Below Median	None	65%
Service Retirees	Teacher Below Median	Male: +2 Female: +2	Male: 108% ages <63, 96% ages >67; Phasing down 63-67 Female: 112% ages <69 98% > age 74 Phasing down 69-74
Disabled Retirees	Teacher Disability	Male: +8 Female: +3	None
Beneficiaries	Teacher Contingent Survivor Below Median	Male: +2 Female: None	None

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 13. OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

The decremental assumptions used in the valuation were selected based on the actuarial experience study prepared as of September 30, 2020, submitted to, and adopted by the Teachers' Retirement System of Alabama Board on September 13, 2021. The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) were based on the September 30, 2020, valuation.

The long-term expected return on plan assets is to be reviewed as part of regular experience studies prepared every five years, in conjunction with similar analysis for the Teachers' Retirement System of Alabama. Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation), as developed for each major asset class. These ranges should be 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 then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The long-term expected rate of return on the OPEB plan investments is determined based on the allocation of assets by asset class and by the mean and variance of real returns.

The target asset allocation and best estimates of expected geometric real rates of return for each major asset class is summarized below:

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	30.00%	4.40%
U.S. Large Stocks	38.00%	8.00%
U.S. Mid Stocks	8.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	15.00%	9.50%
Cash	5.00%	1.50%
Total	100.00%	

*Geometric mean, includes 2.5% inflation

Discount Rate. The discount rate (also known as the Single Equivalent Interest Rate (SEIR), as described by GASB 74) used to measure the total OPEB liability was 3.97%. Premiums paid to the Public Education Employees' Health Insurance Board for active employees include an amount to partially fund the cost of coverage for retired employees. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made at the current contribution rates. Each year, the State specifies the monthly employer rate that participating school systems must contribute for each active employee. Currently, the monthly employer rate is \$800 per non-university active member. Approximately 12.990% of the employer contributions were used to assist in funding retiree benefit payments in 2021 and it is assumed that the 12.990% will increase at the same rate as expected benefit payments for the closed group reaching 20.00%. It is assumed the \$800 rate will increase with inflation at 2.50% starting in 2024. Retiree benefit payments for University members are paid by the Universities and are not included in the cash flow projections. The discount rate determination will use a municipal bond rate to the extent the Trust is projected to run out of money before all benefits are paid. Therefore, the projected future benefit payments for all current plan members were projected through 2119. The long-term rate of return is used until the assets are expected to be depleted in 2051, after which the municipal bond rate is used.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 13. OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

Sensitivity of the Auburn City Board of Education's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates. The following table presents the ABOE's proportionate share of the net OPEB liability of the Trust calculated using the current healthcare trend rate, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.50% decreasing to 3.50% for pre-Medicare, Known decreasing to 3.50% for Medicare eligible)	Current Healthcare Trend Rate (6.50% decreasing to 4.50% for pre-Medicare, Known decreasing to 4.50% for Medicare eligible)	1% Increase (7.50% decreasing to 5.50% for pre-Medicare, Known decreasing to 5.50% for Medicare eligible)
Board's proportionate share of collective net OPEB liability	\$ 29,906,958	\$ 38,113,929	\$ 48,687,816

The following table presents the ABOE's proportionate share of the net OPEB liability of the Trust calculated using the discount rate of 3.97%, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (2.97%)	Current Discount Rate (3.97%)	1% Increase (4.97%)
Board's proportionate share of collective net OPEB liability	\$ 46,881,818	\$ 38,113,929	\$ 31,081,114

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is in the Trust's financial statements for the fiscal year ended September 30, 2021. The supporting actuarial information is included in the GASB Statement No. 74 Report for PEEHIP prepared as of September 30, 2021. Additional financial and actuarial information is available at www.rsa-al.gov.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 14. WORKERS' COMPENSATION SELF-INSURANCE

The City has retained risk of loss for workers' compensation claims. These risks are accounted for as governmental activities of the primary government. The following is a schedule of changes in claims liabilities during the past two fiscal years:

	Fiscal Year	
	2022	2021
Unpaid claims, beginning of year	<u>\$ 1,162,796</u>	<u>\$ 712,767</u>
Incurred claims (including claims incurred but not reported at September 30):		
Provision for current year events where the City has retained risk of loss	477,390	219,704
Increases (decreases) in provision for prior year's events where the City has retained risk of loss	<u>239,228</u>	<u>602,606</u>
Total incurred claims	<u>716,618</u>	<u>822,310</u>
Payments:		
Claims attributable to current year events where the City has retained risk of loss	(216,356)	(68,752)
Claims attributable to prior years' events where the City has retained risk of loss	<u>(255,574)</u>	<u>(303,529)</u>
Total payments	<u>(471,930)</u>	<u>(372,281)</u>
Unpaid claims, end of year	<u><u>\$ 1,407,484</u></u>	<u><u>\$ 1,162,796</u></u>

Total liability for uninsured workers' compensation claims at September 30, 2022, is recorded as follows: \$35,732 is recorded as a current liability in the General Fund's current portion of long-term debt, unrestricted, and the long-term portion, \$1,371,752, along with the estimated liability for insured risks of \$106,945, is recorded in the primary government's governmental activities' long-term debt and other liabilities in the government-wide financial statements.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 15. MEDICAL SELF-INSURANCE

The City has chosen to retain risk of loss relating to medical claims of City employees and their covered dependents. These risks are accounted for in the General Fund. The following is a schedule of changes in medical claims liabilities during the past two fiscal years:

	Fiscal Year	
	2022	2021
Unpaid claims, beginning of year	\$ 335,597	\$ 546,164
Included claims (including claims incurred but not reported at September 30):		
Provision for current year events where the City has retained risk of loss	7,812,902	6,624,719
Increases (decreases) in provision for prior years' events where the City has retained risk of loss	(335,597)	(546,164)
Total incurred claims	7,477,305	6,078,555
Payments:		
Claims attributable to current year events where the City has retained risk of loss	(7,055,166)	(5,721,403)
Claims attributable to prior years' events where the City has retained risk of loss	(453,140)	(567,719)
Total payments	(7,508,306)	(6,289,122)
Unpaid claims, end of year (includes claims incurred but not reported)	\$ 304,596	\$ 335,597

The unpaid claims as of September 30, 2022, are reported in the General Fund.

NOTE 16. UNEMPLOYMENT COMPENSATION

The City of Auburn uses the reimbursement method of unemployment compensation. The actual amount paid in the fiscal year ended September 30, 2022, by the State (\$343) to individuals is reflected as an expense of the General Fund.

NOTE 17. AD VALOREM TAX COLLECTION EXPENSE

The City is charged a collection fee by the County Revenue Commissioner for the collection of the 26-mill ad valorem taxes and auto taxes. The following is a summary of taxes collected and related expenses for the year ended September 30, 2022:

Funds	Millage	Taxes Collected	Collection Fee	Reappraisal Costs	Net Received by the City
General Fund	5	\$ 6,758,896 *	\$ 152,428	\$ 92,887	\$ 6,513,581
Special 5-Mill Tax Fund	5	6,744,030 **	152,428	92,887	6,498,715
Special School Tax Fund	16	23,043,784	517,026	315,669	22,211,089
Property tax totals	26	\$ 36,546,710	\$ 821,882	\$ 501,443	\$ 35,223,385

* Includes taxes on mobile homes and is reduced by industrial tax exemptions.

** Reduced by industrial tax exemptions.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 18. INTERFUND RECEIVABLES AND PAYABLES

Primary government interfund receivables and payables for the year ended September 30, 2022, consist of the following:

<u>Amount</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Purpose</u>
\$ 918,742	General Fund	Nonmajor Governmental Funds	Provide cash flow for capital projects and grant programs

NOTE 19. INTERFUND TRANSFERS

The following is a schedule of interfund transfers for the year ended September 30, 2022:

	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
General Fund	\$ 4,844,379	\$ 118,279
2022 Capital Projects Fund	-	1,975,029
Nonmajor Governmental Funds	357,564	3,095,663
Total governmental activities	<u>5,201,943</u>	<u>5,188,971</u>
Major Proprietary Fund		
Sewer Fund	6,820	76,250
Nonmajor proprietary fund	111,458	55,000
Total business-type activities	<u>118,278</u>	<u>131,250</u>
Total primary government	<u>\$ 5,320,221</u>	<u>\$ 5,320,221</u>

Interfund transfers are reported in the governmental activities and business-type activities fund financial statements. Interfund transfers are eliminated in the government-wide financial statements.

Transfers are used to (1) move revenues from funds accounting for revenues with a restricted purpose to funds expending resources for the restricted purpose, (2) move receipts restricted to debt service from the funds collecting the receipts to the funds making the payments as debt service payments become due, and (3) use unrestricted revenues collected in various funds to finance programs accounted for in other funds in accordance with budgetary authorizations.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 20. INTRA-ENTITY TRANSACTIONS

The following schedules provide details of various transactions between the primary government and discretely presented component units.

A. Short-term receivables and payables

	Due To	Due From
Component Units		
Auburn City Board of Education	\$ -	\$ 1,927,169
Water Works Board	1,136,478	78,001
Primary Government		
General Fund	17,512	686,361
Special School Tax Fund	1,927,169	-
Sewer Fund	58,244	327,800
Nonmajor proprietary fund	2,245	122,317
Total	<u>\$ 3,141,648</u>	<u>\$ 3,141,648</u>

Amounts loaned from the City of Auburn to its component units represent reimbursements due for operating expenses, and repayment will be made from operating revenues in the next fiscal period.

B. Payments between the City and Component Units

	Appropriations To	Payments From
Primary Government		
General Fund	\$ -	\$ 19,967,929
Special School Tax Fund	-	17,241,922
Nonmajor governmental funds	-	75,000
Component Units		
Auburn City Board of Education	35,861,206	-
Industrial Development Board	1,100,000	-
Public Park and Recreation Board	323,645	-
Total	<u>\$ 37,284,851</u>	<u>\$ 37,284,851</u>

Payments from the City to its component units consist primarily of funding for routine operating expenses and debt service payments. The payments between the City and its component units do not balance in the fund financial statements due to a difference in the measurement focus and basis of accounting between governmental funds and proprietary-type component units.

The City appropriated \$35,861,206 to the Board of Education during the year, \$28,478,678 of which is reported as unrestricted appropriations from the City with the balance of \$7,382,528 reported as property tax revenue.

The City appropriated \$1,100,000 to the Industrial Development Board for various operating purposes, including industrial recruitment, commercial development, workforce development, and other general operating expenses.

In addition to the above scheduled payments, the City makes debt service payments on behalf of the Board of Education that are not recorded as payments to that component unit. The debt payments (including bond trustee fees) paid on behalf of the Board of Education and reflected in the City's financial statements as debt service expenditures totaled \$14,451,347.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 21. REPORTING OF FEDERAL GRANT LOAN REPAYMENT SPECIAL REVENUE FUND

To facilitate the reporting of special revenue funds, several special revenue funds with operations that are very similar in nature, have been combined and reported as a single fund in the combining and individual nonmajor fund financial statements.

In previous years, the City received various Housing Development Assistance Grant Program (HODAG) and Urban Development Action Grant (UDAG) federal grants which were used to make loans to private entities to be used for housing and business development activities within the City. As the City receives repayments from these loans, the repayments of funds may be expended for Title I eligible purposes. The City is using some of these repayments to make loans and grant incentives to private entities and individuals for further housing and business development activities. Loans made under contracts for the Micro-Loan Program and the Commercial and Industrial Loan Program will produce repayments which the City will use in the same manner as described above. Based on their related purposes and activities, the following special revenue funds are presented as a single fund entitled the Federal Grant Loan Repayment Fund: the Shelton Park UDAG Fund, the Revolving Loan Fund, the Affordable Housing Fund, the CDBG RLF Housing Rehab Loan Program Fund, the CDBG RLF Affordable Housing Loan Program Fund and the Section 108 Loan Program Fund.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 21. REPORTING OF FEDERAL GRANT LOAN REPAYMENT SPECIAL REVENUE FUND – CONTINUED

Selected financial information for the sub-funds of the Federal Grant Loan Repayment Fund for the current fiscal year is as follows:

	Shelton Park UDAG*	Revolving Loan*	Affordable Housing*	Housing Rehab Loan*	Affordable Housing Loan*	Section 108 Loan Program*	Total
Assets							
Cash and cash equivalents	\$ 40,996	\$ 1,024	\$ 49,195	\$ 1,297	\$ 311,552	\$ -	\$ 404,064
Investments	-	-	-	-	-	1,350,432	1,350,432
Receivables, net	-	-	-	-	-	1,049	1,049
Mortgages receivable	12,729	-	83,015	764,455	410,838	382,026	1,653,063
Restricted cash	-	-	-	-	-	75,867	75,867
Total assets	<u>53,725</u>	<u>1,024</u>	<u>132,210</u>	<u>765,752</u>	<u>722,390</u>	<u>1,809,374</u>	<u>3,484,475</u>
Liabilities and Fund Balance							
Liabilities:							
Accounts payable and accrued liabilities	-	-	24	280	206	-	510
Unearned revenue	13,179	-	83,064	764,455	410,844	369,502	1,641,044
Total liabilities	<u>13,179</u>	<u>-</u>	<u>83,088</u>	<u>764,735</u>	<u>411,050</u>	<u>369,502</u>	<u>1,641,554</u>
Fund balance:							
Restricted - social & economic	40,546	1,024	49,122	1,017	311,340	1,439,872	1,842,921
Total liabilities and fund balance	<u>53,725</u>	<u>1,024</u>	<u>132,210</u>	<u>765,752</u>	<u>722,390</u>	<u>1,809,374</u>	<u>3,484,475</u>
Revenues							
Program income	-	-	2,337	24,550	478,426	77,122	582,435
Interest	53	1	2,864	-	8,547	19,610	31,075
Net increase (decrease) in fair value of investments	-	-	-	-	-	2,043	2,043
Miscellaneous	-	-	36	-	207	-	243
Total revenues	<u>53</u>	<u>1</u>	<u>5,237</u>	<u>24,550</u>	<u>487,180</u>	<u>98,775</u>	<u>615,796</u>
Expenditures							
Economic development	-	-	-	-	-	10	10
Debt service - principal	-	-	-	-	-	179,000	179,000
Debt service - interest	-	-	-	-	-	65,519	65,519
Payments to component units	-	-	75,000	-	-	-	75,000
Total expenditures	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>244,529</u>	<u>319,529</u>
Excess (deficiency) of revenues over expenditures	<u>53</u>	<u>1</u>	<u>(69,763)</u>	<u>24,550</u>	<u>487,180</u>	<u>(145,754)</u>	<u>296,267</u>
Other financing sources (uses)							
Transfers in	-	-	-	-	-	65,519	65,519
Transfers out	-	-	-	(26,955)	(265,090)	-	(292,045)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,955)</u>	<u>(265,090)</u>	<u>65,519</u>	<u>(226,526)</u>
Net changes in fund balance	53	1	(69,763)	(2,405)	222,090	(80,235)	69,741
Fund balance, beginning of year	40,493	1,023	118,885	3,422	89,250	1,520,107	1,773,180
Fund balance, end of year	<u>\$ 40,546</u>	<u>\$ 1,024</u>	<u>\$ 49,122</u>	<u>\$ 1,017</u>	<u>\$ 311,340</u>	<u>\$ 1,439,872</u>	<u>\$ 1,842,921</u>

*Net of interfund eliminations.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 22. REPORTING OF PUBLIC SAFETY SUBSTANCE ABUSE SPECIAL REVENUE FUND

Beginning in fiscal year 2000, City management created the State Funded Seizures Special Revenue Fund for internal reporting purposes. The fund's purpose is to separately track police seizure revenues that are from state government sources. Because its operations are very similar in nature to those accounted for in the Public Safety Substance Abuse Special Revenue Fund, those activities have been combined and reported as a single fund in the basic financial statements. Selected financial information for the sub-funds of the Public Safety Substance Abuse Special Revenue Fund is shown below, net of interfund eliminations:

	State Funded Seizures	Public Safety Substance Abuse (other seizures)	Total
Assets			
Cash and cash equivalents	\$ 112,445	\$ 105,870	\$ 218,315
Prepaid items	1,200	2,333	3,533
Total assets	<u>113,645</u>	<u>108,203</u>	<u>221,848</u>
Liabilities and fund balance			
Unearned revenue	-	42,752	42,752
Fund balance			
Restricted - law enforcement	113,645	65,451	179,096
Total liabilities and fund balance	<u>113,645</u>	<u>108,203</u>	<u>221,848</u>
Revenues			
Contributions from the public	13,264	38,480	51,744
Interest	143	156	299
Total revenues	<u>13,407</u>	<u>38,636</u>	<u>52,043</u>
Expenditures			
Public safety	8,493	21,834	30,327
Capital outlay	-	24,402	24,402
Total expenditures	<u>8,493</u>	<u>46,236</u>	<u>54,729</u>
Excess (deficiency) of revenues over expenditures	4,914	(7,600)	(2,686)
Other financing sources (uses)			
Sale of surplus assets	-	7,600	7,600
Net changes in fund balances	4,914	-	4,914
Fund balance, beginning of year	108,731	65,451	174,182
Fund balance, end of year	<u>\$ 113,645</u>	<u>\$ 65,451</u>	<u>\$ 179,096</u>

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 23. REPORTING OF GENERAL FUND ACTIVITIES

For managerial accounting purposes, several activities reported in the City of Auburn's General Fund are recorded in sub-funds. Selected financial information for these various activities for the current fiscal year (as reflected in the governmental fund financial statements) is shown below, net of related eliminating entries:

	General Government Operations	Special Improvement Projects	Employee Benefit Risk Financing	General Liability Risk Financing	Total (Net of Eliminations)
Assets					
Cash and cash equivalents	\$ 7,849,264	\$ 1,922,793	\$ 678,081	\$ 417,207	\$ 10,867,345
Certificates of deposit	-	179,015	-	-	179,015
Investments	55,331,983	-	-	-	55,331,983
Receivables, net	14,317,659	74	30,470	-	14,348,203
Due from other funds	918,742	-	-	-	918,742
Due from component units	665,879	-	20,482	-	686,361
Inventories	331,257	-	-	-	331,257
Prepaid items	2,536,533	-	-	-	2,536,533
Restricted cash	343,491	-	-	-	343,491
Property for resale	4,131,127	-	-	-	4,131,127
Total assets	86,425,935	2,101,882	729,033	417,207	89,674,057
Liabilities					
Accounts payable and accrued liabilities	4,632,409	-	133,524	-	4,765,933
Due to component units	17,462	-	50	-	17,512
Customer deposits	235,705	-	-	-	235,705
Claims payable	-	-	304,596	82,677	387,273
Unearned revenue	794,467	2,058,188	-	-	2,852,655
Total liabilities	5,680,043	2,058,188	438,170	82,677	8,259,078
Fund balances					
Nonspendable					
Inventories	331,257	-	-	-	331,257
Prepaid items	2,536,533	-	-	-	2,536,533
Property for resale	4,131,127	-	-	-	4,131,127
Restricted					
Law enforcement	343,491	-	-	-	343,491
Committed					
Investments	1,277,849	-	-	-	1,277,849
Assigned					
General	26,823,900	6,591	-	-	26,830,491
Unassigned	51,297,480	36,281	(6,034,137)	664,607	45,964,231
Total fund balances	86,741,637	42,872	(6,034,137)	664,607	81,414,979
Total liabilities and fund balances	\$ 92,421,680	\$ 2,101,060	\$ (5,595,967)	\$ 747,284	\$ 89,674,057

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 23. REPORTING OF GENERAL FUND ACTIVITIES - CONTINUED

	General Government Operations	Special Improvement Projects	Employee Benefit Risk Financing	General Liability Risk Financing	Total (Net of Eliminations)
Revenues					
Sales and use taxes	\$ 58,557,684	\$ -	\$ -	\$ -	\$58,557,684
Occupational license fees	16,386,691	-	-	-	16,386,691
Motor fuel taxes	923,967	-	-	-	923,967
Lodging taxes	3,692,170	-	-	-	3,692,170
Rental and leasing taxes	975,941	-	-	-	975,941
Other taxes	396,022	-	-	-	396,022
Licenses and permits	16,913,634	-	-	-	16,913,634
General property tax	7,825,496	-	-	-	7,825,496
Charges for services	9,847,376	-	4,940,650	-	14,788,026
Fines and forfeitures	758,584	-	-	-	758,584
State shared taxes	6,799,048	-	-	-	6,799,048
Contributions from the public	634,200	303,709	-	-	937,909
Interest	633,209	3,128	1,409	367	638,113
Net increase (decrease) in fair value of investments	(2,438,609)	-	-	-	(2,438,609)
Miscellaneous	122,309	-	-	-	122,309
Total revenues	<u>122,027,722</u>	<u>306,837</u>	<u>4,942,059</u>	<u>367</u>	<u>127,276,985</u>
Expenditures					
General government and administration	6,642,902	-	-	-	6,642,902
Public works	4,474,985	-	-	-	4,474,985
Environmental services	1,923,449	-	-	-	1,923,449
Public safety	28,358,033	-	-	-	28,358,033
Library	2,516,357	-	-	-	2,516,357
Parks and recreation	6,563,005	-	-	-	6,563,005
Development services	5,542,398	-	-	-	5,542,398
Social and economic development	4,135,631	-	-	-	4,135,631
Human resources	1,138,226	-	8,322,290	-	9,460,516
Risk management	301,331	-	-	249,330	550,661
Total departmental	<u>61,596,317</u>	<u>-</u>	<u>8,322,290</u>	<u>249,330</u>	<u>70,167,937</u>
Non-departmental	2,654,908	-	-	-	2,654,908
Debt service:					
Administrative charges	1,470	-	-	-	1,470
Interest	1,858,131	3,402	1,916	-	1,863,449
Principal retirement	3,525,228	182,910	31,817	-	3,739,955
Capital outlay	19,639,507	97,677	-	-	19,737,184
Intergovernmental	1,510,752	-	-	-	1,510,752
Payments to component units	19,967,929	-	-	-	19,967,929
Total expenditures	<u>110,754,242</u>	<u>283,989</u>	<u>8,356,023</u>	<u>249,330</u>	<u>119,643,584</u>
Excess (deficiency) of revenues over expenditures	<u>11,273,480</u>	<u>22,848</u>	<u>(3,413,964)</u>	<u>(248,963)</u>	<u>7,633,401</u>

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 23. REPORTING OF GENERAL FUND ACTIVITIES - CONTINUED

	General Government Operations	Special Improvement Projects	Employee Benefit Risk Financing	General Liability Risk Financing	Total (Net of Eliminations)
Other financing sources (uses)					
Leases (as lessee)	289,279	-	-	-	289,279
Sale of surplus assets	20,372	-	-	-	20,372
Transfers in	4,784,378	-	-	60,000	4,844,378
Transfers out	(118,279)	-	-	-	(118,279)
Total other financing sources (uses)	4,975,750	-	-	60,000	5,035,750
Net changes in fund balances	16,249,230	22,848	(3,413,964)	(188,963)	12,669,151
Fund balances, beginning of year	70,492,407	20,024	(2,620,173)	853,570	68,745,828
Fund balances, end of year	<u>\$86,741,637</u>	<u>\$ 42,872</u>	<u>\$ (6,034,137)</u>	<u>\$ 664,607</u>	<u>\$ 81,414,979</u>

NOTE 24. COMMITMENTS, LITIGATION AND CONTINGENCIES

CITY OF AUBURN PRIMARY GOVERNMENT

Commitments - The City was committed under certain construction contracts for various general government projects. The aggregate amount of such commitments was \$34,660,695 as of September 30, 2022.

As of September 30, 2022, encumbered expenditures in governmental funds were as follows:

General Fund	\$ 1,348,179
Nonmajor Governmental Funds	800,230
Total governmental activities	<u>2,148,409</u>
Major Proprietary Fund	
Sewer Fund	168,558
Total primary government	<u>\$ 2,316,967</u>

The City contracts with Veolia Water North America Operating Services, LLC for the operation, management and maintenance of the City's publicly owned wastewater treatment facilities. The original contract, dated February 5, 2002, and amended November 16, 2010, was effective until January 1, 2020. The City approved a third amended and restated agreement with Veolia effective January 2, 2020, through January 1, 2030, with the same basic cost structure and operating fee calculation as the previous agreements. Under the agreement, the City pays for the cost of operations plus a management fee based on a percentage of the cost of operations. The operating fee is calculated annually based upon the facilities budget for the year and paid in monthly installments to Veolia. A true-up is conducted annually to adjust the budgeted payments to actual costs. During fiscal year 2022, the City paid Veolia \$1,953,218 to operate the wastewater facilities.

In September 2004, the City signed an agreement with Lee County, Alabama for the County to provide jail services to the City. In addition to a per inmate charge, the City agreed to assist the County with funding for its jail expansion project. The City agreed to make annual appropriations provided that the payments can be made from current revenues budgeted and appropriated for such purpose.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 24. COMMITMENTS, LITIGATION AND CONTINGENCIES – CONTINUED

Provided that this restriction is met, the following payments would be made to the County:

Fiscal Year	Appropriation
2023	\$ 356,706
2024	357,875
2025	358,818
Total	<u>\$ 1,073,399</u>

In July 2006, the City entered into a development, funding and cooperation agreement with Auburn University and the Public Park and Recreation Board of the City of Auburn. The agreement provided for the construction of a tennis facility on approximately 11.21 acres of City owned land to include both an Auburn City tennis facility and an Auburn University tennis facility. The costs for constructing the tennis facilities were paid from general obligation bonds and warrants. The entire complex is being leased by the City to the Park Board for a period of twenty years. The Park Board subleases the University tennis facility to Auburn University, also for a period of twenty years. The tennis complex was completed in August 2007.

Claims and Litigation - As of September 30, 2022, the City was not named defendant in any pending lawsuits.

In fiscal year 2022, the City expended \$548,033 in payment of claims and judgments and legal costs associated therewith. These expenditures are included in the General Fund as current expenditures for Risk Management.

Contingency: Audit of Federal and State Grants - The City received several federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements by grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, City Management believes such disallowances, if any, will be immaterial.

COMPONENT UNITS

Board of Education

Commitments

At September 30, 2022, the ABOE had nine remaining commitments on uncompleted contracts for various construction and development projects, which are being funded with proceeds from bonds issued by the City of Auburn or with allocations from the Alabama Public School and College Authority (PSCA), as follows:

	Project Authorization	Expended To Date	Remaining Commitment
Woodland Pines Elementary School (PSCA)	\$ 18,936,304	\$ 14,911,521	\$ 4,024,783
East Samford School Gym Replacement	8,237,710	8,014,008	223,702
ACS Master Plan 2028 - Warranty	80,529	-	80,529
Roofing projects at several schools	566,363	513,432	52,931
Duck Samford Improvements	1,058,447	585,710	472,737
Drake Improvements	2,745,920	965,100	1,780,820
Richland Playground	149,900	115,768	34,132
AJHS Card Reader	232,600	166,279	66,321
East Samford Card Reader	95,600	3,500	92,100
Total	<u>\$ 32,103,373</u>	<u>\$ 25,275,318</u>	<u>\$ 6,828,055</u>

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 24. COMMITMENTS, LITIGATION AND CONTINGENCIES – CONTINUED

Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds or the General Fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the ABOE expects such amounts, if any, to be immaterial.

The ABOE is involved in several ongoing legal matters. Although the outcome of these matters is not presently determinable and the amount of losses, if any, cannot be reasonably estimated, Board management and counsel believe that resolution of these matters will not have a material adverse effect on the financial condition of the Board.

Water Works Board

Commitments - The Water Works Board has commitments for construction projects in connection with system improvements totaling \$2,951,619 as of September 30, 2022.

The Board entered into an agreement with the City of Opelika Water Board effective on June 1, 1983, for the right to purchase water from Opelika. The agreement had two commitments. First, the agreement provided that the Auburn Board would pay its proportionate share of the debt service on Opelika's Series 1983 bonds, plus its share of the bond issue costs, and an initial capital contribution. Auburn has fulfilled all of these initial commitments. Second, Auburn would pay Opelika for the water it purchased based on its share of the production and transportation costs in relation to total production. In return for its payment of these amounts, Auburn's Board receives the right to purchase not greater than 3.6 million gallons of water per day. It is a 'take-or-pay' agreement with the first 138 million gallons annual amount set as a required minimum. The original agreement was set to expire in March of 2013; however, the Board approved the 20-year renewal (at no additional cost as set forth in the agreement) in October of 2012.

The Water Board also entered into an agreement in May 2011 to purchase water from Sandy Springs Farm II, LLC. The agreement included a land lease and permission to build and operate a well on property located on the farm. Construction was completed and Well No. 3 was placed in service May of 2012. The agreement includes a minimum annual purchase of 210,240,000 gallons per year at an initial rate of \$.50 per 1,000 gallons (\$105,120 per year), payable in monthly installments. This rate is subject to increase based on the Consumer Price Index and increased to \$.60 per 1,000 gallons (\$126,144) for the year ended September 30, 2022. The term of the agreement is twenty years, with six five-year extension options. Total water pumped in the 2022 fiscal year was 420,090,000 gallons with a total annual payment of \$252,054.

The Water Board entered into an agreement in August 2018 to purchase water from Auburn H2O, LLC. Construction was completed and Well No. 4 was placed in service in December of 2020. The agreement includes a minimum annual purchase of 438,000,000 gallons per year at an initial rate of \$.40 per 1,000 gallons (\$175,200 per year), payable in monthly installments. This rate is subject to increase based on the Consumer Price Index and increased to \$.42 per 1,000 gallons (\$183,960) for the year ended September 30, 2022. The term of the agreement is twenty-five years, with eleven five-year extension options. Total water pumped in the 2022 fiscal year was 738,349,900 gallons.

In October of 2003 the Water Board entered into a Safe Harbor Agreement along with Martin Marietta Materials, Inc., The City of Auburn, the State of Alabama, the U.S. Fish and Wildlife Service and other land owners along Chewacla Creek to provide for the protection of certain endangered species. The agreement lays out minimal water discharge, maintenance, testing and reporting along the Chewacla Creek stream bank and bed. The requirements are pursuant to the Safe Harbor Policy for the "enrolled properties" which include the Martin Marietta Quarry, where the Water Board has agreed upon rights to pump water directly from the quarry basin to Lake Ogletree. The Safe Harbor agreement is for 30 years and subject to changes as required by federal laws and the health of the aquatic community.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 24. COMMITMENTS, LITIGATION AND CONTINGENCIES – CONTINUED

Industrial Development Board

Commitments - As of September 30, 2022, the Industrial Development Board (IDB) was committed under certain construction contracts in the approximate amount of \$150,000. Additionally, various incentive packages were committed to fifteen companies as incentives to locate in Auburn or to expand existing operations. The incentives include property acquisition at discounted values; cash assistance for site preparation; relocation and training; rent subsidies; and tax abatements.

In a prior year, the IDB had committed approximately 13 +/- acres of property in Auburn Technology Park West to an industry for future expansion, if needed. The commitment expires in November 2023. In fiscal year 2021, the Board committed a 2 +/- acre lot in the Auburn Technology West to an existing industry for future expansion, if needed. In fiscal year 2022, a 5 +/- acre lot in the Auburn Technology Park West Annex was committed to an existing industry to use for a new location. No expiration date was stated for these commitments, and the estimated value of the incentives is approximately \$825,000.

In fiscal year 2021, the IDB committed \$50,000 to start a scholarship fund at a local community college to provide an additional benefit to students recruited into its Federation for Advanced Manufacturing Education program.

In fiscal year 2022, the IDB committed \$250,000 for improvements to an existing building to accommodate a new industry. Construction contracts totaling approximately \$242,000 were approved subsequent to September 30, 2022, and financing was obtained for \$250,000 to cover the costs. All work was completed prior to the date of these financial statements. Additionally, the IDB committed to provide a site in Auburn Technology Park west, to obtain financing to construct a facility of approximately 50,000 square feet for subsequent lease to the industry, and to provide site preparation and other incentives. The industry is temporarily located in an existing facility and these commitments are not expected to occur in the near future.

Contingencies - The IDB has received several state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements by grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, IDB management believes such disallowances, if any, will be immaterial.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 25. LANDFILL CLOSURE AND POSTCLOSURE CARE

State and federal laws and regulations require the City to place a final cover on its inert landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The City's landfill closed in fiscal year 2000. Post closure care costs are paid only after the date that the landfill stops accepting waste; the City reports these post closure care costs in governmental activities' long-term debt and other liabilities. There were no expenditures for landfill closure and post closure care during fiscal year 2022. The \$91,000 reported as landfill post closure care liability in the governmental activities' long-term debt and other liabilities at September 30, 2022, represents estimated costs of post closure care based on what it would cost to perform all post closure care in 2022. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

NOTE 26. TAX ABATEMENTS

Property Tax Abatements - The City of Auburn provides property tax abatements pursuant to the provisions of Act No. 92-599 enacted during the 1992 Regular Session of the Legislature of Alabama and now codified as Chapter 9B of Title 40 of the Code of Alabama (1975). Property tax abatements may be granted to an entity committing to a new project or major addition to an existing facility that equals the lesser of \$2 million or 30% of the original cost. Only certain NAICS codes qualify. Property taxes are abated by applying a reduced millage rate to the assessed value to determine the adjusted property tax due.

The City abates non-education ad valorem taxes and mortgage recording taxes, excluding those for the benefit of the East Alabama Medical Center or children's homes operated by Lee County, Alabama. The recipients of the tax abatements agree to take various development actions, including establishing and operating an industrial enterprise, installing and operating various machinery and personal property, and creating jobs. The City's property tax revenues were reduced by \$701,485 during the reporting period as a result of these agreements. The City has not made any commitments as part of the agreements other than to reduce property taxes. No other entity grants abatements for City of Auburn property taxes.

Prior to Act No. 92-599, the City of Auburn provided property tax abatements under Act No. 49-648 and Act No. 51-756. To encourage industrial development, the City entered into leases with certain companies where no part of the project would be subject to property taxes. The City's property tax revenues were reduced by \$10,113 during the reporting period as a result of the remaining active agreements. The City has no additional commitments as part of the agreements other than to reduce property taxes.

Sales and Use Tax Abatements - The City of Auburn provides sales and use tax abatements pursuant to the provisions of Act No. 92-599 enacted during the 1992 Regular Session of the Legislature of Alabama and now codified as Chapter 9B of Title 40 of the Code of Alabama (1975). Sales and use tax abatements may be granted to an entity committing to a new project or major addition to an existing facility that equals the lesser of \$2 million or 30% of the original cost. Only certain NAICS codes qualify. Sales and use taxes are abated by applying a reduced sales and use tax rate to the materials and/or equipment purchased. The City abates 8% of non-educational general sales and use taxes, and 3% of non-educational machinery in manufacturing sales and use taxes. The recipients of the tax abatements agree to take various development actions, including establishing and operating an industrial enterprise, installing and operating various machinery and personal property, and creating jobs. The City's sales and use tax revenues were reduced by \$11,266,748 during the reporting period as a result of these agreements. The City has not made any commitments as part of the agreements other than to reduce sales and use taxes. No other entity grants abatements for City of Auburn sales and use taxes.

The City of Auburn provides sales and use tax rebates through a commercial development incentive program pursuant to Amendment 772 to the Constitution of Alabama of 1901. A portion of sales and use taxes collected within a redeveloped area are rebated to an entity if certain development activities and improvements are performed, including façade enhancements, infrastructure improvements, and possible job creation. During the reporting period, \$1,618,599 was rebated under these agreements. The City's sales and use tax revenues were not reduced by this amount because the rebates were recorded as expenditures. The City has not made any commitments as part of the agreements other than to rebate a portion of sales and use taxes.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 26. TAX ABATEMENTS– CONTINUED

Sales and Lodging Tax Abatements - In fiscal year 2009, the City entered into an agreement with a commercial developer to provide for the use of future taxes to support the issuance of bonds for the purpose of constructing qualified public improvements as outlined in State of Alabama enabling legislation Chapter 99A and 99B, Title 11, Code of Alabama 1975. A portion of sales and lodging taxes (derived taxes) generated in this development is rebated to the developer to pay for debt service on the infrastructure improvements. During the reporting period, \$457,141 was rebated under this agreement. The City's sales and lodging tax revenues were not reduced by this amount because the rebates were recorded as expenditures. The City has not made any commitments as part of this agreement other than to rebate a portion of sales and use taxes and lodging tax. The agreement expires in 2039.

NOTE 27. SUBSEQUENT EVENTS

CITY OF AUBURN PRIMARY GOVERNMENT

The City has evaluated subsequent events through March 27, 2023, the date these financial statements were available to be issued.

Subsequent to September 30, 2022, the City Council approved various design and construction contracts totaling approximately \$26,396,000, professional services type contracts totaling approximately \$1,063,000, and equipment and computer software purchases totaling approximately \$5,107,000.

On November 15, 2022, the City Council authorized the payment of \$3,300,000 of American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds to East Alabama Health Care Authority (EAH) to reimburse EAH for payments made to contract medical staff when the hospital had staffing shortages during the COVID-19 pandemic.

On December 20, 2022, the City Council declared as surplus property a portion of the Indian Pines golf course land to sell to Auburn University and also approved a lease agreement with Auburn University. Relocation of six holes at the Indian Pines Golf Course is necessary to facilitate the expansion of the runway safety area for the Auburn University Regional Airport. The total cost of all proposed golf course improvements is \$6,799,000. Auburn University purchased 9.78 acres of the golf course needed for the runway extension for \$2,777,000 in February 2023. Payment from the sale of the property was split equally between the City of Auburn and the City of Opelika. The proceeds were passed to Indian Pines for the relocation project, leaving a deficiency of an estimated \$4,022,000 to complete all golf course improvements. The following governmental units and public corporations have agreed to contribute the following estimated amounts to Indian Pines for design, construction and any related borrowing costs to reconfigure the golf course: Auburn University \$470,000, Auburn-Opelika Tourism \$250,000, Indian Pines Recreation Authority \$500,000, Lee County Commission \$500,000, City of Opelika \$1,151,000 and City of Auburn \$1,151,000. Upon completion of a construction contract for the golf course improvements, the City of Auburn's contribution will be payable in five (5) equal installments of not less than \$230,200 beginning October 1, 2023 and ending no later than October 1, 2027.

On February 7, 2023, the City Council accepted a \$3,000,000 grant agreement with the United States Department of Housing and Urban Development (HUD) for expansion of the Auburn Center for Developing Industries (ACDI) complex to include new training, classroom and conference space for advanced manufacturing processes.

COMPONENT UNITS

Board of Education

On October 11, 2022, the Board approved the following: 1) owner-architect agreement in the amount of \$25,160 with LBYD, Inc. for engineering services related to the installation of the new scoreboard at Duck Samford Stadium, 2) program management contract in the amount of \$3,977,500 with TCU Consulting Services, LLC for services related to the construction of the second high school.

On November 8, 2022, the Board approved an owner-architect agreement with Perkins & Will for the second high school for \$5,089,687.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 27. SUBSEQUENT EVENTS – CONTINUED

On December 13, 2022, the Board approved the following: 1) a contract with D&J Enterprises for the gym demolition and site restoration project at East Samford School for \$230,834, 2) a purchase contract for 8 78-passenger buses from Transportation South in the amount of \$1,099,520, and 3) a purchase contract for 1 54-passenger bus from Transportation South in the amount of \$120,330.

On January 10, 2023, the Board approved the purchase of real estate at 647 Westview Drive for \$70,000.

On February 14, 2023, the Board approved the following: 1) Owner-engineer agreement with Gunn & Associates in the amount of \$60,000 for sports lighting upgrades at Auburn High School, 2) Owner-architect agreement with Barganier Davis Williams in the amount of \$108,000 for additions and alterations at Auburn High School's baseball and softball complex, and 3) Owner-architect agreement with Barganier Davis Williams in the amount of \$85,692 for a bathroom renovation and new exterior canopies, sidewalks and drives at East Samford School.

On March 14, 2023, the Board approved the following: 1) a contract with McCord Contract Floors in the amount \$239,880 for new carpet and installation at Auburn Early Education Center, 2) a contract with Huckaby Brothers Floor Covering in the amount of \$205,213 for new carpet and installation at Ogletree Elementary School and 3) a contract with Kirkley Floor Covering in the amount of \$74,816 for new carpet and installation at the Board's main office.

Water Works Board

Subsequent to September 30, 2022, the Board approved equipment purchases totaling approximately \$478,320.

Industrial Development Board

In November, 2022, the IDB signed a purchase agreement to acquire approximately 160 acres of property. The total purchase price is expected to be approximately \$2.8 million. A payment of \$100,000 earnest money was made towards the purchase, and closing is expected to take place by the earlier of 30 days written notice by the Board or December 31, 2023.

In January 2023, the IDB was notified by one of its tenants that they would cease operations and vacate the building the end of 2023. At September 30, 2022, the lease receivable for this tenant was \$5,392,273 and tenant continues to operate and to pay the monthly lease payments. The IDB has approved termination of the lease at such time as the tenant gives of their intended departure date, and the building is currently marketed for sale by the IDB.

Subsequent to September 30, 2022, an industry notified the IDB of its intention to exercise its option to purchase the property previously leased under an operating lease. The purchase price of the property was approximately \$3.8 million, and the IDB utilized approximately \$3.3 million of the proceeds to repay the mortgage on the property. Additionally, a ground lease was signed between the purchaser and the IDB to convey the property to the IDB, and the IDB will lease the property back to the company under a prepaid capital lease until an expansion of the building is complete. Remaining payments under the ground lease consist solely of a bargain-purchase option, which is minimal, and no payments have been received for the ground lease in fiscal year 2023. The purpose of the ground lease is to enable the company to qualify for certain incentives, which were also approved by the IDB.

In addition to the above ground lease, the IDB approved two additional ground leases subsequent to September 30, 2022, in order to enable the companies to qualify for certain incentives that were approved by the IDB.

In February 2023, the IDB committed approximately 38.4 acres in the Auburn Technology Park West and approximately 7.7 acres in the Auburn Technology Park West Annex to two separate industries as incentives for planned expansions. The value of the land incentives is estimated at approximately \$1.3 million and approximately \$550,000, respectively.

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 28. PRIOR PERIOD ADJUSTMENTS

During fiscal year 2022, the City recognized a prior period adjustment of \$203,987 in the government-wide financial statements to reverse a prior year capital outlay item that was originally recognized as construction in progress in a prior year but that was ultimately not capitalized in the current year.



City of Auburn

Required Supplementary Information



City of Auburn

CITY OF AUBURN, ALABAMA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years in which information is available.

	2021	2020	2019	2018	2017	2016	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$
Total pension liability								
Service cost	3,006,904	2,744,079	2,660,970	2,420,659	2,348,855	2,263,221	2,096,359	2,020,170
Interest	9,627,046	8,932,116	8,462,103	7,988,160	7,587,667	7,098,665	6,773,185	6,444,210
Changes of benefit terms	-	1,772,883	-	-	-	-	-	-
Differences between expected and actual experience	2,781,002	2,227,113	1,147,709	1,239,780	403,593	1,030,203	(201,519)	-
Changes of assumptions	5,444,804	-	-	650,117	-	3,582,969	-	-
Benefit payments, including refunds of employee contributions	(6,389,298)	(5,820,500)	(5,470,330)	(5,549,049)	(5,144,094)	(4,737,008)	(4,462,051)	(4,242,336)
Transfers among employers	(163,074)	(546,220)	(521,313)	35,394	174,097	137,570	-	-
Net change in total pension liability	14,307,384	9,309,471	6,279,139	6,785,061	5,370,118	9,375,620	4,205,974	4,222,044
Total pension liability - beginning	<u>128,221,222</u>	<u>118,911,751</u>	<u>112,632,612</u>	<u>105,847,551</u>	<u>100,477,433</u>	<u>91,101,813</u>	<u>86,895,839</u>	<u>82,673,795</u>
Total pension liability - ending (a)	<u>142,528,606</u>	<u>128,221,222</u>	<u>118,911,751</u>	<u>112,632,612</u>	<u>105,847,551</u>	<u>100,477,433</u>	<u>91,101,813</u>	<u>86,895,839</u>
Plan fiduciary net position								
Contributions - employer	3,721,336	3,434,151	3,192,281	2,886,965	2,895,132	2,934,254	2,827,895	2,602,824
Contributions - member	2,375,294	2,122,518	2,010,918	1,773,476	1,613,441	1,597,131	1,548,903	1,341,496
Net investment income	18,239,681	4,474,017	1,980,152	6,601,723	8,171,480	5,923,189	683,202	6,183,165
Benefit payments, including refunds of employee contributions	(6,389,298)	(5,820,500)	(5,470,330)	(5,549,049)	(5,144,094)	(4,737,008)	(4,462,051)	(4,242,336)
Transfers among employers	(163,074)	(546,220)	(521,313)	35,394	174,097	137,570	(66,372)	193,733
Net change in plan fiduciary net position	17,783,939	3,663,966	1,191,708	5,748,509	7,710,056	5,855,136	531,577	6,078,882
Plan net position - beginning	<u>82,364,347</u>	<u>78,700,381</u>	<u>77,508,673</u>	<u>71,760,164</u>	<u>64,050,108</u>	<u>58,194,972</u>	<u>57,663,395</u>	<u>51,584,513</u>
Plan net position - ending (b)	<u>100,148,286</u>	<u>82,364,347</u>	<u>78,700,381</u>	<u>77,508,673</u>	<u>71,760,164</u>	<u>64,050,108</u>	<u>58,194,972</u>	<u>57,663,395</u>
Net pension liability - ending a - b	42,380,320	45,856,875	40,211,370	35,123,939	34,087,387	36,427,325	32,906,841	29,232,444
Plan fiduciary net position as a percentage of the total pension liability	70.27%	64.24%	66.18%	68.82%	67.80%	63.75%	63.88%	66.36%
Covered payroll ⁽¹⁾	37,688,081	35,428,974	34,130,998	30,468,475	28,547,194	27,235,213	25,894,222	24,266,174
Net pension liability as a percentage of covered payroll	112.45%	129.43%	117.81%	115.28%	119.41%	133.75%	127.08%	120.47%

⁽¹⁾Employer's covered payroll during the measurement period is the total covered payroll. For FY2022 the measurement period is October 1, 2020 to September 30, 2021. GASB issued a statement "Pension Issues" in March 2016 to redefine covered payroll beginning with FY2017.

CITY OF AUBURN, ALABAMA
SCHEDULE OF EMPLOYER CONTRIBUTIONS

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years in which information is available.

	2022	2021	2020	2019	2018	2017	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$
Actuarially determined contributions ¹	4,050,144	3,657,108	3,391,662	3,175,036	2,755,194	2,854,621	2,818,007	2,704,775
Contributions in relation to the actuarially determined contribution ¹	4,050,144	3,657,108	3,391,662	3,175,036	2,755,194	2,854,621	2,818,007	2,704,775
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
Covered payroll ²	39,778,962	37,688,081	35,428,974	34,130,998	30,468,475	28,547,194	27,235,213	25,894,222
Contributions as a percentage of covered payroll	10.18%	9.70%	9.57%	9.30%	9.04%	10.00%	10.35%	10.45%

¹The amount of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments. The Schedule of Employer Contributions is based on the 12 month period of the underlying financial statement.

²Employer's covered payroll for FY2022 is the total covered payroll for the 12 month period of the underlying financial statement.

Notes to Schedule

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2022 were based on the September 30, 2019 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2021 to September 30, 2022:

- Actuarial cost method: entry age
- Amortization method: level percent closed
- Remaining amortization period: 26.2 years
- Asset valuation method: five year smoothed fair value
- Inflation: 2.75%
- Salary increases: 3.25 - 5.00%, including inflation
- Investment rate of return: 7.70%, net of pension plan investment expense, including inflation

CITY OF AUBURN, ALABAMA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years in which information is available.

	2022	2021	2020	2019	2018
	\$	\$	\$	\$	\$
Total OPEB Liability					
Service cost	326,932	179,809	110,213	102,701	106,479
Interest	146,213	146,594	131,779	152,194	130,523
Changes in assumptions	(1,103,919)	(13,916)	805,903	198,691	(113,656)
Differences between expected and actual experience	(899,054)	898,704	1,444,740	(327,559)	108,181
Benefit payments	(484,093)	(166,425)	(135,310)	(120,467)	(99,020)
Net change in total OPEB liability	(2,013,921)	1,044,766	2,357,325	5,560	132,507
Total OPEB Liability - beginning	7,085,594	6,040,828	3,683,503	3,677,943	3,545,436
Total OPEB Liability - ending	\$ 5,071,673	\$ 7,085,594	\$ 6,040,828	\$ 3,683,503	\$ 3,677,943
Covered employee payroll	31,556,851	32,993,358	31,095,990	32,124,486	27,910,274
Total OPEB liability as % of covered employee payroll	16.1%	21.5%	19.4%	11.5%	13.2%

Notes to Schedule:

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

2022	2021	2020	2019	2018
4.02%	2.43%	2.41%	3.58%	4.15%

No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4, to pay related benefits.



City of Auburn

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are operating funds used to account for the proceeds of specific revenue sources that are legally restricted for specific purposes other than special assessments or major capital projects.

Seven Cent Gas Tax Fund accounts for funds received from the State of Alabama and expended for street related projects.

Four and Five Cent Gas Tax Fund accounts for Auburn's share of the State of Alabama four and five cent gas tax revenues and expenditures for the resurfacing, restoration and rehabilitation of roads, bridges and streets.

Ten Cent Gas Tax Fund accounts for Auburn's share of the State of Alabama Rebuild Alabama Act revenues and expenditures for street and infrastructure related projects.

Municipal Court Judicial Administration Fund accounts for funds received from specific fines collected that are to be used for municipal court administration purposes.

Public Safety Substance Abuse Prevention Fund accounts for funds received from the U.S. Marshal and the State of Alabama to be used for enforcement of laws against drug trafficking.

Working Capital Interest Subsidy Program Fund accounts for the City's contribution to provide subsidy payments to cover interest on qualifying loans made to enable commercial enterprises to maintain business in the City during and following the effects of COVID-19 as allowed by Amendment 772 to the Constitution of Alabama of 1901.

Grants – General Activities Fund accounts for state and federal grants.

Community Development Block Grant Fund accounts for funds received from federal Community Development Block Grants and expended for approved community development projects.

Federal Grant Loan Repayment Fund accounts for mortgage revenue from grants provided by the U.S. Department of Housing and Urban Development used to fund Title I projects within the city.

Debt Service Funds

Debt Service Funds are used to account for the payment of principal and interest on long-term debt. Debt service revenues are from taxes and other operating revenues, some of which are pledged specifically to repay certain outstanding bond issues.

Special 5-Mill Tax Fund accounts for general property tax receipts used to pay principal and interest on bonds issued to finance projects approved by the voters.

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

West Tech Park Phase II Fund accounts for the revenue and expenditure of bonds issued by the City for the expansion of Auburn Technology Park West and other infrastructure projects.

2018 Public Safety Complex Fund accounts for the revenue and expenditure of general obligation warrants issued by the City for the construction of a new public safety complex for the City.

Wright Street Parking Deck Fund accounts for the revenue and expenditure of general obligation warrants issued for the construction of a new parking deck in downtown Auburn.

CITY OF AUBURN, ALABAMA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2022

Special Revenue Funds

	Seven Cent Gas Tax Fund	Four and Five Cent Gas Tax Fund	Ten Cent Gas Tax Fund	Municipal Court Judicial Admin Fund	Public Safety Substance Abuse Fund	Working Capital Int Subsidy Program Fund	Grants General Activities	Community Development Block Grant Fund	Federal Grant Loan Repayment Funds	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS										
Cash and cash equivalents	46,261	41,931	44,317	608,550	218,315	30,233	311,066	11,954	404,064	1,716,691
Investments	-	-	-	-	-	-	-	-	1,350,432	1,350,432
Receivables, net	16,327	12,988	41,699	42,351	-	-	319,515	213,767	1,049	647,696
Prepaid items	-	-	-	-	3,533	-	-	-	-	3,533
Mortgages receivable	-	-	-	-	-	-	-	-	1,653,063	1,653,063
Restricted cash	-	-	-	-	-	-	-	-	75,867	75,867
Total assets	62,588	54,919	86,016	650,901	221,848	30,233	630,581	225,721	3,484,475	5,447,282
LIABILITIES										
Accounts payable and accrued liabilities	-	-	-	20,414	-	-	103,738	18,540	510	143,202
Due to other funds	-	-	-	-	-	-	9,510	207,169	-	216,679
Unearned revenue	-	-	-	-	42,752	-	1,168	-	1,641,045	1,684,965
Total liabilities	-	-	-	20,414	42,752	-	114,416	225,709	1,641,555	2,044,846
Restricted										
Roads, bridges and streets	62,588	54,919	86,016	-	-	-	-	-	-	203,523
Law enforcement	-	-	-	630,487	179,096	-	-	-	-	809,583
General grants	-	-	-	-	-	-	516,165	-	-	516,165
Social and economic development	-	-	-	-	-	-	-	12	1,842,920	1,842,932
Capital projects	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Committed										
Interest Subsidy Program	-	-	-	-	-	30,233	-	-	-	30,233
Total fund balances	62,588	54,919	86,016	630,487	179,096	30,233	516,165	12	1,842,920	3,402,436
Total liabilities and fund balances	62,588	54,919	86,016	650,901	221,848	30,233	630,581	225,721	3,484,475	5,447,282

CITY OF AUBURN, ALABAMA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2022
CONTINUED

	Debt Service Fund	Capital Projects Funds				
	Special 5-Mill Tax Fund	West Tech Park Phase II Fund	2018 Public Safety Complex Fund	Wright Street Parking Deck Fund	Total	Total Nonmajor Governmental Funds
ASSETS	\$	\$	\$	\$	\$	\$
Cash and cash equivalents	3,386,452	286,494	153,221	-	439,715	5,542,858
Investments	6,188,423	-	-	-	-	7,538,855
Receivables, net	75,214	-	756	-	756	723,666
Prepaid items	-	-	-	-	-	3,533
Mortgages receivable	-	-	-	-	-	1,653,063
Restricted cash	-	-	953,915	-	953,915	1,029,782
Total assets	9,650,089	286,494	1,107,892	-	1,394,386	16,491,757
LIABILITIES						
Accounts payable and accrued liabilities	440	-	407,835	-	407,835	551,477
Due to other funds	-	-	702,062	-	702,062	918,741
Unearned revenue	-	-	-	-	-	1,684,965
Total liabilities	440	-	1,109,897	-	1,109,897	3,155,183
Restricted						
Roads, bridges and streets	-	-	-	-	-	203,523
Law enforcement	-	-	-	-	-	809,583
General grants	-	-	-	-	-	516,165
Social and economic development	-	-	-	-	-	1,842,932
Capital projects	-	286,494	(2,005)	-	284,489	284,489
Debt service	9,649,649	-	-	-	-	9,649,649
Committed						
Interest Subsidy Program	-	-	-	-	-	30,233
Total fund balances	9,649,649	286,494	116,421	-	284,489	13,455,000
Total liabilities and fund balances	9,650,089	286,494	1,226,318	-	1,394,386	16,610,183

CITY OF AUBURN, ALABAMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Special Revenue Funds

	Seven Cent Gas Tax Fund	Four and Five Cent Gas Tax Fund	Ten Cent Gas Tax Fund	Municipal Court Judicial Admin Fund	Public Safety Substance Abuse Fund	Working Capital Int Subsidy Program Fund	Grants General Activities	Community Development Block Grant Fund	Federal Grant Loan Repayment Funds	Total
Revenues	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
General property taxes	-	-	-	-	-	-	-	-	-	-
State shared taxes	185,917	147,065	468,838	-	-	-	-	-	-	801,820
Fines and forfeitures	-	-	-	110,932	-	-	-	-	-	110,932
Contributions from the public	-	-	-	-	51,744	-	-	-	-	51,744
Grants	-	-	-	-	-	-	1,912,936	1,296,408	-	3,209,344
Program income	-	-	-	-	-	-	-	-	582,435	582,435
Interest	73	61	110	715	299	41	-	-	31,074	32,373
Net increase (decrease) in fair value of investments	-	-	-	-	-	-	-	-	2,043	2,043
Miscellaneous	-	-	-	-	-	-	-	-	243	243
Total revenues	185,990	147,126	468,948	111,647	52,043	41	1,912,936	1,296,408	615,795	4,790,934
Expenditures										
General government and administration	-	-	-	657	-	-	-	-	-	657
Public works	-	-	-	-	-	-	1,000	-	-	1,000
Public safety	-	-	-	-	30,327	-	43,996	-	-	74,323
Library	-	-	-	-	-	-	894	-	-	894
Development services	-	-	-	-	-	-	49,985	-	-	49,985
Social and economic development	-	-	-	-	-	5,237	-	1,411,548	10	1,416,795
Total departmental	-	-	-	657	30,327	5,237	95,875	1,411,548	10	1,543,654
Non-departmental	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principal retirement	-	-	-	-	-	-	-	-	179,000	179,000
Interest	-	-	-	-	-	-	-	-	65,519	65,519
Administrative charges	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	24,402	-	1,840,121	111,374	-	1,975,897
Payments to component units	-	-	-	-	-	-	-	-	75,000	75,000
Total expenditures	-	-	-	657	54,729	5,237	1,935,996	1,522,922	319,529	3,839,070
Excess (deficiency) of revenues over expenditures	185,990	147,126	468,948	110,990	(2,686)	(5,196)	(23,060)	(226,514)	296,266	951,864
Other financing sources (uses)										
Sale of surplus assets	-	-	-	-	7,600	-	-	-	-	7,600
Transfers in	-	-	-	-	-	-	-	292,045	65,519	357,564
Transfers out	(180,000)	(138,000)	(475,000)	-	-	-	-	(65,519)	(292,045)	(1,150,564)
Total other financing sources (uses)	(180,000)	(138,000)	(475,000)	-	7,600	-	-	226,526	(226,526)	(785,400)
Net changes in fund balances	5,990	9,126	(6,052)	110,990	4,914	(5,196)	(23,060)	12	69,740	166,464
Fund balances, beginning of year	56,598	45,793	92,068	519,497	174,182	35,429	539,225	-	1,773,180	3,235,972
Fund balances, beginning, as restated	56,598	45,793	92,068	519,497	174,182	35,429	539,225	-	1,773,180	3,235,972
Fund balances, end of year	62,588	54,919	86,016	630,487	179,096	30,233	516,165	12	1,842,920	3,402,436

CITY OF AUBURN, ALABAMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022
CONTINUED

	Debt Service Fund	Capital Projects Funds				Total Nonmajor Governmental Funds
	Special 5-Mill Tax Fund	West Tech Park Phase II Fund	2018 Public Safety Complex Fund	Wright Street Parking Deck Fund	Total	
Revenues	\$	\$	\$	\$	\$	\$
General property taxes	6,744,030	-	-	-	-	6,744,030
State shared taxes	-	-	-	-	-	801,820
Fines and forfeitures	-	-	-	-	-	110,932
Contributions from the public	-	-	-	-	-	51,744
Grants	-	-	-	-	-	3,209,344
Program income	-	-	-	-	-	582,435
Interest	73,500	365	5,993	332	6,690	112,563
Net increase (decrease) in fair value of investments	(247,215)	-	20	-	20	(245,152)
Miscellaneous	-	-	-	-	-	243
Total revenues	6,570,315	365	6,013	332	6,710	11,367,959
Expenditures						
General government and administration	-	-	-	-	-	657
Public works	-	-	-	-	-	1,000
Public safety	-	-	-	-	-	74,323
Library	-	-	-	-	-	894
Development services	-	-	-	-	-	49,985
Social and economic development	-	-	-	-	-	1,416,795
Total departmental	-	-	-	-	-	1,543,654
Non-departmental	245,327	-	-	-	-	245,327
Debt service:						
Principal retirement	1,130,000	-	-	-	-	1,309,000
Interest	4,844,977	-	-	-	-	4,910,496
Administrative charges	825	-	-	-	-	825
Capital outlay	-	-	118,426	-	118,426	2,094,323
Payments to component units	-	-	-	-	-	75,000
Total expenditures	6,221,129	-	118,426	-	118,426	10,178,625
Excess (deficiency) of revenues over expenditures	349,186	365	(112,413)	332	(111,716)	1,189,334
Other financing sources (uses)						
Sale of surplus assets	-	-	-	-	-	7,600
Transfers in	-	-	-	-	-	357,564
Transfers out	-	-	(702,062)	(1,243,038)	(1,945,100)	(3,095,664)
Total other financing sources (uses)	-	-	(702,062)	(1,243,038)	(1,945,100)	(2,730,500)
Net changes in fund balances	349,186	365	(814,475)	(1,242,706)	(2,056,816)	(1,541,166)
Fund balances, beginning of year	9,300,463	286,129	812,470	1,242,706	2,341,305	14,877,740
Fund balances, beginning, as restated	9,300,463	286,129	812,470	1,242,706	2,341,305	14,877,740
Fund balances, end of year	9,649,649	286,494	(2,005)	-	284,489	13,336,574

CITY OF AUBURN, ALABAMA
SEVEN CENT GAS TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues	\$	\$	\$	\$
State shared taxes	153,000	174,000	185,916	11,916
Interest	100	100	73	(27)
Total revenues	153,100	174,100	185,989	11,889
Other financing uses				
Transfers out	(153,000)	(180,000)	(180,000)	-
Net changes in fund balances	100	(5,900)	5,989	11,889
Fund balances, beginning of year	56,598	56,598	56,598	-
Fund balances, end of year	56,698	50,698	62,587	11,889

CITY OF AUBURN, ALABAMA
FOUR AND FIVE CENT GAS TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues	\$	\$	\$	\$
State shared taxes	123,000	133,000	147,064	14,064
Interest	100	100	61	(39)
Total revenues	123,100	133,100	147,125	14,025
Other financing uses				
Transfers out	(123,000)	(138,000)	(138,000)	-
Net changes in fund balances	100	(4,900)	9,125	14,025
Fund balances, beginning of year	45,793	45,793	45,793	-
Fund balances, end of year	45,893	40,893	54,918	14,025

CITY OF AUBURN, ALABAMA
TEN CENT GAS TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues	\$	\$	\$	\$
State shared taxes	406,250	435,000	468,837	33,837
Interest	100	100	110	10
Total revenues	406,350	435,100	468,947	33,847
Other financing uses				
Transfers out	(375,000)	(475,000)	(475,000)	-
Net changes in fund balances	31,350	(39,900)	(6,053)	33,847
Fund balances, beginning of year	92,068	92,068	92,068	-
Fund balances, end of year	123,418	52,168	86,015	33,847

CITY OF AUBURN, ALABAMA
MUNICIPAL COURT JUDICIAL ADMINISTRATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues	\$	\$	\$	\$
Fines and forfeitures	135,000	135,000	110,933	(24,067)
Interest	2,000	500	715	215
Total revenues	137,000	135,500	111,648	(23,852)
Expenditures				
General government and administration	-	700	657	(43)
Total expenditures	-	700	657	(43)
Excess (deficiency) of revenues over expenditures	137,000	134,800	110,991	(23,809)
Net changes in fund balances	137,000	134,800	110,991	(23,809)
Fund balances, beginning of year	519,497	519,497	519,497	-
Fund balances, end of year	656,497	654,297	630,488	(23,809)

CITY OF AUBURN, ALABAMA
PUBLIC SAFETY SUBSTANCE ABUSE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues	\$	\$	\$	\$
Contributions from the public	27,500	27,500	51,744	24,244
Interest	1,350	1,350	299	(1,051)
Total revenues	28,850	28,850	52,043	23,193
Expenditures				
Public safety	10,200	10,200	30,327	(20,127)
Capital outlay	29,000	29,000	24,402	4,598
Total expenditures	39,200	39,200	54,729	(15,529)
Excess (deficiency) of revenues over expenditures	(10,350)	(10,350)	(2,686)	7,664
Other financing sources				
Sale of surplus assets	4,500	4,500	7,600	3,100
Net changes in fund balances	(5,850)	(5,850)	4,914	10,764
Fund balances, beginning of year	174,182	174,182	174,182	-
Fund balances, end of year	168,332	168,332	179,096	10,764

CITY OF AUBURN, ALABAMA
SPECIAL 5-MILL TAX DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues	\$	\$	\$	\$
General property tax	6,530,595	6,744,900	6,744,030	(870)
Interest	12,000	8,500	73,500	65,000
Net increase (decrease) in fair value of investments	-	-	(247,215)	(247,215)
Total revenues	6,542,595	6,753,400	6,570,315	(183,085)
Expenditures				
Non-departmental	214,000	248,000	245,327	2,673
Debt service:				
Principal retirement	1,130,000	1,130,000	1,130,000	-
Interest	4,844,981	4,844,981	4,844,976	5
Administrative charges	1,650	1,650	825	825
Total expenditures	6,190,631	6,224,631	6,221,128	3,503
Excess (deficiency) of revenues over expenditures	351,964	528,769	349,187	(179,582)
Net changes in fund balances	351,964	528,769	349,187	(179,582)
Fund balances, beginning of year	9,300,463	9,300,463	9,300,463	-
Fund balances, end of year	9,652,427	9,829,232	9,649,650	(179,582)

Nonmajor Component Units

Public Park and Recreation Board

In October of 1990, the Auburn City Council authorized the establishment of a park and recreation board, primarily for the purpose of advising the Council concerning proposed recreation projects and acquiring such recreation facilities as may be deemed to be in the public interest.

All three Board members are appointed by the City Council, which maintains a significant degree of control over the Board's officials. The City exercises total control over budgetary adoption requests and revisions and has responsibility for funding deficits and operating deficiencies of the Board. The Public Park and Recreation Board is a proprietary fund type or business-type activity.

This component unit currently accounts for the operation of the Yarbrough Tennis Center, which opened in July 2007.

Auburn Downtown Redevelopment Authority

The Auburn Downtown Redevelopment Authority was incorporated in February of 1985 and all members are appointed by the City Council. It was established in order to aid in the revitalization and improvement of the central downtown business district. The Authority is charged with promoting the public good and general welfare, trade, commerce, industry, and employment opportunities, as well as creating a climate favorable to the location of new industry, trade and commerce, and the development of existing industry, trade and commerce.

The City invested funds into the Authority to facilitate the redevelopment of downtown property. The Authority must repay the City, which indicates a financial benefit burden relationship, as the City is legally entitled to the Authority's resources. The Auburn Downtown Redevelopment Authority is presented as a proprietary fund type or business-type activity



City of Auburn

CITY OF AUBURN, ALABAMA
DISCRETELY PRESENTED BUSINESS-TYPE NONMAJOR COMPONENT UNITS
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2022

	Public Park and Recreation Board	Downtown Redevelopment Authority	Total
	\$	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	774	-	774
Receivables, net	18,650	-	18,650
Current portion of net investment in capital leases	-	53,635	53,635
Other current assets	3,424	-	3,424
Total current assets	22,848	53,635	76,483
Noncurrent assets			
Net investment in capital leases, net of current portion	-	1,103,655	1,103,655
Capital assets, net of accumulated depreciation	2,911,850	-	2,911,850
Total noncurrent assets	2,911,850	1,103,655	4,015,505
Total assets	2,934,698	1,157,290	4,091,988
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	66,276	-	66,276
OPEB related	14,308	-	14,308
Total deferred outflows of resources	80,584	-	80,584
LIABILITIES			
Current liabilities			
Accounts payable and other accrued liabilities	45,385	-	45,385
Current portion of long-term debt	-	53,635	53,635
Total current liabilities	45,385	53,635	99,020
Noncurrent liabilities			
Long-term debt and other liabilities	-	1,103,655	1,103,655
Net pension liability	167,620	-	167,620
Net OPEB liability	27,850	-	27,850
Total noncurrent liabilities	195,470	1,103,655	1,299,125
Total liabilities	240,855	1,157,290	1,398,145
DEFERRED INFLOWS OF RESOURCES			
Pension related	33,464	-	33,464
OPEB related	14,032	-	14,032
Total deferred inflows of resources	47,496	-	47,496
NET POSITION			
Net investment in capital assets	2,911,850	-	2,911,850
Unrestricted (deficit)	(184,919)	-	(184,919)
Total net position	2,726,931	-	2,726,931

CITY OF AUBURN, ALABAMA
DISCRETELY PRESENTED BUSINESS-TYPE NONMAJOR COMPONENT UNITS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER, 30 2022

	Public Park and Recreation Board	Downtown Redevelopment Authority	Total
	\$	\$	\$
Operating revenues			
Tennis center revenue	169,770	-	169,770
Miscellaneous	77,558	-	77,558
Total operating revenues	247,328	-	247,328
Operating expenses			
Salaries and wages	272,609	-	272,609
Employee benefits	71,184	-	71,184
Repairs and maintenance	72,123	-	72,123
Utilities	129,767	-	129,767
Rentals and leasing	1,548	-	1,548
Insurance	6,848	-	6,848
Office supplies	564	-	564
Professional services	7,538	-	7,538
Agricultural and chemical supplies	1,372	-	1,372
Depreciation/amortization	328,526	-	328,526
Minor equipment and tools	32,050	-	32,050
Miscellaneous	30	-	30
Total operating expenses	924,159	-	924,159
Operating income (loss)	(676,831)	-	(676,831)
Non-operating revenues (expenses)			
Interest and investment earnings	4	21,202	21,206
Appropriations from the City of Auburn	323,645	-	323,645
Interest and fiscal charges	-	(21,202)	(21,202)
Total non-operating revenues (expenses)	323,649	-	323,649
Change in net position	(353,182)	-	(353,182)
Net position--beginning of year	3,080,113	-	3,080,113
Net position--end of year	2,726,931	-	2,726,931

CITY OF AUBURN, ALABAMA
DISCRETELY PRESENTED BUSINESS-TYPE NONMAJOR COMPONENT UNITS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Public Park and Recreation Board	Downtown Redevelopment Authority	Total
	\$	\$	\$
Cash flows from operating activities			
Cash collected from customers	256,024	-	256,024
Payments to suppliers for goods and services	(237,332)	-	(237,332)
Payments to employees for services	(341,717)	-	(341,717)
Net cash provided (consumed) by operating activities (A)	(323,025)	-	(323,025)
Cash flows from noncapital financing activities			
Operating transfers in	323,645	-	323,645
Net cash provided (consumed) by noncapital financing activities	323,645	-	323,645
Cash flows from capital and related financing activities			
Interest and fiscal fees paid	-	(21,202)	(21,202)
Net cash provided (consumed) by capital and related financing activities	-	(21,202)	(21,202)
Cash flows from investing activities			
Interest on investments	4	21,202	21,206
Net cash provided (consumed) by investing activities	4	21,202	21,206
Net increase (decrease) in cash	624	-	624
Cash and cash equivalents, beginning of year	150	-	150
Cash and cash equivalents, end of year	774	-	774

Reconciliation of operating income (loss) to net cash provided (consumed) by operating activities (A):

Operating income (loss)	(676,831)	-	(676,831)
Add:			
Depreciation/amortization expense	328,526	-	328,526
Decrease in accounts receivable	8,696	-	8,696
Increase in accounts payable/accrued liabilities	14,507	-	14,507
Decrease in OPEB related deferred outflows	3,707	-	3,707
Increase in pension related deferred inflows	29,706	-	29,706
Increase in OPEB related deferred inflows	12,396	-	12,396
Less:			
Increase in deferred pension contributions	(14,283)	-	(14,283)
Decrease in OPEB liability	(15,113)	-	(15,113)
Decrease in pension related liabilities	(14,336)	-	(14,336)
Net cash provided (consumed) by operating activities	(323,025)	-	(323,025)



City of Auburn

Capital Assets Used in the Operation of Governmental Funds

These schedules present supplementary information on capital assets by source, function and activity. In addition, the changes in capital assets from the prior fiscal year are presented by function and activity.



City of Auburn

CITY OF AUBURN, ALABAMA
CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
AS OF SEPTEMBER 30, 2022

Governmental funds capital assets	\$
Land, buildings and improvements	124,563,120
Construction in progress	31,229,313
Heavy equipment	4,149,553
Office equipment	7,976,955
Right-to-use leased assets - office equipment	289,279
Small tools and equipment	2,439,320
Vehicles	13,150,787
Infrastructure	276,409,974
Total governmental funds capital assets	<u>460,208,301</u>
Investment in governmental funds capital assets by source	
General fund revenues	271,109,570
Capital projects funds	123,111,501
Federal grants	21,583,096
State grants	237,711
Special revenue fund revenues	2,919,890
Donations	3,560,193
Special assessments	27,800
Enterprise fund revenues	1,216,935
Unclassified	36,441,605
Total investment in governmental funds capital assets	<u>460,208,301</u>

CITY OF AUBURN, ALABAMA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
AS OF SEPTEMBER 30, 2022

Function and Activity	Total	Land, Buildings & Improvements	Easements	Construction in Progress	Heavy Equipment	Office Equipment
	\$	\$	\$	\$	\$	\$
General government and administration						
Information technology	4,548,153	33,891	-		44,608	2,545,776
Geographical information systems	606,617	14,835	-	-	-	189,988
Judicial	312,230	-	-	-	-	-
Administrative	795,000	776,772	-	-	-	9,889
Finance	1,545,935	6,272	-	-	-	30,456
Total general government and administration	7,807,935	831,770	-	-	44,608	2,776,109
Public works administration	303,494,462	6,128,318	7,659,556	24,217,872	1,344,031	8,555
Environmental services	3,394,163	2,819,764	-	-	90,577	12,251
Public safety administration	38,909,427	37,658,533	-	-	-	689,101
Fire	10,167,967	4,033,408	-	42,067	1,524,469	130,779
Police	5,323,830	129,815	-	-	7,795	174,001
Development services ¹	11,699,943	1,745,615	-	316,660	265,993	116,336
Library	5,922,852	5,630,865	-	-	-	255,049
Parks and recreation	39,330,377	26,232,212	-	4,756,699	872,080	10,350
Human resources	1,170,227	932,676	-	-	-	17,882
Social and economic development ²	8,268,262	6,278,991	-	1,896,015	-	27,429
Total departmental	435,489,445	92,421,967	7,659,556	31,229,313	4,149,553	4,217,842
Nondepartmental	24,718,856	24,481,597	-	-	-	-
Total governmental funds capital assets	460,208,301	116,903,564	7,659,556	31,229,313	4,149,553	4,217,842

¹ Development services includes the following departments : engineering services, planning services and inspection services.

² Social and economic development includes the following departments : social and economic development and community services.

CITY OF AUBURN, ALABAMA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
AS OF SEPTEMBER 30, 2022
CONTINUED

Function and Activity	Right-to-Use Office Equipment	Software	Small Tools and Equipment	Vehicles	Infrastructure
	\$	\$	\$	\$	\$
General government and administration					
Information technology	-	932,584	80,140	67,120	844,034
Geographical information systems	-	401,794	-	-	-
Judicial	9,037	303,193	-	-	-
Administrative	8,339	-	-	-	-
Finance	-	1,485,262	-	23,945	-
Total general government and administration	17,376	3,122,833	80,140	91,065	844,034
Public works administration	-	-	299,794	2,103,445	261,732,891
Environmental services	-	-	89,647	381,924	-
Public safety administration	14,706	365,956	11,486	28,319	141,326
Fire	-	-	793,004	3,644,240	-
Police	-	75,748	211,699	4,724,772	-
Development services ¹	17,774	-	227,989	1,164,650	7,844,926
Library	-	-	-	31,308	5,630
Parks and recreation	6,201	-	689,735	938,615	5,824,485
Human resources	-	194,576	-	25,093	-
Social and economic development ²	6,189	-	25,600	17,356	16,682
Total departmental	62,246	3,759,113	2,429,094	13,150,787	276,409,974
Nondepartmental	227,033	-	10,226	-	-
Total governmental funds capital assets	289,279	3,759,113	2,439,320	13,150,787	276,409,974

¹ Development services includes the following departments : engineering services, planning services and inspection services.

² Social and economic development includes the following departments : social and economic development and community services.

CITY OF AUBURN, ALABAMA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
AS OF SEPTEMBER 30, 2022

	Governmental Funds Capital Assets September 30, 2021	Transfers/ Additions	Transfers/ Deductions	Governmental Funds Capital Assets September 30, 2022
	\$	\$	\$	\$
General government and administration				
Information technology	4,084,392	1,060,384	(596,623)	4,548,153
Geographical information systems	640,365	10,395	(44,143)	606,617
Judicial	303,193	9,037	-	312,230
Administrative	786,661	8,339	-	795,000
Finance	1,545,935	-	-	1,545,935
Total general government and administration	7,360,546	1,088,155	(640,766)	7,807,935
Public works administration	269,415,757	34,133,012	(54,307)	303,494,462
Environmental services	3,621,008	-	(226,845)	3,394,163
Public safety administration	38,218,107	894,099	(202,779)	38,909,427
Fire	7,939,397	3,750,403	(1,521,833)	10,167,967
Police	4,773,019	685,288	(134,477)	5,323,830
Development services ¹	9,439,769	2,260,174	-	11,699,943
Library	5,798,389	124,463	-	5,922,852
Parks and recreation	42,026,545	2,191,644	(4,887,812)	39,330,377
Human resources	1,158,996	11,231	-	1,170,227
Social and economic development ²	2,742,116	5,526,146	-	8,268,262
Total departmental	392,493,649	50,664,615	(7,668,819)	435,489,445
Nondepartmental	24,489,574	229,282	-	24,718,856
Total governmental funds capital assets	416,983,223	50,893,897	(7,668,819)	460,208,301

¹ Development services includes the following departments : engineering services, planning services and inspection services.

² Social and economic development includes the following departments : social and economic development and community services.

STATISTICAL SECTION

This section of the City of Auburn's annual comprehensive financial report presents detailed information about the government's economic condition. This section aids in understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends – Tables 1-5.....	192
<i>These schedules contain trend information to help the reader understand and assess how the government's financial position has changed over time.</i>	
Revenue Capacity – Tables 6-8.....	199
<i>These schedules contain information to help the reader assess the government's most significant revenue source, sales tax.</i>	
Debt Capacity – Tables 9-13	200
<i>These schedules contain information to help the reader assess the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information – Tables 14-15.....	203
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information – Tables 16-18.....	204
<i>These schedules contain information to help the reader understand the government's operations and resources.</i>	

Sources: Unless otherwise noted, the information in this section is derived from the annual comprehensive financial reports for the relevant year.

Table 1

City of Auburn

Net Position by Activity Type

Last Ten Fiscal Years

	2013	2014	2015	2016	2017
	\$	\$	\$	\$	\$
Primary government - governmental activities					
Net investment in capital assets	100,145,164	110,178,706	118,307,151	149,544,640	172,516,412
Restricted	12,142,108	10,706,845	92,735,176	67,163,363	47,557,073
Unrestricted ⁽¹⁾	(64,934,181)	(55,679,045)	(156,555,646)	(160,132,588)	(161,544,320)
Total governmental activities net position	47,353,091	65,206,506	54,486,681	56,575,415	58,529,165
Primary government - business-type activities					
Net investment in capital assets	29,798,149	33,236,208	37,097,393	40,247,221	41,989,278
Restricted	-	648,195	1,970,849	509,425	2,266,933
Unrestricted	7,194,747	7,361,470	5,291,163	7,353,032	8,323,217
Total business-type activities net position	36,992,896	41,245,873	44,359,405	48,109,678	52,579,428
Total primary government					
Net investment in capital assets	129,943,313	143,414,914	155,404,544	189,791,861	214,505,690
Restricted	12,142,108	11,355,040	94,706,025	67,672,788	49,824,006
Unrestricted ⁽¹⁾	(57,739,434)	(48,317,575)	(151,264,483)	(152,779,556)	(153,221,103)
Total primary government net position	84,345,987	106,452,379	98,846,086	104,685,093	111,108,593

⁽¹⁾ Please see the Net Position section of Management's Discussion and Analysis for details of negative unrestricted net position, including the large increase in 2015.

Table 1

City of Auburn

Net Position by Activity Type

Last Ten Fiscal Years

Continued

	2018	2019	2020	2021	2022
	\$	\$	\$	\$	\$
Primary government - governmental activities					
Net investment in capital assets	187,712,319	204,319,205	219,751,610	238,127,410	243,667,658
Restricted	37,759,824	40,216,858	57,672,793	64,086,025	65,192,820
Unrestricted ⁽¹⁾	(155,137,517)	(145,725,727)	(174,068,887)	(182,144,382)	(156,537,785)
Total governmental activities net position	70,334,626	98,810,336	103,355,516	120,069,053	152,322,693
Primary government - business-type activities					
Net investment in capital assets	46,067,480	47,934,317	51,637,747	55,737,271	59,196,287
Restricted	2,266,933	3,501,441	3,711,650	2,098,948	3,419,134
Unrestricted	6,802,829	8,028,390	9,987,580	11,594,746	12,637,820
Total business-type activities net position	55,137,242	59,464,148	65,336,977	69,430,965	75,253,241
Total primary government					
Net investment in capital assets	233,779,799	252,253,522	271,389,357	293,864,681	302,863,945
Restricted	40,026,757	43,718,299	61,384,443	66,184,973	68,611,954
Unrestricted ⁽¹⁾	(148,334,688)	(137,697,337)	(164,081,307)	(170,549,636)	(143,899,965)
Total primary government net position	125,471,868	158,274,484	168,692,493	189,500,018	227,575,934

⁽¹⁾ Please see the Net Position section of Management's Discussion and Analysis for details of negative unrestricted net position, including the large increase in 2015.

Table 2
City of Auburn
Changes in Net Position
Last Ten Fiscal Years

Expenses	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governmental activities:										
General government and administration	7,292,682	7,986,358	8,880,442	9,009,933	9,943,090	9,610,859	9,111,307	11,211,997	13,125,800	11,191,159
Public works	7,212,310	7,253,198	7,600,358	8,743,085	9,360,886	8,763,899	8,107,414	9,603,058	9,696,921	10,490,344
Environmental services	2,097,261	2,180,362	2,201,278	2,272,010	2,392,134	2,670,295	1,580,881	1,793,232	1,790,534	1,957,252
Public safety	18,470,037	19,036,443	19,363,905	20,189,149	21,414,563	23,779,334	24,731,609	25,068,120	27,140,426	30,354,172
Library	1,708,144	1,684,288	1,770,379	1,845,480	1,954,493	2,093,484	2,451,281	2,574,545	2,426,778	2,699,844
Parks and recreation	5,520,692	5,861,786	6,207,847	6,389,142	6,826,158	7,046,091	7,251,125	6,872,513	7,205,293	8,128,256
Development services ⁽¹⁾	635,202	669,831	583,137	594,714	768,847	786,636	5,520,532	5,723,548	5,606,773	5,959,730
Social and economic development	7,206,018	6,056,184	4,624,506	5,370,638	4,766,718	6,044,055	6,731,103	6,781,786	7,537,644	8,239,594
Human resources	725,083	755,927	742,752	2,244,797	2,341,425	2,422,500	6,754,450	6,736,121	8,458,394	9,434,036
Risk management	876,140	1,289,854	1,576,913	333,618	381,875	514,870	1,761,850	(1,908)	1,326,150	925,736
Education (payments to Board of Education)	15,850,759	16,350,759	24,505,586	60,918,952	47,502,333	35,438,202	22,584,281	48,988,527	39,554,189	35,861,206
Interest on long-term debt	5,420,673	4,968,931	4,772,926	7,253,215	7,041,045	7,494,434	7,815,868	8,484,353	8,513,776	8,559,444
Total governmental activities expenses	73,015,001	74,093,921	82,830,029	125,164,733	114,693,567	106,664,659	104,401,701	133,835,892	132,382,678	133,800,773
Business-type activities:										
Sewer Fund	7,470,780	7,960,070	8,639,882	8,387,444	8,705,876	9,169,743	9,527,438	9,149,637	9,526,755	9,426,516
Solid Waste Management Fund	3,948,022	4,145,364	4,112,900	4,380,090	4,576,422	5,149,644	5,418,704	5,078,039	5,349,988	5,568,394
Total business-type activities expenses	11,418,802	12,105,434	12,752,782	12,767,534	13,282,298	14,319,387	14,946,142	14,227,676	14,876,743	14,994,910
Total primary government expenses	84,433,803	86,199,355	95,582,811	137,932,267	127,975,865	120,984,046	119,347,843	148,063,568	147,259,421	148,795,683
Program Revenues										
Governmental activities:										
Charges for services:										
General government and administration	12,579,879	12,915,500	13,617,202	13,940,978	14,969,365	15,446,817	17,481,505	17,828,678	17,806,914	19,092,166
Public works	-	875	1,400	625	856	2,514	2,500	-	-	-
Public safety	4,208,044	4,220,666	4,318,581	4,750,953	5,344,659	6,323,383	6,491,175	6,570,954	6,602,975	7,478,047
Library	39,368	40,388	32,445	27,519	26,604	21,720	20,759	13,643	15,059	19,955
Parks and recreation	596,199	647,827	697,981	684,363	661,328	680,600	804,411	536,940	857,168	1,019,820
Development services ⁽¹⁾	62,175	46,301	55,663	64,665	68,134	59,280	57,900	57,730	75,593	88,592
Human resources ⁽²⁾	-	-	-	-	945,484	1,001,385	4,427,491	4,671,444	4,849,194	4,940,650
Risk management ⁽²⁾	808,123	765,858	769,341	766,273	-	-	-	-	-	-
Operating grants and contributions	3,590,979	2,531,117	2,354,400	2,342,212	2,307,693	2,640,821	3,702,644	6,921,753	7,998,302	10,173,618
Capital grants and contributions	3,552,787	3,323,007	2,182,193	4,223,636	11,066,377	6,856,649	7,601,899	6,607,989	6,250,746	8,311,469
Total governmental activities program revenue	25,437,554	24,491,539	24,029,206	26,801,224	35,390,500	33,033,169	40,590,284	43,209,131	44,455,951	51,124,317
Business-type activities:										
Charges for services:										
Sewer Fund	10,448,380	11,063,939	11,528,965	11,526,093	12,064,021	11,656,139	12,293,123	13,145,358	12,719,791	13,869,164
Solid Waste Management Fund	3,898,217	4,198,990	4,482,532	4,560,179	4,843,280	4,898,906	5,071,198	5,125,924	5,378,599	5,464,108
Operating grants and contributions	44,553	43,332	-	5,383	672	288,986	380,231	101,375	1,103	-
Capital grants and contributions	1,177,207	681,000	1,741,381	458,185	860,763	716,235	830,250	1,378,980	919,620	2,023,280
Total business-type activities program revenues	15,568,357	15,987,261	17,752,878	16,549,840	17,768,736	17,560,266	18,574,802	19,751,637	19,019,113	21,356,552
Total primary government program revenues	41,005,911	40,478,800	41,782,084	43,351,064	53,159,236	50,593,435	59,165,086	62,960,768	63,475,064	72,480,869
Net (expense)/revenue										
Governmental activities	(47,577,447)	(49,602,382)	(58,800,823)	(98,363,509)	(79,303,067)	(73,631,490)	(63,811,417)	(90,626,761)	(87,926,727)	(82,676,456)
Business-type activities	4,149,555	3,881,827	5,000,096	3,782,306	4,486,438	3,240,879	3,628,660	5,523,961	4,142,370	6,361,642
Total primary government net expense	(43,427,892)	(45,720,555)	(53,800,727)	(94,581,203)	(74,816,629)	(70,390,611)	(60,182,757)	(85,102,800)	(83,784,357)	(76,314,814)

⁽¹⁾ FY2012 through FY2018 represents only planning services. As of FY2019, due to the City reorganization, data includes development services administration, planning services, and inspection services.

⁽²⁾ In FY2017, charges for employee health and dental insurance premiums were regrouped from risk management to human resources.

Table 2
City of Auburn
Changes in Net Position
 Last Ten Fiscal Years
 Continued

General Revenues and Other Changes in Net Position	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Government activities:										
Taxes:										
Sales taxes	31,831,180	34,303,569	37,418,331	39,672,910	39,648,005	42,010,312	43,804,081	43,838,542	50,902,320	58,557,684
Occupational license fees	9,683,892	10,130,069	10,804,202	11,561,046	12,068,066	12,894,663	13,286,009	13,829,887	14,345,721	16,386,691
Property taxes	20,971,590	21,645,465	22,486,529	23,782,006	25,187,386	27,098,517	29,527,483	32,475,761	35,374,100	37,613,310
Motor fuel taxes	311,022	340,415	365,345	383,488	386,296	416,979	430,659	384,207	430,315	470,303
Lodging taxes	1,559,012	1,604,851	1,816,370	2,247,771	2,355,985	2,373,878	2,581,728	1,900,502	2,409,917	3,692,170
Rental and leasing taxes	571,248	612,457	768,245	799,550	890,599	886,630	856,729	985,837	962,586	975,941
Cigarette taxes	75,880	70,860	73,306	69,249	66,528	60,033	54,075	55,060	51,860	49,520
Alcoholic beverage taxes	160,725	170,559	180,604	202,213	215,281	230,642	220,932	240,033	310,976	346,502
Appropriations from component units	333,591	-	-	-	-	-	-	-	-	-
Interest and investment earnings	287,977	327,499	488,820	729,863	505,746	965,995	1,967,021	1,345,326	144,884	1,384,642
Net increase (decrease) in fair value of investments ⁽¹⁾	-	-	-	-	-	-	-	-	-	(4,433,263)
Gain (loss) on disposal of assets	-	68,237	-	-	(221,202)	125,796	-	41,621	36,346	(44,695)
Miscellaneous	34,558	63,801	40,790	81,981	43,522	130,222	28,750	237,085	65,258	122,307
Transfers	(464,859)	(309,019)	130,979	118,755	110,605	559,003	(458,983)	(161,923)	108,253	12,971
Total governmental activities	65,355,816	69,028,763	74,573,521	79,648,832	81,256,817	87,752,670	92,298,484	95,171,938	105,142,536	115,134,083
Business-type activities:										
Interest and investment earnings	32,518	33,809	34,395	41,216	36,533	77,277	140,496	104,210	28,179	88,222
Net increase (decrease) in fair value of investments ⁽¹⁾	-	-	-	-	-	-	-	-	-	(649,799)
Gain (loss) on disposal of assets	20,789	22,700	78,422	21,770	40,403	19,350	68,571	61,180	-	9,041
Miscellaneous	2,246	5,622	7,326	23,736	16,982	6,594	30,196	21,555	31,692	26,141
Transfers	464,859	309,019	(130,979)	(118,755)	(110,605)	(559,003)	458,983	161,923	(108,253)	(12,971)
Total business-type activities	520,412	371,150	(10,836)	(32,033)	(16,687)	(455,782)	698,246	348,868	(48,382)	(539,366)
Total primary government	65,876,228	69,399,913	74,562,685	79,616,799	81,240,130	87,296,888	92,996,730	95,520,806	105,094,154	114,594,717
Changes in Net Position										
Governmental activities	17,778,369	19,426,381	15,772,698	(18,714,677)	1,953,750	14,121,180	28,487,067	4,545,177	17,215,809	32,457,627
Business-type activities	4,669,967	4,252,977	4,989,260	3,750,273	4,469,751	2,785,097	4,326,906	5,872,829	4,093,988	5,822,276
Total primary government	22,448,336	23,679,358	20,761,958	(14,964,404)	6,423,501	16,906,277	32,813,973	10,418,006	21,309,797	38,279,903

⁽¹⁾The City's investments experienced a decline in market value during fiscal 2022 because of extraordinary market conditions led by the Federal Reserve's aggressive interest rate policies. However, this loss of market value is unrealized, also known as a "paper" loss, and will not be realized because of the City's policy of purchasing investments and holding them until maturity.

Table 3
City of Auburn ~ Primary Government
General Government Tax Revenues by Source
 Last Ten Fiscal Years

Fiscal Year	Sales & Use Tax	Cigarette & Alcohol Tax	Motor Fuel Tax	Lodging and Rental Tax	Financial Institution Tax	Motor Vehicle Tax	General Property Tax	Totals
	\$	\$	\$	\$	\$	\$	\$	\$
2013	31,825,218	292,605	871,498	2,126,307	147,553	137,809	20,271,550	55,672,540
2014	34,155,772	286,155	931,515	2,217,307	159,641	143,293	20,900,546	58,794,229
2015	36,511,752	303,455	991,613	2,584,615	279,282	146,908	21,746,672	62,564,297
2016	39,659,728	313,559	1,035,475	3,045,852	237,816	199,691	22,987,066	67,479,186
2017	39,648,005	312,323	1,044,000	3,246,585	356,709	160,200	24,296,138	69,063,959
2018	42,010,312	312,530	1,105,009	3,260,509	295,199	165,591	26,131,893	73,281,043
2019	43,804,081	286,298	1,136,674	3,438,453	541,525	172,365	28,544,944	77,924,339
2020	43,838,542	326,334	1,265,901	2,886,339	507,305	164,676	31,340,382	80,329,480
2021	50,902,320	398,147	1,517,566	3,372,503	1,228,971	177,698	34,394,244	91,991,449
2022	58,557,684	458,874	1,725,785	4,668,111	1,102,335	162,634	36,546,710	103,222,132

Table 4
City of Auburn
Fund Balances of Governmental Funds
 Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
General Fund										
Nondisposable	6,753,924	9,998,365	15,992,698	19,776,701	6,954,036	7,022,566	4,559,530	5,513,495	4,994,261	6,998,917
Restricted	298,192	341,705	343,988	343,769	305,255	313,696	2,231,277	236,054	247,949	343,491
Committed	-	-	-	-	-	-	-	1,765,891	1,531,881	1,277,849
Assigned	2,840,828	6,565,787	5,649,101	4,788,112	8,557,221	13,872,942	17,234,592	28,638,302	20,767,075	26,830,491
Unassigned	29,025,058	25,574,688	22,328,970	24,486,213	31,873,117	31,203,543	32,338,918	29,721,417	41,204,662	45,964,231
Total general fund	<u>38,918,002</u>	<u>42,480,545</u>	<u>44,314,757</u>	<u>49,394,795</u>	<u>47,689,629</u>	<u>52,412,747</u>	<u>56,364,317</u>	<u>65,875,159</u>	<u>68,745,828</u>	<u>81,414,979</u>
All other governmental funds										
Restricted	13,152,780	9,496,112	90,168,804 ⁽¹⁾	49,118,334	42,164,339	58,916,615	42,040,085	62,254,449	62,433,273	92,955,091
Committed	-	-	-	-	-	-	-	45,730	35,429	30,233
Total all other governmental funds	<u>13,152,780</u>	<u>9,496,112</u>	<u>90,168,804</u>	<u>49,118,334</u>	<u>42,164,339</u>	<u>58,916,615</u>	<u>42,040,085</u>	<u>62,300,179</u>	<u>62,468,702</u>	<u>92,985,324</u>

⁽¹⁾ This increase was due to the issuance of \$78.1 million in bonds for the Board of Education's construction of a new high school.

Table 5

City of Auburn

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

	2013	2014	2015	2016	2017
	\$	\$	\$	\$	\$
Revenues					
Sales and use taxes	31,831,180	34,303,571	37,418,331	39,672,910	39,648,007
Occupational license fees	9,683,892	10,130,069	10,804,202	11,561,047	12,068,066
Motor fuel taxes	610,968	669,550	719,367	755,217	760,818
Lodging taxes	1,559,012	1,604,850	1,816,370	2,247,771	2,355,985
Rental and leasing taxes	571,248	612,457	768,245	799,550	890,599
Other taxes	236,605	241,419	253,910	271,462	281,809
Licenses and permits	10,210,208	10,638,252	11,302,434	11,856,992	12,893,642
General property tax	20,971,590	21,645,466	22,486,529	23,782,005	25,187,386
Charges for services	6,428,631	6,439,547	6,743,621	7,086,335	7,901,167
Fines and forfeitures	1,636,516	1,579,802	1,420,812	1,241,661	1,140,361
State shared taxes	2,016,806	1,279,503	1,424,458	1,455,324	1,515,559
Contributions from the public	1,014,850	1,826,242	668,974	1,611,684	2,241,224
Grants	2,711,021	1,807,224	3,318,443	820,258	3,537,706
Program income	609,879	517,638	474,915	287,464	362,754
Interest	287,977	327,498	488,821	729,862	505,747
Net increase (decrease) in fair value of investments ⁽¹⁾	-	-	-	-	-
Miscellaneous	68,275	97,957	64,914	85,438	47,753
Total revenues	90,448,658	93,721,045	100,174,346	104,264,980	111,338,583
Expenditures					
General government and administration	4,971,598	5,857,396	5,687,183	6,089,761	6,424,142
Public works	3,568,302	3,497,655	3,577,600	4,101,467	4,414,820
Environmental services	1,956,168	2,031,430	1,999,822	2,085,786	2,233,367
Public safety	17,753,502	18,067,357	18,521,534	19,322,321	20,420,507
Library	1,622,482	1,539,862	1,619,702	1,705,483	1,795,959
Parks and recreation	4,684,929	4,862,432	4,975,692	5,501,434	5,693,864
Development services ⁽²⁾	635,402	671,214	582,693	592,471	765,579
Social and economic development ⁽³⁾	2,158,634	2,381,356	2,351,410	1,551,178	1,502,143
Human resources ⁽⁴⁾	675,100	696,740	692,462	2,186,194	2,254,673
Risk management	1,048,527	1,356,823	1,660,020	360,932	299,416
Non-departmental	2,056,603	2,210,562	2,561,619	2,845,963	2,816,728
Debt service					
Administrative charges	39,902	4,730	873,419	4,469	50,969
Principal	12,501,691	13,094,561	11,953,556	11,023,833	10,051,635
Interest	5,686,671	5,268,067	4,675,061	7,239,054	7,314,955
Capital outlay	10,830,762	11,432,511	10,246,657	10,844,770	21,258,053
Intergovernmental	1,034,319	951,428	1,069,266	1,037,158	1,258,457
Payments to component units	20,404,444	19,679,683	26,858,347	64,065,542 ⁽⁵⁾	49,698,750
Total expenditures	91,629,036	93,603,807	99,906,043	140,557,816	138,254,017
Excess of revenues over (under) expenditures	(1,180,378)	117,238	268,303	(36,292,836)	(26,915,434)
Other financing sources (uses)					
Debt issuance	5,525,000	-	94,638,169 ⁽⁶⁾	-	18,000,000
Refunding	-	-	-	-	-
Leases (as lessee)	-	-	-	-	-
Sale of surplus assets	1,878,717	97,656	150,243	64,678	145,670
Transfers in	681,045	1,354,436	6,707,462	1,906,217	685,412
Transfers out	(1,145,905)	(1,663,455)	(6,576,483)	(1,787,462)	(574,808)
Premium on debt issued	-	-	-	-	-
Payment to refunded bond escrow	-	-	(12,680,790)	-	-
Total other financing sources (uses)	6,938,857	(211,363)	82,238,601	183,433	18,256,274
Net changes in fund balances	5,758,479	(94,125)	82,506,904	(36,109,403)	(8,659,160)
Debt service as a percentage of non-capital expenditures⁽⁷⁾	22.5%	22.3%	18.5%	14.1%	14.8%

⁽¹⁾ The City's investments experienced a decline in market value during fiscal 2022 because of extraordinary market conditions led by the Federal Reserve's aggressive interest rate policies. However, this loss of market value is unrealized, also known as a "paper" loss, and will not be realized because of the City's policy of purchasing investments and holding them until maturity.

⁽²⁾ FY2013 through FY2018 represents only the planning department. As of FY2019, due to the City reorganization, development services encompasses planning services, engineering services, and development services administration.

⁽³⁾ FY2013 through FY2018 represents only the economic development department. As of FY2019, due to the City reorganization, social and economic development encompasses economic development and community services.

⁽⁴⁾ As of FY2019 employee services has been renamed human resources.

⁽⁵⁾ This increase was due to transfers of debt proceeds issued in fiscal 2015 for the Board of Education and held by the City. Transfers of the proceeds are made as construction progresses on the construction of a new high school.

⁽⁶⁾ This increase was due to the issuance of \$78.1 million in bonds for the Board of Education's construction of a new high school.

⁽⁷⁾ Non-capital expenditures equals total expenditures less capital outlay.

Table 5

City of Auburn

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

Continued

	2018	2019	2020	2021	2022
	\$	\$	\$	\$	\$
Revenues					
Sales and use taxes	42,010,313	43,804,081	43,838,542	50,902,320	58,557,684
Occupational license fees	12,894,664	13,286,009	13,829,887	14,345,722	16,386,691
Motor fuel taxes	821,995	848,822	755,957	847,065	923,967
Lodging taxes	2,373,879	2,581,724	1,900,502	2,409,917	3,692,170
Rental and leasing taxes	886,630	856,729	985,837	962,586	975,941
Other taxes	290,677	275,007	295,093	362,836	396,022
Licenses and permits	13,372,006	15,188,191	15,704,555	15,242,735	16,913,634
General property tax	27,098,517	29,527,483	32,475,761	35,374,098	37,613,310
Charges for services	8,983,737	12,863,016	12,999,117	13,631,070	14,788,026
Fines and forfeitures	1,169,369	1,217,691	961,963	1,307,711	869,517
State shared taxes	1,818,616	2,728,550	4,034,739	5,760,393	7,600,865
Contributions from the public	1,187,166	1,030,233	897,736	1,007,754	989,653
Grants	2,235,880	1,761,088	2,828,665	2,517,156	3,209,344
Program income	1,260,228	524,711	286,633	243,812	582,435
Interest	965,995	1,967,021	1,345,326	144,883	1,384,642
Net increase (decrease) in fair value of investments ⁽¹⁾	-	-	-	-	(4,433,263)
Miscellaneous	132,886	30,599	238,124	65,661	122,552
Total revenues	117,502,558	128,490,955	133,378,437	145,125,719	160,573,190
Expenditures					
General government and administration	5,463,983	5,676,946	5,792,994	5,951,627	6,643,559
Public works	4,485,980	3,518,894	4,868,894	4,401,283	4,475,985
Environmental services	2,481,087	1,590,544	1,734,247	1,751,207	1,923,449
Public safety	22,505,037	24,463,675	23,900,423	26,331,856	28,432,356
Library	1,934,631	2,297,433	2,405,973	2,258,220	2,517,251
Parks and recreation	5,716,886	5,837,058	5,460,467	5,761,152	6,563,005
Development services ⁽²⁾	785,640	5,118,011	5,189,569	5,207,928	5,592,383
Social and economic development ⁽³⁾	3,438,973	4,020,308	4,119,737	5,051,653	5,552,426
Human resources ⁽⁴⁾	2,349,094	6,798,012	6,648,145	8,407,879	9,460,516
Risk management	443,694	415,129	270,056	416,940	550,661
Non-departmental	3,564,722	3,026,233	3,519,180	3,878,017	3,734,061
Debt service					
Administrative charges	350,641	85,709	468,260	231,506	494,459
Principal	10,589,055	9,885,744	9,959,683	12,080,142	11,263,759
Interest	7,372,615	8,209,633	8,474,090	9,045,978	9,019,527
Capital outlay	19,986,449	34,272,664	26,709,298	29,405,937	38,172,936
Intergovernmental	1,596,787	1,777,751	1,682,635	1,073,620	1,510,752
Payments to component units	37,030,288	24,093,271	50,206,826	41,272,307	37,284,851
Total expenditures	130,095,562	141,087,015	161,410,477	162,527,252	173,191,936
Excess of revenues over (under) expenditures	(12,593,004)	(12,596,060)	(28,032,040)	(17,401,533)	(12,618,746)
Other financing sources (uses)					
Debt issuance	33,337,726	5,259,668	53,090,000	17,915,000	48,925,000
Refunding	-	-	14,625,000	10,955,000	10,245,831
Leases (as lessee)	-	-	-	-	289,279
Sale of surplus assets	171,669	88,582	103,750	572,417	27,972
Transfers in	2,536,444	618,701	1,806,107	1,239,775	5,201,942
Transfers out	(1,977,441)	(1,077,684)	(1,968,029)	(1,131,522)	(5,188,972)
Premium on debt issued	-	-	4,771,149	2,249,346	7,553,490
Payment to refunded bond escrow	-	(5,218,168)	(14,625,000)	(10,857,256)	(11,250,028)
Total other financing sources (uses)	34,068,398	(328,901)	57,802,977	20,942,760	55,804,514
Net changes in fund balances	21,475,394	(12,924,961)	29,770,937	3,541,227	43,185,768
Debt service as a percentage of non-capital expenditures ⁽⁷⁾	16.3%	16.9%	13.7%	15.9%	15.0%

⁽¹⁾ The City's investments experienced a decline in market value during fiscal 2022 because of extraordinary market conditions led by the Federal Reserve's aggressive interest rate policies. However, this loss of market value is unrealized, also known as a "paper" loss, and will not be realized because of the City's policy of purchasing investments and holding them until maturity.

⁽²⁾ FY2013 through FY2018 represents only the planning department. As of FY2019, due to the City reorganization, development services encompasses planning services, engineering services, and development services administration.

⁽³⁾ FY2013 through FY2018 represents only the economic development department. As of FY2019, due to the City reorganization, social and economic development encompasses economic development and community services.

⁽⁴⁾ As of FY2019 employee services has been renamed human resources.

⁽⁵⁾ This increase was due to transfers of debt proceeds issued in fiscal 2015 for the Board of Education and held by the City. Transfers of the proceeds are made as construction progresses on the construction of a new high school.

⁽⁶⁾ This increase was due to the issuance of \$78.1 million in bonds for the Board of Education's construction of a new high school.

⁽⁷⁾ Non-capital expenditures equals total expenditures less capital outlay.

Table 6
City of Auburn ~ Primary Government
Components of Sales Tax Base
 Last Ten Fiscal Years
 (amounts expressed in thousands)
Unaudited

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Apparel Stores	67,768	51,655	56,558	53,115	52,416	50,342	49,418	39,333	47,092	60,609
Grocery Stores	88,493	122,960 ⁽¹⁾	130,561	146,793	164,818	169,942	125,006	157,037	167,186	186,535
Eating & Drinking Establishments	144,085	153,152	166,863	184,695	191,206	200,133	218,815	204,584	248,876	289,790
Mass General Merchandise Stores	111,335	81,345 ⁽¹⁾	85,900	87,640	90,626	93,225	97,982	144,825	154,377	166,158
Auto Dealers & Supplies	39,471	48,882	52,936	53,992	55,658	57,961	60,323	62,516	70,841	76,479
Building Materials	45,462	46,000	51,865	55,841	60,923	66,589	72,875	83,195	110,702	94,849
Home Furnishing & Appliances	17,343	18,209	20,302	24,702	25,399	31,690	31,268	30,385	37,039	40,151
All Other Retail Sales	281,822	313,376	335,521	368,646	333,866	364,157	439,787	395,028	436,446	549,370
Totals	795,780	835,579	900,507	975,424	974,912	1,034,039	1,095,474	1,116,902	1,272,558	1,463,942

⁽¹⁾ Beginning in FY2014 the total sales of big box retailers are split between "Grocery Stores" and "Mass General Merchandise Stores".

Table 7
City of Auburn ~ Primary Government
Revenue Rates for General Sales Tax
 Last Ten Fiscal Years
Unaudited

Fiscal Year	City Sales Tax	County Sales Tax	State Sales Tax	Total Sales Tax
2013	4.0%	1.0%	4.0%	9.0%
2014	4.0%	1.0%	4.0%	9.0%
2015	4.0%	1.0%	4.0%	9.0%
2016	4.0%	1.0%	4.0%	9.0%
2017	4.0%	1.0%	4.0%	9.0%
2018	4.0%	1.0%	4.0%	9.0%
2019	4.0%	1.0%	4.0%	9.0%
2020	4.0%	1.0%	4.0%	9.0%
2021	4.0%	1.0%	4.0%	9.0%
2022	4.0%	1.0%	4.0%	9.0%

Source: State of Alabama Department of Revenue

Table 8
City of Auburn ~ Primary Government
Principal Revenue Remitters of Sales and Use Tax ⁽¹⁾
 Current Year and Nine Years Ago
 Unaudited

Employer	2013 Rank	2022 Rank
Sam's Club	2	1
Wal-Mart Store	1	2
Auburn University Financial Reporting	3	3
Kroger	4	4
Publix - Cary Creek	5	5
Publix - Moore's Mill	8	6
BFS (formerly Builders First Source SE)	10	7
Auburn University Dining (Aramark)	7	8
Russell Building Supply (Opened 2020)	-	9
Academy Sports	6	10

⁽¹⁾ State law prohibits the disclosure of the amount of sales tax remitted and any information that could enable the disclosure or calculation of confidential taxpayer information.

Table 9
City of Auburn ~ Primary Government
Ratios of Outstanding Debt by Type

Last Ten Fiscal Years
 (dollar amounts expressed in thousands, except per capita amount)
 Unaudited

Fiscal Year	Governmental Activities		Business-Type Activities	Total Primary Government		
	General Obligation Bonds	Notes Payable	General Obligation Bonds ⁽¹⁾	Total Debt Primary Government	Total Debt as Percentage of Personal Income	Total Debt Per Capita
	\$	\$	\$	\$		\$
2013	140,564	1,585	48,130	190,279	13.19%	3,365
2014	127,035	1,782	45,899	174,716	12.48%	3,023
2015 ⁽²⁾	196,429	3,143	46,755	246,327	15.91%	3,961
2016	184,967	2,965	44,127	232,059	14.81%	3,739
2017	192,494	2,787	41,333	236,614	13.87%	3,572
2018	214,785	2,608	38,419	255,812	14.34%	3,914
2019	204,506	2,428	35,142	242,076	13.05%	3,614
2020 ⁽³⁾	251,040	2,248	32,021	285,309	14.66%	4,180
2021	259,754	2,069	29,220	291,043	12.92%	4,184
2022	302,241	1,890	25,172	329,303	12.40%	4,192

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

⁽¹⁾ The City has issued General Obligation Bonds/Warrants for the Sewer Fund. It is the intention of the Council that the Bonds/Warrants be repaid from Sewer Fund revenue.

⁽²⁾ This increase was due to the issuance of \$78.1 million in bonds for the Board of Education's construction of a new high school.

⁽³⁾ This increase was due primarily to the issuance of \$37.1 million in bonds for the Board of Education's school renovation projects.

Table 10
City of Auburn ~ Primary Government
Ratios of General Bonded Debt Outstanding
 Last Ten Fiscal Years
Unaudited

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Net Bonded Debt ⁽¹⁾	Net Bonded Debt as Percent of Estimated Actual Taxable Value of Property	Net Bonded Debt per Capita
	\$	\$	\$		\$
2013	140,564,282	3,019,959	137,544,323	17.25%	2,432
2014	128,817,154	2,477,786	126,339,368	16.27%	2,186
2015	199,571,962 ^(2,3)	2,531,934	197,040,028	24.47%	3,169
2016	187,931,805	3,776,254	184,155,551	21.74%	2,967
2017	195,281,110 ⁽⁴⁾	4,717,407	190,563,703	21.24%	2,966
2018	217,392,835 ⁽⁵⁾	6,018,214	211,374,621	21.84%	3,234
2019	206,934,171 ⁽⁶⁾	7,838,599	199,095,572	18.88%	2,972
2020	253,287,999 ⁽⁷⁾	9,348,584	243,939,415	20.92%	3,574
2021	261,822,656 ⁽⁸⁾	9,300,463	252,522,193	19.76%	3,630
2022	304,131,371 ⁽⁹⁾	9,649,649	294,481,722	21.63%	3,748

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

⁽¹⁾ Net bonded debt equals: G.O. bonds, notes, and warrants outstanding (net of related premiums, discounts, and adjustments), less Debt Service funds' equity. Calculations exclude the G.O. debt intended to be repaid from Sewer Fund revenues.

⁽²⁾ City issued \$32.0 million of G.O. Warrants to refund outstanding debt and provide for school improvements.

⁽³⁾ City issued \$78.1 million of G.O. Bonds to pay the costs of new school construction, capital improvements to existing schools and land purchases, under the jurisdiction of the Board of Education.

⁽⁴⁾ City issued \$18.0 million of G.O. Warrants to pay the costs of new school construction and equipment, under the jurisdiction of the Board of Education.

⁽⁵⁾ City issued \$30.6 million of G.O. Warrants to pay the costs of construction of a new public safety complex.

⁽⁶⁾ City issued \$14.9 million of G.O. Warrants to refund outstanding debt.

⁽⁷⁾ City issued \$37.1 million of G.O. Bonds for Board of Education school renovation projects.

⁽⁸⁾ City issued \$28.9 million of G.O. Warrants to refund outstanding debt and provide for school improvements.

⁽⁹⁾ City issued \$62.2 million of G.O. Warrants to refund outstanding debt and provide for capital improvements.

Table 11
City of Auburn ~ Primary Government
Direct and Overlapping Governmental Activities Debt
 Fiscal Year 2022
Unaudited

	Debt Outstanding	Estimated Percentage Applicable ⁽¹⁾	Estimated Share of Overlapping Debt
<u>City of Auburn Direct Debt</u>			
General Bonded Debt and Warrants	\$ 304,131,371	100%	\$ 304,131,371
<u>Overlapping Debt</u>			
Lee County General Bonded Debt and Warrants	\$ 27,164,535	44%	12,042,538
Total Direct and Overlapping Debt			\$ 316,173,909

Sources: General bonded debt and warrants provided by the Lee County Administrator.

⁽¹⁾The percentage of overlapping Lee County debt applicable is estimated based on estimated population of the City of Auburn as compared to estimated over all population in Lee County. Population estimates from US Census for 2021.

Table 12
City of Auburn ~ Primary Government
Legal Debt Margin Information

Last Ten Fiscal Years
(amounts expressed in thousands)
Unaudited

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Debt limit	159,516	155,255	167,626	169,409	179,407	193,538	210,863	233,217	255,640	272,302
Total net debt applicable to limit	<u>56,673</u>	<u>46,895</u>	<u>38,387</u>	<u>31,083</u>	<u>24,897</u>	<u>49,634</u>	<u>44,659</u>	<u>55,855</u>	<u>50,619</u>	<u>95,853</u>
Legal debt margin	<u>102,843</u>	<u>108,360</u>	<u>129,239</u>	<u>138,326</u>	<u>154,510</u>	<u>143,904</u>	<u>166,204</u>	<u>177,362</u>	<u>205,021</u>	<u>176,449</u>
Total net debt applicable to limit as a percentage of debt limit	35.53%	30.21%	22.90%	18.35%	13.88%	25.65%	21.18%	23.95%	19.80%	35.20%

Legal Debt Margin Calculation for Fiscal Year 2022

Assessed value	<u>\$ 1,361,512,245</u>
Debt limit (20% of total assessed value)	<u>\$ 272,302,449</u>
Debt applicable to limit:	
General obligation bonds	\$ 308,070,623
Less: Exempt Debt	<u>212,217,120</u>
Total net debt applicable to limit	95,853,503
Legal debt margin	<u>\$ 176,448,946</u>

Table 13
City of Auburn ~ Primary Government
Pledged Revenue Coverage

Last Ten Fiscal Years
Unaudited

Fiscal Year	Sewer G.O. Warrants ⁽¹⁾					Coverage ⁽⁴⁾ A/(B+C)
	Sewer Charges and Other ⁽²⁾	Less: Operating Expenses ⁽³⁾	Net Available Revenue (A)	Principal (B)	Interest (C)	
	\$	\$	\$	\$	\$	
2013	10,510,245	4,074,714	6,435,531	2,110,000	1,792,555	1.65
2014	11,106,938	3,868,822	7,238,116	2,140,000	2,074,208	1.72
2015	11,631,200	4,443,489	7,187,711	2,205,000	2,147,458	1.65
2016	11,587,751	4,270,841	7,316,910	2,395,000	1,765,887	1.76
2017	12,129,675	4,521,369	7,608,306	2,560,000	1,672,393	1.80
2018	11,731,016	5,194,755	6,536,261	2,680,000	1,537,888	1.55
2019	12,461,731	5,363,556	7,098,175	2,788,000	1,349,769	1.72
2020	13,314,680	5,143,992	8,170,688	2,936,000	1,192,720	1.98
2021	12,758,250	5,345,992	7,412,258	3,044,000	1,208,046	1.74
2022	13,983,195	5,860,706	8,122,489	3,475,000	619,601	1.98

⁽¹⁾ General Obligation warrants issued but paid by Sewer Service Fee revenue.

⁽²⁾ Includes sewer service charges, tapping fees, sewer access fees, gains on property disposals and other non-operating revenues.

⁽³⁾ Includes operating expenses and operating transfers out less depreciation expense.

⁽⁴⁾ Coverage illustrates the Sewer Fund's ability to pay its debt service. A ratio of one or greater indicates sufficient earnings to cover the debt payments.

Table 14
City of Auburn ~ Primary Government
Demographic and Economic Statistics

Last Ten Fiscal Years

Unaudited

Fiscal Year	Population ⁽¹⁾	Per Capita Personal Income ⁽²⁾	Personal Income (expressed in thousands) ⁽³⁾	Unemployment Rate ⁽⁴⁾
		\$	\$	
2013	58,582	30,499	1,786,692	4.9%
2014	60,258	33,064	1,992,371	4.9%
2015	62,059	33,622	2,086,548	4.9%
2016	63,118	34,372	2,169,492	4.9%
2017	63,973	36,941	2,363,227	4.9%
2018	65,378	38,036	2,486,718	3.5%
2019	66,259	39,781	2,635,849	2.9%
2020	76,143	42,468	3,233,641	5.4%
2021	78,552	45,002	3,534,997	2.5%
2022	*	*	*	2.5%

⁽¹⁾ U. S. Census Bureau

⁽²⁾ U. S. Department of Commerce, Bureau of Economic Analysis (data reported for Auburn-Opelika MSA)

⁽³⁾ "Population" multiplied by "Per Capita Personal Income"

⁽⁴⁾ U.S. Bureau of Labor Statistics

* Data not available at time of publication

Table 15
City of Auburn ~ Primary Government
Principal Employers

Current Year and Nine Years Ago

Unaudited

Employer	2013			2022		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Auburn University ⁽¹⁾	7,735	1	32.45%	8,630	1	27.26%
Auburn City Schools	900	2	3.78%	1,120	2	3.54%
Briggs & Stratton Corporation	480	4	2.01%	790	3	2.50%
City of Auburn and Auburn Water Works Board	650	3	2.73%	770	4	2.43%
Aptar CSP Technologies, Inc.	310	7	1.30%	560	5	1.77%
Wal-Mart	350	6	1.47%	450	6	1.42%
Publix	-	-	0.00%	350	7	1.11%
SCA, Inc.	415	5	1.74%	300	8	0.95%
SiO2 Medical Products, Inc.	100	9	0.42%	250	9	0.79%
Seohan Auto USA Corporation	205	8	0.86%	250	10	0.79%
Total	11,145		46.75%	13,470		42.55%

⁽¹⁾ Includes temporary and seasonal employees.

Source: City of Auburn Economic Development Department, Alabama Department of Labor

Table 16
City of Auburn – Primary Government
Regular Full-Time Employees by Function/Program
 Last Ten Fiscal Years
 Unaudited

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government and administration ⁽¹⁾	77	76	76	76	77	77	46	46	49	49
Public Works ⁽²⁾										
Administration	-	-	-	-	-	-	3	3	3	3
Maintenance	-	-	-	-	-	-	9	7	7	7
Facilities	-	-	-	-	-	-	4	4	4	4
Construction ⁽³⁾	18	18	18	18	19	38	9	10	10	10
Landscape and sustainability	-	-	-	-	-	-	10	8	8	8
Right of way	7	7	7	7	7	0	7	13	13	13
Inspection	6	6	6	6	7	7	-	-	-	-
Traffic engineering	3	3	4	4	5	5	-	-	-	-
Environmental Services										
Administration	-	-	-	-	-	-	5	4	4	4
Recycling	16	16	16	16	16	16	15	16	16	16
Solid waste	16	16	16	16	16	16	17	17	17	17
Animal control	2	2	2	2	3	3	3	3	3	3
Fleet services	10	10	10	10	10	10	10	10	10	10
Public Safety										
Administration	-	-	-	-	-	-	3	3	3	4
Police	115	116	116	117	129	142	143	156	156	156
Communications	11	11	11	13	13	13	13	14	18	18
Fire	43	43	43	43	43	43	49	49	65	65
Library	17	18	19	19	19	19	19	19	19	19
Parks and Recreation										
Administration	-	-	-	-	-	-	5	5	5	5
Leisure services	15	15	16	17	17	19	17	14	14	14
Parks and facilities	26	26	26	26	26	23	23	23	27	27
Development Services										
Administration	-	-	-	-	-	-	3	3	3	3
Planning services ⁽⁴⁾	-	-	-	-	-	-	7	7	7	7
Inspection services ⁽⁵⁾	8	8	8	9	10	13	14	15	15	16
Engineering services ⁽⁶⁾	11	11	11	11	9	13	25	26	26	26
Social and economic development										
Economic development	12	12	12	12	12	13	9	9	9	9
Community services ⁽⁷⁾	-	-	-	-	-	-	4	4	5	6
Human resources ⁽⁸⁾	-	-	-	-	-	-	6	6	8	8
Risk management ⁽⁸⁾	-	-	-	-	-	-	2	2	1	1
Sewer ⁽⁹⁾										
Administration	-	-	-	-	-	-	6	8	8	8
Sewer maintenance ⁽¹⁰⁾	17	17	19	21	20	18	16	16	16	16
Line locating	-	-	-	-	-	-	4	4	3	3
Watershed maintenance	-	-	-	-	-	-	3	4	4	4
Total	430	431	436	443	458	488	509	528	556	559

Source: City of Auburn Human Resources Department

Due to the City reorganization the following changes have been made:

- (1) As of FY2019, all administration divisions have been removed from general government and administration and placed in their respective departments
- (2) As of FY2019, public works is now five divisions: maintenance, facilities, construction, landscape and sustainability, and right of way
- (3) Environmental services-right of way and parks and recreation-parks and facilities employees moved to the public works-construction and maintenance
- (4) As of FY2019, planning is no longer reported with general government and administration
- (5) As of FY2019, inspection services (codes enforcement) is no longer a division of the Public Safety department
- (6) As of FY2019, public works-traffic engineering and public works-inspections were transitioned to engineering services
- (7) As of FY2019, community services has been transitioned out of economic development
- (8) As of FY2019, human resources and risk management have been transitioned out of general government and administration
- (9) As of FY2019, sewer-administration and watershed maintenance transitioned out of general government and administration
- (10) As of FY2019, sewer maintenance was split into two divisions, sewer maintenance and line locating

Table 17
City of Auburn ~ Primary Government
Operating Indicators by Function/Program
 Last Ten Fiscal Years
 Unaudited

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police										
Physical arrests	3,053	3,102	3,679	2,957	2,612	2,703	3,133	2,265	3,111	3,384
Traffic violations	21,510	18,557	21,805	16,518	26,970	27,357	29,446	25,004	25,100	25,821
Calls for service	*	*	*	184,429	211,860	248,030	246,303	258,511	253,752	224,773
Fire										
Number of calls answered	4,367	4,948	4,950	5,532	5,900	5,850	6,000	5,880	6,848	7,134
Inspections	1,760	1,879	1,946	1,750	2,170	2,170	2,184	1,500	2,100	2,200
Public Works										
Potholes repaired	70	87	18	23	19	42	110	78	82	102
Environmental Services										
Refuse collected (tons/day) ⁽¹⁾	102	101	104	108	112	116	115	119	118	120
Recyclable collected (tons/day) ⁽¹⁾	5.60	4.96	5.03	5.09	5.21	6.65	9.21	11.24	11.17	10.57
Parks and Recreation										
Athletic participants	4,478	6,069	6,846	15,002 ⁽²⁾	17,159	15,818	16,119	3,578	15,824	8,754
Recreation center admissions	241,042	292,933	216,416	379,704 ⁽²⁾	434,806	456,356	377,644	163,807	190,153	332,289
Sewer										
Average daily sewage treatment (millions of gallons)	6.70	7.54	7.50	7.56	8.06	8.46	8.60	9.55	9.32	8.96

Source: City departments

* New operating indicator for 2016

⁽¹⁾Each year consists of 251 work days.

⁽²⁾Represents a change in methodology

Table 18
City of Auburn ~ Primary Government
Capital Asset Statistics by Function/Program
 Last Ten Fiscal Years
 Unaudited

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Safety										
Police Stations	1	1	1	1	2	2	2	2	2	2
Police Patrol units	96	94	96	100	113	116	114	124	124	141
Fire stations	5	5	5	5	5	5	5	5	5	6
Environmental Services										
Collection trucks	8	8	8	8	8	8	8	8	8	8
Public Works										
Streets (lane miles)	739	742	624 ⁽¹⁾	627	635	648	672	689	695	701
Engineering Services										
Signaled Intersections	60	61	61	63	64	64	66	66	66	69
Parks and Recreation										
Parks acreage	1,944	1,944	1,956	2,022	2,195	2,195	2,198	2,195	2,208	2,208
Swimming pools	2	2	2	2	2	1 ⁽²⁾	1	1	1	1
Pickleball courts	-	-	-	-	-	-	-	-	6	6
Tennis courts	44	44	44	44	44	40 ⁽³⁾	40	40	38	38
Community centers	5	5	5	5	5	5	5	5	5	5
Community Skate Park	-	-	-	-	-	-	1	1	1	1
Sewer										
Sanitary sewers (miles)	330	350	350	350	350	350	350	339	339	340
Maximum daily treatment capacity (millions of gallons)	13	13	13	13	13	13	13	13	13	13

Source: City departments

⁽¹⁾ Represents a change in methodology

⁽²⁾ Pool at Drake Middle School no longer in use

⁽³⁾ Replaced 4 tennis courts with the Auburn-Opelika Joint Skate Park



City of Auburn

