

CITY OF AUBURN

Auburn, New York

FINANCIAL REPORT

**For the Year Ended
June 30, 2020**



CITY OF AUBURN

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and
Members of City Council
City of Auburn
Auburn, New York

Report on the Financial Statements

We have audited the accompanying 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, New York (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Auburn Industrial Development Authority and the Auburn Housing Authority, which represent 100% of the City's discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Auburn Industrial Development Authority and the Auburn Housing Authority, are based on the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above 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, New York, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, Schedules of City's Contributions - NYSLRS Pension Plan, the Schedules of the City's Proportionate Share of Net Pension Liability, Schedule of Changes in the City's Total OPEB Liability and Related Ratios, and the related notes on pages 4-13 and 70-77 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Combining Balance Sheet - Non-Major Governmental Funds and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds (supplementary information) and the Schedule of Expenditures of Federal Awards 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 supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2020 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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's internal control over financial reporting and compliance.

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
December 30, 2020

CITY OF AUBURN

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

The following is a discussion and analysis of the City of Auburn's financial performance for the fiscal year ended June 30, 2020. This section is a summary of the City's financial activities based on currently known facts, decisions, or conditions. It is also based on both the Government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. The Management's Discussion and Analysis (MD&A) section is only an introduction and should be read in conjunction with the City's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- Net position for governmental activities decreased 1.21% while business-type activities decreased 228.94%.
- Revenue for governmental activities decreased 4.51%, while total expenses for governmental activities increased 14.87%.
- Capital assets increased for governmental activities by 7.19% and also increased for business-type activities by 9.80%.
- Total debt for the City's governmental activities and business-type activities increased by 0.65% and 6.34%, respectively
- Resources available for appropriation in the General Fund were \$868,963 more than budgeted and expenditures were \$1,714,898 less when compared to budget. Expenditures were under budget primarily due to cost reduction efforts.

Using this Annual Report

This annual report consists of a series of basic financial statements. The Statement of Net Position and the Statement of Activities (on pages 14 through 16) provide information about the City as a whole and present a longer-term view of the City's finances. Fund financial statements begin on page 17. For Governmental Activities, these statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the Government-wide statements by providing information about the City's most significant funds. The remaining statement provides financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside the government. Following these statements are notes that provide additional information that is essential to a full understanding of the data provided in the financial statements. In addition to the basic financial statements, the annual report contains budgetary comparison information for the General Fund and Major Special Revenue Funds.

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 14, with the Government-wide statements. The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer the question of whether the City, as a whole, is better off or worse off as a result of the year's activities.

CITY OF AUBURN

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

These statements include *all* assets, deferred outflows of resources, liabilities and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. One can think of the City's net position, the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources, as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. One will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's streets and infrastructure, to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, the City is separated into three kinds of activities:

- **Governmental Activities** - Most of the City's services are reported in this category, including public safety, recreation, economic assistance, transportation, general administration, and home and community services. Property and sales taxes, fees for services, and state and federal grants finance most of these activities.
- **Business-type Activities** - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's solid waste and power utility operations are reported here.
- **Component Units** - The City includes the Auburn Industrial Development Authority (AIDA) and the Auburn Housing Authority (AHA) as component units. The AIDA is a public benefit corporation, established to provide financial and other incentives to promote business and provide jobs in the City of Auburn. Copies of the AIDA's financial statements can be obtained by writing to the Auburn Industrial Development Authority, 2 State Street, Auburn, New York 13021. The AHA is a not-for-profit, exempt organization which includes programs related to public and subsidized housing. Copies of the AHA's financial statements can be obtained by writing to the Auburn Housing Authority, 20 Thornton Ave, Auburn, New York 13021.

Fund Financial Statements

Analysis of the City's Major Funds begins on page 17. The fund financial statements provide detailed information about the most significant funds, not on the City as a whole. Some funds are required to be established by State law. However, management establishes many other funds to help it control and manage money for particular purposes or to show it is meeting legal responsibilities for using certain taxes and grants. The City's two kinds of funds, Governmental and Proprietary, use different accounting approaches.

CITY OF AUBURN

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

Governmental Funds

Most of the City's services are reported in the Governmental Funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The Governmental Fund statements provide a detailed short-term view of the City's general governmental operations and the basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between Governmental Activities (reported in the Government-wide statements) and governmental funds is explained in a reconciliation following the fund financial statements.

Proprietary Funds

When the City charges customers for the services it provides - whether to outside customers or to other units of the City - these services are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The City's Enterprise Funds (a component of Proprietary Funds) are the same as the Business-type Activities we report in the Government-wide statements, but provide more detail and additional information, such as cash flows, for Proprietary Funds.

The City as Trustee

The City is the trustee, or fiduciary, for other assets that are held on behalf of others. All of the City's fiduciary activities are reported in a separate Statement of Net Position - Fiduciary Funds (page 24). We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in this fund are used for their intended purposes.

GOVERNMENTAL ACTIVITIES

The City's combined net position for fiscal year ended June 30, 2020 decreased 1.21%, in comparison to last year when net position increased by 21.08%. By far, the largest portion of the City's net position 208.91% reflects its investment in capital assets (such as land, buildings, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided by other sources, as the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF AUBURN

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

Our analysis below focuses on the net position (*Figure 1*), and changes in net position (*Figure 2*), of the City's Governmental Activities.

Figure 1 - Net Position

<i>Condensed Statement of Net Position</i>	<i>Governmental Activities</i>		<i>Total Dollar Change</i>
	<i>2020</i>	<i>2019</i>	<i>2020 - 2019</i>
<i>Current Assets</i>	\$ 32,001,638	\$ 26,073,234	\$ 5,928,404
<i>Other Noncurrent Assets</i>	9,217,503	12,885,220	(3,667,717)
<i>Capital Assets, Net</i>	178,509,559	166,540,959	11,968,600
<i>Total Assets</i>	219,728,700	205,499,413	14,229,287
<i>Pensions</i>	14,921,947	4,936,355	9,985,592
<i>Other Postemployment Benefits</i>	13,761,676	7,412,338	6,349,338
<i>Deferred Outflows of Resources</i>	28,683,623	12,348,693	16,334,930
<i>Current Liabilities</i>	43,826,509	38,131,558	5,694,951
<i>Noncurrent Liabilities</i>	141,780,427	117,905,742	23,874,685
<i>Total Liabilities</i>	185,606,936	156,037,300	29,569,636
<i>Pensions</i>	1,309,492	3,128,029	(1,818,537)
<i>Other Postemployment Benefits</i>	3,896,432	377,883	3,518,549
<i>Deferred Inflows of Resources</i>	5,205,924	3,505,912	1,700,012
<i>Net Investment in Capital Assets</i>	120,328,213	107,829,164	12,499,049
<i>Unrestricted</i>	(62,728,750)	(49,524,270)	(13,204,480)
<i>Total Net Position</i>	\$ 57,599,463	\$ 58,304,894	\$ (705,431)

Total assets increased 6.92%. This increase stems from a 7.19% increase in capital assets, net, as capital outlay exceeded depreciation expense.

Deferred outflows of resources increased 132.28% and deferred inflows of resources increased 48.49%. These changes are primarily the result of a net difference between projected and actual investment earnings on pension plan investments for the New York State Local Retirement System (NYSLRS), as well as changes in assumptions and other inputs for other postemployment benefits.

Total liabilities increased 18.95%. This increase is primarily due to an increase in bond anticipation notes, as well as an increase in the City's proportionate share of the net pension liability of the NYSLRS retirement system.

Net investment in capital assets increased 11.59%, primarily due to increases in capital assets. Total net position decreased 1.21%. These changes are discussed in further detail in *Figure 2*.

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MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

Figure 2 - Changes in Net Position

<i>Condensed Statement of Activities</i>	<i>Governmental Activities</i>		<i>Total Dollar Change</i>
	<i>2020</i>	<i>2019</i>	<i>2020 - 2019</i>
REVENUES			
<i>Program Revenues:</i>			
<i>Charges for Services</i>	\$ 20,008,371	\$ 19,188,754	\$ 819,617
<i>Operating Grants</i>	2,417,781	1,731,340	686,441
<i>Capital Grants</i>	6,862,247	14,359,582	(7,497,335)
<i>General Revenues:</i>			
<i>Property Taxes and Tax Items</i>	13,116,265	12,873,022	243,243
<i>Nonproperty Taxes</i>	10,144,825	9,999,740	145,085
<i>State/Federal Sources</i>	6,158,013	5,196,079	961,934
<i>Other</i>	3,173,182	1,456,251	1,716,931
Total Revenues	\$ 61,880,684	\$ 64,804,768	\$ (2,924,084)
PROGRAM EXPENSES			
<i>General Government</i>	\$ 10,119,544	\$ 8,020,939	\$ 2,098,605
<i>Public Safety</i>	27,240,684	24,877,405	2,363,279
<i>Transportation</i>	3,480,931	3,622,949	(142,018)
<i>Economic Assistance and Opportunity</i>	50,000	50,000	-
<i>Culture and Recreation</i>	2,266,416	2,306,430	(40,014)
<i>Home and Community Services</i>	18,022,147	14,304,609	3,717,538
<i>Interest on Long-Term Debt</i>	1,348,440	1,277,207	71,233
OTHER EXPENSES			
<i>Loss (Gain) on Disposal of Fixed Assets</i>	57,953	23,861	34,092
Total Expenses	\$ 62,586,115	\$ 54,483,400	\$ 8,102,715
<i>Excess Before Transfers</i>	\$ (705,431)	\$ 10,321,368	\$ (11,026,799)
<i>Transfers/Capital Contributions</i>	-	(300,000)	300,000
Increase in Net Position	\$ (705,431)	\$ 10,021,368	\$ (10,726,799)

Total revenue decreased 4.51%, while total expenses increased 14.87%. The decrease in revenue is due to a large decrease in capital grants related to reimbursable capital projects. Total expenses increased primarily due to an increase in Other Post-Employment Benefits (OPEB) and pension expenses.

CITY OF AUBURN

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2020

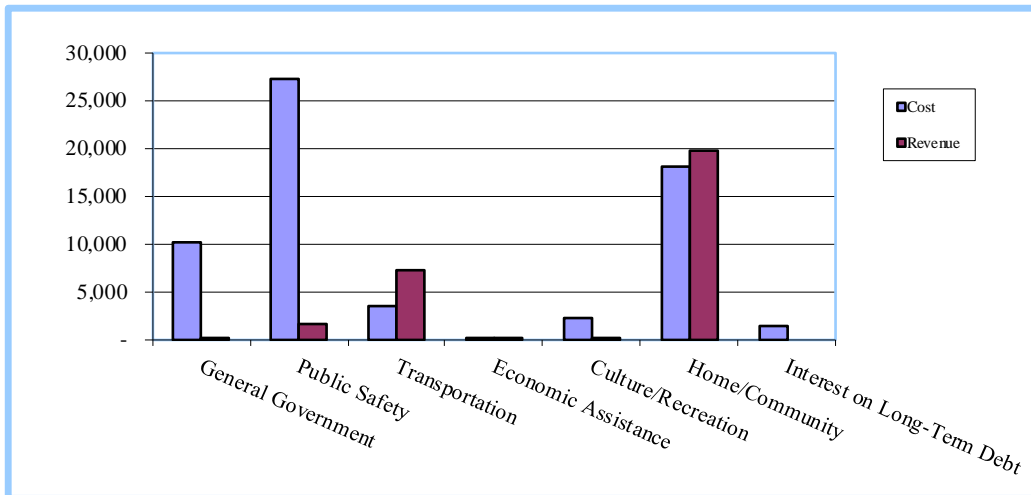
Figure 3
Revenue by Source - Governmental Activities June 30, 2020

Revenue by Source - Governmental Activities		
<i>Charges for Services</i>	\$ 20,008,371	32.33%
<i>Operating Grants</i>	2,417,781	3.91%
<i>Capital Grants</i>	6,862,247	11.09%
<i>Property Taxes</i>	13,116,265	21.20%
<i>Sales, Gross Receipts and Franchise Taxes</i>	10,144,825	16.39%
<i>State/Federal Sources</i>	6,158,013	9.95%
<i>Other</i>	3,173,182	5.13%
Total	\$ 61,880,684	100.00%

The cost of all governmental activities this year was \$62,528,162. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through City property and payments in lieu of taxes was \$33,239,763, because some of the cost was paid by those who directly benefited from the programs, totaling \$20,008,371; or by other governments and organizations that subsidized certain programs with grants and contributions, totaling \$9,280,028. Overall, the City’s governmental program revenues, including fees for services and grants, were \$29,288,399. The City paid for the remaining “public benefit” portion of governmental activities with \$32,534,332 in taxes and other revenues, such as interest and general entitlements.

The total cost less revenues generated by activities, or the net cost, for each of the City’s largest programs is presented on the next page. The net cost shows the financial burden placed on the City’s taxpayers by each of these functions.

Figure 4
Net Program Cost - Governmental Activities



The City’s Funds

Figure 5 shows changes in the fund balance for the City’s Major and aggregate Non-Major Funds. Total fund balances (deficit) decreased by 2,497.35%. This decrease is primarily attributable to the excess of expenditures and other financing uses over revenue and other financing sources in the Capital Fund, and the related deficit is expected to be eliminated as long-term financing is obtained for short-term debt.

CITY OF AUBURN

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

*Figure 5
Major Governmental Funds
Fund Balance at Year Ended June 30,*

<i>Governmental Fund Balances</i>	<i>Governmental Funds</i>		<i>Total Dollar Change</i>
	<i>2020</i>	<i>2019</i>	<i>2020 - 2019</i>
<i>General Fund</i>	\$ 6,854,997	\$ 6,401,049	\$ 453,948
<i>Sewer Fund</i>	2,599,272	2,600,093	(821)
<i>Special Grant Fund</i>	688,022	797,813	(109,791)
<i>Capital Projects Fund</i>	(15,674,769)	(11,585,974)	(4,088,795)
<i>Non-Major Governmental Funds</i>	2,036,209	1,932,858	103,351
<i>Totals</i>	\$ (3,496,269)	\$ 145,839	\$ (3,642,108)

Business-Type Activities

Total assets decreased 0.79% while total liabilities increased 4.83%. Total assets decreased due to a decrease in cash and accounts receivable, resulting from debt payments and decrease in landfill closure/post-closure liability. Total net position decreased 228.94%, primarily due to losses in the Landfill Fund as it moved toward closure, as well as impact of COVID-19 on landfill operations. Total expenses decreased 6.82%, primarily due to a decrease in landfill closure and post-closure expenses. Total revenue decreased 41.32%. This change stems from the landfill as it moved toward closure, as well as the impact of COVID-19 on landfill operations.

*Figure 6
Major Enterprise Funds
Net Position at Year Ended June 30,*

<i>Condensed Statement of Net Position</i>	<i>Business-Type Activities</i>		<i>Total Dollar Change</i>
	<i>2020</i>	<i>2019</i>	<i>2020 - 2019</i>
<i>Current Assets</i>	\$ 2,172,328	\$ 4,264,498	\$ (2,092,170)
<i>Capital Assets, Net</i>	21,341,141	19,436,256	1,904,885
<i>Total Assets</i>	23,513,469	23,700,754	(187,285)
<i>Pensions</i>	142,550	61,619	80,931
<i>Other Postemployment Benefits</i>	267,966	144,332	123,634
<i>Deferred Outflows of Resources</i>	410,516	205,951	204,565
<i>Current Liabilities</i>	8,321,313	6,570,136	1,751,177
<i>Noncurrent Liabilities</i>	16,166,251	16,788,586	(622,335)
<i>Total Liabilities</i>	24,487,564	23,358,722	1,128,842
<i>Pensions</i>	6,781	39,432	(32,651)
<i>Other Postemployment Benefits</i>	75,871	7,358	68,513
<i>Deferred Inflows of Resources</i>	82,652	46,790	35,862
<i>Net Investment in Capital Assets</i>	3,546,596	2,709,389	837,207
<i>Unrestricted</i>	(4,192,827)	(2,208,196)	(1,984,631)
<i>Total Net Position</i>	\$ (646,231)	\$ 501,193	\$ (1,147,424)

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MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

*Figure 7
Major Enterprise Funds
Revenues, Expenses, and Changes in Net Position at Year Ended June 30,*

<i>Condensed Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds</i>	<i>Business-Type Activities</i>		<i>Total Dollar Change</i>
	<i>2020</i>	<i>2019</i>	<i>2020 - 2019</i>
<i>Operating Revenues</i>	\$ 1,818,828	\$ 3,003,753	\$ (1,184,925)
<i>Nonoperating Revenues</i>	(799)	94,646	(95,445)
<i>Total Revenues</i>	1,818,029	3,098,399	(1,280,370)
<i>Operating Expenses</i>	2,634,633	2,802,692	(168,059)
<i>Nonoperating Expenses</i>	330,820	379,955	(49,135)
<i>Total Expenses</i>	2,965,453	3,182,647	(217,194)
<i>Interfund Transfers In</i>	31,300	300,000	(268,700)
<i>Interfund Transfers Out</i>	(31,300)	-	(31,300)
<i>Change in Net Position</i>	\$ (1,147,424)	\$ 215,752	\$ (1,363,176)

General Fund Budgetary Highlights

Over the course of the year, the City Council, as well as the management of the City, revised the City budget several times. These budget amendments consisted of budget transfers between functions, as well as an increase in estimated revenues of \$868,963. Even with these adjustments, actual charges to appropriations (expenditures) were below the final budget by \$1,714,898.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the City had invested in a broad range of capital assets totaling \$280,705,835 and \$47,037,757 offset by accumulated depreciation of \$102,196,276 and \$25,696,616 for governmental activities and business-type activities, respectively. *Figure 8* shows the changes in the City's capital assets.

*Figure 8
Capital Assets, Net of Depreciation*

	<i>Governmental Activities</i>		<i>Total Dollar Change</i>	<i>Business-Type Activities</i>		<i>Total Dollar Change</i>
	<i>2020</i>	<i>2019</i>	<i>2020 - 2019</i>	<i>2020</i>	<i>2019</i>	<i>2020 - 2019</i>
<i>Land</i>	\$ 4,252,631	\$ 4,252,631	\$ -	\$ 420,187	\$ 420,187	\$ -
<i>Construction in Progress</i>	50,247,882	42,592,021	7,655,861	8,041,063	6,626,236	1,414,827
<i>Buildings and Improvements</i>	31,005,973	29,919,581	1,086,392	5,584,955	5,772,255	(187,300)
<i>Equipment</i>	15,736,038	12,172,747	3,563,291	2,643,098	1,850,127	792,971
<i>Infrastructure</i>	77,267,035	77,603,979	(336,944)	4,651,838	4,767,451	(115,613)
<i>Totals</i>	\$ 178,509,559	\$ 166,540,959	\$ 11,968,600	\$ 21,341,141	\$ 19,436,256	\$ 1,904,885

CITY OF AUBURN

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

At yearend, the City had entered into contracts with various vendors for total commitments outstanding of \$11,119,086, of which \$2,378,327 was committed for general government projects, \$6,807,270 was committed for transportation projects, \$63,799 was committed for culture and recreation, and \$1,869,690 was committed for home and community projects. More detailed information can be found in Note 21 to the financial statements regarding these commitments.

Debt Administration

Total long-term debt increased in 2020 by 0.65% and 6.34% for governmental activities and business-type activities, respectively. Of this amount, \$49,501,102 was subject to the constitutional debt limit and represented 69.0% of the City's statutory debt limit.

*Figure 9
Outstanding Debt at Years Ended*

	<i>Governmental Activities</i>		<i>Total Dollar Change</i>	<i>Business-Type Activities</i>		<i>Total Dollar Change</i>
	<i>2020</i>	<i>2019</i>	<i>2020 - 2019</i>	<i>2020</i>	<i>2019</i>	<i>2020 - 2019</i>
<i>General Obligation Bonds</i>	\$ 32,928,790	\$ 36,257,063	\$ (3,328,273)	\$ 12,186,968	\$ 13,552,326	\$ (1,365,358)
<i>BANs</i>	25,308,500	21,017,865	4,290,635	5,597,976	3,163,476	2,434,500
<i>Notes Payable</i>	3,288,882	3,792,025	(503,143)	36,541	43,739	(7,198)
<i>Lease Obligations</i>	127,615	187,672	(60,057)	-	-	-
Totals	\$ 61,653,787	\$ 61,254,625	\$ 399,162	\$ 17,821,485	\$ 16,759,541	\$ 1,061,944

More detailed information about the City's debt is presented in Notes 10, 11, and 12 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

General Fund:

The total General Fund is projected at approximately \$35,618,116, which is a 5.8% decrease from the prior year revised budget. There is \$774,169 of fund balance utilized, reduction in service levels or tax levy increase included in the adopted budget. The adopted budget is in line with the financial plan in compliance with the state tax cap. A summary of notable changes follows:

Expenditure Changes

- Health Insurance: There is a projected increase of 10% from the Cayuga County Consortium.
- Unallocated Salaries: This line holds a contingency for retirement incentives or other contractual salary increases.
- Debt: There is an increase in debt payments due to new issuances.

CITY OF AUBURN

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

Revenue Changes

- State revenues for AIM funding, CHIPS funding, PAVE NY funding and arterial highway maintenance funding remain at prior year levels as the state continues to hold local municipalities at frozen funding levels. However, as a result of COVID-19, the state has withheld 20% of the City's AIM funding. It is unknown if this will eventually be released to the City.
- Sales tax has decreased incrementally by quarter based on recent trends due to COVID-19. The budgetary decrease amounts to 9%.
- LISC Grant for \$56,000 to help offset Code enforcement salaries and software.

Landfill Fund:

The fund is balanced on a cash flow basis with no fee changes to citizens. The fund budget has decreased by 67% due to the change from the landfill to transfer station and reducing private hauling while landfill closure occurs. The fund is balanced using \$1,475,181 of fund balance.

Refuse Collection Fund:

The fund has a 14.3% increase due to contractual salary increases, new debt issuances, and allocations of salaries between funds. The fund is balanced by using \$380,303 of fund balance.

Power Utility Fund:

There is a 0.5% increase in this fund's budget due to contractual salary increases and debt issuances. The fund is balanced by using \$361,021 of fund balance. The North Division Street Hydro and Mill Street Hydro facilities are both online and generating electricity.

Transfer Station Fund:

This fund is new due to the completion of the Transfer Station Project. The fund is balanced using \$170,045 of fund balance.

Water Fund:

The fund has an 18.2% decrease. There are no proposed fee increases, but the fund is balanced by using \$121,913 of fund balance.

Sewer Fund:

The fund has a 3% decrease. There are no proposed fee increases and no fund balance was utilized to budget the fund.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about the report or need any additional financial information, contact the City Comptroller at 24 South Street, Auburn, New York.

Basic Financial Statements

CITY OF AUBURN

STATEMENT OF NET POSITION JUNE 30, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Auburn Industrial Development Authority December 31, 2019	Auburn Housing Authority March 31, 2020
ASSETS					
Current Assets					
Cash and Cash Equivalents, Unrestricted	\$ 13,286,216	\$ 247,041	\$ 13,533,257	\$ 99,479	\$ 2,549,770
Cash and Cash Equivalents, Restricted	4,529,531	-	4,529,531	-	710,832
Investments	8,611	1,698,513	1,707,124	-	84,079
Investments, Restricted	-	-	-	-	30,277
Taxes Receivable, Net	4,646,725	-	4,646,725	-	-
Internal Balances	542,775	(542,775)	-	-	-
Due from State and Federal Governments	4,416,214	24,298	4,440,512	-	-
Due from Other Governments	589,668	-	589,668	-	-
Other Receivables	3,862,670	55,371	3,918,041	725,168	733,575
Loans Receivable, Current	119,228	-	119,228	-	-
Prepaid Expenses	-	-	-	850	69,268
Property Leases, Current	-	-	-	129,428	-
Total Current Assets	32,001,638	1,482,448	33,484,086	954,925	4,177,801
Noncurrent Assets					
Restricted Cash, Long-Term	576,397	-	576,397	-	-
Investments, Long-Term	5,287,440	-	5,287,440	-	-
Loans Receivable, Long-Term	3,353,666	-	3,353,666	-	13,763,902
Property Leases, Long-Term	-	-	-	1,443,621	-
Capital Assets, Non-Depreciable	54,500,513	8,461,250	62,961,763	309,712	276,622
Depreciable Capital Assets, Net	124,009,046	12,879,891	136,888,937	-	2,103,723
Total Noncurrent Assets	187,727,062	21,341,141	209,068,203	1,753,333	16,144,247
Total Assets	219,728,700	22,823,589	242,552,289	2,708,258	20,322,048
DEFERRED OUTFLOWS OF RESOURCES					
Pensions	14,921,947	142,550	15,064,497	-	103,541
Other Postemployment Benefits	13,761,676	267,966	14,029,642	-	-
Total Deferred Outflows of Resources	28,683,623	410,516	29,094,139	-	103,541
Total Assets and Deferred Outflows of Resources	248,412,323	23,234,105	271,646,428	2,708,258	20,425,589
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 3,606,979	\$ 187,970	\$ 3,794,949	\$ 735,751	\$ 46,423
Accrued Liabilities	907,000	14,295	921,295	-	49,847
Due to Other Governments	2,643,751	-	2,643,751	-	-
Due to Employees' Retirement System	955,835	2,534	958,369	-	-
Bond Anticipation Notes Payable	25,308,500	5,597,976	30,906,476	-	-
Accrued Interest Payable	507,406	126,754	634,160	8,460	-
Unearned Revenue	2,749,708	-	2,749,708	-	4,545
Subtotal Current Liabilities	36,679,179	5,929,529	42,608,708	744,211	100,815

See Notes to Financial Statements

CITY OF AUBURN

STATEMENT OF NET POSITION (Continued) JUNE 30, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Auburn Industrial Development Authority December 31, 2019	Auburn Housing Authority March 31, 2020
LIABILITIES (Continued)					
Current Portion of Long-Term Liabilities:					
Subtotal Current Liabilities	\$ 36,679,179	\$ 5,929,529	\$ 42,608,708	\$ 744,211	\$ 100,815
Lease Obligations Payable	62,579	-	62,579	-	-
Bonds Payable	4,957,263	1,388,280	6,345,543	129,428	-
Notes Payable	520,081	1,518	521,599	-	-
Employees' Retirement System Notes Payable	77,678	5,937	83,615	-	-
Compensated Absences	101,401	4,779	106,180	-	3,673
Self Insurance Liability	109,753	-	109,753	-	-
Claims and Judgments Payable	1,318,575	-	1,318,575	-	-
Landfill Post Closure Liability	-	301,390	301,390	-	-
Total Current Liabilities	43,826,509	7,631,433	51,457,942	873,639	104,488
Long-Term Liabilities					
Net Pension Liability - Proportionate Share	23,239,893	223,311	23,463,204	-	107,823
Lease Obligations Payable	65,036	-	65,036	-	-
Bonds Payable	27,971,527	10,798,688	38,770,215	1,443,621	-
Notes Payable	2,768,801	8,083	2,776,884	23,100	-
Employees' Retirement System Notes Payable	274,808	21,003	295,811	-	-
Compensated Absences	1,926,627	90,809	2,017,436	-	33,059
Other Postemployment Benefits	83,901,099	1,633,714	85,534,813	-	2,114,695
Self Insurance Liability	1,632,636	-	1,632,636	-	-
Landfill Post Closure Liability	-	3,390,643	3,390,643	-	-
Total Long-Term Liabilities	141,780,427	16,166,251	157,946,678	1,466,721	2,255,577
Total Liabilities	185,606,936	23,797,684	209,404,620	2,340,360	2,360,065
DEFERRED INFLOWS OF RESOURCES					
Pensions	1,309,492	6,781	1,316,273	-	58,913
Other Postemployment Benefits	3,896,432	75,871	3,972,303	-	-
Total Deferred Inflows of Resources	5,205,924	82,652	5,288,576	-	58,913
NET POSITION					
Net Investment in Capital Assets	120,328,213	3,546,596	123,874,809	286,612	2,380,345
Restricted	-	-	-	-	704,534
Unrestricted	(62,728,750)	(4,192,827)	(66,921,577)	81,286	14,921,732
Total Net Position (Deficit)	\$ 57,599,463	\$ (646,231)	\$ 56,953,232	\$ 367,898	\$ 18,006,611

See Notes to Financial Statements

CITY OF AUBURN

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2020

Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total Primary Government	Auburn Industrial Development Authority	Auburn Housing Authority
							December 31, 2019	March 31, 2020
PRIMARY GOVERNMENT								
Governmental Activities								
General Government Support	\$ 10,119,544	\$ 257,732	\$ -	\$ -	\$ (9,861,812)	\$ -	\$ (9,861,812)	\$ -
Public Safety	27,240,684	861,295	857,086	-	(25,522,303)	-	(25,522,303)	-
Transportation	3,480,931	379,118	81,832	6,862,247	3,842,266	-	3,842,266	-
Economic Assistance and Opportunity	50,000	-	141,229	-	91,229	-	91,229	-
Culture and Recreation	2,266,416	104,617	-	-	(2,161,799)	-	(2,161,799)	-
Home and Community Services	18,022,147	18,405,609	1,337,634	-	1,721,096	-	1,721,096	-
Interest on Long-Term Debt	1,348,440	-	-	-	(1,348,440)	-	(1,348,440)	-
Total Governmental Activities	62,528,162	20,008,371	2,417,781	6,862,247	(33,239,763)	-	(33,239,763)	-
Business-Type Activities								
Power Utility Fund	632,933	579,473	148,803	-	-	95,343	95,343	-
Solid Waste	2,332,520	1,082,218	8,334	-	-	(1,241,968)	(1,241,968)	-
Total Business-Type Activities	2,965,453	1,661,691	157,137	-	-	(1,146,625)	(1,146,625)	-
Total Primary Government	\$ 65,493,615	\$ 21,670,062	\$ 2,574,918	\$ 6,862,247	(33,239,763)	(1,146,625)	(34,386,388)	-
Component Units								
Auburn Industrial Development Authority	\$ 35,356	\$ 53,180	\$ -	\$ -	\$ -	\$ -	\$ 17,824	\$ -
Auburn Housing Authority	3,246,571	424,467	4,536,534	-	-	-	-	1,714,430
Total Component Units	\$ 3,281,927	\$ 477,647	\$ 4,536,534	\$ -	-	-	17,824	1,714,430
Net (Expense) Revenue and Changes Brought Forward:				(33,239,763)	(1,146,625)	(34,386,388)	17,824	1,714,430
GENERAL REVENUES								
Real Property Taxes				12,205,124	-	12,205,124	-	-
Real Property Tax Items				911,141	-	911,141	-	-
Sales Taxes				9,471,710	-	9,471,710	-	-
Utilities Gross Receipts Tax				205,467	-	205,467	-	-
Franchise Taxes				467,648	-	467,648	-	-
Use of Money and Property				894,038	126,740	1,020,778	821	241,231
Sale of Property and Compensation for Loss				971,313	-	971,313	-	-
Miscellaneous Local Sources				1,307,831	-	1,307,831	-	445,518
State and Federal Sources not Restricted to Specific Programs				6,158,013	-	6,158,013	-	-
Gain (Loss) on Disposal of Assets				(57,953)	(127,539)	(185,492)	-	(1,223,085)
Total General Revenues and Transfers				32,534,332	(799)	32,533,533	821	(536,336)
Change in Net Position				(705,431)	(1,147,424)	(1,852,855)	18,645	1,178,094
Net Position - Beginning of Year				58,304,894	501,193	58,806,087	349,253	16,828,517
Net Position (Deficit) - End of Year				\$ 57,599,463	\$ (646,231)	\$ 56,953,232	\$ 367,898	\$ 18,006,611

See Notes to Financial Statements

CITY OF AUBURN

BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2020

	Major Funds			Capital Projects Fund	Total Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Special Revenue Funds				
	Sewer Fund	Special Grant Fund				
ASSETS						
Cash and Cash Equivalents, Unrestricted	\$ 5,123,780	\$ 593,978	\$ 615,636	\$ 4,906,414	\$ 2,046,408	\$ 13,286,216
Cash and Cash Equivalents, Restricted	1,012,740	773	-	4,048,838	43,577	5,105,928
Investments	5,290,633	2,902	-	-	2,516	5,296,051
Taxes Receivable, Net	4,646,725	-	-	-	-	4,646,725
Due from Other Funds	921,007	708,356	100,000	720,425	207,001	2,656,789
Due from State and Federal Governments	1,139,779	-	641,344	2,635,091	-	4,416,214
Due from Other Governments	589,668	-	-	-	-	589,668
Other Receivables	253,137	1,624,881	-	686,235	1,298,417	3,862,670
Loans Receivable, Net	-	-	3,472,894	-	-	3,472,894
Total Assets	\$ 18,977,469	\$ 2,930,890	\$ 4,829,874	\$ 12,997,003	\$ 3,597,919	\$ 43,333,155
LIABILITIES						
Accounts Payable	\$ 352,692	\$ 80,402	\$ 534,383	\$ 2,436,089	\$ 203,413	\$ 3,606,979
Accrued Liabilities	758,075	64,245	-	-	84,680	907,000
Due to Other Funds	747,345	128,623	134,576	261,160	842,310	2,114,014
Due to Other Governments	2,643,751	-	-	-	-	2,643,751
Due to Retirement System	846,180	58,348	-	-	51,307	955,835
Bond Anticipation Notes Payable	-	-	-	24,928,500	380,000	25,308,500
Unearned Revenue	2,749,708	-	-	-	-	2,749,708
Total Liabilities	8,097,751	331,618	668,959	27,625,749	1,561,710	38,285,787
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Not Collected in the Recognition Period	4,024,721	-	3,472,893	1,046,023	-	8,543,637
FUND BALANCES						
Nonspendable	-	-	-	-	9,368	9,368
Committed	1,012,740	773	-	-	34,209	1,047,722
Assigned	1,554,623	2,598,499	688,022	-	2,227,692	7,068,836
Unassigned	4,287,634	-	-	(15,674,769)	(235,060)	(11,622,195)
Total Fund Balances (Deficit)	6,854,997	2,599,272	688,022	(15,674,769)	2,036,209	(3,496,269)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 18,977,469	\$ 2,930,890	\$ 4,829,874	\$ 12,997,003	\$ 3,597,919	\$ 43,333,155

See Notes to Financial Statements

CITY OF AUBURN

RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO THE STATEMENT OF NET POSITION JUNE 30, 2020

Total Governmental Fund Balances (Deficit)		\$ (3,496,269)
<p>Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
Capital Assets	\$ 280,705,835	
Accumulated Depreciation	<u>(102,196,276)</u>	178,509,559
<p>The City's proportionate share of the local retirement systems' collective net pension liability is not reported in the funds.</p>		
Net Pension Liability - Proportionate Share		(23,239,893)
<p>Certain accrued expenses reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in the funds.</p>		
Accrued Interest Payable	\$ (507,406)	
Employees' Retirement System Note Payable	(352,486)	
Compensated Absences	(2,028,028)	
Self Insurance Liability	(1,742,389)	
Other Postemployment Benefits Liability	(83,901,099)	
Claims and Judgments	<u>(1,318,575)</u>	(89,849,983)
<p>Long-term liabilities, including bonds payable, lease obligations payable, and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Bonds Payable	\$ (32,928,790)	
Leases Payable	(127,615)	
Notes Payable	<u>(3,288,882)</u>	(36,345,287)
<p>Deferred outflows of resources, including pensions and other postemployment benefits, represents a consumption of net position that applies to future periods and, therefore, is not reported in the funds. Deferred inflows of resources, including unavailable revenue, pensions, and other postemployment benefits, represents an acquisition of net position that applies to future periods and, therefore, is not reported in the funds.</p>		
Deferred Outflows of Resources - Pensions	\$ 14,921,947	
Deferred Outflows of Resources - Other Postemployment Benefits	13,761,676	
Deferred Outflows of Resources - Unavailable Revenue	8,543,637	
Deferred Inflows of Resources - Pensions	(1,309,492)	
Deferred Inflows of Resources - Other Postemployment Benefits	<u>(3,896,432)</u>	<u>32,021,336</u>
Net Position of Governmental Activities		<u><u>\$ 57,599,463</u></u>

See Notes to Financial Statements

CITY OF AUBURN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS JUNE 30, 2020

	General Fund	Special Revenue Funds		Capital Projects Fund	Total Non-Major Governmental Funds	Total Governmental Funds
		Sewer Fund	Special Grant Fund			
REVENUES						
Real Property Taxes	\$ 12,126,109	\$ -	\$ -	\$ -	\$ -	\$ 12,126,109
Real Property Tax Items	911,141	-	-	-	-	911,141
Nonproperty Taxes	10,144,825	-	-	-	-	10,144,825
Departmental Income	942,528	8,007,117	188,796	-	6,206,878	15,345,319
Intergovernmental Charges	240,384	-	-	-	-	240,384
Use of Money and Property	803,001	21,457	25,473	-	44,107	894,038
Licenses and Permits	194,697	-	-	-	-	194,697
Fines and Forfeitures	260,340	-	-	-	-	260,340
Sale of Property and Compensation for Loss	898,332	352	-	-	72,629	971,313
Miscellaneous Local Sources	123,182	1,902	-	418,757	506,359	1,050,200
Interfund Revenue	3,614,519	-	-	-	395,000	4,009,519
State Sources	5,699,427	-	-	5,097,598	-	10,797,025
Federal Sources	769,521	-	1,337,634	2,410,284	123,577	4,641,016
Total Revenues	36,728,006	8,030,828	1,551,903	7,926,639	7,348,550	61,585,926
EXPENDITURES						
General Government Support	4,966,377	950,299	-	-	1,091,683	7,008,359
Public Safety	13,259,817	-	-	-	40,499	13,300,316
Transportation	1,309,767	-	-	-	-	1,309,767
Economic Assistance and Opportunity	50,000	-	-	-	-	50,000
Culture and Recreation	1,219,357	-	-	-	-	1,219,357
Home and Community Services	1,326,092	3,345,266	1,661,694	-	3,747,437	10,080,489
Employee Benefits	10,870,779	836,442	-	-	915,797	12,623,018
Subtotal Expenditures	\$ 33,002,189	\$ 5,132,007	\$ 1,661,694	\$ -	\$ 5,795,416	\$ 45,591,306

See Notes to Financial Statements

CITY OF AUBURN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS (Continued) JUNE 30, 2020

	<u>General Fund</u>	<u>Special Revenue Funds</u>		<u>Capital Projects Fund</u>	<u>Total Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
		<u>Sewer Fund</u>	<u>Special Grant Fund</u>			
EXPENDITURES (Continued)						
Subtotal Expenditures	\$ 33,002,189	\$ 5,132,007	\$ 1,661,694	\$ -	\$ 5,795,416	\$ 45,591,306
Debt Service:						
Debt Principal	2,651,306	2,230,580	-	-	1,611,949	6,493,835
Debt Interest	934,386	306,643	-	-	403,675	1,644,704
Capital Outlay	-	-	-	14,358,182	-	14,358,182
Total Expenditures	<u>36,587,881</u>	<u>7,669,230</u>	<u>1,661,694</u>	<u>14,358,182</u>	<u>7,811,040</u>	<u>68,088,027</u>
Excess of Revenue (Expenditures)	<u>140,125</u>	<u>361,598</u>	<u>(109,791)</u>	<u>(6,431,543)</u>	<u>(462,490)</u>	<u>(6,502,101)</u>
OTHER FINANCING SOURCES (USES)						
Interfund Transfers In	91,254	11,734	-	730,116	885,160	1,718,264
Interfund Transfers Out	-	(400,000)	-	(989,733)	(328,531)	(1,718,264)
Bond Anticipation Notes						
Redeemed from Appropriations	-	-	-	1,132,025	-	1,132,025
Proceeds from Long-Term Debt	-	-	-	1,470,340	-	1,470,340
Premium on Obligations	222,569	25,847	-	-	9,212	257,628
Total Other Financing Sources (Uses)	<u>313,823</u>	<u>(362,419)</u>	<u>-</u>	<u>2,342,748</u>	<u>565,841</u>	<u>2,859,993</u>
Net Changes in Fund Balances	453,948	(821)	(109,791)	(4,088,795)	103,351	(3,642,108)
Fund Balances (Deficit) - Beginning of Year	<u>6,401,049</u>	<u>2,600,093</u>	<u>797,813</u>	<u>(11,585,974)</u>	<u>1,932,858</u>	<u>145,839</u>
Fund Balances (Deficit) - End of Year	<u><u>\$ 6,854,997</u></u>	<u><u>\$ 2,599,272</u></u>	<u><u>\$ 688,022</u></u>	<u><u>\$ (15,674,769)</u></u>	<u><u>\$ 2,036,209</u></u>	<u><u>\$ (3,496,269)</u></u>

See Notes to Financial Statements

CITY OF AUBURN

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2020

Net Change in Fund Balances of Governmental Funds		\$ (3,642,108)
<p>Governmental funds report capital outlay as expenditures; however, in the Statement of Activities, the cost of those assets are depreciated over their estimated useful lives.</p>		
Capital Outlay	\$ 17,146,472	
Net Book Value of Disposed Assets	(57,953)	
Depreciation	<u>(5,119,919)</u>	11,968,600
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the change in unavailable revenue in the Governmental Funds.</p>		
		37,127
<p>Debt-related proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>		
Long-Term Debt Issued	\$ (1,470,340)	
Repayment of Debt	<u>5,361,813</u>	3,891,473
<p>Changes in certain liabilities reflected in the Statement of Activities do not affect current financial resources and, therefore, are not reflected in the Governmental Funds.</p>		
Accrued Interest Payable	\$ 296,264	
Employees' Retirement System Note Payable	75,034	
Compensated Absences	(440,142)	
Self Insurance Liability	62,091	
Other Postemployment Benefits Liability	(8,710,998)	
Claims and Judgments	<u>65,302</u>	(8,652,449)
<p>Changes in the City's proportionate share of net pension liabilities have no effect on current financial resources and therefore are not reported in the Governmental Funds. In addition, changes in the City's deferred outflows of resources and deferred inflows of resources related to pensions do not affect current financial resources and are, also, not reported in the Governmental Funds.</p>		
ERS	\$ (1,519,818)	
PFRS	<u>(2,788,256)</u>	<u>(4,308,074)</u>
Change in Net Position of Governmental Activities		<u><u>\$ (705,431)</u></u>

See Notes to Financial Statements

CITY OF AUBURN

STATEMENT OF NET POSITION - PROPRIETARY FUNDS JUNE 30, 2020

	Business-Type Activities		
	Enterprise Funds		
	Power Utility Fund	Solid Waste Fund	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents, Unrestricted	\$ -	\$ 247,041	\$ 247,041
Investments	-	1,698,513	1,698,513
Accounts Receivable, Net	-	55,371	55,371
Due from Other Funds	99,063	48,042	147,105
Due from State and Federal Governments	24,298	-	24,298
Total Current Assets	123,361	2,048,967	2,172,328
Noncurrent Assets			
Capital Assets, Non-Depreciable	6,727,035	1,734,215	8,461,250
Depreciable Capital Assets, Net	9,329,199	3,550,692	12,879,891
Total Noncurrent Assets	16,056,234	5,284,907	21,341,141
Total Assets	16,179,595	7,333,874	23,513,469
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	20,369	122,181	142,550
Other Postemployment Benefits	11,224	256,742	267,966
Total Deferred Outflows of Resources	31,593	378,923	410,516
LIABILITIES			
Current Liabilities			
Accounts Payable	1,798	186,172	187,970
Accrued Liabilities	1,053	13,242	14,295
Due to Other Funds	661,683	28,197	689,880
Due to Employees' Retirement System	1,296	1,238	2,534
Bonds Payable	629,888	758,392	1,388,280
Note Payable	-	1,518	1,518
Compensated Absences	-	4,779	4,779
Employees' Retirement System Note Payable	-	5,937	5,937
Landfill Post Closure Liability	-	301,390	301,390
Bond Anticipation Notes Payable	3,132,176	2,465,800	5,597,976
Bond Interest Payable	87,161	39,593	126,754
Total Current Liabilities	4,515,055	3,806,258	8,321,313
Non-Current Liabilities			
Net Pension Liability - Proportionate Share	31,909	191,402	223,311
Other Postemployment Benefits	68,428	1,565,286	1,633,714
Bonds Payable	10,764,988	33,700	10,798,688
Note Payable	-	8,083	8,083
Compensated Absences	-	90,809	90,809
Employees' Retirement System Note Payable	-	21,003	21,003
Landfill Post Closure Liability	-	3,390,643	3,390,643
Total Non-Current Liabilities	10,865,325	5,300,926	16,166,251
Total Liabilities	15,380,380	9,107,184	24,487,564
DEFERRED INFLOWS OF RESOURCES			
Pensions	969	5,812	6,781
Other Postemployment Benefits	3,178	72,693	75,871
Total Deferred Inflows of Resources	4,147	78,505	82,652
NET POSITION			
Net Investment in Capital Assets	1,529,182	2,017,414	3,546,596
Unrestricted (Deficit)	(702,521)	(3,490,306)	(4,192,827)
Total Net Position (Deficit)	\$ 826,661	\$ (1,472,892)	\$ (646,231)

See Notes to Financial Statements

CITY OF AUBURN

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2020

	Business-Type Activities		
	Enterprise Funds		
	Power Utility Fund	Solid Waste Fund	Total
REVENUES			
Charges for Services	\$ 579,473	\$ 1,082,218	\$ 1,661,691
Miscellaneous Local Services	148,803	8,334	157,137
Total Operating Revenues	<u>728,276</u>	<u>1,090,552</u>	<u>1,818,828</u>
OPERATING EXPENSES			
Salaries and Wages	38,462	418,349	456,811
Contractual Services	36,543	1,214,635	1,251,178
Employee Benefits	33,903	371,584	405,487
Depreciation and Amortization	284,775	236,382	521,157
Total Operating Expenses	<u>393,683</u>	<u>2,240,950</u>	<u>2,634,633</u>
Income (Loss) from Operations	<u>334,593</u>	<u>(1,150,398)</u>	<u>(815,805)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Revenue	-	126,740	126,740
Gain (Loss) on Sale of Assets	(318)	(127,221)	(127,539)
Interest Expense	(239,250)	(91,570)	(330,820)
Total Non-Operating Revenues (Expenses)	<u>(239,568)</u>	<u>(92,051)</u>	<u>(331,619)</u>
Net Income Before Transfers	95,025	(1,242,449)	(1,147,424)
Interfund Transfers In	31,300	-	31,300
Interfund Transfers Out	(31,300)	-	(31,300)
Net Increase (Decrease) in Net Position	95,025	(1,242,449)	(1,147,424)
Net Position (Deficit) - Beginning of Year	<u>731,636</u>	<u>(230,443)</u>	<u>501,193</u>
Net Position (Deficit) - End of Year	<u><u>\$ 826,661</u></u>	<u><u>\$ (1,472,892)</u></u>	<u><u>\$ (646,231)</u></u>

See Notes to Financial Statements

CITY OF AUBURN

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2020

	Business-Type Activities		
	Enterprise Funds		
	Power Utility Fund	Solid Waste Fund	Total
Cash Flows from Operating Activities			
Cash Received from Providing Services	\$ 579,473	\$ 1,206,881	\$ 1,786,354
Cash Received from Other Funds and Other Sources	1,324,505	8,334	1,332,839
Cash Payments - Employees	(38,287)	(399,913)	(438,200)
Cash Payments - Employee Benefits	(23,064)	(218,804)	(241,868)
Cash Payments - Suppliers	(35,887)	(680,737)	(716,624)
Net Cash Provided (Used) by Operating Activities	<u>1,806,740</u>	<u>(84,239)</u>	<u>1,722,501</u>
Cash Flows from Non-Capital and Financing Activities			
Transfers to Other Funds	586,277	(12,236)	574,041
Cash Flows from Capital and Related Financing Activities			
Proceeds from Bond Anticipation Notes	3,132,176	2,465,800	5,597,976
Payments of Bond Anticipation Notes	(3,163,476)	-	(3,163,476)
Payments on Bonds and Notes	(614,306)	(758,250)	(1,372,556)
Interest Expense	(277,508)	(56,378)	(333,886)
Proceeds from the Sale of Assets	-	(1,223)	(1,223)
Purchase of Capital Assets	-	(2,552,358)	(2,552,358)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(923,114)</u>	<u>(902,409)</u>	<u>(1,825,523)</u>
Cash Flows from Investing Activities			
Purchase of Investments	-	(1,698,513)	(1,698,513)
Interest Income	-	126,740	126,740
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>(1,571,773)</u>	<u>(1,571,773)</u>
Change in Cash and Cash Equivalents	1,469,903	(2,570,657)	(1,100,754)
Cash and Cash Equivalents - Beginning of Year	(1,469,903)	2,817,698	1,347,795
Cash and Cash Equivalents - End of Year	<u>\$ -</u>	<u>\$ 247,041</u>	<u>\$ 247,041</u>
Reconciliation of Income from Operations to Net Cash Provided (Used) by Operating Activities			
Income from Operations	\$ 334,593	\$ (1,150,398)	\$ (815,805)
Depreciation and Amortization	284,775	236,382	521,157
Change in Assets and Liabilities:			
Accounts Receivable	-	124,663	124,663
Due from State and Federal Governments	1,175,702	-	1,175,702
Accounts Payable	656	83,556	84,212
Accrued Liabilities and Compensated Absences	175	18,436	18,611
Due to Employees' Retirement System	(628)	(12,012)	(12,640)
Landfill Post Closure Liability	-	450,342	450,342
Net Pension Liability - Proportionate Share and Related Deferred Inflows and Outflows	4,363	2,277	6,640
Other Postemployment Benefits Liability and Related Deferred Inflows and Outflows	7,104	162,515	169,619
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,806,740</u>	<u>\$ (84,239)</u>	<u>\$ 1,722,501</u>

See Notes to Financial Statements

CITY OF AUBURN

**STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2020**

ASSETS

Cash and Cash Equivalents, Unrestricted

\$ 57,018

LIABILITIES

Total Liabilities

\$ 57,018

See Notes to Financial Statements

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 1 **Summary of Significant Accounting Policies**

The financial statements of the City of Auburn, New York (the “City”) have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental units. The City’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The City of Auburn, New York, located in Cayuga County, was incorporated and its original charter enacted July 15, 1914. An amended charter was enacted and became effective January 1, 1940. The City of Auburn, New York is governed by its charter, other general laws of the State of New York (the State), and various local laws.

The governing body of the City consists of a Mayor and City Councilors who make up the City Council. The City Manager is the chief executive officer, who provides for the enforcement of all general and local laws, and rules and regulations of the Council. The Comptroller is the chief fiscal officer and is responsible for the receiving, disbursing, and holding of all City monies, and the books of account of the City. In addition, the chief fiscal officer is responsible for the payment of all lawful claims against the City.

The following basic services are provided by the City: public safety (police and fire), highways and streets, solid waste management, health, culture-recreation, public improvements, planning and zoning, utilities, and general administration.

All governmental activities and functions performed for the City of Auburn, New York are its direct responsibility. The basic financial statements include all funds of the primary government, which is the City, organizations for which the primary government is financially accountable, and other organizational entities determined to be included in the City’s reporting entity in accordance with GASB Statement No. 14, as amended.

Related Organizations

Related organizations include the Auburn Local Development Corporation (ALDC).

The purpose of the ALDC is to plan, promote, coordinate, and execute programs in the City of Auburn, New York in order to improve the quality of life for its residents.

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 1 **Summary of Significant Accounting Policies - Continued**

This agency is excluded from the City's reporting entity for the following reasons:

- Employment and personnel are controlled by its separate agency;
- The City has no significant influence in operations;
- The City has no budgetary authority over this agency;
- The ALDC maintains control over its fiscal management;
- The ALDC does not provide a financial benefit or a financial burden to the City.

Discretely Presented Component Units

The accompanying financial statements present the activities of the City and its two component units, legally separate organizations for which the City is financially accountable. The decision to include a potential component unit in the City's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following two authorities have been included as discretely presented component units:

- **Auburn Industrial Development Authority**

The Auburn Industrial Development Authority (the "AIDA") is a public benefit corporation, established in 1969 by the state legislature to provide financial and other incentives to promote business and provide jobs in the City. The chairman of AIDA is appointed by the mayor of the City and is subject to confirmation by the City Council. The City is not liable for AIDA's bonds or notes. The City is financially accountable for AIDA and provided administrative support at no cost to AIDA through May 31, 2014. As of June 1, 2014, the Cayuga Economic Development Agency provides administrative support through a contract with AIDA. The accounts for this component unit represent activity and balances for the fiscal year ended December 31, 2019. Copies of AIDA's financial statements can be obtained by writing to the City of Auburn Comptroller's Office, Auburn NY 13021.

AIDA, in accordance with its corporate purpose, has issued bonds to promote and develop various businesses within the City. AIDA holds legal title to the properties, under which such bonds were issued in order for businesses to acquire or renovate facilities. These bonds represent non-recourse debt of AIDA. AIDA's primary function is to arrange financing between borrowing companies and bondholders. AIDA receives administration fees from the borrowing companies for this service.

AIDA leases facilities to businesses under capital lease arrangements, as each lessee can purchase the facility at the end of the lease for a nominal amount. Each asset's property lease is offset by a liability bond payable as shown on the Statement of Net Position. AIDA acts as an intermediary between the lessee, making the principal payments, and the bondholder, receiving the principal payments. AIDA does not receive or pay these monies directly.

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

***Note 1* Summary of Significant Accounting Policies - Continued**

- **Auburn Housing Authority**

The Auburn Housing Authority (the “Authority”) was created in 1957, pursuant to §436 of Article XIII of the Public Housing Law of the State of New York. Its general purpose is to provide housing for low income residents of the City, including the development and operation of low rent public housing projects in the City. Members of the Authority are appointed by the City Manager.

The City aids in the development and operation of the Authority’s housing projects by granting subsidies and other aid.

The accounts for this component unit represent activity and balances for the fiscal year ended March 31, 2020. Copies of the Authority’s financial statements can be obtained by writing to the Auburn Housing Authority, Auburn, NY 13021.

Basic Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's general governmental support, public safety, transportation, culture and recreation, and home and community services are classified as governmental activities, while services relating to the power utility operations and the solid waste facility are classified as business-type activities.

Basis of Presentation - Government-Wide Financial Statements

The Government-wide statements include a Statement of Net Position and a Statement of Activities. These statements display information about the City and its component units. These statements include the financial activities of the overall government, except fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts - net investment in capital assets, restricted, and unrestricted. The City first utilizes restricted resources to finance qualifying activities.

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 1 **Summary of Significant Accounting Policies - Continued**

Basis of Presentation - Government-Wide Financial Statements - Continued

The Statement of Activities reports both the gross and net cost for each of the City's functions or programs. Gross expenses are direct expenses, including depreciation, that are specifically associated with a service, program or department and are, therefore, clearly identifiable to a particular function. These expenses are offset by program revenues - charges paid by the recipients of the goods or services offered by the programs, grants, and contributions - that are restricted to meeting the program or capital requirements of a particular program. Indirect expenses, particularly employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The net cost represents the extent to which each function or program is self-financing or draws from the general revenues of the City.

The City does not allocate indirect costs. Indirect costs are reported in the function entitled "general government support."

Basis of Presentation - Fund Financial Statements

The financial transactions of the City are reported in individual governmental funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures or expenses. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Governmental funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources, and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is based upon determination of financial position and changes in financial position under the modified accrual basis of accounting. The following are the City's governmental funds.

Major Governmental Funds

- General Fund - Principal operating fund; includes all operations not required to be recorded in other funds.
- Special Revenue Funds - Used to account for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. The following two funds are special revenue funds:
 - Sewer Fund - Established by law to account for revenues derived from charges for sewer usage and the application of such revenues toward related operating expenses and debt retirement.

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

***Note 1* Summary of Significant Accounting Policies - Continued**

Major Governmental Funds - Continued

- Special Grant Fund - Used to account for Community Development Block Grants and other funding used for community development.
- Capital Projects Funds - Used to account for financial resources to be used for the acquisition, construction, or renovation of major capital facilities related to general government, public safety, culture and recreation, and home and community.

Non-Major Governmental Funds

- Special Revenue Funds - Used to account for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. The following five funds are special revenue funds:
 - Water Fund - Established by law to account for revenues derived from charges for water consumption and the application of such revenues toward related operating expenses and debt retirement.
 - Refuse Collection Fund - Used to account for curbside trash pickup costs and the fees charged in connection with this service.
 - Casey Park Ice Rink Fund - Used to account for revenue sharing and lease payments from the Auburn Hockey boosters who maintain and run the Ice Rink at Casey Park. The funds are restricted for use by the lease agreement to major equipment or capital repairs which directly benefit the production and maintenance of ice at the Casey Park facility.
 - Police Seizure Fund - Used to account for equitable sharing payments returned to the City from the federal government when the City has joint involvement with the DEA or another federal agency in seizing illegal assets.
- Permanent Fund - Used to account for assets donated for cemetery maintenance.

Enterprise Funds

Enterprise Funds - Used to account for electric and landfill operations.

- Power Utility Fund - Used to account for the activities of a hydro-electric facility and an electric generation facility powered by methane gas; these generate electricity used within the City and are sold to local utilities.

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

***Note 1* Summary of Significant Accounting Policies - Continued**

Enterprise Funds - Continued

- Solid Waste Fund - Used to account for disposal activities at the City's solid waste management facility. This includes administration, recycling, and disposal of waste collected by City crews, private haulers, and the general public.

Fiduciary Fund Types

Fiduciary Fund Types - Used to account for assets held by the City either in a trust or through a custodial capacity. The City reports the following Fiduciary Fund:

- Agency Fund - Used to account for money and/or property received and held in the capacity of trustee, custodian, or agent, such as employee salary wage withholdings for the remittance of employee group insurance premiums.

Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, such as expenditures or expenses.

- Accrual Basis - The Government-wide financial statements, Proprietary Fund financial statements, and Fiduciary Fund financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.
- Modified Accrual Basis - The governmental fund financial statements are prepared using the modified accrual basis of accounting. Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Material revenues that are accrued include real property taxes, state and federal aid, sales tax, and certain user charges.

The City considers property tax receivables collected within 60 days after year-end to be available and recognizes them as revenues of the current year. All other revenues that are deemed collectible within one year after year end are recognized as revenues in the current year. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made.

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

***Note 1* Summary of Significant Accounting Policies - Continued**

Measurement Focus and Basis of Accounting - Continued

Expenditures are recorded when incurred. The cost of capital assets is recognized as an expenditure when received. Exceptions to this general rule are principal and interest on indebtedness that are not recognized as an expenditure until due, and compensated absences, such as vacation and sick leave, which vests or accumulates and are charged as an expenditure when paid.

Cash and Cash Equivalents

For financial statement purposes, cash on hand, demand deposits, and all highly liquid investments of three months or less are considered as cash equivalents. The Statement of Cash Flows - Proprietary Funds, presented on page 23, uses the direct method of reporting cash flows.

Receivables

Receivables are stated net of the estimated allowance for uncollectible amounts. Amounts due from state and federal governments represent amounts owed to the City to reimburse it for expenditures incurred pursuant to state and federal grant programs. Other receivables represent amounts owed to the City, which include sewer rents, water rents, and assessments. The City also reports rehabilitation, mortgage assistance, and small business loans receivable, net of an allowance for uncollectible amounts of \$619,664.

Investments

Investments are stated at fair value.

Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, 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 treated as transfers. Transfers between governmental and proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

***Note 1* Summary of Significant Accounting Policies - Continued**

Capital Assets

All capital assets are valued at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of the assets. Governmental capital assets purchased or acquired with an original cost of at least \$5,000 and having a useful life of greater than one year are capitalized.

Estimated useful lives for governmental capital assets are as follows:

Buildings	40 Years
Improvements	20-50 Years
Machinery and Equipment	4-13 Years
Infrastructure	12-40 Years

Capital assets of business-type activities are depreciated over the following useful lives:

Buildings	20-50 Years
Improvements	20-50 Years
Machinery and Equipment	5-20 Years
Infrastructure	12-40 Years

No interest on construction in progress has been capitalized.

Insurance and Risk Management

The City maintains insurance coverage for most risk including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. No settlements exceeded insurance coverage in any of the past three years.

Compensated Absences

Full-time, permanent employees are granted vacation and sick leave benefits and earn compensated absences in varying amounts to specified maximums, depending on tenure with the City. Except in the event of retirement or termination, an employee is paid for these benefits as used. These benefits are budgeted annually as part of salary or overtime and are accounted for on a pay-as-you-go basis.

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

***Note 1* Summary of Significant Accounting Policies - Continued**

Compensated Absences - Continued

In the event of retirement or termination, an employee is entitled to payment for accumulated vacation and compensatory time not used. Generally, vacations must be taken in the calendar year following the calendar year in which they were earned.

In limited circumstances, vacation may be carried over to the next calendar year. An employee is only entitled to payment of accumulated sick time if the reason for leaving the City's employment is due to a continuing illness or injury. The City accounts for all earned but unused time in the government-wide statements under governmental activities.

Other Postemployment Benefits (OPEB)

In addition to pension benefits, the City provides other postemployment benefits for health insurance, dental insurance, and disability income to eligible retirees, terminated employees, and their dependents. The benefits are provided in accordance with City ordinances, collective bargaining agreements, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) and New York State General Municipal Law (GML § 207(a)). The criterion to determine eligibility includes: years of service, employee age, and disability due to line of duty.

The City follows GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." The City's liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with that statement. See Note 13 for additional information.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statements of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government reports deferred outflows of resources associated with pensions and OPEB plans in the government-wide statements. The types of deferred outflows of resources related to pensions and OPEB plans are described in Notes 9 and 13, respectively.

In addition to liabilities, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports unavailable revenues from taxes, community development loans, laterals, and cash with escrow. The City also reports deferred inflows of resources related to pensions and OPEB plans which are further described in Notes 9 and 13, respectively.

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

***Note 1* Summary of Significant Accounting Policies - Continued**

Equity Classifications - Government-Wide Financial Statements

Equity is classified as net position and displayed in three components:

- Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted Net Position - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted Net Position - Consists of all other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Equity Classifications - Governmental Fund Financial Statements

In the fund statements there are five classifications of fund balance:

- Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonexpendable fund balance includes an endowment in the non-major governmental funds of \$9,368.
- Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
- Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authority, such as, the City Council.

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 1 Summary of Significant Accounting Policies - Continued

Equity Classifications - Governmental Fund Financial Statements - Continued

Amounts committed consist of internally established reserves to mitigate uncertainties in expenditures. Committed funds were as follows at June 30, 2020:

General Fund

Retirees Health Insurance	\$ 600,000
Workers Compensation Claims	400,000
Falcon Park	12,740
Total General Fund	<u><u>\$ 1,012,740</u></u>

Sewer Fund

Equipment Reserve	\$ 773
Total Sewer Fund	<u><u>\$ 773</u></u>

Water Fund (Non-Major)

Reserve for Meter Replacement	\$ 32,357
Equipment Reserve	1,852
Total Water Fund	<u><u>\$ 34,209</u></u>

- Assigned - Includes amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances are classified as assigned fund balance. Assigned fund balances were as follows at June 30, 2020:

	Reserve for Encumbrances	Appropriated Fund Balance	Remaining Fund Balance	Total
General Fund	\$ 780,454	\$ 774,169	\$ -	\$ 1,554,623
Sewer Fund	5,460	-	2,593,039	2,598,499
Special Grant Fund	409,398	-	278,624	688,022
Other Governmental Funds	58,183	502,216	1,667,293	2,227,692

- Unassigned - Includes all other General Fund net position and deficit positions that do not meet the definition of the above four classifications and are deemed available for general use by the City.

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

***Note 1* Summary of Significant Accounting Policies - Continued**

Order of Use of Fund Balance

The City's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first, followed by the determination of restricted fund balances for specific purposes. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the General Fund, committed fund balance is used next and then assigned. Remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, it is the City's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements. Certain assets are classified on the Balance Sheet as restricted because their use is limited. The proceeds of bond and note sales can only be used for the stated purpose of the borrowing. Property taxes collected for debt service payments are legally restricted for that purpose. Community Development Block Grant Funds must be used only for approved programs. Cemetery perpetual care funds cannot be expended. However, the interest earnings can be spent for cemetery maintenance functions. It is the City's policy to spend interest earnings each fiscal year.

Permanent Fund Endowment

The Permanent Fund consists of a gift from a donor with the stipulation that the principal amount be held in perpetuity and investment earnings used for cemetery maintenance. The principal is invested in a time deposit, and earnings are expended for maintenance. There are no investment gains or losses.

In accordance with the City's policy and relevant laws of New York State, actual investment earnings have been distributed during the year with the money market account operating as the original principal amount.

Revenues

Substantially all governmental fund revenues are accrued.

Use of Estimates

The presentation of financial statements in conformity with the prescribed basis of accounting as applied to governmental units requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

***Note 1* Summary of Significant Accounting Policies - Continued**

Property Taxes

The authority for levying taxes for the support of the City government is derived from Article IV of the City Charter and various provisions of the Real Property Tax Law. For tax purposes, each parcel of real property is listed by owner and/or number and value is established by the assessor. Amounts to be raised by tax are balancing factors calculated from the annual budgets. Tax rates are established by the ratio of real property value taxes to be raised, and taxes are levied by the City Council on or before July 1. Taxes become a lien on the levy date.

Property tax revenues are recognized as revenues in the year they are levied and collected, as long as they are collected within 60 days subsequent to year end. Property taxes not collected within 60 days subsequent to year end are reported as deferred inflows of resources in the fund financial statements. City taxes are payable to the City Treasurer and are payable in two installments due on or before July 31 and January 31. Interest accrues on all overdue taxes but is not recognized until collected.

In December, the School District returns to the City all unpaid school taxes levied in the City in September. The City then assumes responsibility for their collection and enforcement. The City owed the School District \$1,662,686 at June 30, 2020. In May, the County returns to the City all unpaid county taxes levied in the City in February. The City then assumes responsibility for their collection and enforcement. The City owed the county \$981,065 at June 30, 2020. In June of each year, unpaid city, school, county, and library taxes are enforced through a tax sale held pursuant to Article IV of the Charter.

Sales Taxes

The State Department of Taxation and Finance is responsible for the administration and collection of sales tax proceeds. The State Comptroller's Office is responsible for processing payments of sales tax proceeds to the City. The state makes estimated monthly payments to the City based on prior year sales tax return information. Each quarter, the state will adjust its payment to reflect actual sales taxes collected for the quarter.

State Sources

In New York State, counties and cities are authorized to levy a local sales tax, which is imposed in addition to the state sales tax of 4%. The City's sales tax levy became effective in March 1996. The City has opted to pre-empt the county in its collection of sales tax. The county's tax rate is 4%, while the City pre-empts the county at a 2% sales tax rate. As such, the City does not share with the county any of the 2% of sales taxes collected within the City, and the county does not share sales tax collected outside the City.

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

***Note 1* Summary of Significant Accounting Policies - Continued**

Aid and Incentives for Municipalities (AIM) Program

The AIM program provides direct, unrestricted aid to cities, towns, and villages throughout the state. The state will pay the City throughout the year, normally in June and December. For the period April 1, 2019 through March 31, 2020 (the state's fiscal year), the City received funding of \$1,662,686 .

Because the City is a distressed municipality and received over \$100,000 in additional aid, the City is required to use the AIM funding to: (i) minimize or reduce the real property tax burden; (ii) invest in economic development or infrastructure to achieve economic revitalization and generate real property tax base growth; or (iii) support investments in technology or other reengineering initiatives that permanently minimize or reduce operating expenses.

State Grants

The City receives grants from the state and recognizes receivables and revenue when the applicable eligibility requirements including time requirements are met. State grants are normally paid on a reimbursement basis for which the City has to first incur allowable costs under the applicable program to be reimbursed by the state. Grant monies received in advance of meeting eligibility requirements are recorded as unearned revenue by the City until such eligibility requirements are met. State grants (NYSDOT grants) are subject to the state single audit act requirements and to audit by the state for compliance with grant requirements.

Federal Sources

The City receives grants from the federal government, either through direct reimbursement or as a pass-through entity (such as the state) and recognizes receivables and revenue when the applicable eligibility requirements including time requirements are met. Federal grants are normally paid on a reimbursement basis for which the City has to first incur allowable costs under the applicable program to be reimbursed through the grant. Grant monies received in advance of meeting the eligibility requirements are recorded as unearned revenue by the City until such eligibility requirements are met. Federal grants are subject to single audit act requirements and to audit by the appropriate federal agency for compliance with grant requirements.

Departmental Income

The City's Sewer and Water Funds recognize revenues when earned. The City charges residents and other users of the sewer and water systems a rate per cubic foot of consumption.

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

***Note 1* Summary of Significant Accounting Policies - Continued**

Proprietary Funds Operating and Nonoperating Revenues and Expenses

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 the Proprietary Fund's principal ongoing operations. The principal operating revenues of the Proprietary Funds are charged to customers for sales and services. Operating expenses for Proprietary Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City's two business-type activities, the Power Utility Fund and Solid Waste Fund recognize revenues when earned. The City operates a hydro-electric and electric generation facility powered by methane gas to produce electricity which is used within the City and sold to users based on a rate per kWh. In addition, the City owns a landfill for which it charges residents and commercial users fees for disposal of solid waste.

Future Changes in Accounting Standards

- GASB has issued Statement No. 84, "Fiduciary Activities," effective for the year ending June 30, 2021. This statement improves guidance regarding identification of fiduciary activities for accounting and reporting purposes.
- GASB has issued Statement No. 87, "Leases," effective for the year ending June 30, 2022.
- GASB has issued Statement No. 89, "Accounting for Interest Cost Incurred Before the End of a Construction Period," effective for the year ending June 30, 2022.
- GASB has issued Statement No. 90, "Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61," effective for the year ending June 30, 2021.
- GASB has issued Statement No. 91, "Conduit Debt Obligations," effective for the year ending June 30, 2023.
- GASB has issued Statement No. 92, "Omnibus 2020," effective for the year ending June 30, 2022.

The City will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 2 **Cash and Investments**

The City's investment policies are governed by state statutes. In addition, the City has its own written investment policy. The state statutes and the City's investment policies as described below are promulgated to control the credit risk of cash deposits and investments.

City monies must be deposited in FDIC (Federal Deposit Insurance Corporation) insured commercial banks or trust companies located within the state. The Comptroller is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies and obligations of New York State or its localities.

Collateral (security) is required for demand and time deposits and certificates of deposit at 100% of all deposits not covered by FDIC Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts.

The written investment policy requires repurchase agreements be purchased from banks located within the state and underlying securities must be obligations of the federal government. Underlying securities must have a market value of at least 100% of the cost of the repurchase agreement.

Interest rate risk is the risk that in accordance with its investment policy, the City manages its exposures to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than six months.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent.

The City's aggregate deposits of \$25,790,924, consisting of \$18,796,360 in cash and \$6,994,564 in investments, are either insured through the FDIC or are collateralized with securities held by the pledging financial institution. The FDIC insurance covers all deposit accounts, including checking and savings accounts up to \$250,000 per official custodian. The City's deposits subject to FDIC insurance totals \$500,000 while the remaining is uninsured but is collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. The aggregate deposits for the discretely presented component unit, Auburn Industrial Development Authority at December 31, 2019, of \$99,479 and for the discretely presented component unit, Auburn Housing Authority at March 31, 2020 of \$3,260,602 are either insured or collateralized with securities held by the pledging financial institution.

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 3 Restricted Cash

Restricted cash and cash equivalents, reported in the government-wide Statement of Net Position, consists of \$3,472,441 of unspent debt proceeds to be used for the acquisition, construction, or renovation of capital assets, \$576,397 of cash with fiscal agent, \$1,047,722 of committed fund balance, and \$9,368 restricted for cemetery maintenance.

As of June 30, 2020, restricted cash and cash equivalents consisted of:

Restricted Cash	
Capital Fund	\$ 4,048,838
General Fund	1,012,740
Sewer Fund	773
Non-Major Governmental Funds	<u>43,577</u>
Total	<u><u>\$ 5,105,928</u></u>

Auburn Housing Authority's restricted cash and investments are comprised of savings accounts and U.S. Treasury Bills as follows:

	Federal Low Rent	DHCR	Section 8 Housing	Admin
Hap Reserve	\$ -	\$ -	\$ 50,465	\$ 22,824
State Reserves - Investments	-	30,277	-	-
State Reserves - Cash	-	593,021	-	-
Security Deposits	<u>20,785</u>	<u>23,737</u>	<u>-</u>	<u>-</u>
Total	<u><u>\$ 20,785</u></u>	<u><u>\$ 647,035</u></u>	<u><u>\$ 50,465</u></u>	<u><u>\$ 22,824</u></u>

The Authority has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk. These amounts are reported as restricted cash and cash equivalents and restricted investments on the Statement of Net Position.

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 4 Investments

Investments are recorded at fair value. The City’s credit policy on investments is to generally invest in insured or registered securities held by the City or its agent in the City’s name, therefore having minimal custodial credit risk.

A summary of investments as of June 30, 2020 follows:

	Cost	Unrealized Gain (Loss)	Market Value
Unrestricted			
Certificates of Deposit	\$ 6,852,669	\$ 133,284	\$ 6,985,953
CLASS Investments	8,611	-	8,611
Total	\$ 6,861,280	\$ 133,284	\$ 6,994,564

Investments of the discretely presented component unit, Auburn Housing Authority, include investments in United States Treasury Bills, certificates of deposit with an original maturity of over three months, and its holding with Housing Authority Risk Retention Group. Debt securities consist primarily of obligations of the U.S. Government. The investments are categorized as uninsured and unregistered with securities held by the counterparty in the entity’s name or held by the counterparty’s trust department (if a bank) or agent, but not in the entity’s name. These short-term investments are recorded as unrestricted investments on the Statement of Net Position.

A summary of investments for the Auburn Housing Authority as of March 31, 2020 follows:

	Cost	Unrealized Gain (Loss)	Market Value
Unrestricted			
Certificates of Deposit	\$ 61,878	\$ -	\$ 61,878
Investment - Housing Authority Risk Retention Group	22,201	-	22,201
Subtotal	84,079	-	84,079
Restricted			
Certificates of Deposit	30,277	-	30,277
Total	\$ 114,356	\$ -	\$ 114,356

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 5 Other Receivables

Other receivables consist of the following as of June 30, 2020:

General Fund	
Other Receivables	\$ 253,137
Special Revenue Fund - Sewer Fund	
Sewer Rents Receivable	1,574,498
Septage Treatment Receivable	50,383
Capital Projects Fund	
Sidewalk Revolving Loan Fund	292,062
Water Lateral Revolving Loan Fund	98,205
Sewer Lateral Revolving Loan Fund	295,968
Other Governmental Funds	
Water Rents Receivable	1,297,571
Other Receivables	<u>846</u>
Total Governmental Funds	<u><u>\$ 3,862,670</u></u>
Solid Waste Fund	
Landfill Charges	<u>55,371</u>
Total Enterprise Funds	<u><u>\$ 55,371</u></u>

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 6 Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers of resources primarily to provide services. The governmental funds financial statements generally reflect such transactions as transfers whereas the proprietary funds record such transactions as non-operating revenues or expenses. The City generally maintains its cash in few accounts, whereby the City pools its cash to provide both cash flow and interest income maximization across the City as a whole.

The City also loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
Governmental Funds				
General Fund	\$ 921,007	\$ 747,345	\$ 91,254	\$ -
Sewer Fund	708,356	128,623	11,734	400,000
Special Grant Fund	100,000	134,576	-	-
Capital Projects Fund	720,425	261,160	730,116	989,733
Non-Major Funds	207,001	842,310	885,160	328,531
Total Governmental Funds	<u>2,656,789</u>	<u>2,114,014</u>	<u>1,718,264</u>	<u>1,718,264</u>
Enterprise Funds				
Power Utility Fund	99,063	661,683	31,300	31,300
Solid Waste Fund	48,042	28,197	-	-
Total Enterprise Funds	<u>147,105</u>	<u>689,880</u>	<u>31,300</u>	<u>31,300</u>
Total	<u><u>\$ 2,803,894</u></u>	<u><u>\$ 2,803,894</u></u>	<u><u>\$ 1,749,564</u></u>	<u><u>\$ 1,749,564</u></u>

Note 7 Property Taxes

At June 30, 2020, the total real property tax receivable of \$5,924,281 is offset by an allowance for uncollectible taxes of \$1,277,556. The remaining portion of taxes receivable is offset by unearned revenue of \$4,024,721 in the fund financial statements and represents an estimate of the tax liens which will not be collected within the first 60 days of the subsequent year.

The 2020 real property tax levy for City purposes totaled \$12,649,825. The City is permitted by the constitution of New York State to levy taxes up to 2% of the five year average for assessed valuation for general governmental services other than the payment of debt service and capital expenditures. The constitutional tax limit of the City of Auburn, New York for the fiscal year ended June 30, 2020 was \$23,913,283, leaving a margin of \$11,263,458 after \$3,902,266 of exclusions.

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 8 Capital Assets

A summary of changes in capital assets at June 30, 2020 follows:

<u>Governmental Activities</u>	<u>6/30/2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclassifi- cations</u>	<u>6/30/2020</u>
Non-Depreciable Capital Assets					
Land	\$ 4,252,631	\$ -	\$ -	\$ -	\$ 4,252,631
Construction in Progress	42,592,021	14,093,194	-	(6,437,333)	50,247,882
Total Non-Depreciable Capital Assets	<u>46,844,652</u>	<u>14,093,194</u>	<u>-</u>	<u>(6,437,333)</u>	<u>54,500,513</u>
Depreciable Capital Assets					
Buildings and Improvements	49,138,022	-	-	1,801,528	50,939,550
Machinery and Equipment	42,646,447	3,040,124	(1,608,502)	2,509,212	46,587,281
Infrastructure	126,538,744	13,154	-	2,126,593	128,678,491
Total Depreciable Capital Assets	<u>218,323,213</u>	<u>3,053,278</u>	<u>(1,608,502)</u>	<u>6,437,333</u>	<u>226,205,322</u>
Total Historical Cost	<u>265,167,865</u>	<u>17,146,472</u>	<u>(1,608,502)</u>	<u>-</u>	<u>280,705,835</u>
Less Accumulated Depreciation					
Buildings and Improvements	(19,218,441)	(715,136)	-	-	(19,933,577)
Machinery and Equipment	(30,473,700)	(1,928,092)	1,550,549	-	(30,851,243)
Infrastructure	(48,934,765)	(2,476,691)	-	-	(51,411,456)
Total Accumulated Depreciation	<u>(98,626,906)</u>	<u>(5,119,919)</u>	<u>1,550,549</u>	<u>-</u>	<u>(102,196,276)</u>
Governmental Activities					
Capital Assets, Net	<u>\$ 166,540,959</u>	<u>\$ 12,026,553</u>	<u>\$ (57,953)</u>	<u>\$ -</u>	<u>\$ 178,509,559</u>
Business-Type Activities					
Non-Depreciable Capital Assets					
Land	\$ 420,187	\$ -	\$ -	\$ -	\$ 420,187
Construction in Progress	6,626,236	1,414,827	-	-	8,041,063
Total Non-Depreciable Capital Assets	<u>7,046,423</u>	<u>1,414,827</u>	<u>-</u>	<u>-</u>	<u>8,461,250</u>
Depreciable Capital Assets					
Buildings and Improvements	28,008,120	-	-	-	28,008,120
Machinery and Equipment	4,913,963	1,137,530	(729,692)	-	5,321,801
Infrastructure	5,246,590	-	(4)	-	5,246,586
Total Depreciable Capital Assets	<u>38,168,673</u>	<u>1,137,530</u>	<u>(729,696)</u>	<u>-</u>	<u>38,576,507</u>
Total Historical Cost	<u>45,215,096</u>	<u>2,552,357</u>	<u>(729,696)</u>	<u>-</u>	<u>47,037,757</u>
Less Accumulated Depreciation					
Buildings and Improvements	(22,235,865)	(187,300)	-	-	(22,423,165)
Machinery and Equipment	(3,063,836)	(218,248)	603,381	-	(2,678,703)
Infrastructure	(479,139)	(115,609)	-	-	(594,748)
Total Accumulated Depreciation	<u>(25,778,840)</u>	<u>(521,157)</u>	<u>603,381</u>	<u>-</u>	<u>(25,696,616)</u>
Business-Type Activities					
Capital Assets, Net	<u>\$ 19,436,256</u>	<u>\$ 2,031,200</u>	<u>\$ (126,315)</u>	<u>\$ -</u>	<u>\$ 21,341,141</u>

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 8 Capital Assets - Continued

Depreciation expense was charged to the functions as follows:

Governmental Activities	
General Governmental Support	\$ 105,901
Public Safety	500,479
Transportation	1,457,381
Culture and Recreation	207,937
Home and Community Services	<u>2,848,221</u>
Total	<u>\$ 5,119,919</u>
Business-Type Activities	
Power Utility	\$ 284,775
Solid Waste	<u>236,382</u>
Total	<u>\$ 521,157</u>

A summary of changes in the Auburn Housing Authority's capital assets is as follows:

Type	Balance at 03/31/2019	Additions	Deletions	Balance at 03/31/2020
Non-Depreciable Capital Assets				
Land	\$ 276,622	\$ -	\$ -	\$ 276,622
Total Non-Depreciable Capital Assets	<u>276,622</u>	<u>-</u>	<u>-</u>	<u>276,622</u>
Depreciable Capital Assets				
Buildings and Improvements	10,872,327	-	(5,325,997)	5,546,330
Equipment and Furniture	897,475	12,659	(377,467)	532,667
Total Depreciable Capital Assets	<u>11,769,802</u>	<u>12,659</u>	<u>(5,703,464)</u>	<u>6,078,997</u>
Total Capital Assets	<u>12,046,424</u>	<u>12,659</u>	<u>(5,703,464)</u>	<u>6,355,619</u>
Less Accumulated Depreciation	<u>(6,688,567)</u>	<u>(177,087)</u>	<u>2,890,380</u>	<u>(3,975,274)</u>
Auburn Housing Authority Capital Assets, Net	<u>\$ 5,357,857</u>	<u>\$ (164,428)</u>	<u>\$ (2,813,084)</u>	<u>\$ 2,380,345</u>

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

***Note 9* Pension Obligations - New York State and Local Employees' Retirement System (ERS and PFRS) (the Systems)**

Plan Descriptions and Benefits Provided - Employees' Retirement System (ERS) and Police and Fire Retirement System (PFRS)(Systems)

The City participates in the New York State and Local Employees' Retirement Systems which include the New York State and Local Employees' Retirement System plan (ERS) and the New York State Local Police and Fire Retirement System plan (PFRS). The Systems are cost-sharing multiple-employer defined benefit pension plans. The Systems provide retirement benefits as well as death and disability benefits. Net position of the Systems is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the Systems. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of a System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in a System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a state statute. The City also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the state's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244.

Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1973, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

Summary of Significant Accounting Policies

The Systems' financial statements from which the Systems' fiduciary respective net position is determined are prepared using the accrual basis of accounting. Plan member contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Plan investments are reported at fair value. For detailed information on how investments are valued, please refer to the Systems' annual reports.

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS and PFRS) (the Systems) - Continued

Contributions

The City participated in New York State's Employer's Contribution Stabilization Program (Program), which allows it to amortize a portion of the actuarially required contribution. Contributions for the current year and two preceding Plan years were equal to 100% of the contributions required under the program, and were as follows:

	ERS	PFRS
2020	\$ 1,173,414	\$ 2,351,244
2019	1,123,578	2,340,134
2018	1,247,188	2,522,569

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

At June 30, 2020, the City reported the following liability for its proportionate share of the net pension liability for each of the System's plans. The net pension liability was measured as of March 31, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was derived from reports provided to the City by the Systems.

	ERS	PFRS
Actuarial Valuation Date	04/01/2019	04/01/2019
Net Pension Liability	\$ 26,480,579,097	\$ 5,344,937,333
City's Proportionate Share of the Plan's		
Total Net Pension Liability	8,125,014	15,338,190
City's Share of the Plan's		
Total Net Pension Liability	0.0306829%	0.2869667%

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS and PFRS) (the Systems) - Continued

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

For the year ended June 30, 2020, the City recognized pension expense of \$2,734,546 for ERS and \$5,153,164 for PFRS in the Government-wide financial statements. At June 30, 2020 the City's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>PFRS</u>	<u>ERS</u>	<u>PFRS</u>
Differences Between Expected and Actual Experience	\$ 478,190	\$ 1,021,362	\$ -	\$ 256,913
Changes of Assumptions	163,599	1,311,044	141,265	-
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	4,165,277	6,907,270	-	-
Changes in Proportion and Differences Between the City's Contributions and Proportionate Share of Contributions	61,649	4,049	105,435	812,660
City's Contributions Subsequent to the Measurement Date	<u>335,916</u>	<u>616,141</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 5,204,631</u>	<u>\$ 9,859,866</u>	<u>\$ 246,700</u>	<u>\$ 1,069,573</u>

City contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>ERS</u>	<u>PFRS</u>
2021	\$ 760,252	\$ 1,614,197
2022	1,155,336	1,903,634
2023	1,490,870	2,503,535
2024	1,215,557	2,102,335
2025	-	50,451
Thereafter	-	-

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS and PFRS) (the Systems) - Continued

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date.

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>PFRS</u>
Measurement Date	March 31, 2020	March 31, 2020
Actuarial Valuation Date	April 1, 2019	April 1, 2019
Investment Rate of Return	6.8%	6.8%
Salary Increases	4.2%	5.0%
Cost of Living Adjustments	1.3%	1.3%
Inflation Rate	2.5%	2.5%

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2018.

The actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of 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 each target asset allocation percentage and by adding expected inflation.

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS and PFRS) (the Systems) - Continued

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

	<u>ERS and PFRS</u>
Measurement Date	March 31, 2020
Asset Type:	
Domestic Equities	4.1%
International Equities	6.2%
Real Estate	5.0%
Private Equities	6.8%
Absolute Return Strategies	3.3%
Opportunistic Portfolio	4.7%
Real Assets	6.0%
Cash	0.0%
Inflation-Indexed Bonds	0.5%
Mortgages and Bonds	0.8%

Discount Rate

The discount rate used to calculate the total pension liability was 6.80%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and contributions from employers will be made at statutorily required rates, actuarially. Based on the assumptions, the Systems' fiduciary net position was 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.

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS and PFRS) (the Systems) - Continued

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.80%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.80%) or 1 percentage point higher (7.80%) than the current rate:

<u>ERS</u>	<u>1% Decrease (5.80)%</u>	<u>Current Assumption (6.80)%</u>	<u>1% Increase (7.80)%</u>
City's Proportionate Share of the Net Pension Liability	\$ 14,911,694	\$ 8,125,014	\$ 1,874,452
<u>PFRS</u>			
City's Proportionate Share of the Net Pension Liability	\$ 27,424,997	\$ 15,338,190	\$ 4,514,182

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of the respective measurement dates were as follows:

	<u>Dollars in Thousands</u>	
	<u>ERS</u>	<u>PFRS</u>
Measurement Date	March 31, 2020	March 31, 2020
Employers' Total Pension Liability	\$ 194,596,261	\$ 35,309,017
Plan Net Position	(168,115,682)	(29,964,080)
Employers' Net Pension Liability	<u>\$ 26,480,579</u>	<u>\$ 5,344,937</u>
Ratio of Plan Net Position to the Employers' Total Pension Liability	86.4%	84.9%

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS and PFRS) (the Systems) - Continued

Payables to the Pension Plans

Employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Employee contributions are remitted monthly. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS and PFRS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$958,369.

Current Year Activity

The following is a summary of current year activity:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Change</u>	<u>Ending Balance</u>
ERS			
Net Pension Liability	\$ 2,015,204	\$ 5,886,499	\$ 7,901,703
Deferred Outflows of Resources	(1,226,313)	(3,835,768)	(5,062,081)
Deferred Inflows of Resources	770,833	(530,913)	239,920
Subtotal	<u>1,559,724</u>	<u>1,519,818</u>	<u>3,079,542</u>
PFRS			
Net Pension Liability	5,112,486	10,225,704	15,338,190
Deferred Outflows of Resources	(3,710,042)	(6,149,824)	(9,859,866)
Deferred Inflows of Resources	2,357,196	(1,287,624)	1,069,572
Subtotal	<u>3,759,640</u>	<u>2,788,256</u>	<u>6,547,896</u>
Total	<u>\$ 5,319,364</u>	<u>\$ 4,308,074</u>	<u>\$ 9,627,438</u>
<u>Business-type Activities</u>	<u>Beginning Balance</u>	<u>Change</u>	<u>Ending Balance</u>
ERS			
Net Pension Liability	\$ 103,089	\$ 120,222	\$ 223,311
Deferred Outflows of Resources	(61,619)	(80,931)	(142,550)
Deferred Inflows of Resources	39,432	(32,651)	6,781
Total	<u>\$ 80,902</u>	<u>\$ 6,640</u>	<u>\$ 87,542</u>

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 10 Short-Term Debt

Bond anticipation notes payable - Bond anticipation notes (BANs) issued in anticipation of proceeds from the subsequent sale of bonds are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of the bonds. Such notes may be classified as long-term debt when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance sheet issuance of long-term debt; or by an acceptable financing agreement. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date. The City issues bond anticipation notes to finance capital improvements.

The following is a summary of the City's BANs for the year ended June 30, 2020:

	Issue Date	Maturity Date	Interest Rate	Amount
General Obligation	08/19/2019	08/19/2020	1.75%	\$ 29,333,476
EFC Drinking Water Project	05/10/2018	10/04/2020	0.00%	1,573,000
Total				\$ 30,906,476

	07/01/2019	New Issues/ Additions	Maturities/ Payments	06/30/2020
Governmental Activities:				
Capital Project Funds	\$ 21,017,865	\$ 24,928,500	\$ (21,017,865)	\$ 24,928,500
Refuse Collection Fund	-	380,000	-	380,000
Business-type Activities:				
Power Utility Fund	3,163,476	3,132,176	(3,163,476)	3,132,176
Solid Waste Fund	-	2,465,800	-	2,465,800
Total	\$ 24,181,341	\$ 30,906,476	\$ (24,181,341)	\$ 30,906,476

Interest expense on short-term debt during the year was comprised of:

Interest Paid Governmental Funds	\$ 688,341
Interest Paid Business Type Activities	171,787
Less Interest Accrued in the Prior Year	(648,614)
Plus Interest Accrued in the Current Year	356,527
Total	\$ 568,041

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 11 Lease Commitments

Capital Leases

A summary of changes in capital lease obligations of governmental activities follows:

	06/30/2019	Additions	Payments	06/30/2020
Fire Truck	\$ 187,672	\$ -	\$ (60,057)	\$ 127,615
Total	\$ 187,672	\$ -	\$ (60,057)	\$ 127,615

The present value of capital leases is:

Year Ending June 30,					
2021				\$	67,946
2022					67,775
					135,721
Less Amount Representing Interest					(8,106)
Present Value of Future Minimum Lease Payments				\$	127,615
Cost of Equipment				\$	745,000

The lease is payable from the General Fund. Items under capital leases are recorded as equipment. The capital lease was entered into on July 31, 2006 in the amount of \$745,000, with an interest rate of 4.2% and a maturity date of July 31, 2021. Net book value of assets associated with the leases was \$-0- at June 30, 2020.

Operating Leases

The City leases various vehicles under non-cancelable operating leases which are not material to the financial statements of the City.

Note 12 Long-Term Debt

At June 30, 2020, the total outstanding indebtedness (bonds, BANs, notes, and leases payable and other long-term personnel and landfill liabilities) of the City's primary government aggregated \$75,843,796. Of this amount approximately \$49,501,102 is subject to the constitutional debt limit and represented 69.0% of the City's debt limit.

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

***Note 12* Long-Term Debt - Continued**

Serial Bonds

The City borrows money in order to acquire land or equipment, or construct buildings and make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are given on the full faith and credit of the local government, are recorded in the government-wide financial statements and the enterprise funds. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others, for liquidation of the long-term liabilities. Serial bond liability is liquidated through the City's General, Power Utility, Solid Waste, Water, and Sewer Funds.

Compensated Absences

Represents the value of the earned and unused portion of the liability for employee compensated absences. The City's General, Water, Sewer, and Solid Waste Funds liquidate this liability.

Claims and Judgments

Represents the estimated liability for claims for workers' compensation that have been incurred but not reported. The City's General Fund liquidates this liability. See Note 14 for more information concerning this liability.

Self-Insurance Liability

Represents the City's estimated liability for claims for property, casualty and professional liability. The City's General Fund liquidates this liability. See Note 14 for more information concerning this liability.

HUD Section 108 Note

The City has taken advantage of an advance under a Variable Fixed Rate Note guaranteed pursuant to Section 108 of the Housing and Community Development Act of 1974. The Special Grant Fund liquidates this liability.

Due to Employees' Retirement System

Represents the portion of the liability to the various state retirement systems. The City's General, Solid Waste, Water, and Sewer Funds liquidate this liability.

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 12 Long-Term Debt - Continued

Changes in Indebtedness

A summary of changes in the City's indebtedness is as follows:

<u>Governmental Activities</u>	<u>06/30/2019</u>	<u>New Issues/ Additions</u>	<u>Maturities/ Payments</u>	<u>06/30/2020</u>	<u>Amount Due Within One Year</u>
General Obligation Bonds	\$ 36,257,063	\$ 1,470,340	\$ (4,798,613)	\$ 32,928,790	\$ 4,957,263
Other Long-Term Liabilities					
Energy Performance Contract	3,792,025	-	(503,143)	3,288,882	520,081
Employees' Retirement System Note Payable	427,520	-	(75,034)	352,486	77,678
Lease Obligations Payable	187,672	-	(60,057)	127,615	62,579
Judgments and Claims Payable	1,383,877	270,645	(335,947)	1,318,575	1,318,575
Compensated Absences	1,587,886	440,142	-	2,028,028	101,401
Self-insurance Liability	1,804,480	99,217	(161,308)	1,742,389	109,753
Total Other Long-Term Liabilities	<u>9,183,460</u>	<u>810,004</u>	<u>(1,135,489)</u>	<u>8,857,975</u>	<u>2,190,067</u>
Total	<u>\$ 45,440,523</u>	<u>\$ 2,280,344</u>	<u>\$ (5,934,102)</u>	<u>\$ 41,786,765</u>	<u>\$ 7,147,330</u>
Business-Type Activities					
General Obligation Bonds	\$ 13,552,326	\$ -	\$ (1,365,358)	\$ 12,186,968	\$ 1,388,280
Other Long-Term Liabilities					
Employee Retirement Systems Note Payable	32,674	-	(5,734)	26,940	5,937
Landfill Post Closure Liability	3,241,691	450,342	-	3,692,033	301,390
Energy Performance Contract	11,065	-	(1,464)	9,601	1,518
Compensated Absences	69,029	26,559	-	95,588	4,779
Total	<u>\$ 16,906,785</u>	<u>\$ 476,901</u>	<u>\$ (1,372,556)</u>	<u>\$ 16,011,130</u>	<u>\$ 1,701,904</u>

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 12 Long-Term Debt - Continued

Debt Maturity Schedules

The following is a summary of bonds outstanding at June 30, 2020 with corresponding maturity schedules:

<u>Bonds Payable</u>	<u>Issue Date</u>	<u>Maturity</u>	<u>Interest</u>	<u>Balance</u>
Public Improvement	04/12/01	03/01/21	0.0%	\$ 26,999
Sewer Refunding	06/20/02	11/15/24	1.326%-1.632%	280,000
Sewer Refunding	06/20/02	05/05/24	1.414%-1.941%	7,855,000
NYS EFC	07/24/03	01/15/24	.79%-4.5%	570,000
Public Improvement	05/15/15	06/15/30	2.5-3.25%	1,415,000
Public Improvement	10/05/12	06/01/23	1.25%-2.375%	420,000
NYPA Energy Conservation	03/01/09	03/01/29	1.92%	1,935,419
Public Improvement	05/24/14	05/15/24	1.5%-2.5%	410,000
Public Improvement	06/23/15	06/01/26	2.0%-5.0%	170,000
NYS EFC	09/01/15	05/26/45	0.0%	462,000
CREB Issuance	08/27/15	03/01/38	1.0%-4.75%	7,265,000
Public Improvement	05/27/16	05/15/31	2.0%-2.5%	2,335,000
Public Improvement	06/29/16	06/01/23	2.0%-4.0%	1,775,000
NYS EFC	07/06/16	08/28/44	0.0%	1,946,000
Public Improvement	05/26/17	05/15/27	2.0%-2.5%	1,905,000
Public Improvement	08/21/17	08/21/27	2.0%-3.0%	5,885,000
Public Improvement	08/20/18	08/15/38	2.50%-3.375%	8,990,000
Public Improvement	8/19/2019	08/15/29	4.00%	1,470,340
Total General Obligation Bonds				<u>\$ 45,115,758</u>

The following table summarizes the City's future debt service requirements for bonds for June 30,:

<u>Year Ending</u>	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Subsidy</u>	<u>Principal</u>	<u>Interest</u>	<u>Subsidy</u>
2021	\$ 4,957,263	\$ 648,079	\$ 220,396	\$ 1,388,280	\$ 221,508	\$ -
2022	4,908,517	544,824	170,116	676,953	184,015	-
2023	4,853,595	421,269	115,757	655,735	174,890	-
2024	4,703,231	328,653	67,294	624,000	165,945	-
2025	2,221,151	277,946	-	644,000	157,096	-
2026-2030	7,589,033	734,817	-	3,483,000	617,100	-
2031-2035	2,476,000	140,038	-	3,095,000	290,036	-
2036-2040	677,000	10,700	-	1,620,000	59,400	-
2041-2045	543,000	-	-	-	-	-
Total	<u>\$ 32,928,790</u>	<u>\$ 3,106,326</u>	<u>\$ 573,563</u>	<u>\$ 12,186,968</u>	<u>\$ 1,869,990</u>	<u>\$ -</u>

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 12 Long-Term Debt - Continued

Debt Maturity Schedules - Continued

Interest paid on the Serial Bonds varies from year to year, in accordance with the interest rates specified in the bond agreements. The interest subsidy column reflects 50% of the amount of interest the City is required to pay on various bonds, which is subsidized by the NYS Environmental Facilities Corporation, a public benefit corporation within the State.

The following summarizes the City's future debt service requirements for the energy performance contract for June 30,:

Year Ending	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 520,081	\$ 95,512	\$ 615,593	\$ 1,518	\$ 279	\$ 1,797
2022	537,585	80,408	617,993	1,569	235	1,804
2023	555,669	64,796	620,465	1,621	189	1,810
2024	574,354	48,659	623,013	1,676	142	1,818
2025	593,656	31,980	625,636	1,732	93	1,825
2026	507,537	14,738	522,275	1,485	43	1,528
Total	\$ 3,288,882	\$ 336,093	\$ 3,624,975	\$ 9,601	\$ 981	\$ 10,582

Interest expense on long-term debt during the year was:

Interest Paid Governmental Funds	\$ 956,363
Interest Paid Business Type Activities	162,099
Less Interest Accrued in the Prior Year	(284,876)
Plus Interest Accrued in the Current Year	<u>277,633</u>
Total	<u>\$ 1,111,219</u>

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 12 Long-Term Debt - Continued

Auburn Industrial Development Authority Bonds Payable

Property Lease and Bond Payable

Each property lease is offset by an equal bond payable. The Authority Acts as an intermediary between the principal receipts from the lessee and the principal payments on the bonds, as the Authority does not receive or pay these monies directly.

Note Payable

In conjunction with the purchase of property, the Auburn Industrial Development Agency entered into a debt obligation with the City of Auburn: Note payable with annual payments of \$690, representing interest at 3%, commencing April 2002, with principal of \$23,100 due upon sale of property at 5000 Technology Boulevard, Auburn, collateralized by a mortgage on the property.

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2019:

	Payable at 12/31/2018	Additions	Deletions	Payable at 12/31/2019	Amount Due Within One Year
Bonds Payable	\$ 1,708,688	\$ -	\$ (135,639)	\$ 1,573,049	\$ 129,428
Notes Payable	23,100	-	-	23,100	-
Total	\$ 1,731,788	\$ -	\$ (135,639)	\$ 1,596,149	\$ 129,428

Note 13 Postemployment Benefits Other Than Pensions (OPEB)

General Information About the OPEB Plan

Plan Description - The City provides postemployment (health insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The City's plan is a single-employer postemployment benefit plan (the Plan). No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue separate financial statements because there are no assets legally segregated for the sole purpose of paying benefits under the plan.

Benefits Provided - The benefit coverage is a self-funded medical and prescription drug plan for retirees. The benefit levels, employee contributions, and employer contributions are governed by the City's contractual agreements.

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 13 Postemployment Benefits Other Than Pensions (OPEB) - Continued

General Information About the OPEB Plan - Continued

Employees Covered by Benefit Terms - At June 30, 2020, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries	
Currently Receiving Benefit Payments	337
Inactive Employees Entitled to	
But Not Yet Receiving Benefit Payments	-
Active Employees	<u>282</u>
Total	<u><u>619</u></u>

Total OPEB Liability

The City's total OPEB liability of \$85,534,813 was measured as of March 31, 2020 and was determined by an actuarial valuation as of July 1, 2019.

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

Single Discount Rate	2.48%
Long-term Bond Rate	2.48%
Salary Scale	3.22%
Marriage Rate	70.00%
Participation Rate	100.00%
Healthcare Cost Trend Rates	5.20% for 2020, Decreasing to an Ultimate Rate of 4.18% for 2071 and Later Years

The long-term bond rate is based on the Fidelity Municipal Go AA 20-Year Bond rate as of the measurement date (or the nearest business day thereto).

The salary scale was based on the rate at which payroll amounts are expected to increase over time for purposes of attributing liabilities under entry age normal, level percent of pay actuarial cost method.

Mortality rates were based on Pub-2010 Public Retirement Plans Mortality Tables, Headcount-Weighted, distinct for Teachers, General, and Safety, without separate Contingent Survivor mortality, fully generational using scale MP-2019.

Termination rates were based on 2003 Society of Actuaries small plan withdrawal, scaled 50%.

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 13 Postemployment Benefits Other Than Pensions (OPEB) - Continued

Total OPEB Liability - Continued

Healthcare Cost Trend Rates were based on the National Health Expenditure Projections 2011-2027 and reflect the impact of legislative changes in 2019 and future years. Long-term trend rates were developed using the Societies of Actuaries Getzen Long-Term Healthcare Cost Trend Resource Model v2020_c (updated September 2019).

CPI inflation rates were based on the Livingston Survey for June 2019, Long-term (10-year) forecast mean rates.

Real GDP rates are based on median rates from OECD 2021-2060 GDP projections, published in 2019.

The actuarial assumptions used in the June 30, 2020 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2019	<u>\$ 73,768,286</u>
Changes for the Year	
Service Cost	2,124,563
Interest Cost	2,557,169
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	(5,684,502)
Changes in Assumptions or Other Inputs	14,325,838
Benefit Payments	<u>(1,556,541)</u>
Net Change	<u>11,766,527</u>
Balance at June 30, 2020	<u><u>\$ 85,534,813</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.44% in 2019 to 2.48% in 2020. The Salary Scale changed from 3.36% in 2019 to 3.22% in 2020. Mortality improvement scale, health care cost trend rates, and termination assumption were also updated in the current valuation.

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 13 Postemployment Benefits Other Than Pensions (OPEB) - Continued

Changes in the Total OPEB Liability - 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 (1.48%) or 1 percentage point higher (3.48%) than the current discount rate:

	1% Decrease (1.48)%	Discount Rate (2.48)%	1% Increase (3.48)%
Total OPEB Liability	\$ 102,820,186	\$ 85,534,813	\$ 72,124,420

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend 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 healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	1% Decrease (4.20)% to (3.18)%	Healthcare Cost Trend Rate (5.20)% to (4.18)%	1% Increase (6.20)% to (5.18)%
Total OPEB Liability	\$ 71,003,028	\$ 85,534,813	\$ 104,573,232

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

For the year ended June 30, 2020, the City recognized OPEB expense of \$10,499,256.

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 3,136,594	\$ 3,972,303
Changes in Assumptions or Other Inputs	10,504,979	-
Contributions Subsequent to Measurement Date	388,069	-
Total	\$ 14,029,642	\$ 3,972,303

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 13 Postemployment Benefits Other Than Pensions (OPEB) - Continued

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

City contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the OPEB liability in the year ended June 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Amount
2021	\$ 5,581,968
2022	3,547,217
2023	540,085
2024	-
2025	-
Thereafter	-

Current Year Activity

The following is a summary of current year activity:

Governmental Activities	Beginning Balance	Change	Ending Balance
OPEB Liability	\$ 72,359,312	\$ 11,541,787	\$ 83,901,099
Deferred Outflows of Resources	(7,412,338)	(6,349,338)	(13,761,676)
Deferred Inflows of Resources	377,883	3,518,549	3,896,432
Total	\$ 65,324,857	\$ 8,710,998	\$ 74,035,855

Business-Type Activities	Beginning Balance	Change	Ending Balance
OPEB Liability	\$ 1,408,974	\$ 224,740	\$ 1,633,714
Deferred Outflows of Resources	(144,332)	(123,634)	(267,966)
Deferred Inflows of Resources	7,358	68,513	75,871
Total	\$ 1,272,000	\$ 169,619	\$ 1,441,619

Auburn Housing Authority

The actuarial valuation of the Auburn Housing Authority was measured as of March 31, 2020 and was determined by an actuarial valuation as of April 1, 2019. The OPEB liability totaled \$2,114,695 for the year ended March 31, 2020.

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 14 **Self Insurance and Contingent Liabilities**

Health Insurance

The City incurs costs related to an employee health insurance plan (the Plan) sponsored by the Cayuga County Health Insurance Consortium. The Plan's objectives are to formulate, develop and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities. During the year ended June 30, 2020, the City incurred premiums or contribution expenditures totaling \$6,925,215.

Workers' Compensation and Professional Liability Claims

The City's policy is to record expenditures for workers' compensation claims in the governmental fund from which they are paid. During the current year, the City has accrued \$1,742,389 of workers' compensation claims on the Statement of Net Position as self-insurance liability which is expected be paid out over the next 20 years.

Judgments and Claims

As of June 30, 2020, the City has estimated a liability for judgments and claims of approximately \$1,318,575. The City has accrued approximately \$421,964 in general claims and \$896,611 in certiorari claims; this liability is included in property, casualty, and professional liability. In the past three years, no settlements exceeded insurance coverage, all claims are expected be become due within one year.

The schedule below presents the changes in claims liabilities for the past two years for the property, casualty, professional liability, and police and fire workers' compensation:

	Property, Casualty, and Professional Liability		Police and Fire Workers' Compensation	
	2020	2019	2020	2019
Unpaid Claims and Claim Adjustment				
Expenses - Beginning of Year	\$ 1,383,877	\$ 1,367,605	\$ 1,804,480	\$ 1,328,443
Provisions and Changes in Provisions for				
Claims and Claim Adjustment Expenses	270,645	285,858	99,217	631,642
Payments on Claims and Claims Adjustment				
Expenses Attributable to Insured Events	(335,947)	(269,586)	(161,308)	(155,605)
Total Unpaid Claims and Claim Adjustment Expenses - End of Year	\$ 1,318,575	\$ 1,383,877	\$ 1,742,389	\$ 1,804,480

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

***Note 15* Landfills - Closure and Post Closure Care Costs**

State and federal laws and regulations require the City to place a final cover on its landfill sites when they stop accepting waste, and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. In accordance with these regulations, the City had previously adopted GASB Statement No. 18, "Accounting for Municipal Solid Waste Landfill Closure and Post Closure Care Costs."

Although closure and post closure care cost will be paid near or after the date the landfill stops accepting waste, the City reports a portion of these closure and post closure care costs as an operation expense in each period based on landfill capacity used.

The reported landfill closure and post closure care liability at June 30, 2020 represents \$1,627,243 in anticipated closing costs, and \$2,064,790 post closure costs of which \$0- pertains to the post closure care monitoring for Landfill Site #1, which was closed September 1992.

The \$1,627,243 anticipated closing costs for Landfill Site #2 are based on 97.9% usage for landfill site #2 as the estimated capacity is filled. Actual cost may be different due to inflation, changes in technology, or changes in regulations. Post closure monitoring care costs remaining to be recognized are estimated to be \$454,210.

The anticipated remaining life of Landfill Site #2, including cell 4, is about one year, based on maximum permitted tonnage of 60,000 tons per year.

The liability for post closure costs is accounted for on an annual basis by appropriation of the necessary funds in the City operating budget.

Closure costs for cells 1, 2, 3, and 4 of Landfill Site #2 will be met primarily with the issuance of bonds and available cash reserves at the time of closure. The City has obtained the certification required for compliance with the Financial Assurance Requirements for Local Government Owners/Operators of Municipal Solid Waste Landfills.

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

***Note 16* Deferred Compensation**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code §457. The Plan is available to all full-time and permanent part-time City employees and permits them to defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. As of October 2016, the Plan is administered by International City Management Association Retirement Corporation (ICMA-RC).

The City is a model plan, requires all deferred compensation funds be held in trust for the exclusive benefit of its participants and their beneficiaries. The City has designated ICMA-RC, as trustee in accordance with the New York State Deferred Compensation Board Rules and Regulations, as set forth at Part 9000 to Part 9006 of Subtitle II Title 9 NYCRR (the “Regulations” as published in the State Register on July 1, 1999, with an effective date of October 1, 1999) and §457 (g) of the Internal Revenue Code of 1986, as amended (the “Code”) to hold these group annuity contracts under the City of Auburn’s Model Plan for the exclusive benefit of participants and their beneficiaries.

At no time will any part of the corpus or income of the Trust Fund be used or delivered for purposes other than for the exclusive benefit of employees and their beneficiaries. The Trust Fund cannot revert to the state or city until all plan benefits have been paid to participants or beneficiaries.

***Note 17* Contingent Liabilities**

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

The City is a defendant in various lawsuits. Although the outcome of these suits is not presently determinable, in the opinion of the City’s Corporation Counsel, the resolution of these matters will not have a material adverse effect on the financial condition or results of operations.

***Note 18* Subsequent Events**

On August 18, 2020, the City issued \$40,710,071 in bond anticipation notes with an interest rate of 1.50% to redeem \$27,766,176 of BANs and provide \$13,900,000 in new financing for various infrastructure projects.

On August 18, 2020, the City issued \$1,400,900 of serial bonds with an interest rate of 1.125% to redeem BANs for various infrastructure projects.

On October 4, 2020, the City issued \$1,559,200 of EFC bonds to redeem BANs for the state drinking water revolving fund project.

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 19 Stewardship, Compliance, and Accountability

Deficit Fund Balance

The City's Capital Projects Fund had a deficit fund balance of \$15,674,769. This deficit is expected to be eliminated with permanent financing. The City's Refuse Collection Fund had a deficit fund balance of \$235,060. This deficit is expected to be eliminated with permanent financing.

Deficit Net Position

At June 30, 2020, the Statement of Net Position had unrestricted deficit net positions of \$62,728,750 and \$4,192,827 for governmental activities and business-type activities, respectively. For governmental activities, this is the result of the requirement to record other postemployment benefit liability with no requirement or mechanism to fund this liability (see Note 13). This deficit is not expected to be eliminated during the normal course of operations. For business-type activities, this deficit will be eliminated through additional funding from the General Fund.

Note 20 Uncertainty

In March 2020, the COVID-19 coronavirus outbreak was declared a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the area in which the City exists. While it is unknown how long these conditions will last and what the complete financial effect will be, the City expects disruptions to businesses and residents, which could negatively impact operating results in future periods.

Note 21 Commitments

As of June 30, 2020, the City had outstanding contracts with various vendors for construction of the following capital projects:

General Government	\$ 2,378,327
Transportation	6,807,270
Culture and Recreation	63,799
Home and Community	<u>1,869,690</u>
Total	<u>\$ 11,119,086</u>

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 22 Tax Abatements

For the year ended June 30, 2020, the City was subject to tax abatements negotiated by the Auburn Industrial Development Authority and the Cayuga County Industrial Development Agency (collectively known as the IDAs).

The IDAs entered into payment in lieu of taxes (PILOT) agreements with businesses within the City of Auburn under New York State General Municipal Law 858. Economic development agreements entered into by the IDAs can include the abatement of city, county, other local, and school district taxes. In this case, negotiated abatements have resulted in reductions of property taxes, which the IDAs administer as a temporary reduction in the assessed value of the property involved. The abatement agreements generally stipulate a percentage reduction of property taxes, but sometimes stipulate a dollar value reduction in lieu of a percentage reduction.

Information relevant to disclosure of the program for the year ended June 30, 2020 is as follows:

	Taxable Assessed Value	Tax Rate	Tax Value	PILOT Received	Taxes Abated
Auburn Industrial Development Agency					
Property Tax Abatements:					
Auburn Community Hotel	\$ 10,000,000	\$12.36 / \$1,000	\$ 123,603	\$ 10,123	\$ 113,480
Bluefield Manor	5,693,100	\$12.36 / \$1,000	70,368	29,802	40,566
Calamar	8,800,000	\$12.36 / \$1,000	108,770	54,385	54,385
Carovail	1,081,999	\$12.36 / \$1,000	13,374	5,150	8,224
Central Building	3,570,000	\$12.36 / \$1,000	44,126	14,139	29,987
Community Computer	1,800,000	\$12.36 / \$1,000	22,249	9,126	13,123
Gen West	3,180,000	\$12.36 / \$1,000	39,306	16,508	22,798
JB	4,824,197	\$12.36 / \$1,000	59,628	41,210	18,418
Logan Lofts	2,078,000	\$12.36 / \$1,000	25,685	5,042	20,643
Mack Studios	1,025,000	\$12.36 / \$1,000	12,669	3,115	9,554
McQuay	13,000,000	\$12.36 / \$1,000	160,684	98,882	61,802
NUCOR	31,000,999	\$12.36 / \$1,000	383,181	56,413	326,768
PBMM	1,718,200	\$12.36 / \$1,000	21,237	14,866	6,371
Seminary Commons	1,601,000	\$12.36 / \$1,000	19,789	8,652	11,137
WST33	2,740,000	\$12.36 / \$1,000	33,867	6,254	27,613
Cayuga County Industrial Development Agency					
Property Tax Abatements:					
FLRR	765,250	\$12.36 / \$1,000	9,459	4,350	5,109
Total Tax Abatement Agreements	\$ 92,877,745		\$ 1,147,995	\$ 378,017	\$ 769,978

Required Supplementary Information

CITY OF AUBURN

BUDGETARY COMPARISON SCHEDULE GENERAL FUND - NON-U.S. GAAP BUDGET BASIS FOR THE YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Favorable (Unfavorable)</u>
REVENUES					
Real Property Taxes	\$ 12,210,372	\$ 12,210,372	\$ 12,126,109	\$ -	\$ (84,263)
Real Property Tax Items	783,930	783,930	911,141	-	127,211
Nonproperty Tax Items	9,725,000	9,725,000	10,144,825	-	419,825
Departmental Income	1,076,500	1,080,847	942,528	-	(138,319)
Intergovernmental Charges	315,000	315,000	240,384	-	(74,616)
Use of Money and Property	570,000	570,000	803,001	-	233,001
Licenses and Permits	222,400	230,430	194,697	-	(35,733)
Fines and Forfeitures	358,900	364,098	260,340	-	(103,758)
Sale of Property and Compensation for Loss	280,000	524,777	898,332	-	373,555
Miscellaneous Local Sources	1,574,000	1,444,025	123,182	-	(1,320,843)
Interfund Revenues	2,244,168	2,244,168	3,614,519	-	1,370,351
State Sources	5,749,314	5,778,225	5,699,427	-	(78,798)
Federal Sources	197,298	810,742	769,521	-	(41,221)
Total Revenues	<u>35,306,882</u>	<u>36,081,614</u>	<u>36,728,006</u>	<u>-</u>	<u>646,392</u>
EXPENDITURES					
General Government Support	4,335,874	5,380,209	4,966,377	78,461	335,371
Public Safety	14,086,981	14,549,264	13,259,817	653,947	635,500
Transportation	1,330,253	1,498,319	1,309,767	20,306	168,246
Economic Assistance and Opportunity	50,000	50,000	50,000	-	-
Culture and Recreation	1,516,432	1,517,402	1,219,357	-	298,045
Home and Community Services	576,118	1,389,780	1,326,092	27,740	35,948
Employee Benefits	10,670,722	10,941,438	10,870,779	-	70,659
Debt Service - Principal and Interest	3,392,587	3,606,821	3,585,692	-	21,129
Total Expenditures	<u>35,958,967</u>	<u>38,933,233</u>	<u>36,587,881</u>	<u>780,454</u>	<u>1,564,898</u>
Excess of Revenues (Expenditures)	<u>(652,085)</u>	<u>(2,851,619)</u>	<u>140,125</u>	<u>(780,454)</u>	<u>2,211,290</u>
OTHER FINANCING SOURCES (USES)					
Premium on Obligations	-	-	222,569	-	222,569
Interfund Transfers Out	(150,000)	(150,000)	-	-	150,000
Interfund Transfers In	-	91,252	91,254	-	2
Total Other Financing Sources (Uses)	<u>(150,000)</u>	<u>(58,748)</u>	<u>313,823</u>	<u>-</u>	<u>372,571</u>
Excess of Revenues and Other Financing Sources over (Expenditures) and Other (Uses)	<u>(802,085)</u>	<u>(2,910,367)</u>	<u>453,948</u>	<u>\$ (780,454)</u>	<u>\$ 2,583,861</u>
Prior Year Encumbrances	-	508,447			
Use of Fund Balance	<u>293,638</u>	<u>2,090,424</u>			
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>453,948</u>		
Fund Balances - Beginning of Year			<u>6,401,049</u>		
Fund Balances - End of Year			<u>\$ 6,854,997</u>		

See Notes to Required Supplementary Information

CITY OF AUBURN

BUDGETARY COMPARISON SCHEDULE - BUDGETED MAJOR SPECIAL REVENUE FUNDS SEWER FUND - NON-U.S. GAAP BUDGET BASIS FOR THE YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
REVENUES					
Departmental Income	\$ 7,950,000	\$ 7,950,000	\$ 8,007,117	\$ -	\$ 57,117
Use of Money and Property	15,000	15,000	21,457	-	6,457
Sale of Property and Compensation for Loss	500	500	352	-	(148)
Miscellaneous local sources	110,000	94,731	1,902	-	(92,829)
Total Revenues	<u>8,075,500</u>	<u>8,060,231</u>	<u>8,030,828</u>	<u>-</u>	<u>(29,403)</u>
EXPENDITURES					
General Governmental Support	195,000	985,517	950,299	-	35,218
Home and Community Services	3,781,914	3,485,413	3,345,266	5,460	134,687
Employee Benefits	174,620	874,321	836,442	-	37,879
Debt Service - Principal and Interest	2,494,376	2,538,806	2,537,223	-	1,583
Total Expenditures	<u>6,645,910</u>	<u>7,884,057</u>	<u>7,669,230</u>	<u>5,460</u>	<u>209,367</u>
Excess of Revenues (Expenditures)	<u>1,429,590</u>	<u>176,174</u>	<u>361,598</u>	<u>(5,460)</u>	<u>179,964</u>
OTHER FINANCING SOURCES (USES)					
Interfund Transfers In	-	11,734	11,734	-	-
Interfund Transfers Out	(1,457,315)	(505,000)	(400,000)	-	105,000
Premium on Obligations	-	-	25,847	-	25,847
Total Other Financing Sources (Uses)	<u>(1,457,315)</u>	<u>(493,266)</u>	<u>(362,419)</u>	<u>-</u>	<u>130,847</u>
Excess of Revenues and Other Sources Over Expenditures and Other Financing (Uses)	<u>(27,725)</u>	<u>(317,092)</u>	<u>(821)</u>	<u>(5,460)</u>	<u>\$ 310,811</u>
Prior Year Encumbrances	<u>27,725</u>	<u>27,725</u>			
Use of Fund Balance	<u>-</u>	<u>289,367</u>			
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(821)</u>		
Fund Balance - Beginning of Year			<u>2,600,093</u>		
Fund Balance - End of Year			<u>\$ 2,599,272</u>		

See Notes to Required Supplementary Information

CITY OF AUBURN

SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE LAST 10 FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Service Cost	\$ 2,124,563	\$ 1,862,590	\$ 1,698,907	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
Interest Cost	2,557,169	2,245,701	2,222,671	*	*	*	*	*	*	*
Changes of Benefit Terms	-	-	(7,145)	*	*	*	*	*	*	*
Differences Between Expected and Actual Experience	(5,684,502)	7,962,122	(1,027,307)	*	*	*	*	*	*	*
Changes in Assumptions or Other Inputs	14,325,838	1,352,670	1,969,523	*	*	*	*	*	*	*
Benefit Payments	(1,556,541)	(1,303,884)	(1,276,074)	*	*	*	*	*	*	*
Total OPEB Liability - Beginning	<u>73,768,286</u>	<u>61,649,087</u>	<u>58,068,512</u>	*	*	*	*	*	*	*
Total OPEB Liability - Ending	<u>\$85,534,813</u>	<u>\$73,768,286</u>	<u>\$61,649,087</u>	<u>\$58,068,512</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>
Covered Employee Payroll	\$16,983,418	\$16,431,325	\$16,431,325	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
Total OPEB Liability as a Percentage of Covered Payroll	504%	449%	375%	*	*	*	*	*	*	*

* Information for periods prior to implementation of GASB Statement No. 75 is unavailable and will be completed as it becomes available.

See Notes to Required Supplementary Information

CITY OF AUBURN

SCHEDULE OF THE CITY'S CONTRIBUTIONS NYSLRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually Required Contribution										
ERS	\$ 1,173,414	\$ 1,123,578	\$ 1,247,188	\$ 1,216,200	\$ 1,448,060	\$ 1,227,962	\$ 1,048,243	\$ 1,402,886	\$ 828,071	\$ 881,895
PFRS	2,351,244	2,340,134	2,522,569	2,384,745	2,191,612	2,672,150	2,052,700	2,432,793	1,965,646	1,900,170
Contributions in Relation to the Contractually Required Contribution										
ERS	(1,173,414)	(1,123,578)	(1,247,188)	(1,216,200)	(1,448,060)	(1,227,962)	(1,048,243)	(1,402,886)	(828,071)	(881,895)
PFRS	(2,351,244)	(2,340,134)	(2,522,569)	(2,384,745)	(2,191,612)	(2,672,150)	(2,052,700)	(2,432,793)	(1,965,646)	(1,900,170)
Contribution Deficiency (Excess)										
ERS	-	-	-	-	-	-	-	-	-	-
PFRS	-	-	-	-	-	-	-	-	-	-
City's Covered Payroll for Year Ended June 30,										
ERS	8,246,051	7,725,267	7,665,524	7,561,327	6,938,635	6,882,010	7,053,994	6,926,265	*	*
PFRS	10,319,610	10,380,982	10,549,780	10,167,102	9,712,368	10,065,913	9,697,498	9,644,574	*	*
Contributions as a Percentage of Covered Payroll										
ERS	14.2%	14.5%	16.3%	16.1%	20.9%	17.8%	14.9%	20.3%	*	*
PFRS	22.8%	22.5%	23.9%	23.5%	22.6%	26.5%	21.2%	25.2%	*	*

* Information is unavailable and will be completed as it becomes available.

See Notes to Required Supplementary Information

CITY OF AUBURN

SCHEDULES OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - NYSLRS PENSION PLAN FOR THE YEARS ENDED JUNE 30,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's Proportion of the Net Pension Liability						
ERS	0.030683%	0.029897%	0.030644%	0.029763%	0.029361%	0.030000%
PFRS	0.286967%	0.304848%	0.309522%	0.311561%	0.338098%	0.320000%
City's Proportionate Share of the Net Pension Liability						
ERS	\$ 8,125,014	\$ 2,118,293	\$ 989,008	\$ 2,796,607	\$ 4,712,538	\$ 994,781
PFRS	15,338,190	5,112,486	3,128,514	6,457,568	10,010,355	885,962
	23,463,204	7,230,779	4,117,522	9,254,175	14,722,893	1,880,743
City's Covered Payroll						
ERS	8,119,789	7,708,228	7,651,289	7,291,440	6,908,942	6,873,032
PFRS	10,298,497	10,297,905	10,633,738	10,011,556	9,567,111	10,232,180
	\$ 18,418,286	\$18,006,133	\$18,285,027	\$17,302,996	\$16,476,053	\$17,105,212
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll						
ERS	100.1%	27.5%	12.9%	38.4%	68.2%	14.5%
PFRS	148.9%	49.6%	29.4%	64.5%	104.6%	8.7%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability						
ERS	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%
PFRS	84.9%	95.1%	96.9%	93.5%	90.2%	99.0%

See Notes to Required Supplementary Information

CITY OF AUBURN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2020

***Note 1* Budget Basis of Accounting**

Except as indicated below, budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. Encumbrances are not considered a disbursement in the financial plan or expenditure in U.S. GAAP based financial statements. Encumbrances reserve a portion of the applicable appropriation for purchase orders, contracts, and other commitments not expended at year end, thereby ensuring that appropriations are not exceeded.

1. Annual operating budgets are maintained for the following Governmental Fund Types:

- General Fund
- Special Revenue Funds (Water, Sewer, and Refuse Collection)

The Special Grant Fund (in Special Revenue Funds) and other Governmental Fund types do not have annual budgets, as grant awards and revenues received under other contractual requirements recorded in these funds span more than a single fiscal year.

Annual budgets are approved by City Council and maintained for the City's Business-type activity funds (Landfill and Enterprise Funds)

The City Charter requires operating budgets be submitted to the Mayor and City Council at least 30 days prior to the beginning of the fiscal year.

2. No later than June 1, the City Manager submits the tentative City budget to the City Council and files it with the City Clerk. Upon filing the tentative City budget, a notice is published in the official newspapers of the City.
3. After the public hearing on the recommended budgets, the Mayor and City Council adopt the final City budget no later than June 20.
4. Annual budgets adopted represent the legal limit on expenditures for that period. At the end of each year unexpended, unencumbered appropriations lapse. Encumbered appropriations do not lapse and are carried forward.
5. Expenditures may not legally exceed appropriations at the fund level.
6. Budget changes within a fund may be authorized by the City Manager and the Comptroller.
7. City Council may increase the appropriations budget during the fiscal year where additional revenues or expenditures not involved in the original adopted budget are identified.

CITY OF AUBURN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2020

***Note 2* Reconciliation of the Fund Budget Basis to U.S. GAAP**

No adjustment is necessary to convert excess of revenues and other sources over expenditures and other uses on the U.S. GAAP basis to the budget basis, as there were no encumbrances added to the actual expenditures recorded in the budgetary comparison schedules.

***Note 3* Schedule of Changes in the City's Total OPEB Liability and Related Ratios**

Changes of assumptions and other inputs reflected the effect of changes in the discount rate each period. The following are the discount rates in each period.

2020 - 2.48%
2019 - 3.44%
2018 - 3.61%
2017 - 3.80%

***Note 4* Schedules of the City's Proportionate Share of the Net Pension Liability**

The Schedule of the City's Proportionate Share of the Net Pension Liability, required supplementary information, presents six years of information. This schedule will present ten years of information as it becomes available.

***Note 5* Schedules of City's Contributions - NYSLRS Pension Plans and Schedules of the City's Proportionate Share of the Net Pension Liability**

NYSLRS

Changes in Benefit Terms

There were no significant legislative changes in benefits for the April 1, 2019 actuarial valuation.

Changes of Assumptions

There were changes in the economic (investment rate of return, inflation, COLA, and salary scales) and demographic (pensioner mortality and active member decrements) assumptions used in the April 1, 2015 actuarial valuation. The salary scales for both plans used in the April 1, 2018 actuarial valuation were increased by 10%. The interest rate assumption was reduced to 6.8% and the mortality improvement assumption was updated to Societies of Actuaries' Scale MP-2018 for the April 1, 2019 actuarial valuation.

CITY OF AUBURN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2020

***Note 5* Schedules of City's Contributions - NYSLRS Pension Plans and Schedules of the City's Proportionate Share of the Net Pension Liability - Continued**

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The April 1, 2018 actuarial valuation determines the employer rates for contributions payable in fiscal year 2020. The following actuarial methods and assumptions were used:

Actuarial Cost Method	The System is funded using the Aggregate Cost Method. All unfunded actuarial liabilities are evenly amortized (as a percentage of projected pay) over the remaining worker lifetimes of the valuation cohort.
Asset Valuation Period	Fiveyear level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.
Inflation	2.5%
Salary Scale	3.8% in ERS, 4.5% in PFRS, indexed by service.
Investment Rate of Return	7.0% compounded annually, net of investment expenses, including inflation.
Cost of Living Adjustments	1.3% annually.

CITY OF AUBURN

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS JUNE 30, 2020

	Special Revenue Funds					Total Non-Major Governmental Funds
	Water Fund	Refuse Collection Fund	Casey Park Ice Rink Fund	Police Seizure Fund	Permanent Fund	
ASSETS						
Cash and Cash Equivalents, Unrestricted	\$ 1,540,400	\$ 228,198	\$ 39	\$ 277,771	\$ -	\$ 2,046,408
Cash and Cash Equivalents, Restricted	34,209	-	-	-	9,368	43,577
Investments	2,516	-	-	-	-	2,516
Due from Other Funds	198,157	8,844	-	-	-	207,001
Other Receivables	1,298,417	-	-	-	-	1,298,417
Total Assets	\$ 3,073,699	\$ 237,042	\$ 39	\$ 277,771	\$ 9,368	\$ 3,597,919
LIABILITIES						
Accounts Payable	\$ 184,954	\$ 15,575	\$ -	\$ 2,884	\$ -	\$ 203,413
Accrued Liabilities	55,116	29,564	-	-	-	84,680
Due to Other Funds	812,581	29,729	-	-	-	842,310
Bond Anticipation Notes Payable	-	380,000	-	-	-	380,000
Due to Retirement System	34,073	17,234	-	-	-	51,307
Total Liabilities	1,086,724	472,102	-	2,884	-	1,561,710
FUND BALANCES						
Nonspendable	-	-	-	-	9,368	9,368
Committed	34,209	-	-	-	-	34,209
Assigned	1,952,766	-	39	274,887	-	2,227,692
Unassigned	-	(235,060)	-	-	-	(235,060)
Total Fund Balances	1,986,975	(235,060)	39	274,887	9,368	2,036,209
Total Liabilities and Fund Balances	\$ 3,073,699	\$ 237,042	\$ 39	\$ 277,771	\$ 9,368	\$ 3,597,919

CITY OF AUBURN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Funds					Total Non-Major Governmental Funds
	Water Fund	Refuse Collection Fund	Casey Park Ice Rink Fund	Police Seizure Fund	Permanent Fund	
REVENUES						
Departmental Income	\$ 4,964,875	\$ 1,242,003	\$ -	\$ -	\$ -	\$ 6,206,878
Use of Money and Property	34,041	9,851	-	200	15	44,107
Sale of Property and Compensation for Loss	4,483	68,146	-	-	-	72,629
Miscellaneous Local Sources	506,359	-	-	-	-	506,359
Interfund Revenues	395,000	-	-	-	-	395,000
Federal Sources	-	-	-	123,577	-	123,577
Total Revenues	5,904,758	1,320,000	-	123,777	15	7,348,550
EXPENDITURES						
General Government Support	1,091,683	-	-	-	-	1,091,683
Public Safety	-	-	-	40,499	-	40,499
Home and Community Services	2,240,088	1,507,349	-	-	-	3,747,437
Employee Benefits	628,644	287,153	-	-	-	915,797
Debt Principal	1,538,329	73,620	-	-	-	1,611,949
Debt Interest	383,264	20,411	-	-	-	403,675
Total Expenditures	5,882,008	1,888,533	-	40,499	-	7,811,040
Excess of Revenue (Expenditures)	22,750	(568,533)	-	83,278	15	(462,490)
OTHER FINANCING SOURCES (USES)						
Interfund Transfers In	885,160	-	-	-	-	885,160
Interfund Transfers Out	(325,000)	-	-	(3,531)	-	(328,531)
Premium on Obligations	6,973	2,239	-	-	-	9,212
Total Other Financing Sources (Uses)	567,133	2,239	-	(3,531)	-	565,841
Net Changes in Fund Balances	589,883	(566,294)	-	79,747	15	103,351
Fund Balances - Beginning of Year	1,397,092	331,234	39	195,140	9,353	1,932,858
Fund Balances - End of Year	\$ 1,986,975	\$ (235,060)	\$ 39	\$ 274,887	\$ 9,368	\$ 2,036,209

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor and
Members of City Council
City of Auburn
Auburn, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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 (the City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 30, 2020.

Our report includes a reference to other auditors who audited the financial statements of the Auburn Industrial Development Agency and the Auburn Housing Authority, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
December 30, 2020

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY UNIFORM GUIDANCE**

Honorable Mayor and
Members of City Council
City of Auburn
Auburn, New York

Report on Compliance for Each Major Federal Program

We have audited the City of Auburn's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2020. The City's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
December 30, 2020

CITY OF AUBURN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2020

<u>Federal Grantor Pass-Through Grantor Program Title</u>	<u>Federal CFDA #</u>	<u>Pass - Through Grantor ID #</u>	<u>Pass - Through to Subrecipients</u>	<u>Amount of Expenditures</u>
Department of Housing and Urban Development				
Direct Program:				
Community Development Block Grants Entitlement Grants Cluster:				
Community Development Block Grants - Entitlement Grants	14.218	N/A	\$ 115,775	\$ 714,182
COVID-19 - Community Development Block Grants - Entitlement Grants	14.218	N/A		<u>623,452</u>
Total Community Development Block Grants Entitlement Grants Cluster and Department of Housing and Urban Development			<u>115,775</u>	<u>1,337,634</u>
Department of Justice				
Direct Program:				
U.S. Marshall's Service New York/New Jersey Regional Fugitive Force	16.710	N/A	-	5,580
Equitable Sharing Program	16.922	N/A	-	123,577
Bullet Proof Vest Partnership Program	16.607	N/A	-	20,286
DNA Capacity Enhancement and Backlog Reduction (CEBR) Program	16.741	N/A	-	32,780
Office of Violence against Women (OVW)	16.026	N/A	-	147,220
Promoting Evidence Integration in Sex Offender Management Program	16.203	N/A	-	<u>30,457</u>
Total Department of Justice			<u>-</u>	<u>359,900</u>
Department of Transportation				
Passed Through NYS Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	D034238	-	1,196,988
Highway Planning and Construction	20.205	D034815	-	34,466
Highway Planning and Construction	20.205	D034841	-	114,941
Highway Planning and Construction	20.205	D034689	-	(10,362)
Highway Planning and Construction	20.205	D034688	-	6,103
Highway Planning and Construction	20.205	D035595	-	<u>1,068,148</u>
Total Highway Planning and Construction Cluster			<u>-</u>	<u>2,410,284</u>
Total Department of Transportation			<u>-</u>	<u>2,410,284</u>
Corporation for National and Community Service				
Direct Program:				
Retired and Senior Volunteer Program	94.002	N/A	-	48,065
Total Corporation for National and Community Service			<u>-</u>	<u>48,065</u>
Department of Homeland Security				
Passed Through the NYS Department of Homeland Security and Emergency Services:				
Homeland Security Grant Program	97.067	TR15	-	8,665
Direct Program:				
Assistance to Firefighters Grant	97.044	N/A	-	476,468
Total Department of Homeland Security			<u>-</u>	<u>485,133</u>
Total Federal Expenditures			<u>\$ 115,775</u>	<u>\$ 4,641,016</u>

N/A - Indicates Direct Award

See Notes to Schedule of Expenditures of Federal Awards

CITY OF AUBURN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2020

Note 1 Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs administered by the City, an entity as defined in Note 1 to the City's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the Schedule of Expenditures of Federal Awards.

Note 2 Basis of Accounting

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable program and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program. These records are periodically reconciled to the general ledger, which is the source of the financial statements.

Note 3 Indirect Cost Rate

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data presented. The City has not elected to use the 10% de minimus cost rate allowed under Uniform Guidance.

Note 4 Matching Costs

Matching costs, such as the City's share of certain program costs, are not included in the reported expenditures.

Note 5 Expenditures of Federal Revenue

The City of Auburn operates a revolving loan program utilizing federal financial assistance received under the Community Development Block Grants/Small Cities and Entitlement Programs. Loans outstanding at June 30, 2020 under this program, as reported in the City's financial statements, are as follows:

Loans Receivable	\$ 4,092,558
Less: Allowance for Uncollectible Accounts	<u>(619,664)</u>
Net Loans Receivable	<u><u>\$ 3,472,894</u></u>

The City disbursed new loans in the amount of \$237,673 and received program income from repayment of loan principal in the amount of \$207,414.

CITY OF AUBURN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2020

Note 6 Sub-Recipients

The City of Auburn provided federal awards to sub-recipients as follows:

Community Development Block Grant - CFDA Number 14.218	
Aurora Of CNY Vision/Hearing	\$ 9,952
Boyle Senior Center	10,000
Transportation Project Of Cayuga County SCAT Van	10,000
Chapel House Homeless Shelter	14,000
Cayuga-Seneca Community Action Agency Homeless Services	2,081
Rescue Mission of CNY	20,106
Calvary Food Pantry	8,636
Freedom Recreational Services	7,500
Legal Aid Services - Victims of Domestic Violence	10,000
Cayuga Counseling Services CCSI	15,000
Booker T. Washington Summer Camp	8,500
	<hr/>
Total	<u><u>\$ 115,775</u></u>

CITY OF AUBURN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS JUNE 30, 2020

Section I Summary of Auditors' Results

Financial Statements

Type of auditors' report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ___ yes X no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ___ yes X no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? ___ yes X none reported

Type of auditors' report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)? ___ yes X no

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
14.218	Community Development Block Grants - Entitlement Grants
14.218	COVID-19 - Community Development Block Grants - Entitlement Grants
97.044	Assistance to Firefighters Grant

Dollar threshold used to distinguish between type A and type B programs \$750,000

Auditee qualified as low risk auditee: X yes ___ no

Section II Financial Statement Findings None

Section III Federal Award Findings and Questioned Costs None