

# **CITY OF AUBURN**

**Auburn, New York**

## **FINANCIAL REPORT**

**For the Year Ended  
June 30, 2021**



# ***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, 2021, 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, 2021, 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.

### **Emphasis of a Matter**

During the year ended June 30, 2021, the City corrected errors in its capital asset and capital fund receivable balances and adjusted the balances accordingly. As discussed in Note 23 to the financial statements, net position for the governmental and business-type activities, and fund balance for the capital projects fund as of June 30, 2020 was restated to reflect these correction of errors. Our opinion is not modified with respect to these matters.

### **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; Schedule of Changes in the City's Total OPEB Liability and Related Ratios; Schedules of the City's Contributions - NYSLRS Pension Plan; the Schedules of the City's Proportionate Share of Net Pension Liability; 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 Balance Sheet - Non-Major Governmental Funds; 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 February 8, 2022 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  
February 8, 2022

# ***CITY OF AUBURN***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021**

The following is a discussion and analysis of the City of Auburn's financial performance for the fiscal year ended June 30, 2021. 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 increased 5.02%, while business-type activities deficit increased 278.98%.
- Revenue for governmental activities decreased 0.86%, while total expenses for governmental activities decreased 6.09%.
- Capital assets increased for governmental activities by 6.80%, while business-type activities decreased by 1.73%.
- Total debt for the City's governmental activities increased by 11.56%, while business-type activities decreased by 8.20%.
- Resources available for appropriation and other financing sources in the General Fund were \$711,058 less than budgeted, while expenditures and other financing uses were \$1,085,116 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. Governmental 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. Governmental 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. Following these statements are notes that provide additional information that is essential to a full understanding of the data provided in the financial statements. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the City's General and Sewer Fund budgets for the year; a Schedule of Changes in the City's Total OPEB Liability and Related Ratios related to the City's other postemployment benefits; a Schedule of City's Contributions - NYSLRS Pension Plan; and a Schedule of the City's Proportionate Share of Net Pension Liability.

In addition to the basic financial statements, the annual report contains other information in the form of combining statements for those funds that are not considered major funds and, therefore, are not presented individually in the basic financial statements.

# ***CITY OF AUBURN***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021**

### **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.

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, power utility and transfer station 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.



# ***CITY OF AUBURN***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021**

### **Governmental 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 New York 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.

### **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.

### **GOVERNMENTAL ACTIVITIES**

The City's combined net position for fiscal year ended June 30, 2021 increased 5.02%, in comparison to last year when net position decreased by 1.21%. By far, the largest portion of the City's net position 214.46% 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, 2021

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>2021</i>	<i>2020</i>	
<i>Current Assets</i>	\$ 46,312,635	\$ 32,144,990	\$ 14,167,645
<i>Other Noncurrent Assets</i>	9,378,031	9,217,503	160,528
<i>Capital Assets, Net</i>	186,779,101	174,883,661	11,895,440
<b><i>Total Assets</i></b>	<b>242,469,767</b>	<b>216,246,154</b>	<b>26,223,613</b>
<i>Pensions</i>	21,676,189	14,921,947	6,754,242
<i>Other Postemployment Benefits</i>	8,105,814	13,761,676	(5,655,862)
<b><i>Deferred Outflows of Resources</i></b>	<b>29,782,003</b>	<b>28,683,623</b>	<b>1,098,380</b>
<i>Current Liabilities</i>	62,718,720	43,826,509	18,892,211
<i>Noncurrent Liabilities</i>	122,893,171	141,780,427	(18,887,256)
<b><i>Total Liabilities</i></b>	<b>185,611,891</b>	<b>185,606,936</b>	<b>4,955</b>
<i>Pensions</i>	25,457,350	1,309,492	24,147,858
<i>Other Postemployment Benefits</i>	4,350,481	3,896,432	454,049
<b><i>Deferred Inflows of Resources</i></b>	<b>29,807,831</b>	<b>5,205,924</b>	<b>24,601,907</b>
<i>Net Investment in Capital Assets</i>	121,881,520	116,702,315	5,179,205
<i>Restricted</i>	1,110,171	-	1,110,171
<i>Unrestricted</i>	(66,159,643)	(62,585,398)	(3,574,245)
<b><i>Total Net Position</i></b>	<b>\$ 56,832,048</b>	<b>\$ 54,116,917</b>	<b>\$ 2,715,131</b>

Total assets increased 12.13%. This increase stems from a 6.80% increase in capital assets, net, as capital outlay exceeded depreciation expense. Additionally current assets increased 44.07% due to increases in cash based on results of operations, changes in accruals and significant American Rescue Plan funds received.

Deferred outflows of resources increased 3.83%, deferred inflows of resources increased 472.58%, and noncurrent liabilities decreased 13.32%. 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.

Current liabilities increased 43.11%. This increase is primarily due to an increase in bond anticipation notes, as well as unearned revenue received from the American Rescue Plan Act (ARPA) that is expected to be earned in 2021-2022.

Net investment in capital assets increased 4.44%, primarily due to increases in capital assets. Total net position increased 5.02%. These changes are discussed in further detail in *Figure 2*.

# CITY OF AUBURN

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021

*Figure 2 - Changes in Net Position*

<i>Condensed Statement of Activities</i>	<i>Governmental Activities</i>		<i>Total Dollar Change</i>
	<i>2021</i>	<i>2020</i>	
<b>REVENUES</b>			
<i>Program Revenues:</i>			
<i>Charges for Services</i>	\$ 18,303,306	\$ 20,008,371	\$ (1,705,065)
<i>Operating Grants</i>	2,529,576	2,417,781	111,795
<i>Capital Grants</i>	9,498,115	7,005,599	2,492,516
<i>General Revenues:</i>			
<i>Property Taxes and Tax Items</i>	13,686,018	13,116,265	569,753
<i>Nonproperty Taxes</i>	11,052,155	10,144,825	907,330
<i>State/Federal Sources</i>	5,559,983	6,158,013	(598,030)
<i>Other</i>	859,434	3,173,182	(2,313,748)
<b>Total Revenues</b>	<b>\$ 61,488,587</b>	<b>\$ 62,024,036</b>	<b>\$ (535,449)</b>
<b>PROGRAM EXPENSES</b>			
<i>General Government</i>	\$ 9,826,443	\$ 10,119,544	\$ (293,101)
<i>Public Safety</i>	25,882,163	27,240,684	(1,358,521)
<i>Transportation</i>	4,135,064	3,480,931	654,133
<i>Economic Assistance and Opportunity</i>	50,000	50,000	-
<i>Culture and Recreation</i>	1,931,896	2,266,416	(334,520)
<i>Home and Community Services</i>	15,805,028	18,022,147	(2,217,119)
<i>Interest on Long-Term Debt</i>	1,074,786	1,348,440	(273,654)
<b>OTHER EXPENSES</b>			
<i>Loss (Gain) on Disposal of Fixed Assets</i>	68,076	57,953	10,123
<b>Total Expenses</b>	<b>\$ 58,773,456</b>	<b>\$ 62,586,115</b>	<b>\$ (3,812,659)</b>
<b>Increase in Net Position</b>	<b>\$ 2,715,131</b>	<b>\$ (562,079)</b>	<b>\$ 3,277,210</b>

Total revenue decreased 0.86%, while total expenses decreased 6.09%. The decrease in revenue is due to large decreases in charges for services, specifically related to the reduction in waste accepted at the landfill, and miscellaneous revenue partially offset by increases in capital grants and sales tax. Total expenses decreased primarily due to a decrease in Other Post-Employment Benefits (OPEB) and pension expenses.

# CITY OF AUBURN

## MANAGEMENT’S DISCUSSION AND ANALYSIS JUNE 30, 2021

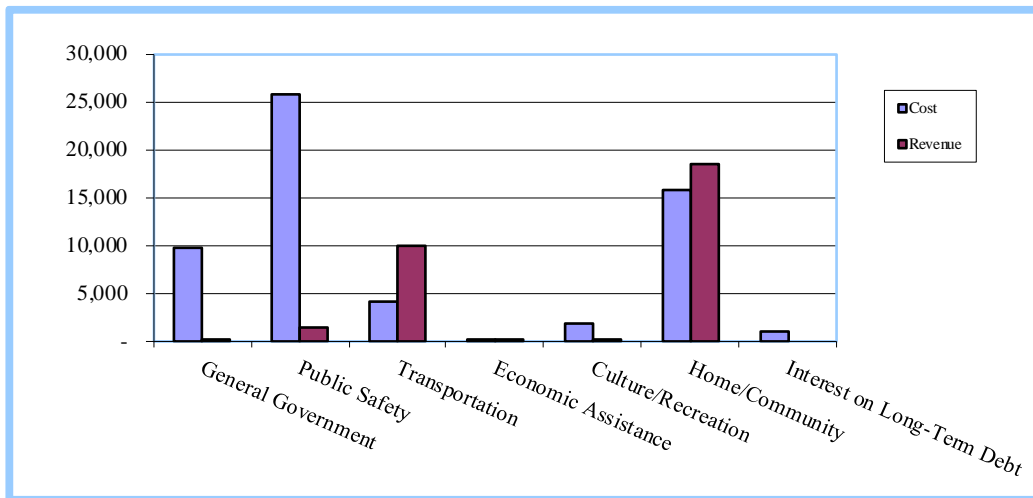
**Figure 3**  
**Revenue by Source - Governmental Activities June 30, 2021**

<b>Revenue by Source - Governmental Activities</b>		
<i>Charges for Services</i>	\$ 18,303,306	29.77%
<i>Operating Grants</i>	2,529,576	4.11%
<i>Capital Grants</i>	9,498,115	15.45%
<i>Property Taxes</i>	13,686,018	22.26%
<i>Sales, Gross Receipts, and Franchise Taxes</i>	11,052,155	17.97%
<i>State/Federal Sources</i>	5,559,983	9.04%
<i>Other</i>	859,434	1.40%
<b>Total</b>	<b>\$ 61,488,587</b>	<b>100.00%</b>

The cost of all governmental activities this year was \$58,705,380. 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 \$28,374,383, because some of the cost was paid by those who directly benefited from the programs, totaling \$18,303,306; or by other governments and organizations that subsidized certain programs with grants and contributions, totaling \$12,027,691. Overall, the City’s governmental program revenues, including fees for services and grants, were \$30,330,997. The City paid for the remaining “public benefit” portion of governmental activities with \$31,089,514 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) increased by 110.06%. This increase is primarily attributable to the excess of expenditures and other financing uses over revenue and other financing sources in the Capital Projects 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, 2021

*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>2021</i>	<i>2020</i>	
<i>General Fund</i>	\$ 6,451,263	\$ 6,854,997	\$ (403,734)
<i>Sewer Fund</i>	2,643,976	2,599,272	44,704
<i>Capital Projects Fund</i>	(18,605,979)	(15,531,417)	(3,074,562)
<i>Non-Major Governmental Funds</i>	2,467,757	2,724,231	(256,474)
<b><i>Totals</i></b>	<b>\$ (7,042,983)</b>	<b>\$ (3,352,917)</b>	<b>\$ (3,690,066)</b>

### Business-Type Activities

Total assets increased 4.15% due to a large increase in amounts due from other funds partially offset by a decrease in cash and investments resulting from operations. Total liabilities increased 11.06% primarily due to an increase in landfill closure liability, unearned revenue received from ARPA funding, and negative cash balances resulting from operations and costs associated with landfill closure. Total net position (deficit) increased 278.98%, 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 increased 46.32%, primarily due to an increase in landfill closure and post-closure expenses and establishment of transfer station fund. Total revenue increased 24.55% primarily from ARPA funding earned in the current year.

*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>2021</i>	<i>2020</i>	
<i>Current Assets</i>	\$ 3,511,651	\$ 2,172,328	\$ 1,339,323
<i>Capital Assets, Net</i>	20,878,378	21,245,191	(366,813)
<b><i>Total Assets</i></b>	<b>24,390,029</b>	<b>23,417,519</b>	<b>972,510</b>
<i>Pensions</i>	207,011	142,550	64,461
<i>Other Postemployment Benefits</i>	157,836	267,966	(110,130)
<b><i>Deferred Outflows of Resources</i></b>	<b>364,847</b>	<b>410,516</b>	<b>(45,669)</b>
<i>Current Liabilities</i>	15,335,548	8,321,313	7,014,235
<i>Noncurrent Liabilities</i>	11,861,168	16,166,251	(4,305,083)
<b><i>Total Liabilities</i></b>	<b>27,196,716</b>	<b>24,487,564</b>	<b>2,709,152</b>
<i>Pensions</i>	286,193	6,781	279,412
<i>Other Postemployment Benefits</i>	84,712	75,871	8,841
<b><i>Deferred Inflows of Resources</i></b>	<b>370,905</b>	<b>82,652</b>	<b>288,253</b>
<i>Net Investment in Capital Assets</i>	4,538,826	3,450,646	1,088,180
<i>Unrestricted</i>	(7,351,571)	(4,192,827)	(3,158,744)
<b><i>Total Net Position</i></b>	<b>\$ (2,812,745)</b>	<b>\$ (742,181)</b>	<b>\$ (2,070,564)</b>

# CITY OF AUBURN

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021

*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>2021</i>	<i>2020</i>	
<i>Operating Revenues</i>	\$ 2,175,669	\$ 1,799,907	\$ 375,762
<i>Nonoperating Revenues</i>	65,199	(799)	65,998
<b><i>Total Revenues</i></b>	<b>2,240,868</b>	<b>1,799,108</b>	<b>441,760</b>
<i>Operating Expenses</i>	4,071,963	2,634,633	1,437,330
<i>Nonoperating Expenses</i>	239,469	311,899	(72,430)
<b><i>Total Expenses</i></b>	<b>4,311,432</b>	<b>2,946,532</b>	<b>1,364,900</b>
<i>Interfund Transfers In</i>	4,124,686	31,300	4,093,386
<i>Interfund Transfers Out</i>	(4,124,686)	(31,300)	(4,093,386)
<b><i>Change in Net Position</i></b>	<b>\$ (2,070,564)</b>	<b>\$ (1,147,424)</b>	<b>\$ (923,140)</b>

### 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 and other financing sources of \$2,595,043. Even with these adjustments, actual charges to appropriations (expenditures and other financing uses) were below the final budget by \$1,085,116.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

At June 30, 2021, the City had invested in a broad range of capital assets totaling \$294,138,205 and \$47,267,331 offset by accumulated depreciation of \$107,359,104 and \$26,388,953 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>2021</i>	<i>2020</i>		<i>2021</i>	<i>2020</i>	
<i>Land</i>	\$ 4,252,631	\$ 4,252,631	\$ -	\$ 420,187	\$ 420,187	\$ -
<i>Construction in Progress</i>	59,482,319	50,122,022	9,360,297	-	8,041,063	(8,041,063)
<i>Buildings and Improvements</i>	31,092,351	30,699,598	392,753	5,360,304	5,547,605	(187,301)
<i>Equipment</i>	13,069,415	13,287,972	(218,557)	2,349,617	2,584,498	(234,881)
<i>Infrastructure</i>	78,882,385	76,521,438	2,360,947	12,748,270	4,651,838	8,096,432
<b><i>Totals</i></b>	<b>\$ 186,779,101</b>	<b>\$ 174,883,661</b>	<b>\$ 11,895,440</b>	<b>\$ 20,878,378</b>	<b>\$ 21,245,191</b>	<b>\$ (366,813)</b>

# CITY OF AUBURN

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021

At year end, the City had entered into contracts with various vendors for total commitments outstanding of \$12,567,488, of which \$2,961,253 was committed for general government projects, \$6,012,689 was committed for transportation projects, \$137,027 was committed for culture and recreation, and \$3,456,519 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 2021 by 11.56% for governmental activities and decreased 8.20% for business-type activities. Of this amount, \$58,214,239 was subject to the constitutional debt limit and represented 81.13% of the City's statutory debt limit.

**Figure 9**  
**Outstanding Debt at Years Ended**

	Governmental Activities		Total Dollar Change	Business-Type Activities		Total Dollar Change
	2021	2020	2021 - 2020	2021	2020	2021 - 2020
General Obligation Bonds	\$ 30,890,144	\$ 32,928,790	\$ (2,038,646)	\$ 10,798,688	\$ 12,186,968	\$ (1,388,280)
BANs	35,177,295	25,308,500	9,868,795	5,532,776	5,597,976	(65,200)
Notes Payable and EPC	3,043,482	3,641,368	(597,886)	29,091	36,541	(7,450)
Lease Obligations	65,036	127,615	(62,579)	-	-	-
<b>Totals</b>	<b>\$ 69,175,957</b>	<b>\$ 62,006,273</b>	<b>\$ 7,169,684</b>	<b>\$ 16,360,555</b>	<b>\$ 17,821,485</b>	<b>\$ (1,460,930)</b>

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 budget is projected at approximately \$38,170,312, which is a 1.51% increase from the prior year revised budget. There is \$1.4M Transfer from Capital Projects Fund, reduction in service levels or tax levy increase included in the adopted budget. The adopted budget is in line with the financial plan and 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.
- Pension Costs - There is a 25% increase for PFRS and 11% increase for ERS contributions.
- Debt - There is an increase in debt payments due to new issuances.

#### Revenue Changes

- FEMA reimbursements for COVID-19 expenditures - PPE, Overtime, Vaccination Clinics.
- Transfer from Capital Projects Fund for lost revenues utilizing Federal American Rescue Plan Act funds
- Sales tax has been increased to near pre-COVID-19 levels.

# ***CITY OF AUBURN***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021**

### **Landfill Fund**

The fund is balanced on a cash flow basis with no fee changes to citizens. The fund budget has decreased by 89% due to the change from landfill to transfer station and reducing private hauling while landfill closure occurs. The fund is balanced by using \$154,993 transfer from Capital Projects or General Fund.

### **Refuse Collection Fund**

The fund has a 2.2% increase due to contractual salary increases, new debt issuances, and allocations of salaries between funds. The fund is balanced by using \$447,204 transfer from Capital Projects or General Fund.

### **Power Utility Fund**

There is a 6.8% decrease in this fund's budget due to contractual salary increases and debt issuance increases. The fund is balanced by using \$356,847 transfer from Capital Projects or General Fund. The North Division Street Hydro and Mill Street Hydro facilities are both online and generating electricity.

### **Transfer Station Fund**

There is a 22.8% increase in this fund's budget due to closure of the landfill and reallocating payroll and benefits, contractual increases, and debt issuances. The fund is balanced by using \$418,490 transfer from Capital Projects or General Fund.

### **Water Fund**

The fund has a slight increase. There are no proposed fee increases but the fund is balanced by using \$379,259 of fund balance.

### **Sewer Fund**

The fund has a 1% increase. 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, 2021

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Auburn Industrial Development Authority December 31, 2020	Auburn Housing Authority March 31, 2021
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents, Unrestricted	\$ 28,651,405	\$ 161,032	\$ 28,812,437	\$ 759,612	\$ 2,652,238
Cash and Cash Equivalents, Restricted	5,123,115	-	5,123,115	-	616,161
Investments	33,100	-	33,100	-	84,615
Taxes Receivable, Net	4,727,297	-	4,727,297	-	-
Internal Balances	(3,262,609)	3,262,609	-	-	-
Due from State and Federal Governments	6,742,552	-	6,742,552	-	-
Due from Other Governments	799,083	-	799,083	-	-
Other Receivables	3,413,478	42,908	3,456,386	13,144	1,015,448
Loans Receivable, Current	85,214	-	85,214	-	-
Prepaid Expenses	-	-	-	-	64,841
<b>Total Current Assets</b>	<b>46,312,635</b>	<b>3,466,549</b>	<b>49,779,184</b>	<b>772,756</b>	<b>4,433,303</b>
<b>Noncurrent Assets</b>					
Cash and Cash Equivalents, Restricted	203,519	-	203,519	-	-
Investments, Long-Term	6,279,639	-	6,279,639	-	-
Loans Receivable, Long-Term	2,894,873	-	2,894,873	-	13,763,902
Capital Assets, Non-Depreciable	63,734,950	420,187	64,155,137	326,212	276,622
Depreciable Capital Assets, Net	123,044,151	20,458,191	143,502,342	-	1,958,610
<b>Total Noncurrent Assets</b>	<b>196,157,132</b>	<b>20,878,378</b>	<b>217,035,510</b>	<b>326,212</b>	<b>15,999,134</b>
<b>Total Assets</b>	<b>242,469,767</b>	<b>24,344,927</b>	<b>266,814,694</b>	<b>1,098,968</b>	<b>20,432,437</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pensions	21,676,189	207,011	21,883,200	-	290,199
Other Postemployment Benefits	8,105,814	157,836	8,263,650	-	-
<b>Total Deferred Outflows of Resources</b>	<b>29,782,003</b>	<b>364,847</b>	<b>30,146,850</b>	<b>-</b>	<b>290,199</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts Payable	5,020,036	664,050	5,684,086	608,471	17,472
Accrued Liabilities	1,262,634	18,827	1,281,461	-	38,605
Due to Other Governments	2,160,647	-	2,160,647	-	-
Due to Employees' Retirement System	1,108,970	11,063	1,120,033	-	-
Bond Anticipation Notes Payable	35,177,295	5,532,776	40,710,071	-	-
Accrued Interest Payable	665,490	110,708	776,198	9,150	-
Unearned Revenue	9,890,263	2,195,353	12,085,616	-	5,391
Overpayments and Collections in Advance	64,894	1,535,736	1,600,630	-	-
<b>Subtotal Current Liabilities</b>	<b>55,350,229</b>	<b>10,068,513</b>	<b>65,418,742</b>	<b>617,621</b>	<b>61,468</b>

*See Notes to Financial Statements*

# CITY OF AUBURN

## STATEMENT OF NET POSITION (Continued) JUNE 30, 2021

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Auburn Industrial Development Authority December 31, 2020	Auburn Housing Authority March 31, 2021
<b>LIABILITIES (Continued)</b>					
<b>Subtotal Current Liabilities</b>	\$ 55,350,229	\$ 10,068,513	\$ 65,418,742	\$ 617,621	\$ 61,468
<b>Current Portion of Long-Term Liabilities:</b>					
Lease Obligations Payable	65,036	-	65,036	-	-
Bonds Payable	5,123,617	676,953	5,800,570	-	-
Notes Payable	537,585	1,569	539,154	-	-
Employees' Retirement System Notes Payable	80,413	6,146	86,559	-	-
Compensated Absences	98,736	2,138	100,874	-	13,854
Self Insurance Liability	114,972	-	114,972	-	-
Claims and Judgments Payable	1,348,132	-	1,348,132	-	-
Landfill Post Closure Liability	-	4,535,127	4,535,127	-	-
<b>Total Current Liabilities</b>	62,718,720	15,290,446	78,009,166	617,621	75,322
<b>Long-Term Liabilities</b>					
Net Pension Liability - Proportionate Share	5,235,400	971	5,236,371	-	397,616
Bonds Payable	25,766,527	10,121,735	35,888,262	-	-
Notes Payable	2,231,089	6,519	2,237,608	23,100	-
Employees' Retirement System Notes Payable	194,395	14,857	209,252	-	-
Compensated Absences	1,875,989	40,614	1,916,603	-	28,254
Other Postemployment Benefits	86,096,989	1,676,472	87,773,461	-	2,302,980
Self Insurance Liability	1,492,782	-	1,492,782	-	-
<b>Total Long-Term Liabilities</b>	122,893,171	11,861,168	134,754,339	23,100	2,728,850
<b>Total Liabilities</b>	185,611,891	27,151,614	212,763,505	640,721	2,804,172
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pensions	25,457,350	286,193	25,743,543	-	38,872
Other Postemployment Benefits	4,350,481	84,712	4,435,193	-	-
<b>Total Deferred Inflows of Resources</b>	29,807,831	370,905	30,178,736	-	38,872
<b>NET POSITION</b>					
Net Investment in Capital Assets	121,881,520	4,538,826	126,420,346	303,112	2,235,232
Restricted	1,110,171	-	1,110,171	-	617,754
Unrestricted	(66,159,643)	(7,351,571)	(73,511,214)	155,135	15,026,606
<b>Total Net Position (Deficit)</b>	\$ 56,832,048	\$ (2,812,745)	\$ 54,019,303	\$ 458,247	\$ 17,879,592

*See Notes to Financial Statements*

# CITY OF AUBURN

## STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2021

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total Primary Government	Auburn Industrial Development Authority December 31, 2020	Auburn Housing Authority March 31, 2021
<b>PRIMARY GOVERNMENT</b>									
<b>Governmental Activities</b>									
General Government Support	\$ 9,826,443	\$ 250,567	\$ -	\$ -	\$ (9,575,876)	\$ -	\$ (9,575,876)		
Public Safety	25,882,163	866,327	529,003	-	(24,486,833)	-	(24,486,833)		
Transportation	4,135,064	279,421	115,962	9,498,115	5,758,434	-	5,758,434		
Economic Assistance and Opportunity	50,000	-	243,508	-	193,508	-	193,508		
Culture and Recreation	1,931,896	129,281	-	-	(1,802,615)	-	(1,802,615)		
Home and Community Services	15,805,028	16,777,710	1,641,103	-	2,613,785	-	2,613,785		
Interest on Long-Term Debt	1,074,786	-	-	-	(1,074,786)	-	(1,074,786)		
<b>Total Governmental Activities</b>	<b>58,705,380</b>	<b>18,303,306</b>	<b>2,529,576</b>	<b>9,498,115</b>	<b>(28,374,383)</b>	<b>-</b>	<b>(28,374,383)</b>		
<b>Business-Type Activities</b>									
Power Utility Fund	600,649	541,478	13,016	-	-	(46,155)	(46,155)		
Solid Waste	2,973,727	457,673	847,732	-	-	(1,668,322)	(1,668,322)		
Transfer Station	737,056	305,571	-	-	-	(431,485)	(431,485)		
<b>Total Business-Type Activities</b>	<b>4,311,432</b>	<b>1,304,722</b>	<b>860,748</b>	<b>-</b>	<b>-</b>	<b>(2,145,962)</b>	<b>(2,145,962)</b>		
<b>Total Primary Government</b>	<b>\$ 63,016,812</b>	<b>\$ 19,608,028</b>	<b>\$ 3,390,324</b>	<b>\$ 9,498,115</b>	<b>(28,374,383)</b>	<b>(2,145,962)</b>	<b>(30,520,345)</b>		
<b>Component Units</b>									
Auburn Industrial Development Authority	\$ 89,547	\$ 179,592	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,045	\$ -
Auburn Housing Authority	3,293,418	311,808	2,480,714	-	-	-	-	-	(500,896)
<b>Total Component Units</b>	<b>\$ 3,382,965</b>	<b>\$ 491,400</b>	<b>\$ 2,480,714</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90,045</b>	<b>(500,896)</b>
Net (Expense) Revenue and Changes Brought Forward:					(28,374,383)	(2,145,962)	(30,520,345)	90,045	(500,896)
<b>GENERAL REVENUES</b>									
Real Property Taxes					12,770,911	-	12,770,911	-	-
Real Property Tax Items					915,107	-	915,107	-	-
Sales Taxes					10,349,521	-	10,349,521	-	-
Utilities Gross Receipts Tax					252,324	-	252,324	-	-
Franchise Taxes					450,310	-	450,310	-	-
Use of Money and Property					445,177	64,746	509,923	304	240,838
Sale of Property and Compensation for Loss					206,609	-	206,609	-	-
Miscellaneous Local Sources					207,648	10,199	217,847	-	133,039
State and Federal Sources not Restricted to Specific Programs					5,559,983	-	5,559,983	-	-
Gain (Loss) on Disposal of Assets					(68,076)	453	(67,623)	-	-
<b>Total General Revenues and Transfers</b>					<b>31,089,514</b>	<b>75,398</b>	<b>31,164,912</b>	<b>304</b>	<b>373,877</b>
Change in Net Position					2,715,131	(2,070,564)	644,567	90,349	(127,019)
Net Position (Deficit) - Beginning of Year					54,116,917	(742,181)	53,374,736	367,898	18,006,611
<b>Net Position (Deficit) - End of Year</b>					<b>\$ 56,832,048</b>	<b>\$ (2,812,745)</b>	<b>\$ 54,019,303</b>	<b>\$ 458,247</b>	<b>\$ 17,879,592</b>

See Notes to Financial Statements

# CITY OF AUBURN

## BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2021

	Major Funds			Total Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Special Revenue Funds	Capital Projects Fund		
		Sewer Fund			
<b>ASSETS</b>					
Cash and Cash Equivalents, Unrestricted	\$ 6,758,762	\$ 1,048,296	\$ 18,721,552	\$ 2,122,795	\$ 28,651,405
Cash and Cash Equivalents, Restricted	1,034,981	7,350	4,207,087	77,216	5,326,634
Investments	6,307,317	2,904	-	2,518	6,312,739
Taxes Receivable, Net	4,727,297	-	-	-	4,727,297
Due from Other Funds	2,214,240	557,288	125,590	275,275	3,172,393
Due from State and Federal Governments	247,975	-	6,047,387	447,190	6,742,552
Due from Other Governments	799,083	-	-	-	799,083
Other Receivables	-	1,624,588	596,014	1,192,876	3,413,478
Loans Receivable, Net	-	-	-	2,980,087	2,980,087
<b>Total Assets</b>	<b><u>\$ 22,089,655</u></b>	<b><u>\$ 3,240,426</u></b>	<b><u>\$ 29,697,630</u></b>	<b><u>\$ 7,097,957</u></b>	<b><u>\$ 62,125,668</u></b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 2,694,952	\$ 130,168	\$ 1,967,236	\$ 227,680	\$ 5,020,036
Accrued Liabilities	1,061,999	79,112	8,352	113,171	1,262,634
Due to Other Funds	161,624	328,999	5,193,426	750,953	6,435,002
Due to Other Governments	2,160,647	-	-	-	2,160,647
Due to Employees' Retirement System	990,857	58,171	-	59,942	1,108,970
Bond Anticipation Notes Payable	-	-	34,797,295	380,000	35,177,295
Unearned Revenue	4,298,586	-	5,538,204	53,473	9,890,263
Overpayments and Collections in Advance	-	-	-	64,894	64,894
<b>Total Liabilities</b>	<b><u>11,368,665</u></b>	<b><u>596,450</u></b>	<b><u>47,504,513</u></b>	<b><u>1,650,113</u></b>	<b><u>61,119,741</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue - Not Collected in the Recognition Period	4,269,727	-	799,096	2,980,087	8,048,910
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	9,376	9,376
Committed	1,034,981	7,350	-	67,840	1,110,171
Assigned	539,724	2,636,626	-	2,930,825	6,107,175
Unassigned	4,876,558	-	(18,605,979)	(540,284)	(14,269,705)
<b>Total Fund Balances (Deficit)</b>	<b><u>6,451,263</u></b>	<b><u>2,643,976</u></b>	<b><u>(18,605,979)</u></b>	<b><u>2,467,757</u></b>	<b><u>(7,042,983)</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 22,089,655</u></b>	<b><u>\$ 3,240,426</u></b>	<b><u>\$ 29,697,630</u></b>	<b><u>\$ 7,097,957</u></b>	<b><u>\$ 62,125,668</u></b>

*See Notes to Financial Statements*

# CITY OF AUBURN

## RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO THE STATEMENT OF NET POSITION JUNE 30, 2021

**Total Governmental Fund Balances (Deficit)** **\$ (7,042,983)**

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital Assets	\$ 294,138,205	
Accumulated Depreciation	<u>(107,359,104)</u>	186,779,101

The City's proportionate share of the local retirement systems' collective net pension liability is not reported in the funds.

Net Pension Liability - Proportionate Share		(5,235,400)
---------------------------------------------	--	-------------

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.

Accrued Interest Payable	\$ (665,490)	
Employees' Retirement System Note Payable	(274,808)	
Compensated Absences	(1,974,725)	
Self Insurance Liability	(1,607,754)	
Other Postemployment Benefits Liability	(86,096,989)	
Claims and Judgments	<u>(1,348,132)</u>	(91,967,898)

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.

Bonds Payable	\$ (30,890,144)	
Leases Payable	(65,036)	
Notes Payable	<u>(2,768,674)</u>	(33,723,854)

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.

Deferred Outflows of Resources - Pensions	\$ 21,676,189	
Deferred Outflows of Resources - Other Postemployment Benefits	8,105,814	
Deferred Inflows of Resources - Unavailable Revenue	8,048,910	
Deferred Inflows of Resources - Pensions	(25,457,350)	
Deferred Inflows of Resources - Other Postemployment Benefits	<u>(4,350,481)</u>	<u>8,023,082</u>

**Net Position of Governmental Activities** **\$ 56,832,048**

*See Notes to Financial Statements*

# CITY OF AUBURN

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS JUNE 30, 2021

	General Fund	Special Revenue Funds Sewer Fund	Capital Projects Fund	Total Non-Major Governmental Funds	Total Governmental Funds
<b>EXPENDITURES (Continued)</b>					
<b>Subtotal Expenditures (carried over)</b>	\$ 33,198,580	\$ 5,093,518	\$ -	\$ 6,970,186	\$ 45,262,284
Debt Service:					
Principal	3,017,521	2,370,910	-	1,264,207	6,652,638
Interest	739,565	257,148	-	351,517	1,348,230
Capital Outlay	-	-	16,872,961	-	16,872,961
<b>Total Expenditures</b>	<b>36,955,666</b>	<b>7,721,576</b>	<b>16,872,961</b>	<b>8,585,910</b>	<b>70,136,113</b>
<b>Excess of Revenue (Expenditures)</b>	<b>(516,730)</b>	<b>(48,516)</b>	<b>(7,249,454)</b>	<b>(338,099)</b>	<b>(8,152,799)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Interfund Transfers In	-	-	176,000	32,313	208,313
Interfund Transfers Out	(176,000)	-	(32,313)	-	(208,313)
Bond Anticipation Notes					
Redeemed from Appropriations	-	-	1,071,105	-	1,071,105
Proceeds from Long-Term Debt	-	-	2,960,100	-	2,960,100
Premium on Obligations	288,996	93,220	-	49,312	431,528
<b>Total Other Financing Sources (Uses)</b>	<b>112,996</b>	<b>93,220</b>	<b>4,174,892</b>	<b>81,625</b>	<b>4,462,733</b>
Net Changes in Fund Balances	(403,734)	44,704	(3,074,562)	(256,474)	(3,690,066)
Fund Balances (Deficit) - Beginning of Year	6,854,997	2,599,272	(15,531,417)	2,724,231	(3,352,917)
<b>Fund Balances (Deficit) - End of Year</b>	<b>\$ 6,451,263</b>	<b>\$ 2,643,976</b>	<b>\$ (18,605,979)</b>	<b>\$ 2,467,757</b>	<b>\$ (7,042,983)</b>

*See Notes to Financial Statements*

# CITY OF AUBURN

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS (Continued) JUNE 30, 2021

	General Fund	Special Revenue Funds Sewer Fund	Capital Projects Fund	Total Non-Major Governmental Funds	Total Governmental Funds
<b>EXPENDITURES (Continued)</b>					
Subtotal Expenditures (carried over)	\$ 33,198,580	\$ 5,093,518	\$ -	\$ 6,970,186	\$ 45,262,284
Debt Service:					
Principal	3,017,521	2,370,910	-	1,264,207	6,652,638
Interest	739,565	257,148	-	351,517	1,348,230
Capital Outlay	-	-	16,872,961	-	16,872,961
<b>Total Expenditures</b>	<b>36,955,666</b>	<b>7,721,576</b>	<b>16,872,961</b>	<b>8,585,910</b>	<b>70,136,113</b>
<b>Excess of Revenue (Expenditures)</b>	<b>(516,730)</b>	<b>(48,516)</b>	<b>(7,249,454)</b>	<b>(338,099)</b>	<b>(8,152,799)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Interfund Transfers In	-	-	176,000	32,313	208,313
Interfund Transfers Out	(176,000)	-	(32,313)	-	(208,313)
Bond Anticipation Notes					
Redeemed from Appropriations	-	-	1,071,105	-	1,071,105
Proceeds from Long-Term Debt	-	-	2,960,100	-	2,960,100
Premium on Obligations	288,996	93,220	-	49,312	431,528
<b>Total Other Financing Sources (Uses)</b>	<b>112,996</b>	<b>93,220</b>	<b>4,174,892</b>	<b>81,625</b>	<b>4,462,733</b>
Net Changes in Fund Balances	(403,734)	44,704	(3,074,562)	(256,474)	(3,690,066)
Fund Balances (Deficit) - Beginning of Year	6,854,997	2,599,272	(15,531,417)	2,724,231	(3,352,917)
<b>Fund Balances (Deficit) - End of Year</b>	<b>\$ 6,451,263</b>	<b>\$ 2,643,976</b>	<b>\$ (18,605,979)</b>	<b>\$ 2,467,757</b>	<b>\$ (7,042,983)</b>

*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, 2021**

<b>Net Change in Fund Balances of Governmental Funds</b>		<b>\$ (3,690,066)</b>
<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	\$ 17,373,637	
Net Book Value of Disposed Assets	(68,076)	
Depreciation	<u>(5,410,121)</u>	11,895,440
<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>		
		(494,727)
<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	\$ (2,960,100)	
Repayment of Debt	<u>5,581,533</u>	2,621,433
<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	\$ (158,084)	
Employees' Retirement System Note Payable	77,678	
Compensated Absences	53,303	
Self Insurance Liability	134,635	
Other Postemployment Benefits Liability	(8,305,801)	
Claims and Judgments	<u>(29,557)</u>	(8,227,826)
<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	\$ 490,634	
PFRS	<u>120,243</u>	<u>610,877</u>
<b>Change in Net Position of Governmental Activities</b>		<b><u>\$ 2,715,131</u></b>

*See Notes to Financial Statements*

# CITY OF AUBURN

## STATEMENT OF NET POSITION - PROPRIETARY FUNDS JUNE 30, 2021

	Business-Type Activities			Total
	Enterprise Funds			
	Power Utility Fund	Solid Waste Fund	Transfer Station Fund	
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents, Unrestricted	\$ -	\$ 161,032	\$ -	\$ 161,032
Accounts Receivable, Net	12,812	30,096	-	42,908
Due from Other Funds	225,767	3,043,085	38,859	3,307,711
<b>Total Current Assets</b>	238,579	3,234,213	38,859	3,511,651
<b>Non-Current Assets</b>				
Capital Assets, Non-Depreciable	100,800	319,387	-	420,187
Depreciable Capital Assets, Net	15,682,329	4,775,862	-	20,458,191
<b>Total Non-Current Assets</b>	15,783,129	5,095,249	-	20,878,378
<b>Total Assets</b>	16,021,708	8,329,462	38,859	24,390,029
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pensions	26,520	-	180,491	207,011
Other Postemployment Benefits	6,611	-	151,225	157,836
<b>Total Deferred Outflows of Resources</b>	33,131	-	331,716	364,847
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts Payable	8,055	589,628	66,367	664,050
Accrued Liabilities	1,622	3,880	13,325	18,827
Due to Other Funds	12,350	30,700	2,052	45,102
Due to Employees' Retirement System	1,417	-	9,646	11,063
Bonds Payable	643,253	33,700	-	676,953
Note Payable	-	1,569	-	1,569
Compensated Absences	-	-	2,138	2,138
Employees' Retirement System Note Payable	-	-	6,146	6,146
Landfill Post Closure Liability	-	4,535,127	-	4,535,127
Bond Anticipation Notes Payable	3,066,976	-	2,465,800	5,532,776
Bond Interest Payable	78,901	-	31,807	110,708
Unearned Revenue	-	2,195,353	-	2,195,353
Overpayments and Collections in Advance	1,199,534	-	336,202	1,535,736
<b>Total Current Liabilities</b>	5,012,108	7,389,957	2,933,483	15,335,548
<b>Non-Current Liabilities</b>				
Net Pension Liability - Proportionate Share	124	-	847	971
Other Postemployment Benefits	70,219	-	1,606,253	1,676,472
Bonds Payable	10,121,735	-	-	10,121,735
Note Payable	-	6,519	-	6,519
Compensated Absences	-	-	40,614	40,614
Employees' Retirement System Note Payable	-	-	14,857	14,857
<b>Total Non-Current Liabilities</b>	10,192,078	6,519	1,662,571	11,861,168
<b>Total Liabilities</b>	15,204,186	7,396,476	4,596,054	27,196,716
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pensions	36,665	-	249,528	286,193
Other Postemployment Benefits	3,548	-	81,164	84,712
<b>Total Deferred Inflows of Resources</b>	40,213	-	330,692	370,905
<b>NET POSITION</b>				
Net Investment in Capital Assets	1,951,165	5,053,461	(2,465,800)	4,538,826
Unrestricted (Deficit)	(1,140,725)	(4,120,475)	(2,090,371)	(7,351,571)
<b>Total Net Position (Deficit)</b>	\$ 810,440	\$ 932,986	\$ (4,556,171)	\$ (2,812,745)

*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, 2021

	Business-Type Activities			Total
	Enterprise Funds			
	Power Utility Fund	Solid Waste Fund	Transfer Station Fund	
<b>REVENUES</b>				
Charges for Services	\$ 541,478	\$ 457,673	\$ 305,571	\$ 1,304,722
Operating Grants	13,016	847,732	-	860,748
Miscellaneous Local Services	9,934	265	-	10,199
<b>Total Operating Revenues</b>	564,428	1,305,670	305,571	2,175,669
<b>OPERATING EXPENSES</b>				
Salaries and Wages	42,335	7,969	309,978	360,282
Contractual Services	44,256	2,494,306	267,349	2,805,911
Employee Benefits	28,755	164,051	116,577	309,383
Depreciation and Amortization	285,042	311,345	-	596,387
<b>Total Operating Expenses</b>	400,388	2,977,671	693,904	4,071,963
Income (Loss) from Operations	164,040	(1,672,001)	(388,333)	(1,896,294)
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Use of Money and Property	20,000	44,746	-	64,746
Gain (Loss) on Sale of Assets	-	453	-	453
Interest Expense	(200,261)	3,944	(43,152)	(239,469)
<b>Total Non-Operating Revenues (Expenses)</b>	(180,261)	49,143	(43,152)	(174,270)
Net Income Before Transfers	(16,221)	(1,622,858)	(431,485)	(2,070,564)
Interfund Transfers In	-	4,124,686	-	4,124,686
Interfund Transfers Out	-	-	(4,124,686)	(4,124,686)
Net Increase (Decrease) in Net Position	(16,221)	2,501,828	(4,556,171)	(2,070,564)
Net Position (Deficit) - Beginning of Year	826,661	(1,568,842)	-	(742,181)
<b>Net Position (Deficit) - End of Year</b>	<b>\$ 810,440</b>	<b>\$ 932,986</b>	<b>\$ (4,556,171)</b>	<b>\$ (2,812,745)</b>

*See Notes to Financial Statements*

# CITY OF AUBURN

## STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities			
	Enterprise Funds			
	Power Utility Fund	Solid Waste Fund	Transfer Station Fund	Total
<b>Cash Flows From Operating Activities</b>				
Cash Received from Providing Services	\$ 528,666	\$ 482,948	\$ 305,571	\$ 1,317,185
Cash Received from Operating Grants	13,016	3,043,085	-	3,056,101
Cash Received from Other Funds and Other Sources	34,232	265	-	34,497
Cash Payments - Employees	(41,766)	(112,919)	(253,901)	(408,586)
Cash Payments - Employee Benefits	(24,100)	(1,648,499)	1,520,148	(152,451)
Cash Payments - Suppliers	(37,999)	(1,247,756)	(200,982)	(1,486,737)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>472,049</b>	<b>517,124</b>	<b>1,370,836</b>	<b>2,360,009</b>
<b>Cash Flows From Non-Capital and Financing Activities</b>				
Transfers to Other Funds	(776,037)	1,132,146	(4,161,493)	(3,805,384)
<b>Cash Flows From Capital and Related Financing Activities</b>				
Proceeds from Bond Anticipation Notes	3,066,976	-	2,465,800	5,532,776
Payments of Bond Anticipation Notes	(3,132,176)	(2,465,800)	-	(5,597,976)
Payments on Bonds and Notes	(629,888)	(759,905)	-	(1,389,793)
Interest Expense	(208,521)	(35,649)	(11,345)	(255,515)
Proceeds from the Sale of Assets	-	453	-	453
Purchase of Capital Assets	(11,937)	(217,637)	-	(229,574)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(915,546)</b>	<b>(3,478,538)</b>	<b>2,454,455</b>	<b>(1,939,629)</b>
<b>Cash Flows From Investing Activities</b>				
Sale of Investments	-	1,698,513	-	1,698,513
Interest Income	20,000	44,746	-	64,746
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>20,000</b>	<b>1,743,259</b>	<b>-</b>	<b>1,763,259</b>
Change in Cash and Cash Equivalents	(1,199,534)	(86,009)	(336,202)	(1,621,745)
Cash and Cash Equivalents - Beginning of Year	-	247,041	-	247,041
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ (1,199,534)</b>	<b>\$ 161,032</b>	<b>\$ (336,202)</b>	<b>\$ (1,374,704)</b>
<b>Reconciliation of Income From Operations to Net Cash Provided (Used) by Operating Activities</b>				
Income from Operations	\$ 164,040	\$ (1,672,001)	\$ (388,333)	\$ (1,896,294)
Depreciation and Amortization	285,042	311,345	-	596,387
Change in Assets and Liabilities:				
Accounts Receivable	(12,812)	25,275	-	12,463
Due from State and Federal Governments	24,298	-	-	24,298
Accounts Payable	6,257	403,456	66,367	476,080
Accrued Liabilities and Compensated Absences	569	(104,950)	56,077	(48,304)
Due to Employees' Retirement System	121	(28,178)	30,649	2,592
Unearned Revenues	-	2,195,353	-	2,195,353
Landfill Post Closure Liability	-	843,094	-	843,094
Net Pension Liability - Proportionate Share and Related Deferred Inflows and Outflows	(2,240)	(75,033)	69,884	(7,389)
Other Postemployment Benefits Liability and Related Deferred Inflows and Outflows	6,774	(1,381,237)	1,536,192	161,729
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 472,049</b>	<b>\$ 517,124</b>	<b>\$ 1,370,836</b>	<b>\$ 2,360,009</b>
<b>Reconciliation of Total Cash and Cash Equivalents</b>				
Current Assets - Unrestricted Cash and Cash Equivalents	\$ -	\$ 161,032	\$ -	\$ 161,032
Current Liabilities - Cash Overpayments	(1,199,534)	-	(336,202)	(1,535,736)
<b>Total Cash and Cash Equivalents</b>	<b>\$ (1,199,534)</b>	<b>\$ 161,032</b>	<b>\$ (336,202)</b>	<b>\$ (1,374,704)</b>

*See Notes to Financial Statements*

# ***CITY OF AUBURN***

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021**

***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 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 New York State (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, 2021**

***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, 2020. 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, 2021**

### ***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 New York State. 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, 2021. 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, 2021**

### ***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.

Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas.

#### **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.
  - 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, 2021**

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

#### **Major Governmental Funds - Continued**

- 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:
  - Special Grant Fund - Used to account for Community Development Block Grants and other funding used for community development.
  - 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, 2021**

### ***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.
- Transfer Station Fund - Used to account for disposal activities at the City's transfer station. This includes administration, recycling, and disposal of waste collected by City crews, private haulers, and the general public.

#### **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 and Proprietary 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.

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 vest or accumulate, and are charged as an expenditure when paid.

# ***CITY OF AUBURN***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021**

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

#### **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 24, 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 \$622,298.

#### **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.

#### **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.

#### **Unearned Revenues**

The City reports unearned revenue on its Statement of Net Position and its Balance Sheet. Unearned revenue arises when resources are received by the City before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the City has legal claim to resources, the liability is removed and revenue is recognized.

# ***CITY OF AUBURN***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021**

### ***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.

#### **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.

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.

# ***CITY OF AUBURN***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021**

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

#### **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.

#### **Revenues**

Substantially all governmental fund revenues are accrued.

#### **Use of Estimates**

The presentation of financial statements in conformity with U.S. GAAP 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, 2021**

### ***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**

Governmental Fund equity is classified as fund balance. Proprietary Fund equity is classified the same as in the Government-wide financial statements. Any capital gains or interest earned on reserve fund resources become part of the respective reserve fund. While a separate bank account is not necessary for each reserve fund, a separate identity for each reserve fund must be maintained.

Constraints are broken into five classifications: nonspendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor any constraints on specific purposes for which resources in a fund can be spent. 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 \$9,376.
- 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, 2021

### *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, 2021:

<b>General Fund</b>	
Retirees Health Insurance	\$ 600,000
Workers Compensation Claims	400,000
Debt	22,241
Falcon Park	12,740
<b>Total General Fund</b>	<b><u><u>\$ 1,034,981</u></u></b>
<b>Sewer Fund</b>	
Equipment Reserve	\$ 773
Debt	6,577
<b>Total Sewer Fund</b>	<b><u><u>\$ 7,350</u></u></b>
<b>Water Fund (Non-Major)</b>	
Reserve for Meter Replacement	\$ 32,357
Debt	33,631
Equipment Reserve	1,852
<b>Total Water Fund</b>	<b><u><u>\$ 67,840</u></u></b>

- 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, 2021:

	<b>Reserve for Encumbrances</b>	<b>Appropriated Fund Balance</b>	<b>Remaining Fund Balance</b>	<b>Total</b>
General Fund	\$ 539,724	\$ -	\$ -	<b>\$ 539,724</b>
Sewer Fund	17,191	-	2,619,435	<b>2,636,626</b>
Other Governmental Funds	495,903	379,259	2,055,661	<b>2,930,823</b>

- 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, 2021**

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

#### **Order of Use of Fund Balance**

The City's policy is to apply expenditures against nonspendable 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, nonspendable 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 assigned 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.

#### **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, 2020 through March 31, 2021 (the state's fiscal year), the City received funding of \$4,732,988.

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.



# ***CITY OF AUBURN***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021**

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

#### **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.

#### **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 \$1,490,813 at June 30, 2021. 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 \$669,834 at June 30, 2021. 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, 2021

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

#### **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.

#### **Constitutional Tax Limit**

The amount that may be raised by the City-wide tax levy on real estate in any fiscal year (for purposes other than debt service on City indebtedness) is limited to one and one-half per centum (subject to increase up to two per centum by resolution of the City Legislature) of the five-year average full valuation of taxable real estate of the City, per New York State statutes.

The City's constitutional tax limit (per New York State statutes) for the fiscal year ended June 30, 2021 is computed as follows:

Five-Year Average Full Valuation	\$ 1,013,300,719
Tax limit @ 2.0%	20,266,014
Less:	
Tax Levy	13,033,849
Less Exclusions	(4,631,049)
Tax Levy Subject to Tax Limit	<u>8,402,800</u>
<b>Tax Margin</b>	<b><u>\$ 11,863,214</u></b>

# ***CITY OF AUBURN***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021**

### ***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 three business-type activities, the Power Utility Fund, Solid Waste Fund, and Transfer Station 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 which was converted into a transfer station for which it charges residents and commercial users fees for disposal of solid waste.

#### **New Accounting Standards**

The City adopted and implemented the following current Statements of the Governmental Accounting Standards Board (GASB) effective for the year ended June 30, 2021:

- GASB has issued Statement No. 84, "Fiduciary Activities," effective for the year ended June 30, 2021. This statement improves guidance regarding identification of fiduciary activities for accounting and reporting purposes. No restatement of balances was needed.

#### **Future Changes in Accounting Standards**

GASB has issued Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance," which delays the implementation dates for several GASB statements as follows.

- 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. 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, 2021**

### ***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 \$37,246,364, consisting of \$30,933,625 in cash and \$6,312,739 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, 2020, of \$759,612, and for the discretely presented component unit, Auburn Housing Authority, at March 31, 2021 of \$3,268,399, are either insured or collateralized with securities held by the pledging financial institution.

# CITY OF AUBURN

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

**Note 3 Restricted Cash**

Restricted cash and cash equivalents, reported in the Government-wide Statement of Net Position, consists of \$4,003,568 of unspent debt proceeds to be used for the acquisition, construction, or renovation of capital assets; \$203,519 of cash with fiscal agent, \$1,110,171 of committed fund balance; and \$9,376 restricted for cemetery maintenance.

As of June 30, 2021, restricted cash and cash equivalents consisted of:

<b>Restricted Cash</b>	
Capital Fund	\$ 4,207,087
General Fund	1,034,981
Sewer Fund	7,350
Non-Major Governmental Funds	<u>77,216</u>
<b>Total</b>	<b><u><u>\$ 5,326,634</u></u></b>

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

	<b>Federal Low Rent</b>	<b>DHCR</b>	<b>Section 8 Housing</b>	<b>Admin</b>
Hap Reserve	\$ -	\$ -	\$ 6,105	\$ 1,869
State Reserves - Cash	-	577,539	-	-
Security Deposits	<u>21,950</u>	<u>8,698</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u><u>\$ 21,950</u></u></b>	<b><u><u>\$ 586,237</u></u></b>	<b><u><u>\$ 6,105</u></u></b>	<b><u><u>\$ 1,869</u></u></b>

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 on the Statement of Net Position.

# ***CITY OF AUBURN***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021**

**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, 2021 follows:

	<b>Cost</b>	<b>Unrealized Gain (Loss)</b>	<b>Market Value</b>
<b>Unrestricted</b>			
Certificates of Deposit	\$ 6,229,483	\$ 74,639	\$ 6,304,122
CLASS Investments	8,617	-	8,617
<b>Total</b>	<b>\$ 6,238,100</b>	<b>\$ 74,639</b>	<b>\$ 6,312,739</b>

Investments of the discretely presented component unit, Auburn Housing Authority, include investments in 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, 2021 follows:

	<b>Cost</b>	<b>Unrealized Gain (Loss)</b>	<b>Market Value</b>
<b>Unrestricted</b>			
Certificates of Deposit	\$ 62,414	\$ -	\$ 62,414
Investment - Housing Authority Risk Retention Group	22,201	-	22,201
<b>Total</b>	<b>\$ 84,615</b>	<b>\$ -</b>	<b>\$ 84,615</b>

# CITY OF AUBURN

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

### *Note 5* **Other Receivables**

Other receivables consist of the following as of June 30, 2021:

<b>Special Revenue Fund - Sewer Fund</b>	
Sewer Rents Receivable	\$ 1,580,675
Septage Treatment Receivable	43,913
<b>Capital Projects Fund</b>	
Sidewalk Revolving Loan Fund	275,197
Water Lateral Revolving Loan Fund	74,115
Sewer Lateral Revolving Loan Fund	246,702
<b>Other Governmental Funds</b>	
Water Rents Receivable	1,192,413
Other Receivables	<u>463</u>
<b>Total Governmental Funds</b>	<b><u><u>\$ 3,413,478</u></u></b>
<b>Power Utility Fund</b>	
Power Utility Charges	\$ 12,812
<b>Solid Waste Fund</b>	
Landfill Charges	<u>30,096</u>
<b>Total Enterprise Funds</b>	<b><u><u>\$ 42,908</u></u></b>

# CITY OF AUBURN

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

**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>
<b>Governmental Funds</b>				
General Fund	\$ 2,214,240	\$ 161,624	\$ -	\$ 176,000
Sewer Fund	557,288	328,999	-	-
Capital Projects Fund	125,590	5,193,426	176,000	32,313
Non-Major Funds	<u>275,275</u>	<u>750,953</u>	<u>32,313</u>	<u>-</u>
<b>Total Governmental Funds</b>	<u>3,172,393</u>	<u>6,435,002</u>	<u>208,313</u>	<u>208,313</u>
<b>Enterprise Funds</b>				
Power Utility Fund	225,767	12,350	-	-
Solid Waste Fund	3,043,085	30,700	4,124,686	-
Transfer Station Fund	<u>38,859</u>	<u>2,052</u>	<u>-</u>	<u>4,124,686</u>
<b>Total Enterprise Funds</b>	<u>3,307,711</u>	<u>45,102</u>	<u>4,124,686</u>	<u>4,124,686</u>
<b>Total</b>	<u><u>\$ 6,480,104</u></u>	<u><u>\$ 6,480,104</u></u>	<u><u>\$ 4,332,999</u></u>	<u><u>\$ 4,332,999</u></u>

**Note 7 Property Taxes**

At June 30, 2021, the total real property tax receivable of \$6,068,601 is offset by an allowance for uncollectible taxes of \$1,341,304. The remaining portion of taxes receivable is offset by unearned revenue of \$4,269,727 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.



# CITY OF AUBURN

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

### Note 8 Capital Assets

A summary of changes in capital assets at June 30, 2021 follows:

<u>Governmental Activities</u>	<u>6/30/2020</u> <u>(As Restated)</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclassifi-</u> <u>cations</u>	<u>6/30/2021</u>
<b>Non-Depreciable Capital Assets</b>					
Land	\$ 4,252,631	\$ -	\$ -	\$ -	\$ 4,252,631
Construction in Progress	50,122,022	16,484,205	-	(7,123,908)	59,482,319
Total Non-Depreciable Capital Assets	<u>54,374,653</u>	<u>16,484,205</u>	<u>-</u>	<u>(7,123,908)</u>	<u>63,734,950</u>
<b>Depreciable Capital Assets</b>					
Buildings and Improvements	50,745,735	131,177	-	1,093,829	51,970,741
Machinery and Equipment	44,134,450	695,075	(578,206)	1,079,284	45,330,603
Infrastructure	128,087,936	63,180	-	4,950,795	133,101,911
Total Depreciable Capital Assets	<u>222,968,121</u>	<u>889,432</u>	<u>(578,206)</u>	<u>7,123,908</u>	<u>230,403,255</u>
Total Historical Cost	<u>277,342,774</u>	<u>17,373,637</u>	<u>(578,206)</u>	<u>-</u>	<u>294,138,205</u>
<b>Less Accumulated Depreciation</b>					
Buildings and Improvements	(20,046,137)	(832,253)	-	-	(20,878,390)
Machinery and Equipment	(30,846,478)	(1,924,840)	510,130	-	(32,261,188)
Infrastructure	(51,566,498)	(2,653,028)	-	-	(54,219,526)
Total Accumulated Depreciation	<u>(102,459,113)</u>	<u>(5,410,121)</u>	<u>510,130</u>	<u>-</u>	<u>(107,359,104)</u>
<b>Governmental Activities</b>					
<b>Capital Assets, Net</b>	<b><u>\$ 174,883,661</u></b>	<b><u>\$ 11,963,516</u></b>	<b><u>\$ (68,076)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 186,779,101</u></b>
<b>Business-Type Activities</b>					
<b>Non-Depreciable Capital Assets</b>					
Land	\$ 420,187	\$ -	\$ -	\$ -	\$ 420,187
Construction in Progress	8,041,063	170,972	-	(8,212,035)	-
Total Non-Depreciable Capital Assets	<u>8,461,250</u>	<u>170,972</u>	<u>-</u>	<u>(8,212,035)</u>	<u>420,187</u>
<b>Depreciable Capital Assets</b>					
Buildings and Improvements	28,008,120	-	-	-	28,008,120
Machinery and Equipment	5,321,801	58,597	-	-	5,380,398
Infrastructure	5,246,586	-	-	8,212,040	13,458,626
Total Depreciable Capital Assets	<u>38,576,507</u>	<u>58,597</u>	<u>-</u>	<u>8,212,040</u>	<u>46,847,144</u>
Total Historical Cost	<u>47,037,757</u>	<u>229,569</u>	<u>-</u>	<u>5</u>	<u>47,267,331</u>
<b>Less Accumulated Depreciation</b>					
Buildings and Improvements	(22,460,515)	(187,301)	-	-	(22,647,816)
Machinery and Equipment	(2,737,303)	(293,478)	-	-	(3,030,781)
Infrastructure	(594,748)	(115,608)	-	-	(710,356)
Total Accumulated Depreciation	<u>(25,792,566)</u>	<u>(596,387)</u>	<u>-</u>	<u>-</u>	<u>(26,388,953)</u>
<b>Business-Type Activities</b>					
<b>Capital Assets, Net</b>	<b><u>\$ 21,245,191</u></b>	<b><u>\$ (366,818)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 5</u></b>	<b><u>\$ 20,878,378</u></b>

# CITY OF AUBURN

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

**Note 8 Capital Assets - Continued**

Depreciation expense was charged to the functions as follows:

<b>Governmental Activities</b>	
General Governmental Support	\$ 132,506
Public Safety	520,678
Transportation	1,599,461
Culture and Recreation	202,712
Home and Community Services	<u>2,954,764</u>
<b>Total</b>	<b><u><u>\$ 5,410,121</u></u></b>
<b>Business-Type Activities</b>	
Power Utility	\$ 285,042
Solid Waste	<u>311,345</u>
<b>Total</b>	<b><u><u>\$ 596,387</u></u></b>

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

Type	Balance at 03/31/2020	Additions	Deletions	Balance at 03/31/2021
<b>Non-Depreciable Capital Assets</b>				
Land	\$ 276,622	\$ -	\$ -	\$ 276,622
Total Non-Depreciable Capital Assets	<u>276,622</u>	<u>-</u>	<u>-</u>	<u>276,622</u>
<b>Depreciable Capital Assets</b>				
Buildings and Improvements	5,546,329	-	-	5,546,329
Equipment and Furniture	532,667	27,497	-	560,164
Total Depreciable Capital Assets	<u>6,078,996</u>	<u>27,497</u>	<u>-</u>	<u>6,106,493</u>
<b>Total Capital Assets</b>	<u>6,355,618</u>	<u>27,497</u>	<u>-</u>	<u>6,383,115</u>
Less Accumulated Depreciation	<u>(3,975,274)</u>	<u>(172,609)</u>	<u>-</u>	<u>(4,147,883)</u>
<b>Auburn Housing Authority Capital Assets, Net</b>	<b><u><u>\$ 2,380,344</u></u></b>	<b><u><u>\$ (145,112)</u></u></b>	<b><u><u>\$ -</u></u></b>	<b><u><u>\$ 2,235,232</u></u></b>

# ***CITY OF AUBURN***

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021**

**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](http://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, 2021**

**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:

		<u>ERS</u>	<u>PFRS</u>
<b>2021</b>	<b>\$</b>	<b>1,247,199</b>	<b>\$ 2,464,562</b>
2020		1,173,414	2,351,244
2019		1,123,578	2,340,134

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

At June 30, 2021, 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, 2021. 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.

	<u>ERS</u>	<u>PFRS</u>
Actuarial Valuation Date	04/01/2020	04/01/2020
Net Pension Liability	\$ 99,573,957	\$ 1,736,275,954
City's Proportionate Share of the Plan's		
Total Net Pension Liability	32,498	5,203,873
City's Share of the Plan's		
Total Net Pension Liability	0.032639%	0.299715%

# CITY OF AUBURN

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

**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, 2021, the City recognized pension expense of \$760,916 for ERS and \$2,500,561 for PFRS in the Government-wide financial statements. At June 30, 2021 the City's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	PFRS	ERS	PFRS
Differences Between Expected and Actual Experience	\$ 396,906	\$ 1,154,712	\$ -	\$ -
Changes of Assumptions	5,975,602	12,785,355	112,703	-
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	-	9,335,757	15,301,685
Changes in Proportion and Differences Between the City's Contributions and Proportionate Share of Contributions	215,319	235,273	123,583	869,815
City's Contributions Subsequent to the Measurement Date	347,653	772,380	-	-
<b>Total</b>	<b>\$ 6,935,480</b>	<b>\$ 14,947,720</b>	<b>\$ 9,572,043</b>	<b>\$ 16,171,500</b>

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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	ERS	PFRS
2022	\$ (543,501)	\$ (852,168)
2023	(186,730)	(228,392)
2024	(480,612)	(648,878)
2025	(1,773,373)	(2,794,185)
2026	-	2,527,463
Thereafter	-	-

# CITY OF AUBURN

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

### *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, 2021	March 31, 2021
Actuarial Valuation Date	April 1, 2020	April 1, 2020
Investment Rate of Return	5.9%	5.9%
Salary Increases	4.4%	6.2%
Cost of Living Adjustments	1.4%	1.4%
Inflation Rate	2.7%	2.7%

Annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2020.

The actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

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, 2021

**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, 2021
Asset Type:	
Domestic Equities	4.1%
International Equities	6.3%
Real Estate	5.0%
Private Equities	6.8%
Opportunistic/ARC Portfolio	4.5%
Real Assets	6.0%
Cash	0.5%
Credit	3.6%

**Discount Rate**

The discount rate used to calculate the total pension liability was 5.9%. 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, 2021

**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 5.9%, 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 or 1 percentage point higher than the current rate:

	<b>1% Decrease (4.9)%</b>	<b>Current Assumption (5.9)%</b>	<b>1% Increase (6.9)%</b>
<b>ERS</b>			
City's Proportionate Share of the Net Pension Liability	\$ 9,020,591	\$ 32,498	\$ (8,256,625)
<b>PFRS</b>			
City's Proportionate Share of the Net Pension Liability	\$ 22,129,803	\$ 5,203,873	\$ (8,806,422)

**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:

	<b>Dollars in Thousands</b>	
	<b>ERS</b>	<b>PFRS</b>
Measurement Date	March 31, 2021	March 31, 2021
Employers' Total Pension Liability	\$ 220,680,157	\$ 41,236,775
Plan Net Position	(220,580,583)	(39,500,500)
<b>Employers' Net Pension Liability</b>	<b>\$ 99,574</b>	<b>\$ 1,736,275</b>

Ratio of Plan Net Position to the Employers' Total Pension Liability	99.9%	95.8%
----------------------------------------------------------------------	-------	-------



# CITY OF AUBURN

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

**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 31. Employee contributions are remitted monthly. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS and PFRS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$1,120,033.

**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>
<b>ERS</b>			
Net Pension Liability	\$ 7,901,703	\$ (7,870,176)	\$ 31,527
Deferred Outflows of Resources	(5,062,081)	(1,666,388)	(6,728,469)
Deferred Inflows of Resources	239,920	9,045,930	9,285,850
Subtotal	<u>3,079,542</u>	<u>(490,634)</u>	<u>2,588,908</u>
<b>PFRS</b>			
Net Pension Liability	15,338,190	(10,134,317)	5,203,873
Deferred Outflows of Resources	(9,859,866)	(5,087,854)	(14,947,720)
Deferred Inflows of Resources	1,069,572	15,101,928	16,171,500
Subtotal	<u>6,547,896</u>	<u>(120,243)</u>	<u>6,427,653</u>
<b>Total</b>	<b><u>\$ 9,627,438</u></b>	<b><u>\$ (610,877)</u></b>	<b><u>\$ 9,016,561</u></b>
<u>Business-Type Activities</u>	<u>Beginning Balance</u>	<u>Change</u>	<u>Ending Balance</u>
<b>ERS</b>			
Net Pension Liability	\$ 223,311	\$ (222,340)	\$ 971
Deferred Outflows of Resources	(142,550)	(64,461)	(207,011)
Deferred Inflows of Resources	6,781	279,412	286,193
<b>Total</b>	<b><u>\$ 87,542</u></b>	<b><u>\$ (7,389)</u></b>	<b><u>\$ 80,153</u></b>

# CITY OF AUBURN

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

**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, 2021:

	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Amount</b>
General Obligation	08/18/2020	08/18/2021	1.50%	\$ 40,710,071
<b>Total</b>				<b>\$ 40,710,071</b>
	<b>06/30/2020</b>	<b>New Issues/ Additions</b>	<b>Maturities/ Payments</b>	<b>06/30/2021</b>
Governmental Activities:				
Capital Project Funds	\$ 24,928,500	\$ 34,797,295	\$ (24,928,500)	\$ 34,797,295
Refuse Collection Fund	380,000	380,000	(380,000)	380,000
Business-Type Activities:				
Power Utility Fund	3,132,176	3,066,976	(3,132,176)	3,066,976
Solid Waste Fund	2,465,800	-	(2,465,800)	-
Transfer Station Fund	-	2,465,800	-	2,465,800
<b>Total</b>	<b>\$ 30,906,476</b>	<b>\$ 40,710,071</b>	<b>\$ (30,906,476)</b>	<b>\$ 40,710,071</b>

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

Interest Paid Governmental Funds	\$ 464,658
Interest Paid Business-Type Activities	174,255
Less BAN Premiums	(488,525)
Less Interest Accrued in the Prior Year	(356,527)
Plus Interest Accrued in the Current Year	524,142
<b>Total</b>	<b>\$ 318,003</b>

# CITY OF AUBURN

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

**Note 11 Lease Commitments**

**Capital Leases**

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

	<b>06/30/2020</b>	<b>Additions</b>	<b>Payments</b>	<b>06/30/2021</b>
Fire Truck	\$ 127,615	\$ -	\$ (62,579)	\$ 65,036
<b>Total</b>	<b>\$ 127,615</b>	<b>\$ -</b>	<b>\$ (62,579)</b>	<b>\$ 65,036</b>

The present value of capital leases is:

<b>Year Ending June 30,</b>	
2022	\$ 67,775
	67,775
Less Amount Representing Interest	(2,739)
Present Value of Future Minimum Lease Payments	<b>\$ 65,036</b>

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, 2021.

**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, 2021, 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 \$82,398,903. Of this amount, approximately \$58,214,239 is subject to the constitutional debt limit and represented 81.13% of the City's debt limit.

# ***CITY OF AUBURN***

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021**

### ***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 §108 Note**

The City has taken advantage of an advance under a Variable Fixed Rate Note guaranteed pursuant to §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, 2021

### 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>06/30/2020</u>	<u>New Issues/ Additions</u>	<u>Maturities/ Payments</u>	<u>06/30/2021</u>	<u>Amount Due Within One Year</u>
General Obligation Bonds	\$ 32,928,790	\$ 2,960,100	\$ (4,998,746)	\$ 30,890,144	\$ 5,123,617
<b>Other Long-Term Liabilities</b>					
Energy Performance Contract	3,288,882	-	(520,208)	2,768,674	537,585
Employees' Retirement System Note Payable	352,486	-	(77,678)	274,808	80,413
Lease Obligations Payable	127,615	-	(62,579)	65,036	65,036
Judgments and Claims Payable	1,318,575	318,825	(289,268)	1,348,132	1,348,132
Compensated Absences	2,028,028	1,974,725	(2,028,028)	1,974,725	98,736
Self Insurance Liability	1,742,389	-	(134,635)	1,607,754	114,972
<b>Total Other Long-Term Liabilities</b>	<u>8,857,975</u>	<u>2,293,550</u>	<u>(3,112,396)</u>	<u>8,039,129</u>	<u>2,244,874</u>
<b>Total</b>	<u><b>\$ 41,786,765</b></u>	<u><b>\$ 5,253,650</b></u>	<u><b>\$ (8,111,142)</b></u>	<u><b>\$ 38,929,273</b></u>	<u><b>\$ 7,368,491</b></u>
<b>Business-Type Activities</b>					
General Obligation Bonds	\$ 12,186,968	\$ -	\$ (1,388,280)	\$ 10,798,688	\$ 676,953
<b>Other Long-Term Liabilities</b>					
Employee Retirement Systems Note Payable	26,940	-	(5,937)	21,003	6,146
Landfill Post Closure Liability	3,692,033	843,094	-	4,535,127	4,535,127
Energy Performance Contract	9,601	-	(1,513)	8,088	1,569
Compensated Absences	95,588	42,752	(95,588)	42,752	2,138
<b>Total</b>	<u><b>\$ 16,011,130</b></u>	<u><b>\$ 885,846</b></u>	<u><b>\$ (1,491,318)</b></u>	<u><b>\$ 15,405,658</b></u>	<u><b>\$ 5,221,933</b></u>

# CITY OF AUBURN

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

### Note 12 Long-Term Debt - Continued

#### Debt Maturity Schedules

The following is a summary of bonds outstanding at June 30, 2021 with corresponding maturity schedules:

Bonds Payable	Issue Date	Maturity	Interest	Balance
Sewer Refunding	06/20/02	11/15/24	1.326%-1.632%	\$ 230,000
Sewer Refunding	06/20/02	05/05/24	1.414%-1.941%	6,005,000
NYS EFC	07/24/03	01/15/24	3.363%-4.5%	430,000
Public Improvement	05/15/15	06/15/30	2.5-3.25%	1,225,000
Public Improvement	10/05/12	06/01/23	1.25%-2.375%	255,000
NYPA Energy Conservation	03/01/09	03/01/29	1.92%	1,736,732
Public Improvement	05/24/14	05/15/24	1.5%-2.5%	310,000
Public Improvement	06/23/15	06/01/26	2.0%-5.0%	125,000
NYS EFC	09/01/15	05/26/45	0.0%	447,000
CREB Issuance	08/27/15	03/01/38	1.0%-4.75%	6,980,000
Public Improvement	05/27/16	05/15/31	2.0%-2.5%	1,950,000
Public Improvement	06/29/16	06/01/23	2.0%-4.0%	605,000
NYS EFC	07/06/16	08/28/44	0.0%	1,880,000
Public Improvement	05/26/17	05/15/27	2.0%-2.5%	1,635,000
Public Improvement	08/21/17	08/21/27	2.0%-3.0%	5,465,000
Public Improvement	08/20/18	08/15/38	2.50%-3.375%	8,185,000
Public Improvement	08/19/19	08/15/29	4.00%	1,320,000
NYS EFC	11/1/20	04/01/50	0.0%	1,504,200
Public Improvement	8/18/20	08/15/30	1.125%	1,400,900
<b>Total General Obligation Bonds</b>				<b><u>\$ 41,688,832</u></b>

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

Year Ending	Governmental Activities			Business-Type Activities		
	Principal	Interest	Subsidy	Principal	Interest	Subsidy
2022	\$ 5,123,617	\$ 559,623	\$ 170,116	\$ 676,953	\$ 184,015	\$ -
2023	5,078,595	434,094	115,757	655,735	174,890	-
2024	4,933,231	339,425	67,294	624,000	165,945	-
2025	2,456,151	286,609	-	644,000	157,096	-
2026	2,290,087	237,446	-	653,000	147,182	-
2027-2031	6,926,463	574,618	-	3,515,000	553,285	-
2032-2036	2,218,000	87,550	-	2,925,000	235,515	-
2037-2041	908,000	6,050	-	1,105,000	30,554	-
2042-2046	716,000	-	-	-	-	-
2047-2050	240,000	-	-	-	-	-
<b>Total</b>	<b><u>\$ 30,890,144</u></b>	<b><u>\$ 2,525,415</u></b>	<b><u>\$ 353,167</u></b>	<b><u>\$ 10,798,688</u></b>	<b><u>\$ 1,648,482</u></b>	<b><u>\$ -</u></b>

# CITY OF AUBURN

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

### 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
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	507,410	14,738	522,148	1,490	43	1,533
<b>Total</b>	<b>\$ 2,768,674</b>	<b>\$ 240,581</b>	<b>\$ 3,009,255</b>	<b>\$ 8,088</b>	<b>\$ 702</b>	<b>\$ 8,790</b>

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

Interest Paid Governmental Funds	\$ 883,572
Interest Paid Business-Type Activities	147,654
Less Bond Premiums	(9,397)
Less Interest Accrued in the Prior Year	(277,633)
Plus Interest Accrued in the Current Year	<u>252,056</u>
<b>Total</b>	<b><u>\$ 996,252</u></b>

# ***CITY OF AUBURN***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021**

### ***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.

### ***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, 2021

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

#### General Information About the OPEB Plan - Continued

Employees Covered by Benefit Terms - At June 30, 2021, the following employees were covered by the benefit terms:

Retired and Surviving Spouses	237
Retiree Spouses Covered	100
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments	-
Active Employees Not Eligible to Retire	208
Actives Eligible to Retire	<u>74</u>
<b>Total</b>	<b><u><u>619</u></u></b>

#### Total OPEB Liability

The City's total OPEB liability of \$87,773,461 was measured as of March 31, 2021 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, 2021 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	2.27%
Long-term Bond Rate	2.27%
Salary Scale	3.11%
Marriage Rate	70.00%
Participation Rate	100.00%
Healthcare Cost Trend Rates	4.00% for 2021, Decreasing to an Ultimate Rate of 4.08% 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. Based on inflation 1.0%.

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-2020.

# CITY OF AUBURN

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

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

#### Total OPEB Liability - Continued

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

Healthcare Cost Trend Rates were based on the National Health Expenditure Projections 2012-2028 and reflect the impact of legislative changes in 2020 and future years. Long-term trend rates were developed using the Societies of Actuaries Getzen Long-Term Healthcare Cost Trend Resource Model v2021\_b (updated September 2020). CPI inflation rates were based on the Livingston Survey for June 2020, long-term (10-year) forecast mean rates. Real GDP rates are based on median rates from OECD 2022-2060 GDP projections, published in 2020.

The actuarial assumptions used in the July 1, 2019 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

#### Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>
<b>Balance at June 30, 2020</b>	<u>\$ 85,534,813</u>
<b>Changes for the Year</b>	
Service Cost	2,847,494
Interest Cost	2,148,580
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	(3,350,553)
Changes in Assumptions or Other Inputs	2,339,138
Benefit Payments	<u>(1,746,011)</u>
Net Change	<u>2,238,648</u>
<b>Balance at June 30, 2021</b>	<u><u>\$ 87,773,461</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.48% in 2020 to 2.27% in 2021. The Salary Scale changed from 3.22% in 2020 to 3.11% in 2021. 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, 2021

### 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 or 1 percentage point higher than the current discount rate:

	1% Decrease (1.27)%	Discount Rate (2.27)%	1% Increase (3.27)%
Total OPEB Liability	\$ 105,120,494	\$ 87,773,461	\$ 74,245,849

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 (3.00)% to (3.08)%	Healthcare Cost Trend Rate (4.00)% to (4.08)%	1% Increase (5.00)% to (5.08)%
Total OPEB Liability	\$ 72,339,976	\$ 87,773,461	\$ 108,022,084

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

For the year ended June 30, 2021, the City recognized OPEB expense of \$10,261,975.

At June 30, 2021, 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	\$ 723,830	\$ 4,435,193
Changes in Assumptions or Other Inputs	7,103,317	-
Contributions Subsequent to Measurement Date	436,503	-
<b>Total</b>	<b>\$ 8,263,650</b>	<b>\$ 4,435,193</b>

# CITY OF AUBURN

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

**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 ending June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Amount</b>
2022	\$ 3,231,150
2023	224,018
2024	(63,214)
2025	-
2026	-
Thereafter	-

**Current Year Activity**

The following is a summary of current year activity:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Change</b>	<b>Ending Balance</b>
OPEB Liability	\$ 83,901,099	\$ 2,195,890	\$ 86,096,989
Deferred Outflows of Resources	(13,761,676)	5,655,862	(8,105,814)
Deferred Inflows of Resources	3,896,432	454,049	4,350,481
<b>Total</b>	<b>\$ 74,035,855</b>	<b>\$ 8,305,801</b>	<b>\$ 82,341,656</b>

<b>Business-Type Activities</b>	<b>Beginning Balance</b>	<b>Change</b>	<b>Ending Balance</b>
OPEB Liability	\$ 1,633,714	\$ 42,758	\$ 1,676,472
Deferred Outflows of Resources	(267,966)	110,130	(157,836)
Deferred Inflows of Resources	75,871	8,841	84,712
<b>Total</b>	<b>\$ 1,441,619</b>	<b>\$ 161,729</b>	<b>\$ 1,603,348</b>

**Auburn Housing Authority**

The actuarial valuation of the Auburn Housing Authority was measured as of March 31, 2021 and was determined by an actuarial valuation as of that date. The OPEB liability totaled \$2,302,980 for the year ended March 31, 2021.

# CITY OF AUBURN

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

### *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, 2021, the City incurred premiums or contribution expenditures totaling \$7,218,607.

#### **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 \$1,607,754 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, 2021, the City has estimated a liability for judgments and claims of approximately \$1,348,132. The City has accrued approximately \$246,195 in general claims and \$1,101,937 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:

	<b>Property, Casualty, and Professional Liability</b>		<b>Police and Fire Workers' Compensation</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Unpaid Claims and Claim Adjustment				
Expenses - Beginning of Year	\$ 1,318,575	\$ 1,383,877	\$ 1,742,389	\$ 1,804,480
Provisions and Changes in Provisions for				
Claims and Claim Adjustment Expenses	318,825	270,645	-	99,217
Payments on Claims and Claims Adjustment				
Expenses Attributable to Insured Events	(289,268)	(335,947)	(134,635)	(161,308)
<b>Total Unpaid Claims and Claim Adjustment Expenses - End of Year</b>	<b>\$ 1,348,132</b>	<b>\$ 1,318,575</b>	<b>\$ 1,607,754</b>	<b>\$ 1,742,389</b>

# ***CITY OF AUBURN***

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021**

***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, 2021 represents \$4,535,127 in approved contracts bid to close the Landfill.

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.

***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.

# ***CITY OF AUBURN***

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021**

***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 17, 2021, the City issued \$43,260,993 in bond anticipation notes with an interest rate of 1.00% to redeem \$27,766,176 of BANs and provide \$7,891,127 in new financing for various infrastructure projects.

On August 17, 2021, the City issued \$3,507,976 of serial bonds with an interest rate of 1.00%-2.00% to redeem BANs for various infrastructure projects.

***Note 19* Stewardship, Compliance, and Accountability**

**Deficit Fund Balance**

The City's Capital Projects Fund had a deficit fund balance of \$18,605,979. This deficit is expected to be eliminated with permanent financing. The City's Refuse Collection Fund had a deficit fund balance of \$540,284. These deficits are expected to be eliminated with permanent financing along with support from other funds.

**Deficit Net Position**

At June 30, 2021, the Statement of Net Position had unrestricted deficit net positions of \$66,159,643 and \$7,351,571 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.

# ***CITY OF AUBURN***

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2021**

***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, 2021, the City had outstanding contracts with various vendors for construction of the following capital projects:

General Government	\$ 2,961,253
Transportation	6,012,689
Culture and Recreation	137,027
Home and Community	<u>3,456,519</u>
<b>Total</b>	<b><u><u>\$ 12,567,488</u></u></b>

***Note 22***    **Tax Abatements**

For the year ended June 30, 2021, 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.



# CITY OF AUBURN

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

### Note 22 Tax Abatements - Continued

Information relevant to disclosure of the program for the year ended June 30, 2021 is as follows:

	Taxable Assessed Value	Tax Rate	Tax Value	PILOT Received	Taxes Abated
<b>Auburn Industrial Development Agency</b>					
Property Tax Abatements:					
Auburn Community Hotel	\$ 10,000,000	\$12.66 / \$1,000	\$ 126,561	\$ 10,365	\$ 116,196
Bluefield Manor	5,693,100	\$12.66 / \$1,000	72,052	30,286	41,766
Calamar	8,800,000	\$12.66 / \$1,000	111,374	66,824	44,550
Carovail	1,081,999	\$12.66 / \$1,000	13,694	5,478	8,216
Central Building	3,500,000	\$12.66 / \$1,000	44,296	16,479	27,817
Community Computer	1,800,000	\$12.66 / \$1,000	22,781	9,738	13,043
Gen West	3,225,300	\$12.66 / \$1,000	40,820	20,002	20,818
JBJ	4,824,197	\$12.66 / \$1,000	61,056	41,564	19,492
Logan Lofts	2,078,000	\$12.66 / \$1,000	26,299	6,226	20,073
Mack Studios	1,025,000	\$12.66 / \$1,000	12,973	4,540	8,433
McQuay	13,000,000	\$12.66 / \$1,000	164,529	101,249	63,280
NUCOR	31,000,999	\$12.66 / \$1,000	392,352	56,897	335,455
PBMM	1,718,200	\$12.66 / \$1,000	21,746	17,397	4,349
Prison City	330,000	\$12.66 / \$1,000	4,177	4,177	-
Seminary Commons	845,000	\$12.66 / \$1,000	10,694	4,695	5,999
WST33	2,740,000	\$12.66 / \$1,000	34,678	8,206	26,472
<b>Cayuga County Industrial Development Agency</b>					
Property Tax Abatements:					
FLRR	765,250	\$12.66 / \$1,000	9,685	4,581	5,104
<b>Total Tax Abatement Agreements</b>	<b>\$ 92,427,045</b>		<b>\$ 1,169,767</b>	<b>\$ 408,704</b>	<b>\$ 761,063</b>

### Note 23 Restatement

During the year, the City corrected errors in its capital asset and capital fund receivable balances and adjusted the balances accordingly. The City's June 30, 2020 net position for governmental activities, business-type activities, governmental funds, and capital projects fund have been restated to reflect the following:

	Governmental Activities Net Position (Deficit)	Business-type Activities Net Position (Deficit)	Total Governmental Fund Balance (Deficit)	Capital Projects Fund Balance (Deficit)
Net Position/Fund Balance Beginning of Year, as Previously Reported	\$ 57,599,463	\$ (646,231)	\$ (3,496,269)	\$ (15,674,769)
Correction of Error - Capital Assets	(3,625,898)	(95,950)	-	-
Correction of Error - Capital Receivables	143,352	-	143,352	143,352
<b>Net Position/Fund Balance Beginning of Year, as Restated</b>	<b>\$ 54,116,917</b>	<b>\$ (742,181)</b>	<b>\$ (3,352,917)</b>	<b>\$ (15,531,417)</b>

## **Required Supplementary Information**

# CITY OF AUBURN

## BUDGETARY COMPARISON SCHEDULE GENERAL FUND - NON-U.S. GAAP BUDGET BASIS FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
<b>REVENUES</b>					
Real Property Taxes	\$ 12,440,748	\$ 12,440,748	\$ 12,525,905	\$ -	\$ 85,157
Real Property Tax Items	905,000	905,000	915,107	-	10,107
Nonproperty Tax Items	9,461,454	9,461,454	11,052,155	-	1,590,701
Departmental Income	1,030,750	1,051,161	837,769	-	(213,392)
Intergovernmental Charges	335,286	214,682	223,506	-	8,824
Use of Money and Property	589,985	589,985	412,557	-	(177,428)
Licenses and Permits	207,250	207,250	228,802	-	21,552
Fines and Forfeitures	347,700	347,700	276,324	-	(71,376)
Sale of Property and Compensation for Loss	339,000	960,465	188,561	-	(771,904)
Miscellaneous Local Sources	153,000	243,030	(38,089)	-	(281,119)
Interfund Revenues	3,252,000	4,917,720	3,239,631	-	(1,678,089)
State Sources	5,582,107	5,942,107	6,030,663	-	88,556
Federal Sources	199,667	292,630	546,045	-	253,415
<b>Total Revenues</b>	<u>34,843,947</u>	<u>37,573,932</u>	<u>36,438,936</u>	<u>-</u>	<u>(1,134,996)</u>
<b>EXPENDITURES</b>					
General Government Support	4,153,667	4,483,294	4,371,836	111,458	-
Public Safety	13,357,058	14,423,677	13,601,631	331,828	490,218
Transportation	1,274,953	1,909,871	1,688,498	63,147	158,226
Economic Assistance and Opportunity	50,000	50,000	50,000	-	-
Culture and Recreation	1,246,657	1,218,046	1,035,981	2,629	179,436
Home and Community Services	540,280	1,091,212	1,071,025	20,187	-
Employee Benefits	11,235,219	11,419,007	11,379,609	-	39,398
Debt Service - Principal and Interest	3,732,175	3,777,651	3,757,086	10,475	10,090
<b>Total Expenditures</b>	<u>35,590,009</u>	<u>38,372,758</u>	<u>36,955,666</u>	<u>539,724</u>	<u>877,368</u>
Excess of Revenues (Expenditures)	<u>(746,062)</u>	<u>(798,826)</u>	<u>(516,730)</u>	<u>(539,724)</u>	<u>(257,628)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Premium on Obligations	-	-	288,996	-	288,996
Interfund Transfers Out	(50,000)	(228,000)	(176,000)	-	52,000
Interfund Transfers In	-	20,806	-	-	(20,806)
<b>Total Other Financing Sources (Uses)</b>	<u>(50,000)</u>	<u>(207,194)</u>	<u>112,996</u>	<u>-</u>	<u>320,190</u>
<b>Excess of Revenues and Other Financing Sources over (Expenditures) and Other (Uses)</b>	<u>(796,062)</u>	<u>(1,006,020)</u>	<u>(403,734)</u>	<u>\$ (539,724)</u>	<u>\$ 62,562</u>
Prior Year Encumbrances	780,454	780,454			
Use of Fund Balance	15,608	225,566			
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(403,734)</u>		
Fund Balances - Beginning of Year			6,854,997		
<b>Fund Balances - End of Year</b>			<u>\$ 6,451,263</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, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
<b>REVENUES</b>					
Departmental Income	\$ 8,080,000	\$ 8,080,000	\$ 7,655,032	\$ -	\$ (424,968)
Use of Money and Property	7,500	7,500	1,616	-	(5,884)
Sale of Property and Compensation for Loss	500	1,938	16,412	-	14,474
<b>Total Revenues</b>	<u>8,088,000</u>	<u>8,089,438</u>	<u>7,673,060</u>	<u>-</u>	<u>(416,378)</u>
<b>EXPENDITURES</b>					
General Governmental Support	1,110,382	1,154,330	1,042,776	-	111,554
Home and Community Services	3,452,936	3,475,874	3,150,873	17,191	307,810
Employee Benefits	902,736	925,609	899,869	-	25,740
Debt Service - Principal and Interest	2,619,684	2,628,184	2,628,058	-	126
<b>Total Expenditures</b>	<u>8,085,738</u>	<u>8,183,997</u>	<u>7,721,576</u>	<u>17,191</u>	<u>445,230</u>
Excess of Revenues (Expenditures)	<u>2,262</u>	<u>(94,559)</u>	<u>(48,516)</u>	<u>(17,191)</u>	<u>28,852</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Premium on Obligations	-	-	93,220	-	93,220
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>93,220</u>	<u>-</u>	<u>93,220</u>
<b>Excess of Revenues and Other Sources Over Expenditures and Other Financing (Uses)</b>					
	<u>2,262</u>	<u>(94,559)</u>	<u>44,704</u>	<u>(17,191)</u>	<u><b>\$ 122,072</b></u>
Prior Year Encumbrances	5,460	5,460			
Use of Fund Balance	<u>(7,722)</u>	<u>89,099</u>			
Net Change in Fund Balance	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>	<u>44,704</u>		
Fund Balance - Beginning of Year			<u>2,599,272</u>		
<b>Fund Balance - End of Year</b>			<u><b>\$ 2,643,976</b></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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Service Cost	\$ 2,847,494	\$ 2,124,563	\$ 1,862,590	\$ 1,698,907	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
Interest Cost	2,148,580	2,557,169	2,245,701	2,222,671	*	*	*	*	*	*
Changes of Benefit Terms	-	-	-	(7,145)	*	*	*	*	*	*
Differences Between Expected and Actual Experience	(3,350,553)	(5,684,502)	7,962,122	(1,027,307)	*	*	*	*	*	*
Changes in Assumptions or Other Inputs	2,339,138	14,325,838	1,352,670	1,969,523	*	*	*	*	*	*
Benefit Payments	(1,746,011)	(1,556,541)	(1,303,884)	(1,276,074)	*	*	*	*	*	*
	<u>2,238,648</u>	<u>11,766,527</u>	<u>12,119,199</u>	<u>3,580,575</u>	*	*	*	*	*	*
Total OPEB Liability - Beginning	<u>85,534,813</u>	<u>73,768,286</u>	<u>61,649,087</u>	<u>58,068,512</u>	*	*	*	*	*	*
<b>Total OPEB Liability - Ending</b>	<b><u>\$ 87,773,461</u></b>	<b><u>\$85,534,813</u></b>	<b><u>\$73,768,286</u></b>	<b><u>\$61,649,087</u></b>	<b><u>\$ 58,068,512</u></b>	<b><u>\$ *</u></b>	<b><u>\$ *</u></b>	<b><u>\$ *</u></b>	<b><u>\$ *</u></b>	<b><u>\$ *</u></b>
Covered Employee Payroll	\$ 17,613,835	\$16,983,418	\$16,431,325	\$16,431,325	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
Total OPEB Liability as a Percentage of Covered Payroll	498.32%	503.64%	448.95%	375.19%	*	*	*	*	*	*
Discount Rate	2.27%	2.48%	3.44%	3.61%	3.80%	*	*	*	*	*

\* 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>2021</u>	<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>
Contractually Required Contribution										
ERS	<b>\$ 1,247,199</b>	\$ 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
PFRS	<b>2,464,562</b>	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
Contributions in Relation to the Contractually Required Contribution										
ERS	<b>(1,247,199)</b>	(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)
PFRS	<b>(2,464,562)</b>	(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)
Contribution Deficiency (Excess)										
ERS	-	-	-	-	-	-	-	-	-	-
PFRS	-	-	-	-	-	-	-	-	-	-
City's Covered Payroll for Year Ended June 30,										
ERS	<b>8,640,188</b>	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	<b>10,586,520</b>	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	<b>14.4%</b>	14.2%	14.5%	16.3%	16.1%	20.9%	17.8%	14.9%	20.3%	*
PFRS	<b>23.3%</b>	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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's Proportion of the Net Pension Liability							
ERS	<b>0.032639%</b>	0.030683%	0.029897%	0.030644%	0.029763%	0.029361%	0.030000%
PFRS	<b>0.299715%</b>	0.286967%	0.304848%	0.309522%	0.311561%	0.338098%	0.320000%
City's Proportionate Share of the Net Pension Liability							
ERS	\$ <b>32,498</b>	\$ 8,125,014	\$ 2,118,293	\$ 989,008	\$ 2,796,607	\$ 4,712,538	\$ 994,781
PFRS	<b>5,203,873</b>	15,338,190	5,112,486	3,128,514	6,457,568	10,010,355	885,962
	<b>5,236,371</b>	23,463,204	7,230,779	4,117,522	9,254,175	14,722,893	1,880,743
City's Covered Payroll							
ERS	<b>8,624,838</b>	8,119,789	7,708,228	7,651,289	7,291,440	6,908,942	6,873,032
PFRS	<b>10,382,949</b>	10,298,497	10,297,905	10,633,738	10,011,556	9,567,111	10,232,180
	<b>\$ 19,007,787</b>	\$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	<b>0.4%</b>	100.1%	27.5%	12.9%	38.4%	68.2%	14.5%
PFRS	<b>50.1%</b>	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	<b>99.9%</b>	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%
PFRS	<b>95.8%</b>	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, 2021**

### ***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 (U.S. GAAP). 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, 2021**

**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 reflect a change in the discount rate each period as presented on the Schedule of Changes in the City's Total OPEB Liability and Related Ratios for the Last 10 Fiscal Years. The Salary Scale changed from 3.22% in 2020 to 3.11% in 2021. Mortality improvement scale, health care cost trend rates, and termination assumption were also updated in the current valuation.

**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 seven 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, 2020 actuarial valuation.

#### **Changes of Assumptions**

2021: The demographic assumptions (pensioner mortality and active member decrements) were updated based on the System's experience from April 1, 2015 through March 31, 2020, the mortality improvement assumption was updated to Society of Actuaries Scale MP-2020, inflation was updated to 2.7%, cost-of-living updated to 1.4%, salary scale updated to 4.4%, ERS and 6.2% PFRS, and the interest rate assumption was reduced to 5.9% for the April 1, 2020 actuarial valuation.

2020: 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.

2019: The salary scales for both plans used in the April 1, 2018 actuarial valuation were increased by 10%.

2016: 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.

# ***CITY OF AUBURN***

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2021**

### ***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, 2019 actuarial valuation determines the employer rates for contributions payable in fiscal year 2021. 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	Five-year 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	4.2% in ERS, 5.0% in PFRS, indexed by service.
Investment Rate of Return	6.8% compounded annually, net of investment expenses, including inflation.
Cost of Living Adjustments	1.3% annually.
Active Member Decrements	Based upon FY 2011-2015 experience
Pensioner Mortality	Gender/Collar specific tables based upon FY2011-2015 experience
Mortality Improvement	Society of Actuaries' Scale MP-2018

# CITY OF AUBURN

## COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS JUNE 30, 2021

	Special Revenue Funds					Permanent Fund	Total Non-Major Governmental Funds
	Special Grant Fund	Water Fund	Refuse Collection Fund	Casey Park Ice Rink Fund	Police Seizure Fund		
<b>ASSETS</b>							
Cash and Cash Equivalents, Unrestricted	\$ 502,850	\$ 1,060,505	\$ -	\$ 39	\$ 559,401	\$ -	\$ 2,122,795
Cash and Cash Equivalents, Restricted	-	67,840	-	-	-	9,376	77,216
Investments	-	2,518	-	-	-	-	2,518
Due from Other Funds	-	221,753	53,522	-	-	-	275,275
Due from State and Federal Governments	447,190	-	-	-	-	-	447,190
Other Receivables	-	1,192,876	-	-	-	-	1,192,876
Loans Receivable	2,980,087	-	-	-	-	-	2,980,087
<b>Total Assets</b>	<b><u>\$ 3,930,127</u></b>	<b><u>\$ 2,545,492</u></b>	<b><u>\$ 53,522</u></b>	<b><u>\$ 39</u></b>	<b><u>\$ 559,401</u></b>	<b><u>\$ 9,376</u></b>	<b><u>\$ 7,097,957</u></b>
<b>LIABILITIES</b>							
Accounts Payable	\$ 146,676	\$ 68,891	\$ 7,637	\$ -	\$ 4,476	\$ -	\$ 227,680
Accrued Liabilities	-	73,202	39,969	-	-	-	113,171
Due to Other Funds	42,654	679,303	28,996	-	-	-	750,953
Bond Anticipation Notes Payable	-	-	380,000	-	-	-	380,000
Due to Retirement System	-	41,105	18,837	-	-	-	59,942
Unearned Revenue	-	-	53,473	-	-	-	53,473
Overpayments and Collections in Advance	-	-	64,894	-	-	-	64,894
<b>Total Liabilities</b>	<b><u>189,330</u></b>	<b><u>862,501</u></b>	<b><u>593,806</u></b>	<b><u>-</u></b>	<b><u>4,476</u></b>	<b><u>-</u></b>	<b><u>1,650,113</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable Revenue	2,980,087	-	-	-	-	-	2,980,087
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	9,376	9,376
Committed	-	67,840	-	-	-	-	67,840
Assigned	760,710	1,615,151	-	39	554,925	-	2,930,825
Unassigned	-	-	(540,284)	-	-	-	(540,284)
<b>Total Fund Balances</b>	<b><u>760,710</u></b>	<b><u>1,682,991</u></b>	<b><u>(540,284)</u></b>	<b><u>39</u></b>	<b><u>554,925</u></b>	<b><u>9,376</u></b>	<b><u>2,467,757</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 3,930,127</u></b>	<b><u>\$ 2,545,492</u></b>	<b><u>\$ 53,522</u></b>	<b><u>\$ 39</u></b>	<b><u>\$ 559,401</u></b>	<b><u>\$ 9,376</u></b>	<b><u>\$ 7,097,957</u></b>

# CITY OF AUBURN

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds					Permanent Fund	Total Non-Major Governmental Funds
	Special Grant Fund	Water Fund	Refuse Collection Fund	Casey Park Ice Rink Fund	Police Seizure Fund		
<b>REVENUES</b>							
Departmental Income	\$ 249,308	\$ 4,956,505	\$ 1,245,280	\$ -	\$ -	\$ -	\$ 6,451,093
Use of Money and Property	28,956	846	861	-	333	8	31,004
Sale of Property and Compensation for Loss	-	1,636	-	-	-	-	1,636
Miscellaneous Local Sources	-	20,345	-	-	-	-	20,345
Interfund Revenues	-	130,882	-	-	-	-	130,882
Federal Sources	1,140,232	63,390	-	-	409,229	-	1,612,851
<b>Total Revenues</b>	<b>1,418,496</b>	<b>5,173,604</b>	<b>1,246,141</b>	<b>-</b>	<b>409,562</b>	<b>8</b>	<b>8,247,811</b>
<b>EXPENDITURES</b>							
General Government Support	-	1,010,258	-	-	-	-	1,010,258
Public Safety	-	-	-	-	129,524	-	129,524
Home and Community Services	1,345,808	2,381,044	1,103,447	-	-	-	4,830,299
Employee Benefits	-	635,365	364,740	-	-	-	1,000,105
Debt Principal	-	1,189,507	74,700	-	-	-	1,264,207
Debt Interest	-	335,505	16,012	-	-	-	351,517
<b>Total Expenditures</b>	<b>1,345,808</b>	<b>5,551,679</b>	<b>1,558,899</b>	<b>-</b>	<b>129,524</b>	<b>-</b>	<b>8,585,910</b>
<b>Excess of Revenue (Expenditures)</b>	<b>72,688</b>	<b>(378,075)</b>	<b>(312,758)</b>	<b>-</b>	<b>280,038</b>	<b>8</b>	<b>(338,099)</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Interfund Transfers In	-	32,313	-	-	-	-	32,313
Premium on Obligations	-	41,778	7,534	-	-	-	49,312
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>74,091</b>	<b>7,534</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>81,625</b>
Net Changes in Fund Balances	72,688	(303,984)	(305,224)	-	280,038	8	(256,474)
Fund Balances - Beginning of Year	688,022	1,986,975	(235,060)	39	274,887	9,368	2,724,231
<b>Fund Balances - End of Year</b>	<b>\$ 760,710</b>	<b>\$ 1,682,991</b>	<b>\$ (540,284)</b>	<b>\$ 39</b>	<b>\$ 554,925</b>	<b>\$ 9,376</b>	<b>\$ 2,467,757</b>



**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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 8, 2022.

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) as a basis for designing 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.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency [2021-001].

### **City of Auburn's Response to Findings**

City of Auburn's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. City of Auburn's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **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 financial statements. 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  
February 8, 2022



**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, 2021. 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, 2021.

### **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,



Inero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
February 8, 2022



# CITY OF AUBURN

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA #	Pass - Through Grantor ID #	Pass - Through to Subrecipients	Amount of Expenditures
<b>Department of Housing and Urban Development</b>				
Direct Program:				
Community Development Block Grants Entitlement Grants Cluster:				
Community Development Block Grants - Entitlement Grants	14.218	N/A	\$ 194,861	\$ 991,410
COVID-19 - Community Development Block Grants - Entitlement Grants	14.218	N/A		148,822
<b>Total Community Development Block Grants Entitlement Grants Cluster and Department of Housing and Urban Development</b>			<b>194,861</b>	<b>1,140,232</b>
<b>Department of Justice</b>				
Direct Program:				
U.S. Marshall's Service New York/New Jersey Regional Fugitive Force	16.710	N/A	-	20,653
Equitable Sharing Program	16.922	N/A	-	129,524
Bullet Proof Vest Partnership Program	16.607	N/A	-	3,489
Promoting Evidence Integration in Sex Offender Management Program	16.203	N/A	-	10,000
<b>Total Department of Justice</b>			-	<b>163,666</b>
<b>Department of the Treasury</b>				
Direct Program:				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	1,361,620
<b>Total Department of the Treasury</b>			-	<b>1,361,620</b>
<b>Department of Transportation</b>				
Passed Through NYS Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	D034238	-	7,142
Highway Planning and Construction	20.205	D034841	-	823,617
Highway Planning and Construction	20.205	D034689	-	7,349
Highway Planning and Construction	20.205	D040243	-	64,753
Highway Planning and Construction	20.205	D035595	-	3,206,675
<b>Total Highway Planning and Construction Cluster</b>			-	<b>4,109,536</b>
<b>Total Department of Transportation</b>			-	<b>4,109,536</b>
<b>Election Assistance Commission</b>				
Passed Through Northern Border Regional Commission:				
Economic and Infrastructure Development Grant Program	90.601	NBRC19GNY02	-	227,955
<b>Total Election Assistance Commission</b>			-	<b>227,955</b>
<b>Corporation for National and Community Service</b>				
Direct Program:				
Retired and Senior Volunteer Program	94.002	N/A	-	35,640
<b>Total Corporation for National and Community Service</b>			-	<b>35,640</b>
<b>Department of Homeland Security</b>				
Direct Program:				
Assistance to Firefighters Grant	97.044	N/A	-	38,782
<b>Total Department of Homeland Security</b>			-	<b>38,782</b>
<b>Total Federal Expenditures</b>			<b>\$ 194,861</b>	<b>\$ 7,077,431</b>

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, 2021

**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, 2021 under this program, as reported in the City's financial statements, are as follows:

Loans Receivable	\$ 3,602,385
Less: Allowance for Uncollectible Accounts	<u>(622,298)</u>
<b>Net Loans Receivable</b>	<b><u>\$ 2,980,087</u></b>

The City disbursed new loans in the amount of \$179,322 and received program income from repayment of loan principal in the amount of \$249,308.

# ***CITY OF AUBURN***

## **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2021**

***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	\$	6,554
Boyle Senior Center		9,167
Transportation Project Of Cayuga County SCAT Van		8,820
Catholic Charities		9,680
Cayuga-Seneca Community Action Agency Homeless Services		10,204
E. John Gavras Center		24,124
Calvary Food Pantry		3,926
ARISE Home Access		11,340
Auburn Enlarged City School District		9,510
Legal Aid Society		4,409
Cayuga Counseling Services CCSI		44,868
Booker T. Washington		43,000
Booker T. Washington Summer Camp		9,259

**Total** **\$ 194,861**

# CITY OF AUBURN

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS JUNE 30, 2021

### Section I Summary of Auditors' Results

#### Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  yes  no

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

Noncompliance material to financial statements noted?  yes  no

#### Federal Awards

Internal control over major programs:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified that are not considered to be material weakness(es)?  yes  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  no

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
<u>20.205</u>	<u>Highway Planning and Construction</u>
<u>21.027</u>	<u>Coronavirus State and Local Fiscal Recovery Funds</u>
<u>90.601</u>	<u>Economic and Infrastructure Development Grant Program</u>

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

Auditee qualified as low risk auditee:  yes  no

# ***CITY OF AUBURN***

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued) JUNE 30, 2021**

### **Section II Financial Statement Findings**

#### **2021-001 - Restatement**

**Condition:**

During our current year audit, capital assets were restated to correct significant errors in capital asset balances.

**Criteria:**

Capital asset additions from construction in process should exclude amounts added directly to other capital asset accounts.

**Cause/Effect:**

Some capital asset additions were added to capital asset listing twice: first as a construction in progress addition that included total costs of capital projects, which is moved to correct depreciable capital asset account upon completion of the project; and second, some items were added directly to depreciable asset accounts as well, resulting in an overstatement of capital assets.

**Recommendation:**

We recommend all construction in process projects be compared to existing depreciable asset listings to ensure amounts are not recorded in both places. Additionally, we recommend all capital asset additions from capital projects be recorded by a centralized individual with knowledge of construction in process that would be able to identify if an asset was already added directly to fixed assets.

**Management Response:**

During the current year audit, the City Comptroller has reviewed all construction in process and capital asset additions for fiscal years 2018 through 2021 and processed correcting fixed asset entries to exclude amounts from construction in process for assets already added directly, as well as entering the construction in process reclassifications as depreciable assets. Going forward, the Comptroller will review and compare all construction in process to existing depreciable asset listings to ensure amounts are not being recorded in both places. In addition, all City Departments are reviewing their current fixed asset lists for accuracy and the City Comptroller will begin a fixed asset valuation process to ensure all assets are properly valued and depreciated appropriately. Once this process is complete, we will begin moving all fixed assets, over \$5,000, from the AS400 system into Munis Fixed Asset module for a more streamlined approach to maintaining these records.

### **Section III Federal Award Findings and Questioned Costs**

None.