

CITY OF AUBURN, GEORGIA

ANNUAL FINANCIAL REPORT
(WITH INDEPENDENT AUDITOR'S REPORT)

Year Ended
September 30, 2022

**CITY OF AUBURN, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022
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INDEPENDENT AUDITOR'S REPORT

March 28, 2023

To the Mayor and City Council
CITY OF AUBURN
Auburn, Georgia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the CITY OF AUBURN, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the CITY OF AUBURN's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of CITY OF AUBURN, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CITY OF AUBURN's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CITY OF AUBURN's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis, Schedule of the Net Pension Liability - City of Auburn Retirement Plan, Schedule of Contributions - City of Auburn Retirement Plan, Schedule of Notes to Required Supplementary Information - City of Auburn Retirement Plan, Budgetary Comparison Schedule-General Fund, Budgetary Comparison Schedule-URA Bond Fund, and Budgetary Comparison Schedule-Fiscal Recovery Fund listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the CITY OF AUBURN's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, supplemental budgetary comparison schedules, and Schedule of Projects Constructed with Special Purpose Local Sales Tax Proceeds which is presented for purposes of additional analysis as required by Official Code of Georgia 48-8-121 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including

comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the supplementary information identified above is 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 March 28, 2023, on our consideration of the CITY OF AUBURN's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CITY OF AUBURN's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CITY OF AUBURN's internal control over financial reporting and compliance.

Bates, Carter & Co., LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City of Auburn, Georgia (the "City") provides this Management Discussion and Analysis, as prescribed by the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). This narrative overview and analysis of the City's primary government financial activities is for the fiscal year ending September 30, 2022. Please consider this information in conjunction with the City's basic financial statements, which follow.

FINANCIAL HIGHLIGHTS

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$28,111,434 (presented as "net position"). Of this amount, \$9,652,610 was reported as "unrestricted net position." Unrestricted net position represents the amount available to be used to meet the City's obligations to citizens and creditors. \$17,164,394 of net position consisted of investments in capital assets. The remainder of net position consisted of amounts restricted by state law or debt agreements, and totaled \$1,294,430.

The City's total net position increased by \$7,050,898 in fiscal year 2022.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$12,751,729. Of this amount, 48.5% or \$6,189,600 is unassigned and available for use within the City's designation and policies.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$6,189,600 or 142.61% of the total general fund amended budget expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's primary government financial statements. The City's primary government financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements

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

The Statement of Net Position presents information on all of the City's primary government assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information on showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods, such as uncollected property taxes and earned but unused compensated absence.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues ("governmental activities") from functions that are intended to recover all or a significant portion of their costs through user fees and charges ("business-type activities"). The governmental activities of the City include general government, public safety, public works, housing and development, interest, and culture and recreation. The business-type activities of the City include the City's Stormwater and Water Systems operations.

The government-wide financial statements can be found on pages 1 to 2 of this report.

Fund Financial Statements

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

Governmental Funds

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

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

The City maintains eight governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, SPLOST, URA Bond Fund, and Fiscal Recovery Fund. The General Fund, SPLOST Fund, URA Bond Fund, and Fiscal Recovery Fund are the only major funds.

The basic governmental fund financial statements can be found on pages 3 to 6 of this report.

Proprietary Fund

The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Stormwater and Water operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Stormwater and Water funds. The Water fund is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages 7 to 9 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10 to 41 of this report.

Other Information

In addition to the primary government financial statements and accompanying notes, this report also presents certain supplementary information. Supplementary information can be found on pages 42 to 53 of this report.

GOVERNMENTAL-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the City's primary government financial statements, assets exceeded liabilities by \$28,111,434 as of September 30, 2022 and by \$21,060,536 as of September 30, 2021.

The largest portion of the City’s net position reflects its investments in capital assets (such as land, buildings and improvements, furniture, machinery and equipment, computer equipment, and vehicles); less any related debt used in acquisition 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 from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF AUBURN, GEORGIA'S NET POSITION
September 30, 2022

(\$ In thousands)

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 12,972	\$ 16,060	\$ 3,965	\$ 2,316	\$ 16,937	\$ 18,376
Capital assets (net of depreciation)	18,896	13,470	10,564	7,456	29,460	20,926
TOTAL ASSETS	<u>31,868</u>	<u>29,530</u>	<u>14,529</u>	<u>9,772</u>	<u>46,397</u>	<u>39,302</u>
Total deferred outflows of resources	169	183	68	94	237	277
Liabilities:						
Long-term liabilities outstanding	12,571	13,097	4,692	3,843	17,263	16,940
Other liabilities	174	1,440	783	113	957	1,553
TOTAL LIABILITIES	<u>12,745</u>	<u>14,537</u>	<u>5,475</u>	<u>3,956</u>	<u>18,220</u>	<u>18,493</u>
Total deferred inflows of resources	238	15	65	11	303	26
Net position						
Net investment in capital assets	11,248	9,828	5,916	3,746	17,164	13,574
Restricted	1,294	9,908	-	-	1,294	9,908
Unrestricted	6,512	(4,575)	3,141	2,153	9,653	(2,422)
TOTAL NET POSITION	<u>\$ 19,054</u>	<u>\$ 15,161</u>	<u>\$ 9,057</u>	<u>\$ 5,899</u>	<u>\$ 28,111</u>	<u>\$ 21,060</u>

Table may not add due to rounding

An additional portion of the City’s net position, \$1,294 thousand, or approximately 4.60%, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position \$9,652,610, may be recovered in order to meet the government’s ongoing obligations to citizens and creditors.

Analysis of the City’s Operations

The following table provides a summary of the City’s operations for the years ended September 30, 2022 and September 30, 2021. Governmental activities increased the City’s net position by \$3,892,855 for the year ended September 30, 2022, and increased net position by \$2,480,774 for the year ended September 30, 2021. Business-type activities increased the City’s net position by \$3,158,043 for the year ended September 30, 2022, and increased the City’s net position by \$461,861 for the year ended September 30, 2021.

CITY OF AUBURN, GEORGIA'S CHANGES IN NET POSITION

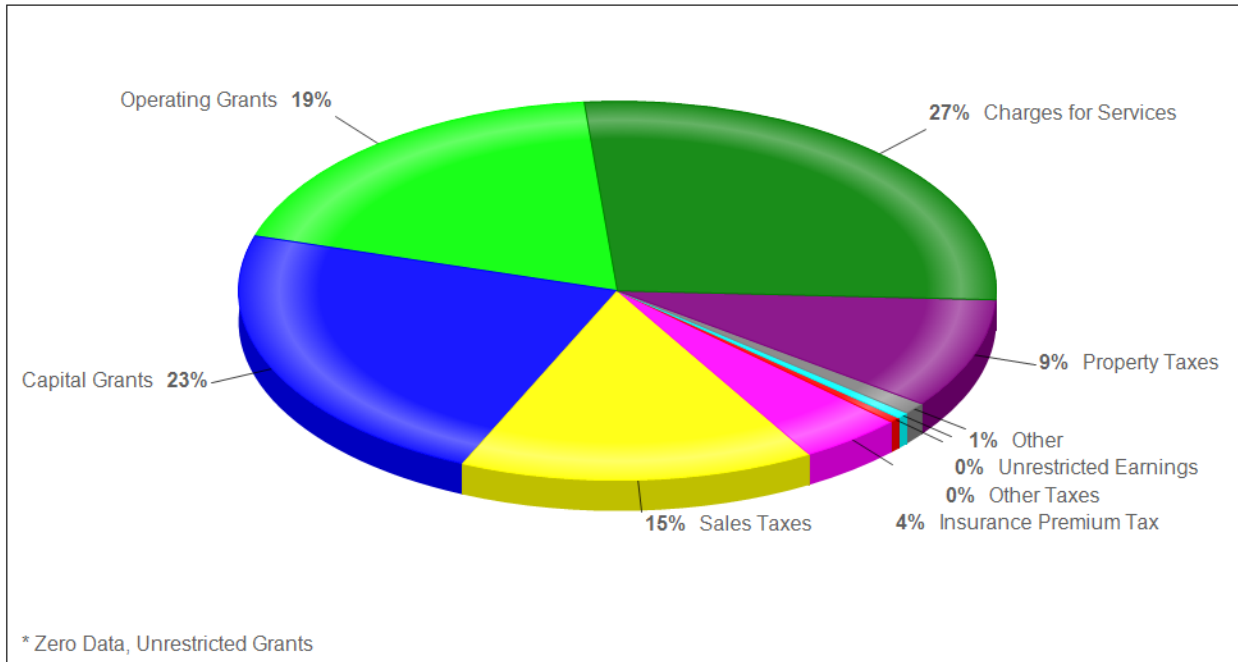
September 30, 2022

(\$ In thousands)

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
REVENUES	2022	2021	2022	2021	2022	2021
Program revenues:						
Charges for services	\$ 1,218	\$ 937	\$ 2,480	\$ 2,089	\$ 3,698	\$ 3,026
Operating grants and contributions	2,575	399	-	-	2,575	399
Capital grants and contributions	1,748	1,695	1,378	469	3,126	2,164
General Revenues:						
Property taxes	1,280	1,134	-	-	1,280	1,134
Sales taxes	2,061	1,751	-	-	2,061	1,751
Insurance premium tax	596	580	-	-	596	580
Franchise taxes	405	372	-	-	405	372
Alcohol beverage taxes	112	110	-	-	112	110
Real estate recording taxes	19	52	-	-	19	52
Other taxes	64	58	-	-	64	58
Unrestricted investment earnings	66	10	1	7	67	17
Other	136	38	-	-	136	38
TOTAL REVENUES	<u>10,280</u>	<u>7,136</u>	<u>3,859</u>	<u>2,565</u>	<u>14,139</u>	<u>9,701</u>
EXPENSES						
General Government	912	889	-	-	912	889
Judicial	98	95	-	-	98	95
Public safety	1,839	1,609	-	-	1,839	1,609
Public works	525	766	-	-	525	766
Health and welfare	9	1	-	-	9	1
Recreation and culture	534	446	-	-	534	446
Housing and development	376	359	-	-	376	359
Interest	312	629	-	-	312	629
Water utility	-	-	2,363	2,114	2,363	2,114
Stormwater utility	-	-	120	116	120	116
Revolving loan	-	-	-	-	-	-
TOTAL EXPENSES	<u>4,605</u>	<u>4,794</u>	<u>2,483</u>	<u>2,230</u>	<u>2,122</u>	<u>7,024</u>
Increases in net assets before transfers	5,675	2,342	1,376	938	7,051	3,280
Transfers	(2,245)	(397)	2,245	397	-	-
Increase in net position	3,430	1,945	3,621	1,335	7,051	3,280
Net position, beginning of year	15,161	13,216	5,899	4,564	21,060	17,780
Net position, end of year	<u>\$ 19,054</u>	<u>\$ 15,161</u>	<u>\$ 9,057</u>	<u>\$ 5,899</u>	<u>\$ 28,111</u>	<u>\$ 21,060</u>

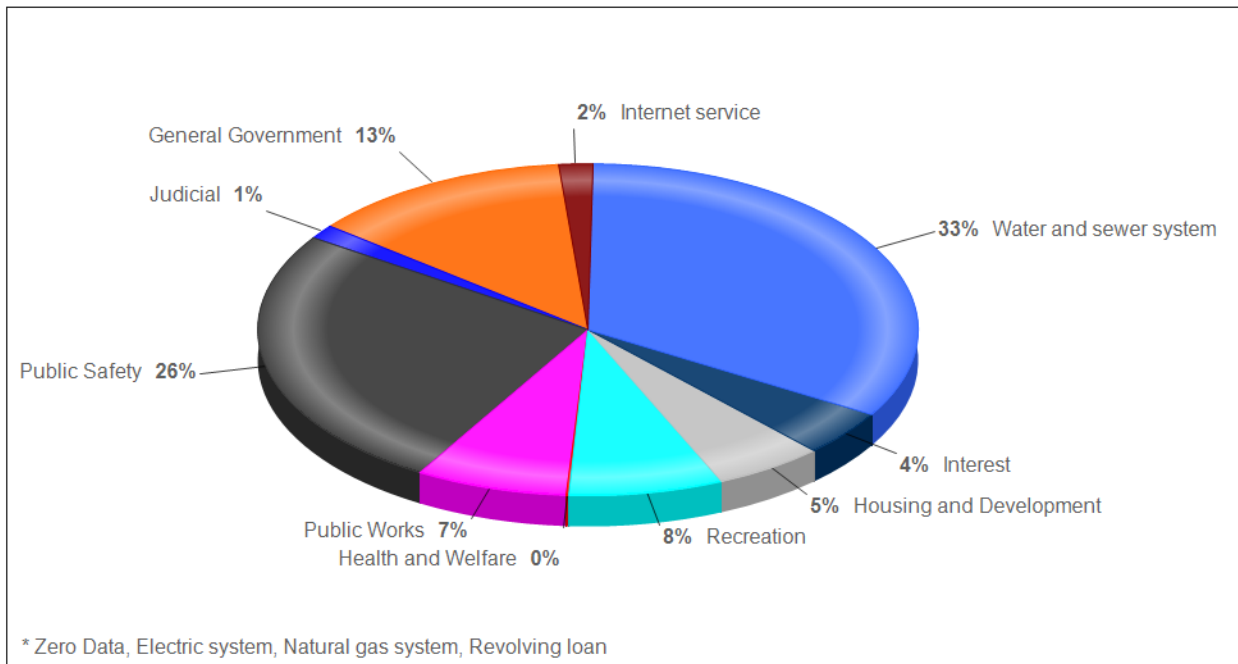
Total government-wide revenues for 2022 were \$14.14 million. These revenues consisted of \$4.00 million in taxes, \$5.70 million in grants and contributions, \$67 thousand in investment earnings and \$3.70 million in charges for services. Of this amount, \$1.2 million was in governmental activities and \$2.5 million in business-type activities.

REVENUES BY SOURCE-GOVERNMENT-WIDE ACTIVITY



Government-wide expenses were \$2.12 million for 2022, of which \$4.61 million were for governmental activities and \$2.48 million for business-type activities.

EXPENSES BY FUNCTION-GOVERNMENT-WIDE ACTIVITY



Note: Graph may not equal 100% due to rounding.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

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

The General Fund is the main fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$6,189,600, while total fund balance reached \$6,283,617. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the fund's total operational expenditures. Unassigned fund balance represents 153.19% of total expenditures, and transfers out, while total fund balance represents 155.52% of that same amount.

The General Fund's fund balance increased by \$1,620,967 during the current fiscal year. This is primarily a result of increased revenue generation due to population growth and intergovernmental COVID-19 assistance, as well as continued effort to control costs and manage expenditures.

SPLOST Funds

The SPLOST Capital Projects Fund accounts for funds received from a local 1% sales tax reserved for various capital projects. During the current fiscal year, the fund balance increased by \$660,861 in the SPLOST Fund. This is primarily a result of spending for approved projects, as well as supplemental project funding from other sources.

Fiscal Recovery Fund

The Fiscal Recovery Fund holds the funds from the federal government for the American Rescue Plan Act.

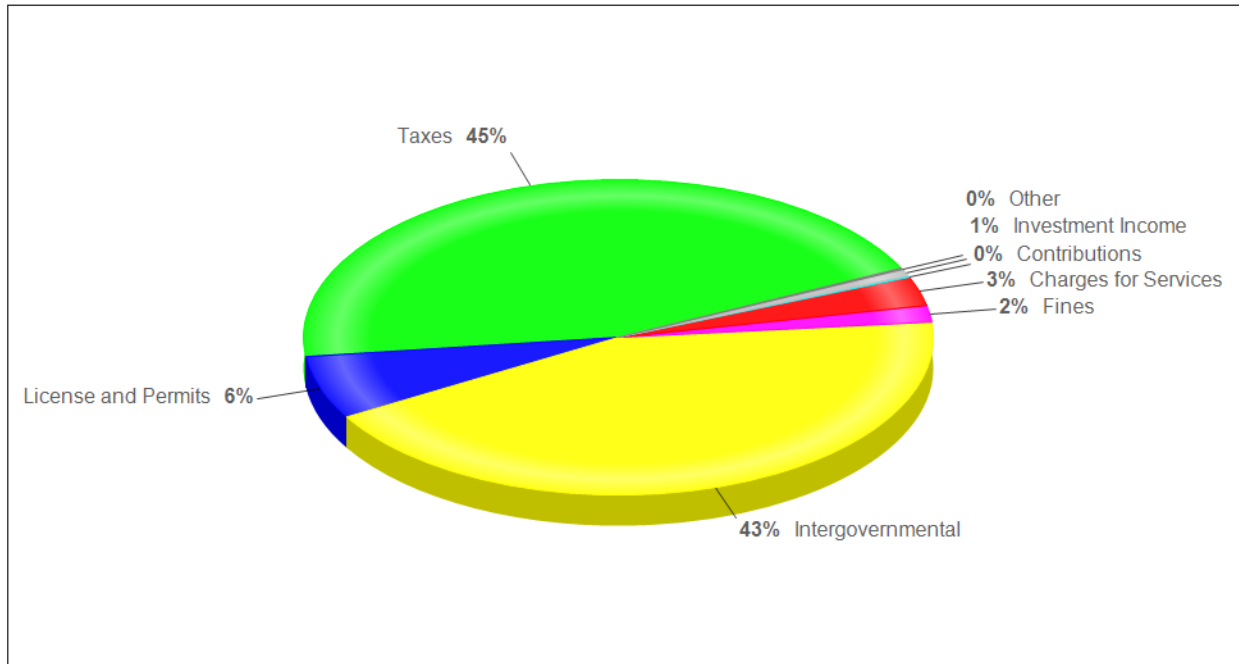
URA Bond Fund

The URA Bond Fund is the City's primary fund to pay debt obligations for the new government complex. During the current fiscal year, the fund balance decreased by \$4,100,217 in the URA Bond Fund due to monies used from prior years bond issuance.

Other Non-major Funds

The other non-major governmental funds' fund balances decreased by \$(1,055) during the current fiscal year. The decreases were mainly due to use of restricted funds for public safety purchases.

REVENUES BY SOURCE-GOVERNMENTAL FUNDS



Note: Graph may not equal 100% due to rounding.

Proprietary Funds

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

The Water Fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system, and billing and collection activities. This fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer system debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds. Unrestricted net position in the Water Fund was \$3,053,556. For the fiscal year ended 2022, the Water utility had an increase in net position of \$3,170,067, the majority of which can be attributed to capital contributions from URA and ARPA Funds. Additionally, Water taps fees were increased in fiscal year 2021, resulting in higher revenue from new developments.

The Stormwater Fund is used to account for the provision of stormwater services to the residents of the City. Activities of the fund include administration, operations and maintenance of the stormwater system. This fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for stormwater system debt. All costs are financed through charges to stormwater customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds. Unrestricted net position in the Stormwater Fund is \$87,067. In the current year, the Stormwater system had an decrease in net position of \$(12,024), which is primarily a result of supplemental funding from SPLOST for capital projects.

General Fund Budgetary Highlights

During the fiscal year, the City made minor revisions to the original appropriations approved by the City Council. These minor adjustments are common operating occurrences. Generally, budget amendments fall into one of the three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Capital assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2022, amounts to \$29,460,366, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, furniture, machinery and equipment, computer equipment, utility infrastructure, infrastructure assets, and vehicles.

The City has implemented all phases of GASB Statement No. 34. GASB Statement No. 34 requires the reporting and depreciation of all of the City's governmental capital assets.

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

The City spent \$5,507,819 on construction in progress.

The City spent \$110,155 on machinery and equipment.

The City spent \$139,101 on vehicles.

**CAPITAL ASSETS AT YEAR-END
NET OF ACCUMULATED DEPRECIATION - PRIMARY GOVERNMENT**

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 1,602,499	\$ 1,602,499	\$ 410,949	\$ 410,949	\$ 2,013,448	\$ 2,013,448
Construction in process	10,162,165	4,654,346	5,872,848	2,686,846	16,035,013	7,341,192
Building and improvements	3,041,305	3,041,305	-	-	3,041,305	3,041,305
Utility system infrastructure	-	-	5,866,282	5,866,282	5,866,282	5,866,282
Furniture, fixtures and equipment	-	-	-	-	-	-
Machinery and equipment	1,374,968	1,264,813	376,439	294,373	1,751,407	1,559,186
Computers and equipment	-	-	-	-	-	-
Infrastructure	5,689,756	5,689,756	-	-	5,689,756	5,689,756
Vehicles	1,198,184	1,059,083	647,410	584,410	1,845,594	1,643,493
Accumulated depreciation	(4,172,841)	(3,841,861)	(2,609,598)	(2,387,094)	(6,782,439)	(6,228,955)
Total	<u>\$ 18,896,036</u>	<u>\$ 13,469,941</u>	<u>\$ 10,564,330</u>	<u>\$ 7,455,766</u>	<u>\$ 29,460,366</u>	<u>\$ 20,925,707</u>

Additional information on the City's capital assets can be found in note 6 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City had \$16,917,979 in outstanding debt consisting of revenue bonds, capital leases and notes payable. All of the debt was secured by specific revenue sources or capital assets.

**CITY OF AUBURN, GEORGIA'S OUTSTANDING DEBT - PRIMARY GOVERNMENT
September 30, 2022**

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Capital leases payable	\$ 83,892	\$ 131,455	\$ 57,835	\$ 82,850	\$ 141,727	\$ 214,305
Notes from direct borrowings	-	-	4,589,933	3,627,264	4,589,933	3,627,264
Revenue & general obligation bonds	<u>12,186,319</u>	<u>12,498,594</u>	<u>-</u>	<u>-</u>	<u>12,186,319</u>	<u>12,498,594</u>
Total	<u>\$ 12,270,211</u>	<u>\$ 12,630,049</u>	<u>\$ 4,647,768</u>	<u>\$ 3,710,114</u>	<u>\$ 16,917,979</u>	<u>\$ 16,340,163</u>

The City's total debt (not including compensated absences and other long-term operating liabilities) increased by \$577,816, during the current fiscal year mostly attributable the issuance of notes from direct borrowings. Additional information on the City's long-term debt can be found in note 7.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The City of Auburn's unemployment rate of 2.9% is well below the State average. Auburn has seen the job market increase by 2.9% over the last year. Future job growth over the next ten years is predicted to be 49.3%.
- The City continues to grow with new residential development, street improvements, park construction/renovations, and various other projects.
- Property taxes and revenues from permits and fees are expected to attribute to the increase in budgeted revenue. The City will use these increases in revenues to finance programs currently in place.
- Budgeted expenditures in the General Fund are expected to rise approximately 2.5%. The largest increments are in employee compensation, including compensation and benefit adjustments.
- The City of Auburn was awarded a Water/Sewer Infrastructure Grant from the Governor's Office of Planning and Budget's (OPB) that will help fund capital projects beginning in fiscal year 2022.
- The City is not anticipating any increase in water rates for fiscal year 2023, other than the annual CPI-U change. Tap fees were increased for fiscal year 2022, and this will be used to avoid the need to raise any additional fees or charges. General operating expenses for business-type activities will increase by approximately 2.5% to cover increased personnel costs and increased costs of materials, supplies, and other operating expenses.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, customers, investors and creditors with general overview of the City's primary government finances. If you have questions about this report or need any additional information, contact Christy Case at 1369 4th Ave, Auburn, Ga 30011.

CITY OF AUBURN, GEORGIA
STATEMENT OF NET POSITION
September 30, 2022

PRIMARY GOVERNMENT

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash	\$ 9,240,324	\$ -	\$ 9,240,324
Investments	901,983	-	901,983
Receivables (net of allowance for uncollectibles)	847,122	627,508	1,474,630
Internal balances	(3,285,521)	3,285,521	-
Prepaid items	94,017	14,281	108,298
Restricted assets:			
Cash	5,173,682	-	5,173,682
Non-current assets:			
Net pension asset	-	37,655	37,655
Capital assets:			
Capital assets not being depreciated	11,764,664	6,283,797	18,048,461
Capital assets being depreciated	11,304,213	6,890,131	18,194,344
Less: accumulated depreciation	(4,172,841)	(2,609,598)	(6,782,439)
Capital assets, net of depreciation	<u>18,896,036</u>	<u>10,564,330</u>	<u>29,460,366</u>
TOTAL ASSETS	<u>31,867,643</u>	<u>14,529,295</u>	<u>46,396,938</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	169,321	67,953	237,274
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>169,321</u>	<u>67,953</u>	<u>237,274</u>
TOTAL ASSETS & DEFERRED OUTFLOWS	<u>32,036,964</u>	<u>14,597,248</u>	<u>46,634,212</u>
LIABILITIES			
Accounts payable	120,431	707,759	828,190
Other accrued items	47,482	75,599	123,081
Unearned revenue	2,408	-	2,408
Customer Deposits	3,300	-	3,300
Noncurrent liabilities:			
Due within one year:			
Compensated absences payable	64,216	17,626	81,842
Notes from direct borrowings	-	148,304	148,304
Financed purchases payable	27,993	22,974	50,967
General obligation bonds payable	320,720	-	320,720
Due in more than one year:			
Compensated absences payable	96,325	26,439	122,764
Notes from direct borrowings	-	4,441,628	4,441,628
Financed purchases payable	55,899	34,861	90,760
General obligation bonds payable	11,865,599	-	11,865,599
Net pension liability	139,856	-	139,856
TOTAL LIABILITIES	<u>12,744,229</u>	<u>5,475,190</u>	<u>18,219,419</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	238,487	64,872	303,359
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>238,487</u>	<u>64,872</u>	<u>303,359</u>
TOTAL LIABILITIES & DEFERRED INFLOWS	<u>12,982,716</u>	<u>5,540,062</u>	<u>18,522,778</u>
NET POSITION			
Net investment in capital assets	11,247,831	5,916,563	17,164,394
Restricted for:			
Capital outlay projects	1,286,560	-	1,286,560
Judicial programs	910	-	910
Public safety programs	6,853	-	6,853
Health and welfare programs	107	-	107
Unrestricted	6,511,987	3,140,623	9,652,610
TOTAL NET POSITION	<u>\$ 19,054,248</u>	<u>\$ 9,057,186</u>	<u>\$ 28,111,434</u>

The accompanying notes are an integral part of this statement.

CITY OF AUBURN, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2022

PROGRAM REVENUES.....			NET (EXPENSE) AND CHANGES IN NET POSITION.....		
				PRIMARY GOVERNMENT.....		
FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
PRIMARY GOVERNMENT							
GOVERNMENTAL ACTIVITIES							
General government	\$ 912,296	\$ 280,786	\$ -	\$ -	\$ (631,510)	\$ -	\$ (631,510)
Judicial	97,888	168,735	-	-	70,847	-	70,847
Public safety	1,839,352	12,301	2,563,690	-	736,639	-	736,639
Public works	524,834	5,055	255	1,749,455	1,229,931	-	1,229,931
Public health and welfare	8,825	-	8,825	-	-	-	-
Recreation and culture	534,467	86,039	-	-	(448,428)	-	(448,428)
Housing and development	376,685	664,782	1,950	-	290,047	-	290,047
Interest	311,578	-	-	-	(311,578)	-	(311,578)
Total Governmental Activities	<u>4,605,925</u>	<u>1,217,698</u>	<u>2,574,720</u>	<u>1,749,455</u>	<u>935,948</u>	<u>-</u>	<u>935,948</u>
BUSINESS-TYPE ACTIVITIES							
Water	2,361,451	2,371,567	-	1,377,500	-	1,387,616	1,387,616
Stormwater	120,491	108,467	-	-	-	(12,024)	(12,024)
Total Business-Type Activities	<u>2,481,942</u>	<u>2,480,034</u>	<u>-</u>	<u>1,377,500</u>	<u>-</u>	<u>1,375,592</u>	<u>1,387,616</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 7,087,867</u>	<u>\$ 3,697,732</u>	<u>\$ 2,574,720</u>	<u>\$ 3,126,955</u>	<u>935,948</u>	<u>1,375,592</u>	<u>2,323,564</u>
GENERAL REVENUES							
Property taxes					1,279,674	-	1,279,674
Sales taxes					2,061,497	-	2,061,497
Insurance premium taxes					595,653	-	595,653
Franchise taxes					405,265	-	405,265
Alcohol beverage taxes					111,925	-	111,925
Real estate recording taxes					18,755	-	18,755
Other taxes					64,328	-	64,328
Total taxes					<u>4,537,097</u>	<u>-</u>	<u>4,537,097</u>
Unrestricted investment earnings					65,143	833	65,976
Gain(Loss) on sale of capital assets					136,285	-	136,285
TRANSFERS					<u>(1,781,618)</u>	<u>1,781,618</u>	<u>-</u>
TOTAL GENERAL REVENUES AND TRANSFERS					<u>2,956,907</u>	<u>1,782,451</u>	<u>4,739,358</u>
CHANGES IN NET POSITION							
NET POSITION, Beginning					<u>3,892,855</u>	<u>3,158,043</u>	<u>7,050,898</u>
NET POSITION, Ending					<u>15,161,393</u>	<u>5,899,143</u>	<u>21,060,536</u>
NET POSITION, Ending					<u>\$ 19,054,248</u>	<u>\$ 9,057,186</u>	<u>\$ 28,111,434</u>

The accompanying notes are an integral part of this statement.

CITY OF AUBURN, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2022

	GENERAL	SPLOST	URA BOND FUND	FISCAL RECOVERY FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash	\$ 5,283,922	\$ 1,962,581	\$ -	\$ 1,983,015	\$ 10,806	\$ 9,240,324
Investments	901,983	-	-	-	-	901,983
Receivables (net of allowance for uncollectibles)	271,813	575,309	-	-	-	847,122
Interfund receivables	3,116,941	-	-	-	2,500	3,119,441
Prepaid items	94,017	-	-	-	-	94,017
Restricted assets:						
Cash	-	-	5,173,682	-	-	5,173,682
TOTAL ASSETS	<u>\$ 9,668,676</u>	<u>\$ 2,537,890</u>	<u>\$ 5,173,682</u>	<u>\$ 1,983,015</u>	<u>\$ 13,306</u>	<u>\$ 19,376,569</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ -	\$ 8,104	\$ -	\$ 112,328	\$ -	\$ 120,432
Other accrued items	47,482	-	-	-	-	47,482
Customer deposits	3,300	-	-	-	-	3,300
Interfund payables	3,288,021	1,243,226	-	1,870,687	3,028	6,404,962
Unearned revenue	-	-	-	-	2,408	2,408
TOTAL LIABILITIES	<u>3,338,803</u>	<u>1,251,330</u>	<u>-</u>	<u>1,983,015</u>	<u>5,436</u>	<u>6,578,584</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	46,256	-	-	-	-	46,256
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>46,256</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,256</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>3,385,059</u>	<u>1,251,330</u>	<u>-</u>	<u>1,983,015</u>	<u>5,436</u>	<u>6,624,840</u>
FUND BALANCES						
Nonspendable:						
Prepaid expenditure	94,017	-	-	-	-	94,017
Restricted:						
Debt service	-	-	5,173,682	-	-	5,173,682
Capital outlay projects	-	1,286,560	-	-	-	1,286,560
Judicial programs	-	-	-	-	910	910
Public safety programs	-	-	-	-	6,853	6,853
Health and welfare programs	-	-	-	-	107	107
Unassigned	6,189,600	-	-	-	-	6,189,600
TOTAL FUND BALANCES	<u>6,283,617</u>	<u>1,286,560</u>	<u>5,173,682</u>	<u>-</u>	<u>7,870</u>	<u>12,751,729</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 9,668,676</u>	<u>\$ 2,537,890</u>	<u>\$ 5,173,682</u>	<u>\$ 1,983,015</u>	<u>\$ 13,306</u>	<u>\$ 19,376,569</u>

The accompanying notes are an integral part of this statement.

CITY OF AUBURN, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF
NET POSITION
For the Year Ended September 30, 2022

Total Fund Balances for Governmental Funds (page 3)		\$ 12,751,729
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.		18,896,036
Revenues in the statement of activities that do not provide current financial resources are reported as unavailable revenues in the funds.		
Property Taxes	46,256	46,256
Some liabilities and deferred inflows, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(12,186,319)	
Compensated absences	(160,541)	
Financed purchases	(83,892)	
Net pension liability	(139,856)	
Net deferred inflows(outflows) - pension expense	(69,166)	(12,639,774)
Rounding		1
Total net position of governmental activities (page 1)		\$ 19,054,248

The accompanying notes are an integral part of this statement.

CITY OF AUBURN, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2022

	GENERAL	SPLOST	URA BOND FUND	FISCAL RECOVERY FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES						
Taxes	\$ 4,539,896	\$ -	\$ -	\$ -	\$ -	\$ 4,539,896
Licenses and permits	651,350	-	-	-	-	651,350
Intergovernmental	2,500	1,748,305	-	2,561,190	8,825	4,320,820
Fines and forfeitures	168,304	-	-	-	-	168,304
Charges for services	142,691	244,739	-	-	-	387,430
Contributions and donations	1,950	-	-	-	-	1,950
Investment income	7,873	1,150	56,362	1,149	12	66,546
Miscellaneous	10,615	-	-	-	-	10,615
TOTAL REVENUES	<u>5,525,179</u>	<u>1,994,194</u>	<u>56,362</u>	<u>2,562,339</u>	<u>8,837</u>	<u>10,146,911</u>
EXPENDITURES						
Current Expenditures						
General government	861,236	-	-	800	-	862,036
Judicial	93,373	-	-	-	-	93,373
Public safety	1,649,010	-	-	51,439	1,068	1,701,517
Public works	378,793	4,496	-	-	-	383,289
Public health and welfare	-	-	-	-	8,824	8,824
Culture and Recreation	323,322	1,610	-	-	-	324,932
Housing and development	372,591	-	-	-	-	372,591
Intergovernmental	145,970	-	-	-	-	145,970
Capital outlay	189,956	4,417,262	-	1,149,856	-	5,757,074
Debt service						
Principal	25,278	227,285	-	-	-	252,563
Interest	968	417,885	-	-	-	418,853
TOTAL EXPENDITURES	<u>4,040,497</u>	<u>5,068,538</u>	<u>-</u>	<u>1,202,095</u>	<u>9,892</u>	<u>10,321,022</u>
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	<u>1,484,682</u>	<u>(3,074,344)</u>	<u>56,362</u>	<u>1,360,244</u>	<u>(1,055)</u>	<u>(174,111)</u>
OTHER FINANCING SOURCES (USES)						
Sale of county property	136,285	-	-	-	-	136,285
Transfers in	-	4,156,579	-	-	-	4,156,579
Transfers out	-	(421,374)	(4,156,579)	(1,360,244)	-	(5,938,197)
TOTAL OTHER FINANCING SOURCES (USES)	<u>136,285</u>	<u>3,735,205</u>	<u>(4,156,579)</u>	<u>(1,360,244)</u>	<u>-</u>	<u>(1,645,333)</u>
NET CHANGE IN FUND BALANCES	<u>1,620,967</u>	<u>660,861</u>	<u>(4,100,217)</u>	<u>-</u>	<u>(1,055)</u>	<u>(1,819,444)</u>
FUND BALANCES, Beginning of year	<u>4,662,650</u>	<u>625,699</u>	<u>9,273,899</u>	<u>-</u>	<u>8,925</u>	<u>14,571,173</u>
FUND BALANCES, End of year	<u>\$ 6,283,617</u>	<u>\$ 1,286,560</u>	<u>\$ 5,173,682</u>	<u>\$ -</u>	<u>\$ 7,870</u>	<u>\$ 12,751,729</u>

The accompanying notes are an integral part of this statement.

CITY OF AUBURN, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2022

Net change in fund balances (page 5) \$ (1,819,444)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital outlays	5,757,074	
Depreciation expense	(330,980)	
	<u>5,426,094</u>	5,426,094

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	29,839	
	<u>29,839</u>	29,839

Revenues reported in the funds that relate to prior years are not reported as revenue in the statement of activities.

Property taxes	(32,638)	
	<u>(32,638)</u>	(32,638)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, where as these amounts are deferred and amortized in the statement of activities. This adjustment combines the net change of two balances.

Principal payments on long-term debt	252,563	
Amortization of bond premium, discounts and refunding	107,275	
	<u>359,838</u>	359,838

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences, current year	(160,541)	
Compensated absences, prior year	136,266	
Net pension liability, current year	(139,856)	
Net pension liability, prior year	330,587	
Deferred inflows, current year	(238,487)	
Deferred inflows, prior year	15,161	
	<u>(56,870)</u>	(56,870)

Contributions made after pension measurement date are reported in deferred outflows.

Beginning of year	(183,286)	
End of year	169,321	
	<u>(13,965)</u>	(13,965)

Rounding		<u>1</u>
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Changes in net position of governmental activities (page 2) **\$ 3,892,855**

The accompanying notes are an integral part of this statement.

CITY OF AUBURN, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2022

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS		
	WATER FUND	NON-MAJOR STORMWATER FUND	TOTAL
ASSETS			
Current Assets			
Receivables (net of allowance for uncollectibles)	\$ 626,816	\$ 692	\$ 627,508
Interfund receivables	3,199,647	85,874	3,285,521
Prepaid items	9,971	4,310	14,281
TOTAL CURRENT ASSETS	<u>3,836,434</u>	<u>90,876</u>	<u>3,927,310</u>
Noncurrent Assets			
Net pension asset	37,655	-	37,655
Capital assets			
Capital assets not being depreciated	6,283,797	-	6,283,797
Capital assets being depreciated	6,655,366	234,765	6,890,131
Less: accumulated depreciation	<u>(2,586,331)</u>	<u>(23,267)</u>	<u>(2,609,598)</u>
TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)	<u>10,352,832</u>	<u>211,498</u>	<u>10,564,330</u>
TOTAL NONCURRENT ASSETS	<u>10,390,487</u>	<u>211,498</u>	<u>10,601,985</u>
TOTAL ASSETS	<u>14,226,921</u>	<u>302,374</u>	<u>14,529,295</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	67,953	-	67,953
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>67,953</u>	<u>-</u>	<u>67,953</u>
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	<u>14,294,874</u>	<u>302,374</u>	<u>14,597,248</u>
LIABILITIES			
Current Liabilities			
Accounts payable	707,759	-	707,759
Other accrued items	74,600	999	75,599
Compensated absences payable	16,502	1,124	17,626
Notes from direct borrowings	148,304	-	148,304
Financed purchases payable	22,974	-	22,974
TOTAL CURRENT LIABILITIES	<u>970,139</u>	<u>2,123</u>	<u>972,262</u>
Noncurrent Liabilities			
Compensated absences payable	24,753	1,686	26,439
Notes from direct borrowings	4,441,628	-	4,441,628
Financed purchases payable	34,861	-	34,861
TOTAL NONCURRENT LIABILITIES	<u>4,501,242</u>	<u>1,686</u>	<u>4,502,928</u>
TOTAL LIABILITIES	<u>5,471,381</u>	<u>3,809</u>	<u>5,475,190</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	64,872	-	64,872
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>64,872</u>	<u>-</u>	<u>64,872</u>
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	<u>5,536,253</u>	<u>3,809</u>	<u>5,540,062</u>
NET POSITION			
Net investment in capital assets	5,705,065	211,498	5,916,563
Unrestricted	3,053,556	87,067	3,140,623
TOTAL NET POSITION	<u>\$ 8,758,621</u>	<u>\$ 298,565</u>	<u>\$ 9,057,186</u>

The accompanying notes are an integral part of this statement.

CITY OF AUBURN, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2022

BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS			
	WATER FUND	NON-MAJOR STORMWATER FUND	TOTAL
OPERATING REVENUES			
Charges for sales and services:			
Charges for services	\$ 2,043,005	\$ 108,467	\$ 2,151,472
Other operating revenue			
Sewer sales	227,523	-	227,523
Other	90,889	-	90,889
Miscellaneous Income	10,150	-	10,150
Total Operating Revenues	<u>2,371,567</u>	<u>108,467</u>	<u>2,480,034</u>
OPERATING EXPENSES			
Salaries and benefits	563,087	81,530	644,617
Supplies	142,008	-	142,008
Other services and charges	238,202	34,469	272,671
Depreciation	218,012	4,492	222,504
Repairs and maintenance	34,740	-	34,740
Utilities	12,883	-	12,883
Water purchases	1,073,016	-	1,073,016
Total Operating Expenses	<u>2,281,948</u>	<u>120,491</u>	<u>2,402,439</u>
OPERATING INCOME	<u>89,619</u>	<u>(12,024)</u>	<u>77,595</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	833	-	833
Interest expense	(79,503)	-	(79,503)
Total Nonoperating Revenues (Expenses)	<u>(78,670)</u>	<u>-</u>	<u>(78,670)</u>
INCOME (LOSS) BEFORE TRANSFERS	10,949	(12,024)	(1,075)
Tap fees in excess of cost - water	1,377,500	-	1,377,500
Transfer in	1,781,618	-	1,781,618
CHANGE IN NET POSITION	<u>3,170,067</u>	<u>(12,024)</u>	<u>3,158,043</u>
TOTAL NET POSITION, Beginning of year	<u>5,588,554</u>	<u>310,589</u>	<u>5,899,143</u>
TOTAL NET POSITION, End of year	<u>\$ 8,758,621</u>	<u>\$ 298,565</u>	<u>\$ 9,057,186</u>

The accompanying notes are an integral part of this statement.

CITY OF AUBURN, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2022

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS		
	WATER FUND	NON-MAJOR STORMWATER FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customer	\$ 1,928,998	\$ 107,984	\$ 2,036,982
Payments to suppliers	(2,022,325)	(27,994)	(2,050,319)
Payments to employees	<u>(593,707)</u>	<u>(79,990)</u>	<u>(673,697)</u>
Net cash provided by (used in) operating activities	<u>(687,034)</u>	<u>-</u>	<u>(687,034)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(3,331,068)	-	(3,331,068)
Tap fees in excess of costs	1,377,500	-	1,377,500
Transfers in/out	1,781,618	-	1,781,618
Proceeds from the issuance of debt	1,104,881	-	1,104,881
Principal payments on debt	(167,229)	-	(167,229)
Interest paid	<u>(79,503)</u>	<u>-</u>	<u>(79,503)</u>
Net cash provided by (used in) capital and related financing activities	<u>686,199</u>	<u>-</u>	<u>686,199</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings	<u>835</u>	<u>-</u>	<u>835</u>
Net cash provided by (used in) investing activities	<u>835</u>	<u>-</u>	<u>835</u>
Net increase (decrease) in cash and cash equivalents	-	-	-
CASH, Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
CASH, End of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 89,619	\$ (12,024)	\$ 77,595
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	218,012	4,492	222,504
(Increase) decrease in:			
Accounts receivable	(442,569)	(483)	(443,052)
Deferred outflows for pension	25,622	-	25,622
Prepaid expenses	(1,403)	(372)	(1,775)
Increase (decrease) in:			
Accounts payable	652,880	-	652,880
Compensated absences	5,564	1,202	6,766
Customer deposits	13,946	-	13,946
Net pension liability	(133,670)	-	(133,670)
Other accrued items	3,672	338	4,010
Deferred inflows for pension	54,246	-	54,246
Interfund balances	<u>(1,172,953)</u>	<u>6,847</u>	<u>(1,166,106)</u>
Net cash provided by (used in) operating activities	<u><u>\$ (687,034)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (687,034)</u></u>

The accompanying notes are an integral part of this statement.

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Auburn (the "City") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

(A) REPORTING ENTITY

The reporting entity consists of the following:

- The primary government;
- Organizations for which the primary government is financially accountable;

For financial reporting purposes, management has considered all potential component units. The decision whether to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP.

The City is financially accountable if it appoints a voting majority of the organization's governing board and (1) is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit or to impose a specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. Blended component units, although legally separate entities, are, in substance, part of the City's operation, and accordingly, data from these units are combined with data of the City. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City. The City has no component units that meet the criteria for component units requiring discrete presentation in the primary governmental financial reporting entity.

Brief description of the blended component unit follows:

DOWNTOWN DEVELOPMENT AUTHORITY - The Downtown Development Authority ("DDA") is governed by a board appointed by the City Council and Mayor. The DDA was created for the purpose of administering activities with regard to the revitalization and promotion of downtown Auburn. The DDA provides community promotions, streetscape maintenance, downtown beautification, and building oversight and maintenance for the City owned cultural center. The DDA is required to submit a budget to the City Council for approval. The City Council determines a monthly

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

allocation that it pays to the DDA for its operations. The City also pays the salary and some other expenses related to downtown development. The DDA is a component unit of the City.

(B) GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and any component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from a legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

(C) MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property taxes as available if they are collected within 60 days of the end of the current fiscal year for which they are levied. Other revenues susceptible to accrual are considered available if they are collected within 90 days of the end of the current fiscal period for which they are imposed with the exception of federal and state grant revenue, which has a 12 month availability period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales tax, franchise taxes, licenses, charges for services, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

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

The *SPLOST Fund* accounts for funds received from a local 1% sales tax reserved for construction of various capital projects.

The *URA Bond Fund* is the City's capital project fund to pay debt obligations for construction of the new government complex.

The *Fiscal Recovery Fund* accounts for funds received from the federal American Rescue Plan Act for economic relief.

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

The City reports the following major proprietary funds:

The *Water Fund* is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. This fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer system debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are interfund services provided and used are not eliminated in the process of consolidation. Elimination of these charges would distort the direct costs and program revenues for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses for enterprise 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.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

(D) ASSETS, LIABILITIES AND NET POSITION OR EQUITY

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposits that are not restricted, and short-term investments with original maturities of three months or less from the date of acquisition.

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

Investments are recorded as fair value based on quoted market prices as of the balance sheet date. Increases or decreases in fair value during the year are recognized as part of investment income.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “interfund receivables/payables” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “interfund receivables/payables.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance of uncollectibles.

Property taxes attach as an enforceable lien on property as of July 31. Taxes are normally levied by December 20th of each year. The 2021 property taxes were levied November 30, 2021, and were due February 6, 2022. The taxes are subject to lien after February 6, 2023. Interest and penalties are assessed on taxes not paid by this date. The City receives property tax assessments from both Barrow and Gwinnett Counties.

The City’s property taxes were levied on the assessed values of all real and personal property including mobile homes and motor vehicles located in the City.

The City's tax levy is recognized as revenue when levied and uncollected taxes are recorded as unavailable revenue in the general fund.

Inventories and Prepaid Items

Inventories, consisting of expendable supplies, not held for resale are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The costs of governmental fund-type prepaids are recorded as expenditures when consumed rather than when purchased.

Restricted Assets

Certain restricted deposits and investments may be held by the General Fund and URA Bond Fund. These funds are held in cash and/or investments as allowed by State law and the requirements of the related debt agreements. The investments are stated at fair value and the City records all investment revenue earned on these investments in the appropriate fund.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, culverts, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of five years or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value, or the appraised value at the time of the donation. Roads, bridges, and culverts acquired prior to July 1, 2004 have not been reported.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the assets constructed. Interest was not capitalized during 2022.

Property, plant, and equipment are depreciated using the straight line method over the following estimated useful lives:

Buildings & Improvements	20-50 years
Infrastructure - Distribution Systems	50 years
Machinery and equipment	5-7 years
Vehicles	3-5 years

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 has only one type of item that qualifies for reporting in this category. The deferred charge in pension expense represents contributions made into the defined benefit pension plan after the measurement date. These contributions will be recognized as pension expense in the next fiscal year.

In addition to liabilities, the statement of financial position 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 a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items that qualify for reporting in this category. These two items consist of unavailable revenue and deferred inflows related to pension expense. Unavailable revenue only arises under the modified accrual basis of accounting and is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. The deferred inflows related to pension expense represent differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability and changes of assumptions about future economic or demographic factors or of other inputs. These deferred inflows will be recognized in pension expense using a systematic and rational method over a closed five-year period, beginning with the current reporting period.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The maximum vacation accrual is limited to sixty (60) days. In accordance with the provisions of Statement of Governmental Accounting Standards No. 16, "Accounting for Compensated Absences," no liability is reported for unpaid accumulated sick leave because the benefits are paid only upon illness of an employee, and the amount of such payments cannot be reasonably estimated. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund type statement of net position. Debt issuance costs are included in their entirety in expenditures/expenses in the year they are incurred.

Bond Premiums and Discounts

Premiums and discount are deferred and amortized over the lives of the bonds and loans on a straight-line basis, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Fund Equity/Net Position

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund balance - Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable - Fund balances are reported as nonspendable when the amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash like inventories and prepaid items) or (b) legally or contractually required to be maintained intact.

Restricted - Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Committed - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution prior to the end of the fiscal year. In order to modify or rescind the commitment, the the City Council must adopt another resolution.

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

Assigned - Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City Administrator to assign fund balances.

Unassigned - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all other governmental funds.

Net Position - Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt used for the acquisition, construction, or improvement of those assets. In determining the outstanding balance of any borrowing, proceeds of that debt which has not been spent is deducted. Accounts payable for costs related to acquisition, construction, or improvement of those capital assets is considered debt for this calculation. Net position is reported as restricted as described in the fund balance section above. All other net position is reported as unrestricted.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then committed, assigned, and unassigned (or unrestricted) resources as they are needed.

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

Net Investment in Capital Assets

The "net investment in capital assets" reported on the government-wide statement of net position as of September 30, 2022 are as follows:

	Governmental Activities	Business-Type Activities
Net investment in capital assets:		
Cost of capital assets	\$ 23,068,877	\$ 13,173,928
Accumulated depreciation	(4,172,841)	(2,609,598)
Net book value	18,896,036	10,564,330
Financed purchases related to capital assets	(83,892)	(57,835)
Accounts payable related to capital assets	(551,676)	-
General obligation bonds related to capital assets	(12,186,319)	-
Unspent bond proceeds	5,173,682	-
Notes from direct borrowings related to capital assets	-	(4,589,932)
Net investment in capital assets	\$ 11,247,831	\$ 5,916,563

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Allocation of Indirect Cost

The City allocates indirect costs for general government services, such as finance, personnel, purchasing, legal, technology, management, etc., to its business-type activities. Allocations are charged to programs based on use of general government services determined by various allocation methodologies. These charges are separately reported in the statement of activities.

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 2 - FUND BALANCE/NET POSITION

The government-wide statement of net position reports \$1,294,430 of restricted net position, of which \$1,286,560 is restricted by enabling legislation.

Additional details related to fund balances at the governmental fund level are presented below:

Restricted:

URA Fund

Debt service - For unspent funds from bond issues and funds paid into bond sinking funds for future debt payments restricted by creditors. \$ 5,173,682

SPLOST Fund

SPLOST - For funds received from the imposition of the Special Purpose Local Option Sales Tax (SPLOST) restricted by the voter approved referendum. 1,286,560

Nonmajor Funds

Judicial programs -

DOJ Asset Forfeiture Fund - For funds restricted for judicial programs from confiscations. 910

Public Safety programs -

Police Confiscation Fund - For monies restricted for public safety purposes. 5,956

DOT Asset Forfeiture Fund - For funds restricted for public safety from confiscations. 897

Health and Welfare programs -

Health Promotion Grant Fund - For funds restricted for health programs. 107

Total Nonmajor Fund Restrictions 7,870

Total Restricted Fund Balance \$ 6,468,112

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

(A) BUDGETARY INFORMATION

Annual appropriated budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, and all Debt Service Fund and Special Revenue Funds. Project-length budgets are adopted for capital projects funds. Budgets for planning and management purposes only are adopted for the Proprietary (Enterprise) Funds on a GAAP basis, except that long-term debt borrowings are budgeted as revenues and depreciation expense is not budgeted. Budget amounts are as originally adopted, or as amended by the Mayor and City Council. Some individual revisions were material in relation to the original appropriations.

Budgeting Policy

The City prepares annual budgets based on anticipated revenues and appropriated expenditures. Public hearings are conducted to obtain taxpayer comments. Prior to September 30 of each year, the budget is legally enacted by passage of an ordinance for the City's operating funds. Amendments to the budget must be approved by the City Council. Budgets of the General, Capital Project, Special Revenue, and Proprietary Funds are adopted in a basis consistent with generally accepted accounting principles (GAAP).

Basis for Budgeting

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personal services and benefits, purchased/contracted services, supplies, other, and capital outlay. The legal level of budgetary control is the department level. Budget revisions at this level are subject to review and approval by the City Council. Within these control levels, management may transfer appropriations without Council approval. Revisions to the budget were made throughout the year. All unexpended annual appropriations lapse at year end.

Encumbrances

Encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the General, Special Revenue, or Proprietary Funds. The City of Auburn has no recorded encumbrances at September 30, 2022.

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

(B) EXCESS OF REVENUES AND EXPENDITURES OVER APPROPRIATIONS

There are no excesses of expenditures over appropriations at the department level (the legal level of control).

(C) DEFICIT FUND EQUITY

At September 30, 2022, no funds had deficit fund equity.

NOTE 4 - DEPOSITS AND INVESTMENTS

As of September 30, 2022, the City had the following investments, some of which are cash equivalents:

Investment Type	<u>INVESTMENT MATURITIES (in Years)</u>			Rating (1)
	Fair Market Value Level 1	Less Than 1	1-5	
Certificate of Deposit	\$ 901,983	\$ 901,983	\$ -	N/A
Total	<u>\$ 901,983</u>	<u>\$ 901,983</u>	<u>\$ -</u>	
Maximum Investment		100.00%	0.00%	

1. Moody's

Cash per Statement of Net Position (page 1)	
Cash	\$ 9,240,324
Restricted cash	<u>5,173,682</u>
Total Cash and Restricted Cash	<u>\$ 14,414,006</u>

Investments per Statement of Net Position (page 1)	
Investments	\$ 901,983
Restricted Investments	<u>-</u>
Investments as listed above	<u>\$ 901,983</u>

Interest rate risk. Interest rate risk is the risk that changes in interest rates may adversely affect an investment's fair value. Since the price of a bond fluctuates with market interest rates, the risk that an investor faces is that the price of a bond held in a portfolio will decline if market interest rates rise. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

Credit Risk. State statutes authorize the government to invest in obligations of the U.S. Treasury and of its agencies and instrumentalities; bonds or certificates of indebtedness of this state and of its agencies and instrumentalities; certificates of deposits of banks insured by FDIC; the State of Georgia Local Government Investment Pool; repurchase agreements; bonds, debentures, notes or other evidence of indebtedness of any solvent corporation subject to certain conditions. The City has no investment policy that would further limit its investment choices. At September 30, 2022, the ratings of its investments are shown above.

Concentration of credit risk. The City places no limit on the amount it may invest in any one issuer.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has no policy on custodial credit risk.

Custodial credit risk - deposits. In case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City may exceed the FDIC insured limit in making deposits in commercial banks and savings and loans institutions, if the funds are otherwise adequately secured. As of September 30, 2022, all of the City's deposits were insured or were adequately collateralized with securities held by the pledging financial institution's name.

As of September 30, 2022, the City's bank balance of \$10,720,720 was adequately collateralized with securities held by the pledging financial institution's name.

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

Depositories may secure deposits of public funds using the dedicated method or the pooled method as described below:

Under the *dedicated method*, a depository shall secure the deposits of each of its public depositors separately. State statutes require collateral pledged in the amount of 110% of deposits.

Under the *pooled method*, a depository shall secure deposits of public bodies which have deposits with it through a pool of collateral established by the depository with a custodian for the benefit of public bodies having deposits with such depository as set forth in code Section 45-8-13.1. State statutes require collateral pledged in the amount of 110% of deposits under the single bank pooled method or at least 100% of amounts greater than 20% of the daily pool balance held by any one covered depository under the multibank pooled method.

The City utilized both methods to secure deposits of public funds.

NOTE 5 - RECEIVABLES

Receivables as of year-end for the City’s individual major funds and enterprise funds are summarized below:

	<u>General Fund</u>	<u>SPLOST Fund</u>	<u>Water Fund</u>	<u>Stormwater Fund</u>
Receivables:				
Property Taxes	\$ 52,581	\$ -	\$ -	\$ -
Accounts	29,881	118,963	947,916	12,318
Intergovernmental	190,466	456,346	-	-
Total Gross Receivables	<u>272,928</u>	<u>575,309</u>	<u>947,916</u>	<u>12,318</u>
Less: Allowance for				
Uncollectibles	<u>(1,115)</u>	<u>-</u>	<u>(321,100)</u>	<u>(11,626)</u>
Total Net Receivables	<u><u>\$ 271,813</u></u>	<u><u>\$ 575,309</u></u>	<u><u>\$ 626,816</u></u>	<u><u>\$ 692</u></u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes (General Fund)	\$ 46,256	\$ -
Health and Wellness Grant prior to meeting eligibility requirements (Other Non-Major Funds)	-	2,408
Total unavailable/ unearned revenue for governmental funds	<u>\$ 46,256</u>	<u>\$ 2,408</u>

Property taxes receivable at September 30, 2022, consist of the following:

<u>Digest Year</u>	<u>General Fund</u>
2021	\$ 20,929
2020	4,911
2019	3,187
2018	4,547
2017	2,640
2016	5,041
2015	832
2014	639
2013	497
2012	718
2011	1,007
2010	1,098
2009	1,633
2008 & prior	4,902
Total	<u>\$ 52,581</u>

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 6 - CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirement</u>	<u>Transfer</u>	<u>Ending Balance</u>
Governmental Activities:					
Non-Depreciable Assets:					
Land and land improvements	\$ 1,602,499	\$ -	\$ -	\$ -	\$ 1,602,499
Construction in progress	4,654,346	5,507,819	-	-	10,162,165
Total non-depreciable capital assets	<u>6,256,845</u>	<u>5,507,819</u>	<u>-</u>	<u>-</u>	<u>11,764,664</u>
Depreciable Assets:					
Buildings and improvements	3,041,305	-	-	-	3,041,305
Machinery and equipment	1,264,813	110,155	-	-	1,374,968
Vehicles	1,059,083	139,101	-	-	1,198,184
Infrastructure	<u>5,689,756</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,689,756</u>
Total depreciable capital assets	<u>11,054,957</u>	<u>249,256</u>	<u>-</u>	<u>-</u>	<u>11,304,213</u>
Less Accumulated Depreciation for:					
Buildings and improvements	(666,454)	(65,157)	-	-	(731,611)
Machinery and equipment	(1,176,343)	(48,814)	-	-	(1,225,157)
Vehicles	(779,788)	(103,214)	-	-	(883,002)
Infrastructure	<u>(1,219,276)</u>	<u>(113,795)</u>	<u>-</u>	<u>-</u>	<u>(1,333,071)</u>
Total accumulated depreciation	<u>(3,841,861)</u>	<u>(330,980)</u>	<u>-</u>	<u>-</u>	<u>(4,172,841)</u>
Total depreciable capital assets, net	<u>7,213,096</u>	<u>(81,724)</u>	<u>-</u>	<u>-</u>	<u>7,131,372</u>
Governmental activities capital assets, net	<u>\$ 13,469,941</u>	<u>\$ 5,426,095</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,896,036</u>

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

Additions to governmental activities capital assets for fiscal year ending September 30, 2022 consist of the following:

Capital Outlay	\$	<u>5,757,075</u>
Total Additions	\$	<u><u>5,757,075</u></u>
Non-depreciable capital assets additions	\$	5,507,819
Depreciable capital assets additions		<u>249,256</u>
Total Additions	\$	<u><u>5,757,075</u></u>

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

Governmental Activities:		
General Government	\$	47,143
Judicial		300
Public Safety		90,878
Public Works		133,205
Culture and Recreation		<u>59,454</u>
Total depreciation expense: Governmental Activities	\$	<u><u>330,980</u></u>

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

Capital asset activity for business-type funds for the year ended September 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirement</u>	<u>Transfer</u>	<u>Ending Balance</u>
Business-type Activities:					
Non-Depreciable Assets:					
Land and land improvements	\$ 410,949	\$ -	\$ -	\$ -	\$ 410,949
Construction in progress	<u>2,686,846</u>	<u>3,186,002</u>	<u>-</u>	<u>-</u>	<u>5,872,848</u>
Total non-depreciable capital assets	<u>3,097,795</u>	<u>3,186,002</u>	<u>-</u>	<u>-</u>	<u>6,283,797</u>
Depreciable Assets:					
Distribution systems	5,866,282	-	-	-	5,866,282
Machinery and equipment	294,373	82,066	-	-	376,439
Vehicles	<u>584,410</u>	<u>63,000</u>	<u>-</u>	<u>-</u>	<u>647,410</u>
Total depreciable capital assets	<u>6,745,065</u>	<u>145,066</u>	<u>-</u>	<u>-</u>	<u>6,890,131</u>
Less Accumulated Depreciation for:					
Distribution Systems	(1,824,436)	(145,026)	-	-	(1,969,462)
Machinery and equipment	(186,710)	(22,286)	-	-	(208,996)
Vehicles	<u>(375,948)</u>	<u>(55,192)</u>	<u>-</u>	<u>-</u>	<u>(431,140)</u>
Total accumulated depreciation	<u>(2,387,094)</u>	<u>(222,504)</u>	<u>-</u>	<u>-</u>	<u>(2,609,598)</u>
Total depreciable capital assets, net	<u>4,357,971</u>	<u>(77,438)</u>	<u>-</u>	<u>-</u>	<u>4,280,533</u>
Business-type activities capital assets, net	<u>\$ 7,455,766</u>	<u>\$3,108,564</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$10,564,330</u>

Depreciation expense was charged to business-type functions as follows:

Business-type Activities:	
Water	\$ 218,012
Stormwater	<u>4,492</u>
Total depreciation expense: Business-type Activities	<u>\$ 222,504</u>

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

The City has authorized construction projects. The remaining costs are split between the portion of the contracts that have been entered into for which the work had not been done prior to September 30, 2022, and the remainder of the authorized project expenditures for which contracts have not been entered into as of year end. The source of financing for the remaining project cost is noted below:

	<u>Project Authorization</u>	<u>Expended To Date</u>	<u>Contracts in Progress</u>	<u>Authorized Not Obligated</u>	<u>Source</u>
Governmental Activities:					
Municipal Complex	\$ 14,435,555	\$ 10,162,165	\$ 4,273,390	\$ -	SPLOST/ URA Bonds
20 Countyline Road (Children's Park)	100,000	-	34,088	65,912	SPLOST/ ARPA
Court Complex	2,485,283	-	13,800	2,471,483	SPLOST
Athletic Ball Fields - Parks Mill	250,000	-	161,927	88,073	SPLOST
Total Governmental Activities	<u>\$ 17,270,838</u>	<u>\$ 10,162,165</u>	<u>\$ 4,483,205</u>	<u>\$ 2,625,468</u>	
Business-type Activities					
Water Reservoir	\$ 7,894,100	\$ 3,191,182	\$ 4,702,918	\$ -	GEFA Construction Loan
County Line/Carter Road (Stormwater)	2,860,522	2,260,292	-	600,230	ARPA/GEFA Construction Loan
Drinking Water Facility (WTP)	15,291,024	421,374	14,869,650	-	GEFA Construction Loan/SLFRF/ Water Fund
Total Business-type Activities	<u>\$ 10,754,622</u>	<u>\$ 5,872,848</u>	<u>\$ 19,572,568</u>	<u>\$ 600,230</u>	

NOTE 7 - LONG-TERM DEBT

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>
Governmental Activities:						
General obligation bonds	\$ 10,570,000	\$ -	\$ (205,000)	\$ 10,365,000	\$ 215,000	\$ 10,150,000
Plus: original issue premium	1,928,594	-	(107,275)	1,821,319	105,720	1,715,599
Total General obligation bonds	12,498,594	-	(312,275)	12,186,319	320,720	11,865,599
Financed Purchases	131,455	-	(47,563)	83,892	27,993	55,899
Compensated absences	136,266	64,216	(39,941)	160,541	64,216	96,325
Net pension liability	330,587	157,862	(348,593)	139,856	-	139,856
Governmental activities long-term liabilities	<u>\$ 11,168,308</u>	<u>\$ 222,078</u>	<u>\$ (641,097)</u>	<u>\$ 10,749,289</u>	<u>\$ 307,209</u>	<u>\$ 10,442,080</u>
Business-type Activities:						
Notes from direct borrowings	\$ 3,627,264	\$ 1,104,884	\$ (142,215)	\$ 4,589,933	\$ 148,304	\$ 4,441,629
Financed Purchases	82,850	-	(25,015)	57,835	22,974	34,861
Net pension liability (asset)	96,015	-	(133,670)	(37,655)	-	(37,655)
Compensated absences	37,301	16,502	(9,738)	44,065	17,626	26,439
Business-type activities long-term liabilities	<u>\$ 3,843,430</u>	<u>\$ 1,121,386</u>	<u>\$ (310,638)</u>	<u>\$ 4,654,178</u>	<u>\$ 188,904</u>	<u>\$ 4,465,274</u>

Financed purchases and compensated absences are generally liquidated by the General Fund and notes from direct borrowings are generally liquidated by the SPLOST fund. General obligation bonds are liquidated by the URA Bond Fund. The financed purchases and notes from direct borrowings for business type activities are liquidated by the Water enterprise fund. Compensated absences for business type activities are liquidated by each of the respective enterprise funds.

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

GOVERNMENTAL ACTIVITIES

GENERAL OBLIGATION BONDS

The City issued general obligation bonds to provide funds for the acquisition and construction of the Municipal Complex. The general obligation bonds were issued in the original amount of \$10,745,000 with an interest rate of 3.00% - 4.00%.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. The bonds were issued as 20 year serial bonds with equal amounts of principal maturing each year. Minimum future annual debt service requirements for the general obligation bonds, as of September 30, 2022, are as follows:

<u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 215,000	\$ 407,925	\$ 622,925
2024	220,000	401,512	621,512
2025	225,000	394,912	619,912
2026	235,000	387,537	622,537
2027	245,000	378,700	623,700
2028-2032	1,365,000	1,739,900	3,104,900
2033-2037	1,660,000	1,443,950	3,103,950
2038-2042	1,170,000	1,083,250	2,253,250
2043-2047	2,270,000	645,250	2,915,250
2048-2052	2,760,000	144,700	2,904,700
Total	<u>\$ 10,365,000</u>	<u>\$ 7,027,636</u>	<u>\$ 17,392,636</u>

FINANCED PURCHASES

Vehicles were acquired under financed purchase agreements which bear interest rates from 3.48% to 10.98%. The vehicles have an estimated useful life of five years. Two of the financed purchase agreements to finance vehicles are allocated between governmental activities and business-type activities. The allocation for these agreements to the governmental activities is approximately 60% and the business-type activities allocation is approximately 40%.

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

Minimum future annual debt service required for the financed purchases is as follows:

	<u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	2023	\$ 27,993	\$ 3,295	\$ 31,288
	2024	29,132	2,145	31,277
	2025	26,767	1,005	27,772
Total		\$ 83,892	\$ 6,445	\$ 90,337

BUSINESS TYPE ACTIVITIES

As of September 30, 2022, the the long-term debt payable from proprietary fund resources consisted of the following:

NOTES FROM DIRECT BORROWINGS

On April 1, 2009, the City entered into a contract with the Georgia Environmental Facilities Authority to borrow from the Clean Water State Revolving Fund for the improvement and expansion of the City's water system. The original amount of the note was \$2,591,109 with monthly installments of \$15,976, interest rate of 4.20%. As of September 30, 2022, the outstanding balance was \$1,100,976.

The City's outstanding note from direct borrowings related to business-type activities are secured by the City's full faith and credit and revenue-raising power (including its taxing power). The outstanding notes from direct borrowings related to business-type activities contain a provision that if the City is unable to make its payment, outstanding amounts are due immediately. The City's outstanding notes from direct borrowings do not contain a subjective acceleration clause.

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

The annual debt service requirements to amortize this debt as of September 30, 2022, are as follows:

	<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	2023	\$ 148,304	\$ 43,408	\$ 191,712
	2024	154,655	37,058	191,713
	2025	161,276	30,435	191,711
	2026	168,182	23,530	191,712
	2027	175,383	16,328	191,712
	2028-2032	293,176	10,380	303,556
Total		<u>\$ 1,100,976</u>	<u>\$ 161,139</u>	<u>\$ 1,262,116</u>

During 2014, the City approved a note payable to GEFA to fund the planning and design of a City reservoir. Interest only payments are due until the note is fully utilized and then the balance will be amortized over ten years. As of September 30, 2022, the total draws on this construction note were \$3,488,957.

FINANCED PURCHASES

After implementation of GASB 87 "Leases," the City has reclassified agreements that transfer ownership of the underlying asset by the end of the contract and do not contain termination options as financed purchases.

Vehicles were acquired under financed purchase agreements which bear interest rates from 8.83% to 10.98%. The vehicles have an estimated useful life of five years. The financed purchase agreements to finance vehicles are allocated between governmental activities and business-type activities. The allocation for these agreements to the governmental activities is approximately 60% and the business-type activities allocation is approximately 40%.

The annual debt service requirements to amortize this debt as of September 30, 2022, are as follows:

	<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	2023	\$ 22,974	\$ 2,161	\$ 25,135
	2024	24,044	1,094	25,138
	2025	10,817	162	10,979
Total		<u>\$ 57,835</u>	<u>\$ 3,417</u>	<u>\$ 61,252</u>

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 8- INTERFUND BALANCES AND ACTIVITY

The composition of interfund balances as of September 30, 2022, is as follows:

Due To	Due From				Total
	General	SPLOST	Fiscal Recovery	Other nonmajor governmental funds	
General	\$ -	\$1,243,226	\$ 1,870,687	\$ 3,028	\$ 3,116,941
Other nonmajor governmental funds	2,500	-	-	-	2,500
Water	3,199,647	-	-	-	3,199,647
Stormwater	85,874	-	-	-	85,874
Total	\$ 3,288,021	\$1,243,226	\$ 1,870,687	\$ 3,028	\$ 6,404,962

These balances resulted from (1) the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, (2) the time lag between the dates that transactions are recorded in the accounting system, (3) the time lag between the dates that payments between funds are made, (4) short-term loans, and (5) to fund capital projects.

Interfund transfers as of the year ended September 30, 2022 are as follows:

Transfers In	Transfers Out			Total
	URA Bond Fund	SPLOST Fund	Fiscal Recovery Fund	
SPLOST	4,156,579	-	-	4,156,579
Water Fund	-	421,374	1,360,244	1,781,618
Total	\$ 4,156,579	\$ 421,374	\$ 1,360,244	\$ 5,938,197

Transfers are used to supplement operating budgets and fund capital projects.

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 9 - RETIREMENT PLANS

DEFINED BENEFIT PENSION PLAN

Plan Description

The City's defined benefit pension plan, City of Auburn Retirement Plan (The Plan), provides retirement and death benefits to plan members and beneficiaries. The Plan is affiliated with the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer public employee retirement system administered by the Georgia Municipal Association (GMA). GMEBS acts as a common investment and administrative agent for participating cities in Georgia. The Georgia Constitution enables the governing authority of the City, the City Council, to establish, and amend from time-to-time, the contribution rates for the City and its plan participants. The Plan issues a stand-alone report. This report may be obtained from: Georgia Municipal Association, 201 Pryor Street, SW, Atlanta, Georgia 30303.

The GMA, in its role as Plan Sponsor, has the sole authority to amend the provisions of the GMEBS Plan. The City has the authority to amend the adoption agreement, which defines the specific benefit provisions of The Plan.

Participant counts as of January 1, 2022 (the most recent actuarial valuation date) and covered compensation (base on covered earnings for the preceding year) are shown below:

Retirees, beneficiaries and disables receiving benefits	18
Terminated plan participants entitled to but not yet receiving benefits	40
Active employees participating in the Plan	42
Total number of Plan participants	100
Covered compensation for active participants	\$ 2,005,606
Contributions as a percentage of covered-employee payroll	6.62%

Funding Policy

The City is required to contribute at an actuarially determined rate. Section 47-20 of the Georgia Code set forth minimum funding standards for state and local governmental pension plans. Administrative expenses are based on total covered compensation of active plan participants and are added to the state-required annual funding requirement. City employees are not required to contribute to the Plan. The annual City contribution meets or exceeds the minimum funding requirements of Georgia Statute 47-20.

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

Net Pension Liability

The City's net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated January 1, 2022.

The total pension liability in the January 1, 2022 valuation was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases (including inflation)	3.00% - 8.50%
Net investment rate of return	7.375%

Mortality rates were based on the Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.

The actuarial assumptions used in the January 1, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 - June 30, 2019.

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

Asset Class	Target Allocation	Long-term expected real rate of return*
Domestic equity	45%	6.55%
International equity	20	7.30%
Domestic Fixed income	20	0.40%
Real estate	10	3.65%
Global Fixed Income	5	0.50%
Cash	0	
TOTAL	100%	

* Rates shown are net of inflation

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

The discount rate used to measure the total pension liability was 7.375%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's 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.

Change in the Net Pension Liability

	<u>Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances at September 30, 2021	\$ 2,646,678	\$ 2,220,076	\$ 426,602
Changes for the year:			
Service cost	95,776	-	95,776
Interest	197,822	-	197,822
Difference between expected and actual experience	44,149	-	44,149
Contribution-employer	-	132,719	(132,719)
Net investment income	-	539,132	(539,132)
Benefit payments	(120,233)	(120,233)	-
Administrative expense	-	(9,703)	9,703
Other charges	-	-	-
Net changes	<u>217,514</u>	<u>541,915</u>	<u>(324,401)</u>
Balances at September 30, 2022 *	<u>\$ 2,864,192</u>	<u>\$ 2,761,991</u>	<u>\$ 102,201</u>

* Measurement date September 30, 2021

The following presents the City's net pension liability calculated using the discount rate of 7.375%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

	<u>1 % Decrease (6.375%)</u>	<u>Current Discount Rate (7.375%)</u>	<u>1% Increase (8.375%)</u>
City's net pension liability	<u>\$ 490,465</u>	<u>\$ 102,201</u>	<u>\$ 220,346</u>

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

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

For the year ended September 30, 2022, the City recognized pension expense of \$167,385. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 74,889	\$ -
Changes of assumptions	11,953	-
Net difference between projected and actual earnings on pension plan investments	-	(303,359)
City contributions subsequent to the measurement date	143,190	-
TOTAL	<u>\$ 230,032</u>	<u>\$ (303,359)</u>

City contributions subsequent to the measurement date of \$143,190 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2023.

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

Year Ended September 30,	
2023	\$ (20,579)
2024	(36,181)
2025	(84,697)
2026	(75,060)
2027	-
Thereafter	-
Total	<u>\$ (216,517)</u>

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Because the assets are held in trust for the employees, they are not assets of the City and are not reported in these financial statements.

NOTE 10 - RISK MANAGEMENT

The City is exposed to various risks in terms of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) for property and liability insurance and the Workers' Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance program for member local governments. The Georgia Municipal Association (GMA) administers both risk pools.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to any any claim of loss. The City is also to allow the pools' agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the Government within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the members governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all cost taxed against members in any legal proceedings defended by the members, all interest accruing after entry of judgment, an all expenses incurred for investigation, negotiation of defense.

The City also provides health insurance coverage for its employees through the Georgia Employees Benefit System (GEMBS).

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 11 - COMMITMENTS AND CONTINGENT LIABILITIES

GRANTS

Amounts received or receivable for grantor 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 which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

CDBG GRANT

In July of 2015, the City accepted a Community Development Block Grant from the Department of Community Affairs in the amount of \$500,000 for the building stabilization and construction of the Auburn Center. As a condition of the grant, the City must agree to use the facility for the approved purpose throughout the life of the facility. Should the facility be converted to an ineligible use, the Department of Community Affairs will require repayment of the grant. The repayment will be based on 20-year straight-line depreciation, except 100% repayment of the grant funds will be required to be repaid if the facility is converted during the first five years after the grant closeout date. The period for calculating the repayment amount began upon closeout of the grant in June 2017 and continues until approximately June 2037.

NOTE 12 - RELATED PARTY ORGANIZATIONS AND TRANSACTIONS

The City of Auburn was not involved in any significant related party transactions during the current operating year.

NOTE 13 - LITIGATION

The City is a party to legal proceedings that normally occur in governmental operations. As of the date of this financial statement, no awards in these cases have been made against the City. The results of any litigation, however, contain elements of uncertainty, and liability, if any, which might result from these proceedings, would not, in the opinion of management, have a material adverse effect on the ability of the City to meet its financial obligations. Accordingly, no provision for loss has been recorded.

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 14 - CERTAIN SIGNIFICANT ESTIMATES

As discussed in NOTE 1, estimates are used in the preparation of these financial statements. Several of the estimates qualified as a significant estimate, in that it is reasonably possible that the estimate will change in the near term due to one or more future confirming events and this change will have a material effect on the financial statements.

The estimate for accumulated depreciation on capital assets qualifies as a significant estimate. This estimate is based on the original or estimated cost of the assets, depreciated over the estimated useful lives using the straight line method.

The amount reported as the estimated amounts for the net pension liability and related deferred inflows and outflows of resources qualify as significant estimates and are based on actuarial studies and projections.

NOTE 15 - NORTHEAST GEORGIA REGIONAL COMMISSION

The City, in conjunction with cities and counties in the twelve (12) county Northeast Georgia area, is a member of the Northeast Georgia Regional Commission (NEGRC). Membership in a regional commission is automatic for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the regional commissions. Each county and municipality in the state is required by law to pay minimum annual dues to the regional commission. The City did not pay annual dues to the NEGRC for the year ended September 30, 2022; the City's membership dues were assessed and paid by Barrow County, Georgia. The NEGRC Board membership includes the chief elected official of each county and the chief elected official of each municipality. The county board members and municipal board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the county or municipality) to serve as the nonpublic Board member from a county.

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines regional commissions as public agencies and instrumentalities of their members. Georgia laws also provide that the member governments are liable for any debts or obligations of a regional commission beyond its resources. (O.C.G.A. 50-8-39.1)

Separate financial statements for the NEGRC may be obtained from: Northeast Georgia Regional Commission, 305 Research Drive, Athens, Georgia 30605.

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 16 - CONTINGENCIES

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacted many industries. The outbreak could have a continues material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any predication as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the City, its performance, and its financial results.

**CITY OF AUBURN, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE NET PENSION LIABILITY -
CITY OF AUBURN RETIREMENT PLAN
For the Year Ended September 30, 2022
“Unaudited”**

For the Year Ended September 30,	2022	2021	2020	2019	2018	2017	2016
Total pension liability	\$ 2,864,192	\$ 2,646,678	\$ 2,356,082	\$ 2,111,855	\$ 1,907,341	\$ 1,648,016	\$ 1,555,467
Net fiduciary position	2,761,991	2,220,076	2,017,776	1,925,266	1,713,693	1,455,620	1,257,728
Net pension liability	<u>\$ 102,201</u>	<u>\$ 426,602</u>	<u>\$ 338,306</u>	<u>\$ 186,589</u>	<u>\$ 193,648</u>	<u>\$ 228,396</u>	<u>\$ 297,739</u>
Covered-employee payroll	\$ 2,005,606	\$ 1,917,798	\$ 1,698,091	\$ 1,588,271	\$ 1,684,034	\$ 1,582,887	\$ 1,558,940
Net pension liability as a percentage of its covered- employee payroll	5.10%	22.24%	19.92%	11.75%	11.50%	14.43%	19.10%
Plan fiduciary net position as a percentage of the total pension liability	96.43%	83.88%	85.64%	91.16%	89.85%	86.44%	80.86%

NOTE: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**CITY OF AUBURN, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS -
CITY OF AUBURN RETIREMENT PLAN
For the Year Ended September 30, 2022
“Unaudited”**

<u>For the Year Ended September 30,</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 132,719	\$ 115,276	\$ 122,683	\$ 112,688	\$ 96,299	\$ 99,114	\$ 105,053
Contributions in relation to the contractually required contribution	132,719	115,276	122,683	112,688	96,299	99,114	105,053
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 2,005,606	\$ 1,917,798	\$ 1,698,091	\$ 1,588,271	\$ 1,684,034	\$ 1,582,887	\$ 1,558,940
Contributions as a percentage of covered-employee payroll	6.62%	6.01%	7.22%	7.10%	5.72%	6.26%	6.74%

NOTE: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

CITY OF AUBURN, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -
CITY OF AUBURN RETIREMENT PLAN
For the Year Ended September 30, 2022
"Unaudited"

Method and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the schedule of contributions are calculated as of January 1, 2022. The following actuarial methods and assumptions were used to determine the contractually required contributions for the year ended September 30, 2022 reported in that schedule:

Valuation Date	January 1, 2022
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed Level Dollar for remaining unfunded liability
Remaining Amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of 14 years
Asset Valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Net investment rate of return	7.375%
Inflation	2.25%
Salary Increases	3.00% - 8.50%, including inflation
Cost of Living Adjustments	0.00%

CITY OF AUBURN, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended September 30, 2022
(Required Supplementary Information)

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 4,662,650	\$ 4,662,650	\$ 4,662,650	\$ -
RESOURCES (INFLOWS)				
Taxes	3,500,143	3,606,237	4,539,896	933,659
Licenses and permits	357,860	357,860	651,350	293,490
Intergovernmental	7,000	7,000	2,500	(4,500)
Fines and forfeitures	159,150	159,150	168,304	9,154
Charges for services	109,185	109,185	142,691	33,506
Contributions and donations	250	250	1,950	1,700
Investment income	8,025	8,025	7,873	(152)
Miscellaneous	6,000	6,000	10,615	4,615
Sale of county property	11,500	11,500	136,285	124,785
Transfers in	75,000	75,000	-	(75,000)
Total Resources (Inflows)	<u>4,234,113</u>	<u>4,340,207</u>	<u>5,661,464</u>	<u>1,321,257</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>8,896,763</u>	<u>9,002,857</u>	<u>10,324,114</u>	<u>1,321,257</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
General Government				
Mayor and council	37,990	38,690	38,419	271
Administrative	44,920	46,420	45,341	1,079
Elections	5,604	5,604	5,247	357
Finance	381,600	485,950	476,588	9,362
Law	20,000	20,000	18,299	1,701
Data processing/MIS	83,000	85,200	85,177	23
Buildings	218,754	216,554	193,083	23,471
Total General Government	<u>791,868</u>	<u>898,418</u>	<u>862,154</u>	<u>36,264</u>
Judicial				
Municipal court	98,095	98,095	93,373	4,722
Total Judicial	<u>98,095</u>	<u>98,095</u>	<u>93,373</u>	<u>4,722</u>
Public Safety				
Police	1,912,047	1,913,047	1,807,492	105,555
Total Public Safety	<u>1,912,047</u>	<u>1,913,047</u>	<u>1,807,492</u>	<u>105,555</u>
Public Works				
Public works administration	256,765	245,365	229,724	15,641
Roadways and walkways	101,175	91,175	80,013	11,162
Street lighting	85,506	106,906	106,872	34
Total Public Works	<u>443,446</u>	<u>443,446</u>	<u>416,609</u>	<u>26,837</u>
Culture and Recreation				
Parks	317,825	311,575	217,785	93,790
Library	139,720	145,970	145,970	-
Other recreation and culture	78,615	133,876	124,523	9,353
Total Culture and Recreation	<u>536,160</u>	<u>591,421</u>	<u>488,278</u>	<u>-</u>
Housing and development				
Planning and zoning	285,079	269,479	253,791	15,688
Code enforcement	62,567	63,116	55,653	7,463
Development Authority	47,235	62,835	62,802	33
Other housing and development	-	350	345	5
Total Housing and Development	<u>394,881</u>	<u>395,780</u>	<u>372,591</u>	<u>23,189</u>
Transfers out	-	7,456,244	-	7,456,244
TOTAL CHARGES TO APPROPRIATIONS	<u>4,176,497</u>	<u>4,340,207</u>	<u>4,040,497</u>	<u>219,756</u>
CHANGE IN FUND BALANCE	<u>57,616</u>	<u>-</u>	<u>1,620,967</u>	<u>1,620,967</u>
FUND BALANCE, End of year	<u>\$ 4,720,266</u>	<u>\$ 4,662,650</u>	<u>\$ 6,283,617</u>	<u>\$ 1,620,967</u>

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

CITY OF AUBURN, GEORGIA
URA BOND FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended September 30, 2022
(Required Supplementary Information)

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 9,273,899	\$ 9,273,899	\$ 9,273,899	\$ -
RESOURCES (INFLOWS)				
Investment income	-	-	56,362	56,362
Proceeds from Bond Issuance	3,048,000	3,048,000	-	(3,048,000)
Total Resources (Inflows)	<u>3,048,000</u>	<u>3,048,000</u>	<u>56,362</u>	<u>(2,991,638)</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>12,321,899</u>	<u>12,321,899</u>	<u>9,330,261</u>	<u>(2,991,638)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Transfers out	3,048,000	3,048,000	4,156,579	7,204,579
TOTAL CHARGES TO APPROPRIATIONS	<u>3,048,000</u>	<u>3,048,000</u>	<u>(4,156,579)</u>	<u>7,204,579</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>(4,100,217)</u>	<u>(4,100,217)</u>
FUND BALANCE, End of year	<u>\$ 9,273,899</u>	<u>\$ 9,273,899</u>	<u>\$ 5,173,682</u>	<u>\$ (4,100,217)</u>

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

**CITY OF AUBURN, GEORGIA
FISCAL RECOVERY FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended September 30, 2022
(Required Supplementary Information)**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ -	\$ -	\$ -	\$ -
RESOURCES (INFLOWS)				
Intergovernmental	1,430,261	2,562,339	2,561,190	(1,149)
Investment income	-	-	1,149	1,149
Total Resources (Inflows)	<u>1,430,261</u>	<u>2,562,339</u>	<u>2,562,339</u>	<u>-</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>1,430,261</u>	<u>2,562,339</u>	<u>2,562,339</u>	<u>-</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
General government	1,430,261	1,150,656	1,150,656	-
Public safety	-	51,439	51,439	-
Transfers out	-	1,360,244	1,360,244	-
TOTAL CHARGES TO APPROPRIATIONS	<u>1,430,261</u>	<u>2,562,339</u>	<u>2,562,339</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF AUBURN, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2022**

SPECIAL REVENUE FUNDS

	POLICE CONFISCATION FUND	HEALTH PROMOTION GRANT	DOJ ASSET FORFEITURE FUND	DOT ASSET FORFEITURE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS					
Cash	\$ 8,934	\$ 15	\$ 935	\$ 922	\$ 10,806
Interfund receivables	-	2,500	-	-	2,500
TOTAL ASSETS	<u>8,934</u>	<u>2,515</u>	<u>935</u>	<u>922</u>	<u>13,306</u>
LIABILITIES					
Liabilities					
Interfund payables	2,978	-	25	25	3,028
Unearned revenue	-	2,408	-	-	2,408
TOTAL LIABILITIES	<u>2,978</u>	<u>2,408</u>	<u>\$ 25</u>	<u>25</u>	<u>\$ 5,436</u>
FUND BALANCES					
Restricted:					
Judicial programs	-	-	910	-	910
Public safety programs	5,956	-	-	897	6,853
Health and welfare programs	-	107	-	-	107
TOTAL FUND BALANCES	<u>5,956</u>	<u>107</u>	<u>910</u>	<u>897</u>	<u>7,870</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 8,934</u>	<u>\$ 2,515</u>	<u>\$ 935</u>	<u>\$ 922</u>	<u>\$ 13,306</u>

CITY OF AUBURN, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2022

	SPECIAL REVENUE FUNDS				
	POLICE CONFISCATION FUND	HEALTH PROMOTION GRANT	DOJ ASSET FORFEITURE FUND	DOT ASSET FORFEITURE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES					
Intergovernmental	\$ -	8,825	-	\$ -	\$ 8,825
Investment income	7	5	-	-	12
TOTAL REVENUES	7	8,830	-	-	8,837
EXPENDITURES					
Current Expenditures					
Public safety	1,068	-	-	-	1,068
Public health and welfare	-	8,824	-	-	8,824
TOTAL EXPENDITURES	1,068	8,824	-	-	9,892
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,061)	6	-	-	(1,055)
NET CHANGE IN FUND BALANCES	(1,061)	6	-	-	(1,055)
FUND BALANCES, Beginning of year	7,017	101	910	897	8,925
FUND BALANCES, End of year	\$ 5,956	107	910	\$ 897	\$ 7,870

CITY OF AUBURN, GEORGIA
POLICE CONFISCATION SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended September 30, 2022

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 7,017	\$ 7,017	\$ 7,017	\$ -
RESOURCES (INFLOWS)				
Intergovernmental	1,000	1,000	-	(1,000)
Fines and forfeitures	9,000	9,000	-	(9,000)
Investment income	-	-	7	7
Total Resources (Inflows)	<u>10,000</u>	<u>10,000</u>	<u>7</u>	<u>(9,993)</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>17,017</u>	<u>17,017</u>	<u>7,024</u>	<u>(9,993)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public safety	10,000	10,000	1,068	8,932
TOTAL CHARGES TO APPROPRIATIONS	<u>10,000</u>	<u>10,000</u>	<u>1,068</u>	<u>8,932</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>(1,061)</u>	<u>(1,061)</u>
FUND BALANCE, End of year	<u>\$ 7,017</u>	<u>\$ 7,017</u>	<u>\$ 5,956</u>	<u>\$ (1,061)</u>

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

CITY OF AUBURN, GEORGIA
HEALTH PROMOTION GRANT SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended September 30, 2022

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 101	\$ 101	\$ 101	\$ -
RESOURCES (INFLOWS)				
Intergovernmental	5,000	8,850	8,825	(25)
Investment income	-	-	5	5
Total Resources (Inflows)	<u>5,000</u>	<u>8,850</u>	<u>8,830</u>	<u>(20)</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>5,101</u>	<u>8,951</u>	<u>8,931</u>	<u>(20)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public health and welfare	<u>5,000</u>	<u>8,850</u>	<u>8,824</u>	<u>26</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>5,000</u>	<u>8,850</u>	<u>8,824</u>	<u>26</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>6</u>	<u>6</u>
FUND BALANCE, End of year	<u>\$ 101</u>	<u>\$ 101</u>	<u>\$ 107</u>	<u>\$ 6</u>

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

CITY OF AUBURN, GEORGIA
DOJ ASSET FORFEITURE SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended September 30, 2022

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 910	\$ 910	\$ 910	\$ -
RESOURCES (INFLOWS)				
Intergovernmental	1,000	1,000	-	(1,000)
Total Resources (Inflows)	1,000	1,000	-	(1,000)
AMOUNTS AVAILABLE FOR APPROPRIATION	1,910	1,910	910	(1,000)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public safety	1,000	1,000	-	1,000
TOTAL CHARGES TO APPROPRIATIONS	1,000	1,000	-	1,000
FUND BALANCE, End of year	\$ 910	\$ 910	\$ 910	\$ -

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

CITY OF AUBURN, GEORGIA
DOT ASSET FORFEITURE SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended September 30, 2022

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 897	\$ 897	\$ 897	\$ -
RESOURCES (INFLOWS)				
Intergovernmental	1,000	1,000	-	(1,000)
Total Resources (Inflows)	1,000	1,000	-	(1,000)
AMOUNTS AVAILABLE FOR APPROPRIATION	1,897	1,897	897	(1,000)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public safety	1,000	1,000	-	1,000
TOTAL CHARGES TO APPROPRIATIONS	1,000	1,000	-	1,000
FUND BALANCE, End of year	\$ 897	\$ 897	\$ 897	\$ -

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

CITY OF AUBURN, GEORGIA
SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the Year Ended September 30, 2022

PROJECT	ORIGINAL ESTIMATED COSTS	CURRENT ESTIMATED COSTS	EXPENDITURES	
			PRIOR YEARS	CURRENT YEAR
Gwinnett County - 2008 SPLOST				
Road Improvements	\$ 75,000	\$ 75,000	\$ 61,301	\$ -
Recreation Facility	189,528	189,528	1,671	-
Subtotal - 2008 SPLOST	<u>264,528</u>	<u>264,528</u>	<u>62,972</u>	<u>-</u>
Barrow County - 2012 SPLOST				
Municipal Complex & Event Center	588,636	588,636	854,405	-
Public Works Facility	700,000	700,000	669,673	-
Road Improvements	600,000	600,000	788,091	-
Parks & Recreation	1,580,732	1,580,732	1,239,389	-
Subtotal - 2012 SPLOST	<u>3,469,368</u>	<u>3,469,368</u>	<u>3,551,558</u>	<u>-</u>
Gwinnett County - 2014 SPLOST				
Road Improvements	90,258	90,258	84,689	-
Public Safety Equipment	54,809	54,809	59,863	-
Subtotal - 2014 SPLOST	<u>145,067</u>	<u>145,067</u>	<u>144,552</u>	<u>-</u>
Gwinnett County - 2016 SPLOST				
Road Improvements	126,482	126,482	61,526	-
Sewer System Improvements	84,321	84,321	16,840	-
Subtotal - 2016 SPLOST	<u>210,803</u>	<u>210,803</u>	<u>78,366</u>	<u>-</u>
Barrow County - 2018 SPLOST				
Municipal Complex	2,000,000	2,000,000	2,070,899	646,419
Transportation Improvements	750,000	750,000	166,153	24,145
Parks & Recreation Facilities & Equipment	400,000	400,000	59,871	227,803
Public Safety Facilities & Equipment	350,000	350,000	-	-
Public Works Facilities & Equipment	300,000	300,000	244,842	9,096
Water & Sewer Capital Improvements	690,555	690,555	82,126	421,374
Stormwater Facilities	250,000	250,000	-	-
Subtotal - 2018 SPLOST	<u>4,740,555</u>	<u>4,740,555</u>	<u>2,623,891</u>	<u>1,328,837</u>

The accompanying notes are an integral part of this statement.

CITY OF AUBURN, GEORGIA
SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the Year Ended September 30, 2022

PROJECT	ORIGINAL ESTIMATED COSTS	CURRENT ESTIMATED COSTS	EXPENDITURES	
			PRIOR YEARS	CURRENT YEAR
Barrow County - 2023 SPLOST				
Municipal Complex	4,000,000	4,000,000	-	-
Transportation Improvements	1,800,000	1,800,000	-	-
Parks & Recreation Facilities & Equipment	1,300,000	1,300,000	-	-
Police & Public Safety Facilities & Equipment	300,000	300,000	-	-
City Facilities and Equipment	300,000	300,000	-	-
Water & Sewer Capital Improvements	300,000	300,000	-	-
Stormwater Facilities & Equipment	500,000	500,000	-	-
Subtotal - 2023 SPLOST	<u>8,500,000</u>	<u>8,500,000</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 8,755,321</u>	<u>\$ 8,755,321</u>	<u>\$ 6,461,339</u>	<u>1,328,837</u>
			Total of all SPLOSTS above	\$ 1,328,837

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (page 5)

Expenditures	\$ 5,068,538
Transfers in	(4,156,579)
Transfers out	421,374
Expenditures paid with LMIG and other Georgia DOT revenues	(4,496)
Total	\$ 1,328,837

(1) Expenditures for projects have been offset by revenues from other sources. For some years, such revenues exceed expenditures.

The accompanying notes are an integral part of this statement.

INDEPENDENT AUDITOR'S 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

March 28, 2023

To the Mayor and City Council
City of Auburn
Auburn, Georgia

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, each major fund, and the aggregate remaining fund information of the City of Auburn, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Auburn's basic financial statements and have issued our report thereon dated March 28, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Auburn's internal control over financial reporting (internal control) as a basis for designing 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 City of Auburn's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Auburn'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. 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.

We did identify certain deficiencies in internal control that we consider to be material weaknesses, described below:

MATERIAL WEAKNESS

2022-001 Statement of Condition:

We noted during fieldwork that the bank reconciliations for the Master Cash, Payroll, Accounts Payable, and Youth Bank Accounts had not been reconciled in a timely manner. We also identified discrepancies of \$2,690, \$15,236, and \$22,278 in the September 2022 reconciliations for the Master Cash, Payroll, and Accounts Payable accounts, respectively. Additionally, we noted the bank reconciliation incorrectly included advanced due to/due from transfers between bank accounts that did not occur until several months after year end. During the year, there were also journal entries recorded to an account number that was related to an inactive bank account.

Criteria:

To ensure an accurate cash balance in the accounting records, a bank reconciliation should be performed and reviewed monthly for each bank account to determine all valid outstanding items are included and cleared.

Effect of Condition:

The risk of misappropriation of cash increases when cash is not correctly reconciled to bank statements.

Cause of Condition:

City Accountant has not completed the reconciliations in a timely manner.

Recommendation:

We recommend completing reconciliations on a timely bases to ensure accurate financial reporting.

Response:

During the fiscal year, we had a shortage of staff as well as a changeover. There were timing issues, as well as training of new employees and new procedures. The bank reconciliation is in the process of moving from an Excel template to reconciling in Edmund's. The corrective entries were made, and bank reconciliations are being reconciled daily/weekly/monthly.

We did identify certain deficiencies in internal control that we consider to be significant deficiencies, described below:

SIGNIFICANT DEFICIENCIES

2022-002 Statement of Condition:

During fieldwork, we noted 2 of the 25 paychecks selected for review did not have an approved timesheet that agreed to the paychecks of those respective employees.

Criteria:

In order to ensure proper internal controls, employee timesheets should be properly documented and entered into the payroll system when approved.

Effect of Condition:

The risk of personnel costs exceeding the City's approved amounts.

Cause of Condition:

Client does not maintain current employee files for all City employees.

Recommendation:

We recommend that all employee timesheets are reviewed and approved by departments. Additionally, we recommend a second review of the payroll checks to the timesheet hours.

Response:

We have recently changed over to TimeClock Plus application from paper sheets. Additionally, there was a new hire for Human Resources/Payroll during the year. We now have a dedicated payroll person and a backup who both know the processes, and there will be a double check of entries before checks are cut.

2022-003 Statement of Condition:

During fieldwork, we noted that accrued accounts payable was not properly reflected at year end. An adjustments of \$543,572 to the Fiscal Recovery Fund was necessary to correctly record payable balances at year-end.

Criteria:

To ensure proper controls related to period cut-off are in place to avoid material misstatements at year-end.

Effect of Condition:

The risk of materially misstating liabilities and expenditures.

Cause of Condition:

Procedures performed for year-end do not include adjustments to accrued accounts payable.

Recommendation:

We recommend the City implement review processes to ensure that year-end adjustments are recorded in agreement with Generally Accepted Accounting Principles.

Response:

The City is currently working on getting a more true and accurate report from Edmund's for accounts payable, so this will allow us to run detailed reports and tie it back to the General Ledger.

2022-004 Statement of Condition:

From review of documented processes, appropriate segregation of duties does not exist among key operational functions in the City.

- Month Close: Completion and review of Bank Statements and reconciliations are completed by the same individual.
- Accounts Receivable/Payable: Processing checks and payments can be completed by the same individuals that set up Master files and reviews adjustments and payments.
- Payroll: Changes to Master files for employees and related payrates can be made by the same individual who processes payroll.
- Review Procedures: There is a lack of skilled individuals to complete the necessary review procedures.

Criteria:

Internal controls should be in place which provide reasonable assurance that an individual can not misappropriate funds without such actions being detected during the normal course of business.

Effect of Condition:

Failure to properly segregate duties among the custody, approval, and reporting functions of operations can lead to misappropriation of funds that is not detected in a timely manner by employees in the normal course of performing their assigned functions.

Cause of Condition:

This is caused by the limited number of employees working for the City.

Recommendation:

We recommend the City segregate duties related to the custody, approval, and reporting functions of operations.

Response:

The City is currently growing, and we have hired and are hiring more staff so that we can have more segregation of duties. We have segregated the accounts payable, accounts receivable, payroll and human resources, and general ledger accounting.

2022-005 Statement of Condition:

We noted that the URA Bond Fund balance did not agree to the prior year's ending fund balances.

Criteria:

All audit entries should be recorded in order to begin the year with the same balances that agree to the ending audited Fiscal Year statements.

Effect of Condition:

The beginning balances do not agree to prior year ending balances and verify fund balances agree to the prior year.

Cause of Condition:

Accounting software did not properly close this fund at year end.

Recommendation:

We recommend the City record all audit entries.

Response:

Timing issue on URA Bond entries and receipt of monthly statements.

2022-006 Statement of Condition:

We noted that the General Ledger did not balance when submitted for audit procedures. We has to adjust the following fund in order to balance in the current year: General Fund, Police Confiscation Fund, Court Fine Fund, DOT Asset Forfeiture Fund, Health Promotion Grant, LMIG 2018 Fund, Auburn OWL's Fund, LMIG 2019 Fund, Citizen's Police Academy Fund, Downtown Development Fund, SPLOST, Water Fund, Auburn Youth Athletics Fund, Stormwater Fund, DOJ Asset Forfeiture Fund, and URA Bond Issuance Fund.

Criteria:

The general ledger should remained balanced after each journal entry is made to ensure a balanced general ledger at year end.

Effect of Condition:

Double entry accounting methods are not properly in use.

Cause of Condition:

Unknown.

Recommendation:

We recommend the City review all entries posted to the general ledger and ensure often that it remains balanced.

Response:

This is an issue that we have with Edmund's. The way that the system closes compared to the way that the auditors need to see the general ledger, do not agree. We have researched this issue, and the proper closing procedure has been noted for the next fiscal year closing.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Auburn's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial 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.

City of Auburn's Response to Findings

The City of Auburn's responses to the findings identified in our audit are described above. The City of Auburn's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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.

Bates, Carter & Co., LLP