



CITY OF AUBURN, AL  
ANNUAL COMPREHENSIVE  
**FINANCIAL REPORT**

FISCAL YEAR ENDED SEPTEMBER 30, 2021



## MANAGEMENT TEAM

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Megan McGowen Crouch, *City Manager*

Rick Davidson, *City Attorney*

Alfred Davis, Sr., *Community Services Director*

Scott Cummings, *Development Services Exec. Director*

Phillip Dunlap, *Economic Development Director*

Alison Frazier, *Engineering Services Director*

Catrina Cook, *Environmental Services Director*

Allison Edge, *Finance Director/Treasurer*

John C. Lankford, IV, *Fire Chief*

Kristen Reeder, *Human Resources Director*

Greg Nelson, *Information Technology Director*

John Hoar, *Inspection Services Director*

Tyler Whitten, *Library Director*

James McLaughlin, *Municipal Judge*

Rebecca O. Richardson, *Parks and Recreation Director*

Steve Foote, *Planning Director*

Cedric Anderson, *Police Chief*

Paul Register, *Public Safety Director*

Dan Ballard, *Interim Public Works Director*

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

David D. Dorton, *Public Affairs Director*

## CITY COUNCIL

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Ron Anders, Jr, *Mayor*

Connie Fitch Taylor, *Ward 1*

Kelley Griswold, *Ward 2*

Beth Witten, *Mayor Pro Tem, Ward 3*

Brett Smith, *Ward 4*

Steven Dixon, *Ward 5*

Bob Parsons, *Ward 6*

Jay Hovey, *Ward 7*

Tommy Dawson, *Ward 8*

## PREPARED BY THE CITY OF AUBURN FINANCE DEPARTMENT

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

Erika Sprouse, CPA, *Assistant Finance Director/Treasurer*

Heidi Lowery, *Principal Financial Analyst*

Valerie Baker, *Finance Information Officer*





City of Auburn

City of Auburn, Alabama  
 Comprehensive Annual Financial Report  
 For the Fiscal Year Ended September 30, 2021

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## City of Auburn

Home of Auburn University

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### **Letter of Transmittal**

March 31, 2022

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

The Annual Comprehensive Financial Report (ACFR) of The City of Auburn (the government) for the fiscal year ended September 30, 2021 is hereby transmitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with City of Auburn management. To the best of our knowledge and belief, the enclosed data are accurate in all material aspects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the government and its component units. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities have been included.

### **The Report**

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

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

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

The City implemented the following statements during fiscal year 2021:

- GASB Statement 89, "Accounting for Interest Cost Incurred before the End of a Construction Period," enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period, as well as simplifies the accounting for interest cost incurred before the end of a construction period. The City early implemented this statement for the fiscal 2020 reporting period.
- GASB Statement 90, "Majority Equity Interests," improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. This statement does not currently affect the City.
- GASB Statement 98, "The Annual Comprehensive Financial Report," establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The City early implemented this statement for the fiscal 2021 reporting period.

Management is aware of the following statements and will implement those applicable to the City in the next fiscal period:

- GASB Statement 87, "Leases," improves accounting and financial reporting for leases by governments, which will better meet the information needs of financial statement users. This statement becomes effective for the fiscal 2022 reporting period.
- GASB Statement 93, "Replacement of Interbank Offered Rates," establishes accounting and financial reporting requirements related to the replacement of interbank offered rates in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. This statement becomes effective for the fiscal 2022 reporting period.
- GASB Statement 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans," clarifies how the absence of a governing board should be considered in determining whether a primary government is financially accountable for purposes of evaluating potential component units and modifies the applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution OPEB plans, and other



employee benefit plans (for example, certain Section 457 plans). This statement becomes effective during fiscal 2022.

## City Profile

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

During 2021, Milken Institute ranked Auburn No. 17 on the Best-Performing Small Cities for economic growth in the U.S. The Milken Institute’s Best-Performing Cities series has tracked the economic performance of U.S. metros for two decades using job, wage and salary, and high-tech gross domestic product (GDP) indicators. Metros are ranked on their performance, while indicators help identify the drivers behind their success or failure. The Auburn-Opelika MSA ranked No. 6 on *Site Selection Magazine’s* list of metros that added the most economic development projects in 2020. Auburn had seven qualified projects. The Auburn-Opelika MSA was one of two Alabama metros to make the list of metros with populations of less than 200,000. The ranking is part of *Site Selection’s* annual Governor’s Cup analysis.

Located near Georgia’s west central border, Auburn is conveniently located on Interstate Highway 85, 105 miles southwest of Atlanta and 50 miles east of Montgomery, the Alabama State Capital. Auburn is 120 miles southeast of Birmingham, the largest city in Alabama, and is 35 miles northwest of Columbus, Georgia’s second largest city. With easy access to highway, rail, and air transportation, Auburn’s location has been a significant factor in its continuing growth.



**Auburn is conveniently located on Interstate 85.**

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

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

services to its citizens. The City Manager is the chief executive officer of the City, directing and managing the daily activities of the city government. James C. Buston, III retired January 31, 2021, having served as City Manager since March 2017. Megan McGowen Crouch has served as City Manager since February 2021.

Approximately 498 regular, full-time employees staff these departments, producing high quality and cost-effective public services.

### ***Major Initiatives***

In fiscal year 2021, the City continued to prioritize school funding. The City contributed \$14.4 million from its General Fund to the Auburn Board of Education, maintaining a commitment that ranks the municipal government among the highest in Alabama in terms of the level of local school support.

During fiscal 2021, the City issued general obligation warrants to partially refund \$15.9 million of the 2014-A general obligation Sewer Fund Warrants and \$11.0 million of the 2014-B general obligation school warrants. The refunding will reduce interest costs over the remaining life of this debt. The City also issued \$17.9 million in general obligation warrants to be used by Auburn City Schools for the construction of a new elementary school and renovations at an existing school facility.

The City received \$8.3 million from the Coronavirus Local Fiscal Recovery Funds, a part of the American Rescue Plan. No funds were spent in fiscal 2021 because management was waiting on final guidance to be issued for the program before committing to a plan for use of these funds. The United States Treasury issued the final guidance in January 2022.

The City received COVID-19 grants from the federal government through the Coronavirus Aid, Relief, and Economic Security (CARES) Act. These funds were passed through from the State of Alabama. The funds were used for the purchase of personal protective equipment for City employees, cleaning and sanitization of City buildings, workplace safety barriers, payroll related costs, support of the City's employee health clinic (City Care), and telework expenses for employees to work remotely.

The City also received COVID-19 grants from the federal government through the Federal Emergency Management Agency (FEMA). These funds were used for continued cleaning and sanitization of City buildings, as well as expenses associated with running a local COVID-19 vaccination clinic.

The Wright Street Parking Deck opened in July 2021, bringing approximately 350 parking spaces to the downtown area. The new parking deck features six levels of public parking spaces and contains space for the Baptist Campus Ministry on the ground floor.

Construction began on Fire Station Number 6 that will service North Auburn. Also, work began on Phase 4 of the City's Renew Opelika Road Corridor Plan. This project consists of roadway improvements including medians, sidewalk, landscaping and lighting on Opelika Road from Gentry Drive to Saugahatchee Road.

Land was purchased and design began for the relocation of Environmental Services and Public Works to a new, combined location. The vacated site for these departments will be the future home of the Boykin-Donahue Campus.

As part of the Parks, Recreation and Cultural Master Plan (PRCMP), construction began on Dinius Park, a new, 13-acre passive park that will feature two dog parks and a natural playground with a family pavilion and restrooms. The park opened in October 2021.

## **Government Services**

The City of Auburn is organized into four business units that are comprised of 19 departments. This business unit structure was implemented with the goal of developing an innovative, efficient, accountable organizational structure capable of meeting the demands of a quickly growing community well into the future.

### **Administrative Services**

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

### **Development Services**

Development Services Administration  
Planning Services  
Inspection Services  
Community Services  
Engineering Services

### **Public Safety Services**

Public Safety Administration  
Police  
Fire

### **Public Services**

Water Resource Management  
Public Works  
Library  
Parks and Recreation  
Environmental Services

**Public Safety Services** Public Safety Services is comprised of three departments: Police, Fire, and Administration. In fiscal year 2021, the business unit handled and/or responded to 253,752 calls. The Police Department includes 147 full-time and 13 part-time sworn officer positions, providing an average emergency call response time of 2-3 minutes. The Police Department has provided police service for the campus of Auburn University since 2004. The Auburn University Precinct is staffed with 39 officers and managed by an Assistant Police Chief. In 2001, the City and Lee County, Alabama initiated an agreement for the County to provide jail services for the City. The City pays the County a charge per inmate. The City also pays for medical care for prisoners who must be given care outside of the jail.

The Fire Department includes 64 regular, full-time firefighters and an average of 55 student firefighters, operating five fire stations in providing service to residents in the City of Auburn as well as the campus of Auburn University. The City currently has a 2/2X fire insurance rating. This is a good rating and equates to low insurance rates for our citizens. A sixth fire station is slated for completion in summer 2022 and will serve northwest Auburn.

Emergency Management and Communications, a division of the Public Safety Administration Department, provides E-911 emergency response and dispatch services to the public and coordinates preparedness, notifications and response regarding critical incidents. The Division is

comprised of 18 full-time and 8 part-time staff members. Ambulance services are provided via a contract with East Alabama Medical Center.

**Public Services** The City's Public Works Department oversees the maintenance of City infrastructure including streets, sidewalks, stormwater and drainage facilities, landscape areas including medians and traffic islands, and right-of-way vegetation. The City expends approximately \$2.0 million per fiscal year on road maintenance. The City roadway system currently includes over 720 lane miles of paved streets. Public Works also maintains 160 miles of sidewalk, 2,600 acres of right-of-way, 8,500 street trees, 150 miles of storm sewer system, and 16 City owned facilities, including 5 fire stations.

Given Auburn University's origins as an agricultural and mechanical college, it is not surprising that Auburn's residents give a high priority to its environmental quality of life. Environmental Services collects household waste, recyclables, and yard waste, offering citizens their choice of lower-cost curbside collection or higher-fee back yard collection service. During fiscal year 2021, approximately 17,188 households were served with 17,059 tons of garbage, 2,804 tons of recycling and 12,637 tons of yard waste collected. 70% of the yard waste collected was recycled.

In an effort to provide residents the opportunity to do a holistic cleanup around their properties each spring, Environmental Services provides an annual trash amnesty period where fees are waived for oversized debris piles. Environmental Services also hosts a biannual household hazardous waste collection event and an annual comprehensive neighborhood clean-up event. During fiscal year 2021, the household hazardous waste collection events had over 1,000 participants that disposed of 50 tons of material.

The goal of the Fleet Services Division is to procure safe, dependable, cost effective equipment, and furnish quality vehicle maintenance services for the City of Auburn. These support services enable us to provide excellent service to the citizens of Auburn. The City's fleet is comprised of 721 units. These units range from small units to large construction equipment. Environmental Services is also responsible for animal control.

In addition to the many diverse cultural opportunities afforded by Auburn University, the City's Parks and Recreation Department and the Auburn Public Library provide many leisure time choices to residents. The Auburn Public Library has 36 internet-connected computer workstations available to the public. During fiscal 2021, there were 18,788 logins on these computers. Additionally, the Auburn Public Library offers wireless internet access for patrons bringing their own laptops, tablets, and other portable devices. Library patrons checked out 460,045 books, audiobooks, ebooks, and movies. In addition, 18,858 patrons attended the library's 508 programs offered for children, teens, and adults. The library launched APL@Boykin, a micro-library located within the Boykin Community Center that provides more immediate service to Northwest Auburn, as well as Auburn Day Care, Joyland Child Development, the Boys and Girls Club, and the senior groups that meet at the Center. Library staff visit the Boykin Center each week to provide technology assistance and help users with accessing library resources. Community members can also pick up holds and drop off returns using APL@Boykin. Programs offered by the Auburn Public Library included early literacy story time, puppet shows, the Third Grade Reading Dragons, the Summer Learning Challenge, a virtual book club for adults, financial literacy workshops, Microsoft Office basics, programs in partnership with Osher Lifelong Learning Institute (OLLI), Dyslexia 101, and one-on-one technology assistance, some sponsored in part by the Auburn Public Library Foundation. With the use of federal Library Services and

Technology Act grant funds, the Auburn Public Library expanded its collection of picture books for children by adding titles that celebrate the diversity represented in the Auburn community. The library hosted author Carmen Agra Deedy, who visited all third-grade classrooms, along with performing for the public in a separate program at the library. The library also hosted author Patti Callahan Henry.

The Parks and Recreation Department maintains 16 City parks, four cemeteries, and numerous recreation facilities. This includes five recreation centers, one pool, four youth baseball complexes, a seven field soccer complex, a skate park, three dog parks, 33 miles of bike paths, a five field competition class softball complex, an award-winning 34 court tennis center, a community arts center, six pickleball courts, and more. Parks and Recreation provides programs including organized team sports leagues for football, basketball, soccer, baseball, volleyball, track and softball; music and dancing lessons; summer day camps; pickleball; special needs programming; and swimming teams. Annual events offered by the Parks and Recreation Department include Daddy Daughter Date Night, Easter egg hunt, Auburn CityFest, and an Independence Day celebration. The department is increasing emphasis on fitness and seniors programming at Harris Center and Frank Brown Recreation Center.

**Development Services** The Engineering Services Department plans, organizes and directs the design and construction of infrastructure and engineering programs, projects and activities. The department provides engineering services and project management for the City's streets, sidewalks, bridges, drainage structures and traffic signals, while also maintaining proper traffic control signage and street name signs. Traffic Engineering maintains 66 signalized intersections which all communicate with the traffic control center, along with approximately 1,000 streetlights, 136 LED edge lit signs, 5,400 street signs and 1,400 street name signs.

The Inspection Services department completed over 24,000 inspections, 30% of which were commercial developments, 60% of which were residential, and the remaining were property maintenance inspections. City inspectors completed an average of 95 inspections a day throughout the year to ensure developments are meeting the City's standards to create safe, reliable housing and businesses in our community.

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

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

The City school system is accredited by the State Department of Education and the Southern Association of Colleges and Schools. Auburn High School consistently produces an average of five National Merit finalists/semi-finalists each year from the senior class. For the class of 2021, the graduation rate for Auburn High School was 97% and seniors were awarded more than \$26.5 million in scholarships. Concurrent college enrollment, through Auburn University and Southern Union State Community College, is available for students who wish to take courses not taught at Auburn High School.



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

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

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

As the City's largest employer with over 5,400 employees, Auburn University is a major contributor to the local economy. Enrollment was 30,737 for fall semester of the 2020/2021 academic year.

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

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

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

FED in Alabama. The City will contribute up to \$2 million toward public infrastructure improvements for this project.

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

Auburn University operates the Auburn University Regional Airport with the financial support of the three local governments in Lee County. Other conveniently accessible airports include Hartsfield-Jackson Atlanta International Airport (100 miles by Interstate 85), the Columbus, Georgia regional airport (40 miles by US 280), and the Montgomery, Alabama regional airport (60 miles by Interstate 85). CSX Transportation provides local mainline rail service through its Southern Railway and Western Railway of Alabama divisions.

## **Factors Affecting Financial Conditions**

### **Local Economy**

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

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

The City's Economic Development Department, in partnership with the City's Industrial Development Board, has achieved an outstanding level of success in this effort, having announced the recruitment of more than fifty-five companies, resulting in the creation of nearly 8,000 jobs in the last 28 years. The location of these companies in Auburn has meant that the City had to acquire and develop four industrial-technology parks. Construction of the first phase of the Auburn Technology Park West Annex was completed in 2020.

Despite the continued impacts of COVID-19, companies in Auburn increased capital investment in 2021, including SiO2 Materials Science announced a \$123 million facility expansion to increase production capacity of its innovative vials and syringes that are critically needed in the fight against COVID-19. In March of 2021, *Site Selection Magazine* ranked the Auburn-Opelika MSA at No. 6 on its list of metros under 200,000 that added the most economic development projects in the year 2020. Auburn continues to maintain a presence in other key sectors such as aerospace, automotive and information technology.

The City's Commercial Development Incentive Program has assisted new and redeveloped commercial enterprises in the City. In 2021, the program assisted in the recruitment of a downtown development that will feature an urban Publix, providing a walkable grocery option for students from Auburn University. Additionally, the Auburn Mall, a participant in the Commercial Development Incentive Program continued to see positive growth and the addition of a new outparcel restaurant, Culver's.

The City's Community Services Department, a branch of the Development Services Business Unit, provides a variety of opportunities to improve the quality of life for Auburn's citizens. The Community Development Block Grant (CDBG) is administered by the Community Services Department. These federal funds help facilitate programs specifically targeted to housing, public service and special economic development activities which will directly impact citizens identified as low to moderate-income. Affordable housing, emergency housing rehab, housing reconstruction, and utility and mortgage assistance are examples of programs available to qualifying citizens in need. The East Alabama Food Bank, the North Auburn Housing Development Corporation, and Presbyterian Community Ministries are a few agencies that administer CDBG funding and provide supportive services directly to applicants residing within the City limits. Along with the Community Services Department, several other tenants such as Auburn Day Care Center, Auburn Senior Center, Boys and Girls Clubs of Greater Lee County, and Joyland Development Center operate out of the Boykin Community Center to provide services to and help meet the needs of qualifying citizens.

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

In an effort to leverage funds to finance economic development activities to create and retain jobs, the City of Auburn was approved for a Section 108 Loan sponsored by the U.S. Department of Housing and Urban Development (HUD). The City loaned \$1.5 million to the Auburn Housing Authority to redevelop the Moton public housing complex. Section 108 funds are also used to fund business loans to provide financing for commercial and industrial loans for undertaking special economic development activities and to offer short-term loans for active small businesses and small business start-ups. Currently, there are two (2) active loans issued to entities operating within the City of Auburn committed to job creation for low to moderate-income workers.



Boykin Community Center

In fiscal 2021, building permits were issued for 642 new single-family detached residences valued at \$194.9 million and 124 new single-family attached residences valued at \$24.1 million. The average valuation for single-family detached homes was \$303,616 and \$194,401 for single-family

attached homes. Also, 42 new commercial and industrial facilities valued at \$82.6 million were permitted during fiscal 2021.

### **CompPlan 2030**

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

### **Risk Management**

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

### **Long-term Financial Planning**

The City's capital improvements plan identifies potential capital projects for fiscal years 2021 through 2026. Project areas include sidewalk and neighborhood projects, downtown improvements, technology investments, public safety projects and major equipment, parks and cultural projects, and City facility improvements. Various funding options, including debt and grants, will be identified at the appropriate time. Several of the most significant projects planned are listed below.

- Construction of a new fire station
- Boykin Recreation Center improvements
- South College Street and Samford Avenue intersection improvements
- Richland Road connector
- Environmental Services/Public Works relocation
- Various projects identified through the Parks, Recreation and Cultural master plan

### **Financial Information**

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

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

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

**Budgeting** Although, accountability for budgetary compliance is held at the department level, budgetary tracking is maintained at the line item level by the encumbrance of actual or estimated purchase amounts prior to the release of purchase orders to vendors. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. The City Manager has the authority to make adjustments between budget line items.

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

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

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

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



During fiscal year 2021, idle cash was invested in U.S. treasury notes, U.S. treasury bills, and governmental securities with 3 month – 5 year terms and rates ranging from 0.05% to 2.875%. Due to the low interest rate environment, the City moved funds from various money market accounts to an investment portfolio comprised of U.S. Treasury securities. Also, excess cash was moved to the portfolio throughout the year in an effort to maximize interest earnings. The City's idle cash was also invested in various money market accounts with rates ranging from 0.009% to 0.88%. The City's demand deposit operating account earned 0.10% to 0.40% during the fiscal year.

During fiscal year 2021, the City invested the debt proceeds from four capital projects issued in four separate construction cash money market accounts with rates ranging from 0.00% to 0.01%.

**General Fund Reserves** The City Council has adopted a policy of maintaining a net ending fund balance in the General Fund that is equal to or greater than 6% of total expenditures and other financing uses. Management has an informal goal of 20-25%. The ending fund balance as a percentage of expenditures and other financing uses for the fiscal 2021 period was 62.0%, exceeding management's informal goal.

### **Other Information**

**Independent Audit** The government is required by State law to undergo an annual audit by independent public accountants. To meet federal requirements of the Single Audit Act Amendments of 1996, and the resultant issuance of OMB Circular No. A-133 (*Audits of States, Local Governments, and Non-Profit Organizations*) and the Uniform Guidance effective December 26, 2014, the City's audit report must be signed by a certified public accountant. The accounting firm of Machen McChesney completed the City's fiscal year 2021 audit. The auditor's report on the basic financial statements and the combining and individual fund statements and schedules is included in the *financial* section of this report.

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

**Awards** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Auburn, Alabama, for its annual report for the fiscal year ended September 30, 2020. This was the thirty-fourth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current annual report continues to meet the program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City also received an Award for Outstanding Achievement in Popular Annual Financial Reporting from the GFOA for its annual report for the fiscal year ended September 30, 2020. Governments that wish to participate in the PAFR program must submit the annual

comprehensive financial report to the GFOA's Certificate of Achievement for Excellence in Financial Reporting for the current fiscal year and ultimately receive the GFOA's Certificate of Achievement for Excellence in Financial Reporting for the current fiscal year.

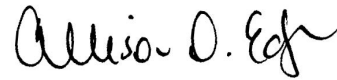
In addition, the City has also received a GFOA Award for Distinguished Budget Presentation for its biennium beginning October 1, 2021. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged proficient in several categories including policy documentation,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

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

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



Megan McGowen Crouch  
City Manager



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



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Auburn  
Alabama**

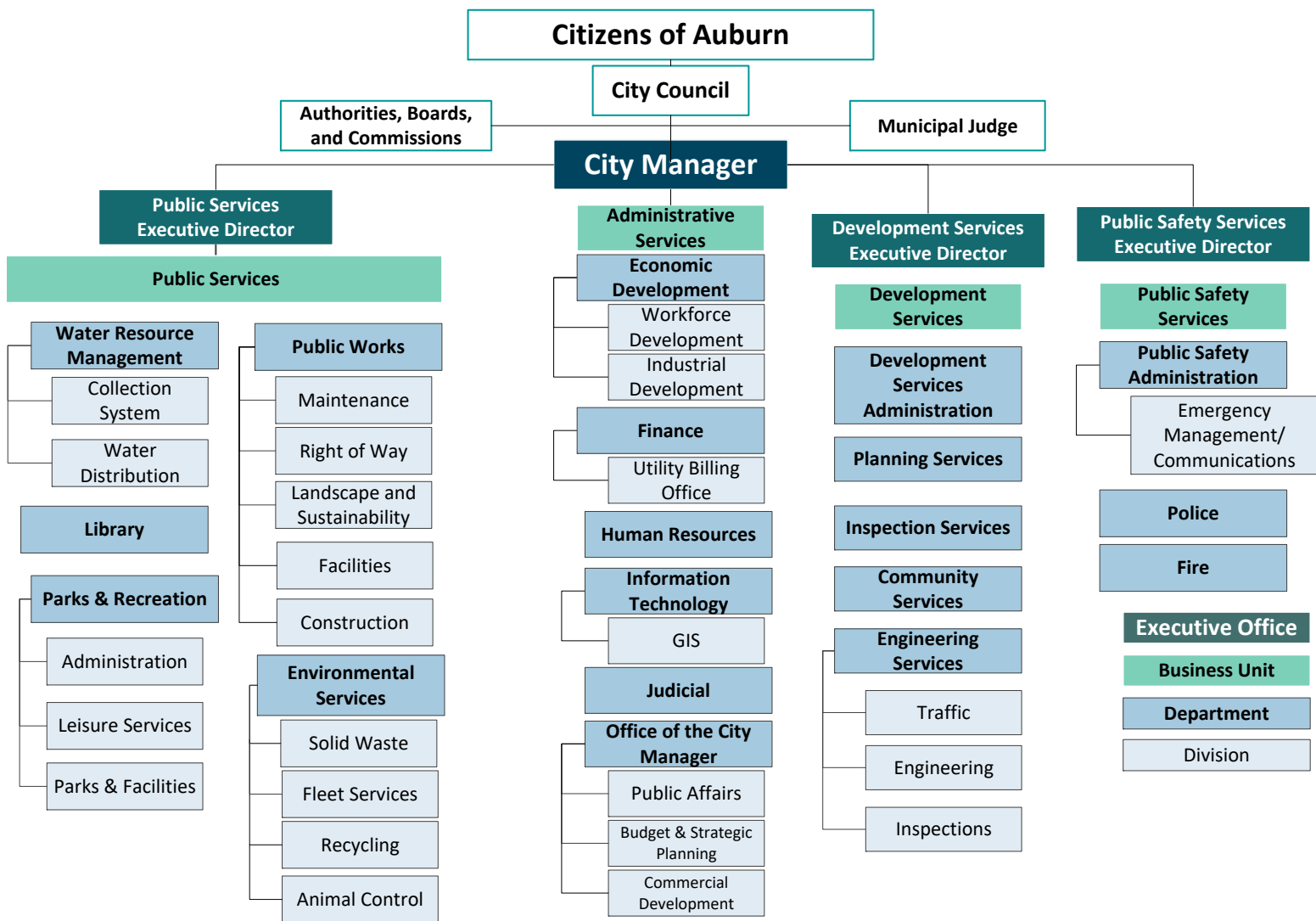
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2020

*Christopher P. Morill*

Executive Director/CEO









City of Auburn

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Auburn, Alabama, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Auburn, Alabama's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Auburn, Alabama, as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Special School Tax Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 29 through 60), pension information (pages 157 through 158), and OPEB information (page 159) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Auburn, Alabama's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, the respective budgetary comparison for the special revenue and debt service funds, the discretely presented nonmajor component unit financial statements, the capital asset schedules, and the statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2022, on our consideration of the City of Auburn, Alabama's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing,

and not to provide an opinion on the effectiveness of the City of Auburn, Alabama's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Auburn, Alabama's internal control over financial reporting and compliance.

*Machen McChesney, LLP*

Auburn, Alabama  
March 25, 2022



City of Auburn

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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This section of the City of Auburn's Annual Comprehensive Financial Report presents City management's discussion and analysis (MD&A) of the City's financial performance during the fiscal year that ended on September 30, 2021. Please read this in conjunction with the City's financial statements and the accompanying notes, which follow this section, and the additional information furnished in the letter of transmittal in the introductory section of the Comprehensive Annual Financial Report.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Auburn exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$189.5 million (net position). Of this amount, the City had a deficit unrestricted net position of \$170.5 million offset by \$66.2 million in restricted net position and \$293.9 million in net investment in capital assets.
- The primary government experienced a 12.3% increase in net position from \$168.7 million at September 30, 2020 to \$189.5 million at September 30, 2021.
- At the close of fiscal 2021, the City's governmental funds reported a *combined* fund balance of \$131.2 million. This was an increase of \$3.0 million (2.4%) from the prior year.
- At the end of fiscal 2021, total fund balance for the General Fund was \$68.7 million or 62.0% of total General Fund expenditures and other financing uses; total fund balance increased by \$2.9 million (4.4%) from fiscal year 2020. Total ending fund balance in the General Fund comprised 60.6% of total revenues in 2021 and 63.7% in 2020.
- Unassigned fund balance for the General Fund was \$41.2 million, or 37.2% of total General Fund expenditures and other financing uses; this was an increase of \$11.5 million (38.6%) from fiscal 2020.
- Sales and use tax, the City's single largest revenue source, increased by \$7.1 million (16.1%) during the 2021 fiscal year.
- Significant changes in revenue in the City's General Fund during 2021 include the following: state shared taxes increased \$1.6 million (44.4%); lodging taxes increased \$509,415 (26.8%); fines and forfeitures increased \$314,440 (37.0%); and interest income decreased \$556,338 (88.5%).

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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



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

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

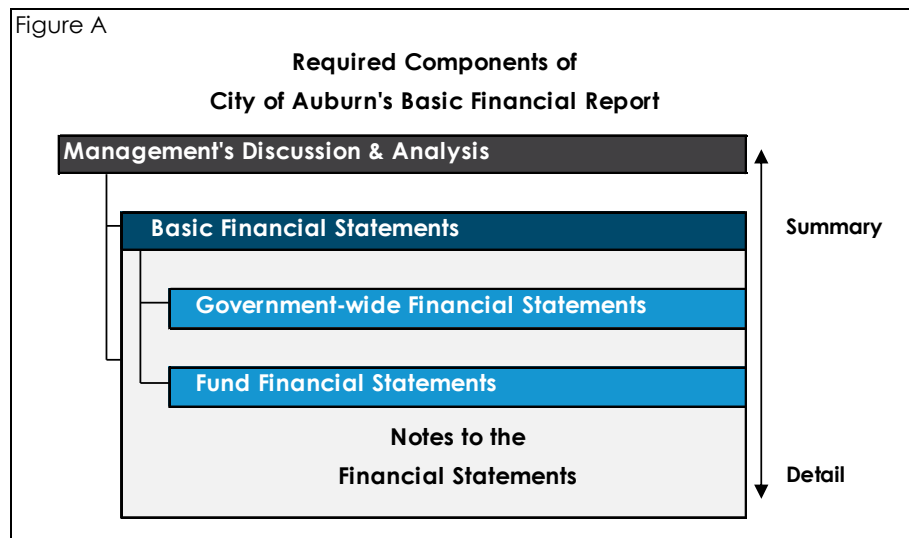


Figure B (on the following page) summarizes the major elements of the financial statements, explaining the portions of the City government included in each and the types of information contained therein. The remainder of this overview explains the structure and contents of each of the financial statements.

### Government-wide Statements

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

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

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

Figure B

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

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

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

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

**Fund Financial Statements**

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

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

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

The City has three kinds of funds:

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

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

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

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

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

## FINANCIAL ANALYSIS OF THE CITY (PRIMARY GOVERNMENT)

### Net position

The City's combined net position at September 30, 2021 totaled \$189.5 million (see Table 1). Governmental Activities' net position increased \$16.7 million (16.2%), while Business-type Activities' net position increased \$4.1 million (6.3%) during the year.

The primary government's total net position increase of \$20.8 million (12.3%) in fiscal 2021 includes the following major changes: 1) an increase in the deficit in unrestricted net position of \$6.5 million, 2) an increase in restricted net position of \$4.8 million, and 3) an increase in net investment in capital assets of \$22.5 million.

Table 1

**City of Auburn's Net Position  
September 30, 2021 and 2020**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 153,610,147	\$ 143,192,694	\$ 17,798,750	\$ 18,188,329	\$ 171,408,897	\$ 161,381,023
Capital assets	288,599,670	263,286,455	83,191,159	81,562,296	371,790,829	344,848,751
Total assets	<u>442,209,817</u>	<u>406,479,149</u>	<u>100,989,909</u>	<u>99,750,625</u>	<u>543,199,726</u>	<u>506,229,774</u>
Deferred outflows of resources	<u>15,545,998</u>	<u>11,972,174</u>	<u>3,085,280</u>	<u>3,048,285</u>	<u>18,631,278</u>	<u>15,020,459</u>
Current liabilities	34,170,746	27,453,739	4,836,459	4,942,969	39,007,205	32,396,708
Long-Term debt and other liabilities	303,289,753	287,370,556	29,723,673	32,427,262	333,013,426	319,797,818
Total liabilities	<u>337,460,499</u>	<u>314,824,295</u>	<u>34,560,132</u>	<u>37,370,231</u>	<u>372,020,631</u>	<u>352,194,526</u>
Deferred inflows of resources	<u>226,263</u>	<u>271,512</u>	<u>84,092</u>	<u>91,702</u>	<u>310,355</u>	<u>363,214</u>
Net position:						
Net investment in capital assets	238,127,410	219,751,610	55,737,271	51,637,747	293,864,681	271,389,357
Restricted	64,086,025	57,672,793	2,098,948	3,711,650	66,184,973	61,384,443
Unrestricted	(182,144,382)	(174,068,887)	11,594,746	9,987,580	(170,549,636)	(164,081,307)
Total net position	<u>\$ 120,069,053</u>	<u>\$ 103,355,516</u>	<u>\$ 69,430,965</u>	<u>\$ 65,336,977</u>	<u>\$ 189,500,018</u>	<u>\$ 168,692,493</u>

Net investment in capital assets (buildings, equipment, roads, etc.) is the primary component of Governmental Activities' net position. The net investment in capital assets for governmental activities at September 30, 2021 was \$238.1 million. Debt outstanding related to capital assets was \$44.7 million. The large negative unrestricted net position in FY 2020 (\$174.1 million) and FY 2021 (\$182.1 million) is primarily the result of a common financing circumstance in Alabama. The City of Auburn issues debt (repaid with legally dedicated ad valorem taxes) in the City's name for the benefit of Auburn City Schools (ACS), a discretely presented component unit of the City. Therefore, the City must report the debt in its financial statements. However, the City typically does not have a legal right (title) to the assets associated with the debt (which are owned by ACS); hence, the large negative unrestricted net position balances. Total debt outstanding for school issues was \$195.8 million as of September 30, 2021. In fiscal 2021, the City issued \$11.0 million in general obligation warrants to partially refund the 2014-B general obligation warrants. The City also issued \$17.9 million in general obligation warrants to be used by ACS for the construction of Woodland Pines Elementary School and renovations at East Samford School. The City holds the debt proceeds and transfers the proceeds to the School Board as needed to pay for construction. Any unused proceeds are classified as restricted net position, further increasing the deficit in unrestricted net position.

Similar to the school funding situation, the City entered into an agreement with Auburn University to issue general obligation debt, enabling Auburn University to finance an

expansion of the City's tennis complex. The City leases a portion of the complex to Auburn University. These lease payments fund principal and interest on the City's debt. The City's Public Park and Recreation Board, a component unit of the City, owns and operates the joint tennis facility. With respect to the Tennis Center, the debt principal of \$1.2 million outstanding is included in the City's liabilities and the offsetting capital asset is included on the balance sheet of the Public Park and Recreation Board, increasing the deficit in the City's unrestricted net position.

Also contributing to the large unrestricted net position balance are liabilities related to pensions and other post-employment benefits (OPEB). The City implemented GASB Statement 68 – Accounting and Financial Reporting for Pensions in fiscal 2015. The City and its employees contribute to the Employees' Retirement System of Alabama (RSA), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participants. The net pension liability of governmental activities required to be included in the long-term liabilities section of the Statement of Net Position as of September 30, 2021 was \$42.6 million. In fiscal 2018, the City implemented GASB Statement 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement requires the recognition of a liability for obligations incurred under postemployment benefit plans. The City's OPEB plan provides medical benefits to employees upon retirement based on certain eligibility requirements. The retirees pay 100% of the premium costs and specific deductibles. The City pays for all costs in excess of premiums and deductibles. The net OPEB liability of governmental activities required to be included in the long-term liabilities section of the Statement of Net Position was \$6.4 million as of September 30, 2021.

Table 2 displays detail of debt issued by the City to acquire or construct capital assets owned by other entities, affecting the City's unrestricted net position. Total City debt for the benefit of Auburn City Schools outstanding at September 30, 2021, was \$195.8 million, an increase of \$12.4 million (6.8%) from the prior year. This increase is the result of a new debt issuance of \$17.9 million for school facilities offset by principal payments on existing debt during the year. Debt outstanding in respect to agreements made with Auburn University was \$1.2 million, a decrease from the prior year of \$216,668 (17.6%). This decrease is attributable to the City's principal repayments.

Governmental Activities' unrestricted net position (excluding the effects of others' debt) increased \$4.1 million (38.1%) to \$14.9 million at the end of fiscal 2021. This increase is primarily due to \$8.3 million in unearned revenue for funds received during fiscal 2021 from the Coronavirus Local Fiscal Recovery Funds, a part of the American Rescue Plan. No funds were spent because final guidance for the program was not available until January 2022. This is offset by a net increase in cash and equivalents, restricted cash, and investments of \$8.9 million (7.3%). Also, deferred outflows of resources related to refunding of debt, pensions, and OPEB increased \$3.6 million (29.9%).

The City's governmental activities had an overall positive net position of \$120.1 million at the end of the 2021 fiscal year, an increase of \$16.7 million (16.2%).

Table 2

**Governmental Activities**

<b>Net Position</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Net investment in capital assets	238,127,410	219,751,610
Restricted		
Capital Projects	1,104,254	2,935,491
Debt Service	9,300,463	9,348,584
Federal and State Grants	3,780,381	3,994,336
Investments	1,531,881	1,765,891
Special Revenue, non-grant	48,369,046	39,628,491
Unrestricted (deficit)		
Governmental Activities	14,885,986	10,782,853
<b>City School Debt</b>	<b>(195,799,924)</b>	<b>(183,404,629)</b>
<b>Auburn University Debt</b>	<b>(1,230,444)</b>	<b>(1,447,111)</b>
Total Net Position-Governmental	<u>120,069,053</u>	<u>103,355,516</u>

Net position of the City's business-type activities increased by \$4.1 million (6.3%) to \$69.4 million in fiscal year 2021, from \$65.3 million in fiscal year 2020. This increase is partially due to a positive change in net position from combined business-type operations revenues over expenses of \$4.6 million which is offset by nonoperating interest expense of \$1.3 million. Activity related to capital assets also contributed to the net increase. Capital assets increased by \$1.6 million (2.0%). This change consisted of asset acquisitions totaling \$5.8 million, which was offset by asset disposals of \$759,789 and an increase in accumulated depreciation (a contra asset) of \$3.4 million. Asset acquisitions included heavy equipment, vehicles, sewer lines, and improvements to the H.C. Morgan Water Pollution Control Facility. Other activity contributing to the increase in net position was a decrease in warrants payable of \$1.2 million (4.0%) in the sewer business-type activity. This is the result of scheduled payments of principal on long-term debt.

The primary government's net position increased \$20.8 million (12.3%) in fiscal year 2021. Total assets increased \$37.0 million (7.3%), while deferred outflows of resources increased \$3.6 million (24.0%). The net increase in assets is attributable to three main factors:

- Cash and cash equivalents decreased \$31.7 million (33.5%) and investments increased \$44.3 million (285.5%), for a net increase between the two categories of \$12.6 million (11.4%). Due to the low interest rate environment, approximately \$40.9 million in various money market accounts were moved to an investment portfolio comprised of U.S. Treasury securities. Also, excess cash was moved to the portfolio throughout the year in an effort to maximize interest earnings. Interest rates on the portfolio ranged from .05% to 2.875%.
- Restricted cash decreased \$4.3 million (15.5%). During fiscal year 2021, the City continued to spend down debt proceeds from warrants issued in fiscal year 2018 for the construction of a new Public Safety Complex and debt proceeds from warrants issued in fiscal year 2020 for construction of a new municipal parking deck. These decreases were offset by the fiscal year 2021 borrowing for Auburn City Schools for construction of a new elementary school and renovations at an existing school facility. The City is holding these funds and as construction progresses, funds are transferred to the school board to pay contractors.



- Capital assets, both depreciated and not being depreciated, increased by \$26.9 million (7.8%) in fiscal year 2021. The largest component of this change is an increase of \$34.9 million (62.3%) in governmental activities' buildings and improvements. This increase is mainly attributable to the capitalization of a new public safety complex. Governmental activities' infrastructure increased \$24.5 million (10.7%) because of the capitalization of the Wright Street Parking Deck. Also, roads contributed by developers in fiscal 2021 totaled \$4.0 million, which is a decrease of \$779,357 (16.3%) from fiscal 2020. When new subdivisions are developed, the developer is responsible for construction of necessary roads. The roads are then contributed to the City upon completion. Although roads contributed decreased slightly in fiscal 2021, the total value is indicative of the continued growth in the City. These increases were offset by a decrease in construction in progress of \$33.4 million (66.5%) due to the capitalization of completed projects. More information on the change in capital assets is included in the *Capital Assets* section.

The net increase in deferred outflows of resources is the result of several changes. First, deferred amount on refunding increased by \$634,838 (16.6%). Pursuant to GASB Statement 23 – *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities* and GASB Statement 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, when the reacquisition price required to refund outstanding bonds or warrants is greater than the net carrying amount of the outstanding debt, the difference is recorded as a deferred outflow of resources in the period in which the refunding takes place. This difference is then recognized in subsequent periods through amortization as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. For fiscal 2021, these transactions resulted in an increase in deferred amount on refunding for governmental activities of \$828,196 and a decrease in deferred amount on refunding for business-type activities of \$193,358. Also, deferred outflows related to the City's pension liability increased \$2.6 million (28.4%). This change is made up of differences between expected and actual experience and the change in employer contributions subsequent to the measurement date. Deferred outflows related to the City's other post-employment benefits (OPEB) increased \$405,638 (19.0%). This increase is due to changes in actuarial assumptions and differences between projected and actual experience.

Total liabilities increased \$19.8 million (5.6%), while deferred inflows of resources decreased \$52,859 (14.6%). The increase in total liabilities is a result of several major changes. Unearned revenue increased \$8.1 million (318.4%) due to unspent proceeds from the Coronavirus Local Fiscal Recovery Funds, a part of the American Rescue Plan. The City received \$8.3 million under this program and will receive an additional \$8.3 million in fiscal 2022. No funds were spent in fiscal 2021 because final guidance for the program was not available until January 2022. Long-term debt increased by \$6.5 million (2.4%) due to the issuance of \$17.9 million in general obligation warrants for Auburn City Schools new elementary school and renovation projects. \$11.0 million in general obligation warrants were issued to partially refund the 2014-B general obligation warrants originally issued for school purposes. Sewer Fund also partially refunded \$15.9 million of its 2014-A general obligation warrants. This is offset by principal repayments for both governmental and business-type activities of \$15.1 million. Net pension liability increased \$5.6 million (14.0%) based on actuary plan information provided by the Retirement Systems of Alabama.

The net decrease in deferred inflows of resources is the result of decreases in both pension and OPEB related inflows. Pension related deferred inflows decreased \$1,923 (3.0%) which is related to the difference between projected and actual earnings on plan investments. OPEB related deferred inflows of resources decreased \$50,936 (17.0%) related to differences between expected and actual experience and changes in assumptions.

## Governmental Activities

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

Table 3

Governmental Activities	Expenses		Program Revenues*		Net (Expense) Revenue	
	2021	2020	2021	2020	2021	2020
<b>Functions and programs</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
General government	13,125,800	11,211,997	23,329,062	22,100,051	10,203,262	10,888,054
Public works	9,696,921	9,603,058	5,952,326	7,857,901	(3,744,595)	(1,745,157)
Environmental services	1,790,534	1,793,232	-	-	(1,790,534)	(1,793,232)
Public safety	27,140,426	25,068,120	6,917,819	6,711,810	(20,222,607)	(18,356,310)
Library	2,426,778	2,574,545	36,410	35,059	(2,390,368)	(2,539,486)
Parks and recreation	7,205,293	6,872,513	1,182,201	812,553	(6,023,092)	(6,059,960)
Development services	5,606,773	5,723,548	1,067,053	360,492	(4,539,720)	(5,363,056)
Social and economic development	7,537,644	6,781,786	1,121,886	659,821	(6,415,758)	(6,121,965)
Other functions	9,784,544	6,737,141	4,849,194	4,674,372	(4,935,350)	(2,062,769)
Education (payments to Board of Ed)	39,554,189	48,988,527	-	-	(39,554,189)	(48,988,527)
Interest on long-term debt	8,513,776	8,484,353	-	-	(8,513,776)	(8,484,353)
<b>Total governmental activities</b>	<b>132,382,678</b>	<b>133,838,820</b>	<b>44,455,951</b>	<b>43,212,059</b>	<b>(87,926,727)</b>	<b>(90,626,761)</b>

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

The cost of governmental activities this year was \$132.4 million. Program revenues provided \$44.5 million to finance the cost of the City's governmental activities. The amount that Auburn taxpayers paid to provide for governmental activities' expenses through general revenues (taxes, license fees, interest earnings, etc.) was \$87.9 million. This net expense is a \$2.7 million (3.0%) decrease from fiscal 2020.

There are three items of note in the change in net expense of governmental activities. Payments for education decreased by \$9.4 million (19.3%) from fiscal 2020. The City issued \$17.9 million in general obligation warrants on behalf of Auburn City Schools for a new elementary school and improvements to East Samford School. The City holds the funds for this issue, and as construction progresses, funds are transferred to the school board for construction payments. The total amount transferred for these projects in fiscal 2021 was \$3.4 million. An additional \$10.0 million in remaining proceeds from a debt issue in fiscal 2019 were transferred for school construction projects. During fiscal 2020, \$28.9 million in proceeds from the 2019 debt issue were transferred for school construction projects. This decrease is offset by an increase of \$5.3 million (77.9%) in transfers from dedicated education property taxes for a property purchase made by Auburn City Schools.

Another significant change in net expense occurred in the public works function which increased \$2.0 million (114.6%). This change resulted from a decrease in program revenues of \$1.9 million (24.3%) during fiscal 2021. One component of this change in program revenues is the value of donated streets and easements decreased \$865,078

(15.8%). Also, in fiscal 2020 the City received a \$1.0 million pass-through grant from the Alabama Department of Transportation that was paid to Auburn University for roadway improvements to Camp Auburn Road.

In addition to these two changes, net expense for other functions, which is comprised of the human resources and risk management functions, increased \$2.9 million (139.3%). These functions include the City's self-insured employee benefits, general liability and workers' compensation programs. This change resulted from an increase in expenses of \$3.0 million primarily due to increased health claims and rising health care costs, as well as long term workers' compensation claims for two catastrophic events involving police officers in fiscal 2019.

Total City program income exceeded expenses for only one function in fiscal 2021; general government produced an excess of \$10.2 million, a decrease of \$684,792 (6.3%) over fiscal 2020. Factors contributing to this change include an increase in expenses of \$1.9 million (17.1%) and an increase in program revenue of \$1.2 million (5.6%). The largest change in expenses for this function is an increase of \$1.6 million (127.7%) in pension expense related to the City's net pension liability calculation. This increase is due to a change in benefit terms adopted by the City in September 2020 allowing tier 2 members of the retirement plan to receive tier 1 benefits. See note 12 to the financial statements for additional information about the change in benefit terms. The change in program revenue is attributed to several increases and decreases in various charges for services and operating grants and contributions, which are listed below.

Residential rental increased \$410,408 (17.0%). Residential rental is a license fee levied against any owner of residential property, which is used primarily for rental or leasing and is not owner-occupied. This fee is fixed at 1.5% of gross receipts with a minimum fee of \$100. This increase is primarily due to the receipt of delinquent fiscal 2020 filings in fiscal 2021.

Construction permits and construction percent are both related to building activities within the City. Construction permits decreased \$94,000 (4.7%) in fiscal 2021 from fiscal 2020. These fees are collected from contractors and property owners at rates that vary based on the type of building. Construction percent is a license fee paid by general or sub-contractors in addition to a flat business license fee. This fee is equal to  $\frac{1}{4}$  of 1% of the total contract price or the total cost to the licensee, whichever is greater, of each project undertaken by the licensee. Construction percent decreased \$608,965 (30.6%) in fiscal 2021. Valuation of multi-family buildings was down \$105.8 million primarily due to several large multi-family buildings and a medical services building at the Auburn Research Park that permitted during fiscal 2020. Despite this decrease, Auburn continues to see a great deal of construction across the city especially in residential areas. Valuation of single-family housing was up \$55.5 million as of September 30, 2021 as compared to the same time last year.

The operating grants and contributions component of program revenue for general government increased \$1.3 million (29.3%) primarily due to changes in state shared taxes and Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. The financial institution tax is a state shared tax imposed on any financial institution doing business in Alabama. This tax is collected by the Alabama Department of Revenue (ADOR) and distributed to each county and municipality. This tax was previously paid annually, but new legislation effective January 2020 requires quarterly payments. Three quarterly payments were received in fiscal 2020 and four quarterly payments were received in

fiscal 2021. This change in remittance schedule resulted in an increase of \$721,666 (142.3%) for fiscal 2021.

The simplified sellers use tax is a state shared tax collected from eligible sellers who participate in the Simplified Sellers Use Program administered by ADOR. This program allows eligible sellers to collect, report and remit use tax in lieu of the sales or use taxes otherwise due by or on behalf of customers in Alabama who make purchases online and have them delivered into cities and counties in Alabama. This tax is collected by ADOR and distributed to each county and municipality based on population. This tax began in fiscal 2018 and continues to grow as more sellers participate in the program, increasing by \$797,715 (38.9%) in fiscal 2021 over collections in fiscal 2020. The COVID-19 pandemic also contributed to this increase, as more citizens turned to online shopping.

These increases in state shared taxes are offset by a decrease in operating grants of \$324,302 (42.7%). During fiscal 2020, the City received \$759,499 in CARES Act grant reimbursements for COVID-19 related expenditures. The City received \$435,197 in COVID-19 related grant reimbursements during fiscal 2021.

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

Table 4

<b>Excerpt of Governmental Activities</b>		
<i>from the</i>		
<b>Statement of Activities</b>		
<b>Governmental Activities</b>	<b><u>Net (Expense) Revenue</u></b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Net expense of the total governmental activities</b>	<u>(87,926,727)</u>	<u>(90,626,761)</u>
<b>General revenues:</b>		
Sales taxes	50,902,320	43,838,542
Property taxes	35,374,100	32,475,761
Occupational license fees	14,345,721	13,829,887
Rental and leasing taxes	962,586	985,837
Lodging taxes	2,409,917	1,900,502
Motor fuel taxes	430,315	384,207
Other taxes	362,836	295,093
Interest and investment earnings	144,884	1,345,326
Gain on disposal of assets	36,346	41,621
Miscellaneous	65,258	237,085
<i>Total general revenues</i>	<u>105,034,283</u>	<u>95,333,861</u>
<i>Excess before transfers</i>	<u>17,107,556</u>	<u>4,707,100</u>
Transfers	108,253	(161,923)
<i>Change in net position</i>	<u>17,215,809</u>	<u>4,545,177</u>
Beginning net position	103,355,516	98,810,343
Prior period adjustment	(502,268)	-
Ending net position	<u>120,069,053</u>	<u>103,355,516</u>

Table 5 divides total governmental program revenue by source for 2021 and 2020 into three components: charges for services, operating grants and contributions, and capital grants and contributions. These totals and the narrative following the table provide insight into the changes in program revenue.

Table 5

<b>Program revenue by source:</b>	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
	\$	\$
Charges for services	30,206,903	29,682,317
Operating grants and contributions	7,998,302	6,921,753
Capital grants and contributions	6,250,746	6,607,989
<i>Program revenue - governmental activities</i>	<u>44,455,951</u>	<u>43,212,059</u>

Some of the program costs of governmental activities in 2021 were paid by revenues collected from those who directly benefit from the programs (\$30.2 million). These revenue sources include the following:

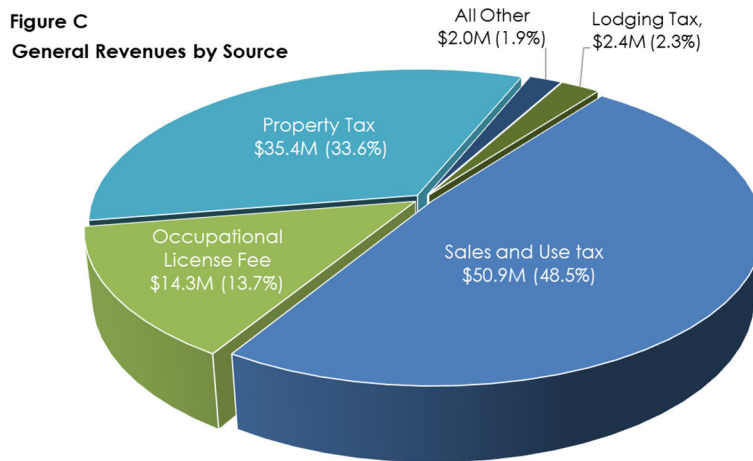
- General business license fees of \$7.5 million that support general government services.
- Residential rental license fees of \$2.8 million that fund a portion of general government services. The City charges this fee to owners of residential property used primarily for rental purposes.
- Court fines and tickets of \$841,899 that support essential public safety and judicial services within the City.
- Construction permit fees of \$1.9 million that fund construction and building inspections in an effort to meet Auburn's building requirement standards as well as other general government services.
- Public safety fees of \$5.0 million paid by Auburn University to fund fire and police services on campus.

Operating and capital grants and contributions of \$14.2 million also supported program costs during fiscal 2021. These revenues were up \$719,306 (5.3%) from fiscal year 2020. Details of this change are described below.

- As described on the previous page, the simplified sellers use tax is a state shared tax collected from eligible sellers who participate in the Simplified Sellers Use Program administered by the Alabama Department of Revenue (ADOR). All state shared taxes are included in operating grants and contributions in the government-wide financial statements. This tax began in fiscal 2018 and continues to grow as more sellers participate, increasing \$797,715 (38.9%) in fiscal 2021 over collections in fiscal 2020.
- The financial institution tax, another state shared tax collected by ADOR, increased \$721,666 (142.3%) during fiscal 2021. As mentioned earlier, this tax is paid by all financial institutions with operations in Alabama. The increase is due to a change in the remittance schedule from annual to quarterly payments. Three quarterly payments were received in fiscal 2020 and four quarterly payments were received in fiscal 2021.
- The increases in state shared taxes were offset by decreases in grant funding, which is included in program revenue. During fiscal 2021, the City received \$435,197 in CARES Act and FEMA funding for COVID-19 related expenses including personal protective equipment, cleaning and sanitation at City facilities, telework expenses for employees to work remotely, and expenses associated with running the local COVID-19 vaccination clinic. This is \$324,302 (42.7%) less than reimbursements received in fiscal 2020. As mentioned in the *Governmental*

Activities section, during fiscal 2020 the City also received \$1.0 million in a pass-through grant from the Alabama Department of Transportation for Auburn University's roadway improvements to Camp Auburn Road.

The City financed net expenses of \$87.9 million for governmental activities from taxes, license fees and other general revenues. Figure C shows the various sources of general revenues for fiscal year 2021:



General revenues include all revenue sources not reported as program revenues. All taxes, even those levied for a specific purpose, are general revenues. All other non-tax revenues (including license fees, interest, gains and losses, and contributions) that do not meet the criteria for program revenues are also general revenues.

- The largest of the City's general revenues is sales and use tax, comprising 53.4% of total general revenues. The sales tax rate for purchases made in the City of Auburn is 9%, which includes 4% for the State, 4% for the City, and 1% for Lee County.
- The second largest source of general revenues is property taxes (37.1%). Of the total 26 mills the City receives in property taxes, 16 mills are legally dedicated to the Auburn City Schools.
- The third largest general revenue source is occupational license fees (15.0%). This fee is levied at 1% of gross wages earned within the City limits.

### Business-type Activities

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

The City constantly monitors the need for sewer rate changes by studying and evaluating whether existing rates will meet the projected operating and capital needs of the sewer



system in the future. The last formal rate study and analysis, conducted in November 2013, resulted in confirmation that the fund's current rates are adequate to meet revenue requirements through the end of fiscal 2019. Assumptions used in this analysis included currently identified capital expenditures and no unexpected, significant changes in operating expenses, sewer sales, regulatory requirements, or the economy. Although this study only provided revenue requirements through fiscal 2019, the performance of this fund continues to be strong. The City does not expect to increase sewer rates over the next few fiscal years. City staff continues to evaluate rates internally to determine if rates are adequate for the capital and operating needs of the sewer function. It is likely that the next formal rate study will occur in fiscal 2023.

Table 6

**Excerpt of Business Type Activities (Condensed)**  
from the  
**City of Auburn Statement of Activities for the Fiscal Years ended September 30, 2021 and 2020**

Business-Type Activities	Expenses		Program Revenues*		Net (Expense) Revenue	
	2021	2020	2021	2020	2021	2020
<b>Functions and programs</b>	\$	\$	\$	\$	\$	\$
Sewer Fund	9,526,755	9,149,637	13,639,411	14,525,101	4,112,656	5,375,464
Solid Waste Management Fund	5,349,988	5,078,039	5,379,702	5,226,536	29,714	148,497
<b>Total business-type activities</b>	<b>14,876,743</b>	<b>14,227,676</b>	<b>19,019,113</b>	<b>19,751,637</b>	<b>4,142,370</b>	<b>5,523,961</b>

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

	Business-Type Activities	
	2021	2020
	\$	\$
<b>Expenses of total business-type activities</b>	<b>(14,876,743)</b>	<b>(14,227,676)</b>
<b>Program revenues by source:</b>		
Charges for services	18,098,390	18,271,282
Operating grants and contributions	1,103	101,375
Capital grants and contributions	919,620	1,378,980
<b>Total program revenues</b>	<b>19,019,113</b>	<b>19,751,637</b>
<b>General revenues:</b>		
Interest and investment earnings	28,179	104,210
Gain on disposal of assets	-	61,180
Miscellaneous	31,692	21,555
<b>Total general revenues</b>	<b>59,871</b>	<b>186,945</b>
<b>Excess before transfers</b>	<b>4,202,241</b>	<b>5,710,906</b>
Transfers	(108,253)	161,923
<b>Change in net position</b>	<b>4,093,988</b>	<b>5,872,829</b>
Beginning net position	65,336,977	59,464,148
Ending net position	<b>69,430,965</b>	<b>65,336,977</b>

Table 6 shows that program revenue of the Sewer Fund business-type activity, including charges for services (sewer treatment and disposal), operating grants and contributions, and capital grants and contributions decreased from the prior year by \$885,690 (6.1%). There are several components to this change. Sewer access fees decreased by \$1.1 million (43.7%). Sewer access fees are fees charged to customers for new access to the sewer system. Also contributing to the change in sewer program revenue is a decrease of \$459,360 (33.3%) in sewer lines contributed by developers. Lines contributed during fiscal 2021 totaled \$919,620, as compared to \$1.4 million in fiscal 2020. This type of contribution, driven by development, can vary greatly from year to year. These decreases are offset by an increase in sewer service fee revenue of \$747,464 (7.2%). This increase reflects the impact of reduced usage during fiscal 2020 due to COVID-19 restrictions on local activities and businesses, as well as drier conditions during fiscal 2021. Sewer service fees are calculated based on water usage. Rainfall greatly affects water

usage, which in turn, affects sewer usage. Rainfall decreased 7.7% from 2020 to 2021, increasing water usage.

Sewer Fund expenses (operating plus interest expense) increased \$377,118 (4.1%) to \$9.5 million. The major components of this change include the following:

- Salaries and wages increased \$99,503 (8.0%) primarily due to a vacant position being filled during fiscal 2021, as well as normal adjustments for the City's merit pay plan and a cost of living adjustment effective October 1.
- Employee benefits increased \$88,488 (22.1%) mainly due to an increase in pension expense related to the net pension liability calculation. This increase is related to a change in benefit terms adopted by the City in September 2020 allowing tier 2 members of the retirement plan to receive tier 1 benefits. See note 12 to the financial statements for additional information about the change in benefit terms.
- The office supplies category, which includes office equipment, computer equipment, and computer software, decreased \$72,349 (68.3%). During fiscal 2020, the Collection Systems Division purchased software used to perform inspections on new and existing sanitary sewer and storm water infrastructure.
- Management fees paid to Veolia Water North America Operating Services, LLC for the operation, management and maintenance of the City's publicly owned wastewater treatment facilities increased \$76,871 (4.8%). This fee is based on a percentage of the cost of operations which was lower during fiscal 2020 due to reduced customer usage. The reduction in customer usage during fiscal 2020 was due to increased rainfall and the COVID-19 pandemic.
- Interest and fiscal charges increased \$153,658 (12.9%) due to debt issuance expenses related to the partial refunding of Sewer Fund's 2014-A general obligation warrants in August 2021.

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

As Table 6 shows, revenue exceeded expenses by \$29,714 in fiscal 2021. Like the sewer function, user fees cover the cost of providing solid waste and recycling services. The City reviews and analyzes these fees regularly to ensure they continue to cover these costs. The current rate for curbside garbage service is \$23.50 with residents who receive backdoor service currently paying \$10.00 per month more. As projected operating and capital needs of the solid waste function change, the need for further analysis becomes necessary. During late fiscal 2017 and early fiscal 2018, the City worked with a consultant to develop a solid waste rate model for the City's solid waste and recycling program. Although no specific action has been taken to adjust rates based on this study, the model provides the City with a management tool to anticipate future needs, including both operating and capital costs for the solid waste and recycling function. This model also provides a means to anticipate the significance of capital expenditures on overall system financial health. It is likely that the next formal rate study will occur in fiscal 2023.

Also shown in Table 6, program revenue of the SWMF business-type activity, including charges for services (garbage and recycling collection), operating contributions and grants, and capital contributions and grants, increased from the prior year by \$153,166 (2.9%). Charges for services for solid waste collection increased by \$252,675 (4.9%). Collection fees increased \$251,811 (5.0%) from customer growth. Recycling revenue increased \$11,738 (90.4%) due to increased drop offs at the recycling center and increased grease collection downtown. Also contributing to the change in program revenue was a decrease in operating grants and contributions of \$99,509 (98.9%). During fiscal 2020, the SWMF received \$84,562 in grant funds to promote its curbside single-stream recycling program and \$16,050 in CARES Act funding for COVID-19 related expenses.

Expenses of the SWMF increased \$271,949 (5.4%). The largest component of this increase is related to an increase in heavy equipment repair parts of \$171,266 (48.9%) primarily due to an overall aging of the fleet. Fuel increased \$54,928 (28.1%) due to higher fuel prices and recycling trucks traveling to Columbus, Georgia to drop-off recyclables. Employee benefits increased \$97,305 (16.0%) primarily due to an increase in pension expense related to the fund's net pension liability calculation. A change in benefit terms was adopted by the City in September 2020 allowing tier 2 members of the retirement plan to receive tier 1 benefits. See note 12 to the financial statements for additional information about the change in benefit terms. The remainder of the change in expenses is the result of typical fluctuations, both up and down, in other operating expenses, such as utilities, supplies, and minor tools and equipment. These changes are normal for operations of solid waste and recycling activities.

## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

### **Governmental Funds**

As the City completed the 2021 fiscal year, its governmental funds reported a *combined* fund balance of \$131.2 million, a \$3.0 million (2.4%) increase from the prior year. The total increase in fund balance is comprised of a \$2.9 million (4.4%) increase in the General Fund's fund balance; an \$8.8 million (19.7%) increase in special revenue funds' fund balances; a \$48,121 (0.5%) decrease in the debt service fund fund balance; and an \$8.4 million (78.2%) decrease in capital projects funds' fund balances. The following narrative discusses the financial activities that comprise the major changes in governmental fund balances.

### **Governmental revenues and other financing sources**

Total revenues of the governmental funds showed growth of \$11.7 million (8.8%) over the prior year. Major components of this change are described below, in statement presentation order.

- Sales and use tax, the City's single largest revenue source, represents 35.1% of governmental funds' revenue in fiscal 2021. This major revenue source increased by \$7.1 million (16.1%) over fiscal 2020. As COVID-19 restrictions began to loosen and the COVID-19 vaccine became widely available, the City experienced record sales tax collections from January 2021 through the end of the fiscal year which exceeded pre-pandemic collections.
- Lodging taxes increased \$509,415 (26.8%). This revenue source was greatly impacted by the COVID-19 pandemic due to shelter in place orders. It began to

recover in fiscal 2021 as Auburn University held more in person events including graduation, freshman orientation, and sporting events.

- Licenses and permits decreased \$461,820 (2.9%). As mentioned in the *Governmental Activities* section, construction permits decreased \$94,000 (4.7%) and construction percent decreased \$608,965 (30.6%) primarily due to permits issued during fiscal 2020 for a medical services building at the Auburn Research Park and several large multi-family buildings. These decreases are offset by an increase of \$410,408 (17.0%) in residential rental which is a license fee levied against any owner of residential property that is rented or leased and not owner-occupied. This increase is primarily due to delinquent fiscal 2020 filings received in fiscal 2021.
- General property tax revenues increased by \$2.9 million (8.9%). This revenue source is the second largest source (24.4%) of governmental funds' revenue. Property taxes continue to show steady growth in Auburn. This increase comes in the form of new property developed within the City as well as increases in assessed values on existing property. Auburn has seen growth in single-family, multi-family and student housing developments. This growth is also due to Auburn's ability to remain an attractive city and the overall health of the realty market in the Auburn area (low foreclosure rate and low turnover).
- Fines and forfeitures increased \$345,748 (35.9%). Due to COVID-19 restrictions in place during fiscal 2020, Auburn Municipal Court was closed from March through July, limiting court case processing and revenue collections last year.
- State shared taxes increased \$1.7 million (42.8%). The two primary components of this change is an increase in the simplified sellers use tax (SSUT) and financial institution tax. As more remote sellers participate in the SSUT program, the City's allocation from the state increases. In fiscal 2021, the City received \$2.8 million, an increase of \$797,715 (38.9%). This change is also indicative of the increase in online shopping during the COVID-19 pandemic and changes in consumer behavior. Financial institution tax increased \$721,666 (142.3%) due to a change in the remittance schedule from annual to quarterly payments.
- Interest revenue decreased \$1.2 million (89.2%) in fiscal 2021. The City primarily invests in interest-bearing demand and time deposits as well as U.S. Treasury securities, which experienced declining interest rates in fiscal 2021 due to the impact of COVID-19 on financial markets.

Other financing sources, excluding transfers between governmental funds, decreased by \$40.9 million (56.3%) in fiscal 2021 as compared to fiscal 2020. In fiscal 2021, the City issued debt twice on behalf of Auburn City Schools. \$17.9 million in general obligation warrants were issued for construction of a new elementary school and school renovation projects and \$11.0 million in general obligation warrants were issued to partially refund the 2014-B general obligation warrants. Offsetting these increases to other financing sources are decreases for debt issued in the previous year, including two issuances for Auburn City Schools and an issuance for the construction of a new municipal parking deck. More information on debt issuances and/or refunding can be found in the *Long-term Debt* section of this MD&A.

## **Governmental expenditures and other financing uses**

Total governmental expenditures increased by \$1.1 million (0.7%) in fiscal 2021 over fiscal 2020. There are several components of this change, and the most notable of these components are described below, in statement presentation order.

- Departmental expenditures increased \$5.1 million (8.5%). The most significant changes were seen in public safety (increase of \$2.4 million or 10.2%), social and economic development (increase of \$931,916 or 22.6%), and human resources (increase of \$1.8 million or 26.5%). Details of these changes are listed below.
  - Public safety increased \$2.4 million (10.2%) in fiscal 2021 as compared to fiscal 2020. The largest component of this increase is related to salaries and benefits, which increased \$1.8 million (8.9%). Part of this increase is attributable to normal adjustments from the City's merit pay plan, a cost of living adjustment effective October 1, and an adjustment to police officer salaries to market rates. Overtime and gameday services increased as more activities and events were held later in the fiscal year, once the COVID-19 vaccine became available. Also, an integrated camera system was purchased for the police department which includes in-car cameras, body worn cameras, camera equipped tasers, a virtual reality training simulator, digital evidence management, live view capabilities and cloud storage for digital evidence.
  - Social and economic development increased \$931,916 (22.6%). During fiscal 2021 the City's Community Development Block Grant received additional funding for COVID-19 needs within the community, including rental assistance, utilities assistance, and payments to various agencies like the Food Bank of East Alabama. This function also administers the Commercial Development Incentive Program (CDIP) which began in 2011 to stimulate redevelopment of existing commercial property as well as attract new business to the community. Rebate payments from this program increased during fiscal 2021 due to increased sales recognized by the businesses and new businesses participating in the program.
  - Human resources increased \$1.8 million (26.5%) due to rising health care costs and increased health insurance claims associated with the City's self-insured employee health benefits program.
- The City's payments to its component units decreased \$8.9 million (17.8%) in fiscal 2021 as compared to 2020. The most significant component of this change is a decrease in debt proceeds held by the City and transferred to Auburn City Schools for construction projects. As mentioned in the *Governmental Activities* section, the City issued \$17.9 million in general obligation warrants for school projects and transferred \$3.4 million from those proceeds. An additional \$10.0 million in remaining proceeds from a prior debt issue were transferred during fiscal 2021 for school construction projects. In fiscal 2020, the transfers of debt proceeds totaled \$28.9 million.
- Table 7 provides more detail about payments to component units; additional information follows the table.

Table 7

**Governmental Funds - Expenditures Comparison**

<u>Paid to component units:</u>	<u>2021</u>	<u>2020</u>	<u>FY 21 &gt; FY 20</u>
Auburn City Schools	\$	\$	\$
General revenues	14,410,442	13,308,711	1,101,731
Education property taxes	12,026,879	6,759,040	5,267,839
Debt issuance - Schools	13,116,868	28,920,775	(15,803,907)
Subtotal to Schools	<u>39,554,189</u>	<u>48,988,526</u>	<u>(9,434,337)</u>
Industrial Development Board			
Operating Costs	1,000,000	905,000	95,000
West Tech Park Improvements	449,580	61,433	388,147
Subtotal to IDB	<u>1,449,580</u>	<u>966,433</u>	<u>483,147</u>
Public Park & Rec Board	<u>268,538</u>	<u>251,867</u>	<u>16,671</u>
Total - Component Units	<u>41,272,307</u>	<u>50,206,826</u>	<u>(8,934,519)</u>

- Payments to Auburn City Schools decreased by \$9.4 million (19.3%) in fiscal 2021 as compared to 2020. Details of this change are included below.
  - The City appropriated \$14.4 million (an increase of \$1.1 million or 8.3%) out of its general revenue to the Auburn City Schools in fiscal year 2021. The City has committed to providing 1.25 of its 4 pennies of sales tax to the Schools. This commitment includes a floor of \$11.5 million, meaning that when 1.25 pennies of total sales tax collected is less than \$11.5 million, the City will not lower the amount appropriated to the Schools.
  - In addition to the City's General Fund providing support to the schools, the School Board elects to draw additional operating revenue from the dedicated education property taxes each year. These taxes pay for principal and interest on school debt issued by the City of Auburn on behalf of Auburn City Schools and provides additional funds for operating expenses of the school system. This payment of additional operating funds of \$12.0 million in fiscal 2021 is a \$5.3 million (77.9%) increase from 2020. Additional funds were drawn in fiscal 2021 for a property purchase.
  - As described previously, the City transferred debt proceeds to the schools during 2021 for the construction of Woodland Pines Elementary School and improvements to East Samford School. The City holds these proceeds, and as construction progresses, funds are transferred to the school board to pay contractors. The total amount transferred for school projects in fiscal 2021 was \$13.1 million, a decrease of \$15.8 million (54.6%) from fiscal 2020.
- The City appropriates funds to the Industrial Development Board (IDB) for economic development initiatives. This funding increased by \$483,147 (50.0%) in fiscal 2021 as compared to 2020. Details of this change are included below.
  - Payments for the operating costs of the IDB increased \$95,000 (10.5%) during fiscal 2021. This increase in transfers is related to reduced IDB activities due to COVID-19 pandemic restrictions in place during fiscal 2020. As pandemic restrictions eased during fiscal 2021, economic development activities returned to normal. The City Council continues to promote aggressive economic development as a long-term goal in providing jobs and expanding the City's revenue base. Payments to the

IDB for general operations, workforce development, commercial development, and industrial development help with this continuing economic development focus.

- In addition to operating transfers to the IDB, the City of Auburn transferred \$449,580 in fiscal 2021 for construction of infrastructure in the Auburn Technology Park West, which is a \$388,147 (631.8%) increase.
- The Public Park and Recreation Board (PPRB) was established in 1990, primarily to advise the Council concerning proposed recreation projects and to acquire such recreation facilities as deemed to be in the public interest. In 2006, the City, Auburn University, and the Public Park and Recreation Board partnered to construct and manage a state-of-the-art tennis facility for student and community use. This collaboration resulted in complex transactions concerning both the borrowing and subsequent transfers among the Public Park and Recreation Board, the City, and Auburn University to properly account for the development, supervision, and daily operation of the facility. The PPRB continues to receive amounts from the General Fund for the operation of the Yarbrough Tennis Center. In 2021, the transfer increased by \$16,671 (6.6%) to \$268,538. Due to the COVID-19 pandemic, the tennis center was temporarily closed and tournaments canceled which reduced operating costs for fiscal 2020.

### **Proprietary Funds**

The City of Auburn has two proprietary funds, which account for its business-type activities. The Sewer Fund, an enterprise fund, accounts for sewer collection, treatment and disposal services provided to residents and businesses within the City limits. The Solid Waste Management Fund, also an enterprise fund, accounts for services to collect and dispose of solid waste and recycling materials provided to the same customers. Net position of these proprietary funds combined increased by \$4.1 million (6.3%) from fiscal 2020 to fiscal 2021.

#### **Proprietary funds' revenues, other resources**

Sewer Fund operating revenues decreased by \$426,168 (3.2%) in 2021 as compared to 2020. This change in operating revenue is composed primarily of an increase in sewer service fees and a decrease in sewer access fees. Sewer service fees are user fees charged to customers based on their water usage. Sewer service fees increased \$747,464 (7.2%), which is attributable to drier weather conditions during fiscal 2021 and reduced usage due to COVID-19 restrictions on local activities and businesses in fiscal 2020. Sewer access fees decreased \$1.1 million (43.7%). Sewer access fees are fees charged to customers for new access to the sewer system. These fees can vary greatly from year to year depending on the level of development. In addition to changes in operating revenue, the Sewer Fund's net position increased \$919,620 from developers' contributions of sewer lines in fiscal 2021, which is a \$459,360 (33.3%) decrease from contributions in 2020. Sewer line contributions are contingent upon completion of commercial and residential developments in the City and like access fees, can vary significantly from year to year.

Operating revenues in the Solid Waste Management Fund increased by \$263,413 (5.1%) in 2021. This change is attributable to an increase in solid waste collection fees of \$251,811 (5.0%) which reflects growth in the number of customers. The number of residential customers increased by 768 (4.4%) over fiscal 2020.



### **Proprietary funds' expenses**

In the Sewer Fund, operating expenses for fiscal 2021 increased \$223,460 (2.8%). Components of this increase are listed below, in statement presentation order.

- Salaries and benefits increased \$187,991 (11.4%) to \$1.8 million. There are two components to this increase. Regular full-time salaries increased \$97,902 (8.0%) due to a vacant position being filled and normal adjustments from the City's merit pay plan as well as a cost of living adjustment effective October 1. Pension expense increased \$52,117 (162.4%) due to a change in benefit terms adopted in September 2020 allowing tier 2 members of the retirement plan to receive tier 1 benefits.
- Repair parts increased \$36,227 (338.8%) primarily due to multiple pump repairs performed on various pump stations throughout the system in fiscal 2021.
- The office supplies category, which includes office equipment, computer equipment, and software, decreased \$72,349 (68.3%). As mentioned in the *Business-type Activities* section, during fiscal 2020 software was purchased by the Collection Systems Division to perform inspections on new and existing sanitary sewer and storm water infrastructure.
- Management fees increased \$76,871 (4.8%) to \$1.7 million. As mentioned in the *Business-type Activities* section, management fees are paid to Veolia North America Operating Services, LLC for the operation, management and maintenance of the City's publicly owned wastewater treatment facilities. The management fee is based on a percentage of the cost of operations which was higher due to increased customer usage.

In the Solid Waste Management Fund, operating expenses increased \$271,951 (5.4%) in fiscal 2021 over 2020. There are four main components of this increase:

- Employee benefits increased \$97,305 (16.0%) due to a change in retirement benefit terms which allows tier 2 members of the retirement plan to receive tier 1 benefits.
- Fuel increased \$54,928 (28.1%) due to higher fuel prices and recycling trucks traveling to Columbus, Georgia to drop-off single stream recyclables.
- Repair parts increased \$171,266 (48.9%) primarily due to an aging fleet.
- Depreciation decreased \$71,617 (12.4%) in fiscal 2021 due to several solid waste and recycling trucks purchased in fiscal 2015 being fully depreciated in fiscal 2021.

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

### **Analysis of Changes in Major Funds**

Major funds are those whose revenues, expenditures/expenses, assets or liabilities are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds for the same item. The General Fund is a major fund every year. In addition to the General Fund, the Special School Tax Fund and the Coronavirus Local Fiscal Recovery Fund (both special revenue funds) were determined by testing to be the other major governmental funds in 2021. The Sewer Fund is the only major fund in the business-type activities.

## **The General Fund (Governmental)**

At the end of fiscal 2021, total fund balance of the City's General Fund increased by \$2.9 million (4.4%) from the prior year ending balance. Fund balance reflects the cumulative excess of revenues and other financing sources over expenditures and other financing uses. The 2021 total ending fund balance was \$68.7 million, compared to \$65.9 million at the end of 2020.

In accordance with GASB Statement 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balance categories include the following: nonspendable, restricted, committed, assigned, and unassigned. Nonspendable fund balance decreased by \$519,234 (9.4%) from 2020. These balances represent inventories, prepaid items, advances, and land held for resale. The City prepaid for two fire trucks which increased nonspendable fund balance for fiscal 2020. This decrease was offset in fiscal 2021 by a prepayment to the Alabama Department of Transportation for the City's portion of a lighting and landscaping project at I-85 and exit 50. The restricted, committed and assigned categories decreased by \$8.1 million (26.4%). This change is mainly due to a decrease in assigned fund balance of \$7.9 million (27.5%). Assigned fund balance for encumbrances increased \$2.5 million (26.0%) primarily due to encumbrances at year-end for various capital projects. Also, in accordance with GASB Statement 54 – *Fund Balance Classifications*, the amount budgeted for fund balance drawdown for the next fiscal year (2022) must be set aside as assigned fund balance. The budgeted spenddown for fiscal 2022 is \$8.2 million, which is \$10.5 million (56.0%) less than the budgeted spend down for the previous year.

The General Fund's total assets increased \$4.7 million (6.4%) during 2021. The major components of this change are listed below, in statement presentation order.

- Cash and cash equivalents decreased \$24.7 million (57.0%) in fiscal 2021 as compared to 2020. This decrease is offset by an increase in investments of \$28.5 million (250.9%). Due to the declining interest rate environment in fiscal 2021, funds were moved from money market accounts to an investment portfolio comprised of U.S. Treasury securities. The net change within the two categories is an increase in cash and investments of \$3.8 million (7.0%) which is primarily attributable to excess revenues and other financing sources over expenditures and other financing uses of \$4.2 million.
- Receivables increased \$1.5 million (13.4%) primarily due to an increase in the year-end revenue receivable accrual. This reflects the return of full capacity attendance for Auburn University football games during the fall of 2021 which greatly impacts revenues collected during this time period. Per GASB Statement 33 – *Accounting and Financial Reporting for Nonexchange Transactions*, revenues received within 60 days after year end are accrued.
- Prepays decreased \$477,842 (45.3%) in fiscal 2021. As mentioned above, in fiscal 2020, two pumper trucks for the fire department were prepaid. One will be used at the new Fire Station No. 6 which is currently under construction and the other replaced a 2010 pumper. This is offset by a fiscal 2021 prepayment to the Alabama Department of Transportation for the City's portion of a lighting and landscaping improvements project at I-85 and exit 50.

Total liabilities of the General Fund increased \$1.9 million (24.3%) in 2021. The largest component of this change is an increase of \$2.2 million (60.3%) in accounts payable and

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

### **Special School Tax Fund (Governmental)**

The Special School Tax Fund, a special revenue fund, accounts for sixteen mills of education ad valorem tax revenue used to pay principal and interest on City bonds and warrants issued for Auburn City Schools. In addition to debt service payments, this fund provides additional funding for school operations. The school system drew \$6.8 million from this fund for operations and an additional \$5.3 million for a property purchase in 2021. This is a \$5.3 million (77.9%) increase from 2020. This amount varies from year to year depending on property tax revenue collections, fund balance levels of this fund, and needs of the school system. The City also transferred \$13.1 million of borrowing proceeds to the school system for expenditures related to construction of Woodland Pines Elementary School and improvements at Cary Woods Elementary School, J. F. Drake Middle School, and East Samford School. The City holds the proceeds from two debt issuances, 2019 general obligation bonds and 2021-A general obligation warrants, related to these improvements until Auburn City Schools requests a draw to pay construction invoices. The City then transfers borrowing proceeds necessary to cover those cash outlays.

Revenues increased \$1.4 million (6.9%) in this fund. This increase is primarily due to new property developed within the City as well as increases in assessed values on existing property. This increase is offset by a \$498,138 (96.0%) decrease in interest income due to declining interest rates and reduced balances of invested construction cash from debt proceeds during fiscal 2021. Expenditures, including the transfers mentioned above and debt service on borrowings, decreased \$10.7 million (24.2%). Debt related other financing sources and uses decreased \$21.6 million (51.6%). In fiscal 2021, the City issued debt twice on behalf of Auburn City Schools. \$11.0 million in general obligation warrants were issued to partially refund the 2014-B general obligation warrants. \$17.9 million in general obligation warrants were issued for renovations at East Samford School and construction of Woodland Pines Elementary School. These increases were offset by the fiscal 2020 debt issuance of \$37.1 million in general obligation bonds for school renovation projects and refunding of \$14.6 million in general obligation warrants to refund the 2010 general obligation warrants

### **Coronavirus Local Fiscal Recovery Fund (Governmental)**

The Coronavirus Local Fiscal Recovery Fund is a new special revenue fund which accounts for American Rescue Plan funding received from the federal government to support the City's response to and recovery from the COVID-19 public health emergency. The City received \$8.3 million during fiscal 2021 which is recognized as unearned revenue because no funds were spent during the year. Management was waiting on final guidance to be issued for the program before spending the funds. The United States Treasury issued the final guidance in January 2022. Total fund balance of this fund was \$1,326 at the end of the year and is restricted for social and economic development.

### **Sewer Fund (Business-type activity)**

The Sewer Fund accounts for the provision of sewer services to the City's residents and businesses. In addition, the Sewer Fund accounts for the capital expansion and maintenance of the City's sewer collection, treatment and disposal facilities. While the City owns the sewer collection, treatment and disposal facilities, they are operated by

Veolia Water North America Operating Services, LLC, a Chicago, Illinois based engineering and contract services firm. Veolia also maintains the City's sewer lift stations.

The Sewer Fund's net position increased \$4.1 million (6.5%) in fiscal year 2021. The largest change in the components of net position is an increase of \$4.2 million (8.5%) in net investment in capital assets. This net position category includes asset acquisitions as well as outstanding debt related to the assets. Also changing is a decrease of \$1.6 million (43.4%) in net position restricted for capital projects. Access fees collected by customers for connecting to the City's sewer system are reserved for spending on projects that expand the sewer system. Access fees were used to fund a portion of several projects including construction of an additional clarifier and other improvements at the H. C. Morgan Wastewater Treatment Plant, rehabilitation work in sewer basins 6 and 16, replacement of the Highway 14 force main, and rerouting of the sewer line at Samford Avenue and Gay Street. Total access fees available at September 30, 2021 was \$2.1 million.

Assets of the Sewer Fund increased \$1.1 million (1.1%). Cash decreased \$874,148 (6.6%) primarily due to cash funding of \$3.2 million in sewer projects, which is offset by excess operating revenues over operating expenses of \$4.6 million. Receivables increased \$272,256 (16.8%) due to an increase in accounts receivable for utility services billed. The Water Works Board of the City of Auburn handles the billing of all utilities, including sewer charges. In response to the COVID-19 pandemic, the Board suspended disconnections of delinquent accounts from March 2020 through January 2022 which resulted in increased receivables at the end of fiscal 2021. Capital assets, both being depreciated and not being depreciated, increased \$1.8 million (2.2%).

Sewer Fund liabilities decreased \$3.1 million (8.8%), primarily the result of principal payments on the fund's warrant payables based on debt amortization schedules. Also, during fiscal 2021 the Sewer Fund partially refunded \$15.9 million of the 2014-A general obligation warrants. As of September 30, 2021, the Sewer Fund has \$28.5 million in outstanding warrants. These warrants include debt issued to fund capital improvements to the sewer system as well as refundings issued to take advantage of favorable interest rates. The current portion of warrants payable due in 2022 is \$3.5 million.

Operating revenues of the Sewer Fund decreased \$426,168 (3.2%). As discussed in the *Proprietary Funds* section, this change in operating revenue is composed primarily of an increase in sewer service fees and a decrease in sewer access fees. Sewer service fees are user fees charged to customers based on their water usage. Sewer service fees increased \$747,464 (7.2%), which is attributable to drier weather conditions during fiscal 2021 and increased usage as COVID-19 restrictions were lifted during fiscal 2021. Sewer access fees decreased \$1.1 million (43.7%). Sewer access fees are fees charged to customers for new access to the sewer system. These fees can vary greatly from year to year depending on the level of development.

Operating expenses increased \$223,460 (2.8%). Major components of this increase include an increase in salaries and benefits of \$187,991 (11.4%); an increase in repair parts of \$36,227 (338.8%); a decrease in office supplies of \$72,349 (68.3%); and an increase in management fees of \$76,871 (4.8%). More information on these changes can be found in the *Proprietary Funds* section.

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

## General Fund Budgetary Highlights

The City of Auburn adopts a biennial budget, consisting of two annual budgets. State law requires adoption of annual budgets. Auburn's management actively uses the budget as a financial management tool, reporting on budget status to the City Council each month. The budget integrates with the financial management system, enabling management at all levels to determine budgetary status on a line-item basis each day. When the COVID-19 pandemic began in March 2020, management's monitoring of all City revenue sources intensified. This included the Finance Director and staff developing a revenue forecasting model that included multiple scenarios related to the potential impact of the pandemic on revenues. Management constantly reviews the annual budgets in preparation for mid-year or mid-biennium adjustments. Revenue projections and budgeted expenditures are adjusted via Council ordinance to reflect changing conditions.

The fiscal year 2021 *final* General Fund budget projected \$105.1 million in revenue and \$1.8 million in other financing sources; appropriations were approved for \$119.8 million in expenditures and \$1.0 million in other financing uses, producing a planned reduction of \$13.9 million in the General Fund's fund balance. Actual amounts for revenues (\$113.4 million), other financing sources (\$1.7 million), expenditures (\$110.9 million), and other financing uses (\$22,997) netted to a positive change in fund balance. As a result, the General Fund's fund balance increased by \$4.2 million in 2021 from revenues and other sources and expenditures and other uses. Fund balance decreased \$1.3 million due to two prior period adjustments. An adjustment of \$502,037 was recorded to correct the underpayment to Auburn City Schools for its FY2020 appropriation from sales and use taxes because use tax was omitted from the original calculation. An adjustment of \$832,643 was recorded to move activity in a capital projects fund for Parks and Recreation facilities to the General Fund. The anticipated borrowing has not occurred and the capital projects fund was open for two years with no funding. Total ending fund balance in the General Fund was \$68.7 million at the end of fiscal 2021.

The *original* revenue projections in the General Fund were \$6.4 million (6.5%) under the *final* projections. Budget adjustments resulted from varied growth/decline in revenue sources, with the largest increases found in sales and use taxes (\$4.3 million or 10.5%) and state shared taxes (\$1.4 million or 47.4%). The largest decreases were in lodging taxes (\$292,739 or 13.7%), charges for services (\$142,233 or 1.0%) and interest (\$104,000 or 40.8%). The original budget was adopted during the summer of 2020 with conservative estimates. These adjustments reflect the uncertainty of the COVID-19 pandemic impact on these revenue sources. As fiscal 2021 progressed, sales and use taxes began to rebound and quickly exceeded pre-pandemic collections. Lodging taxes improved, as well. Should Auburn experience financial difficulty, alteration of spending can be made because of management's assessment of revenue changes during the year, using tools such as monthly financial reports and real-time department budget to actual reports.

The *final* operating budget for all departments increased \$449,927 (0.6%) over the *original* budget. The three largest increases (\$87,707, \$82,691 and \$77,556) were in the amounts appropriated for the inspection services, library and community services functions, respectively.

Total actual departmental expenditures in the General Fund were under budget \$5.2 million in fiscal 2021. All individual departments kept expenditures under final budget with the exception of employee services, which includes the cost of operating the City's self-

insured employee health benefits program. This department is over budget due to increased health insurance claims and rising health care costs. The other City departments were under budget, with the most notable being public safety and parks and recreation. More details of these departments are included below.

- The public safety function was under budget \$2.4 million. The majority of this savings is attributable to vacant positions that were approved and budgeted in both the regular and temporary employee categories for the police and fire departments. Also, the COVID-19 pandemic limited attendance at Auburn University fall sporting events and other local functions which reduced overtime worked by officers and gameday services provided during that time.
- The parks and recreation function was under budget \$793,901. Due to COVID-19, parks and recreation facilities were open with limited attendance and some programs were canceled early in the fiscal year. This resulted in reduced costs, including payroll, utilities, and recreational supplies. Activities and access to facilities returned to pre-pandemic levels late in the spring.

Non-departmental expenditures were over budget primarily due to expenditures associated with the City's participation in the local COVID-19 vaccination clinic and legal fees for various court cases.

Capital outlay expenditures were under budget \$4.1 million. The General Fund budget includes estimated expenditures for capital projects such as streets and roadway improvements and facilities' improvements. Many of these projects are multi-year although the budget is for the entire project. Any remaining budget for these projects is typically carried over to the next fiscal year.

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

## **CAPITAL ASSET AND DEBT MANAGEMENT**

### **Capital Assets**

Capital assets are those assets that have a cost of \$5,000 or more (\$100,000 for software) and an expected useful life of more than two years. The City records capital assets at historical cost. If the historical cost is unknown, an estimated cost is developed as provided by Generally Accepted Accounting Principles. As of September 30, 2021, the City owned \$371.8 million invested in a broad range of capital assets, including land, buildings, park facilities, roads and bridges, wastewater infrastructure, sidewalks, bikeways, vehicles, and other equipment. This amount represents an increase of \$26.9 million (7.8%) over last year.

Table 8 lists the largest capital asset additions to the City for fiscal year 2021. Some of these additions were multi-year projects completed in 2021 and reclassified from construction in progress.

**Table 8 Largest Capital Asset Additions  
Fiscal Year 2021**

	<u>Total Cost</u>
<i>Land and buildings</i>	
Public Safety Center	33,929,658
Wright Street Parking Deck	17,351,417
Land - 60.91 acres on Lee Road 137	1,777,399
Easements	597,142
<i>Other improvements</i>	
Boykin Center Phase 2a Clinic	1,618,843
<i>Roadway and intersection improvements</i>	
Ogletree Road culvert replacement	1,473,957
Farmville Road culvert repair	1,143,165
N College/E University Drive intersection improvements	750,917
<i>Vehicles and equipment</i>	
Fire trucks (2)	1,007,584
Police vehicles (13)	488,499
<i>Office Equipment and software</i>	
Munis financial software	<u>679,059</u>
<b>Total</b>	<b><u>60,817,640</u></b>

The City has committed, through general fund funding and potential future borrowings, to continue or complete some major construction projects in fiscal years 2022 and 2023. Although the timing and size of these projects could require adjustments to the schedule, the current capital improvements plan (CIP) for the next two years includes the following:

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

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

### **Long-term Liabilities**

At 2021 fiscal year-end, the City owed \$348.0 million in long-term liabilities outstanding, of which \$14.9 million will mature during fiscal 2022. Long-term liabilities include bonds, warrants, and notes payable, accumulated annual leave, claims payable, landfill closure liability, other post-employment benefits liability, and pension liability. The fiscal 2021 net increase in long-term liabilities, including the current portion, from the previous year was \$12.8 million or 3.8%.

### **Bonds and warrants payable**

Bonds, warrants, and notes payable outstanding at September 30, 2021 totaled \$276.9 million. As mentioned in the *Net Position* section, the City issues debt for Auburn City Schools and for projects that result from partnerships with Auburn University or component units of the City. Of the \$276.9 million in debt outstanding, \$195.8 million is debt issued for assets that belong to Auburn City Schools and \$1.2 million is debt issued for assets that are owned by the City's Public Park and Recreation Board.

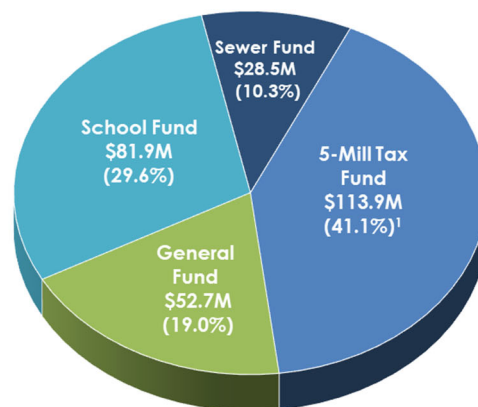


General obligation debt is usually payable from the City's general revenues (the General Fund). However, some long-term debt is payable from legally restricted revenue sources, such as debt issued to provide financing for Auburn City Schools, which is payable from property taxes dedicated for education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

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

Figure D

**Debt Principal Outstanding by Repayment Source  
September 30, 2021**



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

At the end of fiscal 2021, the Special Five Mill Tax Fund had long-term debt outstanding of \$113.9 million. The City dedicated the resources of this fund to Auburn City Schools. The last debt issued was in July 2019 when the City of Auburn held a special municipal election allowing the citizens to vote on using the Special Five Mill Tax Fund for improvements to existing school facilities, including Cary Woods Elementary and J. F. Drake Middle School. The referendum passed and \$37.1 million in general obligation bonds were issued in fiscal 2020.

The City also repays debt issued for Auburn City Schools from the Special School Tax Fund, which is a fund that accounts for 16 mills of ad valorem taxes legally restricted for education purposes. The principal amount of currently outstanding school debt is \$81.9 million, which will be repaid from these dedicated taxes. In fiscal 2021, the City issued \$11.0 million in general obligation warrants to partially refund the 2014-B general obligation warrants. Also, \$17.9 million in general obligation warrants were issued for Auburn City School's to renovate East Samford School and construct Woodland Pines Elementary School.

The Sewer Fund (a business-type activity of the City) pays for long-term debt issues with total principal outstanding of \$28.5 million at the end of fiscal 2021. Sewer Fund debt is issued to construct and improve the sewer system. Although the City issues general



obligation debt, sewer service revenue supports debt payments for any sewer related debt. During fiscal 2021, \$15.9 million of the 2014-A general obligation warrants were partially refunded.

The remaining \$52.7 million in outstanding principal will be repaid solely from the General Fund. The last debt issued that is repaid from the General Fund is \$16.0 million in general obligation warrants issued in fiscal 2020. The proceeds from this warrant were used to construct a municipal parking deck.

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

State law limits the amount of general obligation debt the City can issue to 20 percent of the assessed value of all taxable property within the City's corporate limits. Debt issued for schools, and water and sewer purposes are exempt from the legal debt limit. The City's outstanding debt applicable to this limit is \$50.6 million, resulting in a legal debt margin (additional legal debt capacity) of \$205.0 million.

An important financial analysis ratio in government is the percentage of total expenditures comprised of debt service (repayment of principal, interest and related fees). In the governmental funds, the ratio for 2021 is 13.1%; the ratio for 2020 was 11.7%.

### **Bond Ratings**

In July 2021, Standard and Poor's (S&P) affirmed the City of Auburn's bond rating as AA+. In their report, S&P cites very strong management, as well as Auburn's "strong economy, with a local stabilizing institutional influence, very strong management with strong financial policies and practices, strong budgetary performance, and very strong liquidity" as factors that were considered in the rating. According to S&P, an AA+ rating indicates a "strong capacity to meet financial commitments."

In addition, the City holds a rating of Aa2 from Moody's Investors Service, also issued in July 2021. The Moody's rating report cited the City's "healthy financial position, marked by strong reserve and liquidity levels and formalized fiscal policies" as among the factors considered in rating the City's credit.

### **ECONOMIC FACTORS, NEXT YEAR'S BUDGETS AND RATES**

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

#### **City of Auburn Mission Statement**

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

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

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

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

Auburn, like the rest of the world, was impacted by the COVID-19 pandemic. Many local businesses found creative and new ways to provide goods and services to its customers. Citizens continued to experience limited access to in-person activities until the COVID-19 vaccine became widely available. Auburn University's campus returned to full on-site operations in February 2021. Auburn began a rapid recovery as in person activities returned to normal. The most recent data available from the Alabama Department of Labor show that for September 2021, Auburn's unemployment rate (Auburn-Opelika metropolitan) was 2.5%. The State's unemployment rate in September 2021 was 3.1%, while the national rate was 4.8% (US Bureau of Labor Statistics, September 2021). The City's lower than average unemployment during the uncertainty of the COVID-19 pandemic is attributable to its aggressive, yet selective, industrial and commercial recruitment strategies, the presence of Auburn University, and the exceptional City school system, which all combine to position Auburn as a strong municipal economy.

The Auburn City Council is committed to the development of a diversified economic base, with Auburn University as the cornerstone. The City's Economic Development Department, in partnership with the City's Industrial Development Board, has achieved an outstanding level of success in this effort, having announced the recruitment of more than fifty-five companies, resulting in the creation of nearly 8,000 jobs in the last 28 years. The location of these companies in Auburn has meant that the City had to acquire and develop four industrial-technology parks. Construction of the first phase of the Auburn Technology Park West Annex was completed in 2020. Despite the continued impacts of COVID-19, companies in Auburn increased capital investment in 2021, including SiO2 Materials Science which announced a \$123 million facility expansion to increase production capacity of its innovative vials and syringes that are critically needed in the fight against COVID-19. In March of 2021, *Site Selection Magazine* ranked the Auburn-Opelika MSA at number six on their list of metros under 200,000 that added the most economic development projects in the year 2020. Auburn continues to maintain a presence in other key sectors such as aerospace, automotive and information technology.

The City's Commercial Development Incentive Program has assisted new and redeveloped commercial enterprises in our area. In 2021, the program assisted in the recruitment of a downtown development that will feature an urban Publix, providing a walkable grocery option for students from Auburn University. Additionally, the Auburn Mall, a participant in the Commercial Development Incentive Program continued to see positive growth and the addition of a new outparcel restaurant, Culver's.

Auburn's consistent growth continues for many reasons. One major reason for this growth is the success of Auburn City Schools (ACS), the City's public school system. ACS has received consistently high ratings for the qualifications of its faculty and staff and the achievements of its students, as well as strong local funding levels. The ACS standard of excellence proves a major factor in the City's residential growth and contributes to the City's geographic growth through annexations. The number of building permits issued for

single-family detached homes in fiscal 2016 totaled 413 while fiscal 2017 spiked to 529 permits. In fiscal 2018 and 2019, the number returned to typical levels with 441 and 398 permits issued. In fiscal 2020, permits for single-family detached increased to 456 permits. The number of building permits issued in fiscal 2021 was a record high of 642. This is an increase of 186 permits (40.8%) from the previous fiscal year. Commercial/industrial/institutional building valuation (including new construction and additions/renovations) decreased in fiscal 2021 by \$22.2 million (16.5%) while the number of permits in this category increased by 11 (6.9%). A major component of the decrease in valuation is due to fiscal 2020 permits issued for a medical services building at the Auburn Research Park. The City's size has grown from 45.5 square miles in 2001 to 62.5 square miles in 2021. Population growth continues to average over 3% per year. Auburn's population has grown by 22,763 (42.6%) from 53,380 in the 2010 census to 76,143 in the 2020 census.

The City's staff considered all of the factors described above in preparing the mid-biennium budget review for fiscal years 2021 and 2022. Various revenue scenarios were developed and analyzed as management developed realistic yet conservative revenue projections. Management's strategy has been to continue to contain operating costs while maintaining high levels of service and investing in capital asset maintenance and replacement. As mentioned in the *Capital Assets* section of this report, the City has quite a number of capital projects slated for 2022 and 2023. As 2022 progresses, staff continues to closely monitor the impact of the COVID-19 pandemic on City finances and has already begun planning for the fiscal 2023 and 2024 budget.

The Council has established a formal goal of maintaining the fund balance in the General Fund at not less than 6% of expenditures plus other financing uses, but management's goal is 25%. The City has consistently exceeded this goal; the total fund balance in the General Fund at September 30, 2021 was 62.0% of expenditures plus other financing uses compared to 69.3% in 2020. The total fund balance includes \$4.2 million designated by the Council for use only in the event of natural disaster or significant, unexpected economic downturn. Total fund balance less the designated \$4.2 million comprised 58.2% of expenditures and other financing uses. Another useful measure is the comparison of fund balance with total revenues, excluding other financing sources. The General Fund's total fund balance as a percentage of revenues was 60.6% and 63.7% at the end of fiscal 2021 and 2020, respectively, another indication of the stability of fund balance. These large percentages are due to revenues being higher than projected and projects being postponed because of the uncertainty of the COVID-19 pandemic.

The primary government provides wastewater treatment and disposal and solid waste management utility services. As discussed in the *Business-Type Activities* section of this report, the City constantly monitors the need for sewer and solid waste rate changes by studying and evaluating whether existing rates will meet the projected operating and capital needs of each activity in the future. During late fiscal 2017 and early fiscal 2018, the City worked with a consultant to develop a solid waste rate model for the City's solid waste and recycling program. Although no specific action has been taken to adjust rates based on this study, the model provides the City with a management tool to anticipate future needs, including both operating and capital costs for the solid waste and recycling function. A formal rate study for sewer and solid waste services may occur in fiscal 2023.

The Water Works Board of the City of Auburn, a component unit of the City, provides water services to the citizens of Auburn. During fiscal year 2018, the Board hired a rate

consultant to complete a revenue sufficiency study for the Board's capital improvement plan funding. Based on the recommendation from the consultant and staff, the Board approved an 8% rate increase for fiscal 2019. The minimum monthly bill of 3,000 gallons for residential water customers increased from \$14.58 to \$15.75 (8%), effective January 1, 2019. Rates were not increased during fiscal 2020.

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

An expanding populace translates into additional needs for public services and facilities. Auburn citizens enjoy and continue to expect a high quality of life from their City government. In the past, Auburn citizens have demonstrated their willingness to pay for these services and facilities by supporting the Council's decision to increase the sales tax rate as necessary. The last increase was in fiscal 2011 when the Council made a decision to increase the sales tax rate from 3% to 4%. This public support is attributable, at least in part, to the open government policies of the City Council, as well as the public's confidence that the City's finances are carefully managed, and their knowledge that taxes and license fee increases are imposed infrequently and proposed only after deliberate study and debate. Auburn's management team carefully follows potential revenue changes at the state level, as well. As bills that could potentially affect the City's revenue structure are introduced, staff carefully reviews the bills and actively lobbies, as appropriate. Although there are no future changes to tax rates planned, Auburn's management continues to evaluate and project the needs of the City and will make recommendations to the City Council, as necessary.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

## **Basic Financial Statements**

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



City of Auburn

**CITY OF AUBURN, ALABAMA**  
**STATEMENT OF NET POSITION**  
**AS OF SEPTEMBER 30, 2021**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
	\$	\$	\$	\$
ASSETS				
Current assets:				
Cash and cash equivalents	48,242,732	14,740,226	62,982,958	73,172,246
Certificates of deposit	178,479	-	178,479	59,466
Receivables, net	14,579,558	2,672,789	17,252,347	2,301,956
Accrued interest receivable	-	-	-	138,678
Due from component units	513,700	284,323	798,023	-
Inventories	286,279	48,757	335,036	586,125
Current portion of assessments receivable	182,910	-	182,910	-
Current portion of mortgages and notes receivable	133,355	-	133,355	-
Current portion of net investment in capital leases	-	-	-	1,195,923
Property tax receivable	-	-	-	9,683,054
Due from other governments	-	-	-	4,462,239
Due from primary government	-	-	-	1,890,925
Other current assets	688,708	50,258	738,966	188,348
Restricted cash	23,302,064	2,397	23,304,461	116,088
Total current assets	<u>88,107,785</u>	<u>17,798,750</u>	<u>105,906,535</u>	<u>93,795,048</u>
Noncurrent assets:				
Restricted assets				
Cash and cash equivalents	-	-	-	2,277,894
Mortgages and notes receivable, net of current portion	1,605,620	-	1,605,620	-
Investments	59,765,615	-	59,765,615	-
Net investment in capital leases, net of current portion	-	-	-	21,706,462
Property for resale	4,131,127	-	4,131,127	8,815,601
Capital assets not being depreciated	45,128,351	5,373,051	50,501,402	80,414,048
Capital assets net of accumulated depreciation	243,471,319	77,818,108	321,289,427	276,546,645
Total noncurrent assets	<u>354,102,032</u>	<u>83,191,159</u>	<u>437,293,191</u>	<u>389,760,650</u>
Total assets	<u>442,209,817</u>	<u>100,989,909</u>	<u>543,199,726</u>	<u>483,555,698</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount on refunding	2,565,553	1,903,007	4,468,560	1,821,252
Pension related	10,697,581	926,342	11,623,923	23,037,317
OPEB related	2,282,864	255,931	2,538,795	23,896,564
Total deferred outflows of resources	<u>15,545,998</u>	<u>3,085,280</u>	<u>18,631,278</u>	<u>48,755,133</u>

**CITY OF AUBURN, ALABAMA**  
**STATEMENT OF NET POSITION**  
**AS OF SEPTEMBER 30, 2021**  
**CONTINUED**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
	\$	\$	\$	\$
<b>LIABILITIES</b>				
Current liabilities:				
Liabilities payable from restricted assets:				
Due to other government	-	-	-	849
Current portion of long-term debt	-	-	-	1,353,475
Accrued interest payable	-	-	-	223,111
Accounts payable and other accrued liabilities	5,932,252	392,403	6,324,655	7,988,199
Payable to other governments	17,350	-	17,350	-
Due to component units	1,853,705	37,221	1,890,926	-
Accrued interest payable	2,982,835	123,665	3,106,500	-
Salaries and benefits payable	710,380	99,381	809,761	7,233,882
Claims payable	335,597	-	335,597	-
Customer deposits	262,887	708,789	971,676	595,000
Unearned revenue	10,607,070	-	10,607,070	1,417,368
Current portion of long-term debt	11,468,670	3,475,000	14,943,670	5,831,874
Due to primary government	-	-	-	798,023
Total current liabilities	<u>34,170,746</u>	<u>4,836,459</u>	<u>39,007,205</u>	<u>25,441,781</u>
Noncurrent liabilities:				
Long-term debt and other liabilities	254,339,467	25,913,444	280,252,911	76,734,032
Net pension liability	42,554,218	3,120,703	45,674,921	89,257,217
Net OPEB liability	6,396,068	689,526	7,085,594	48,324,124
Total noncurrent liabilities	<u>303,289,753</u>	<u>29,723,673</u>	<u>333,013,426</u>	<u>214,315,373</u>
Total liabilities	<u>337,460,499</u>	<u>34,560,132</u>	<u>372,020,631</u>	<u>239,757,154</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Future property tax revenue	-	-	-	9,683,054
Pension related	-	62,101	62,101	1,882,126
OPEB related	226,263	21,991	248,254	32,830,824
Total deferred inflows of resources	<u>226,263</u>	<u>84,092</u>	<u>310,355</u>	<u>44,396,004</u>
<b>NET POSITION</b>				
Net investment in capital assets	238,127,410	55,737,271	293,864,681	295,508,085
Restricted for :				
Capital projects	1,104,254	2,098,948	3,203,202	2,277,894
Debt service	9,300,463	-	9,300,463	-
Federal and state grants	3,780,381	-	3,780,381	-
Investments	1,531,881	-	1,531,881	-
Other Projects	-	-	-	4,577,985
Special revenues (gas tax and road projects)	194,461	-	194,461	-
Special revenues (education)	47,589,638	-	47,589,638	-
Special revenues (public safety)	584,947	-	584,947	-
Unrestricted (deficit)	<u>(182,144,382)</u>	<u>11,594,746</u>	<u>(170,549,636)</u>	<u>(54,206,291)</u>
Total net position	<u>120,069,053</u>	<u>69,430,965</u>	<u>189,500,018</u>	<u>248,157,673</u>



**CITY OF AUBURN, ALABAMA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
	\$	\$	\$	\$	\$	\$	\$	
<b>Primary government:</b>								
Governmental activities:								
General government and administration	13,125,800	17,806,914	5,522,148	-	10,203,262	-	10,203,262	
Public works	9,696,921	-	1,089,752	4,862,574	(3,744,595)	-	(3,744,595)	
Environmental services	1,790,534	-	-	-	(1,790,534)	-	(1,790,534)	
Public safety	27,140,426	6,602,975	241,204	73,640	(20,222,607)	-	(20,222,607)	
Library	2,426,778	15,059	21,351	-	(2,390,368)	-	(2,390,368)	
Parks and recreation	7,205,293	857,168	-	325,033	(6,023,092)	-	(6,023,092)	
Development services	5,606,773	75,593	3,000	988,460	(4,539,720)	-	(4,539,720)	
Social and economic development	7,537,644	-	1,120,847	1,039	(6,415,758)	-	(6,415,758)	
Human resources	8,458,394	4,849,194	-	-	(3,609,200)	-	(3,609,200)	
Risk management	1,326,150	-	-	-	(1,326,150)	-	(1,326,150)	
Education (payments to Board of Education)	39,554,189	-	-	-	(39,554,189)	-	(39,554,189)	
Interest on long-term debt	8,513,776	-	-	-	(8,513,776)	-	(8,513,776)	
Total governmental activities	<u>132,382,678</u>	<u>30,206,903</u>	<u>7,998,302</u>	<u>6,250,746</u>	<u>(87,926,727)</u>	<u>-</u>	<u>(87,926,727)</u>	
Business-type activities:								
Sewer Fund	9,526,755	12,719,791	-	919,620	-	4,112,656	4,112,656	
Solid Waste Management Fund	5,349,988	5,378,599	1,103	-	-	29,714	29,714	
Total business-type activities	<u>14,876,743</u>	<u>18,098,390</u>	<u>1,103</u>	<u>919,620</u>	<u>-</u>	<u>4,142,370</u>	<u>4,142,370</u>	
Total primary government	<u>147,259,421</u>	<u>48,305,293</u>	<u>7,999,405</u>	<u>7,170,366</u>	<u>(87,926,727)</u>	<u>4,142,370</u>	<u>(83,784,357)</u>	
<b>Component units:</b>								
Board of Education	107,089,246	6,849,877	59,479,318	5,628,218	-	-	-	(35,131,833)
Water Works Board	11,858,871	12,769,531	-	2,037,560	-	-	-	2,948,220
Industrial Development Board	4,887,274	2,953,642	-	599,580	-	-	-	(1,334,052)
Public Park & Recreation Board	847,697	174,303	854	-	-	-	-	(672,540)
Downtown Redevelopment Authority	16,750	-	-	-	-	-	-	(16,750)
Total Component Units	<u>124,699,838</u>	<u>22,747,353</u>	<u>59,480,172</u>	<u>8,265,358</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34,206,955)</u>
General revenues								
Taxes:								
Sales taxes					50,902,320	-	50,902,320	10,347,335
Occupational license fees					14,345,721	-	14,345,721	-
Property taxes					35,374,100	-	35,374,100	20,847,621
Motor fuel taxes					430,315	-	430,315	-
Lodging taxes					2,409,917	-	2,409,917	-
Rental and leasing taxes					962,586	-	962,586	-
Cigarette taxes					51,860	-	51,860	-
Alcoholic beverage taxes					310,976	-	310,976	666,173
Other taxes					-	-	-	58,131
Appropriations from the City of Auburn					-	-	-	29,168,623
Grants and contributions not restricted					-	-	-	1,140
Interest and investment earnings					144,884	28,179	173,063	1,081,832
Gain/(Loss) on disposal of assets					36,346	-	36,346	59,804
Sale of property					-	-	-	175,000
Miscellaneous					65,258	31,692	96,950	1,290,753
Transfers					108,253	(108,253)	-	-
Total general revenues and transfers					<u>105,142,536</u>	<u>(48,382)</u>	<u>105,094,154</u>	<u>63,696,412</u>
Change in net position					<u>17,215,809</u>	<u>4,093,988</u>	<u>21,309,797</u>	<u>29,489,457</u>
Net position - beginning					103,355,512	65,336,977	168,692,489	218,668,216
Prior period adjustment					(502,268)	-	(502,268)	-
Net position - beginning, as restated					<u>102,853,244</u>	<u>65,336,977</u>	<u>168,190,221</u>	<u>218,668,216</u>
Net position - ending					<u>120,069,053</u>	<u>69,430,965</u>	<u>189,500,018</u>	<u>248,157,673</u>

**CITY OF AUBURN, ALABAMA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**AS OF SEPTEMBER 30, 2021**

	General Fund	Special School Tax Fund	CV Local Fiscal Recovery Fund	Other Governmental Funds	Total Governmental Funds
	\$	\$	\$	\$	\$
<b>ASSETS</b>					
Cash and cash equivalents	18,658,947	9,871,118	8,262,865	11,449,802	48,242,732
Certificates of deposit	178,479	-	-	-	178,479
Investments	39,921,784	18,373,831	-	1,470,000	59,765,615
Receivables, net	12,935,762	198,932	-	1,627,773	14,762,467
Due from other funds	858,438	-	-	-	858,438
Due from component units	513,701	-	-	-	513,701
Inventories	286,279	-	-	-	286,279
Prepaid items	576,855	-	-	-	576,855
Mortgages receivable	-	-	-	1,738,975	1,738,975
Restricted cash	247,949	20,985,021	-	2,069,095	23,302,065
Property for resale	4,131,127	-	-	-	4,131,127
<b>Total assets</b>	<b>78,309,321</b>	<b>49,428,902</b>	<b>8,262,865</b>	<b>18,355,645</b>	<b>154,356,733</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	5,854,987	-	-	817,618	6,672,605
Payables to other governments	17,350	-	-	-	17,350
Due to component units	14,192	1,839,266	-	246	1,853,704
Customer deposits	232,915	-	-	-	232,915
Claims payable	435,078	-	-	-	435,078
Due to other funds	-	-	-	858,438	858,438
Unearned revenue	3,008,971	-	8,261,539	1,801,603	13,072,113
<b>Total liabilities</b>	<b>9,563,493</b>	<b>1,839,266</b>	<b>8,261,539</b>	<b>3,477,905</b>	<b>23,142,203</b>
<b>FUND BALANCES</b>					
<b>Nonspendable</b>					
Inventories	286,279	-	-	-	286,279
Prepaid items	576,855	-	-	-	576,855
Property for resale	4,131,127	-	-	-	4,131,127
<b>Restricted</b>					
Roads, bridges and streets	-	-	-	194,461	194,461
Law enforcement	247,949	-	-	693,678	941,627
Education	-	47,589,636	-	-	47,589,636
General grants	-	-	-	539,225	539,225
Social and economic development	-	-	1,326	1,773,180	1,774,506
Capital projects	-	-	-	2,341,304	2,341,304
Debt service	-	-	-	9,300,463	9,300,463
<b>Committed</b>					
Investments	1,531,881	-	-	-	1,531,881
Interest Subsidy Program	-	-	-	35,429	35,429
<b>Assigned</b>					
General	20,767,075	-	-	-	20,767,075
Unassigned	41,204,662	-	-	-	41,204,662
<b>Total fund balances</b>	<b>68,745,828</b>	<b>47,589,636</b>	<b>1,326</b>	<b>14,877,740</b>	<b>131,214,530</b>
<b>Total liabilities and fund balances</b>	<b>78,309,321</b>	<b>49,428,902</b>	<b>8,262,865</b>	<b>18,355,645</b>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	288,599,670
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the current period.	(299,438,688)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	2,465,042
Prepaid items accounted for using the purchases method are not reported in the funds.	111,853
Accrued revenues and expenses that do not meet recognition criteria under the modified accrual basis of accounting are not recorded in the governmental funds.	(2,883,354)
Net position of governmental activities	<u>120,069,053</u>

**CITY OF AUBURN, ALABAMA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	General Fund	Special School Tax Fund	CV Local Fiscal Recovery Fund	Other Governmental Funds	Total Governmental Funds
	\$	\$	\$	\$	\$
<b>Revenues</b>					
Sales and use taxes	50,902,320	-	-	-	50,902,320
Occupational license fees	14,345,722	-	-	-	14,345,722
Motor fuel taxes	847,065	-	-	-	847,065
Lodging taxes	2,409,917	-	-	-	2,409,917
Rental and leasing taxes	962,586	-	-	-	962,586
Other taxes	362,836	-	-	-	362,836
Licenses and permits	15,242,735	-	-	-	15,242,735
General property taxes	7,375,310	21,616,809	-	6,381,979	35,374,098
Charges for services	13,631,070	-	-	-	13,631,070
Fines and forfeitures	1,164,876	-	-	142,835	1,307,711
State shared taxes	5,089,892	-	-	670,501	5,760,393
Contributions from the public	941,080	-	-	66,674	1,007,754
Grants	-	-	-	2,517,156	2,517,156
Program income	-	-	-	243,812	243,812
Interest	72,251	20,946	1,326	50,360	144,883
Miscellaneous	65,267	-	-	394	65,661
Total revenues	<u>113,412,927</u>	<u>21,637,755</u>	<u>1,326</u>	<u>10,073,711</u>	<u>145,125,719</u>
<b>Expenditures</b>					
General government and administration	5,951,627	-	-	-	5,951,627
Public works	4,398,783	-	-	2,500	4,401,283
Environmental services	1,751,207	-	-	-	1,751,207
Public safety	26,232,798	-	-	99,058	26,331,856
Library	2,236,869	-	-	21,351	2,258,220
Parks and recreation	5,761,152	-	-	-	5,761,152
Development services	5,204,928	-	-	3,000	5,207,928
Social and economic development	3,988,248	-	-	1,063,405	5,051,653
Human Resources	8,407,879	-	-	-	8,407,879
Risk management	416,940	-	-	-	416,940
Total departmental	<u>64,350,431</u>	<u>-</u>	<u>-</u>	<u>1,189,314</u>	<u>65,539,745</u>
Non-Departmental	2,906,138	683,047	-	288,832	3,878,017
Debt service					
Administrative charges	2,020	227,855	-	1,631	231,506
Interest	2,051,178	2,041,547	-	4,953,253	9,045,978
Principal retirement	5,236,437	5,309,705	-	1,534,000	12,080,142
Capital outlay	19,589,707	-	-	9,816,229	29,405,937
Intergovernmental	1,073,620	-	-	-	1,073,620
Payments to component units	15,678,980	25,143,747	-	449,580	41,272,307
Total expenditures	<u>110,888,511</u>	<u>33,405,901</u>	<u>-</u>	<u>18,232,839</u>	<u>162,527,252</u>
Excess (deficiency) of revenues over expenditures	<u>2,524,416</u>	<u>(11,768,146)</u>	<u>1,326</u>	<u>(8,159,128)</u>	<u>(17,401,533)</u>
<b>Other financing sources (uses)</b>					
Debt issuance	-	17,915,000	-	-	17,915,000
Debt refunding	-	10,955,000	-	-	10,955,000
Premium on debt issued	-	2,249,346	-	-	2,249,346
Payment to refunded bond escrow agent	-	(10,857,256)	-	-	(10,857,256)
Sale of surplus assets	572,417	-	-	-	572,417
Transfers in	1,131,512	-	-	108,263	1,239,775
Transfers out	(22,997)	-	-	(1,108,525)	(1,131,522)
Total other financing sources (uses)	<u>1,680,932</u>	<u>20,262,090</u>	<u>-</u>	<u>(1,000,262)</u>	<u>20,942,760</u>
Net changes in fund balances	4,205,348	8,493,944	1,326	(9,159,390)	3,541,227
Fund balances, beginning of year	65,875,160	39,095,692	-	23,204,487	128,175,339
Prior period adjustment	(1,334,680)	-	-	832,643	(502,037)
Fund balances, beginning, as restated	<u>64,540,480</u>	<u>39,095,692</u>	<u>-</u>	<u>24,037,130</u>	<u>127,673,302</u>
Fund balances, end of year	<u><u>68,745,828</u></u>	<u><u>47,589,636</u></u>	<u><u>1,326</u></u>	<u><u>14,877,740</u></u>	<u><u>131,214,530</u></u>

**CITY OF AUBURN, ALABAMA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

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

Net change in fund balances - total governmental funds	\$	3,541,227
<p>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.</p>		
		21,227,661
<p>The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) net position.</p>		
		4,085,785
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of prepaid bond issue insurance, premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
		(8,181,948)
<p>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.</p>		
		(3,186,224)
<p>Revenues previously recorded as unearned revenue in governmental funds that were recognized in prior years in the statement of activities, but in the current year in governmental funds.</p>		
		<u>(270,692)</u>
Change in net position - statement of activities	<u>\$</u>	<u>17,215,809</u>

**CITY OF AUBURN, ALABAMA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL**  
**PRESENTED BY LEGAL LEVEL OF BUDGETARY CONTROL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget - Favorable (Unfavorable)
	\$	\$	\$	\$
Revenues				
Sales and use taxes	41,250,918	45,600,000	50,902,320	5,302,320
Occupational license fees	13,100,000	13,330,000	14,345,722	1,015,722
Motor fuel taxes	762,230	762,230	847,065	84,835
Lodging taxes	2,142,739	1,850,000	2,409,917	559,917
Rental and leasing taxes	877,952	877,952	962,586	84,634
Other taxes	280,452	324,757	362,836	38,079
Licenses and permits	14,561,771	14,943,037	15,242,735	299,698
General property taxes	6,950,971	7,323,500	7,375,310	51,810
Charges for services	14,082,705	13,940,472	13,631,070	(309,402)
Fines and forfeitures	782,250	981,000	1,164,876	183,876
State shared taxes	2,946,950	4,343,103	5,089,892	746,789
Contributions from the public	724,915	686,024	941,080	255,056
Interest	255,035	151,035	72,251	(78,784)
Miscellaneous	19,000	17,500	65,267	47,767
Total revenues	<u>98,737,888</u>	<u>105,130,610</u>	<u>113,412,927</u>	<u>8,282,317</u>
Expenditures				
City Council	250,541	250,541	231,252	19,289
Office of City Manager	1,399,480	1,399,480	1,139,337	260,143
Judicial	916,681	916,681	870,741	45,940
Information technology	2,307,503	2,378,770	2,157,332	221,438
Finance	1,724,121	1,735,577	1,552,963	182,614
Economic development	1,183,600	1,183,600	1,062,322	121,278
Development services	312,391	324,439	291,229	33,210
Planning services	814,525	824,981	607,677	217,304
Inspection services	1,404,149	1,491,856	1,364,463	127,393
Community services	3,025,699	3,103,255	2,925,927	177,328
Engineering services	3,650,695	3,600,995	2,941,560	659,435
Employee services	8,159,452	8,123,818	8,824,819	(701,001)
Public safety	28,595,968	28,668,897	26,232,798	2,436,099
Public works	4,477,491	4,552,491	4,398,783	153,708
Environmental services	1,882,632	1,916,783	1,751,207	165,576
Library	2,422,503	2,505,194	2,236,869	268,325
Parks and recreation	6,555,053	6,555,053	5,761,152	793,901
Total departmental	<u>69,082,484</u>	<u>69,532,411</u>	<u>64,350,431</u>	<u>5,181,980</u>
Non-departmental	1,975,190	2,547,777	2,906,138	(358,361)
Debt service:				
Administrative charges	3,000	3,000	2,020	980
Interest	2,045,897	2,045,897	2,051,178	(5,281)
Principal retirement	5,236,438	5,236,438	5,236,437	1
Capital outlay	24,110,514	23,675,200	19,589,707	4,085,493
Intergovernmental	1,452,724	1,252,724	1,073,620	179,104
Payments to component units	14,194,412	15,553,500	15,678,980	(125,480)
Total expenditures	<u>118,100,659</u>	<u>119,846,947</u>	<u>110,888,511</u>	<u>8,958,436</u>
Excess (deficiency) of revenues over expenditures	<u>(19,362,771)</u>	<u>(14,716,337)</u>	<u>2,524,416</u>	<u>17,240,753</u>
Other financing sources (uses)				
Sale of surplus assets	60,000	100,000	572,417	472,417
Transfers in	1,599,250	1,699,524	1,131,512	(568,012)
Transfers out	(1,000,000)	(1,000,274)	(22,997)	977,277
Total other financing sources (uses)	<u>659,250</u>	<u>799,250</u>	<u>1,680,932</u>	<u>881,682</u>
Net changes in fund balances	(18,703,521)	(13,917,087)	4,205,348	18,122,435
Fund balances, beginning of year	65,875,160	65,875,160	65,875,160	-
Prior period adjustment	-	-	(1,334,680)	(1,334,680)
Fund balances, beginning, as restated	<u>65,875,160</u>	<u>65,875,160</u>	<u>64,540,480</u>	<u>(1,334,680)</u>
Fund balances, end of year	<u>47,171,639</u>	<u>51,958,073</u>	<u>68,745,828</u>	<u>16,787,755</u>

**CITY OF AUBURN, ALABAMA**  
**SPECIAL SCHOOL TAX SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues	\$	\$	\$	\$
General property taxes	20,293,262	21,779,102	21,616,809	(162,293)
Interest	250,000	156,250	20,946	(135,304)
Total revenues	<u>20,543,262</u>	<u>21,935,352</u>	<u>21,637,755</u>	<u>(297,597)</u>
Expenditures				
Non-Departmental	661,585	680,825	683,047	(2,222)
Debt service				
Administrative charges	1,500	276,500	227,855	48,645
Interest	2,042,683	2,042,683	2,041,547	1,136
Principal retirement	5,309,705	5,309,705	5,309,705	-
Payments to component units	14,914,528	29,002,352	25,143,747	3,858,605
Total expenditures	<u>22,930,001</u>	<u>37,312,065</u>	<u>33,405,901</u>	<u>3,906,164</u>
Excess (deficiency) of revenues over expenditures	<u>(2,386,739)</u>	<u>(15,376,713)</u>	<u>(11,768,146)</u>	<u>3,608,567</u>
Other financing sources (uses)				
Debt issuance	-	27,255,000	28,870,000	1,615,000
Premium on debt issued	-	2,750,000	2,249,346	(500,654)
Payment to refunded bond escrow agent	-	(9,050,000)	(10,857,256)	(1,807,256)
Total other financing sources (uses)	<u>-</u>	<u>20,955,000</u>	<u>20,262,090</u>	<u>(692,910)</u>
Net changes in fund balances	(2,386,739)	5,578,287	8,493,944	2,915,657
Fund balances, beginning of year	<u>39,095,692</u>	<u>39,095,692</u>	<u>39,095,692</u>	<u>-</u>
Fund balances, end of year	<u>36,708,953</u>	<u>44,673,979</u>	<u>47,589,636</u>	<u>2,915,657</u>

**CITY OF AUBURN, ALABAMA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
AS OF SEPTEMBER 30, 2021**

	Major Fund	Solid Waste Management Fund	Total
	Sewer Fund		
	\$	\$	\$
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	12,351,501	2,388,725	14,740,226
Receivables, net	1,894,174	778,615	2,672,789
Due from component units	223,114	61,209	284,323
Inventories	37,083	11,674	48,757
Other current assets	27,806	22,452	50,258
Restricted cash	2,397	-	2,397
Total current assets	<u>14,536,075</u>	<u>3,262,675</u>	<u>17,798,750</u>
Noncurrent assets			
Capital assets not being depreciated	5,373,051	-	5,373,051
Capital assets net of accumulated depreciation	76,369,130	1,448,978	77,818,108
Total noncurrent assets	<u>81,742,181</u>	<u>1,448,978</u>	<u>83,191,159</u>
Total assets	<u>96,278,256</u>	<u>4,711,653</u>	<u>100,989,909</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amount on refunding	1,903,007	-	1,903,007
Pension related	445,296	481,046	926,342
OPEB related	113,629	142,302	255,931
Total deferred outflows of resources	<u>2,461,932</u>	<u>623,348</u>	<u>3,085,280</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	266,101	126,302	392,403
Salaries and benefits payable	31,541	67,840	99,381
Due to component units	34,609	2,612	37,221
Accrued interest payable	123,665	-	123,665
Customer deposits	496,077	212,712	708,789
Current portion of long-term debt	3,475,000	-	3,475,000
Total current liabilities	<u>4,426,993</u>	<u>409,466</u>	<u>4,836,459</u>
Noncurrent liabilities			
Long-term debt and other liabilities	25,842,281	71,163	25,913,444
Net pension liability	1,371,880	1,748,823	3,120,703
Net OPEB liability	312,086	377,440	689,526
Total noncurrent liabilities	<u>27,526,247</u>	<u>2,197,426</u>	<u>29,723,673</u>
Total liabilities	<u>31,953,240</u>	<u>2,606,892</u>	<u>34,560,132</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related	20,652	41,449	62,101
OPEB related	9,912	12,079	21,991
Total deferred inflows of resources	<u>30,564</u>	<u>53,528</u>	<u>84,092</u>
<b>NET POSITION</b>			
Net investment in capital assets	54,288,293	1,448,978	55,737,271
Restricted for capital projects	2,098,948	-	2,098,948
Unrestricted	10,369,143	1,225,603	11,594,746
Total net position	<u>66,756,384</u>	<u>2,674,581</u>	<u>69,430,965</u>

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

**CITY OF AUBURN, ALABAMA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	<b>Major Fund</b>		<b>Total</b>
	<b>Sewer Fund</b>	<b>Solid Waste Management Fund</b>	
	\$	\$	\$
Operating revenues			
Charges for services	12,719,790	5,378,599	18,098,389
Miscellaneous	15,333	16,359	31,692
Total operating revenues	<u>12,735,123</u>	<u>5,394,958</u>	<u>18,130,081</u>
Operating expenses			
Salaries and wages	1,340,971	1,977,632	3,318,603
Employee benefits	489,452	705,808	1,195,260
Repairs and maintenance	46,919	50,059	96,978
Utilities	693,292	934	694,226
Professional services	232,889	809,960	1,042,849
Rentals and leasing	104,920	-	104,920
Insurance	29,149	37,001	66,150
Office supplies	33,581	4,739	38,320
Fuels and lubricants	56,780	250,577	307,357
Agricultural and chemical supplies	24,248	3,635	27,883
Minor equipment and tools	88,787	136,338	225,125
Repair parts and materials	185,776	521,542	707,318
Clothing and linens	25,329	9,748	35,077
Sewer service fees	215,711	-	215,711
Management fees	1,678,550	334,000	2,012,550
Depreciation/amortization	2,907,108	504,966	3,412,074
Travel and training	24,672	3,049	27,721
Miscellaneous	2,242	-	2,242
Total operating expenses	<u>8,180,376</u>	<u>5,349,988</u>	<u>13,530,364</u>
Operating income (loss)	<u>4,554,747</u>	<u>44,970</u>	<u>4,599,717</u>
Nonoperating revenues (expenses)			
Interest earned	23,127	5,052	28,179
Interest and fiscal charges	(1,346,378)	-	(1,346,378)
Grants	-	1,103	1,103
Total nonoperating revenues (expenses)	<u>(1,323,251)</u>	<u>6,155</u>	<u>(1,317,096)</u>
Income (loss) before transfers and capital contributions	3,231,496	51,125	3,282,621
Transfers	(72,724)	(35,528)	(108,252)
Capital contributions - developers	919,620	-	919,620
Change in net position	4,078,392	15,597	4,093,989
Net position - beginning	62,677,992	2,658,985	65,336,977
Net position - ending	<u><u>66,756,384</u></u>	<u><u>2,674,581</u></u>	<u><u>69,430,965</u></u>



**CITY OF AUBURN, ALABAMA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	<b>Major Fund</b>		<b>Total</b>
	<b>Sewer Fund</b>	<b>Solid Waste Management Fund</b>	
	\$	\$	\$
Cash flows from operating activities			
Cash collected from customers	12,580,353	5,286,482	17,866,835
Other cash collected	15,333	16,359	31,692
Customer deposits collected	10,877	20,721	31,598
Payments to suppliers for goods and services	(3,784,915)	(2,147,000)	(5,931,915)
Payments to employees for services	(1,699,790)	(2,523,968)	(4,223,758)
Net cash provided (consumed) by operating activities (A)	<u>7,121,858</u>	<u>652,594</u>	<u>7,774,452</u>
Cash flows from noncapital financing activities			
Transfers in	3,526	19,471	22,997
Transfers out	(76,250)	(55,000)	(131,250)
Proceeds from operating grant	763	1,103	1,866
Net cash provided (consumed) by noncapital financing activities	<u>(71,961)</u>	<u>(34,426)</u>	<u>(106,387)</u>
Cash flows from capital and related financing activities			
Principal repayments on borrowing	(1,194,000)	-	(1,194,000)
Repayment of amounts borrowed from other funds	(40)	-	(40)
Acquisition and construction of capital assets	(3,763,257)	(358,059)	(4,121,316)
Interest and fiscal fees paid	(2,987,478)	-	(2,987,478)
Net cash provided (consumed) by capital and related financing activities	<u>(7,944,775)</u>	<u>(358,059)</u>	<u>(8,302,834)</u>
Cash flows from investing activities			
Interest on investments	23,127	5,052	28,179
Purchase of investments	(2,397)	-	(2,397)
Net cash provided (consumed) by investing activities	<u>20,730</u>	<u>5,052</u>	<u>25,782</u>
Net increase (decrease) in cash	(874,148)	265,161	(608,987)
Cash and cash equivalents, beginning of year	13,225,649	2,123,564	15,349,213
Cash and cash equivalents, end of year	<u>12,351,501</u>	<u>2,388,725</u>	<u>14,740,226</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities (A):</b>			
Operating income (loss)	4,554,747	44,970	4,599,717
Add: Depreciation	2,907,108	504,966	3,412,074
Decrease in prepaid items	-	22,977	22,977
Increase in customer deposits	10,877	20,722	31,600
Increase in accrued leave	14,076	-	14,076
Increase in amounts due to component units	22,023	-	22,023
Decrease in amounts due from component units	133,582	-	133,582
Increase in pension related liabilities	187,099	211,503	398,602
Increase in OPEB liability	57,462	59,203	116,665
Deduct: Increase in accounts receivable	(273,019)	(92,117)	(365,136)
Decrease in accounts payable	(354,937)	(6,149)	(361,086)
Decrease in amounts due to component units	-	(2,246)	(2,246)
Decrease in accrued leave	-	(1,275)	(1,275)
Increase in prepaid items	(9,158)	-	(9,158)
Increase in deferred pension contributions	(101,989)	(83,067)	(185,056)
Decrease in pension related deferred inflows	(903)	(1,020)	(1,923)
Decrease in OPEB related deferred inflows	(2,801)	(2,886)	(5,687)
Increase in OPEB related deferred outflows	(22,310)	(22,987)	(45,297)
Net cash provided by operating activities	<u>7,121,858</u>	<u>652,594</u>	<u>7,774,452</u>
Noncash transactions:			
Estimated cost of sewer lines installed by and contributed to the City by developers	919,620	-	919,620
	<u>919,620</u>	<u>-</u>	<u>919,620</u>

**CITY OF AUBURN, ALABAMA  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF SEPTEMBER 30, 2021**

	<b>Youth Athletic Associations' Private-purpose Trust Fund</b>
	\$
ASSETS	
Current assets:	
Cash and cash equivalents	751,515
 Total assets	 751,515
 NET POSITION	
Held in trust for:	
Auburn Dixie Baseball/Softball Association	115,567
Auburn Soccer Organization	536,071
Auburn Youth Football	51,940
Auburn Community Tennis Association	24,063
Auburn Cemetery Trust	23,874
 Total net position	 751,515

**CITY OF AUBURN, ALABAMA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	<b>Youth Athletic Associations' Private-purpose Trust Fund</b>
ADDITIONS	\$
Program revenues:	
Baseball/Softball	101,144
Soccer	146,282
Football	39,018
Tennis	3,050
Total program revenues	289,494
Investment earnings:	
Baseball/Softball interest	120
Soccer interest	746
Football interest	29
Tennis interest	7
Cemetery Trust interest	43
Total investment earnings	945
Total additions	290,439
DEDUCTIONS	
Program expenses:	
Baseball/Softball	92,629
Soccer	58,618
Football	29,557
Tennis	1,374
Total deductions	182,178
Change in net position	108,261
Net position - beginning	643,254
Net position - ending	751,515

**CITY OF AUBURN, ALABAMA**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**COMBINING STATEMENT OF NET POSITION**  
**AS OF SEPTEMBER 30, 2021**

	Major Component Units				Total
	Board of Education	Water Works Board	Industrial Development Board	Nonmajor Component Units	
	\$	\$	\$	\$	\$
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and cash equivalents	58,058,518	12,092,969	3,020,609	150	73,172,246
Certificates of deposit	-	-	59,466	-	59,466
Receivables, net	6,368	2,001,010	267,232	27,346	2,301,956
Accrued interest receivable	123	-	138,555	-	138,678
Inventories	157,567	428,558	-	-	586,125
Current portion of net investment in capital leases	-	-	1,143,611	52,312	1,195,923
Property tax receivable	9,683,054	-	-	-	9,683,054
Due from other government	4,462,239	-	-	-	4,462,239
Due from primary government	1,839,266	51,659	-	-	1,890,925
Other current assets	-	99,064	85,860	3,424	188,348
Restricted cash	-	-	116,088	-	116,088
<b>Total current assets</b>	<b>74,207,135</b>	<b>14,673,260</b>	<b>4,831,421</b>	<b>83,232</b>	<b>93,795,048</b>
<b>Noncurrent assets</b>					
<b>Restricted assets</b>					
Cash and cash equivalents	-	2,277,894	-	-	2,277,894
Net investment in capital leases, net of current portion	-	-	20,549,172	1,157,290	21,706,462
Property for resale	-	-	8,815,601	-	8,815,601
Capital assets not being depreciated	67,483,601	2,559,675	10,370,772	-	80,414,048
Capital assets, net of accumulated depreciation	158,542,864	80,493,166	34,270,239	3,240,376	276,546,645
<b>Total noncurrent assets</b>	<b>226,026,465</b>	<b>85,330,735</b>	<b>74,005,784</b>	<b>4,397,666</b>	<b>389,760,650</b>
<b>Total assets</b>	<b>300,233,600</b>	<b>100,003,995</b>	<b>78,837,205</b>	<b>4,480,898</b>	<b>483,555,698</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred amounts on refunding, net	-	1,821,252	-	-	1,821,252
OPEB related	23,748,490	130,059	-	18,015	23,896,564
Pension related	22,699,318	286,006	-	51,993	23,037,317
<b>Total deferred outflows of resources</b>	<b>46,447,808</b>	<b>2,237,317</b>	<b>-</b>	<b>70,008</b>	<b>48,755,133</b>
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
<b>Liabilities payable from restricted assets:</b>					
Due to other government	849	-	-	-	849
Current portion of long-term debt	38,475	1,315,000	-	-	1,353,475
Accrued interest payable	-	87,639	135,472	-	223,111
Accounts payable and other accrued liabilities	5,859,884	1,186,722	910,715	30,878	7,988,199
Salaries and benefits payable	7,196,461	37,421	-	-	7,233,882
Customer deposits	-	514,321	80,679	-	595,000
Unearned revenue	1,316,125	-	101,243	-	1,417,368
Current portion of long-term debt	-	-	5,779,562	52,312	5,831,874
Due to primary government	-	745,226	52,797	-	798,023
<b>Total current liabilities</b>	<b>14,411,794</b>	<b>3,886,329</b>	<b>7,060,468</b>	<b>83,190</b>	<b>25,441,781</b>
<b>Noncurrent liabilities:</b>					
Long-term debt and other liabilities	38,613	35,028,938	40,509,191	1,157,290	76,734,032
Net OPEB liability	47,957,475	323,686	-	42,963	48,324,124
Net pension liability	88,702,000	373,261	-	181,956	89,257,217
<b>Total noncurrent liabilities</b>	<b>136,698,088</b>	<b>35,725,885</b>	<b>40,509,191</b>	<b>1,382,209</b>	<b>214,315,373</b>
<b>Total liabilities</b>	<b>151,109,882</b>	<b>39,612,214</b>	<b>47,569,659</b>	<b>1,465,399</b>	<b>239,757,154</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Future property tax revenue	9,683,054	-	-	-	9,683,054
OPEB related	32,816,894	12,294	-	1,636	32,830,824
Pension related	1,558,000	320,368	-	3,758	1,882,126
<b>Total deferred inflows of resources</b>	<b>44,057,948</b>	<b>332,662</b>	<b>-</b>	<b>5,394</b>	<b>44,396,004</b>
<b>NET POSITION</b>					
Net investment in capital assets	225,949,377	48,605,658	17,712,674	3,240,376	295,508,085
<b>Restricted for:</b>					
Capital projects	-	2,277,894	-	-	2,277,894
Other projects	4,577,985	-	-	-	4,577,985
Unrestricted	(79,013,784)	11,412,884	13,554,872	(160,263)	(54,206,291)
<b>Total net position</b>	<b>151,513,578</b>	<b>62,296,436</b>	<b>31,267,546</b>	<b>3,080,113</b>	<b>248,157,673</b>

**CITY OF AUBURN, ALABAMA**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**COMBINING STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Grants and Contributions	Capital Grants & Contributions	Total Component Units		
					Governmental Activities	Business-Type Activities	Total
	\$	\$	\$	\$	\$	\$	
Governmental activities:							
Auburn Board of Education							
Functions/Programs							
Instruction	64,313,727	788,344	42,440,884	3,973,497	(17,111,002)	-	(17,111,002)
Instructional support	19,721,793	769,193	10,275,030	78,232	(8,599,338)	-	(8,599,338)
Operation and maintenance	8,712,491	193,258	1,764,729	836,736	(5,917,768)	-	(5,917,768)
Auxiliary services							
Student transportation services	5,368,060	93,221	4,001,584	739,753	(533,502)	-	(533,502)
Food services	1,349,520	1,027,083	127,207	-	(195,230)	-	(195,230)
General administrative services	3,370,067	820	452,761	-	(2,916,486)	-	(2,916,486)
Other	4,244,541	3,977,958	417,123	-	150,540	-	150,540
Interest and fiscal charges	9,047	-	-	-	(9,047)	-	(9,047)
Total governmental activities	<u>107,089,246</u>	<u>6,849,877</u>	<u>59,479,318</u>	<u>5,628,218</u>	<u>(35,131,833)</u>	<u>-</u>	<u>(35,131,833)</u>
Business-type activities:							
Water Works Board	11,858,871	12,769,531	-	2,037,560	-	2,948,220	2,948,220
Industrial Development Board	4,887,274	2,953,642	-	599,580	-	(1,334,052)	(1,334,052)
Public Park & Recreation Board	847,697	174,303	854	-	-	(672,540)	(672,540)
Downtown Redevelopment Authority	16,750	-	-	-	-	(16,750)	(16,750)
Total business-type activities	<u>17,610,592</u>	<u>15,897,476</u>	<u>854</u>	<u>2,637,140</u>	<u>-</u>	<u>924,878</u>	<u>924,878</u>
Total component units	<u>124,699,838</u>	<u>22,747,353</u>	<u>59,480,172</u>	<u>8,265,358</u>	<u>(35,131,833)</u>	<u>924,878</u>	<u>(34,206,955)</u>

General revenues:

Taxes:						
Sales taxes				10,347,335	-	10,347,335
Property taxes				20,847,621	-	20,847,621
Alcoholic beverage taxes				666,173	-	666,173
Other taxes				58,131	-	58,131
Unrestricted appropriations from the City of Auburn				27,900,085	1,268,538	29,168,623
Grants and contributions not restricted				1,140	-	1,140
Interest and investment earnings				83,459	998,373	1,081,832
Gain (loss) on disposal of assets				-	59,804	59,804
Sale of property				-	175,000	175,000
Miscellaneous				735,726	555,027	1,290,753
Total general revenues				<u>60,639,670</u>	<u>3,056,742</u>	<u>63,696,412</u>
Change in net position				25,507,837	3,981,620	29,489,457
Net position - beginning				126,005,741	92,662,475	218,668,216
Net position - ending				<u>151,513,578</u>	<u>96,644,095</u>	<u>248,157,673</u>

**CITY OF AUBURN, ALABAMA**  
**DISCRETELY PRESENTED BUSINESS-TYPE COMPONENT UNITS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	Major Business-type Component Units			Total
	Water Works	Industrial	Nonmajor	
	Board	Development Board	Business-type Component Units	
	\$	\$	\$	\$
Operating revenues				
Lease income	-	2,953,642	-	2,953,642
Water sales and service	12,769,531	-	-	12,769,531
Tennis center revenue	-	-	174,303	174,303
Operating grants	-	-	854	854
Sale of property	-	175,000	-	175,000
Miscellaneous	325,404	164,867	64,756	555,027
Total operating revenues	<u>13,094,935</u>	<u>3,293,509</u>	<u>239,913</u>	<u>16,628,357</u>
Operating expenses				
Water treatment and pumping expense	3,177,947	-	-	3,177,947
Water distribution expense	1,797,951	-	-	1,797,951
Meter reading expense	721,082	-	-	721,082
Operations administration expense	490,866	-	-	490,866
Utility billing office expense	1,083,824	-	-	1,083,824
General operations expense	873,969	-	-	873,969
Salaries and wages	-	-	244,176	244,176
Employee benefits	-	-	85,609	85,609
Cost of property sold	-	361,821	-	361,821
Repairs and maintenance	-	437,587	47,851	485,438
Advertising	-	62,952	-	62,952
Utilities	-	134,656	104,975	239,631
Rentals and leasing	-	-	1,553	1,553
Insurance	-	-	6,843	6,843
Minor equipment and tools	-	-	23,608	23,608
Professional services	-	122,032	1,209	123,241
Office supplies	-	14,177	1,925	16,102
Agricultural and chemical supplies	-	-	513	513
Bad debt expense	-	834	-	834
Depreciation	2,671,688	1,125,549	329,132	4,126,369
Industrial recruitment	-	151,604	-	151,604
Industrial incentives granted	-	228,467	-	228,467
Travel and training	-	25,053	299	25,352
Special events	-	1,561	-	1,561
Workforce development	-	110,377	-	110,377
Miscellaneous	-	15,347	4	15,351
Total operating expenses	<u>10,817,327</u>	<u>2,792,017</u>	<u>847,697</u>	<u>14,457,041</u>
Operating income (loss)	<u>2,277,608</u>	<u>501,492</u>	<u>(607,784)</u>	<u>2,171,316</u>
Non-operating revenues (expenses)				
Interest and investment earnings	22,910	958,695	16,768	998,373
Appropriations from the City of Auburn	-	1,000,000	268,538	1,268,538
Amortization	(89,532)	-	-	(89,532)
Interest and fiscal charges	(952,012)	(2,095,257)	(16,750)	(3,064,019)
Gain/(loss) on disposal of assets	(180,707)	246,711	(6,200)	59,804
Total non-operating revenues (expenses)	<u>(1,199,341)</u>	<u>110,149</u>	<u>262,356</u>	<u>(826,836)</u>
Income (loss) before capital contributions	<u>1,078,267</u>	<u>611,641</u>	<u>(345,428)</u>	<u>1,344,480</u>
Capital contributions				
From other governments	-	599,580	-	599,580
From primary government	2,685	-	-	2,685
From developers	996,075	-	-	996,075
From access fees	1,038,800	-	-	1,038,800
Total capital contributions	<u>2,037,560</u>	<u>599,580</u>	<u>-</u>	<u>2,637,140</u>
Change in net position	<u>3,115,827</u>	<u>1,211,221</u>	<u>(345,428)</u>	<u>3,981,620</u>
Net position - beginning	59,180,609	30,056,325	3,425,541	92,662,475
Net position - ending	<u>62,296,436</u>	<u>31,267,546</u>	<u>3,080,113</u>	<u>96,644,095</u>

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

**City of Auburn, Alabama**  
**Guide to Notes to the Financial Statements**  
**September 30, 2021**

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**Guide to Notes to the Financial Statements**  
**September 30, 2021**

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# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

### **DISCRETELY PRESENTED COMPONENT UNITS**

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

#### **City of Auburn Board of Education (ABOE)**

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

#### **Water Works Board of the City of Auburn (AWWB)**

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

#### **City of Auburn Industrial Development Board (IDB)**

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

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

The Council exercises a very active role in the industrial development process because it has such a significant impact on the community's quality of life. The City is the IDB's primary source of operating funds, including funds for acquisition of real property. The City has responsibility for funding deficits and operating deficiencies of the IDB. The IDB is presented as a proprietary fund type or business-type activity.

### **City of Auburn Public Park and Recreation Board (PPRB)**

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

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

### **Commercial Development Authority of the City of Auburn (CDA)**

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

The City is the CDA's primary source of operating funds. The City is responsible for funding deficits and operating deficiencies of the CDA and City Council exercises significant influence over the CDA's actions. The CDA is presented as a proprietary fund type or business-type activity. The CDA had no activity for the year ending September 30, 2021, and no assets or liabilities as of September 30, 2021.

### **Auburn Downtown Redevelopment Authority (ADRA)**

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

### **RELATED ORGANIZATIONS**

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

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

### **JOINT VENTURE**

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

#### **Indian Pines Golf Course Venture**

The City is a party to a joint venture agreement with the City of Opelika, Alabama, to own and operate the Indian Pines Golf Course. The joint venture agreement, dated October 1, 1976, required equal capital contributions from both cities and gave each city a 50% share in the venture's net profits and losses. The agreement also provides that each City has a responsibility for 50% of golf course debts. The City of Auburn's initial capital contribution of \$589,200 was used to purchase the land and buildings, which are titled to the two cities as tenants in common. In July 2005, the clubhouse was destroyed by fire. Insurance proceeds were received, and in fiscal year 2006, the two cities appropriated the insurance proceeds to the Indian Pines Recreation Authority (the Authority) to assist in the construction of a new clubhouse. As of September 30, 2021, the City's remaining net investment in the Indian Pines Golf Course is \$503,300, which represents the initial cost of the land capitalized by the City.

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

### JOINTLY GOVERNED ORGANIZATIONS

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

#### Indian Pines Recreation Authority

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

Summary financial information for the Indian Pines Recreation Authority as of and for the year ended September 30, 2021, is as follows:

Total assets and deferred outflows	
of resources	\$2,454,094
Total liabilities and deferred inflows	
of resources	(363,497)
Total net position	<u>\$2,090,597</u>
Total operating revenues	\$1,754,520
Total operating expenses	(1,239,479)
Other revenues	1,230
Net increase in net position	<u>\$ 516,271</u>

#### Lee-Russell Council of Governments

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

### **East Alabama Mental Health Center**

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

### **Lee County Youth Development Center**

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

### **East Alabama Health**

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

### **Auburn-Opelika Tourism Bureau**

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

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

### **GOVERNMENTAL FUNDS**

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

### PROPRIETARY FUNDS

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing activity. The principal operating revenues for the Sewer Fund, the Solid Waste Management Fund, and discretely presented business-type component units are charges to customers for sales and services. Operating expenses include cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### MAJOR FUNDS

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

The City reports the following major governmental funds:

The General Fund (See note above).

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

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

The City reports the following major proprietary fund:

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

the capital grants column reflects capital-specific grants. As a rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

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

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

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

### **D. Reconciliation of Government-Wide and Fund Financial Statements**

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

The governmental Balance Sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the current period." The details of this \$299,438,688 difference are as follows:

Bonds and warrants payable	\$ 246,418,819
Less: Deferred amount on refunding	(2,565,553)
Add: Issuance premium	13,334,838
Notes payable	2,069,000
Compensated absences	2,594,620
Claims and judgments	1,292,862
Landfill closure and post-closure care	98,000
Other postemployment benefits	6,396,068
Net pension liability	42,554,218
Less: Deferred outflow pension related	(10,697,582)
Less: Deferred outflow OPEB related	(2,282,865)
Add: Deferred inflow OPEB related	226,263
	<hr/>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 299,438,688</u>



# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period." The details of this \$21,227,661 difference are as follows:

Capital outlay	\$ 29,405,935
Depreciation expense	<u>(8,178,274)</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ 21,227,661</u>

Another element of that reconciliation states that "The net effect of various transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase (decrease) net position." The details of this \$4,085,785 difference are as follows:

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

Donations from outside parties	\$ 4,621,857
--------------------------------	--------------

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

Remaining cost basis of disposed assets	<u>(536,072)</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ 4,085,785</u>



# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Another element of that reconciliation states that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of prepaid bond issue insurance, premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items." The details of this \$8,181,948 difference are as follows:

Debt issued or incurred:	
General obligation warrants	\$ (28,870,000)
Issue premiums on new debt	(2,249,346)
Principal repayments	12,080,142
Payment to escrow agent for refunding	<u>10,857,256</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ (8,181,948)</u>

Another element of that reconciliation states that "Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this \$3,186,224 difference are as follows:

Compensated absences	\$ 100,660
Accrued interest	56,716
Claims and judgments	(474,103)
Landfill closure and post-closure care	7,000
Other post employment benefits	(522,512)
Net pension liability	(2,837,212)
Amortization of deferred amount on refunding	(219,055)
Amortization of bond premiums	694,546
Amortization of prepaid expenses	<u>7,736</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ (3,186,224)</u>

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

1. The City Manager submits to the City Council a proposed budget (operating and capital) prior to the beginning of each biennial period. The proposed budget is for two one-year periods, each beginning on October 1 and ending on the following September 30.
2. Prior to September 30, the budget is legally enacted through passage of an ordinance. Any revisions that alter the total expenditures of any fund must be approved by the City Council.

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Annual budgets were legally adopted for the 2021 fiscal year for the General Fund, Seven-Cent Gas Tax Fund, Four and Five-Cent Gas Tax Fund, Ten-Cent Gas Tax Fund, Special School Tax Fund, Municipal Court Judicial Administration Fund, Public Safety Substance Abuse Fund, Special 5-Mill Tax Debt Service Fund, Sewer Fund, and the Solid Waste Management Fund. The City did not adopt a budget for the Coronavirus Local Fiscal Recovery Fund (a major special revenue fund) for the 2021 fiscal year as it was waiting on final guidance from the U.S. Treasury before committing to a plan for use of these funds.
4. Budgets for the General, Special Revenue, and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
5. Each department head is responsible to the City Manager for the department's overall budgetary performance. Budgeted amounts may be transferred among line items within the department; however, any increase in total departmental appropriations must be justified to the City Manager and approved by the City Council. The legal level of budgetary control is the individual department.
6. Budgeted amounts are as originally adopted, or as amended by the City Council. Individual amendments were material in relation to the original appropriations. All budget amounts presented in the accompanying supplemental information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions to the annual budgets during the year).
7. All budgetary appropriations expire at fiscal year-end. Encumbrances of departments that did not exceed their departmental budgets may be added to the subsequent year's appropriations at the time of the mid-biennium budget review, if the City Manager so recommends and if the Council approves.
8. Excess of expenditures over appropriations: In the General Fund, employee services expenditures of \$8,824,819 exceeded appropriations of \$8,123,818; non-departmental expenditures of \$2,906,138 exceeded appropriations of \$2,547,777; and payments to component units of \$15,678,980 exceeded appropriations of \$15,553,500.

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

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

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

- K. **Capital Assets** - Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (except for software that has a capitalization threshold of \$100,000) and an estimated useful life in excess of two years. Such assets are recorded at actual cost (or estimated historical cost if actual cost is not available) if purchased or constructed. Easements are valued at 50% of the average value for commercial and residential property within the City as obtained from the Lee County Appraisers Office on an annual basis, multiplied by the square footage of the easement. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

### L. Risk Financing

#### **CITY OF AUBURN PRIMARY GOVERNMENT**

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

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

The City has chosen to retain the risk of loss for risks associated with its employees' health insurance plan. Premiums are charged to other funds and component units that account for employees eligible for coverage by the plan. Total premiums allocated to the participating entities are calculated using medical cost trends and claims experience. Employees may also be charged for extended benefits at their option. Medical claims exceeding \$110,000 per covered individual, per year, are covered through a private insurance carrier after satisfaction of a \$125,000 aggregating specific deductible. Liabilities associated with the plan are recorded in the City's Employee Benefit self-insurance fund when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported.

The City is a self-insurer under the Alabama Workers' Compensation Law for its workers' compensation exposure. Workers' compensation claims exceeding \$500,000 (\$600,000 for police officers and firefighters) per injury in an accident period are covered through a private insurance carrier. Stop loss coverage is purchased through the General Fund. Liabilities include an amount for claims within the coverage deductible that have been incurred but not reported and are recorded when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

#### **COMPONENT UNITS**

**Board of Education** - The ABOE is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and natural disasters. The ABOE has insurance for its buildings and contents through the State Insurance Fund (SIF), Alabama Department of Finance, Division of Risk Management, a public entity risk pool, which operates as a common risk management and insurance program for state-owned properties and boards of education. The ABOE pays an annual premium based on the amount of coverage. The SIF is self-insured up to \$10 million per nonwind-related loss occurrence and \$25 million per wind-related loss occurrence. The SIF purchases commercial insurance for claims in excess of these deductibles. Errors and omissions insurance is purchased from the Alabama Trust for Boards of Education (ATBE), a public entity risk pool. The ATBE collects the premiums and purchases commercial insurance for the amount of coverage requested by pool participants. The ABOE purchases commercial insurance for fidelity bonds and its transportation fleet. Settled claims in the past three years have not exceeded the commercial insurance coverage. Also, there have been no significant reductions in insurance coverage from the prior year.

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

The AWWB employees are covered under the City's health insurance plan. Premiums are charged to the AWWB and are calculated using trends in actual claims experience, along with overall program costs, including third-party administration and reinsurance. Employees may also be charged for additional benefits through supplemental insurance programs. Medical claims exceeding \$110,000 per covered individual, per year, are covered through a private insurance carrier after satisfaction of a \$125,000 aggregating specific deductible.

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

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

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

The City purchases commercial insurance from independent third parties to cover claims arising from general liability torts. The IDB is covered by this insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The IDB had no liability for unpaid claims at September 30, 2021.

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

For risk of loss from claims arising from torts (general liability), the PPRB is covered by the City's commercial insurance purchased from third parties. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The PPRB had no liability for unpaid claims at September 30, 2021. Settled claims in the period since the purchase of insurance have not exceeded the insurance coverage, and there have been no significant reductions in insurance coverage from coverage in the prior year.

### **M. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs related to prepaid insurance, are deferred and amortized over the life of the bonds using the effective interest method.

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **N. Compensated Absences**

#### **CITY OF AUBURN PRIMARY GOVERNMENT**

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

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

#### **COMPONENT UNITS**

**Board of Education** – Non-tenured certified and support personnel are provided two state days and one local personal leave day per year and tenured personnel are provided two state days and three local personal leave days per year. All personnel may choose to convert personal leave days to sick leave days at the end of the school year. Only certified employees may choose to be paid, at the ABOE's substitute rate, for up to two state days of unused personal leave. Because unused personal leave cannot be carried over to succeeding years, no liability for unpaid leave is accrued in the financial statements.

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

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

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

1. Interfund receivables and payables - consist of temporary loans between funds which are expected to be repaid within one year. These short-term interfund loans are captioned "Due from other funds" and "Due to other funds" in the various funds' balance sheets. See Note 18.
2. Interfund advances - consist of longer-term loans between funds, which are not expected to be repaid within one year. These longer term interfund loans are captioned "Advances to other funds" and "Advances from other funds" in the various funds' balance sheets. Within the governmental fund financial statements, such amounts are equally offset by a fund balance reserve that indicates they do not constitute available spendable resources. There were no interfund advances outstanding at year end.
3. Interfund transfers - consist of routine, recurring transfers between funds, other than interfund loans or advances, fund reimbursements or payments between the City and component units. Interfund transfers are accounted for separately from fund revenues and expenses. See Note 19.

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



# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- T. Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- U. Recently Implemented Accounting Pronouncements** – GASB Statement No. 98, *The Annual Comprehensive Financial Report*, establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness.

## NOTE 2. DEPOSITS IN FINANCIAL INSTITUTIONS

As of September 30, 2021, all deposits of the City of Auburn primary government (except for its fiduciary funds), the Auburn Board of Education, the Water Works Board, the Industrial Development Board, and the Public Park and Recreation Board are held in a certified qualified public depository, and as such, are deemed fully insured. As of September 30, 2021, the Commercial Development Authority and the Auburn Downtown Redevelopment Authority did not have any deposits.

## NOTE 3. DEPOSITS AND INVESTMENTS

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

A summary of the City's certificates of deposits and investments held as of September 30, 2021, is as follows:

	Carrying Value	Fair Value
<u>Governmental Activities</u>		
Certificates of deposit		
General Fund	\$ 178,479	\$ 178,479
Total certificates of deposit	\$ 178,479	\$ 178,479
Investments		
U.S. Treasury Notes		
General Fund	\$ 38,389,903	\$38,389,903
Special School Tax Fund	18,373,831	18,373,831
Federal Grant Loan Repayment Fund	1,470,000	1,470,000
Industrial Development Revenue Bond	322,279	322,279
Limited Obligation Revenue Bond	1,209,602	1,209,602
Total investments	\$ 59,765,615	\$59,765,615

During fiscal year 2013, the City sold a building to the Industrial Development Board for \$1,800,000. The IDB in turn issued an Industrial Development Revenue Bond to the City in that same amount. The City recognized an investment that will be reduced as payments of \$17,399 are received from the IDB on a monthly basis that commenced on May 1, 2013 and will continue through April 1, 2023, at an interest rate of 3.03% per annum. The balance of the City's investment at September 30, 2021 was \$322,279.

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 3. DEPOSITS AND INVESTMENTS - CONTINUED

During fiscal year 2015 the City invested \$1,450,000 into the Auburn Downtown Redevelopment Authority (ADRA) to facilitate the redevelopment of downtown property. The City recognized an investment that will be reduced as payments of \$6,126 are received from ADRA on a monthly basis that commenced on December 1, 2015 and will continue through October 1, 2035 at an interest rate of 2.50% per annum. On April 1, 2020, the City agreed to defer nine months of payments through December 2020 totaling \$55,135, and added it to the final balloon payment due October 1, 2035. The final balloon payment is \$355,135 and bears no interest. The balance of the City's investment at September 30, 2021 was \$1,209,602.

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

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

### COMPONENT UNITS

#### Board of Education

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

At September 30, 2021, the Board of Education's restricted cash was composed of the following, all of which are insured through the SAFE Program:

	Carrying Value	Fair Value
Cash - General Fund		
Educational Trust Fund		
Advancement & Technology Fund	\$ 1,584,570	\$ 1,584,570
Advanced Placement - State	3,271	3,271
Gifted Education	9,705	9,705
Penny Trust Fund	1,973	1,973
State Contracts	508	508
Robotics Grant Program	541	541
Cash - Other Governmental Funds		
Child Nutrition Program	2,297,953	2,297,953
Dental Clinic	107,078	107,078
E-rate	9,988	9,988
	<u>\$ 4,015,587</u>	<u>\$ 4,015,587</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 3. DEPOSITS AND INVESTMENTS - CONTINUED

### Water Works Board

At September 30, 2021, the Water Works Board's restricted cash, cash equivalents, and investments were comprised of the following:

	Carrying Value	Fair Value
Cash (Access Fee Account)	\$ 2,014,091	\$ 2,014,091
Pooled investments with City of Auburn (access fees)	263,803	263,803
Total restricted cash and investments	\$ 2,277,894	\$ 2,277,894

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

### Industrial Development Board

At September 30, 2021, the Industrial Development Board's investments were comprised of the following:

<u>Restricted cash</u>	Carrying Value	Fair Value
Cash (SAFE deposit)		
Restricted for capital projects	\$ 116,088	\$ 116,088

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

<u>Unrestricted investments</u>	Carrying Value	Fair Value
Certificate of deposit		
AuburnBank, 0.05%, maturity date February 24, 2022	\$ 59,466	\$ 59,466

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

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 4. ACCOUNTS RECEIVABLE

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

	General Fund	Special School Tax Fund	Nonmajor Governmental Funds	Sewer Fund	Nonmajor Proprietary Fund	Component Units	Total
Receivables:							
Revenues receivable	\$ 14,590,456	\$ 135,606	\$ 369,769	\$ 1,974,280	\$ 874,073	\$ 2,404,577	\$ 20,348,761
Grants receivable	-	-	1,475,295	-	-	-	1,475,295
Receivable from other governmental units	1,131,524	-	-	-	-	-	1,131,524
Other receivables	<u>1,133,198</u>	<u>63,326</u>	<u>485</u>	<u>158,290</u>	<u>100</u>	<u>81,152</u>	<u>1,436,551</u>
Gross receivables	16,855,178	198,932	1,845,549	2,132,570	874,173	2,485,729	24,392,131
Less: allowance for uncollectibles	<u>(3,919,416)</u>	<u>-</u>	<u>(217,776)</u>	<u>(238,396)</u>	<u>(95,558)</u>	<u>(183,773)</u>	<u>(4,654,919)</u>
Net receivables	<u>\$ 12,935,762</u>	<u>\$ 198,932</u>	<u>\$ 1,627,773</u>	<u>\$ 1,894,174</u>	<u>\$ 778,615</u>	<u>\$ 2,301,956</u>	<u>\$ 19,737,212</u>

## NOTE 5. MORTGAGES AND NOTES RECEIVABLE

### CITY OF AUBURN PRIMARY GOVERNMENT

On December 19, 2012, the City entered into a loan agreement with the Lee County Humane Society. The loan provides permanent financing in the amount of \$175,250, for a new spay and neuter clinic that was added to existing facilities. The terms of the note include monthly payments for a period of ten years at a fixed interest rate of 3.50%. Principal and interest payments totaling \$1,733 are due in 120 equal monthly installments beginning February 2013. The balance of the note receivable of \$46,530 was received by the City from the Lee County Humane Society in June 2021.

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

### COMPONENT UNITS

#### Industrial Development Board

Notes receivable consist of the following as of September 30, 2021:

	Balance 10/01/2020	Additions	Reductions	Balance 09/30/2021	Due Within One Year
Notes receivable - other	<u>\$ 9,048</u>	<u>\$ -</u>	<u>\$ (9,048)</u>	<u>\$ -</u>	<u>\$ -</u>

#### Notes Receivable

In September 2015, the IDB made a loan to a new business in Auburn. The loan bears interest at 1.50%. Monthly payments of principal and interest are due beginning October 1, 2015 and continuing until September 1, 2020 at which time the loan was originally scheduled to mature. During fiscal year 2020, the IDB granted a deferral of payments due on the loan until January 1, 2021, and extended the maturity date of the loan to June 1, 2021, at which time the loan was repaid.

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 6. PROPERTY FOR RESALE

### CITY OF AUBURN PRIMARY GOVERNMENT

During fiscal year 2003, the City purchased seven outparcels of land for future mall expansion totaling \$4,131,127. One of the lots has been leased to Lee County for \$1 per year for 10 years beginning May 2007. The County extended the lease in May 2017 for an additional five-year term. The County can extend the lease for one additional five-year term with written notice. The County constructed the satellite office of the Lee County Courthouse on this site.

### COMPONENT UNITS

#### Industrial Development Board

The following is a schedule of changes in property for resale for the year ended September 30, 2021:

	Balance 10/1/2020	Additions	Reclassi- fications	Disposals	Balance 9/30/2021
Land and buildings	\$ 3,856,081	\$ 301,160	\$ -	\$ (361,821)	\$ 3,795,420
Improvements in progress	4,490,784	529,397	-	-	5,020,181
Total property held for resale	\$ 8,346,865	\$ 830,557	\$ -	\$ (361,821)	\$ 8,815,601

## NOTE 7. PROPERTY TAXES

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

A description of property class groups is included in the chart below. Property is assessed based on these classifications.

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 8. CAPITAL ASSETS

### CITY OF AUBURN PRIMARY GOVERNMENT

Capital asset activity for the City's governmental activities for the year ended September 30, 2021 was as follows:

	Balance 10/1/2020	Transfers/ Additions	Transfers/ Deductions	Balance 9/30/2021
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 25,764,576	\$ 2,557,467	\$ (11,361)	\$ 28,310,682
Construction in progress	50,231,973	24,941,677	(58,355,981)	16,817,669
Total capital assets, not being depreciated	75,996,549	27,499,144	(58,367,342)	45,128,351
Capital assets, being depreciated:				
Buildings and improvements	56,011,345	36,140,966	(1,256,032)	90,896,279
Heavy equipment	4,083,397	158,298	(181,755)	4,059,940
Office equipment	6,132,859	1,666,619	(252,798)	7,546,680
Small tools and equipment	2,367,625	158,311	(199,885)	2,326,051
Vehicles	11,148,817	1,744,721	(656,233)	12,237,305
Infrastructure	230,245,186	25,015,483	(472,053)	254,788,616
Total capital assets, being depreciated	309,989,229	64,884,398	(3,018,756)	371,854,871
Less accumulated depreciation for:				
Buildings and improvements	(21,788,148)	(1,811,183)	1,080,369	(22,518,962)
Heavy equipment	(2,441,720)	(278,403)	181,755	(2,538,368)
Office equipment	(4,525,675)	(526,036)	252,798	(4,798,913)
Small tools and equipment	(1,718,504)	(237,281)	199,885	(1,755,900)
Vehicles	(8,447,653)	(1,085,644)	654,367	(8,878,930)
Infrastructure	(83,777,623)	(4,239,727)	124,871	(87,892,479)
Total accumulated depreciation	(122,699,323)	(8,178,274)	2,494,045	(128,383,552)
Total capital assets, being depreciated, net	187,289,906	56,706,124	(524,711)	243,471,319
Governmental activities capital assets, net	\$ 263,286,455	\$ 84,205,268	\$ (58,892,053)	\$ 288,599,670

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 8. CAPITAL ASSETS - CONTINUED

Capital asset activity for the City's business-type activities for the year ended September 30, 2021 was as follows:

	Balance 10/1/2020	Prior Period Adjustment	Transfers/ Additions	Transfers/ Deductions	Balance 9/30/2021
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 164,626	\$ -	\$ -	\$ -	\$ 164,626
Construction in progress	2,729,159	-	3,197,724	(718,458)	5,208,425
Total capital assets, not being depreciated	2,893,785	-	3,197,724	(718,458)	5,373,051
Capital assets, being depreciated:					
Buildings and improvements	22,797,029	-	35,470	-	22,832,499
Sewage plants and lines	80,720,609	-	1,643,806	(34,408)	82,330,007
Machinery and equipment	5,049,715	-	512,723	(6,923)	5,555,515
Small tools and equipment	7,200	-	-	-	7,200
Vehicles	6,543,237	-	369,672	-	6,912,909
Total capital assets, being depreciated	115,117,790	-	2,561,671	(41,331)	117,638,130
Less accumulated depreciation for:					
Buildings and improvements	(6,733,820)	-	(702,199)	-	(7,436,019)
Sewage plants and lines	(22,292,974)	-	(1,613,966)	34,408	(23,872,532)
Machinery and equipment	(2,659,391)	-	(485,277)	6,923	(3,137,745)
Small tools and equipment	(7,200)	-	-	-	(7,200)
Vehicles	(4,755,894)	-	(610,632)	-	(5,366,526)
Total accumulated depreciation	(36,449,279)	-	(3,412,074)	41,331	(39,820,022)
Total capital assets, being depreciated, net	78,668,511	-	(850,403)	-	77,818,108
Business-type activities capital assets, net	\$ 81,562,296	\$ -	\$ 2,347,321	\$ (718,458)	\$83,191,159

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

Governmental activities:	
General government and administration	\$ 483,967
Public works	4,603,755
Environmental services	47,285
Public safety	1,249,069
Library	176,195
Parks and recreation	1,182,691
Development services	389,731
Social and economic development	2,922
Employee services	42,659
Total depreciation expense - governmental activities	\$8,178,274
Business-type activities:	
Sewer Fund	\$2,907,108
Solid Waste Management Fund	504,966
Total depreciation expense - business-type activities	\$3,412,074

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 8. CAPITAL ASSETS - CONTINUED

### COMPONENT UNITS

#### Board of Education

Capital asset activity for the year ended September 30, 2021 was as follows:

	Balance 10/1/2020	Transfers/ Additions	Transfers/ Deductions	Balance 9/30/2021
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 13,477,539	\$ 5,352,449	\$ -	\$ 18,829,988
Construction in progress	32,609,378	17,372,386	(1,328,151)	48,653,613
Total capital assets, not being depreciated	46,086,917	22,724,835	(1,328,151)	67,483,601
Capital assets, being depreciated:				
Land improvements	5,829,407	207,295	(219,170)	5,817,532
Buildings and improvements	201,505,349	1,662,743	(2,876,484)	200,291,608
Furniture, equipment and vehicles	15,132,668	1,326,273	(1,012,910)	15,446,031
Total capital assets, being depreciated	222,467,424	3,196,311	(4,108,564)	221,555,171
Less accumulated depreciation for:				
Land improvements	(3,600,191)	(168,695)	218,986	(3,549,900)
Buildings and improvements	(47,830,878)	(4,560,052)	2,474,239	(49,916,691)
Furniture, equipment and vehicles	(9,415,802)	(1,123,969)	994,055	(9,545,716)
Total accumulated depreciation	(60,846,871)	(5,852,716)	3,687,280	(63,012,307)
Total capital assets, being depreciated, net	161,620,553	(2,656,405)	(421,284)	158,542,864
Total governmental activities capital assets, net	\$ 207,707,470	\$ 20,068,430	\$ (1,749,435)	\$ 226,026,465

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

Governmental activities:	
Instruction	\$4,790,835
Instructional support	79,095
Operation and maintenance	83,541
Auxiliary services	
Student transportation services	854,287
Food services	43,208
General administrative services	1,750
Total depreciation expense - governmental activities	\$5,852,716



# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 8. CAPITAL ASSETS - CONTINUED

### Water Works Board

Capital asset activity for the year ended September 30, 2021 was as follows:

	<u>Balance</u> <u>10/01/20</u>	<u>Transfers/</u> <u>Additions</u>	<u>Transfers/</u> <u>Deductions</u>	<u>Balance</u> <u>09/30/21</u>
Business-type activity:				
Capital assets, not being depreciated:				
Land and land clearing	\$ 1,630,745	\$ 2,685	\$ -	\$ 1,633,430
Construction in progress	<u>8,494,530</u>	<u>1,638,266</u>	<u>(9,206,551)</u>	<u>926,245</u>
Total capital assets, not being depreciated	<u>10,125,275</u>	<u>1,640,951</u>	<u>(9,206,551)</u>	<u>2,559,675</u>
Capital assets, being depreciated:				
Utility system and plant	98,477,758	10,151,744	(546,888)	108,082,614
Buildings and improvements	7,822,435	51,107	-	7,873,542
Vehicles	1,137,476	125,443	(51,620)	1,211,299
Machinery, equipment and tools	1,316,838	109,103	(19,291)	1,406,650
Office equipment	<u>791,691</u>	<u>-</u>	<u>(21,551)</u>	<u>770,140</u>
Total capital assets, being depreciated	<u>109,546,198</u>	<u>10,437,397</u>	<u>(639,350)</u>	<u>119,344,245</u>
Less accumulated depreciation for:				
Utility system and plant	(30,793,801)	(2,088,302)	347,306	(32,534,797)
Buildings and improvements	(3,609,611)	(313,319)	-	(3,922,930)
Vehicles	(719,090)	(132,226)	51,620	(799,696)
Machinery, equipment and tools	(840,040)	(86,784)	19,291	(907,533)
Office equipment	<u>(656,617)</u>	<u>(51,056)</u>	<u>21,551</u>	<u>(686,122)</u>
Total accumulated depreciation	<u>(36,619,159)</u>	<u>(2,671,687)</u>	<u>439,768</u>	<u>(38,851,078)</u>
Total capital assets, being depreciated, net	<u>72,927,039</u>	<u>7,765,710</u>	<u>(199,582)</u>	<u>80,493,167</u>
Business-type activity capital assets, net	<u>\$ 83,052,314</u>	<u>\$ 9,406,661</u>	<u>\$ (9,406,133)</u>	<u>\$ 83,052,842</u>

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 8. CAPITAL ASSETS - CONTINUED

### Industrial Development Board

Capital asset activity for the year ended September 30, 2021 was as follows:

	Balance 10/1/2020	Additions	Retirements/ Reclassifications	Balance 9/30/2021
Business-type activity:				
Capital assets, not being depreciated:				
Land	\$ 6,135,153	\$ -	\$ (233,112)	\$ 5,902,041
Construction in progress	3,331,980	5,054,360	(3,917,609)	4,468,731
Total capital assets, not being depreciated	9,467,133	5,054,360	(4,150,721)	10,370,772
Capital assets, being depreciated:				
Buildings	46,350,779	3,889,444	(7,917,140)	42,323,083
Building improvements	3,135,592	205,465	(1,232,100)	2,108,957
Land improvements	1,728,856	-	-	1,728,856
Equipment	1,157,899	217,170	-	1,375,069
Vehicles	172,615	-	-	172,615
Total capital assets, being depreciated	52,545,741	4,312,079	(9,149,240)	47,708,580
Accumulated depreciation				
Buildings	(11,326,525)	(859,887)	1,136,428	(11,049,984)
Building improvements	(753,958)	(61,649)	345,800	(469,807)
Land improvements	(919,213)	(59,159)	-	(978,372)
Equipment	(649,086)	(137,493)	-	(786,579)
Vehicles	(146,238)	(7,361)	-	(153,599)
Total accumulated depreciation	(13,795,020)	(1,125,549)	1,482,228	(13,438,341)
Total capital assets, being depreciated, net	38,750,721	3,186,530	(7,667,012)	34,270,239
Total capital assets, net	\$ 48,217,854	\$ 8,240,890	\$ (11,817,733)	\$ 44,641,011

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 8. CAPITAL ASSETS - CONTINUED

### Public Park and Recreation Board

Capital asset activity for the year ended September 30, 2021 was as follows:

	Balance 10/1/2020	Transfers/ Additions	Transfers/ Deductions	Balance 9/30/2021
Business-type activity:				
Capital assets, being depreciated:				
Buildings and improvements	\$7,439,336	\$ -	\$ (31,620)	\$7,407,716
Machinery and equipment	62,550	-	-	62,550
Vehicles	55,252	-	(46,103)	9,149
Total capital assets, being depreciated	7,557,138	-	(77,723)	7,479,415
Less accumulated depreciation for:				
Buildings and improvements	(3,875,270)	(325,883)	25,420	(4,175,733)
Machinery and equipment	(57,465)	(1,419)	-	(58,884)
Vehicles	(48,695)	(1,830)	46,103	(4,422)
Total accumulated depreciation	(3,981,430)	(329,132)	71,523	(4,239,039)
Business-type activity capital assets, net	\$3,575,708	\$(329,132)	\$ (6,200)	\$3,240,376

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 9. LONG-TERM LIABILITIES

### CITY OF AUBURN PRIMARY GOVERNMENT

#### Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2021 was as follows:

	Balance 10/1/2020	Additions	Reductions	Balance 9/30/2021	Due Within One Year
Governmental activities:					
Bonds and warrants payable:					
General obligation bonds	\$ 118,505,000	\$ -	\$ (3,390,000)	\$ 115,115,000	\$ 1,520,000
General obligation warrants	52,875,000	-	(11,465,000)	41,410,000	1,715,000
General obligation warrants from direct placements	67,879,961	28,870,000	(6,856,142)	89,893,819	7,800,196
Add: bond issue premiums	11,780,038	2,249,346	(694,547)	13,334,837	-
Total bonds and warrants payable	251,039,999	31,119,346	(22,405,689)	259,753,656	11,035,196
Notes payable	2,248,000	-	(179,000)	2,069,000	179,000
Accumulated annual leave	2,695,279	50,177	(150,836)	2,594,620	147,992
Claims payable	807,248	1,055,256	(569,642)	1,292,862	99,482
Landfill closure and postclosure care liability	105,000	-	(7,000)	98,000	7,000
Other postemployment benefits liability	5,467,966	928,102	-	6,396,068	-
Net pension liability	37,331,719	5,222,499	-	42,554,218	-
Governmental activities long-term liabilities	299,695,211	38,375,380	(23,312,167)	314,758,424	11,468,670
Business-type activities:					
General obligation warrants payable:					
Warrants payable	21,815,000	-	(15,190,000)	6,625,000	1,230,000
Warrants payable from direct placements	7,831,000	15,870,000	(1,874,000)	21,827,000	2,245,000
Add: warrant issue premiums	2,374,914	-	(1,606,657)	768,257	-
Total warrants payable	32,020,914	15,870,000	(18,670,657)	29,220,257	3,475,000
Accumulated annual leave	155,387	24,910	(12,109)	168,188	12,756
Other postemployment benefits liability	572,860	116,666	-	689,526	-
Net pension liability	2,722,101	398,602	-	3,120,703	-
Business-type activities long-term liabilities	35,471,262	16,410,178	(18,682,766)	33,198,674	3,487,756
Total primary government long-term liabilities	\$ 335,166,473	\$ 54,785,558	\$ (41,994,933)	\$ 347,957,098	\$ 14,956,426

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 9. LONG-TERM LIABILITIES – CONTINUED

Bonds, notes, and warrants payable of the City of Auburn at September 30, 2021 are comprised of the following individual issues:

	Interest Rate	Interest Dates	Source of Payment	Principal Issued	Principal Outstanding September 30, 2021	Year of Final Principal Maturity
Governmental activities:						
Bonds payable:						
General obligation bonds, dated 05.01.2012 (12 Capital projects)	2%-5%	2/1-8/1	Full faith credit and taxing power of the City of Auburn	\$ 4,000,000	\$ 1,235,000	2024
General obligation bonds, dated 06.23.2015 (New high school and school capital improvements)	2.25%-5%	5/1-11/1	Special 5-Mill Tax Fund ad valorem taxes	78,145,000	77,395,000	2045
General obligation bonds, dated 10.17.2019 (New school)	3%-5%	5/1-11/1	Special 5-Mill Tax Fund ad valorem taxes	<u>37,090,000</u>	<u>36,485,000</u>	2049
Total bonds payable				<u>119,235,000</u>	<u>115,115,000</u>	
Notes Payable:						
Note payable, U. S. Dept of Housing and Urban Development, dated 03.27.2012 (Loan Guarantee Assistance)	LIBOR+0.2%	Monthly	Section 108 Loan Program Fund	<u>3,312,000</u>	<u>2,069,000</u>	2034
Warrants payable:						
General obligation warrants, dated 09.22.2006 (Tennis center - AU portion)	4.23%	3/1 - 9/1	Full faith credit and taxing power of the City of Auburn	3,700,000	1,230,444	2026
General obligation warrants, dated 07.27.2010 (Refund IDB '04-A Bonds)	4.84%	Monthly	Full faith credit and taxing power of the City of Auburn	10,275,000	2,758,742	2024
General obligation warrants, dated 08.20.2010 (Purchase building - 155 AL St.)	3.03%	Monthly	Full faith credit and taxing power of the City of Auburn	1,870,000	183,223	2022
General obligation school warrants, dated 02.22.2012 (Pick Elementary School and land)	2.78%	Monthly	Special School Tax Fund ad valorem taxes	18,500,000	10,885,907	2032

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 9. LONG-TERM LIABILITIES - CONTINUED

	Interest Rate	Interest Dates	Source of Payment	Principal Issued	Principal Outstanding September 30, 2021	Year of Final Principal Maturity
Warrants payable:						
General obligation warrants, dated 09.07.2012 (Cary Creek perm. financing)	1.86%	3/1-9/1	Full faith credit and taxing power of the City of Auburn	1,829,100	182,910	2022
General obligation refunding school warrants, dated 08.01.2012 (partially refund '05 warrants - school	2% - 5%	2/1-8/1	Special School Tax Fund ad valorem taxes	18,080,000	12,300,000	2030
General obligation warrants, dated 11.09.2012 (West Tech Park - Phase II)	1.72%	Monthly	Full faith credit and taxing power of the City of Auburn	5,525,000	694,576	2022
General obligation warrants, dated 10.28.2014 (partially refund '05 warrants - school	1% - 5%	2/1-8/1	Special School Tax Fund ad valorem taxes	10,240,000	150,000	2026
General obligation school warrants, dated 08.04.2017 (New elementary school)	2.58%	2/1-8/1	Special School Tax Fund ad valorem taxes	18,000,000	15,093,955	2037
General obligation warrants, dated 05.08.2018 (New public safety complex & other improvements)	2% - 5%	5/1-11/1	Full faith credit and taxing power of the City of Auburn	30,610,000	28,960,000	2048
General obligation warrants, dated 12.11.2018 (Refund '08 warrants) (Auburn HS renovations)	3.01%	Monthly	Special School Tax Fund ad valorem taxes	5,259,668	3,885,062	2028
General obligation refunding school warrants, dated 03.10.2020 (Refund '10-A School Warrants)	1.56%	2/1-8/1	Special School Tax Fund ad valorem taxes	14,625,000	10,735,000	2026

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 9. LONG-TERM LIABILITIES - CONTINUED

	Interest Rate	Interest Dates	Source of Payment	Principal Issued	Principal Outstanding September 30, 2021	Year of Final Principal Maturity
General obligation warrants, dated 07.27.2020 (New parking deck and other capital improvements)	2.30%	2/1-8/1	Full faith credit and taxing power of the City of Auburn	16,000,000	15,374,000	2040
General obligation school warrants, dated 08.19.2021 (New elementary school & other improvements)	2% - 4%	2/1-8/1	Special School Tax Fund ad valorem taxes	17,915,000	17,915,000	2041
General obligation refunding school warrants, dated 08.19.2021 (Partially refund '14-B School Warrants)	.31% - 2.16%	2/1-8/1	Special School Tax Fund ad valorem taxes	<u>10,955,000</u>	<u>10,955,000</u>	2035
Total warrants payable				<u>183,383,768</u>	<u>131,303,819</u>	
Total governmental activity bonds, notes, and warrants payable				<u>305,930,768</u>	<u>248,487,819</u>	
Business-type activities:						
Warrants payable:						
General obligation warrants, dated 08.01.2012(Refund '01 warrants; sewer capital projects) ('01 warrants - sewer plant and expansion)	2% - 5%	2/1-8/1	Sewer Fund	10,030,000	3,540,000	2032
General obligation warrants, dated 10.28.2014 (Partial refund '08 warrants)	3%-5%	6/1-12/1	Sewer Fund	19,240,000	3,085,000	2023
General obligation warrants, dated 12/11/18 (Refund '09 warrants)	2.72%	1/1-7/1	Sewer Fund	9,652,000	5,957,000	2024
General obligation warrants, dated 8/19/21 (Partial refund '14 warrants)	.31% - 2.16%	2/1-8/1	Sewer Fund	<u>15,870,000</u>	<u>15,870,000</u>	2034
Total business type activity warrants payable				<u>54,792,000</u>	<u>28,452,000</u>	
Total bonds, notes, and warrants payable				<u>\$ 360,722,768</u>	<u>\$ 276,939,819</u>	

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 9. LONG-TERM LIABILITIES - CONTINUED

The following schedule shows debt service to maturity for bonds, notes, and warrants payable of the City of Auburn at September 30, 2021:

Fiscal Year	Total Annual Requirements			Governmental Activity			Business-type Activity		
				Bonds, Notes, and Warrants Payable			Warrants Payable		
	Principal	Interest	Total	Principal	Interest	Total Requirements	Principal	Interest	Total
2022	\$ 14,689,196	\$ 9,661,142	\$ 24,350,338	\$ 11,214,196	\$ 9,029,096	\$ 20,243,292	\$ 3,475,000	\$ 632,046	\$ 4,107,046
2023	14,913,351	9,243,451	24,156,802	11,326,351	8,717,052	20,043,403	3,587,000	526,399	4,113,399
2024	15,170,569	8,735,351	23,905,920	11,465,569	8,330,817	19,796,386	3,705,000	404,534	4,109,534
2025	12,102,552	8,292,739	20,395,291	10,392,552	7,958,718	18,351,270	1,710,000	334,021	2,044,021
2026	13,754,623	7,917,890	21,672,513	12,024,623	7,610,364	19,634,987	1,730,000	307,526	2,037,526
2027	11,628,516	7,454,956	19,083,472	9,868,516	7,177,357	17,045,873	1,760,000	277,599	2,037,599
2028	11,858,869	7,020,355	18,879,224	10,063,869	6,774,884	16,838,753	1,795,000	245,471	2,040,471
2029	11,773,915	6,580,203	18,354,118	9,948,915	6,369,919	16,318,834	1,825,000	210,284	2,035,284
2030	12,138,032	6,163,873	18,301,905	10,278,032	5,985,995	16,264,027	1,860,000	177,878	2,037,878
2031	12,609,645	5,781,610	18,391,255	10,714,645	5,638,752	16,353,397	1,895,000	142,858	2,037,858
2032	12,191,058	5,426,284	17,617,342	10,256,058	5,321,593	15,577,651	1,935,000	104,691	2,039,691
2033	11,623,266	5,085,129	16,708,395	10,048,266	5,021,299	15,069,565	1,575,000	63,830	1,638,830
2034	11,975,692	4,679,445	16,655,137	10,375,692	4,646,485	15,022,177	1,600,000	32,960	1,632,960
2035	10,652,799	4,256,437	14,909,236	10,652,799	4,256,437	14,909,236			
2036	8,922,607	3,852,887	12,775,494	8,922,607	3,852,887	12,775,494			
2037	9,264,129	3,511,964	12,776,093	9,264,129	3,511,964	12,776,093			
2038	8,438,000	3,177,513	11,615,513	8,438,000	3,177,513	11,615,513			
2039	8,747,000	2,858,569	11,605,569	8,747,000	2,858,569	11,605,569			
2040	9,081,000	2,525,423	11,606,423	9,081,000	2,525,423	11,606,423			
2041	8,405,000	2,175,488	10,580,488	8,405,000	2,175,488	10,580,488			
2042	7,530,000	1,846,956	9,376,956	7,530,000	1,846,956	9,376,956			
2043	7,850,000	1,530,556	9,380,556	7,850,000	1,530,556	9,380,556			
2044	8,195,000	1,200,556	9,395,556	8,195,000	1,200,556	9,395,556			
2045	8,530,000	877,150	9,407,150	8,530,000	877,150	9,407,150			
2046	3,455,000	540,550	3,995,550	3,455,000	540,550	3,995,550			
2047	3,585,000	407,175	3,992,175	3,585,000	407,175	3,992,175			
2048	3,725,000	268,625	3,993,625	3,725,000	268,625	3,993,625			
2049	2,025,000	124,700	2,149,700	2,025,000	124,700	2,149,700			
2050	2,105,000	42,100	2,147,100	2,105,000	42,100	2,147,100			
<b>Total</b>	<b>\$ 276,939,819</b>	<b>\$ 121,239,077</b>	<b>\$ 398,178,896</b>	<b>\$ 248,487,819</b>	<b>\$ 117,778,980</b>	<b>\$ 366,266,799</b>	<b>\$ 28,452,000</b>	<b>\$ 3,460,097</b>	<b>\$ 31,912,097</b>

In the current year and prior years, the government defeased various general obligation bonds and warrants by placing the proceeds of the new bonds or warrants in an irrevocable trust account to provide for all future debt service payments on the old bonds and warrants. Accordingly, the trust account assets and the liabilities for the defeased bonds and warrants are not included in the government's financial statements. At September 30, 2021, \$73,540,000 of defeased bonds and warrants remain outstanding.

On August 19, 2021, the City issued its \$17,915,000 General Obligation Series 2021-A School Warrants. The net proceeds of \$20,000,000 (after realizing a net issue premium of \$2,249,346 and payment of \$164,346 in issuance costs) will be used to finance a new public school and to make, acquire and equip capital improvements for public school purposes, including without limitation a new elementary school, renovations to East Samford School consisting of a new gymnasium with appropriate auxiliary spaces, and various other public capital improvements, equipment and assets for the related public schools within the City. The Warrants bear interest at rates from 2.0% to 4.0%, payable semiannually beginning February 2022 and continuing through August of 2041. Principal payments are due annually beginning August 2022 and continuing through August 2041.



# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 9. LONG-TERM LIABILITIES - CONTINUED

On August 19, 2021, the City issued its \$26,825,000 Taxable General Obligation Series 2021-B Warrants with interest rates ranging from .31% to 2.16%. The City issued the warrants to advance refund \$14,020,000 of outstanding 2014-A General Obligation Sewer Warrants with interest rates ranging from 3.0% to 5.0% maturing in 2024 through 2033 and to advance refund \$9,810,000 of outstanding 2014-B General Obligation School Warrants with interest rates ranging from 3.0% to 5.0% maturing in 2030 through 2035. The City used the net proceeds of \$26,587,564 (after payment of \$237,436 in issuance costs) to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded warrants. As a result, the refunded portions of the 2014-A and 2014-B Warrants are considered defeased, and the City has removed these liabilities from its accounts. The advance refunding reduced total debt service payments over the next fourteen years by \$2,134,167. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$2,051,791.

### COMPONENT UNITS

#### Water Works Board

#### Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2021, was as follows:

	Balance			Balance	Due Within
	<u>10/1/20</u>	<u>Additions</u>	<u>Reductions</u>	<u>09/30/21</u>	<u>One Year</u>
Business-type activity:					
Bonds payable:					
Bonds payable-2020A	\$ 16,600,000	\$ -	\$ (1,080,000)	\$ 15,520,000	\$ 1,110,000
Bonds payable-2020B	18,425,000	-	(200,000)	18,225,000	205,000
Add: bond issue premiums	2,659,838	-	(136,402)	2,523,436	-
Total bonds payable	<u>37,684,838</u>	<u>-</u>	<u>(1,416,402)</u>	<u>36,268,436</u>	<u>1,315,000</u>
Accumulated leave	66,311	9,461	(270)	75,502	-
Other postemployment					
benefits liability	269,706	53,980		323,686	-
Net pension liability	<u>302,764</u>	<u>136,913</u>	<u>(66,416)</u>	<u>373,261</u>	<u>-</u>
	638,781	200,354	(66,686)	772,449	-
Business-type activity					
long-term liabilities	<u>\$ 38,323,619</u>	<u>\$ 200,354</u>	<u>\$ (1,483,088)</u>	<u>\$ 37,040,885</u>	<u>\$ 1,315,000</u>

Bonds payable at September 30, 2021, are comprised of an original bond issue of \$16,860,000 dated March 26, 2020 known as the Series 2020-A Water Revenue Bonds and an original bond issue of \$18,475,000 dated March 26, 2020 known as the Series 2020-B Taxable Water Revenue Bonds.

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

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

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

### NOTE 9. LONG-TERM LIABILITIES - CONTINUED

Bonds payable of the Water Works Board of the City of Auburn at September 30, 2021, are comprised of the following individual issues:

	Interest Rate	Interest Dates	Source of Payment	Principal Issued	Principal Outstanding September 30, 2021	Year of Final Principal Maturity
Business type activities						
Bonds payable:						
Series 2020-A Bonds, Dated 03/26/2020	2.125% to 4.0%	3/1-9/1	Revenues	\$16,860,000	\$ 15,520,000	2039
Series 2020-B Bonds, Dated 03/26/2020	1.388% to 2.98%	3/1-9/1	Revenues	18,475,000	18,225,000	2040
Total bonds payable				<u>\$35,335,000</u>	<u>\$ 33,745,000</u>	

The following schedule shows debt service to maturity for bonds payable of the Water Works Board of the City of Auburn at September 30, 2021:

Year ending September 30	Principal	Interest	Total
2022	\$ 1,315,000	\$ 1,051,669	\$ 2,366,669
2023	1,355,000	1,015,421	2,370,421
2024	1,390,000	977,805	2,367,805
2025	1,430,000	939,000	2,369,000
2026	1,480,000	886,943	2,366,943
2027-2031	8,275,000	3,567,448	11,842,448
2032-2036	9,790,000	2,048,607	11,838,607
2037-2040	8,710,000	636,073	9,346,073
Total	<u>\$33,745,000</u>	<u>\$11,122,966</u>	<u>\$44,867,966</u>

Water Revenue Bonds are collateralized by a pledge of net system revenues derived, and to be derived from, the operation of the AWWB's water system. The AWWB is also required to maintain such rates and charges for the water service and other services supplied from the system, and make collections from the users thereof in such a manner as shall produce revenues sufficient at all times (i) to provide for payment of all operating expenses, (ii) to produce annual net income of not less than 110% of the then applicable maximum annual debt service requirement, and (iii) to make all monthly payments provided herein. These coverage requirements have been met by the AWWB for the year ended September 30, 2021.

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 9. LONG-TERM LIABILITIES - CONTINUED

### Industrial Development Board

The following is a summary of changes in bonds and notes payable for the IDB for the year ended September 30, 2021:

	Balance 10/1/2020	Additions	Reductions	Balance 9/30/2021	Due Within One Year
Long term notes payable	\$ 45,187,548	\$ 6,525,283	\$ (5,933,703)	\$ 45,779,128	\$ 5,269,935
Short term notes payable	2,174,778	4,708,348	(6,373,500)	509,626	509,626
Bonds payable	2,780,000	-	(2,780,000)	-	-
Total	<u>\$ 50,142,326</u>	<u>\$ 11,233,631</u>	<u>\$ (15,087,203)</u>	<u>\$ 46,288,754</u>	<u>\$ 5,779,561</u>

Short-term notes were issued to finance construction costs for buildings held for leasing prior to obtaining permanent financing and to finance the purchase of land for resale. The Board also obtained a short-term construction note in the amount of \$1,100,000 to make improvements to an existing building held for leasing, but no amounts were drawn on the note during fiscal year 2021. As of September 30, 2021, the amount of available credit on short-term construction loans was \$2,790,374.

During fiscal year 2019, the Board obtained a line of credit for \$1,000,000 from AuburnBank for the purpose of acquiring equipment. The line matures on September 19, 2029 and bears interest at 5.50%. Draws totaling \$713,759 were made against the line since its inception (\$151,783 in fiscal year 2021), and the amount of available credit at September 30, 2021, was \$286,241. All equipment owned by the Board is pledged as security for the line of credit.

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

### NOTE 9. LONG-TERM LIABILITIES - CONTINUED

Long-term notes payable of the IDB at September 30, 2021, are comprised of the following individual issues:

	Interest Rate	Interest Dates	Principal Issued	Principal Outstanding 9/30/2021	Year of Final Principal Maturity
AuburnBank	5.00%	Monthly	\$ 8,670,000	\$ 3,650,232	2025
AuburnBank	5.00%	Monthly	2,157,341	1,698,849	2025
AuburnBank	5.50%	Monthly	5,525,000	5,309,300	2024
AuburnBank	5.00%	Monthly	260,000	144,298	2026
AuburnBank	5.00%	Monthly	5,738,184	5,585,180	2025
AuburnBank	5.00%	Monthly	1,445,000	1,360,071	2024
AuburnBank	5.00%	Monthly	1,290,000	545,177	2022
AuburnBank	5.00%	Monthly	1,025,000	450,216	2026
AuburnBank	5.00%	Monthly	493,000	464,057	2025
AuburnBank	5.00%	Monthly	875,000	483,649	2024
AuburnBank	5.50%	Monthly	3,968,914	3,509,689	2024
AuburnBank	5.00%	Monthly	9,475,500	8,177,233	2026
AuburnBank	5.00%	Monthly	7,059,363	6,483,582	2025
AuburnBank	4.50%	Monthly	2,700,000	2,319,746	2022
AuburnBank	4.75%	Monthly	5,000,000	4,761,135	2025
AuburnBank	5.50%	Monthly	713,759	514,435	2029
City of Auburn	3.03%	Monthly	1,800,000	322,279	2023
Total notes payable			<u>\$ 58,196,061</u>	<u>\$ 45,779,128</u>	

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

The following schedule shows debt service to maturity for notes payable of the Industrial Development Board at September 30, 2021:

Fiscal Year	Total Annual Requirements		
	Principal	Interest	Total
2022	\$ 5,269,937	\$ 2,106,135	\$ 7,376,072
2023	2,524,610	1,831,366	4,355,976
2024	11,626,775	1,571,824	13,198,599
2025	10,488,079	936,015	11,424,094
2026	12,360,177	384,737	12,744,914
2027	422,414	155,435	577,849
2028	328,713	139,899	468,612
2029	345,064	123,547	468,611
2030	2,413,359	106,796	2,520,155
Total	<u>\$ 45,779,128</u>	<u>\$ 7,355,754</u>	<u>\$ 53,134,882</u>

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 10. UNEARNED PROGRAM REVENUE

During prior years, the City received monies from the U.S. Department of Housing and Urban Development (HUD) for Urban Development Action Grants and Housing Development Action Grants. Under the terms of the grants, the monies received from HUD are loaned to qualified borrowers and the City holds second mortgages as collateral. When the City made these loans, unearned revenue equal to the principal amount of the mortgage was recorded in the governmental fund financial statements. The loans will remain outstanding until such time as specified in the grant agreements. At that time, the City will receive the balance of the second mortgages plus interest, and unearned revenue equal to the amount of principal repayment received by the City will be recognized as program revenue. The mortgages outstanding at September 30, 2021, totaled \$98,580.

During prior years and the current year, the City received monies from the U.S. Department of Housing and Urban Development (HUD) for Community Development Block Grants. Under the terms of the grants, the monies received from HUD are loaned to qualified borrowers for housing rehabilitation and the City holds second mortgages as collateral. When the City made these loans, unearned revenue equal to the principal amount of the mortgage was recorded in the governmental fund financial statements. The loans made under this program are deferred for 20 years from the date of the loan. At that time, the City will begin receiving amortized payments of principal and interest for the second mortgages, and unearned revenue equal to the amount of principal repayment received by the City will be recognized as program revenue. The mortgages outstanding at September 30, 2021, totaled \$1,181,752.

During prior years, the City received monies from the U.S. Department of Housing and Urban Development (HUD) under a Loan Guarantee Assistance contract pursuant to Section 108 of Title 1 of the Housing and Urban Development Act of 1974. Under the terms of the loans, the monies received from HUD are loaned to qualified borrowers as micro-loans or as part of a Commercial and Industrial Loan Program. When the City made these loans, unearned revenue equal to the principal amount of the loan was recorded in the governmental fund financial statements. The loans made under this program are repaid according to the terms of each individual loan agreement. As the City receives amortized payments of principal and interest, unearned revenue equal to the amount of principal repayment received by the City will be recognized as program revenue. The loans outstanding at September 30, 2021, totaled \$446,625.

## NOTE 11. LEASE AGREEMENTS

### COMPONENT UNITS

#### Industrial Development Board

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

Operating leases - The Industrial Development Board began leasing industrial space during fiscal year 1995. The cost of land and buildings held for leasing by the IDB at September 30, 2021, was \$5,902,041, and \$42,323,083, respectively; accumulated depreciation on the buildings was \$11,049,984. Rents received during fiscal year 2021 were \$2,856,027. Of the twelve leases in effect at September 30, 2021, ten were noncancelable. One lease is month-to-month and one lease has a cancellation clause allowing the lessee to cancel by giving notice at least 30 days prior to the expiration of each renewal term, provides for automatic one-year renewal terms ending on May 31, 2025, and annual minimum rentals of \$35,000 payable in advance.

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 11. LEASE AGREEMENTS- CONTINUED

The following is a schedule by years of future minimum rental payments required under the leases with remaining noncancelable lease terms in excess of one year as of September 30, 2021:

Fiscal Year	Future Minimum Rental Payments
2022	\$ 2,956,400
2023	3,001,967
2024	2,901,637
2025	2,873,427
2026	2,873,427
2027	2,534,293
2028	2,307,680
2029	1,460,248
2030	1,129,000
2031	659,940
2032	659,940
2033	659,940
2034	659,940
2035	659,940
2036	439,960
Total	<u>\$ 25,777,739</u>

### Capital leases

- A. The IDB has leased, under capital leases, nine parcels of land located in its industrial parks. Each lease contains a bargain-purchase option which can be exercised during the term of the lease. All rentals due under the leases were paid in advance and are not refundable in the event of lease cancellation or exercise of purchase option. Expiration of the leases ranges from 2024 to 2045, and several of the leases provide for renewal terms. Capital lease payments of \$175,000 were received for these leases in fiscal year 2021, and future amounts receivable under the leases consist solely of payments under the bargain-purchase options, which are minimal.

During fiscal year 2014, 2017, 2018 and 2021, five existing companies conveyed property to the IDB, and the Board leased the property back to the companies under prepaid capital leases. Remaining payments under the leases consist solely of payments due under the bargain-purchase options, which are minimal, and no payments were received in fiscal year 2021. The leases expire in 2024, 2027, 2028, 2041 and 2043.

- B. The IDB has five sales-type capital leases involving land and buildings in the Auburn Industrial Park and the Auburn Technology Park West with lease terms expiring in 2023, 2025, 2035, 2039 and 2040. The components of the net investment in sales-type capital leases at September 30, 2021 are as follows:

Total minimum lease payments to be received	\$ 30,261,139
Less: unearned income	<u>(8,568,357)</u>
Net investment in capital leases	<u>\$ 21,692,782</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 11. LEASE AGREEMENTS - CONTINUED

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

<u>Fiscal Year</u>	<u>Future Minimum Lease Payments</u>
2022	\$ 2,094,055
2023	1,964,014
2024	1,840,649
2025	3,401,184
2026	1,703,293
2027	1,703,293
2028	1,703,293
2029	1,703,293
2030	1,703,293
2031	1,703,293
Thereafter	<u>10,741,479</u>
Total	<u>\$ 30,261,139</u>

- C. The Auburn Center for Developing Industries (a component unit of the Industrial Development Board) maintains industrial space for rent to new industries. The land and buildings held for leasing by the Center are owned by the Industrial Development Board. Rents received during fiscal year 2021 were \$97,615. There were thirteen operating leases in effect at September 30, 2021. Ten of the leases are non-cancelable and nine expire within one year; and three of the leases are month-to-month. Future minimum rentals due under the non-cancelable leases with remaining lease terms in excess of one year are as follows:

<u>Fiscal Year</u>	
2022	\$ 72,000
2023	<u>18,000</u>
Total	<u>\$ 90,000</u>

## NOTE 12. DEFINED BENEFIT PENSION PLANS

### **CITY OF AUBURN PRIMARY GOVERNMENT**

#### *General Information about the Pension Plan*

*Plan description.* The Employees' Retirement System of Alabama (ERS), an agent multiple-employer public employee retirement plan, was established as of October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and on an elective basis, to all cities, counties, towns and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 13 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 36, Chapter 27* grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at [www.rsa-al.gov](http://www.rsa-al.gov).

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 12. DEFINED BENEFIT PENSION PLANS – CONTINUED

The ERS Board of Control consists of 13 trustees as follows:

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

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

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

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

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

The ERS serves approximately 853 local participating employers. The ERS membership includes approximately 101,245 participants. As of September 30, 2020, membership consisted of:

Retirees and beneficiaries currently receiving benefits	28,672
Terminated employees entitled to but not yet receiving benefits	1,974
Terminated employees not entitled to a benefit	14,133
Active Members	56,369
Post-DROP participants who are still in active service	97
	<u>101,245</u>



# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 12. DEFINED BENEFIT PENSION PLANS – CONTINUED

*Contributions.* Covered members hired prior to January 1, 2013 contribute 5% of earnable compensation to the ERS. Covered members hired after January 1, 2013, contribute 7.5% of earnable compensation. Certified law enforcement, correctional officers and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation.

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

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

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year with additional amounts to finance any unfunded accrued liability, the preretirement death benefit, and administrative expenses of the Plan. For the year ended September 30, 2021, the City's active employee contribution rate was 6.06% of covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 9.76% of pensionable payroll.

The City's contractually required contribution rate for the year ended September 30, 2021 was 10.81% of pensionable pay for Tier 1 employees, and 7.63% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2018, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City were \$3,679,725 for the year ended September 30, 2021.

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 12. DEFINED BENEFIT PENSION PLANS – CONTINUED

*Net Pension Liability.* The City's net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2019 rolled forward to September 30, 2020, using standard roll-forward techniques as shown in the following table:

	Expected	Actual
(a) Total Pension Liability as of September 30, 2019	\$ 118,911,751	\$ 122,320,360
(b) Discount rate	7.70%	7.70%
(c) Entry Age Normal Cost for the period October 1, 2019 - September 30, 2020	2,744,079	3,073,003
(d) Transfers Among Employers	-	(546,220)
(e) Actual Benefit Payments and Refunds for the period October 1, 2019 - September 30, 2020	(5,820,500)	(5,820,500)
(f) Total Pension Liability as of September 30, 2020 = [(a) x (1+(b))] + (c) + (d) + [(e) x(1+ 0.5*(b))]	\$ 124,767,446	\$ 128,221,222

*Actuarial assumptions.* The total pension liability as of September 30, 2020, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2019. The key actuarial assumptions are summarized below:

Inflation	2.75%
Projected salary increases	3.25%-5.00%
Investment rate of return*	7.70%

\* Net of pension plan investment expense.

Mortality rates were based on the sex distinct RP-2000 Blue Collar Mortality Table Projected with Scale BB to 2020 with an adjustment of 125% at all ages for males and 120% for females ages 78 and older. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disabled Retiree Mortality Table Projected with Scale BB to 2020 with an adjustment of 130% at all ages for females.

The actuarial assumptions used in the actuarial valuation as of September 30, 2018, were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2015. The Board of Control accepted and approved these changes in September 2016, which became effective at the beginning of fiscal year 2016.

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

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

### NOTE 12. DEFINED BENEFIT PENSION PLANS – CONTINUED

<u>Asset Class</u>	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	17.00%	4.40%
US Large Stocks	32.00%	8.00%
US Mid Stocks	9.00%	10.00%
US Small Stocks	4.00%	11.00%
Int'l Developed Mkt Stocks	12.00%	9.50%
Int'l Emerging Mkt Stocks	3.00%	11.00%
Alternatives	10.00%	10.10%
Real Estate	10.00%	7.50%
Cash Equivalents	3.00%	1.50%
Total	100.00%	

\*Includes assumed rate of inflation of 2.50%

*Discount rate.* The discount rate used to measure the total pension liability was the long-term rate of return, 7.70%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### *Changes in Net Pension Liability*

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2019	<u>\$ 118,911,751</u>	<u>\$ 78,700,381</u>	<u>\$ 40,211,370</u>
Changes for the year:			
Service cost	2,744,079	-	2,744,079
Interest	8,932,116	-	8,932,116
Changes of benefit terms	1,772,883	-	1,772,883
Difference between expected and actual experience	2,227,113	-	2,227,113
Contributions - employer	-	3,434,151	(3,434,151)
Contributions - employee	-	2,122,518	(2,122,518)
Net investment income	-	4,474,017	(4,474,017)
Benefit payments, including refunds of employee contributions	(5,820,500)	(5,820,500)	-
Transfers among employers	(546,220)	(546,220)	-
Net changes	<u>9,309,471</u>	<u>3,663,966</u>	<u>5,645,505</u>
Balances at September 30, 2020	<u>\$ 128,221,222</u>	<u>\$ 82,364,347</u>	<u>\$ 45,856,875</u>

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 12. DEFINED BENEFIT PENSION PLANS – CONTINUED

*Sensitivity of the net pension liability to changes in the discount rate.* The following table presents the City's net pension liability calculated using the discount rate of 7.70%, 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 (6.70%) or 1 percentage point higher (8.70%) than the current rate:

	1% Decrease (6.70%)	Current Discount Rate -7.70%	1% Increase (8.70%)
City's net pension liability	\$ 62,342,516	\$ 45,856,875	\$ 32,098,439

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2020. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2020. The auditor's report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* For the year ended September 30, 2021, the City recognized pension expense of \$3,048,835. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,866,902	\$ 38,127
Changes of assumptions	1,557,626	-
Net difference between projected and actual earnings on pension plan investments	2,543,930	-
Employer contributions subsequent to the measurement date	3,679,725	-
	\$ 11,648,183	\$ 38,127

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

Year ended September 30:	
2022	\$ 1,719,061
2023	2,380,493
2024	2,298,525
2025	1,105,155
2026	427,097
Thereafter	-

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 12. DEFINED BENEFIT PENSION PLANS – CONTINUED

### COMPONENT UNITS

#### Board of Education

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

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

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

*Contributions.* Covered members of the TRS contributed 5% of earnable compensation to the TRS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the TRS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the TRS are required by statute to contribute 7.50% of earnable compensation. Tier 2 covered members of the TRS contribute 6% of earnable compensation to the TRS as required by statute.

Participating employers' contractually required contribution rate for the year ended September 30, 2021, was 12.36% of annual pay for Tier 1 members and 11.22% of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Board were \$6,252,318 for the year ended September 30, 2021.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At September 30, 2021, the Board reported a liability of \$88,702,000 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2019. The Board's proportion of the collective net pension liability was based on the employers' shares of contributions to the pension plan relative to the total employer contributions of all participating TRS employers. At September 30, 2020, the Board's proportion was 0.717094%, which was an increase of 0.041188% from its proportion measured as of September 30, 2019.

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 12. DEFINED BENEFIT PENSION PLANS – CONTINUED

For the year ended September 30, 2021, the Board recognized pension expense of \$10,763,576. At September 30, 2021, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,390,000	\$ 1,538,000
Changes of assumptions	923,000	-
Net difference between projected and actual earnings on pension plan investments	6,588,000	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	4,546,000	20,000
Employer contributions subsequent to the measurement date	6,252,318	-
	\$ 22,699,318	\$ 1,558,000

Deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date (\$6,252,318) will be recognized as a reduction of the net pension liability in the year ended September 30, 2022.

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

Year ended September 30:

2022	\$ 3,476,000
2023	4,524,000
2024	4,358,000
2025	2,531,000
2026	-
Thereafter	-

*Actuarial Assumptions.* The total pension liability as of September 30, 2020, was determined by an actuarial valuation as of September 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Investment rate of return*	7.70%
Projected salary increases	3.25%-5.00%

\*Net of pension plan investment expense, including inflation.

The actuarial assumptions used in the actuarial valuation as of September 30, 2019, were based on the results of an investigation of the economic and demographic experience for the TRS based upon participant data as of September 30, 2015. The Board of Control accepted and approved these changes in September 2016 which became effective at the beginning of fiscal year 2016 (the discount rate of 7.70% was adopted on December 4, 2018).

Mortality rates for TRS were based on the RP-2000 White Collar Mortality Table projected to 2020 using Scale BB and adjusted 115% for males and 112% for females age 78 and over.

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 12. DEFINED BENEFIT PENSION PLANS – CONTINUED

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

The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	17.00%	4.40%
US Large Stocks	32.00%	8.00%
US Mid Stocks	9.00%	10.00%
US Small Stocks	4.00%	11.00%
Int'l Developed Mkt Stocks	12.00%	9.50%
Int'l Emerging Mkt Stocks	3.00%	11.00%
Alternatives	10.00%	10.10%
Real Estate	10.00%	7.50%
Cash Equivalents	3.00%	1.50%
Total	100.00%	

\*Includes assumed rate of inflation of 2.50%

*Discount Rate.* The discount rate used to measure the total pension liability was 7.70%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Board's Proportionate Share of Net Pension Liability to Changes in the Discount Rate.* The following table presents the Board's proportionate share of the net pension liability calculated using the discount rate of 7.70%, as well as what the Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.70%) or 1 percentage point higher (8.70%) than the current rate:

	1% Decrease (6.70%)	Current Discount Rate (7.70%)	1% Increase (8.70%)
Board's proportionate share of collective net pension liability	\$ 118,347,000	\$ 88,702,000	\$ 63,619,000

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2020. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2020.

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 12. DEFINED BENEFIT PENSION PLANS – CONTINUED

The auditor's report on the Schedule of Employer Allocations and Pension Amounts by Employer and accompanying notes detail by employer and in aggregate information needed to comply with GASB 68. The additional financial and actuarial information is available at <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

### Water Works Board

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

For the year ended September 30, 2021, AWWB's active employee contribution rate was 3.21% of covered employee payroll, and AWWB's average contribution rate to fund the normal and accrued liability costs was 2.85% of pensionable payroll.

The AWWB's contractually required contribution rate for the year ended September 30, 2021 was 5.63% of pensionable pay for Tier 1 employees and 2.52% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2018, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the AWWB were \$82,103 for the year ended September 30, 2021.

*Net Pension Liability.* The AWWB's net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2019, rolled forward to September 30, 2020 using standard roll-forward techniques as shown in the following table:

	Expected	Actual Before Act 2019-132	Actual After Act 2019-132
(a) Total Pension Liability as of September 30, 2019	\$ 3,883,358	\$ 3,872,776	\$ 3,902,675
(b) Discount Rate	7.70%	7.70%	7.70%
(c) Entry Age Normal Cost for October 1, 2019 - September 30, 2020	114,622	114,622	120,204
(d) Transfers Among Employers	-	-	-
(e) Actual Benefit Payments and Refunds for October 1, 2019 - September 30, 2020	(124,897)	(124,897)	(124,897)
(f) Total Pension Liability as of September 30, 2020 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5*(b))]	\$ 4,167,293	\$ 4,155,897	\$ 4,193,679



# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 12. DEFINED BENEFIT PENSION PLANS – CONTINUED

### Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2019	\$ 3,883,358	\$ 3,580,594	\$ 302,764
Changes for the year:			
Service cost	114,622	-	114,622
Interest	294,210	-	294,210
Changes of benefit terms	37,782	-	37,782
Difference between expected and actual experience	(11,396)	-	(11,396)
Contributions - employer	-	77,340	(77,340)
Contributions - employee	-	81,797	(81,797)
Net investment income	-	205,584	(205,584)
Benefit payments, including refunds of employee contributions	(124,897)	(124,897)	-
Net changes	<u>310,321</u>	<u>239,824</u>	<u>70,497</u>
Balances at September 30, 2020	<u>\$ 4,193,679</u>	<u>\$ 3,820,418</u>	<u>\$ 373,261</u>

*Sensitivity of the net pension liability to changes in the discount rate.* The following table presents AWWB's net pension liability calculated using the discount rate of 7.70%, as well as what AWWB's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.70%) or 1 percentage point higher (8.70%) than the current rate:

	1% Decrease (6.70%)	Current Discount Rate (7.70%)	1% Increase (8.70%)
Board's net pension liability (asset)	<u>\$ 905,714</u>	<u>\$ 373,261</u>	<u>\$ (77,581)</u>

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* For the year ended September 30, 2021, the AWWB recognized pension expense/(income) of (\$65,396). At September 30, 2021, AWWB reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 60,707	\$ 320,368
Changes of assumptions	32,114	-
Net difference between projected and actual earnings on plan investments	116,865	-
Employer contributions subsequent to the measurement date	76,320	-
Total	<u>\$ 286,006</u>	<u>\$ 320,368</u>

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 12. DEFINED BENEFIT PENSION PLANS – CONTINUED

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

Year ended September 30:		
2022	\$	(65,640)
2023		(33,683)
2024		9,050
2025		(31,350)
2026		10,723
Thereafter		218

## NOTE 13. OTHER POSTEMPLOYMENT BENEFITS

### CITY OF AUBURN PRIMARY GOVERNMENT

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

#### General Information about the OPEB Plan

*Plan description.* The City of Auburn's General Employees' OPEB Plan provides OPEB for all permanent full-time general and public safety employees of the City. The Plan is a single-employer, defined benefit OPEB plan administered by City personnel. Benefits and contribution requirements (both employee and employer) for the General Employees OPEB Plan are established by City ordinance and can only be amended by City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

*Benefits provided.* The City provides medical benefits to employees upon retirement according to the retirement eligibility provisions as follows: 25 years of service at any age; or, age 60 and 10 years of service. Surviving spouses of retirees are eligible for COBRA for 36 months. The retirees pay 100% of the premium costs and specific deductibles. Employees do not contribute to their postemployment benefits costs until they retire and begin receiving those benefits. The City pays for all costs in excess of premiums and deductibles.

*Employees covered by benefit terms.* At September 30, 2021, the following employees were covered by the benefit terms:

	General Fund	Sewer Fund	Solid Waste Management Fund	Water Works Board	Public Park and Recreation Board	Total
Inactive employees or beneficiaries						
currently receiving benefit payments	29	3	1	3	1	37
Active plan members	504	30	33	28	4	599
Total	533	33	34	31	5	636

#### Total OPEB Liability

The City's total OPEB liability of \$7,085,593 was measured as of September 30, 2021 and was determined by an actuarial valuation as of that date.

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 13. OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

*Actuarial assumptions and other inputs.* The total OPEB liability in the September 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	3.0% per year
Payroll growth:	3.25% to 5.00%, including inflation
Employer funding policy:	Pay-as-you-go cash basis
Healthcare cost trend rates:	7.5% for 2021, decreasing 0.5% per year to an ultimate rate of 4.5% for 2028 and later years
Cost method:	Entry age normal level percent of salary method

The discount rate was based on a yield for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The actual discount rate used in the September 30, 2021 valuation was 2.43%.

Mortality rates were based on the SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020.

The actuarial assumptions used in the September 30, 2021 valuation were based on the results of an actuarial experience study for the period October 1, 2019 to September 30, 2020.

### Changes in the Total OPEB Liability

	General Fund	Sewer Fund	Solid Waste Management Fund	Water Works Board	Public Park and Recreation Board	Total
Total OPEB Liability 9/30/2020	\$ 5,467,966	\$ 254,624	\$ 318,236	\$ 269,706	\$ 34,257	\$ 6,344,789
Changes for the year:						
Service cost	159,731	9,889	10,189	9,290	1,498	190,597
Interest	130,225	8,062	8,307	7,574	1,222	155,390
Changes in assumptions	(12,362)	(765)	(789)	(719)	(116)	(14,751)
Differences between expected and actual experience	798,349	49,429	50,927	46,433	7,489	952,627
Benefit payments	(147,841)	(9,153)	(9,431)	(8,598)	(1,387)	(176,410)
Net change in total OPEB liability	928,102	57,462	59,203	53,980	8,706	1,107,453
Total OPEB Liability 9/30/2021	\$ 6,396,068	\$ 312,086	\$ 377,439	\$ 323,686	\$ 42,963	\$ 7,452,242
Plan fiduciary net position 9/30/2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Changes for the year:						
Contributions - employer	147,841	9,153	9,431	8,599	1,387	176,411
Benefit payments	(147,841)	(9,153)	(9,431)	(8,599)	(1,387)	(176,411)
Net change in plan fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position 9/30/2021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position as a % of total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Covered employee payroll	\$ 29,309,099	\$ 1,814,635	\$ 1,869,624	\$ 1,704,657	\$ 274,945	\$ 34,972,960
Net OPEB liability as % of covered payroll	21.82%	17.20%	20.19%	18.99%	15.63%	21.31%

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

### NOTE 13. OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.43 percent) or 1 percentage point higher (3.43 percent) than the current discount rate:

	1% Decrease (1.43%)	Current Discount Rate (2.43%)	1% Increase (3.43%)
General Fund	\$7,062,483	\$ 6,396,068	\$ 5,796,646
Sewer Fund	344,603	312,086	282,838
Solid Waste Management Fund	416,765	377,439	342,066
Water Works Board	357,411	323,686	293,351
Public Park and Recreation Board	47,439	42,963	38,937
Total	<u>\$8,228,701</u>	<u>\$ 7,452,242</u>	<u>\$ 6,753,838</u>

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.50 percent decreasing to 3.50 percent) or 1 percentage point higher (8.50 percent decreasing to 5.50 percent) than the current healthcare cost trend rates:

	1% Decrease (6.50% decreasing to 3.50%)	Healthcare Cost Trend Rates (8.00% decreasing to 4.50%)	1% Increase (8.50% decreasing to 5.50%)
General Fund	\$5,642,858	\$ 6,396,068	\$7,278,372
Sewer Fund	275,334	312,086	355,137
Solid Waste Management Fund	332,991	377,439	429,505
Water Works Board	285,568	323,686	368,337
Public Park and Recreation Board	37,904	42,963	48,890
Total	<u>\$6,574,656</u>	<u>\$ 7,452,242</u>	<u>\$ 8,480,240</u>

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 13. OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

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

For the year ended September 30, 2021, the Plan recognized OPEB expense of \$623,484. At September 30, 2021, the Plan reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources					
	General Fund	Sewer Fund	Solid Waste Management Fund	Water Works Board	Public Park and Recreation Board	Total
Differences between expected and actual experience	\$ 2,282,864	\$ 113,629	\$ 142,302	\$ 130,059	\$ 18,015	\$ 2,686,869

	Deferred Inflows of Resources					
	General Fund	Sewer Fund	Solid Waste Management Fund	Water Works Board	Public Park and Recreation Board	Total
Change of assumptions or other inputs	\$ 226,263	\$ 9,912	\$ 12,079	\$ 12,294	\$ 1,636	\$ 262,184

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

	General Fund	Sewer Fund	Solid Waste Management Fund	Water Works Board	Public Park and Recreation Board	Total
Year ended September 30:						
2022	\$ 385,001	\$ 19,416	\$ 24,378	\$ 22,046	\$ 3,066	\$ 453,907
2023	385,001	19,416	24,378	22,046	3,066	453,907
2024	385,000	19,416	24,378	22,046	3,066	453,906
2025	385,699	19,451	24,422	22,086	3,072	454,730
2026	402,260	20,286	25,471	23,034	3,204	474,255
Thereafter	113,643	5,731	7,196	6,507	905	133,983

### **COMPONENT UNITS**

#### Board of Education

#### General Information about the OPEB Plan

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

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 13. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

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

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

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

### NOTE 13. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

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

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

*OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.* At September 30, 2021, the ABOE reported a liability of \$47,957,475 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2019. The ABOE's proportion of the net OPEB liability was based on the ABOE's share of contributions to the OPEB plan relative to the total employer contributions of all participating PEEHIP employers. At September 30, 2020, the ABOE's proportion was .738960%, which was a decrease of .083809% from its proportion measured as of September 30, 2019.

For the year ended September 30, 2021, the ABOE recognized pension expense of (\$1,187,628), with no special funding situations. At September 30, 2021, the ABOE reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,216,167	\$ 17,241,861
Changes of assumptions	16,751,171	8,905,265
Net difference between projected and actual earnings on OPEB plan investments	-	2,022
Changes in proportion and differences between Employer contributions and proportionate share of contributions	4,500,029	6,667,746
Employer contributions subsequent to the measurement date	1,281,123	-
	\$ 23,748,490	\$ 32,816,894

Deferred outflows of resources related to OPEB resulting from ABOE contributions subsequent to the measurement date (\$1,281,123) will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2022.

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 13. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

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

Year ended September 30:	
2022	\$ (3,659,684)
2023	(3,586,630)
2024	(2,359,576)
22025	(2,870,448)
2026	1,073,492
Thereafter	1,053,319

*Actuarial assumptions.* The total OPEB liability was determined by an actuarial valuation as of September 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Projected salary increases*	3.25% - 5.00%
Long-term investment rate of return**	7.25%
Municipal bond index rate at the measurement date	2.25%
Municipal bond index rate at the prior measurement date	3.00%
Projected year for Fiduciary Net Position (FNP) to be depleted	2040
Single equivalent interest rate at the measurement date	3.05%
Single equivalent interest rate at the prior measurement date	5.50%
Healthcare cost trend rate	
Pre-Medicare eligible	6.75%
Medicare eligible	***
Ultimate trend rate	
Pre-Medicare eligible	4.75% in 2027
Medicare eligible	4.75% in 2024

\*Includes 3% wage inflation.

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

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

Mortality rates for the period after service retirement are according to the RP-2000 White Collar Mortality Table projected to 2020 using scale BB and adjusted 115% for males and 112% for females ages 78 and older. The rates of disabled mortality were based on the RP-2000 Disabled Mortality Table projected to 2020 using scale BB and adjusted 105% for males and 120% for females.

The decremental assumptions used in the valuation were selected based on the actuarial experience study prepared as of September 30, 2015, submitted to and adopted by the Teachers' Retirement System of Alabama Board on September 13, 2016. The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the September 30, 2019 valuation.

The long-term expected return on plan assets is to be reviewed as part of regular experience studies prepared every five years, in conjunction with similar analysis for the Teachers' Retirement System of Alabama. Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation), as developed for each major asset class.



# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 13. OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

These ranges should be combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

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

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

\*Geometric mean, includes 2.5% inflation

*Discount Rate.* The discount rate (also known as the Single Equivalent Interest Rate (SEIR), as described by GASB 74) used to measure the total OPEB liability at September 30, 2020, was 3.05%. The discount rate used to measure the total OPEB liability at the prior measurement date was 5.50%. Premiums paid to the Public Education Employees' Health Insurance Board for active employees include an amount to partially fund the cost of coverage for retired employees. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made at the current contribution rates. Each year, the State specifies the monthly employer rate that participating school systems must contribute for each active employee. Approximately 14.802% of the employer contributions were used to assist in funding retired member benefit payments in 2020. It is assumed that the 14.802% will increase at the same rate as expected benefit payments for the closed group until reaching an employer rate of 20.00%, at which point this amount will increase by 1.00% in subsequent years. The discount rate determination will use a municipal bond rate to the extent the Trust is projected to run out of money before all benefits are paid. Therefore, the projected future benefit payments for all current plan members were projected through 2118. The long-term rate of return is used until the assets are expected to be depleted in 2040, after which the municipal bond rate is used.

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 13. OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

	1% Decrease (5.75% decreasing to 3.75% for pre-Medicare, Known decreasing to 3.75% for Medicare eligible)	Current Healthcare Trend Rate (6.75% decreasing to 4.75% for pre-Medicare, Known decreasing to 4.75% for Medicare eligible)	1% Increase (7.75% decreasing to 5.75% for pre-Medicare, Known decreasing to 5.75% for Medicare eligible)
Board's proportionate share of collective net OPEB liability	\$ 37,910,540	\$ 47,957,475	\$ 61,035,171

The following table presents the ABOE's proportionate share of the net OPEB liability of the Trust calculated using the discount rate of 3.05%, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (2.05%)	Current Discount Rate (3.05%)	1% Increase (4.05%)
Board's proportionate share of collective net OPEB liability	\$ 58,822,332	\$ 47,957,475	\$ 39,328,426

*OPEB plan fiduciary net position.* Detailed information about the OPEB plan's fiduciary net position is located in the Trust's financial statements for the fiscal year ended September 30, 2020. The supporting actuarial information is included in the GASB Statement No. 74 Report for PEEHIP prepared as of September 30, 2020. Additional financial and actuarial information is available at [www.rsa-al.gov](http://www.rsa-al.gov).

## NOTE 14. WORKERS' COMPENSATION SELF-INSURANCE

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

	Fiscal Year	
	2021	2020
Unpaid claims, beginning of year	<u>\$ 712,767</u>	<u>\$ 919,395</u>
Incurred claims (including claims incurred but not reported at September 30):		
Provision for current year events where the City has retained risk of loss	219,704	179,831
Increases (decreases) in provision for prior year's events where the City has retained risk of loss	<u>602,606</u>	<u>(28,673)</u>
Total incurred claims	<u>822,310</u>	<u>151,158</u>
Payments:		
Claims attributable to current year events where the City has retained risk of loss	(68,752)	(135,242)
Claims attributable to prior years' events where the City has retained risk of loss	<u>(303,529)</u>	<u>(222,544)</u>
Total payments	<u>(372,281)</u>	<u>(357,786)</u>
Unpaid claims, end of year	<u><u>\$ 1,162,796</u></u>	<u><u>\$ 712,767</u></u>

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 14. WORKERS' COMPENSATION SELF-INSURANCE - CONTINUED

Total liability for uninsured workers' compensation claims at September 30, 2021, is recorded as follows: \$54,416 is recorded as a current liability in the General Fund's current portion of long-term debt, unrestricted, and the long-term portion, \$1,108,380, along with the estimated liability for insured risks of \$130,066, is recorded in the primary government's governmental activities' long-term debt and other liabilities in the government-wide financial statements.

## NOTE 15. MEDICAL SELF-INSURANCE

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

	Fiscal Year	
	2021	2020
Unpaid claims, beginning of year	<u>\$ 546,164</u>	<u>\$ 261,425</u>
Incurred claims (including claims incurred but not reported at September 30):		
Provision for current year events where the City has retained risk of loss	6,624,719	5,098,413
Increases (decreases) in provision for prior years' events where the City has retained risk of loss	<u>(546,164)</u>	<u>(261,425)</u>
Total incurred claims	<u>6,078,555</u>	<u>4,836,988</u>
Payments:		
Claims attributable to current year events where the City has retained risk of loss	(5,721,403)	(4,291,595)
Claims attributable to prior years' events where the City has retained risk of loss	<u>(567,719)</u>	<u>(260,654)</u>
Total payments	<u>(6,289,122)</u>	<u>(4,552,249)</u>
Unpaid claims, end of year (includes claims incurred but not reported)	<u>\$ 335,597</u>	<u>\$ 546,164</u>

The unpaid claims as of September 30, 2021, are reported in the General Fund.

## NOTE 16. UNEMPLOYMENT COMPENSATION

The City of Auburn uses the reimbursement method of unemployment compensation. The actual amount paid in the fiscal year ended September 30, 2021, by the State (\$20,298) to individuals is reflected as an expense of the General Fund.

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

### NOTE 17. AD VALOREM TAX COLLECTION EXPENSE

The City is charged a collection fee by the County Revenue Commissioner for the collection of the 26-mill ad valorem taxes and auto taxes. The following is a summary of taxes collected and related expenses for the year ended September 30, 2021:

Funds	Millage	Taxes Collected	Collection Fee	Reappraisal Costs	Net Received by the City
General Fund	5	\$ 6,395,454 *	\$ 142,767	\$ 58,715	\$ 6,193,972
Special 5-Mill Tax Fund	5	6,381,979 **	142,767	58,715	6,180,497
Special School Tax Fund	16	21,616,811	481,491	200,678	20,934,642
Property tax totals	<u>26</u>	<u>\$ 34,394,244</u>	<u>\$ 767,025</u>	<u>\$ 318,108</u>	<u>\$ 33,309,111</u>

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

\*\* Reduced by industrial tax exemptions.

### NOTE 18. INTERFUND RECEIVABLES AND PAYABLES

Primary government interfund receivables and payables for the year ended September 30, 2021 consist of the following:

Amount	Due From Other Funds	Due To Other Funds	Purpose
\$ 858,438	General Fund	Nonmajor Governmental Funds	Provide cash flow for grant programs

### NOTE 19. INTERFUND TRANSFERS

The following is a schedule of interfund transfers for the year ended September 30, 2021:

	Interfund Transfers In	Interfund Transfers Out
General Fund	\$ 1,131,512	\$ 22,997
Nonmajor Governmental Funds	108,263	1,108,525
Total governmental activities	<u>1,239,775</u>	<u>1,131,522</u>
Major Proprietary Fund		
Sewer Fund	3,526	76,250
Nonmajor proprietary fund	19,471	55,000
Total business-type activities	<u>22,997</u>	<u>131,250</u>
Total primary government	<u>\$ 1,262,772</u>	<u>\$ 1,262,772</u>

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

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 20. INTRA-ENTITY TRANSACTIONS

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

A. Short-term receivables and payables

	Due To	Due From
Component Units		
Auburn City Board of Education	\$ -	\$ 1,839,266
Industrial Development Board	52,797	-
Water Works Board	745,226	51,659
Primary Government		
General Fund	14,192	513,700
Special School Tax Fund	1,839,266	-
Nonmajor governmental funds	246	-
Sewer Fund	34,609	223,114
Nonmajor proprietary fund	2,612	61,209
Total	\$ 2,688,948	\$ 2,688,948

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

B. Payments between the City and Component Units

	Appropriations To	Payments From
Primary Government		
General Fund	\$ -	\$ 15,678,980
Special School Tax Fund	-	25,143,747
Nonmajor governmental funds	-	449,580
Component Units		
Auburn City Board of Education	39,554,189	-
Industrial Development Board	1,449,580	-
Public Park and Recreation Board	268,538	-
Total	\$ 41,272,307	\$ 41,272,307

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

The City appropriated \$39,554,189 to the Board of Education during the year, \$27,900,085 of which is reported as unrestricted appropriations from the City with the balance of \$11,654,104 reported as property tax revenue.

The City appropriated \$1,000,000 to the Industrial Development Board for various operating purposes, including industrial recruitment, commercial development, workforce development, and other general operating expenses. Additionally, the City appropriated \$449,580 for improvements to the Auburn Technology Park West. This amount is included in capital contributions in the Statement of Revenues, Expenses and Changes in Net Position.

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## **NOTE 20. INTRA-ENTITY TRANSACTIONS - CONTINUED**

In addition to the above scheduled payments, the City makes debt service payments on behalf of the Board of Education that are not recorded as payments to that component unit. The debt payments (including bond trustee fees) paid on behalf of the Board of Education are reflected in the City's financials as debt service expenditures totaled \$13,592,557.

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

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

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

	Shelton Park UDAG*	Rev olving Loan*	Affordable Housing*	Housing Rehab Loan*	Affordable Housing Loan*	Section 108 Loan Program*	Total
<b>Assets</b>							
Cash and cash equivalents	\$ 40,943	\$ 1,023	\$ 118,950	\$ 3,651	\$ 89,305	\$ -	\$ 253,872
Investments	-	-	-	-	-	1,470,000	1,470,000
Receiv ables, net	-	-	-	-	-	480	480
Mortgages receiv able	12,729	-	85,352	789,005	392,740	459,149	1,738,975
Restricted cash	-	-	-	-	-	37,103	37,103
<b>Total assets</b>	<b><u>\$ 53,672</u></b>	<b><u>\$ 1,023</u></b>	<b><u>\$ 204,302</u></b>	<b><u>\$ 792,656</u></b>	<b><u>\$ 482,045</u></b>	<b><u>\$ 1,966,732</u></b>	<b><u>\$ 3,500,430</u></b>
<b>Liabilities and Fund Balance</b>							
<b>Liabilities:</b>							
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 16	\$ 229	\$ 48	\$ -	\$ 293
Unearned revenue	13,179	-	85,401	789,005	392,747	446,625	1,726,957
<b>Total liabilities</b>	<b><u>13,179</u></b>	<b><u>-</u></b>	<b><u>85,417</u></b>	<b><u>789,234</u></b>	<b><u>392,795</u></b>	<b><u>446,625</u></b>	<b><u>1,727,250</u></b>
<b>Fund balance:</b>							
Restricted - social & economic	40,493	1,023	118,885	3,422	89,250	1,520,107	1,773,180
<b>Total liabilities and fund balance</b>	<b><u>\$ 53,672</u></b>	<b><u>\$ 1,023</u></b>	<b><u>\$ 204,302</u></b>	<b><u>\$ 792,656</u></b>	<b><u>\$ 482,045</u></b>	<b><u>\$ 1,966,732</u></b>	<b><u>\$ 3,500,430</u></b>
<b>Revenues</b>							
Program income	\$ 26,094	\$ -	\$ 5,662	\$ 11,309	\$ 147,210	\$ 53,454	\$ 243,729
Interest	813	2	2,352	2	10,491	17,841	31,501
Miscellaneous	-	-	108	-	286	-	394
<b>Total revenues</b>	<b><u>26,907</u></b>	<b><u>2</u></b>	<b><u>8,122</u></b>	<b><u>11,311</u></b>	<b><u>157,987</u></b>	<b><u>71,295</u></b>	<b><u>275,624</u></b>
<b>Expenditures</b>							
Economic development	-	250	493	-	-	177	920
Debt serv ice - principal	-	-	-	-	-	179,000	179,000
Debt serv ice - interest	-	-	-	-	-	69,725	69,725
<b>Total expenditures</b>	<b><u>-</u></b>	<b><u>250</u></b>	<b><u>493</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>248,902</u></b>	<b><u>249,645</u></b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b><u>26,907</u></b>	<b><u>(248)</u></b>	<b><u>7,629</u></b>	<b><u>11,311</u></b>	<b><u>157,987</u></b>	<b><u>(177,607)</u></b>	<b><u>25,979</u></b>
<b>Other financing sources (uses)</b>							
Transfers in	-	-	-	-	-	30,000	30,000
Transfers out	-	-	-	(8,241)	(69,939)	-	(78,180)
<b>Total other financing sources (uses)</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(8,241)</u></b>	<b><u>(69,939)</u></b>	<b><u>30,000</u></b>	<b><u>(48,180)</u></b>
<b>Net changes in fund balance</b>	<b>26,907</b>	<b>(248)</b>	<b>7,629</b>	<b>3,070</b>	<b>88,048</b>	<b>(147,607)</b>	<b>(22,201)</b>
<b>Fund balance, beginning of year</b>	<b><u>13,586</u></b>	<b><u>1,271</u></b>	<b><u>111,256</u></b>	<b><u>352</u></b>	<b><u>1,202</u></b>	<b><u>1,667,714</u></b>	<b><u>1,795,381</u></b>
<b>Fund balance, end of year</b>	<b><u>\$ 40,493</u></b>	<b><u>\$ 1,023</u></b>	<b><u>\$ 118,885</u></b>	<b><u>\$ 3,422</u></b>	<b><u>\$ 89,250</u></b>	<b><u>\$ 1,520,107</u></b>	<b><u>\$ 1,773,180</u></b>

\* Net of interfund eliminations.

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

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

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

	<u>State Funded Seizures</u>	<u>Public Safety Substance Abuse (other seizures)</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 108,731	\$ 138,034	\$ 246,765
<b>Liabilities and fund balance</b>			
Unearned revenue	\$ -	\$ 72,583	\$ 72,583
Fund balance			
Restricted - law enforcement	108,731	65,451	174,182
Total liabilities and fund balance	<u>\$ 108,731</u>	<u>\$ 138,034</u>	<u>\$ 246,765</u>
<b>Revenues</b>			
Contributions from the public	\$ 11,104	\$ 55,570	\$ 66,674
Interest	227	360	587
Total revenues	<u>11,331</u>	<u>55,930</u>	<u>67,261</u>
<b>Expenditures</b>			
Public safety	2,963	18,595	21,558
Capital outlay	-	37,335	37,335
Total expenditures	<u>2,963</u>	<u>55,930</u>	<u>58,893</u>
Net changes in fund balances	8,368	-	8,368
Fund balance, beginning of year	<u>100,363</u>	<u>65,451</u>	<u>165,814</u>
Fund balance, end of year	<u>\$ 108,731</u>	<u>\$ 65,451</u>	<u>\$ 174,182</u>



# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 23. REPORTING OF GENERAL FUND ACTIVITIES

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

	<u>General Government Operations</u>	<u>Special Improvement Projects</u>	<u>Employee Benefit Risk Financing</u>	<u>General Liability Risk Financing</u>	<u>Total (Net of Eliminations)</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 15,211,375	\$ 1,837,443	\$ 1,302,592	\$ 307,537	\$ 18,658,947
Certificates of deposit	-	178,479	-	-	178,479
Investments	39,921,784	-	-	-	39,921,784
Receivables, net	12,550,307	183,257	202,198	-	12,935,762
Due from other funds	858,438	-	-	-	858,438
Due from component units	492,518	-	21,183	-	513,701
Inventories	286,279	-	-	-	286,279
Prepaid items	576,855	-	-	-	576,855
Restricted cash	247,949	-	-	-	247,949
Property for resale	4,131,127	-	-	-	4,131,127
<b>Total assets</b>	<u>\$ 74,276,632</u>	<u>\$ 2,199,179</u>	<u>\$ 1,525,973</u>	<u>\$ 307,537</u>	<u>\$ 78,309,321</u>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ 5,612,776	\$ 6,738	\$ 235,473	\$ -	\$ 5,854,987
Payables to other governments	17,350	-	-	-	17,350
Due to component units	14,117	-	75	-	14,192
Customer deposits	232,915	-	-	-	232,915
Claims payable	-	-	335,596	99,482	435,078
Unearned revenue	837,376	2,171,595	-	-	3,008,971
<b>Total liabilities</b>	<u>6,714,534</u>	<u>2,178,333</u>	<u>571,144</u>	<u>99,482</u>	<u>9,563,493</u>
<b>Fund balances</b>					
<b>Nonspendable</b>					
Inventories	286,279	-	-	-	286,279
Prepaid items	576,855	-	-	-	576,855
Property for resale	4,131,127	-	-	-	4,131,127
<b>Restricted</b>					
Law enforcement	247,949	-	-	-	247,949
<b>Committed</b>					
Investments	1,531,881	-	-	-	1,531,881
<b>Assigned</b>					
General	20,767,075	-	-	-	20,767,075
Unassigned	42,951,241	20,024	(2,620,173)	853,570	41,204,662
<b>Total fund balances</b>	<u>70,492,407</u>	<u>20,024</u>	<u>(2,620,173)</u>	<u>853,570</u>	<u>68,745,828</u>
<b>Total liabilities and fund balances</b>	<u>\$ 77,206,941</u>	<u>\$ 2,198,357</u>	<u>\$ (2,049,029)</u>	<u>\$ 953,052</u>	<u>\$ 78,309,321</u>

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 23. REPORTING OF GENERAL FUND ACTIVITIES - CONTINUED

	<u>General Government Operations</u>	<u>Special Improvement Projects</u>	<u>Employee Benefit Risk Financing</u>	<u>General Liability Risk Financing</u>	<u>Total (Net of Eliminations)</u>
<b>Revenues</b>					
Sales and use taxes	\$ 50,902,320	\$ -	\$ -	\$ -	\$50,902,320
Occupational license fees	14,345,722	-	-	-	14,345,722
Motor fuel taxes	847,065	-	-	-	847,065
Lodging taxes	2,409,917	-	-	-	2,409,917
Rental and leasing taxes	962,586	-	-	-	962,586
Other taxes	362,836	-	-	-	362,836
Licenses and permits	15,242,735	-	-	-	15,242,735
General property tax	7,375,310	-	-	-	7,375,310
Charges for services	8,781,876	-	4,849,194	-	13,631,070
Fines and forfeitures	1,164,876	-	-	-	1,164,876
State shared taxes	5,089,892	-	-	-	5,089,892
Contributions from the public	719,663	221,417	-	-	941,080
Interest	62,825	6,530	1,571	1,325	72,251
Miscellaneous	65,267	-	-	-	65,267
Total revenues	108,332,890	227,947	4,850,765	1,325	113,412,927
<b>Expenditures</b>					
General government and administration	5,951,627	-	-	-	5,951,627
Public works	4,398,783	-	-	-	4,398,783
Environmental services	1,751,207	-	-	-	1,751,207
Public safety	26,232,798	-	-	-	26,232,798
Library	2,236,869	-	-	-	2,236,869
Parks and recreation	5,761,152	-	-	-	5,761,152
Development services	5,204,928	-	-	-	5,204,928
Social and economic development	3,988,248	-	-	-	3,988,248
Human resources	979,756	-	7,428,123	-	8,407,879
Risk management	218,771	-	-	198,169	416,940
Total departmental	56,724,139	-	7,428,123	198,169	64,350,431
Non-departmental	2,906,138	-	-	-	2,906,138
Debt service:					
Administrative charges	2,020	-	-	-	2,020
Interest	2,044,374	6,804	-	-	2,051,178
Principal retirement	5,053,527	182,910	-	-	5,236,437
Capital outlay	19,572,320	17,387	-	-	19,589,707
Intergovernmental	1,073,620	-	-	-	1,073,620
Payments to component units	15,678,980	-	-	-	15,678,980
Total expenditures	103,055,118	207,101	7,428,123	198,169	110,888,511
Excess (deficiency) of revenues over expenditures	5,277,772	20,846	(2,577,358)	(196,844)	2,524,416

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

### NOTE 23. REPORTING OF GENERAL FUND ACTIVITIES - CONTINUED

	General Government Operations	Special Improvement Projects	Employee Benefit Risk Financing	General Liability Risk Financing	Total (Net of Eliminations)
Other financing sources (uses)					
Sale of surplus assets	572,417	-	-	-	572,417
Transfers in	639,250	-	432,262	60,000	1,131,512
Transfers out	(22,997)	-	-	-	(22,997)
Total other financing sources (uses)	<u>1,188,670</u>	<u>-</u>	<u>432,262</u>	<u>60,000</u>	<u>1,680,932</u>
Net changes in fund balances	6,466,442	20,846	(2,145,096)	(136,844)	4,205,348
Fund balances,					
beginning of year	<u>65,360,645</u>	<u>(822)</u>	<u>(475,077)</u>	<u>990,414</u>	<u>65,875,160</u>
Prior period adjustment	<u>(1,334,680)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,334,680)</u>
Fund balances, beginning, as restated	<u>64,025,965</u>	<u>(822)</u>	<u>(475,077)</u>	<u>990,414</u>	<u>64,540,480</u>
Fund balances, end of year	<u>\$70,492,407</u>	<u>\$ 20,024</u>	<u>\$ (2,620,173)</u>	<u>\$ 853,570</u>	<u>\$ 68,745,828</u>

### NOTE 24. COMMITMENTS, LITIGATION AND CONTINGENCIES

#### CITY OF AUBURN PRIMARY GOVERNMENT

Commitments - The City was committed under certain construction contracts for various general government projects. The aggregate amount of such commitments was \$11,497,444 as of September 30, 2021.

The City contracts with Veolia Water North America Operating Services, LLC for the operation, management and maintenance of the City's publicly owned wastewater treatment facilities. The original contract, dated February 5, 2002 and amended November 16, 2010, was effective until January 1, 2020. The City approved a third amended and restated agreement with Veolia effective January 2, 2020 through January 1, 2030 with the same basic cost structure and operating fee calculation as the previous agreements. Under the agreement, the City pays for the cost of operations plus a management fee based on a percentage of the cost of operations. The operating fee is calculated annually based upon the facilities budget for the year and paid in monthly installments to Veolia. A true-up is conducted annually to adjust the budgeted payments to actual costs. During fiscal year 2021, the City paid Veolia \$1,678,550 to operate the wastewater facilities.

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 24. COMMITMENTS, LITIGATION AND CONTINGENCIES – CONTINUED

Fiscal Year	Appropriation
2022	\$ 358,835
2023	356,706
2024	357,875
2025	358,818
Total	\$ 1,432,234

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

Claims and Litigation - As of September 30, 2021, the City was not named defendant in any pending lawsuits.

In fiscal year 2021, the City expended \$477,346 in payment of claims and judgments and legal costs associated therewith. These expenditures are included in the General Fund as current expenditures for Risk Management.

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

### COMPONENT UNITS

#### Board of Education

##### Commitments

At September 30, 2021, the ABOE had six remaining commitments on uncompleted contracts for various construction and development projects, which are being funded with proceeds from bonds issued by the City of Auburn or with allocations from the Alabama Public School and College Authority (PSCA), as follows:

	Project Authorization	Expended To Date	Remaining Commitment
Drake Middle School Plan 2028	\$ 21,937,054	\$ 21,914,963	\$ 22,091
Cary Woods Elementary School Plan 2028	16,774,057	16,690,891	83,166
Woodland Pines Elementary School (PSCA)	18,426,629	3,483,575	14,943,054
East Samford School Gym Replacement	8,196,800	3,174,067	5,022,733
ACS Master Plan 2028 - Warranty	80,529	-	80,529
AJHS Track and Field	2,976,400	1,393,927	1,582,473
Total	\$ 68,391,469	\$ 46,657,423	\$ 21,734,046

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 24. COMMITMENTS, LITIGATION AND CONTINGENCIES – CONTINUED

The ABOE is obligated under certain leases which are accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations. Therefore, the results of these lease agreements are not reflected as part of the ABOE's capital assets. The ABOE has several non-cancelable leases for certain equipment that are classified as operating leases. Rent expense under these noncancelable leases was \$78,263 for the fiscal year ended September 30, 2021.

The approximate remaining annual minimum lease payments under the noncancelable operating leases existing as of September 30, 2021 are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2022	\$ 37,600
2023	7,433
2024	2,574
Total	<u>\$ 47,607</u>

### Contingent Liabilities

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

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

### Water Works Board

Commitments - The Water Works Board has commitments for construction projects in connection with system improvements totaling \$5,014,039 as of September 30, 2021.

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

The Water Board also entered into an agreement in May 2011 to purchase water from Sandy Springs Farm II, LLC. The agreement included a land lease and permission to build and operate a well on property located on the farm. Construction was completed and Well No. 3 was placed in service May of 2012. The agreement includes a minimum annual purchase of 210,240,000 gallons per year at an initial rate of \$.50 per 1,000 gallons (\$105,120 per year), payable in monthly installments. This rate is subject to increase based on the Consumer Price Index and increased to \$.59 per 1,000 gallons (\$124,042) for the year ended September 30, 2021. The term of the agreement is twenty years, with six five-year extension options. Total water pumped in the 2021 fiscal year was 431,769,000 gallons with a total annual payment of \$254,744.

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## **NOTE 24. COMMITMENTS, LITIGATION AND CONTINGENCIES – CONTINUED**

The Water Board entered into an agreement in August 2018 to purchase water from Auburn H2O, LLC. Construction was completed and Well No. 4 was placed in service in December of 2020. The agreement includes a minimum annual purchase of 438,000,000 gallons per year at an initial rate of \$.40 per 1,000 gallons (\$175,200 per year), payable in monthly installments. This rate is subject to increase based on the Consumer Price Index and increased to \$.42 per 1,000 gallons (\$183,960) for the year ended September 30, 2021. The term of the agreement is twenty-five years, with eleven five-year extension options. Total water pumped in the 2021 fiscal year was 438,000,000 gallons with a total annual payment of \$183,960.

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

### **Industrial Development Board**

Commitments - As of September 30, 2021, the IDB was committed under certain construction contracts in the approximate amount of \$3,850,000. Additionally, various incentive packages were committed to fifteen companies as incentives to locate in Auburn or to expand existing operations. The incentives include property acquisition at discounted values; cash assistance for site preparation; relocation and training; rent subsidies; and tax abatements. Subsequent to year end, but prior to the date of these financial statements, approximately \$300,000 of these incentives were paid by the IDB.

In a prior year, the IDB had committed approximately 13 +/- acres of property in Auburn Technology Park West to an industry for future expansion, if needed. The commitment expires in November 2023. In fiscal year 2021, the Board committed a 2 +/- acre lot in the Auburn Technology West to an existing industry for future expansion, if needed. A 17 +/- acre lot in the Auburn Technology Park West Annex was committed to an existing industry to use for a second location. No expiration date was stated for these commitments.

In fiscal year 2021, the Board committed \$50,000 to start a scholarship fund at a local community college to provide an additional benefit to students recruited into its Federation for Advanced Manufacturing Education program. Additionally, a contract was signed with a local newspaper in the amount of \$50,000 to sponsor a campaign to market job opportunities with local industries.

Prior to September 30, 2021, the Board authorized borrowing in the amount of \$1,000,000 to finance construction costs incurred in fiscal year 2021 for a building for lease in the Auburn Technology Park West.

In fiscal year 2021, the Board signed a purchase agreement for approximately 78 acres of land in the vicinity of the Auburn Technology Park West. The purchase price is \$350,000 plus \$22,500 per acre, with the final price to be determined after a survey is obtained. The total cost is expected to be approximately \$2.1 million. Earnest money in the amount of \$50,000 and due diligence costs of approximately \$18,000 were paid in fiscal year 2021, and a contract not to exceed \$80,000 for civil design services was signed. In accordance with the terms of the purchase agreement, additional earnest money of \$30,000 was paid subsequent to year end and an additional \$25,000 earnest money will be due in November 2022. The closing date is the earlier of a date specified by the Board by six-month notice to the seller, or December 1, 2023.

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 25. LANDFILL CLOSURE AND POSTCLOSURE CARE

State and federal laws and regulations require the City to place a final cover on its inert landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The City's landfill closed in fiscal year 2000. Post closure care costs are paid only after the date that the landfill stops accepting waste; the City reports these post closure care costs in governmental activities' long-term debt and other liabilities. There were no expenditures for landfill closure and post closure care during fiscal year 2021. The \$98,000 reported as landfill post closure care liability in the governmental activities' long-term debt and other liabilities at September 30, 2021, represents estimated costs of post closure care based on what it would cost to perform all post closure care in 2021. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

## NOTE 26. TAX ABATEMENTS

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

The City abates non-education ad valorem taxes and mortgage recording taxes, excluding those for the benefit of the East Alabama Medical Center or children's homes operated by Lee County, Alabama. The recipients of the tax abatements agree to take various development actions, including establishing and operating an industrial enterprise, installing and operating various machinery and personal property, and creating jobs. The City's property tax revenues were reduced by \$862,374 during the reporting period as a result of these agreements. The City has not made any commitments as part of the agreements other than to reduce property taxes. No other entity grants abatements for City of Auburn property taxes.

Prior to Act No. 92-599, the City of Auburn provided property tax abatements under Act No. 49-648 and Act No. 51-756. To encourage industrial development, the City entered into leases with certain companies where no part of the project would be subject to property taxes. The City's property tax revenues were reduced by \$8,464 during the reporting period as a result of the remaining active agreements. The City has no additional commitments as part of the agreements other than to reduce property taxes.

Sales and Use Tax Abatements - The City of Auburn provides sales and use tax abatements pursuant to the provisions of Act No. 92-599 enacted during the 1992 Regular Session of the Legislature of Alabama and now codified as Chapter 9B of Title 40 of the Code of Alabama (1975). Sales and use tax abatements may be granted to an entity committing to a new project or major addition to an existing facility that equals the lesser of \$2 million or 30% of the original cost. Only certain NAICS codes qualify. Sales and use taxes are abated by applying a reduced sales and use tax rate to the materials and/or equipment purchased. The City abates 8% of non-educational general sales and use taxes, and 3% of non-educational machinery in manufacturing sales and use taxes. The recipients of the tax abatements agree to take various development actions, including establishing and operating an industrial enterprise, installing and operating various machinery and personal property, and creating jobs. The City's sales and use tax revenues were reduced by \$4,399,405 during the reporting period as a result of these agreements. The City has not made any commitments as part of the agreements other than to reduce sales and use taxes. No other entity grants abatements for City of Auburn sales and use taxes.

The City of Auburn provides sales and use tax rebates through a commercial development incentive program pursuant to Amendment 772 to the Constitution of Alabama of 1901. A portion of sales and use taxes collected within a redeveloped area are rebated to an entity if certain development activities and improvements are performed, including façade enhancements, infrastructure improvements, and possible job creation. During the reporting period, \$1,721,357 was rebated under these agreements. The City's sales and use tax revenues were not reduced by this amount because the rebates were recorded as expenditures. The City has not made any commitments as part of the agreements other than to rebate a portion of sales and use taxes.



# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 26. TAX ABATEMENTS – CONTINUED

Sales and Lodging Tax Abatements - In fiscal year 2009, the City entered into an agreement with a commercial developer to provide for the use of future taxes to support the issuance of bonds for the purpose of constructing qualified public improvements as outlined in State of Alabama enabling legislation Chapter 99A and 99B, Title 11, Code of Alabama 1975. A portion of sales and lodging taxes (derived taxes) generated in this development is rebated to the developer to pay for debt service on the infrastructure improvements. During the reporting period, \$414,074 was rebated under this agreement. The City's sales and lodging tax revenues were not reduced by this amount because the rebates were recorded as expenditures. The City has not made any commitments as part of this agreement other than to rebate a portion of sales and use taxes. The agreement expires in 2039.

## NOTE 27. SUBSEQUENT EVENTS

### **CITY OF AUBURN PRIMARY GOVERNMENT**

The City has evaluated subsequent events through March 25, 2022, the date these financial statements were available to be issued.

Subsequent to September 30, 2021, the City Council approved various design and construction contracts totaling approximately \$14,524,000, professional services type contracts totaling approximately \$1,119,000, and equipment and computer software purchases totaling approximately \$5,157,000.

On December 7, 2021, the City Council accepted a grant agreement with the Alabama Department of Transportation for resurfacing, widening, traffic signals and drainage improvements on South College Street, Samford Avenue, Gay Street and Reese Avenue. The grant agreement includes federal funding of \$3,590,752 with a City match of \$3,009,413.

On March 1, 2022, the City Council approved a contribution to the Indian Pines Recreation Authority of \$1,151,000 for golf course improvements needed to facilitate the Auburn University Regional Airport extension project.

### **COMPONENT UNITS**

#### **Board of Education**

On November 9, 2021, the Board approved the following: 1) an owner-architect agreement with McKee & Associates for re-roofing of East Samford School, Dean Road Elementary School, Auburn Junior High School, and the Central Office in the amount of \$29,400, 2) an owner-architect agreement with Barganier Davis Williams for renovations at J.F. Drake for \$126,201, and 3) a program management contract with TCU Program Management for renovations at J.F. Drake in the amount of \$90,000.

On December 14, 2021, the Board approved the following: 1) a purchase contract for 8 78-passenger buses from Busworx in the amount of \$859,712, 2) a purchase contract for one 54-passenger bus from Transportation South in the amount of \$103,290, and 3) the acceptance of 2.551 acres of land located between Richland Road and Highway 14 for a right-of-way for a proposed connector road.

On January 11, 2022, the Board approved an owner-architect agreement with Hydro Engineering Solutions for a parking expansion project at Auburn High School in the amount of \$42,000.

On February 7, 2022, the Board approved the following: 1) a contract change order with Hudmon Construction for Auburn Junior High School track & field improvements in the amount of \$311,845, 2) a contract change order with Freeman & Associates for J.F. Drake Middle School Plan 2028 project in the amount of \$47,906, 3) an engineering contract for lighting improvements at Duck Samford Stadium in the amount of \$29,600, and 4) a contract with Old South Construction for a re-roofing project at Auburn Junior High School, East Samford School, Dean Road Elementary School and the Central Office in the amount of \$529,311.



# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 27. SUBSEQUENT EVENTS – CONTINUED

### Water Works Board

Subsequent to September 30, 2021, the Board approved construction contracts totaling approximately \$62,564, professional services totaling approximately \$144,600, and equipment purchases totaling approximately \$142,233.

### Industrial Development Board

Subsequent to September 30, 2021, a memorandum of understanding was signed that authorizes the use of space in the Auburn Center for Developing Industries Complex by an entity that will create a certified Community Development Financial Institution in Auburn. The Board approved funding of \$150,000 to be used to fund the loan loss reserve for a loan fund of up to \$1 million through the SBA Microloan Program. The loan fund will offer small business loans of \$50,000 and below.

Subsequent to September 30, 2021, the Board drew approximately \$1.3 million on a short-term construction loan for payment of construction costs related to a building expansion. Prior to the date of these financial statements, the construction loan was converted to new permanent financing with a principal amount of \$1,473,999. Additionally, draws of \$47,000 were made on the Board's outstanding line of credit and were used for equipment purchases.

Subsequent to September 30, 2021, but prior to the date of these financial statements, the Board renewed long-term loans in the principal amount of approximately \$8.7 million to repay approximately \$8.6 million of debt outstanding at September 30, 2021 plus accrued interest. Loan costs of approximately \$37,000 were paid in connection with the refinancing. The effects of these refinanced loans were considered when calculating debt service requirements to maturity.

The Board approved additional borrowing in the amount of \$600,000 to finance improvements to a building held for leasing. The loan had not closed as of the date of these financial statements.

Subsequent to September 30, 2021, the Board approved ground leases for two existing companies to convey property to the Board, and the Board will lease the property back to the company under a prepaid capital lease. Remaining payments under the leases consist solely of payments due under the bargain-purchase options, which are minimal, and no payments have been received in fiscal year 2022. These leases had not yet been signed as of the date of these financial statements. The purpose of these leases is to enable the companies to qualify for certain incentives, which were also approved by the Board.

In February, 2022, the Board authorized management to negotiate a lease for approximately 1,740 square feet of co-working space that will be subleased to local businesses. The lease term will be ten years and the rental rate will be \$27.50 per square foot for the initial year with 2.5% escalations each year during the lease term. Additional rent equal to the pro-rata share of operating expenses will be paid each year. The anticipated occupancy date would be approximately October 1, 2022. The Board also authorized up to \$125,000 for furnishing the space.

In February 2022, the Board committed approximately 2.5 +/- acres in the Auburn Technology Park West to a new industry that committed to locate in Auburn.

## NOTE 28. PRIOR PERIOD ADJUSTMENTS

### **CITY OF AUBURN PRIMARY GOVERNMENT**

During fiscal year 2021, the City recognized prior period adjustments at the governmental funds level to reclassify various capital projects expenditures from the Parks and Recreation Capital Projects Fund to the General Fund totaling \$832,643 and to recognize a prior year General Fund liability of \$502,037 due to the City of Auburn Board of Education (a component unit). A prior period adjustment of \$231 was also recognized in the government-wide financial statements to reverse a prior year capital outlay item that was originally recognized as construction in progress in a prior year but that was ultimately not capitalized in the current year.

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

## NOTE 28. PRIOR PERIOD ADJUSTMENTS – CONTINUED

The table below summarizes these prior period adjustments:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Reclassification of capital projects	\$ 832,643	\$ (832,643)	\$ -
Recognize prior year liability	<u>502,037</u>	<u>-</u>	<u>502,037</u>
Prior period adjustment - Governmental Funds	<u>\$ 1,334,680</u>	<u>\$ (832,643)</u>	502,037
Reversal of prior year capital outlay			<u>231</u>
Prior period adjustment - Governmental Activities			<u>\$ 502,268</u>

## **Required Supplementary Information**



City of Auburn

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

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

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

<sup>(1)</sup>Employer's covered payroll during the measurement period is the total covered payroll. For FY2021, the measurement period is October 1, 2019 to September 30, 2020. GASB issued a statement "Pension Issues" in March 2016 to redefine covered payroll beginning with FY2017.

**CITY OF AUBURN, ALABAMA**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

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

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

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

<sup>2</sup>Employer's covered payroll for FY2021 is the total covered payroll for the 12 month period of the underlying financial statement.

**Notes to Schedule**

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2021 were based on the September 30, 2018 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2020 to September 30, 2021:

- Actuarial cost method: entry age
- Amortization method: level percent closed
- Remaining amortization period: 26.6 years
- Asset valuation method: five year smoothed market
- Inflation: 2.75%
- Salary increases: 3.25 - 5.00%, including inflation
- Investment rate of return: 7.70%, net of pension plan investment expense, including inflation

**CITY OF AUBURN, ALABAMA**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY**  
**AND RELATED RATIOS**

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
	\$	\$	\$	\$
<b>Total OPEB Liability</b>				
Service cost	179,809	110,213	102,701	106,479
Interest	146,594	131,779	152,194	130,523
Changes in assumptions	(13,916)	805,903	198,691	(113,656)
Differences between expected and actual experience	898,704	1,444,740	(327,559)	108,181
Benefit payments	(166,425)	(135,310)	(120,467)	(99,020)
Net change in total OPEB liability	1,044,766	2,357,325	5,560	132,507
Total OPEB Liability - beginning	6,040,828	3,683,503	3,677,943	3,545,436
<b>Total OPEB Liability - ending</b>	<b>\$ 7,085,594</b>	<b>\$ 6,040,828</b>	<b>\$ 3,683,503</b>	<b>\$ 3,677,943</b>
Covered employee payroll	32,993,358	31,095,990	32,124,486	27,910,274
Total OPEB liability as % of covered payroll	21.5%	19.4%	11.5%	13.2%

**Notes to Schedule:**

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
2.43%	2.41%	3.58%	4.15%

No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4, to pay related benefits.



City of Auburn



# Nonmajor Governmental Funds

## Special Revenue Funds

Special Revenue Funds are operating funds used to account for the proceeds of specific revenue sources that are legally restricted for specific purposes other than special assessments or major capital projects.

**Seven Cent Gas Tax Fund** accounts for funds received from the State of Alabama and expended for street related projects.

**Four and Five Cent Gas Tax Fund** accounts for Auburn's share of the State of Alabama four and five cent gas tax revenues and expenditures for the resurfacing, restoration and rehabilitation of roads, bridges and streets.

**Ten Cent Gas Tax Fund** accounts for Auburn's share of the State of Alabama Rebuild Alabama Act revenues and expenditures for street and infrastructure related projects.

**Municipal Court Judicial Administration Fund** accounts for funds received from specific fines collected that are to be used for municipal court administration purposes.

**Public Safety - Substance Abuse Fund** accounts for funds received from the U.S. Marshal and the State of Alabama to be used for enforcement of laws against drug trafficking.

**Working Capital Interest Subsidy Program Fund** accounts for the City's contribution to provide subsidy payments to cover interest on qualifying loans made to enable commercial enterprises to maintain business in the City during and following the effects of COVID-19 as allowed by Amendment 772 to the Constitution of Alabama of 1901.

**Grants – General Activities Fund** accounts for state and federal grants.

**Community Development Block Grant Fund** accounts for those funds received from federal Community Development Block Grants and expended for approved community development projects.

**Federal Grant Loan Repayment Fund** accounts for mortgage revenue from grants provided by the U.S. Department of Housing and Urban Development used to fund Title I projects within the city.

## Debt Service Funds

Debt Service Funds are used to account for the payment of principal and interest on long-term debt. Debt service revenues are from taxes and other operating revenues, some of which are pledged specifically to repay certain outstanding bond issues.

**Special 5-Mill Tax Fund** accounts for general property tax receipts used to pay principal and interest on voted bonds issued to finance projects approved by the voters.

## Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

**West Tech Park Phase II Fund** accounts for the revenue and expenditure of bonds issued by the City for the expansion of Auburn Technology Park West and other infrastructure projects.

**2018 Public Safety Complex Fund** accounts for the revenue and expenditure of general obligation warrants issued by the City for the construction of a new public safety complex for the City.

**Wright Street Parking Deck Fund** accounts for the revenue and expenditure of general obligation warrants issued for the construction of a new parking deck in downtown Auburn.

**Parks and Recreation Capital Projects Fund** accounts for the revenue and expenditure for the completion of numerous projects outlined in the Parks, Recreation and Cultural Master Plan.

**CITY OF AUBURN, ALABAMA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AS OF SEPTEMBER 30, 2021**

Special Revenue Funds										
	Seven Cent Gas Tax Fund	Four and Five Cent Gas Tax Fund	Ten Cent Gas Tax Fund	Municipal Court Judicial Admin Fund	Public Safety Substance Abuse Fund	Working Capital Int Subsidy Program Fund	Grants General Activities	Community Development Block Grant Fund	Federal Grant Loan Repayment Funds	Total
<b>ASSETS</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	42,373	34,489	58,080	490,284	246,765	35,429	-	247	253,872	1,161,539
Investments	-	-	-	-	-	-	-	-	1,470,000	1,470,000
Receivables, net	14,225	11,305	33,989	50,098	-	-	1,322,556	152,739	480	1,585,392
Mortgages receivable	-	-	-	-	-	-	-	-	1,738,975	1,738,975
Restricted cash	-	-	-	-	-	-	-	-	37,103	37,103
Total assets	<u>56,598</u>	<u>45,794</u>	<u>92,069</u>	<u>540,382</u>	<u>246,765</u>	<u>35,429</u>	<u>1,322,556</u>	<u>152,986</u>	<u>3,500,430</u>	<u>5,993,009</u>
<b>LIABILITIES</b>										
Accounts payable and accrued liabilities	-	-	-	20,886	-	-	53,912	21,658	293	96,749
Due to component units	-	-	-	-	-	-	-	246	-	246
Due to other funds	-	-	-	-	-	-	727,357	131,082	-	858,439
Unearned revenue	-	-	-	-	72,583	-	2,062	-	1,726,957	1,801,602
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,886</u>	<u>72,583</u>	<u>-</u>	<u>783,331</u>	<u>152,986</u>	<u>1,727,250</u>	<u>2,757,036</u>
<b>Restricted</b>										
Roads, bridges and streets	56,598	45,794	92,069	-	-	-	-	-	-	194,461
Law enforcement	-	-	-	519,496	174,182	-	-	-	-	693,678
General grants	-	-	-	-	-	-	539,225	-	-	539,225
Social and economic development	-	-	-	-	-	-	-	-	1,773,180	1,773,180
Capital projects	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
<b>Committed</b>										
Interest Subsidy Program	-	-	-	-	-	35,429	-	-	-	35,429
Total fund balances	<u>56,598</u>	<u>45,794</u>	<u>92,069</u>	<u>519,496</u>	<u>174,182</u>	<u>35,429</u>	<u>539,225</u>	<u>-</u>	<u>1,773,180</u>	<u>3,235,973</u>
Total liabilities and fund balances	<u>56,598</u>	<u>45,794</u>	<u>92,069</u>	<u>540,382</u>	<u>246,765</u>	<u>35,429</u>	<u>1,322,556</u>	<u>152,986</u>	<u>3,500,430</u>	<u>5,993,009</u>

**CITY OF AUBURN, ALABAMA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AS OF SEPTEMBER 30, 2021  
CONTINUED**

	Debt		Capital Projects Funds			Total Nonmajor Governmental Funds
	Service Fund					
	Special Mill Tax Fund	5- West Tech Park Phase II Fund	2018 Public Safety Complex Fund	Wright Street Parking Deck Fund	Total	
	\$	\$	\$	\$	\$	\$
<b>ASSETS</b>						
Cash and cash equivalents	9,258,086	286,128	479,056	264,993	1,030,177	11,449,802
Investments	-	-	-	-	-	1,470,000
Receivables, net	42,377	-	4	-	4	1,627,773
Mortgages receivable	-	-	-	-	-	1,738,975
Restricted cash	-	-	1,054,211	977,781	2,031,992	2,069,095
<b>Total assets</b>	<b>9,300,463</b>	<b>286,128</b>	<b>1,533,271</b>	<b>1,242,774</b>	<b>3,062,173</b>	<b>18,355,645</b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	-	-	720,801	68	720,869	817,618
Due to component units	-	-	-	-	-	246
Due to other funds	-	-	-	-	-	858,439
Unearned revenue	-	-	-	-	-	1,801,602
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>720,801</b>	<b>68</b>	<b>720,869</b>	<b>3,477,905</b>
<b>Restricted</b>						
Roads, bridges and streets	-	-	-	-	-	194,461
Law enforcement	-	-	-	-	-	693,678
General grants	-	-	-	-	-	539,225
Social and economic development	-	-	-	-	-	1,773,180
Capital projects	-	286,128	812,470	1,242,706	2,341,304	2,341,304
Debt service	9,300,463	-	-	-	-	9,300,463
<b>Committed</b>						
Interest Subsidy Program	-	-	-	-	-	35,429
<b>Total fund balances</b>	<b>9,300,463</b>	<b>286,128</b>	<b>812,470</b>	<b>1,242,706</b>	<b>2,341,304</b>	<b>14,877,740</b>
<b>Total liabilities and fund balances</b>	<b>9,300,463</b>	<b>286,128</b>	<b>1,533,271</b>	<b>1,242,774</b>	<b>3,062,173</b>	<b>18,355,645</b>

**CITY OF AUBURN, ALABAMA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	Special Revenue Funds									
	Seven Cent Gas Tax Fund	Four and Five Cent Gas Tax Fund	Ten Cent Gas Tax Fund	Municipal Court Judicial Admin Fund	Public Safety Substance Abuse Fund	Working Capital Int Subsidy Program Fund	Grants General Activities	Community Development Block Grant Fund	Federal Grant Loan Repayment Funds	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>										
General property taxes	-	-	-	-	-	-	-	-	-	-
State shared taxes	155,944	123,148	391,409	-	-	-	-	-	-	670,501
Fines and forfeitures	-	-	-	142,835	-	-	-	-	-	142,835
Contributions from the public	-	-	-	-	66,674	-	-	-	-	66,674
Grants	-	-	-	-	-	-	1,512,288	1,004,868	-	2,517,156
Program income	-	-	-	-	-	-	-	83	243,729	243,812
Interest	98	79	140	955	587	91	-	-	31,501	33,451
Miscellaneous	-	-	-	-	-	-	-	-	394	394
<b>Total revenues</b>	<b>156,042</b>	<b>123,227</b>	<b>391,549</b>	<b>143,790</b>	<b>67,261</b>	<b>91</b>	<b>1,512,288</b>	<b>1,004,951</b>	<b>275,624</b>	<b>3,674,823</b>
<b>Expenditures</b>										
Public works	-	-	-	-	-	-	2,500	-	-	2,500
Public safety	-	-	-	-	21,558	-	77,500	-	-	99,058
Library	-	-	-	-	-	-	21,351	-	-	21,351
Development services	-	-	-	-	-	-	3,000	-	-	3,000
Social and economic development	-	-	-	-	-	10,392	-	1,052,092	921	1,063,405
<b>Total departmental</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,558</b>	<b>10,392</b>	<b>104,351</b>	<b>1,052,092</b>	<b>921</b>	<b>1,189,314</b>
Non-departmental	-	-	-	-	-	-	87,338	-	-	87,338
Debt service:										
Principal retirement	-	-	-	-	-	-	-	-	179,000	179,000
Interest	-	-	-	-	-	-	-	-	69,725	69,725
Administrative charges	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	37,335	-	972,735	1,039	-	1,011,109
Payments to component units	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>58,893</b>	<b>10,392</b>	<b>1,164,424</b>	<b>1,053,131</b>	<b>249,646</b>	<b>2,536,486</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>156,042</b>	<b>123,227</b>	<b>391,549</b>	<b>143,790</b>	<b>8,368</b>	<b>(10,301)</b>	<b>347,864</b>	<b>(48,180)</b>	<b>25,978</b>	<b>1,138,337</b>
<b>Other financing sources (uses)</b>										
Transfers in	-	-	-	-	-	-	-	78,263	30,000	108,263
Transfers out	(150,000)	(118,000)	(300,000)	-	-	-	(432,262)	(30,083)	(78,180)	(1,108,525)
<b>Total other financing sources (uses)</b>	<b>(150,000)</b>	<b>(118,000)</b>	<b>(300,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(432,262)</b>	<b>48,180</b>	<b>(48,180)</b>	<b>(1,000,262)</b>
<b>Net changes in fund balances</b>	<b>6,042</b>	<b>5,227</b>	<b>91,549</b>	<b>143,790</b>	<b>8,368</b>	<b>(10,301)</b>	<b>(84,398)</b>	<b>-</b>	<b>(22,202)</b>	<b>138,075</b>
Fund balances, beginning of year	50,556	40,566	519	375,707	165,814	45,730	623,623	-	1,795,382	3,097,897
Prior period adjustment	-	-	-	-	-	-	-	-	-	-
Fund balances, beginning, as restated	50,556	40,566	519	375,707	165,814	45,730	623,623	-	1,795,382	3,097,897
<b>Fund balances, end of year</b>	<b>56,598</b>	<b>45,793</b>	<b>92,068</b>	<b>519,497</b>	<b>174,182</b>	<b>35,429</b>	<b>539,225</b>	<b>-</b>	<b>1,773,180</b>	<b>3,235,972</b>

**CITY OF AUBURN, ALABAMA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**  
**CONTINUED**

	Debt		Capital Projects Funds			Total	Total Nonmajor Governmental Funds
	Service Fund						
	Special 5-Mill Tax Fund	West Tech Park Phase II Fund	2018 Public Safety Complex Fund	Wright Street Parking Deck Fund	Parks & Rec Capital Projects Fund		
Revenues	\$	\$	\$	\$	\$	\$	\$
General property taxes	6,381,979	-	-	-	-	-	6,381,979
State shared taxes	-	-	-	-	-	-	670,501
Fines and forfeitures	-	-	-	-	-	-	142,835
Contributions from the public	-	-	-	-	-	-	66,674
Grants	-	-	-	-	-	-	2,517,156
Program income	-	-	-	-	-	-	243,812
Interest	11,553	1,140	1,021	3,195	-	5,356	50,360
Miscellaneous	-	-	-	-	-	-	394
Total revenues	6,393,532	1,140	1,021	3,195	-	5,356	10,073,711
Expenditures							
Public works	-	-	-	-	-	-	2,500
Public safety	-	-	-	-	-	-	99,058
Library	-	-	-	-	-	-	21,351
Development services	-	-	-	-	-	-	3,000
Social and economic development	-	-	-	-	-	-	1,063,405
Total departmental	-	-	-	-	-	-	1,189,314
Non-departmental	201,494	-	-	-	-	-	288,832
Debt service:							
Principal retirement	1,355,000	-	-	-	-	-	1,534,000
Interest	4,883,528	-	-	-	-	-	4,953,253
Administrative charges	1,631	-	-	-	-	-	1,631
Capital outlay	-	-	1,387,013	7,418,107	-	8,805,120	9,816,229
Payments to component units	-	449,580	-	-	-	449,580	449,580
Total expenditures	6,441,653	449,580	1,387,013	7,418,107	-	9,254,700	18,232,839
Excess (deficiency) of revenues over expenditures	(48,121)	(448,440)	(1,385,992)	(7,414,912)	-	(9,249,344)	(8,159,128)
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	108,263
Transfers out	-	-	-	-	-	-	(1,108,525)
Total other financing sources (uses)	-	-	-	-	-	-	(1,000,262)
Net changes in fund balances	(48,121)	(448,440)	(1,385,992)	(7,414,912)	-	(9,249,344)	(9,159,390)
Fund balances, beginning of year	9,348,584	734,569	2,198,462	8,657,618	(832,643)	10,758,006	23,204,487
Prior period adjustment	-	-	-	-	832,643	832,643	832,643
Fund balances, beginning, as restated	9,348,584	734,569	2,198,462	8,657,618	-	11,590,649	24,037,130
Fund balances, end of year	9,300,463	286,129	812,470	1,242,706	-	2,341,305	14,877,740

**CITY OF AUBURN, ALABAMA**  
**SEVEN CENT GAS TAX SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
	\$	\$	\$	\$
Revenues				
State shared taxes	150,000	150,000	155,944	5,944
Interest	100	100	98	(2)
Total revenues	150,100	150,100	156,042	5,942
Other financing uses				
Transfers out	(150,000)	(150,000)	(150,000)	-
Net changes in fund balances	100	100	6,042	5,942
Fund balances, beginning of year	50,556	50,556	50,556	-
Fund balances, end of year	50,656	50,656	56,598	5,942

**CITY OF AUBURN, ALABAMA**  
**FOUR AND FIVE CENT GAS TAX SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
	\$	\$	\$	\$
Revenues				
State shared taxes	118,000	118,000	123,148	5,148
Interest	100	100	79	(21)
Total revenues	118,100	118,100	123,227	5,127
Other financing uses				
Transfers out	(118,000)	(118,000)	(118,000)	-
Net changes in fund balances	100	100	5,227	5,127
Fund balances, beginning of year	40,566	40,566	40,566	-
Fund balances, end of year	40,666	40,666	45,793	5,127

**CITY OF AUBURN, ALABAMA**  
**TEN CENT GAS TAX SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues	\$	\$	\$	\$
State shared taxes	233,000	325,000	391,409	66,409
Interest	100	100	140	40
Total revenues	233,100	325,100	391,549	66,449
Other financing uses				
Transfers out	(200,000)	(300,000)	(300,000)	-
Net changes in fund balances	33,100	25,100	91,549	66,449
Fund balances, beginning of year	519	519	519	-
Fund balances, end of year	33,619	25,619	92,068	66,449

**CITY OF AUBURN, ALABAMA**  
**MUNICIPAL COURT JUDICIAL ADMINISTRATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues	\$	\$	\$	\$
Fines and forfeitures	102,000	102,000	142,835	40,835
Interest	2,000	2,000	955	(1,045)
Total revenues	104,000	104,000	143,790	39,790
Expenditures				
Capital outlay	-	12,400	-	(12,400)
Total expenditures	-	12,400	-	(12,400)
Excess (deficiency) of revenues over expenditures	104,000	91,600	143,790	52,190
Net changes in fund balances	104,000	91,600	143,790	52,190
Fund balances, beginning of year	375,707	375,707	375,707	-
Fund balances, end of year	479,707	467,307	519,497	52,190

**CITY OF AUBURN, ALABAMA**  
**PUBLIC SAFETY SUBSTANCE ABUSE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues	\$	\$	\$	\$
Contributions from the public	27,500	27,500	66,674	39,174
Interest	1,350	1,350	587	(763)
Total revenues	<u>28,850</u>	<u>28,850</u>	<u>67,261</u>	<u>38,411</u>
Expenditures				
Public safety	10,200	10,200	21,558	(11,358)
Capital outlay	29,000	37,335	37,335	-
Total expenditures	<u>39,200</u>	<u>47,535</u>	<u>58,893</u>	<u>(11,358)</u>
Excess (deficiency) of revenues over expenditures	(10,350)	(18,685)	8,368	27,053
Other financing sources				
Sale of surplus assets	4,500	4,500	-	(4,500)
Net changes in fund balances	(5,850)	(14,185)	8,368	22,553
Fund balances, beginning of year	165,814	165,814	165,814	-
Fund balances, end of year	<u>159,964</u>	<u>151,629</u>	<u>174,182</u>	<u>22,553</u>

**CITY OF AUBURN, ALABAMA**  
**SPECIAL 5-MILL TAX DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues	\$	\$	\$	\$
General property tax	5,963,500	6,398,000	6,381,979	(16,021)
Interest	75,000	12,000	11,553	(447)
Total revenues	<u>6,038,500</u>	<u>6,410,000</u>	<u>6,393,532</u>	<u>(16,468)</u>
Expenditures				
Non-departmental	186,000	203,000	201,494	1,506
Debt service:				
Principal retirement	1,355,000	1,355,000	1,355,000	-
Interest	4,883,531	4,883,531	4,883,528	3
Administrative charges	850	1,650	1,631	19
Total expenditures	<u>6,425,381</u>	<u>6,443,181</u>	<u>6,441,653</u>	<u>1,528</u>
Excess (deficiency) of revenues over expenditures	(386,881)	(33,181)	(48,121)	(14,940)
Net changes in fund balances	(386,881)	(33,181)	(48,121)	(14,940)
Fund balances, beginning of year	9,348,584	9,348,584	9,348,584	-
Fund balances, end of year	<u>8,961,703</u>	<u>9,315,403</u>	<u>9,300,463</u>	<u>(14,940)</u>



# Nonmajor Component Units

## Public Parks and Recreation Board

In October of 1990, the Auburn City Council authorized the establishment of a park and recreation board, primarily to act as an advisor to the Council concerning proposed recreation projects and to acquire such recreation facilities as may be deemed to be in the public interest.

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

This component unit currently accounts for the operation of the Yarbrough Tennis Center, which opened in July 2007.

## Auburn Downtown Redevelopment Authority

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

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



City of Auburn

**CITY OF AUBURN, ALABAMA**  
**DISCRETELY PRESENTED BUSINESS-TYPE NONMAJOR COMPONENT UNITS**  
**STATEMENT OF NET POSITION**  
**AS OF SEPTEMBER 30, 2021**

	Public Park and Recreation Board	Downtown Redevelopment Authority	Total
	\$	\$	\$
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	150	-	150
Receivables, net	27,346	-	27,346
Current portion of net investment in capital leases	-	52,312	52,312
Other current assets	3,424	-	3,424
Total current assets	<u>30,920</u>	<u>52,312</u>	<u>83,232</u>
Noncurrent assets			
Net investment in capital leases, net of current portion	-	1,157,290	1,157,290
Capital assets, net of accumulated depreciation	3,240,376	-	3,240,376
Total noncurrent assets	<u>3,240,376</u>	<u>1,157,290</u>	<u>4,397,666</u>
Total assets	<u>3,271,296</u>	<u>1,209,602</u>	<u>4,480,898</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related	51,993	-	51,993
OPEB related	18,015	-	18,015
Total deferred outflows of resources	<u>70,008</u>	<u>-</u>	<u>70,008</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and other accrued liabilities	30,878	-	30,878
Current portion of long-term debt	-	52,312	52,312
Total current liabilities	<u>30,878</u>	<u>52,312</u>	<u>83,190</u>
Noncurrent liabilities			
Long-term debt and other liabilities	-	1,157,290	1,157,290
Net pension liability	181,956	-	181,956
Net OPEB liability	42,963	-	42,963
Total noncurrent liabilities	<u>224,919</u>	<u>1,157,290</u>	<u>1,382,209</u>
Total liabilities	<u>255,797</u>	<u>1,209,602</u>	<u>1,465,399</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related	3,758	-	3,758
OPEB related	1,636	-	1,636
Total deferred inflows of resources	<u>5,394</u>	<u>-</u>	<u>5,394</u>
<b>NET POSITION</b>			
Net investment in capital assets	3,240,376	-	3,240,376
Unrestricted (deficit)	(160,263)	-	(160,263)
Total net position	<u>3,080,113</u>	<u>-</u>	<u>3,080,113</u>

**CITY OF AUBURN, ALABAMA**  
**DISCRETELY PRESENTED BUSINESS-TYPE NONMAJOR COMPONENT UNITS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER, 30 2021**

	Public Park and Recreation Board	Downtown Redevelopment Authority	Total
	\$	\$	\$
Operating revenues			
Tennis center revenue	174,303	-	174,303
Grants	854	-	854
Miscellaneous	64,756	-	64,756
Total operating revenues	<u>239,913</u>	<u>-</u>	<u>239,913</u>
Operating expenses			
Salaries and wages	244,176	-	244,176
Employee benefits	85,609	-	85,609
Repairs and maintenance	47,851	-	47,851
Utilities	104,975	-	104,975
Rentals and leasing	1,553	-	1,553
Insurance	6,843	-	6,843
Office supplies	1,925	-	1,925
Professional services	1,209	-	1,209
Agricultural and chemical supplies	513	-	513
Depreciation/amortization	329,132	-	329,132
Minor equipment and tools	23,608	-	23,608
Travel and training	299	-	299
Miscellaneous	4	-	4
Total operating expenses	<u>847,697</u>	<u>-</u>	<u>847,697</u>
Operating income (loss)	<u>(607,784)</u>	<u>-</u>	<u>(607,784)</u>
Non-operating revenues (expenses)			
Interest and investment earnings	18	16,750	16,768
Appropriations from the City of Auburn	268,538	-	268,538
Interest and fiscal charges	-	(16,750)	(16,750)
Loss on disposal of assets	(6,200)	-	(6,200)
Total non-operating revenues (expenses)	<u>262,356</u>	<u>-</u>	<u>262,356</u>
Change in net position	<u>(345,428)</u>	<u>-</u>	<u>(345,428)</u>
Net position--beginning of year	<u>3,425,541</u>	<u>-</u>	<u>3,425,541</u>
Net position--end of year	<u><u>3,080,113</u></u>	<u><u>-</u></u>	<u><u>3,080,113</u></u>

**CITY OF AUBURN, ALABAMA**  
**DISCRETELY PRESENTED BUSINESS-TYPE NONMAJOR COMPONENT UNITS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	Public Park and Recreation Board	Downtown Redevelopment Authority	Total
	\$	\$	\$
Cash flows from operating activities			
Cash collected from customers	226,767	-	226,767
Other cash collected (misc income)	854	-	854
Payments to suppliers for goods and services	(183,416)	-	(183,416)
Payments to employees for services	(314,488)	-	(314,488)
Net cash provided (consumed) by operating activities (A)	<u>(270,283)</u>	<u>-</u>	<u>(270,283)</u>
Cash flows from noncapital financing activities			
Operating transfers in	268,538	-	268,538
Net cash provided (consumed) by noncapital financing activities	<u>268,538</u>	<u>-</u>	<u>268,538</u>
Cash flows from capital and related financing activities			
Interest and fiscal fees paid	-	(16,750)	(16,750)
Net cash provided (consumed) by capital and related financing activities	<u>-</u>	<u>(16,750)</u>	<u>(16,750)</u>
Cash flows from investing activities			
Interest on investments	18	16,750	16,768
Net cash provided (consumed) by investing activities	<u>18</u>	<u>16,750</u>	<u>16,768</u>
Net increase (decrease) in cash	(1,727)	-	(1,727)
Cash and cash equivalents, beginning of year	1,877	-	1,877
Cash and cash equivalents, end of year	<u>150</u>	<u>-</u>	<u>150</u>

**Reconciliation of operating income (loss) to net cash provided (consumed) by operating activities (A):**

Operating income (loss)	(607,784)	-	(607,784)
Add:			
Depreciation/amortization expense	329,132	-	329,132
Increase in accounts payable/accrued liabilities	5,371	-	5,371
Increase in pension related liabilities	24,404	-	24,404
Increase in OPEB liability	8,706	-	8,706
Less:			
Increase in accounts receivable	(12,293)	-	(12,293)
Increase in deferred pension contributions	(13,890)	-	(13,890)
Increase in OPEB related deferred outflows	(3,380)	-	(3,380)
Decrease in pension related deferred inflows	(118)	-	(118)
Decrease in OPEB related deferred inflows	(425)	-	(425)
Increase in prepaid expenses	(6)	-	(6)
Net cash provided (consumed) by operating activities	<u>(270,283)</u>	<u>-</u>	<u>(270,283)</u>



City of Auburn

## **Capital Assets Used in the Operation of Governmental Funds**

These schedules present supplementary information on capital assets by source, function and activity. In addition, the changes in capital assets from the prior fiscal year are presented by function and activity.



City of Auburn



**CITY OF AUBURN, ALABAMA**  
**CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY SOURCE**  
**AS OF SEPTEMBER 30, 2021**

Governmental funds capital assets	\$
Land, buildings and improvements	119,206,962
Construction in progress	16,817,669
Heavy equipment	4,059,940
Office equipment	7,546,680
Small tools and equipment	2,326,051
Vehicles	12,237,305
Infrastructure	254,788,616
Total governmental funds capital assets	<u>416,983,223</u>
Investment in governmental funds capital assets by source	
General fund revenues	252,108,532
Capital projects funds	106,651,649
Federal grants	19,811,256
State grants	237,711
Special revenue fund revenues	2,919,890
Donations	3,560,193
Special assessments	27,800
Enterprise fund revenues	1,216,935
Unclassified	30,449,257
Total investment in governmental funds capital assets	<u>416,983,223</u>

**CITY OF AUBURN, ALABAMA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY**  
**AS OF SEPTEMBER 30, 2021**

Function and Activity	Total	Land Buildings & Improvements	Easements	Construction in Progress	Heavy Equipment
	\$	\$	\$	\$	\$
General government and administration					
Information technology	4,084,392	27,021	-	469,108	44,608
Geographical information systems	640,365	14,835	-	-	-
Judicial	303,193	-	-	-	-
Administrative	786,661	776,772	-	-	-
Finance	1,545,935	6,272	-	-	-
Total general government and administration	<u>7,360,546</u>	<u>824,900</u>	<u>-</u>	<u>469,108</u>	<u>44,608</u>
Public works administration	269,415,757	6,096,273	7,174,407	8,063,879	1,306,395
Environmental services	3,621,008	2,819,354	-	-	90,577
Public safety administration	38,218,107	36,670,740	-	406,613	-
Fire	7,939,397	480,874	-	1,704,761	1,281,361
Police	4,773,019	129,815	-	-	7,795
Development Services <sup>1</sup>	9,439,769	1,695,124	-	228,297	354,664
Library	5,798,389	5,537,711	-	-	-
Parks and recreation	42,026,545	29,661,029	-	5,945,011	974,540
Human resources	1,158,996	932,676	-	-	-
Social and economic development <sup>2</sup>	2,742,116	2,702,462	-	-	-
Total departmental	<u>392,493,649</u>	<u>87,550,958</u>	<u>7,174,407</u>	<u>16,817,669</u>	<u>4,059,940</u>
Nondepartmental	24,489,574	24,481,597	-	-	-
Total governmental funds capital assets	<u><u>416,983,223</u></u>	<u><u>112,032,555</u></u>	<u><u>7,174,407</u></u>	<u><u>16,817,669</u></u>	<u><u>4,059,940</u></u>

<sup>1</sup> Development Services includes the following departments : Engineering Services, Planning Services and Inspection Services.

<sup>2</sup> Social and economic development includes the following departments : Social and economic development and Community services.

**CITY OF AUBURN, ALABAMA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY**  
**AS OF SEPTEMBER 30, 2021**  
**CONTINUED**

Function and Activity	Office Equipment	Software	Small Tools and Equipment	Vehicles	Infrastructure
	\$	\$	\$	\$	\$
General government and administration					
Information technology	2,309,945	519,408	40,317	67,120	606,865
Geographical information systems	223,736	401,794	-	-	-
Judicial	-	303,193	-	-	-
Administrative	9,889	-	-	-	-
Finance	30,456	1,485,262	-	23,945	-
Total general government and administration	<u>2,574,026</u>	<u>2,709,657</u>	<u>40,317</u>	<u>91,065</u>	<u>606,865</u>
Public works administration	8,555	-	336,327	2,073,431	244,356,490
Environmental services	199,085	-	130,067	381,925	-
Public safety administration	605,153	365,956	-	28,319	141,326
Fire	224,241	-	788,259	3,459,901	-
Police	174,001	75,748	247,297	4,138,363	-
Development Services <sup>1</sup>	116,335	5,000	209,818	1,133,657	5,696,874
Library	255,048	-	-	-	5,630
Parks and recreation	10,350	-	565,989	888,195	3,981,431
Human resources	6,651	194,576	-	25,093	-
Social and economic development <sup>2</sup>	22,298	-	-	17,356	-
Total departmental	<u>4,195,743</u>	<u>3,350,937</u>	<u>2,318,074</u>	<u>12,237,305</u>	<u>254,788,616</u>
Nondepartmental	-	-	7,977	-	-
Total governmental funds capital assets	<u><u>4,195,743</u></u>	<u><u>3,350,937</u></u>	<u><u>2,326,051</u></u>	<u><u>12,237,305</u></u>	<u><u>254,788,616</u></u>

<sup>1</sup> Development Services includes the following departments : Engineering Services, Planning Services and Inspection Services.

<sup>2</sup> Social and economic development includes the following departments : Social and economic development and Community services.

**CITY OF AUBURN, ALABAMA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**  
**AS OF SEPTEMBER 30, 2021**

	Governmental Funds Capital Assets September 30, 2020	Transfers/ Additions	Transfers/ Deductions	Governmental Funds Capital Assets September 30, 2021
	\$	\$	\$	\$
General government and administration				
Information technology	4,121,989	408,720	(446,317)	4,084,392
Geographical information systems	275,827	371,338	(6,800)	640,365
Judicial	331,405	303,193	(331,405)	303,193
Administrative	804,841	-	(18,180)	786,661
Finance	1,523,926	701,068	(679,059)	1,545,935
Total general government and administration	7,057,988	1,784,319	(1,481,761)	7,360,546
Public works administration	248,265,112	42,218,753	(21,068,108)	269,415,757
Environmental services	1,524,404	2,096,604	-	3,621,008
Public safety administration	38,405,689	33,751,443	(33,939,025)	38,218,107
Fire	5,753,102	2,277,270	(90,975)	7,939,397
Police	5,491,796	864,071	(1,582,848)	4,773,019
Development Services <sup>1</sup>	7,860,429	1,680,250	(100,910)	9,439,769
Library	5,774,634	23,755	-	5,798,389
Parks and recreation	37,397,939	4,234,124	394,482	42,026,545
Human resources	1,252,475	6,651	(100,130)	1,158,996
Social and economic development <sup>2</sup>	2,720,612	1,695,437	(1,673,933)	2,742,116
Total departmental	361,504,180	90,632,677	(59,643,208)	392,493,649
Nondepartmental	24,481,597	7,977	-	24,489,574
 Total governmental funds capital assets	 385,985,777	 90,640,654	 (59,643,208)	 416,983,223

<sup>1</sup> Development Services includes the following departments : Engineering Services, Planning Services and Inspection Services.

<sup>2</sup> Social and economic development includes the following departments : Social and economic development and Community services.

# STATISTICAL SECTION

This section of the City of Auburn’s annual comprehensive financial report presents detailed information about the government’s economic condition. This section aids in understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

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<b>Financial Trends – Tables 1-5.....</b>	<b>182</b>
<i>These schedules contain trend information to help the reader understand and assess how the government’s financial position has changed over time.</i>	
<b>Revenue Capacity – Tables 6-8.....</b>	<b>189</b>
<i>These schedules contain information to help the reader assess the government’s most significant revenue source, sales tax.</i>	
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<b>Demographic and Economic Information – Tables 14-15.....</b>	<b>193</b>
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.</i>	
<b>Operating Information – Tables 16-18.....</b>	<b>194</b>
<i>These schedules contain information to help the reader understand the government’s operations and resources.</i>	

Sources: Unless otherwise noted, the information in this section is derived from the annual comprehensive financial reports for the relevant year.

Table 1

## City of Auburn

## Net Position by Activity Type

Last Ten Fiscal Years

	2012	2013	2014	2015	2016
	\$	\$	\$	\$	\$
Primary government - governmental activities					
Net investment in capital assets	91,886,384	100,145,164	110,178,706	118,307,151	149,544,640
Restricted	12,643,443	12,142,108	10,706,845	92,735,176	67,163,363
Unrestricted <sup>(1)</sup>	(74,219,051)	(64,934,181)	(55,679,045)	(156,555,646)	(160,132,588)
Total governmental activities net position	30,310,776	47,353,091	65,206,506	54,486,681	56,575,415
Primary government - business-type activities					
Net investment in capital assets	26,690,464	29,798,149	33,236,208	37,097,393	40,247,221
Restricted	1,070,064	-	648,195	1,970,849	509,425
Unrestricted	5,052,411	7,194,747	7,361,470	5,291,163	7,353,032
Total business-type activities net position	32,812,939	36,992,896	41,245,873	44,359,405	48,109,678
Total primary government					
Net investment in capital assets	118,576,848	129,943,313	143,414,914	155,404,544	189,791,861
Restricted	13,713,507	12,142,108	11,355,040	94,706,025	67,672,788
Unrestricted <sup>(1)</sup>	(69,166,640)	(57,739,434)	(48,317,575)	(151,264,483)	(152,779,556)
Total primary government net position	63,123,715	84,345,987	106,452,379	98,846,086	104,685,093

<sup>(1)</sup> Please see the Net Position section of Management's Discussion and Analysis for details of negative unrestricted net position, including the large increase in 2015.

Table 1

## City of Auburn

*Net Position by Activity Type*

Last Ten Fiscal Years

Continued

	2017	2018	2019	2020	2021
	\$	\$	\$	\$	\$
Primary government - governmental activities					
Net investment in capital assets	172,516,412	187,712,319	204,319,205	219,751,610	238,127,410
Restricted	47,557,073	37,759,824	40,216,858	57,672,793	64,086,025
Unrestricted <sup>(1)</sup>	(161,544,320)	(155,137,517)	(145,725,727)	(174,068,887)	(182,144,382)
Total governmental activities net position	<u>58,529,165</u>	<u>70,334,626</u>	<u>98,810,336</u>	<u>103,355,516</u>	<u>120,069,053</u>
Primary government - business-type activities					
Net investment in capital assets	41,989,278	46,067,480	47,934,317	51,637,747	55,737,271
Restricted	2,266,933	2,266,933	3,501,441	3,711,650	2,098,948
Unrestricted	8,323,217	6,802,829	8,028,390	9,987,580	11,594,746
Total business-type activities net position	<u>52,579,428</u>	<u>55,137,242</u>	<u>59,464,148</u>	<u>65,336,977</u>	<u>69,430,965</u>
Total primary government					
Net investment in capital assets	214,505,690	233,779,799	252,253,522	271,389,357	293,864,681
Restricted	49,824,006	40,026,757	43,718,299	61,384,443	66,184,973
Unrestricted <sup>(1)</sup>	(153,221,103)	(148,334,688)	(137,697,337)	(164,081,307)	(170,549,636)
Total primary government net position	<u>111,108,593</u>	<u>125,471,868</u>	<u>158,274,484</u>	<u>168,692,493</u>	<u>189,500,018</u>

<sup>(1)</sup> Please see the Net Position section of Management's Discussion and Analysis for details of negative unrestricted net position, including the large increase in 2015.

Table 2  
**City of Auburn**  
**Changes in Net Position**  
 Last Ten Fiscal Years

Expenses	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Governmental activities:</b>										
General government and administration	6,882,510	7,292,682	7,986,358	8,880,442	9,009,933	9,943,090	9,610,859	9,111,307	11,211,997	13,125,800
Public works	7,087,489	7,212,310	7,253,198	7,600,358	8,743,085	9,360,886	8,763,899	8,107,414	9,603,058	9,696,921
Environmental services	1,903,429	2,097,261	2,180,362	2,201,278	2,272,010	2,392,134	2,670,295	1,580,881	1,793,232	1,790,534
Public safety	17,966,335	18,470,037	19,036,443	19,363,905	20,189,149	21,414,563	23,779,334	24,731,609	25,068,120	27,140,426
Library	1,686,566	1,708,144	1,684,288	1,770,379	1,845,480	1,954,493	2,093,484	2,451,281	2,574,545	2,426,778
Parks and recreation	5,607,803	5,520,692	5,861,786	6,207,847	6,389,142	6,826,158	7,046,091	7,251,125	6,872,513	7,205,293
Development Services <sup>(1)</sup>	562,555	635,202	669,831	583,137	594,714	768,847	786,636	5,520,532	5,723,548	5,606,773
Social and economic development	5,235,985	7,206,018	6,056,184	4,624,506	5,370,638	4,766,718	6,044,055	6,731,103	6,781,786	7,537,644
Human resources	698,236	725,083	755,927	742,752	2,244,797	2,341,425	2,422,500	6,754,450	6,736,121	8,458,394
Risk management	1,585,905	876,140	1,289,854	1,576,913	333,618	381,875	514,870	1,761,850	(1,908)	1,326,150
Education (payments to Board of Education)	35,412,033	15,850,759	16,350,759	24,505,586	60,918,952	47,502,333	35,438,202	22,584,281	48,988,527	39,554,189
Interest on long-term debt	5,753,942	5,420,673	4,968,931	4,772,926	7,253,215	7,041,045	7,494,434	7,815,868	8,484,353	8,513,776
<b>Total governmental activities expenses</b>	<b>90,382,788</b>	<b>73,015,001</b>	<b>74,093,921</b>	<b>82,830,029</b>	<b>125,164,733</b>	<b>114,693,567</b>	<b>106,664,659</b>	<b>104,401,701</b>	<b>133,835,892</b>	<b>132,382,678</b>
<b>Business-type activities:</b>										
Sewer Fund	8,038,127	7,470,780	7,960,070	8,639,882	8,387,444	8,705,876	9,169,743	9,527,438	9,149,637	9,526,755
Solid Waste Management Fund	3,757,884	3,948,022	4,145,364	4,112,900	4,380,090	4,576,422	5,149,644	5,418,704	5,078,039	5,349,988
<b>Total business-type activities expenses</b>	<b>11,796,011</b>	<b>11,418,802</b>	<b>12,105,434</b>	<b>12,752,782</b>	<b>12,767,534</b>	<b>13,282,298</b>	<b>14,319,387</b>	<b>14,946,142</b>	<b>14,227,676</b>	<b>14,876,743</b>
<b>Total primary government expenses</b>	<b>102,178,799</b>	<b>84,433,803</b>	<b>86,199,355</b>	<b>95,582,811</b>	<b>137,932,267</b>	<b>127,975,865</b>	<b>120,984,046</b>	<b>119,347,843</b>	<b>148,063,568</b>	<b>147,259,421</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
General government and administration	12,332,933	12,579,879	12,915,500	13,617,202	13,940,978	14,969,365	15,446,817	17,481,505	17,828,678	17,806,914
Public works	250	-	875	1,400	625	856	2,514	2,500	-	-
Public safety	3,203,403	4,208,044	4,220,666	4,318,581	4,750,953	5,344,659	6,323,383	6,491,175	6,570,954	6,602,975
Library	35,799	39,368	40,388	32,445	27,519	26,604	21,720	20,759	13,643	15,059
Parks and recreation	729,455	596,199	647,827	697,981	684,363	661,328	680,600	804,411	536,940	857,168
Development Services <sup>(1)</sup>	59,489	62,175	46,301	55,663	64,665	68,134	59,280	57,900	57,730	75,593
Human resources <sup>(2)</sup>	-	-	-	-	-	945,484	1,001,385	4,427,491	4,671,444	4,849,194
Risk management <sup>(2)</sup>	782,796	808,123	765,858	769,341	766,273	-	-	-	-	-
Operating grants and contributions	3,831,256	3,590,979	2,531,117	2,354,400	2,342,212	2,307,693	2,640,821	3,702,644	6,921,753	7,998,302
Capital grants and contributions	3,687,087	3,552,787	3,323,007	2,182,193	4,223,636	11,066,377	6,856,649	7,601,899	6,607,989	6,250,746
<b>Total governmental activities program revenue</b>	<b>24,662,468</b>	<b>25,437,554</b>	<b>24,491,539</b>	<b>24,029,206</b>	<b>26,801,224</b>	<b>35,390,500</b>	<b>33,033,169</b>	<b>40,590,284</b>	<b>43,209,131</b>	<b>44,455,951</b>
<b>Business-type activities:</b>										
<b>Charges for services:</b>										
Sewer Fund	10,938,292	10,448,380	11,063,939	11,528,965	11,526,093	12,064,021	11,656,139	12,293,123	13,145,358	12,719,791
Solid Waste Management Fund	3,590,771	3,898,217	4,198,990	4,482,532	4,560,179	4,843,280	4,898,906	5,071,198	5,125,924	5,378,599
Operating grants and contributions	19,369	44,553	43,332	-	5,383	672	288,986	380,231	101,375	1,103
Capital grants and contributions	244,653	1,177,207	681,000	1,741,381	458,185	860,763	716,235	830,250	1,378,980	919,620
<b>Total business-type activities program revenues</b>	<b>14,793,085</b>	<b>15,568,357</b>	<b>15,987,261</b>	<b>17,752,878</b>	<b>16,549,840</b>	<b>17,768,736</b>	<b>17,560,266</b>	<b>18,574,802</b>	<b>19,751,637</b>	<b>19,019,113</b>
<b>Total primary government program revenues</b>	<b>39,455,553</b>	<b>41,005,911</b>	<b>40,478,800</b>	<b>41,782,084</b>	<b>43,351,064</b>	<b>53,159,236</b>	<b>50,593,435</b>	<b>59,165,086</b>	<b>62,960,768</b>	<b>63,475,064</b>
<b>Net (expense)/revenue</b>										
Governmental activities	(65,720,320)	(47,577,447)	(49,602,382)	(58,800,823)	(98,363,509)	(79,303,067)	(73,631,490)	(63,811,417)	(90,626,761)	(87,926,727)
Business-type activities	2,997,074	4,149,555	3,881,827	5,000,096	3,782,306	4,486,438	3,240,879	3,628,660	5,523,961	4,142,370
<b>Total primary government net expense</b>	<b>(62,723,246)</b>	<b>(43,427,892)</b>	<b>(45,720,555)</b>	<b>(53,800,727)</b>	<b>(94,581,203)</b>	<b>(74,816,629)</b>	<b>(70,390,611)</b>	<b>(60,182,757)</b>	<b>(85,102,800)</b>	<b>(83,784,357)</b>

<sup>1</sup> FY2012 through FY2018 represents only Planning. As of FY2019, due to the City reorganization, data includes Development Services Admin, Planning, and Inspections.

<sup>2</sup> In FY2017, charges for employee health and dental insurance premiums were regrouped from Risk Management to Human Resources.



Table 2  
**City of Auburn**  
**Changes in Net Position**  
 Last Ten Fiscal Years  
**Continued**

General Revenues and Other Changes in Net Position	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Government activities:										
Taxes:										
Sales taxes	30,890,400	31,831,180	34,303,569	37,418,331	39,672,910	39,648,005	42,010,312	43,804,081	43,838,542	50,902,320
Occupational license fees	9,221,981	9,683,892	10,130,069	10,804,202	11,561,046	12,068,066	12,894,663	13,286,009	13,829,887	14,345,721
Property taxes	21,424,164	20,971,590	21,645,465	22,486,529	23,782,006	25,187,386	27,098,517	29,527,483	32,475,761	35,374,100
Motor fuel taxes	311,846	311,022	340,415	365,345	383,488	386,296	416,979	430,659	384,207	430,315
Lodging taxes	1,914,441	1,559,012	1,604,851	1,816,370	2,247,771	2,355,985	2,373,878	2,581,728	1,900,502	2,409,917
Rental and leasing taxes	515,164	571,248	612,457	768,245	799,550	890,599	886,630	856,729	985,837	962,586
Cigarette taxes	77,145	75,880	70,860	73,306	69,249	66,528	60,033	54,075	55,060	51,860
Alcoholic beverage taxes	142,503	160,725	170,559	180,604	202,213	215,281	230,642	220,932	240,033	310,976
Appropriations from component units	-	333,591	-	-	-	-	-	-	-	-
Interest and investment earnings	241,936	287,977	327,499	488,820	729,863	505,746	965,995	1,967,021	1,345,326	144,884
Gain (loss) on disposal of assets	64,005	-	68,237	-	-	(221,202)	125,796	-	41,621	36,346
Miscellaneous	29,967	34,558	63,801	40,790	81,981	43,522	130,222	28,750	237,085	65,258
Transfers	(626,769)	(464,859)	(309,019)	130,979	118,755	110,605	559,003	(458,983)	(161,923)	108,253
Total governmental activities	64,206,783	65,355,816	69,028,763	74,573,521	79,648,832	81,256,817	87,752,670	92,298,484	95,171,938	105,142,536
Business-type activities:										
Interest and investment earnings	33,440	32,518	33,809	34,395	41,216	36,533	77,277	140,496	104,210	28,179
Gain (loss) on disposal of assets	9,820	20,789	22,700	78,422	21,770	40,403	19,350	68,571	61,180	-
Miscellaneous	6,085	2,246	5,622	7,326	23,736	16,982	6,594	30,196	21,555	31,692
Transfers	626,769	464,859	309,019	(130,979)	(118,755)	(110,605)	(559,003)	458,983	161,923	(108,253)
Total business-type activities	676,114	520,412	371,150	(10,836)	(32,033)	(16,687)	(455,782)	698,246	348,868	(48,382)
Total primary government	64,882,897	65,876,228	69,399,913	74,562,685	79,616,799	81,240,130	87,296,888	92,996,730	95,520,806	105,094,154
<b>Changes in Net Position</b>										
Governmental activities	(1,513,537)	17,778,369	19,426,381	15,772,698	(18,714,677)	1,953,750	14,121,180	28,487,067	4,545,177	17,215,809
Business-type activities	3,673,188	4,669,967	4,252,977	4,989,260	3,750,273	4,469,751	2,785,097	4,326,906	5,872,829	4,093,988
Total primary government	2,159,651	22,448,336	23,679,358	20,761,958	(14,964,404)	6,423,501	16,906,277	32,813,973	10,418,006	21,309,797

Table 3  
**City of Auburn ~ Primary Government**  
**General Government Tax Revenues by Source <sup>(1)</sup>**  
 Last Ten Fiscal Years

Fiscal Year	Sales & Use Tax	Cigarette & Alcohol Tax	Motor Fuel Tax	Lodging and Rental Tax	Financial Institution Tax	Motor Vehicle Tax	General Property Tax	Totals
	\$	\$	\$	\$	\$	\$	\$	\$
2012	30,890,400	272,790	876,592	1,958,908	173,972	129,888	20,503,864	54,806,415
2013	31,831,180	292,605	871,498	2,126,307	147,553	137,809	20,271,550	55,678,502
2014	34,303,571	286,155	931,515	2,217,307	159,641	143,293	20,900,546	58,942,028
2015	37,418,331	303,455	991,613	2,584,615	279,282	146,908	21,746,672	63,470,876
2016	39,672,910	313,559	1,035,475	3,045,852	237,816	199,691	22,987,066	67,492,369
2017	39,648,005	312,323	1,044,000	3,246,585	356,709	160,200	24,296,138	69,063,959
2018	42,010,312	312,530	1,105,009	3,260,509	295,199	165,591	26,131,893	73,281,043
2019	43,745,426	286,298	1,136,674	3,438,250	541,525	172,365	28,544,944	77,865,481
2020	43,683,711	326,334	1,265,901	2,882,659	507,305	164,676	31,340,382	80,170,968
<b>2021</b>	<b>50,741,856</b>	<b>398,147</b>	<b>1,517,566</b>	<b>3,369,055</b>	<b>1,228,971</b>	<b>177,698</b>	<b>34,394,244</b>	<b>91,827,538</b>

Table 4  
**City of Auburn**  
**Fund Balances of Governmental Funds**  
 Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
General Fund										
Nonspendable	7,038,187	6,753,924	9,998,365	15,992,698	19,776,701	6,954,036	7,022,566	4,559,530	5,513,495	4,994,261
Restricted	237,639	298,192	341,705	343,988	343,769	305,255	313,696	2,231,277	236,054	247,949
Committed	-	-	-	-	-	-	-	-	1,765,891	1,531,881
Assigned	4,778,855	2,840,828	6,565,787	5,649,101	4,788,112	8,557,221	13,872,942	17,234,592	28,638,302	15,395,527
Unassigned	20,973,636	29,025,058	25,574,688	22,328,970	24,486,213	31,873,117	31,203,543	32,338,918	29,721,417	46,576,210
Total general fund	<u>33,028,317</u>	<u>38,918,002</u>	<u>42,480,545</u>	<u>44,314,757</u>	<u>49,394,795</u>	<u>47,689,629</u>	<u>52,412,747</u>	<u>56,364,317</u>	<u>65,875,159</u>	<u>68,745,828</u>
All other governmental funds										
Restricted	13,631,350	13,152,780	9,496,112	90,168,804 <sup>(1)</sup>	49,118,334	42,164,339	58,916,615	42,040,085	62,254,449	62,433,273
Committed	-	-	-	-	-	-	-	-	45,730	35,429
Unassigned	(347,364)	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>13,283,986</u>	<u>13,152,780</u>	<u>9,496,112</u>	<u>90,168,804</u>	<u>49,118,334</u>	<u>42,164,339</u>	<u>58,916,615</u>	<u>42,040,085</u>	<u>62,300,179</u>	<u>62,468,702</u>

<sup>(1)</sup> This increase was due to the issuance of \$78.1 million in bonds for the Board of Education's construction of a new high school.

Table 5

## City of Auburn

## Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

	2012	2013	2014	2015	2016
	\$	\$	\$	\$	\$
<b>Revenues</b>					
Sales and use taxes	30,890,400	31,831,180	34,303,571	37,418,331	39,672,910
Occupational license fees	9,221,981	9,683,892	10,130,069	10,804,202	11,561,047
Motor fuel taxes	612,720	610,968	669,550	719,367	755,217
Lodging taxes	1,914,441	1,559,012	1,604,850	1,816,370	2,247,771
Rental and leasing taxes	515,164	571,248	612,457	768,245	799,550
Other taxes	219,648	236,605	241,419	253,910	271,462
Licenses and permits	10,222,535	10,210,208	10,638,252	11,302,434	11,856,992
General property tax	21,424,165	20,971,590	21,645,466	22,486,529	23,782,005
Charges for services	5,544,334	6,428,631	6,439,547	6,743,621	7,086,335
Fines and forfeitures	1,452,953	1,636,516	1,579,802	1,420,812	1,241,661
State shared taxes	1,278,040	2,016,806	1,279,503	1,424,458	1,455,324
Contributions from the public	600,544	1,014,850	1,826,242	668,974	1,611,684
Grants	2,959,710	2,711,021	1,807,224	3,318,443	820,258
Program income	305,363	609,879	517,638	474,915	287,464
Interest	241,936	287,977	327,498	488,821	729,862
Miscellaneous	61,489	68,275	97,957	64,914	85,438
Total revenues	<u>87,465,423</u>	<u>90,448,658</u>	<u>93,721,045</u>	<u>100,174,346</u>	<u>104,264,980</u>
<b>Expenditures</b>					
General government and administration	4,900,632	4,971,598	5,857,396	5,687,183	6,089,761
Public works	3,528,928	3,568,302	3,497,655	3,577,600	4,101,467
Environmental services	1,806,656	1,956,168	2,031,430	1,999,822	2,085,786
Public safety	17,164,517	17,753,502	18,067,357	18,521,534	19,322,321
Library	1,503,734	1,622,482	1,539,862	1,619,702	1,705,483
Parks and recreation	4,788,245	4,684,929	4,862,432	4,975,692	5,501,434
Development Services <sup>(1)</sup>	562,214	635,402	671,214	582,693	592,471
Social and Economic Development <sup>(2)</sup>	3,005,858	2,158,634	2,381,356	2,351,410	1,551,178
Human Resources <sup>(3)</sup>	642,122	675,100	696,740	692,462	2,186,194
Risk management	1,301,944	1,048,527	1,356,823	1,660,020	360,932
Non-departmental	1,978,998	2,056,603	2,210,562	2,561,619	2,845,963
Debt service					
Administrative Charges	418,803	39,902	4,730	873,419	4,469
Principal	13,013,380	12,501,691	13,094,561	11,953,556	11,023,833
Interest	5,837,971	5,686,671	5,268,067	4,675,061	7,239,054
Capital Outlay	7,261,516	10,830,762	11,432,511	10,246,657	10,844,770
Intergovernmental	921,568	1,034,319	951,428	1,069,266	1,037,158
Payments to component units	38,546,879 <sup>(4)</sup>	20,404,444	19,679,683	26,858,347	64,065,542 <sup>(5)</sup>
Total expenditures	<u>107,183,965</u>	<u>91,629,036</u>	<u>93,603,807</u>	<u>99,906,043</u>	<u>140,557,816</u>
Excess of revenues over (under) expenditures	(19,718,542)	(1,180,378)	117,238	268,303	(36,292,836)
<b>Other financing sources (uses)</b>					
Debt issuance	24,325,835	5,525,000	-	94,638,169 <sup>(6)</sup>	-
Refunding	27,879,100	-	-	-	-
Sale of surplus assets	64,006	1,878,717	97,656	150,243	64,678
Transfers in	509,453	681,045	1,354,436	6,707,462	1,906,217
Transfers out	(1,196,222)	(1,145,905)	(1,663,455)	(6,576,483)	(1,787,462)
Premium on debt issued	4,147,158	-	-	-	-
Payment to refunded bond escrow	(29,299,697)	-	-	(12,680,790)	-
Total other financing sources (uses)	<u>26,429,633</u>	<u>6,938,857</u>	<u>(211,363)</u>	<u>82,238,601</u>	<u>183,433</u>
Net changes in fund balances	<u>6,711,091</u>	<u>5,758,479</u>	<u>(94,125)</u>	<u>82,506,904</u>	<u>(36,109,403)</u>
Debt service as a percentage of non-capital expenditures <sup>(7)</sup>	18.9%	22.5%	22.3%	18.5%	14.1%

<sup>1</sup> FY2012 through FY2018 represents only the Planning Department. As of FY2019, due to the City reorganization, Development Services encompasses Planning, Engineering Services, and Development Services Admin

<sup>2</sup> FY2012 through FY2018 represents only the Economic Development Department. As of FY2019, due to the City reorganization, Social and Economic Development encompasses Economic Development and Community Services.

<sup>3</sup> AS of FY2019 Employee Services has been renamed Human Resources

<sup>4</sup> This increase was due to the issuance of \$18.5 million in warrants for the Board of Education.

<sup>5</sup> This increase was due to transfers of debt proceeds issued in fiscal 2015 for the Board of Education and held by the City. Transfers of the proceeds are made as construction progresses on the construction of a new high school.

<sup>6</sup> This increase was due to the issuance of \$78.1 million in bonds for the Board of Education's construction of a new high school.

<sup>7</sup> Non-capital expenditures equals total expenditures less capital outlay.

Table 5

## City of Auburn

## Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

Continued

	2017	2018	2019	2020	2021
	\$	\$	\$	\$	\$
<b>Revenues</b>					
Sales and use taxes	39,648,007	42,010,313	43,804,081	43,838,542	50,902,320
Occupational license fees	12,068,066	12,894,664	13,286,009	13,829,887	14,345,722
Motor fuel taxes	760,818	821,995	848,822	755,957	847,065
Lodging taxes	2,355,985	2,373,879	2,581,724	1,900,502	2,409,917
Rental and leasing taxes	890,599	886,630	856,729	985,837	962,586
Other taxes	281,809	290,677	275,007	295,093	362,836
Licenses and permits	12,893,642	13,372,006	15,188,191	15,704,555	15,242,735
General property tax	25,187,386	27,098,517	29,527,483	32,475,761	35,374,098
Charges for services	7,901,167	8,983,737	12,863,016	12,999,117	13,631,070
Fines and forfeitures	1,140,361	1,169,369	1,217,691	961,963	1,307,711
State shared taxes	1,515,559	1,818,616	2,728,550	4,034,739	5,760,393
Contributions from the public	2,241,224	1,187,166	1,030,233	897,736	1,007,754
Grants	3,537,706	2,235,880	1,761,088	2,828,665	2,517,156
Program income	362,754	1,260,228	524,711	286,633	243,812
Interest	505,747	965,995	1,967,021	1,345,326	144,883
Miscellaneous	47,753	132,886	30,599	238,124	65,661
Total revenues	<u>111,338,583</u>	<u>117,502,558</u>	<u>128,490,955</u>	<u>133,378,437</u>	<u>145,125,719</u>
<b>Expenditures</b>					
General government and administration	6,424,142	5,463,983	5,676,946	5,792,994	5,951,627
Public works	4,414,820	4,485,980	3,518,894	4,868,894	4,401,283
Environmental services	2,233,367	2,481,087	1,590,544	1,734,247	1,751,207
Public safety	20,420,507	22,505,037	24,463,675	23,900,423	26,331,856
Library	1,795,959	1,934,631	2,297,433	2,405,973	2,258,220
Parks and recreation	5,693,864	5,716,886	5,837,058	5,460,467	5,761,152
Development Services <sup>(1)</sup>	765,579	785,640	5,118,011	5,189,569	5,207,928
Social and Economic Development <sup>(2)</sup>	1,502,143	3,438,973	4,020,308	4,119,737	5,051,653
Human Resources <sup>(3)</sup>	2,254,673	2,349,094	6,798,012	6,648,145	8,407,879
Risk management	299,416	443,694	415,129	270,056	416,940
Non-departmental	2,816,728	3,564,722	3,026,233	3,519,180	3,878,017
Debt service					
Administrative Charges	50,969	350,641	85,709	468,260	231,506
Principal	10,051,635	10,589,055	9,885,744	9,959,683	12,080,142
Interest	7,314,955	7,372,615	8,209,633	8,474,090	9,045,978
Capital Outlay	21,258,053	19,986,449	34,272,664	26,709,298	29,405,937
Intergovernmental	1,258,457	1,596,787	1,777,751	1,682,635	1,073,620
Payments to component units	49,698,750	37,030,288	24,093,271	50,206,826	41,272,307
Total expenditures	<u>138,254,017</u>	<u>130,095,562</u>	<u>141,087,015</u>	<u>161,410,477</u>	<u>162,527,252</u>
Excess of revenues over (under) expenditures	(26,915,434)	(12,593,004)	(12,596,060)	(28,032,040)	(17,401,533)
<b>Other financing sources (uses)</b>					
Debt issuance	18,000,000	33,337,726	5,259,668	53,090,000	17,915,000
Refunding	-	-	-	14,625,000	10,955,000
Sale of surplus assets	145,670	171,669	88,582	103,750	572,417
Transfers in	685,412	2,536,444	618,701	1,806,107	1,239,775
Transfers out	(574,808)	(1,977,441)	(1,077,684)	(1,968,029)	(1,131,522)
Premium on debt issued	-	-	-	4,771,149	2,249,346
Payment to refunded bond escrow	-	-	(5,218,168)	(14,625,000)	(10,857,256)
Total other financing sources (uses)	<u>18,256,274</u>	<u>34,068,398</u>	<u>(328,901)</u>	<u>57,802,977</u>	<u>20,942,760</u>
Net changes in fund balances	<u>(8,659,160)</u>	<u>21,475,394</u>	<u>(12,924,961)</u>	<u>29,770,937</u>	<u>3,541,227</u>
Debt service as a percentage of non-capital expenditures <sup>(7)</sup>	14.8%	16.3%	16.9%	13.7%	15.9%

<sup>1</sup> FY2012 through FY2018 represents only the Planning Department. As of FY2019, due to the City reorganization, Development Services encompasses Planning, Engineering Services, and Development Services Admin

<sup>2</sup> FY2012 through FY2018 represents only the Economic Development Department. As of FY2019, due to the City reorganization, Social and Economic Development encompasses Economic Development and Community Services.

<sup>3</sup> AS of FY2019 Employee Services has been renamed Human Resources

<sup>4</sup> This increase was due to the issuance of \$18.5 million in warrants for the Board of Education.

<sup>5</sup> This increase was due to transfers of debt proceeds issued in fiscal 2015 for the Board of Education and held by the City. Transfers of the proceeds are made as construction progresses on the construction of a new high school.

<sup>6</sup> This increase was due to the issuance of \$78.1 million in bonds for the Board of Education's construction of a new high school.

<sup>7</sup> Non-capital expenditures equals total expenditures less capital outlay.

**Table 6**  
**City of Auburn ~ Primary Government**  
**Components of Sales Tax Base**  
 Last Ten Fiscal Years  
 (amounts expressed in thousands)  
*Unaudited*

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Apparel Stores	66,354	67,768	51,655	56,558	53,115	52,416	50,342	49,418	39,333	47,092
Grocery Stores	77,901	88,493	122,960 <sup>(1)</sup>	130,561	146,793	164,818	169,942	125,006	157,037	167,186
Eating & Drinking Establishments	131,813	144,085	153,152	166,863	184,695	191,206	200,133	218,815	204,584	248,876
Mass General Merchandise Stores	116,691	111,335	81,345 <sup>(1)</sup>	85,900	87,640	90,626	93,225	97,982	144,825	154,377
Auto Dealers & Supplies	38,291	39,471	48,882	52,936	53,992	55,658	57,961	60,323	62,516	70,841
Building Materials	36,185	45,462	46,000	51,865	55,841	60,923	66,589	72,875	83,195	110,702
Home Furnishing & Appliances	12,477	17,343	18,209	20,302	24,702	25,399	31,690	31,268	30,385	37,039
All Other Retail Sales	289,079	281,822	313,376	335,521	368,646	333,866	364,157	439,787	395,028	436,446
Totals	768,791	795,780	835,579	900,507	975,424	974,912	1,034,039	1,095,474	1,116,902	1,272,558

<sup>(1)</sup> Beginning in FY14 the total sales of big box retailers are split between "Grocery Stores" and "Mass General Merchandise Stores".

**Table 7**  
**City of Auburn ~ Primary Government**  
**Revenue Rates for General Sales Tax**  
 Last Ten Fiscal Years  
*Unaudited*

Fiscal Year	City Sales Tax	County Sales Tax	State Sales Tax	Total Sales Tax
2012	4.0%	1.0%	4.0%	9.0%
2013	4.0%	1.0%	4.0%	9.0%
2014	4.0%	1.0%	4.0%	9.0%
2015	4.0%	1.0%	4.0%	9.0%
2016	4.0%	1.0%	4.0%	9.0%
2017	4.0%	1.0%	4.0%	9.0%
2018	4.0%	1.0%	4.0%	9.0%
2019	4.0%	1.0%	4.0%	9.0%
2020	4.0%	1.0%	4.0%	9.0%
<b>2021</b>	<b>4.0%</b>	<b>1.0%</b>	<b>4.0%</b>	<b>9.0%</b>

Source: State of Alabama Department of Revenue

Table 8  
**City of Auburn ~ Primary Government**  
**Principal Revenue Remitters of Sales and Use Tax <sup>(1)</sup>**

Current Year and Nine Years Ago  
*Unaudited*

Employer	2012 Rank	2021 Rank
Wal-Mart Store	1	1
Sam's Club (Opened 2008)	2	2
Auburn University Financial Reporting	3	3
Kroger	4	4
Auburn University Dining (Chartwells and Aramark)	7	5
Publix - Cary Creek (Opened 2012)	-	6
Publix - Moore's Mill (Opened 2010)	-	7
Builders First Source SE (formerly Waid True Value)	9	8
Academy Sports (Opened 2008)	5	9
Wal-Mart Market - East University (Opened 2016)	-	10

<sup>(1)</sup> State law prohibits the disclosure of the amount of sales tax remitted and any information that could enable the disclosure or calculation of confidential taxpayer information.

Table 9  
**City of Auburn ~ Primary Government**  
**Ratios of Outstanding Debt by Type**

Last Ten Fiscal Years  
(dollar amounts expressed in thousands, except per capita amount)  
*Unaudited*

Fiscal Year	Governmental Activities		Business-Type Activities	Total Primary Government		
	General Obligation Bonds	Notes Payable	General Obligation Bonds <sup>(1)</sup>	Total Debt Primary Government	Total Debt as Percentage of Personal Income	Total Debt Per Capita
	\$	\$	\$	\$		\$
2012	143,704	1,500	49,528	194,732	14.76%	3,519
2013	140,564	1,585	48,130	190,279	13.19%	3,365
2014	127,035	1,782	45,899	174,716	12.48%	3,023
2015 <sup>(2)</sup>	196,429	3,143	46,755	246,327	15.91%	3,961
2016	184,967	2,965	44,127	232,059	14.81%	3,739
2017	192,494	2,787	41,333	236,614	13.87%	3,572
2018	214,785	2,608	38,419	255,812	14.34%	3,914
2019	204,506	2,428	35,142	242,076	13.05%	3,614
2020 <sup>(3)</sup>	251,040	2,248	32,021	285,309	14.66%	4,180
<b>2021</b>	<b>259,754</b>	<b>2,069</b>	<b>29,220</b>	<b>291,043</b>	<b>12.92%</b>	<b>4,184</b>

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>(1)</sup> The City has issued General Obligation Bonds/Warrants for the Sewer Fund. It is the intention of the Council that the Bonds/Warrants be repaid from Sewer Fund revenue.

<sup>(2)</sup> This increase was due to the issuance of \$78.1 million in bonds for the Board of Education's construction of a new high school.

<sup>(3)</sup> This increase was due primarily to the issuance of \$37.1 million in bonds for the Board of Education's school renovation projects.

Table 10  
**City of Auburn ~ Primary Government**  
**Ratios of General Bonded Debt Outstanding**  
 Last Ten Fiscal Years  
 Unaudited

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Net Bonded Debt <sup>(1)</sup>	Net Bonded Debt as Percent of Estimated Actual Taxable Value of Property	Net Bonded Debt per Capita
	\$	\$	\$		\$
2012	143,704,141 <sup>(2)</sup>	3,540,270	140,163,871	17.49%	2,533
2013	140,564,282	3,019,959	137,544,323	17.25%	2,432
2014	128,817,154	2,477,786	126,339,368	16.27%	2,186
2015	199,571,962 <sup>(3,4)</sup>	2,531,934	197,040,028	24.47%	3,169
2016	187,931,805	3,776,254	184,155,551	21.74%	2,967
2017	195,281,110 <sup>(5)</sup>	4,717,407	190,563,703	21.24%	2,966
2018	217,392,835 <sup>(6)</sup>	6,018,214	211,374,621	21.84%	3,234
2019	206,934,171 <sup>(7)</sup>	7,838,599	199,095,572	18.88%	2,972
2020	253,287,999	9,348,584	243,939,415	20.92%	3,574
<b>2021</b>	<b>261,822,656</b>	<b>9,300,463</b>	<b>252,522,193</b>	<b>19.76%</b>	<b>3,630</b>

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

<sup>(1)</sup> Net bonded debt equals: G.O. bonds, notes, and warrants outstanding (net of related premiums, discounts, and adjustments), less Debt Service funds' equity. Calculations exclude the G.O. debt intended to be repaid from Sewer Fund revenues.

<sup>(2)</sup> City issued \$18.5 million of G.O. Warrants to pay the costs of new school construction under the jurisdiction of the Board of Education.

<sup>(3)</sup> City issued \$32.0 million of G.O. Warrants to refund outstanding debt and provide for school improvements.

<sup>(4)</sup> City issued \$78.1 million of G.O. Bonds to pay the costs of new school construction, capital improvements to existing schools and land purchases, under the jurisdiction of the Board of Education.

<sup>(5)</sup> City issued \$18.0 million of G.O. Warrants to pay the costs of new school construction and equipment, under the jurisdiction of the Board of Education.

<sup>(6)</sup> City issued \$30.6 million of G.O. Warrants to pay the costs of construction of a new public safety complex.

<sup>(7)</sup> City issued \$14.9 million of G.O. Warrants to refund outstanding debt.

Table 11  
**City of Auburn ~ Primary Government**  
**Direct and Overlapping Governmental Activities Debt**  
 Fiscal Year 2021  
 Unaudited

	Debt Outstanding	Estimated Percentage Applicable <sup>(1)</sup>	Estimated Share of Overlapping Debt
<u>City of Auburn Direct Debt</u>			
General Bonded Debt and Warrants	\$ 261,822,656	100%	\$ 261,822,656
<u>Overlapping Debt</u>			
Lee County General Bonded Debt and Warrants	\$ 29,953,967	40%	12,082,334
Total Direct and Overlapping Debt			\$ 273,904,990

Sources: General bonded debt and warrants provided by the Lee County Administrator.

<sup>(1)</sup>The percentage of overlapping Lee County debt applicable is estimated based on estimated population of the City of Auburn as compared to estimated over all population in Lee County. Alabama Center for Business Research 2020.

Table 12  
**City of Auburn ~ Primary Government**  
**Legal Debt Margin Information**

Last Ten Fiscal Years  
(amounts expressed in thousands)  
*Unaudited*

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Debt limit	160,252	159,516	155,255	167,626	169,409	179,407	193,538	210,863	233,217	255,640
Total net debt applicable to limit	60,974	56,673	46,895	38,387	31,083	24,897	49,634	44,659	55,855	50,619
Legal debt margin	99,278	102,843	108,360	129,239	138,326	154,510	143,904	166,204	177,362	205,021
Total net debt applicable to limit as a percentage of debt limit	38.05%	35.53%	30.21%	22.90%	18.35%	13.88%	25.65%	21.18%	23.95%	19.80%

**Legal Debt Margin Calculation for Fiscal Year 2021**

Assessed value	\$ 1,278,200,900
Debt limit (20% of total assessed value)	\$ 255,640,180
Debt applicable to limit:	
General obligation bonds	\$ 274,870,820
Less: Exempt Debt	224,251,924
Total net debt applicable to limit	50,618,896
Legal debt margin	\$ 205,021,284

Table 13  
**City of Auburn ~ Primary Government**  
**Pledged Revenue Coverage**

Last Ten Fiscal Years  
*Unaudited*

Fiscal Year	Sewer Charges and Other <sup>(2)</sup>	Less: Operating Expenses <sup>(3)</sup>	Sewer G.O. Warrants <sup>(1)</sup>			Coverage <sup>(4)</sup> A/(B+C)
			Net Available Revenue (A)	Principal (B)	Interest (C)	
	\$	\$	\$	\$	\$	
2012	10,978,794	4,465,603	6,513,191	1,155,000	1,983,951	2.07
2013	10,510,245	4,074,714	6,435,531	2,110,000	1,792,555	1.65
2014	11,106,938	3,868,822	7,238,116	2,140,000	2,074,208	1.72
2015	11,631,200	4,443,489	7,187,711	2,205,000	2,147,458	1.65
2016	11,587,751	4,270,841	7,316,910	2,395,000	1,765,887	1.76
2017	12,129,675	4,521,369	7,608,306	2,560,000	1,672,393	1.80
2018	11,731,016	5,194,755	6,536,261	2,680,000	1,537,888	1.55
2019	12,461,731	5,363,556	7,098,175	2,788,000	1,349,769	1.72
2020	13,314,680	5,143,992	8,170,688	2,936,000	1,192,720	1.98
<b>2021</b>	<b>12,758,250</b>	<b>5,345,992</b>	<b>7,412,258</b>	<b>3,044,000</b>	<b>1,208,046</b>	<b>1.74</b>

<sup>(1)</sup> General Obligation warrants issued but paid by Sewer Service Fee revenue.

<sup>(2)</sup> Includes sewer service charges, tapping fees, sewer access fees, gains on property disposals and other non-operating revenues.

<sup>(3)</sup> Includes operating expenses and operating transfers out less depreciation expense.

<sup>(4)</sup> Coverage illustrates the Sewer Fund's ability to pay its debt service. A ratio of one or greater indicates sufficient earnings to cover the debt payments.



Table 14  
**City of Auburn ~ Primary Government**  
**Demographic and Economic Statistics**

Last Ten Fiscal Years

*Unaudited*

Fiscal Year	Population <sup>(1)</sup>	Per Capita Personal Income <sup>(2)</sup>	Personal Income (expressed in thousands) <sup>(3)</sup>	Unemployment Rate <sup>(4)</sup>
		\$	\$	
2012	57,058	30,332	1,730,683	5.7%
2013	58,582	30,499	1,786,692	4.9%
2014	60,258	33,064	1,992,371	4.9%
2015	62,059	33,622	2,086,548	4.9%
2016	63,118	34,372	2,169,492	4.9%
2017	63,973	36,941	2,363,227	4.9%
2018	65,378	38,036	2,486,718	3.5%
2019	66,259	39,781	2,635,849	2.9%
2020	76,143	42,468	3,233,640	5.4%
<b>2021</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>2.5%</b>

<sup>(1)</sup> U. S. Census Bureau

<sup>(2)</sup> U. S. Department of Commerce, Bureau of Economic Analysis (data reported for Auburn-Opelika MSA)

<sup>(3)</sup> "Population" multiplied by "Per Capita Personal Income"

<sup>(4)</sup> U.S. Bureau of Labor Statistics

\* Data not available at time of publication

Table 15  
**City of Auburn ~ Primary Government**  
**Principal Employers**

Current Year and Nine Years Ago

*Unaudited*

Employer	2012			2021		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Auburn University <sup>(1)</sup>	5,500	1	22.29%	8,706	1	29.11%
Auburn City Schools	900	2	3.65%	1,085	2	3.63%
Briggs & Stratton Corporation	480	4	1.95%	780	3	2.61%
City of Auburn and Auburn Water Works Board	650	3	2.63%	735	4	2.46%
Aptar CSP Technologies, Inc.	310	7	1.26%	510	5	1.71%
SiO2 Medical Products, Inc.	40	4	0.00%	500	6	1.67%
Wal-Mart	450	5	1.82%	450	7	1.50%
SCA, Inc.	415	6	1.68%	265	8	0.89%
WPM holdings. LLC	-	-	0.00%	200	9	0.67%
GE Aviation	5	-	0.02%	195	10	0.65%
Total	8,750		35.47%	13,426		44.89%

<sup>(1)</sup> Includes temporary and seasonal employees.

Source: City of Auburn Economic Development Department, Alabama Department of Labor

Table 16  
**City of Auburn ~ Primary Government**  
**Regular Full-Time Employees by Function/Program**  
 Last Ten Fiscal Years  
 Unaudited

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government and Administration <sup>(1)</sup>	81	77	76	76	76	77	77	46	46	49
Public Works <sup>(2)</sup>										
Administration	-	-	-	-	-	-	-	3	3	3
Maintenance	-	-	-	-	-	-	-	9	7	7
Facilities	-	-	-	-	-	-	-	4	4	4
Construction <sup>(3)</sup>	18	18	18	18	18	19	38	9	10	10
Landscape and Sustainability	-	-	-	-	-	-	-	10	8	8
Right of Way	7	7	7	7	7	7	0	7	13	13
Inspection	6	6	6	6	6	7	7	-	-	-
Traffic Engineering	3	3	3	4	4	5	5	-	-	-
Environmental Services										
Administration	-	-	-	-	-	-	-	5	4	4
Recycling	16	16	16	16	16	16	16	15	16	16
Solid Waste	16	16	16	16	16	16	16	17	17	17
Animal Control	2	2	2	2	2	3	3	3	3	3
Fleet Services	10	10	10	10	10	10	10	10	10	10
Public Safety										
Administration	-	-	-	-	-	-	-	3	3	3
Police	113	115	116	116	117	129	142	143	156	156
Communications	11	11	11	11	13	13	13	13	14	18
Fire	43	43	43	43	43	43	43	49	49	65
Library	17	17	18	19	19	19	19	19	19	19
Parks and Recreation										
Administration	-	-	-	-	-	-	-	5	5	5
Leisure Services	15	15	15	16	17	17	19	17	14	14
Parks and Facilities	26	26	26	26	26	26	23	23	23	27
Development Services										
Administration	-	-	-	-	-	-	-	3	3	3
Planning <sup>(4)</sup>	-	-	-	-	-	-	-	7	7	7
Inspection Services <sup>(5)</sup>	8	8	8	8	9	10	13	14	15	15
Engineering Services <sup>(6)</sup>	11	11	11	11	11	9	13	25	26	26
Social and Economic Development										
Economic Development	12	12	12	12	12	12	13	9	9	9
Community Services <sup>(7)</sup>	-	-	-	-	-	-	-	4	4	5
Human Resources <sup>(8)</sup>	-	-	-	-	-	-	-	6	6	8
Risk Management <sup>(8)</sup>	-	-	-	-	-	-	-	2	2	1
Sewer <sup>(9)</sup>										
Administration	-	-	-	-	-	-	-	6	8	8
Sewer Maintenance <sup>(10)</sup>	17	17	17	19	21	20	18	16	16	16
Line Locating	-	-	-	-	-	-	-	4	4	3
Watershed Maintenance	-	-	-	-	-	-	-	3	4	4
<b>Total</b>	<b>432</b>	<b>430</b>	<b>431</b>	<b>436</b>	<b>443</b>	<b>458</b>	<b>488</b>	<b>509</b>	<b>528</b>	<b>556</b>

Source: City of Auburn Human Resources Department

Due to the City Reorganization the following changes have been made:

- <sup>(1)</sup> As of FY2020, all administration divisions have been removed from General Government and Administration and placed in their respective departments
- <sup>(2)</sup> As of FY2020, Public Works is now five divisions: Maintenance, Facilities, Construction, Landscape and Sustainability, and Right of Way
- <sup>(3)</sup> Environmental Services-Right of Way and Parks and Recreation-Parks and Facilities employees moved to the Public Works-Construction and Maintenance division, and seven temporary part-time positions were converted to regular-full time
- <sup>(4)</sup> As of FY2020, Planning is no longer reported with General Government and Administration
- <sup>(5)</sup> As of FY2020, Inspection Services (Codes Enforcement) is no longer a division of the Public Safety Department
- <sup>(6)</sup> As of FY2020, PW-Traffic Engineering and Public Works-Inspections were transitioned to Engineering Services
- <sup>(7)</sup> As of FY2020, Community Services has been transitioned out of Economic Development
- <sup>(8)</sup> As of FY2020, Human Resources and Risk Management have been transitioned out of General Government and Administration
- <sup>(9)</sup> As of FY2020, Sewer-Administration and Watershed Maintenance transitioned out of General Government and Administration
- <sup>(10)</sup> As of FY2020, Sewer Maintenance was split into two divisions, Sewer Maintenance and Line Locating

Table 17  
**City of Auburn ~ Primary Government**  
**Operating Indicators by Function/Program**  
 Last Ten Fiscal Years  
 Unaudited

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Physical arrests	3,096	3,053	3,102	3,679	2,957	2,612	2,703	3,133	2,265	3,111
Traffic violations	25,016	21,510	18,557	21,805	16,518	26,970	27,357	29,446	25,004	25,100
Calls for service	*	*	*	*	184,429	211,860	248,030	246,303	258,511	253,752
Fire										
Number of calls answered	4,303	4,367	4,948	4,950	5,532	5,900	5,850	6,000	5,880	6,848
Inspections	1,559	1,760	1,879	1,946	1,750	2,170	2,170	2,184	1,500	2,100
Public Works										
Potholes repaired	454	70	87	18	23	19	42	110	78	82
Environmental Services										
Refuse collected (tons/day) <sup>(1)</sup>	103	102	101	104	108	112	116	115	119	118
Recyclable collected (tons/day) <sup>(1)</sup>	5.82	5.60	4.96	5.03	5.09	5.21	6.65	9.21	11.24	11.17
Parks and Recreation										
Athletic participants	4,540	4,478	6,069	6,846	15,002 <sup>(2)</sup>	17,159	15,818	16,119	3,578	15,824
Recreation center admissions	164,888	241,042	292,933	216,416	379,704 <sup>(2)</sup>	434,806	456,356	377,644	163,807	190,153
Sewer										
Average daily sewage treatment (millions of gallons)	6.28	6.70	7.54	7.50	7.56	8.06	8.46	8.60	9.55	9.32

Source: City departments

\* New operating indicator for 2016

<sup>(1)</sup> Each year consists of 251 work days.

<sup>(2)</sup> Represents a change in methodology

Table 18  
**City of Auburn ~ Primary Government**  
**Capital Asset Statistics by Function/Program**  
 Last Ten Fiscal Years  
 Unaudited

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public Safety										
Police Stations	1	1	1	1	1	2	2	2	2	2
Police Patrol units	96	96	94	96	100	113	116	114	124	124
Fire stations	5	5	5	5	5	5	5	5	5	5
Environmental Services										
Collection trucks	8	8	8	8	8	8	8	8	8	8
Public Works										
Streets (lane miles)	700	739	742	624 <sup>(1)</sup>	627	635	648	672	689	695
Engineering Services										
Signaled Intersections	60	60	61	61	63	64	64	66	66	66
Parks and Recreation										
Parks acreage	1,944	1,944	1,944	1,956	2,022	2,195	2,195	2,198	2,195	2,208
Swimming pools	2	2	2	2	2	2	1 <sup>(2)</sup>	1	1	1
Pickleball courts	0	0	0	0	0	0	0	0	0	6
Tennis courts	44	44	44	44	44	44	40 <sup>(3)</sup>	40	40	38
Community centers	4	5	5	5	5	5	5	5	5	5
Community Skate Park	0	0	0	0	0	0	0	1	1	1
Sewer										
Sanitary sewers (miles)	300	330	350	350	350	350	350	350	339	339
Maximum daily treatment capacity (millions of	13	13	13	13	13	13	13	13	13	13

Source: City departments

<sup>(1)</sup> Represents a change in methodology

<sup>(2)</sup> Pool at Drake Middle School no longer in use

<sup>(3)</sup> Replaced 4 tennis courts with the Auburn-Opelika Joint Skate Park



**WRIGHT STREET  
PARKING DECK**  
140 Wright Street

FDC

150

Bank Corp  
Services



NO PARKING  
Anytime on  
Curb in

