

PRELIMINARY OFFICIAL STATEMENT

NEW & RENEWAL

BOND ANTICIPATION NOTES

In the opinion of Bond, Schoeneck & King, PLLC, Syracuse, New York, Bond Counsel, assuming continuing compliance by the City with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Notes is excluded from the gross income of the owners thereof for Federal income tax purposes under existing statutes and court decisions. Moreover, interest on the Notes is not an "item of tax preference" for purposes of the alternative minimum tax imposed by the Code on individuals however, interest on the Notes that is included in the adjusted financial statement income of certain corporations is not excluded from the corporate alternative minimum tax imposed under the Code. Interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision therein (including The City of New York). See "TAX MATTERS" herein for discussion of certain Federal taxes applicable to corporate owners of the Notes.

The Notes will not be designated as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.

\$32,916,888

CITY of AUBURN

CAYUGA COUNTY, NEW YORK

**GENERAL OBLIGATIONS
CUSIP BASE: 050537**

**\$32,916,888 Bond Anticipation Notes, 2024
(referred to herein as the "Notes")**

Dated: August 14, 2024

Due: August 14, 2025

The Notes are general obligations of the City of Auburn, Cayuga County, New York (the "City"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount, subject to certain statutory limitations imposed by Chapter 97 of the Laws of 2011. See "TAX CAP LAW" herein.

At the option of the successful bidder(s), the Notes will be registered in the name of the purchaser and issued in denominations of \$5,000 or multiples thereof, except for a necessary odd denomination. Principal and interest on the Notes will be payable in Federal Funds at maturity at such bank(s) or trust company(ies) located and authorized to do business in the State of New York, as may be determined by such successful bidder(s) with paying agent fees, if any paid by the successful bidder(s), or as stated below.

Alternatively, at the option of the successful bidder(s), Notes will be issued as registered notes, and, if so issued, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company (DTC), New York, New York, which will act as the securities depository for the Notes. Under this option, payment of the principal of and interest on the Notes to the Beneficial Owner of the Notes will be made by DTC Participants and Indirect Participants in accordance with standing instructions and customary practices. Payment will be the responsibility of DTC, subject to any statutory and regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Notes will not be subject to redemption prior to maturity.

Interest on the Notes will be calculated on a 30-day month and a 360-day year basis and will be payable at maturity

The Notes are offered when, as and if issued and received by the Purchaser(s) and subject to the receipt of the unqualified legal opinions as to the validity of the Notes of Bond, Schoeneck & King, PLLC, Bond Counsel, Syracuse, New York. It is anticipated that and the Notes will be available for delivery through the facilities of DTC in Jersey City, New Jersey on or about August 14, 2024.

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com by July 31, 2024 no later than 11:00 A.M., Eastern Time, pursuant to the Notices of Sale. No other form of electronic bidding services will be accepted. No bid will be received after the time for receiving bids specified above. Bids may also be submitted by facsimile at (315) 930-2354. Once the bids are communicated electronically via Fiscal Advisors Auction or facsimile to the City, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notices of Sale.

July 24, 2024

THE CITY DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF UNITED STATES SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 ("THE RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH THE RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S), AS MORE FULLY DESCRIBED IN THE RESPECTIVE NOTICES OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE CITY WILL COVENANT IN AN UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE AS DEFINED IN THE RULE WITH RESPECT TO THE NOTES. SEE "APPENDIX – C, CONTINUING DISCLOSURE UNDERTAKING WITH RESPECT TO THE NOTES" HEREIN.

CITY OF AUBURN
CAYUGA COUNTY, NEW YORK



JIMMY GIANNETTINO
Mayor

Christina Calarco., Councilor
Ginny Kent, Councilor
Rhoda Overstreet-Wilson, Councilor
Terrence Cuddy, Councilor

* * * * *

JEFFREY DYGERT
City Manager

MARY BETH LEESON
City Comptroller

THERESA ADAMS
Assistant City Comptroller

ROBERT GAUTHIER, CPA
City Treasurer

NATE GARLAND, ESQ.
Corporation Counsel

CHRISTINA SELVEK
Dir. of Capital Projects & Grants

CHUCK MASON
City Clerk



FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

BOND **SCHOENECK**
& **KING**
Bond Counsel

No person has been authorized by the City of Auburn to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City of Auburn since the date hereof.

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PREPARED WITH THE ASSISTANCE OF



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OFFICIAL STATEMENT
OF THE
CITY of AUBURN
CAYUGA COUNTY, NEW YORK
RELATING TO
\$32,916,888 Bond Anticipation Notes, 2024

This Official Statement, which includes the cover page and appendices, has been prepared by the City of Auburn, Cayuga County, New York (the "City," "County," and "State," respectively), in connection with the sale by the City of \$32,916,888 principal amount of Bond Anticipation Notes, 2024 (the "Notes").

The factors affecting the City's financial condition and the Notes are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the City tax base, revenues, and expenditures, this Official Statement should be read in its entirety, and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement.

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the City contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the Notes and the proceedings of the City relating thereto are qualified in their entirety by reference to the definitive forms of the Notes and such proceedings.

THE NOTES

DESCRIPTION OF THE NOTES

The Notes are general obligations of the City and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes as required by the Constitution and laws of the State (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the City is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount, subject to certain statutory limits imposed by the Tax Cap Law. See "TAX CAP LAW" herein.

The Notes are dated August 14, 2024 and mature on August 14, 2025.

Interest will be calculated on the basis of a 360-day year and a 30-day month.

The Notes will not be subject to redemption prior to maturity.

The Notes will be issued in either (i) registered in the name of the purchaser, in denominations of \$5,000 each or multiples thereof, except for a necessary odd denomination, or (ii) registered in the name of Cede & Co. as nominee of DTC, which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Optional Redemption

The Notes are not subject to redemption prior to maturity.

BOOK-ENTRY-ONLY SYSTEM

If the Notes are issued in book-entry form, the Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for Notes bearing the same rate of interest and CUSIP number, and will be deposited with DTC.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, note certificates will be printed and delivered.

The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company.

THE CITY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE NOTES, (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE NOTES, OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE CITY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST THE NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE NOTES.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE CITY MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

Certificated Notes

DTC may discontinue providing its services with respect to the Notes at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law, or the City may terminate its participation in the system of book-entry-only system transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply:

The Notes will be issued in bearer form in denominations of \$5,000 or integral multiples thereof, except for a necessary odd denomination. Principal of and interest on the Notes will be payable at a bank or trust company located and authorized to do business in the State of New York to be named by the City.

PURPOSE OF ISSUE

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the City Charter, the Local Finance Law and various bond ordinances.

The proceeds of the Notes, along with \$34,952,927 available funds of the City will partially redeem and renew the \$37,978,815 Bond Anticipation Notes, 2023 Series A, maturing on August 15, 2024 and provide \$400,000 new monies for the following purposes:

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Purpose	Authorization Amount	Bond Anticipation Notes, 2023 Series A	Available Funds to the City⁽¹⁾	New Money	Proceeds of Bond Anticipation Notes, 2024
Refuse Packers	\$ 380,000	\$ 271,300	\$ 39,900	\$ -	\$ 231,400
New Stump Grinder	55,000	14,800	14,800	-	-
Replace #168-2001 Cat Backhoe/Loader	90,000	62,685	9,400	-	53,285
Replace #86-2011 International Dump Truck	185,000	113,400	26,300	-	87,100
2019 Road Program - General	685,000	419,600	29,500	-	390,100
Technology Park Upgrades		124,449	8,900	-	115,549
2019 City Sidewalk Program		29,300	2,100	-	27,200
Casey Park Roof & Locker Rooms	805,000	503,827	101,475	-	402,352
APD Windows and Geothermal		116,500	4,900	-	111,600
DPW Boiler/HVAC Replacement	180,000	128,600	19,544	-	109,056
Sewer Slipline & Manhole Replacement	1,250,000	672,500	28,400	-	644,100
Settled Sewage at WWTP	1,295,000	448,400	19,000	-	429,400
Replace #176-2009 Ford F350 with Plow	45,000	32,100	4,700	-	27,400
Swift Pulsifier & Chase St. Ext. Construction	1,600,000	1,434,800	60,600	-	1,374,200
Transfer Station Construction	1,265,800	1,044,295	74,800	-	969,495
Transfer Station/Solid Waste Vehicles	1,200,000	933,700	97,800	-	835,900
DPW Dump Truck	230,000	206,000	12,900	-	193,100
2020-21 Road Program	790,000	707,400	44,531	-	662,869
2020 Sidewalk Program	150,000	122,088	15,000	-	107,088
City Hall Buildings & Grounds	170,000	162,200	4,200	-	158,000
Bridge Maintenance	60,000	55,900	2,200	-	53,700
State Street Bridge	1,271,172	466,400	18,000	-	448,400
Public Safety Building	10,000,000	6,576,300	120,300	-	6,456,000
Biosolids Dryer	84,000,000	29,491,000	29,491,000	-	-
Biosolids Dryer Design	2,000,000	1,888,800	18,600	-	1,870,200
Wholesale Sewer	1,100,000	1,053,308	10,700	-	1,042,608
CSO Facility & Sewer Separation	600,000	589,200	5,800	-	583,400
Sewer GIS Mapping	100,000	52,400	25,600	-	26,800
Sewer Equipment	200,000	178,720	11,681	-	167,039
Zebra Mussel Control	902,000	787,500	412,700	-	374,800
Slow Sand Building Improvements Design	300,000	147,300	1,400	-	145,900
City wide Water Main Improvement Project	700,000	686,500	6,800	-	679,700
State Street Bridge	1,271,172	350,100	171,716	-	178,384
South Street Construction	6,575,000	972,700	717,416	-	255,284
DPW Dump Truck & Street Sweeper	370,000	350,400	21,513	-	328,887
AFD Vehicle	55,000	28,200	28,200	-	-
2021-2022 Road Program	800,000	754,800	47,400	-	707,400
APD Detective & Identification	375,000	366,600	8,800	-	357,800
Sewer Slipline & Manhole Replacement	1,000,000	991,200	9,200	-	982,000
Fleet Vehicles - Street Sweeper	140,000	132,100	7,500	-	124,600
Slow Sand Building Improvement	300,000	148,400	1,600	-	146,800
Landfill #2 Closure	5,850,000	4,415,300	156,900	-	4,258,400
2022-23 Road Program	800,000	718,400	85,700	-	632,700
Fire Turnout Gear	240,000	218,200	22,900	-	195,300
DPW & Codes Vehicles (Codes Vehicles)	70,000	35,900	35,900	-	-
107 State Street Plaza	400,000	379,600	23,794	-	355,806
Excavator (Sewer)	250,000	228,643	13,557	-	215,086
Scale House Replacement	160,000	156,400	3,800	-	152,600
Slow Sand Building Improvements Construction	6,200,000	6,145,700	2,847,100	-	3,298,600
Backhoe (Water)	120,000	113,900	6,400	-	107,500
DPW & Codes Vehicles (DPW Trucks)	485,000	472,000	-	-	472,000
DPW & Codes Vehicles (Refuse Packer)	775,000	220,000	-	-	220,000
Various Water & Sewer Line Improvement Projects	1,000,000	600,000	-	-	600,000
Various Water & Sewer Line Improvement Projects	500,000	150,000	-	400,000	550,000
			-		
	<u>\$ 150,439,644</u>	<u>\$ 67,469,815</u>	<u>\$ 34,952,927</u>	<u>\$ 400,000</u>	<u>\$ 32,916,888</u>

⁽¹⁾ Available Funds to the City includes available Capital for principal paydown, Grants to reduce borrowing, and Unspent BAN Proceeds

THE CITY

General Information

The City, with a land area of approximately 8.5 square miles and a population of 25,983 (2023 U.S. Census estimate), is located in upstate New York in the geographical location known as Central New York. The City is wholly within the County of Cayuga. The City of Syracuse lies 25 miles to the east and the City of Rochester lies approximately 55 miles to the west.

Major highways through, or in close proximity to, the City include U.S. #20 and State highways #5, 34 and 38. An exit of the New York State Thruway is located less than 10 miles north of the City. Exits to Interstate Highway #81, which extends from Canada through Pennsylvania, are located within 20 miles of the City. The Syracuse Hancock International Airport serves the residents with air transportation via Air Canada, Allegiant, American, Delta, United Airlines and Jet Blue, as well as various commuter lines.

The following basic services are provided by the City: public safety (police, fire and ambulance), highways and streets, solid waste management, culture-recreation, public improvements, planning and zoning, water, wastewater, hydroelectric facilities, vital records, and general administration.

Several businesses have recently announced plans to locate operations in or around the City. Recent business announcements and other economic developments include the following:

- Auburn Community Hospital Cancer Treatment Center Construction Project- Completed new 12,000 sq. ft facility. The project total cost was \$15 Million.
- Four (4) New Businesses ranging from sports cards and haircuts to cars and nutrition opened within Downtown Auburn over the past year- providing an estimated 10 jobs to downtown
- Owen's Brockway Glass Container- Auburn area manufacturer received \$3.8 million from NYS ESD to upgrade the plant by rebuilding the glass manufacturing furnace
- West End Arts Campus- A joint venture project between the Schweinfurth Memorial Art Center and Cayuga Museum will create a "arts-campus" that is under construction starting June 2024. The project is estimated to cost \$3.8 million.
- Federal NPS-Harriet Tubman Historical Park- Set to open the Parker Street Church and Administrative building in September 2023.
- Alstom completed acquisition of former "Bombardier" Manufacturing Plant- The City received a NYS ESD Restore NY Grant of \$8.5 Million towards the redevelopment of the former Bombardier Manufacturing Plant.
- Denkavit Holding USA (DBA Grober Nutrition)- Announcing the upgrade to its facility on Eagle Drive in Auburn, NY. The project is estimated at \$750,000.
- Vitale Ready-Mix Concrete – The Company is a manufacturer of concrete and other construction products located on Franklin Street in Auburn, NY. This plant expansion will modernize the facility and increase capacity and enable the company to grow to keep up with the regional demand for concrete related to the Interstate-81 transportation project and construction of Micron Facility in Clay, NY.
- Casey Park Skate Park Project- In June 2024 the City completed the construction of an outdoor public skate park to be utilized for recreational skateboarding and BMX bikers. Project cost \$1million with \$1million in NYS and Private Foundation grant funds.
- 22 E. Genesee Street – The owners of this historic commercial property downtown, R&M Real Estate will be rehabilitating the two-story vacant building into a mixed-use commercial space on the 1st floor and residential units on the upper floor. The total estimated project cost is \$3.3 million.
- Local Brewing Companies Expansions- The businesses of Prison City Brewing and Shepherds Brewing Companies continue to upgrade canning and labeling equipment to improve on production efficiencies. Combined investment \$75,000.

Source: City officials.

Major Employers

Some of the major employers located within the City are as follows:

<u>1000+ Employees</u>	<u>Number of Employees</u>	<u>Type of Business</u>
Auburn Community Hospital	1,150	Health Care
<u>500 - 999 Employees</u>	<u>Number of Employees</u>	<u>Type of Business</u>
Auburn Correctional Facility	802	State Prison
County of Cayuga	750	County Government
Auburn School District	597	Education
<u>200 - 499 Employees</u>	<u>Number of Employees</u>	<u>Type of Business</u>
Unity House of Cayuga County	400	Social Services
Wegmans	380	Grocery
City of Auburn	361	City Government
Cayuga Community College	360	Education
Xylem, Inc.	338	Manufacturing
WAL-MART	350	Retail Store
Nucor	267	Steel Structural Shapes/Bars
Community Computer/Medent	250	Computer Software and Support
<u>100 - 199 Employees</u>	<u>Number of Employees</u>	<u>Type of Business</u>
Currier Plastics	120	Manufacturing

*Number of Employees represents full-time, part-time and temporary employees.

Source: City Officials.

Population Trends

	<u>City of Auburn</u>	<u>Cayuga County</u>	<u>New York State</u>
1970	34,999	77,439	18,236,882
1980	32,548	79,894	17,558,072
1990	31,258	82,313	17,990,455
2000	28,574	81,963	18,976,457
2010	27,687	80,026	19,328,102
2020	26,886	76,248	20,201,249
2021	26,664	75,880	19,835,913
2022	26,081	74,998	19,677,151
2023	25,983	74,485	19,571,216

Source: U.S. Bureau of the Census.

Wealth and Income Indicators

Per capita income statistics are available for the City, County and State, and are listed below.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2006-2010</u>	<u>2016-2020</u>	<u>2018-2022</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2018-2022</u>
City of:						
Auburn	\$ 20,874	\$ 25,009	\$ 29,387	\$ 52,556	\$ 61,164	\$ 64,101
County of:						
Cayuga	22,959	30,996	35,579	58,761	73,590	85,900
State of:						
New York	30,948	40,898	47,173	67,405	87,270	100,846

Note: 2019-2023 5-Year American Community Survey estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau, 2006-2010, 2016-2020, and 2018-2022 5-Year American Community Survey.

Unemployment Rate Statistics

Unemployment statistics are available for the City. The information set forth below with respect to Cayuga County is included for informational purposes only. It should not be implied from the inclusion of such data in this Official Statement that Cayuga County is necessarily representative of the City, or vice versa.

	<u>Annual Average</u>							
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Auburn City	5.8%	5.6%	5.1%	4.6%	9.7%	5.8%	4.1%	4.2%
Cayuga County	5.1%	5.0%	4.5%	4.1%	7.9%	4.7%	3.4%	3.6%
New York State	4.9%	4.6%	4.1%	3.8%	10.0%	7.0%	4.3%	4.2%

	<u>2024 Monthly Figures</u>						
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>April</u>	<u>May</u>	<u>June</u>	
Auburn City	5.1%	5.2%	5.0%	4.4%	N/A	N/A	
Cayuga County	4.6%	4.6%	4.3%	3.8%	N/A	N/A	
New York State	4.3%	4.5%	4.2%	3.9%	N/A	N/A	

Note: Unemployment rates for May and June 2024 are not available as of the date of this Official Statement.

Source: Department of Labor, State of New York. (Note: Figures not seasonally adjusted).

Form of City Government -

The City operates under the Council/Manager form of government. The legislative body is the City Council, composed of a Mayor and four Councilors, all of whom are elected at large. The City Manager is the chief executive officer and the administrative head of the City, is appointed by the City Council and serves at the pleasure of the City Council. All other City officers are appointed by and serve at the pleasure of the City Manager.

Financial Organization -

The City Comptroller is the chief fiscal officer of the City whose responsibility it is to receive, disburse and account for all financial transactions of the City. The City Comptroller is assisted by the Asst. Comptroller, Treasurer and the Treasurer’s staff, the City Assessor and the Assessor’s staff and the Comptroller staff.

Budgetary Procedures

The department heads present their budget requirements to the City Manager on or before a date set by the City Manager each year for the following fiscal year. The City Manager prepares a proposed budget for the forthcoming year together with a budget message to the City Council on or before the 1st day of June. The City Council establishes a date, time and place for a public hearing with public notice duly advertised of such hearing. The Council, at a regular or special meeting held after the public hearing shall by resolution adopt, or amend and adopt, the budget, which budget when adopted shall thereupon become the annual budget of the City for the ensuing fiscal year. The City Council must adopt the budget by June 30.

All budgets adopted for the fiscal year ended June 30, 2013 and thereafter are subject to the Tax Cap Law. The City has not exceeded its allowable tax levy since the enactment of the new law. See "TAX CAP LAW" herein.

The 2024-2025 budget was adopted by City Council on June 6th, 2024.

Investment Policy

Pursuant to the statutes of the State of New York, the City is permitted to invest only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the City; (6) obligations of a New York public corporation which are made lawful investments by the City pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and (8) in the case of City moneys held in certain reserve funds established pursuant to law, obligations issued by the City. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

Consistent with the above statutory limitations, it is the City's current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America, (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America or (4) obligations of the State of New York. In the case of obligations of the United States government, the City may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third-party custodian.

State Aid -

The City receives financial assistance from the State. The State is not constitutionally obligated to maintain or continue State aid to the City. Accordingly, no assurance can be given that present State aid levels will be maintained in the future particularly in light of the difficulties encountered by the State in recent years in balancing its budget, which problems may continue. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the City, requiring either a counter-balancing increase in revenues from other sources to the extent available, or a curtailment of expenditures.

The total AIM (Aid to Municipalities) paid to the City for the year ended June 30, 2024 is \$4,982,093.

Status and Financing of Employee Pension Benefits

Substantially all employees of the City are members of the New York State and Local Employees' Retirement System ("ERS") or the New York State and Local Police and Fire Retirement System ("PFRS"; with ERS, the "Retirement Systems"). The ERS is generally also known as the "Common Retirement Fund". The Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefit to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement Systems offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems.

The ERS is non- contributory with respect to members hired prior to July 27, 1976 (Tier 1 & 2); members hired from July 27, 1976 through December 31, 2009 (Tier 3 & 4) contribute 3% for the first 10 years of service and then become non-contributory; and members hired from January 1, 2010 through March 31, 2012 (Tier 5) must contribute 3% for their entire careers; members hired April 1, 2012 (Tier 6) or after will contribute between 3 and 6 percent for their entire careers based on their annual wage.

The PFRS is non- contributory with respect to members hired prior to January 8, 2010 (Tier 1, 2 & 3); members hired from January 9, 2010 through March 31, 2012 (Tier 5) must contribute 3% for their entire careers; and members hired April 1, 2012 (Tier 6) or after will contribute between 3 and 6 percent for their entire careers based on their annual wage.

For both ERS & PFRS, Tier 5 provides for:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62
- Requiring employees to continue contributing 3% of their salaries toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police & firefighters at 15% of non-overtime wages.

For both ERS & PFRS, Tier 6 provides for:

- Increase contribution rates of between 3% and 6% base on annual wage
- Increase in the retirement age from 62 years to 63 years
- A readjustment of the pension multiplier
- A change in the period for final average salary calculation from 3 years to 5 years

The City’s contributions to ERS and PFRS since the fiscal year ending June 30, 2018 are as follows:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2018	1,247,188	2,522,569
2019	1,123,578	2,340,134
2020	1,271,455	2,351,244
2021	1,343,663	2,464,562
2022	1,431,787	2,915,317
2023	1,106,535	2,933,659
2024 (Budgeted)	1,380,122	3,292,643
2024 (Unaudited)	1,494,880	3,387,821
2025 (Budgeted)	1,881,712	3,694,455

Source: City officials.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The City provides early retirement incentives to eligible retirees.

The City offered early retirement incentives as follows:

<u>Fiscal Year</u>	<u>Employees</u>	<u>Cost</u>	<u>Estimated Savings</u>
2016	4	\$ 40,000	\$ 120,000
2017	2	20,000	80,000
2018	2	20,000	40,000
2019	1	10,000	30,000
2020	3	35,000	90,000
2021	11	122,500	385,000
2022	2	22,500	40,000
2023	3	30,000	103,000
2024	4	45,000	102,896

Historical Trends and Contribution Rates: Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for the employees’ and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems or challenges for many participating local governments.

A chart of average ERS and PFRS rates (2019 to 2025) is shown below:

<u>State Fiscal Year Ending</u>	<u>ERS</u>	<u>PFRS</u>
2019	14.9%	23.5%
2020	14.6	23.5
2021	14.6	24.4
2022	16.2	28.3
2023	11.6	27.0
2024	13.1	27.8
2025	15.2	31.2

Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program that establishes a minimum contribution for any employer equal to 4.5% of pensionable salaries for required contributions due December 15, 2003 and for all years thereafter where the actual rate would otherwise be 4.5% or less. In addition, it instituted a billing system that will advise employers over one year in advance concerning actual pension contribution rates.

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating local government employers, if they so elect, to amortize an eligible portion of their annual required contributions to both ERS and PFRS, when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a “graded” rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year’s amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer’s graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, for future use to the extent that amortizing employer has no currently unpaid prior amortized amounts.

Stable Rate Pension Contribution Option: The 2013-14 Adopted State Budget included a provision that authorized local governments, including the City, with the option to “lock-in” long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and PFRS. For 2014 and 2015 the rate is 12.0% for ERS and 20% for PFRS; the rates applicable to 2016 and thereafter are subject to adjustment. The pension contribution rates under this program would reduce near-term payments for employers, but require higher than normal contributions in later years.

The City amortized a portion of its ERS and PFRS obligations for the fiscal years ending 2013-2014 and 2014-2015. Budgets subsequent to fiscal year 2015 do not amortize pension costs. On September 29, 2017, a final payoff was made in the amount of \$231,283 for PFRS debt. The outstanding amortized balance is currently \$194,394 for ERS.

The investment of monies and assumptions underlying same, of the Retirement Systems covering the City’s employees is not subject to the direction of the City. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems (“UAALs”). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the City which could affect other budgetary matters. Concerned investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

Other Post-Employment Benefits

Healthcare Costs. It should also be noted that the City provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. There is now an accounting rule that requires governmental entities, such as the City, to account for post-retirement healthcare benefits as it accounts for vested pension benefits. GASB Statement No. 45 (“GASB 45”) of the Governmental Accounting Standards Board (“GASB”), described below, requires such accounting.

The City has taken steps to address escalating post-retirement health care costs. In 2009, the City reduced costs by requiring retirees over 65 to use Medicare as primary insurance before using City health insurance. Also in 2009, the City went to a single insurance carrier, resulting in additional savings. Since late 2008, the City’s vacancy review committee has monthly been reviewing all open positions to determine if the positions need to be filled. In addition, in 2012 the City implemented a retirement incentive program which 12 city staff took advantage of. Lastly, as part of the approved 2013 budget, the city left 25 positions unfunded. The combination of all of these items prevented layoffs through 2013. In 2014 only one layoff was realized and the 2015 through 2019 budgets did not include any layoffs. In all contract negotiations the City is looking for changes to the contribution rates at retirement.

OPEB. Other Post-Employment Benefits (“OPEB”) refers to “other post-employment benefits,” meaning other than pension benefits, disability benefits and OPEB consist primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Until now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

GASB 75. In 2015, the GASB released new accounting standards for public other postemployment benefits (OPEB) plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“GASB 75”), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. For the fiscal year ended December 31, 2018 the City implemented GASB 75. The implementation of this statement requires municipalities to report Other Post-Employment Benefits (“OPEB”) liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required municipalities to calculate and report a net other postemployment benefit obligation. However, under GASB 45 municipalities could amortize the OPEB liability over a period of years, whereas GASB 75 requires municipalities to report the entire OPEB liability on the statement of net position.

The City contracted with Burke Group, an actuarial firm, to calculate its actuarial valuations under GASB 75. The following outlines the changes to the Total OPEB Liability during the past two fiscal years, by source.

	July 1, 2021	July 1, 2022
Balance beginning at:	\$ 87,773,461	\$ 98,260,545
<u>Changes for the year:</u>		
Service cost	2,779,023	3,914,882
Interest on total OPEB liability	2,012,954	2,833,609
Changes in Benefit Terms	-	2,051
Differences between expected and actual experience	13,494,259	(11,095,987)
Changes in Assumptions or other inputs	(5,923,039)	(15,272,371)
Benefit payments	(1,876,113)	(2,047,911)
Net Changes	\$ 10,487,084	\$ (21,665,727)
Balance ending at:	June 30, 2022	June 30, 2023
	\$ 98,260,545	\$ 76,594,818

Source: Audited financial statements of the City. The above table is not audited.

There is no authority in current State law to establish a trust account or reserve fund for this liability. The City has reserved \$0 towards its OPEB liability. The City funds this liability on a pay-as-you-go basis.

The City’s unfunded actuarial accrued OPEB liability could have a material adverse impact upon the City’s finances and could force the City to reduce services, raise taxes or both.

Actuarial Valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years if there are less than 200 members.

Employees

The City provides services through as many as 370 full-time, part-time and temporary employees, 317 of which are represented by five labor organizations. Membership of each is as follows:

<u>Union</u>	<u>Number of Employees</u>	<u>Contract Expiration Date</u>
Civil Service Employees’ Association (CSEA) – Professional Unit	19	June 30, 2029
Civil Service Employees Association (CSEA)	134	June 30, 2028
Local #1446 I.A.F.F. (Fire Department)	71	June 30, 2026
New York State Security Employees, Local #195		
A.F.S.C.M.E. (Police Department)	63	June 30, 2026
Local #4021 I.A.F.F. (Assistant Fire Chiefs)	4	June 30, 2026
Professional Emergency Medical Technicians of Auburn City Ambulance (PEMTACA) LOCAL #5379, IAFF, AFL-CIO	26	June 30, 2024 ⁽¹⁾
PT- Temp Non-Union	15	
Senior Management (Non-Union)	27	

⁽¹⁾ Currently under negotiation.

Source: City officials.

Other Information

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose, for which the Notes are to be issued is the City Charter and the Local Finance Law.

The procedure for the validation of the Notes provided in Title 6 of Article 2 of the Local Finance Law has been complied with as of delivery of the Notes.

No principal or interest upon any obligation of this City is past due. See "HISTORICAL CONTINUING DISCLOSURE COMPLIANCE" herein.

The fiscal year of the City is the July 1 to June 30.

This Official Statement does not include the financial data of any political subdivision having power to levy taxes within the City.

Financial Statements

The City retains the services of Drescher & Malecki, LLP as its independent Certified Public Accountants. Also, the State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the City has complied with the requirements of various State and Federal statutes. The last independent audited report covers the period ending June 30, 2023, was prepared by Insero & Co., CPAs LLP and is attached hereto as APPENDIX - E.

The City's Annual Update Document (as filed with the State Comptroller's Office) fiscal year ending June 30, 2024 is expected to be available no later than October 31, 2024. The City's Audited Financial Report for the fiscal year ending June 30, 2024 is expected to be available no later than December 31, 2024.

The City complies with the Uniform System of Accounts as prescribed for Cities in New York State. This system differs from generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in Government Accounting, Auditing and Financial Reporting (GAAFR), published by the Governmental Accounting Standards Board (GASB).

Beginning with the fiscal year ending June 30, 2003 the City was required to issue its financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management's Discussion and Analysis. The City implemented the provisions of GASB Statement No. 34 beginning with its financial statements for the fiscal year ending June 30, 2003 and is currently in full compliance.

Unaudited Projected Results for the Fiscal Year Ending June 30, 2024

The City expects to end the fiscal year ending June 30, 2024 with a cumulative unassigned fund balance of \$4,571,356.

Summary unaudited information for the General Fund for the period ending June 30, 2024 is as follows:

Revenues:	\$42,798,724
Expenditures:	44,587,651
Excess (Deficit) Revenues Over Expenditures:	<u>\$(1,788,927)</u>
Total General Fund Balance at June 30, 2023:	\$ 6,360,283
Total Estimated General Fund Balance at June 30, 2024:	<u>\$ 4,571,356</u>

Note: These projections are based upon certain current assumptions and estimates and the audited results may vary therefrom

Recent Financial Developments

The City and the local economic community in Cayuga County have been able to maintain a positive outlook following the COVID 19 pandemic. The City's robust capital improvement plan continues to include several federally funded programs under ARPA which has helped to maintain job retention and workforce development for local businesses.

Since July of 2022 the City of Auburn has committed \$2,950,000 of ARPA funds to businesses impacted by the COVID-19 pandemic, local non-profits and veteran organizations and to tourism-related and cultural non-profits that were economically harmed by the pandemic.

Looking past the COVID-19 Pandemic, the City has partnered with Cayuga County and Center State CEO regarding regional development related to the Interstate 81 transportation project and future construction of the Micron Manufacturing campus in Clay, NY. As a result, there has been a strong real-estate market for Auburn-area properties. The City has since hired a real-estate firm to assist with marketing and brokerage services of City-owned and foreclosure properties. This method of partnering with the local realtors has generated additional income for the City. Of final note, the vacant manufacturing facility at 151 Orchard Street owned by Alstom is currently for sale. There has been considerable interest in the property and its potential future to serve as a significant economic catalyst on the City's west-side.

Construction continues at the City's Wastewater Treatment Plant to convert the plant from sludge hauling to digestion and drying as well as modernization of overall plant processes and the Overflow Retention Facility (\$84 million). The City has been awarded \$9 Million in NYS EFC WIIA funding, \$25 Million in Federal Bipartisan Infrastructure Law (BIL) grant funding as well as \$41.5 Million in BIL & SRF Hardship Interest-Free assistance towards this project.. The Plant modernization is estimated to save the City nearly \$1,000,000 in annual O&M costs. In addition, the City is 90% complete on the modernization of the historic Slow Sand Plant that filters drinking water for the 44,000 system users. This project has been awarded \$3,750,000 in NYS EFC WIIA funding. The total project is estimated to cost \$6.2 million.

The City continues to manage two significant sources of funding for capital programs:

- New York State Touring Route Program- A direct allocation of New York State Department of Transportation funding to support construction and repair of highways, bridges, highway-railroad crossings, and other transportation facilities. The City's allocation for SFY2024-25 is \$2,156,385.56. This direct NYS DOT aid will fully fund the FY2024 City Road Program.
- Coronavirus Local Fiscal Recovery Funds (CLFRF) - This federal funding is provided to the City through the US. Dept. of Treasury to support local government efforts in responding to the economic and public health impacts of COVID-19 and our efforts to contain impacts on the residents and businesses in Auburn. The City's allocation is \$21,395,055. All funds will be obligated by December 31, 2024.

In closing, the City is well-known for its green-energy projects. Both the Mill Street and N. Division Street Hydroelectric dams are fully operational and posed to earn a profit for the 2024-25 FY. The City's public/private partnership for a 5 MW community solar project has been completed and is operational as of January 2024. There are no new green energy projects currently in development.

New York State Comptroller Report of Examination

State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the City has complied with the requirements of various State and Federal statutes. These audits can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

The State Comptroller’s office has not conducted an audit of the City over the past five years.

There are no State Comptroller's audits of the City currently in progress or pending release at this time.

Source: Website of the Office of the New York State Comptroller.

Note: Reference to website implies no warranty of accuracy of information therein.

The State Comptroller’s Fiscal Stress Monitoring System

The New York State Comptroller has reported that New York State’s school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System (“FSMS”) to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State’s school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each municipalities Annual Update Document report filed with the State Education Department annually, and each municipality’s annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in “significant fiscal stress”, in “moderate fiscal stress,” as “susceptible to fiscal stress” or “no designation”. Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of “no designation.” This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity’s financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The reports of the State Comptroller for the past five years for the City are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2023	No Designation	17.5
2022	No Designation	23.8
2021	No Designation	1.7
2020	No Designation	11.3
2019	No Designation	11.3

Source: Website of the Office of the New York State Comptroller.

Note: Reference to websites implies no warranty of accuracy of information therein.

TAX INFORMATION

Taxable Valuations

<u>Fiscal Years Ending June 30:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Assessed Valuation New York State	\$1,047,957,173	\$1,047,168,572	1,249,071,246	\$1,278,268,379	\$1,267,490,357
Equalization Rate	100.00%	95.00%	100.00%	96.00%	88.00%
Full Valuation	\$1,047,957,173	\$1,102,282,707	1,249,071,246	\$1,331,529,561	\$1,440,329,951

Source: City officials.

Tax Rate per \$1,000 (Assessed)

<u>Fiscal Years Ending June 30:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
City	\$ 12.30	\$ 12.55	\$10.76	\$10.98	\$11.28

Source: City officials.

Tax Levy and Tax Collection Record

<u>Fiscal Years Ending June 30:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Total Tax Levy	\$13,033,849	\$ 13,291,377	13,573,199	13,883,474	14,296,575
Uncollected End of Year ⁽¹⁾	706,106	545,621	1,082,713	718,608	N/A
% Uncollected	5.4%	4.1%	8.0%	5.2%	N/A

⁽¹⁾ The City holds tax sales annually. See "Tax Collection Procedure" herein.

Source: City officials.

Tax Collection Procedure

Tax payments are due in two installments. The first installment is due during the month of July, with the second installment due during the month of January. On all portions of taxes remaining unpaid after the due dates, there is a 1% penalty added for each month or fraction thereof. Uncollected taxes are the responsibility of the City. Tax sales are held annually by the City. As a policy, the City purchases all tax liens. It is actively engaged in obtaining tax repayment agreements for the payment of delinquent taxes as well as the foreclosure and sale of property acquired for taxes.

Ten Largest Taxpayers – 2024 Assessment Roll for 2024-2025 Tax Roll -

<u>Name</u>	<u>Type</u>	<u>Taxable Assessed Valuation</u>
New York State Electric & Gas	Utility	\$ 73,720,491
Auburn Associates LLC	Commercial	17,483,200
Wal-Mart	Commercial	13,500,000
Pruzansky Auburn Trust	Apartments	12,683,400
Auburn Hotel Ventures, LLC	Hotel	7,503,000
AIDA – Xylem & Medent	Industrial & Office Building	7,453,052
Verizon	Utility	6,515,281
Wegmans	Commercial	4,720,200
JKT Hotels, LLC	Hotel	4,000,000 ⁽¹⁾
Northbrook Realty Management LLC	Nursing Home	3,993,000

⁽¹⁾ Tax certiorari claims have been filed by this taxpayer. The requested reduction amount is \$3,600,000.

The ten largest taxpayers listed above have a taxable assessed valuation of \$151,571,624 which represents approximately 11.96% of the City's tax base.

Source: City officials.

Constitutional Tax Margin

Computation of Constitutional Tax Margin for fiscal years ending June 30, 2023 ,2024, and 2025:

	<u>2022-2023</u>	<u>2023-2024</u>	<u>2024-2025</u>
Five-Year Average Full Valuation	\$ 1,099,689,654	\$ 1,099,689,654	\$ 1,228,795,905
Tax Limit - 2% of Five Year Average	21,993,793	21,993,793	24,575,918
Add: Exclusions From Tax Limit	<u>5,124,225</u>	<u>4,950,444</u>	<u>7,470,900</u>
Total Taxing Power	27,118,018	26,944,237	32,046,818
Less Total Levy	<u>13,573,199</u>	<u>13,883,474</u>	<u>14,427,510</u>
Constitutional Tax Margin	<u>\$ 13,544,819</u>	<u>\$ 13,060,763</u>	<u>\$ 17,619,308</u>
Percent of Tax Limit Exhausted by Total Levy	38.42%	40.62%	28.31%

Source: City officials.

Sales Tax Revenue

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

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

The sales tax revenue as recorded by the City for each of the last five fiscal years and budgeted for the current fiscal year are as follows:

<u>Fiscal year ending June 30:</u>	
2018	\$8,991,932
2019	\$9,278,223
2020	\$9,471,709
2021	\$10,349,521
2022	\$10,829,295
2023	\$10,857,743
2024 (Budgeted)	\$11,500,000
2024 (Unaudited)	\$11,194,090
2025 (Budgeted)	\$11,500,000

Source: City officials.

Additional Tax Information

Real property located in the City is assessed by the City.

Veterans and senior citizens' exemptions as well as the STAR Program for school taxes are offered to those who qualify.

The estimated total annual property tax bill of an average single-family home (\$144,017 market value) residential property located in the City is approximately \$4,393 (without benefit of any exemptions or STAR) including City, Library, County and School District taxes.

The City assessment roll by value is estimated to be constituted as follows: 49% residential, 1% vacant land, 38% commercial and 12% industrial and utility.

TAX CAP LAW

Chapter 97 of the Laws of 2011 of the State of New York, as amended (the “Tax Cap Law”), applies to virtually all local governments, including school districts (with the exception of New York City, Yonkers, Syracuse, Rochester and Buffalo). It also applies to independent special districts and to town and County improvement districts as part of their parent municipalities tax levies.

The Tax Cap Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. Pursuant to the Tax Cap Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index (“CPI”), over the amount of the prior year’s tax levy. Certain adjustments would be permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are exceptions to the tax levy limitation provided in the Tax Cap Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees’ Retirement System, the Police and Fire Retirement System, and the Teachers’ Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of each fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

The Tax Cap Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation debt of municipalities and fire districts or such debt incurred after the effective date of the tax levy limitation provisions.

Article 8 Section 2 of the State Constitution requires every issuer of general obligation notes and bonds in the State to pledge its faith and credit for the payment of the principal thereof and the interest thereon. This has been interpreted by the Court of Appeals, the State’s highest court, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), as follows:

“A pledge of the City’s faith and credit is both a commitment to pay and a commitment of the City’s revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City’s “faith and credit” is secured by a promise both to pay and to use in good faith the City’s general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, “faith” and “credit”, are used and they are not tautological. That is what the words say and that is what courts have held they mean.”

Article 8 Section 12 of the State Constitution specifically provides as follows:

“It shall be the duty of the legislature, subject to the provisions of this constitution, to restrict the power of taxation, assessment, borrowing money, contracting indebtedness, and loaning the credit of counties, cities, towns and villages, so as to prevent abuses in taxation and assessments and in contracting of indebtedness by them. Nothing in this article shall be construed to prevent the legislature from further restricting the powers herein specified of any City, city, town, village or school district to contract indebtedness or to levy taxes on real estate. The legislature shall not, however, restrict the power to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.”

On the relationship of the Article 8 Section 2 requirement to pledge the faith and credit and the Article 8 Section 12 protection of the levy of real property taxes to pay debt service on bonds subject to the general obligation pledge, the Court of Appeals in the Flushing National Bank case stated:

“So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the city’s power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted....While phrased in permissive language, these provisions, when read together with the requirement of the pledge of faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded”.

In addition, the Court of Appeals in the Flushing National Bank case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of municipalities.

Therefore, while the Tax Cap Law may constrict an issuer's power to levy real property taxes for the payment of debt service on debt contracted after the effective date of said Tax Cap Law, it is clear that no statute is able (1) to limit an issuer's pledge of its faith and credit to the payment of any of its general obligation indebtedness or (2) to limit an issuer's levy of real property taxes to pay debt service on general obligation debt contracted prior to the effective date of the Tax Cap Law. Whether the Constitution grants a municipality authority to treat debt service payments as a constitutional exception to such statutory tax levy limitation outside of any statutorily determined tax levy amount is not clear.

It is likely that the Tax Cap Law will be subject to judicial review to resolve the constitutional issues raised by its adoption. Although Courts in New York State have historically been protective of the rights of holders of general obligation debt of political subdivisions, the outcome of any such challenge cannot be predicted.

STATUS OF INDEBTEDNESS

Constitutional Requirements

The New York State Constitution limits the power of the City (and other municipalities and certain school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional limitations in summary form, and as generally applicable to the City and the Notes, include the following:

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute; unless substantially level or declining annual debt service is authorized and utilized, no installment may be more than fifty percent in excess of the smallest prior installment. The City is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

Debt Limit. The City has the power to contract indebtedness for any City purpose so long as the principal amount thereof, subject to certain limited exceptions, shall not exceed seven per centum of the average full valuation of taxable real estate of the City and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional method for determining full valuation is by taking the assessed valuation of taxable real estate as shown upon the latest completed assessment roll and dividing the same by the equalization rate as determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined. Average full valuation is determined by taking the sum of the full valuation of the last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

Pursuant to Article VIII of the State Constitution and Title 9 of Article 2 of the Local Finance Law, the debt limit of the City is calculated by taking 7% of the latest five-year average of the full valuation of all taxable real property.

Statutory Procedure

In general, the State Legislature has authorized the power and procedure for the City to borrow and incur indebtedness by the enactment of the Local Finance Law subject, of course, to the provisions set forth above. The power to spend money, however, generally derives from other law, including specifically the City Charter and the General Municipal Law.

Pursuant to the Local Finance Law and its Charter, the City authorizes the issuance of bonds by the adoption of a bond resolution approved by at least two-thirds of the members of the City Council, the finance board of the City. Customarily, the City Council has delegated to the City Comptroller, as chief fiscal officer of the City, the power to authorize and sell bond anticipation notes in anticipation of authorized bonds. In certain instances there is a requirement of a down payment (as defined by the Local Finance Law) prior to the issuance of bonds or bond anticipation notes.

The Local Finance Law also provides that where a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

- (1) Such obligations are authorized for a purpose for which the City is not authorized to expend money, or
- (2) There has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations and an action contesting such validity, is commenced within twenty days after the date of such publication, or,
- (3) Such obligations are authorized in violation of the provisions of the Constitution.

Except on rare occasions the City complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

Each bond resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto. The City has authorized bonds for a variety of City objects or purposes.

Statutory law in New York permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the first of such notes and provided that such renewals do not exceed five years beyond the original date of borrowing. (See "Payment and Maturity" under "Constitutional Requirements" herein).

In general, the Local Finance Law contains provisions providing the City with power to issue certain other short-term general obligation indebtedness including revenue and tax anticipation notes and budget and capital notes (see "Details of Outstanding Indebtedness" herein.)

Debt Outstanding End of Fiscal Year

<u>Fiscal Years Ending June 30:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Bonds	\$ 45,077,320	\$ 41,636,542	\$ 39,343,793	\$ 46,838,685	\$ 39,911,284
Bond Anticipation Notes	<u>29,333,476</u>	<u>40,710,071</u>	<u>43,260,993</u>	<u>48,054,407</u>	<u>67,469,815</u>
Totals	<u>\$ 74,410,796</u>	<u>\$ 82,346,613</u>	<u>\$ 82,604,786</u>	<u>\$ 94,893,092</u>	<u>\$107,381,099</u>

Source: City financial statements.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the City as of July 24, 2024:

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
Bonds	2023-2050	\$ 39,911,284
Bond Anticipation Notes		
Wastewater Treatment Plant	August 15, 2024	\$ 29,491,000 ⁽¹⁾
Various Projects	August 15, 2024	<u>\$ 37,978,815</u> ⁽²⁾
	Total Indebtedness	<u>\$107,381,099</u> ⁽³⁾

(1) To be redeemed and permanently financed with long term obligations through the New York State Environmental Facilities Corporation (EFC) expected to close on July 25, 2024

(2) To be redeemed at maturity with proceeds of the Notes and available funds of the City.

(3) The Notes will decrease Total Indebtedness of the City by \$5,061,927

Debt Statement Summary

Statement of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of July 24, 2024:

Five-Year Average Full Valuation of Taxable Real Property	\$ 1,234,234,128
Debt Limit - 7% thereof.....	86,396,389

Inclusions:

Bonds.....	\$ 39,911,284	
Bond Anticipation Notes	<u>67,469,815</u>	
Total Inclusions.....		<u>\$ 107,381,099</u>

Exclusions:

Appropriations – Bonds ⁽¹⁾	\$ 2,656,741	
Sewer Debt – Bonds ⁽²⁾	3,164,219	
Water Debt – Bonds ⁽³⁾	7,509,633	
Sewer Debt – Notes ⁽²⁾	36,359,171	
Water Debt – Notes ⁽³⁾	<u>9,614,100</u>	
Total Exclusions.....		<u>\$ 59,303,864</u>

Total Net Indebtedness Subject to Debt Limit.....	<u>\$ 48,077,235</u>
Net Debt-Contracting Margin.....	<u>\$ 38,319,154</u>
Percent of Debt Contracting Power Exhausted.....	55.65%

- (1) Appropriations are excluded pursuant to Section 136.00 of the Local Finance Law.
- (2) Excluded pursuant to Section 124.10 of the Local Finance Law. The City has been granted a sewer exclusion by the New York State Office of the State Comptroller.
- (3) Water Debt is excluded pursuant to Article VIII, Section 5B of the New York State Constitution.

Bonded Debt Service

A schedule of Bonded Debt Service may be found attached hereto as APPENDIX - B of this Official Statement.

Estimate of Obligations to be Issued

The City authorizes financing for capital projects and equipment acquisitions on an as needed basis. See “Capital Improvement Plan/Five Year Financial Plan” herein.

Other Obligations

In 2009, the City issued a bond through the New York Power Authority. The borrowing amount was \$4,166,158 with an interest rate that adjusts annually. The current interest rate is 0.88%. The City makes monthly debt service payments of \$16,577 with the final payment scheduled for April 1, 2029. Debt service payments are included in :APPENDIX – B” to this Official Statement.

Capital Improvement Plan/Five Year Financial Plan

In March 2024, the City adopted a Capital Improvement Plan (“CIP”) for the fiscal years 2024-2028. The CIP serves as a guidance tool for future project development and prioritization for efforts and funding. The CIP was completely reorganized to include the 5-year CLFRF funding initiatives. The new plan identifies projects across all sectors of government totaling \$170.97 million in total project costs. The increase in capital project cost planning is primarily due to two projects, the wastewater treatment plant biosolids project and CSO facility and sewer separation improvements estimated at \$106 million. The City is pursuing federal Clean Water SRF, Bipartisan Infrastructure Law (BIL) funding and NYS Environmental Bond Act funding to offset 30% to 50% of the project costs. The City did not issue new General Fund municipal bonds or leases in FY 2023-24 due to NYS DOT aid increases for highway improvements. The City’s current financial plan expired on June 30, 2024. Work is in progress on updating this five year plan.

Estimated Overlapping Indebtedness

In addition to the City, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the City. Estimated bonds and bond anticipation notes are listed for the respective municipalities, not adjusted to include subsequent bond and note issues.

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Estimated Exclusions</u>	<u>Net Indebtedness</u>	<u>City Share</u>	<u>Applicable Indebtedness</u>
County of:						
Cayuga	6/29/2023	\$ 13,885,000 ⁽³⁾	\$ - ⁽²⁾	\$ 19,842,377	20.38%	\$ 4,043,876
School District:						
Auburn	6/30/2023	49,605,000 ⁽³⁾	42,908,325 ⁽⁴⁾	6,696,675	61.67%	<u>4,129,839</u>
Total:						<u>\$ 8,173,716</u>

- (1) Pursuant to applicable constitutional and statutory provisions, this indebtedness is deductible from gross indebtedness for debt limit purposes.
- (2) Sewer and Water indebtedness.
- (3) Gross Indebtedness, Exclusions, and Net Indebtedness sourced from annual financial information & operating data filings and/or official statements of the respective municipality.
- (4) Estimated State Building aid.

Debt Ratios

The following table sets forth certain ratios relating to the City's net indebtedness as of July 24, 2024:

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^(c)	\$ 48,077,235	\$ 1,850.33	3.34%
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	56,250,951	2,164.91	3.91%

- (a) The 2023 estimated population of the City is 25,983. (See “THE CITY - Population” herein.)
- (b) The City’s 2024-2025 full value of taxable real estate is \$1,440,329,951. (See “TAX INFORMATION” herein.)
- (c) See "Debt Statement Summary" herein.
- (d) Estimated net overlapping indebtedness is \$8,173,716. (See "Estimated Overlapping Indebtedness" herein.)

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the City upon any judgment or accrued claim against it shall not exceed nine per centum per annum. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of or interest on the Notes.

In accordance with the general rule with respect to municipalities, judgments against the City may not be enforced by levy and execution against property owned by the City.

The Federal Bankruptcy Code allows public bodies recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness.

At the Extraordinary Session of the State Legislature held in November, 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of the City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of such obligations.

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any City, county, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the City.

There is in the State Constitution, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, City, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, City, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness."

This provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

MARKET AND RISK FACTORS

There are various forms of risk associated with investing in the Notes. The following is a discussion of certain events that could affect the risk of investing in the Notes. In addition to the events cited herein, there are other potential risk factors that an investor must consider. In order to make an informed investment decision, an investor should be thoroughly familiar with the entire Official Statement, including its appendices, as well as all areas of potential risk.

The financial condition of the City as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the City's control. There can be no assurance that adverse events in the State and in other jurisdictions in the country, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Notes. If a significant default or other financial crisis should occur in the affairs of the State or another jurisdiction, or any of their respective agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the City to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The City is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes and revenues in order to pay State aid to municipalities and school districts in the State, including the City, in this year or future years, the City may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the City. In several recent years, the City has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also "THE CITY - State Aid").

There are a number of general factors which could have a detrimental effect on the ability of the City to continue to generate revenues, particularly property taxes. For instance, the termination of a major commercial enterprise or an unexpected increase in tax certiorari proceedings could result in a significant reduction in the assessed valuation of taxable real property in the City. Unforeseen developments could also result in substantial increases in City expenditures, thus placing strain on the City's financial condition. These factors may have an effect on the market price of the Notes.

If a holder elects to sell his investment prior to its scheduled maturity date, market access or price risk may be incurred. If and when a holder of any of the Notes should elect to sell a Note prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Notes. Recent global financial crises have included limited periods of significant disruption. In addition, the price and principal value of the Notes is dependent on the prevailing level of interest rates; if interest rates rise, the price of a bond or note will decline, causing the bondholder or noteholder to incur a potential capital loss if such bond or note is sold prior to its maturity.

Amendments to U.S. Internal Revenue Code could reduce or eliminate the favorable tax treatment granted to municipal debt, including the Notes and other debt issued by the City. Any such future legislation would have an adverse effect on the market value of the Notes (See "TAX MATTERS" herein).

The enactment of the Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts and have restrictions in the State, including the City without providing an exclusion for debt service on obligations issued by municipalities or fire districts, including the City, could have an impact upon the market price of the Notes. See "TAX CAP LAW" herein.

Cybersecurity. The City, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the City will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant.

HISTORICAL CONTINUING DISCLOSURE COMPLIANCE

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Commission") under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), the City will enter into a Continuing Disclosure Undertaking Certificate with respect to the Notes, the form of which is attached hereto as "APPENDIX – C."

Except as noted below, the City is in compliance in all material respects within the last five years with all previous undertakings made pursuant to the Rule.

The City was 2 days late in filing its audited financial statement for the fiscal year ending June 30, 2019. The audit was dated as of December 17, 2019 thus requiring it to be filed no later than December 31, 2019, however, it should be noted that the 2019 audit was in draft form and not finalized until January 2, 2020. The audit was promptly filed to the EMMA system on January 2, 2020. A failure to file notice was submitted to the EMMA system on January 2, 2020.

The audited financial statements for the fiscal year ending December 31, 2020 were dated December 30, 2020 and filed to EMMA on March 9, 2021. A failure to file notice was filed to the EMMA system on July 22, 2021 with respect to the audited financial statements which were not filed timely for the fiscal year ending December 31, 2020.

The audited financial statements for the fiscal year ending December 31, 2021 were dated February 8, 2022 and filed to EMMA on July 12, 2022. A failure to file notice was filed to the EMMA system on July 29, 2022 with respect to the audited financial statements which were not filed timely for the fiscal year ending December 31, 2021.

The City was 4 days late in filing its AFIOD for the fiscal year ending June 30, 2022. The AFIOD was due to be filed no later than December 31, 2022 but were not filed until January 4, 2023. A failure to file notice was submitted to the EMMA system on January 13, 2023.

The audited financial statements for the fiscal year ending December 31, 2023 were dated February 26, 2024 and filed to EMMA on June 3, 2024. A failure to file notice was filed to the EMMA system on June 3, 2024 with respect to the audited financial statements which were not filed timely for the fiscal year ending December 31, 2023.

TAX MATTERS

The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excludable from gross income for federal income tax purposes. These requirements include provisions which prescribe yield and other limits relative to the investment and expenditures of the proceeds of the Notes and other amounts and require that certain earnings be rebated to the federal government. The City will agree to comply with certain provisions and procedures, pursuant to which such requirements can be satisfied. Non-compliance with such requirements may cause interest on the Notes to become included in gross income for federal income tax purposes retroactive to the date of issuance thereof, irrespective of the date on which non-compliance is ascertained.

The Code imposes a 30% branch profits tax on the earnings and profits of a United States branch of certain foreign corporations attributable to its income effectively connected (or treated as effectively connected) with a United States trade or business. Included in the earnings and profits of the United States branch of a foreign corporation is income that would be effectively connected with the United States trade or business if such income were taxable, such as the interest on the Notes. Existing United States income tax treaties may modify, reduce, or eliminate the branch profits tax, except in cases of treaty shopping.

The Code further provides that interest on the Notes is included in the calculation of modified adjusted gross income in determining whether a portion of Social Security or railroad retirement benefits is to be included in taxable income of individuals. In addition, certain S Corporations may have a tax imposed on passive income, including tax-exempt interest, such as interest on the Notes.

Prospective purchasers should consult their tax advisors with respect to the calculations of the alternative minimum tax or foreign branch profits tax liability, and the tax on passive income of S Corporations or the inclusion of Social Security or other retirement payments in taxable income.

In the opinion of Bond Counsel, assuming compliance with certain requirements of the Code, under existing laws, interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed by the Code. However, interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax imposed under the Code. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Notes.

The opinion of Bond Counsel described herein with respect to the federal income tax treatment of interest paid on the Notes is based upon the current provisions of the Code. There can be no assurance that the Code will not be amended in the future so as to reduce or eliminate such favorable federal income tax treatment on the Notes. Any such future legislation would have an adverse effect on the market value of the Notes.

In addition, in the opinion of Bond Counsel, under existing laws, so long as interest is excluded from gross income for Federal income tax purposes, interest on the Notes is exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City of New York.

LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the unqualified legal opinions of Bond, Schoeneck & King, PLLC, Bond Counsel, Syracuse, New York. Such legal opinions will state that in the opinion of Bond Counsel (i) the Notes have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the City, all the taxable property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount, subject to the statutory limitation imposed by the Tax Cap Law, (ii) interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including the City of New York; and (iii) interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals however, interest on the Notes that is included in the adjusted financial statement income of certain corporations is not excluded from the corporate alternative minimum tax imposed under the Code. The opinions of Bond Counsel set forth in (iii) above are subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Notes in gross income for federal income tax purposes to be retroactive to the date of issuance of the Notes. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Notes. It is to be understood that the rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may be also subject to exercise of judicial discretion in appropriate cases. See "TAX CAP LAW" herein.

Bond Counsel has not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement (except to the extent, if any, stated in the Official Statement) or any other offering material relating to the Notes, and Bond Counsel expresses no opinion relating thereto (excepting only matters set forth as Bond Counsel's opinion in the Official Statement).

ABSENCE OF LITIGATION

The City is subject to a number of lawsuits in the ordinary conduct of its affairs. The City does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the City.

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the City, threatened against or affecting the City to restrain or enjoin the issuance, sale or delivery of the Notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Notes or any proceedings or authority of the City taken with respect to the authorization, issuance or sale of the Notes or contesting the corporate existence or boundaries of the City.

RATINGS

The Notes are not rated. Subject to the approval of the City, the purchaser(s) of the Notes may choose to have a rating completed after the sale at the expense of the purchaser(s), including any fees to be incurred by the District, as such rating action may result in a material event notification to be posted to EMMA and/or the provision of a supplement to the final Official Statement.

Moody's Investors Service ("Moody's") has assigned their rating of "A2" to the City's outstanding general obligation bonds. This rating reflects only the view of Moody's and an explanation of the significance of such rating may be obtained from Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Phone: (212) 553-1653.

Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of the rating of the outstanding bonds may have an adverse effect on the market price of the outstanding bonds.

MUNICIPAL ADVISOR

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor") is a municipal advisor registered with the SEC and the MSRB. The Municipal Advisor serves as independent financial advisor to the City on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the City and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the City or the information set forth in this Official Statement or any other information available to the City with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The fees to be paid by the City to the Municipal Advisor are partially contingent on the successful closing of the Notes.

CUSIP IDENTIFICATION NUMBERS

If the Notes are issued in registered book-entry form, it is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes will be paid for by the City provided, however; the City assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the holders of the Notes.

Statements in this official statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the City management's beliefs as well as assumptions made by, and information currently available to, the City's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the City's files with the repositories. When used in City documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

Bond, Schoeneck & King, PLLC, Syracuse, New York, Bond Counsel to the City, expresses no opinions as to the accuracy or completeness of information in any documents prepared by or on behalf of the City for use in connection with the offer and sale of the Notes, including, but not limited to, this Official Statement.

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Notes, the City will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to limitation as to information in the Official Statement obtained from sources other than the City, as to which no representation can be made.

The Official Statement is submitted only in connection with the sale of the Notes by the City and may not be reproduced or used in whole or in part for any other purpose.

The Municipal Advisor may place a copy of this Official Statement on its website at www.fiscaladvisors.com. Unless this Official Statement specifically indicates otherwise, no statement on its website is included by specific reference or constitutes a part of this Official Statement. The Municipal Advisor has prepared its website information for your convenience, but you should not make any decision in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and the Municipal Advisor assumes no liability or responsibility for errors or omissions on its website. Further, the Municipal Advisor disclaims any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on its website. The Municipal Advisor also assumes no liability or responsibility for any errors or omissions or for any updates to dated website information.

The City will act as Paying Agent for the Notes.

The City's contact information is as follows: Ms. Mary Beth Leeson, Comptroller, Memorial City Hall, 24 South Street, Auburn, New York 13021, phone: 315-255-4138, telefax: 315-255-4727; email: mleeson@auburnny.gov.

CITY OF AUBURN

Dated: July 24, 2024

Mary Beth Leeson
City Comptroller

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
ASSETS					
Cash and Cash Equivalents, unrestricted	\$ 3,893,650	\$ 5,123,780	\$ 6,758,762	\$ 6,167,091	\$ 10,045,874
Restricted Cash and Investments	-	1,012,740	1,034,981	1,034,981	34,981
Investments	8,716,611	5,290,633	6,307,317	4,164,410	4,458,953
Receivables:					
Taxes (Net)	4,346,806	4,646,725	4,727,297	5,112,298	4,893,788
Other (Net)	280,863	253,137	-	207,909	854,759
Deposits	-	-	-	-	-
Due from Other Funds	241,959	921,007	2,214,240	1,668,978	2,899,407
Due from State and Federal Governments	220,353	1,139,779	247,975	259,520	59,968
Due from Other Governments	689,548	589,668	799,083	733,562	817,493
TOTAL ASSETS	<u>\$ 18,389,790</u>	<u>\$ 18,977,469</u>	<u>\$ 22,089,655</u>	<u>\$ 19,348,749</u>	<u>\$ 24,065,223</u>
LIABILITIES AND DEFERRED INFLOWS					
Accounts Payable and Accrued Expenses	\$ 452,498	\$ 352,692	\$ 2,694,952	\$ 514,182	\$ 401,832
Accrued Liabilities	758,303	758,075	1,061,999	1,346,457	665,282
Due to Other Funds	10,390	747,345	161,624	57,626	47,220
Due to Other Governments	2,342,913	2,643,751	2,160,647	2,591,177	2,712,672
Due to Retirement Systems	790,028	846,180	990,857	916,593	1,096,414
Unearned revenue	3,688,903	2,749,708	4,298,586	4,442,892	8,353,616
Deferred Revenues	3,945,706	4,024,721	4,269,727	4,556,088	4,427,904
TOTAL LIABILITIES & DEFERRED INFLOWS	<u>\$ 11,988,741</u>	<u>\$ 12,122,472</u>	<u>\$ 15,638,392</u>	<u>\$ 14,425,015</u>	<u>\$ 17,704,940</u>
FUND EQUITY					
Restricted/Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	1,012,740	1,012,740	1,034,981	1,034,981	34,981
Assigned	802,085	1,554,623	539,724	504,720	1,317,603
Unassigned	4,586,224	4,287,634	4,876,558	3,384,033	5,007,699
TOTAL FUND EQUITY	<u>6,401,049</u>	<u>6,854,997</u>	<u>6,451,263</u>	<u>4,923,734</u>	<u>6,360,283</u>
TOTAL LIABILITIES and FUND EQUITY	<u>\$ 18,389,790</u>	<u>\$ 18,977,469</u>	<u>\$ 22,089,655</u>	<u>\$ 19,348,749</u>	<u>\$ 24,065,223</u>

Source: 2019 through 2023 Audited Financial Reports of the City.
This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
REVENUES					
Real Property Taxes	\$ 11,302,900	\$ 12,072,852	\$ 12,126,109	\$ 12,525,905	\$ 12,723,474
Real Property Tax Items	851,693	939,594	911,141	915,107	896,093
Non-Property Tax Items	9,547,548	9,999,740	10,144,825	11,052,155	11,571,776
Departmental Income	927,245	967,700	942,528	837,769	1,772,999
Intergovernmental Charges	289,016	306,154	240,384	223,506	410,566
Use of Money & Property	(80,610)	580,101	803,001	412,557	191,678
Licenses and Permits	163,978	198,978	194,697	228,802	222,568
Fines and Forfeitures	351,989	375,439	260,340	276,324	191,003
Sale of Property and Compensation for Loss	204,426	298,342	898,332	188,561	1,176,603
Miscellaneous	98,589	108,949	123,182	(38,089)	(113,053)
Interfund Revenues	3,387,990	3,378,353	3,614,519	3,239,631	1,744,860
Revenues from State Sources	5,895,142	6,422,377	5,699,427	6,030,663	5,658,793
Revenues from Federal Sources	86,141	289,110	769,521	546,045	2,724,100
Total Revenues	\$ 33,026,047	\$ 35,937,689	\$ 36,728,006	\$ 36,438,936	\$ 39,171,460
EXPENDITURES					
General Government Support	\$ 3,552,671	\$ 3,756,293	\$ 4,966,377	\$ 4,371,836	\$ 4,550,589
Public Safety	12,841,412	13,914,188	13,259,817	13,601,631	16,007,524
Transportation	1,221,080	1,245,491	1,309,767	1,688,498	1,426,337
Economic Assistance and Opportunity	50,000	50,000	50,000	50,000	50,000
Culture and Recreation	1,306,878	1,511,625	1,219,357	1,035,981	1,626,467
Home and Community Services	576,656	538,482	1,326,092	1,071,025	1,125,860
Employee Benefits	10,336,968	10,229,024	10,870,779	11,379,609	10,790,420
Debt Service	3,347,784	3,354,876	3,585,692	3,757,086	4,376,457
Capital Outlay	-	-	-	-	-
Total Expenditures	\$ 33,233,449	\$ 34,599,979	\$ 36,587,881	\$ 36,955,666	\$ 39,953,654
Excess of Revenues Over (Under) Expenditures	\$ (207,402)	\$ 1,337,710	\$ 140,125	\$ (516,730)	\$ (782,194)
Other Financing Sources (Uses):					
Interfund Transfer In	-	232,719	313,823	288,996	238,478
Interfund Transfers Out	(715,081)	(515,300)	-	(176,000)	(44,618)
Total Other Financing	\$ (715,081)	\$ (282,581)	\$ 313,823	\$ 112,996	\$ 193,860
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(922,483)	1,055,129	453,948	(403,734)	(588,334)
FUND BALANCE					
Fund Balance - Beginning of Year	6,268,403	5,345,920	6,401,049	6,854,997	6,451,263
Prior Period Adjustments (net)	-	-	-	-	(939,195)
Restated Balance - Beginning of Year	-	-	-	-	5,512,068
Fund Balance - End of Year	\$ 5,345,920	\$ 6,401,049	\$ 6,854,997	\$ 6,451,263	\$ 4,923,734

Note: During the 2022 fiscal year the City corrected an error in its general fund related to unearned revenue balances. During the year, the City's adopted GASB Statement No 87. The City's June 30, 2021, balances were therefore restated to reflect the error.

Source: Audited financial reports of the City. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Fiscal Years Ending June 30:	2023			2024	2024
	Adopted Budget	Modified Budget	Actual	Adopted Budget	Adopted Budget
REVENUES					
Real Property Taxes	\$ 12,766,461	\$ 12,966,461	\$ 12,801,359	\$ 13,058,456	\$ 13,825,199
Real Property Tax Items	1,160,000	960,000	1,102,023	1,200,500	1,025,000
Non-Property Tax Items	12,425,000	11,650,960	11,713,221	12,300,000	12,550,000
Departmental Income	3,408,034	4,196,088	3,858,657	4,561,800	4,923,625
Intergovernmental Charges	395,349	362,349	467,024	485,878	503,590
Use of Money & Property	472,160	472,161	322,599	547,160	354,985
Licenses and Permits	200,700	200,700	425,225	685,950	562,950
Fines and Forfeitures	216,400	216,400	190,354	293,550	388,700
Sale of Property and Compensation for Loss	499,000	505,698	290,605	630,698	595,000
Miscellaneous	106,250	141,352	1,189,996	168,250	55,000
Interfund Revenues	3,159,604	3,159,604	3,240,202	2,559,255	2,733,609
Revenues from State Sources	5,510,757	5,708,757	5,568,331	5,510,757	6,483,121
Revenues from Federal Sources	10,000	7,874,326	3,435,843	1,428,449	2,248,471
Total Revenues	\$ 40,329,715	\$ 48,414,856	\$ 44,605,439	\$ 43,430,703	\$ 46,249,250
EXPENDITURES					
General Government Support	\$ 6,782,226	\$ 4,798,285	\$ 4,514,724	\$ 5,143,972	\$ 5,302,445
Public Safety	24,119,144	17,075,336	16,016,273	16,835,053	18,212,022
Public Health	-	2,914,153	2,503,364	3,148,112	3,311,419
Transportation	2,636,976	1,655,437	1,413,538	1,500,061	1,568,102
Economic Assistance and Opportunity	607,746	55,000	55,000	50,000	55,000
Culture and Recreation	1,862,584	1,534,776	1,412,330	1,470,720	1,509,977
Home and Community Services	271,064	1,260,189	1,010,923	605,233	680,800
Employee Benefits	3,009,644	13,355,538	12,984,919	12,392,561	12,711,468
Debt Service	4,123,146	4,148,194	4,140,716	3,972,186	4,206,125
Capital Outlay	-	-	-	-	-
Total Expenditures	\$ 43,412,530	\$ 46,796,908	\$ 44,051,787	\$ 45,117,898	\$ 47,557,358
Excess of Revenues Over (Under) Expenditures	\$ (3,082,815)	\$ 1,617,948	\$ 553,652	\$ (1,687,195)	\$ (1,308,108)
Other Financing Sources (Uses):					
Prior Year Encumbrances	\$ -	\$ 504,720	\$ -	\$ -	\$ -
Use of Fund Balance	-	(6,578,790)	-	-	1,308,108
Premium on Obligations	-	203,414	203,414	-	-
Interfund Transfer In	3,132,815	4,326,235	-	1,737,195	-
Interfund Transfers Out	(50,000)	(73,527)	(21,912)	(50,000)	-
Total Other Financing	\$ 3,082,815	\$ (1,617,948)	\$ 181,502	\$1,687,195	\$1,308,108
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	-	735,154	-	-
FUND BALANCE					
Fund Balance - Beginning of Year	-	-	4,923,734	-	-
Prior Period Adjustments (net)	-	-	701,395	-	-
Restated Fund Balance - Beginning of Year	-	-	5,625,129	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ 6,360,283	\$ -	\$ -

Note: During Fiscal Year ended June 30, 2023 the City corrected errors in its General Fund related to understated cash balances for ambulance charges. Additionally, during the year, the City reevaluated fixed asset balances based on updated policities. The City's June 30, 2022, balances were therefore restated to reflect such changes.

Source: 2023 Audited Financial Reports and Adopted Budgets of City. This Appendix is not itself audited.

CHANGES IN FUND EQUITY

Fiscal Years Ending June 30:	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>WATER FUND</u>					
Fund Equity - Beginning of Year	\$ 1,486,962	\$ 1,397,092	\$ 1,986,975	\$ 1,682,991	\$ 1,575,571
Correction of Error	-	-	-	-	517,513
Restated Fund Equity - Beginning of Year	-	-	-	-	2,093,084
Revenues & Other Sources	5,057,265	6,796,891	5,247,694	5,564,061	6,478,363
Expenditures & Other Uses	5,147,135	6,207,008	5,551,679	5,671,481	5,781,196
Fund Equity - End of Year	\$ 1,397,092	\$ 1,986,975	\$ 1,682,990	\$ 1,575,571	\$ 2,790,251
<u>SEWER FUND</u>					
Fund Equity - Beginning of Year	\$ 2,088,229	\$ 2,600,093	\$ 2,599,272	\$ 2,643,976	\$ 3,888,329
Correction of Error	-	-	-	-	549,607
Restated Fund Equity - Beginning of Year	-	-	-	-	4,437,936
Revenues & Other Sources	7,973,085	8,068,409	7,766,281	9,078,696	8,419,340
Expenditures & Other Uses	7,461,221	8,069,230	7,721,576	7,834,343	8,761,826
Fund Equity - End of Year	\$ 2,600,093	\$ 2,599,272	\$ 2,643,977	\$ 3,888,329	\$ 4,095,450
<u>SPECIAL GRANT FUND</u>					
Fund Equity - Beginning of Year	\$ 1,152,290	\$ 797,813	\$ 688,022	\$ 760,710	\$ 756,173
Revenues & Other Sources	1,266,755	1,551,903	1,418,496	1,087,910	922,233
Expenditures & Other Uses	1,621,232	1,661,694	1,345,808	1,092,447	946,126
Fund Equity - End of Year	\$ 797,813	\$ 688,022	\$ 760,710	\$ 756,173	\$ 732,280
<u>CAPITAL PROJECTS FUND</u>					
Fund Equity - Beginning of Year	\$ (12,390,066)	\$ (11,585,974)	\$ (15,531,418)	\$ (18,605,979)	\$ (23,606,607)
Revenues & Other Sources	25,530,282	11,259,120	13,830,713	15,762,988	20,785,484
Expenditures & Other Uses	24,726,190	15,347,915	16,905,274	20,763,616	13,564,746
Fund Equity - End of Year	\$ (11,585,974)	\$ (15,674,769)	\$ (18,605,979)	\$ (23,606,607)	\$ (16,385,869)

Note: During Fiscal Year ended June 30, 2023 the City corrected errors in its Water and Sewer Funds related to understated cash balances for water and sewer charges. Additionally, during the year, the City's reevaluated fixed asset balances based on updated policities. The City's June 30, 2022, balances were therefore restated to reflect such changes.

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2025	\$ 4,482,918	\$ 1,071,455	\$ 5,554,373
2026	4,345,027	964,424	5,309,451
2027	3,978,141	855,614	4,833,755
2028	3,610,262	752,458	4,362,720
2029	3,551,936	656,272	4,208,208
2030	2,667,000	570,392	3,237,392
2031	2,484,000	495,915	2,979,915
2032	2,385,000	425,081	2,810,081
2033	2,421,000	353,682	2,774,682
2034	1,832,000	289,192	2,121,192
2035	1,354,000	239,158	1,593,158
2036	1,376,000	195,093	1,571,093
2037	1,322,000	149,641	1,471,641
2038	1,348,000	102,919	1,450,919
2039	785,000	53,644	838,644
2040	276,000	39,615	315,615
2041	277,000	34,462	311,462
2042	277,000	28,972	305,972
2043	278,000	23,482	301,482
2044	255,000	18,241	273,241
2045	236,000	13,626	249,626
2046	130,000	9,386	139,386
2047	60,000	6,458	66,458
2048	60,000	4,844	64,844
2049	60,000	3,229	63,229
2050	60,000	1,615	61,615
TOTALS	\$ 39,911,284	\$ 7,358,870	\$ 46,874,622

MATERIAL EVENT NOTICES WITH RESPECT TO THE NOTES

In accordance with the provisions of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, the City has agreed to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, during the period in which the Notes are outstanding, to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of the occurrence of any of the following events with respect to the Notes:

- (a) principal and interest payment delinquencies
- (b) non-payment related defaults, if material
- (c) unscheduled draws on debt service reserves reflecting financial difficulties
- (d) unscheduled draws on credit enhancements reflecting financial difficulties
- (e) substitution of credit or liquidity providers, or their failure to perform
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes
- (g) modifications to rights of Note holders, if material
- (h) note calls, if material and tender offers
- (i) defeasances
- (j) release, substitution, or sale of property securing repayment of the Notes
- (k) rating changes
- (l) bankruptcy, insolvency, receivership or similar event of the City
- (m) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material
- (o) incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

Event (c) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (c) is not applicable, since no "debt service reserves" will be established for the Notes.

With respect to event (d) the City does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Notes.

With respect to event (l) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

With respect to events (o) and (p), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

The City may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if the City determines that any such other event is material with respect to the Notes; but the City does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

The City reserves the right to terminate its obligations to provide the aforescribed annual financial information and operating data and such audited financial statement, if any, and notices of events, as set forth above, if and when the City no longer remains an obligated person with respect to the Notes within the meaning of the Rule. The City acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Notes (including holders of beneficial interests in the Notes). The right of holders of the Notes to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the City's obligations under its continuing disclosure undertaking and any failure by the City to comply with the provisions of the undertaking will neither be a default with respect to the Notes nor entitle any holder of the Notes to recover monetary damages.

The City reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the City; provided that the City agrees that any such modification will be done in a manner consistent with the Rule, with the approving opinion of nationally recognized bond counsel.

A "Material Event Notices Certificate" to this effect shall be provided to the purchaser(s) at closing.

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CITY OF AUBURN

FINANCIAL REPORT

For the Year Ended June 30, 2023

Such Audited Financial Statement and opinion were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.

CITY OF AUBURN

Auburn, New York

FINANCIAL REPORT

**For the Year Ended
June 30, 2023**



CITY OF AUBURN

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Auburn, New York (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Auburn, New York, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Auburn Housing Authority and the Auburn Industrial Development Authority, which represent 100% of the assets, net position and revenues of the aggregately discretely presented component units as of March 31, 2023 and December 31, 2022, respectively, and the respective changes in financial position, thereof and for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and in our opinion, insofar as it relates to the amounts include for the Auburn Housing Authority and the Auburn Industrial Development Authority, are based solely on the reports of other auditors.

Basis for Opinions

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

Emphasis of a Matter

During the year ended June 30, 2023, the City corrected errors in its ambulance, water, and sewer receivable balances, recorded ambulance cash previously excluded from June 30, 2022 financial statements, and adjusted fixed assets based on updated policies. As discussed in Note 22 to the financial statements, assets, fund balance, and net position as of June 30, 2022 for the governmental activities, business type activities, water, sewer, and general funds were restated to reflect this change in accounting policy and correction of an error. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The Balance Sheet - Non-Major Governmental Funds; Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds; and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Balance Sheet - Non-Major Governmental Funds; Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds; and Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report February 26, 2024, on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City’s internal control over financial reporting and compliance.

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
February 26, 2024

CITY OF AUBURN

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

The following is a discussion and analysis of the City of Auburn's financial performance for the fiscal year ended June 30, 2023. This section is a summary of the City's financial activities based on currently known facts, decisions, or conditions. It is also based on both the Government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. The Management's Discussion and Analysis (MD&A) section is only an introduction and should be read in conjunction with the City's financial statements, which immediately follow this section.

Using This Annual Report

This annual report consists of a series of basic financial statements. The Statement of Net Position and the Statement of Activities (on pages 15 through 17) provide information about the City as a whole and present a longer-term view of the City's finances. Governmental Fund financial statements begin on page 18. For Governmental Activities, these statements tell how these services were financed in the short-term, as well as what remains for future spending. Governmental Fund financial statements also report the City's operations in more detail than the Government-wide statements by providing information about the City's most significant funds. Following these statements are notes that provide additional information that is essential to a full understanding of the data provided in the financial statements. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the City's General and Sewer Fund budgets for the year; a Schedule of Changes in the City's Total OPEB Liability and Related Ratios related to the City's other postemployment benefits; a Schedule of City's Contributions - NYSLRS Pension Plan; and a Schedule of the City's Proportionate Share of Net Pension (Asset)/Liability.

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

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 15, with the Government-wide statements. The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer the question of whether the City, as a whole, is better off or worse off as a result of the year's activities.

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

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

CITY OF AUBURN

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

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

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

Governmental Fund Financial Statements

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

Governmental Funds

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

Proprietary Funds

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

CITY OF AUBURN

MANAGEMENT’S DISCUSSION AND ANALYSIS JUNE 30, 2023

GOVERNMENTAL ACTIVITIES

The City’s combined net position for fiscal year ended June 30, 2023 increased 0.32%, in comparison to last year when net position increased by 10.76%. By far, the largest portion of the City’s net position reflects its investment in capital assets (such as land, buildings, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided by other sources, as the capital assets themselves cannot be used to liquidate these liabilities.

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

Figure 1 - Net Position

<i>Condensed Statement of Net Position</i>	<i>Governmental Activities</i>		<i>Total Dollar Change</i>
	<i>2023</i>	<i>2022</i>	
<i>Current Assets</i>	\$ 60,294,657	\$ 51,657,923	\$ 8,636,734
<i>Other Noncurrent Assets</i>	7,710,986	9,572,381	(1,861,395)
<i>Capital Assets, Net</i>	212,656,045	206,967,003	5,689,042
<i>Total Assets</i>	280,661,688	268,197,307	12,464,381
<i>Deferred Outflows of Resources</i>	25,540,621	29,755,503	(4,214,882)
<i>Current Liabilities</i>	71,921,228	69,916,702	2,004,526
<i>Noncurrent Liabilities</i>	137,263,153	126,395,987	10,867,166
<i>Total Liabilities</i>	209,184,381	196,312,689	12,871,692
<i>Deferred Inflows of Resources</i>	26,143,536	30,989,311	(4,845,775)
<i>Net Investment in Capital Assets</i>	144,003,255	134,248,871	9,754,384
<i>Restricted</i>	728,502	1,087,934	(359,432)
<i>Unrestricted</i>	(73,857,365)	(64,685,995)	(9,171,370)
<i>Total Net Position</i>	\$ 70,874,392	\$ 70,650,810	\$ 223,582

Significant changes from the prior year are as follows:

- Current assets increased primarily due to increases in cash and investments attributable to revenues in excess of expenditures in the Governmental Funds along with changes in accruals.
- Noncurrent assets decreased during the year primarily due to New York State Local Retirement Systems (NYSLRS) net pension asset in the prior year switching to a net pension liability in the current year. This also caused the increase in noncurrent liabilities.
- Capital outlay exceeded depreciation expense and net book value of disposals, resulting in an increase in capital assets, net.
- Current liabilities increased primarily due to increases in BANs payable partially offset by decreases in accounts payable and unearned revenues.

CITY OF AUBURN

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

- Changes in total deferred inflows and outflows of resources along with the change in noncurrent liabilities is primarily related to changes in actuarial assumptions and differences between expected and actual earnings for the NYSLRS pension plan, as well as the City's other postemployment benefits plan.
- Net investment in capital assets increased primarily due to the change in capital assets, net, along with principal payments made on outstanding debt.
- Restricted net position decreased due to decreases in reserves in the General fund.
- Total net position increased 0.32%. These changes are discussed in further detail in *Figure 2*.

Figure 2 - Changes in Net Position

<i>Condensed Statement of Activities</i>	<i>Governmental Activities</i>		<i>Total Dollar Change</i>
	<i>2023</i>	<i>2022</i>	
REVENUES			
Program Revenues			
<i>Charges for Services</i>	\$ 22,189,424	\$ 21,815,254	\$ 374,170
<i>Operating Grants</i>	4,601,895	4,227,165	374,730
<i>Capital Grants</i>	6,985,802	10,532,204	(3,546,402)
General Revenues			
<i>Property Taxes and Tax Items</i>	13,775,198	13,905,928	(130,730)
<i>Nonproperty Taxes</i>	11,713,221	11,571,776	141,445
<i>State/Federal Sources</i>	5,299,800	5,318,470	(18,670)
<i>Other</i>	2,700,494	1,787,395	913,099
Total Revenues	\$ 67,265,834	\$ 69,158,192	\$ (1,892,358)
Program Expenses			
<i>General Governmental Support</i>	\$ 9,520,624	\$ 9,224,151	\$ 296,473
<i>Public Safety</i>	29,802,406	24,986,967	4,815,439
<i>Public Health</i>	4,509,972	2,374,580	2,135,392
<i>Transportation</i>	4,065,612	3,718,093	347,519
<i>Economic Assistance and Opportunity</i>	55,000	53,485	1,515
<i>Culture and Recreation</i>	1,983,550	2,205,743	(222,193)
<i>Home and Community Services</i>	15,925,078	16,384,117	(459,039)
<i>Interest on Long-Term Debt</i>	1,731,908	784,516	947,392
Other Expenses			
<i>Loss (Gain) on Disposal of Fixed Assets</i>	-	1,643,834	(1,643,834)
Total Expenses	\$ 67,594,150	\$ 61,375,486	\$ 6,218,664
<i>Transfers/Capital Contributions</i>	551,898	-	551,898
Increase in Net Position	\$ 223,582	\$ 7,782,706	\$ (7,559,124)

CITY OF AUBURN

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

Significant changes from the prior year are as follows:

Revenues

- Charges for services increased due to additional ambulance services provided for the current year along with miscellaneous other increases in charges for services, partially offset by the elimination of refuse and garbage charges for services in governmental activities.
- Operating grants increased primarily due to timing of expenditures related to Coronavirus State and Local Recovery Funds, along with changes in other state and federal grants.
- Capital grants decreased primarily due to timing of expenditures on various capital projects.
- Property tax and tax items decreased due to changes in unavailable tax revenue in the funds.
- Nonproperty taxes increased due to increased utility tax charges.
- The increase in other revenue is due to increased reimbursement of prior year expenditures and interest on investments partially offset by a decrease in insurance recoveries and other compensation for loss.

Expenses

- Expenses as a whole increased primarily due to inflation budgetary increases along with increased fire and ambulance services and personnel costs in the current year.

Figure 3
Revenue by Source - June 30, 2023

<i>Governmental Activities</i>	<i>Amount</i>	<i>Percent</i>
<i>Charges for Services</i>	\$ 22,189,424	32.99%
<i>Operating Grants</i>	4,601,895	6.84%
<i>Capital Grants</i>	6,985,802	10.39%
<i>Property Taxes</i>	13,775,198	20.48%
<i>Nonproperty Taxes</i>	11,713,221	17.41%
<i>State/Federal Sources</i>	5,299,800	7.88%
<i>Other</i>	2,700,494	4.01%
<i>Total</i>	\$ 67,265,834	100.00%

CITY OF AUBURN

MANAGEMENT’S DISCUSSION AND ANALYSIS JUNE 30, 2023

The cost of all governmental activities this year was \$67,594,150. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through City property and payments in lieu of taxes was \$33,817,029, because some of the cost was paid by those who directly benefited from the programs, totaling \$22,189,424; or by other governments and organizations that subsidized certain programs with grants and contributions, totaling \$11,587,697. Overall, the City’s governmental program revenues, including fees for services and grants, were \$33,777,121. The City paid for the remaining “public benefit” portion of governmental activities with \$34,040,611 in taxes and other revenues, such as interest and general entitlements.

The City’s Funds

Figure 4 shows changes in the fund balance for the City’s Major and aggregate Non-Major Funds. Total fund balances (deficit) decreased by 83.78%. This decrease is primarily attributable to the excess of revenues and other financing sources over expenditures and other financing uses in the Capital Projects Fund, and the related deficit is expected to be eliminated as long-term financing is obtained for short-term debt.

**Figure 4
Major Governmental Funds
Fund Balance at Year Ended June 30,**

<i>Governmental Fund Balances</i>	<i>Governmental Funds</i>		<i>Total Dollar Change</i>
	<i>2023</i>	<i>2022</i>	
<i>General Fund</i>	\$ 6,360,283	\$ 5,625,129	\$ 735,154
<i>Sewer Fund</i>	4,095,450	4,437,936	(342,486)
<i>Capital Projects Fund</i>	(16,385,869)	(23,606,607)	7,220,738
<i>Non-Major Governmental Funds</i>	4,172,523	2,704,259	1,468,264
<i>Totals</i>	\$ (1,757,613)	\$ (10,839,283)	\$ 9,081,670

Business-Type Activities

Significant changes from the prior year are as follows:

- Overall balances on the Statement of Net Position changed associated with the movement of the Refuse Collection Fund from governmental activities to business-type activities.
- Deferred outflows and deferred inflows of resources decreased 34.84% and 17.86%, respectively. This reduction was associated with changes in actuarial assumptions for the City’s pension and OPEB plans.
- Total revenue increased 24.09%, primarily due to the movement of refuse collection fees into business-type activities.
- Total expenses decreased 19.63%, primarily due to a reduction in landfill closure costs in the current year.

CITY OF AUBURN

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

- Significant balances in transfers in and out were associated with movement of the Refuse Collection Fund from governmental activities, combining with the Transfer Station Fund and Landfill activities into the Solid Waste Fund.

*Figure 5
Major Enterprise Funds
Net Position at Year Ended June 30,*

<i>Condensed Statement of Net Position</i>	<i>Business-Type Activities</i>		<i>Total Dollar Change</i>
	<i>2023</i>	<i>2022</i>	
<i>Current Assets</i>	\$ 1,791,487	\$ 1,796,854	\$ (5,367)
<i>Other Noncurrent Assets</i>	-	221,000	(221,000)
<i>Capital Assets, Net</i>	21,951,408	22,602,463	(651,055)
<i>Total Assets</i>	23,742,895	24,620,317	(877,422)
<i>Deferred Outflows of Resources</i>	504,942	774,868	(269,926)
<i>Current Liabilities</i>	11,624,785	12,099,740	(474,955)
<i>Noncurrent Liabilities</i>	16,822,702	16,198,178	624,524
<i>Total Liabilities</i>	28,447,487	28,297,918	149,569
<i>Deferred Inflows of Resources</i>	768,662	935,844	(167,182)
<i>Net Investment in Capital Assets</i>	2,240,314	1,184,468	1,055,846
<i>Unrestricted</i>	(7,208,626)	(5,023,045)	(2,185,581)
<i>Total Net Position</i>	\$ (4,968,312)	\$ (3,838,577)	\$ (1,129,735)

*Figure 6
Major Enterprise Funds
Revenues, Expenses, and Changes in Net Position at Year Ended June 30,*

<i>Condensed Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds</i>	<i>Business-Type Activities</i>		<i>Total Dollar Change</i>
	<i>2023</i>	<i>2022</i>	
<i>Operating Revenues</i>	\$ 3,942,722	\$ 3,521,806	\$ 420,916
<i>Nonoperating Revenues</i>	23,680	(325,332)	349,012
<i>Total Revenues</i>	3,966,402	3,196,474	769,928
<i>Operating Expenses</i>	4,160,753	5,474,270	(1,313,517)
<i>Nonoperating Expenses</i>	383,486	179,642	203,844
<i>Total Expenses</i>	4,544,239	5,653,912	(1,109,673)
<i>Interfund Transfers In</i>	17,134,404	4,723,802	12,410,602
<i>Interfund Transfers Out</i>	(17,686,302)	(4,723,802)	(12,962,500)
<i>Change in Net Position</i>	\$ (1,129,735)	\$ (2,457,438)	\$ 1,327,703

CITY OF AUBURN

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

General Fund Budgetary Highlights

Over the course of the year, the City Council, as well as the management of the City, revised the City budget several times. These budget amendments consisted of budget transfers between functions, as well as increases in federal sources of \$7,874,326 and other estimated revenues and other financing sources of \$2,811,121. Even with these adjustments, actual charges to appropriations (expenditures and other financing uses) were below the final budget by \$2,682,604.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, the City had invested in a broad range of capital assets totaling \$309,981,692 and \$48,068,389 offset by accumulated depreciation and amortization of \$97,325,647 and \$26,116,981 for governmental activities and business-type activities, respectively. *Figure 7* shows the changes in the City's capital assets.

Figure 7
Capital Assets, Net of Depreciation and Amortization

	<i>Governmental Activities</i>		<i>Total Dollar Change</i>	<i>Business-Type Activities</i>		<i>Total Dollar Change</i>
	<i>2023</i>	<i>2022</i>		<i>2023</i>	<i>2022</i>	
<i>Land</i>	\$ 4,572,536	\$ 4,572,536	\$ -	\$ 420,187	\$ 420,187	\$ -
<i>Construction in Progress</i>	79,394,679	66,730,804	12,663,875	-	-	-
<i>Buildings and Improvements</i>	26,781,127	28,195,208	(1,414,081)	7,665,459	8,197,938	(532,479)
<i>Equipment</i>	10,486,245	11,599,330	(1,113,085)	2,239,774	1,986,106	253,668
<i>Infrastructure</i>	90,417,843	94,592,000	(4,174,157)	11,619,566	11,989,885	(370,319)
<i>Intangible Lease Assets</i>	1,003,615	1,277,125	(273,510)	6,422	8,347	(1,925)
<i>Totals</i>	\$ 212,656,045	\$ 206,967,003	\$ 5,689,042	\$ 21,951,408	\$ 22,602,463	\$ (651,055)

At year end, the City had entered into contracts with various vendors for total commitments outstanding. More detailed information can be found in Note 20 to the financial statements regarding these commitments.

CITY OF AUBURN

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

Debt Administration

Total long-term debt increased in 2023 by 17.47% for governmental activities and decreased 1.41% for business-type activities. Of this amount, \$64,844,445 was subject to the constitutional debt limit and represented 84.26% of the City's statutory debt limit.

*Figure 9
Outstanding Debt at Years Ended*

	<i>Governmental Activities</i>		<i>Total Dollar Change</i>	<i>Business-Type Activities</i>		<i>Total Dollar Change</i>
	<i>2023</i>	<i>2022</i>		<i>2023</i>	<i>2022</i>	
<i>General Obligation Bonds</i>	\$ 34,374,806	\$ 27,867,441	\$ 6,507,365	\$ 12,523,426	\$ 11,536,511	\$ 986,915
<i>BANs</i>	40,878,050	34,825,986	6,052,064	7,176,357	8,435,007	(1,258,650)
<i>Notes Payable and EPC</i>	1,786,567	2,425,483	(638,916)	13,384	21,381	(7,997)
<i>Leases Payable</i>	1,031,290	1,340,546	(309,256)	6,422	8,347	(1,925)
Totals	\$ 78,070,713	\$ 66,459,456	\$ 11,611,257	\$ 19,719,589	\$ 20,001,246	\$ (281,657)

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

Economic Factors and Next Year's Budgets and Rates

General Fund

The total General Fund budget is projected at approximately \$45,117,898 which is a 3.8% increase from the prior year revised budget. There is a tax levy increase of 2.29% included in the adopted budget. The adopted budget is in line with the financial plan and in compliance with the state tax cap. A summary of notable changes follows:

Expenditure Changes

- Pension Costs - There is a 19.5% increase for ERS and a 23% increase for PFRS.
- Debt - There is an increase in debt payments due to new issuances.

Revenue Changes

- Transfer from Capital Fund for Collective Bargaining Agreement wage increases utilizing Federal American Rescue Plan Act funds.
- Sales tax has been increased 6% over 2022 actuals.

CITY OF AUBURN

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

Combined Solid Waste Fund (Landfill, Refuse Collection, and Transfer Station)

The fund is balanced on a cash flow basis with an increase in collection rates and bulk charges to citizens. The fund budget has remained relatively flat.

Power Utility Fund

This fund budget remains relatively flat. The fund is balanced by using a \$540,000 transfer from other funds. The North Division Street Hydro and Mill Street Hydro facilities are both online and generating electricity.

Water Fund

The fund has a slight increase. There are no proposed fee increases but the fund is balanced by using \$64,900 of fund balance.

Sewer Fund

The fund has a 14.5% increase, largely due to the increased cost of sewage treatment. There are no proposed fee increases and \$537,135 of fund balance was utilized to budget the fund. A rate study is being conducted in the current year.

Contacting the City's Financial Management

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

Basic Financial Statements

CITY OF AUBURN

STATEMENT OF NET POSITION JUNE 30, 2023

	Primary Government		Total	Component Units	
	Governmental Activities	Business-Type Activities		Auburn Industrial Development Authority December 31, 2022	Auburn Housing Authority March 31, 2023
ASSETS					
Current Assets					
Cash and Cash Equivalents, Unrestricted	\$ 34,473,449	\$ 1,626,458	\$ 36,099,907	\$ 871,309	\$ 3,194,821
Cash and Cash Equivalents, Restricted	9,306,776	-	9,306,776	-	26,888
Investments	8,944	-	8,944	-	85,491
Taxes Receivable, Net	4,893,788	-	4,893,788	-	-
Internal Balances	(156,928)	156,928	-	-	-
Due From State and Federal Governments	5,114,577	-	5,114,577	-	-
Due From Other Governments	817,493	-	817,493	-	-
Other Receivables	5,768,626	6,492	5,775,118	138,840	1,488,910
Loans Receivable, Current	67,932	-	67,932	-	-
Prepaid Expenses	-	-	-	-	19,741
Total Current Assets	<u>60,294,657</u>	<u>1,789,878</u>	<u>62,084,535</u>	<u>1,010,149</u>	<u>4,815,851</u>
Noncurrent Assets					
Cash and Cash Equivalents, Restricted	737,887	-	737,887	-	-
Investments, Long-Term	4,455,636	-	4,455,636	-	-
Loans Receivable, Long-Term	2,517,463	-	2,517,463	-	16,042,286
Net Pension Asset - Proportionate Share	-	-	-	-	111,988
Capital Assets, Non-Depreciable	83,967,215	420,187	84,387,402	309,712	271,303
Intangible Assets, Net	1,003,615	6,422	1,010,037	-	-
Depreciable Capital Assets, Net	127,685,215	21,524,799	149,210,014	7,919	998,450
Total Noncurrent Assets	<u>220,367,031</u>	<u>21,951,408</u>	<u>242,318,439</u>	<u>317,631</u>	<u>17,424,027</u>
Total Assets	<u>280,661,688</u>	<u>23,741,286</u>	<u>304,402,974</u>	<u>1,327,780</u>	<u>22,239,878</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pensions	19,512,428	318,503	19,830,931	-	240,355
Other Postemployment Benefits	6,028,193	186,439	6,214,632	-	-
Total Deferred Outflows of Resources	<u>25,540,621</u>	<u>504,942</u>	<u>26,045,563</u>	<u>-</u>	<u>240,355</u>
LIABILITIES					
Current Liabilities					
Accounts Payable	2,779,528	88,591	2,868,119	770,275	11,609
Accrued Liabilities	741,937	23,083	765,020	-	20,775
Due to Other Governments	2,712,672	-	2,712,672	-	-
Due to Employees' Retirement System	1,190,429	30,276	1,220,705	-	-
Bond Anticipation Notes Payable	40,878,050	7,176,357	48,054,407	-	-
Accrued Interest Payable	1,555,146	285,681	1,840,827	10,530	-
Unearned Revenue	13,940,138	-	13,940,138	-	1,126
Overpayments and Collections in Advance	-	3,041,525	3,041,525	-	-
Subtotal Current Liabilities	<u>63,797,900</u>	<u>10,645,513</u>	<u>74,443,413</u>	<u>780,805</u>	<u>33,510</u>

See Notes to Financial Statements

CITY OF AUBURN

STATEMENT OF NET POSITION (Continued) JUNE 30, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Auburn Industrial Development Authority December 31, 2022	Auburn Housing Authority March 31, 2023
LIABILITIES (Continued)					
Subtotal Current Liabilities	\$ 63,797,900	\$ 10,645,513	\$ 74,443,413	\$ 780,805	\$ 33,510
Current Portion of Long-Term Liabilities					
Leases Payable	307,893	1,916	309,809	-	-
Bonds Payable	6,043,298	885,521	6,928,819	-	-
Notes Payable	574,354	1,676	576,030	-	-
Employees' Retirement System Notes Payable	90,916	1,850	92,766	-	-
Compensated Absences	132,528	2,700	135,228	-	3,177
Self Insurance Liability	162,833	-	162,833	-	-
Claims and Judgments Payable	811,506	-	811,506	-	-
Landfill Post Closure Liability	-	84,000	84,000	-	-
Total Current Liabilities	<u>71,921,228</u>	<u>11,623,176</u>	<u>83,544,404</u>	<u>780,805</u>	<u>36,687</u>
Long-Term Liabilities					
Net Pension Liability - Proportionate Share	28,529,537	469,289	28,998,826	-	-
Leases Payable	723,397	4,506	727,903	-	-
Bonds Payable	28,331,508	11,637,905	39,969,413	-	-
Notes Payable	1,101,066	3,213	1,104,279	23,100	-
Employees' Retirement System Notes Payable	20,231	6,645	26,876	-	-
Compensated Absences	2,518,027	51,300	2,569,327	-	28,600
Other Postemployment Benefits	74,296,974	2,297,844	76,594,818	-	2,243,157
Self Insurance Liability	1,742,413	-	1,742,413	-	-
Landfill Post Closure Liability	-	2,352,000	2,352,000	-	-
Total Long-Term Liabilities	<u>137,263,153</u>	<u>16,822,702</u>	<u>154,085,855</u>	<u>23,100</u>	<u>2,271,757</u>
Total Liabilities	<u>209,184,381</u>	<u>28,445,878</u>	<u>237,630,259</u>	<u>803,905</u>	<u>2,308,444</u>
DEFERRED INFLOWS OF RESOURCES					
Pensions	2,260,255	30,003	2,290,258	-	401,807
Other Postemployment Benefits	23,883,281	738,659	24,621,940	-	-
Total Deferred Inflows of Resources	<u>26,143,536</u>	<u>768,662</u>	<u>26,912,198</u>	<u>-</u>	<u>401,807</u>
NET POSITION					
Net Investment in Capital Assets	144,003,255	2,240,314	146,243,569	294,531	1,269,753
Restricted	728,502	-	728,502	-	10,141
Unrestricted	(73,857,365)	(7,208,626)	(81,065,991)	229,344	18,490,088
Total Net Position (Deficit)	<u>\$ 70,874,392</u>	<u>\$ (4,968,312)</u>	<u>\$ 65,906,080</u>	<u>\$ 523,875</u>	<u>\$ 19,769,982</u>

See Notes to Financial Statements

CITY OF AUBURN

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2023

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets				Component Units	
	Operating Grants and Contributions		Capital Grants and Contributions		Governmental Activities	Business-Type Activities	Total Primary Government	Auburn Industrial Development Authority December 31, 2022	Auburn Housing Authority March 31, 2023	
	Charges for Services									
PRIMARY GOVERNMENT										
General Governmental Activities	\$ 9,520,624	\$ 742,965	\$ -	\$ -	\$ (8,777,659)	\$ -	\$ (8,777,659)			
General Governmental Support	29,802,406	771,124	3,247,848	-	(25,783,434)	-	(25,783,434)			
Public Safety	4,509,972	3,098,691	-	-	(1,411,281)	-	(1,411,281)			
Public Health	4,065,612	102,581	163,664	6,985,802	3,186,435	-	3,186,435			
Transportation	-	-	78,605	-	23,605	-	23,605			
Economic Assistance and Opportunity	1,983,550	163,949	-	-	(1,819,601)	-	(1,819,601)			
Culture and Recreation	15,925,078	17,310,114	1,111,778	-	2,496,814	-	2,496,814			
Home and Community Services	1,731,908	-	-	-	(1,731,908)	-	(1,731,908)			
Interest on Long-Term Debt	67,594,150	22,189,424	4,601,895	6,985,802	(33,817,029)	-	(33,817,029)			
Total Governmental Activities										
Business-Type Activities										
Power Utility Fund	888,484	854,673	-	-	-	(33,811)	(33,811)			
Solid Waste	3,655,755	3,062,229	11,482	-	(582,044)	-	(582,044)			
Total Business-Type Activities										
	4,544,239	3,916,902	11,482	-	-	(615,855)	(615,855)			
Total Primary Government	\$ 72,138,389	\$ 26,106,326	\$ 4,613,377	\$ 6,985,802	(33,817,029)	(615,855)	(34,432,884)			
Component Units										
Auburn Industrial Development Authority	\$ 88,695	\$ 44,669	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (44,026)	\$ -	
Auburn Housing Authority	2,889,564	133,055	2,822,910	-	-	-	-	(44,026)	66,401	
Total Component Units	\$ 2,978,259	\$ 177,724	\$ 2,822,910	\$ -	(33,817,029)	(615,855)	(34,432,884)	(44,026)	66,401	
Net (Expense) Revenue and Changes Brought Forward:										
GENERAL REVENUES										
Real Property Taxes					12,673,175	-	12,673,175	-	-	-
Real Property Tax Items					1,102,023	-	1,102,023	-	-	-
Sales Taxes					10,857,743	-	10,857,743	-	-	-
Utilities Gross Receipts Tax					442,094	-	442,094	-	-	-
Franchise Taxes					413,384	-	413,384	-	-	-
Use of Money and Property					960,146	15,980	976,126	715	348,994	-
Sale of Property and Compensation for Loss					356,216	-	356,216	-	-	-
Miscellaneous Local Sources					1,384,132	14,338	1,398,470	-	478,214	-
State and Federal Sources Not Restricted to Specific Programs					5,299,800	-	5,299,800	-	-	-
Gain (Loss) on Disposal of Assets					-	7,700	7,700	-	-	-
Transfers - Internal Activities					551,898	(551,898)	-	-	-	-
Total General Revenues and Transfers					34,040,611	(513,880)	33,526,731	715	827,208	
Change in Net Position					223,582	(1,129,735)	(906,153)	(43,311)	893,609	
Net Position (Deficit) - Beginning of Year					70,650,810	(3,838,577)	66,812,233	567,186	18,876,373	
Net Position (Deficit) - End of Year					\$ 70,874,392	\$ (4,968,312)	\$ 65,906,080	\$ 523,875	\$ 19,769,982	

See Notes to Financial Statements

CITY OF AUBURN

BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2023

	Major Funds			Total Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Special Revenue Funds Sewer Fund	Capital Projects Fund		
ASSETS					
Cash and Cash Equivalents, Unrestricted	\$ 10,045,874	\$ 1,612,389	\$ 20,507,190	\$ 2,307,996	\$ 34,473,449
Cash and Cash Equivalents, Restricted	34,981	1,110	9,306,776	701,796	10,044,663
Investments, Unrestricted	4,458,953	3,014	-	2,613	4,464,580
Taxes Receivable, Net	4,893,788	-	-	-	4,893,788
Due From Other Funds	2,899,407	812,037	-	26,572	3,738,016
Due From State and Federal Governments	59,968	-	4,993,766	60,843	5,114,577
Due From Other Governments	817,493	-	-	-	817,493
Other Receivables	854,759	2,206,483	527,865	2,179,519	5,768,626
Loans Receivable, Net	-	-	-	2,585,395	2,585,395
Total Assets	\$ 24,065,223	\$ 4,635,033	\$ 35,335,597	\$ 7,864,734	\$ 71,900,587
LIABILITIES					
Accounts Payable	\$ 401,832	\$ 305,966	\$ 1,988,168	\$ 83,562	\$ 2,779,528
Accrued Liabilities	665,282	36,813	-	39,842	741,937
Due to Other Funds	47,220	144,616	2,761,523	941,585	3,894,944
Due to Other Governments	2,712,672	-	-	-	2,712,672
Due to Employees' Retirement System	1,096,414	52,188	-	41,827	1,190,429
Bond Anticipation Notes Payable	-	-	40,878,050	-	40,878,050
Unearned Revenue	8,353,616	-	5,586,522	-	13,940,138
Total Liabilities	13,277,036	539,583	51,214,263	1,106,816	66,137,698
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Not Collected in the Recognition Period	4,427,904	-	507,203	2,585,395	7,520,502
FUND BALANCES					
Nonspendable	-	-	-	9,385	9,385
Committed	34,981	1,110	-	51,843	87,934
Restricted	-	-	-	640,568	640,568
Assigned	1,317,603	4,094,340	-	3,470,727	8,882,670
Unassigned	5,007,699	-	(16,385,869)	-	(11,378,170)
Total Fund Balances (Deficit)	6,360,283	4,095,450	(16,385,869)	4,172,523	(1,757,613)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 24,065,223	\$ 4,635,033	\$ 35,335,597	\$ 7,864,734	\$ 71,900,587

See Notes to Financial Statements

CITY OF AUBURN

RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO THE STATEMENT OF NET POSITION JUNE 30, 2023

Total Governmental Fund Balances (Deficit) \$ (1,757,613)

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

Capital Assets	\$ 308,379,928	
Intangible Assets	1,601,764	
Accumulated Amortization	(598,149)	
Accumulated Depreciation	<u>(96,727,498)</u>	212,656,045

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

PFRS Net Pension Liability - Proportionate Share	\$ (20,709,376)	
ERS Net Pension Liability - Proportionate Share	<u>(7,820,161)</u>	(28,529,537)

Certain accrued expenses reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in the funds.

Accrued Interest Payable	\$ (1,555,146)	
Employees' Retirement System Note Payable	(111,147)	
Compensated Absences	(2,650,555)	
Self Insurance Liability	(1,905,246)	
Other Postemployment Benefits Liability	(74,296,974)	
Claims and Judgments	<u>(811,506)</u>	(81,330,574)

Long-term liabilities, including bonds payable, leases payable, and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable	\$ (34,374,806)	
Leases Payable	(1,031,290)	
Notes Payable	<u>(1,675,420)</u>	(37,081,516)

Deferred outflows of resources, including pensions and other postemployment benefits, represents a consumption of net position that applies to future periods and, therefore, is not reported in the funds. Deferred inflows of resources, including unavailable revenue, pensions, and other postemployment benefits, represents an acquisition of net position that applies to future periods and, therefore, is not reported in the funds.

Deferred Outflows of Resources - Pensions	\$ 19,512,428	
Deferred Outflows of Resources - Other Postemployment Benefits	6,028,193	
Deferred Inflows of Resources - Unavailable Revenue	7,520,502	
Deferred Inflows of Resources - Pensions	(2,260,255)	
Deferred Inflows of Resources - Other Postemployment Benefits	<u>(23,883,281)</u>	<u>6,917,587</u>

Net Position of Governmental Activities \$ 70,874,392

See Notes to Financial Statements

CITY OF AUBURN

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS JUNE 30, 2023

	Major Funds				Total Non-Major Governmental Funds	Total Governmental Funds
	Special Revenue					
	General Fund	Sewer Fund	Capital Projects Fund	-		
REVENUES						
Real Property Taxes	\$ 12,801,359	-	-	-	\$ -	\$ 12,801,359
Real Property Tax Items	1,102,023	-	-	-	-	1,102,023
Nonproperty Taxes	11,713,221	-	-	-	-	11,713,221
Departmental Income	3,858,657	7,949,256	-	-	6,216,338	18,024,251
Intergovernmental Charges	467,024	-	-	-	-	467,024
Use of Money and Property	322,599	104,150	436,709	-	96,688	960,146
Licenses and Permits	425,225	-	-	-	-	425,225
Fines and Forfeitures	190,354	-	-	-	-	190,354
Sale of Property and Compensation for Loss	290,605	41,868	-	-	23,743	356,216
Miscellaneous Local Sources	1,189,996	-	158,625	-	6,017	1,354,638
Interfund Revenue	3,240,202	110,000	-	-	138,550	3,488,752
State Sources	5,568,331	-	5,606,116	-	139,777	11,314,224
Federal Sources	3,435,843	-	1,379,686	-	757,744	5,573,273
Total Revenues	44,605,439	8,205,274	7,581,136	-	7,378,857	67,770,706
EXPENDITURES						
General Governmental Support	4,514,724	947,566	-	-	1,138,720	6,601,010
Public Safety	16,016,273	-	-	-	207,556	16,223,829
Public Health	2,503,364	-	-	-	-	2,503,364
Transportation	1,413,538	-	-	-	-	1,413,538
Economic Assistance and Opportunity	55,000	-	-	-	-	55,000
Culture and Recreation	1,412,330	-	-	-	-	1,412,330
Home and Community Services	1,010,923	4,118,591	-	-	3,359,362	8,488,876
Employee Benefits	12,984,919	882,474	-	-	727,026	14,594,419
Subtotal Expenditures	39,911,071	5,948,631	-	-	5,432,664	51,292,366

See Notes to Financial Statements

CITY OF AUBURN

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS (Continued) JUNE 30, 2023

	Major Funds				Total Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Special Revenue Fund	Sewer Fund	Capital Projects Fund		
EXPENDITURES (Continued)						
Subtotal Expenditures (Carried Over)	\$ 39,911,071	\$ 5,948,631	\$ -	\$ -	\$ 5,432,664	\$ 51,292,366
Debt Service:						
Principal	3,380,973	2,611,572	-	-	1,145,920	7,138,465
Interest	759,743	201,623	-	-	256,294	1,217,660
Capital Outlay	-	-	13,564,746	-	-	13,564,746
Total Expenditures	<u>44,051,787</u>	<u>8,761,826</u>	<u>13,564,746</u>	<u>6,834,878</u>	<u>543,979</u>	<u>73,213,237</u>
Excess of Revenue (Expenditures)	553,652	(556,552)	(5,983,610)	-	-	(5,442,531)
OTHER FINANCING SOURCES (USES)						
Interfund Transfers In	-	-	271,912	-	1,053,762	1,325,674
Interfund Transfers (Out)	(21,912)	-	(150,000)	-	(250,000)	(421,912)
Redeemed From Appropriations	-	-	1,066,700	-	-	1,066,700
Proceeds From Long-Term Debt	-	-	12,015,736	-	-	12,015,736
Premium on Obligations	203,414	214,066	-	-	120,523	538,003
Total Other Financing Sources (Uses)	<u>181,502</u>	<u>214,066</u>	<u>13,204,348</u>	<u>924,285</u>	<u>924,285</u>	<u>14,524,201</u>
Net Changes in Fund Balances	735,154	(342,486)	7,220,738	1,468,264	1,468,264	9,081,670
Fund Balances (Deficit) - Beginning of Year	5,625,129	4,437,936	(23,606,607)	2,704,259	2,704,259	(10,839,283)
Fund Balances (Deficit) - End of Year	<u>\$ 6,360,283</u>	<u>\$ 4,095,450</u>	<u>\$ (16,385,869)</u>	<u>\$ 4,172,523</u>	<u>\$ 4,172,523</u>	<u>\$ (1,757,613)</u>

See Notes to Financial Statements

CITY OF AUBURN

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2023

Net Change in Fund Balances of Governmental Funds		\$ 9,081,670
<p>Governmental funds report capital outlay as expenditures; however, in the Statement of Activities, the cost of those assets are depreciated over their estimated useful lives.</p>		
Capital Outlay	\$ 14,034,796	
Transfer to Business Type Activities	(623,901)	
Amortization	(273,510)	
Depreciation	<u>(7,448,343)</u>	5,689,042
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the change in unavailable revenue in the Governmental Funds.</p>		
		(534,366)
<p>Debt-related proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>		
Long-Term Debt Issued	\$ (12,015,736)	
Repayment of Debt	<u>6,373,296</u>	(5,642,440)
<p>Changes in certain liabilities reflected in the Statement of Activities do not affect current financial resources and, therefore, are not reflected in the Governmental Funds.</p>		
Accrued Interest Payable	\$ (1,052,251)	
Employees' Retirement System Note Payable	83,247	
Compensated Absences	(574,513)	
Self Insurance Liability	51,064	
Other Postemployment Benefits Liability	(2,634,329)	
Claims and Judgments	<u>627,439</u>	(3,499,343)
<p>Changes in the City's proportionate share of net pension (asset)/liabilities have no effect on current financial resources and therefore are not reported in the Governmental Funds. In addition, changes in the City's deferred outflows of resources and deferred inflows of resources related to pensions do not affect current financial resources and are also not reported in the Governmental Funds.</p>		
ERS	\$ (1,672,440)	
PFRS	<u>(3,198,541)</u>	<u>(4,870,981)</u>
Change in Net Position of Governmental Activities		<u><u>\$ 223,582</u></u>

See Notes to Financial Statements

CITY OF AUBURN

STATEMENT OF PROPRIETARY NET POSITION JUNE 30, 2023

	Business-Type Activities				Total
	Enterprise Funds				
	Power Utility Fund	Solid Waste Fund	Landfill Fund	Transfer Station Fund	
ASSETS					
Current Assets					
Cash and Cash Equivalents, Unrestricted	\$ 859,884	\$ 766,574	\$ -	\$ -	\$ 1,626,458
Accounts Receivable, Net	-	6,492	-	-	6,492
Due From Other Funds	146,248	12,289	-	-	158,537
Total Current Assets	<u>1,006,132</u>	<u>785,355</u>	<u>-</u>	<u>-</u>	<u>1,791,487</u>
Noncurrent Assets					
Capital Assets, Non-Depreciable	100,800	319,387	-	-	420,187
Intangible Assets, Net	-	6,422	-	-	6,422
Depreciable Capital Assets, Net	14,332,345	7,192,454	-	-	21,524,799
Total Noncurrent Assets	<u>14,433,145</u>	<u>7,518,263</u>	<u>-</u>	<u>-</u>	<u>21,951,408</u>
Total Assets	<u>15,439,277</u>	<u>8,303,618</u>	<u>-</u>	<u>-</u>	<u>23,742,895</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pensions	36,581	281,922	-	-	318,503
Other Postemployment Benefits	31,073	155,366	-	-	186,439
Total Deferred Outflows of Resources	<u>67,654</u>	<u>437,288</u>	<u>-</u>	<u>-</u>	<u>504,942</u>
LIABILITIES					
Current Liabilities					
Accounts Payable	9,041	79,550	-	-	88,591
Accrued Liabilities	500	22,583	-	-	23,083
Due to Other Funds	-	1,609	-	-	1,609
Due to Employees' Retirement System	1,980	28,296	-	-	30,276
Bonds Payable	820,923	64,598	-	-	885,521
Leases Payable	-	1,916	-	-	1,916
Note Payable	-	1,676	-	-	1,676
Compensated Absences	-	2,700	-	-	2,700
Employees' Retirement System Note Payable	-	1,850	-	-	1,850
Landfill Post Closure Liability	-	84,000	-	-	84,000
Bond Anticipation Notes Payable	-	7,176,357	-	-	7,176,357
Bond Interest Payable	64,193	221,488	-	-	285,681
Overpayments and Collections in Advance	2,786,566	254,959	-	-	3,041,525
Total Current Liabilities	<u>3,683,203</u>	<u>7,941,582</u>	<u>-</u>	<u>-</u>	<u>11,624,785</u>
Noncurrent Liabilities					
Net Pension Liability - Proportionate Share	53,900	415,389	-	-	469,289
Other Postemployment Benefits	382,974	1,914,870	-	-	2,297,844
Bonds Payable	11,465,447	172,458	-	-	11,637,905
Leases Payable	-	4,506	-	-	4,506
Note Payable	-	3,213	-	-	3,213
Compensated Absences	-	51,300	-	-	51,300
Employees' Retirement System Note Payable	-	6,645	-	-	6,645
Landfill Post Closure Liability	-	2,352,000	-	-	2,352,000
Total Noncurrent Liabilities	<u>11,902,321</u>	<u>4,920,381</u>	<u>-</u>	<u>-</u>	<u>16,822,702</u>
Total Liabilities	<u>15,585,524</u>	<u>12,861,963</u>	<u>-</u>	<u>-</u>	<u>28,447,487</u>
DEFERRED INFLOWS OF RESOURCES					
Pensions	3,446	26,557	-	-	30,003
Other Postemployment Benefits	123,110	615,549	-	-	738,659
Total Deferred Inflows of Resources	<u>126,556</u>	<u>642,106</u>	<u>-</u>	<u>-</u>	<u>768,662</u>
NET POSITION					
Net Investment in Capital Assets	2,146,775	93,539	-	-	2,240,314
Unrestricted (Deficit)	(2,351,924)	(4,856,702)	-	-	(7,208,626)
Total Net Position (Deficit)	<u>\$ (205,149)</u>	<u>\$ (4,763,163)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,968,312)</u>

See Notes to Financial Statements

CITY OF AUBURN

STATEMENT OF PROPRIETARY REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2023

	Business-Type Activities				Total
	Enterprise Funds				
	Power Utility Fund	Solid Waste Fund	Landfill Fund	Transfer Station Fund	
REVENUES					
Charges for Services	\$ 854,673	\$ 3,062,229	\$ -	\$ -	\$ 3,916,902
Operating Grants	-	11,482	-	-	11,482
Miscellaneous Local Services	14,338	-	-	-	14,338
Total Operating Revenues	869,011	3,073,711	-	-	3,942,722
OPERATING EXPENSES					
Salaries and Wages	35,851	947,639	-	-	983,490
Contractual Services	94,363	1,088,035	-	-	1,182,398
Employee Benefits	159,678	560,230	-	-	719,908
Depreciation and Amortization	369,720	905,237	-	-	1,274,957
Total Operating Expenses	659,612	3,501,141	-	-	4,160,753
Income (Loss) from Operations	209,399	(427,430)	-	-	(218,031)
NON-OPERATING REVENUES (EXPENSES)					
Use of Money and Property	5,108	10,872	-	-	15,980
Sale of Property and Compensation for Loss	-	7,700	-	-	7,700
Interest Expense	(228,872)	(154,614)	-	-	(383,486)
Total Non-Operating Revenues (Expenses)	(223,764)	(136,042)	-	-	(359,806)
Net Income Before Transfers	(14,365)	(563,472)	-	-	(577,837)
Interfund Transfers In	107,730	7,016,138	-	10,010,536	17,134,404
Interfund Transfers (Out)	-	(11,215,829)	(6,470,473)	-	(17,686,302)
Net Increase (Decrease) in Net Position	93,365	(4,763,163)	(6,470,473)	10,010,536	(1,129,735)
Net Position (Deficit) - Beginning of Year	(298,514)	-	6,470,473	(10,010,536)	(3,838,577)
Net Position (Deficit) - End of Year	\$ (205,149)	\$ (4,763,163)	\$ -	\$ -	\$ (4,968,312)

See Notes to Financial Statements

CITY OF AUBURN

STATEMENT OF PROPRIETARY CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2023

	Business-Type Activities				
	Enterprise Funds				
	Power Utility Fund	Solid Waste Fund	Landfill Fund	Transfer Station Fund	Total
Cash Flows From Operating Activities					
Cash Received From Providing Services	\$ 862,019	\$ 3,055,737	\$ -	\$ 4,786	\$ 3,922,542
Cash Received from Operating Grants	-	11,482	-	-	11,482
Cash Received From Other Funds and Other Sources	14,338	-	-	-	14,338
Cash Payments - Employees	37,312	(871,056)	(1,439)	(59,111)	(894,294)
Cash Payments - Employee Benefits	(132,536)	2,011,638	-	(2,439,927)	(560,825)
Cash Payments - Suppliers	(100,607)	1,427,515	(2,892,180)	(104,538)	(1,669,810)
Net Cash Provided (Used) by Operating Activities	680,526	5,635,316	(2,893,619)	(2,598,790)	823,433
Cash Flows From Non-Capital and Financing Activities					
Transfers to Other Funds	130,354	(4,210,371)	(6,470,473)	10,041,625	(508,865)
Cash Flows From Capital and Related Financing Activities					
Proceeds from Bond Anticipation Notes	-	7,176,357	-	-	7,176,357
Payments of Bond Anticipation Notes	(1,571,450)	-	-	(6,863,557)	(8,435,007)
Proceeds on Bonds	1,535,850	301,531	-	-	1,837,381
Payments on Bonds and Notes	(785,991)	(53,164)	(6,524)	(8,347)	(854,026)
Interest Expense	(216,635)	66,874	-	(58,912)	(208,673)
Proceeds from the Sale of Assets	-	7,700	-	-	7,700
Transfer of Capital Assets	(1)	(8,423,500)	7,791,252	8,347	(623,902)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,038,227)	(924,202)	7,784,728	(6,922,469)	(1,100,170)
Cash Flows From Investing Activities					
Interest Income	5,108	10,872	-	-	15,980
Net Cash Provided (Used) by Investing Activities	5,108	10,872	-	-	15,980
Change in Cash and Cash Equivalents	(222,239)	511,615	(1,579,364)	520,366	(769,622)
Cash and Cash Equivalents - Beginning of Year	(1,630,354)	-	1,579,364	(520,366)	(571,356)
Cash and Cash Equivalents - End of Year	\$ (1,852,593)	\$ 511,615	\$ -	\$ -	\$ (1,340,978)
Reconciliation of Income From Operations to Net Cash Provided (Used) by Operating Activities					
Income (Loss) from Operations	\$ 209,399	\$ (427,430)	\$ -	\$ -	\$ (218,031)
Depreciation and Amortization	369,720	905,237	-	-	1,274,957
Change in Assets and Liabilities:					
Accounts Receivable	7,346	(6,492)	-	4,786	5,640
Accounts Payable	(6,244)	79,550	(296,225)	(104,538)	(327,457)
Accrued Liabilities and Compensated Absences	73,163	76,583	(1,439)	(59,111)	89,196
Due to Employees' Retirement System	603	36,791	-	(21,372)	16,022
Landfill Post Closure Liability	-	2,436,000	(2,595,955)	-	(159,955)
Net Pension Liability - Proportionate Share and Related Deferred Inflows and Outflows	12,960	160,024	-	(111,397)	61,587
Other Postemployment Benefits Liability and Related Deferred Inflows and Outflows	13,579	2,375,053	-	(2,307,158)	81,474
Net Cash Provided (Used) by Operating Activities	\$ 680,526	\$ 5,635,316	\$ (2,893,619)	\$ (2,598,790)	\$ 823,433
Reconciliation of Total Cash and Cash Equivalents					
Current Assets - Unrestricted Cash and Cash Equivalents	\$ 859,884	\$ 766,574	\$ -	\$ -	\$ 1,626,458
Current Liabilities - Cash Overpayments	(2,712,477)	(254,959)	-	-	(2,967,436)
Total Cash and Cash Equivalents	\$ (1,852,593)	\$ 511,615	\$ -	\$ -	\$ (1,340,978)

See Notes to Financial Statements

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 1 **Summary of Significant Accounting Policies**

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

Reporting Entity

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

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

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

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

Related Organizations

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

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

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

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

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

Discretely Presented Component Units

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

- **Auburn Industrial Development Authority**

The Auburn Industrial Development Authority (the AIDA) is a public benefit corporation, established in 1969 by the state legislature to provide financial and other incentives to promote business and provide jobs in the City. The chairman of AIDA is appointed by the mayor of the City and is subject to confirmation by the City Council. The City is not liable for AIDA's bonds or notes. The City is financially accountable for AIDA and provided administrative support at no cost to AIDA through May 31, 2014. As of June 1, 2014, the Cayuga Economic Development Agency provides administrative support through a contract with AIDA. The accounts for this component unit represent activity and balances for the fiscal year ended December 31, 2022. Copies of AIDA's financial statements can be obtained by writing to the City of Auburn Comptroller's Office, Auburn NY 13021.

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

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

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

- **Auburn Housing Authority**

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

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

The accounts for this component unit represent activity and balances for the fiscal year ended March 31, 2023. Copies of the Authority's financial statements can be obtained by writing to the Auburn Housing Authority, Auburn, NY 13021.

Basic Financial Statements

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

Basis of Presentation - Government-Wide Financial Statements

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

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

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Basis of Presentation - Government-Wide Financial Statements - Continued

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

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

Basis of Presentation - Fund Financial Statements

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

Major Governmental Funds

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

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Major Governmental Funds - Continued

- Capital Projects Funds - Used to account for financial resources to be used for the acquisition, construction, or renovation of major capital facilities related to general government, public safety, culture and recreation, and home and community.

Non-Major Governmental Funds

- Special Revenue Funds - Used to account for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. The following five funds are special revenue funds:
 - Special Grant Fund - Used to account for Community Development Block Grants and other funding used for community development.
 - Water Fund - Established by law to account for revenues derived from charges for water consumption and the application of such revenues toward related operating expenses and debt retirement.
 - Refuse Collection Fund - Used to account for curbside trash pickup costs and the fees charged in connection with this service. During 2023, this fund was closed and activities were moved into the Solid Waste Fund.
 - Casey Park Ice Rink Fund - Used to account for revenue sharing and lease payments from the Auburn Hockey boosters who maintain and run the Ice Rink at Casey Park. The funds are restricted for use by the lease agreement to major equipment or capital repairs which directly benefit the production and maintenance of ice at the Casey Park facility.
 - Police Seizure Fund - Used to account for equitable sharing payments returned to the City from the federal government when the City has joint involvement with the DEA or another federal agency in seizing illegal assets.
- Permanent Fund - Used to account for assets donated for cemetery maintenance.

Enterprise Funds

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

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Enterprise Funds - Continued

- Solid Waste Fund - Used to account for disposal activities at the City's solid waste management facility. This includes administration, recycling, and disposal of waste collected by City crews, private haulers, and the general public.
- Transfer Station Fund - Used to account for disposal activities at the City's transfer station. This includes administration, recycling, and disposal of waste collected by City crews, private haulers, and the general public. During 2023, this fund was closed and activities were transferred into the Solid Waste Fund.
- Landfill Fund - Used to account for activities at the City's landfill. During 2023, this fund was closed and activities were transferred to the Solid Waste Fund.

Measurement Focus and Basis of Accounting

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

Accrual Basis

The Government-wide financial statements and Proprietary Fund financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual Basis

The Governmental Fund financial statements are prepared using the modified accrual basis of accounting. Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Material revenues that are accrued include real property taxes, state and federal aid, sales tax, and certain user charges. The City considers property tax receivables collected within 60 days after year end to be available and recognizes them as revenues of the current year. All other revenues that are deemed collectible within one year after year end are recognized as revenues in the current year. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made.

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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

Measurement Focus and Basis of Accounting - Continued

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

Cash and Cash Equivalents

For financial statement purposes, cash on hand, demand deposits, and all highly liquid investments of three months or less are considered as cash equivalents. The Statement of Cash Flows - Proprietary Funds, presented on page 25, uses the direct method of reporting cash flows.

Receivables

Receivables are stated net of the estimated allowance for uncollectible amounts. Amounts due from state and federal governments represent amounts owed to the City to reimburse it for expenditures incurred pursuant to state and federal grant programs. Other receivables represent amounts owed to the City, which include sewer rents, water rents, assessments and ambulance fees net of an allowance for uncollectible amounts of \$675,000. The City also reports rehabilitation, mortgage assistance, and small business loans receivable, net of an allowance for uncollectible amounts of \$709,695.

Investments

Investments are stated at fair value.

Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental and proprietary funds are netted as part of the reconciliation to the Government-wide financial statements.

Insurance and Risk Management

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

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Unearned Revenues

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

Capital Assets

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

Estimated useful lives for governmental capital assets are as follows:

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

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

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

No interest on construction in progress has been capitalized.

Compensated Absences

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

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Compensated Absences - Continued

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

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

Other Postemployment Benefits (OPEB)

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

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

Deferred Outflows/Inflows of Resources

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

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

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Revenues

Substantially all governmental fund revenues are accrued.

Use of Estimates

The presentation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Leases

The City determines if an arrangement is or contains a lease at inception. The City records assets and lease obligations for leases, which are initially based on the discounted future minimum lease payments over the term of the lease. The City uses the rate implicit in the lease agreements. In some cases the implicit rate is not easily determinable, and the City elects to use its incremental borrowing rate in calculating present value of lease payments.

Lease term is defined as the non-cancelable period of the lease plus any options to extend the lease when it is reasonably certain that it will be exercised. For leases with a term, including renewals, of 12 months or less, no intangible lease assets or lease obligations are recorded on the Statement of Net Position and the City will recognize short-term lease expense for these leases on a straight-line basis over the lease term.

The City's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Amortization expense for leases is recognized on the same basis as payments on the lease liability and is included in the general government, public safety, public health, and home and community development expense functions. Interest expense is recognized using the effective interest method. Variable payments, short-term rentals and payments associated with non-lease components are expensed as incurred.

Equity Classifications - Government-Wide Financial Statements

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

- Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Equity Classifications - Government-Wide Financial Statements - Continued

- Restricted Net Position - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted Net Position - Consists of all other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Equity Classifications - Governmental Fund Financial Statements

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

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

- Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonexpendable fund balance includes an endowment in the Non-Major Governmental Funds of \$9,385.
- Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Restricted fund balance consists of police seizure fund balance which is restricted based on the nature of the underlying grants.
- Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision making authority, such as, the City Council.

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 1 Summary of Significant Accounting Policies - Continued

Equity Classifications - Governmental Fund Financial Statements - Continued

Amounts committed consist of internally established reserves to mitigate uncertainties in expenditures. Committed funds were as follows at June 30, 2023:

General Fund	
Debt	\$ 22,241
Falcon Park	12,740
Total General Fund	<u>\$ 34,981</u>
Sewer Fund	
Equipment Reserve	\$ 1,110
Total Sewer Fund	<u>\$ 1,110</u>
Water Fund (Non-Major)	
Reserve for Meter Replacement	\$ 42,895
Equipment Reserve	8,948
Total Water Fund	<u>\$ 51,843</u>

- Assigned - Includes amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances are classified as assigned fund balance. Assigned fund balances were as follows at June 30, 2023:

	<u>Reserve for Encumbrances</u>	<u>Appropriated Fund Balance</u>	<u>Remaining Fund Balance</u>	<u>Total</u>
General Fund	\$ 114,132	\$ 1,203,471	\$ -	\$ 1,317,603
Sewer Fund	32,624	-	4,061,716	4,094,340
Other Governmental Funds	262,592	122,664	3,085,471	3,470,727

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

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Order of Use of Fund Balance

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

Restricted Resources

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

Permanent Fund Endowment

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

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

Aid and Incentives for Municipalities (AIM) Program

The AIM program provides direct, unrestricted aid to cities, towns, and villages throughout the State. The State will pay the City throughout the year, normally in June and December. For the period April 1, 2022 through March 31, 2023 (the state's fiscal year), the City received funding of \$4,982,093.

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Aid and Incentives for Municipalities (AIM) Program - Continued

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

Departmental Income

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

Sales Taxes

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

State Sources

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

Property Taxes

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

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Property Taxes - Continued

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

In December, the School District returns to the City all unpaid school taxes levied in the City in September. The City then assumes responsibility for their collection and enforcement. The City owed the School District \$1,914,560 at June 30, 2023. In May, the County returns to the City all unpaid county taxes levied in the City in February. The City then assumes responsibility for their collection and enforcement. The City owed the county \$798,112 at June 30, 2023. In June of each year, unpaid city, school, county, and library taxes are enforced through a tax sale held pursuant to Article IV of the Charter.

State Grants

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

Federal Sources

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

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Constitutional Tax Limit

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

The City's constitutional tax limit (per New York State statutes) for the fiscal year ended June 30, 2023 is computed as follows:

Five-Year Average Full Valuation	<u>\$ 1,099,689,654</u>
Tax Limit @ 2.0%	<u>\$ 21,993,793</u>
(Less):	
Tax Levy	13,573,199
(Less) Exclusions	<u>(5,124,225)</u>
Tax Levy Subject to Tax Limit	<u>8,448,974</u>
Tax Margin	<u>\$ 13,544,819</u>

Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Proprietary Fund's principal ongoing operations. The principal operating revenues of the Proprietary Funds are charged to customers for sales and services. Operating expenses for Proprietary Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

New Accounting Standards

The City adopted and implemented the following current Statements of the GASB effective for the year ended June 30, 2023:

- GASB Statement No. 96, "Subscription-Based Information Technology Arrangements," effective for the year ended June 30, 2023. There was no material effect on the City's financial statements.

Future Changes in Accounting Standards

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

- GASB Statement No. 100, "Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62," effective for the year ending June 30, 2024.
- GASB Statement No. 101, "Compensated Absences," effective for the year ending June 30, 2025.
- GASB Statement No. 102, "Certain Risk Disclosures," effective for the year ending June 30, 2025.

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

***Note 2* Cash and Investments**

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

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

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

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

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 2 **Cash and Investments - Continued**

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

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

The City's aggregate deposits of \$48,073,243, consisting of \$43,608,663 in cash and \$4,464,580 in investments, are either insured through the FDIC or are collateralized with securities held by the pledging financial institution. The FDIC insurance covers all deposit accounts, including checking and savings accounts up to \$250,000 per official custodian. The City's deposits subject to FDIC insurance totals \$500,000 while the remaining is uninsured but is collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. The aggregate deposits for the discretely presented component unit, Auburn Industrial Development Authority, at December 31, 2022, of \$871,309, and for the discretely presented component unit, Auburn Housing Authority, at March 31, 2023 of \$3,221,709, are either insured or collateralized with securities held by the pledging financial institution.

Note 3 **Restricted Cash**

Restricted cash and cash equivalents, reported in the Government-wide Statement of Net Position, consists of \$9,306,776 of unspent debt proceeds to be used for the acquisition, construction, or renovation of capital assets; \$87,934 of committed fund balance; \$640,568 restricted for police seizure; and \$9,385 restricted for cemetery maintenance.

As of June 30, 2023, restricted cash and cash equivalents consisted of:

Restricted Cash	
Capital Fund	\$ 9,306,776
General Fund	34,981
Sewer Fund	1,110
Non-Major Governmental Funds	<u>701,796</u>
Total	<u><u>\$ 10,044,663</u></u>

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

***Note 4* Investments**

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

A summary of investments as of June 30, 2023 follows:

	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>	<u>Market Value</u>
Unrestricted			
Certificates of Deposit	\$ 5,137,031	\$ (681,395)	\$ 4,455,636
CLASS Investments	<u>8,944</u>	<u>-</u>	<u>8,944</u>
Total	<u><u>\$ 5,145,975</u></u>	<u><u>\$ (681,395)</u></u>	<u><u>\$ 4,464,580</u></u>

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

***Note 5* Other Receivables**

Other receivables consist of the following as of June 30, 2023:

General Fund

Ambulance Receivables	\$ 1,508,321
(Less) Reserve for Uncollectible	(675,000)
Other Receivables	21,438

Special Revenue Fund - Sewer Fund

Sewer Rents Receivable	2,164,686
Septage Treatment Receivable	41,797

Capital Projects Fund

Sidewalk Revolving Loan Fund	213,185
Water Lateral Revolving Loan Fund	74,112
Sewer Lateral Revolving Loan Fund	240,568

Other Governmental Funds

Water Rents Receivable	<u>2,179,519</u>
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Total Governmental Funds	<u><u>\$ 5,768,626</u></u>
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Solid Waste Fund

Solid Waste Charges	<u>\$ 6,492</u>
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Total Business-Type Activities	<u><u>\$ 6,492</u></u>
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CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 6 Interfund Transactions

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

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

	Interfund Receivables	Interfund Payables	Interfund Transfers In	Interfund Transfers Out
Governmental Funds				
General Fund	\$ 2,899,407	\$ 47,220	\$ -	\$ 21,912
Sewer Fund	812,037	144,616	-	-
Capital Projects Fund	-	2,761,523	271,912	150,000
Non-Major Governmental Funds	26,572	941,585	1,053,762	250,000
Total Governmental Funds	3,738,016	3,894,944	1,325,674	421,912
Governmental Activities	-	-	301,531	653,395
Enterprise Funds				
Power Utility Fund	146,248	-	107,730	-
Solid Waste Fund	-	-	-	6,470,473
Landfill Fund	12,289	1,609	7,016,138	11,215,829
Transfer Station Fund	-	-	10,010,536	-
Total Enterprise Funds	158,537	1,609	17,134,404	17,686,302
Total	\$ 3,896,553	\$ 3,896,553	\$ 18,761,609	\$ 18,761,609

Note 7 Property Taxes

At June 30, 2023, the total real property tax receivable of \$6,808,691 is offset by an allowance for uncollectible taxes of \$1,914,903. The remaining portion of taxes receivable is offset by unearned revenue of \$4,427,904 in the fund financial statements and represents an estimate of the tax liens which will not be collected within the first 60 days of the subsequent year.

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 8 Capital Assets

A summary of changes in capital assets at June 30, 2023 follows:

<u>Governmental Activities</u>	<u>June 30, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclassifi- cations</u>	<u>June 30, 2023</u>
Non-Depreciable Capital Assets					
Land	\$ 4,572,536	\$ -	\$ -	\$ -	\$ 4,572,536
Construction in Progress	66,730,804	12,934,676	-	(270,801)	79,394,679
Total Non-Depreciable Capital Assets	<u>71,303,340</u>	<u>12,934,676</u>	<u>-</u>	<u>(270,801)</u>	<u>83,967,215</u>
Depreciable Capital Assets					
Buildings and Improvements	51,188,337	-	-	-	51,188,337
Machinery and Equipment	23,269,791	1,100,120	-	(353,100)	24,016,811
Infrastructure	149,207,565	-	-	-	149,207,565
Total Depreciable Capital Assets	<u>223,665,693</u>	<u>1,100,120</u>	<u>-</u>	<u>(353,100)</u>	<u>224,412,713</u>
Intangible Lease Assets	1,601,764	-	-	-	1,601,764
Total Historical Cost	<u>296,570,797</u>	<u>14,034,796</u>	<u>-</u>	<u>(623,901)</u>	<u>309,981,692</u>
(Less) Accumulated Depreciation					
Buildings and Improvements	(22,993,129)	(1,414,081)	-	-	(24,407,210)
Machinery and Equipment	(11,670,461)	(1,860,105)	-	-	(13,530,566)
Infrastructure	(54,615,565)	(4,174,157)	-	-	(58,789,722)
Total Accumulated Depreciation	<u>(89,279,155)</u>	<u>(7,448,343)</u>	<u>-</u>	<u>-</u>	<u>(96,727,498)</u>
Accumulated Amortization	(324,639)	(273,510)	-	-	(598,149)
Governmental Activities Capital Assets, Net	<u>\$ 206,967,003</u>	<u>\$ 6,312,943</u>	<u>\$ -</u>	<u>\$ (623,901)</u>	<u>\$ 212,656,045</u>
Business-Type Activities					
Non-Depreciable Capital Assets					
Land	\$ 420,187	\$ -	\$ -	\$ -	\$ 420,187
Total Non-Depreciable Capital Assets	<u>420,187</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>420,187</u>
Depreciable Capital Assets					
Buildings and Improvements	28,970,689	-	-	-	28,970,689
Machinery and Equipment	4,764,682	-	-	623,901	5,388,583
Infrastructure	13,278,125	-	-	-	13,278,125
Total Depreciable Capital Assets	<u>47,013,496</u>	<u>-</u>	<u>-</u>	<u>623,901</u>	<u>47,637,397</u>
Intangible Lease Assets	10,805	-	-	-	10,805
Total Historical Cost	<u>47,444,488</u>	<u>-</u>	<u>-</u>	<u>623,901</u>	<u>48,068,389</u>
(Less) Accumulated Depreciation					
Buildings and Improvements	(20,772,751)	(532,480)	-	1	(21,305,230)
Machinery and Equipment	(2,778,576)	(370,233)	-	-	(3,148,809)
Infrastructure	(1,288,240)	(370,319)	-	-	(1,658,559)
Total Accumulated Depreciation	<u>(24,839,567)</u>	<u>(1,273,032)</u>	<u>-</u>	<u>1</u>	<u>(26,112,598)</u>
Accumulated Amortization	(2,458)	(1,925)	-	-	(4,383)
Business-Type Activities Capital Assets, Net	<u>\$ 22,602,463</u>	<u>\$ (1,274,957)</u>	<u>\$ -</u>	<u>\$ 623,902</u>	<u>\$ 21,951,408</u>

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 8 Capital Assets - Continued

Depreciation and amortization expense was charged to the functions as follows:

Governmental Activities	
General Governmental Support	\$ 311,590
Public Safety	922,511
Public Health	168,573
Transportation	2,403,041
Culture and Recreation	362,227
Home and Community Services	<u>3,553,911</u>
Total	<u><u>\$ 7,721,853</u></u>
Business-Type Activities	
Power Utility	\$ 369,720
Solid Waste	<u>905,237</u>
Total	<u><u>\$ 1,274,957</u></u>

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

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

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

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

Summary of Significant Accounting Policies

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

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Contributions

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

	ERS	PFRS
2023	\$ 1,106,535	\$ 2,933,659
2022	1,431,787	2,915,317
2021	1,247,199	2,464,562

Pension (Asset)/Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the City reported the following (asset)/liability for its proportionate share of the net pension (asset)/liability for each of the System's plans. The net pension (asset)/liability was measured as of March 31, 2023. The total pension liability used to calculate the net pension (asset)/liability was determined by an actuarial valuation. The City's proportionate share of the net pension (asset)/liability was based on a projection of the City's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was derived from reports provided to the City by the Systems.

	ERS	PFRS
Actuarial Valuation Date	04/01/2022	04/01/2022
Net Pension (Asset)/Liability	\$ 21,444,032,790	\$ 5,510,471,849
City's Proportionate Share of the		
Plan's Total Net Pension (Asset)/Liability	8,289,450	20,709,376
City's Share of the Plan's		
Total Net Pension (Asset)/Liability	0.038656%	0.375819%

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Pension (Asset)/Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued

For the year ended June 30, 2023, the City recognized pension expense of \$2,937,473 for ERS and \$6,227,718 for PFRS in the Government-wide financial statements. At June 30, 2023, the City's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	PFRS	ERS	PFRS
Differences Between Expected and Actual Experience	\$ 882,891	\$ 2,024,133	\$ 232,799	\$ -
Changes of Assumptions	4,025,892	10,091,625	44,494	-
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	36,611	48,700	-
Changes in Proportion and Differences Between the City's Contributions and Proportionate Share of Contributions	362,799	1,205,621	203,981	1,760,284
City's Contributions Subsequent to the Measurement Date	354,404	846,955	-	-
Total	\$ 5,625,986	\$ 14,204,945	\$ 529,974	\$ 1,760,284

City contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension (asset)/liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	ERS	PFRS
2024	\$ 1,138,490	\$ 2,101,528
2025	(391,838)	(601,505)
2026	1,713,728	6,057,116
2027	2,281,228	3,720,315
2028	-	320,252
Thereafter	-	-

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	PFRS
Measurement Date	March 31, 2023	March 31, 2023
Actuarial Valuation Date	April 1, 2022	April 1, 2022
Investment Rate of Return	5.9%	5.9%
Salary Increases	4.4%	6.2%
Cost of Living Adjustments	1.5%	1.5%
Inflation Rate	2.9%	2.9%

Annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021.

The actuarial assumptions used in the April 1, 2022 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

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

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

	ERS and PFRS
Measurement Date	March 31, 2023
Asset Type	
Domestic Equities	4.3%
International Equities	6.9%
Private Equity	7.5%
Real Estate	4.6%
Opportunistic Portfolio/ARS Portfolio	5.4%
Credit	5.4%
Real Assets	5.8%
Fixed Income	1.5%
Cash	0.0%

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and contributions from employers will be made at statutorily required rates, actuarially. Based on the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension (Asset)/Liability to the Discount Rate Assumption

The following presents the City's proportionate share of the net pension (asset)/liability calculated using the discount rate of 5.9%, as well as what the City's proportionate share of the net pension (asset)/liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

ERS	1% Decrease (4.9)%	Current Assumption (5.9)%	1% Increase (6.9)%
City's Proportionate Share of the Net Pension (Asset)/Liability	\$ 20,032,045	\$ 8,289,450	\$ (1,522,854)
PFRS			
City's Proportionate Share of the Net Pension (Asset)/Liability	\$ 43,169,663	\$ 20,709,376	\$ 2,110,909

Pension Plan Fiduciary Net Position

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

	Dollars in Thousands	
	ERS	PFRS
Measurement Date	March 31, 2023	March 31, 2023
Employers' Total Pension Liability	\$ 232,627,259	\$ 43,835,333
Plan Net Position	(211,183,223)	(38,324,863)
Employers' Net Pension (Asset)/Liability	\$ 21,444,036	\$ 5,510,470
Ratio of Plan Net Position to the Employers' Total Pension Liability	90.8%	87.4%

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Payables to the Pension Plans

Employer contributions are paid annually based on the System's fiscal year which ends on March 31. Employee contributions are remitted monthly. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS and PFRS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$1,220,705.

Current Year Activity

The following is a summary of current year activity:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Change</u>	<u>Ending Balance</u>
ERS			
Net Pension (Asset)/Liability	\$ (2,484,769)	\$ 10,304,930	\$ 7,820,161
Deferred Outflows of Resources	(4,743,098)	(564,385)	(5,307,483)
Deferred Inflows of Resources	8,568,076	(8,068,105)	499,971
Subtotal	<u>1,340,209</u>	<u>1,672,440</u>	<u>3,012,649</u>
PFRS			
Net Pension (Asset)/Liability	1,862,348	18,847,028	20,709,376
Deferred Outflows of Resources	(13,598,484)	(606,461)	(14,204,945)
Deferred Inflows of Resources	16,802,310	(15,042,026)	1,760,284
Subtotal	<u>5,066,174</u>	<u>3,198,541</u>	<u>8,264,715</u>
Total	<u>\$ 6,406,383</u>	<u>\$ 4,870,981</u>	<u>\$ 11,277,364</u>
<u>Business-Type Activities</u>	<u>Beginning Balance</u>	<u>Change</u>	<u>Ending Balance</u>
ERS			
Net Pension (Asset)/Liability	\$ (221,000)	\$ 690,289	\$ 469,289
Deferred Outflows of Resources	(421,860)	103,357	(318,503)
Deferred Inflows of Resources	762,062	(732,059)	30,003
Total	<u>\$ 119,202</u>	<u>\$ 61,587</u>	<u>\$ 180,789</u>

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 10 Short-Term Debt

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

The following is a summary of the City's BANs for the year ended June 30, 2023:

	Issue Date	Maturity Date	Interest Rate	Amount
General Obligation	08/16/2022	08/16/2023	3.50%	\$ 48,054,407
Total				\$ 48,054,407
	Balance June 30, 2022	New Issues/ Additions	Maturities/ Payments	Balance June 30, 2023
Governmental Activities				.
Capital Project Funds	\$ 34,480,486	\$ 40,878,050	\$ (34,480,486)	\$ 40,878,050
Refuse Collection Fund	345,500	-	(345,500)	-
Business-Type Activities				
Power Utility Fund	1,571,450	-	(1,571,450)	-
Solid Waste Fund	-	7,176,357	-	7,176,357
Transfer Station Fund	6,863,557	-	(6,863,557)	-
Total	\$ 43,260,993	\$ 48,054,407	\$ (43,260,993)	\$ 48,054,407

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

Interest Paid Governmental Funds	\$ 378,909
Interest Paid Business-Type Activities	240,811
(Less) BAN Premiums	(587,710)
(Less) Interest Accrued in the Prior Year	(371,324)
Interest Accrued in the Current Year	1,471,666
Total	\$ 1,132,352

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 11 **Lease Commitments**

Leases

The City enters into lease agreements for certain equipment that are considered leases. The City is not party to any material short term leases, and current leases do not require any material variable payments. Lease liabilities as of June 30, 2023 are as follows:

<u>Description of Lease</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Discount Rate</u>	<u>Outstanding June 30, 2023</u>
2021 Copier	03/17/2021	03/17/2026	0.09%	\$ 80,859
2022 Copier #1	11/17/2021	11/17/2025	0.20%	742
2022 Copier #2	02/17/2022	02/17/2026	1.11%	4,639
2021 Phones	07/21/2020	07/21/2027	0.16%	189,217
2022 Ambulance Equipment	08/13/2021	08/13/2025	0.08%	284,414
2021 Computers	07/23/2020	07/23/2023	2.90%	19,627
2022 Ambulances	08/20/2021	08/20/2026	1.44%	442,800
2020 Computers	10/31/2019	10/31/2023	2.72%	15,414
Total				<u><u>\$ 1,037,712</u></u>

The following is a summary of the maturity of lease liabilities:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 309,809	\$ 12,546	\$ 322,355
2025	274,768	8,176	282,944
2026	265,841	8,172	274,013
2027	148,241	8,054	156,295
2028	39,053	60	39,113
Total	<u><u>\$ 1,037,712</u></u>	<u><u>\$ 37,008</u></u>	<u><u>\$ 1,074,720</u></u>

Interest paid for the current year amounted to \$12,715.

Note 12 **Long-Term Debt**

At June 30, 2023, the total outstanding indebtedness (bonds, BANs, notes, and leases payable and other long-term personnel and landfill liabilities) of the City's primary government aggregated \$94,952,639. Of this amount, approximately \$64,844,445 is subject to the constitutional debt limit and represented 84.26% of the City's debt limit.

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Serial Bonds, Energy Performance Contracts and Installment Purchase Debt

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

Compensated Absences

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

Claims and Judgments

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

Self-Insurance Liability

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

Due to Employees' Retirement System

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

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 12 Long-Term Debt - Continued

Changes in Indebtedness

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

	Balance June 30, 2022	New Issues/ Additions	Maturities/ Payments	Balance June 30, 2023	Amount Due Within One Year
Governmental Activities					
General Obligation Bonds	\$ 27,867,441	\$ 12,015,736	\$ (5,508,371)	\$ 34,374,806	\$ 6,043,298
Other Long-Term Liabilities					
Energy Performance Contract	2,231,089	-	(555,669)	1,675,420	574,354
Employees' Retirement System					
Note Payable	194,394	-	(83,247)	111,147	90,916
Leases Payable	1,340,546	-	(309,256)	1,031,290	307,893
Judgments and Claims Payable	1,438,945	93,779	(721,218)	811,506	811,506
Compensated Absences	2,076,042	2,650,555	(2,076,042)	2,650,555	132,528
Self Insurance Liability	1,956,310	144,325	(195,389)	1,905,246	162,833
Total Other Long-Term Liabilities	9,237,326	2,888,659	(3,940,821)	8,185,164	2,080,030
Total	\$ 37,104,767	\$ 14,904,395	\$ (9,449,192)	\$ 42,559,970	\$ 8,123,328
Business-Type Activities					
General Obligation Bonds	\$ 11,536,511	\$ 1,837,381	\$ (850,466)	\$ 12,523,426	\$ 885,521
Other Long-Term Liabilities					
Employee Retirement Systems					
Note Payable	14,857	-	(6,362)	8,495	1,850
Landfill Post Closure Liability	2,595,955	-	(159,955)	2,436,000	84,000
Leases Payable	8,347	-	(1,925)	6,422	1,916
Energy Performance Contract	6,524	-	(1,635)	4,889	1,676
Compensated Absences	46,338	54,000	(46,338)	54,000	2,700
Total	\$ 14,208,532	\$ 1,891,381	\$ (1,066,681)	\$ 15,033,232	\$ 977,663

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 12 Long-Term Debt - Continued

Debt Maturity Schedules

The following is a summary of bonds outstanding at June 30, 2023 with corresponding maturity schedules:

Bonds Payable	Issue Date	Maturity	Interest	Balance
Sewer Refunding	06/20/02	11/15/24	1.326%-1.632%	\$ 120,000
Sewer Refunding	06/20/02	05/05/24	1.414%-1.941%	2,080,000
NYS EFC	07/24/03	01/15/24	3.363%-4.5%	145,000
Public Improvement	05/15/15	06/15/30	2.5-3.25%	835,000
NYPA Energy Conservation	03/01/09	03/01/29	1.92%	1,315,646
Public Improvement	05/24/14	05/15/24	1.5%-2.5%	105,000
Public Improvement	06/23/15	06/01/26	2.0%-5.0%	60,000
NYS EFC	09/01/15	05/26/45	0.0%	416,000
CREB Issuance	08/27/15	03/01/38	1.0%-4.75%	6,380,000
Public Improvement	05/27/16	05/15/31	2.0%-2.5%	1,280,000
NYS EFC	07/06/16	08/28/44	0.0%	1,745,000
Public Improvement	05/26/17	05/15/27	2.0%-2.5%	1,090,000
Public Improvement	08/21/17	08/21/27	2.0%-3.0%	4,610,000
Public Improvement	08/20/18	08/15/38	2.50%-3.375%	6,510,000
Public Improvement	08/19/19	08/15/29	4.00%	1,005,000
NYS EFC	11/01/20	04/01/50	0.0%	1,415,000
Public Improvement	08/18/20	08/15/30	1.125%	1,050,000
Public Improvement	08/17/21	08/15/42	1.0%-2.0%	3,185,000
Public Improvement	08/20/22	08/20/45	1.75%-3.75%	13,551,586
Total General Obligation Bonds				<u>\$ 46,898,232</u>

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

Year Ending	Governmental Activities			Business-Type Activities		
	Principal	Interest	Subsidy	Principal	Interest	Subsidy
2024	\$ 6,043,298	\$ 749,885	\$ 67,294	\$ 885,521	\$ 241,716	\$ -
2025	3,618,527	666,311	-	866,624	228,799	-
2026	3,463,191	584,766	-	884,896	214,479	-
2027	3,072,145	502,047	-	909,896	197,986	-
2028	2,756,975	425,465	-	858,039	181,442	-
2029-2033	9,124,135	1,297,197	-	4,421,281	646,719	-
2034-2038	4,152,791	463,184	-	3,079,219	282,707	-
2039-2043	1,492,744	105,309	-	407,950	74,866	-
2044-2048	531,000	40,742	-	210,000	11,813	-
2049-2050	120,000	4,844	-	-	-	-
Total	<u>\$ 34,374,806</u>	<u>\$ 4,839,750</u>	<u>\$ 67,294</u>	<u>\$ 12,523,426</u>	<u>\$ 2,080,527</u>	<u>\$ -</u>

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 12 Long-Term Debt - Continued

Debt Maturity Schedules - Continued

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

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

Year Ending	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 574,354	\$ 48,659	\$ 623,013	\$ 1,676	\$ 142	\$ 1,818
2025	593,656	31,980	625,636	1,732	93	1,825
2026	507,410	14,738	522,148	1,481	43	1,524
Total	\$ 1,675,420	\$ 95,377	\$ 1,770,797	\$ 4,889	\$ 278	\$ 5,167

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

Interest Paid Governmental Funds	\$ 838,751
Interest Paid Business-Type Activities	263,333
(Less) Bond Premiums	(70,951)
(Less) Interest Accrued in the Prior Year	(242,439)
Interest Accrued in the Current Year	<u>369,161</u>
Total	<u>\$ 1,157,855</u>

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

***Note 13* Postemployment Benefits Other Than Pensions (OPEB)**

General Information About the OPEB Plan

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

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

Employees Covered by Benefit Terms - At June 30, 2023, the following employees were covered by the benefit terms:

Retired and Surviving Spouses	252
Retiree Spouses Covered	90
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments	-
Active Employees Not Eligible to Retire	256
Actives Eligible to Retire	<u>45</u>
Total	<u><u>643</u></u>

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Total OPEB Liability

The City's total OPEB liability of \$76,594,818 was measured as of March 31, 2023 and was determined by an actuarial valuation as of July 1, 2021.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Single Discount Rate	3.78%
Long-Term Bond Rate	3.78%
Salary Scale	3.53%
Marriage Rate	70.00%
Participation Rate	100.00%
Healthcare Cost Trend Rates	5.50% for 2023, Decreasing to an Ultimate Rate of 4.00% for 2071 and Later Years

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

The salary scale was based on the rate at which payroll amounts are expected to increase over time for purposes of attributing liabilities under entry age normal, level percent of pay actuarial cost method. Based on inflation 1.0%.

Mortality rates were based on Pub-2010 Public Retirement Plans Mortality Tables, Headcount-Weighted, distinct for Teachers, General, and Safety, without separate Contingent Survivor mortality, fully generational using scale MP-2021.

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

Healthcare Cost Trend Rates were based on the National Health Expenditure Projections 2014-2030 and reflect the impact of legislative changes in 2022 and future years. Long-term trend rates were developed using the Societies of Actuaries Getzen Long-Term Healthcare Cost Trend Resource Model v2023_f1 (updated October 2022). CPI inflation rates were based on the Livingston Survey for June 2022, long-term (10-year) forecast mean rates. Real GDP rates are based on median rates from OECD 2023-2060 GDP projections, published in 2022.

The actuarial assumptions used in the July 1, 2021 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2022	\$ 98,260,545
Changes for the Year	
Service Cost	3,914,882
Interest Cost	2,833,609
Changes of Benefit Terms	2,051
Differences Between Expected and Actual Experience	(11,095,987)
Changes in Assumptions or Other Inputs	(15,272,371)
Benefit Payments	(2,047,911)
Net Change	(21,665,727)
Balance at June 30, 2023	\$ 76,594,818

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

	1% Decrease (2.78)%	Discount Rate (3.78)%	1% Increase (4.78)%
Total OPEB Liability	\$ 89,705,669	\$ 76,594,818	\$ 66,178,105

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	1% Decrease (4.50)% to (3.00)%	Healthcare Cost Trend Rate (5.50)% to (4.00)%	1% Increase (6.50)% to (5.00)%
Total OPEB Liability	\$ 64,568,389	\$ 76,594,818	\$ 92,049,841

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$4,806,664.

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 5,556,459	\$ 9,456,065
Changes in Assumptions or Other Inputs	146,195	15,165,875
Contributions Subsequent to Measurement Date	511,978	-
Total	\$ 6,214,632	\$ 24,621,940

City contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the OPEB liability in the year ending June 30, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Amount
2024	\$ (2,231,110)
2025	(3,503,996)
2026	(4,394,726)
2027	(4,394,726)
2028	(4,394,726)
Thereafter	(2)

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Current Year Activity

The following is a summary of current year activity:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Change</u>	<u>Ending Balance</u>
OPEB Liability	\$ 95,312,729	\$ (21,015,755)	\$ 74,296,974
Deferred Outflows of Resources	(11,413,921)	5,385,728	(6,028,193)
Deferred Inflows of Resources	5,618,925	18,264,356	23,883,281
Total	\$ 89,517,733	\$ 2,634,329	\$ 92,152,062

<u>Business-Type Activities</u>	<u>Beginning Balance</u>	<u>Change</u>	<u>Ending Balance</u>
OPEB Liability	\$ 2,947,816	\$ (649,972)	\$ 2,297,844
Deferred Outflows of Resources	(353,008)	166,569	(186,439)
Deferred Inflows of Resources	173,782	564,877	738,659
Total	\$ 2,768,590	\$ 81,474	\$ 2,850,064

Auburn Housing Authority

The actuarial valuation of the Auburn Housing Authority was measured as of March 31, 2022 and was determined by an actuarial valuation as of that date. The OPEB liability totaled \$2,243,157 for the year ended March 31, 2022.

Note 14 Self Insurance and Contingent Liabilities

Health Insurance

The City incurs costs related to an employee health insurance plan (the Plan) sponsored by the Cayuga County Health Insurance Consortium. The Plan's objectives are to formulate, develop and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities. During the year ended June 30, 2023, the City incurred premiums or contribution expenditures totaling \$7,755,492.

Workers' Compensation and Professional Liability Claims

The City's policy is to record expenditures for workers' compensation claims in the governmental fund from which they are paid. During the current year, the City has accrued \$1,905,246 of workers' compensation claims on the Statement of Net Position as self-insurance liability which is expected be paid out over the next 20 years.

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 14 Self Insurance and Contingent Liabilities - Continued

Judgments and Claims

As of June 30, 2023, the City has estimated a liability for judgments and claims of approximately \$811,506. The City has accrued approximately \$262,179 in general claims and \$549,327 in certiorari claims; this liability is included in property, casualty, and professional liability. In the past three years, no settlements exceeded insurance coverage, all claims are expected to become due within one year.

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

	Property, Casualty, and Professional Liability		Police and Fire Workers' Compensation	
	2023	2022	2023	2022
Unpaid Claims and Claim Adjustment				
Expenses - Beginning of Year	\$ 1,438,945	\$ 1,348,132	\$ 1,956,310	\$ 1,607,754
Provisions and Changes in Provisions for Claims and Claim Adjustment Expenses	93,779	104,794	144,325	518,520
Payments on Claims and Claims Adjustment Expenses Attributable to Insured Events	<u>(721,218)</u>	<u>(13,981)</u>	<u>(195,389)</u>	<u>(169,964)</u>
Total Unpaid Claims and Claim Adjustment Expenses - End of Year	<u>\$ 811,506</u>	<u>\$ 1,438,945</u>	<u>\$ 1,905,246</u>	<u>\$ 1,956,310</u>

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

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

Although closure and post closure care cost will be paid near or after the date the landfill stops accepting waste, the City reports a portion of these closure and post closure care costs as an operation expense in each period based on landfill capacity used. As of June 30, 2023, the landfill has stopped accepting waste based on 100% capacity.

The reported landfill closure costs at June 30, 2023 represents \$6,278,843 in approved contracts bid to close the Landfill. The remaining estimated \$2,436,000 in post closure care liabilities was accrued as of June 30, 2023.

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

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

***Note 16* Deferred Compensation**

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

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

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

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

***Note 17* Contingent Liabilities**

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

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

***Note 18* Subsequent Events**

On August 15, 2023, the City issued \$67,469,815 in bond anticipation notes with an interest rate of 4.50%-4.75% along with a principal payment of \$1,517,592 to redeem \$48,054,407 of BANs and provide \$20,933,000 in new financing for various infrastructure projects.

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

Deficit Fund Balance

The City's Capital Projects Fund had a (deficit) fund balance of \$16,385,869. This deficit is expected to be eliminated with permanent financing.

Deficit Net Position

At June 30, 2023, the Statement of Net Position had unrestricted (deficit) net positions of \$73,857,365 for governmental activities, along with total (deficit) net position of \$7,208,626 for business-type activities. For governmental activities, this is the result of the requirement to record other postemployment benefit liability with no requirement or mechanism to fund this liability (see Note 13). This (deficit) is not expected to be eliminated during the normal course of operations. For business-type activities, this deficit will be eliminated when short-term debt is converted to more permanent financing, and through the satisfaction of landfill post-closure liabilities, along with support from other funds.

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

***Note 20* Commitments**

As of June 30, 2023, the City had outstanding contracts with various vendors for construction of the following capital projects:

General Governmental Support	\$ 443,645
Public Safety	4,859
Transportation	2,659,067
Home and Community	<u>77,050,429</u>
Total	<u>\$ 80,158,000</u>

***Note 21* Tax Abatements**

For the year ended June 30, 2023, the City was subject to tax abatements negotiated by the Auburn Industrial Development Authority and the Cayuga County Industrial Development Agency (collectively known as the IDAs).

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

CITY OF AUBURN

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 21 Tax Abatements - Continued

Information relevant to disclosure of the program for the year ended June 30, 2023 is as follows:

	Taxable Assessed Value	Tax Rate	Tax Value	PILOT Received	Taxes Abated
Auburn Industrial Development Agency					
Property Tax Abatements					
Auburn Community Hotel	\$ 7,666,700	\$11.14 / \$1,000	\$ 85,370	\$ 9,120	\$ 76,250
Calamar	9,141,600	\$11.14 / \$1,000	101,794	81,435	20,359
Carovail	1,176,900	\$11.14 / \$1,000	13,105	7,863	5,242
Central Building	4,051,400	\$11.14 / \$1,000	45,113	17,618	27,495
Community Computer	1,893,500	\$11.14 / \$1,000	21,085	9,220	11,865
Gen West	5,310,500	\$11.14 / \$1,000	59,133	22,352	36,781
JBJ	4,824,197	\$11.14 / \$1,000	53,718	41,262	12,456
Logan Lofts	2,314,100	\$11.14 / \$1,000	25,768	7,377	18,391
Mack Studios	2,027,900	\$11.14 / \$1,000	22,581	7,376	15,205
McQuay	12,000,000	\$11.14 / \$1,000	133,622	93,536	40,086
NUCOR	14,601,100	\$11.14 / \$1,000	162,586	56,905	105,681
Prison City	2,179,200	\$11.14 / \$1,000	24,266	7,793	16,473
Seminary Commons	1,052,800	\$11.14 / \$1,000	11,723	2,345	9,378
WST33	2,895,500	\$11.14 / \$1,000	32,242	11,273	20,969
Cayuga County Industrial Development Agency					
Property Tax Abatements					
FLRR	765,250	\$11.14 / \$1,000	8,521	4,938	3,583
Total Tax Abatement Agreements	\$ 71,900,647		\$ 800,627	\$ 380,413	\$ 420,214

Note 22 Restatement

During the year, the City corrected errors in its general, sewer, and water funds related to understated receivables and cash balances for ambulance, water and sewer charges. Additionally, during the year, the City's reevaluated fixed asset balances based on updated policies. The City's June 30, 2022, balances have been restated to reflect the following:

	Governmental Activities Net Position	Business-Type Activities Net Position	General Fund Fund Balance	Sewer Fund Fund Balance	Water Fund Fund Balance
Balance Beginning of Year, as Previously Reported	\$ 61,907,044	\$ (5,270,183)	\$ 4,923,734	\$ 3,888,329	\$ 1,575,571
Correction of Error - Ambulance	701,395	-	701,395	-	-
Correction of Error - Receivables	1,067,120	-	-	549,607	517,513
Fixed Asset Evaluation	6,975,251	1,431,606	-	-	-
Balance Beginning of Year, as Restated	\$ 70,650,810	\$ (3,838,577)	\$ 5,625,129	\$ 4,437,936	\$ 2,093,084

Required Supplementary Information

CITY OF AUBURN

BUDGETARY COMPARISON SCHEDULE GENERAL FUND - NON-U.S. GAAP BUDGET BASIS FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
REVENUES					
Real Property Taxes	\$ 12,966,461	\$ 12,966,461	\$ 12,801,359	\$ -	\$ (165,102)
Real Property Tax Items	960,000	960,000	1,102,023	-	142,023
Nonproperty Tax Items	12,425,000	11,650,960	11,713,221	-	62,261
Departmental Income	3,408,034	4,196,088	3,858,657	-	(337,431)
Intergovernmental Charges	362,349	362,349	467,024	-	104,675
Use of Money and Property	472,160	472,161	322,599	-	(149,562)
Licenses and Permits	200,700	200,700	425,225	-	224,525
Fines and Forfeitures	216,400	216,400	190,354	-	(26,046)
Sale of Property and Compensation for Loss	499,000	505,698	290,605	-	(215,093)
Miscellaneous Local Sources	139,250	141,352	1,189,996	-	1,048,644
Interfund Revenues	3,159,604	3,159,604	3,240,202	-	80,598
State Sources	5,520,757	5,708,757	5,568,331	-	(140,426)
Federal Sources	-	7,874,326	3,435,843	-	(4,438,483)
Total Revenues	40,329,715	48,414,856	44,605,439	-	(3,809,417)
EXPENDITURES					
General Governmental Support	4,750,890	4,798,285	4,514,724	11,431	272,130
Public Safety	16,076,137	17,075,336	16,016,273	30,807	1,028,256
Public Health	2,188,345	2,914,153	2,503,364	-	410,789
Transportation	1,519,509	1,655,437	1,413,538	20,251	221,648
Economic Assistance and Opportunity	50,000	55,000	55,000	-	-
Culture and Recreation	1,493,417	1,534,776	1,412,330	-	122,446
Home and Community Services	596,985	1,260,189	1,010,923	51,643	197,623
Employee Benefits	12,614,101	13,355,538	12,984,919	-	370,619
Debt Service - Principal and Interest	4,123,145	4,148,194	4,140,716	-	7,478
Total Expenditures	43,412,529	46,796,908	44,051,787	114,132	2,630,989
Excess of Revenues (Expenditures)	(3,082,814)	1,617,948	553,652	(114,132)	(1,178,428)
OTHER FINANCING SOURCES (USES)					
Premium on Obligations	-	203,414	203,414	-	-
Interfund Transfers (Out)	(50,000)	(73,527)	(21,912)	-	51,615
Interfund Transfers In	1,929,343	4,326,235	-	-	(4,326,235)
Total Other Financing Sources (Uses)	1,879,343	4,456,122	181,502	-	(4,274,620)
Excess of Revenues and Other Financing Sources over (Expenditures) and Other (Uses)	(1,203,471)	6,074,070	735,154	\$ (114,132)	\$ (5,453,048)
Prior Year Encumbrances	504,720	504,720			
Use of Fund Balance	698,751	(6,578,790)			
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>735,154</u>		
Fund Balances - Beginning of Year			5,625,129		
Fund Balances - End of Year			<u>\$ 6,360,283</u>		

See Notes to Required Supplementary Information

CITY OF AUBURN

BUDGETARY COMPARISON SCHEDULE BUDGETED MAJOR SPECIAL REVENUE FUNDS SEWER FUND - NON-U.S. GAAP BUDGET BASIS FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Encumbrances	Variance
REVENUES					
Departmental Income	\$ 8,146,000	\$ 8,146,000	\$ 7,949,256	\$ -	\$ (196,744)
Use of Money and Property	1,500	1,500	104,150	-	102,650
Sale of Property and Compensation for Loss	500	500	41,868	-	41,368
Interfund Revenues	110,000	110,000	110,000	-	-
Total Revenues	8,258,000	8,258,000	8,205,274	-	(52,726)
EXPENDITURES					
General Governmental Support	239,500	964,628	947,566	-	17,062
Home and Community Services	3,586,450	4,364,495	4,118,591	32,624	213,280
Employee Benefits	842,995	890,831	882,474	-	8,357
Debt Service - Principal and Interest	2,834,594	2,854,593	2,813,195	-	41,398
Total Expenditures	7,503,539	9,074,547	8,761,826	32,624	280,097
Excess of Revenues (Expenditures)	754,461	(816,547)	(556,552)	(32,624)	227,371
OTHER FINANCING SOURCES (USES)					
Interfund Transfers (Out)	(766,008)	-	-	-	-
Premium on Obligations	-	-	214,066	-	214,066
Total Other Financing Sources (Uses)	(766,008)	-	214,066	-	214,066
Excess of Revenues and Other Sources Over Expenditures and Other Financing (Uses)	(11,547)	(816,547)	(342,486)	\$ (32,624)	\$ 441,437
Prior Year Encumbrances	11,547	11,547			
Use of Fund Balance	-	805,000			
Net Change in Fund Balance	\$ -	\$ -	(342,486)		
Fund Balance - Beginning of Year			4,437,936		
Fund Balance - End of Year			\$ 4,095,450		

See Notes to Required Supplementary Information

CITY OF AUBURN

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Service Cost	\$ 3,914,882	\$ 2,779,023	\$ 2,847,494	\$ 2,124,563	\$ 1,862,590	\$ 1,698,907	\$	\$	\$	\$
Interest Cost	2,833,609	2,012,954	2,148,580	2,557,169	2,245,701	2,222,671	*	*	*	*
Changes of Benefit Terms	2,051	-	-	-	-	(7,145)	*	*	*	*
Differences Between Expected and Actual Experience	(11,095,987)	13,494,259	(3,350,553)	(5,684,502)	7,962,122	(1,027,307)	*	*	*	*
Changes in Assumptions or Other Inputs	(15,272,371)	(5,923,039)	2,339,138	14,325,838	1,352,670	1,969,523	*	*	*	*
Benefit Payments	(2,047,911)	(1,876,113)	(1,746,011)	(1,556,541)	(1,303,884)	(1,276,074)	*	*	*	*
Total OPEB Liability - Beginning of Year	(21,665,727)	10,487,084	2,238,648	11,766,527	12,119,199	3,580,575	*	*	*	*
	98,260,545	87,773,461	85,534,813	73,768,286	61,649,087	58,068,512	*	*	*	*
Total OPEB Liability - End of Year	\$ 76,594,818	\$ 98,260,545	\$ 87,773,461	\$ 85,534,813	\$ 73,768,286	\$ 61,649,087	\$ 58,068,512	\$	\$	\$
Covered Employee Payroll	\$ 19,686,758	\$ 19,032,055	\$ 17,613,835	\$ 16,983,418	\$ 16,431,325	\$ 16,431,325	\$	\$	\$	\$
Total OPEB Liability as a Percentage of Covered Payroll	389.07%	516.29%	498.32%	503.64%	448.95%	375.19%	*	*	*	*
The Following is a Summary of Changes of Assumptions										
Healthcare Cost Trend Rates	5.50% - 4.00%	6.10% - 4.37%	4.00% - 4.08%	5.20% - 4.18%	5.20% - 4.32%	6.20% - 4.23%	5.30% - 4.17%	*	*	*
Salary Increases	3.53%	3.44%	3.11%	3.22%	3.36%	3.31%	3.31%	*	*	*
Inflation Rate	2.53%	2.44%	2.11%	2.22%	2.36%	2.37%	2.31%	*	*	*
Discount Rate	3.78%	2.83%	2.27%	2.48%	3.44%	3.61%	3.80%	*	*	*
Society of Actuaries' Mortality Scale	MP-2021	MP-2021	MP-2020	MP-2019	MP-2018	MP-2017	MP-2017	*	*	*

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

See Notes to Required Supplementary Information

CITY OF AUBURN

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution										
ERS	\$ 1,106,535	\$ 1,431,787	\$ 1,247,199	\$ 1,173,414	\$ 1,123,578	\$ 1,247,188	\$ 1,216,200	\$ 1,448,060	\$ 1,227,962	\$ 1,048,243
PFRS	2,933,659	2,915,317	2,464,562	2,351,244	2,340,134	2,522,569	2,384,745	2,191,612	2,672,150	2,052,700
Contributions in Relation to the Contractually Required Contribution										
ERS	(1,106,535)	(1,431,787)	(1,247,199)	(1,173,414)	(1,123,578)	(1,247,188)	(1,216,200)	(1,448,060)	(1,227,962)	(1,048,243)
PFRS	(2,933,659)	(2,915,317)	(2,464,562)	(2,351,244)	(2,340,134)	(2,522,569)	(2,384,745)	(2,191,612)	(2,672,150)	(2,052,700)
Contribution Deficiency (Excess)										
ERS	-	-	-	-	-	-	-	-	-	-
PFRS	-	-	-	-	-	-	-	-	-	-
City's Covered Payroll for Year Ended June 30,										
ERS	\$ 10,181,777	\$ 8,918,792	\$ 8,640,188	\$ 8,246,051	\$ 7,725,267	\$ 7,665,524	\$ 7,561,327	\$ 6,938,635	\$ 6,882,010	\$ 7,053,994
PFRS	11,844,479	10,990,057	10,586,520	10,319,610	10,380,982	10,549,780	10,167,102	9,712,368	10,065,913	9,697,498
Contributions as a Percentage of Covered Payroll										
ERS	10.9%	16.1%	14.4%	14.2%	14.5%	16.3%	16.1%	20.9%	17.8%	14.9%
PFRS	24.8%	26.5%	23.3%	22.8%	22.5%	23.9%	23.5%	22.6%	26.5%	21.2%

See Notes to Required Supplementary Information

CITY OF AUBURN

SCHEDULES OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY - NYSILRS PENSION PLAN FOR THE YEARS ENDED JUNE 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's Proportion of the Net Pension (Asset)/Liability									
ERS	0.038656%	0.033100%	0.032639%	0.030683%	0.029897%	0.030644%	0.029763%	0.029361%	0.030000%
PFRS	0.375819%	0.327853%	0.299715%	0.286967%	0.304848%	0.309522%	0.311561%	0.338098%	0.320000%
City's Proportionate Share of the Net Pension (Asset)/Liability									
ERS	\$ 8,289,450	\$ (2,705,769)	\$ 32,498	\$ 8,125,014	\$ 2,118,293	\$ 989,008	\$ 2,796,607	\$ 4,712,538	\$ 994,781
PFRS	20,709,376	1,862,348	5,203,873	15,338,190	5,112,486	3,128,514	6,457,568	10,010,355	885,962
	28,998,826	(843,421)	5,236,371	23,463,204	7,230,779	4,117,522	9,254,175	14,722,893	1,880,743
City's Covered Payroll									
ERS	9,798,064	8,893,811	8,624,838	8,119,789	7,708,228	7,651,289	7,291,440	6,908,942	6,873,032
PFRS	11,506,391	10,801,726	10,382,949	10,298,497	10,297,905	10,633,738	10,011,556	9,567,111	10,232,180
	\$ 21,304,455	\$ 19,695,537	\$ 19,007,787	\$ 18,418,286	\$ 18,006,133	\$ 18,285,027	\$ 17,302,996	\$ 16,476,053	\$ 17,105,212
City's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Payroll									
ERS	84.6%	30.4%	0.4%	100.1%	27.5%	12.9%	38.4%	68.2%	14.5%
PFRS	180.0%	17.2%	50.1%	148.9%	49.6%	29.4%	64.5%	104.6%	8.7%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability									
ERS	90.8%	103.7%	99.9%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%
PFRS	87.4%	98.7%	95.8%	84.9%	95.1%	96.9%	93.5%	90.2%	99.0%
The Following is a Summary of Changes in Assumption									
Inflation	2.90%	2.70%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.70%
Salary Increases - ERS	4.40%	4.40%	4.40%	4.20%	4.20%	3.80%	3.80%	3.80%	4.90%
Salary Increases - PFRS	6.20%	6.20%	6.20%	5.00%	5.00%	4.50%	4.50%	4.50%	6.00%
Cost of Living Adjustments	1.50%	1.40%	1.40%	1.30%	1.30%	1.30%	1.30%	1.30%	1.40%
Investment Rate of Return	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%
Discount Rate	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%
Society of Actuaries' Mortality Scale	MP-2021	MP-2020	MP-2020	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014	MP-2014

Schedule is Intended to Show Information for 10 Years
Additional Years Will Be Displayed as They Become Available

See Notes to Required Supplementary Information

CITY OF AUBURN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2023

Note 1 **Budget Basis of Accounting**

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

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

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

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

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

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

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

CITY OF AUBURN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2023

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

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

Note 3 **Schedules of the City's Proportionate Share of the Net Pension (Asset)/Liability**

The Schedule of the City's Proportionate Share of the Net Pension (Asset)/Liability, required supplementary information, will present ten years of information as it becomes available.

Note 4 **Schedules of City's Contributions - NYSLRS Pension Plans and Schedules of the City's Proportionate Share of the Net Pension (Asset)/Liability**

NYSLRS

Changes in Benefit Terms

The New York State Legislature lowered the vesting requirement for Tier 5 and Tier 6 from ten years to five years (Chapter 56 of the Laws of 2022), prior to the April 1, 2022 actuarial valuation.

CITY OF AUBURN

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS JUNE 30, 2023

	Special Revenue Funds						Total Non-Major Governmental Funds
	Special Grant Fund	Water Fund	Refuse Collection Fund	Casey Park Ice Risk Fund	Police Seizure Fund	Permanent Fund	
ASSETS							
Cash and Cash Equivalents, Unrestricted	\$ 700,652	\$ 1,607,305	\$ -	\$ 39	\$ -	\$ -	\$ 2,307,996
Cash and Cash Equivalents, Restricted	-	51,843	-	-	640,568	9,385	701,796
Investments	-	2,613	-	-	-	-	2,613
Due From Other Funds	-	26,572	-	-	-	-	26,572
Due From State and Federal Governments	60,843	-	-	-	-	-	60,843
Other Receivables	-	2,179,519	-	-	-	-	2,179,519
Loans Receivable	2,585,395	-	-	-	-	-	2,585,395
Total Assets	\$ 3,346,890	\$ 3,867,852	\$ -	\$ 39	\$ 640,568	\$ 9,385	\$ 7,864,734
LIABILITIES							
Accounts Payable	29,215	54,347	-	-	-	-	83,562
Accrued Liabilities	-	39,842	-	-	-	-	39,842
Due to Other Funds	-	941,585	-	-	-	-	941,585
Due to Retirement System	-	41,827	-	-	-	-	41,827
Total Liabilities	29,215	1,077,601	-	-	-	-	1,106,816
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue	2,585,395	-	-	-	-	-	2,585,395
FUND BALANCES							
Nonspendable	-	-	-	-	-	9,385	9,385
Restricted	-	-	-	-	640,568	-	640,568
Committed	-	51,843	-	-	-	-	51,843
Assigned	732,280	2,738,408	-	39	-	-	3,470,727
Total Fund Balances	732,280	2,790,251	-	39	640,568	9,385	4,172,523
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,346,890	\$ 3,867,852	\$ -	\$ 39	\$ 640,568	\$ 9,385	\$ 7,864,734

CITY OF AUBURN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Funds						Total Non-Major Governmental Funds
	Special Grant Fund	Water Fund	Refuse Collection Fund	Casey Park Ice Rink Fund	Police Seizure Fund	Permanent Fund	
REVENUES							
Departmental Income	\$ 182,668	\$ 6,033,670	\$ -	\$ -	\$ -	\$ -	\$ 6,216,338
Use of Money and Property	32,522	63,950	-	-	212	4	96,688
Sale of Property and Compensation for Loss	-	1,673	-	-	22,070	-	23,743
Miscellaneous Local Sources	-	-	-	-	6,017	-	6,017
Interfund Revenues	-	138,550	-	-	-	-	138,550
State Sources	-	79,777	-	-	60,000	-	139,777
Federal Sources	707,043	40,220	-	-	10,481	-	757,744
Total Revenues	922,233	6,357,840	-	-	98,780	4	7,378,857
EXPENDITURES							
General Government Support	-	1,138,720	-	-	-	-	1,138,720
Public Safety	-	-	-	-	207,556	-	207,556
Home and Community Services	846,126	2,513,236	-	-	-	-	3,359,362
Employee Benefits	-	727,026	-	-	-	-	727,026
Debt Principal	-	1,145,920	-	-	-	-	1,145,920
Debt Interest	-	256,294	-	-	-	-	256,294
Total Expenditures	846,126	5,781,196	-	-	207,556	-	6,834,878
Excess of Revenue (Expenditures)	76,107	576,644	-	-	(108,776)	4	543,979
OTHER FINANCING SOURCES (USES)							
Interfund Transfers In	150,000	-	903,762	-	-	-	1,053,762
Interfund Transfers Out	(250,000)	-	-	-	-	-	(250,000)
Premium on Obligations	-	120,523	-	-	-	-	120,523
Total Other Financing Sources (Uses)	(100,000)	120,523	903,762	-	-	-	924,285
Net Changes in Fund Balances	(23,893)	697,167	903,762	-	(108,776)	4	1,468,264
Fund Balances (Deficit) - Beginning of Year	756,173	2,093,084	(903,762)	39	749,344	9,381	2,704,259
Fund Balances (Deficit) - End of Year	\$ 732,280	\$ 2,790,251	\$ -	\$ 39	\$ 640,568	\$ 9,385	\$ 4,172,523

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Auburn (the City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 26, 2024.

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

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We identified a deficiency in internal control, described in the accompanying Schedule of Findings and Questions Costs as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

City's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
February 26, 2024



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Auburn's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
February 26, 2024

CITY OF AUBURN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2023

<u>Federal Grantor Pass-Through Grantor Program Title</u>	<u>Federal ALN #</u>	<u>Pass - Through Grantor ID #</u>	<u>Pass - Through to Subrecipients</u>	<u>Amount of Expenditures</u>
Department of Housing and Urban Development				
Direct Program:				
Community Development Block Grants Entitlement Grants Cluster:				
Community Development Block Grants - Entitlement Grants	14.218	N/A	\$ 105,041	\$ 710,724
COVID-19 - Community Development Block Grants - Entitlement Grants	14.218	N/A	-	20,591
Total Community Development Block Grants Entitlement Grants Cluster and Department of Housing and Urban Development			105,041	731,315
Department of Justice				
Passed Through NYS Department of Justice:				
Crime Victim Assistance/Discretionary Grants	16.582	(1)	-	594
Direct Program:				
U.S. Marshall's Service New York/New Jersey Regional Fugitive Force	16.710	N/A	-	5,582
Equitable Sharing Program	16.922	N/A	-	207,556
Bullet Proof Vest Partnership Program	16.607	N/A	-	6,099
Office of Violence against Women (OVW)	16.026	N/A	-	131,467
Body Worn Camera Policy and Implementation	16.835	N/A	-	74,354
Promoting Evidence Integration in Sex Offender Management Program	16.203	N/A	-	153,271
Total Department of Justice			-	578,923
Department of the Treasury				
Direct Program:				
(COVID-19) Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	468,566	3,213,115
Total Department of the Treasury			468,566	3,213,115
Department of Transportation				
Passed Through NYS Department of Transportation:				
Highway Planning and Construction:				
Highway Planning and Construction	20.205	D040243	-	104,097
Highway Planning and Construction	20.205	D034841	-	7,701
Highway Planning and Construction	20.205	D040240	-	17,681
Total Highway Planning and Construction			-	129,479
Total Department of Transportation			-	129,479
Department of Homeland Security				
Direct Program:				
Staffing for Adequate Fire and Emergency Response	97.083	N/A	-	317,347
(COVID-19) Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	-	932,860
Total Department of Homeland Security			-	1,250,207
Total Federal Expenditures			\$ 573,607	\$ 5,903,039

N/A - Indicates Direct Award
(1) - Indicates Unable to Obtain

See Notes to Schedule of Expenditures of Federal Awards

CITY OF AUBURN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2023

Note 1 Basis of Presentation

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

Note 2 Basis of Accounting

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

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

Note 3 Indirect Cost Rate

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

Note 4 Matching Costs

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

Note 5 Revolving Loan Programs

The City of Auburn operates a revolving loan program utilizing federal financial assistance received under the Community Development Block Grants/Small Cities and Entitlement Programs. Loans outstanding at June 30, 2023 under this program, as reported in the City's financial statements, are as follows:

Loans Receivable	\$ 3,295,090
(Less): Allowance for Uncollectible	<u>(709,695)</u>
Net Loans Receivable	<u>\$ 2,585,395</u>

The City disbursed new loans in the amount of \$32,000 and received program income from repayment of loan principal in the amount of \$204,500.

CITY OF AUBURN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2023

Note 6 Sub-Recipients

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

Community Development Block Grant - ALN Number 14.218

Aurora Of CNY Vision/Hearing	\$ 11,723
Boyle Senior Center	10,833
Transportation Project Of Cayuga County SCAT Van	12,180
Chapel House Homeless Shelter	14,000
Cayuga-Seneca Community Action Agency Homeless Services	9,000
Calvary Food Pantry	12,805
Legal Aid Services - Victims of Domestic Violence	10,000
Cayuga Counseling Services CCSI	15,000
Booker T. Washington Summer Camp	9,500

Total \$ 105,041

Coronavirus State and Local Fiscal Recovery Funds - ALN Number 21.027

Auburn Public Theater	\$ 139,981
Steward House	8,720
Cayuga Economic Development Agency	2,576
Auburn Downtown BID	43,700
ABC Cayuga	21,159
Booker T. Washington	27,732
Cavalry Food Pantry, Inc.	9,672
Catholic Charities	4,643
Cayuga Community Health Network	1,703
Cayuga Counseling Services	64,064
Chapel House	9,058
Community Action Programs	8,600
E. John Gravas Center	53,036
East Hill Family Medical	7,396
Merry Go Round Playhouse	1,673
Salvation Army	19,832
Unity House of Cayuga County	36,721
Auburn YMCA	8,300

Total \$ 468,566

CITY OF AUBURN

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023**

Section I Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? X yes no

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

Noncompliance material to financial statements not yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes X no

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

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

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

Identification of major programs:

<u>ALN</u>	<u>Name of Federal Program or Cluster</u>
<u>21.027</u>	<u>(COVID-19) Coronavirus State and Local Fiscal Recovery Funds</u>
<u>97.036</u>	<u>(COVID-19) Disaster Grants - Public Assistance (Presidentially Declared Disasters)</u>

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

Auditee qualified as low risk auditee: X yes no

CITY OF AUBURN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) JUNE 30, 2023

Section II Financial Statement Findings

Finding 2023-001

Issue:	Audit Adjustments and Corrections of Errors
Federal Agency:	N/A
Federal Program:	N/A
Assistance Listing Number:	N/A
Pass-Through Agency:	N/A

Criteria:

Management is charged with maintaining fiscal integrity and stewardship. This includes providing accurate and timely financial information.

Condition:

During our current year audit, several audit adjustments were required to correct misstatements, as well as restate balances previously reported. Professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. Audit adjustments that, either individually or in the aggregate, may have a significant effect on the City's financial reporting process were reviewed, approved, and posted by management.

Cause:

The City experienced significant turnover in key positions in the current year. The timing of that turnover resulted in delays in some reconciliation processes, resulting in material audit adjustments and restatement of balances previously reported.

Effect or Potential Effect:

There is an enhanced risk of inaccurate accounting records or untimely information.

Questioned Costs:

None.

Context:

There have been issues in previous years reconciling capital funds to the accrual basis of accounting.

Repeat Finding:

This is not a repeat finding.

Recommendation:

We appreciate the work current management has performed in reconciling accounts. We recommend monthly reconciliation of general ledger balances be performed and reviewed by a responsible official. Differences should be investigated and adjustments made to ensure accurate and timely financial reporting.

Views of Responsible Officials of the Auditee:

The City accepts the audit findings, and concurs with the recommendation for greater oversight through a monthly reconciliation process. The City has replaced the individuals in the key positions and does not anticipate the need for adjustments in subsequent audits.

Section III Federal Award Findings and Questioned Costs None.