

CITY OF AUBURN, GEORGIA

ANNUAL FINANCIAL REPORT
(WITH INDEPENDENT AUDITOR'S REPORT)

Year Ended
September 30, 2023

**CITY OF AUBURN, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023
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INDEPENDENT AUDITOR'S REPORT

September 18, 2024

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the CITY OF AUBURN, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the CITY OF AUBURN's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of CITY OF AUBURN, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the supplementary information identified above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2024, on our consideration of the CITY OF AUBURN's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CITY OF AUBURN's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CITY OF AUBURN's internal control over financial reporting and compliance.

Botos, Carter & Co., LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City of Auburn, Georgia (the "City") provides this Management Discussion and Analysis, as prescribed by the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). This narrative overview and analysis of the City's primary government financial activities is for the fiscal year ending September 30, 2023. Please consider this information in conjunction with the City's basic financial statements, which follow.

FINANCIAL HIGHLIGHTS

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$29,220,143 (presented as "net position"). Of this amount, \$11,864,161 was reported as "unrestricted net position." Unrestricted net position represents the amount available to be used to meet the City's obligations to citizens and creditors. \$15,588,932 of net position consisted of investments in capital assets. The remainder of net position consisted of amounts restricted by state law or debt agreements, and totaled \$1,767,050.

The City's total net position increased by \$1,108,708 in fiscal year 2023.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6,828,138. Of this amount, 73.6% or \$5,028,327 is unassigned and available for use within the City's designation and policies.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,028,327 or 73.45% of the total general fund amended budget expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

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

Proprietary Fund

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

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10 to 42 of this report.

Other Information

In addition to the primary government financial statements and accompanying notes, this report also presents certain supplementary information. Supplementary information can be found on pages 43 to 55 of this report.

GOVERNMENTAL-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the City's primary government financial statements, assets exceeded liabilities by \$29,220,143 as of September 30, 2023 and by \$28,111,435 as of September 30, 2022.

The largest portion of the City's net position reflects its investments in capital assets (such as land, buildings and improvements, furniture, machinery and equipment, computer equipment, and vehicles); less any related debt used in acquisition that is still outstanding. The City uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF AUBURN, GEORGIA'S NET POSITION

September 30, 2023

(\$ In thousands)

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 8,251	\$ 12,972	\$ 6,784	\$ 3,965	\$ 15,035	\$ 16,937
Capital assets (net of depreciation)	25,780	18,896	19,553	10,564	45,333	29,460
TOTAL ASSETS	34,031	31,868	26,337	14,529	60,368	46,397
Total deferred outflows of resources	402	169	109	68	511	237
Liabilities:						
Long-term liabilities outstanding	12,779	12,571	11,122	4,692	23,901	17,263
Other liabilities	1,380	174	6,378	783	7,758	957
TOTAL LIABILITIES	14,159	12,745	17,500	5,475	31,659	18,220
Total deferred inflows of resources	-	238	-	65	-	303
Net position						
Net investment in capital assets	12,819	11,248	2,770	5,916	15,589	17,164
Restricted	1,767	1,294	-	-	1,767	1,294
Unrestricted	5,688	6,512	6,176	3,141	11,864	9,653
TOTAL NET POSITION	\$ 20,274	\$ 19,054	\$ 8,946	\$ 9,057	\$ 29,220	\$ 28,111
Table may not add due to rounding						

An additional portion of the City's net position, \$1,767 thousand, or approximately 6.05%, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position \$11,864,161 may be used to meet the government's ongoing obligations to citizens and creditors.

Analysis of the City's Operations

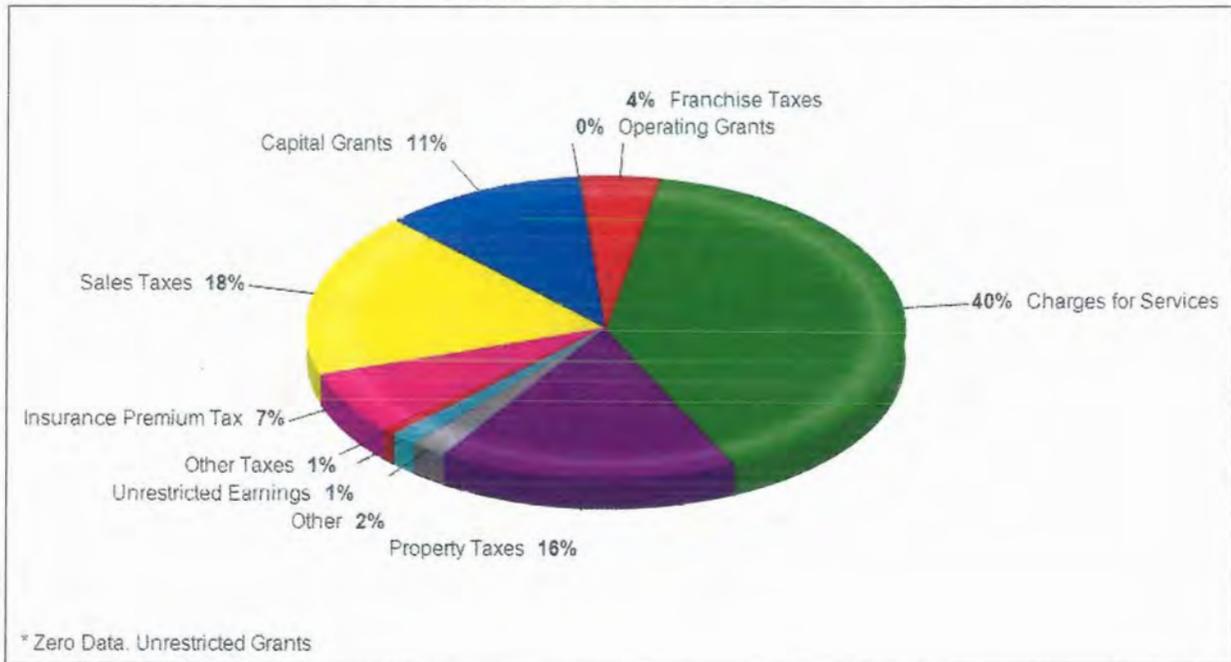
The following table provides a summary of the City's operations for the years ended September 30, 2023 and September 30, 2022. Governmental activities increased the City's net position by \$1,220,054 for the year ended September 30, 2023, and increased net position by \$3,892,855 for the year ended September 30, 2022. Business-type activities decreased the City's net position by \$111,345 for the year ended September 30, 2023, and increased the City's net position by \$3,158,043 for the year ended September 30, 2022.

CITY OF AUBURN, GEORGIA'S CHANGES IN NET POSITION
September 30, 2023
(\$ In thousands)

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
REVENUES	2023	2022	2023	2022	2023	2022
Program revenues:						
Charges for services	\$ 1,138	\$ 1,218	\$ 2,953	\$ 2,480	\$ 4,091	\$ 3,698
Operating grants and contributions	5	2,575	-	-	5	2,575
Capital grants and contributions	957	1,748	166	1,378	1,123	3,126
General Revenues:						
Property taxes	1,644	1,280	-	-	1,644	1,280
Sales taxes	1,799	2,061	-	-	1,799	2,061
Insurance premium tax	677	596	-	-	677	596
Franchise taxes	448	405	-	-	448	405
Alcohol beverage taxes	103	112	-	-	103	112
Real estate recording taxes	77	19	-	-	77	19
Other taxes	81	64	-	-	81	64
Unrestricted investment earnings	135	66	3	1	138	67
Other	204	136	-	-	204	136
TOTAL REVENUES	<u>7,268</u>	<u>10,280</u>	<u>3,122</u>	<u>3,859</u>	<u>10,390</u>	<u>14,139</u>
EXPENSES						
General Government	1,207	912	-	-	1,207	912
Judicial	103	98	-	-	103	98
Public safety	2,046	1,839	-	-	2,046	1,839
Public works	1,231	525	-	-	1,231	525
Health and welfare	1	9	-	-	1	9
Recreation and culture	807	534	-	-	807	534
Housing and development	372	376	-	-	372	376
Interest	306	312	-	-	306	312
Water utility	-	-	3,068	2,363	3,068	2,363
Stormwater utility	-	-	140	120	140	120
Revolving loan	-	-	-	-	-	-
TOTAL EXPENSES	<u>6,073</u>	<u>4,605</u>	<u>3,208</u>	<u>2,483</u>	<u>9,281</u>	<u>7,088</u>
Increases in net assets before transfers	1,195	5,675	(86)	1,376	1,109	7,051
Transfers	25	(1,782)	(25)	1,782	-	-
Increase in net position	1,220	3,893	(111)	3,158	1,109	7,051
Net position, beginning of year	19,054	15,161	9,057	5,899	28,111	21,060
Net position, end of year	<u>\$ 20,274</u>	<u>\$ 19,054</u>	<u>\$ 8,946</u>	<u>\$ 9,057</u>	<u>\$ 29,220</u>	<u>\$ 28,111</u>

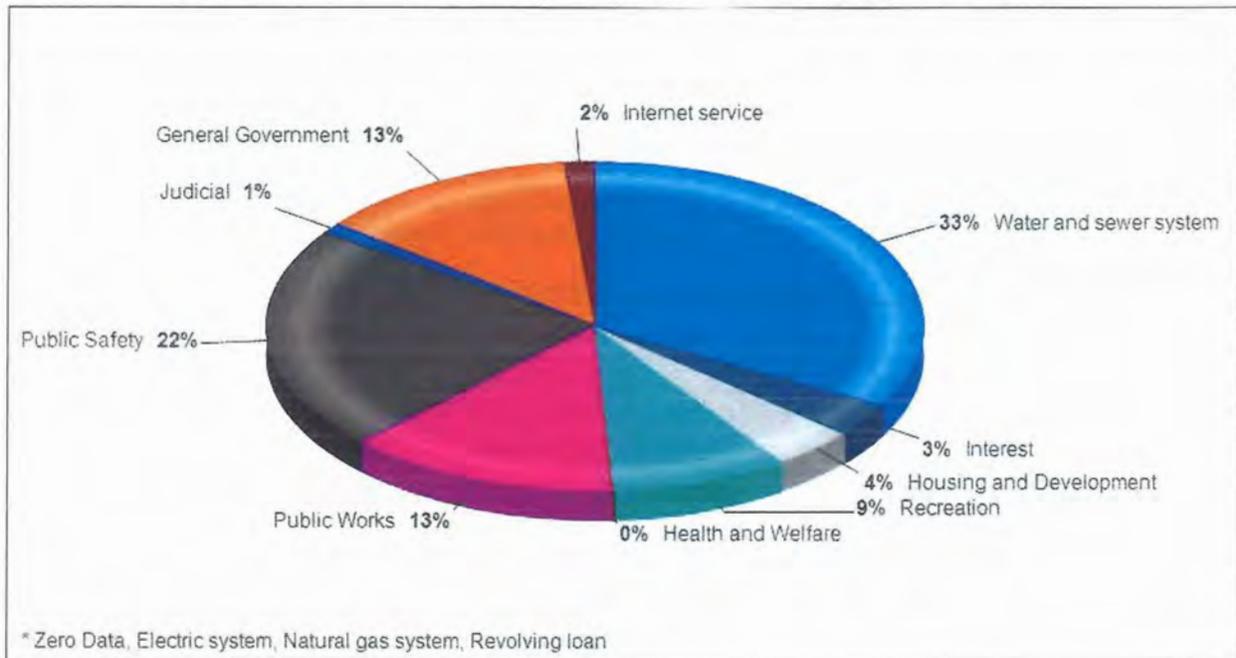
Total government-wide revenues for 2023 were \$10.39 million. These revenues consisted of \$4.83 million in taxes, \$1.13 million in grants and contributions, \$138 thousand in investment earnings and \$4.09 million in charges for services. Of this amount, \$1.14 million was in governmental activities and \$2.95 million in business-type activities.

REVENUES BY SOURCE-GOVERNMENT-WIDE ACTIVITY



Government-wide expenses were \$9.28 million for 2023, of which \$6.07 million were for governmental activities and \$3.21 million for business-type activities.

EXPENSES BY FUNCTION-GOVERNMENT-WIDE ACTIVITY



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

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

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

The General Fund is the main fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,028,327, while total fund balance reached \$5,061,088. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the fund's total operational expenditures. Unassigned fund balance represents 73.69% of total expenditures, and transfers out, while total fund balance represents 74.17% of that same amount.

The General Fund's fund balance decreased by \$523,613 during the current fiscal year. This is primarily a result of decreased revenue generation from intergovernmental COVID-19 assistance as well as an increase in construction costs for the Municipal Complex.

SPLOST Funds

The SPLOST Capital Projects Fund accounts for funds received from a local 1% sales tax reserved for various capital projects. During the current fiscal year, the fund balance increased by \$199,887 in the SPLOST Fund. This is primarily a result of reduced spending for approved projects, as well as supplemental project funding from other sources.

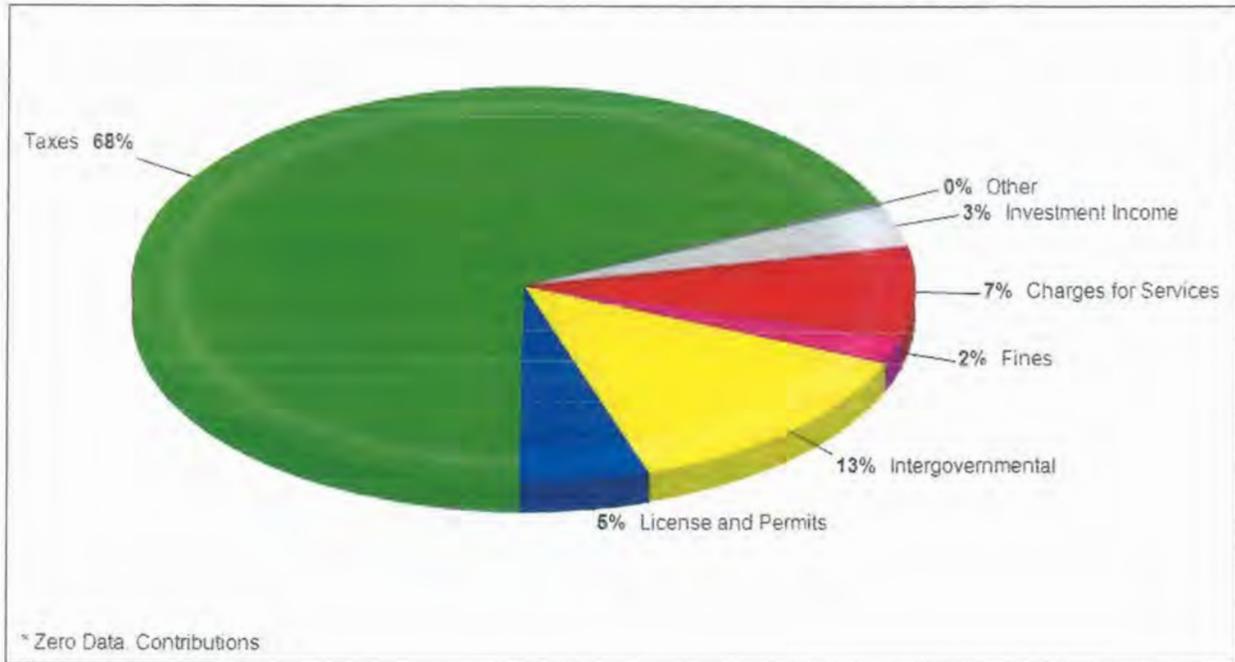
URA Bond Fund

The URA Bond Fund is the City's primary fund to pay debt obligations for the new government complex. During the current fiscal year, the fund balance decreased by \$5,173,682 in the URA Bond Fund due to monies used from prior years bond issuance.

Other Non-major Funds

The other non-major governmental funds' fund balances increased by \$122,302 during the current fiscal year. The increases were mainly due to the reduced use of restricted funds for public safety purchases and sale of City property.

REVENUES BY SOURCE-GOVERNMENTAL FUNDS



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

Proprietary Funds

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

The Water Fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system, and billing and collection activities. This fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer system debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds. Unrestricted net position in the Water Fund was \$6,094,038. For the fiscal year ended 2023, the Water Fund had a decrease in net position of \$98,219, the majority of which can be attributed to increased spending on materials throughout the year.

The Stormwater Fund is used to account for the provision of stormwater services to the residents of the City. Activities of the fund include administration, operations and maintenance of the stormwater system. This fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for stormwater system debt. All costs are financed through charges to stormwater customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds. Unrestricted net position in the Stormwater Fund is \$81,697. In the current year, the Stormwater Fund's net position decreased \$13,126, which is primarily a result of increased salaries and benefits expenses.

General Fund Budgetary Highlights

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

Capital assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2023, amounts to \$45,332,846, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, furniture, machinery and equipment, computer equipment, utility infrastructure, infrastructure assets, and vehicles.

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

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

The City spent \$6,666,218 on construction in progress.

The City spent \$63,209 on machinery and equipment.

The City spent \$182,906 on vehicles.

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

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2023	2022	2023	2022	2023	2022
Land	\$ 1,376,242	\$ 1,602,499	\$ 410,949	\$ 410,949	\$ 1,787,191	\$ 2,013,448
Construction in process	17,376,868	10,162,165	12,888,238	5,872,848	30,265,106	16,035,013
Building and improvements	3,041,305	3,041,305	-	-	3,041,305	3,041,305
Utility system infrastructure	-	-	8,019,099	5,866,282	8,019,099	5,866,282
Furniture, fixtures and equipment	-	-	-	-	-	-
Machinery and equipment	1,438,177	1,374,968	410,703	376,439	1,848,880	1,751,407
Computers and equipment	-	-	-	-	-	-
Infrastructure	5,689,756	5,689,756	-	-	5,689,756	5,689,756
Vehicles	1,381,090	1,198,184	694,781	647,410	2,075,871	1,845,594
Accumulated depreciation	(4,523,620)	(4,172,841)	(2,870,742)	(2,609,598)	(7,394,362)	(6,782,439)
Total	<u>\$ 25,779,818</u>	<u>\$ 18,896,036</u>	<u>\$ 19,553,028</u>	<u>\$ 10,564,330</u>	<u>\$ 45,332,846</u>	<u>\$ 29,460,366</u>

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

DEBT ADMINISTRATION

At the end of the current fiscal year, the City had \$22,904,845 in outstanding debt consisting of revenue bonds, financed purchases, and notes payable. All of the debt was secured by specific revenue sources or capital assets.

**CITY OF AUBURN, GEORGIA'S OUTSTANDING DEBT - PRIMARY GOVERNMENT
September 30, 2023**

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2023	2022	2023	2022	2023	2022
Financed purchases	\$ 55,899	\$ 83,892	\$ 34,861	\$ 57,835	\$ 90,760	\$ 141,727
Notes from direct borrowings	-	-	10,948,486	4,589,933	10,948,486	4,589,933
Revenue & general obligation bonds	11,865,599	12,186,319	-	-	11,865,599	12,186,319
Total	<u>\$ 11,921,498</u>	<u>\$ 12,270,211</u>	<u>\$ 10,983,347</u>	<u>\$ 4,647,768</u>	<u>\$ 22,904,845</u>	<u>\$ 16,917,979</u>

The City's total debt (not including compensated absences and other long-term operating liabilities) increased by \$5,986,866, during the current fiscal year mostly attributable the issuance of notes from direct borrowings. Additional information on the City's long-term debt can be found in note 7.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The City of Auburn's unemployment rate of 5.1% is above the State average of 3.2%. The largest industries in the City of Auburn are educational, health care, and social services.
- The City continues to grow with new residential development, street improvements, park construction/renovations, and various other projects.
- Property and sales taxes are expected to increase and have resulted in an increase in budgeted revenue for fiscal year 2024. The City of Auburn will use these anticipated increases in revenues to finance programs currently in place.
- Budgeted expenditures in the General Fund are expected to rise approximately 30% due to an increase in anticipated revenue noted above and the additional expenditures associated with bringing sanitation billing in house. Capital purchases that are budgeted in the General Fund for fiscal year 2024 include a side arm tractor, lights for the ballfield, a mini excavator, and vehicles for the Police Department.
- Construction of the water treatment plan and reservoir continued in fiscal year 2023 and is expected to continue throughout fiscal year 2024. This project is funded with proceeds from Georgia Environmental Finance Authority and American Rescue Plan Act funds. The project is expected to be completed within the next two to three years and will provide a much needed independent water resource to the City of Auburn.
- The City is not anticipating any increase in water rates for fiscal year 2024, other than the annual CPI-U change. Meter installation rates were increased in fiscal year 2023. Fiscal year 2024 budgeted general operating expenses for business-type activities will increase by approximately 33% to cover increased personnel costs and increased costs of materials, supplies, and other operating expenses.
- During fiscal year 2023, construction of the new Municipal Complex was substantially complete. City operations moved to the new building in fiscal year 2024.
- In November 2023, the citizens of Barrow County approved a new single county T-SPLOST. The City of Auburn will receive 6.43% of collections over the duration of the five-year program.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, customers, investors and creditors with general overview of the City's primary government finances. If you have questions about this report or need any additional information, contact Sunshine Palmer at 1 Auburn Way, Auburn, GA 30011.

CITY OF AUBURN, GEORGIA
STATEMENT OF NET POSITION
September 30, 2023

PRIMARY GOVERNMENT

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash	\$ 6,999,103	\$ -	\$ 6,999,103
Investments	907,646	-	907,646
Receivables (net of allowance for uncollectibles)	474,750	6,593,884	7,068,634
Internal balances	(163,323)	163,323	-
Prepaid items	32,761	27,017	59,778
Non-current assets:			
Capital assets:			
Capital assets not being depreciated	18,753,110	13,299,187	32,052,297
Capital assets being depreciated	11,550,328	9,124,583	20,674,911
Less: accumulated depreciation	<u>(4,523,620)</u>	<u>(2,870,742)</u>	<u>(7,394,362)</u>
Capital assets, net of depreciation	25,779,818	19,553,028	45,332,846
TOTAL ASSETS	<u>34,030,755</u>	<u>26,337,252</u>	<u>60,368,007</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	402,396	108,823	511,219
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>402,396</u>	<u>108,823</u>	<u>511,219</u>
TOTAL ASSETS & DEFERRED OUTFLOWS	<u>34,433,151</u>	<u>26,446,075</u>	<u>60,879,226</u>
LIABILITIES			
Accounts payable	1,283,632	6,272,992	7,556,624
Other accrued items	72,832	105,143	177,975
Unearned revenue	3,743	-	3,743
Customer Deposits	19,304	-	19,304
Noncurrent liabilities:			
Due within one year:			
Compensated absences payable	78,159	13,702	91,861
Notes from direct borrowings	-	211,138	211,138
Financed purchases payable	29,132	24,045	53,177
General obligation bonds payable	324,058	-	324,058
Due in more than one year:			
Compensated absences payable	117,238	20,553	137,791
Notes from direct borrowings	-	10,737,348	10,737,348
Financed purchases payable	26,767	10,816	37,583
General obligation bonds payable	11,541,541	-	11,541,541
Net pension liability	662,443	104,497	766,940
TOTAL LIABILITIES	<u>14,158,849</u>	<u>17,500,234</u>	<u>31,659,083</u>
TOTAL LIABILITIES & DEFERRED INFLOWS	<u>14,158,849</u>	<u>17,500,234</u>	<u>31,659,083</u>
NET POSITION			
Net investment in capital assets	12,818,826	2,770,106	15,588,932
Restricted for:			
Capital outlay projects	1,486,447	-	1,486,447
Judicial programs	915	-	915
Public safety programs	6,399	-	6,399
Health and welfare programs	6,510	-	6,510
Housing and development programs	266,779	-	266,779
Unrestricted	5,688,426	6,175,735	11,864,161
TOTAL NET POSITION	<u>\$ 20,274,302</u>	<u>\$ 8,945,841</u>	<u>\$ 29,220,143</u>

The accompanying notes are an integral part of this statement.

CITY OF AUBURN, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

FUNCTIONS/PROGRAMSPROGRAM REVENUES.....			NET (EXPENSE) AND CHANGES IN NET POSITION.....		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
PRIMARY GOVERNMENT							
GOVERNMENTAL ACTIVITIES							
General government	\$ 1,207,357	\$ 58,574	\$ -	\$ -	\$ (1,148,783)	\$ -	\$ (1,148,783)
Judicial	103,091	151,516	-	-	48,425	-	48,425
Public safety	2,046,857	9,865	-	-	(2,036,992)	-	(2,036,992)
Public works	1,231,215	486,753	1,692	957,499	214,729	-	214,729
Public health and welfare	540	-	3,790	-	3,250	-	3,250
Recreation and culture	806,866	51,409	-	-	(755,457)	-	(755,457)
Housing and development	371,995	380,028	-	-	8,033	-	8,033
Interest	305,565	-	-	-	(305,565)	-	(305,565)
Total Governmental Activities	<u>6,073,486</u>	<u>1,138,145</u>	<u>5,482</u>	<u>957,499</u>	<u>(3,972,360)</u>	<u>-</u>	<u>(3,972,360)</u>
BUSINESS-TYPE ACTIVITIES							
Water	3,067,517	2,825,169	-	166,000	-	(76,348)	(76,348)
Stormwater	139,636	126,510	-	-	-	(13,126)	(13,126)
Total Business-Type Activities	<u>3,207,153</u>	<u>2,951,679</u>	<u>-</u>	<u>166,000</u>	<u>-</u>	<u>(89,474)</u>	<u>(76,348)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 9,280,639</u>	<u>\$ 4,089,824</u>	<u>\$ 5,482</u>	<u>\$ 1,123,499</u>	<u>(3,972,360)</u>	<u>(89,474)</u>	<u>(4,048,708)</u>
GENERAL REVENUES							
Property taxes					1,644,122	-	1,644,122
Sales taxes					1,798,559	-	1,798,559
Insurance premium taxes					676,994	-	676,994
Franchise taxes					447,856	-	447,856
Alcohol beverage taxes					102,664	-	102,664
Real estate recording taxes					76,859	-	76,859
Other taxes					80,868	-	80,868
Total taxes					<u>4,827,922</u>	<u>-</u>	<u>4,827,922</u>
Unrestricted investment earnings					135,010	3,228	138,238
Gain(Loss) on sale of capital assets					204,383	-	204,383
TRANSFERS					25,099	(25,099)	-
TOTAL GENERAL REVENUES AND TRANSFERS					<u>5,192,414</u>	<u>(21,871)</u>	<u>5,170,543</u>
CHANGES IN NET POSITION					<u>1,220,054</u>	<u>(111,345)</u>	<u>1,108,709</u>
NET POSITION, Beginning					19,054,248	9,057,186	28,111,434
NET POSITION, Ending					<u>\$ 20,274,302</u>	<u>\$ 8,945,841</u>	<u>\$ 29,220,143</u>

The accompanying notes are an integral part of this statement.

**CITY OF AUBURN, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2023**

	GENERAL	SPLOST	URA BOND FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash	\$ 4,075,736	\$ 2,523,700	\$ -	\$ 399,666	\$ 6,999,102
Investments	907,646	-	-	-	907,646
Receivables (net of allowance for uncollectibles)	339,931	134,820	-	-	474,751
Interfund receivables	1,303,505	-	-	3,913	1,307,418
Prepaid items	32,761	-	-	-	32,761
TOTAL ASSETS	<u>\$ 6,659,579</u>	<u>\$ 2,658,520</u>	<u>\$ -</u>	<u>\$ 403,579</u>	<u>\$ 9,721,678</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 1,283,632	\$ -	\$ -	\$ -	\$ 1,283,632
Other accrued items	72,832	-	-	-	72,832
Customer deposits	15,004	-	-	-	15,004
Interfund payables	183,735	1,172,073	-	114,933	1,470,741
Unearned revenue	-	-	-	3,743	3,743
Amounts held in trust	-	-	-	4,300	4,300
TOTAL LIABILITIES	<u>1,555,203</u>	<u>1,172,073</u>	<u>-</u>	<u>122,976</u>	<u>2,850,252</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	43,288	-	-	-	43,288
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>43,288</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,288</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>1,598,491</u>	<u>1,172,073</u>	<u>-</u>	<u>122,976</u>	<u>2,893,540</u>
FUND BALANCES					
Nonspendable:					
Prepaid expenditure	32,761	-	-	-	32,761
Restricted:					
Capital outlay projects	-	1,486,447	-	-	1,486,447
Judicial programs	-	-	-	915	915
Public safety programs	-	-	-	6,399	6,399
Health and welfare programs	-	-	-	6,510	6,510
Housing and development programs	-	-	-	266,779	266,779
Unassigned	5,028,327	-	-	-	5,028,327
TOTAL FUND BALANCES	<u>5,061,088</u>	<u>1,486,447</u>	<u>-</u>	<u>280,603</u>	<u>6,828,138</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 6,659,579</u>	<u>\$ 2,658,520</u>	<u>\$ -</u>	<u>\$ 403,579</u>	<u>\$ 9,721,678</u>

The accompanying notes are an integral part of this statement.

CITY OF AUBURN, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF
NET POSITION
For the Year Ended September 30, 2023

Total Fund Balances for Governmental Funds (page 3)	\$	6,828,138
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.		25,779,818
Revenues in the statement of activities that do not provide current financial resources are reported as unavailable revenues in the funds.		
Property Taxes	43,288	43,288
Some liabilities and deferred inflows, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(11,865,599)	
Compensated absences	(195,397)	
Financed purchases	(55,899)	
Net pension liability	(662,443)	
Net deferred inflows(outflows) - pension expense	402,396	(12,376,942)
Total net position of governmental activities (page 1)	\$	<u>20,274,302</u>

The accompanying notes are an integral part of this statement.

CITY OF AUBURN, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended September 30, 2023

	GENERAL	SPLOST	URA BOND FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes	\$ 4,830,891	\$ -	\$ -	\$ -	\$ 4,830,891
Licenses and permits	378,446	-	-	-	378,446
Intergovernmental	-	947,035	-	3,790	950,825
Fines and forfeitures	151,381	-	-	-	151,381
Charges for services	540,950	-	-	42,504	583,454
Investment income	35,950	10,464	96,671	4,081	147,166
Miscellaneous	22,331	-	-	2,532	24,863
TOTAL REVENUES	<u>5,959,949</u>	<u>957,499</u>	<u>96,671</u>	<u>52,907</u>	<u>7,067,026</u>
EXPENDITURES					
Current Expenditures					
General government	1,151,759	1,726	-	-	1,153,485
Judicial	98,503	-	-	-	98,503
Public safety	1,879,164	-	-	3,006	1,882,170
Public works	860,340	229,381	-	-	1,089,721
Public health and welfare	-	-	-	540	540
Culture and Recreation	579,365	-	-	-	579,365
Housing and development	318,216	-	-	42,484	360,700
Intergovernmental	166,779	-	-	-	166,779
Capital outlay	1,111,782	5,800,549	-	-	6,912,331
Debt service					
Principal	4,886	238,107	-	-	242,993
Interest	371	410,913	-	-	411,284
TOTAL EXPENDITURES	<u>6,171,165</u>	<u>6,680,676</u>	<u>-</u>	<u>46,030</u>	<u>12,897,871</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(211,216)</u>	<u>(5,723,177)</u>	<u>96,671</u>	<u>6,877</u>	<u>(5,830,845)</u>
OTHER FINANCING SOURCES (USES)					
Sale of county property	315,215	-	-	115,425	430,640
Transfers in	25,099	5,923,064	-	-	5,948,163
Transfers out	(652,711)	-	(5,270,353)	-	(5,923,064)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(312,397)</u>	<u>5,923,064</u>	<u>(5,270,353)</u>	<u>115,425</u>	<u>455,739</u>
NET CHANGE IN FUND BALANCES	<u>(523,613)</u>	<u>199,887</u>	<u>(5,173,682)</u>	<u>122,302</u>	<u>(5,375,106)</u>
FUND BALANCES, Beginning of year	6,283,617	1,286,560	5,173,682	7,870	12,751,729
Prior Period Adjustment	(698,916)	-	-	150,431	(548,485)
FUND BALANCES, Beginning of year, restated	<u>5,584,701</u>	<u>1,286,560</u>	<u>5,173,682</u>	<u>158,301</u>	<u>12,203,244</u>
FUND BALANCES, End of year	<u>\$ 5,061,088</u>	<u>\$ 1,486,447</u>	<u>\$ -</u>	<u>\$ 280,603</u>	<u>\$ 6,828,138</u>

The accompanying notes are an integral part of this statement.

CITY OF AUBURN, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

Net change in fund balances (page 5)		\$ (5,375,106)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.</p>		
Capital outlays	6,912,331	
Depreciation expense	<u>(350,778)</u>	6,561,553
<p>In the statement of activities, only the gain/loss on the sale of various capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold.</p>		
Net book value of capital assets disposed of	<u>(226,257)</u>	(226,257)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Property taxes	<u>(5,767)</u>	(5,767)
<p>Revenues reported in the funds that relate to prior years are not reported as revenue in the statement of activities.</p>		
Property taxes	<u>2,798</u>	2,798
<p>Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, where as these amounts are deferred and amortized in the statement of activities. This adjustment combines the net change of two balances.</p>		
Principal payments on long-term debt	242,993	
Amortization of bond premium, discounts and refunding	<u>105,720</u>	348,713
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Compensated absences, current year	(195,397)	
Compensated absences, prior year	160,541	
Net pension liability, current year	(662,443)	
Net pension liability, prior year	139,856	
Deferred inflows, prior year	<u>238,487</u>	(318,956)
<p>Contributions made after pension measurement date are reported in deferred outflows.</p>		
Beginning of year	(169,321)	
End of year	<u>402,396</u>	233,075
Rounding		<u>1</u>
Changes in net position of governmental activities (page 2)		\$ <u>1,220,054</u>

The accompanying notes are an integral part of this statement.

CITY OF AUBURN, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2023

BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS

	WATER FUND	NON-MAJOR STORMWATER FUND	TOTAL
ASSETS			
Current Assets			
Receivables (net of allowance for uncollectibles)	\$ 6,582,859	\$ 11,025	\$ 6,593,884
Interfund receivables	104,026	75,796	179,822
Prepaid items	22,628	4,389	27,017
TOTAL CURRENT ASSETS	<u>6,709,513</u>	<u>91,210</u>	<u>6,800,723</u>
Noncurrent Assets			
Capital assets			
Capital assets not being depreciated	13,299,187	-	13,299,187
Capital assets being depreciated	8,889,818	234,765	9,124,583
Less: accumulated depreciation	(2,839,719)	(31,023)	(2,870,742)
TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)	<u>19,349,286</u>	<u>203,742</u>	<u>19,553,028</u>
TOTAL NONCURRENT ASSETS	<u>19,349,286</u>	<u>203,742</u>	<u>19,553,028</u>
TOTAL ASSETS	<u>26,058,799</u>	<u>294,952</u>	<u>26,353,751</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	108,823	-	108,823
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>108,823</u>	<u>-</u>	<u>108,823</u>
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	<u>26,167,622</u>	<u>294,952</u>	<u>26,462,574</u>
LIABILITIES			
Current Liabilities			
Accounts payable	6,263,479	9,513	6,272,992
Other accrued items	105,143	-	105,143
Interfund payables	16,499	-	16,499
Compensated absences payable	13,702	-	13,702
Notes from direct borrowings	211,138	-	211,138
Financed purchases payable	24,045	-	24,045
TOTAL CURRENT LIABILITIES	<u>6,634,006</u>	<u>9,513</u>	<u>6,643,519</u>
Noncurrent Liabilities			
Compensated absences payable	20,553	-	20,553
Net pension liability	104,497	-	104,497
Notes from direct borrowings	10,737,348	-	10,737,348
Financed purchases payable	10,816	-	10,816
TOTAL NONCURRENT LIABILITIES	<u>10,873,214</u>	<u>-</u>	<u>10,873,214</u>
TOTAL LIABILITIES	<u>17,507,220</u>	<u>9,513</u>	<u>17,516,733</u>
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	<u>17,507,220</u>	<u>9,513</u>	<u>17,516,733</u>
NET POSITION			
Net investment in capital assets	2,566,364	203,742	2,770,106
Unrestricted	6,094,038	81,697	6,175,735
TOTAL NET POSITION	<u>\$ 8,660,402</u>	<u>\$ 285,439</u>	<u>\$ 8,945,841</u>

The accompanying notes are an integral part of this statement.

CITY OF AUBURN, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2023

**BUSINESS-TYPE ACTIVITIES-ENTERPRISE
FUNDS**

	WATER FUND	NON-MAJOR STORMWATER FUND	TOTAL
OPERATING REVENUES			
Charges for sales and services:			
Charges for services	\$ 2,340,434	\$ 126,510	\$ 2,466,944
Other operating revenue			
Sewer sales	373,558	-	373,558
Other	98,324	-	98,324
Miscellaneous Income	12,853	-	12,853
Total Operating Revenues	<u>2,825,169</u>	<u>126,510</u>	<u>2,951,679</u>
OPERATING EXPENSES			
Salaries and benefits	799,166	93,102	892,268
Supplies	339,212	185	339,397
Other services and charges	262,424	38,592	301,016
Depreciation	253,388	7,757	261,145
Repairs and maintenance	7,614	-	7,614
Utilities	14,859	-	14,859
Water purchases	1,310,009	-	1,310,009
Total Operating Expenses	<u>2,986,672</u>	<u>139,636</u>	<u>3,126,308</u>
OPERATING INCOME	<u>(161,503)</u>	<u>(13,126)</u>	<u>(174,629)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	3,228	-	3,228
Interest expense	(80,845)	-	(80,845)
Total Nonoperating Revenues (Expenses)	<u>(77,617)</u>	<u>-</u>	<u>(77,617)</u>
INCOME (LOSS) BEFORE TRANSFERS	(239,120)	(13,126)	(252,246)
Tap fees in excess of cost - water	166,000	-	166,000
Transfer in	(25,099)	-	(25,099)
CHANGE IN NET POSITION	(98,219)	(13,126)	(111,345)
TOTAL NET POSITION, Beginning of year	8,758,621	298,565	9,057,186
TOTAL NET POSITION, End of year	<u>\$ 8,660,402</u>	<u>\$ 285,439</u>	<u>\$ 8,945,841</u>

The accompanying notes are an integral part of this statement.

CITY OF AUBURN, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2023

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS		
	WATER FUND	NON-MAJOR STORMWATER FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customer	\$ (3,130,874)	\$ 116,177	\$ (3,014,697)
Payments to suppliers	6,721,066	(19,265)	6,701,801
Payments to employees	<u>(739,213)</u>	<u>(96,912)</u>	<u>(836,125)</u>
Net cash provided by (used in) operating activities	<u>2,850,979</u>	<u>-</u>	<u>2,850,979</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(9,249,841)	-	(9,249,841)
Tap fees in excess of costs	166,000	-	166,000
Transfers in/out	(25,099)	-	(25,099)
Proceeds from the issuance of debt	6,506,861	-	6,506,861
Principal payments on debt	(171,281)	-	(171,281)
Interest paid	<u>(80,845)</u>	<u>-</u>	<u>(80,845)</u>
Net cash provided by (used in) capital and related financing activities	<u>(2,854,205)</u>	<u>-</u>	<u>(2,854,205)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings	<u>3,226</u>	<u>-</u>	<u>3,226</u>
Net cash provided by (used in) investing activities	<u>3,226</u>	<u>-</u>	<u>3,226</u>
Net increase (decrease) in cash and cash equivalents	-	-	-
CASH, Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
CASH, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (161,503)	\$ (13,126)	\$ (174,629)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	253,388	7,757	261,145
(Increase) decrease in:			
Accounts receivable	(5,956,043)	(10,333)	(5,966,376)
Deferred outflows for pension	(40,870)	-	(40,870)
Prepaid expenses	(12,657)	(80)	(12,737)
Increase (decrease) in:			
Accounts payable	5,555,721	9,514	5,565,235
Compensated absences	(7,000)	(2,811)	(9,811)
Customer deposits	31,150	-	31,150
Net pension liability	142,152	-	142,152
Other accrued items	(607)	(999)	(1,606)
Deferred inflows for pension	(64,872)	-	(64,872)
Interfund balances	<u>3,112,120</u>	<u>10,078</u>	<u>3,122,198</u>
Net cash provided by (used in) operating activities	<u>\$ 2,850,979</u>	<u>\$ -</u>	<u>\$ 2,850,979</u>

The accompanying notes are an integral part of this statement.

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(A) REPORTING ENTITY

The reporting entity consists of the following:

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

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

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

Brief description of the blended component unit follows:

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

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
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allocation that it pays to the DDA for its operations. The City also pays the salary and some other expenses related to downtown development. The Urban Redevelopment Agency was consolidated with the DDA to grant the Authority the full urban redevelopment powers pursuant to Chapter 61 of Title 36 of the Official Code of Georgia Annotated, known as the Urban Redevelopment Law. The DDA is a blended component unit of the City and separate financial statements are not prepared.

(B) GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

Cumulative effect of prior period adjustments

In 2023, the City recognized a prior period adjustment for error correction as of October 1, 2022 in order to retroactively report the change to the earliest period reported. In 2023, the City recognized a prior period adjustment for changes within the financial reporting entity as of October 1, 2022 in order to report the blended Downtown Development Authority component unit as a special revenue fund.

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
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These adjustments were necessary to correctly reflect balance sheet accounts, as specified below:

	Governmental Activities	
	General Fund	Nonmajor Governmental Fund - Downtown Development Authority
Beginning Fund Balance, October 1	\$ 6,283,617	\$ -
Cash	(151,960)	151,960
Interfund receivables	(1,771)	1,771
Amounts held in trust	3,300	(3,300)
Change within the Financial Reporting Entity	(150,431)	150,431
Retainage payable	(548,485)	-
Error correction	(548,485)	-
Prior Period Adjustment	(698,916)	150,431
Ending Restated Fund Balance, October 1	\$ 5,584,701	\$ 150,431

The City reports the following major governmental funds:

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

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

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

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

The City reports the following major proprietary funds:

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

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

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

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

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

(D) ASSETS, LIABILITIES AND NET POSITION OR EQUITY

Deposits and Investments

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

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

Receivables and Payables

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

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

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

Property taxes attach as an enforceable lien on property as of July 31. Taxes are normally levied by December 20th of each year. The 2022 property taxes were levied November 9, 2022, and were due January 31, 2023. The taxes are subject to lien after January 31, 2024. Interest and penalties are assessed on taxes not paid by this date. The City receives property tax assessments from both Barrow and Gwinnett Counties.

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

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

Inventories and Prepaid Items

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

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

Restricted Assets

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

Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the assets constructed. Interest was not capitalized during 2023.

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

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

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
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Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has only one type of item that qualifies for reporting in this category. The deferred charge in pension expense represents contributions made into the defined benefit pension plan after the measurement date. These contributions will be recognized as pension expense in the next fiscal year.

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

Compensated Absences

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

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
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Long-term Obligations

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

Bond Premiums and Discounts

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

Fund Equity/Net Position

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

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

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

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

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

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

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

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

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

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
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Net Investment in Capital Assets

The "net investment in capital assets" reported on the government-wide statement of net position as of September 30, 2023 are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net investment in capital assets:		
Cost of capital assets	\$ 30,303,438	\$ 22,423,770
Accumulated depreciation	<u>(4,523,620)</u>	<u>(2,870,742)</u>
Net book value	25,779,818	19,553,028
Financed purchases related to capital assets	(55,899)	(34,861)
Accounts payable related to capital assets	(1,039,494)	(5,799,575)
General obligation bonds related to capital assets	(11,865,599)	-
Notes from direct borrowings related to capital assets	-	(10,948,486)
Net investment in capital assets	<u><u>\$ 12,818,826</u></u>	<u><u>\$ 2,770,106</u></u>

Management Estimates

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

Allocation of Indirect Cost

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

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 2 - FUND BALANCE/NET POSITION

The government-wide statement of net position reports \$1,767,050 of restricted net position, of which \$1,486,447 is restricted by enabling legislation.

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

Restricted:

SPLOST Fund

SPLOST - For funds received from the imposition of the Special Purpose Local Option Sales Tax (SPLOST) restricted by the voter approved referendum. 1,486,447

Nonmajor Funds

Judicial programs -

DOJ Asset Forfeiture Fund - For funds restricted for judicial programs from confiscations. 915

Public Safety programs -

Police Confiscation Fund - For monies restricted for public safety purposes. 5,497

DOT Asset Forfeiture Fund - For funds restricted for public safety from confiscations. 902

Health and Welfare programs -

Health Promotion Grant Fund - For funds restricted for health programs. 6,510

Housing and Development programs -

Downtown Development Authority Fund - For funds restricted for use by the Downtown Development Authority blended component unit. 266,779

Total Nonmajor Fund Restrictions 280,603

Total Restricted Fund Balance \$ 1,767,050

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

(A) BUDGETARY INFORMATION

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

Budgeting Policy

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

Basis for Budgeting

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

Encumbrances

Encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the General, Special Revenue, or Proprietary Funds. The City of Auburn has no recorded encumbrances at September 30, 2023.

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
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(B) EXCESS OF REVENUES AND EXPENDITURES OVER APPROPRIATIONS

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

(C) DEFICIT FUND EQUITY

At September 30, 2023, no funds had deficit fund equity.

NOTE 4 - DEPOSITS AND INVESTMENTS

As of September 30, 2023, the City had the following investments, some of which are cash equivalents:

INVESTMENT MATURITIES (in Years)

Investment Type	Fair Market Value Level 1	Less Than 1	1-5	Rating (1)
Certificate of Deposit	\$ 907,646	\$ 907,646	\$ -	N/A
Total	<u>\$ 907,646</u>	<u>\$ 907,646</u>	<u>\$ -</u>	
Maximum Investment		100.00%	0.00%	

1. Moody's

Cash per Statement of Net Position (page 1)	
Cash	\$ 6,999,103
Restricted cash	-
Total Cash and Restricted Cash	<u>\$ 6,999,103</u>

Investments per Statement of Net Position (page 1)	
Investments	\$ 907,646
Restricted Investments	-
Investments as listed above	<u>\$ 907,646</u>

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

CITY OF AUBURN, GEORGIA
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Credit Risk. State statutes authorize the government to invest in obligations of the U.S. Treasury and of its agencies and instrumentalities; bonds or certificates of indebtedness of this state and of its agencies and instrumentalities; certificates of deposits of banks insured by FDIC; the State of Georgia Local Government Investment Pool; repurchase agreements; bonds, debentures, notes or other evidence of indebtedness of any solvent corporation subject to certain conditions. The City has no investment policy that would further limit its investment choices. At September 30, 2023, the ratings of its investments are shown above.

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

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

Custodial credit risk - deposits. In case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City may exceed the FDIC insured limit in making deposits in commercial banks and savings and loans institutions, if the funds are otherwise adequately secured. As of September 30, 2023, all of the City's deposits were insured or were adequately collateralized with securities held by the pledging financial institution's name.

As of September 30, 2023, the City's bank balance of \$6,999,103 was adequately collateralized with securities held by the pledging financial institution's name.

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
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Depositories may secure deposits of public funds using the dedicated method or the pooled method as described below:

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

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

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

NOTE 5 - RECEIVABLES

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

	<u>General Fund</u>	<u>SPLOST Fund</u>	<u>Water Fund</u>	<u>Stormwater Fund</u>
Receivables:				
Property Taxes	\$ 43,725	\$ -	\$ -	\$ -
Accounts	115,534	134,820	6,887,903	22,651
Intergovernmental	171,584	-	-	-
Total Gross Receivables	<u>330,843</u>	<u>134,820</u>	<u>6,887,903</u>	<u>22,651</u>
Less: Allowance for Uncollectibles	9,088	-	(305,044)	(11,626)
Total Net Receivables	<u>\$ 339,931</u>	<u>\$ 134,820</u>	<u>\$ 6,582,859</u>	<u>\$ 11,025</u>

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

CITY OF AUBURN, GEORGIA
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	<u>Unavailable</u>	<u>Unearned</u>
Property taxes (General Fund)	\$ 43,288	\$ -
Health and Wellness Grant prior to meeting eligibility requirements (Other Non-Major Funds)	-	3,743
Total unavailable/ unearned revenue for governmental funds	\$ 43,288	\$ 3,743

Property taxes receivable at September 30, 2023, consist of the following:

<u>Digest Year</u>	<u>General Fund</u>
2022	\$ 15,831
2021	4,336
2020	1,283
2019	1,526
2018	943
2017	1,107
2016	6,331
2015	1,572
2014	2,034
2013	425
2012	665
2011	579
2010	926
2009 & prior	6,167
Total	\$ 43,725

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 6 - CAPITAL ASSETS

Capital asset activity for governmental funds for the year ended September 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirement</u>	<u>Transfer</u>	<u>Ending Balance</u>
Governmental Activities:					
Non-Depreciable Assets:					
Land and land improvements	\$ 1,602,499	\$ -	\$ (226,257)	\$ -	\$ 1,376,242
Construction in progress	<u>10,710,650</u>	<u>6,666,218</u>	<u>-</u>	<u>-</u>	<u>17,376,868</u>
Total non-depreciable capital assets	<u>12,313,149</u>	<u>6,666,218</u>	<u>(226,257)</u>	<u>-</u>	<u>18,753,110</u>
Depreciable Assets:					
Buildings and improvements	3,041,305	-	-	-	3,041,305
Machinery and equipment	1,374,968	63,209	-	-	1,438,177
Vehicles	1,198,184	182,906	-	-	1,381,090
Infrastructure	<u>5,689,756</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,689,756</u>
Total depreciable capital assets	<u>11,304,213</u>	<u>246,115</u>	<u>-</u>	<u>-</u>	<u>11,550,328</u>
Less Accumulated Depreciation for:					
Buildings and improvements	(731,611)	(65,157)	-	-	(796,768)
Machinery and equipment	(1,225,157)	(46,628)	-	-	(1,271,785)
Vehicles	(883,001)	(125,199)	-	-	(1,008,200)
Infrastructure	<u>(1,333,072)</u>	<u>(113,795)</u>	<u>-</u>	<u>-</u>	<u>(1,446,867)</u>
Total accumulated depreciation	<u>(4,172,841)</u>	<u>(350,779)</u>	<u>-</u>	<u>-</u>	<u>(4,523,620)</u>
Total depreciable capital assets, net	<u>7,131,372</u>	<u>(104,664)</u>	<u>-</u>	<u>-</u>	<u>7,026,708</u>
Governmental activities capital assets, net	<u>\$ 19,444,521</u>	<u>\$ 6,561,554</u>	<u>\$ (226,257)</u>	<u>\$ -</u>	<u>\$ 25,779,818</u>

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

Cumulative effect of a prior period adjustment:

The City restated construction in progress at October 1, 2022 to correctly reflect retainage payable related to ongoing projects. The prior period adjustment is reflected in the beginning balance of the non-depreciable capital assets reported above.

Additions to governmental activities capital assets for fiscal year ending September 30, 2023 consist of the following:

Capital Outlay	\$	5,757,075
Rounding		1,155,258
Total Additions	\$	<u>6,912,333</u>
Non-depreciable capital assets additions	\$	6,666,218
Depreciable capital assets additions		246,115
Total Additions	\$	<u>6,912,333</u>

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

Governmental Activities:		
General Government	\$	42,420
Judicial		300
Public Safety		110,304
Public Works		134,104
Culture and Recreation		57,727
Housing & Development		5,924
Total depreciation expense: Governmental Activities	\$	<u>350,779</u>

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

Capital asset activity for business-type funds for the year ended September 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirement</u>	<u>Transfer</u>	<u>Ending Balance</u>
Business-type Activities:					
Non-Depreciable Assets:					
Land and land improvements	\$ 410,949	\$ -	\$ -	\$ -	\$ 410,949
Construction in progress	5,872,848	9,168,207	-	(2,152,817)	12,888,238
Total non-depreciable capital assets	<u>6,283,797</u>	<u>9,168,207</u>	<u>-</u>	<u>(2,152,817)</u>	<u>13,299,187</u>
Depreciable Assets:					
Distribution systems	5,866,282	-	-	2,152,817	8,019,099
Machinery and equipment	376,439	34,264	-	-	410,703
Vehicles	647,410	47,371	-	-	694,781
Total depreciable capital assets	<u>6,890,131</u>	<u>81,635</u>	<u>-</u>	<u>2,152,817</u>	<u>9,124,583</u>
Less Accumulated Depreciation for:					
Distribution Systems	(1,969,462)	(148,614)	-	-	(2,118,076)
Machinery and equipment	(208,996)	(39,993)	-	-	(248,989)
Vehicles	(431,140)	(72,537)	-	-	(503,677)
Total accumulated depreciation	<u>(2,609,598)</u>	<u>(261,144)</u>	<u>-</u>	<u>-</u>	<u>(2,870,742)</u>
Total depreciable capital assets, net	<u>4,280,533</u>	<u>(179,509)</u>	<u>-</u>	<u>2,152,817</u>	<u>6,253,841</u>
Business-type activities capital assets, net	<u>\$ 10,564,330</u>	<u>\$8,988,698</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$19,553,028</u>

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

Business-type Activities:	
Water	\$ 256,653
Stormwater	4,491
Total depreciation expense: Business-type Activities	<u>\$ 261,144</u>

CITY OF AUBURN, GEORGIA
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The City has authorized construction projects. The remaining costs are split between the portion of the contracts that have been entered into for which the work had not been done prior to September 30, 2023, and the remainder of the authorized project expenditures for which contracts have not been entered into as of year end. The source of financing for the remaining project cost is noted below:

	<u>Project Authorization</u>	<u>Expended To Date</u>	<u>Contracts in Progress</u>	<u>Authorized Not Obligated</u>	<u>Source</u>
Governmental Activities:					
Municipal Complex	\$ 14,435,555	\$ 17,082,716	\$ -	\$ (2,647,161)	SPLOST/ URA Bonds
20 Countyline Road (Children's Park)	100,000	34,088	-	65,912	SPLOST/ ARPA
Court Complex	2,485,283	95,426	-	2,389,857	SPLOST
Athletic Ball Fields - Parks Mill	250,000	164,638	-	85,362	SPLOST
Total Governmental Activities	<u>\$ 17,270,838</u>	<u>\$ 17,376,868</u>	<u>\$ -</u>	<u>\$ (106,030)</u>	
Business-type Activities					
Water Reservoir	\$ 7,894,100	\$ 12,861,280	\$ -	\$ (4,967,180)	GEFA Construction Loan
Drinking Water Facility (WTP)	15,291,024	26,958	-	15,264,066	GEFA Construction Loan/SLFRF/ Water Fund
Total Business-type Activities	<u>\$ 23,185,124</u>	<u>\$ 12,888,238</u>	<u>\$ -</u>	<u>\$ 10,296,886</u>	

NOTE 7 - LONG-TERM DEBT

Long-term liability activity for the year ended September 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>
Governmental Activities:						
General obligation bonds	\$ 10,365,000	\$ -	\$ (215,000)	\$ 10,150,000	\$ 220,000	\$ 9,930,000
Plus: original issue premium	1,821,319	-	(105,720)	1,715,599	104,058	1,611,541
Total General obligation bonds	12,186,319	-	(320,720)	11,865,599	324,058	11,541,541
Financed Purchases	83,892	-	(27,993)	55,899	29,132	26,767
Compensated absences	160,541	86,206	(51,350)	195,397	78,159	117,238
Net pension liability	139,856	636,209	(113,622)	662,443	-	662,443
Governmental activities long-term liabilities	<u>\$ 10,749,289</u>	<u>\$ 722,415</u>	<u>\$ (407,965)</u>	<u>\$ 11,063,739</u>	<u>\$ 327,291</u>	<u>\$ 10,736,448</u>
Business-type Activities:						
Notes from direct borrowings	\$ 4,589,933	\$ 6,506,857	\$ (148,304)	\$ 10,948,486	\$ 211,138	\$ 10,737,348
Financed Purchases	57,835	-	(22,974)	34,861	24,045	10,816
Net pension liability (asset)	(37,655)	173,058	(30,906)	104,497	-	104,497
Compensated absences	44,065	22,804	(32,614)	34,255	13,702	20,553
Business-type activities long-term liabilities	<u>\$ 4,654,178</u>	<u>\$ 6,702,719</u>	<u>\$ (234,798)</u>	<u>\$ 11,122,099</u>	<u>\$ 248,885</u>	<u>\$ 10,873,214</u>

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

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

GOVERNMENTAL ACTIVITIES

GENERAL OBLIGATION BONDS

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

General obligation bonds are direct obligations and pledge the full faith and credit of the City. The bonds were issued as 20 year serial bonds with equal amounts of principal maturing each year. Minimum future annual debt service requirements for the general obligation bonds, as of September 30, 2023, are as follows:

<u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 220,000	\$ 401,512	\$ 621,512
2025	225,000	394,912	619,912
2026	235,000	387,537	622,537
2027	245,000	378,700	623,700
2028	250,000	368,950	618,950
2029-2033	1,420,000	1,685,250	3,105,250
2034-2038	1,730,000	1,377,500	3,107,500
2039-2043	795,000	1,002,200	1,797,200
2044-2048	2,270,000	547,050	2,817,050
2049-2053	2,760,000	76,100	2,836,100
Total	<u>\$ 10,150,000</u>	<u>\$ 6,619,711</u>	<u>\$ 16,769,711</u>

FINANCED PURCHASES

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

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

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

<u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 29,132	\$ 2,145	\$ 31,277
2025	26,767	1,005	27,772
Total	<u>\$ 55,899</u>	<u>\$ 3,150</u>	<u>\$ 59,049</u>

BUSINESS TYPE ACTIVITIES

As of September 30, 2023, the the long-term debt payable from proprietary fund resources consisted of the following:

NOTES FROM DIRECT BORROWINGS

On April 1, 2009, the City entered into a contract with the Georgia Environmental Facilities Authority to borrow from the Clean Water State Revolving Fund for the improvement and expansion of the City's water system. The original amount of the note was \$2,591,109 with monthly installments of \$15,976, interest rate of 4.20%. As of September 30, 2023, the outstanding balance was \$952,673.

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

The annual debt service requirements to amortize this debt as of September 30, 2023, are as follows:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 154,655	\$ 37,058	\$ 191,713
2025	161,276	30,435	191,711
2026	168,182	23,530	191,712
2027	175,383	16,328	191,711
2028	182,893	8,820	191,711
2029-2032	110,284	1,550	111,834
Total	<u>\$ 952,673</u>	<u>\$ 117,721</u>	<u>\$ 1,070,392</u>

CITY OF AUBURN, GEORGIA
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On July 1, 2014, the City entered into a contract with the Georgia Environmental Facilities Authority for planning and design of a City reservoir. The construction loan converted to a fixed amortization loan on June 1, 2024. The original amount of the note was \$7,894,100 with monthly installments of \$25,391, interest rate of 1.00%. As of September 30, 2023, the outstanding balance was \$7,894,100.

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

The annual debt service requirements to amortize this debt as of September 30, 2023, are as follows:

<u>September 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 56,483	\$ 19,688	\$ 76,171
2025	227,351	77,336	304,687
2026	229,635	75,052	304,687
2027	231,941	72,745	304,686
2028	234,272	70,415	304,686
2029-2033	1,207,136	316,297	1,523,433
2034-2038	1,269,001	254,432	1,523,433
2039-2043	1,334,036	189,398	1,523,434
2044-2048	1,402,405	121,028	1,523,433
2049-2053	1,474,276	49,156	1,523,432
2054	227,564	949	228,513
Total	<u>\$ 7,894,100</u>	<u>\$ 1,246,496</u>	<u>\$ 9,140,595</u>

During 2023, the City approved a note payable to GEFA to fund the construction of a new water treatment plant and related appurtenances. Interest only payments at a rate of 2.13% are due until the note is fully utilized and then the balance will be amortized over twenty years. As of September 30, 2023, the total draws on this construction note was \$2,101,713.

FINANCED PURCHASES

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

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

The annual debt service requirements to amortize this debt as of September 30, 2023, are as follows:

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 24,044	\$ 1,094	\$ 25,138
2025	10,817	162	10,979
Total	<u>\$ 34,861</u>	<u>\$ 1,256</u>	<u>\$ 36,117</u>

NOTE 8- INTERFUND BALANCES AND ACTIVITY

The composition of interfund balances as of September 30, 2023, is as follows:

<u>Due To</u>	<u>Due From</u>				<u>Total</u>
	<u>General</u>	<u>SPLOST</u>	<u>Other nonmajor governmental funds</u>	<u>Water Fund</u>	
General	\$ -	\$1,172,073	\$ 114,933	\$16,499	\$ 1,303,505
Other nonmajor governmental funds	3,913	-	-	-	3,913
Water	104,026	-	-	-	104,026
Stormwater	75,796	-	-	-	75,796
Total	<u>\$ 183,735</u>	<u>\$1,172,073</u>	<u>\$ 114,933</u>	<u>\$16,499</u>	<u>\$ 1,487,240</u>

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

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
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Interfund transfers as of the year ended September 30, 2023 are as follows:

	Transfers Out			Total
	General Fund	URA Bond Fund	Water Fund	
<u>Transfers In</u>				
General Fund	\$ -	\$ -	\$ 25,099	\$ 25,099
SPLOST	652,711	5,270,353	-	5,923,064
Total	<u>\$ 652,711</u>	<u>\$ 5,270,353</u>	<u>\$ 25,099</u>	<u>\$ 5,948,163</u>

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

NOTE 9 - RETIREMENT PLANS

DEFINED BENEFIT PENSION PLAN

Plan Description

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

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

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
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Participant counts as of January 1, 2023 (the most recent actuarial valuation date) and covered compensation (base on covered earnings for the preceding year) are shown below:

Retirees, beneficiaries and disables receiving benefits	21
Terminated plan participants entitled to but not yet receiving benefits	37
Active employees participating in the Plan	43
Total number of Plan participants	101
Covered compensation for active participants	\$ 2,102,324
Contributions as a percentage of covered-employee payroll	6.87%

Funding Policy

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

Net Pension Liability

The City's net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated January 1, 2023.

The total pension liability in the January 1, 2023 valuation was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2015 - June 30, 2019.

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

Asset Class	Target Allocation	Long-term expected real rate of return*
Domestic equity	45%	6.40%
International equity	20	6.80%
Domestic Fixed income	20	0.40%
Real estate	10	3.90%
Global Fixed Income	5	0.46%
Cash	0	
TOTAL	<u>100%</u>	

* Rates shown are net of inflation

The discount rate used to measure the total pension liability was 7.375%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
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Change in the Net Pension Liability

	<u>Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances at September 30, 2022	\$ 2,864,192	\$ 2,761,991	\$ 102,201
Changes for the year:			
Service cost	99,555	-	99,555
Interest	214,718	-	214,718
Difference between expected and actual experience	29,883	-	29,883
Contribution-employer	-	144,528	(144,528)
Net investment income	-	(455,377)	455,377
Benefit payments	(104,628)	(104,628)	-
Administrative expense	-	(9,734)	9,734
Other charges	-	-	-
Net changes	<u>239,528</u>	<u>(425,211)</u>	<u>664,739</u>
Balances at September 30, 2023 *	<u>\$ 3,103,720</u>	<u>\$ 2,336,780</u>	<u>\$ 766,940</u>

* Measurement date September 30, 2022

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

	<u>1 % Decrease (6.375%)</u>	<u>Current Discount Rate (7.375%)</u>	<u>1% Increase (8.375%)</u>
City's net pension liability	<u>\$ 1,175,662</u>	<u>\$ 766,940</u>	<u>\$ 425,752</u>

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
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Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2023, the City recognized pension expense of \$240,618. At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 51,326	\$ -
Net difference between projected and actual earnings on pension plan investments	300,806	-
City contributions subsequent to the measurement date	159,087	-
TOTAL	\$ 511,219	\$ -

City contributions subsequent to the measurement date of \$159,087 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 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 September 30,	
2024	\$ 105,817
2025	57,301
2026	56,977
2027	132,037
Total	\$ 352,132

DEFERRED COMPENSATION PLAN

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

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 10 - RISK MANAGEMENT

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

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

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

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

NOTE 11 - COMMITMENTS AND CONTINGENT LIABILITIES

GRANTS

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

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

CDBG GRANT

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

NOTE 12 - RELATED PARTY ORGANIZATIONS AND TRANSACTIONS

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

NOTE 13 - LITIGATION

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

NOTE 14 - CERTAIN SIGNIFICANT ESTIMATES

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

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

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

CITY OF AUBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

NOTE 15 - NORTHEAST GEORGIA REGIONAL COMMISSION

The City, in conjunction with cities and counties in the twelve (12) county Northeast Georgia area, is a member of the Northeast Georgia Regional Commission (NEGRC). Membership in a regional commission is automatic for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the regional commissions. Each county and municipality in the state is required by law to pay minimum annual dues to the regional commission. The City did not pay annual dues to the NEGRC for the year ended September 30, 2023; the City's membership dues were assessed and paid by Barrow County, Georgia. The NEGRC Board membership includes the chief elected official of each county and the chief elected official of each municipality. The county board members and municipal board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the county or municipality) to serve as the nonpublic Board member from a county.

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

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

CITY OF AUBURN, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE NET PENSION LIABILITY -
CITY OF AUBURN RETIREMENT PLAN
For the Year Ended September 30, 2023
"Unaudited"

For the Year Ended September 30,	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability	\$ 3,103,720	\$ 2,864,192	\$ 2,646,678	\$ 2,356,082	\$ 2,111,855	\$ 1,907,341	\$ 1,648,016	\$ 1,555,467
Net fiduciary position	2,336,780	2,761,991	2,220,076	2,017,776	1,925,266	1,713,693	1,455,620	1,257,728
Net pension liability	<u>\$ 766,940</u>	<u>\$ 102,201</u>	<u>\$ 426,602</u>	<u>\$ 338,306</u>	<u>\$ 186,589</u>	<u>\$ 193,648</u>	<u>\$ 228,396</u>	<u>\$ 297,739</u>
Covered-employee payroll	\$ 2,102,324	\$ 2,005,606	\$ 1,917,798	\$ 1,698,091	\$ 1,588,271	\$ 1,684,034	\$ 1,582,887	\$ 1,558,940
Net pension liability as a percentage of its covered- employee payroll	36.48%	5.10%	22.24%	19.92%	11.75%	11.50%	14.43%	19.10%
Plan fiduciary net position as a percentage of the total pension liability	75.29%	96.43%	83.88%	85.64%	91.16%	89.85%	86.44%	80.86%

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

CITY OF AUBURN, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS -
CITY OF AUBURN RETIREMENT PLAN
For the Year Ended September 30, 2023
"Unaudited"

For the Year Ended September 30,	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 144,528	\$ 132,719	\$ 115,276	\$ 122,683	\$ 112,688	\$ 96,299	\$ 99,114	\$ 105,053
Contributions in relation to the contractually required contribution	144,528	132,719	115,276	122,683	112,688	96,299	99,114	105,053
Contribution deficiency (excess)	<u>\$ -</u>							
City's covered-employee payroll	\$2,102,324	\$2,005,606	\$1,917,798	\$1,698,091	\$1,588,271	\$1,684,034	\$1,582,887	\$1,558,940
Contributions as a percentage of covered-employee payroll	6.87%	6.62%	6.01%	7.22%	7.10%	5.72%	6.26%	6.74%

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

CITY OF AUBURN, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -
CITY OF AUBURN RETIREMENT PLAN
For the Year Ended September 30, 2023
"Unaudited"

Method and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the schedule of contributions are calculated as of January 1, 2023. The following actuarial methods and assumptions were used to determine the contractually required contributions for the year ended September 30, 2023 reported in that schedule:

Valuation Date	January 1, 2023
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed Level Dollar for remaining unfunded liability
Remaining Amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of 14 years
Asset Valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Net investment rate of return	7.375%
Inflation	2.25%
Salary Increases	3.00% - 8.50%, including inflation
Cost of Living Adjustments	0.00%

CITY OF AUBURN, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended September 30, 2023
(Required Supplementary Information)

	BUDGET AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
FUND BALANCE, Beginning of year, restated	\$ 5,584,701	\$ 5,584,701	\$ 5,584,701	\$ -
RESOURCES (INFLOWS)				
Taxes	3,983,977	4,828,495	4,830,891	2,396
Licenses and permits	461,820	376,820	378,446	1,626
Intergovernmental	5,400	-	-	-
Fines and forfeitures	157,000	152,400	151,381	(1,019)
Charges for services	68,100	550,995	540,950	(10,045)
Investment income	7,050	36,493	35,950	(543)
Miscellaneous	9,000	20,700	22,331	1,631
Sale of county property	13,410	314,335	315,215	880
Transfers in	-	26,000	25,099	(901)
Total Resources (Inflows)	<u>4,705,757</u>	<u>6,306,238</u>	<u>6,300,263</u>	<u>(5,975)</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>10,290,458</u>	<u>11,890,939</u>	<u>11,884,964</u>	<u>(5,975)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
General Government				
Mayor and council	38,648	65,648	65,585	63
Administrative	42,760	74,608	74,608	-
Elections	5,350	5,350	5,312	38
Finance	593,255	793,262	793,239	23
Law	20,000	21,157	21,157	-
Data processing/MIS	93,000	78,000	77,002	998
Buildings	242,121	768,475	768,475	-
Total General Government	<u>1,035,134</u>	<u>1,806,500</u>	<u>1,805,378</u>	<u>1,122</u>
Judicial				
Municipal court	104,945	118,287	116,713	1,574
Total Judicial	<u>104,945</u>	<u>118,287</u>	<u>116,713</u>	<u>1,574</u>
Public Safety				
Police	2,115,423	2,259,578	2,255,579	3,999
Total Public Safety	<u>2,115,423</u>	<u>2,259,578</u>	<u>2,255,579</u>	<u>3,999</u>
Public Works				
Public works administration	376,618	661,120	661,108	12
Roadways and walkways	110,583	89,783	89,771	12
Street lighting	100,000	114,806	114,718	88
Total Public Works	<u>587,201</u>	<u>865,709</u>	<u>865,597</u>	<u>112</u>
Culture and Recreation				
Parks	246,228	193,810	184,010	9,800
Library	164,720	166,801	166,801	-
Other recreation and culture	112,565	395,440	395,333	107
Total Culture and Recreation	<u>523,513</u>	<u>756,051</u>	<u>746,144</u>	<u>-</u>
Housing and development				
Planning and zoning	231,869	283,454	283,294	160
Code enforcement	107,672	98,008	92,912	5,096
Development Authority	-	5,388	5,385	3
Other housing and development	-	165	163	2
Total Housing and Development	<u>339,541</u>	<u>387,015</u>	<u>381,754</u>	<u>5,261</u>
Transfers out	-	653,000	652,711	289
TOTAL CHARGES TO APPROPRIATIONS	<u>4,705,757</u>	<u>6,846,140</u>	<u>6,823,876</u>	<u>17,329</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>(539,902)</u>	<u>(523,613)</u>	<u>16,289</u>
FUND BALANCE, End of year	<u>\$ 5,584,701</u>	<u>\$ 5,044,799</u>	<u>\$ 5,061,088</u>	<u>\$ 16,289</u>

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

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

CITY OF AUBURN, GEORGIA
URA BOND FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended September 30, 2023
(Required Supplementary Information)

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 5,173,682	\$ 5,173,682	\$ 5,173,682	\$ -
RESOURCES (INFLOWS)				
Investment income	-	-	96,671	96,671
Proceeds from Bond Issuance	<u>3,525,000</u>	<u>3,500,000</u>	<u>-</u>	<u>(3,500,000)</u>
Total Resources (Inflows)	<u>3,525,000</u>	<u>3,500,000</u>	<u>96,671</u>	<u>(3,403,329)</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>8,698,682</u>	<u>8,673,682</u>	<u>5,270,353</u>	<u>(3,403,329)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Transfers out	<u>3,525,000</u>	<u>5,300,000</u>	<u>5,270,353</u>	<u>29,647</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>3,525,000</u>	<u>5,300,000</u>	<u>5,270,353</u>	<u>29,647</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>(1,800,000)</u>	<u>(5,173,682)</u>	<u>(3,373,682)</u>
FUND BALANCE, End of year	<u>\$ 5,173,682</u>	<u>\$ 3,373,682</u>	<u>\$ -</u>	<u>\$ (3,373,682)</u>

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

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

**CITY OF AUBURN, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2023**

SPECIAL REVENUE FUNDS

	POLICE CONFISCATION FUND	FISCAL RECOVERY FUND	HEALTH PROMOTION GRANT	DOJ ASSET FORFEITURE FUND	DOT ASSET FORFEITURE FUND	DOWNTOWN DEVELOPMENT AUTHORITY	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS							
Cash	\$ 8,053	\$ 115,463	\$ 5,032	\$ 940	\$ 927	\$ 269,251	\$ 399,666
Interfund receivables	-	-	2,085	-	-	1,828	3,913
TOTAL ASSETS	<u>8,053</u>	<u>115,463</u>	<u>7,117</u>	<u>940</u>	<u>927</u>	<u>271,079</u>	<u>403,579</u>
LIABILITIES							
Liabilities							
Interfund payables	2,556	112,327	-	25	25	-	114,933
Unearned revenue	-	-	3,743	-	-	-	3,743
Amounts held in trust	-	-	-	-	-	4,300	4,300
TOTAL LIABILITIES	<u>2,556</u>	<u>112,327</u>	<u>3,743</u>	<u>\$ 25</u>	<u>25</u>	<u>4,300</u>	<u>\$ 122,976</u>
FUND BALANCES							
Restricted:							
Judicial programs	-	-	-	915	-	-	915
Public safety programs	5,497	-	-	-	902	-	6,399
Health and welfare programs	-	3,136	3,374	-	-	-	6,510
Housing and development programs	-	-	-	-	-	266,779	266,779
TOTAL FUND BALANCES	<u>5,497</u>	<u>3,136</u>	<u>3,374</u>	<u>915</u>	<u>902</u>	<u>266,779</u>	<u>280,603</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 8,053</u>	<u>\$ 115,463</u>	<u>\$ 7,117</u>	<u>\$ 940</u>	<u>\$ 927</u>	<u>\$ 271,079</u>	<u>\$ 403,579</u>

CITY OF AUBURN, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

SPECIAL REVENUE FUNDS

	POLICE CONFISCATION FUND	FISCAL RECOVERY FUND	HEALTH PROMOTION GRANT	DOJ ASSET FORFEITURE FUND	DOT ASSET FORFEITURE FUND	DOWNTOWN DEVELOPMENT AUTHORITY	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES							
Intergovernmental	\$ -	\$ -	3,790	-	\$ -	\$ -	\$ 3,790
Charges for services	-	-	-	-	-	42,504	42,504
Investment income	47	3,136	17	5	5	871	4,081
Miscellaneous	2,500	-	-	-	-	32	2,532
TOTAL REVENUES	2,547	3,136	3,807	5	5	43,407	52,907
EXPENDITURES							
Current Expenditures							
Public safety	3,006	-	-	-	-	-	3,006
Public health and welfare	-	-	540	-	-	-	540
Housing and development	-	-	-	-	-	42,484	42,484
TOTAL EXPENDITURES	3,006	-	540	-	-	42,484	46,030
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	(459)	3,136	3,267	5	5	923	6,877
OTHER FINANCING SOURCES (USES)							
Sale of city property	-	-	-	-	-	115,425	115,425
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	115,425	115,425
NET CHANGE IN FUND BALANCES	(459)	3,136	3,267	5	5	116,348	122,302
FUND BALANCES, Beginning of year	5,956	-	107	910	897	-	7,870
Prior Period Adjustment	-	-	-	-	-	150,431	150,431
FUND BALANCES, Beginning of year, restated	5,956	-	107	910	897	150,431	158,301
FUND BALANCES, End of year	\$ 5,497	\$ 3,136	3,374	915	\$ 902	\$ 266,779	\$ 280,603

CITY OF AUBURN, GEORGIA
POLICE CONFISCATION SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended September 30, 2023

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 5,956	\$ 5,956	\$ 5,956	\$ -
RESOURCES (INFLOWS)				
Intergovernmental	1,000	1,000	-	(1,000)
Fines and forfeitures	9,000	9,000	-	(9,000)
Investment income	-	-	47	47
Miscellaneous	-	-	2,500	2,500
Total Resources (Inflows)	<u>10,000</u>	<u>10,000</u>	<u>2,547</u>	<u>(7,453)</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>15,956</u>	<u>15,956</u>	<u>8,503</u>	<u>(7,453)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public safety	<u>10,000</u>	<u>10,000</u>	<u>3,006</u>	<u>6,994</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>10,000</u>	<u>10,000</u>	<u>3,006</u>	<u>6,994</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>(459)</u>	<u>(459)</u>
FUND BALANCE, End of year	<u>\$ 5,956</u>	<u>\$ 5,956</u>	<u>\$ 5,497</u>	<u>\$ (459)</u>

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

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

**CITY OF AUBURN, GEORGIA
FISCAL RECOVERY SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended September 30, 2023**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ -	\$ -	\$ -	\$ -
RESOURCES (INFLOWS)				
Intergovernmental	2,660,828	2,660,828	-	(2,660,828)
Investment income	500	500	3,136	2,636
Total Resources (Inflows)	<u>2,661,328</u>	<u>2,661,328</u>	<u>3,136</u>	<u>(2,658,192)</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>2,661,328</u>	<u>2,661,328</u>	<u>3,136</u>	<u>(2,658,192)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
General government	2,661,328	2,661,328	-	2,661,328
Public works	3,041,680	3,041,680	-	3,041,680
TOTAL CHARGES TO APPROPRIATIONS	<u>5,703,008</u>	<u>5,703,008</u>	<u>-</u>	<u>5,703,008</u>
CHANGE IN FUND BALANCE	<u>(3,041,680)</u>	<u>(3,041,680)</u>	<u>3,136</u>	<u>3,044,816</u>
FUND BALANCE, End of year	<u>\$ (3,041,680)</u>	<u>\$ (3,041,680)</u>	<u>\$ 3,136</u>	<u>\$ 3,044,816</u>

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

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

CITY OF AUBURN, GEORGIA
HEALTH PROMOTION GRANT SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended September 30, 2023

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 107	\$ 107	\$ 107	\$ -
RESOURCES (INFLOWS)				
Intergovernmental	5,000	5,000	3,790	(1,210)
Investment income	-	-	17	17
Total Resources (Inflows)	<u>5,000</u>	<u>5,000</u>	<u>3,807</u>	<u>(1,193)</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>5,107</u>	<u>5,107</u>	<u>3,914</u>	<u>(1,193)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public health and welfare	<u>5,000</u>	<u>5,000</u>	<u>540</u>	<u>4,460</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>5,000</u>	<u>5,000</u>	<u>540</u>	<u>4,460</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>3,267</u>	<u>3,267</u>
FUND BALANCE, End of year	<u>\$ 107</u>	<u>\$ 107</u>	<u>\$ 3,374</u>	<u>\$ 3,267</u>

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

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

CITY OF AUBURN, GEORGIA
DOJ ASSET FORFEITURE SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended September 30, 2023

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 910	\$ 910	\$ 910	\$ -
RESOURCES (INFLOWS)				
Intergovernmental	1,000	1,000	-	(1,000)
Investment income	-	-	5	5
Total Resources (Inflows)	<u>1,000</u>	<u>1,000</u>	<u>5</u>	<u>(995)</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>1,910</u>	<u>1,910</u>	<u>915</u>	<u>(995)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public safety	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>5</u>	<u>5</u>
FUND BALANCE, End of year	<u>\$ 910</u>	<u>\$ 910</u>	<u>\$ 915</u>	<u>\$ 5</u>

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

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

CITY OF AUBURN, GEORGIA
DOT ASSET FORFEITURE SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended September 30, 2023

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year	\$ 897	\$ 897	\$ 897	\$ -
RESOURCES (INFLOWS)				
Intergovernmental	1,000	1,000	-	(1,000)
Investment income	-	-	5	5
Total Resources (Inflows)	<u>1,000</u>	<u>1,000</u>	<u>5</u>	<u>(995)</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>1,897</u>	<u>1,897</u>	<u>902</u>	<u>(995)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Public safety	1,000	1,000	-	1,000
TOTAL CHARGES TO APPROPRIATIONS	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>5</u>	<u>5</u>
FUND BALANCE, End of year	<u>\$ 897</u>	<u>\$ 897</u>	<u>\$ 902</u>	<u>\$ 5</u>

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

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

**CITY OF AUBURN, GEORGIA
DOWNTOWN DEVELOPMENT AUTHORITY FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended September 30, 2023**

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
FUND BALANCE, Beginning of year, restated	\$ 150,431	\$ 150,431	\$ 150,431	\$ -
RESOURCES (INFLOWS)				
Charges for services	7,000	7,000	42,504	35,504
Contributions and donations	250	250	-	(250)
Investment income	50	50	871	821
Miscellaneous	-	-	32	32
Sale of county property	-	-	115,425	115,425
Total Resources (Inflows)	<u>7,300</u>	<u>7,300</u>	<u>158,832</u>	<u>151,532</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	<u>157,731</u>	<u>157,731</u>	<u>309,263</u>	<u>151,532</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Current Expenditures				
Housing and development	<u>35,700</u>	<u>44,813</u>	<u>42,484</u>	<u>2,329</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>35,700</u>	<u>44,813</u>	<u>42,484</u>	<u>2,329</u>
CHANGE IN FUND BALANCE	<u>(28,400)</u>	<u>(37,513)</u>	<u>116,348</u>	<u>153,861</u>
FUND BALANCE, End of year	<u>\$ 122,031</u>	<u>\$ 112,918</u>	<u>\$ 266,779</u>	<u>\$ 153,861</u>

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

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

CITY OF AUBURN, GEORGIA
SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the Year Ended September 30, 2023

PROJECT	ORIGINAL ESTIMATED COSTS	CURRENT ESTIMATED COSTS	EXPENDITURES			
			PRIOR YEARS	ADJUSTMENT PRIOR YEARS	PRIOR YEARS	CURRENT YEAR (1)
Gwinnett County - 2008 SPLOST						
Road Improvements	\$ 75,000	\$ 75,000	\$ 61,301	\$ -	\$ 61,301	\$ -
Recreation Facility	189,528	189,528	1,671	-	1,671	-
Subtotal - 2008 SPLOST	264,528	264,528	62,972	-	1,671	-
Barrow County - 2012 SPLOST (2)						
Municipal Complex & Event Center	588,636	580,938	854,405	(273,467)	580,938	-
Public Works Facility	700,000	686,513	669,673	16,840	686,513	-
Road Improvements	600,000	788,091	788,091	-	788,091	-
Parks & Recreation	1,580,732	1,328,225	1,239,389	-	1,239,389	(6,042)
Subtotal - 2012 SPLOST	3,469,368	3,383,767	3,551,558	(256,627)	3,294,931	(6,042)
Gwinnett County - 2014 SPLOST						
Road Improvements	90,258	90,258	84,689	-	84,689	-
Public Safety Equipment	54,809	54,809	59,863	-	59,863	-
Subtotal - 2014 SPLOST	145,067	145,067	144,552	-	144,552	-
Gwinnett County - 2016 SPLOST						
Road Improvements	126,482	126,482	61,526	-	61,526	-
Sewer System Improvements	84,321	84,321	16,840	(16,840)	-	-
Subtotal - 2016 SPLOST	210,803	210,803	78,366	(16,840)	61,526	-
Barrow County - 2018 SPLOST						
Municipal Complex	2,000,000	2,000,000	2,717,318	273,467	2,990,785	370,524
Transportation Improvements	750,000	750,000	190,298	-	-	63,885
Parks & Recreation Facilities & Equipment	400,000	400,000	287,674	-	-	110,358
Public Safety Facilities & Equipment	350,000	350,000	-	-	-	-
Public Works Facilities & Equipment	300,000	300,000	253,938	-	-	-
Water & Sewer Capital Improvements	690,555	690,555	503,500	-	-	-
Stormwater Facilities	250,000	250,000	-	-	-	-
Subtotal - 2018 SPLOST	4,740,555	4,740,555	3,952,728	273,467	2,990,785	544,767

The accompanying notes are an integral part of this statement.

CITY OF AUBURN, GEORGIA
SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the Year Ended September 30, 2023

PROJECT	EXPENDITURES					
	ORIGINAL ESTIMATED COSTS	CURRENT ESTIMATED COSTS	PRIOR YEARS	ADJUSTMENT PRIOR YEARS	PRIOR YEARS	CURRENT YEAR
Barrow County - 2023 SPLOST						
Municipal Complex	4,000,000	4,000,000	-	-	-	-
Transportation Improvements	1,800,000	1,800,000	-	-	-	-
Parks & Recreation Facilities & Equipment	1,300,000	1,300,000	-	-	-	-
Police & Public Safety Facilities & Equipment	300,000	300,000	-	-	-	-
City Facilities and Equipment	300,000	300,000	-	-	-	-
Water & Sewer Capital Improvements	300,000	300,000	-	-	-	-
Stormwater Facilities & Equipment	500,000	500,000	-	-	-	-
Subtotal - 2023 SPLOST	<u>8,500,000</u>	<u>8,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all SPLOSTs	<u>\$ 17,330,321</u>	<u>\$ 17,244,720</u>	<u>\$ 7,790,176</u>	<u>\$ -</u>	<u>\$ 6,491,794</u>	<u>538,725</u>

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

Expenditures	\$ 6,680,676
Transfers in	(5,923,064)
Expenditures paid with LMIG and other Georgia DOT revenues	(165,496)
Expenditures paid with intergovernmental contributions	(53,391)
Total	<u>\$ 538,725</u>

- (1) Expenditures for projects have been offset by revenues from other sources. For some years, such revenues exceed expenditures.
(2) The City closed the identified SPLOST program in the current reporting year.

The accompanying notes are an integral part of this statement.



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

September 18, 2024

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Auburn, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Auburn's basic financial statements and have issued our report thereon dated September 18, 2024.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described below as items 2023-001 through 2023-003 to be significant deficiencies.

2023-001 Statement of Condition:

During fieldwork, we noted that accounts payable and retainage payable balances were not properly reflected at year end. Significant adjustments were recorded during the course of fieldwork to recognize current year costs associated with insurance, construction, and other expenditures/expenses. In addition, a prior period adjustment was necessary to correctly restate the retainage payable balance as of the end of the previous fiscal period. We also noted during fieldwork that un-accrued Georgia Interlocal Risk Management Agency (GIRMA) premiums were paid eleven (11) months after the invoice date.

Criteria:

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

Effect of Condition:

The risk of materially misstating liabilities and expenditures.

Cause of Condition:

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

Recommendation:

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

Response:

The above referenced adjustments were known by the City and made as final figures were received by the various vendors. In regard to the GIRMA invoices, the vendor sent invoices to staff members who were no longer employed by the City. Upon notification from the vendor of past due invoices, the City paid the invoices within two weeks of receipt.

2023-002 Statement of Condition:

We noted during fieldwork that month close procedures, including bank reconciliations, had not been completed in a timely manner throughout the audited fiscal year for the Master Cash, Payroll, and Accounts Payable accounts.

Criteria:

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

Effect of Condition:

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

Cause of Condition:

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

Recommendation:

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

Response:

Bank reconciliations have historically been completed manually outside of the accounting software. During fiscal year 2023, staff implemented completing reconciliations within the accounting software. This created delays in completing bank reconciliations for the accounts with significant activity as noted above. The City has taken appropriate action to ensure proper month end close out procedures, including bank reconciliations, are completed in a timely manner. This process will be further supported and more efficient with the implementation of a new accounting software, which is expected to be complete in October 2024.

2023-003 Statement of Condition:

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

- Accounts Payable: For a portion of the year, processing checks and payments could be completed by the same individuals that set up master files and reviews adjustments and payments.
- Payroll: Changes to master files for employees and related payrates can be made by the same individual who processes payroll.

Criteria:

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

Effect of Condition:

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

Cause of Condition:

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

Recommendation:

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

Response:

The Accounts Payable process was updated in January 2023 to ensure proper segregation of duties within this function. There are separate individuals who approve setting up and/or changing master vendor files, processing payments, and reconciling the bank statement. Additionally, department heads initiate requisitions for accounts payable transactions, all purchase orders are approved by the City Administrator, and the check signers are different individuals than the individual who processes the checks.

The Payroll process includes appropriate approval for rate changes by paper form. However, the person who has system access to make the changes is the same person who processes payroll. Upon notification of this deficiency, the City immediately implemented a new process that required a separate individual to make payroll changes within the payroll system. The Payroll process will have additional electronic approvals once the new accounting software is implemented, which is expected to be complete in October 2024.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Auburn, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

City of Auburn, Georgia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Auburn, Georgia's response to the findings identified in our audit are described above. The City of Auburn, Georgia's responses were not subjected to the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bates, Carter & Co., LLP