



City of Auburn

COMPREHENSIVE ANNUAL FINANCIAL REPORT



Auburn, Alabama

Fiscal Year Ended September 30, 2000

Finance Audit Permanent File

The City of Auburn, Alabama
Comprehensive Annual Financial Report

For the Fiscal Year Ended

September 30, 2000

Prepared by

Finance Department

Andrea Jackson, Director

Kimberly Thompson, Assistant Director ~ Thomas Howard, Assistant Director

**Officials of the City of Auburn, Alabama
September 30, 2000**

City Council

Bill Ham, Jr., Mayor

K.Ted Wilson, Mayor Pro Tem

A.L. Dowdell

David Cicci

Cheryl C. Gladden

Logan Gray

John Heilman

Carolyn Mathews

Rod Popwell

Management

Douglas J. Watson, City Manager

Wendy L. Hassett	Assistant City Manager	Margie B. Huffman	Library Director
Arnold W. Umbach, Jr.	City Attorney	Rebecca O. Richardson	Parks and Recreation Director
Joe S. Bailey	Municipal Judge	Kelly Templin	Planning Director
Phillip Dunlap	Economic Development Director	O. Clyde Prather	Public Safety Director
Andrea E. Jackson	Finance Director	Jeff Ramsey	Public Works Director
Steven A. Reeves	Human Resource Mgt. Director	Al Davis	Environmental Services Director
James C. Buston, III	Information Technology Director	Rex Griffin	Water and Sewer Director

City of Auburn, Alabama

Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2000

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City of Auburn

HOME OF AUBURN UNIVERSITY

171 N. ROSS ST. • AUBURN, ALABAMA 36830 • (334) 821-1900

To the Reader:

The City of Auburn is a community of approximately 43,000 people and the home of Auburn University. Auburn offers many of the advantages of a "big city" while providing the special touches of living in a small town. Known as one of the more progressive cities in the South, the City has one of the best public school systems in the state. The Jan Dempsey Community Arts Center provides numerous opportunities for cultural enrichment including plays, ballets, art exhibits and classes. Recreation facilities and programs are abundant with year-round opportunities including a five-field softball complex that hosts national and regional tournaments, a soccer complex, three 18-hole golf courses with two more under construction, and 18 City parks that offer a variety of leisure possibilities from picnic areas and playgrounds to fitness trails and tennis courts.

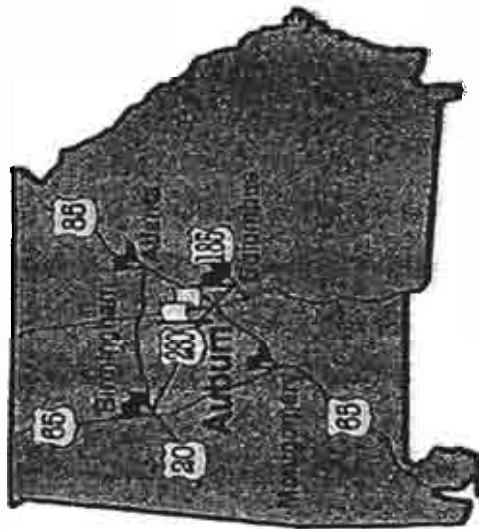
The presence of Auburn University, the largest in Alabama, makes Auburn quite different from the typical small city. Auburn University is recognized as one of the finest research institutions in the Southeast and was recently ranked 42nd in the *U.S. News and World Report* Top National Public Universities rankings. The University provides dozens of lectures, art shows, interesting speakers and musical performances. Auburn University also creates a significant sense of community pride. Athletic events including Southeastern Conference sports generate a tremendous amount of excitement.

The City of Auburn along with its Industrial Development Board has been extremely successful in the recruitment, expansion and retention of industries over the last decade. For instance, in the past five years 2,200 jobs have been created in the Auburn community. Many of these industries are located in the Auburn Technology Park, a 240-acre manufacturing-research park that opened in 1995. This Park is consistently recognized as one of the finest of its kind in the Southeast. Development of a 170-acre Technology Park North expansion is currently underway.

With its community spirit, diverse populace, and a wealth of cultural and recreational opportunities, Auburn is a great place to live and work.

Sincerely,

Mayor Bill Ham





City of Auburn

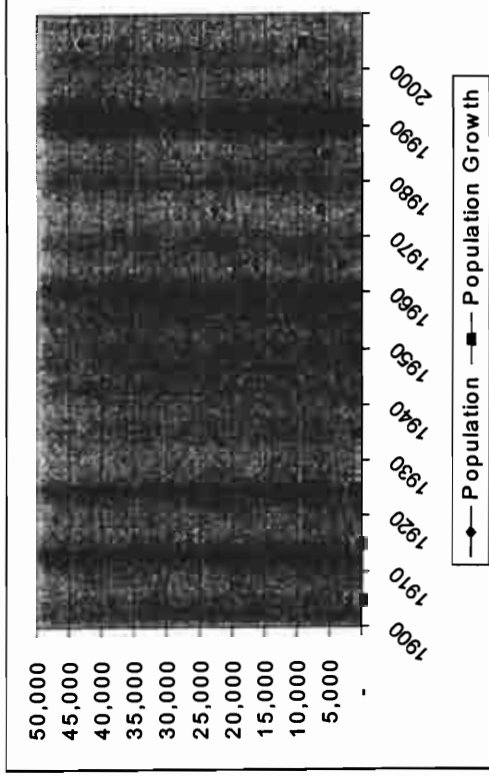


The City of Auburn, Alabama

“Home of Auburn University”

highway, rail and air transportation, Auburn’s location has been a significant factor in its continuing growth.

Auburn’s population has grown from 1,831 in 1900 to 42,987 in 2000. Population growth has averaged slightly more than 3% per year. As the population has grown and the economic base has diversified, the City of Auburn has responded with expanded and innovative government services to provide for the needs and the expectations of a highly educated and multi-cultural citizenry.



Auburn’s population has grown steadily since 1960

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



Welcome to Auburn, Alabama

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

Located near Georgia’s west central border, Auburn is conveniently located on Interstate Highway 85, 115 miles southwest of Atlanta and 60 miles east of Montgomery, the Alabama State Capitol. Auburn is 120 miles southeast of Birmingham, the largest city in Alabama and is 40 miles northwest of Columbus, Georgia. With easy access to



the Chief Executive Officer of the City, directing and managing the daily activities of the City government.

The City's departments include:

- Office of the City Manager
- Finance
- Human Resource Management
- Library
- Public Works
- Parks and Recreation
- Water and Sewer
- Information Technology
- Judicial
- Economic Development
- Public Safety
- Environmental Services
- Planning

Approximately 320 City and 40 Water Board regular, full-time employees staff these departments, producing high-quality and cost-effective public services.

Public Safety Services. The Public Safety Department is comprised of these divisions: Police, Fire, Communications, Codes Enforcement and Administration. The Police Division includes 83 police officers, providing an average emergency call response time of 2-3 minutes. The City's police force is augmented by Auburn University's 22 full-time sworn officers. The Fire Division includes 32 regular, full-time firefighters and 53 student firefighters, manning four fire stations. The staffing, training and equipment levels in the Fire Division enable City residents to enjoy a Class 2 fire insurance rating. Communications provides E-911 emergency response and dispatch services to the public.

Public Works Services. The City's Public Works Department oversees the development and maintenance of the City's roadway transportation system. Currently including over 120 miles of paved streets and less than 2.5 miles of unpaved roads, Public Works expends approximately \$1M per fiscal year on the City's road maintenance.

The Engineering Division of the Public Works Department performs planning and design services for the City's future highway,

bikeway and sidewalk systems. In addition, Public Works also monitors and inspects the construction and renovation of City facilities, including buildings, storm drainage and parks.



Crack-sealing to extend the life of street surfaces

Environmental Services. Given Auburn University's origins as an agricultural and mechanical college, it is not surprising that Auburn's residents give a high priority to its environmental quality of life. The City's Environmental Services Department maintains the cleanliness of City's rights of way to a standard considered remarkable for a university town. Environmental Services collects household waste, recyclables and yard waste, offering citizens their choice of lower-cost curb collection or higher-fee back yard collection service. This City Department is also responsible for animal control and maintenance of the City's vehicle fleet.

Leisure Services. In addition to the many diverse cultural opportunities afforded by Auburn University, the City's Parks and Recreation and City Library departments provide many leisure time choices to residents. The City Library's current facility of 12,360 square feet houses a collection of 47,000 catalogued volumes. In April of 2001, the City Library will move into a new \$3.2M facility of 24,065 square feet, expanding shelving space to 90,000 catalogued volumes.



Architect's concept drawing of the new Auburn City Library

The Parks and Recreation Department maintains fifteen City parks and numerous recreation facilities, including three recreation centers, two pools, 20 tennis courts, a youth baseball complex, an award-winning five-field competition class softball complex, community arts center, and more. Parks and Recreation provides programs ranging from organized team sports leagues for soccer, baseball and softball to music and dancing lessons to summer day camps and swimming teams.

Education Services. The Auburn City Schools provide services to approximately 4,500 students. The City Schools' facilities include an early education center, five elementary schools, two middle schools and one high school. Teacher to student ratios range from 1:18 in the early education center to 1:23 in the middle and high schools. Of its teachers and administrators, 70% have advanced degrees and their average employment within the Auburn City system is twelve years. The City Schools expend an average of \$6,774 annually per pupil.

The City school system is accredited by the State Department of Education and the Southern Association of Colleges and Schools. The Auburn City Schools system has been rated among the top 100 school systems in the nation by *Offspring Parenting* magazine (a subsidiary of *The Wall Street Journal*). The system consistently produces a graduating class of which an average of 3% are National Merit Scholarship finalists each year. Five percent of the Class of 2000

were National Merit Scholars. Auburn High School offers an International Baccalaureate Program, a rigorous program based on the syllabi for 11th and 12th grades by outstanding education systems from throughout the world.

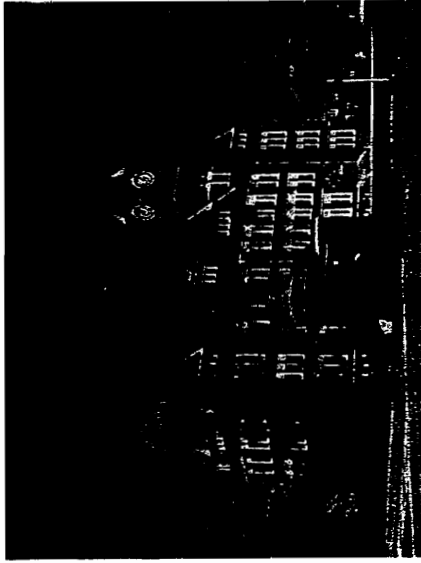
Enrichment classes and programs for gifted students are offered in all grades. Auburn High School's Advanced Placement Program offers dual enrollment in Auburn University or Southern Union State Community College for exceptional students who wish to take courses not available at Auburn High School. The quality of the school system is a significant factor in the City's recent residential and industrial growth.

There are several colleges and technical schools within a 50-mile radius of Auburn:

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

For the second consecutive year, Auburn University was selected as one of the nation's top 100 college education values by *The Student Guide to America's 100 Best College Buys*, based on cost and student achievement. Fall 2000 enrollment at Auburn University was 21,860.

Auburn University's student body is taught by 1,145 full-time and 117 part-time faculty members. Approximately 90% of Auburn



Historic Samford Hall at Auburn University

students receiving their bachelor's degrees are employed full-time within one year of graduation. The University is nationally known for the achievements of its veterinary medicine, engineering and business graduates.

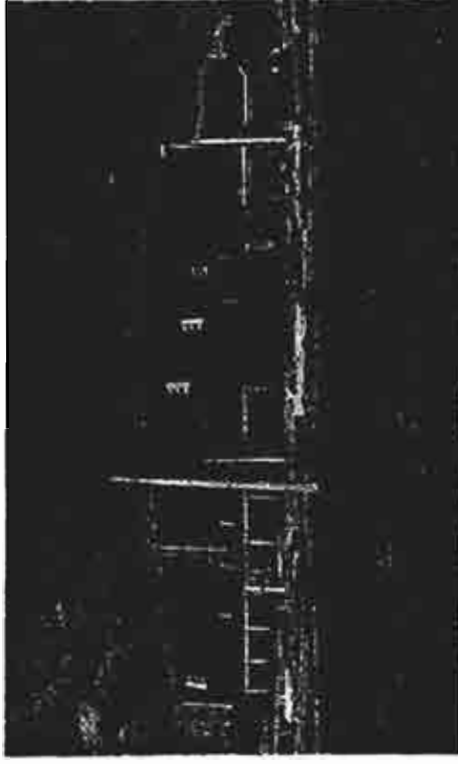
Southern Union State Community College is located in Auburn's sister city, Opelika, which is the Lee County seat. Southern Union is less than ten miles from Auburn and offers courses in business, accounting, computer science, industrial electricity and electronics, drafting and design technology, automotive technology, welding and more. Southern Union serves a student body of approximately 2,700 in the academic division and 1,600 in the technical division.

Utilities and Telecommunications. Electric power in Auburn is supplied by Alabama Power Company, an investor-owned utility that supplies approximately 86% of the State. Alabama Gas Corporation provides natural gas energy to Auburn and over 400,000 other residential and commercial customers within Alabama. Water services are provided by the City's Water Works Board, drawing from Lake Ogletree as its main source. The City contracts with a private provider for the services of two wastewater treatment plants with a total treatment capacity of 7.0 million gallons per day. Both the City and its Water Works Board are developing plans for expansion of their

production and treatment capacities to accommodate the City's projected population growth.

Local exchange telephone service in Auburn is provided by BellSouth. AT&T, Sprint and MCI are the city's long-distance service providers, in addition to BellSouth. Fiber optic services, Frame Relay, T1 to OC48, ISDN, Cable Modem, DSL and many more voice and data services are available within the city limits.

Healthcare. The Auburn area is served by the East Alabama Medical Center, an outstanding regional medical facility. EAMC's cardiac and cancer treatment programs have received national recognition. EAMC was named as one of the top 100 cardiac care hospitals in the United States.



*East Alabama Medical Center,
a regional medical facility*

East Alabama Medical Center's main campus has 344 beds and is located in Opelika. EAMC provides emergency medical transport services to the City of Auburn. An auxiliary campus in Auburn provides assisted living, hospice care and fitness facilities.

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

The Auburn-Opelika Airport is operated by Auburn University and has a 4000 foot, lighted runway. Federally funded improvements are currently underway to lengthen the runway to 5200 feet, install ILS approach technology and remodel the terminal building. Other conveniently accessible airports include Hartsfield International Airport in Atlanta (100 miles by Interstate 85), the Columbus (Georgia) regional airport (40 miles by US 280) and the Montgomery regional airport (60 miles by Interstate 85).

CSX Transportation provides local mainline rail service through its Southern Railway and Western Railway of Alabama divisions.

The Economy. From the founding of Auburn University in 1856, the City's economy was dominated by the University's presence. The University's students and faculty were attracted to the quality of life in Auburn and wanted to remain in the City on a long-term basis. Consequently, many of the residents suffered from underemployment. Many were overqualified for the available jobs, but chose to accept their underemployment in order to remain in Auburn.

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

The City's Economic Development Department, in partnership with the City's Industrial Development Board, has achieved an outstanding level of success in this effort, having assisted in the recruitment of nineteen companies and resulting in the creation of

nearly 2,500 jobs. The location of these many companies has meant that the City had to acquire and develop three industrial - technology parks, with a fourth currently under development.



Entrance to the Auburn Technology Park

The City's innovative economic development tools include a Revolving Loan Fund program funded from a loan repayment stream that was the product of certain federal grant programs, facilitation of public-private technology partnerships with Auburn University, a small-business incubator facility, training program assistance and property tax abatements. The focused and creative use of these tools resulted in the location of the following companies, among others, in the City's industrial parks and the Auburn Center for Developing Industries: Briggs & Stratton, Falk Corporation, Donaldson Company, Vermont American, EPOS Corporation, Hoerbiger Drivetech USA, Capitol Vial and Schrock Cabinet Company.

In addition to its business recruitment programs, the City through the Economic Development Department has worked to improve housing opportunities in the City via an Affordable Housing Program, partnering with Habitat for Humanity and administering numerous housing rehabilitation programs funded by federal Community Development Block Grants.

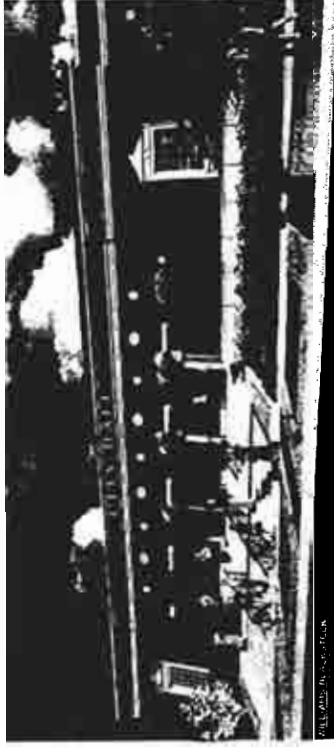
Financial activities in the City are anchored by nine different banks with a total of seventeen locations (excluding ATMs). These financial institutions have combined assets of approximately \$418 million. The largest bank in the City is an independent bank and the State's four largest bank holding companies all have offices in Auburn. In addition, there are two federal credit unions and six nationally associated investment brokers providing financial services to the City's residents and businesses.

Major employers within the City include:

- Auburn University (state university) 5,200
- Auburn City Schools 552
- Briggs & Stratton (engine assembly) 470
- Masterbrand Cabinets (manufacture wood cabinetry) 367
- City of Auburn and Water Works Board 351
- Winn Dixie (retail grocery) 315
- Capitol Vial (manufacture sterile vials) 264
- Schrock Cabinet Company (manufacture wood cabinetry) 222
- Auburn University Hotel and Dixon Conference Center 200
- Workforce Personnel Services 200
- Federal government 187
- Dillard's (retail department store) 170

The City's urban core boasts a vibrant collection of restaurants, coffee shops and a brewpub, bookstores and other retailers, and entertainment centers in addition to the typical banking, religious and institutional activities. The University is directly adjacent to the downtown area, providing a lively pedestrian population and some residential uses in the central areas of the City.

When the US Postal Service moved out of the downtown area to a new facility, the City of Auburn purchased the historic circa 1930 building. This building is being renovated for use as the City Hall,



Architect's concept of the new downtown City Hall

providing a high profile presence for the municipal government in the central business district.

Community Life. The Auburn area, through its ties to the University, its convenient accessibility to larger cities, and its active and diverse citizenry, enjoys a rich, varied and multi-cultural community life.

Community gathering places include the Auburn University Hotel and Dixon Conference Center, which was constructed in partnership with the City; Kiesel Park, a 127-acre pastoral park that includes the recently restored Nunn Winston House and a pavilion; the Jan Dempsey Community Arts Center; the Auburn Technology



The Jan Dempsey Community Arts Center

Park common area and gazebo; Chewacla State Park with its lake, waterfall and hiking trails; the City Library; Boykin Community Center; Hickory Dickory Park, a community-built children's playground; Frank Brown Recreation Center; Dean Road Recreation Center; and the Foy Student Union Building, Davis Arboretum, Graves Amphitheater and Samford Park, all on the campus of Auburn University.

Auburn's multi-cultural population is evident from the variety of the religions represented by the 42 churches in the area: Catholic, Baptist, Jewish, Muslim, Unitarian, Presbyterian, Church of God, Church of Christ, Methodist, Seventh Day Adventist, Episcopal, Assembly of God, Lutheran and the Church of Jesus Christ of Latter Day Saints.

Cultural interests are promoted by the Auburn Arts Association and the various liberal arts schools at the University. The University and the City's Community Arts Center host plays, ballets, art exhibits and musical performances. The 1200-seat Performing Arts Center in nearby Opelika features world-class operas, playwrights, musicians and other forms of entertainment, including the San Francisco and New York City Opera Companies and Houston's Alley Theater.

Auburn University is constructing the Jule Collins Smith Museum, a 29,000 square foot art museum on a ten acre site located on the South College gateway into the City. This new museum, which will house a grand hall, six galleries of various sizes, an auditorium and meeting rooms is expected to become a major cultural presence in the Southeast. There are plans for botanical gardens, a four-acre lake, walking trails and other outdoor areas to extend the museum experience. The museum, an \$11.5 million project, will house the University's collection that includes works by Georgia O'Keefe, Jacob Lawrence, John James Audubon and other internationally noted artists.

The Alabama Shakespeare Festival is just 60 miles away in Montgomery's Winton M. Blount Cultural Park. Also located in Montgomery is the Alabama Archives and History Museum and the Alabama State Capitol, one of only a few state capitols to be designated a National Historic Landmark. The State Theater of

Georgia, the Springer Theater, is located in Columbus, Georgia. Columbus, about 45 minutes from Auburn, also hosts the Columbus Symphony, the Confederate Naval Museum, the Columbus Ballet and the US Army Infantry Museum in the adjacent military installation, Fort Benning.

Special events unique to the Auburn area include:

- Floral Trail in late March and early April, a self-driving tour showcasing the area's azalea's and dogwoods.
- Auburn University's A-Day weekend in April, the annual intra-squad football game and University class reunions.
- Mayor's Memorial Day Breakfast in honor of the area's war veterans.



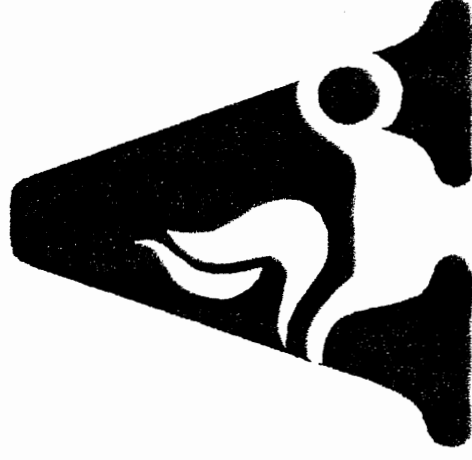
Auburn recently dedicated a Veterans Memorial, funded in part by donations from the sale of bricks engraved with the names and armed services data of local veterans

- Summer concert series in Kiesel Park.
- The Loachapoka Syrup-Sopping festival and historical fair held at the Lee County Historical Society Museum.

- The annual Dogwood Dash, a road race comprised of two running segments and one biking segment.
- Football Fan Day at Auburn University, preceding the start of each football season.
- Auburn Spirit Triathlon, consisting of a 200 meter swim, eight mile bike ride and 1.8 mile run.
- Pine Hill Cemetery Lantern Tour, a walking history tour of Auburn's oldest cemetery, sponsored by the Auburn Heritage Association.
- Fourth of July Fireworks Celebration at Duck Samford Park
- Labor Day Freedom Celebration at Duck Samford Park.
- Holiday Tour of Homes sponsored by the Auburn Heritage Association.
- Victorian Front Porch Christmas Tour in neighboring Opelika, where historical homes and their front porches are decorated for the holidays in Victorian style.

What makes Auburn unique? The presence of Auburn University creates a cosmopolitan feeling in this Alabama city. An estimated two out of three people living in Auburn are from other parts of the country or the world. The University's membership in the Southeastern Conference brings an influx of visitors, not only for home football games, but also for the University teams' basketball and baseball games and swimming and gymnastics meets.

Auburn feels like a much larger city in many respects. But residents still enjoy the amenities of smaller town life: friendly townspeople, helpful neighbors, ease of movement from one part of town to another, a feeling of community and a sense of security. They also enjoy a spirit that is difficult to define or to describe: The Auburn Spirit.



City of Auburn



HOME OF AUBURN UNIVERSITY

171 N. ROSS ST. • AUBURN, ALABAMA 36830 • (334) 821-1900

April 7, 2001

Letter of Transmittal

To the Citizens of The City of Auburn:

The comprehensive annual financial report of **The City of Auburn** (the government) for the fiscal year ended September 30, 2000 is hereby transmitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the government. To the best of our knowledge and belief, the enclosed data are accurate in all material aspects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the government and its component units. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities have been included.

The comprehensive annual financial report is presented in three sections: introductory, financial and statistical.

The **introductory section** includes an introduction from the Mayor with an area relationship map, this transmittal letter, a copy of the City's Certificate of Achievement for Excellence in Financial Reporting, the primary government's organization chart, and a list of principal officials. The **financial section** includes the general purpose financial statements for the primary government and its separately presented component units and the primary government's combining and individual fund and account group financial statements and schedules, as well as the independent auditor's report on the financial statements and schedules. The **statistical section** includes selected financial and demographic information, generally presented on a multi-year basis. In contrast to the financial section information, the statistical section information and the appendices to this letter of transmittal have not been audited.

The government is required to undergo an annual audit in conformance with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-128, *Audits of State and Local Governments*. For fiscal year 2000, the government did not receive the minimum amount of federal grant revenue under which a Single Audit is required.

This report includes all funds and account groups of the primary government and its component units. The primary government provides a full range of services. These services include public safety (police, fire, E-911 communications and building codes enforcement), environmental services (including solid waste collection, recycling, animal control and maintenance of City vehicles), public works (including engineering, streets construction and maintenance and Geographic Information Services), culture and recreation (including cemeteries and parks, recreation services and library services), economic and community development, planning and general administrative services.

During fiscal 1994, the City implemented the Governmental Accounting Standards Board's statement on defining the reporting entity. As a result, the City Board of Education, the City Water Works Board, the City Industrial Development Board and the Auburn Center for Developing Industries have been included as separately presented component units of the City's reporting entity. The City's related organization, the Housing Authority of the City of Auburn, is not required to be included in the

reporting entity and accordingly is excluded from this report. Audited financial statements for this entity are available upon request at the Authority's business office in Auburn.

Economic Condition and Outlook

The government is located near the border of east central Alabama. It is the home of Auburn University, the State's land grant college and largest university. As the City's largest employer, the University is a major contributor to the local economy. Enrollment, with a ten-year average annual growth rate of approximately 1%, was projected to stabilize between 21,500 and 22,500 through the late 1990's. Enrollment for the fall semester 2000 was 21,860, which includes 2,810 graduate students.

Omitting the University student population, the City's unemployment rate at September 30, 2000 was 3.4% which was less than the national (3.9%) and state (4.7%) unemployment rates for that point in time. Nearly one-fourth of Lee County's workforce has college degrees. The median family income for the County (1990 Census) was \$13,981, while the median family income in the City was \$38,876.

The City's two older industrial parks site twenty regional, national and multi-national corporations, employing over 1,300 persons. Schrock Cabinet Company recently invested approximately \$20 million in the former MasterLock facility and is currently producing kitchen

cabinets with close to 200 employees. At full production, Schrock Cabinet Company expects to employ over 400 persons. KD Industries recently completed a \$1.6 million expansion and anticipates adding twenty-eight new jobs.

In the Auburn Technology Park, there are currently six major manufacturing companies: Briggs and Stratton Corporation, Prime Manufacturing, Inc, EPOS Corporation, AgTech Systems Inc. (formerly known as Terry Farms), Hoerbiger Drivetech USA, Inc., and Donaldson Company. Together, these six companies have invested over \$120 million and created over 1,200 jobs in the Auburn Technology Park. Donaldson Company, the newest tenant in the Park, recently completed a 160,000 square foot facility. This represents an \$8 million investment and has led to the creation of over 100 new jobs. The National Center for Asphalt Technology has recently completed a new research and testing facility in the Technology Park. This project is affiliated with Auburn University and the National Asphalt Pavement Association and has resulted in a \$4 million investment and thirty new jobs.

The City is currently constructing Auburn Technology Park North (ATPN), a new 170-acre manufacturing park. This park is located north of Interstate Highway 85, across from the existing Technology Park. The entry road to the Park from U.S. Highway 29 /South College Street has been completed and we anticipate opening the new Park in the summer of 2001. In May 2000, Metal Technologies of Alabama announced the location of a

new manufacturing facility in ATPN. Metal Technologies will make a capital investment of \$40 million and will employ 200, when fully ramped up.

The Auburn Center for Developing Industries (ACDI), a small business incubator facility, opened in 1989 to enable new business ventures to become established in a cost-controlled environment while adding jobs to the community. This project has been very successful, graduating three tenants to the City's industrial parks and expanding its facilities twice. The most recent graduate of the incubator system was CatCon. After spending a year and a half in one of the incubator's single-tenant facilities, the company moved into a new, \$1 million, 30,000 square foot facility in the Auburn Technology Park.

Two special capital improvements projects were recently completed, Watercrest Boulevard and East Longleaf Lane. The Economic Development and Public Works Departments have coordinated the management and construction of these projects. The construction of Watercrest Boulevard, extended an existing connector road by one mile, joined two major arterials – North College Street and U.S. Highway 280, and opened 200 acres of land for new development. The East Longleaf Lane project also connected two arterials, South College Street and South Donahue, and opened 60 acres of land for new development. Both projects completed important road connections identified in the City's Major Street Plan.

Commercial development continues along the U.S. Highway 29/South College corridor just off Interstate Highway 85. A Wal-Mart Super-Center opened in the fall of 1999, along with numerous other commercial out-parcels, including several banks and fast-food restaurants. The completion of the Glenn Avenue re-routing project has opened 80 acres for new development on an Interstate 85 interchange that is expected to be a prime location for new commercial development.

The physical boundaries of the government continue to expand with residential, commercial and industrial growth. During fiscal 2000, the City annexed 253.35 acres into the City limits as part of the City's long-range plan for growth through annexation. The Planning Commission approved fifteen new subdivisions, incorporating 220 single family and 105 multi-family residential lots and five commercial lots. Building permits were issued for 236 new single family residences valued at \$34.24 million, twenty of which had valuations in excess of \$250,000 each. Also permitted during fiscal 2000 were 116 multi-family buildings valued at \$15.40 million, one assisted living facility with a permitted value of \$1,430,000 and 38 new commercial and industrial facilities valued at \$16.84 million. Five new church buildings were permitted with a valuation of \$4.14 million. In response to several years of significant growth, the City completed construction of three new fire stations in fiscal 1998 and another fire station is planned for construction in FY03.

Major Initiatives

For the Year. During the year, the priorities of school funding, employee pay raises, recreation facilities expansion and street improvements were addressed. The City contributed \$3.3 million from its General Fund to the Auburn Board of Education, maintaining a commitment that ranks the municipal government among the highest in Alabama in terms of the level of local school support. An increase in the City's property tax millage for schools was approved by a significant majority of the voters during FY96.

The Council supported its commitment to City employees with approval of a 3% across the board pay increase. In addition, employee contributions to participate in the health benefit plan were maintained at the prior year's level.

In February 1997, the City conducted a referendum to give the citizens the opportunity to consider funding a number of "quality of life" capital projects to be financed by a municipal property tax dedicated to debt service for capital projects. Projects in the referendum, which was overwhelmingly approved by the voters, included: 1) the expansion of the Duck Samford recreational facilities with the addition of four baseball fields, expanded parking, walking trails and passive recreation areas; 2) the construction and equipping of a community arts center; 3) street, landscape and sidewalk improvements to the South College Street corridor, a main entryway to the City; 4) expansion of the facilities at Kiesel Park by

addition of a meeting facility; 5) construction of a new municipal pool and renovation of the existing pool; 6) parking and lighting improvements to the Soccer Complex; 7) significant sidewalk projects and 8) major street resurfacing projects. Of these, the Community Arts Center opened in April 1999 and the Soccer Complex improvements were completed in September 1999. The Duck Samford Sports Complex improvements and the Drake pool were dedicated in April 2000. The Kiesel Park meeting facility opened to the public in May 2000. Phases I and II of the South College Street improvements have been completed and Phase III is underway.

Another voter referendum was held in February 1999, gaining overwhelming voter approval to issue bonds secured by a dedicated property tax to build a new municipal library with a projected cost of \$3.2 million. After completion of the new library building in April 2001, the existing library will be renovated for use by the Public Safety Department. General obligation debt was issued to finance the costs to renovate the historic old post office building, owned by the City, for use as a new City Hall. Renovation costs are budgeted at \$1.7 million. After the new City Hall is occupied in June of 2001, the existing city hall building will be renovated for use as a Development Building, housing the Planning Department, the Building Codes Enforcement Division of Public Safety, the Engineering Division of Public Works, and the Water Board's Revenue Office.

For the Future. The City's capital improvements program contains \$69.68 million in identified projects over the next five years. Increasing the capacity of the sewer systems will require \$12.125 million. This outlay could be funded by the City's private management partners, resulting in fee payments rather than the issuance of government debt; however, other financing alternatives are being explored. Repair and replacement of existing sewer lines are expected to require \$665,000 over the next five years. Infrastructure improvements, including drainage, sidewalks, bikeways, streets, bridges and intersections, will require \$30.20 million. This outlay will be funded through identified sources including shared funding and debt issuance.

Construction of new municipal buildings and renovation of existing city buildings are planned with a projected cost of \$2 million. Funding sources for these city buildings include proceeds of bonds and the sale of property currently owned by the City. Property purchases for and construction of parking facilities are projected to cost \$5 million over the next five years, to be financed in part, by debt, and by public-private partnership.

Industrial park land acquisition and infrastructure construction over the next five years is planned with a cost of \$5 million. Expanded fire protection—buildings and equipment—will require approximately \$1.625 million. Other projects, including culture and recreation and downtown improvements are included in the five-year program at a cost of \$9.18 million. Various funding

options including debt will be identified at the appropriate time.

The City's long-range program does not overlook the continuing priorities of education and public safety. The FY01 budget contains \$3.6 million from the General Fund for the Board of Education. The public safety budget of \$8.69 million is 26.1% of the General Fund fiscal year 2001 budget. Additionally, the public safety budget will be enhanced by a grant from the Auburn Housing Authority to continue foot patrols as a deterrent to potential criminal activity. Prior years' expenditures for this activity have produced positive results.

Department Focus.

The **Information Technology Department**, which was established in May 1996, is charged with coordinating the technological advancement of the City. Information Technology continues to maintain and refine the communications infrastructure to connect all City departments and City schools. Fiscal 2000 saw continued work by Information Technology to maintain the integrity and reliability of the City's computing infrastructure through constant monitoring, preventive maintenance and staff training. Information Technology refined the fiber optic network through packet sampling and analysis of traffic patterns and peak usage demands and continued coordination of enhancements to the City's Internet site (Internet address: www.auburnalabama.org). The City's "fire wall" network

security was enhanced through the installation of monitoring software.

In other interdepartmental efforts, Information Technology assisted the Public Works Department with the GIS Taskforce project and with publishing City maps on the City's web site. Info Tech also assisted the Public Safety Department by providing technical advice and specifications for the Alabama Law Enforcement Technology Alliance, an organization that provides mutual support in acquiring and using technology to enhance public safety operations. The Information Technology Department supported all departments with software and hardware upgrades to Microsoft Office Suite 2000.

The **Human Resource Management Department** (HRM) staff has the responsibility for managing employee compensation and benefits; recruiting, screening and enrollment of employees; and coordinating human resources training and employee development. Another important function of the HRM Department is to manage the City's risk through self-insurance and other risk management activities.

In fiscal 2000, HRM coordinated and presented the multi-session "Supervisors Certification Program" and a development program for crew leaders. Also, HRM successfully coordinated training for employees on nutrition, safety, balancing career and family, and responding to disturbed employees. Safety training

included presentations on gas line excavation, right-of-way maintenance, Day Camp safety issues and chain saw safety, as well as several facility safety inspections. To promote employee wellness, HRM conducted the annual Employee Health and Benefits Fair and presented a First Aid and CPR certification class for employees. To foster positive employee relations, HRM conducted several special events including sports tournaments, "Spirit Week" events, the annual City employee picnic and several holiday themed events.

The **Finance Department** staff performs centralized treasury, accounting and financial reporting, budget administration and purchasing functions for all City departments. In addition, Finance is responsible for publishing the City's major financial documents, the three budget documents (proposed budget, working budget and comprehensive budget) and the audited financial statements each year.

The City's FY00 comprehensive budget document, prepared in a joint project with the Office of the City Manager and the Information Technology Department, received the City's fourth consecutive Government Finance Officer's Association's (GFOA) Distinguished Budget Presentation award: This was the fourth submission of the City's budget document to the GFOA budget review program since the City first won this award in 1984. These three departments worked together to further expand and improve the City's FY01 and FY02 biennial budget document to incorporate many of the

suggestions received from the GFOA reviewers and it has been submitted to the GFOA budget review program as well. The budget for fiscal years 2001 and 2002 was the City's first experience with preparing a biennial budget. The Finance staff also published the City's FY99 Comprehensive Annual Financial Report, receiving the City's fourteenth consecutive GFOA Certificate of Achievement for Excellence in Financial Reporting.

The Finance staff completed a major project during fiscal 1999, with the adoption of a complete revision of the City's business license ordinance by the City Council. The revised ordinance established improved procedures and a more equitable license fee structure. In FY00, the staff implemented new taxpayer database software to facilitate the administration of the revised business license ordinance. Following the first business license renewal period under the provisions of the new ordinance, the Finance staff prepared an analysis of the impact of the revised business license ordinance and issued a report of their findings to the City Manager.

The Finance staff expanded and updated the departmental policies and procedures manual. The Finance Department also developed and prepared additional spreadsheets and organized all vendor files in chronological order to assist the independent auditors in their fieldwork. Finance hosted two training sessions on the City's budget preparation forms and procedures for staff members of other City departments.

During fiscal year 2000, the **Auburn Public Library** staff worked with the Library Board and the City Manager to complete the bid process, award the contract and oversee the construction of the new Auburn Public Library. The Library staff also invited bids for the furnishings for the new City Library. The staff prepared a grant application to expand the number of public use computers in the new facility and was awarded a federal grant of approximately \$40,000. The planned opening date for the new library facility is April 2001.

Highlights of the **Parks and Recreation Department's** achievements during FY00 included working with the Auburn Chamber of Commerce to organize and implement the "Toomer's 2000" celebration, which had an attendance of approximately 25,000; initiation of the "All Day at the Dempsey Community Arts Center" program presented to the five elementary schools in the City and funded by a State grant; and restructuring of the baseball and softball league schedules to implement the use of the newly completed Duck Samford Park baseball/softball complex.

Parks and Recreation program activities in fiscal 2000 saw the development of two new aquatics programs at both City pools, a bicycle recycling program to provide bicycles for at-risk youth, a summer program for at-risk youth and improvements to the AfterSchool programs with the addition of music and arts lessons and more guest speakers. The Auburn Softball Complex was the host to three American Softball Association tournaments

and one International Softball Association tournament during fiscal 2000. The Parks and Recreation staff also assisted in establishing a Community Tennis Association in accordance with national guidelines.

The **Public Works Department** achieved numerous goals during the 2000 fiscal year. One significant goal attained was the completion of Phases I and II of the South College Street Widening Project. The remaining project phases are projected to be completed in FY2001, providing a safer and more attractive gateway into Auburn from Interstate 85.

The Public Works staff also completed the annual street resurfacing and re-striping projects, several drainage improvement projects and also completed the land use layer and the annexation theme for the City's Geographical Information System (GIS).

The **Environmental Services Department** had a productive fiscal 2000. The department stepped up its program to convert residential garbage customers from back yard to curbside cart service. To enhance garbage services, the staff created databases to map, track and query customer and rollout cart locations, service areas and complaints. Environmental Services also provided a variety of solid waste educational programs on the topics of solid waste disposal, recycling and animal control to school and civic groups. A school-age based information kit on recycling was distributed to all elementary school teachers in the Auburn City Schools system.

The staff also produced a 12% increase in the number of licensed dogs in the City over FY99, averaging 77 calls per month per animal control officer.

The Fleet Services Division of Environmental Services implemented new software to improve management of the vehicle repair parts inventory, enabling the Division to complete 70% of service requests within ten days.

Fiscal year 2000 was marked by continued expansion and improvement of the water and sewer systems in response to growth in the customer base. Under the management of the **Water and Sewer Department**, comprised of City and Water Board employees, bids were awarded for the Willow Creek Sewer Line, Phase II and a two million gallons per day water metering point for an supplemental water source. The staff developed plans and specifications for improvements to the water treatment plant to increase its peak capacity to 12 million gallons per day. This project is expected to be completed late in fiscal 2001.

The **Planning Department** provides administrative and technical support to the Auburn Planning Commission and the Board of Zoning Adjustment. In FY00, Planning worked closely with the U.S. Bureau of the Census and its *Complete Count 2000* program to help ensure an accurate population count for the City and Lee County, focusing on coordination of national and local efforts to produce an accurate count of Auburn University students and other traditionally undercounted groups.

Other fiscal 2000 achievements of the Planning Department include conducting the annual Citizens Survey and submitting a report on the results to the City Manager, upgrading the Planning Department's portion of the City's web site by posting the Planning Commission and Board of Zoning Adjustment agendas, updating the Billboard Inventory and converting the inventory into a database, coordinating a continuing education seminar for the City's Planning Commission and Board of Zoning Adjustment and converting the current land use inventory to an interactive layer on the City's Geographical Information System.

The **Economic Development Department's** major focus is a balance between industrial recruitment and assistance to local companies with expansions. Fiscal 2000 was a busy year for Economic Development, hosting fifteen industrial visits during the year that resulted in commitments from one new industry to locate in Auburn. ED staff participated in the SAE show in Detroit in support of State of Alabama development agencies and identified two prospects in the tool and die industry.

During FY00, the Economic Development Department developed a financing plan and issued variable rate debt with a face amount of \$12.39 million to consolidate several existing loans and provide funds for the construction of infrastructure in the Auburn Technology Park North (ATPN), a 170-acre technology park. In May 2000, Economic Development announced the location of

Metal Technologies of Alabama in the ATPN. Metal Technologies will make a capital investment of \$40 million and will employ 200, when fully ramped up.

The Economic Development Department completed all requirements to qualify Auburn as an Entitlement City under the federal Community Development Block Grant Program. Auburn was awarded CDBG grant funds of \$819,000 for FY00. These funds will be used in various community improvement programs including the expansion of the Boykin community center and rehabilitation of substandard housing.

Other fiscal 2000 accomplishments of the Economic Development staff include operating the Auburn Center for Developing Industries, a small business incubator, and graduating one tenant; referring five individuals to members of the Housing Assistance Network; packaging two revolving loans, one for an existing industry and one for a new industry; and completing a subdivision plan for the Pumphrey Avenue industrial park property, to be funded by a State Industrial Access Grant.

During fiscal 2000, the **Judicial Department** established an "on-line courtroom," enabling the Judge or Magistrate to enter court orders, approval of partial payment plans and subpoenas from the bench during Court sessions and implemented a computerized case management system. The Judicial Department staff engaged a private probation service to provide certain routine functions, such as collecting past due fines and monitoring

compliance with orders to perform community service. The number of graduates from the Court Referral Program increased 12.6% in FY00 (304 graduates) over FY99 (270 graduates).

The **Public Safety Department** continued several projects and developed some new programs to improve the Department's service delivery during fiscal year 2000. The staff completed the needs assessment for the renovation of the existing City Library to serve as the Public Safety Building following the Library's move to its new building.

In administrative efforts, Public Safety's Police Division reviewed, updated and redistributed all Division Directives and analyzed the duties of the Student Public Safety Specialists to ensure they achieve maximum productivity. The Fire Division developed a vehicle use and replacement policy and revised the Division's Career Development Plan. The Codes Enforcement Division conducted an opinion survey of general contractors to develop methods for improving their services. Responses to the Codes Division questionnaire showed a high satisfaction level and produced no significant recommendations.

The Department played a leading role in the development of a regional fire training program with cities in Lee and surrounding counties to reduce the costs of firefighters' training for certifications as Fire Officer, Fire Instructor and Haz-Mat Responder. The Fire Division recruited and

trained nineteen Student Firefighters during FY00, all of whom achieved State certification.

During fiscal 2000, Public Safety worked with the Auburn City Schools to develop a crisis contingency plan. The interior construction of the Police Division firing range building was completed. And, two abandoned or dilapidated buildings were razed.

Financial Information

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

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

control structure is subject to periodic evaluation by management.

As part of the City's audit in accordance with generally accepted government auditing standards, tests are made to determine the adequacy of the internal control structure, including that portion related to federal assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The government's financial transactions level related to grant activities did not meet the criteria for which a Single Audit is required.

Budgeting Controls. Budgetary control is maintained at the line item level by the encumbrance of actual or estimated purchase amounts prior to the release of purchase orders to vendors. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. The City Manager has the authority to make adjustments between budget line items. Purchase orders resulting in an overrun of a line item balance are released only after the approval of the City Manager.

Budget amendments are effected by Ordinance enacted by the governing body at mid-year and year-end. Activities of the General Fund, the Debt Service funds and most Special Revenue funds are included in the annual appropriated budget. Encumbrances lapse at year end; however, encumbrances remaining against a

positive departmental budget balance are generally re-appropriated as part of the following year's mid-year budget review.

The City's budget is prepared in accordance with generally accepted accounting principles (GAAP), with the exception that capital outlays and debt service payments related to the operation of individual departments are budgeted within those departments. The financial statements presented in the *financial* section of this report are presented in accordance with GAAP; that is, all capital outlays have been aggregated into a single line caption. Debt service expenditures are presented in a single line caption in the GAAP financial statements as well. *Appendix I* to this letter of transmittal presents the General Fund's expenditures compared to the budget for fiscal 2000 as budgeted, with the capital outlays and debt service expenditures presented within departments. *Appendix I-A* provides a reconciliation of the GAAP-basis expenditures to the budget basis of expenditures.

As demonstrated by the statements and schedules included in the *financial* section of this report, the City continues to fulfill its responsibility for sound financial management. In the General Fund, actual revenues

were \$371,491 more than budgeted. General Fund expenditures were \$3.696 million less than budgeted. The effect of restrained spending produced a significant improvement in the General Fund's financial position, with an increase in total fund balance of 6.56%. The fund balances of the Special Revenue funds increased nearly 31.6% over the prior fiscal year-end. Debt Service funds' fund balances decreased 38.97% from the prior year-end.

General Government Functions. The following schedule presents a summary of General Fund, Special Revenue funds, Debt Service funds and Capital Projects funds (the governmental fund types) revenues for the fiscal year ended September 30, 2000, and the amount and percentage of increases and decreases in relation to prior year revenues. This summary presents a highlight of specific revenues (Sales and Use Tax, Business License Fees and Occupation License Fees) that the City uses as a benchmark to monitor the local economy. Benchmark revenues show a combined increase of 8.89% over the prior year, indicating steady growth in the current economy. The ten-year average increase for the benchmark revenues through fiscal 2000 was 8.17%. (See schedule on the following page.)

Revenues of Governmental Funds	Amount	Percent of Total	Increase (Decrease) from 1999	Percent of Increase (Decrease)
Sales and Use Tax	\$ 12,154,032	33.20 %	\$ 840,183	7.43 %
Other Locally Levied Taxes	978,207	2.67	137,927	16.41
General Property Taxes	7,483,965	20.44	1,124,032	17.67
Occupation License Fees	4,654,854	12.72	401,501	9.44
Business License Fees	3,814,201	10.42	441,174	13.08
Other Licenses and Permits	790,340	2.16	(65,560)	(7.66)
Fees for Services	3,014,783	8.24	293,618	10.79
Fines, Court Costs and Forfeitures	754,366	2.06	59,315	8.53
Intergovernmental Revenues (1)	1,037,682	2.83	(2,117,596) (2)	(67.11)
Other Revenues	1,924,820	5.26	256,049	15.34
Total Revenues	36,607,250	100.00 %	\$ 1,370,643	3.89 %
Other Financing Sources	7,950,176 (3)			
Total Revenues and Other Financing Sources	\$ 44,557,426			

(1) State shared taxes, grants and program income.

(2) Revenue from Lee County Commission decreased \$1,700,000 and program income decreased \$649,179. In the prior year, Lee County made a one-time appropriation of \$1,700,000 to the City in connection with an agreement by which the City assumed liability for the maintenance of various county roads within the City. The funds were used to upgrade those county roads to City standards.

(3) Includes proceeds of \$3,810,608 from issuance of capital leases, notes and general obligation bonds and warrants; and transfers in of \$4,139,568.

The following schedule, listed by expenditure functions (including intergovernmental expenditures), presents a summary of General Fund, Special Revenue funds, Debt Service funds and Capital Projects funds expenditures for

the fiscal year ended September 30, 2000, and the amount and percentage of increases and decreases in relation to prior year amounts.

<u>Expenditure Function (1)</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 1999</u>	<u>Percent of Increase (Decrease)</u>
General Government and Administration	\$ 4,828,274	11.80 %	\$ 426,886	9.70 %
Public Safety	7,316,828	17.89	141,689	1.97
Public Works	1,527,151	3.73	(29,358)	(1.89)
Environmental Services (2)	2,918,925	7.14	310,745	11.91
Health, Assistance and Welfare	508,120	1.24	(43,900)	(7.95)
Education	3,355,310	8.20	(378,567) (4)	(10.14) (4)
Culture and Recreation	3,387,510	8.28	400,894	13.42
Debt Service	5,620,283	13.74	970,757	20.88
Capital Outlay	11,447,448	27.98	2,952,095 (5)	34.75 (5)
Total Expenditures	40,909,849	100.00 %	\$ 4,751,241	13.14 %
Other Financing Uses (3)	5,889,922			
Total Expenditures and Other Financing Uses	\$ 46,799,771			

(1) See Appendix II following this letter of transmittal.

(2) Includes solid waste collection and disposal, recycling, animal control, fleet services and right-of-way maintenance.

(3) Other Financing Uses includes transfers to other funds of \$3,769,464 and transfers to component units of \$2,120,458.

(4) Education expenditures include \$325,000 of City debt proceeds provided to the School Board for capital projects.

(5) Capital Outlay includes \$1,510,708 for property acquisition, \$3,078,017 for construction of new public buildings and facilities and \$2,970,693 for street improvements.

Employees of the government received a 3% cost of living increase in FY00, accounting for some of the increase in all functions other than Debt Service and Capital Outlay. Fluctuations in debt service expenditures represent principal and interest payments of short-term (generally three to five years) capital lease financing arrangements and payments for recent issues of bonded debt. Capital outlay expenditures fluctuate with the government's needs, goals and financial position.

Fund Balance of the General Fund. The total fund balance of the General Fund increased by \$449,602 (6.56%) in FY00, following increases of \$1,168,221 (20.6%) in FY99, \$1,468,009 (nearly 35%) in FY 98, \$903,213 (nearly 28%) in FY97, \$1,688,398 (108%) in 1996 and \$1,249,126 (206%) in 1995. The General Fund's total fund balance at September 30, 2000 was \$7,302,533, which represents 22.7% of 2000 General Fund expenditures. The unreserved, undesignated fund balance of the General Fund at the end of FY 00 was \$5,742,247, which is 17.86% of expenditures. These amounts well exceed the fund balance goal of 6% of expenditures established by the City Council.

Enterprise Operations. The government's enterprise operations consist of the Sewer Revenue Fund (Sewer Fund), the Industrial Park Fund and the Wright Street Parking Fund. The Wright Street Parking Fund was closed during FY00, as a result of the City's purchase of the property and inclusion of the related activities to the General Fund.

The City's two sewer treatment plants are owned and operated by US Filter, a Houston, Texas-based engineering firm. Service lines and lift stations are owned and maintained by the government. The largest wastewater treatment plant (Southside), with a capacity of 5.4 million gallons per day (mgd), is currently operating at approximately 65% of capacity. The second plant (Northside), with a capacity of 1.6 mgd, is operating at 88% of capacity as currently rated. The Northside plant's efficiency provides the potential for additional capacity. US Filter is providing engineering support to the Water and Sewer Department's effort to obtain a re-rating of the plant, which it is anticipated will revise the plant's rating to a 2.0 mgd capacity, a 25% increase. At the City's present rate of growth, plant expansion is a near future concern. Expansion could continue in a public-private partnership; however, to reduce consumer rate shock, the government is currently exploring other options for funding both expansion and future operations.

Industrial property acquisition, development and sales are tracked through the Industrial Park Enterprise Fund and the Industrial Development Board, a component unit of the City that accounts for activities of both the City and the Board. As property appropriate for industrial park development is identified, the City acquires and holds the property. Prospects for the industrial parks are identified and developed through the efforts of the City's Economic Development Department and the Industrial Development Board (IDB). Once a prospect has made an offer to locate in an industrial park, the City Council

has the authority to approve or disapprove the land sale to that specific prospect. In fiscal 1995, the City Council deeded all of its industrial properties to the IDB to provide greater flexibility in obtaining financing for industrial property development. However, the Council retains, through deed restrictions, final approval over all sales of industrial property.

The Wright Street Parking Fund tracked revenues and expenditures of a parking facility constructed and operating on leased property. Under terms of the lease agreement, the City will recover all costs of constructing and operating the facility, plus an administrative fee, and will return any remaining profit to the land owner. From its inception to date, this Fund has generated only losses. The General Fund subsidizes this facility through operating transfers. The City reached an agreement with the property owner to purchase this property during FY00 and the parking lot transactions will now be included in the General Fund's operations.

Fiduciary Operations. In addition to the State administered Employees Retirement System (outlined in Note 12 of the notes to the financial statements), a deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code is available to all full-time government employees. At September 30, 2000, seventy-one members were enrolled in this plan, contributing \$143,552 during the year.

Debt Administration. The City's general obligation debt totaled \$48.709 million at September 30, 2000. School Board debt is \$22.628 million of the \$48.709 million. Capital leases payable by Enterprise funds increase this debt by \$141,731. The government's legal debt limit is set by state statute and is currently based on 20% of assessed value of property within the City. At September 30, 2000, government debt applicable to the debt limit was 45.99%. Debt per capita, based on the 2000 official census, equaled \$1,136.

During the year, the primary government issued \$3,810,608 of general obligation debt, of which \$2,157,034 was issued to finance property purchases, \$1,153,568 was issued to finance the construction of special capital improvement projects and \$500,006 was issued to fund the acquisition of equipment and heavy vehicles. General obligation debt with a face value of \$3,212,623 was retired during the year.

Cash Management. The City's practice is to invest primarily through local banking institutions. Using the pooled-cash concept, all funds that can legally earn interest are deposited into an interest bearing investment account. Idle funds are further invested in bank prime yield accounts or certificates of deposit, with maturities planned toward interest yield and cash needs. During fiscal 2000, the average yield on invested funds was 5.895% and the government earned interest totaling \$1,230,958.

Risk Management. The City's comprehensive risk management program combines risk control and risk financing techniques to address the City's loss exposures. Risk control techniques used include identification and reduction of hazards and liability exposures involving City properties, operations and equipment. The government uses two risk financing techniques. The City retains its general liability and worker's compensation loss exposures and pays for any losses using a designated fund. Property, automobile and professional liability exposures are transferred to insurance companies.

Other Information

Independent Audit. The government is required by State law to undergo an annual audit by independent public accountants; however, to meet federal requirements of the Single Audit Act of 1984, Public Law 98-502 and the resultant issuance and subsequent revision of OMB Circular No. A-128, the City's audit report is required to be signed by a certified public accountant. The accounting firm of Machen, McChesney and Chastain, LLP, was selected through a competitive proposal process. The auditor's report on the general purpose financial statements and the combining and individual fund statements and schedules is included in the *financial* section of this report. The auditor's reports related specifically to the Single Audit generally are included in a separately issued Single Audit Report. However, the government's financial transactions level

related to grant activities during FY 99 did not meet the criteria for which a Single Audit is required.

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Auburn, Alabama, for its comprehensive annual financial report for the fiscal year ended September 30, 1999. This was the fourteenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

In closing, the commitment to the achievement of mandated priorities speaks to the progressive leadership and dedication to public service of the Mayor and the City



Douglas J. Watson, Ph.D.
City Manager

Council. Their support for a policy of financial integrity has been instrumental in the preparation of this report.



Andrea E. Jackson, CPA, CGFM
Finance Director



City of Auburn

City of Auburn
Appendix I
General Fund

Statement of Expenditures by Department and Category - Budget and Actual (unaudited)
Fiscal Year Ended September 30, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
City Council			
Personal services	\$ 30,605	\$ 29,776	829
Contractual services	67,574	70,579	(3,005)
Capital outlay	-	-	-
Totals	<u>98,179</u>	<u>100,355</u>	<u>(2,176)</u>
City Manager's Office			
Personal services	364,995	360,324	4,671
Contractual services	37,750	23,403	14,347
Commodities	14,232	10,777	3,455
Capital outlay	1,800	3,166	(1,366)
Debt service	8,617	8,616	1
Totals	<u>427,394</u>	<u>406,286</u>	<u>21,108</u>
Judicial			
Personal services	292,814	279,497	13,317
Contractual services	111,930	83,349	28,581
Commodities	12,942	12,795	147
Capital outlay	10,820	-	10,820
Total	<u>428,506</u>	<u>375,641</u>	<u>52,865</u>
Information Technology			
Personal services	208,790	208,204	586
Contractual services	102,188	78,631	23,557
Commodities	46,219	63,900	(17,681)
Capital outlay	62,138	64,256	(2,118)
Debt service	3,652	2,726	926
Total	<u>422,987</u>	<u>417,717</u>	<u>5,270</u>
Finance			
Personal services	582,983	570,921	12,062
Contractual services	137,510	145,924	(8,414)
Commodities	75,910	67,772	8,138
Capital outlay	19,875	23,415	(3,540)
Total	<u>816,278</u>	<u>808,032</u>	<u>8,246</u>

City of Auburn
Appendix I
General Fund

Statement of Expenditures by Department and Category - Budget and Actual (unaudited)
Fiscal Year Ended September 30, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
Economic Development			
Personal services	\$ 295,955	\$ 281,495	14,460
Contractual services	112,461	29,694	82,767
Commodities	6,355	5,736	619
Capital outlay	-	-	-
Debt service	8,264	8,264	-
Totals	<u>423,035</u>	<u>325,189</u>	<u>97,846</u>
Human Resource Management			
<i>Human Resource Management</i>			
Personal services	252,040	248,858	3,182
Contractual services	106,462	81,724	24,738
Commodities	8,111	7,323	788
Capital outlay	1,800	1,802	(2)
Subtotals	<u>368,413</u>	<u>339,707</u>	<u>28,706</u>
Risk Management			
Contractual services	210,652	156,790	53,862
Totals	<u>579,065</u>	<u>496,497</u>	<u>82,568</u>
Public Works			
<i>Administration</i>			
Personal services	177,877	179,003	(1,126)
Contractual services	93,876	81,148	12,728
Commodities	43,208	38,449	4,759
Capital outlay	7,250	16,118	(8,868)
Debt service	-	-	-
Subtotals	<u>322,211</u>	<u>314,718</u>	<u>7,493</u>
Construction and Maintenance			
Personal services	\$ 397,849	\$ 348,249	\$ 49,600
Contractual services	91,819	78,815	13,004
Commodities	119,756	124,411	(4,655)
Capital outlay	71,929	72,564	(635)
Debt service	3,913	3,913	-
Subtotals	<u>685,266</u>	<u>627,952</u>	<u>57,314</u>

**City of Auburn
Appendix I
General Fund**

**Statement of Expenditures by Department and Category - Budget and Actual (unaudited)
Fiscal Year Ended September 30, 2000**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Public Works (cont'd)			
<i>Engineering Design</i>			
Personal services	268,958	161,316	107,642
Contractual services	39,350	59,852	(20,502)
Commodities	21,794	17,796	3,998
Capital outlay	29,210	20,310	8,900
Subtotals	<u>359,312</u>	<u>259,274</u>	<u>100,038</u>
<i>Inspection</i>			
Personal services	163,039	177,506	(14,467)
Contractual services	31,180	10,703	20,477
Commodities	10,716	8,568	2,148
Capital outlay	23,873	25,582	(1,709)
Debt service	-	2,173	(2,173)
Subtotals	<u>228,808</u>	<u>224,532</u>	<u>4,276</u>
<i>Geographic Information Systems</i>			
Personal services	98,499	88,401	10,098
Contractual services	8,570	5,571	2,999
Commodities	3,869	3,449	420
Capital outlay	25,415	23,709	1,706
Subtotals	<u>136,353</u>	<u>121,130</u>	<u>15,223</u>
<i>Traffic Engineering</i>			
Personal services	96,953	99,866	(2,913)
Contractual services	7,200	4,690	2,510
Commodities	20,334	39,354	(19,020)
Capital outlay	60,000	-	60,000
Subtotals	<u>184,487</u>	<u>143,910</u>	<u>40,577</u>
Totals	<u>1,916,437</u>	<u>1,691,516</u>	<u>224,921</u>

City of Auburn
Appendix I
General Fund

Statement of Expenditures by Department and Category - Budget and Actual (unaudited)
Fiscal Year Ended September 30, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
Environmental Services			
<i>Administration</i>			
Personal services	\$ 210,826	206,830	3,996
Contractual services	119,947	117,815	2,132
Commodities	82,795	115,187	(32,392)
Capital outlay	31,951	32,561	(610)
Debt service	51,813	46,375	5,438
Subtotals	<u>497,332</u>	<u>518,768</u>	<u>(21,436)</u>
<i>Recycling</i>			
Personal services	443,081	400,978	42,103
Contractual services	241,612	221,161	20,451
Commodities	53,274	53,124	150
Capital outlay	48,726	48,726	-
Debt service	5,310	5,310	-
Subtotals	<u>792,003</u>	<u>729,299</u>	<u>62,704</u>
<i>Solid Waste</i>			
Personal services	467,364	520,146	(52,782)
Contractual services	277,139	267,672	9,467
Commodities	218,803	189,591	29,212
Capital outlay	172,967	172,967	-
Debt service	23,630	29,080	(5,450)
Subtotals	<u>1,159,903</u>	<u>1,179,456</u>	<u>(19,553)</u>
<i>Animal Control</i>			
Personal services	60,662	66,684	(6,022)
Contractual services	6,315	6,226	89
Commodities	5,610	5,036	574
Subtotals	<u>72,587</u>	<u>77,946</u>	<u>(5,359)</u>

**City of Auburn
Appendix I
General Fund**

**Statement of Expenditures by Department and Category - Budget and Actual (unaudited)
Fiscal Year Ended September 30, 2000**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Environmental Services (cont'd)			
<i>Right of Way Maintenance</i>			
Personal services	\$ 241,850	\$ 231,699	\$ 10,151
Contractual services	32,568	15,710	16,858
Commodities	71,569	74,315	(2,746)
Capital outlay	112,391	112,391	-
Debt service	22,363	22,363	-
Subtotals	<u>480,741</u>	<u>456,478</u>	<u>24,263</u>
<i>Fleet Services</i>			
Personal Services	338,359	343,792	(5,433)
Contractual Services	33,286	31,224	2,062
Commodities	54,876	51,736	3,140
Capital outlay	3,575	3,575	-
Debt Service	-	-	-
Subtotals	<u>430,096</u>	<u>430,327</u>	<u>(231)</u>
Totals	<u>3,432,662</u>	<u>3,392,274</u>	<u>40,388</u>
Public Safety			
<i>Administration</i>			
Personal services	179,849	178,112	1,737
Contractual services	329,010	257,008	72,002
Commodities	60,100	55,801	4,299
Capital outlay	30,921	36,805	(5,884)
Debt Service	-	2,709	(2,709)
Subtotals	<u>599,880</u>	<u>530,435</u>	<u>69,445</u>
<i>Police</i>			
Personal services	3,642,191	3,515,230	126,961
Contractual services	80,000	53,860	26,140
Commodities	287,091	265,164	21,927
Capital outlay	245,645	238,634	7,011
Debt Service	-	-	-
Subtotals	<u>4,254,927</u>	<u>4,072,888</u>	<u>182,039</u>

City of Auburn
Appendix I
General Fund

Statement of Expenditures by Department and Category - Budget and Actual (unaudited)
Fiscal Year Ended September 30, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
Public Safety (cont'd)			
<i>Fire</i>			
Personal services	\$ 2,128,267	\$ 2,164,215	\$ (35,948)
Contractual services	90,500	82,444	8,056
Commodities	134,195	137,574	(3,379)
Capital outlay	210,405	18,249	192,156
Debt Service	81,572	81,571	1
Subtotals	<u>2,644,939</u>	<u>2,484,053</u>	<u>160,886</u>
<i>Communications</i>			
Personal services	289,926	284,004	5,922
Contractual services	80,158	76,835	3,323
Commodities	25,232	2,985	22,247
Capital Outlay	3,218	3,218	-
Subtotals	<u>398,534</u>	<u>367,042</u>	<u>31,492</u>
<i>Codes Enforcement</i>			
Personal services	187,082	184,005	3,077
Contractual services	1,000	-	1,000
Commodities	4,350	4,706	(356)
Subtotals	<u>192,432</u>	<u>188,711</u>	<u>3,721</u>
Totals	<u>8,090,712</u>	<u>7,643,129</u>	<u>447,583</u>
Library			
Personal services	391,695	382,933	8,762
Contractual services	88,045	59,313	28,732
Commodities	83,729	81,816	1,913
Capital outlay	9,880	6,801	3,079
Totals	<u>573,349</u>	<u>530,863</u>	<u>42,486</u>
Parks and Recreation			
<i>Administration</i>			
Personal services	196,609	206,866	(10,257)
Contractual services	359,515	330,626	28,889
Commodities	30,642	29,676	966
Capital Outlay	8,860	7,618	1,242
Debt Service	4,169	4,170	(1)
Subtotals	<u>599,795</u>	<u>578,956</u>	<u>20,839</u>

City of Auburn
Appendix I
General Fund

Statement of Expenditures by Department and Category - Budget and Actual (unaudited)
Fiscal Year Ended September 30, 2000

	Budget	Actual	Variance Favorable/(Unfav.)
Parks and Recreation (cont'd)			
<i>Leisure Services</i>			
Personal services	\$ 1,003,957	\$ 995,518	\$ 8,439
Contractual services	77,728	61,695	16,033
Commodities	180,924	129,231	51,693
Capital outlay	85,734	27,813	57,921
Subtotals	<u>1,348,343</u>	<u>1,214,257</u>	<u>134,086</u>
<i>Parks and Facilities</i>			
Personal services	799,617	754,295	45,322
Contractual services	181,837	152,581	29,256
Commodities	218,250	174,948	43,302
Capital outlay	217,419	163,587	53,832
Debt service	3,934	3,623	311
Subtotals	<u>1,421,057</u>	<u>1,249,034</u>	<u>172,023</u>
Totals	<u>3,369,195</u>	<u>3,042,247</u>	<u>326,948</u>
Planning			
Personal services	303,406	262,842	40,564
Contractual services	43,052	34,238	8,814
Commodities	16,234	20,087	(3,853)
Capital outlay	26,966	36,047	(9,081)
Debt service	4,905	4,905	-
Totals	<u>394,563</u>	<u>358,119</u>	<u>36,444</u>
Totals for all departments	<u>20,972,362</u>	<u>19,587,865</u>	<u>1,384,497</u>
Non-departmental			
Personal services	199,808	199,436	372
Contractual services	580,844	453,408	127,436
Commodities	23,133	70,920	(47,787)
Capital outlay	4,766,086	4,116,858	649,228
Debt Service	1,597,259	1,450,680	146,579
Intergovernmental	4,161,542	4,030,782	130,760
Totals	<u>11,328,672</u>	<u>10,322,084</u>	<u>1,006,588</u>
Total expenditures	<u>32,301,034</u>	<u>29,909,949</u>	<u>2,391,085</u>
Other Financing Uses			
Operating Transfers Out	1,050,025	1,390,076	(340,051)
Total General Fund	<u>33,351,059</u>	<u>31,300,025</u>	<u>2,051,034</u>

City of Auburn
Appendix I-A
General Fund

**Reconciliation of Expenditures by Department and Category (Budget Basis) to
Expenditures per Generally Accepted Accounting Principles (GAAP)
Fiscal Year Ended September 30, 2000**

	Expenditures by Department and Category	Deductions		Expenditures per GAAP
		Capital Outlay	Debt Service	
City Council	\$ 100,355	-	-	\$ 100,355
City Manager's Office	406,286	3,166	8,616	394,504
Judicial	375,641	-	-	375,641
Information Technology	417,717	64,256	2,726	350,735
Finance	808,032	23,415	-	784,617
Total general government and administration	2,108,031	90,837	11,342	2,005,852
Economic Development	325,189	-	8,264	316,925
Human Resource Management	339,707	1,802	-	337,905
Risk Management	156,790	-	-	156,790
Total Human Resource Mgt.	496,497	1,802	-	494,695
Public Works				
Administration	314,718	16,118	-	298,600
Construction	627,952	72,564	3,913	551,475
Engineering Design	259,274	20,310	-	238,964
Inspection	224,532	25,582	2,173	196,777
Geographic Information Systems	121,130	23,709	-	97,421
Traffic Engineering	143,910	-	-	143,910
Total Public Works	1,691,516	158,283	6,086	1,527,147
Environmental Services				
Administration	518,768	32,561	46,375	439,832
Recycling	729,299	48,726	5,310	675,263
Solid Waste	1,179,456	172,967	29,080	977,409

City of Auburn
Appendix I-A
General Fund

**Reconciliation of Expenditures by Department and Category (Budget Basis) to
Expenditures per Generally Accepted Accounting Principles (GAAP)
Fiscal Year Ended September 30, 2000**

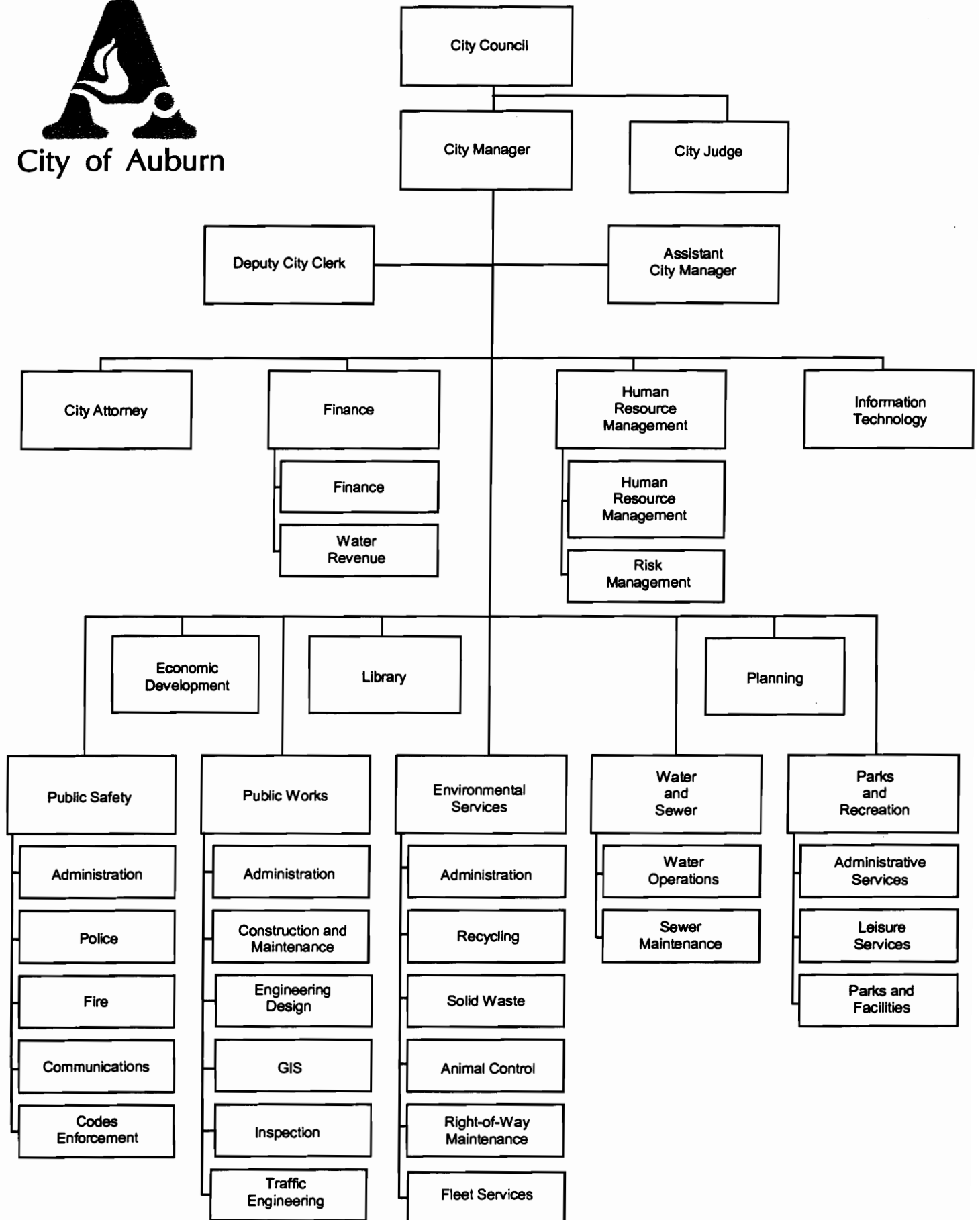
	<u>Expenditures by Department and Category</u>	<u>Deductions</u>		<u>Expenditures per GAAP</u>
	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Capital Outlay</u>	<u>Debt Service</u>
Environmental Services (cont'd)				
Animal Control	\$ 77,946	-	-	\$ 77,946
Right of Way Maintenance	456,478	112,391	22,363	321,724
Fleet Services	430,327	3,575	-	426,752
Total Environmental Services	<u>3,392,274</u>	<u>370,220</u>	<u>103,128</u>	<u>2,918,926</u>
Public Safety				
Administration	530,435	36,805	2,709	490,921
Police	4,072,888	238,634	-	3,834,254
Fire	2,484,053	18,249	81,571	2,384,233
Communications	367,042	3,218	-	363,824
Codes Enforcement	188,711	-	-	188,711
Total Public Safety	<u>7,643,129</u>	<u>296,906</u>	<u>84,280</u>	<u>7,261,943</u>
Library	530,863	6,801	-	524,062
Parks and Recreation				
Administration	578,956	7,618	4,170	567,168
Leisure Services	1,214,257	27,813	-	1,186,444
Parks and Facilities	1,249,034	163,587	3,623	1,081,824
Total Parks and Recreation	<u>3,042,247</u>	<u>199,018</u>	<u>7,793</u>	<u>2,835,436</u>
Planning	358,119	36,047	4,905	317,167
Total Departmental	<u>\$ 19,587,865</u>	<u>\$ 1,159,914</u>	<u>\$ 225,798</u>	<u>\$ 18,202,153</u>
Non- Departmental	4,116,858	1,450,680		
Capital Outlay Expenditures per GAAP	<u>\$ 5,276,772</u>			
Debt Service Expenditures per GAAP		<u>\$ 1,676,478</u>		

City of Auburn

Appendix II

**Governmental Funds Expenditures by Function (unaudited)
Fiscal Year Ended September 30, 2000**

	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Environmental Services</u>	<u>Health and Welfare</u>	<u>Education</u>	<u>Recreation</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Totals</u>
General Government and Administration	\$ 2,033,613	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,033,613
Public Works	-	-	1,527,151	-	-	-	-	-	-	1,527,151
Environmental Services	-	-	-	2,918,925	-	-	-	-	-	2,918,925
Public Safety Administration	-	495,291	-	-	-	-	-	-	-	495,291
Police and Jail	-	3,834,254	-	-	-	-	-	-	-	3,834,254
Fire	-	2,384,233	-	-	-	-	-	-	-	2,384,233
Communications	-	363,824	-	-	-	-	-	-	-	363,824
Building Codes Enforcement	-	188,711	-	-	-	-	-	-	-	188,711
Library	-	-	-	-	-	-	524,062	-	-	524,062
Parks and Recreation	-	-	-	-	-	-	2,840,584	-	-	2,840,584
Planning	317,167	-	-	-	-	-	-	-	-	317,167
Economic Development	426,311	-	-	-	-	-	-	-	-	426,311
Human Resource Management	337,905	-	-	-	-	-	-	-	-	337,905
Risk Management	666,096	-	-	-	-	-	-	-	-	666,096
Non-Departmental	953,209	-	-	-	-	-	-	-	-	953,209
Capital Outlay	-	-	-	-	-	-	-	11,447,448	-	11,447,448
Debt Service	-	-	-	-	-	-	-	-	5,620,283	5,620,283
Intergovernmental	93,973	50,515	-	-	508,120	3,355,310	22,864	-	-	4,030,782
Totals	\$ 4,828,274	\$ 7,316,828	\$ 1,527,151	\$ 2,918,925	\$ 508,120	\$ 3,355,310	\$ 3,387,510	\$ 11,447,448	\$ 5,620,283	\$ 40,909,849
As percentage	11.802%	17.885%	3.733%	7.135%	1.242%	8.202%	8.280%	27.982%	13.738%	100%



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Auburn,
Alabama

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 1999

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Anne Spray Kinsey
President

Jeffrey L. Esell
Executive Director

MACHEN, MCCHESENEY & CHASTAIN, LLP

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AUBURN, ALABAMA

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INDEPENDENT AUDITOR'S REPORT

The Honorable Bill Ham, Jr., Mayor
Members of the City Council and City Manager
City of Auburn, Alabama

We have audited the accompanying general purpose financial statements of the City of Auburn, Alabama, as of and for the year ended September 30, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Water Works Board and the Industrial Development Board (component units) were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Auburn, Alabama, as of September 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 31, 2001, on our consideration of the City of Auburn's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the City of Auburn, Alabama, taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Auburn, Alabama. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole. The statistical section listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the City of Auburn, Alabama. Such information has not been subjected to the auditing procedures applied in the audit of the general purpose, combining, individual fund, and account group financial statements and, accordingly, we express no opinion on it.

Machen, McChesney + Chastain, LLP

Auburn, Alabama

January 31, 2001

City of Auburn





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City of Auburn

CITY OF AUBURN, ALABAMA
 COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY
 PRESENTED COMPONENT UNITS

SEPTEMBER 30, 2000

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
ASSETS						
Cash	\$ 195,385	\$ 16,337	\$ -	\$ -	\$ 401,087	\$ 10,468
Equity in pooled cash and cash equivalents	5,640,524	2,660,511	1,920,778	6,281,383	919,156	1,455,296
Total unrestricted cash and cash equivalents	5,835,909	2,676,848	1,920,778	6,281,383	1,320,243	1,465,764
Certificates of deposit	-	-	-	-	-	-
Investments	2,000,000	-	-	-	-	-
Investments in deferred compensation plans	-	-	-	-	-	-
Receivables						
Revenues	114,578	-	-	-	-	-
Grants	128,210	35,277	-	-	-	-
Other governmental units	-	-	-	-	-	-
Water Works Board	13,699	-	-	-	464,514	-
Special assessments	705,085	-	-	-	-	-
Notes from deferred compen- sation plan participants	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Other	18,493	26,392	13,196	4,986	-	-
Due from						
Other funds	158,034	55,000	-	-	20	1,326
Component units	15,042	8,160	-	-	-	-
Primary government	-	-	-	-	-	-
Inventories, at cost	33,007	-	-	-	-	-
Prepaid items	65,449	10,000	-	-	3,166	-
Mortgages receivable	-	5,063,092	-	-	-	-
Net investment in capital leases	-	-	-	-	-	-
Advances to						
Other funds	-	349,397	-	-	-	-
Component units	497,700	488,193	-	-	283,887	-
Restricted assets						
Cash	65,990	-	1	-	892	-
Investments	-	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-	-
Property for resale	-	6,000	-	-	-	-
Property, plant and equipment						
Land, buildings and improvements	-	-	-	-	143,346	-
Leasehold improvements	-	-	-	-	-	-
Construction in progress	-	-	-	-	147,991	-
Utility plants and lines	-	-	-	-	12,658,875	-
Machinery and equipment	-	-	-	-	406,206	-
Vehicles	-	-	-	-	215,943	-
Accumulated depre- ciation/amortization	-	-	-	-	(3,966,954)	-
Other assets	-	-	-	-	-	-
Bond issue costs (net)	-	-	-	-	-	-
Deferred water rights (net)	-	-	-	-	-	-
Amounts to be provided for retirement of general long-term debt	-	-	-	-	-	-
Amount available in debt service funds	-	-	-	-	-	-
TOTAL ASSETS	\$ 9,651,196	\$ 8,718,359	\$ 1,933,975	\$ 6,286,369	\$ 11,678,129	\$ 1,467,090

Account Groups		Totals (Memorandum Only) Primary Government	Component Units				
General Fixed Assets	Long-Term Debt		Board of Education	Water Works Board	Auburn Center for Developing Industries	Industrial Development Board	Public Parks and Recreation
\$ -	\$ -	\$ 623,277	\$ 2,488,999	\$ 2,071,498	\$ -	\$ 73,605	\$ -
-	-	18,877,648	-	-	75,200	63	60
-	-	19,500,925	2,488,999	2,071,498	75,200	73,668	60
-	-	-	72,842	3,500,000	-	-	-
-	-	2,000,000	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	114,578	-	1,278,548	6,462	6,568	-
-	-	163,487	-	-	-	-	-
-	-	-	513,248	261,772	-	-	-
-	-	478,213	-	-	-	-	-
-	-	705,085	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	135,333	-	30,826	-
-	-	63,067	9,597	-	-	3,600	-
-	-	214,380	360,675	-	-	-	-
-	-	23,202	-	-	-	-	-
-	-	-	325,000	-	-	20,264	-
-	-	33,007	115,943	148,374	-	-	-
-	-	78,615	-	25,199	-	-	-
-	-	5,063,092	-	-	-	609,284	-
-	-	-	-	-	-	2,024,464	-
-	-	349,397	-	-	-	-	-
-	-	1,269,780	-	-	-	-	-
-	-	66,883	-	920,711	-	-	-
-	-	-	-	1,573,285	-	4,243,452	-
-	-	-	-	6,851	-	-	-
-	-	6,000	-	-	-	3,802,390	-
23,721,914	-	23,865,260	41,403,603	568,228	1,193,590	5,782,416	307,573
-	-	-	153,691	-	-	-	-
5,665,209	-	5,813,200	58,143	2,263,496	-	-	-
-	-	12,658,875	-	28,566,541	-	-	-
3,721,243	-	4,127,449	7,244,677	1,038,683	15,349	33,891	-
5,150,470	-	5,366,413	-	-	-	-	-
-	-	(3,966,954)	-	(10,602,054)	(275,463)	(358,556)	(7,987)
-	-	-	-	-	-	-	4,572
-	-	-	-	224,869	-	401,913	-
-	-	-	-	2,146,440	-	-	-
-	48,343,180	48,343,180	1,043,511	-	-	-	-
-	1,933,975	1,933,975	-	-	-	-	-
<u>\$ 38,258,836</u>	<u>\$ 50,277,155</u>	<u>\$ 128,271,109</u>	<u>\$ 53,789,929</u>	<u>\$ 34,127,774</u>	<u>\$ 1,015,138</u>	<u>\$ 16,674,180</u>	<u>\$ 304,218</u>

See accompanying notes to financial statements.
(continued, next page)

CITY OF AUBURN, ALABAMA

COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS AND
DISCRETELY PRESENTED COMPONENT UNITS

SEPTEMBER 30, 2000

	Governmental Fund Types			Proprietary Fund Types		
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
LIABILITIES, FUND EQUITY AND OTHER CREDITS						
Liabilities						
Current maturities of notes payable	\$ -	\$ -	\$ -	\$ -	\$ 31,678	\$ -
Current portion of water supply agreement payable	-	-	-	-	-	-
Payables to other governments	234,278	-	-	-	27,492	-
Accounts payable and accrued liabilities	887,320	3,513	-	1,134,916	14,236	-
Customer deposits	66,355	-	-	-	228,452	-
Due to						
Other funds	56,347	34,041	-	4,270	119,722	-
Component units	345,262	2	-	-	-	-
Primary government	-	-	-	-	-	-
Deferred revenue	759,101	-	-	-	-	-
Bonds, notes, warrants and capital leases payable (net of current maturities)	-	-	-	-	110,053	-
Water supply agreement with City of Opelika (net of unamortized discount and current portion)	-	-	-	-	-	-
Accumulated annual leave	-	-	-	-	36,295	-
Claims payable	-	-	-	-	-	52,124
Landfill closure and post-closure care liability	-	-	-	-	-	-
Deferred program revenue	-	5,063,593	-	-	-	-
Advances from						
Other funds	-	-	-	-	349,397	-
Primary government	-	-	-	-	-	-
Liabilities payable from restricted assets						
Due to Merscot-Auburn Ltd. Ptr.	-	-	-	-	892	-
Current portion of bonds payable	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-
Total liabilities	2,348,663	5,101,149	-	1,139,186	918,217	52,124
Fund equity and other credits						
Contributed capital						
Developers	-	-	-	-	10,400,013	-
General Public	-	-	-	-	-	-
Grants	-	-	-	-	194,410	-
General Fund	-	-	-	-	-	-
General Government	-	-	-	-	274,713	-
Special Revenue Funds	-	-	-	-	-	-
Investment in general fixed assets	-	-	-	-	-	-
Retained earnings						
Unreserved (deficit)	-	-	-	-	(109,224)	-
Fund balances						
Reserved for						
Inventories	33,007	-	-	-	-	-
Debt service	-	-	1,933,975	-	-	-
Encumbrances	1,029,579	-	-	1,100,035	-	-
Advances	497,700	837,590	-	-	-	-
Property for resale	-	6,000	-	-	-	-
Capital projects	-	-	-	-	-	-
Scholarships	-	-	-	-	-	-
Medical and dental	-	-	-	-	-	-
Unreserved -						
Designated for future local school appropriations	-	-	-	-	-	-
Undesignated (deficit)	5,742,247	2,773,620	-	4,047,148	-	1,414,966
Total equity and other credits	7,302,533	3,617,210	1,933,975	5,147,183	10,759,912	1,414,966
TOTAL LIABILITIES FUND EQUITY AND OTHER CREDITS	\$ 9,651,196	\$ 8,718,359	\$ 1,933,975	\$ 6,286,369	\$ 11,678,129	\$ 1,467,090

Account Groups		Totals (Memorandum Only) Primary Government	Component Units				
General Fixed Assets	Long-Term Debt		Board of Education	Water Works Board	Auburn Center for Developing Industries	Industrial Development Board	Public Parks and Recreation Board
\$ -	\$ -	\$ 31,678	\$ -	\$ -	\$ -	\$ 484,229	\$ 20,073
-	-	-	-	123,392	-	-	-
-	-	261,770	-	896,989	-	-	-
-	-	2,039,985	455,476	271,226	6,960	506,936	-
-	-	294,807	-	336,318	-	-	-
-	-	214,380	360,675	-	-	-	-
-	-	345,264	-	-	-	-	-
-	-	-	15,042	-	-	-	8,160
-	-	759,101	2,816	-	-	10,475	-
-	48,709,288	48,819,341	1,043,511	7,235,000	-	13,901,359	195,072
-	-	-	-	1,785,633	-	-	-
-	724,224	760,519	-	98,693	-	-	-
-	684,143	736,267	-	-	-	-	-
-	159,500	159,500	-	-	-	-	-
-	-	5,063,593	-	-	-	-	-
-	-	349,397	-	-	-	-	-
-	-	-	-	-	497,700	772,080	-
-	-	892	-	-	-	-	-
-	-	-	-	185,000	-	-	-
-	-	-	-	34,265	-	-	-
-	50,277,155	59,836,494	1,877,520	10,966,516	504,660	15,675,079	223,305
-	-	10,400,013	-	8,230,001	-	-	-
-	-	-	-	-	-	56,087	-
-	-	194,410	-	-	359,598	1,657,485	-
-	-	-	-	-	22,749	-	-
-	-	274,713	-	-	-	2,974,798	33,771
-	-	-	-	-	185,097	-	-
38,258,836	-	38,258,836	48,860,114	-	-	-	-
-	-	(109,224)	-	14,931,257	(56,966)	(3,689,269)	47,142
-	-	33,007	55,565	-	-	-	-
-	-	1,933,975	-	-	-	-	-
-	-	2,129,614	48,413	-	-	-	-
-	-	1,335,290	-	-	-	-	-
-	-	6,000	-	-	-	-	-
-	-	-	177,512	-	-	-	-
-	-	-	5,084	-	-	-	-
-	-	-	18,496	-	-	-	-
-	-	-	505,599	-	-	-	-
-	-	13,977,981	2,241,626	-	-	-	-
38,258,836	-	68,434,615	51,912,409	23,161,258	510,478	999,101	80,913
<u>\$ 38,258,836</u>	<u>\$ 50,277,155</u>	<u>\$ 128,271,109</u>	<u>\$ 53,789,929</u>	<u>\$ 34,127,774</u>	<u>\$ 1,015,138</u>	<u>\$ 16,674,180</u>	<u>\$ 304,218</u>

See accompanying notes to financial statements.

CITY OF AUBURN, ALABAMA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

ALL GOVERNMENTAL FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNITS

YEAR ENDED SEPTEMBER 30, 2000

	Governmental Fund Types			Totals (Memorandum Only)	Component Unit
	General	Special Revenue	Debt Service		
Revenues	\$	\$	\$	\$	\$
Locally levied taxes	12,914,161	218,078	-	13,132,239	-
Licenses and permits	9,259,395	-	-	9,259,395	-
General property tax	1,761,488	4,375,724	1,346,753	7,483,965	-
Fees for services	3,014,783	-	-	3,014,783	-
Fines and forfeitures	754,366	-	-	754,366	-
State shared taxes	224,210	205,663	-	429,873	-
Contributions from the public	138,224	-	-	138,224	-
Grants	328,229	35,277	-	363,506	-
Program income	-	240,500	-	240,500	-
Confiscation revenue	-	3,803	-	3,803	-
Lease income	54,770	-	-	54,770	-
Mortgage loan interest	-	111,489	-	111,489	-
Other interest	390,165	144,557	191,512	1,230,958	-
Miscellaneous	245,146	-	-	245,146	-
Intergovernmental	-	-	-	-	-
Special assessments	104,284	-	-	104,284	29,039,098
Other revenues	-	-	-	-	-
Total revenues	29,189,221	5,335,091	1,538,265	36,607,250	29,299,068
Expenditures					
Current operations					
Departmental					
General government and administration	2,005,852	27,761	-	2,033,613	-
Public works	1,527,151	-	-	1,527,151	-
Environmental services	2,918,925	-	-	2,918,925	-
Public safety administration	490,922	4,369	-	495,291	-
Communications	363,824	-	-	363,824	-
Fire	2,384,233	-	-	2,384,233	-
Police and jail administration	3,834,254	-	-	3,834,254	-
Codes enforcement	188,711	-	-	188,711	-
Library	524,062	-	-	524,062	-
Parks and recreation	2,840,584	-	-	2,840,584	-
Planning	317,167	-	-	317,167	-
Economic development	316,925	109,386	-	426,311	-
Human resource management	337,905	-	-	337,905	-
Risk management	666,096	-	-	666,096	-
Total departmental	18,716,611	141,516	-	18,858,127	-
Non-departmental	723,764	175,602	53,843	953,209	27,063,629
Educational programs	-	-	-	-	-
Total current operations	19,440,375	317,118	53,843	19,811,336	27,063,629

	Governmental Fund Types				Totals (Memorandum Only)	Component Unit Board of Education
	General	Special Revenue	Debt Service	Capital Projects		
Expenditures (continued)						
Debt service	\$ 1,676,478	\$ 2,387,438	\$ 1,556,367	\$ -	\$ 5,620,283	\$ 226,213
Capital outlay	6,998,086	70,727	-	4,378,635	11,447,448	1,809,467
Intergovernmental	4,030,782	-	-	-	4,030,782	-
Total expenditures	<u>32,145,721</u>	<u>2,775,283</u>	<u>1,610,210</u>	<u>4,378,635</u>	<u>40,909,849</u>	<u>29,099,309</u>
Excess (deficiency) of revenues over expenditures	<u>(2,956,500)</u>	<u>2,559,808</u>	<u>(71,945)</u>	<u>(3,833,962)</u>	<u>(4,302,599)</u>	<u>199,749</u>
Other financing sources (uses)						
Long-term debt proceeds	3,810,608	-	-	-	3,810,608	138,766
Operating transfers in						
From other funds	745,031	2,694,157	78,380	622,000	4,139,568	751,960
From primary government	-	-	-	-	-	1,222,425
Proceeds from sale of assets	-	-	-	-	-	22,128
Operating transfers out						
To other funds	(216,000)	(2,793,683)	(759,781)	-	(3,769,464)	(742,040)
To component units	(857,911)	(1,262,547)	-	-	(2,120,458)	-
Total other financing sources (uses)	<u>3,481,728</u>	<u>(1,362,073)</u>	<u>(681,401)</u>	<u>622,000</u>	<u>2,060,254</u>	<u>1,393,239</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	525,228	1,197,735	(753,346)	(3,211,962)	(2,242,345)	1,592,988
Fund balances, beginning of year	6,852,931	2,748,869	2,687,321	8,359,145	20,648,266	1,454,223
Residual equity transfers in (out)	<u>(75,626)</u>	<u>(329,394)</u>	<u>-</u>	<u>-</u>	<u>(405,020)</u>	<u>-</u>
Fund balances, end of year	<u>\$ 7,302,533</u>	<u>\$ 3,617,210</u>	<u>\$ 1,933,975</u>	<u>\$ 5,147,183</u>	<u>\$ 18,000,901</u>	<u>\$ 3,047,211</u>

See accompanying notes to financial statements.

CITY OF AUBURN, ALABAMA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET (GAAP BASIS) AND ACTUAL (GAAP BASIS) - GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUND TYPES

YEAR ENDED SEPTEMBER 30, 2000

	General Fund			Special Revenue Funds			Debt Service Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues									
Locally levied taxes	\$ 12,807,366	\$ 12,914,161	\$ 106,795	\$ 210,000	\$ 218,078	\$ 8,078	\$ -	\$ -	\$ -
Licenses and permits	9,177,431	9,259,395	81,964	-	-	-	-	-	-
General property tax	1,693,905	1,761,488	67,583	4,166,303	4,375,724	209,421	1,315,000	1,346,753	31,753
Fees for services	3,009,286	3,014,783	5,497	-	-	-	-	-	-
Fines and forfeitures	745,786	754,366	8,580	-	-	-	-	-	-
State shared taxes	270,517	224,210	(46,307)	206,000	205,663	(337)	-	-	-
Contributions from the public	79,106	138,224	59,118	-	-	-	-	-	-
Grants	479,138	328,229	(150,909)	-	-	-	-	-	-
Confiscation revenue	-	-	-	1,000	3,803	2,803	-	-	-
Lease income	54,000	54,770	770	-	-	-	-	-	-
Interest	307,554	390,165	82,611	43,750	76,175	32,425	135,620	191,512	55,892
Miscellaneous	98,566	245,146	146,580	-	-	-	-	-	-
Special assessments	95,075	104,284	9,209	-	-	-	-	-	-
Total revenues	28,817,730	29,189,221	371,491	4,627,053	4,879,443	252,390	1,450,620	1,538,265	87,645
Expenditures									
Current operations									
Departmental									
General government and administration									
Executive	98,179	100,355	(2,176)	-	-	-	-	-	-
Information technology	357,197	350,735	6,462	-	-	-	-	-	-
Judicial	417,686	375,641	42,045	-	-	-	-	-	-
Administrative	416,977	394,504	22,473	-	-	-	-	-	-
Finance	796,403	784,617	11,786	-	-	-	-	-	-
Total general government and administration	2,086,442	2,005,852	80,590	-	-	-	-	-	-
Public works	1,694,847	1,527,151	167,696	-	-	-	-	-	-
Environmental services	2,959,936	2,918,925	41,011	-	-	-	-	-	-
Public safety administration	568,959	490,922	78,037	15,000	4,369	10,631	-	-	-
Communications	395,316	363,824	31,492	-	-	-	-	-	-
Fire	2,352,962	2,384,233	(31,271)	-	-	-	-	-	-
Police and jail administration	4,009,932	3,834,254	175,678	-	-	-	-	-	-
Codes enforcement	192,432	188,711	3,721	-	-	-	-	-	-
Library	563,469	524,062	39,407	-	-	-	-	-	-
Parks and recreation	3,056,579	2,840,584	215,995	-	-	-	-	-	-
Planning	362,692	317,167	45,525	-	-	-	-	-	-
Economic development	414,771	316,925	97,846	-	-	-	-	-	-
Human resource management	366,613	337,905	28,708	-	-	-	-	-	-
Risk management	800,673	666,096	134,577	-	-	-	-	-	-
Total departmental	19,825,623	18,716,611	1,109,012	15,000	4,369	10,631	-	-	-

	General Fund			Special Revenue Funds			Debt Service Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures (continued)									
Non-departmental	\$ 878,785	\$ 723,764	\$ 155,021	\$ 181,350	\$ 175,602	\$ 5,748	\$ 50,000	\$ 53,843	\$ (3,843)
Total current operations	20,704,408	19,440,375	1,264,033	196,350	179,971	16,379	50,000	53,843	(3,843)
Debt service	1,819,401	1,676,478	142,923	2,391,659	2,387,438	4,221	1,895,761	1,556,367	339,394
Capital outlay	9,156,536	6,998,086	2,158,450	80,000	62,300	17,700	-	-	-
Intergovernmental	4,161,542	4,030,782	130,760	-	-	-	-	-	-
Total expenditures	35,841,887	32,145,721	3,696,166	2,668,009	2,629,709	38,300	1,945,761	1,610,210	335,551
Excess (deficiency) of revenues over expenditures	(7,024,157)	(2,956,500)	4,067,657	1,959,044	2,249,734	290,690	(495,141)	(71,945)	423,196
Other financing sources (uses)									
Long-term debt proceeds	5,346,683	3,810,608	(1,536,075)	9,786	-	(9,786)	-	-	-
Operating transfers in									
From other funds	401,625	745,031	343,406	2,257,000	2,379,303	122,303	78,380	78,380	-
From component units	132,340	-	(132,340)	-	-	-	-	-	-
Operating transfers out									
To other funds	(216,000)	(216,000)	-	(2,671,976)	(2,793,683)	(121,707)	(422,000)	(759,781)	(337,781)
To component units	(419,360)	(857,911)	(438,551)	(1,445,500)	(1,222,425)	223,075	-	-	-
Total other financing sources (uses)	5,245,288	3,484,728	(1,763,560)	(1,850,690)	(1,636,805)	213,885	(343,620)	(681,401)	(337,781)
Excess (deficiency) of revenue and other sources over expenditures and other uses	(1,778,869)	525,228	2,304,097	\$ 108,354	612,929	\$ 504,575	(838,761)	(753,346)	85,415
Excess (deficiency) of revenues and other sources over expenditures and other uses for funds not budgeted (see Note 20)	-	-	-	584,806	-	-	-	-	-
Fund balances, beginning of year	6,852,931	6,852,931	-	2,748,869	2,748,869	-	2,687,321	2,687,321	-
Residual equity transfers in (out)	(98,500)	(75,626)	22,874	(329,394)	(329,394)	-	-	-	-
Fund balances, end of year	\$ 4,975,562	\$ 7,302,533	\$ 2,326,971	\$ 3,617,210	\$ 3,617,210	\$ 1,848,560	\$ 1,933,975	\$ 1,933,975	\$ 85,415

See accompanying notes to financial statements.

CITY OF AUBURN, ALABAMA

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNITS

YEAR ENDED SEPTEMBER 30, 2000

	Totals					Component Units				
	Enterprise	Internal Service	(Memorandum Only) Primary Government	Board of Education	Water Works Board	Auburn Center for Developing Industries	Industrial Development Board	Public Parks and Recreation Board		
Operating revenues	\$ 4,960,076	\$ -	\$ 4,960,076	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewer service charges	-	-	-	-	-	-	-	-	-	-
Sale of land	3,102	-	3,102	-	-	-	-	-	-	-
Sewer tapping fees	-	1,156,799	1,156,799	-	-	-	-	-	-	-
Charges for services	343	-	343	-	-	-	-	-	-	-
Metered parking fees	-	-	-	-	-	-	-	-	-	-
Lease income	-	-	-	-	-	83,488	241,237	40,800	-	-
Water sales and service	4,000	-	4,000	-	4,690,798	-	-	-	-	-
Miscellaneous	4,967,521	1,156,799	6,124,320	-	6,174	-	7,887	-	-	-
Total operating revenues	4,967,521	1,156,799	6,124,320	-	4,696,972	83,488	5,026,112	40,800	-	-
Operating expenses	349,061	-	349,061	-	-	-	25,000	-	-	-
Salaries and wages	61,300	-	61,300	-	-	-	1,913	-	-	-
Employee benefits	-	-	-	-	-	-	5,700,380	-	-	-
Cost of land sold	-	-	-	-	-	-	47,743	-	-	-
Repairs and maintenance	7,394	-	7,394	-	-	16,652	1,084	-	-	-
Advertising	-	-	-	-	-	-	60,751	-	-	-
Utilities	28,394	-	28,394	-	-	-	5,912	-	-	-
Professional services	210,055	-	210,055	-	-	3,306	10,600	-	-	-
Rentals and leasing	1,000	-	1,000	-	-	-	-	-	-	-
Insurance	4,843	-	4,843	-	-	-	-	-	-	-
Office supplies	18,148	-	18,148	-	-	1,427	5,153	-	-	-
Fuels and lubricants	8,237	-	8,237	-	-	-	-	-	-	-
Agricultural and chemical supplies	15,148	-	15,148	-	-	-	-	-	-	-
Minor equipment and tools	1,630	-	1,630	-	-	-	-	-	-	-
Repair parts and materials	44,027	-	44,027	-	-	-	-	-	-	-
Clothing and linens	7,055	-	7,055	-	-	-	-	-	-	-
Sewer service fees	126,000	-	126,000	-	-	-	-	-	-	-
Equipment replacement fees	58,375	-	58,375	-	-	-	-	-	-	-
Management fees	3,349,451	-	3,349,451	-	-	-	-	-	-	-
Bad debt expense	61,863	-	61,863	-	-	-	-	-	-	-
Depreciation/amortization	298,538	-	298,538	-	936,534	28,251	129,445	5,933	-	-
Industrial recruitment	-	-	-	-	-	-	189,104	-	-	-
Travel and training	-	-	-	-	-	-	13,937	-	-	-
Special Events	4,223	-	4,223	-	-	-	51,122	-	-	-
Medical claims and premiums	-	1,035,540	1,035,540	-	-	-	-	-	-	-
Water pumping and purification expense	-	-	-	-	1,063,469	-	-	-	-	-
Water distribution expense	-	-	-	-	370,480	-	-	-	-	-
Meter reading expense	-	-	-	-	129,007	-	-	-	-	-
Billing and collections expense	-	-	-	-	330,224	-	-	-	-	-
Operations administration expense	-	-	-	-	198,188	-	-	-	-	-
Revenue administration expense	-	-	-	-	85,954	-	-	-	-	-
General operations expense	-	-	-	-	373,403	-	-	-	-	-
Miscellaneous	-	-	-	200	-	-	37,462	-	-	-
Total operating expenses	4,654,742	1,035,540	5,690,282	200	3,487,259	110,387	6,218,855	5,933	-	-

	Totals						Component Units				
	Enterprise	Internal Service	Memorandum (Memorandum Only) Primary Government	Board of Education	Water Works Board	Auburn Center for Developing Industries	Industrial Development Board	Public Parks and Recreation Board			
Operating income (loss)	\$ 312,779	\$ 121,259	\$ 434,038	\$ (200)	\$ 1,209,713	\$ (26,899)	\$ (1,192,743)	\$ 34,867			
Non-operating revenues (expenses)											
Interest earned	47,381	56,334	103,715	312	472,062	3,710	319,206	25			
Interest and fiscal charges	(6,388)	-	(8,388)	-	(575,181)	-	(807,302)	(17,289)			
Gain on disposal of fixed assets	(6,231)	-	(6,231)	-	4,950	-	-	-			
Total non-operating revenues (expenses)	32,762	56,334	89,096	312	(98,169)	3,710	(488,096)	(17,264)			
Net income (loss) before operating transfers	345,541	177,593	523,134	112	1,111,544	(23,189)	(1,680,839)	17,603			
Operating transfers in											
From other funds	16,000	-	16,000	-	-	-	-	-			
From component units	120,199	-	120,199	-	-	-	-	-			
From primary government	-	-	-	-	-	-	898,033	-			
Operating transfers out											
To other funds	(386,104)	-	(386,104)	-	-	-	-	-			
To primary government	-	-	-	-	-	-	(120,199)	-			
Net income (loss)	95,636	177,593	273,229	112	1,111,544	(23,189)	(903,005)	17,603			
Retained earnings (deficit), beginning of year	(280,486)	1,237,373	956,887	4,972	13,819,713	(33,777)	(2,786,264)	29,539			
Residual equity transfers in (out)	75,626	-	75,626	-	-	-	-	-			
Retained earnings (deficit), end of year	\$ (109,224)	\$ 1,414,966	\$ 1,305,742	\$ 5,084	\$ 14,931,257	\$ (56,966)	\$ (3,689,269)	\$ 47,142			

See accompanying notes to financial statements.

CITY OF AUBURN, ALABAMA
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNITS
 YEAR ENDED SEPTEMBER 30, 2000

	Totals					Component Units				
	Enterprise	Internal Service	Memorandum (Memorandum Only) Primary Government	Board of Education	Water Works Board	Auburn Center for Developing Industries	Industrial Development Board	Public Parks and Recreation Board		
Cash flows from operating activities										
Cash collected from customers	\$ 4,933,885	\$ -	\$ 4,933,885	\$ -	\$ 4,491,632	\$ 82,497	\$ 249,010	\$ 40,800		
Cash collected from City, Water Works Board and employees	-	1,156,799	1,156,799	-	-	-	-	-		
Cash collected from sale of property	-	-	-	-	-	-	4,776,988	-		
Customer deposits collected	(5,169)	-	(5,169)	-	25,246	-	-	-		
Payments to suppliers and contractors for goods and services	(3,937,173)	(1,054,476)	(4,991,649)	-	(1,631,148)	(80,012)	(534,481)	-		
Payments to employees for services	(409,352)	-	(409,352)	-	(750,795)	-	(26,913)	-		
Payments for scholarships	-	-	-	(200)	-	-	-	-		
Cash paid to the City for payments in lieu of tax	-	-	-	-	(128,641)	-	-	-		
Net cash provided (consumed) by operating activities	582,191	102,323	684,514	(200)	2,006,294	2,485	4,464,604	40,800		
Cash flows from non-capital financing activities										
Proceeds of operating transfers from primary government	-	-	-	-	-	-	777,834	-		
Proceeds of operating transfers in	136,199	-	136,199	-	-	-	-	-		
Proceeds of borrowing from other funds	(91,686)	-	(91,686)	-	-	-	-	-		
Repayment of borrowing from other funds	(47,345)	-	(47,345)	-	-	-	-	-		
Repayment of borrowing from component units	(891,059)	-	(891,059)	-	-	-	-	-		
Payments of operating transfers out	(386,104)	-	(386,104)	-	-	-	-	-		
Repayment of cash loaned to other funds	-	-	-	(112)	-	-	-	-		
Cash loaned to (due from) other funds	-	(1,326)	(1,326)	-	-	-	-	-		
Net cash provided (consumed) by non-capital financing activities	(1,279,995)	(1,326)	(1,281,321)	(112)	-	-	777,834	-		

	Component Units						
	Totals (Memorandum Only)	Board of Education	Water Works Board	Auburn Center for Developing Industries	Industrial Development Board	Public Parks and Recreation Board	
Cash flows from capital and related financing activities							
Principal repayments on borrowings	(33,254)	-	-	-	-	-	-
Capital grants received	-	-	-	-	25,000	-	-
Repayment of long-term borrowing for equipment replacement	(26,484)	-	-	-	(60,120)	(3,841)	-
Repayment of borrowing from primary government	-	-	-	-	-	-	-
Cash received for impact fees	-	-	314,500	-	-	-	-
Acquisition and construction of capital assets	(397,889)	-	(2,399,833)	-	(990,675)	-	-
Principal repayments on borrowing	-	-	(294,918)	-	(11,136,545)	(19,670)	-
Proceeds of notes payable issued	-	-	-	-	12,390,000	-	-
Proceeds of capital leases	169,203	-	-	-	-	-	-
Repayment of advances from primary government	-	-	-	-	(787,337)	-	-
Interest and fiscal fees paid	(8,388)	-	(575,181)	-	(1,177,080)	(17,289)	-
Net cash consumed by capital and related financing activities	(296,812)	-	(2,955,432)	-	(1,736,757)	(40,800)	-
Cash flows from investing activities							
Purchase of unrestricted investments	-	-	(449,085)	-	-	-	-
Cash received from maturities of restricted investments	-	-	1,323,677	-	-	-	-
Cash received from maturities of unrestricted investments	-	-	1,303,022	-	-	-	-
Interest on investments	47,381	312	406,542	3,710	78,011	25	-
Interest on mortgages receivable	-	-	-	-	226,689	-	-
Minimum lease payments collected	-	-	-	-	48,565	-	-
Principal collected on mortgages receivable	-	-	-	-	98,051	-	-
Net cash provided (consumed) by investing activities	47,381	312	2,584,156	3,710	451,316	25	-
Net increase (decrease) in cash	(947,235)	-	1,635,018	6,195	3,956,997	25	-
Cash and cash equivalents, beginning of year	2,268,370	4,969	1,357,191	69,005	380,123	35	-
Cash and cash equivalents, end of year	\$ 1,321,135	\$ 4,969	\$ 2,992,209	\$ 75,200	\$ 4,317,120	\$ 60	-
Composition of cash and cash equivalents at September 30, 2000:							
Unrestricted	\$ 1,320,243	\$ 4,969	\$ 2,071,498	\$ 75,200	\$ 73,668	\$ 60	-
Restricted	892	-	920,711	-	4,243,452	-	-
Total cash and cash equivalents	\$ 1,321,135	\$ 4,969	\$ 2,992,209	\$ 75,200	\$ 4,317,120	\$ 60	-

** Total Board of education cash per the Combined Balance Sheet of \$1,660,259 includes cash of governmental fund types (\$1,655,290) and cash of proprietary fund types (\$4,969).

(continued, next page)

	Totals					Component Units				
	Enterprise	Internal Service	(Memorandum Only) Primary Government	Board of Education	Water Works Board	Auburn Center for Developing Industries	Industrial Development Board	Public Parks and Recreation Board		
RECONCILIATION OF NET CASH PROVIDED (CONSUMED) BY OPERATING ACTIVITIES										
Operating income (loss)	\$ 312,779	\$ 121,259	\$ 434,038	\$ (200)	\$ 1,209,713	\$ (26,899)	\$ (1,192,743)	\$ 34,867		
Add:	298,538	-	298,538	-	936,533	28,251	129,445	5,933		
Depreciation/amortization expense	-	-	-	-	-	-	5,700,380	-		
Decrease in property for resale	-	-	-	-	-	-	43,428	-		
Decrease in receivable from primary government	-	-	-	-	52,269	2,124	-	-		
Increase in accounts payable/accrued liabilities	-	-	-	-	19,072	-	-	-		
Increase in customer deposits	1,009	-	1,009	-	-	-	-	-		
Increase in accrued leave	-	-	-	-	57,156	-	-	-		
Increase in payables to other governments	-	-	-	-	-	-	-	-		
Deduct:	(33,636)	-	(33,636)	-	-	-	-	-		
Increase in accounts receivable from Water Board	(742)	-	(742)	-	(1,570)	-	-	-		
Increase in prepaid expenses	-	-	-	-	(108,898)	-	-	-		
Increase in due from primary government	-	-	-	-	(8,689)	-	-	-		
Increase in inventory	-	-	-	-	(90,268)	(991)	(114)	-		
Increase in accounts receivable, net	-	-	-	-	(35,937)	-	-	-		
Decrease in accrued leave	(5,169)	-	(5,169)	-	-	-	-	-		
Decrease in customer deposits	(18,080)	(18,936)	(37,016)	-	(23,087)	-	(215,792)	-		
Decrease in accounts payable/accrued liabilities	-	-	-	-	-	-	-	-		
Net cash provided (consumed) by operating activities	\$ 582,191	\$ 102,323	\$ 684,514	\$ (200)	\$ 2,006,294	\$ 2,485	\$ 4,464,604	\$ 40,800		
Non-cash transactions:										
Estimated cost of sewer lines installed by and contributed to the City by developers	\$ 532,440	\$ -	\$ 532,440	\$ -	\$ -	\$ -	\$ -	\$ -		
Estimated cost of water lines installed by and contributed to the Water Works Board by developers	-	-	-	-	376,520	-	329,395	-		
Residual equity transfer from other governments	-	-	-	-	-	-	-	-		
Net book value of assets removed from service	6,231	-	6,231	-	-	-	-	-		
Net book value of land improvements transferred to the general fixed assets account group	22,197	-	22,197	-	-	-	-	-		
Total non-cash transactions	\$ 560,868	\$ -	\$ 560,868	\$ -	\$ 376,520	\$ -	\$ 329,395	\$ -		

See accompanying notes to financial statements.

City of Auburn, Alabama

Guide to Notes to the Financial Statements

September 30, 2000

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CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

1. Summary of Significant Accounting Policies

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

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

- A. Reporting Entity - As required by generally accepted accounting principles, the general purpose financial statements present the City of Auburn (the primary government) and its component units. The component units include organizations which are financially accountable to the City's executive or legislative branches (the Mayor or the Council, respectively) and other organizations for which the nature and significance of their relationships with the primary government are such that their exclusion could cause the City's general purpose financial statements to be misleading or incomplete.

BLENDDED COMPONENT UNITS

City of Auburn Public Library Board

The Board serves in an advisory capacity only and recommends policies and procedures for operating the City's library, which is managed and staffed by employees of the City. City Council appoints all five Board members and the City's annual budget, which is subject to review and approval by City Council, provides funds to operate the library. As a result of its control over the management, operations, and financial transactions of the City's library function, the City Council effectively serves as the governing body of the Board. The Board provides services almost entirely to the primary government and is therefore presented as a blended component unit.

DISCRETELY PRESENTED COMPONENT UNITS

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

City of Auburn Board of Education

The City Council appoints all members of the Board of Education. The City has assumed an obligation to provide financial support to the Board by consistently appropriating large amounts in excess of property taxes legally restricted for school purposes. Furthermore, the City has authority to levy taxes and issue debt on behalf of the Board of Education, which cannot perform these functions on its own. The Board of Education is presented as a governmental fund type, except for its non-expendable trust activities which are presented as a proprietary fund type.

CITY OF AUBURN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2000

1. Summary of Significant Accounting Policies - continued

City of Auburn Water Works Board

The City Council appoints all members of the Water Works Board. A financial benefit relationship exists between the City and the Water Works Board by virtue of the fact that the City is legally entitled to the Water Board's resources after the Board's indebtedness is retired. The Water Works Board is presented as a proprietary fund type.

Auburn Center for Developing Industries, Inc.

The Center is a non-profit corporation governed by a seven-member Board of Directors. City Council appoints five of these members. The City holds title to the Center's land and buildings and is obligated for the Center's existing debt. The Center provides economic development services of an expanded scope to the City.

City of Auburn Industrial Development Board

The City Council appoints the Industrial Development Board and has charged the Board with conducting the City's industrial development efforts on behalf of the City Council. The Board acts as an extension of the City Council for achieving the Council's goals to enhance the City's tax base and to provide opportunities for full employment to its citizens. Since the Board has no employees, the City's day-to-day industrial development activities are conducted by its Economic Development Department, which is staffed by City employees. The Economic Development Department functions as liaison between the Council and the Board.

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

The Council exercises a very active role in the industrial development process and has made it its priority to direct this process that has such a significant impact on the community's quality of life. The Council exercises significant influence over the Board's budgetary adoption requests and revisions. The City is the Board's primary source of operating funds, including funds for acquisition of real property. The City has responsibility for funding deficits and operating deficiencies of the Board. The Industrial Development Board is presented as a proprietary fund type.

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

1. Summary of Significant Accounting Policies - continued

City of Auburn Public Parks and Recreation Board

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

All three Board members are appointed by the City Council, which maintains a significant degree of control over the Board's officials. The City exercises total control over budgetary adoption requests and revisions and has responsibility for funding deficits and operating deficiencies of the Board. As a result of its structure and the scope of its operations, the Board has no assets and no financial activities. Due to its control over the management, operations, and financial transactions of the City's parks and recreation function, the City Council effectively serves as the governing body of the Board. The Public Parks and Recreation Board is presented as a proprietary fund type.

Complete financial statements of the individual component units can be obtained from the following locations or can be requested from the City's Finance Director.

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

City of Auburn Water Works Board
173 North Ross Street
Auburn, Alabama 36830

City of Auburn Industrial
Development Board
171 North Ross Street
Auburn, Alabama 36830

RELATED ORGANIZATIONS

The City's officials are also responsible for appointing the members of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments.

City of Auburn Housing Authority

The governing officials are appointed by the Mayor of the City; however, the City does not maintain a significant degree of oversight with respect to the performance of the Authority's officials. The City does not have any influence over the Authority's annual budget. The City does not have any responsibility to fund deficits or to secure any outstanding debt of the Housing Authority.

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

1. Summary of Significant Accounting Policies - continued

JOINT VENTURE

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

Indian Pines Golf Course Venture

The City is a party to a joint venture agreement with the City of Opelika, Alabama, to own and operate the Indian Pines Golf Course. The joint venture agreement, dated October 1, 1976, required equal capital contributions from both cities and gave each city a 50% share in the venture's net profits and losses. The agreement also provides that each City has a responsibility for 50% of golf course debts. The City of Auburn's initial capital contribution of \$589,200 was used to purchase the land and buildings, which are titled to the two cities as tenants in common. Accordingly, the City's net investment of \$589,200 is reported in the General Fixed Asset Account Group.

The joint venture agreement provided that management decisions shall be made by mutual agreement of the two cities. The cities have leased the Indian Pines Golf Course to the Indian Pines Recreation Authority, a jointly governed organization (see discussion below). The lease expired September 30, 1979, but, by a provision in the lease, the Authority continues to operate the golf course on a month-to-month basis with the lease terms continuing in force. The Indian Pines Golf Course Venture had no debts outstanding at September 30, 2000, and no net income or loss for the fiscal year then ended.

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

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

JOINTLY GOVERNED ORGANIZATIONS

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

Indian Pines Recreation Authority

The Authority is a corporation created to operate the Indian Pines Golf Course which is owned under a joint venture agreement between the City of Auburn and the City of Opelika (see above). The Authority has a five member board of directors; two each are selected by the City of Auburn and the City of Opelika and the fifth member is selected by the four members appointed by the cities. A lease agreement between the Authority and the two cities authorizes the Authority to operate and maintain the golf course. The City does not provide any funding to the Indian Pines Recreation Authority.

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

1. Summary of Significant Accounting Policies - continued

Unaudited summary financial information for the Indian Pines Recreation Authority as of and for the year ended September 30, 2000, is as follows:

Total assets (net of accumulated depreciation on fixed assets)	\$ 1,403,630
Total liabilities	96,468
Total equity	1,307,162
Total revenues	867,815
Total expenses	848,524
Net increase in retained earnings	19,291

The Authority had no debts outstanding as of September 30, 2000, other than current liabilities consisting of accounts payable, deferred revenue, accrued payroll, and unredeemed tournament prizes totaling \$96,468. None of the amounts reflected above has been included in the City's financial statements.

Lee-Russell Council of Governments

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

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

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

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

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

1. Summary of Significant Accounting Policies - continuedEast Alabama Regional Solid Waste Disposal Authority

Voting members of the Authority are appointed by the member governing bodies with the number of members appointed by each governing body based on its population. Member governing bodies include, in addition to the City of Auburn, the following cities: Opelika, Dadeville, Phenix City, Tuskegee, Lanett, Lafayette, and Valley; and counties: Lee, Russell, Chambers, and Tallapoosa. Of the total of 28, the City of Auburn appoints four (14%); consequently, Auburn does not exercise a significant degree of oversight over the Authority.

The purpose of the Authority is to provide solid waste disposal services for member governments either by contract with a commercial provider or by obtaining and operating its own landfill. The Authority is funded by requesting an annual allocation from each member government, the amount of which is based on each member's pro rata (based on population) share of a proposed budget. Member governments have the right to adjust the amount of their allocations either upward or downward. The annual allocation is paid from Auburn's General Fund.

At present, the member governments have no legal responsibility for Authority debt. The Authority has not yet issued any bonded debt; however, it is possible that if bonds are issued, the bond indenture would require the member governments to be legally responsible for at least their pro rata share of the debt principal and interest.

East Alabama Mental Health - Mental Retardation Board

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

Lee County Youth Development Center

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

East Alabama Medical Center

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

Auburn-Opelika Convention and Visitors Bureau

The Mayor appoints one of the five board members of the Bureau. The City does not provide any funding to the Auburn-Opelika Convention and Visitors Bureau.

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

1. Summary of Significant Accounting Policies - continued

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

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund also accounts for the financing of public improvements or services deemed to benefit the properties against which special assessments are levied.

Special Revenue Funds - The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds - The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds - The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

PROPRIETARY FUNDS

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

Internal Service Fund - The Internal Service Fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, on a cost-reimbursement basis. The Internal Service Fund consists of a Self-Insurance Fund.

C. Fixed Assets and Long-Term Liabilities - The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balances (net current assets) are considered a measure of "available spendable resources." Governmental fund operating statements present increases

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

1. Summary of Significant Accounting Policies - continued

(revenues and other financial sources) and decreases (expenditures and other financial uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations and the Board of Education (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. The City of Auburn primary government's public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized. However, it is the policy of the Board of Education to capitalize all infrastructure assets. Capital outlay expenditures include amounts expended for infrastructure fixed assets. There has been no depreciation provided on general fixed assets.

All purchased fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not "funds." The account group financial statements only present the measurement of financial position; the account groups do not measure the results of operations.

Special reporting treatments are also applied to governmental fund inventories to indicate that they do not represent "available spendable resources," even though they are a component of net current assets. Such amounts are generally offset by fund balance reserve accounts.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

All proprietary funds are accounted for on a cost-of-services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included in their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund fixed assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

1. Summary of Significant Accounting Policies - continued

Depreciation of all exhaustible fixed assets used by proprietary funds, the Water Works Board, the Auburn Center for Developing Industries, the Industrial Development Board, and the Public Parks and Recreation Board is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives of proprietary funds' exhaustible fixed assets using the straight line method. These estimated useful lives are as follows:

	Component Units				
	Primary Government - City of Auburn	Water Works Board	Auburn Center for Developing Industries	Industrial Development Board	Public Parks & Recreation Board
Buildings	25 - 50 years	10 - 20 years	25 - 50 years	25 - 50 years	25 - 50 years
Utility plants and lines	50 years	25 - 50 years	-	-	-
Land improvements	5 - 10 years	3 - 10 years	-	20 - 30 years	-
Mechanical equipment	-	3 - 5 years	-	-	-
Tools	-	-	-	-	-
Furniture and fixtures	3 - 7 years	-	3 - 7 years	5 - 10 years	-
Office equipment	-	5 - 10 years	-	5 - 10 years	-
Vehicles	3 - 5 years	-	-	-	-

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

All of the governmental funds of the primary government and the Board of Education are accounted for using the modified accrual basis of accounting. Their revenues are recognized when received in cash, except those accruable, which are recorded as receivables when measurable and available to pay current period liabilities. The City has no primary revenue sources which are treated as being susceptible to accrual. The City does not accrue property or sales taxes because those revenue sources are budgeted to finance the fiscal year in which they are scheduled to be received. Each fiscal year's budget and financial statements include twelve months' revenue from these sources. The City does accrue grants receivable for the amounts expended from reimbursable-type grants. Expenditures are recognized on the accrual basis with the following exceptions that are in conformity with generally accepted accounting principles: general long-term obligations' principal and interest are reported only when due; prepaid items are reported as current period expenditures, rather than allocating costs to the periods when the items are used; and costs of accumulated unpaid vacation and sick leave are reported in the period due and payable rather than in the period earned by employees.

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

1. Summary of Significant Accounting Policies - continued

All of the proprietary funds of the primary government and the Board of Education, as well as the Water Works Board, the Auburn Center for Developing Industries, the Industrial Development Board, and the Public Parks and Recreation Board, are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. All proprietary funds and component units follow all Governmental Accounting Standards Board (GASB) pronouncements, as well as applicable Financial Accounting Standards (FASB) pronouncements that were issued prior to November 30, 1989.

The agency fund is accounted for using the modified accrual basis of accounting. Agency funds by their nature have no revenues or expenditures to be recognized.

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

1. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1.
2. Prior to September 15, the budget is legally enacted through passage of a resolution. Any revisions that alter the total expenditures of any fund must be approved by the City Council.
3. Annual budgets were legally adopted for the 2000 fiscal year for the General Fund, Seven-Cent Gasoline Tax Fund, Four-Cent State Gasoline Tax Fund, City Gasoline Tax Fund, Special School Tax Fund, Special Additional School Tax Fund, Public Safety Substance Abuse Fund, and all Debt Service Funds.
4. Budgets for the General, Special Revenue, and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
5. Each department head is responsible to the City Manager for his department's overall budgetary performance. Budgeted amounts may be transferred among line items within the department; however, any increase in total departmental appropriations must be justified to the City Manager and approved by the City Council. The legal level of budgetary control is the individual department.
6. Budgeted amounts are as originally adopted, or as amended by the City Council. Individual amendments were material in relation to the original appropriations.
7. All budgetary appropriations expire at year end. Encumbrances of departments that did not exceed their departmental budgets may be added to the subsequent year's appropriations at the time of the subsequent year's mid-year budget review if the City Manager so recommends and if the Council approves.

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

1. Summary of Significant Accounting Policies - continued

8. Excess of expenditures over appropriations: In the General Fund, the following departments' expenditures exceeded appropriations by the amounts indicated: Executive - \$2,176, and Fire - \$31,271; and transfers out to component units exceeded appropriations by \$438,551. In Special Revenue Funds - Special School Tax expenditures of \$2,446,059 exceeded appropriations of \$2,441,659 and Special Additional School Tax operating transfers out of \$2,379,303 exceeded appropriations of \$2,257,000. In the Special 5-Mill Tax Debt Service Fund, operating transfers out of \$759,781 exceeded appropriations of \$422,000.

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

Cash and cash equivalents of the Board of Education include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Board.

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

The Industrial Development Board's cash and cash equivalents are considered to be cash on hand, demand deposits and highly liquid investments with a maturity of three months or less when purchased. Also included are restricted cash and investments held by a bond trustee consisting of a U.S. Treasury money market fund.

Cash and cash equivalents of the Auburn Center for Developing Industries and the Public Parks and Recreation Board include demand deposits as well as all highly liquid investments with a maturity of three months or less when purchased.

G. Investments - The City of Auburn's policy is to report investments at fair value in its balance sheet, except for its nonnegotiable certificates of deposit with redemption terms that do not consider market rates, which are reported at cost. It is the policy of the Water Works Board and the Industrial Development Board to report their money market investments at cost, if cost approximates fair value.

State statutes authorize the City and its component units to invest in any type of security which is backed by the federal or state government. The City of Auburn has invested in certificates of deposit and interest-bearing demand deposits as well as certain U.S. Treasury securities. The Board of Education, the Auburn Center For Developing Industries, and the Public Parks and Recreation Board usually only invest in certificates of deposit and interest-bearing demand deposits. The Water Works Board and the Industrial Development Board have invested in certificates of deposit as well as mutual funds comprised of 100% U.S. Treasury securities.

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

1. Summary of Significant Accounting Policies - continued

- H. Accounts Receivable - Revenues receivable (and Receivables from Water Works Board in the Sewer Revenue Fund) are reflected net of an allowance for doubtful accounts. For the General Fund, the Sewer Revenue Fund and the Water Works Board Component Unit, the amount of the allowance is equal to accounts receivable in excess of 60 days past due.
- I. Inventories - Inventories of the City of Auburn primary government are valued at first-in, first-out cost and consist of gasoline, parts, and supplies held for consumption. The amount of such inventories is recorded as an asset in the General Fund, and the cost of inventories is recorded as an expenditure at the time used. The General Fund fund balance is reserved to indicate that assets equal to the inventory reserve are not available for future appropriation.

Inventories of the Board of Education are valued at cost, which approximates market, using the first-in, first-out method. The costs of inventories are recorded as expenditures when purchased except commodities donated by the federal government which are expenses when consumed. Fund balances are reserved to indicate that assets equal to inventories are not available for future appropriation. Inventories of the Water Works Board are stated at the lower of cost or market value. Market is determined on the basis of replacement cost.

J. Risk Financing

CITY OF AUBURN PRIMARY GOVERNMENT

The City is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions, natural disasters, and torts related to law enforcement. These risks are covered by commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage from coverage in the prior year. Also, no settlements have exceeded insurance coverage in the past three fiscal years.

The City has chosen to establish a risk financing fund for risks associated with its employees' health insurance plan. This risk financing fund is accounted for as an internal service fund. Premiums are charged to each fund that accounts for employees eligible for coverage by the plan. Total premiums allocated to the participating funds are calculated using trends in actual claims experience. Employees may also be charged for extended benefits at their option. Medical claims exceeding \$35,000 per covered individual, per year, or approximately \$809,000 in the aggregate for the group, per year, are covered through a private insurance carrier. Liabilities of the fund are recorded when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported.

The City is a self-insurer under the Alabama Workmen's Compensation Law for its workmen's compensation exposure. Workmen's compensation claims exceeding \$250,000 in an accident period are covered through a private insurance carrier. Risk management activities relating to workmen's compensation are accounted for by the City in the General Fund. Liabilities include an amount for claims that have been incurred but not reported and are recorded when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

1. Summary of Significant Accounting Policies - continued

In fiscal year 1999, the City purchased commercial insurance from independent third parties to cover claims arising from general liability torts. Previously, the City had chosen to retain the risk of loss for these claims. These risks are accounted for in the City's General Fund. The total liability for unpaid claims consists of claims reported at the balance sheet date plus estimated claims incurred but not reported for both insured and uninsured risks. These estimates are based primarily upon historical trends. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Settled claims in the period since the purchase of insurance have not exceeded the commercial insurance coverages, and there have been no significant reductions in insurance coverage from coverage in the prior year.

COMPONENT UNITS

Board of Education - The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and natural disasters. The Board has insurance for its buildings and contents through the State Insurance Fund (SIF), Alabama Department of Finance, Division of Risk Management, a public entity risk pool, which operates as a common risk management and insurance program for state-owned properties and boards of education. The Board pays an annual premium based on the amount of coverage. The SIF provides coverage up to \$2 million per occurrence and is self-insured up to a maximum of \$6 million in aggregate claims. The SIF purchases commercial insurance for claims which in the aggregate exceed \$6 million. Errors and omissions insurance is purchased from the Alabama Risk Management for Schools (ARMS), a public entity risk pool. The ARMS collects the premiums and purchases commercial insurance for the amount of coverage requested by pool participants. The Board purchases commercial insurance for fidelity bonds and its transportation fleet. Settled claims in the past three years have not exceeded the commercial insurance coverages. Also, there have been no significant reductions in insurance coverage from coverage in the prior year.

Employee health insurance is provided through the Public Education Employees' Health Insurance Fund (PEEHIP), a public entity risk pool, administered by the Public Education Employees' Health Insurance Board. The fund was established to provide a uniform plan of health insurance for current and retired employees of state educational institutions and is self-sustaining. Monthly premiums for employee and dependent coverage are set annually by the Alabama Legislature based on the amounts necessary to fund coverage. The Board contributes the specified amount monthly to the PEEHIP for each employee.

The Auburn Board of Education does not have insurance coverage for job-related injuries. Claims of this nature may be filed with the State Board of Adjustment. The State Board of Adjustment is a state agency with which people can file claims against the Board to collect reimbursement for damages when all other means have been exhausted. The Board of Adjustment determines if a claim is valid and determines the proper amount of compensation. Payments are made from the state appropriated funds at no cost to the Board.

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

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

1. Summary of Significant Accounting Policies - continued

Water Works Board employees are covered under the City's health insurance plan. Premiums are charged to the Board and are calculated using trends in actual claims experience along with overall program costs, including third-party administration and reinsurance. Employees may also be charged for extended benefits at their option. Medical claims exceeding \$35,000 per covered individual, per year, or approximately \$809,000 in the aggregate for the group, per year, are covered through a private insurance carrier.

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

Auburn Center for Developing Industries - The Center is exposed to various risks of loss related to damage to and destruction of assets and errors and omissions. The Center is a component unit of the City of Auburn and is covered by commercial insurance purchased by the City from independent third parties to cover those types of risks.

For risk of loss from claims arising from torts (general liability), the City has retained risk of loss and includes the Auburn Center for Developing Industries in its calculation of claims liability. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Center had no liability for unpaid claims at September 30, 2000.

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

For risk of loss from claims arising from torts (general liability), the Board is covered by the City's commercial insurance purchased from third parties. Prior to 1999, the City had retained risk of loss for these claims and includes the Board in its calculation of claims liability. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Board had no liability for unpaid claims at September 30, 2000. Settled claims in the period since the purchase of insurance have not exceeded the insurance coverages, and there have been no significant reductions in insurance coverage from coverage in the prior year.

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

For risk of loss from claims arising from torts (general liability), the Board is covered by the City's commercial insurance purchased from third parties. Prior to 1999, the City had retained risk of loss for these claims and includes the Board in its calculation of claims liability. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Board had no liability for unpaid claims at September 30, 2000. Settled claims in the period since the purchase of insurance have not exceeded the insurance coverages, and there have been no significant reductions in insurance coverage from coverage in the prior year.

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

1. Summary of Significant Accounting Policies - continued

K. Compensated Absences

CITY OF AUBURN PRIMARY GOVERNMENT

Effective September 19, 1989, City employees with up to ten years service can accumulate up to fifteen days of annual leave; employees with ten to fifteen years service can accumulate eighteen annual leave days; and employees with over fifteen years service can accumulate twenty annual leave days. Annual leave is earned at the rate of one day per month and is paid upon separation from City service. In Governmental Fund Types, the cost of vacation benefits is recognized when payments are made to employees. At September 30, 2000, a long-term liability of \$724,224 of accumulated annual leave and sick leave has been recorded in the General Long-Term Debt Account Group. This represents the City's commitment to fund such costs from future operations. In Proprietary Fund Types, accumulated annual leave and sick leave of \$36,295 has been recorded as current year salaries and wages with a corresponding long-term liability. The amount expected to be paid from current resources is not significant.

City employees earn sick leave at the rate of one day per month of service upon completion of a six-month probation period and the City funds sick leave as taken. City employees can accumulate an unlimited number of sick leave days. Effective April 5, 1994, all new employees may, upon retirement, apply their entire accrued sick leave balance to retirement service credit with the Retirement Systems of Alabama. Except for firefighters, employees hired prior to that date may, upon retirement, elect to apply their entire balance to retirement service credit or to be paid for one-half of their accumulated sick leave. Firefighters hired prior to February 3, 1989, may, upon retirement, elect to apply their entire balance to retirement service credit or to be paid for one-half of their sick leave earned during the first fifteen years of service plus all of their sick leave earned after fifteen years. The City estimates its accrued sick leave liability using the vesting method, whereby the estimated liability is based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

COMPONENT UNITS

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

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

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

1. Summary of Significant Accounting Policies - continued

Certified and support employees earn nonvesting sick leave at the rate of one day per month worked. Employees may accumulate a maximum of 225 days of sick leave. Employees may use up to 225 days of their accrued sick leave as membership service in determining the total years of creditable service in the Teachers' Retirement System, with no additional cost to the Board. Because employees do not receive compensation for unused sick leave at termination, no liability is recorded on the financial statement.

Water Works Board - The Board allows employees to accumulate vacation and sick leave up to certain limits for use in subsequent periods. Upon termination of employment, an employee receives payment of accumulated vacation hours at current wage rates. Upon retirement with at least ten years of service, an employee receives payment of one-half of accumulated sick leave hours. Accrued vacation and sick leave amounted to \$98,693 at September 30, 2000.

L. Postretirement Benefits - Upon retirement, retired employees of the City of Auburn may elect to continue their group health care benefits. The entire cost of the group health insurance premiums must be borne by the retiree. No life insurance benefits are provided to retirees.

M. Reserves - Portions of governmental funds' fund balances are separately identified as reserves; such reservations indicate the amount of the fund's net assets which are not appropriable for expenditure or which are legally segregated for a specific future use.

1. Reserve for encumbrances indicates that a portion of fund balance has been segregated for expenditure upon vendor performance. Amounts reserved for encumbrances represent material commitments for goods and services which were ordered at September 30, 2000, but which had not been received or completed at that date. Encumbrances are not included as expenditures in the governmental funds' operating statements.
2. Reserve for inventories indicates that the portion of fund balance represented by inventories is not available for appropriation.
3. Reserve for advances to other funds recognizes that advances to other funds constitute loans to other funds which are not expected to be repaid within one year of the balance sheet date and separately identifies that amount as a portion of fund balance which is not appropriable.
4. Reserve for debt service indicates the amount of fund balance which is legally segregated for payment of debt service expenditures.
5. Reserve for property for resale indicates the portion of fund balances that are not available for appropriation until the property is sold.

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

1. Summary of Significant Accounting Policies - continued

N. Interfund Transactions - Four types of interfund transactions may be accounted for in the affected fund's operating statements.

1. Interfund receivables and payables - consist of temporary loans between funds which are expected to be repaid within one year. These short-term interfund loans are captioned "Due from other funds" and "Due to other funds" in the various funds' balance sheets. See Note 18.
2. Interfund advances - consist of longer term loans between funds, which are not expected to be repaid within one year. These longer term interfund loans are captioned "Advances to other funds" and "Advances from other funds" in the various funds' balance sheets. See Note 19.
3. Operating transfers - consist of routine, recurring transfers between funds, other than interfund loans or advances, fund reimbursements or quasi-external transactions. Operating transfers are accounted for separately from fund revenues and expenses. See Note 20.
4. Residual equity transfers - consist of nonroutine or nonrecurring (i.e., permanent) transfers of equity between funds.

Quasi-external transactions are accounted for as revenues, expenditures or expenses.

- O. Total Columns on Combined Statements - Primary government total columns on the Combined Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation of the primary government. Interfund eliminations have not been made in the aggregation of this data.

2. Fund Equity Deficits

At September 30, 2000, the Industrial Park Enterprise fund had a retained earnings deficit in the amount of \$556,970. Repayments of amounts owed by the Industrial Development Board, a component unit of the City, are expected to reduce deficits in the Industrial Park Fund.

CITY OF AUBURN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2000

3. Deposits in Financial Institutions

CITY OF AUBURN PRIMARY GOVERNMENT

The composition of the City's deposits in financial institutions at September 30, 2000, was as follows:

Fund Type	Carrying Amount		Total	Bank Balance
	Unrestricted	Restricted		
Primary Government:				
General	\$ 5,640,524	\$ 65,990	\$ 5,706,514	\$ 6,335,847
Special Revenue	2,660,511	-	2,660,511	2,662,405
Debt Service	1,920,778	1	1,920,779	1,920,779
Capital Projects	6,281,383	-	6,281,383	6,365,019
Enterprise	919,156	892	919,156	940,278
Internal Service	1,455,296	-	1,455,296	1,467,721
Subtotal	18,877,647	65,883	18,943,639	19,692,049
Component units participating in City's cash pool (see Note 4):				
Auburn Center for Developing Industries	75,200	-	75,200	80,752
Industrial Development Board	63	-	63	18,706
Public Parks and Recreation Board	60	-	60	60
Totals	\$ 18,952,970	\$ 65,883	\$ 19,018,962	\$ 19,791,567

The City's deposits at September 30, 2000, were secured as follows:

Insured	\$ 176,453
Collateralized with securities held by the pledging financial institution's agent in the City's name.	19,615,114
Total	\$ 19,791,567

The City has concentrated its credit risk for cash by maintaining deposits in banks located within the same geographic region.

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

3. Deposits in Financial Institutions - continued

COMPONENT UNITS

Board of Education

At year end, the carrying amount of the Board's deposits (including short-term certificates of deposit) in financial institutions was \$2,488,999 and the bank balances were \$3,997,816. The Board's deposits at September 30, 2000 were secured as follows:

Insured (federal depository insurance)	\$ 200,000
Collateralized with securities held by the pledging financial institution's agent in the Board's name	<u>3,797,816</u>
Total	<u>\$ 3,997,816</u>

Water Works Board

At September 30, 2000, the carrying amount of the Water Works Board's deposits in financial institutions was \$6,492,209 (includes unrestricted of \$5,571,498 and restricted of \$920,711) and the bank balances were \$7,169,126. The Board's deposits at September 30, 2000, were secured as follows:

Insured (federal depository insurance)	\$ 466,241
Collateralized with securities held by the pledging financial institution's agent in the Board's name	<u>6,702,885</u>
Total	<u>\$ 7,169,126</u>

The Board has concentrated its credit risk for cash by maintaining deposits in banks located within the same geographic region.

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

3. Deposits in Financial Institutions - continued

Industrial Development Board

The composition of the Board's deposits in financial institutions at September 30, 2000, was as follows:

	<u>Carrying Value</u>	<u>Bank Balance</u>
Cash	\$ 72,251	\$ 91,286
Certificates of Deposit	1,354	1,354
Subtotal	<u>73,605</u>	<u>92,640</u>
Equity in pooled cash of the City of Auburn	63	18,706
Total	<u>\$ 73,668</u>	<u>\$ 111,346</u>

The Board's deposits at September 30, 2000, were entirely insured by federal depository insurance, and the City of Auburn's pooled cash was insured and collateralized with securities held by the pledging financial institution's agent in the City's name (see Primary Government, above).

The Board has concentrated its credit risk for cash by maintaining deposits in banks located within the same geographic region.

4. Equity in Pooled Cash and Cash Equivalents

The City maintains a cash pool that is available for use by all funds of the primary government and the following component units: the Auburn Center for Developing Industries, the Industrial Development Board, and the Public Parks and Recreation Board. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in pooled cash and cash equivalents." Interest earned from deposits made with pooled cash is allocated to each of the funds based on the fund's equity balance. The composition of the pooled cash and each fund's share at September 30, 2000, is as follows:

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

4. Equity in Pooled Cash and Cash Equivalents - continued

<u>Composition</u>	<u>Cost</u>
AuburnBank	
Government money market account	\$ 16,242,515
Premium interest checking accounts	<u>2,711,348</u>
Total pooled assets, restricted and unrestricted	<u>\$ 18,953,863</u>
<u>Funds' Share in Pooled Assets</u>	
General Fund	\$ 5,640,524
Special Revenue Funds	
Seven-Cent Gas Tax	17,821
Four-Cent Gas Tax	22,221
Public Safety Substance Abuse	183,006
City Gas Tax	156,341
Special School Tax	186,085
Special Additional School Tax	476,657
Federal Grant Loan Repayment	1,612,621
Community Development Block Grant Fund	5,759
Debt Service Funds	
GORSIW Series 76	30,875
Special 5-Mill Tax	1,889,903
Capital Projects Funds	
'96/'97 Capital Projects Fund	1,223,230
'99 Warrant Projects Fund	2,570,872
'99 Bond Projects Fund	2,487,281
Enterprise Funds	
Industrial Park Fund	35,538
Sewer Fund	883,618
Internal Service Funds	
Self Insurance	<u>1,455,296</u>
Subtotal, primary government	<u>18,877,648</u>
Component Units	
Auburn Center for Developing Industries	75,200
Public Parks and Recreation Board	60
Industrial Development Board	63
Subtotal, component units	<u>75,323</u>
Total pooled cash and cash equivalents, unrestricted	18,952,971
Enterprise Funds	
Sewer Fund: restricted cash for	
Equipment Replacement Fund	<u>892</u>
Total pooled assets, restricted and unrestricted	<u>\$ 18,953,863</u>

CITY OF AUBURN, ALABAMA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2000

5. Investments

Investments are categorized into the following categories of credit risk:

- (1) Insured or registered, or securities held by the government or its agent in the government's name.
- (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name.
- (3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the government's name.

Investments in open-end mutual funds are not categorized because they are not evidenced by securities that exist in physical or book entry form.

CITY OF AUBURN PRIMARY GOVERNMENT

At September 30, 2000, the City's investments were comprised of the following:

	<u>1</u>	<u>2</u>	<u>3</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
U.S. Government Securities	\$	\$2,000,000	\$	\$2,000,000	\$2,000,000

COMPONENT UNITS

Water Works Board

The cost and estimated fair values of investments are as follows:

	<u>Cost</u>		<u>Fair Value</u>
<u>Restricted Investments</u>			
Vista Mutual Fund (not subject to categorization)	\$ 1,573,285		\$ 1,573,285

The Vista Mutual Fund listed above is comprised of 100% U.S. Treasury securities. The fair value of the units in the fund equals the carrying value. Restricted investments are held by a trustee and are restricted by the terms of a bond indenture to retirement of the bonds or payment of construction costs.

Industrial Development Board

At September 30, 2000, the Industrial Development Board's investments were comprised of the following:

	<u>Cost</u>		<u>Fair Value</u>
<u>Restricted Investments</u>			
AmSouth U.S. Treasury Money Market Fund (not subject to categorization)	\$ 4,243,452		\$ 4,243,452

The money market fund listed above is comprised of 100% U.S. Treasury securities. Restricted investments are held by a trustee and are restricted by the terms of a bond indenture to payment of construction costs or retirement of bonds.

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

6. Property Taxes

Property taxes attach as an enforceable lien as of January 1. Taxes are levied on October 1 and are due and payable between October 1 and December 31. The County bills and collects the taxes and remits them semimonthly to the City of Auburn. The City currently levies taxes of \$2.60 per \$100 assessed valuation for governmental purposes - \$.50 for general governmental services, \$.50 for payment of principal and interest on outstanding bonds of the municipality, \$.50 for school purposes and \$1.10 for the support and furtherance of education.

7. Changes in General Fixed Assets and Proprietary Fund Property, Plant and Equipment

CITY OF AUBURN PRIMARY GOVERNMENT

A summary of changes in general fixed assets follows:

	Balance 09/30/99	Additions	Reclassifications	Transfers and Deductions	Balance 09/30/00
Land, buildings and improvements	\$ 20,872,691	\$ 2,976,108	\$ -	\$ (126,885)	\$ 23,721,914
Construction in progress	3,050,519	3,007,074	-	(392,384)	5,665,209
Communication equipment	627,752	13,945	-	(122,000)	519,697
Heavy equipment	810,719	72,127	70,743	7,733	961,322
Office equipment	1,334,806	155,187	-	(244,220)	1,245,773
Small tools and equipment	1,060,139	104,568	(70,743)	(99,513)	994,451
Vehicles	4,801,948	701,644	-	(353,122)	5,150,470
Total general fixed assets	\$ 32,558,574	\$ 7,030,653	\$ -	\$ (1,330,391)	\$ 38,258,836

General fixed assets for which the actual acquisition cost was not determinable are recorded at estimated cost. Estimated costs were determined based on knowledge of prices of similar items and of price levels at the time of acquisition. The City's total investment in general fixed assets of \$38,258,836 includes \$374,000 at estimated cost.

Included in the total cost of office equipment are assets under capital leases with a cost of \$145,221; and total cost of vehicles includes leased vehicles costing \$1,151,567.

CITY OF AUBURN, ALABAMA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2000

7. Changes in General Fixed Assets and Proprietary Fund Property, Plant and Equipment - continued
 A summary of proprietary fund type property, plant and equipment at September 30, 2000, follows:

	Sewer Fund	Industrial Park Fund	Total
Land	\$ 134,626	-	\$ 134,626
Buildings	8,720	-	8,720
Construction in progress	147,991	-	147,991
Sewage plants and lines	12,658,875	-	12,658,875
Machinery and equipment	406,206	-	406,206
Vehicles	215,943	-	215,943
	<u>13,572,361</u>	<u>-</u>	<u>13,572,361</u>
Less accumulated depreciation	3,966,954	-	3,966,954
Proprietary fund net property, plant and equipment	<u>\$ 9,605,407</u>	<u>-</u>	<u>\$ 9,605,407</u>

It is the City's policy to capitalize net interest costs on funds borrowed to finance the construction of Proprietary Fund fixed assets. For the year ended September 30, 2000, no interest was incurred in connection with construction in progress.

COMPONENT UNITS

Board of Education

The following is a summary of changes in the general fixed assets account group during the fiscal year:

	Balance 10/01/99	Additions	Retirements	Balance 09/30/00
Land and improvements	\$ 1,553,344	\$ 240,814	-	\$ 1,794,158
Building and improvements	32,920,623	6,688,922	-	39,609,445
Equipment	7,189,139	350,167	294,629	7,244,677
Construction in progress	5,170,427	58,143	5,170,427	58,143
Leasehold improvements	153,691	-	-	153,691
Total	<u>\$ 46,987,224</u>	<u>\$ 7,337,946</u>	<u>\$ 5,465,056</u>	<u>\$ 48,860,114</u>

Included in the total cost of equipment are assets under capital leases with a cost of \$1,325,902.

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

7. Changes in General Fixed Assets and Proprietary Fund Property, Plant and Equipment - continued

Water Works Board

The following is a schedule of changes in property, plant, and equipment for the year ended September 30, 1999:

	Balance 10/01/99	Additions	Retirements/ Reclassifications	Balance 09/30/00
Land and buildings	\$ 247,809	\$ 320,419	-	\$ 568,228
Water plants and lines	27,495,648	1,073,123	2,230	28,566,541
Machinery and equipment	1,052,442	86,095	99,854	1,038,683
Construction in progress	964,549	1,965,215	666,268	2,263,496
Total	<u>\$ 29,760,448</u>	<u>\$ 3,444,852</u>	<u>\$ 768,352</u>	<u>\$ 32,436,948</u>

Auburn Center for Developing Industries

The following is a schedule of changes in property, plant and equipment for the year ended September 30, 2000:

	Balance 10/01/99	Additions	Retirements/ Reclassifications	Balance 09/30/00
Land	\$ 67,543	-	-	\$ 67,543
Buildings	1,126,047	-	-	1,126,047
Machinery and equipment	16,009	-	(660)	15,349
Total	<u>\$ 1,209,599</u>	<u>\$ -</u>	<u>\$ (660)</u>	<u>\$ 1,208,939</u>

Industrial Development Board

The following is a schedule of changes in property, plant, and equipment for the year ended September 30, 2000:

	Balance 10/01/99	Additions	Disposals/ Reclassifications	Balance 09/30/00
Land	\$ 483,534	\$ 159,936	-	\$ 643,570
Buildings	4,458,752	-	-	4,458,752
Building improvements	91,689	-	-	91,689
Land improvements	588,405	-	-	588,405
Equipment	26,416	7,475	-	33,891
Total	<u>\$ 5,648,996</u>	<u>\$ 167,411</u>	<u>\$ -</u>	<u>\$ 5,816,307</u>

Public Parks and Recreation Board

The following is a schedule of changes in property, plant, and equipment for the year ended September 30, 2000:

	Balance 10/01/99	Additions	Disposals/ Reclassifications	Balance 09/30/00
Land	\$ 33,771	-	-	\$ 33,771
Buildings	273,802	-	-	273,802
Total	<u>\$ 307,573</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 307,573</u>

CITY OF AUBURN, ALABAMA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2000

8. Long-Term Debt

CITY OF AUBURN PRIMARY GOVERNMENT

The following is a summary of changes in long-term debt of the City of Auburn for the year ended September 30, 2000:

	Bonds Payable	Notes Payable	Warrants Payable	Capital Leases Payable	Total Bonds, Notes, Warrants and Capital Leases Payable	Accumulated Annual Leave	Claims Payable	Landfill Closure and Postclosure Care Liability	Total
General obligation:									
Balance, September 30, 1999	\$ 17,885,000	\$ 455,124	\$ 29,399,343	\$ 371,836	\$ 48,111,303	\$ 751,493	\$ 712,592	\$ 243,552	\$ 49,818,940
Face value of new debt issued	-	-	3,310,602	500,006	3,810,608	-	-	-	3,810,608
Increase (decrease) in accumulated annual leave	-	-	-	-	-	(27,269)	-	-	(27,269)
Increase (decrease) in claims payable	-	-	-	-	-	-	(28,449)	-	(28,449)
Increase (decrease) in landfill closure and postclosure care liability	-	-	-	-	-	-	-	(84,052)	(84,052)
Retirement of debt	(945,000)	(45,870)	(2,009,610)	(212,143)	(3,212,623)	-	-	-	(3,212,623)
Balance, September 30, 2000	<u>16,940,000</u>	<u>409,254</u>	<u>30,700,335</u>	<u>659,699</u>	<u>48,709,288</u>	<u>724,224</u>	<u>684,143</u>	<u>159,500</u>	<u>50,277,155</u>
Enterprise:									
Balance, September 30, 1999	-	5,782	-	-	5,782	35,286	-	-	41,068
Face value of new debt issued	-	-	-	169,203	169,203	-	-	-	169,203
Increase (decrease) in accumulated annual leave	-	-	-	-	-	1,009	-	-	1,009
Retirement of debt	-	(5,782)	-	(27,472)	(33,254)	-	-	-	(33,254)
Balance, September 30, 2000	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,731</u>	<u>141,731</u>	<u>36,295</u>	<u>-</u>	<u>-</u>	<u>178,026</u>
Total long-term debt	<u>\$ 16,940,000</u>	<u>409,254</u>	<u>30,700,335</u>	<u>801,430</u>	<u>48,851,019</u>	<u>760,519</u>	<u>684,143</u>	<u>159,500</u>	<u>50,455,181</u>

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

8. Long-Term Debt - continued

Bonds, notes, and warrants payable of the City of Auburn at September 30, 2000, are comprised of the following individual issues:

	Interest Rate	Interest Dates	Source of Payment	Principal Issued	Principal Outstanding September 30, 2000	Year of Final Principal Maturity
General obligation General governmental issues Street construction and improvement bonds, dated 11/01/71	5% - 6.1%	11/1-5/1	Special 5-Mill Tax Fund ad valorem taxes	\$ 265,000	\$ 20,000	2001
Park and recreation facilities bonds, dated 07/01/74	6.25%-6.6%	1/1-7/1	Special 5-Mill Tax Fund ad valorem taxes	900,000	120,000	2003
School warrants, dated 12/01/92	4.10%-6.00%	2/1-8/1	Special School Tax Fund ad valorem taxes	3,500,000	635,000	2003
Capital improvement school warrants, dated 05/01/94	4.60%-5.90%	2/1-8/1	Special School Tax Fund ad valorem taxes	4,635,000	4,250,000	2009
School warrants, dated 09/25/96 (Oglethorpe & Yarbrough Elem. Sch.)	5.20%-5.50%	2/1-8/1	Special School Tax Fund ad valorem taxes	11,000,000	9,640,000	2016
Capital improvement bonds, dated 06/01/97 (Samford Sports Complex, etc.)	3.8%-5.25%	2/1-8/1	Special 5-Mill Tax Fund ad valorem taxes	6,500,000	5,915,000	2015
General obligation warrant dated 12/30/97 (PW & ES bldgs.)	5%	Monthly	Full faith credit and taxing power of the City of Auburn	750,000	374,477	2003
Capital improvement bonds, dated 06/01/98 (S. College Imp.)	3.95%-5.10%	2/1-8-1	Special 5-Mill Tax Fund ad valorem taxes	2,000,000	1,780,000	2015
General obligation warrant, dated 08/05/98 (Dean Rd. Ext.)	5.16%	Quarterly	General Fund	810,672	680,437	2008
General obligation refunding Bonds, dated 09/01/98 (2/1/88 G.O. Street Imp.)	3.75%-4.00%	2/1-8/1	Special 5-Mill Tax Fund ad valorem taxes	2,095,000	1,155,000	2002
General obligation refunding warrant, dated 09/01/98 (12/01/91 G.O.)	3.75%-4.25%	6/1-12/1	General Fund	3,370,000	2,715,000	2007
General obligation refunding school warrants, dated 09/01/98 (87,90 & 92 G.O. School)	3.75%-4.55%	6/1-12/1	Special School Tax Fund ad valorem taxes	8,170,000	7,310,000	2011
Capital improvement warrant dated 09/30/98 (Drake Gym, etc.)	5.47%	Monthly	Full faith credit and taxing power of the City of Auburn	1,200,000	1,009,321	2008
General obligation bonds dated 8/1/99 (Library)	5.0%-5.4%	2/1-8/1	Special 5-Mill Tax Fund ad valorem taxes	3,700,000	3,700,000	2014
General obligation warrants dated 8/1/99 (City Hall, Streets, etc.)	5.0%-5.6%	2/1-8/1	Full faith credit and taxing power of the City of Auburn	4,110,000	3,975,000	2019
General obligation school warrant dated 10/6/99 (computer eq.)	5.98%	Monthly	Special School Tax Fund ad valorem taxes	857,750	793,280	2009
General obligation warrants dated 10/27/99 (Wright St.)	6.29%	Monthly	Full faith credit and taxing power of the City of Auburn	650,000	545,567	2005
General obligation warrant dated 12/07/99 (Watercrest)	7.60%	Quarterly	Full faith credit and taxing power of the City of Auburn	866,064	866,064	2011

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

8. Long-Term Debt – continued

	Interest Rate	Interest Dates	Source of Payment	Principal Issued	Principal Outstanding September 30, 2000	Year of Final Principal Maturity
General obligation warrant dated 05/16/00 (Longleaf)	7.60%	Quarterly	Full faith credit and taxing power of the City of Auburn	287,504	287,504	2011
General obligation warrants dated 08/05/00 (Salmon Prop.)	6.929%	Monthly	Full faith credit and taxing power of the City of Auburn	1,507,034	1,488,685	2020
Note payable, East Alabama Medical Center, dated 10/15/96	0%	10/10	General Fund	250,000	200,000	2007
Note Payable, East Alabama Medical Center, dated 10/27/97	5%	11/1	General Fund	250,000	209,254	2008
Capital lease, Regions Financial Leasing, dated 07/08/97	6.1685%	Monthly	General Fund	20,866	10,830	2003
Capital lease, Regions Financial Leasing, dated 06/08/98	5.80%	Monthly	General Fund	23,163	6,183	2001
Capital lease, Regions Financial Leasing, dated 12/12/97	5.6973%	Monthly	General Fund	182,500	88,583	2003
Capital lease, Regions Financial Leasing, dated 04/15/99	5.80%	Monthly	General Fund	23,673	13,005	2002
Capital lease, Regions Financial Leasing, dated 03/15/99	5.797%	Monthly	General Fund	22,707	11,845	2002
Capital lease, Regions Financial Leasing, dated 03/15/99	5.80%	Monthly	General Fund	94,420	68,903	2004
Capital lease, Regions Financial Leasing, dated 04/15/99	5.80%	Monthly	General Fund	22,732	12,488	2002
Capital lease, Regions Financial Leasing, dated 03/15/99	5.797%	Monthly	General Fund	22,732	11,856	2002
Capital lease, Regions Financial Leasing, dated 5/15/00	6.291%	Monthly	General Fund	22,303	20,027	2003
Capital lease, Regions Financial Leasing, dated 4/15/00	6.293%	Monthly	General Fund	22,162	19,892	2003
Capital lease, Regions Financial Leasing dated 2/15/00	5.80%	Monthly	General Fund	18,249	14,944	2003
Capital lease, Regions Financial Leasing, dated 2/15/00	5.80%	Monthly	General Fund	18,430	15,093	2003
Capital lease, Regions Financial Leasing, dated 6/15/00	6.272%	Monthly	General Fund	23,709	21,899	2003
Capital lease, Regions Financial Leasing, dated 1/15/00	5.80%	Monthly	General Fund	20,216	16,022	2003
Capital lease, Regions Financial Leasing, dated 3/15/00	5.80%	Monthly	General Fund	45,998	41,974	2005
Capital lease, Regions Financial Leasing, dated 3/15/00	5.80%	Monthly	General Fund	72,699	66,338	2005
Capital lease, Regions Financial Leasing, dated 12/15/99	5.80%	Monthly	General Fund	87,999	76,366	2005
Capital lease, Regions Financial Leasing dated 12/15/99	5.80%	Monthly	General Fund	18,485	14,161	2003

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

8. Long-Term Debt - continued

	Interest Rate	Interest Dates	Source of Payment	Principal Issued	Principal Outstanding September 30, 2000	Year of Final Principal Maturity
Capital lease, Regions Financial Leasing, dated 11/15/99	5.80%	Monthly	General Fund	90,000	76,749	2005
Capital lease, Regions Financial Leasing, dated 8/15/00	6.272%	Monthly	General Fund	39,538	36,519	2003
Capital lease, Regions Financial Leasing, dated 1/15/00	5.80%	Monthly	General Fund	20,216	16,022	2003
Total general governmental issues				58,586,821	48,329,288	
General obligation:						
Payable from specific revenue sources						
Refunding street improvement warrants, dated 8/1/7	5.5%-6%	2/1-8/1	City Gas Tax Fund city gas tax	1,000,000	380,000	2006
Total general obligation				59,586,821	48,709,288	
Enterprise:						
Capital lease, Regions Financial Leasing, dated 10/15/99	5.80%	Monthly	Sewer Fund	169,203	141,731	2003
Total bonds, notes, warrants, and capital leases payable				59,756,024	48,851,019	

The City has twenty-two leases with Regions Financial Leasing, Inc. for the purchase of vehicles and computer equipment. The remaining balance on these agreements is \$801,430 plus interest which will be due in monthly installments. The agreements include a funding clause which states that if funds are not appropriated for any future fiscal period, the City will not be obligated to make any payments due beyond the end of the then current fiscal period. While this will not constitute an event of default, Regions Financial Leasing, Inc. will be entitled to repossess the equipment and will retain all sums previously paid as compensation for machine use and depreciation. The City had an open line of credit with no specified limit at September 30, 2000, with Regions Financial Leasing, Inc. available for additional capital leases.

The following schedule shows the principal and interest payments required by the terms of the capital leases with Regions Financial Leasing, Inc.:

Fiscal Year	Principal	Interest	Total
2001	\$ 249,394	\$ 40,250	\$ 289,644
2002	242,350	25,623	267,973
2003	170,940	12,823	183,763
2004	113,565	4,903	118,468
2005	25,181	321	25,502
Totals	\$ 801,430	\$ 83,920	\$ 885,350

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

8. Long-Term Debt - continued

The following schedule shows debt service to maturity for bonds, notes, warrants and capital leases payable of the City of Auburn at September 30, 2000:

Fiscal Year	Total Annual Requirements		General Obligation Bonds, Notes, Warrants and Capital Leases Payable from		Payable from Specific Revenue Sources		Total Requirements		Enterprise Notes and Warrants		Total Requirements
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2001	\$ 3,668,809	\$ 2,427,448	\$ 3,582,131	\$ 2,394,981	\$ 55,000	\$ 25,080	\$ 6,057,192	\$ 7,387	\$ 31,678	\$ 7,387	\$ 39,065
2002	4,009,295	2,292,975	3,920,730	2,266,025	55,000	21,450	6,263,205	5,500	33,565	5,500	39,065
2003	3,699,891	2,100,722	3,604,326	2,079,401	60,000	17,820	5,761,547	3,501	35,565	3,501	39,066
2004	3,297,720	1,921,689	3,195,037	1,906,447	65,000	13,860	5,180,344	1,382	37,683	1,382	39,065
2005	3,425,572	1,754,081	3,352,332	1,744,495	70,000	9,570	5,176,397	16	3,240	16	3,256
2006	3,714,761	1,580,660	3,639,761	1,575,710	75,000	4,950	5,295,421	-	-	-	-
2007	3,974,132	1,401,197	3,974,132	1,401,197	-	-	5,375,329	-	-	-	-
2008	3,866,760	1,213,134	3,866,760	1,213,134	-	-	5,079,894	-	-	-	-
2009	4,062,250	1,025,815	4,062,250	1,025,815	-	-	5,088,065	-	-	-	-
2010	2,631,265	786,656	2,631,265	786,656	-	-	3,417,921	-	-	-	-
2011	2,270,564	658,223	2,270,564	658,223	-	-	2,928,787	-	-	-	-
2012	1,950,000	551,445	1,950,000	551,445	-	-	2,501,445	-	-	-	-
2013	2,075,000	448,183	2,075,000	448,183	-	-	2,523,183	-	-	-	-
2014	2,210,000	337,373	2,210,000	337,373	-	-	2,547,373	-	-	-	-
2015	1,900,000	218,953	1,900,000	218,953	-	-	2,118,953	-	-	-	-
2016	1,180,000	116,415	1,180,000	116,415	-	-	1,296,415	-	-	-	-
2017	290,000	51,240	290,000	51,240	-	-	341,240	-	-	-	-
2018	305,000	35,000	305,000	35,000	-	-	340,000	-	-	-	-
2019	320,000	17,920	320,000	17,920	-	-	337,920	-	-	-	-
2020											
Total	\$48,851,019	\$18,939,129	\$67,790,148	\$18,828,613	\$380,000	\$92,730	\$67,630,631	\$17,786	\$141,731	\$17,786	\$159,517

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

8. Long-Term Debt - continued

COMPONENT UNITS

Board of Education

The following is a summary of changes in long-term debt of the Auburn City Board of Education for the year ended September 30, 2000:

	Capital Leases Payable
Balance, September 30, 1999	\$ 1,069,889
Face value of new leases - AmSouth Lease Corporation	138,766
Retirement of debt	(165,144)
Balance, September 30, 2000	<u>\$ 1,043,511</u>

Capital lease payable of the Auburn City Board of Education at September 30, 2000, is comprised of the following issues:

	Rate	Interest Dates	Source of Payment	Principal Issued	Outstanding September 30, 2000	Final Principal Maturity
Capital Lease #1, AmSouth Lease Corporation dated 09/29/98	5.08%	Monthly	General Fund	\$ 327,637	\$ 245,564	2005
Capital Lease #2, AmSouth Lease Corporation dated 01/07/99	5.308%	Monthly	General Fund	687,135	539,164	2006
Capital Lease #3, AmSouth Lease Corporation dated 01/11/99	5.479%	Monthly	General Fund	172,364	135,066	2006
Capital Lease #4, AmSouth Lease Corporation dated 10/27/99	5.98%	Monthly	General Fund	138,766	123,717	2007
					<u>\$ 1,043,511</u>	

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

8. Long-Term Debt - continued

The Board has entered lease agreements with AmSouth Lease Corporation for the purchase of technology systems and computer equipment. The remaining balances on the lease agreements total \$1,043,511 plus interest which will be due in monthly installments. The agreements include a funding clause which states that if funds are not appropriated for any future fiscal period, the Board will not be obligated to make any payments due beyond the end of the then current fiscal period. While this will not constitute an event of default, AmSouth Lease Corporation will be entitled to repossess the equipment and will retain all sums previously paid as compensation for machine use and depreciation. The agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of inception.

The following schedule shows the principal and interest payments required by the terms of the capital leases with AmSouth Lease Corporation:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$ 175,697	\$ 52,272	\$ 227,969
2002	185,434	42,535	227,969
2003	195,712	32,257	227,969
2004	206,561	21,408	227,969
2005	218,013	9,956	227,969
2006	60,079	1,220	61,299
2007	2,015	11	2,026
Totals	<u>\$ 1,043,511</u>	<u>\$ 159,659</u>	<u>\$ 1,203,170</u>

Water Works Board

Bonds payable at September 30, 2000, are comprised of an original bond issue of \$8,535,000 dated May 1, 1993. Bond proceeds were used to call the 1987 series bonds dated March 1, 1987, and to fund various construction projects. The bonds are issued at rates varying from 3% to 5% and mature September 1, 2022. The bonds are callable at September 1, 2002, at a declining premium.

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

8. Long-Term Debt - continued

The Board entered into an agreement with the City of Opelika Water Board, effective on June 1, 1983, for the right to purchase water from Opelika. The agreement provides that the Auburn Board shall pay its proportionate share of the debt service on Opelika's Series 1983 bonds plus its share of the bond issue costs and an initial capital contribution. In return for its payment of these amounts, Auburn's Board received the right to purchase not greater than 3.6 million gallons of water per day. Under the agreement, Auburn would pay Opelika for the water it purchased based on its share of the production and transmission costs in relation to total production. The agreement is for a term of thirty (30) years beginning June 1, 1983, and there is a 20-year renewal clause at no additional cost to Auburn.

The following is a summary of the changes in bonds and water supply agreement payable for the year ended September 30, 2000:

Bonds and water supply agreement payable, September 30, 1999	\$ 9,623,943
Retirement of debt	<u>(294,918)</u>
Bonds and water supply agreement payable, September 30, 2000	<u>\$ 9,329,025</u>

A summary of the September 30, 2000, current and long-term debt maturities follows:

	<u>Current</u>	<u>Long-term</u>	<u>Total</u>
Bonds payable	<u>\$ 185,000</u>	<u>\$ 7,235,000</u>	<u>\$ 7,420,000</u>
Water Supply Agreement with City of Opelika	267,741	2,584,633	2,852,374
Less unamortized discount	<u>(144,349)</u>	<u>(799,000)</u>	<u>(943,349)</u>
	123,392	1,785,633	1,909,025
Accumulated annual leave	-	98,693	98,693
Total long-term debt	<u>\$ 308,392</u>	<u>\$ 9,119,326</u>	<u>\$ 9,427,718</u>

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

8. Long-Term Debt - continued

Annual requirements (principal and interest) to amortize long-term debt at September 30, 2000, are as follows:

Year Ending September 30	Bonds Payable	Water Supply Agreement	Total
2001	\$ 596,185	\$ 267,741	\$ 863,926
2002	597,675	267,579	865,254
2003	598,315	267,663	865,978
2004	598,065	267,476	865,541
2005	597,100	267,187	864,287
2006-2010	2,983,163	1,336,849	4,320,012
2011-2015	2,984,175	177,879	3,162,054
2016-2020	2,980,475	-	2,980,475
2021-2022	1,195,737	-	1,195,737
Total	13,130,890	2,852,374	15,983,264
Less amount representing interest	(5,710,890)	(943,349)	(6,654,239)
Total at present value	\$ 7,420,000	\$ 1,909,025	\$ 9,329,025

Industrial Development Board

Bonds Payable

On May 10, 2000, the Board issued \$4,680,000 of Tax Exempt Infrastructure Improvement Bonds, Series 2000-A and \$7,710,000 of Taxable Refunding Bonds, Series 2000-B. The debt service payments on the bonds are limited obligations of the Board payable solely out of payments received pursuant to an Appropriation Agreement with the City of Auburn and funds drawn by the trustee from a letter of credit issued by AmSouth Bank.

Under the Appropriation Agreement, the City has agreed to appropriate during each fiscal year an amount equal to the debt service on the bonds. The initial term of the agreement ends on September 30, 2000. After the expiration of the initial term, the agreement is automatically renewed each fiscal year for a term of twelve months, unless the City passes a resolution electing not to renew the agreement prior to the first day of the applicable fiscal year. As of the date of these financial statements, the agreement had been extended to September 30, 2001. The City intends to fund the appropriations through future sales of industrial property and additional tax revenues derived from future industrial recruitment. The Appropriation Agreement has been assigned and pledged by the Industrial Development Board as security for the Series 2000-A and Series 2000-B bonds.

Proceeds from the Series 2000-A bonds were used to provide funds for certain capital improvements and to pay costs incurred to issue the bonds.

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

8. Long-Term Debt – continued

Proceeds from the Series 2000-B bonds were used for a current refunding of notes payable to AuburnBank and to the City of Auburn with outstanding principal balances totaling \$7,448,019 and to pay costs incurred to issue the bonds. The amount by which the reacquisition price exceeded the net carrying amount of the old debt was immaterial to the financial statements. The refunding was undertaken to remove restrictive debt covenants associated with the notes payable and to extend the term of cash flows for debt service. The transaction resulted in a reduction of \$1,095,279 in future debt service payments and an economic gain of \$547,348.

The Series 2000-A and Series 2000-B bonds bear interest at a variable rate determined weekly by the Board's remarketing agent, The Frazier Lanier Company, Inc. The rate is equal to the lowest interest rate that would result in the market value of the bonds being 100% of the outstanding principal amount at the time the rate is determined, with a maximum rate of 10% per annum for the Series 2000-A bonds and 12% per annum for the Series 2000-B bonds. The average effective interest rate for fiscal year 2000 was 4.56% and 6.60% for the Series 2000-A and Series 2000-B bonds, respectively, and interest incurred for the fiscal year amounted to \$84,208 for the Series 2000-A bonds and \$200,355 for the Series 2000-B bonds.

The bonds are subject to purchase on demand of the holder at a price equal to 100% of the principal amount of the bond plus accrued interest. The bonds must be presented for payment with seven days' notice to the bond trustee and upon repurchase, the remarketing agent is authorized to use its best efforts to sell the repurchased bonds at a price equal to 100% of the principal amount.

Currently, there is no take out agreement in place to convert the bonds to permanent financing in the event the remarketing agent is unable to resell bonds that are repurchased under the optional tender provision. Under an irrevocable letter of credit issued by AmSouth Bank, the trustee or remarketing agent may draw an amount equal to the purchase price of bonds tendered for purchase. The letter of credit is valid through May 15, 2003. In the event the remarketing agent is unable to resell the tendered bonds, any principal drawn on the letter of credit to purchase the bonds bears interest at a variable interest rate equal to the prime rate plus 3%. If the bonds are not resold, the principal drawn on the letter of credit to purchase the bonds would be due in full at the expiration of the letter of credit in May 2003. Principal maturities on the letter of credit in the event that all the bonds were tendered and not resold would be as follows:

Fiscal Year	Series		Total
	2000-A	2000-B	
2001	\$ 175,000	\$ 260,000	\$ 435,000
2002	130,000	190,000	320,000
2003	140,000	205,000	345,000
2004	4,235,000	7,055,000	11,290,000
Total	\$ 4,680,000	\$ 7,710,000	\$ 12,390,000

The Board is required to pay to AmSouth Bank an annual fee for the letter of credit in the amount of 1.25% of the outstanding principal amount of the bonds plus 35 days of interest at 10% for Series 2000-A and 12% for Series 2000-B. In addition, the remarketing agent is paid an annual fee of one-eighth of one percent of the weighted average daily principal amount of the bonds outstanding.

CITY OF AUBURN, ALABAMA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2000

8. Long-Term Debt - continued

In addition to the optional tender provision, the terms of the credit agreement require that the Board optionally redeem the bonds on the following dates at the indicated principal amounts:

Fiscal Year	Series 2000-A	Series 2000-B	Total
2001	\$ 175,000	\$ 260,000	\$ 435,000
2002	130,000	190,000	320,000
2003	140,000	205,000	345,000
2004	150,000	220,000	370,000
2005	155,000	235,000	390,000
2006	165,000	250,000	415,000
2007	175,000	270,000	445,000
2008	190,000	290,000	480,000
2009	200,000	315,000	515,000
2010	210,000	335,000	545,000
2011	225,000	365,000	590,000
2012	240,000	390,000	630,000
2013	255,000	420,000	675,000
2014	270,000	450,000	720,000
2015	285,000	485,000	770,000
2016	305,000	520,000	825,000
2017	320,000	560,000	880,000
2018	340,000	605,000	945,000
2019	365,000	650,000	1,015,000
2020	385,000	695,000	1,080,000
Total	<u>\$ 4,680,000</u>	<u>\$ 7,710,000</u>	<u>\$ 12,390,000</u>

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

8. Long-Term Debt - continued

Notes Payable

The following is a summary of changes in notes payable of the Industrial Development Board of the City of Auburn for the year ended September 30, 2000:

	<u>Total</u>	<u>Current</u>	<u>Long - Term</u>
Notes payable September 30, 1999	\$ 13,132,133		
Face value of new debt issued	-		
Retirement of debt	<u>(11,136,545)</u>		
Total notes payable, September 30, 2000	<u>\$ 1,995,588</u>	<u>\$ 49,229</u>	<u>\$ 1,946,359</u>

Notes payable of the Board at September 30, 2000, are comprised of the following individual issues:

	<u>Interest Rate</u>	<u>Interest Dates</u>	<u>Principal Issued</u>	<u>Principal Outstanding 9/30/00</u>	<u>Year of Final Principal Maturity</u>
AuburnBank	11.25%	Monthly	750,000	714,403	2017
Compass Bank	8.28%	Monthly	<u>1,323,037</u>	<u>1,281,185</u>	2008
Total			<u>\$ 2,073,037</u>	<u>\$ 1,995,588</u>	

CITY OF AUBURN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2000

8. Long-Term Debt- continued

The following schedule shows debt service to maturity for notes payable of the Industrial Development Board at September 30, 2000:

Fiscal Year	Total Annual Requirements		
	Principal	Interest	Total
2001	\$ 49,229	\$ 182,479	\$ 231,708
2002	52,060	179,648	231,708
2003	57,119	174,588	231,707
2004	62,681	169,026	231,707
2005	68,799	162,909	231,708
2006	75,530	156,178	231,708
2007	82,935	148,773	231,708
2008	1,030,132	140,623	1,170,755
2009	39,153	56,196	95,349
2010	43,792	51,557	95,349
2011	48,981	46,368	95,349
2012	54,784	40,565	95,349
2013	61,275	34,074	95,349
2014	68,535	26,813	95,348
2015	76,656	18,693	95,349
2016	85,739	9,610	95,349
2017	38,188	1,072	39,260
Total	\$ 1,995,588	\$ 1,599,172	\$ 3,594,760

Public Parks and Recreation Board

The following is a summary of changes in notes payable of the Public Parks and Recreation Board for the year ended September 30, 2000:

	Total	Current	Long-Term
Notes payable, September 30, 1999	\$ 234,815		
Face value of new debt issued	-		
Retirement of debt	(19,670)		
Total notes payable, September 30, 2000	\$ 215,145	\$ 20,073	\$ 195,072

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

8. Long-Term Debt - continued

The terms of the above loan are interest at 8% with principal and interest due monthly for a period of 120 months. The following schedule shows debt service to maturity for notes payable of the Public Parks and Recreation Board at September 30, 2000:

Fiscal Year	Total Annual Requirements		
	Principal	Interest	Total
2001	\$ 20,073	\$ 16,486	\$ 36,559
2002	21,739	14,820	36,559
2003	23,543	13,016	36,559
2004	25,497	11,062	36,559
2005	27,613	8,946	36,559
2006	29,905	6,654	36,559
2007	32,387	4,172	36,559
2008	34,388	1,482	35,870
Total	\$ 215,145	\$ 76,638	\$ 291,783

9. Prior Year Defeasance of Debt

In a prior year, the City defeased certain general obligation bonds and warrants by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the City's financial statements. On September 30, 2000, \$4,490,000 of debt outstanding is considered defeased.

10. Deferred Program Revenue

During prior years, the City received monies from the U.S. Department of Housing and Urban Development (HUD) for Urban Development Action Grants and Housing Development Action Grants. Under the terms of the grants the monies received from HUD are loaned to qualified borrowers and the City holds second mortgages as collateral. When the City made these loans, deferred revenue equal to the principal amount of the mortgage was recorded. The loans will remain outstanding until such time as specified in the grant agreements. At that time, the City will receive the balance of the second mortgages plus interest and deferred revenue equal to the amount of principal repayment received by the City will be recognized as program revenue. The mortgages outstanding at September 30, 2000, totaled \$4,277,220. One mortgage, with a principal balance of \$3,570,400, was subjected to a modification agreement during fiscal year 1994 which deferred a portion of the interest payments until 1999. Under the new terms, the City would receive \$10,000 each January towards the regular interest payment due at that time (\$37,812), with the remainder of the interest payment deferred until January 1999. The deferred amounts would accrue interest at six percent, compounded annually until that date, at which time the entire deferral, including compounded interest, plus the regularly scheduled interest payment of \$37,812 and principal of \$100,000 would be due. During fiscal year 1999, the City received a settlement of \$84,000 which satisfied the balance of the deferral at September 30, 1996. The modification agreement was deemed invalid at the time of settlement; and subsequent to September 30, 1999, the City received \$246,671 which satisfied the remaining deferral and the compounded interest in addition to the \$100,000 principal payment plus the regular principal and interest due. The original terms of the mortgage remain in effect.

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

11. Lease Agreements

COMPONENT UNITS

Auburn Center for Developing Industries

Operating Leases - The Auburn Center for Developing Industries, Inc. maintains industrial space for rent to new industries. The leases are noncancelable operating leases with one year terms. The cost of land and buildings held for leasing by the Center at September 30, 2000, was \$67,543 and \$1,126,047, respectively. Accumulated depreciation on the buildings was \$275,463. Rents received during 2000 were \$42,591 and utility reimbursements were \$40,896. As of September 30, 2000, there were five leases in effect and the minimum rentals on these leases for fiscal year 2001 are \$59,037. None of the leases currently in effect extend beyond September 30, 2001.

Industrial Development Board

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

Operating leases - The Industrial Development Board began leasing industrial space during fiscal year 1995. The cost of land and buildings held for leasing by the Board at September 30, 2000, was \$643,570 and \$4,550,441, respectively, and accumulated depreciation on the buildings was \$287,784. Rents received during 2000 were \$241,237. Of the three leases in effect at September 30, 2000, all were noncancelable, and one has an option for the lessee to occupy more space at a higher rental rate. The following is a schedule by years of future minimum rental payments required under the leases with remaining noncancelable lease terms in excess of one year as of September 30, 2000:

<u>Fiscal Year</u>	\$
2001	214,428
2002	214,428
2003	214,428
2004	214,428
2005	214,428
2006	214,428
2007	182,646
2008	87,300
2009	43,500
2010	21,600
2011 and thereafter	<u>151,200</u>
	<u>\$ 1,172,814</u>

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

11. Lease Agreements - continued

Capital leases

- A. The Board has leased eight parcels of land located in its Industrial Parks under capital leases. Each lease contains a bargain-purchase option which can be exercised during the term of the lease. All rentals due under the leases were paid in advance and are not refundable in the event of lease cancellation or exercise of purchase option. Expiration of the leases ranges from 2001 to 2035. There were no lease payments received in fiscal year 2000 and future amounts receivable under the leases consist solely of payments under the bargain-purchase options, which are minimal. See Note 34 for disclosures pertaining to leases involving related parties.
- B. The Board has leased several parcels of land and buildings under capital leases. The majority of the Board's capital leases are classified as sales-type leases. The initial lease terms of all the leases expire over the next ten years. The components of the net investments in sales-type and direct financing capital leases at September 30, 2000, are as follows:

Total minimum lease payments to be received	\$ 3,616,598
Less: unearned income	(1,592,134)
Net investment in capital leases	<u>\$ 2,024,464</u>

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

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

<u>Fiscal Year</u>	
2001	\$ 245,068
2002	245,068
2003	887,626
2004	136,359
2005	136,359
2006	136,359
2007	136,359
2008	1,067,183
	<u>\$ 2,990,381</u>

CITY OF AUBURN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2000

11. Lease Agreements - continued

Public Parks and Recreation Board

The Board has entered into an operating lease agreement for a building that was constructed in fiscal year 2000. The lease is non-cancelable and has a term of thirty-six months. The cost of land and buildings held for leasing at September 30, 2000, was \$33,771 and \$273,802, respectively. Accumulated depreciation on the buildings was \$7,987. Rents received during fiscal year 2000 were \$40,800 and the future minimum lease payments due under the lease are as follows:

<u>Fiscal Year</u>	
2001	\$ 40,800
2002	6,800
	<u>\$ 47,600</u>

12. Defined Benefit Pension Plans

CITY OF AUBURN PRIMARY GOVERNMENT

The City contributes to the Employees' Retirement System of Alabama ("System"), an agent multiple-employer public employee retirement system (PERS) which acts as a common investment and administrative agent for all State agencies and departments as well as for cities and counties which elect to participate in the System. The Retirement System issues a publicly available report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to The Retirement Systems of Alabama, 135 South Union Street, Montgomery, Alabama 36004-0001 or by calling (334) 832-4140.

All regular full-time and certain regular part-time City employees are eligible to participate in the System. Benefits vest after ten years of service. Vested employees may choose a lump sum benefit, payments for a specified time period or for life. The benefit amount is based upon employee and employer contributions and accrued interest as of the retirement date and is established by State statute. The System also provides death and disability benefits.

Covered employees are required by State statute to contribute five percent (5%) of their salaries/wages to the System. The City is required by the same statute to contribute the remaining amounts necessary to fund the System using the actuarial basis specified by the statute. The City's contribution rate for the year ended September 30, 2000, was 3.19% of covered payroll.

The City's annual pension cost of \$478,828 was equal to the City's required and actual contributions. The required contribution was determined as part of the September 30, 1999, actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include: a) a rate of return on the investment of present and future assets of 8.0%, b) projected annual rate of salary increases ranging from 4.61% to 7.75%, based on age, and c) no cost-of-living adjustments. Both a) and b) included an inflation component of 4.50%. The actuarial value of the plan's assets was determined using the market value of investments. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

12. Defined Benefit Pension Plans - continued

payroll on an open basis. The remaining amortization period at September 30, 1999, was 12 years. These assumptions were also used in the computation of actuarially determined contribution requirements.

In accordance with Governmental Accounting Standards Board Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, a pension liability of \$0 was calculated at the transition date. Trend information for the years following the transition year is as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (NPO)
09/30/97	\$547,829	100%	\$0
09/30/98	\$564,071	100%	\$0
09/30/99	\$459,243	100%	\$0

The plan's schedule of funding progress for the current year, the previous year, and the transition year is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)*	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
9/30/96	\$15,782,395	\$16,765,795	\$ 983,400	94.1%	\$ 8,322,435	11.8%
9/30/97**	\$20,855,000	\$18,713,179	\$ (2,141,821)	111.4%	\$ 8,748,150	(24.5%)
9/30/98***	\$22,749,181	\$21,710,258	\$ (1,038,923)	104.8%	\$ 9,549,678	(10.9%)
9/30/99	\$24,674,182	\$23,812,107	\$ (862,075)	103.6%	\$10,198,094	(8.5%)

* Reflects liability for cost of living benefit increases granted on or after October 1, 1978.

** Reflects change in asset valuation method to market value (as of September 30, 1997).

*** Reflects change in asset valuation method to market related value (as of September 30, 1998).

COMPONENT UNITS

Board of Education

The employees of the Board are covered under a defined benefit plan, the Teachers' Retirement System (System), which is administered by the Retirement Systems of Alabama (RSA). The plan is a cost-sharing, multiple-employer public employee retirement system (PERS).

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

12. Defined Benefit Pension Plans - continued

Participation in the TRS is mandatory for Board personnel employed in a nontemporary capacity on at least a one-half time basis. After ten or more years of creditable service a member has a vested interest (is eligible for deferred benefits) in the Teachers' Retirement System. Upon attainment of age 60, a member who has at least ten (10) years of creditable service may apply for monthly retirement benefits assuming the member has not withdrawn his contributions. A member who has at least 25 years of creditable service in the TRS may apply for service retirement at any age. Unused accrued sick leave may be converted to creditable service at retirement. The TRS also provides death and disability benefits and life insurance.

Retirement benefits are calculated by three methods with the retiree receiving payments under the method which yields the highest monthly benefit. The methods are (1) Minimum Guaranteed, (2) Money Purchase, and (3) Formula, of which the Formula Method usually produces the highest monthly benefit. Under this method, retirees are allowed 2.0125% of their average final salary (best three of the last ten years) for each year of service.

Covered employees are required by state statute to contribute five (5) percent of their salary to the System. The State of Alabama and the Board are required to contribute the remaining amounts necessary to pay benefits when due. For the year ended September 30, 2000, the Board's contribution requirement is an actuarially determined rate equal to 6.38% (4.03% in 1999) of annual covered payroll. The Board's contributions to the plan for the years ending September 30, 2000 and 1999, were \$1,104,114 and \$712,411, respectively. These amounts were equal to the required contributions for the same periods.

The Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to The Retirement Systems of Alabama.

Water Works Board

The Board also contributes to the Employees' Retirement Systems of Alabama under the same plan description and statutory requirements as the City. The Board's contribution rate for the year ended September 30, 2000, was 1.28% of covered payroll; and the Board's annual pension cost of \$26,606 was equal to its required and actual contributions.

In accordance with Governmental Accounting Standards Board Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, a pension liability of \$0 was calculated at the transition date. Trend information for the years following the transition year is as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (NPO)
09/30/97	\$39,976	100%	\$0
09/30/98	\$52,754	100%	\$0
09/30/99	\$20,190	100%	\$0

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

12. Defined Benefit Pension Plans - continued

The plan's schedule of funding progress for the current year, the previous year, and the transition year is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered P/R (b - a)/c
9/30/96	\$ 986,490	\$ 917,326	\$ (69,164)	107.5%	\$646,313	(10.7%)
9/30/97	\$1,327,635	\$ 986,134	\$ (341,501)	134.6%	\$664,497	(51.4%)
9/30/98	\$1,449,198	\$ 1,211,416	\$ (237,782)	119.6%	\$755,735	(31.5%)
9/30/99	\$1,533,173	\$ 1,252,127	\$ (281,046)	122.4%	\$853,798	(32.9%)

13. Defined Contribution Pension Plans

CITY OF AUBURN PRIMARY GOVERNMENT

The City participated in a defined contribution retirement plan administered by the International City Managers' Association Retirement Corporation (ICMA Retirement). Plan provisions are established or amended by the City Council resolution. Prior to a plan amendment adopted in February 2000 which eliminated the City's contribution requirement on behalf of covered employees, the City was required to contribute 8% of annual covered payroll, and participants had no contribution requirements. The City's payroll for employees covered by the 401(a) plan for the year ended September 30, 2000, was \$489,765, and the City's contributions to the plan for the year ended September 30, 2000, were \$34,511, which is 8% of covered payroll.

Participants in the plan included the City's management level employees (the City Manager, all department heads, and the police and fire chiefs). Participants vested at service inception and are entitled to 100 percent of vested contributions. Contributions may be withdrawn by the participant upon retirement or termination of employment in good standing, and covered employees are permitted under the terms of the plan to borrow from their interests in the plan up to a specified maximum amount. The plan is a money purchase plan qualified under Section 401(a) of the Internal Revenue Code.

Effective February 2000, the City no longer contributes to the plan. Since the City has little administrative involvement, does not perform the investing function for the plan, and no longer has a contribution requirement, the value of the investments and employee loans (\$898,346) and the related liabilities were removed from the City's financial statements.

CITY OF AUBURN, ALABAMA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2000

14. Self-Insurance - General Liability and Workmen's Compensation

The City has retained risk of loss for general liability claims arising prior to the purchase of commercial insurance in fiscal year 1999 and all workmen's compensation claims. These risks are accounted for in the General Fund. The following is a schedule of changes in claims liabilities for these two risk areas during the past two fiscal years:

	Fiscal Year	
	2000	1999
Unpaid claims, beginning of year	\$ 675,092	\$ 539,000
Incurred claims (including claims incurred but not reported at September 30):		
Provision for current year events where the City has retained risk of loss	290,698	139,844
Increases (decreases) in provision for prior years' events where the City has retained risk of loss	(7,325)	23,923
Total incurred claims	283,373	163,767
Payments:		
Claims attributable to current year events where the City has retained risk of loss	270,949	20,922
Claims attributable to prior years' events where the City has retained risk of loss	96,893	6,753
Total payments	367,842	27,675
Unpaid claims, end of year	\$ 590,623	\$ 675,092

Total general liability for uninsured risks and workmen's compensation claims liability at September 30, 2000, are recorded as follows: \$15,480 is recorded as a current liability in the General Fund and the long-term portion, \$575,143, is recorded in the General Long-Term Debt Account Group.

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

15. Medical Self-Insurance

The City has established a Medical Self-Insurance Fund to account for risk retention relating to medical claims of City employees and their covered dependents. The following is a schedule of changes in medical claims liabilities during the past two fiscal years:

	<u>Fiscal Year</u>	
	<u>2000</u>	<u>1999</u>
Unpaid claims, beginning of year	\$ 71,060	\$ 119,214
Incurred claims (including claims incurred but not reported at September 30):		
Provision for current year events where the City has retained risk of loss	650,374	516,585
Increases (decreases) in provision for prior years' events where the City has retained risk of loss	<u>(12,291)</u>	<u>(22,565)</u>
Total incurred claims	<u>638,083</u>	<u>494,020</u>
Payments:		
Claims attributable to current year events where the City has retained risk of loss	600,285	445,525
Claims attributable to prior years' events where the City has retained risk of loss	<u>56,734</u>	<u>96,649</u>
Total payments	<u>657,019</u>	<u>542,174</u>
Unpaid claims, end of year (includes claims incurred but not reported)	<u>\$ 52,124</u>	<u>\$ 71,060</u>

CITY OF AUBURN, ALABAMA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2000

16. Unemployment Compensation
 The City of Auburn is on the reimbursement method of unemployment compensation, and the actual amount paid in the fiscal year ended September 30, 2000, by the State (\$1,840) to individuals is reflected as an expense of the General Fund.
17. Ad Valorem Tax Collection Expenses
 The City is charged a collection fee by the County Tax Assessor and Collector for the collection of the 26-mill ad valorem taxes and auto taxes. The following is a summary of taxes collected and related expenses for the year ended September 30, 2000:

Funds	Millage	Taxes Collected	Collection Fee	Reappraisal Costs	Net Received by the City
General Fund	5	\$ 1,360,017*	\$ 26,982	\$ 26,861	\$ 1,306,174
Special 5-Mill Tax Fund	5	1,346,753**	26,982	26,861	1,292,910
Special School Tax Fund	5	1,442,314	31,760	26,861	1,383,693
Special Additional School Tax Fund	11	2,933,410	57,880	59,100	2,816,430

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

18. Primary Government's Interfund Receivables and Payables

The following is a schedule, by individual fund, of interfund receivables and payables as of September 30, 2000:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 158,034	\$ 56,347
Special Revenue Funds		
Federal Grant Loan Repayment Fund	55,000	-
Community Development Block Grants	-	34,041
Capital Projects		
'97/98 Capital Projects Fund	-	4,270
Enterprise Funds		
Sewer Revenue	20	61,863
Industrial Park Fund	-	57,859
Internal Service Funds		
Self-Insurance Fund	1,326	-
Totals	\$ 214,380	\$ 214,380

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

19. Primary Government's Interfund Advances

The following is a schedule, by individual fund, of interfund advances as of September 30, 2000:

	Advances to Other Funds	Advances From Other Funds
Special Revenue Funds	\$ 349,397	-
Federal Grant Loan Repayment	-	349,397
Enterprise Funds	-	-
Industrial Park Fund	-	-
Totals	<u>\$ 349,397</u>	<u>\$ 349,397</u>

20. Primary Government's Operating Transfers

The following is a schedule, by individual fund, of operating transfers for the year ended September 30, 2000:

	Operating Transfers In	Operating Transfers Out
General Fund	\$ 745,031	\$ 216,000
Special Revenue Funds	-	120,000
Seven-Cent Gas Tax	-	86,000
Four-Cent Gas Tax	-	208,380
City Gas Tax	-	-
Special School Tax	2,379,303	-
Special Additional School Tax	-	2,379,303
Federal Grant Loan Repayment	314,854	-
Debt Service Funds	-	-
GORSIW Series 76	78,380	-
Special 5-Mill Tax Fund	-	759,781
Capital Projects Funds	-	-
'99 Warrant Projects	422,000	-
'97/98 Capital Projects	200,000	-
Enterprise Funds	-	-
Sewer Revenue	15,000	71,250
Wright Street Parking	1,000	-
Industrial Park Fund	-	314,854
Totals	<u>\$ 4,155,568</u>	<u>\$ 4,155,568</u>

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

21. Intra-Entity Transactions

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

A. Short-term receivables and payables

	<u>Due From</u>	<u>Due To</u>
Primary Government General Fund	\$ 15,042	\$ 345,262
Special Revenue Funds Federal Grant Loan Repayment	8,160	2
Component Units Auburn City Board of Education	325,000	15,042
Industrial Development Board	20,264	-
Public Parks and Recreation Board	-	8,160
Total	<u>\$ 368,466</u>	<u>\$ 368,466</u>

B. Long-term advances

	<u>Advances To</u>	<u>Advances From</u>
Primary Government General Fund	\$ 497,700	\$ -
Special Revenue Funds Federal Grant Loan Repayment	488,193	-
Enterprise Funds Industrial Park Fund	283,887	-
Component Units Auburn Center for Developing Industries	-	497,700
Industrial Development Board	-	772,080
Total	<u>\$ 1,269,780</u>	<u>\$ 1,269,780</u>

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

21. Intra-Entity Transactions - continued

C. Operating transfers

	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
Primary Government	-	\$ 857,911
General Fund	-	
Special Revenue Funds	-	1,195,452
Special School Tax	-	26,973
Special Additional School Tax	-	40,122
Federal Grant Loan Repayment		
Enterprise Funds	120,199	-
Industrial Park Fund		
Component Units	1,222,425	-
Auburn City Board of Education	898,033	120,199
Industrial Development Board	324,392	
Total	<u>\$ 2,240,657</u>	<u>\$ 2,240,657</u>

22. Quasi-External Transactions

The following transactions are considered to be quasi-external transactions between the City of Auburn and its component units.

The City issues bonds and makes debt service payments on behalf of the Board of Education. In fiscal year 1999, a general obligation school warrant in the principal amount of \$857,750 was approved by City Council for issuance on October 6, 1999 on behalf of the Board. Debt payments (including bond issue costs) are reflected on the City's books as debt service expenditures and amounted to \$2,387,438.

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

22. Quasi-External Transactions - continued

The Water Works Board remits certain fees to the City of Auburn monthly. Payments consist primarily of sewer and garbage fees collected on behalf of the City and payments in lieu of tax. An accrual was made at September 30, 2000, to record amounts due to the City at that date. Differences exist between payables recorded by the Water Works Board and receivables recorded by the City of Auburn. These differences are a result of differing bases of accounting employed by the two entities. The Water Works Board uses the accrual basis of accounting. Sewer fees are recorded by the City in the Sewer Enterprise Fund, which also uses the accrual basis, and all other payments from the Water Works Board are recorded in the General Fund, which uses the modified accrual basis of accounting. Accordingly, certain payments owed to the City by the Water Board have been recorded as payables by the Board, but have not been recorded as receivables by the City.

The amounts of intra-entity receivables and payables between the City and the Water Works Board are reflected on the combined statements in the totals for the categories shown below:

	City of Auburn	Water Works Board
Receivables		
Water Works Board	\$ 478,213	\$ -
Other governmental units	-	261,772
Payables to other governments	<u>261,770</u>	<u>896,989</u>
	<u>\$ 739,983</u>	<u>\$ 1,158,761</u>

23. Reporting of HODAG and UDAG Special Revenue Funds

To facilitate the reporting of Special Revenue Funds, several Special Revenue Funds, the operations of which are very similar in nature, have been combined and reported as a single fund in the general purpose financial statements.

In previous years, the City received various HODAG and UDAG federal grants which were used to make loans to private entities to be used for housing and business development activities within the City. As the City receives repayments from these loans, the repayments of funds may be expended for Title I eligible purposes. The City is using some of these repayments to make loans to private entities and individuals for further housing and business development activities. Based on their related purposes and activities, the following Special Revenue Funds are presented as a single fund entitled the Federal Grant Loan Repayment Funds: the Housing Development Action Grant (HODAG) Fund, the Urban Development Action Grant (UDAG) Funds, the Revolving Loan Fund, and the Affordable Housing Fund. Selected financial information for the sub-funds of the Federal Grant Loan Repayment Funds for the current fiscal year are as follows:

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

23. Reporting of HODAG and UDAG Special Revenue Funds - continued

	HODAG*	Shelton Park*	Tiger Theater*	Magnolia Plaza*	Revolving Loan*	Affordable Housing*	Total
Equity in pooled cash	\$ 194,515	\$ 243,206	\$ 94,090	\$ 80,386	\$ 863,618	\$ 136,806	\$ 1,612,621
Due from							
Other funds	-	-	-	-	55,000	-	55,000
Component units	-	-	-	-	8,160	-	8,160
Advances to							
Other funds	206,965	-	-	-	142,432	-	349,397
Component units	-	-	-	-	488,193	-	488,193
Mortgages receivable	3,569,900	343,545	-	367,552	592,475	189,620	5,063,092
Property for resale	-	-	-	-	-	6,000	6,000
Prepaid items	-	-	-	-	10,000	-	10,000
Total assets	\$ 3,971,380	\$ 586,751	\$ 94,090	\$ 447,938	\$ 2,159,878	\$ 332,426	\$ 7,592,463
Due to component units	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	3,570,400	343,545	-	367,552	592,476	189,620	5,063,593
Fund balance - reserved for property for resale	-	-	-	-	-	6,000	6,000
Fund balance-reserved for advances	206,965	-	-	-	630,625	-	837,590
Fund balance-unreserved	194,015	243,206	94,090	80,386	936,775	136,806	1,685,278
Total liabilities and fund balance	\$ 3,971,380	\$ 586,751	\$ 94,090	\$ 447,938	\$ 2,159,878	\$ 332,426	\$ 7,592,463

*Net of interfund eliminations.

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

23. Reporting of HODAG and UDAG Special Revenue Funds - continued

	HODAG*	Shelton Park*	Tiger Theater*	Magnolia Plaza*	Revolving Loan*	Affordable Housing*	Total
Program income	\$ 36,060	\$ 26,439	\$ -	\$ 12,185	\$ 120,808	\$ 45,008	\$ 240,500
Mortgage interest	36,060	9,896	-	22,453	37,590	5,490	111,489
Other interest	10,106	8,740	5,413	3,455	32,665	5,339	65,718
Operating transfers in from other funds	-	-	-	-	314,854	-	314,854
Total revenues	82,226	45,075	5,413	38,093	505,917	55,837	732,561
Expenditures							
Economic development	-	-	-	-	106,340	2,880	109,220
Capital outlay	1,077	-	-	-	-	-	1,077
Operating transfers out to component units	-	-	-	-	40,122	-	40,122
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	81,149	45,075	5,413	38,093	359,455	52,957	582,142
Beginning fund balance	454,024	454,126	88,677	182,203	733,092	363,998	2,276,120
Residual equity transfers out	-	-	-	-	(329,394)	-	(329,394)
Ending fund balance	\$ 535,173	\$ 499,201	\$ 94,090	\$ 220,296	\$ 763,153	\$ 416,955	\$ 2,528,868

*Net of interfund eliminations.

24. Reporting of Public Safety Substance Abuse Special Revenue Fund

Beginning in fiscal year 1999, City management created the State Funded Seizures Special Revenue Fund for internal reporting purposes. The fund's purpose is to separately track police seizure revenues that are from state government sources. Because its operations are very similar in nature to those accounted for in the Public Safety Substance Abuse Special Revenue Fund, those activities have been combined and reported as a single fund in the general purpose financial statements.

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

24. Reporting of Public Safety Substance Abuse Special Revenue Fund - continued

Selected financial information for the sub-funds of the Public Safety Substance Abuse Special Revenue Fund is shown below, net of interfund eliminations:

	State Funded Seizures	Public Safety Substance Abuse (other seizures)	Total
Assets			
Equity in pooled cash	\$ <u>83,222</u>	\$ <u>99,784</u>	\$ <u>183,006</u>
Liabilities and Fund balance			
Accounts payable	\$ -	\$ 248	\$ 248
Fund balance - unreserved	<u>83,222</u>	<u>99,536</u>	<u>182,758</u>
Total liabilities and fund balance	<u>\$ 83,222</u>	<u>\$ 99,784</u>	<u>\$ 183,006</u>
Revenues			
Confiscation revenues	\$ 2,751	\$ 1,052	\$ 3,803
Other interest	<u>4,800</u>	<u>8,490</u>	<u>13,290</u>
Total revenues	<u>7,551</u>	<u>9,542</u>	<u>17,093</u>
Expenditures			
Public Safety	-	4,369	4,369
Capital outlay	<u>-</u>	<u>62,300</u>	<u>62,300</u>
Excess (deficiency) of revenues over expenditures	<u>7,551</u>	<u>(57,127)</u>	<u>(49,576)</u>
Beginning fund balance	<u>11</u>	<u>232,323</u>	<u>232,334</u>
Ending fund balance	<u>\$ 7,562</u>	<u>\$ 175,196</u>	<u>\$ 182,758</u>

CITY OF AUBURN, ALABAMA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2000

25. Segment Information - Enterprise Funds

The City maintains three Enterprise Funds which provide sewer services to the public, industrial park operations, and public parking spaces. Segment information for the year ended September 30, 2000, is as follows:

	Primary Government				Component Units			
	Sewer Revenue Fund	Industrial Park Fund	Wright Street Parking Fund	Total Enterprise Funds	Water Works Board	Auburn Center for Developing Industries	Industrial Development Board	Public Parks and Recreation Board
Operating revenues	\$ 4,963,178	\$ 4,000	\$ 343	\$ 4,967,521	\$ 4,701,922	\$ 83,487	\$ 5,026,112	\$ 40,800
Depreciation/amortization expense	298,538	-	-	298,538	936,534	28,251	129,445	5,933
Operating income (loss)	310,542	3,787	(1,550)	312,799	1,214,663	(26,899)	(1,192,743)	34,867
Operating grants, entitlements, and shared revenue	-	-	-	-	-	-	-	-
Operating transfers:								
In	-	121,199	15,000	136,199	-	-	898,033	-
Out	(71,250)	(314,854)	-	(386,104)	-	-	(120,199)	-
Tax revenues	-	-	-	-	-	-	-	-
Net income (loss)	268,107	(188,438)	15,967	95,636	1,111,544	(23,189)	(903,005)	17,603
Current capital Contributions	532,440	-	-	532,440	691,020	-	354,395	-
Transfers	-	-	-	-	-	-	-	-
Property, plant and equipment								
Additions	1,192,562	-	-	1,192,562	3,444,852	-	7,475	-
Transfers and reclassifications	-	-	-	-	-	-	159,936	-
Deletions	(303,269)	-	(22,198)	325,467	(768,352)	(660)	-	-
Net working capital	1,389,592	(22,337)	-	1,367,255	6,129,117	74,702	(641,284)	(28,173)
Total assets	11,358,704	319,425	-	11,678,129	34,127,774	1,015,138	16,674,180	304,218
Bonds and other long-term liabilities								
Payable from operating revenues	146,348	349,397	-	495,745	9,119,326	-	14,673,439	195,072
Payable from other sources	892	-	-	892	336,318	-	-	-
Contributed capital	10,400,013	469,123	-	10,869,136	8,230,001	567,443	4,688,370	-
Retained earnings (deficit)	447,746	(556,970)	-	(109,224)	14,931,257	(56,966)	(3,689,269)	80,913
Total equity (deficit)	10,847,759	(87,847)	-	10,759,912	23,161,258	510,478	999,101	80,913

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

26. Unbudgeted Funds

The City did not prepare annual budgets for the following funds:

- Special Revenue
 - Federal Grant Loan Repayment Funds
 - Community Development Block Grant Fund
 - Public Library Board
 - Capital Projects
 - '99 Warrant Projects
 - '97/98 Capital Projects Fund
 - '99 Bond Projects

Program budgets have been adopted for the above funds; however, they cover a period greater than twelve months and therefore cannot be used for budgetary comparisons in the accompanying financial statements. The excess of revenues and other sources over expenditures and other uses for these unbudgeted funds has been entered for balancing purposes on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual for the Special Revenue Funds. This amount is summarized as follows:

Revenues	\$ 455,648
Expenditures	
Current operations	137,147
Capital outlay	<u>8,427</u>
Excess (deficiency) of revenues over expenditures	310,074
Other financing sources and (uses)	
Operating transfers in	
From other funds	314,854
Operating transfers out	
To component units	<u>(40,122)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ 584,806</u>

CITY OF AUBURN, ALABAMA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2000

27. Restricted Assets

CITY OF AUBURN PRIMARY GOVERNMENT

Sewer Equipment Replacement

Under the provisions of the Service Agreement for waste water treatment with Merscot-Auburn Limited Partnership, the City received \$150,000 during the fiscal year ended September 30, 1985. This amount was required to be set aside and maintained in an "Equipment Replacement Fund" within the Sewer Fund for future equipment replacement needs at the sewage treatment plants which are owned and operated by Merscot-Auburn Limited Partnership. All interest earned on the monies becomes part of the amount set aside. At the expiration of the Service Agreement the money remaining in the fund reverts back to the limited partnership; therefore, a long-term liability equal to the related asset has been recorded as a payable to the Merscot-Auburn Limited Partnership within the Sewer Fund.

The \$150,000 with related earnings was intended to cover equipment replacement needs for the first five years of the Service Agreement. After five years, the Agreement was to be renegotiated. At that time the parties to the Agreement were going to agree upon an amount to be deposited periodically and maintained by the City in the "Equipment Replacement Fund" within the Sewer Fund and any additional monies set aside by the City would be considered additional charges under the Service Agreement. As of September 30, 2000, no formal renegotiation had taken place. During 2000, an additional \$58,375 was deposited by the City and recorded as equipment service charges and \$85,302 was expended from the "Equipment Replacement Fund" for equipment replacement at the sewage treatment plants. The remaining balance in the fund at September 30, 2000, was \$892.

COMPONENT UNITS

Water Works Board

Restricted assets of the Water Works Board consist of restricted investments held by a trustee for retirement of bonds or payment of construction costs in accordance with the terms of the bond indenture (See Note 5).

Industrial Development Board

Restricted assets of the Industrial Development Board consist of restricted investments held by a trustee for retirement of bonds or payment of construction costs in accordance with the terms of a bond indenture (see Note 5).

Deferred Water Rights - Water Works Board (Component Unit)

The Board entered into a Water Supply Agreement with the City of Opelika Water Board in June 1983 (See Note 8.) Auburn's share, as computed under the agreement, of the initial expenditures, capital contributions, bonds payable, and interest incurred through October 27, 1986, (when the agreement became operational), as well as interest expense incurred through October 27, 1986, has been capitalized as deferred water rights. On October 27, 1986, the date Opelika's source supply became operational, amortization of the deferred water rights over the remaining life of the agreement began. A summary of deferred water rights at September 30, 2000, follows:

Deferred water rights, beginning of year	\$ 2,315,896
Amortization of deferred water rights	(169,456)
Deferred water rights, end of year	<u>\$ 2,146,440</u>

28.

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

29. Changes in Enterprise Funds' Contributed Capital

CITY OF AUBURN PRIMARY GOVERNMENT

Changes in contributed capital of the City's Enterprise Funds for the year ended September 30, 2000, were as follows:

	<u>Sewer Fund</u>	<u>Industrial Park Fund</u>	<u>Total Enterprise Funds</u>
Contributed capital, beginning of year	\$ 9,867,573	\$ 469,123	\$ 10,336,696
Donations by developers	<u>532,440</u>	-	<u>532,440</u>
Contributed capital, end of year	<u>\$ 10,400,013</u>	<u>\$ 469,123</u>	<u>\$ 10,869,136</u>

COMPONENT UNITS

Water Works Board

Changes in contributed capital of the Water Works Board for the year ended September 30, 2000, were as follows:

Contributed capital, beginning of year	\$ 7,538,981
Donated systems from developers/property owners	376,520
Impact fees donated by property owners	<u>\$ 8,230,001</u>

Industrial Development Board

Changes in the Board's contributed capital for the year ended September 30, 2000, were as follows:

	<u>Balance 10/01/99</u>	<u>Additions</u>	<u>Balance 9/30/00</u>
Capital grants from State of Alabama: Received by the Board	\$ 417,903	\$ 25,000	\$ 442,903
Received by the City and transferred to the Board	1,214,582	-	1,214,582
Contributions in aid of construction from general public	56,087	-	56,087
Residual equity transfers (to) from general government	<u>2,645,403</u>	<u>329,395</u>	<u>2,974,798</u>
Total	<u>\$ 4,333,975</u>	<u>\$ 354,395</u>	<u>\$ 4,688,370</u>

CITY OF AUBURN, ALABAMA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2000

29. Changes in Enterprise Funds' Contributed Capital - continued

Public Parks and Recreation Board

Changes in the Board's contributed capital for the year ended September 30, 2000, were as follows:

Contributed capital, beginning of year	\$ 33,771
Residual equity transfer from other component units	-
Contributed capital, end of year	\$ 33,771

30. Special Capital Improvement Projects

The City has undertaken several special capital improvement projects providing for certain street, sidewalk, water, sewer, drainage, and lighting improvements to specific property in the city limits. In conjunction with these projects, the City has entered into funding agreements with owners of the properties that are adjacent to the improvements; however, the projects do not meet the definition of special assessment projects under Alabama law.

The Dean Road Extension project was completed in fiscal year 1999, and an agreement was signed whereby the affected property owners agreed to pay the City \$810,672 (the net cost to the City for construction) with interest at 5.16% over ten years. Amounts collected under the agreement in fiscal year 2000 included principal of \$67,022 and interest of \$37,262; the balance due from the property owners at September 30, 2000, was \$679,978. During construction, the costs were funded by state grants and existing General Fund resources and, accordingly, were recorded as capital outlay expenditures in the year incurred. At the time the agreement was signed with the property owners, the City issued a general obligation warrant in the amount of \$810,672 to recover the costs incurred by the General Fund, and the property owners pledged an irrevocable letter of credit to secure the warrant. The warrant is backed by the full faith credit and taxing power of the City and is not secured by liens against the property.

In fiscal year 2000, the City began construction on two similar projects, the Longleaf and Watercrest Road projects. To fund the projects during construction, the City issued two general obligation warrants in the form of construction lines of credit. Prior to the issuance of the financial statements, the warrants had been converted to permanent financing. As of September 30, 2000, the City had drawn principal amounts of \$287,504 and \$866,064 on the two warrants and recorded those amounts as capital outlay expenditures in the current year. The warrants bear interest at 7.6% and will be repaid over ten years. The warrants are backed by the full faith credit and taxing power of the City and are not secured by liens against the property. Prior to the start of construction, the property owners signed temporary promissory notes with personal guarantees equal to the amount estimated for the total cost of construction. Upon conversion to permanent financing, the owners entered into agreements in lieu of assessments to repay the costs of construction over a ten year period and pledged irrevocable letters of credit to secure the City's general obligation warrants. The terms of the agreements are the same as the terms of the warrants.

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

31. Subsequent Events

CITY OF AUBURN PRIMARY GOVERNMENT

Subsequent to September 30, 2000, City Council approved the purchase of land in the amount of \$475,000 and various construction contracts were approved totaling approximately \$2,227,000. Also, Council approved the refinancing of two existing loans in the amount of \$75,941 from the Revolving Loan Fund, a sub-fund of the Federal Grant Loan Repayment Special Revenue Fund. An additional appropriation to the Board of Education for fiscal year

2001 was approved in the amount of \$500,000. Council authorized the mayor to sign a grant agreement which will provide the City with \$300,000 in state funds to assist with street construction.

COMPONENT UNITS

Water Works Board

Subsequent to September 30, 2000, the Board accepted bids for a raw water intake line upgrade at \$865,761 and for the Water Treatment Plant Upgrade Project in the amount of \$3,323,000.

32. Commitments, Litigation and Contingencies

CITY OF AUBURN PRIMARY GOVERNMENT

Commitments - On December 27, 1984, the City entered into a Service Agreement with Merscot-Auburn Limited Partnership (the Company) for the design, construction, ownership, operation and maintenance of two waste water treatment plants and approximately 25 miles of interceptor sewer lines. The plants are designed to handle approximately 7.0 million gallons per day of waste water.

The Service Agreement term began upon the completion of the construction. It will expire on the later date of the payment in full of the Company's bonds issued in connection with the project (scheduled to mature in 2012) or the twenty-fifth anniversary of the date on which the full amount of the service charge becomes payable, but in no event later than 40 years from the date of its execution, December 27, 1984.

Payments under the Service Agreement began with the completion of the project and are based on two types of charges as follows:

- A. Base Service Charge - payable monthly, and on an annual basis will increase from \$1,332,440 for the first twelve month period to \$2,216,964 for the seventh through twenty-fifth periods.
- B. Additional Service Charge - payable annually by the City. The annual payment was initially set at \$789,108; however, it may be increased semi-annually based on the consumer price index and net power costs. This charge is renegotiable on a fair and reasonable basis at five year intervals.

CITY OF AUBURN, ALABAMA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2000

32. Commitments, Litigation and Contingencies - continued

The aggregate amount of the required payments for the next five years of operations as computed at September 30, 2000, is summarized as follows:

<u>Fiscal Year</u>	<u>Base Service Charge</u>	<u>Additional Service Charge</u>	<u>Total</u>
2001	2,216,964	1,132,475	3,349,439
2002	2,216,964	1,132,475	3,349,439
2003	2,216,964	1,132,475	3,349,439
2004	2,216,964	1,132,475	3,349,439
2005	2,216,964	1,132,475	3,349,439

Commitments - The City was committed under certain construction contracts for various general government projects. The aggregate amount of such commitments was \$7,020,163 as of September 30, 2000.

Commitments - The City was committed to funding the 10% local share of a Federal Aviation Authority grant application to be submitted to obtain federal funds to be used to expand the Auburn-Opelika Airport. During fiscal year 2000, the City paid \$92,592 for its share of runway extension costs. The remaining amount as of September 30, 2000, could not be estimated. In addition, the Council had approved a resolution committing \$100,000 per year for airport development, operations, and maintenance for ten years beginning in fiscal year 1993.

Claims and Litigation - As of September 30, 2000, the City had been named defendant in nine pending lawsuits. The dollar amount of damages claimed is \$2,382,511; three of these suits do not specify a dollar amount, and three suits claim injunctive relief. City management intends to vigorously defend these suits and estimates that the City's potential loss in these actions will not exceed \$117,000.

In fiscal year 2000, the City expended \$291,740 in payment of claims and judgments and legal costs associated therewith. These expenditures are included in the General Fund as current expenditures in the Risk Management Department.

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

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2000

32. Commitments, Litigation and Contingencies - continued

COMPONENT UNITS

Board of Education

Commitments - The Board has entered into contracts for the construction or renovation of various facilities to be funded with Alabama Public School and College Authority (PSCA) funds as follows:

	<u>Project Authorization</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>	<u>Required Further Financing</u>
Architect - Samford Middle School	\$ 86,593	\$ 84,557	\$ 2,036	\$ -
Classroom Addition - Samford Middle School	\$ 1,192,988	\$ 1,133,339	\$ 59,649	\$ -
Roof Replacement - Dean Road Elementary & Auburn High School	\$ 176,083	\$ 162,268	\$ 13,815	\$ -

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

Water Works Board

Commitments - The Water Works Board has commitments for construction projects principally in connection with system improvements. The cost to complete the projects is approximately \$266,500 which will be incurred in fiscal year 2001.

Industrial Development Board

Commitments - In November 1994, the Auburn City Council passed a resolution which deeded all industrial property owned by the City to the Industrial Development Board. This resolution authorized the transfer of the Auburn Center for Developing Industries (ACDI) to the Industrial Development Board subject to a satisfactory refinancing or assumption of the existing debt on the facilities by the Board. Subsequently, the Board demonstrated its intent to carry out the refinancing by approving a proposal from a local bank. As of the end of audit fieldwork, refinancing had not taken place and, therefore, the ACDI is not reflected in the financial statements of the Board as of September 30, 2000.

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

CITY OF AUBURN, ALABAMA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2000

33. Landfill Closure and Postclosure Care

State and federal laws and regulations require the City to place a final cover on its inert landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The City's Landfill closed in fiscal year 2000. Postclosure care costs will be paid only after the date that the landfill stops accepting waste; the City reports these postclosure care costs as a liability in the General Long-Term Debt Account Group. The total amount expended for landfill closure and postclosure care during fiscal year 2000 was \$94,152. This amount is reflected in General Fund expenditures. The \$159,500 reported as landfill postclosure care liability in the General Long-Term Debt Account Group at September 30, 2000, represents estimated costs of postclosure care based on what it would cost to perform all postclosure care in 2000. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

34. Related Party Transactions

During fiscal year 1995, the Industrial Development Board, a component unit of the City, entered into a capital lease agreement with one of its Board members. The Board leased a parcel of land located in one of its Industrial Parks to the Board member for a term of twenty years with lease payments over the term of the lease totaling \$50,000. All payments due under the lease (except for a nominal amount to exercise the bargain purchase option) were paid in advance in a prior fiscal year.

CITY OF AUBURN, ALABAMA

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

SEPTEMBER 30, 2000

	Seven-Cent Gas Tax Fund	Four-Cent Gas Tax Fund	Public Safety- Substance Abuse Fund	City Gas Tax Fund	Special School Tax Fund	Special Additional School Tax Fund	Federal Grant Loan Repayment Fund	Community Development Block Grant Fund	Public Library Board	Total
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,337	\$ 16,337
Equity in pooled cash and cash equivalents	17,821	22,221	183,006	156,341	186,085	476,657	1,612,621	5,759	-	2,660,511
Grants receivable	-	-	-	-	-	-	-	35,277	-	35,277
Other receivables	-	-	-	-	13,196	13,196	-	-	-	26,392
Due from										
Other funds	-	-	-	-	-	-	55,000	-	-	55,000
Component units	-	-	-	-	-	-	8,160	-	-	8,160
Prepaid items	-	-	-	-	-	-	10,000	-	-	10,000
Mortgages receivable	-	-	-	-	-	-	5,063,092	-	-	5,063,092
Advances to										
Other funds	-	-	-	-	-	-	349,397	-	-	349,397
Component units	-	-	-	-	-	-	488,193	-	-	488,193
Land held for resale	-	-	-	-	-	-	6,000	-	-	6,000
TOTAL ASSETS	\$ 17,821	\$ 22,221	\$ 183,006	\$ 156,341	\$ 199,281	\$ 489,853	\$ 7,592,463	\$ 41,036	\$ 16,337	\$ 8,718,359

LIABILITIES AND
FUND BALANCES

Liabilities										
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 248	\$ -	\$ 2,029	\$ -	\$ -	\$ -	\$ -	\$ 3,513
Due to										
Other funds	-	-	-	-	-	-	-	34,041	-	34,041
Component units	-	-	-	-	-	-	2	-	-	2
Deferred program revenues	-	-	-	-	-	-	5,063,593	-	-	5,063,593
Total liabilities	-	-	248	-	2,029	-	5,063,595	35,277	-	5,101,149
Fund balances										
Reserved for land for resale	-	-	-	-	-	-	6,000	-	-	6,000
Reserved for advances	-	-	-	-	-	-	837,590	-	-	837,590
Unreserved - undesignated	17,821	22,221	182,758	156,341	197,252	489,853	1,685,278	5,759	16,337	2,773,620
Total fund balances	17,821	22,221	182,758	156,341	197,252	489,853	2,528,868	5,759	16,337	3,617,210
TOTAL LIABILITIES AND FUND BALANCES	\$ 17,821	\$ 22,221	\$ 183,006	\$ 156,341	\$ 199,281	\$ 489,853	\$ 7,592,463	\$ 41,036	\$ 16,337	\$ 8,718,359

CITY OF AUBURN, ALABAMA
SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)

YEAR ENDED SEPTEMBER 30, 2000

	Seven-Cent Gas Tax Fund	Four-Cent Gas Tax Fund	Public Safety- Substance Abuse Fund	City Gas Tax Fund	Special School Tax Fund	Special Additional School Tax Fund	Federal Grant Loan Repayment Fund	Community Development Block Grant Fund	Public Library Board	Total
Revenues										
General property tax	\$ -	\$ -	\$ -	\$ -	\$ 1,442,314	\$ 2,933,410	\$ -	\$ -	\$ -	\$ 4,375,724
State shared taxes	119,436	86,227	-	-	-	-	-	-	-	205,663
Locally levied taxes	-	-	-	218,078	-	-	-	-	-	218,078
Grants	-	-	-	-	-	-	-	35,277	-	35,277
Program income	-	-	-	-	-	-	240,500	-	-	240,500
Confiscation revenues	-	-	3,803	-	-	-	-	-	-	3,803
Mortgage loan interest	-	-	-	-	-	-	111,489	-	-	111,489
Other interest	3,402	2,908	13,290	5,610	9,224	41,741	65,718	2,259	405	144,557
Total revenues	122,838	89,135	17,093	223,688	1,451,538	2,975,151	417,707	37,536	405	5,335,091
Expenditures										
Current operations										
Public safety	-	-	4,369	-	-	-	-	-	-	4,369
Economic development	-	-	-	-	-	-	109,220	166	-	109,386
Administrative	-	-	-	-	-	-	-	27,761	-	27,761
Non-departmental	-	-	-	-	58,621	116,981	-	-	-	175,602
Total current operations	-	-	4,369	-	58,621	116,981	109,220	27,927	-	317,118
Debt service										
Principal	-	-	-	-	1,189,470	-	-	-	-	1,189,470
Interest	-	-	-	-	1,192,342	-	-	-	-	1,192,342
Other	-	-	-	-	5,626	-	-	-	-	5,626
Total debt service	-	-	-	-	2,387,438	-	-	-	-	2,387,438
Capital outlay										
	-	-	62,300	-	-	-	1,077	7,350	-	70,727
Total expenditures	-	-	66,669	-	2,446,059	116,981	110,297	35,277	-	2,775,283
Excess (deficiency) of revenues over expenditures	122,838	89,135	(49,576)	223,688	(994,521)	2,858,170	307,410	2,259	405	2,559,808

	Public			Federal			Total		
	Seven-Cent Gas Tax Fund	Four-Cent Gas Tax Fund	Public Safety-Substance Abuse Fund	City Gas Tax Fund	Special School Tax Fund	Special Additional School Tax Fund		Federal Grant Loan Repayment Fund	Community Development Block Grant Fund
Other financing sources (uses)									
Operating transfers in from other funds	\$ -	\$ -	\$ -	\$ -	\$ 2,379,303	\$ -	\$ 314,854	\$ -	\$ 2,694,157
Operating transfers out									
To other funds	(120,000)	(86,000)	-	(208,380)	-	(2,379,303)	-	-	(2,793,683)
To component units	-	-	-	-	(1,195,452)	(28,973)	(40,122)	-	(1,262,547)
Total other financing sources (uses)	(120,000)	(86,000)	-	(208,380)	1,183,851	(2,406,276)	274,732	-	(1,362,073)
Excess (deficiency) of revenue and other sources over expenditures and other uses	2,838	3,135	(49,576)	15,308	189,330	451,894	582,142	2,259	405
Fund balances (deficit) beginning of year	14,983	19,086	232,334	141,033	7,922	37,959	2,276,120	3,500	15,932
Residual equity transfers out	-	-	-	-	-	-	(329,394)	-	-
Fund balances, end of year	\$ 17,821	\$ 22,221	\$ 182,758	\$ 156,341	\$ 197,252	\$ 489,853	\$ 2,528,868	\$ 5,759	\$ 16,337
									\$ 3,617,210

CITY OF AUBURN, ALABAMA

SEVEN-CENT GAS TAX SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL

YEAR ENDED SEPTEMBER 30, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
State shared taxes	\$ 120,000	\$ 119,436	(564)
Interest	-	3,402	3,402
Total revenues	<u>120,000</u>	<u>122,838</u>	<u>2,838</u>
Other financing sources (uses)			
Operating transfers out	<u>(120,000)</u>	<u>(120,000)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	2,838	2,838
Fund balance (deficit), beginning of year	<u>14,983</u>	<u>14,983</u>	<u>-</u>
Fund balance, end of year	<u>\$ 14,983</u>	<u>\$ 17,821</u>	<u>\$ 2,838</u>

CITY OF AUBURN, ALABAMA

FOUR-CENT GAS TAX SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED SEPTEMBER 30, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
State shared taxes	\$ 86,000	\$ 86,227	227
Interest	750	2,908	2,158
Total revenues	<u>86,750</u>	<u>89,135</u>	<u>2,385</u>
Other financing sources (uses)			
Operating transfers out	<u>(86,000)</u>	<u>(86,000)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	750	3,135	2,385
Fund balance, beginning of year	<u>19,086</u>	<u>19,086</u>	<u>-</u>
Fund balance, end of year	<u>\$ 19,836</u>	<u>\$ 22,221</u>	<u>\$ 2,385</u>

CITY OF AUBURN, ALABAMA

PUBLIC SAFETY SUBSTANCE ABUSE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED SEPTEMBER 30, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Confiscation revenue	\$ 1,000	\$ 3,803	2,803
Interest	11,000	13,290	2,290
Total revenues	<u>12,000</u>	<u>17,093</u>	<u>5,093</u>
Expenditures			
Current operations			
Public safety administration	15,000	4,369	10,631
Capital outlay	80,000	62,300	17,700
Total expenditures	<u>95,000</u>	<u>66,669</u>	<u>28,331</u>
Excess (deficiency) of revenues over expenditures	(83,000)	(49,576)	33,424
Fund balance, beginning of year	<u>232,334</u>	<u>232,334</u>	-
Fund balance, end of year	<u>\$ 149,334</u>	<u>\$ 182,758</u>	<u>\$ 33,424</u>

CITY OF AUBURN, ALABAMA

CITY GAS TAX SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED SEPTEMBER 30, 2000

	Budget	Actual	Variance (Unfavorable)
Revenues			
Locally levied taxes	\$ 210,000	\$ 218,078	\$ 8,078
Interest	4,500	5,610	1,110
Total revenues	<u>214,500</u>	<u>223,688</u>	<u>9,188</u>
Other financing sources (uses)			
Operating transfers out to other funds	<u>(208,380)</u>	<u>(208,380)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	6,120	15,308	9,188
Fund balance, beginning of year	<u>141,033</u>	<u>141,033</u>	<u>-</u>
Fund Balance, end of year	<u>\$ 147,153</u>	<u>\$ 156,341</u>	<u>\$ 9,188</u>

CITY OF AUBURN, ALABAMA

SPECIAL SCHOOL TAX SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED SEPTEMBER 30, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
General property tax	\$ 1,516,303	\$ 1,442,314	\$ (73,989)
Interest	2,500	9,224	6,724
Total revenues	<u>1,518,803</u>	<u>1,451,538</u>	<u>(67,265)</u>
Expenditures			
Current operations			
Non-departmental	50,000	58,621	(8,621)
Debt service			
Principal	1,189,629	1,189,470	159
Interest	1,192,479	1,192,342	137
Other	9,551	5,626	3,925
Total debt service	<u>2,391,659</u>	<u>2,387,438</u>	<u>4,221</u>
Total expenditures	<u>2,441,659</u>	<u>2,446,059</u>	<u>(4,400)</u>
Excess (deficiency) of revenues over expenditures	<u>(922,856)</u>	<u>(994,521)</u>	<u>(71,665)</u>
Other financing sources (uses)			
Long-term debt proceeds	9,786	-	(9,786)
Operating transfers in from other funds	2,257,000	2,379,303	122,303
Operating transfers out to other funds	(596)	-	596
Operating transfers out to component units	(1,195,500)	(1,195,452)	48
Total other financing sources (uses)	<u>1,070,690</u>	<u>1,183,851</u>	<u>113,161</u>
Excess (deficiency) of revenues and other sources over expenditures	147,834	189,330	41,496
Fund balance, beginning of year	7,922	7,922	-
Fund balance, end of year	<u>\$ 155,756</u>	<u>\$ 197,252</u>	<u>\$ 41,496</u>

CITY OF AUBURN, ALABAMA

SPECIAL ADDITIONAL SCHOOL TAX SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED SEPTEMBER 30, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
General property tax	\$ 2,650,000	\$ 2,933,410	\$ 283,410
Interest	25,000	41,741	16,741
Total revenues	<u>2,675,000</u>	<u>2,975,151</u>	<u>300,151</u>
Expenditures			
Current operations			
Non-departmental	131,350	116,981	14,369
Excess (deficiency) of revenues over expenditures	<u>2,543,650</u>	<u>2,858,170</u>	<u>314,520</u>
Other financing sources (uses)			
Operating transfers out to other funds	(2,257,000)	(2,379,303)	(122,303)
Operating transfers out to component units	(250,000)	(26,973)	223,027
Total other financing sources (uses)	<u>(2,507,000)</u>	<u>(2,406,276)</u>	<u>100,724</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	36,650	451,894	415,244
Fund balance, beginning of year	37,959	37,959	-
Fund balance, end of year	<u>\$ 74,609</u>	<u>\$ 489,853</u>	<u>\$ 415,244</u>

City of Auburn



CITY OF AUBURN, ALABAMA

DEBT SERVICE FUNDS

COMBINING BALANCE SHEET

SEPTEMBER 30, 2000

	GORSIW Series 76 Fund	Special 5-Mill Tax Fund	Total
ASSETS			
Equity in pooled cash and cash equivalents	\$ 30,875	\$ 1,889,903	\$ 1,920,778
Restricted cash and investments	-	13,196	13,196
Other receivables	-	-	-
TOTAL ASSETS	<u>\$ 30,875</u>	<u>\$ 1,903,100</u>	<u>\$ 1,933,975</u>
LIABILITIES AND FUND BALANCES			
Fund balances			
Reserved for debt service	<u>\$ 30,875</u>	<u>\$ 1,903,100</u>	<u>\$ 1,933,975</u>

CITY OF AUBURN, ALABAMA

DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED SEPTEMBER 30, 2000

	GORSIW Series 76 Fund	Special 5-Mill Tax Fund	Total
Revenues			
General property tax	-	\$ 1,346,753	\$ 1,346,753
Interest	2,708	188,804	191,512
Total revenues	<u>2,708</u>	<u>1,535,557</u>	<u>1,538,265</u>
Expenditures			
Current operations			
Non-departmental	-	53,843	53,843
Debt service			
Interest	28,380	641,461	669,841
Principal	50,000	830,000	880,000
Fiscal fees	-	6,526	6,526
Total debt service	<u>78,380</u>	<u>1,477,987</u>	<u>1,556,367</u>
Total expenditures	<u>78,380</u>	<u>1,531,830</u>	<u>1,610,210</u>
Excess (deficiency) of revenues over expenditures	<u>(75,672)</u>	<u>3,727</u>	<u>(71,945)</u>
Other financing sources (uses)			
Operating transfers in from other funds	78,380	-	78,380
Operating transfers out to other funds	-	(759,781)	(759,781)
Total other financing sources (uses)	<u>78,380</u>	<u>(759,781)</u>	<u>(681,401)</u>
Excess of revenues and other sources over expenditures and other uses	2,708	(756,054)	(753,346)
Fund balances, beginning of year	28,167	2,659,154	2,687,321
Fund balances, end of year	<u>\$ 30,875</u>	<u>\$ 1,903,100</u>	<u>\$ 1,933,975</u>

CITY OF AUBURN, ALABAMA

GORSIW SERIES 76 DEBT SERVICE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Interest	\$ 620	\$ 2,708	\$ 2,088
Expenditures			
Debt service			
Interest	28,380	28,380	-
Principal	50,000	50,000	-
Total debt service	<u>78,380</u>	<u>78,380</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(77,760)	(75,672)	2,088
Other financing sources			
Operating transfers in from other funds	<u>78,380</u>	<u>78,380</u>	<u>-</u>
Excess of revenues and other sources over expenditures	620	2,708	2,088
Fund balance, beginning of year	<u>28,167</u>	<u>28,167</u>	<u>-</u>
Fund balance, end of year	<u>\$ 28,787</u>	<u>\$ 30,875</u>	<u>\$ 2,088</u>

CITY OF AUBURN, ALABAMA

SPECIAL 5-MILL TAX DEBT SERVICE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED SEPTEMBER 30, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
General property tax	\$ 1,315,000	\$ 1,346,753	31,753
Interest	135,000	188,804	53,804
Total revenues	<u>1,450,000</u>	<u>1,535,557</u>	<u>85,557</u>
Expenditures			
Current operations			
Non-departmental	50,000	53,843	(3,843)
Debt service			
Interest	851,381	641,461	209,920
Principal	965,000	830,000	135,000
Fiscal fees	1,000	6,526	(5,526)
Total debt service	<u>1,817,381</u>	<u>1,477,987</u>	<u>339,394</u>
Total expenditures	<u>1,867,381</u>	<u>1,531,830</u>	<u>335,551</u>
Excess (deficiency) of revenues over expenditures	<u>(417,381)</u>	<u>3,727</u>	<u>421,108</u>
Other financing sources (uses)			
Operating transfers out to other funds	<u>(422,000)</u>	<u>(759,781)</u>	<u>(337,781)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(839,381)</u>	<u>(756,054)</u>	<u>83,327</u>
Fund balance, beginning of year	<u>2,659,154</u>	<u>2,659,154</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,819,773</u>	<u>\$ 1,903,100</u>	<u>\$ 83,327</u>

CITY OF AUBURN, ALABAMA

CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

SEPTEMBER 30, 2000

	'99 Warrant Projects Fund	'99 Bond Projects Fund	'97/98 Capital Projects Fund	Total
ASSETS				
Equity in pooled cash and cash equivalents	\$ 2,570,872	\$ 2,487,281	\$ 1,223,230	\$ 6,281,383
Other receivables	-	-	4,986	4,986
TOTAL ASSETS	<u>\$ 2,570,872</u>	<u>\$ 2,487,281</u>	<u>\$ 1,228,216</u>	<u>\$ 6,286,369</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ 226,465	\$ 648,272	\$ 260,179	\$ 1,134,916
Due to other funds	-	-	4,270	4,270
Total liabilities	<u>226,465</u>	<u>648,272</u>	<u>264,449</u>	<u>1,139,186</u>
Fund balances				
Reserved for encumbrances	87,295	1,012,740	-	1,100,035
Unreserved-undesignated	2,257,112	826,269	963,767	4,047,148
Total fund balances	<u>2,344,407</u>	<u>1,839,009</u>	<u>963,767</u>	<u>5,147,183</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,570,872</u>	<u>\$ 2,487,281</u>	<u>\$ 1,228,216</u>	<u>\$ 6,286,369</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 YEAR ENDED SEPTEMBER 30, 2000

	'99 Warrant Projects Fund	'99 Bond Projects Fund	'97/98 Capital Projects Fund	Total
Revenues				
Contributions from the public	\$ -	\$ 20,000	\$ 19,949	\$ 39,949
Interest	186,383	209,227	109,114	504,724
Total revenues	<u>186,383</u>	<u>229,227</u>	<u>129,063</u>	<u>544,673</u>
Expenditures				
Capital outlay	1,246,703	1,953,110	1,178,822	4,378,635
Excess (deficiency) of revenues over expenditures	(1,060,320)	(1,723,883)	(1,049,759)	(3,833,962)
Other financing sources (uses)				
Operating transfers in from other funds	422,000	-	200,000	622,000
Excess of revenues and other sources over expenditures and other uses	(638,320)	(1,723,883)	(849,759)	(3,211,962)
Fund balances, beginning of year	2,982,727	3,562,892	1,813,526	8,359,145
Fund balances, end of year	<u>\$ 2,344,407</u>	<u>\$ 1,839,009</u>	<u>\$ 963,767</u>	<u>\$ 5,147,183</u>



City of Auburn

CITY OF AUBURN, ALABAMA
ENTERPRISE FUNDS

COMBINING BALANCE SHEET

SEPTEMBER 30, 2000

	Sewer Revenue Fund	Industrial Park Fund	Wright Street Parking Fund	Total
ASSETS				
Current assets				
Cash	\$ 401,087	-	-	\$ 401,087
Equity in pooled cash and cash equivalents	883,618	35,538	-	919,156
Restricted cash and investments				
Equipment replacement fund	892	-	-	892
Total cash and cash equivalents	<u>1,285,597</u>	<u>35,538</u>	<u>-</u>	<u>1,321,135</u>
Receivables				
Water Works Board	464,514	-	-	464,514
Prepaid insurance	3,166	-	-	3,166
Due from other funds	20	-	-	20
Total current assets	<u>1,753,297</u>	<u>35,538</u>	<u>-</u>	<u>1,788,835</u>
Property, plant and equipment				
Land	134,626	-	-	134,626
Buildings	8,720	-	-	8,720
Construction in progress	147,991	-	-	147,991
Sewage plants and lines	12,658,875	-	-	12,658,875
Machinery and equipment	406,206	-	-	406,206
Vehicles	215,943	-	-	215,943
	<u>13,572,361</u>	<u>-</u>	<u>-</u>	<u>13,572,361</u>
Accumulated depreciation/amortization	3,966,954	-	-	3,966,954
Net property, plant and equipment	<u>9,605,407</u>	<u>-</u>	<u>-</u>	<u>9,605,407</u>
Advances to Component units		283,887	-	283,887
TOTAL ASSETS	<u>\$ 11,358,704</u>	<u>\$ 319,425</u>	<u>\$ -</u>	<u>\$ 11,678,129</u>

	Sewer Revenue Fund	Industrial Park Fund	Wright Street Parking Fund	Total
LIABILITIES AND FUND EQUITY				
Current liabilities				
Current maturities of leases payable	\$ 31,678	-	-	\$ 31,678
Accounts payable and accrued liabilities	14,220	16	-	14,236
Customer deposits	228,452	-	-	228,452
Payables to other governments	27,492	-	-	27,492
Due to other funds	61,863	57,859	-	119,722
Total current liabilities	<u>363,705</u>	<u>57,875</u>	<u>-</u>	<u>421,580</u>
Long-term liabilities				
Capital leases payable	110,053	-	-	110,053
Accumulated annual leave	36,295	-	-	36,295
Advances from other funds	-	349,397	-	349,397
Total long-term liabilities	<u>146,348</u>	<u>349,397</u>	<u>-</u>	<u>495,745</u>
Long-term liabilities (payable from restricted assets)				
Due to Merscot-Auburn Limited Partnership	892	-	-	892
Total liabilities	<u>510,945</u>	<u>407,272</u>	<u>-</u>	<u>918,217</u>
Fund equity (deficit)				
Contributed capital				
Developers	10,400,013	-	-	10,400,013
Grants	-	194,410	-	194,410
General Government	-	274,713	-	274,713
Retained earnings (deficit)	447,746	(556,970)	-	(109,224)
Unreserved	<u>10,847,759</u>	<u>(87,847)</u>	<u>-</u>	<u>10,759,912</u>
Total fund equity (deficit)				
TOTAL LIABILITIES AND FUND EQUITY	\$ 11,358,704	\$ 319,425	\$ -	\$ 11,678,129

CITY OF AUBURN, ALABAMA
ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS (DEFICIT)

YEAR ENDED SEPTEMBER 30, 2000

	Sewer Revenue Fund	Industrial Park Fund	Wright Street Parking Fund	Total
Operating revenues				
Sewer service charges	\$ 4,960,076	-	-	\$ 4,960,076
Sewer tapping fees	3,102	-	-	3,102
Metered parking fees	-	-	343	343
Miscellaneous	-	4,000	-	4,000
Total operating revenues	4,963,178	4,000	343	4,967,521
Operating expenses				
Salaries and wages	349,061	-	-	349,061
Employee benefits	61,300	-	-	61,300
Repairs and maintenance	7,394	-	-	7,394
Utilities	27,288	213	893	28,394
Professional services	210,055	-	-	210,055
Rentals and leasing	-	-	1,000	1,000
Insurance	4,843	-	-	4,843
Office supplies	18,148	-	-	18,148
Fuels and lubricants	8,237	-	-	8,237
Agricultural and chemical supplies	15,148	-	-	15,148
Minor equipment and tools	1,630	-	-	1,630
Repair parts and materials	44,027	-	-	44,027
Clothing and linens	7,055	-	-	7,055
Sewer service fees	126,000	-	-	126,000
Equipment replacement fees	58,375	-	-	58,375
Management fees	3,349,451	-	-	3,349,451
Bad debt expense	61,863	-	-	61,863
Depreciation/amortization	298,538	-	-	298,538
Travel and training	4,223	-	-	4,223
Total operating expenses	4,652,636	213	1,893	4,654,742
Operating income (loss)	310,542	3,787	(1,550)	312,779

	Sewer Revenue Fund	Industrial Park Fund	Wright Street Parking Fund	Total
Non-operating revenues (expenses)				
Interest earned	\$ 43,384	\$ 1,480	\$ 2,517	\$ 47,381
Interest and fiscal charges	(8,338)	(50)	-	(8,388)
Loss on disposal of fixed assets	(6,231)	-	-	(6,231)
Total non-operating revenues (expenses)	28,815	1,430	2,517	32,762
Net income (loss) before operating transfers	339,357	5,217	967	345,541
Operating transfers in				
From other funds	-	1,000	15,000	16,000
From component units	-	120,199	-	120,199
Operating transfers out to other funds	(71,250)	(314,854)	-	(386,104)
Net income (loss)	268,107	(188,438)	15,967	95,636
Retained earnings (deficit), beginning of year	179,639	(368,532)	(91,593)	(280,486)
Residual equity transfers in (out)	-	-	75,626	75,626
Retained earnings (deficit), end of year	\$ 447,746	\$ (556,970)	\$ -	\$ (109,224)

CITY OF AUBURN, ALABAMA

ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2000

	Sewer Revenue Fund	Industrial Park Fund	Wright Street Parking Fund	Total
Cash flows from operating activities				
Cash collected from customers	\$ 4,929,542	\$ 4,000	\$ 343	\$ 4,933,885
Customer deposits refunded	(5,169)	-	-	(5,169)
Payments to suppliers for goods and services	(3,935,067)	(213)	(1,893)	(3,937,173)
Payments to employees for services	(409,352)	-	-	(409,352)
Net cash provided (consumed) by operating activities (A)	579,954	3,787	(1,550)	582,191
Cash flows from non-capital financing activities				
Proceeds of operating transfers in	-	121,199	15,000	136,199
Proceeds of operating transfers out	(71,250)	(314,854)	-	(386,104)
Proceeds of borrowing from other funds	41,381	(133,067)	-	(91,686)
Repayment of borrowing from other funds	-	-	(47,345)	(47,345)
Repayment of borrowing from component units	(298,072)	(592,987)	-	(891,059)
Net cash provided by non-capital financing activities	(327,941)	(919,709)	(32,345)	(1,279,995)

	Sewer Revenue Fund	Industrial Park Fund	Wright Street Parking Fund	Total
Cash flows from capital and related financing activities				
Principal repayments on borrowing	\$ (27,472)	\$ (5,782)	\$ -	\$ (33,254)
Acquisition and construction of capital assets	(397,889)	-	-	(397,889)
Repayment of long-term borrowing for equipment replacement	(26,484)	-	-	(26,484)
Proceeds of capital leases	169,203	-	-	169,203
Interest paid	(8,338)	(50)	-	(8,388)
Net cash provided (consumed) by capital and related financing activities	(290,980)	(5,832)	-	(296,812)
Cash flows from investing activities				
Interest on investments	43,384	1,480	2,517	47,381
Net cash provided by investing activities	43,384	1,480	2,517	47,381
Net increase (decrease) in cash	4,417	(920,274)	(31,378)	(947,235)
Cash and cash equivalents, beginning of year	1,281,180	955,812	31,378	2,268,370
Cash and cash equivalents, end of year	\$ 1,285,597	\$ 35,538	\$ -	\$ 1,321,135
Composition of cash and cash equivalents at September 30, 1999:				
Unrestricted	\$ 1,284,705	\$ 35,538	\$ -	\$ 1,320,243
Restricted	892	-	-	892
Total cash and cash equivalents	\$ 1,285,597	\$ 35,538	\$ -	\$ 1,321,135

RECONCILIATION OF NET INCOME TO
CASH PROVIDED (CONSUMED) BY
OPERATING ACTIVITIES (A)

Operating income (loss)	\$ 310,542	\$ 3,787	\$ (1,550)	\$ 312,779
Add:				
Depreciation/amortization expense	298,538	-	-	298,538
Increase in accrued leave	1,009	-	-	1,009
Increase in payables to other governments	27,492	-	-	27,492
Deduct:				
Increase in receivable from Water Board	(33,636)	-	-	(33,636)
Increase in prepaid expenses	(742)	-	-	(742)
Decrease in accounts payable/accrued liabilities	(18,080)	-	-	(18,080)
Decrease in customer deposits	(5,169)	-	-	(5,169)
Net cash provided (consumed) by operating activities	\$ 579,954	\$ 3,787	\$ (1,550)	\$ 582,191
Non-cash transactions:				
Estimated cost of sewer lines installed by and contributed to the City by developers	\$ 532,440	\$ -	\$ -	\$ 532,440
Net book value of assets removed from service	6,231	-	-	6,231
Net book value of land improvements transferred to the general fixed assets account group	-	-	22,197	22,197
Total non-cash transactions	\$ 538,671	\$ -	\$ 22,197	\$ 560,868

CITY OF AUBURN, ALABAMA

SCHEDULE OF GENERAL FIXED ASSETS - BY SOURCES

SEPTEMBER 30, 2000

General fixed assets	\$ 23,721,914
Land, buildings and improvements	
Construction in progress	5,665,209
Communication equipment	519,697
Heavy equipment	961,322
Office equipment	1,245,773
Small tools and equipment	994,451
Vehicles	5,150,470
Total general fixed assets	<u>\$ 38,258,836</u>
Investment in general fixed assets from:	
General Fund revenues	\$ 15,438,038
Capital Projects Funds	18,285,580
Federal grants	573,331
State grants	30,745
Special Revenue Fund revenues	2,402,922
Donations	1,013,561
Special assessments	27,800
Enterprise Fund revenues	118,319
Unclassified	368,540
Total investment in general fixed assets	<u>\$ 38,258,836</u>

CITY OF AUBURN, ALABAMA

SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY

SEPTEMBER 30, 2000

Function and Activity	Total	Land Buildings & Improvements	Construction in Progress	Communication Equipment	Heavy Equipment	Office Equipment	Small Tools and Equipment	Vehicles
General government and administration								
Executive	\$ 3,587	-	-	\$ -	-	\$ 3,587	-	\$ -
Information technology	393,018	12,816	-	9,012	-	331,009	3,995	36,186
Judicial	35,394	12,400	-	-	-	22,994	-	-
Administrative	63,546	-	-	-	-	18,385	-	45,161
Finance	78,470	-	-	-	-	51,880	-	26,590
Total general government and administration	574,015	25,216	-	9,012	-	427,855	3,995	107,937
Public works								
Environmental services	1,161,638	27,077	-	23,585	242,816	128,439	106,852	632,869
Public safety administration	2,284,705	57,735	-	11,139	477,367	42,432	174,337	1,521,695
Fire	459,839	90,401	-	200,639	-	125,725	5,176	37,898
Police and jail administration	1,433,455	14,299	-	23,032	25,502	21,624	149,535	1,199,463
Codes enforcement	1,460,477	51,135	-	111,412	-	102,384	247,243	948,303
Library	51,067	-	-	2,934	-	4,168	-	43,965
Parks and recreation	109,729	14,278	-	-	-	95,451	-	-
Planning	1,471,683	424,801	-	19,320	215,637	61,588	283,615	466,722
Human resource management	84,188	3,061	-	-	-	47,591	-	33,536
Economic development	33,909	-	-	-	-	20,220	-	13,689
Total departmental	9,173,375	708,003	-	401,073	961,322	1,084,026	970,753	5,048,198
Non-departmental								
Total general fixed assets	\$ 29,085,461	23,013,911	5,665,209	118,624	-	161,747	23,698	102,272
	\$ 38,258,836	\$ 23,721,914	\$ 5,665,209	\$ 519,697	\$ 961,322	\$ 1,245,773	\$ 994,451	\$ 5,150,470

CITY OF AUBURN, ALABAMA

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY

YEAR ENDED SEPTEMBER 30, 2000

	General Fixed Assets September 30, 1999	Additions	Transfers and Deductions	General Fixed Assets September 30, 2000
General government and administration				
Executive	\$ 4,964	-	\$ (1,377)	\$ 3,587
Information technology	353,458	64,256	(24,696)	393,018
Judicial	37,812	-	(2,418)	35,394
Administrative	57,924	3,166	2,456	63,546
Finance	116,663	23,415	(61,608)	78,470
Total general government and administration	570,821	90,837	(87,643)	574,015
Public works administration	1,039,212	158,281	(35,855)	1,161,638
Environmental services	2,170,575	372,266	(258,136)	2,284,705
Public safety administration	457,394	39,220	(36,775)	459,839
Fire	1,494,765	18,249	(79,559)	1,433,455
Police and jail administration	1,418,960	208,818	(167,301)	1,460,477
Codes enforcement	54,243	-	(3,176)	51,067
Library	129,436	11,982	(31,689)	109,729
Parks and recreation	1,391,039	160,295	(79,651)	1,471,683
Planning	63,007	36,047	(14,866)	84,188
Human resource management	38,372	1,802	(6,265)	33,909
Economic development	54,073	-	(5,403)	48,670
Total departmental	8,881,897	1,097,797	(806,319)	9,173,375
Non-departmental	23,676,677	5,932,856	(524,072)	29,085,461
Total general fixed assets	\$ 32,558,574	\$ 7,030,653	\$ (1,330,391)	\$ 38,258,836

City of Auburn



CITY OF AUBURN, ALABAMA

STATEMENT OF GENERAL LONG-TERM DEBT

SEPTEMBER 30, 2000

Amount Available and to be Provided
For the Payment of General Long-Term Debt.

Amount to be provided in future years for retirement
Amount available for retirement in Debt Service Funds

\$ 48,343,180
1,933,975

Total available and to be provided for payment
of general long-term debt

\$ 50,277,155

General Long-Term Debt

Serial bonds payable
Notes payable
Warrants payable
Capital leases payable
Total bonds, notes, warrants and capital leases
Accumulated annual leave
Claims payable
Landfill closure and postclosure care liability

\$ 16,940,000
409,254
30,700,335
659,699
48,709,288
724,224
684,143
159,500

Total general long-term debt

\$ 50,277,155



City of Auburn



Table 1

City of Auburn ~ Primary Government

General Revenues by Source ⁽¹⁾

Last Ten Fiscal Years
Unaudited

Fiscal Year	Taxes	Licenses & Permits	Fees		Fines & Forfeitures	Inter-Governmental	Other Operating Revenues	Totals
			For Services	For				
1991	\$ 9,351,251	\$ 5,211,154	\$ 1,568,731	\$ 512,361	\$ 1,220,122	\$ 939,849	\$ 18,803,468	
1992	10,982,428	5,526,941	1,699,677	568,762	703,960	687,525	20,169,293	
1993	11,119,007	5,734,437	1,950,460	527,369	1,352,993	590,256	21,274,522	
1994	11,964,486	6,152,386	1,834,385	562,880	1,114,449	508,681	22,137,267	
1995	13,153,744	6,638,422	1,792,200	637,273	2,551,230	472,453	25,245,322	
1996	14,192,633	7,032,015	2,005,605	665,316	2,520,085	546,563	26,962,217	
1997	15,904,268	7,502,105	2,105,698	749,580	2,170,822	793,647	29,226,120	
1998	16,947,670	7,947,986	2,273,076	675,476	1,173,496	1,132,979	30,150,683	
1999	18,514,062	8,482,280	2,721,165	695,051	3,174,742	1,649,307	35,236,607	
2000	20,616,204	9,259,395	3,014,783	754,366	1,037,682	1,924,820	36,607,250	

⁽¹⁾Source: City financial records. Includes selected data from General, Special Revenue, Debt Service and Capital Projects Funds. Excludes interfund contributions and transfers except from Enterprise to non-Enterprise Funds.

Table 2
City of Auburn ~ Primary Government
General Government Tax Revenues by Source(1)

Fiscal Year	Last Ten Fiscal Years								Totals
	Sales & Use Tax	Cigarette & ABC* Tax	Motor Fuel Tax	Lodging and Rental Tax	Financial Institution Tax	Motor Vehicle Tax	General Property Tax		
1991	\$ 5,650,146	\$ 127,045	\$ 439,007	\$ 123,112	\$ 40,433	\$ 59,094	\$ 2,945,310	\$	9,384,147
1992	7,111,981 ⁽²⁾	113,277	465,341	126,006	75,126	61,581	3,052,620		18,117,913
1993	7,451,555	106,150	492,139	145,268	125,391	59,863	3,126,195		11,506,561
1994	7,897,169	94,633	523,305	167,139	124,953	66,389	3,471,817		12,345,405
1995	8,729,493	97,929	535,057	195,650	111,112	69,536	3,790,864		13,529,641
1996	9,545,803	97,595	545,933	244,321	69,656	76,732	3,845,988		14,426,028
1997	9,739,125	112,841	560,098	293,576	110,621	76,027	5,390,311 ⁽³⁾		21,672,910
1998	10,300,115	124,329	590,923	292,834	100,516	66,570	5,431,807		16,907,094
1999	11,313,849	122,863	625,478	313,969	100,493	64,854	5,969,272		18,510,778
2000	12,154,032	116,981	653,974	439,425	36,447	76,447	7,082,494		20,559,800

*State Alcoholic Beverage Control Board

⁽¹⁾ Includes state shared taxes.

⁽²⁾ Tax increase from 2% to 2-1/2% effective 12/1/91.

⁽³⁾ Special School Tax Fund millage increased from 5 mills to 11 mills effective 10/1/96.

Table 3

City of Auburn ~ Primary Government
General Government Expenditures by Functions

Fiscal Year	General & Government ⁽¹⁾	Public Safety	Public Works ⁽²⁾	Recreational & Cultural Services	Health Education & Welfare	Debt Service	Capital Outlay	Totals
1991	\$ 3,290,161	\$ 5,053,588	\$ 2,137,370	\$ 1,492,019	\$ 5,380,817	\$ 2,906,752	\$ 1,646,343	\$ 27,287,867
1992	3,636,822	5,236,639	2,666,274	1,684,706	3,751,710	2,477,005	3,531,095	22,984,251
1993	3,714,242	5,660,726	2,726,314	2,097,982	7,289,829	3,046,463	3,142,493	27,678,049
1994	3,640,222	5,685,370	2,756,265	2,094,181	7,668,763	3,230,488	1,257,850	26,333,139
1995	4,185,800	5,825,340	3,116,611	2,207,772	3,217,744	3,437,145	1,295,031	23,285,443
1996	4,708,497	6,284,145	2,767,313	2,346,503	13,997,653	3,707,506	2,344,586	36,156,203
1997	4,491,917	6,184,700	3,291,949	2,448,282	3,009,056	4,276,673	4,088,907	27,791,484
1998	4,905,212	6,861,361	3,336,846	2,766,386	3,190,493	4,922,820	6,584,804	32,567,922
1999	4,401,388	7,148,139	4,164,689	2,986,616	4,285,897	4,649,526	8,495,353	36,131,608
2000	4,828,274	7,316,828	4,446,076	3,387,510	3,863,430	5,620,283	11,447,448	40,909,849

Source: City financial records. Includes selected data from General, Special Revenue, Debt Service and Capital Projects Funds. Excludes interfund contributions and transfer transfers, except from Enterprise to non-Enterprise funds.

⁽¹⁾ Includes other Governmental Fund type expenditures that do not fall under another listed category.

⁽²⁾ Includes Streets and Drainage and Solid Waste.

⁽³⁾ Includes contributions to Board of Education building fund.

⁽⁴⁾ Includes bond issue proceeds (\$11,000,000) transferred to Board of Education.

Table 4
City of Auburn ~ Primary Government
Revenue Bond Coverage

Sewer Bonds

Last Ten Fiscal Years
Unaudited

Fiscal Year	Direct Gross Revenue ⁽¹⁾	Net Revenue Operating Expenses ⁽²⁾	Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1991	\$ 2,833,193	\$ 3,212,257	\$ (379,064)	\$ -0-	\$ -0-	\$ -	-
1992	2,826,538	3,452,665	(626,127)	-0-	-0-	-	-
1993	3,168,825	3,682,989	(514,164)	-0-	8,120	8,120	None
1994	3,880,589	3,680,162	200,427	245,000	25,395	270,395	0.74
1995	4,355,872	3,722,279	633,593	245,000	16,905	261,905	2.42
1996	4,550,243	3,798,883	751,360	245,000	8,453	253,453	2.97
1997	4,478,551	3,947,624	530,927	-0-	-0-	-0-	-
1998	4,488,761	4,046,156	442,605	-0-	-0-	-0-	-
1999	4,659,615	4,273,848	385,767	-0-	-0-	-0-	-
2000	4,991,993	4,425,348	566,645	-0-	-0-	-0-	-

⁽¹⁾Includes sewer service charges, tapping fees, gains on property disposals and other net non-operating revenues.

⁽²⁾Includes operating expenses and operating transfers out less depreciation expense.

Table 5

**City of Auburn ~ Primary Government
Property Tax Levies and Collections**

Date of Assessment And Levy	Last Ten Fiscal Years <i>Unaudited</i>		Percent of Current and Delinquent Levies Collected
	Assessed Valuation	Total Tax Levy	
October 1			%
1991	\$ 143,299,280	\$ 2,708,733	100
1992	144,194,720	2,785,920	100
1993	149,150,200	2,855,636	100
1994	174,467,860	3,191,500	100
1995	186,382,440	3,219,969	100
1996	196,322,540	3,694,901	100
1997	210,995,540	4,864,228	100
1998	233,605,380	5,431,696	100
1999	297,855,880	5,969,272	100
2000	315,482,100	7,082,494	100
		Total Tax Collections	
		2,708,733	100
		2,785,920	100
		2,855,636	100
		3,191,500	100
		3,219,969	100
		3,694,901	100
		4,864,228	100
		5,431,696	100
		5,969,272	100
		7,082,494	100

Source: Lee County Tax Assessor and Lee County Tax Collector.
 All ad valorem taxes levied by the State, county and any municipality in Lee County are assessed by the Lee County Tax Assessor and collected by the Lee County Tax Collector.
 Property on which taxes have not been paid by the final delinquency date is foreclosed and sold by the Lee County Tax Collector. Property not sold at the tax foreclosure sale is purchased by the State of Alabama.

Table 6
City of Auburn
Property Tax Rates ~ Direct and Overlapping Government
 (per \$1000 of assessed value)

Taxing Authority	Last Ten Fiscal Years									
	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991
<i>Unaudited</i>										
State Of Alabama										
General Fund	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Education	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Veteran Pension	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total State of Alabama	<u>6.5</u>	<u>6.5</u>	<u>6.5</u>	<u>6.5</u>	<u>6.5</u>	<u>6.5</u>	<u>6.5</u>	<u>6.5</u>	<u>6.5</u>	<u>6.5</u>
Lee County										
General Fund	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Education	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Roads and Bridges	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>
Total Lee County	<u>14.5</u>	<u>14.5</u>	<u>14.5</u>	<u>14.5</u>	<u>14.5</u>	<u>14.5</u>	<u>14.5</u>	<u>14.5</u>	<u>14.5</u>	<u>14.5</u>
Lee County Hospital	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Dependent and Neglected Children	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Auburn District Schools	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>
City of Auburn										
General Fund	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Debt Retirement	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
School System	<u>16.0</u>	<u>16.0</u>	<u>16.0</u>	<u>16.0</u>	<u>16.0</u>	<u>16.0</u>	<u>16.0</u>	<u>16.0</u>	<u>16.0</u>	<u>16.0</u>
Total City of Auburn	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>
Total Tax Millage	<u>54.0</u>	<u>54.0</u>	<u>54.0</u>	<u>54.0</u>	<u>54.0</u>	<u>54.0</u>	<u>54.0</u>	<u>54.0</u>	<u>54.0</u>	<u>54.0</u>

Source: Lee County Tax Assessor

Table 7

**City of Auburn ~ Primary Government
Assessed Value of All Taxable Property (1)**

Last Ten Fiscal Years
Unaudited

Assessment Date October 1	Real Property Assessed Value	Personal Property Assessed Value	Utilities Property Assessed Value	Automobile Assessed Value	Totals
1991	\$ 107,233,392	\$ 16,757,328	\$ 8,370,300	\$ 10,938,260	\$ 143,299,280
1992	109,074,972	15,711,108	8,667,000	10,741,640	144,194,720
1993	112,084,800	17,407,740	9,082,000	10,575,660	149,150,200
1994	133,958,380	18,098,400	10,045,720	12,365,360	174,467,860
1995	142,184,570	15,313,030	10,083,960	18,800,800	186,382,360
1996	145,914,920	23,991,700	10,797,660	15,618,260	196,322,540
1997	152,359,000	27,418,480	10,675,220	20,542,840	210,995,540
1998	168,934,520	30,636,180	10,620,020	23,414,660	233,605,380
1999	219,179,160	39,916,660	12,747,380	26,012,680	297,855,880
2000	233,073,640	38,495,000	12,957,680	30,955,800	315,482,120

(1)Source: Lee County Tax Assessor. Ad valorem taxes are assessed and collected for the City of Auburn by the Lee County Tax Collector, respectively. Property is assess on the following basis:

Public Utility	30%
Commercial	20%
Residential	10%
Automobile	15%

Table 8

City of Auburn ~ Primary Government
Assessed and Estimated True Value of Taxable Property
 (Amounts Expressed in Thousands)

Last Ten Fiscal Years
 Unaudited

Fiscal Year	Real Estate		Personal Property		Public Utilities		Automobile		Total		Ratio of Total Assessed Value To Total Estimated True Value ⁽¹⁾
	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	
1991	\$ 107,233	\$ 1,046,931	\$ 16,758	\$ 115,289	\$ 8,370	\$ 32,862	\$ 10,938	\$ 65,630	\$ 143,299	\$ 1,260,712	11.4%
1992	109,075	1,065,608	15,711	103,049	8,667	34,028	10,742	64,452	144,195	1,267,137	11.4%
1993	112,085	1,095,014	17,408	114,178	9,082	35,657	10,576	63,456	149,151	1,308,305	11.4%
1994	133,958	1,308,702	18,098	118,706	10,046	39,441	12,365	74,190	174,467	1,541,039	11.3%
1995	142,185	1,393,971	15,313	100,743	10,084	39,700	18,800	113,253	186,382	1,647,667	11.3%
1996	145,915	1,416,372	23,992	157,427	10,798	42,395	15,618	93,746	196,323	1,709,940	11.4%
1997	152,359	1,493,715	27,418	180,381	10,675	42,027	20,543	123,753	210,995	1,839,876	11.4%
1998	168,935	1,656,225	30,636	201,553	10,620	41,811	23,414	141,048	233,605	2,040,637	11.4%
1999	217,179	2,129,005	39,917	262,574	12,747	50,185	26,013	156,702	297,856	2,598,466	11.5%
2000	233,074	2,378,306	38,495	253,257	12,958	51,016	30,956	186,482	315,483	2,869,061	11.0%

(1) For purposes of ad valorem taxation, all taxable property in the State is required under current law to be divided into the following four classes:

Class 1 - All property of utilities used in their business

Class 2 - All property not otherwise classified

Class 3 - All agricultural property, including forest property and single family, owner-occupied residential property

Class 4 - Private passenger automobiles and pickup trucks

Table 9

City of Auburn

Principal Taxpayers ~ 1998 Ad Valorem Tax Year⁽¹⁾
Unaudited

<u>Taxpayers</u>	<u>Total Assessed Value of all Property within City Limits</u>	<u>Ad Valorem Taxes Paid⁽²⁾</u>	<u>Taxpayers' Ad Valorem Taxes Paid as Percentage of City's Total Ad Valorem Tax Revenue</u>
Briggs and Stratton Corporation	\$ 14,125,440	\$ 437,889	6.18%
Alabama Power Co.	7,098,960	383,344	5.41%
BellSouth Telecommunications	3,852,280	208,023	2.94%
WHGMH Realty, LLC (College Park I and II)	3,590,180	193,870	2.77%
Colonial Realty, Ltd.	2,786,500	150,471	2.12%
Pick Rentals	2,374,220	128,208	1.81%
SUH Auburn (Sterling University Apartments)	1,988,380	107,373	1.52%
The Garden District-Auburn	1,890,520	102,089	1.44%
Alabama Gas Corporation	1,377,240	74,371	1.05%
United Artists Communications (Carmike Cinemas)	1,443,440	77,946	1.10%
Totals	\$ 40,527,160	\$ 1,863,584	26.31%

Source: Lee County Tax Assessor.

⁽¹⁾ Assessed 1998; collected October 1999 through September 2000.

⁽²⁾ 26 mill City levy only.

Table 10

City of Auburn ~ Primary Government
Ratio of General Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita

Fiscal Year	Census	Population	Past Ten Fiscal Years		Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
			Assessed Value	Net Bonded Debt ⁽¹⁾		
1991	1990	33,830	\$143,299,280	\$15,034,401	10.49	\$ 444
1992	1990	33,830	144,194,720	19,103,156	13.25	565
1993	1990	33,830	149,150,200	22,131,446	14.84	654
1994	1990	33,830	174,467,860	24,151,180	13.84	714
1995	1990	33,830	186,382,440	22,493,505	12.07	665
1996	1990	33,830	196,322,540	30,641,378	15.60	906 ⁽²⁾
1997	1990	33,830	210,995,540	38,532,415	18.26	1,139
1998	1990	33,830	233,605,380	41,965,477	17.96	1,240
1999	1999	40,425 ⁽³⁾	297,855,880	48,117,085	16.15	1,190
2000	2000	42,987 ⁽⁴⁾	315,482,120	48,851,019	15.48	1,136

⁽¹⁾Net bonded debt equals: General obligation bonds, notes and warrants outstanding, less Debt Service Funds' equity.

⁽²⁾City issued \$11 million of G.O. School Warrants on behalf of the Board of Education to finance the construction of two new schools and a major addition to the Early Education Center.

⁽³⁾Federal Census, Population Estimate, 6/30/99

⁽⁴⁾Federal Census

Table 11

City of Auburn

Schedule of Direct and Overlapping Debt

September 30, 2000
Unaudited

<u>Direct Debt</u>	Gross Debt Less Debt Service Assets	Percentage Of Debt Applicable To City Of Auburn	<u>City Of Auburn</u>
General Bonded Debt and Warrants	\$ 48,049,589		
Less: Debt Service Funds' Equity	<u>1,933,975</u>		
Net Direct Debt	46,115,614	100.00%	\$ 46,115,614
OVERLAPPING DEBT			
Lee County General Bonded Debt and Warrants	4,535,000	41.70%	<u>1,891,095</u>
Total Direct and Overlapping Debt			\$ 48,006,709

Table 12

**City of Auburn ~ Primary Government
Computation of Legal Debt Margin**

September 30, 2000

Unaudited

Assessed Value ⁽¹⁾	<u>\$ 315,482,120</u>
Debt Limit: Twenty Percent of Assessed Value	\$ 63,096,424
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	\$ 48,709,288
Other Debt ⁽²⁾	<u>2,938,331</u>
Total Debt	<u>51,647,619</u>
Less Exempt Indebtedness ⁽³⁾	<u>22,628,280</u>
Total Amount of Debt Applicable to Debt Limit	<u>29,019,339</u>
Legal Debt Margin	<u>\$ 34,077,085</u>
Percent of Applicable Debt to Debt Limit	45.99%

⁽¹⁾1999 valuation of property subject to taxation

⁽²⁾Accounts payable and accrued liabilities

⁽³⁾Payable from property assessments and for providing school houses, waterworks, and sewers

Table 13

City of Auburn ~ Primary Government
Ratio of Annual Debt Service Expenditures for
General Bonded Debt to Total General Expenditures

Fiscal Year	Last Ten Fiscal Years <i>Unaudited</i>				Ratio of Debt Service to General Expenditures
	Principal	Interest*	Total Debt Service	Total General Expenditures	
1991	\$ 1,843,708	\$ 1,063,044	\$ 2,906,752	\$ 21,907,050	13.27%
1992	1,264,710	1,212,295	2,477,005	22,984,251	10.78%
1993	1,644,163	1,402,300	3,046,463	27,678,049	11.01%
1994	1,817,622	1,412,866	3,230,488	26,333,139	12.27%
1995	1,904,721	1,532,424	3,437,145	23,285,443	14.76%
1996	2,072,582	1,634,924	3,707,506	36,156,203	10.25%
1997	2,329,408	2,169,858	4,499,266	27,791,484	16.19%
1998	2,681,804	1,887,879	4,569,683	32,567,922	14.03%
1999	3,031,729	2,358,572	5,390,301	36,158,608	14.90%
2000	3,668,809	2,427,448	6,096,257	40,909,849	14.90%

*Includes fiscal fees and charges

Table 14

City of Auburn ~ Primary Government

Schedule of Insurance in Force

September 30, 2000

Unaudited

<u>Name of Company</u>	<u>Type of Coverage</u>	<u>Policy Number</u>	<u>Policy Period</u>	<u>Liability Limits</u>	<u>Annual Premium</u>
Midwest Employers Casualty Company	Workers Compensation	4498-SA-AL	10/01/00 - 10/01/02	\$ 250,000 Retention \$ 1,000,000 Specific Limit \$ 5,000,000 Aggregate	\$ 26,015 Annual Deposit Subject to Audit
Auto-Owners Insurance Company	Automobile Liability	41-348-926-00	03/27/00 - 03/27/01	\$ 300,000 Combined Liability/Comprehensive & Collision Coverage on Selected Vehicles	\$ 77,060
Fidelity and Deposit	Public Employees Blanket Bond	0894880205	06/27/99 - Cancellation	\$ 750,000	\$ 1,555
Specialty National Insurance Company	General Liability Property/Inland Marine Law Enforcement Liability	3x2124115-00	03/27/00 - 03/27/01	\$1,000,000/Occurrence 1,000,000 Products/Completed Operators 2,000,000 General aggregate \$964,111 Inland Marine \$14,971,003 Blanket Bldg & Contents	\$ 89,025
Indemnity Company of the South	Trolley Liability	74 APN 146831	08/25/00 - 08/25/01	\$1,000,000	\$ 1,856
Specialty National	Public Officials	3x2 124252 00	09/19/00 - 03/27/01	\$1,000,000 Each Claim \$3,000,000 Annual Aggregate	\$ 16,962

Table 15

**City of Auburn ~ Primary Government
Assessed Valuation, Construction and Bank Deposits**

Fiscal Year	Last Ten Fiscal Years		
	Value Of Building Permits (in thousands) ⁽¹⁾	Bank Deposits (In Thousands) ⁽²⁾	Assessed Valuation ⁽³⁾
1991	\$ 25,020	\$ 346,216	\$ 143,299,280
1992	27,521	373,800	144,194,720
1993	29,463	493,202	148,028,600
1994	49,061	370,332	174,467,860
1995	65,370	370,302	186,382,440
1996	57,690	373,075	196,322,540
1997	57,378	414,730	210,995,540
1998	77,444	445,355	233,605,380
1999	89,615	458,417	297,855,880
2000	87,558	494,581	315,482,120

Source: ⁽¹⁾ City of Auburn Building Codes Enforcement Division.

⁽²⁾ FDIC

⁽³⁾ Lee County Tax Assessor (reflects current reappraisal values).

Table 16
City of Auburn ~ Primary Government

Demographic Statistics

Last Ten Fiscal Years
Unaudited

Fiscal Year	Lee County	City of Auburn	Lee County	City Of Auburn	City of Auburn	Lee County
	Population ⁽¹⁾	Population ⁽¹⁾	Per Capita Income	Retail Sales (in thousands)	Unemployment Rate	Unemployment Rate ⁽²⁾
1991	87,146	33,830	\$ 13,939	\$ 288,157 ⁽³⁾⁽⁵⁾	5.20%	5.60%
1992	87,146	33,830	13,939	296,332 ⁽⁵⁾	3.80%	4.50%
1993	87,146	33,830	13,939	298,062 ⁽⁵⁾	5.10%	6.30%
1994	87,146	33,830	13,939	315,887 ⁽⁵⁾	4.40%	5.00%
1995	87,146	33,830	14,358	349,180 ⁽⁵⁾	4.20%	4.80%
1996	87,146	33,830	15,538	381,832 ⁽⁵⁾	2.90%	3.30%
1997	87,146	33,830	16,018	389,998 ⁽⁵⁾	4.90%	4.90%
1998	87,146	33,830	15,659	412,005 ⁽⁵⁾	3.40%	3.30%
1999	102,164 ⁽⁶⁾	40,425 ⁽⁶⁾	17,236	452,025 ⁽⁵⁾	3.60%	3.50%
2000	102,164 ⁽⁶⁾	40,425 ⁽⁶⁾	18,831	486,082 ⁽⁵⁾	3.40%	3.70%

Sources:

- (1) Federal Census, 1990
(2) State of Alabama, Department of Industrial Relations, Research and Statistics Division
(3) Based on gross receipts sales tax revenue collected by the State of Alabama for the City through November, 1991. The City began self-collecting on December 1, 1991.
(4) Statistics compiled by the City.
(5) Based on gross receipts sales tax revenue collected by the City. Excludes tax-exempt sales.
(6) Federal Census, Population Estimate, 6/30/99

Table 17

City of Auburn

Miscellaneous Statistical Data

September 30, 2000
Unaudited

Date of Incorporation	February 2, 1839		
Form of Government			
City	Council-Manager		
County	Commission		
City Area In Square Miles	40.00		
Miles of Streets			
Paved	184.00		
Unpaved	2.88		
Miles of Sanitary Sewers	170		
Financial Institutions			
Banks	9		
Credit Unions	2		
Health Care Facility			
East Alabama			
Medical Center	1		
City Library			
Number of libraries	1		
Number of employees	15		
Population			
1900 Federal Census	1,831		
1910 Federal Census	2,145		
1920 Federal Census	3,338		
1930 Federal Census	4,727		
1940 Federal Census	8,380		
1950 Federal Census	12,939		
1960 Federal Census	16,261		
1970 Federal Census	22,767		
1980 Federal Census	28,471		
1990 Federal Census	33,830		
2000 Federal Census	42,987		
Largest Employers			
Auburn University	5,200		
Briggs and Stratton	470		
Auburn City Schools	552		
Winn Dixie	315		
Masterbrand Cabinets	367		
City of Auburn and			
Water Works Board	351		
Capitol Vial	264		
Auburn University			
Hotel and Dixon			
Conference Center	200		
Workforce Personnel			
Services	200		
Federal government	187		
Auburn City Schools			
Elementary (K-5)			6
Secondary (6-12)			3
Administrative staff			23
Instructional staff			319
Non-certified staff			210
Total staff			552
Enrollment 1999-00			4,328
High school graduates			
1999-00			243
Police Protection			
Sworn officers			67
Classified personnel			12
Unclassified personnel			1
Patrol cars			23
Unmarked cars			16
Utility vehicles			6
Fire Protection			
Full time firefighters			31
Student firefighters			54
Recruit school students			9
Fire stations			4
Fire trucks			7
Other fire vehicles			7

Sources: City of Auburn, Auburn City Schools, Auburn University, U.S. Department of Commerce-Bureau of the Census

Table 18

City of Auburn ~ Primary Government
Salaries and Surety Bonds of Principal Officers

Effective Fiscal Year 2000
Unaudited

<u>Title of Official</u>	<u>Annual Salary</u>	<u>Title of Official</u>	<u>Annual Salary</u>
Mayor	\$ 16,000	Information Technology Director	\$ 73,267
Council Member	1,200	Library Director	57,043
City Manager	154,377	Parks and Recreation Director	71,173
Court Administrator/Municipal Judge	59,137	Planning Director	65,940
Economic Development Director	73,267	Public Safety Director	74,313
Environmental Services Director	66,140	Public Works Director	69,297
Finance Director	75,821	Water and Sewer Director	77,453
Human Resource Management Director	69,541		

All officials and employees of the City of Auburn are bonded under an Honesty Blanket bond in the amount of \$500,000.