



City of Auburn

City of Auburn, Alabama

# Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2001



***The City of Auburn, Alabama***  
**Comprehensive Annual Financial Report**  
For the Fiscal Year Ended  
September 30, 2001

Prepared by

***Finance Department***

Andrea Jackson, CPA, CGFM, Director

Kimberly Thompson, CPA, Assistant Director ~ Thomas Howard, CGFM, Assistant Director

**Officials of the City of Auburn, Alabama**  
*September 30, 2001*

**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**

**Arnold W. Umbach, Jr.**

**Joe S. Bailey**

**Phillip Dunlap**

**Andrea E. Jackson**

**Steven A. Reeves**

**James C. Buston, III**

**Assistant City Manager**

**City Attorney**

**Municipal Judge**

**Economic Development**

**Finance Director**

**Human Resource Mgt. Director**

**Information Technology**

**Margie B. Huffman**

**Rebecca O. Richardson**

**Robert J. Juster**

**O. Clyde Prather**

**Jeff Ramsey**

**Al Davis**

**Rex Griffin**

**Library Director**

**Parks and Recreation Director**

**Interim Planning Director**

**Public Safety Director**

**Public Works Director**

**Environmental Services**

**Water and Sewer Director**

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## City of Auburn

Home of Auburn University

144 Tichenor Avenue, Suite 5 • Auburn, Alabama 36830 (334) 501-7220 • FAX: (334) 501-7297 • [www.auburnalabama.org](http://www.auburnalabama.org)

### 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.

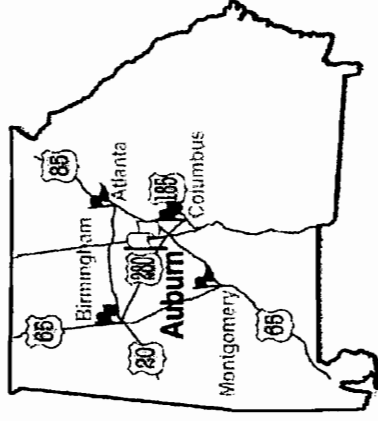
The presence of Auburn University, the largest in Alabama, makes Auburn quite different from the typical small city. Auburn University is recognized as one of the finest research institutions in the Southeast and was recently ranked 44<sup>th</sup> in the U.S. *News and World Report* Top National Public 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 completion expected in March 2002. Due to these efforts, along with a high quality of life, available workforce and quality schools, the January 2002 issue of *Expansion Management* magazine ranked Auburn 33<sup>rd</sup> among 331 metropolitan statistical areas in their evaluation of the "Hottest Cities in America" for expanding companies.

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



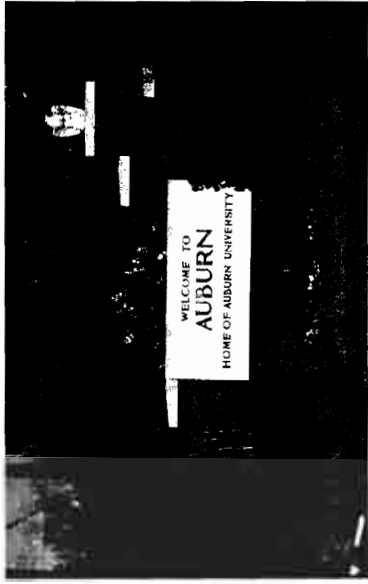


# City of Auburn



# The City of Auburn, Alabama

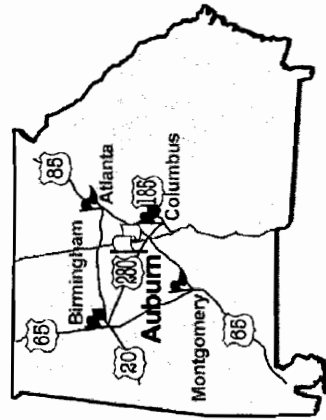
“Home of Auburn University”



Welcome to Auburn, Alabama

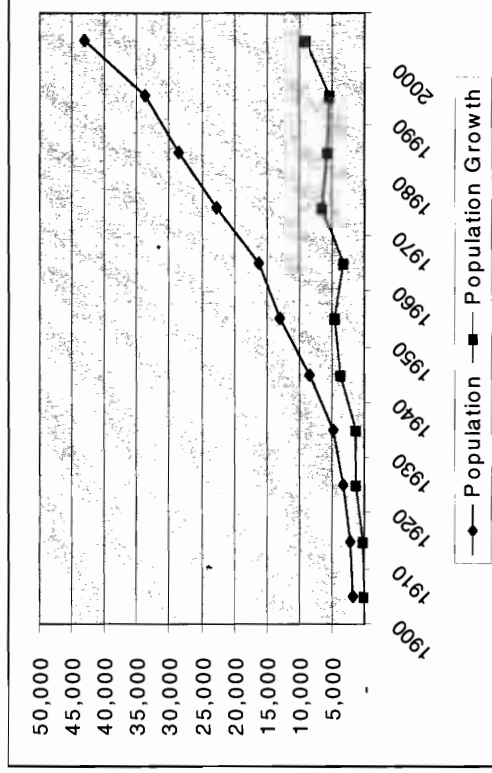
The City of Auburn, located in east central Alabama, is a thriving and diverse, university-based community. The City was incorporated in February of 1839. The establishment of Auburn University in 1856 marked the beginning of a mutually beneficial partnership producing what *Demographics Daily* recognized 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



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

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 342 City and 38 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 71 police officers, providing an average emergency call response time of 3 minutes. The City's police force is augmented by Auburn University's 27 full-time sworn officers. The Fire Division includes 29 regular, full-time firefighters and 69 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 194 miles of paved streets and less than 2.2 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. In April of 2001, the City Library moved into a new \$3.2M facility of 24,065 square feet, housing approximately 60,000 catalogued volumes.



The new Auburn City Library

The Parks and Recreation Department maintains ten 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, a 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 more than 4,400 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, 71% have advanced degrees and their average employment within the Auburn City system is twelve years. The City Schools expend an average of \$7,169.41 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 on average 3% are National Merit Scholarship finalists and seven are National Merit Scholars. Auburn High School offers an International Baccalaureate Program, a rigorous program based on the syllabi for 11<sup>th</sup> and 12<sup>th</sup> grades used by outstanding education systems 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

Auburn University has been ranked among the top 50 public institutions in the nation for providing a quality education at an exceptional value by *US News & World Report* for nine consecutive years. Fall 2001 enrollment at Auburn University was 22,469.

Auburn University's student body is taught by 1,115 full-time and 115 part-time faculty members. Approximately 96% of Auburn

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



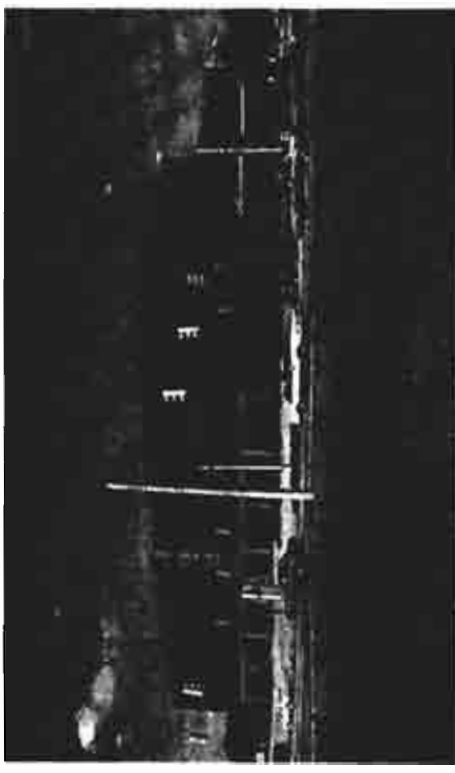
*Historic Samford Hall at Auburn University*

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 2,800 in the academic division and 1,700 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 463,000 other residential and commercial customers within Alabama. The City's Water Works Board, drawing from Lake Ogletree as its main source provides water services. The City operates two wastewater treatment plants with a total treatment capacity of 7.0 million gallons per day and are currently expanding their production and treatment capacities to 9.0 million gallons per day 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 and ranked 18<sup>th</sup> on *Fortune's* "100 best companies to work for" list in 2001.



*East Alabama Medical Center, a regional medical facility*

East Alabama Medical Center's main campus has 314 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.

Auburn University operates the Auburn-Opelika Airport with the financial support of the three local governments in Lee County. Federally funded improvements are currently underway to accommodate the airport's growth in corporate jet activity. Last year the runway was lengthened to 5200 feet, and there are plans to 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 twenty companies that resulted in the creation of nearly 2,800 jobs. The location of these many companies in Auburn 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 South*

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, Touchstone Precision, Inc., Stahlschidt & Maiworm, 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 and other assistance programs funded by federal Community Development Block Grants.

Financial activities in the City are anchored by twelve different banks with a total of nineteen locations (excluding ATMs). These financial institutions have combined assets of approximately \$524 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) 5,224
- Auburn City Schools 576
- Briggs & Stratton (engine assembly) 475
- City of Auburn and Water Works Board 380
- MasterBrand Cabinets (manufacture wood cabinetry) 294
- Capitol Vial (manufacture sterile vials) 248
- Winn Dixie (retail grocery) 225
- Auburn University Hotel and Dixon Conference Center 183
- Federal government 181
- 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 post office building. This building was renovated for use as the City Hall, providing a high profile presence for the municipal government in the central business district. The Office of the City Manager, and the departments of Finance, Economic Development, Information

Technology, and Human Resources relocated to the new City Hall in July 2001.



The new downtown City Hall

**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.



The Jan Dempsey Community Arts Center

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

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 more than 50 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 39,000 square foot art museum on a twenty-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, a \$13 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 U.S. 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 azaleas 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.*

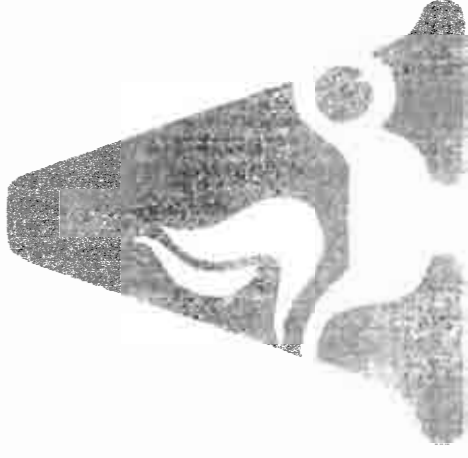
- Summer concert series in Kiesel Park.
- The Loachapoka Syrup-Sopping festival and historical fair held at the Lee County Historical Society Museum.
- The annual Dogwood Dash, a road race comprised of two running segments and one biking segment.



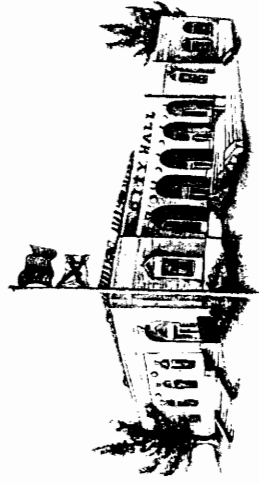
- Football Fan Day at Auburn University, preceding the start of each football season.
- Auburn Spirit Triathlon, consisting of a 200 meter swim, eight mile bike ride and 1.8 mile run.
- Pine Hill Cemetery Lantern Tour, a walking history tour of Auburn's oldest cemetery, sponsored by the Auburn Heritage 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, baseball and women's softball games and swimming, tennis 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



## City of Auburn

Home of Auburn University

144 Tichenor Avenue, Suite 5 • Auburn, Alabama 36830 (334) 501-7220 • FAX: (334) 501-7297 • [www.auburnlabama.org](http://www.auburnlabama.org)

March 15, 2002

### 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, 2001 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*. Information related to this Single Audit, including the schedule of federal financial assistance, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations, are generally

meaningful only to oversight agencies and, therefore, have not been included in this report. This information is contained in a separate Single Audit report, which is available for review at the Office of the City Manager.

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, capital projects management and inspection), 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 at 931 Booker Street, Auburn, AL 36832.

### ***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 2001 was 22,469, which includes 2,819 graduate students.

Omitting the University student population, the City's unemployment rate at September 30, 2001 was 3.6% which was less than the national (4.9%) and state (5.0%) 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 (2000 Census) was \$31,821, while the median family income in the City was \$43,167.

The City's two older industrial parks site twenty regional, national and multi-national corporations, employing over 1,500 persons. In Auburn Technology Park South, there are currently six major manufacturing and research companies: Briggs and Stratton Corporation, EPOS Corporation, Touchstone Precision, Inc., Hoerbiger Driveteck USA, Inc. Donaldson Company and the National Center for Asphalt Technology. Together, these six companies have invested over \$145 million and created over 1,100 jobs in Auburn Technology Park South. Touchstone Precision Inc., a Japanese automotive injection moulding Company, the newest company in the Park, recently completed a 30,000 square foot facility. This represents a \$10 million investment and will lead to the creation of over 50 new jobs. In addition, Hoerbiger

Hydraulics Inc. was announced with a capital investment of \$3 million and an initial employment of fifteen.

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 spring of 2002. In 2001, Stahlschmidt & Maiworm USA, Inc. announced the location of a new manufacturing facility in ATPN. Stahlschmidt & Maiworm will make a capital investment of \$49 million and will employ 350, 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 two most recent incubator tenants are two German companies: Kauth Automotive and Treutschler.

Commercial development continues along the U.S. Highway 29/South College corridor just off Interstate Highway 85, including the construction of a Holiday Inn Express. Numerous smaller commercial projects, including banks, restaurants, and other retail operations have also opened along the U.S. 29 and other major retail corridors. The completion of the Glenn Avenue re-routing project has opened 80 acres for new development on an Interstate 85 interchange. The Hilton Garden Inn recently completed construction of a new hotel in this area.

The physical boundaries of the government continue to expand with residential, commercial and industrial growth. During fiscal 2001, the City annexed 78.1 acres into the City limits as part of the City's long-range plan for growth through annexation. The Planning Commission approved 13 new subdivisions, incorporating 202 single family and 72 multi-family residential lots and 7 commercial lots.

Building permits were issued for 254 new single family residences valued at \$38.22 million, twenty-six of which had valuations in excess of \$250,000 each. Also permitted during fiscal 2001 were 56 multi-family buildings valued at \$21.04 million and 34 new commercial and industrial facilities valued at \$18.55 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 \$4.1 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,

contributions required for employees to participate in the health benefit plan were maintained at the prior year's level.

In February 1999, the City conducted a referendum to give the citizens the opportunity to consider funding several "quality of life" capital projects to be financed by a municipal property tax dedicated to debt service for capital projects, gaining overwhelming voter approval 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 is being 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 were budgeted at \$1.7 million. The new City Hall was occupied in July of 2001 and the former city hall building has been renovated for use as a Development Services 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 \$75.28 million in identified projects over the next four years (FY 02 through FY 05). Increasing the capacity of the sewer systems will require \$14.15 million. This outlay will be funded by bond proceeds and assistance from the State's Revolving Loan Fund program. Infrastructure improvements, including sidewalks, bikeways, streets, bridges and intersections, will require \$28.26 million. This outlay will be funded through identified sources including shared funding, state and federal grant funds, and debt issuance.

Construction of new municipal buildings and renovation of existing city buildings are planned with a projected cost of \$3.59 million. Funding sources for these city buildings include proceeds of bonds and the sale of property currently owned by the City. Included in the projected costs for city buildings is planned expansion of fire protection — buildings and equipment — that will require approximately \$1.625 million. Property purchases for construction of parking facilities are projected to cost \$5 million over the next four 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 \$9.3 million. Other projects, including culture and recreation and downtown improvements are included in the five-year program at a cost of \$13.69 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 FY02 budget contains \$4.1 million from the General Fund for the Board of Education. The public safety budget of \$8.69 million is 26.4% of the General Fund fiscal year 2002 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. The Information

Technology Department (Info Tech) continues to maintain and refine the communications infrastructure to connect all City departments and City schools. Fiscal 2001 saw the integration of the City's voice and data networks. This integration has allowed for unified messaging, and has set the stage for integration of video using the same infrastructure. The Information Technology Department continued working to maintain the integrity and reliability of the City's computing infrastructure through constant monitoring, preventive maintenance and staff training. The Information Technology Department continued coordination of enhancements to the City's Internet site (Internet address: [www.auburnalabama.org](http://www.auburnalabama.org)).

In other interdepartmental efforts, The Information Technology Department assisted the Public Works Department with the design and implementation of the data/voice networks in the new Development Services Building. Info Tech assisted the Finance Department in the upgrade and purchase of new AS400 hardware. Info Tech also assisted the Public Safety Department by providing technical advice and specifications for the data/voice infrastructure to be used in the new Public Safety Administration Building and Emergency (911) Communications Center. Info Tech supported all departments with computer software and computer hardware upgrades during the fiscal period.

The **Human Resources Department** (HR) 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 HR Department is to manage the City's risk through self-insurance and other risk management activities.

In fiscal 2001, the Human Resources Department implemented an enhanced Employee Assistance Program through which a wide range of counseling services are available at no cost to employees and members of their families. To further help promote employee wellness, the Department coordinated "Wellness Week" culminating in the annual employee health and benefits fair. The Department presented the multi-session Supervisor Certification Course and provided training in the areas of selection and performance appraisal. In addition to first aid and CPR training, six employee safety presentations were made, and defensive driving training was provided to 105 City drivers. In another training initiative, the curriculum for the City's multi-session Customer Service Certification program was developed. To facilitate the recruitment process, job descriptions are now accessible through links to the vacancy announcements posted on the web site. During the year, four employee social/athletic events were held to help foster positive relations among employees and departments. The risk management program continued to be very successful in regard to protecting against losses, obtaining commercial insurance protection at reasonable cost, and saving money through self-insurance.

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 annual financial report each year.

The City's comprehensive budget document for its first biennial budget (FY 01 and FY 02), prepared in a joint project with the Office of the City Manager and the Information Technology Department, received the City's fifth consecutive Government Finance Officer's Association's (GFOA) Distinguished Budget Presentation award. This was the fifth 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. The Finance staff also published the City's FY00 Comprehensive Annual Financial Report, receiving the City's fifteenth consecutive GFOA Certificate of Achievement for Excellence in Financial Reporting.

In connection with the issuance of bonds to de-privatize the City's wastewater treatment plants, Moody's Investors Service upgraded the City's bond rating from A1 to Aa3 in July 2001. In their ratings report, Moody's observed that "primarily responsible for the city's sound financial position are expenditure controls coupled with continued growth in sales tax and occupational license fee revenues." Standard and Poor's followed with their own upgrade in February 2002, from A+ to AA-. Standard and Poor's recognized the City's diversified revenue stream, revenue and expenditure flexibility and sound financial management as contributing factors to the decision to upgrade the City's bond rating. These new bond ratings are the first time the government has had double-A ratings.

Other Finance Department projects conducted during fiscal year 2001 included the establishment of a Capital Projects Quality Circle that includes staff members from the Public

Works Department. The goal of this Quality Circle is to improve communications between the two departments and to develop improved procedures for monitoring the financial status of capital projects. The Revenue Office staff developed an updated brochure outlining the provisions of the government's recently revised business licensing ordinance. Revenue also surveyed the government's business licensees to assess the level of interest in making tax and fee payments either by credit card or debit card. The survey showed a very low interest level, which did not justify the cost of the hardware and software needed to implement these payment methods. The Accounts Payable Office team worked with the government's electricity supplier to develop a procedure to enable expedited processing of the City's electric bills. And, the Accounting staff worked with the independent auditors to develop a strategy for timelier completion of the annual audit and provided training to the Economic Development Department staff on contract payment procedures.

Fiscal year 2001 saw the completion of the new **Auburn Public Library**. The move to the new facility was completed by the end of April 2001, and an Open House was held for the public on May 6, 2001. With federal grant funds the Library purchased twenty-four new computers with Internet access for public use. Additional personnel were hired to provide patron assistance as well as free classes in the use of computers and the Internet. Weekend hours of operation were increased. New programs for youth were begun including the very successful Young Adult Coffeehouse programs. The tremendously positive response to the new library building is evident by the increase in patron registrations. From May 2001 through September 2001, the Library registered 2,105 new patrons, a 128% increase over the same months the previous year, when the Library registered 922 new patrons.

Highlights of the **Parks and Recreation Department's** achievements during FY2001 included the successful inauguration of Auburn CityFest with attendance of over 20,000; the completion of a Master Plan for Town Creek Park and a new city cemetery; completion of the *2000 in 2000* tree planting program and construction of a major addition to the Boykin Center recreation facility. The Parks and Recreation Department also successfully implemented on-line registration for baseball and softball, Day Camps and swimming lessons and presently is evaluating its effectiveness for use with other athletic programs. Parks and Recreation staff also worked with an architect to develop a master plan for a clay court tennis complex. The staff is working with the Auburn Tennis Association to solicit membership commitments and donations for this project.

The Auburn Softball Complex was host to eighteen tournaments including: three national or world tournaments, three state tournaments, three district tournaments, two state qualifiers and one world qualifier with a total of 331 teams participating in tournament play during the 2001 fiscal year.

The **Public Works Department** achieved numerous goals during the 2001 fiscal year. Among these is the completion of the Moores Mill Road Improvements. This project included the replacement of the Moores' Mill Creek Bridge, widening of the roadway from two to three lanes and the installation of a traffic signal. Moores Mill Road serves as a major thoroughfare into the City and this construction is a significant improvement for the area.

The Public Works staff also completed the third phase of the South College Corridor Improvements, two major sidewalk projects and the Shell Toomer Bikeway Project. Additionally,

two public buildings, the construction of the City Library and renovation project of the new City Hall were completed as a result of project management by the Public Works Department.

The **Environmental Services Department** was both productive and innovative in FY 2001. The department continued its efforts to convert residential garbage customers from back yard to curbside cart service. These efforts have resulted in more than 60 percent of residential garbage customers choosing curbside cart service. The total number of residential garbage customers eclipsed the 9,000 mark in FY 2001.

Environmental Services also continues to provide 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 and more than twenty presentations were made to school and civic groups on solid waste disposal, recycling, right-of-way maintenance or animal control.

The Animal Control Division also addressed a major public concern, restraining wild dogs. A dart gun was purchased and the senior animal control officer has been trained on its functions. Dog licenses increased from 840 in FY 2000 to 877 in FY 2001, a 4% increase.

Finally, the Fleet Services Division of Environmental Services in conjunction with the major field departments in the City, Public Works, Public Safety, Parks and Recreation and Sewer, formed a quality circle. The Quality Circle will review the Fleet Services Division operations and develop measures to ensure



that the Division addresses the needs and concerns of its customers. The Fleet Services Quality Circle, which includes the City's Purchasing Coordinator, will also review the City's current bid process and recommend any needed revisions to the City Manager.

Fiscal year 2001 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 Phase II of the Willow Creek Sewer Line and a two million gallons per day water metering point for a supplemental water source. The Water Board staff worked closely with a consulting engineering firm to develop plans and specifications for technological improvements to and expansion of the water treatment plant to increase its peak capacity to 12 million gallons per day. The contract for this project was awarded and completion is expected late in fiscal 2001. The resulting increased water treatment capacity is expected to meet the City's needs through the year 2020.

In another use of technology to improve efficiency, the Water Board staff solicited proposals for conversion of the water meter reading system to a "radio read" system. This project, which is expected to be completed during FY 2002, involves the replacement of all water meters more than five years old and the installation of a "radio read" component in the system's newer meters. When completed, this project will reduce the meter reading schedule from 20+ days per month to approximately two days per month. Replacement of the older meters is also expected to produce more accurate meter readings. Staff time that had been spent on meter readings can now be directed toward system repairs and maintenance.

Other major water-related projects in FY2001 included the continuing expansion of the City's raw water resources by increasing the storage volume at Lake Ogletree, the City's main raw water source, and the development and testing of raw water wells as a supplementary raw water source.

The Sewer staff was heavily involved in the City's negotiations to privatize the wastewater treatment plants during FY 2001. Discussions with the private company that owned and operated the government's sewer plants had been on going for a number of years, complicated by several acquisitions of the owner company. The City Manager played a strong leadership role in these discussions through the years and fiscal 2001 saw the execution of a Memorandum of Understanding (MOU) between the City and USFilter, Inc.

The MOU outlined the actions agreed upon by the City and USFilter: 1) the City would issue its general obligation debt in an amount sufficient to purchase the wastewater treatment plants from USFilter and to provide approximately \$10 million in funding for expansion of the treatment plants' capacity to serve the City for the next twenty years, 2) the City would extend its Service Agreement with USFilter for operation and maintenance of the plants from its original expiration date of 2012 to 2020, and 3) the City would engage USFilter to manage the design and construction of the wastewater system expansion. An amended Service Agreement has been approved by the parties. Preliminary design work on the expansion of the wastewater treatment system is underway. It is expected that the construction of the system expansion will be completed sometime in fiscal 2004.

The **Planning Department** provides administrative and technical support to the Auburn Planning Commission and the Board of Zoning Adjustment. In FY2001, the Planning Department completed the redistricting of the municipal wards as a result of population shifts reflected in the 2000 U.S. Census. These efforts were coordinated with the Office of City Manager, Lee County Probate Judge, and United States Justice Department.

Other Planning Department achievements included conducting and reporting the 2001 Citizens Survey, upgrading portions of the City's web site by posting the Planning Commission and Board of Zoning Adjustment agendas, and posting and maintaining the City's Zoning Ordinance on the web site. The Planning Department also coordinated a continuing education seminar for the City's Board of Zoning Adjustment and updating the City's Subdivision Regulations for adoption in early 2002.

The **Economic Development Department's** major focus is a balance between industrial recruitment and assistance to local companies with expansions. Fiscal 2001 was a busy year for Economic Development, hosting fifteen industrial visits during the year that resulted in commitments from three new industries to locate in Auburn.

In July 2001, Economic Development announced the location of Stahlschmidt & Maiworn USA, Inc. in Auburn Technology Park North. Stahlschmidt & Maiworn will make a capital investment of \$49 million and will employ 350, when fully ramped up.

In addition to its industrial and commercial development activities, the Economic Development Department continues to

administer the Community Development Block Grant Program (CDBG). Auburn was awarded CDBG Entitlement City grant funds of \$853,000 for FY01. These funds are used in various community improvement programs including improvements to public facilities, street resurfacing and rehabilitation of substandard housing.

Other fiscal 2001 accomplishments of the Economic Development staff include operating the Auburn Center for Developing Industries, a small business incubator, and locating two new tenants; referring ten individuals to members of the Housing Assistance Network; packaging two revolving loans, one for an existing industry and one for renovations to an existing shopping center.

During fiscal 2001, the **Judicial Department** continued its progress in using technology to increase the Municipal Court's efficiency. Following the successful implementation of the "online courtroom" in FY2000, the Judicial Department has been working with the Alabama Department of Public Safety on a project to transfer Uniform Traffic Citation dispositions to the State electronically, eliminating many hours of duplicative data entry. With the support of the Information Technology Department, Auburn's Municipal Court will be one of two test cities for this new transfer system in a pilot project with the State.

Fiscal 2001 saw the transfer of the jail function from the City's Public Safety Department to the Lee County Justice Center and the Judicial Department provided assistance to Public Safety to support this transfer. It is expected that consolidation of the jail function with the county will save the City approximately \$100,000 annually.

Judicial's Court Referral Program, which offers convicted defendants the option of completing an offense-related counseling program instead of serving time in jail, was expanded in fiscal 2001 to include shoplifting offenders. The program also serves defendants convicted of drug, alcohol and domestic violence offenses. The number of graduates from these counseling programs in FY2001 (350) increased 15% over the previous year (304).

Judicial outsourced the collection of delinquent fines and costs to a private probation system late in FY2001. Privatizing this function is expected to produce increased revenue from delinquent fines and costs.

The **Public Safety Department** continued several projects and developed some new programs to improve the Department's service delivery during fiscal year 2001. Architectural plans were completed and bids were received for the renovation of the old Library Building to serve as the Public Safety Administration Building. Completion of the renovations is expected in March 2002.

Public Safety engaged a consultant to do a comprehensive staffing evaluation of the Police Division's Patrol Section. The study was completed and recommendations will be implemented in the upcoming fiscal year. The Police Division in conjunction with Human Resource Management also studied recruitment efforts, identifying deficiencies and making recommendations to improve the recruitment of Police Officer candidates. The Communication Division developed a process to provide continuous CAD up-dates of our 911 address database. In conjunction with Public Works, the Police Division identified the five most dangerous intersections in

town and developed a plan to reduce accidents at these locations.

The Department's Fire Division expanded the regional training program to include classes that are usually taught at the National Fire Academy (NFA). These classes are Incident Command Systems and NFA Leadership I, II, and III. The Fire Division also held its first regional recruit school that started in March, producing nine students who were certified in June. Also during fiscal year 2001, the Codes Enforcement Division expanded its Building Permit program and had three abandoned/dilapidated buildings 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

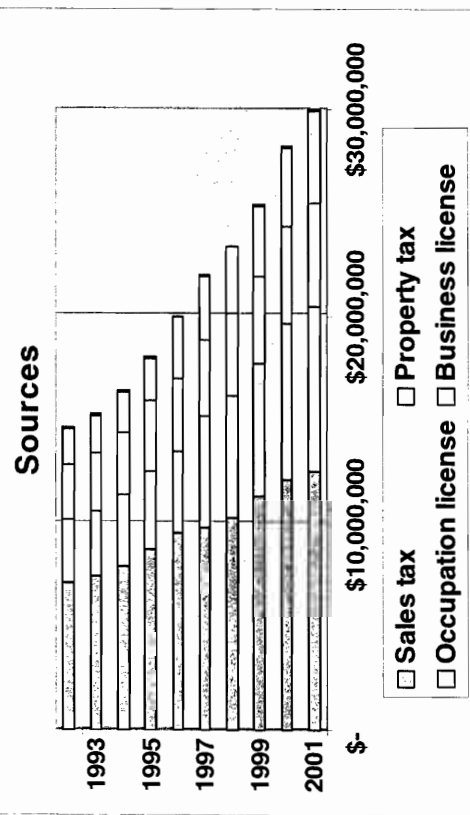
that capital outlays and debt service payments related to the operation of individual departments are budgeted within those departments. The financial statements presented in the *financial* section of this report are presented in accordance with GAAP; that is, all capital outlays have been aggregated into a single line caption. Debt service expenditures are presented in a single line caption in the GAAP financial statements as well. *Appendix II* to this letter of transmittal presents the General Fund's expenditures compared to the budget for fiscal 2001 as budgeted, with the capital outlays and debt service expenditures presented within departments. *Appendix II* 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 \$154,742 less than budgeted. The budget shortfall was the result of grant revenue being \$556,228 less than budgeted due to unexpected changes in the timelines of grant funded projects. General Fund expenditures were \$298,298 less than budgeted. The effect of restrained spending produced an improvement in the General Fund's financial position, with an increase in total fund balance of 4.4% (\$319,354). In addition, the General Fund's fund balance was increased by a prior period adjustment of \$2,155,907 that resulted from the implementation of Governmental Accounting Standards Board Statement Number 33 during fiscal 2001. The fund balances of the Special Revenue funds decreased 3.7% (\$135,451) from the prior fiscal year-end. Debt Service funds' fund balances decreased 2.0% (\$39,645) from the prior year-end.

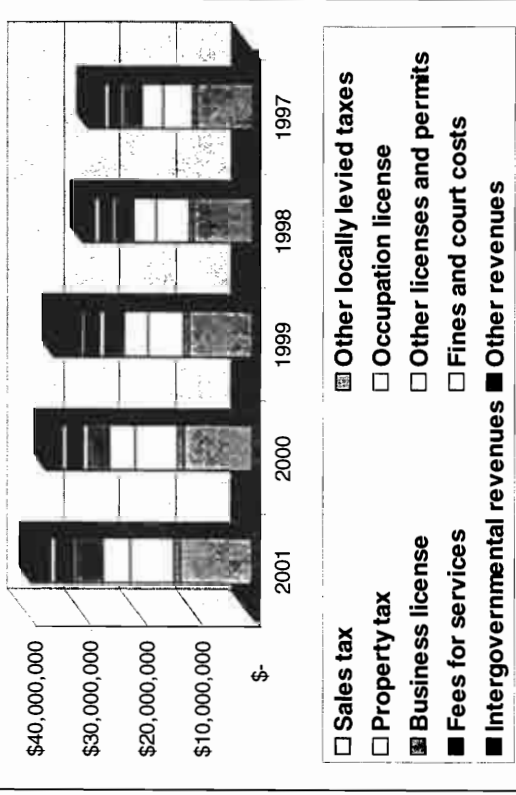
**General Government Resources and Functional Expenditures.** The following schedules and charts present summary information about the General Fund, Special Revenue funds, Debt Service funds and Capital Projects funds (the governmental fund types) revenues and expenditures for the fiscal year ended September 30, 2001.

The first chart presents trend information for specific revenues (Sales and Use Taxes, Property Taxes, Business License Fees and Occupation License Fees) that the City uses as a benchmark to monitor the local economy. Total benchmark revenues show an increase of 6.48% over the prior year, indicating steady growth in the current economy. The ten-year average increase for the benchmark revenues through fiscal 2001 was 8.89%.

**Growth of Auburn's Benchmark Revenue Sources**



**Auburn Governmental Funds Growth in Total Revenues**



Growth in total revenues of the governmental funds for the most recent five-year period is shown above. Average growth in governmental funds' total revenues for this period was 7.88%. Governmental funds' total revenues for fiscal 2001 increased by \$2,588,059 over the prior year, a 7.07% increase. The largest increases in FY01 over FY00 were seen in intergovernmental revenues (\$904,803), occupation license fees (\$408,618) and sales taxes (\$400,570). Sales taxes are the single largest revenue source in the City's General Fund, providing approximately 40% of General Fund revenue each year.

The following schedule presents a summary of the General Fund, Special Revenue funds, Debt Service funds and Capital Projects funds (the governmental fund types) revenues for fiscal year ended September 30, 2001, the percentage of total revenues that each revenue source comprises, and the amount and percentage of increases and decreases in relation to prior year revenues.

**Governmental Funds ~ Revenues by Source and Other Financing Uses**

<b>Revenues</b>	<b>FY 2001</b>		<b>FY 2000</b>		<b>Increase (Decr) from FY 00</b>
	<b>Amount</b>	<b>% of Total</b>	<b>Amount</b>	<b>% of Total</b>	
Sales and use taxes	\$ 12,554,602	32.03%	\$ 12,154,032	33.20%	\$ 400,570
Other locally levied taxes	1,104,145	2.82%	978,207	2.67%	125,938
General property taxes	7,868,281	20.07%	7,483,956	20.44%	384,325
Occupation license fees	5,063,472	12.92%	4,654,854	12.72%	408,618
Business license and franchise fees	4,441,428	11.33%	3,814,201	10.42%	627,227
Other licenses and permits	724,879	1.85%	790,340	2.16%	(65,461)
Fees for services	3,219,656	8.21%	3,014,783	8.24%	204,873
Fines and court costs	816,976	2.08%	754,366	2.06%	62,610
Intergovernmental revenues (1)	1,942,485	4.96%	1,037,682	2.83%	904,803
Other revenues	1,459,385	3.72%	1,924,820	5.26%	(465,435)
<b>Total revenues</b>	<b>39,195,309</b>	<b>100.00%</b>	<b>36,607,241</b>	<b>100.00%</b>	<b>2,588,068</b>
<b>Other financing sources</b>					
Debt proceeds	5,149,620		3,810,608		1,339,012
Transfers from other funds	2,256,830		4,139,568		(1,882,738)
<b>Total other financing sources</b>	<b>7,406,450</b>		<b>7,950,176</b>		<b>(543,726)</b>
<b>Total revenues and other financing sources</b>	<b>\$ 46,601,759</b>		<b>\$ 44,557,417</b>		<b>\$ 2,044,342</b>
					<b>4.59%</b>

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

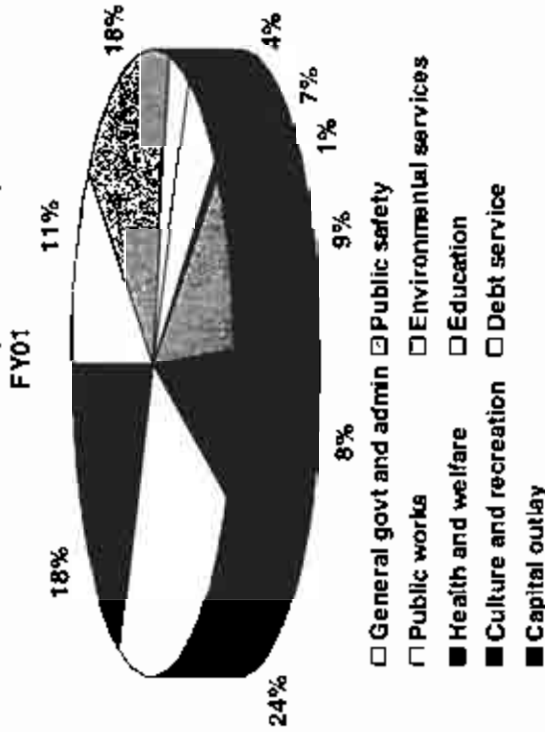
(2) Of this increase, approximately \$350,000 was an increase in franchise fees resulting from the acquisition of a franchisee.

(3) Grant revenues for FY 01 increased by \$806,454 over FY 00. Of this amount, \$635,823 was the increase in Community Development Block Grant funds.

(4) Most of this decrease is comprised of a decrease in investment interest (\$250,309), in proceeds of sales of surplus assets (\$147,548) and in contributions from the public (\$66,278).

Fiscal 2001 governmental funds expenditures by function are illustrated in the pie chart below.

**Governmental Funds' Expenditures by Function  
FY01**

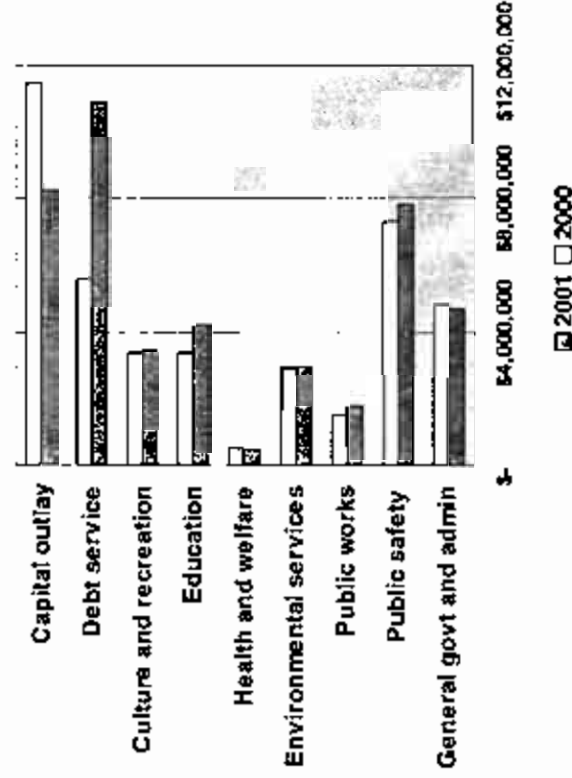


Typically, the City's largest functional expenditures are for public safety and public works. However, during fiscal 2001, the government issued permanent financing for two major special capital improvement projects and used the proceeds to refund the temporary construction financing in the amount of \$1,877,520. For accounting purposes, the refundings of the construction loans are included in debt service expenditures. In addition to the refunding of the construction loans, the government paid \$312,261 in debt service for special capital improvement projects. These debt service expenditures were funded by payments received from the property owners

involved in these projects. For more information about these projects, please see Note 29 to the financial statements.

This chart shows how the functional expenditures of governmental funds for fiscal 2001 compared to those for the prior year.

**Comparative Expenditures by Function  
Governmental Funds**



The following schedule of expenditures by function presents a summary of the governmental funds' expenditures (General Fund, Special Revenue funds, Debt Service funds and Capital Projects funds) for fiscal 2001 and the amounts and percentages of change from the prior year.

**Governmental Funds ~ Expenditures by Function <sup>(1)</sup> and Other Financing Uses**

<b>Expenditures</b>	<b>FY 2001</b>		<b>FY 2000</b>		<b>Increase (Decre) from FY 00</b>
	<b>Amount</b>	<b>% of Total</b>	<b>Amount</b>	<b>% of Total</b>	
General gov't and administration	\$ 4,704,106	10.57%	\$ 4,828,274	11.80%	\$ (124,168) -2.57%
Public safety	7,815,996	17.56%	7,316,828	17.89%	499,168 6.82%
Public works	1,779,200	4.00%	1,527,151	3.73%	252,049 16.50%
Environmental services (2)	2,974,879	6.68%	2,918,925	7.14%	55,954 1.92%
Health, assistance and welfare	466,731	1.05%	508,120	1.24%	(41,389) -8.15%
Education	4,185,064	9.40%	3,355,310	8.20%	829,754 24.73% (3)
Culture and recreation	3,467,404	7.79%	3,387,510	8.28%	79,894 2.36%
Debt service	8,215,680	18.46%	5,620,283	13.74%	2,595,397 46.18% (4)
Capital outlay	10,899,385	24.49%	11,447,448	27.98%	(548,063) -4.79% (5)
<b>Total Expenditures</b>	<b>44,508,445</b>	<b>100.00%</b>	<b>40,909,849</b>	<b>100.00%</b>	<b>\$ 3,598,596</b>
<b>Other financing uses</b>					
Transfers to other funds	1,000		3,769,464		(3,768,464) -99.97%
Transfers to component units	1,413,512		2,120,458		(706,946) -33.34%
<b>Total other financing uses</b>	<b>1,414,512</b>		<b>5,889,922</b>		<b>(4,475,410) -75.98%</b>
<b>Total expenditure and other financing uses</b>	<b>\$ 45,922,957</b>		<b>\$ 46,799,771</b>		<b>(876,814) -1.87%</b>

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

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

(3) City provided a supplemental appropriation of \$500,000 to the School Board to offset the effects of proration of State funds to schools.

(4) Debt services includes \$2,189,781 related to Special Capital Improvement Projects (see Note 29 of the Notes to the Financial Statements), \$1,927,600 of other General Fund debt service, \$2,489,635 of school bonds debt service paid by the Special Revenue funds, and \$1,608,664 paid by Debt Service funds, of which \$1,528,584 was paid for debt service on capital projects approved by the voters.

(5) See composition of capital outlay expenditures on the following page.



Employees of the government received a 3% cost of living increase in FY01, accounting for some of the increase in all functions other than Debt Service and Capital Outlay. Salaries and benefits typically comprise less than 50% of total expenditures in the City's General Fund.

Fluctuations in debt service expenditures are detailed below:

<b>Debt Service Expenditures of Governmental Funds</b>		
	<b>FY 2001</b>	<b>FY 2000</b>
<b>Paid from</b>		
General Fund for:		
Special capital imp'mt projects	\$ 2,189,781	\$ -
Other general long-term debt	1,927,600	1,676,478
Special Revenue funds *	2,489,635	2,387,438
Debt Service funds	<u>1,608,664</u>	<u>1,556,367</u>
Total debt service	\$ 8,215,680	\$ 5,620,283

\* Primarily for debt issued in support of Auburn City Schools, which is funded by a property tax dedicated to education purposes.

Capital outlay expenditures fluctuate with the government's goals, needs and financial position. Both fiscal years 2001 and 2000 include significant capital outlay expenditures for new or renovated City facilities: the new Library, renovation of the former Library for a Public Safety Administration Building, renovation of the former post office building for the new City Hall and renovation of the former City Hall into the Development Services Building. In addition, both years' capital outlays include expenditures for major street and intersection improvements in addition to the annual expenditures for maintenance of the City's roadways. Significant improvements

were made to South College Street, Moores Mill Road and the Dean Road/Opelika Road intersection. Comparative data for capital outlays are presented below:

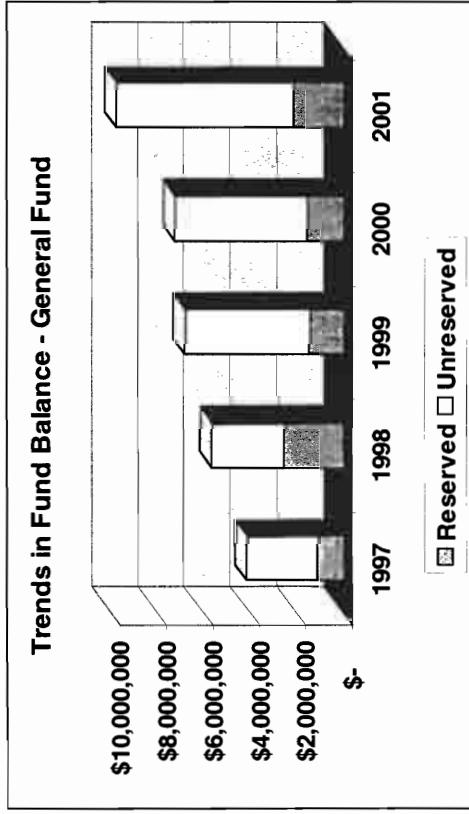
**Capital Outlays of Governmental Funds by Purpose**

	<b>FY 2001</b>	<b>FY 2000</b>
Property acquisition	\$ 1,390,169	\$ 2,185,781
Construction of buildings*	3,943,044	2,976,775
Streets and intersection imp'mts	2,775,911	3,117,796
Sidewalks and bikeways	604,556	276,226
Special capital imp'mt projects	344,767	1,459,130
Vehicles and heavy equipment	920,706	753,520
Drainage improvements	304,327	63,313
Other	615,905	614,907
Total capital outlays	<u>\$ 10,899,385</u>	<u>\$ 11,447,448</u>

\* Includes furnishings and equipment for new buildings.

**Fund Balance of the General Fund.** The total fund balance of the General Fund increased by \$319,354 (4.4%) in FY01, excluding a prior period adjustment that increased fund balance by \$2,155,907. The prior period adjustment resulted from the government's implementation of a new governmental accounting principle, established by the Governmental Accounting Standards Board Statement Number 33. The FY 01 fund balance increase followed increases of \$449,602 (6.56%) in FY00, \$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, 2001 was \$9,777,794, which represents 28.00% of 2001 General Fund expenditures.

Trends in the fund balance of the government's General Fund are illustrated below.



### Fund Balance Trend Amounts - General Fund

FY	Reserved	Unreserved	Total
1997	\$ 1,127,119	\$ 3,031,289	\$ 4,158,408
1998	\$ 2,596,287	\$ 3,088,423	\$ 5,684,710
1999	\$ 1,499,497	\$ 5,353,434	\$ 6,852,931
2000	\$ 1,560,286	\$ 5,742,247	\$ 7,302,533
2001	\$ 2,114,199	\$ 7,663,595	\$ 9,777,794

The unreserved, undesignated fund balance of the General Fund at the end of FY 01 was \$7,663,595, which is 21.95% of FY01 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) and the Industrial Park Fund. The City's two sewer treatment plants were owned and operated by US Filter, a Houston, Texas-based engineering and contract services firm, while the service lines and lift stations were 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. During fiscal 2001, the City developed a plan whereby the City would issue debt and use the proceeds to acquire the two plants from USFilter and also to expand the system to treat 9.0 mgd, a capacity that should serve the government's growing population through 2020. Under the agreement between the City and USFilter, USF will continue to operate and maintain the sewer plants through 2020; and USF will coordinate the design and engineering of the system expansion. The Northside plant will be converted into a pumping station and all wastewater treatment will be performed at the Southside plant after the system expansion is completed. Completion of the system expansion construction is expected in 2004.

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.

**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, 2001, eighty-two members were enrolled in this plan, contributing \$192,352.44 during the year.

**Debt Administration.** The City's general obligation debt totaled \$48.208 million at September 30, 2001. School Board debt is \$21.280 million of the \$48.208 million. General obligation warrants and capital leases payable by Enterprise funds increase this debt by \$30.158 million. 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, 2001, government debt applicable to the debt limit was 42.24%. Debt per capita, based on the 2000 official census, equaled \$1,779 at September 30, 2001. Excluding the

general obligation debt intended to be repaid from Sewer Enterprise Fund revenues, debt per capita would be \$1,080.

During the year, the primary government issued \$5,149,621 of general obligation debt, of which \$686,387 was issued to finance property purchases, \$2,610,878 was issued to convert the construction financing for special capital improvement projects to permanent financing, and \$1,075,343 was issued to fund the acquisition of equipment and heavy vehicles. General obligation debt with a face value of \$5,651,022 was retired during the year.

Warrants to be repaid by the Sewer Enterprise Fund totaling \$30,048,433 were issued at the end of fiscal 2001. Retirement of these warrants will begin in fiscal 2002.

**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 2001, the average yield on invested funds was 5.28% and the government earned interest totaling \$1,077,087.

**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 are included in a separately issued Single Audit Report.

**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, 2000. This was the fifteenth 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 Council. Their support for a policy of financial integrity has been instrumental in the preparation of this report.

  
Douglas J. Watson, Ph.D.  
City Manager

  
Andrea E. Jackson, CPA, CGFM  
Finance Director

# 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, 2000

## City of Auburn

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Timothy Shurt*  
President

*Jeffrey L. Ewell*  
Executive Director

**City of Auburn, Alabama**  
**Appendix I**  
**General Fund**

**Statement of Revenues by Source and Other Financing Sources - Budget and Actual (unaudited)**  
**Fiscal Year Ended September 30, 2001**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable/(Unfav.)</u>
<b>Locally levied taxes</b>			
Cigarette taxes	\$ 105,000	\$ 101,457	(3,543)
Gasoline taxes	222,000	244,388	22,388
Sales and use taxes	12,430,000	12,554,602	124,602
Lodging taxes	400,000	380,479	(19,521)
Rental and leasing taxes	80,000	133,434	53,434
<b>Total locally levied taxes</b>	<u>13,237,000</u>	<u>13,414,360</u>	<u>177,360</u>
<b>Licenses and permits</b>			
Franchise fees	740,000	740,151	151
Business license fees	3,660,000	3,701,278	41,278
Construction permits and fees	570,000	592,872	22,872
Occupation license fees	4,900,000	5,063,472	163,472
Parking fees	95,000	98,750	3,750
Wholesale wine permits	25,000	23,375	(1,625)
Dog licenses	10,000	9,881	(119)
<b>Total licenses and permits</b>	<u>10,000,000</u>	<u>10,229,779</u>	<u>229,779</u>
<b>General property taxes</b>			
Ad valorem taxes	1,396,000	1,435,404	39,404
Contributions in lieu of ad valorem taxes	409,178	409,178	-
<b>Total general property taxes</b>	<u>1,805,178</u>	<u>1,844,582</u>	<u>39,404</u>
<b>Fees for services</b>			
Solid waste collection fees	1,990,000	1,975,982	(14,018)
Telephone fees for E-911 services	370,000	372,091	2,091
Parks and recreation fees	105,000	124,340	19,340
Public safety charges	175,000	172,334	(2,666)
Sewer system management fees	126,000	126,000	-
Judicial system fees	197,395	199,447	2,052
Information Technology service fees	65,000	82,858	17,858
Cemetery fees	60,000	75,853	15,853
Planning fees	50,000	48,319	(1,681)
Finance Department fees	25,000	29,505	4,505
Library fees	12,000	11,377	(623)
Miscellaneous	750	1,550	800
<b>Total fees for services</b>	<u>3,176,145</u>	<u>3,219,656</u>	<u>43,511</u>

City of Auburn, Alabama  
Appendix I  
General Fund

Statement of Revenues by Source and Other Financing Sources - Budget and Actual (unaudited)  
Fiscal Year Ended September 30, 2001

	Budget	Actual	Variance Favorable/(Unfav.)
<b>Fines and forfeitures</b>			
Court fines	\$ 650,000	\$ 689,823	39,823
Parking fines	140,000	127,153	(12,847)
<i>Total fines and forfeitures</i>	<u>790,000</u>	<u>816,976</u>	<u>26,976</u>
<b>State shared taxes</b>			
Business privilege tax	152,513	152,513	-
Alabama Trust Fund distribution	110,000	109,506	(494)
Motor vehicle tax	155,000	74,584	(80,416)
Financial Institution Excise Tax	35,000	22,754	(12,246)
Alcoholic Beverage Control Board profits distribution	14,225	3,681	(10,544)
<i>Total state shared taxes</i>	<u>466,738</u>	<u>363,038</u>	<u>(103,700)</u>
<b>Contributions from the public</b>			
For infrastructure projects	27,500	48,303	48,303
For parks and recreation	2,500	22,643	(4,857)
Other donations	30,000	1,000	(1,500)
<i>Total contributions from the public</i>	<u>60,000</u>	<u>71,946</u>	<u>41,946</u>
<b>Grants</b>	827,988	276,760	(551,228)
<b>Lease income</b>	60,000	62,466	2,466
<b>Interest</b>	300,000	456,753	156,753
<b>Special assessments</b>	235,500	147,333	(88,167)
<b>Miscellaneous revenues</b>			
Concessions income	50,000	43,432	(6,568)
Recycling	12,500	12,842	342
Other	21,100	16,584	(4,516)
<i>Total miscellaneous revenues</i>	<u>83,600</u>	<u>72,858</u>	<u>(10,742)</u>
<b>Total revenues</b>	<u>31,012,149</u>	<u>30,976,507</u>	<u>(35,642)</u>

City of Auburn, Alabama

Appendix I

General Fund

Statement of Revenues by Source and Other Financing Sources - Budget and Actual (unaudited)  
Fiscal Year Ended September 30, 2001

	Budget	Actual	Variance Favorable/(Unfav.)
<b>Long-term debt proceeds</b>			
General obligation warrants			
For special capital improvements	\$ 1,886,908	\$ 2,610,878	\$ 723,970
For drainage projects	-	1,035,400	1,035,400
For property purchase	1,453,000	428,000	(1,025,000)
Capital leases	1,091,119	1,075,342	(15,777)
<i>Total long-term debt proceeds</i>	<u>4,431,027</u>	<u>5,149,620</u>	<u>718,593</u>
<b>Operating transfers in from other funds</b>			
From City Gas Tax Fund	250,000	250,000	-
From State 7c Gas Tax Fund	120,000	120,000	-
From State 9c Gas Tax Fund	85,500	85,500	-
From Sewer Fund	71,250	71,250	-
<i>Total operating transfers in</i>	<u>526,750</u>	<u>526,750</u>	<u>-</u>
<b>Total other financing sources</b>	<u>4,957,777</u>	<u>5,676,370</u>	<u>718,593</u>
<b>Total revenues and other financing sources</b>	<u>\$ 35,969,926</u>	<u>\$ 36,652,877</u>	<u>\$ 682,951</u>



**City of Auburn, Alabama**  
**Appendix II**  
**General Fund**

**Statement of Expenditures by Department and Category - Budget and Actual (unaudited)**  
**Fiscal Year Ended September 30, 2001**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>City Council</b>			
Personal services	\$ 29,778	\$ 29,465	313
Contractual services	77,937	63,135	14,802
Capital outlay	-	-	-
<b>Totals</b>	<u>107,715</u>	<u>92,600</u>	<u>15,115</u>
<b>City Manager's Office</b>			
Personal services	394,050	386,207	7,843
Contractual services	41,858	38,084	3,774
Commodities	15,599	12,590	3,009
Capital outlay	8,747	1,806	6,941
Debt service	8,375	8,616	(241)
<b>Totals</b>	<u>468,629</u>	<u>447,303</u>	<u>21,326</u>
<b>Judicial</b>			
Personal services	303,242	293,671	9,571
Contractual services	108,429	87,360	21,069
Commodities	12,689	11,518	1,171
Capital outlay	-	-	-
<b>Total</b>	<u>424,360</u>	<u>392,549</u>	<u>31,811</u>
<b>Information Technology</b>			
Personal services	309,293	298,510	10,783
Contractual services	111,802	91,540	20,262
Commodities	75,535	63,681	11,854
Capital outlay	25,400	13,094	12,306
Debt service	8,177	8,177	-
<b>Total</b>	<u>530,207</u>	<u>475,002</u>	<u>55,205</u>
<b>Finance</b>			
Personal services	651,500	647,197	4,303
Contractual services	85,600	66,312	19,288
Commodities	59,950	60,746	(796)
Capital outlay	15,600	8,360	7,240
<b>Total</b>	<u>812,650</u>	<u>782,615</u>	<u>30,035</u>

**City of Auburn, Alabama**  
**Appendix II**  
**General Fund**

Statement of Expenditures by Department and Category - Budget and Actual (unaudited)  
Fiscal Year Ended September 30, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Economic Development</b>			
Personal services	\$ 291,773	\$ 288,196	3,577
Contractual services	31,982	32,956	(974)
Commodities	8,130	8,085	45
Capital outlay	12,331	10,540	1,791
Debt service	8,264	8,953	(689)
Totals	<u>352,480</u>	<u>348,730</u>	<u>3,750</u>
<b>Human Resource Management</b>			
<i>Human Resource Management</i>			
Personal services	271,823	255,477	16,346
Contractual services	118,165	76,634	41,531
Commodities	7,860	7,825	35
Capital outlay	32,798	8,637	24,161
Subtotals	<u>430,646</u>	<u>348,573</u>	<u>82,073</u>
<b>Risk Management</b>			
General Fund	206,962	190,590	16,372
Liability Risk Retention	391,250	161,336	229,914
Subtotals	<u>598,212</u>	<u>351,926</u>	<u>246,286</u>
Totals	<u>1,028,858</u>	<u>700,499</u>	<u>328,359</u>
<b>Public Works</b>			
<i>Administration</i>			
Personal services	206,322	206,512	(190)
Contractual services	100,279	86,641	13,638
Commodities	43,014	37,362	5,652
Capital outlay	12,800	1,800	11,000
Debt service	-	-	-
Subtotals	<u>362,415</u>	<u>332,315</u>	<u>30,100</u>
<b>Construction and Maintenance</b>			
Personal services	406,831	365,967	40,864
Contractual services	111,600	74,802	36,798
Commodities	139,797	146,538	(6,741)
Capital outlay	138,167	97,591	40,576
Debt service	6,708	11,984	(5,276)
Subtotals	<u>803,103</u>	<u>696,882</u>	<u>106,221</u>

**City of Auburn, Alabama**  
**Appendix II**  
**General Fund**

**Statement of Expenditures by Department and Category - Budget and Actual (unaudited)**  
**Fiscal Year Ended September 30, 2001**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Public Works (cont'd)</b>			
<i>Engineering Design</i>			
Personal services	318,143	278,438	39,705
Contractual services	30,100	23,050	7,050
Commodities	15,906	12,435	3,471
Capital outlay	3,984	3,985	(1)
Subtotals	<u>368,133</u>	<u>317,908</u>	<u>50,225</u>
<i>Inspection</i>			
Personal services	157,386	152,977	4,409
Contractual services	27,500	17,834	9,666
Commodities	10,654	8,829	1,825
Capital outlay	21,027	21,027	-
Debt service	8,690	9,174	(484)
Subtotals	<u>225,257</u>	<u>209,841</u>	<u>15,416</u>
<i>Geographic Information Systems</i>			
Personal services	126,908	107,269	19,639
Contractual services	6,034	1,495	4,539
Commodities	3,136	2,046	1,090
Capital outlay	166,277	1,800	164,477
Subtotals	<u>302,355</u>	<u>112,610</u>	<u>189,745</u>
<i>Traffic Engineering</i>			
Personal services	108,457	100,502	7,955
Contractual services	9,100	6,016	3,084
Commodities	71,306	57,895	13,411
Capital outlay	91,495	41,040	50,455
Subtotals	<u>280,358</u>	<u>205,453</u>	<u>74,905</u>
Totals	<u>2,341,621</u>	<u>1,875,009</u>	<u>466,612</u>

City of Auburn, Alabama

Appendix II

General Fund

Statement of Expenditures by Department and Category - Budget and Actual (unaudited)  
Fiscal Year Ended September 30, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Environmental Services</b>			
<i>Administration</i>			
Personal services	\$ 215,426	\$ 254,813	\$ (39,387)
Contractual services	118,820	101,603	17,217
Commodities	57,765	43,614	14,151
Capital outlay	12,700	3,817	8,883
Debt service	31,024	31,024	-
Subtotals	435,735	434,871	864
<i>Recycling</i>			
Personal services	499,404	482,576	16,828
Contractual services	184,680	166,772	17,908
Commodities	77,793	73,144	4,649
Capital outlay	85,776	85,776	-
Debt service	20,523	18,873	1,650
Subtotals	868,176	827,141	41,035
<i>Solid Waste</i>			
Personal services	477,548	430,278	47,270
Contractual services	301,025	271,136	29,889
Commodities	161,059	153,637	7,422
Capital outlay	147,904	147,904	-
Debt service	73,129	73,130	(1)
Subtotals	1,160,665	1,076,085	84,580
<i>Animal Control</i>			
Personal services	68,685	70,685	(2,000)
Contractual services	58,486	6,737	51,749
Commodities	12,234	58,661	(46,427)
Capital outlay	2,000	-	2,000
Subtotals	141,405	136,083	5,322

**City of Auburn, Alabama**  
**Appendix II**  
**General Fund**

**Statement of Expenditures by Department and Category - Budget and Actual (unaudited)**  
**Fiscal Year Ended September 30, 2001**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Environmental Services (cont'd)</b>			
<i>Right of Way Maintenance</i>			
Personal services	\$ 265,524	\$ 270,393	(4,869)
Contractual services	19,575	17,257	2,318
Commodities	80,850	87,325	(6,475)
Capital outlay	52,000	36,260	15,740
Debt service	27,508	27,508	-
Subtotals	445,457	438,743	6,714
<i>Fleet Services</i>			
Personal Services	387,800	387,155	645
Contractual Services	55,164	49,203	5,961
Commodities	60,088	49,890	10,198
Capital outlay	26,579	1,479	25,100
Debt Service	-	-	-
Subtotals	529,631	487,727	41,904
Totals	3,581,069	3,400,650	180,419
<b>Public Safety</b>			
<i>Administration</i>			
Personal services	189,647	188,425	1,222
Contractual services	350,618	270,288	80,330
Commodities	62,650	20,228	42,422
Capital outlay	5,000	6,752	(1,752)
Debt Service	8,126	8,803	(677)
Subtotals	616,041	494,496	121,545
<i>Police</i>			
Personal services	3,821,063	3,758,870	62,193
Contractual services	75,000	57,038	17,962
Commodities	304,100	271,422	32,678
Capital outlay	369,579	382,621	(13,042)
Debt Service	32,538	28,685	3,853
Subtotals	4,602,280	4,498,636	103,644

City of Auburn, Alabama  
 Appendix II  
 General Fund

Statement of Expenditures by Department and Category - Budget and Actual (unaudited)  
 Fiscal Year Ended September 30, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Public Safety (cont'd)</b>			
<i>Fire</i>			
Personal services	\$ 2,499,212	\$ 2,397,883	\$ 101,329
Contractual services	88,000	81,138	6,862
Commodities	130,900	134,077	(3,177)
Capital outlay	218,380	216,962	1,418
Debt Service	71,113	74,563	(3,450)
Subtotals	3,007,605	2,904,623	102,982
<i>Communications</i>			
Personal services	315,052	303,708	11,344
Contractual services	80,000	69,443	10,557
Commodities	25,150	1,754	23,396
Capital Outlay	-	-	-
Subtotals	420,202	374,905	45,297
<i>Codes Enforcement</i>			
Personal services	208,078	203,460	4,618
Contractual services	1,000	130	870
Commodities	4,625	4,786	(161)
Subtotals	213,703	208,376	5,327
Totals	8,859,831	8,481,036	378,795
<b>Library</b>			
Personal services	505,076	445,261	59,815
Contractual services	92,860	74,828	18,032
Commodities	80,783	78,765	2,018
Capital outlay	58,696	49,752	8,944
Totals	737,415	648,606	88,809
<b>Parks and Recreation</b>			
<i>Administration</i>			
Personal services	207,172	218,694	(11,522)
Contractual services	428,184	385,965	42,219
Commodities	27,754	14,830	12,924
Capital Outlay	6,766	5,844	922
Debt Service	4,089	4,517	(428)
Subtotals	673,965	629,850	44,115

City of Auburn, Alabama  
Appendix II  
General Fund

Statement of Expenditures by Department and Category - Budget and Actual (unaudited)  
Fiscal Year Ended September 30, 2001

	Budget	Actual	Variance Favorable/(Unfav.)
<b>Parks and Recreation (cont'd)</b>			
<i>Leisure Services</i>			
Personal services	\$ 1,073,510	\$ 955,938	117,572
Contractual services	68,906	53,165	15,741
Commodities	138,279	120,879	17,400
Capital outlay	65,297	68,059	(2,762)
Subtotals	<u>1,345,992</u>	<u>1,198,041</u>	<u>147,951</u>
<i>Parks and Facilities</i>			
Personal services	885,628	826,563	59,065
Contractual services	121,050	105,423	15,627
Commodities	204,245	159,258	44,987
Capital outlay	251,895	295,473	(43,578)
Debt Service	14,214	14,009	205
Subtotals	<u>1,477,032</u>	<u>1,400,726</u>	<u>76,306</u>
Totals	<u>3,496,989</u>	<u>3,228,617</u>	<u>268,372</u>
<b>Planning</b>			
Personal services	296,607	278,105	18,502
Contractual services	24,510	16,394	8,116
Commodities	16,781	20,515	(3,734)
Capital outlay	-	-	-
Debt service	7,358	7,358	-
Totals	<u>345,256</u>	<u>322,372</u>	<u>22,884</u>
<b>Totals for all departments</b>	<u>23,087,080</u>	<u>21,195,588</u>	<u>1,891,492</u>

**City of Auburn, Alabama**  
**Appendix II**  
**General Fund**

**Statement of Expenditures by Department and Category - Budget and Actual (unaudited)**  
**Fiscal Year Ended September 30, 2001**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Non-departmental</b>			
<i>General Operations</i>			
Personal services	\$ 179,723	\$ 176,830	2,893
Contractual services	579,605	514,594	65,011
Commodities	35,400	36,874	(1,474)
Capital outlay	1,226,383	1,236,784	(10,401)
Subtotals	2,021,111	1,965,082	56,029
<i>Project Operations</i>			
General	3,042,383	2,386,587	655,796
Special Capital Improvements	-	344,767	(344,767)
County Road Projects	-	330,350	(330,350)
Subtotals	3,042,383	3,061,704	(19,321)
<i>Debt Service</i>			
General	1,554,641	1,592,226	(37,585)
Special Capital Improvements	-	2,189,781	(2,189,781)
Subtotals	1,554,641	3,782,007	(2,227,366)
<i>Intergovernmental</i>	4,915,498	4,914,630	868
<b>Non-departmental Totals</b>	11,533,633	13,723,423	(2,189,790)
<b>Total expenditures</b>	34,620,713	34,919,011	(298,298)
<b>Other Financing Uses</b>			
Operating Transfers Out	1,457,154	1,414,512	42,642
<b>Total General Fund</b>	\$ 36,077,867	\$ 36,333,523	\$ (255,656)



**City of Auburn**  
**Appendix II-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, 2001**

	Expenditures by Department and Category	Deductions		Expenditures per GAAP
		Capital Outlay	Debt Service	
City Council	\$ 92,600	-	-	\$ 92,600
City Manager's Office	447,303	1,806	8,616	436,881
Judicial	392,549	-	-	392,549
Information Technology	475,002	13,094	8,177	453,731
Finance	782,615	8,360	-	774,255
Total general government and administration	2,190,069	23,260	16,793	2,150,016
Economic Development	348,730	10,540	8,953	329,237
Human Resource Management	348,573	8,637	-	339,936
Risk Management	351,926	-	-	351,926
Total Human Resource Mgt.	700,499	8,637	-	691,862
Public Works				
Administration	332,315	1,800	-	330,515
Construction	696,882	97,591	11,984	587,307
Engineering Design	317,908	3,985	-	313,923
Inspection	209,841	21,027	9,174	179,640
Geographic Information Systems	112,610	1,800	-	110,810
Traffic Engineering	205,453	41,040	-	164,413
Total Public Works	1,875,009	167,243	21,158	1,686,608
Environmental Services				
Administration	434,871	3,817	31,024	400,030
Recycling	827,141	85,776	18,873	722,492
Solid Waste	1,076,085	147,904	73,130	855,051

City of Auburn  
Appendix II-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, 2001

	Expenditures by Department and Category	Deductions		Expenditures per GAAP
		Capital Outlay	Debt Service	
Environmental Services (cont'd)				
Animal Control	\$ 136,083	\$ -	\$ -	\$ 136,083
Right of Way Maintenance	438,743	36,260	27,508	374,975
Fleet Services	487,727	1,479	-	486,248
Total Environmental Services	<u>3,400,650</u>	<u>275,236</u>	<u>150,535</u>	<u>2,974,879</u>
Public Safety				
Administration	494,496	6,752	8,803	478,941
Police	4,498,636	382,621	28,685	4,087,330
Fire	2,904,623	216,962	74,563	2,613,098
Communications	374,905	-	-	374,905
Codes Enforcement	208,376	-	-	208,376
Total Public Safety	<u>8,481,036</u>	<u>606,335</u>	<u>112,051</u>	<u>7,762,650</u>
Library	648,606	49,752	-	598,854
Parks and Recreation				
Administration	629,850	5,844	4,517	619,489
Leisure Services	1,198,041	68,059	-	1,129,982
Parks and Facilities	1,400,726	295,473	14,009	1,091,244
Total Parks and Recreation	<u>3,228,617</u>	<u>369,376</u>	<u>18,526</u>	<u>2,840,715</u>
Planning	322,372	-	7,358	315,014
Total Departmental	<u>\$ 21,195,588</u>	<u>\$ 1,510,379</u>	<u>\$ 335,374</u>	<u>\$ 19,349,835</u>
Non- Departmental				
General Operations	\$ 1,965,082	\$ 1,236,784	\$ -	\$ 728,298
Project Operations	3,061,704	3,061,704	-	-
Debt Service	3,782,007	-	3,782,007	-
Intergovernmental	4,914,630	-	-	4,914,630
Other Financing Uses	1,414,512	-	-	1,414,512
Total Non-Departmental	<u>15,137,935</u>	<u>4,298,488</u>	<u>3,782,007</u>	<u>7,057,440</u>
Total Expenditures & Other Financing Uses	<u>\$ 36,333,523</u>			<u>\$ 26,407,275</u>
Capital Outlay Expenditures per GAAP	\$ 5,808,867			
Debt Service Expenditures per GAAP		\$ 4,117,381		

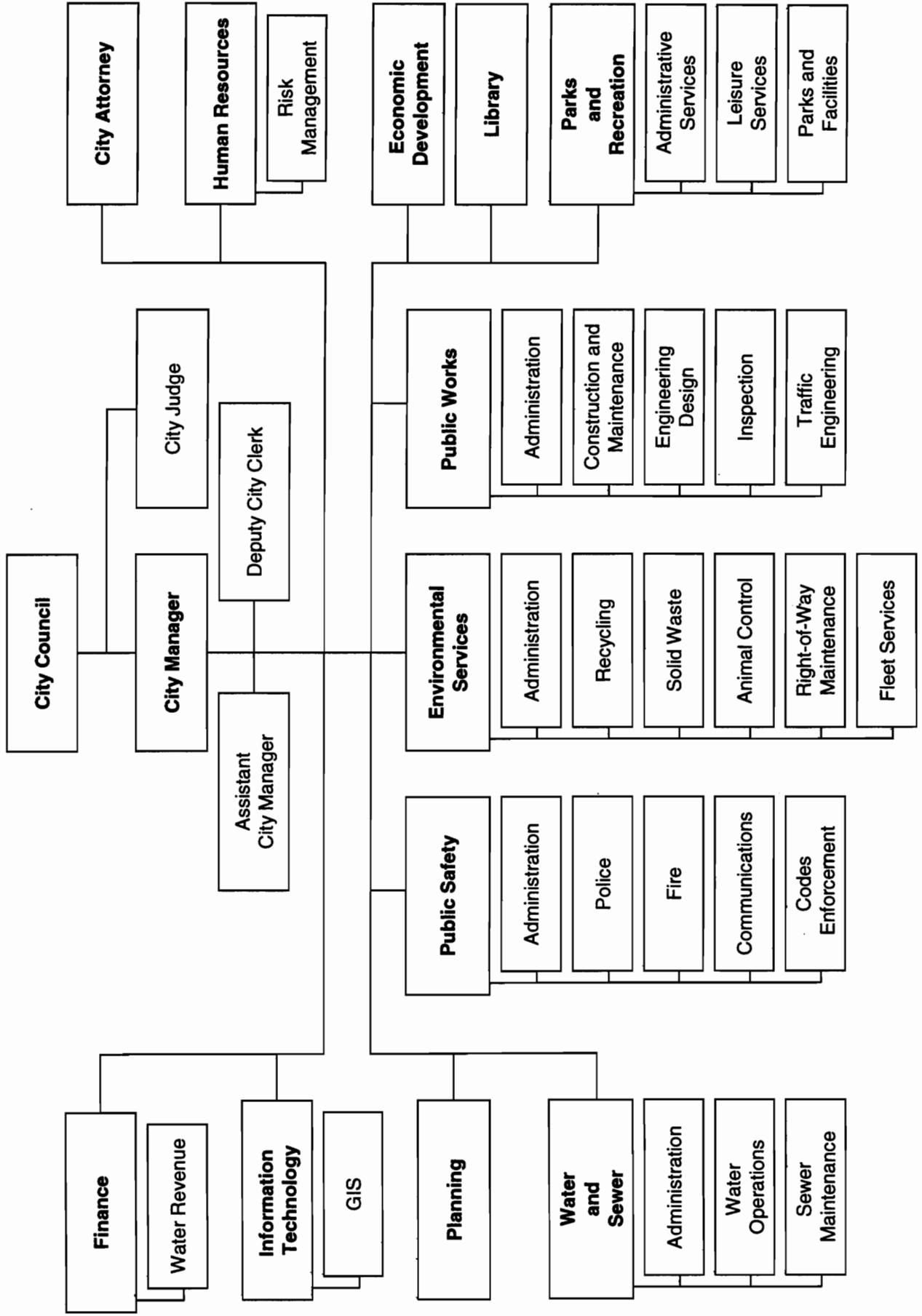
# City of Auburn

## Appendix III

### Governmental Funds Expenditures by Function (unaudited) Fiscal Year Ended September 30, 2001

	General Government	Public Safety	Public Works	Environmental Services	Health and Welfare	Education	Culture and Recreation	Capital Outlay	Debt Service	Totals
General Government and Administration	\$ 2,236,196	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,236,196
Public Works	-	-	1,686,608	-	-	-	-	-	-	1,686,608
Environmental Services	-	-	-	2,974,879	-	-	-	-	-	2,974,879
Public Safety Administration	-	481,772	-	-	-	-	-	-	-	481,772
Police and Jail	-	4,087,330	-	-	-	-	-	-	-	4,087,330
Fire	-	2,613,098	-	-	-	-	-	-	-	2,613,098
Communications	-	374,905	-	-	-	-	-	-	-	374,905
Building Codes Enforcement	-	208,376	-	-	-	-	-	-	-	208,376
Library	-	-	-	-	-	-	600,934	-	-	600,934
Parks and Recreation	-	-	-	-	-	-	2,840,715	-	-	2,840,715
Housing Rehab	4,838	-	-	-	-	-	-	-	-	4,838
Planning	315,014	-	-	-	-	-	-	-	-	315,014
Economic Development	357,028	-	-	-	-	-	-	-	-	357,028
Human Resource Management	339,936	-	-	-	-	-	-	-	-	339,936
Risk Management	351,926	-	-	-	-	-	-	-	-	351,926
Non-Departmental	1,005,195	-	-	-	-	-	-	-	-	1,005,195
Capital Outlay	-	-	-	-	-	-	-	10,899,385	-	10,899,385
Debt Service	-	-	-	-	-	-	-	-	8,215,680	8,215,680
Intergovernmental	93,973	50,515	92,592	-	466,731	4,185,064	25,755	-	-	4,914,630
<b>Totals</b>	<b>\$ 4,704,106</b>	<b>\$ 7,815,996</b>	<b>\$ 1,779,200</b>	<b>\$ 2,974,879</b>	<b>\$ 466,731</b>	<b>\$ 4,185,064</b>	<b>\$ 3,467,404</b>	<b>\$ 10,899,385</b>	<b>\$ 8,215,680</b>	<b>\$ 44,508,445</b>
As percentage	10.569%	17.561%	3.997%	6.684%	1.049%	9.403%	7.790%	24.488%	18.459%	100%

# City of Auburn, Alabama





# City of Auburn



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ALABAMA SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

## 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, 2001, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 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, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 7, 2001, on our consideration of the City of Auburn's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 data 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, McCheesney & Chastain, LLP*  
Auburn, Alabama

December 7, 2001



# City of Auburn





# City of Auburn



## CITY OF AUBURN, ALABAMA

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

SEPTEMBER 30, 2001

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
<b>ASSETS</b>						
Cash	\$ 23,840	\$ 14,626	\$ -	\$ -	\$ -	\$ -
Equity in pooled cash and cash equivalents	4,486,568	2,453,800	1,878,605	2,068,675	889,089	1,583,279
Total unrestricted cash and cash equivalents	4,510,408	2,468,426	1,878,605	2,068,675	889,089	1,583,279
Certificates of deposit	2,000,000	-	-	-	-	-
Receivables						
Revenues	2,402,010	43,088	-	-	-	-
Grants	491,892	155,743	-	300,000	-	-
Other governmental units	504,160	-	-	-	-	-
Water Works Board	6,576	-	-	-	329,028	-
Special assessments	2,435,272	-	-	-	-	-
Interest	-	-	-	-	-	-
Other	19,711	28,234	14,117	11,645	-	-
Due from						
Other funds	804,816	79,314	1,607	-	-	-
Component units	15,042	6,747	-	-	-	-
Inventories, at cost	29,235	-	-	-	-	-
Prepaid items	51,834	10,000	-	-	6,864	5,850
Mortgages receivable	-	4,821,470	-	-	-	-
Net investment in capital leases	-	-	-	-	-	-
Advances to						
Other funds	-	277,014	-	-	-	-
Component units	497,700	557,003	-	-	211,505	-
Restricted assets						
Cash	86,047	-	1	-	10,412,127	-
Investments	-	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-	-
Property for resale	-	17,463	-	-	-	-
Property, plant and equipment						
Land, buildings and improvements	-	-	-	-	163,241	-
Leasehold improvements	-	-	-	-	-	-
Construction in progress	-	-	-	-	212,674	-
Utility plants and lines	-	-	-	-	32,679,121	-
Machinery and equipment	-	-	-	-	762,001	-
Vehicles	-	-	-	-	290,443	-
Accumulated depreciation/amortization	-	-	-	-	(4,364,517)	-
Other assets	-	-	-	-	-	-
Bond issue costs (net)	-	-	-	-	424,851	-
Deferred water rights (net)	-	-	-	-	-	-
Deferred charges	-	-	-	-	242,558	-
Amounts to be provided for retirement of general long-term debt	-	-	-	-	-	-
Amount available in debt service funds	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 13,854,703</b>	<b>\$ 8,464,502</b>	<b>\$ 1,894,330</b>	<b>\$ 2,380,320</b>	<b>\$ 42,258,985</b>	<b>\$ 1,589,129</b>

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 Recreation Board
\$ -	\$ -	\$ 38,466	\$ 4,583,419	\$ 2,919,735	\$ -	\$ 404,701	\$ -
-	-	13,360,016	-	-	96,051	-	-
-	-	13,398,482	4,583,419	2,919,735	96,051	404,701	-
-	-	2,000,000	19,390	500,000	-	-	-
-	-	2,445,098	-	1,183,664	4,450	80,568	-
-	-	947,635	-	-	-	-	-
-	-	504,160	681,200	84	-	-	-
-	-	335,604	-	-	-	-	-
-	-	2,435,272	-	-	-	-	-
-	-	-	-	33,229	-	21,517	-
-	-	73,707	9,426	-	-	18,544	-
-	-	885,737	826,147	-	-	-	-
-	-	21,789	-	-	-	-	-
-	-	29,235	106,446	124,688	-	-	-
-	-	74,548	-	24,607	-	-	-
-	-	4,821,470	-	-	-	505,288	-
-	-	-	-	-	-	3,810,931	-
-	-	277,014	-	-	-	-	-
-	-	1,266,208	-	-	-	-	-
-	-	10,498,175	-	1,275,623	-	-	-
-	-	-	-	8,585,297	-	856,272	-
-	-	-	-	21,476	-	-	-
-	-	17,463	-	-	-	7,573,347	-
31,225,443	-	31,388,684	41,603,466	576,571	1,193,590	6,220,021	307,573
-	-	-	153,691	-	-	-	-
2,925,509	-	3,138,183	405,452	9,634,016	-	-	-
-	-	32,679,121	-	28,910,113	-	-	-
4,291,182	-	5,053,183	7,384,360	1,214,755	15,349	126,974	-
6,152,471	-	6,442,914	-	-	-	-	-
-	-	(4,364,517)	-	(11,179,367)	(303,614)	(479,442)	(13,921)
-	-	-	-	-	-	-	4,573
-	-	424,851	-	547,487	-	381,390	-
-	-	-	-	1,976,984	-	-	-
-	-	242,558	-	-	-	-	-
-	48,028,851	48,028,851	867,814	-	-	-	-
-	1,894,330	1,894,330	-	-	-	-	-
<u>\$ 44,594,605</u>	<u>\$ 49,923,181</u>	<u>\$ 164,959,755</u>	<u>\$ 56,640,811</u>	<u>\$ 46,348,962</u>	<u>\$ 1,005,826</u>	<u>\$ 19,520,111</u>	<u>\$ 298,225</u>

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

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

SEPTEMBER 30, 2001

	Governmental Fund Types			Proprietary Fund Types		
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>						
<b>Liabilities</b>						
Current maturities of notes payable	\$ -	\$ -	\$ -	\$ -	\$ 58,565	\$ -
Current portion of water supply agreement payable	-	-	-	-	-	-
Payables to other governments	84	-	-	-	-	-
Accounts payable and accrued liabilities	666,229	87,598	-	353,957	292,800	-
Customer deposits	88,950	-	-	-	284,078	-
Due to						
Other funds	80,921	73,175	-	703,782	27,859	-
Primary government	-	-	-	-	-	-
Deferred revenue	3,240,725	-	-	300,000	-	-
Bonds, notes, warrants and capital leases payable (net of current maturities)	-	-	-	-	30,099,921	-
Water supply agreement with City of Opelika (net of unamortized discount and current portion)	-	-	-	-	-	-
Accumulated annual leave	-	-	-	-	37,232	-
Claims payable	-	-	-	-	-	63,365
Landfill closure and post- closure care liability	-	-	-	-	-	-
Deferred program revenue	-	4,821,970	-	-	-	-
Advances from						
Other funds	-	-	-	-	277,014	-
Primary government	-	-	-	-	-	-
Liabilities payable from restricted assets						
Accounts payable	-	-	-	-	-	-
Current portion of bonds payable	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-
<b>Total liabilities</b>	<b>4,076,909</b>	<b>4,982,743</b>	<b>-</b>	<b>1,357,739</b>	<b>31,077,469</b>	<b>63,365</b>
<b>Fund equity and other credits</b>						
Contributed capital						
Developers	-	-	-	-	10,400,012	-
General Public	-	-	-	-	-	-
Grants	-	-	-	-	194,410	-
General Fund	-	-	-	-	-	-
General Government	-	-	-	-	274,713	-
Special Revenue Funds	-	-	-	-	-	-
Investment in general fixed assets	-	-	-	-	-	-
Retained earnings						
Unreserved (deficit)	-	-	-	-	312,381	1,525,764
Fund balances						
Reserved for						
Inventories	29,235	-	-	-	-	-
Prepaid expenses	51,834	-	-	-	-	-
Debt service	-	-	1,894,330	-	-	-
Encumbrances	1,535,430	-	-	544,923	-	-
Advances	497,700	837,589	-	-	-	-
Property for resale	-	17,463	-	-	-	-
Capital projects	-	-	-	-	-	-
Scholarships	-	-	-	-	-	-
Medical and dental	-	-	-	-	-	-
Unreserved -						
Designated for future local school appropriations	-	-	-	-	-	-
Undesignated (deficit)	7,663,595	2,626,707	-	477,858	-	-
Total equity and other credits	9,777,794	3,481,759	1,894,330	1,022,581	11,181,516	1,525,764
<b>TOTAL LIABILITIES FUND EQUITY AND OTHER CREDITS</b>	<b>\$ 13,854,703</b>	<b>\$ 8,464,502</b>	<b>\$ 1,894,330</b>	<b>\$ 2,380,320</b>	<b>\$ 42,258,985</b>	<b>\$ 1,589,129</b>

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
\$ -	\$ -	\$ 58,565	\$ -	\$ -	\$ -	\$ 418,010	\$ 21,863
-	-	-	-	132,444	-	-	-
-	-	84	-	878,023	-	-	-
-	-	1,400,584	389,995	292,306	5,712	1,175,783	-
-	-	373,028	-	395,816	-	-	-
-	-	885,737	826,147	-	-	-	-
-	-	-	15,042	-	-	-	6,747
-	-	3,540,725	6,696	-	-	5,000	-
-	48,207,887	78,307,808	867,814	17,920,000	-	15,291,369	171,710
-	-	-	-	1,653,189	-	-	-
-	851,657	888,889	-	116,635	-	-	-
-	709,637	773,002	-	-	-	-	-
-	154,000	154,000	-	-	-	-	-
-	-	4,821,970	-	-	-	-	-
-	-	277,014	-	-	-	-	-
-	-	-	-	-	497,700	768,508	-
-	-	-	-	360,537	-	-	-
-	-	-	-	395,000	-	-	-
-	-	-	-	167,714	-	40,193	-
-	49,923,181	91,481,406	2,105,694	22,311,664	503,412	17,698,863	200,320
-	-	10,400,012	-	8,230,001	-	-	-
-	-	-	-	-	-	56,087	-
-	-	194,410	-	-	359,598	1,657,485	-
-	-	-	-	-	22,749	-	-
-	-	274,713	-	-	-	2,974,798	33,771
-	-	-	-	-	185,096	-	-
44,594,605	-	44,594,605	49,546,969	-	-	-	-
-	-	1,838,145	-	15,807,297	(65,029)	(2,867,122)	64,134
-	-	29,235	106,446	-	-	-	-
-	-	51,834	-	-	-	-	-
-	-	1,894,330	-	-	-	-	-
-	-	2,080,353	45,713	-	-	-	-
-	-	1,335,289	-	-	-	-	-
-	-	17,463	-	-	-	-	-
-	-	-	557,327	-	-	-	-
-	-	-	5,174	-	-	-	-
-	-	-	30,199	-	-	-	-
-	-	-	541,108	-	-	-	-
-	-	10,767,960	3,702,181	-	-	-	-
44,594,605	-	73,478,349	54,535,117	24,037,298	502,414	1,821,248	97,905
<u>\$ 44,594,605</u>	<u>\$ 49,923,181</u>	<u>\$ 164,959,755</u>	<u>\$ 56,640,811</u>	<u>\$ 46,348,962</u>	<u>\$ 1,005,826</u>	<u>\$ 19,520,111</u>	<u>\$ 298,225</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, 2001

	Governmental Fund Types			Totals (Memorandum Only)	Component Unit
	General	Special Revenue	Debt Service		
<b>Revenues</b>					
Locally levied taxes	\$ 13,414,360	\$ 244,387	\$ -	\$ 13,658,747	-
Licenses and permits	10,229,779	-	-	10,229,779	-
General property tax	1,844,582	4,602,887	1,420,812	7,868,281	-
Fees for services	3,219,856	-	-	3,219,856	-
Fines and forfeitures	816,976	-	-	816,976	-
State shared taxes	363,038	208,478	-	571,516	-
Contributions from the public	71,946	-	-	71,946	-
Grants	276,760	788,200	-	1,064,960	-
Program income	-	201,009	-	201,009	-
Confiscation revenue	-	17,841	-	17,841	-
Lease income	62,466	-	-	62,466	-
Mortgage loan interest	-	105,993	-	105,993	-
Other interest	456,753	184,999	133,393	775,145	-
Miscellaneous	72,858	-	-	72,858	-
Intergovernmental	-	-	-	-	31,227,767
Special assessments	147,333	-	-	147,333	-
Other revenues	-	-	-	-	295,786
<b>Total revenues</b>	<b>30,976,507</b>	<b>6,353,794</b>	<b>1,554,205</b>	<b>39,195,309</b>	<b>31,523,553</b>
<b>Expenditures</b>					
Current operations					
Departmental					
General government and administration	2,150,016	86,180	-	2,236,196	-
Public works	1,686,608	-	-	1,686,608	-
Environmental services	2,974,879	-	-	2,974,879	-
Public safety administration	478,941	2,831	-	481,772	-
Communications	374,905	-	-	374,905	-
Fire	2,613,098	-	-	2,613,098	-
Police and jail administration	4,087,330	-	-	4,087,330	-
Codes enforcement	208,376	-	-	208,376	-
Library	598,854	2,080	-	600,934	-
Parks and recreation	2,840,715	-	-	2,840,715	-
Housing rehab	-	4,838	-	4,838	-
Planning	315,014	-	-	315,014	-
Economic development	329,237	27,791	-	357,028	-
Human resource management	339,936	-	-	339,936	-
Risk management	351,926	-	-	351,926	-
<b>Total departmental</b>	<b>19,349,835</b>	<b>123,720</b>	<b>-</b>	<b>19,473,555</b>	<b>-</b>
Nondepartmental	728,298	211,631	65,266	1,005,195	-
Educational programs	-	-	-	-	30,744,711
<b>Total current operations</b>	<b>20,078,133</b>	<b>335,351</b>	<b>65,266</b>	<b>20,478,750</b>	<b>30,744,711</b>

	Governmental Fund Types				Totals (Memorandum Only)	Component Unit
	General	Special Revenue	Debt Service	Capital Projects		
Expenditures (continued)						
Debt service	\$ 4,117,381	\$ 2,489,635	\$ 1,608,664	\$ -	\$ 8,215,680	\$ 227,969
Capital outlay	5,808,867	655,113	-	4,435,405	10,899,385	548,557
Intergovernmental	4,914,630	-	-	-	4,914,630	-
Total expenditures	<u>34,919,011</u>	<u>3,480,099</u>	<u>1,673,930</u>	<u>4,435,405</u>	<u>44,508,445</u>	<u>31,521,237</u>
Excess (deficiency) of revenues over expenditures	<u>(3,942,504)</u>	<u>2,873,695</u>	<u>(119,725)</u>	<u>(4,124,602)</u>	<u>(5,313,136)</u>	<u>2,316</u>
Other financing sources (uses)						
Long-term debt proceeds	5,149,620	-	-	-	5,149,620	-
Operating transfers in	526,750	1,650,000	80,080	-	2,256,830	838,709
From other funds	-	-	-	-	-	1,900,000
From primary government	-	-	-	-	-	24,420
Proceeds from sale of assets	-	-	-	-	-	-
Operating transfers out	(1,000)	(2,185,580)	-	-	(2,186,580)	(829,682)
To other funds	(1,413,512)	(2,512,357)	-	-	(3,925,869)	-
To component units	-	-	-	-	-	-
Total other financing sources (uses)	<u>4,261,858</u>	<u>(3,047,937)</u>	<u>80,080</u>	<u>-</u>	<u>1,294,001</u>	<u>1,933,447</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>319,354</u>	<u>(174,242)</u>	<u>(39,645)</u>	<u>(4,124,602)</u>	<u>(4,019,135)</u>	<u>1,935,763</u>
Fund balances, beginning of year	7,302,533	3,617,210	1,933,975	5,147,183	18,000,901	3,047,211
Prior period adjustment	2,155,907	38,791	-	-	2,194,698	-
Fund balances, beginning of year, as restated	<u>9,458,440</u>	<u>3,656,001</u>	<u>1,933,975</u>	<u>5,147,183</u>	<u>20,195,599</u>	<u>3,047,211</u>
Fund balances, end of year	<u>\$ 9,777,794</u>	<u>\$ 3,481,759</u>	<u>\$ 1,894,330</u>	<u>\$ 1,022,581</u>	<u>\$ 16,176,464</u>	<u>\$ 4,982,974</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, 2001

	General Fund			Special Revenue Funds			Debt Service Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>									
Locally levied taxes	\$ 13,237,000	\$ 13,414,360	\$ 177,360	\$ 220,000	\$ 244,387	\$ 24,387	\$ -	\$ -	\$ -
Licenses and permits	10,000,000	10,229,779	229,779	-	-	-	-	-	-
General property tax	1,805,178	1,844,582	39,404	4,400,000	4,602,887	202,887	1,396,000	1,420,812	24,812
Fees for services	3,140,945	3,219,656	78,711	-	-	-	-	-	-
Fines and forfeitures	790,000	816,976	26,976	-	-	-	-	-	-
State shared taxes	466,738	363,038	(103,700)	204,000	208,478	4,478	-	-	-
Contributions from the public	142,300	71,946	(70,354)	-	-	-	-	-	-
Grants	832,988	276,760	(556,228)	-	-	-	-	-	-
Confiscation revenue	-	-	-	18,500	17,841	(659)	-	-	-
Lease income	60,000	62,466	2,466	-	-	-	-	-	-
Interest	337,000	456,753	119,753	95,000	98,191	3,191	142,500	133,393	(9,107)
Miscellaneous	83,600	72,858	(10,742)	-	-	-	-	-	-
Special assessments	235,500	147,333	(88,167)	-	-	-	-	-	-
<b>Total revenues</b>	<b>31,131,249</b>	<b>30,976,507</b>	<b>(154,742)</b>	<b>4,937,500</b>	<b>5,171,784</b>	<b>234,284</b>	<b>1,538,500</b>	<b>1,554,205</b>	<b>15,705</b>
<b>Expenditures</b>									
Current operations									
Departmental									
General government and administration	107,715	92,600	15,115	-	-	-	-	-	-
Executive	496,630	453,731	42,899	-	-	-	-	-	-
Information technology	424,360	392,549	31,811	-	-	-	-	-	-
Judicial	451,507	436,881	14,626	-	-	-	-	-	-
Administrative	797,050	774,255	22,795	-	-	-	-	-	-
Finance									
<b>Total general government and administration</b>	<b>2,277,262</b>	<b>2,150,016</b>	<b>127,246</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Public works	1,892,473	1,686,608	205,865	-	-	-	-	-	-
Environmental services	3,101,926	2,974,879	127,047	-	-	-	-	-	-
Public safety administration	602,915	478,941	123,974	3,500	2,831	669	-	-	-
Communications	420,202	374,905	45,297	-	-	-	-	-	-
Fire	2,718,112	2,613,098	105,014	-	-	-	-	-	-
Police and jail administration	4,200,163	4,087,330	112,833	-	-	-	-	-	-
Codes enforcement	213,703	208,376	5,327	-	-	-	-	-	-
Library	678,719	598,854	79,865	-	-	-	-	-	-
Parks and recreation	3,154,728	2,840,715	314,013	-	-	-	-	-	-
Planning	337,898	315,014	22,884	-	-	-	-	-	-
Economic development	331,885	329,237	2,648	-	-	-	-	-	-
Human resource management	397,848	339,936	57,912	-	-	-	-	-	-
Risk management	598,212	351,928	246,286	-	-	-	-	-	-
<b>Total departmental</b>	<b>20,926,046</b>	<b>19,349,835</b>	<b>1,576,211</b>	<b>3,500</b>	<b>2,831</b>	<b>669</b>	<b>-</b>	<b>-</b>	<b>-</b>

	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)									
Nondepartmental	\$ 794,728	\$ 728,298	\$ 66,430	\$ 209,260	\$ 211,631	\$ (2,371)	\$ 66,760	\$ 65,266	\$ 1,494
Total current operations	21,720,774	20,078,133	1,642,641	212,760	214,462	(1,702)	66,760	65,266	1,494
Debt service	1,884,477	4,117,381	(2,232,904)	2,487,926	2,489,635	(1,709)	1,736,023	1,608,664	127,359
Capital outlay	6,099,964	5,808,867	291,097	50,000	32,765	17,235	-	-	-
Intergovernmental	4,915,498	4,914,630	868	-	-	-	-	-	-
Total expenditures	34,620,713	34,919,011	(298,298)	2,750,686	2,736,862	13,824	1,802,783	1,673,930	128,853
Excess (deficiency) of revenues over expenditures	(3,489,464)	(3,942,504)	(453,040)	2,186,814	2,434,922	248,108	(264,283)	(119,725)	144,558
Other financing sources (uses)									
Long-term debt proceeds	4,431,027	5,149,620	718,593	-	-	-	-	-	-
Operating transfers in	1,618,474	526,750	(1,091,724)	2,070,000	1,650,000	(420,000)	80,080	80,080	-
Operating transfers out	(1,000)	(1,000)	-	(2,605,580)	(2,185,580)	420,000	-	-	-
To other funds	(1,456,154)	(1,413,512)	42,642	(2,300,000)	(1,900,000)	400,000	-	-	-
Total other financing sources (uses)	4,592,347	4,261,858	(330,489)	(2,835,580)	(2,435,580)	400,000	80,080	80,080	-
Excess (deficiency) of revenue and other sources over expenditures and other uses	1,102,883	319,354	(783,529)	\$ (648,766)	(658)	\$ 648,108	(184,203)	(39,645)	144,558
Excess (deficiency) of revenues and other sources over expenditures and other uses for funds not budgeted (see Note 20)	-	-	-	-	(173,584)	-	-	-	-
Fund balances, beginning of year	7,302,533	7,302,533	-	3,617,210	3,617,210	-	1,933,975	1,933,975	-
Prior period adjustment	-	2,155,907	2,155,907	38,791	38,791	-	-	-	-
Fund balances, beginning of year, as restated	7,302,533	9,458,440	2,155,907	3,656,001	3,656,001	-	1,933,975	1,933,975	-
Fund balances, end of year	\$ 8,405,416	\$ 9,777,794	\$ 1,372,378	\$ 3,481,759	\$ 3,481,759	\$ 144,558	\$ 1,749,772	\$ 1,894,330	\$ 144,558

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, 2001

	Totals (Memorandum Only)					Component Units				
	Enterprise	Internal Service	Primary Government	Board of Education	Water Works Board	Auburn Center for Developing Industries	Industrial Development Board	Public Parks and Recreation Board		
Operating revenues	\$ 4,515,765	\$ -	\$ 4,515,765	\$ -	\$ -	\$ -	\$ -	\$ -		
Sewer service charges	-	-	-	-	-	-	-	-		
Sale of property	7,340	-	7,340	-	-	-	-	-		
Sewer tapping fees	-	1,231,214	1,231,214	-	-	-	-	-		
Charges for services	-	-	-	-	-	-	-	-		
Lease income	-	-	-	-	-	99,620	-	-		13,600
Water sales and service	-	-	-	-	4,412,036	-	-	-		-
Miscellaneous	-	-	-	-	7,282	-	-	-		-
Total operating revenues	4,523,105	1,231,214	5,754,319	-	4,419,318	99,620	2,268,037	12,466		13,600
Operating expenses	372,703	-	372,703	-	-	-	-	-		-
Salaries and wages	64,797	-	64,797	-	-	-	-	-		25,000
Employee benefits	-	-	-	-	-	-	-	-		1,913
Cost of land sold	-	-	-	-	-	-	-	-		2,744,914
Repairs and maintenance	3,629	-	3,629	-	-	27,859	-	-		68,344
Advertising	-	-	-	-	-	-	-	-		12,013
Utilities	27,879	-	27,879	-	-	-	-	-		24,186
Professional services	120,534	-	120,534	-	-	51,962	-	-		25,787
Rentals and leasing	4,646	-	4,646	-	-	3,120	-	-		-
Insurance	6,128	-	6,128	-	-	-	-	-		-
Office supplies	10,726	-	10,726	-	-	-	-	-		-
Fuels and lubricants	7,438	-	7,438	-	-	1,154	-	-		2,799
Agricultural and chemical supplies	15,574	-	15,574	-	-	-	-	-		-
Minor equipment and tools	3,584	-	3,584	-	-	-	-	-		-
Repair parts and materials	102,455	-	102,455	-	-	-	-	-		-
Clothing and linens	5,923	-	5,923	-	-	-	-	-		-
Sewer service fees	276,662	-	276,662	-	-	-	-	-		-
Management fees	3,008,936	-	3,008,936	-	-	-	-	-		-
Bad debt expense	65,663	-	65,663	-	-	-	-	-		-
Depreciation/amortization	365,348	-	365,348	-	-	-	-	-		-
Industrial recruitment	-	-	-	-	934,827	28,151	-	-		141,409
Travel and training	6,180	-	6,180	-	-	-	-	-		314,067
Grant awards	-	-	-	-	-	-	-	-		18,174
Special events	-	-	-	-	-	-	-	-		130,459
Medical claims and premiums	-	-	-	-	-	-	-	-		8,046
Water pumping and purification expense	-	1,197,860	1,197,860	-	-	-	-	-		-
Water distribution expense	-	-	-	-	1,213,675	-	-	-		-
Meter reading expense	-	-	-	-	494,298	-	-	-		-
Billing and collections expense	-	-	-	-	148,428	-	-	-		-
Operations administration expense	-	-	-	-	310,644	-	-	-		-
Revenue administration expense	-	-	-	-	220,542	-	-	-		-
General operations expense	-	-	-	-	99,968	-	-	-		-
Miscellaneous	605	-	605	-	441,283	-	-	-		-
Total operating expenses	4,469,410	1,197,860	5,667,270	250	3,863,665	112,246	3,551,868	34,757		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)	\$ 53,695	\$ 33,354	\$ 87,049	\$ (250)	\$ 555,653	\$ (12,626)	\$ (1,283,831)	\$ 7,667		
Nonoperating revenues (expenses)										
Interest earned	41,172	77,444	118,616	340	426,693	4,563	291,809	-		
Grant revenue	-	-	-	-	-	-	201,479	-		
Interest and fiscal charges	(142,525)	-	(142,525)	-	(432,993)	-	(716,870)	(18,034)		
Total nonoperating revenues (expenses)	(101,353)	77,444	(23,909)	340	(6,300)	4,563	(223,582)	(18,034)		
Net income (loss) before operating transfers and capital contributions	(47,658)	110,798	63,140	90	549,353	(8,063)	(1,507,413)	(10,367)		
Operating transfers in										
From other funds	1,000	-	1,000	-	-	-	-	-		
From primary government	-	-	-	-	-	-	1,998,510	27,359		
Operating transfers out to other funds	(71,250)	-	(71,250)	-	-	-	-	-		
Capital contributions										
From developers	504,310	-	504,310	-	281,897	-	-	-		
From impact fees	-	-	-	-	305,500	-	-	-		
From other governments	-	-	-	-	-	-	325,000	-		
Net income (loss)	386,402	110,798	497,200	90	1,136,750	(8,063)	816,097	16,992		
Retained earnings (deficit), beginning of year	(109,224)	1,414,966	1,305,742	5,084	14,931,257	(56,966)	(3,689,269)	47,142		
Prior period adjustment	27,494	-	27,494	-	(260,710)	-	-	-		
Retained earnings (deficit), beginning of year, as restated	(81,730)	1,414,966	1,333,236	5,084	14,670,547	(56,966)	(3,689,269)	47,142		
Residual equity transfers in (out)	7,709	-	7,709	-	-	-	-	-		
Retained earnings (deficit), end of year	\$ 312,381	\$ 1,525,764	\$ 1,838,145	\$ 5,174	\$ 15,807,297	\$ (65,029)	\$ (2,873,172)	\$ 64,134		

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, 2001

	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				
<b>Cash flows from operating activities</b>												
Cash collected from customers	\$ 4,658,591	\$ -	\$ 4,658,591	\$ -	\$ 4,507,899	\$ 101,632	\$ 231,203	\$ 13,600				
Cash collected from City, Water Works Board and employees	-	1,231,214	1,231,214	-	-	-	-	-				
Customer deposits collected	55,626	-	55,626	-	66,780	-	-	-				
Payments to suppliers and contractors for goods and services	(3,672,266)	(1,192,469)	(4,864,735)	-	(1,455,069)	(85,344)	(2,294,047)	-				
Payments to employees for services	(436,486)	-	(436,486)	-	(933,597)	-	(26,913)	-				
Payments for scholarships	-	-	-	(250)	-	-	-	-				
Cash paid to the City for payments in lieu of tax	-	-	-	-	(135,302)	-	-	-				
Net cash provided (consumed) by operating activities	605,465	38,745	644,210	(250)	2,050,711	16,288	(2,089,757)	13,600				
<b>Cash flows from noncapital financing activities</b>												
Proceeds of operating transfers from primary government	-	-	-	-	-	-	1,998,510	27,359				
Proceeds of operating transfers in	1,000	-	1,000	-	-	-	-	-				
Repayment of borrowing from other funds	(164,246)	1,326	(162,920)	-	-	-	-	-				
Repayment of borrowing from component units	-	-	-	-	-	-	-	-				(1,413)
Payments of operating transfers out	(71,250)	-	(71,250)	-	-	-	-	-				-
Repayment of cash loaned to other funds	20	-	20	(90)	-	-	-	-				-
Repayment of cash loaned to component units	72,382	-	72,382	-	-	-	-	-				-
Net cash provided (consumed) by noncapital financing activities	(162,094)	1,326	(160,768)	(90)	-	-	1,998,510	25,946				

	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				
<b>Cash flows from capital and related financing activities</b>												
Capital grants received	-	-	-	-	-	-	-	-	-	-	201,479	-
Repayment of long-term borrowing for equipment replacement	(892)	-	(892)	-	-	-	-	-	-	-	-	-
Proceeds from capital contributions	-	-	-	-	335,347	-	-	-	325,000	-	-	-
Acquisition and construction of capital assets	(19,905,450)	-	(19,905,450)	-	(7,820,971)	-	-	(4,436,530)	-	-	-	-
Principal repayments on borrowing	(6,678)	-	(6,678)	-	(308,392)	-	-	(476,209)	-	-	-	(21,572)
Proceeds of debt issued	29,752,952	-	29,752,952	-	11,080,000	-	-	1,800,000	-	-	-	-
Repayment of advances from primary government	-	-	-	-	-	-	-	(3,572)	-	-	-	-
Interest and fiscal fees paid	(344,394)	-	(344,394)	-	(769,155)	-	-	(948,258)	-	-	-	(18,034)
Net cash consumed by capital and related financing activities	9,495,538	-	9,495,538	-	2,516,829	-	-	(3,538,090)	-	-	-	(39,606)
<b>Cash flows from investing activities</b>												
Cash received from maturities of unrestricted investments	-	-	-	-	3,000,000	-	-	-	-	-	-	-
Interest on investments	41,172	77,444	118,616	340	647,621	4,563	-	93,774	-	-	-	-
Interest on mortgages receivable	-	-	-	-	-	-	-	207,344	-	-	-	-
Minimum lease payments collected	-	-	-	-	-	-	-	168,076	-	-	-	-
Principal collected on mortgages receivable	-	-	-	-	-	-	-	103,996	-	-	-	-
Net cash provided (consumed) by investing activities	41,172	77,444	118,616	340	3,647,621	4,563	-	573,190	-	-	-	-
Net increase (decrease) in cash	9,980,081	117,515	10,097,596	-	8,215,161	20,851	-	(3,056,147)	-	-	-	(60)
Cash and cash equivalents, beginning of year	1,321,135	1,465,764	2,786,899	4,969	4,565,494	75,200	-	4,317,120	-	-	-	60
Cash and cash equivalents, end of year	\$ 11,301,216	\$ 1,583,279	\$ 12,884,495	\$ 4,969	\$ 12,780,655	\$ 96,051	\$ 1,260,973	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Composition of cash and cash equivalents at September 30, 2001:</b>												
Unrestricted	\$ 889,089	\$ 1,583,279	\$ 2,472,368	\$ 4,969	\$ 2,919,735	\$ 96,051	\$ 404,701	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	10,412,127	-	10,412,127	-	9,860,920	-	856,272	-	-	-	-	-
Total cash and cash equivalents	\$ 11,301,216	\$ 1,583,279	\$ 12,884,495	\$ 4,969	\$ 12,780,655	\$ 96,051	\$ 1,260,973	\$ -	\$ -	\$ -	\$ -	\$ -

\*\* Total Board of education cash per the Combined Balance Sheet of \$4,583,419 includes cash of governmental fund types (\$4,578,450) and cash of proprietary fund types (\$4,969).

	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		
<b>RECONCILIATION OF NET CASH PROVIDED (CONSUMED) BY OPERATING ACTIVITIES</b>										
Operating income (loss)	\$ 53,695	\$ 33,354	\$ 87,049	\$ -	\$ 555,653	\$ (12,626)	\$ (1,277,781)	\$ 7,667		
Add:	365,348	-	365,348	-	934,827	28,151	141,409	5,933		
Decrease in property for resale	-	-	-	-	-	-	1,086,672	-		
Decrease in inventory	-	-	-	-	23,686	-	-	-		
Decrease in prepaid expenses	-	-	-	-	592	-	-	-		
Decrease in accounts receivable	-	-	-	-	94,885	2,012	-	-		
Decrease in accounts receivable Water Board	135,486	-	135,486	-	-	-	-	-		
Decrease in receivable from primary government	-	-	-	-	978	-	-	-		
Increase in accrued leave	-	-	-	-	17,942	-	-	20,264		
Increase in accounts payable/accrued liabilities	2	11,241	11,243	-	192,425	-	-	-		
Increase in customer deposits	55,626	-	55,626	-	59,498	-	-	-		
Increase in accrued leave	937	-	937	-	-	-	-	-		
Increase in payables to other governments	2	-	2	-	-	-	-	-		
Increase in retainage payable	-	-	-	-	189,191	-	-	-		
Deduct:	(3,698)	(5,850)	(9,548)	-	-	-	-	-		
Increase in prepaid expenses	-	-	-	-	-	-	(88,944)	-		
Increase in accounts receivable, net	-	-	-	-	-	-	(1,954,543)	-		
Increase in net investment in capital leases	-	-	-	-	-	-	(5,475)	-		
Decrease in deferred revenue	-	-	-	-	-	-	-	-		
Decrease in payables to other governments	-	-	-	-	(18,966)	-	-	-		
Decrease in accounts payable/accrued liabilities	(1,933)	-	(1,933)	-	-	(1,249)	(11,359)	-		
Net cash provided (consumed) by operating activities	\$ 605,465	\$ 38,745	\$ 644,210	\$ -	\$ 2,050,711	\$ 16,288	\$ (2,089,757)	\$ 13,600		
Noncash transactions:										
Estimated cost of utility lines installed by and contributed by developers	\$ 504,310	-	\$ 504,310	\$ -	\$ 281,897	\$ -	\$ -	\$ -		
Net book value of fixed assets transferred from the general fixed assets account group	7,709	-	7,709	-	-	-	-	-		
Property sold under capital lease	-	-	-	-	-	-	1,954,543	-		
Total noncash transactions	\$ 512,019	\$ -	\$ 512,019	\$ -	\$ 281,897	\$ -	\$ 1,954,543	\$ -		

See accompanying notes to financial statements.

City of Auburn, Alabama

Guide to Notes to the Financial Statements

September 30, 2001

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CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

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 nonexpendable trust activities which are presented as a proprietary fund type.



## CITY OF AUBURN, ALABAMA

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

1. Summary of Significant Accounting Policies - continuedCity 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 nonprofit 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, 2001

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. 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  
144 Tichenor Avenue  
Auburn, Alabama 36830

RELATED ORGANIZATIONS

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

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, 2001

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, 2001, 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, 2001

1. Summary of Significant Accounting Policies - continued

Summary financial information for the Indian Pines Recreation Authority as of and for the year ended September 30, 2001, is as follows:

Total assets (net of accumulated depreciation on fixed assets)	\$ 1,489,295
Total liabilities	131,535
Total equity	1,357,760
Total revenues	910,971
Total expenses	883,324
Net increase in retained earnings	50,598

The Authority had no debts outstanding as of September 30, 2001, other than current liabilities consisting of accounts payable, deferred revenue and accrued payroll totaling \$131,535. 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, 2001

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, 2001

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, 2001

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, 2001

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	-	-	-	20 - 30 years	-
Mechanical equipment	5 - 10 years	3 - 10 years	-	-	-
Tools	-	3 - 5 years	-	-	-
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, 2001

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.

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

1. The City Manager submits to the City Council a proposed budget (operating and capital) prior to the beginning of each biennial period. The proposed budget is for two one-year periods, each beginning on October 1 and ending on the following September 30.
2. Prior to September 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 2001 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 fiscal year-end. Encumbrances of departments that did not exceed their departmental budgets may be added to the subsequent year's appropriations at the time of the mid-biennium review, if the City Manager so recommends and if the Council approves.

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

1. Summary of Significant Accounting Policies - continued

8. Excess of expenditures over appropriations: In the General Fund, debt service expenditures of \$4,117,381 exceeded appropriations of \$1,884,477. In Special Revenue Funds – special school tax expenditures of \$2,560,155 exceeded appropriations of \$2,554,686.

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, 2001

1. Summary of Significant Accounting Policies - continued

- H. Accounts Receivable – Revenues receivable are reflected net of an allowance for doubtful accounts. For the General 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 \$40,000 per covered individual, per year, or approximately \$1,221,232 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, 2001

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, 2001

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, 2001.

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, 2001. 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, 2001. 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, 2001

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, 2001, a long-term liability of \$851,656 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 \$37,232 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, 2001

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 \$116,635 at September 30, 2001.

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, 2001, 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.
6. Reserve for prepaid expenses indicates the portion of fund balance not available for appropriation because prepaid expenses do not represent available expendable financial resources.

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

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 16.
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 17.
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 18.
4. Residual equity transfers - consist of nonroutine or nonrecurring (i.e., permanent) transfers of equity between funds. See Note 19.

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, 2001, the Industrial Park Enterprise fund had a retained earnings deficit in the amount of \$554,791. 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, 2001

**3. Deposits in Financial Institutions**

In its 2000 Regular Session, the Alabama State Legislature enacted the Security for Alabama Funds Enhancement (SAFE) Program that changes the way all Alabama public deposits are collateralized. Public deposits include the funds of any covered public entity or covered public official placed on deposit in a qualified depository, including time and demand deposit accounts and certificates of deposit but excluding bonds, notes, money market mutual funds, repurchase agreements and similar investment instruments. Covered public entities include the state and its political subdivisions, including municipalities and related boards. In the past, the bank pledged collateral directly to each public entity. Under SAFE, which is mandatory, each qualified public depository (QPD) is required to hold collateral for all of its public deposits on a pooled basis in a custody account (SAFE Custody Account) established for the State Treasurer as SAFE administrator. In the unlikely event a public entity should suffer a deposit loss due to QPD insolvency or default, a claim form would be filed with the State Treasurer, who would use the SAFE pool collateral or other means to reimburse the loss. As of September 30, 2001, all deposits of the City of Auburn primary government, the Auburn Board of Education, the Water Works Board, the Auburn Center for Developing Industries, the Industrial Development Board, and the Public Parks and Recreation Board are held in a certified qualified public depository.

**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, 2001, is as follows:

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

4. Equity in Pooled Cash and Cash Equivalents - continued

<u>Composition</u>	<u>Cost</u>
AuburnBank	
Government money market account	\$ 8,171,853
Premium interest checking accounts	5,284,214
Total pooled assets, restricted and unrestricted	<u>\$ 13,456,067</u>
<u>Funds' Share in Pooled Assets</u>	
General Fund	\$ 4,486,568
Special Revenue Funds	
Seven-Cent Gas Tax	19,158
Four-Cent Gas Tax	24,748
Public Safety Substance Abuse	174,420
City Gas Tax	78,953
Special School Tax	285,433
Special Additional School Tax	450,345
Federal Grant Loan Repayment	1,414,675
Community Development Block Grant Fund	6,068
Debt Service Funds	
GORSIW Series 76	33,431
Special 5-Mill Tax	1,845,174
Capital Projects Funds	
'97/98 Capital Projects Fund	323,327
'99 Warrant Projects Fund	999,741
'99 Bond Projects Fund	745,607
Enterprise Funds	
Industrial Park Fund	7,718
Sewer Fund	881,371
Internal Service Funds	
Self Insurance	1,583,279
Subtotal, primary government	<u>13,360,016</u>
Component Units	
Auburn Center for Developing Industries	96,051
Public Parks and Recreation Board	-
Industrial Development Board	-
Subtotal, component units	<u>96,051</u>
Total pooled cash and cash equivalents, unrestricted	<u>\$ 13,456,067</u>

CITY OF AUBURN, ALABAMA  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2001

5. Investments

CITY OF AUBURN PRIMARY GOVERNMENT

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.

<u>Restricted Investments</u>	<u>Cost</u>	<u>Fair Value</u>
Regions Treasury Money Market Fund (not subject to categorization)	\$ <u>10,412,127</u>	\$ <u>10,412,127</u>

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 debt service payments on related bonds.

COMPONENT UNITS

Water Works Board

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

<u>Restricted Investments</u>	<u>Cost</u>	<u>Fair Value</u>
Vista Mutual Fund (not subject to categorization)	\$ <u>8,585,297</u>	\$ <u>8,585,297</u>

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, 2001, the Industrial Development Board's investments were comprised of the following:

<u>Restricted Investments</u>	<u>Cost</u>	<u>Fair Value</u>
AmSouth U.S. Treasury Money Market Fund (not subject to categorization)	\$ <u>856,272</u>	\$ <u>856,272</u>

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, 2001

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 09/30/00	Additions	Transfers and Deductions	Balance 09/30/01
Land, buildings and improvements	\$ 23,721,914	\$ 7,523,659	\$ (20,130)	\$ 31,225,443
Construction in progress	5,665,209	2,008,859	(4,748,559)	2,925,509
Communication equipment	519,697	-	(18,899)	500,798
Heavy equipment	961,322	-	(32,160)	929,162
Office equipment	1,245,773	560,799	(77,703)	1,728,869
Small tools and equipment	994,451	163,707	(25,805)	1,132,353
Vehicles	5,150,470	1,060,306	(58,305)	6,152,471
<b>Total general fixed assets</b>	<b>\$ 38,258,836</b>	<b>\$ 11,317,330</b>	<b>\$ (4,981,561)</b>	<b>\$ 44,594,605</b>

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 \$44,594,605 includes \$374,000 at estimated cost.

Included in the total cost of vehicles are vehicles under capital leases with a cost of \$1,769,650; and total cost of office equipment includes leased equipment costing \$218,492.

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

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, 2001, follows:

	Sewer Fund	Industrial Park Fund	Total
Land	\$ 134,626	\$ -	\$ 134,626
Buildings	28,615	-	28,615
Construction in progress	212,674	-	212,674
Sewage plants and lines	32,679,121	-	32,679,121
Machinery and equipment	762,001	-	762,001
Vehicles	290,443	-	290,443
	<u>34,107,480</u>	<u>-</u>	<u>34,107,480</u>
Less accumulated depreciation	<u>4,364,517</u>	<u>-</u>	<u>4,364,517</u>
Proprietary fund net property, plant and equipment	\$ <u>29,742,963</u>	\$ <u>-</u>	\$ <u>29,742,963</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, 2001, 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 10/01/00	Additions	Retirements	Balance 09/30/01
Land and improvements	\$ 1,794,158	\$ 103,506	\$ -	\$ 1,897,664
Building and improvements	39,609,445	96,357	-	39,705,802
Equipment	7,244,677	178,856	39,173	7,384,360
Construction in progress	58,143	405,452	58,143	405,452
Leasehold improvements	153,691	-	-	153,691
Total	\$ <u>48,860,114</u>	\$ <u>784,171</u>	\$ <u>97,316</u>	\$ <u>49,546,969</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, 2001

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, 2001:

	Balance 10/01/00	Additions	Retirements/ Reclassifications	Balance 09/30/01
Land and buildings	\$ 568,228	\$ 8,343	\$ -	\$ 576,571
Water plants and lines	28,566,541	495,654	152,082	28,910,113
Machinery and equipment	1,038,683	198,504	22,432	1,214,755
Construction in progress	2,263,496	7,385,478	243,604	9,405,370
Total	\$ 32,436,948	\$ 8,087,979	\$ 418,118	\$ 40,106,809

It is the Board's policy to capitalize net interest costs on funds borrowed to finance the construction of fixed assets. For the year ended September 30, 2001, the Board incurred interest costs of \$653,208; total interest expense was \$424,562, and interest cost of \$228,646 was capitalized in connection with the cost of construction in progress.

Auburn Center for Developing Industries

The following is a schedule of changes in property, plant and equipment for the year ended September 30, 2001:

	Balance 10/01/00	Additions	Retirements/ Reclassifications	Balance 09/30/01
Land	\$ 67,543	\$ -	\$ -	\$ 67,543
Buildings	1,126,047	-	-	1,126,047
Machinery and equipment	15,349	-	-	15,349
Total	\$ 1,208,939	\$ -	\$ -	\$ 1,208,939

It is the Center's policy to capitalize net interest costs on funds borrowed to finance the construction of fixed assets. For the year ended September 30, 2001, no interest was incurred or capitalized.

CITY OF AUBURN, ALABAMA  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2001

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

Industrial Development Board

The following is a schedule of changes in property, plant, and equipment for the year ended September 30, 2001:

	Balance 10/01/00	Additions	Disposals/ Reclassifications	Balance 09/30/01
Land	\$ 643,570	\$ 16,000	-	\$ 659,570
Buildings	4,458,752	421,605	-	4,880,357
Building Improvements	91,689	-	-	91,689
Land Improvements	588,405	-	-	588,405
Equipment	33,891	93,083	-	126,974
Total	<u>\$ 5,816,307</u>	<u>\$ 530,688</u>	<u>\$ -</u>	<u>\$ 6,346,995</u>

It is the Board's policy to capitalize net interest costs on funds borrowed to finance the construction of assets. For the year ended September 30, 2001, no interest was capitalized by the Board in connection with the above property. However, total interest costs incurred were \$748,100; interest expense was \$542,457 and interest cost of \$205,643 was capitalized in connection with improvements in progress on land held for resale.

Public Parks and Recreation Board

The following is a schedule of changes in property, plant, and equipment for the year ended September 30, 2001:

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

It is the Board's policy to capitalize net interest costs on funds borrowed to finance the construction of assets. For the year ended September 30, 2001, no interest was incurred in connection with construction of assets.

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

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, 2001:

General obligation:	Bonds Payable	Notes Payable	Warrants Payable	Capital Leases Payable	Total			Landfill Closure and Postclosure Care Liability	Total
					Bonds, Notes, Warrants and Capital Leases Payable	Accumulated Annual Leave	Claims Payable		
Balance, September 30, 2000	\$ 16,940,000	\$ 409,254	\$ 30,700,335	\$ 659,699	\$ 48,709,288	\$ 724,224	\$ 684,143	\$ 159,500	\$ 50,277,155
Face value of new debt issued	-	-	4,074,278	1,075,343	5,149,621	-	-	-	5,149,621
Increase (decrease) in accumulated annual leave	-	-	-	-	-	127,433	-	-	127,433
Increase (decrease) in claims payable	-	-	-	-	-	-	25,494	-	25,494
Increase (decrease) in landfill closure and postclosure care liability	-	-	-	-	-	-	-	(5,500)	(5,500)
Retirement of debt	(1,115,000)	(46,913)	(4,197,077)	(292,032)	(5,651,022)	-	-	-	(5,651,022)
Balance, September 30, 2001	<u>15,825,000</u>	<u>362,341</u>	<u>30,577,536</u>	<u>1,443,010</u>	<u>48,207,887</u>	<u>851,657</u>	<u>709,637</u>	<u>154,000</u>	<u>49,923,181</u>
Enterprise:									
Balance, September 30, 2000	-	-	-	141,731	141,731	36,295	-	-	178,026
Face value of new debt issued	5,257,326	-	24,765,000	-	30,022,326	-	-	-	30,022,326
Increase (decrease) in accumulated annual leave	-	-	-	-	-	937	-	-	937
Interest accretion	26,107	-	-	-	26,107	-	-	-	26,107
Retirement of debt	-	-	-	(31,678)	(31,678)	-	-	-	(31,678)
Balance, September 30, 2001	<u>5,283,433</u>	<u>-</u>	<u>24,765,000</u>	<u>110,053</u>	<u>30,158,486</u>	<u>37,232</u>	<u>-</u>	<u>-</u>	<u>30,195,718</u>
Total long-term debt	<u>\$ 21,108,433</u>	<u>362,341</u>	<u>55,342,536</u>	<u>1,553,063</u>	<u>78,366,373</u>	<u>888,889</u>	<u>709,637</u>	<u>154,000</u>	<u>80,118,899</u>



CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

8. Long-Term Debt - continued

Bonds, notes, and warrants payable of the City of Auburn at September 30, 2001, are comprised of the following individual issues:

	Interest Rate	Interest Dates	Source of Payment	Principal Issued	Principal Outstanding September 30, 2001	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	\$ 285,000	\$ 10,000	2002
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	80,000	2003
School warrants, dated 12/01/82	4.10%-6.00%	2/1-8/1	Special School Tax Fund ad valorem taxes	3,500,000	435,000	2003
Capital improvement school warrants, dated 05/01/84	4.60%-5.80%	2/1-8/1	Special School Tax Fund ad valorem taxes	4,635,000	4,040,000	2009
School warrants, dated 09/25/86 (Oglethorpe & Yarbrough Elem. Sch.)	5.20%-5.50%	2/1-8/1	Special School Tax Fund ad valorem taxes	11,000,000	9,255,000	2016
Capital improvement bonds, dated 06/01/87 (Samford Sports Complex, etc.)	3.8%-5.25%	2/1-8/1	Special 5-Mill Tax Fund ad valorem taxes	6,500,000	5,660,000	2015
General obligation warrant dated 12/30/87 (PW & ES bldgs.)	5%	Monthly	Full faith credit and taxing power of the City of Auburn	750,000	219,381	2003
Capital improvement bonds, dated 06/01/88 (S. College Imp.)	3.95%-5.10%	2/1-8-1	Special 5-Mill Tax Fund ad valorem taxes	2,000,000	1,700,000	2015
General obligation warrant, dated 08/05/88 (Dean Rd. Ext.)	5.16%	Quarterly	General Fund	810,672	608,431	2008
General obligation refunding Bonds, dated 09/01/88 (2/1/88 G.O. Street Imp.)	3.75%-4.00%	2/1-8/1	Special 5-Mill Tax Fund ad valorem taxes	2,085,000	605,000	2002
General obligation refunding warrant, dated 09/01/88 (12/01/81 G.O.)	3.75%-4.25%	6/1-12/1	General Fund	3,370,000	2,380,000	2007
General obligation refunding school warrants, dated 09/01/88 (87,90 & 92 G.O. School)	3.75%-4.55%	6/1-12/1	Special School Tax Fund ad valorem taxes	8,170,000	6,825,000	2011
Capital improvement warrant dated 09/30/88 (Drake Gym, etc.)	5.47%	Monthly	Full faith credit and taxing power of the City of Auburn	1,200,000	905,928	2008
General obligation bonds dated 8/1/89 (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 8/1/89 (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	3,845,000	2019
General obligation school warrant dated 10/6/89 (computer eq.)	5.98%	Monthly	Special School Tax Fund ad valorem taxes	857,750	724,520	2009
General obligation warrants dated 10/27/89 (Wright St.)	6.28%	Monthly	Full faith credit and taxing power of the City of Auburn	650,000	424,562	2005

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

8. Long-Term Debt – continued

	Interest Rate	Interest Dates	Source of Payment	Principal Issued	Principal Outstanding September 30, 2001	Year of Final Principal Maturity
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	1,369,698	2020
General obligation warrants dated 04/10/01 (Fralley)	7.52%	Monthly	Full faith credit and taxing power of the City of Auburn	428,000	412,582	2006
General obligation warrants dated 09/28/01 (Drainage projects)	4.85%	Monthly	Full faith credit and taxing power of the City of Auburn	1,035,400	1,035,400	2011
General obligation warrants dated 05/05/01 (Watercrest)	6.98%	Quarterly	Full faith credit and taxing power of the City of Auburn	1,466,787	1,406,082	2011
General obligation warrants dated 04/10/01 (Longleaf)	7.595%	Quarterly	Full faith credit and taxing power of the City of Auburn	420,120	404,923	2011
Note payable, East Alabama Medical Center, dated 10/15/96	0%	10/10	General Fund	250,000	175,000	2007
Note Payable, East Alabama Medical Center, dated 10/27/87	5%	11/1	General Fund	250,000	187,341	2008
Capital lease, Regions Financial Leasing, dated 07/08/97	6.1685%	Monthly	General Fund	20,866	6,900	2003
Capital lease, Regions Financial Leasing, dated 12/12/87	5.6973%	Monthly	General Fund	182,500	50,596	2003
Capital lease, Regions Financial Leasing, dated 04/15/89	5.80%	Monthly	General Fund	23,673	4,930	2002
Capital lease, Regions Financial Leasing, dated 03/15/89	5.797%	Monthly	General Fund	22,707	3,394	2002
Capital lease, Regions Financial Leasing, dated 03/15/99	5.80%	Monthly	General Fund	94,420	50,619	2004
Capital lease, Regions Financial Leasing, dated 04/15/99	5.80%	Monthly	General Fund	22,732	4,068	2002
Capital lease, Regions Financial Leasing, dated 03/15/99	5.797%	Monthly	General Fund	22,732	4,068	2002
Capital lease, Regions Financial Leasing, dated 5/15/00	6.291%	Monthly	General Fund	22,303	12,907	2003
Capital lease, Regions Financial Leasing, dated 4/15/00	6.293%	Monthly	General Fund	22,162	12,215	2003
Capital lease, Regions Financial Leasing dated 2/15/00	5.80%	Monthly	General Fund	18,249	9,013	2003
Capital lease, Regions Financial Leasing, dated 2/15/00	5.80%	Monthly	General Fund	18,430	9,102	2003
Capital lease, Regions Financial Leasing, dated 6/15/00	6.272%	Monthly	General Fund	23,709	14,368	2003
Capital lease, Regions Financial Leasing, dated 1/15/00	5.80%	Monthly	General Fund	20,216	9,419	2003
Capital lease, Regions Financial Leasing, dated 3/15/00	5.80%	Monthly	General Fund	45,988	33,567	2005

CITY OF AUBURN, ALABAMA  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2001

8. Long-Term Debt - continued

	Interest Rate	Interest Dates	Source of Payment	Principal Issued	Principal Outstanding September 30, 2001	Year of Final Principal Maturity
Capital lease, Regions Financial Leasing, dated 3/15/00	5.80%	Monthly	General Fund	72,699	53,052	2005
Capital lease, Regions Financial Leasing, dated 12/15/99	5.80%	Monthly	General Fund	87,999	60,049	2005
Capital lease, Regions Financial Leasing dated 12/15/99	5.80%	Monthly	General Fund	18,485	8,084	2003
Capital lease, Regions Financial Leasing, dated 11/15/99	5.80%	Monthly	General Fund	90,000	59,980	2005
Capital lease, Regions Financial Leasing, dated 8/15/00	6.272%	Monthly	General Fund	39,538	23,960	2003
Capital lease, Regions Financial Leasing, dated 1/15/00	5.80%	Monthly	General Fund	20,216	9,419	2003
Capital lease, Regions Financial Leasing, dated 10/15/00	6.47%	Monthly	General Fund	88,500	73,007	2005
Capital lease, Regions Financial Leasing, dated 07/15/01	5.80%	Monthly	General Fund	88,500	84,657	2006
Capital lease, Regions Financial Leasing, dated 07/15/01	5.49%	Monthly	General Fund	92,368	88,325	2006
Capital lease, Regions Financial Leasing, dated 04/15/01	5.80%	Monthly	General Fund	85,776	79,538	2008
Capital lease, Regions Financial Leasing, dated 04/15/01	5.80%	Monthly	General Fund	147,904	137,147	2008
Capital lease, Ford Motor Credit, dated 09/04/01	4.75%	Monthly	General Fund	223,222	210,802	2004
Capital lease, Nissan Motor Acceptance, dated 04/30/01	3.90%	Monthly	General Fund	130,581	116,960	2004
Capital lease, Key Municipal Finance, dated 08/17/01	4.99%	Monthly	General Fund	218,492	212,853	2004
<b>Total general governmental issues</b>				<b>61,835,740</b>	<b>47,882,887</b>	
General obligation: Payable from specific revenue sources Refunding street improvement warrants, dated 8/1/76	5.5%-6%	2/1-8/1	City Gas Tax Fund city gas tax	1,000,000	325,000	2006
<b>Total general obligation</b>				<b>62,835,740</b>	<b>48,207,887</b>	
Enterprise: General obligation warrants dated 09/01/01 (sewer plant & expansion) Zero coupon general obligation warrants dated 8/28/01 (sewer plant & expansion)	2.8%-5.0%	1/1-7/1	Sewer Fund	24,765,000	24,765,000	2024
	5.70%	1/1-7/1	Sewer Fund	5,257,326	5,283,433	2012

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

8. Long-Term Debt - continued

Interest Rate	Interest Dates	Source of Payment	Principal Issued	Principal Outstanding September 30, 2001	Year of Final Principal Maturity
5.80%	Monthly	Sewer Fund	169,203	110,053	2003
			<u>30,191,529</u>	<u>30,158,486</u>	
			<u>\$ 93,027,269</u>	<u>\$ 78,366,373</u>	

Capital lease, Regions Financial Leasing, dated 10/15/99  
 Total sewer fund issues  
 Total bonds, notes, warrants, and capital leases payable

The City has twenty-six leases with Regions Financial Leasing, Inc., and one lease each with Ford Motor Credit Company and Nissan Motor Acceptance Corp., all for the purchase of vehicles. The City also has a lease with Key Municipal Finance for the purchase of office equipment. The remaining balance on these agreements is \$1,553,063 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, the leasing companies 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, 2001, with Regions Financial Leasing, Inc., available for additional capital leases.

The following schedule shows the total principal and interest payments required by the terms of all of the capital leases:

Fiscal Year	Principal	Interest	Total
2002	\$ 515,907	\$ 71,466	\$ 587,373
2003	458,999	44,513	503,512
2004	382,317	21,776	404,093
2005	134,486	7,336	141,822
2006	<u>61,354</u>	<u>1,322</u>	<u>62,676</u>
Totals	<u>\$1,553,063</u>	<u>\$ 146,413</u>	<u>\$1,699,476</u>

In connection with the de-privatization of the City's sewer plants (see Note 29), the city issued its \$24,765,000 General Obligation Warrants and a noninterest bearing General Obligation Warrant with a maturity value of \$9,400,000, on August 29, 2001.

The \$24,765,000 Warrants bear interest at rates ranging from 2.7% to 5.0%, payable semi-annually on January 1 and July 1, and mature on January 1 beginning in 2002 and continuing through 2024. The net proceeds were used to purchase the two sewer plants, equipment and several miles of interceptor lines, and to provide funds for plant and line improvements and expansion.

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

8. Long-Term Debt - continued

The noninterest bearing General Obligation Warrant was issued in favor of the seller of the sewer plants as additional purchase price of the assets. The original principal amount of the Warrant was \$5,257,326 and the maturity amount is \$9,400,000. Interest accrues on the original principal at the approximate interest rate of 5.7%, compounded semi-annually on January 1 and July 1 each year until the final maturity date, January 1, 2012. In order to provide for the payment of the Warrant at its maturity, the City will make semi-annual sinking fund payments on January 1 and July 1 each year beginning January 1, 2002. The sinking fund will be invested in repurchase agreements fully collateralized by securities authorized by state law so that the earnings, together with the deposit, will be sufficient to pay the maturity value of \$9,400,000 on January 1, 2012. Sinking fund payments required each fiscal year to maturity are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2002	\$ 561,548
2003	672,518
2004	672,518
2005	672,518
2006	672,518
2007	672,518
2008	672,518
2009	672,518
2010	672,518
2011	672,518
2012	<u>336,259</u>
Total	<u>\$ 6,950,469</u>

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

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, 2001:

Fiscal Year	Total Annual Requirements		Payable from General Governmental Issues		Payable from Specific Revenue Sources		General Obligation Bonds, Notes, Warrants and Capital Leases		Enterprise Notes and Warrants	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	Total	Total	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2002	\$ 4,466,701	\$ 3,510,846	\$ 4,353,136	\$ 2,411,421	\$ 55,000	\$ 21,450	\$ 6,841,007	\$ 58,565	\$ 1,077,975	\$ 1,136,540
2003	4,566,799	3,386,160	4,071,234	2,201,384	60,000	17,820	6,350,438	435,565	1,166,956	1,602,521
2004	4,171,057	3,174,209	3,653,374	2,008,456	65,000	13,860	5,740,690	452,683	1,151,893	1,604,576
2005	4,165,864	2,973,623	3,662,624	1,827,687	70,000	9,570	5,569,881	433,240	1,136,366	1,569,606
2006	4,661,101	2,753,356	4,146,101	1,627,393	75,000	4,950	5,853,444	440,000	1,121,013	1,561,013
2007	4,615,066	2,527,952	4,155,066	1,423,485	-	-	5,578,551	460,000	1,104,467	1,564,467
2008	4,532,155	2,302,368	4,057,155	1,215,788	-	-	5,272,943	475,000	1,086,580	1,561,580
2009	4,758,835	2,059,173	4,263,835	994,230	-	-	5,258,065	495,000	1,064,943	1,559,943
2010	3,364,283	1,844,642	2,844,283	802,734	-	-	3,647,017	520,000	1,041,908	1,561,908
2011	2,986,079	1,682,645	2,446,079	662,738	-	-	3,108,817	540,000	1,019,907	1,559,907
2012	2,515,000	1,547,724	1,950,000	551,445	-	-	2,501,445	565,000	996,279	1,561,279
2013	3,345,000	1,403,280	2,075,000	448,183	-	-	2,523,183	1,270,000	955,097	2,225,097
2014	3,535,000	1,232,772	2,210,000	337,373	-	-	2,547,373	1,325,000	895,399	2,220,399
2015	3,290,000	1,050,533	1,900,000	218,953	-	-	2,118,953	1,390,000	831,580	2,221,580
2016	2,635,000	879,699	1,180,000	116,415	-	-	1,296,415	1,455,000	763,284	2,218,284
2017	1,815,000	741,115	290,000	51,240	-	-	341,240	1,525,000	689,875	2,214,875
2018	1,905,000	646,750	305,000	35,000	-	-	340,000	1,600,000	611,750	2,211,750
2019	2,000,000	547,670	320,000	17,920	-	-	337,920	1,680,000	529,750	2,209,750
2020	1,765,000	443,625	-	-	-	-	-	1,765,000	443,625	2,208,625
2021	1,855,000	353,125	-	-	-	-	-	1,855,000	353,125	2,208,125
2022	1,945,000	258,125	-	-	-	-	-	1,945,000	258,125	2,203,125
2023	2,045,000	158,375	-	-	-	-	-	2,045,000	158,375	2,203,375
2024	2,145,000	53,625	-	-	-	-	-	2,145,000	53,625	2,198,625
<b>Total</b>	<b>\$73,082,940</b>	<b>\$35,531,392</b>	<b>\$47,882,887</b>	<b>\$16,951,845</b>	<b>\$ 325,000</b>	<b>\$ 67,650</b>	<b>\$65,227,382</b>	<b>\$24,875,053</b>	<b>\$18,511,897</b>	<b>\$43,386,950</b>

The above schedule does not reflect the non-interest bearing Enterprise Warrant which will mature at the principal amount of \$9,400,000 in 2012. As of September 30, 2001, the amount included in Enterprise Fund Warrants payable is \$5,283,433, which equals the original principal amount of \$5,257,326 plus the accretion of interest through that date of \$26,107. Sinking fund requirements are disclosed previously in this note.

CITY OF AUBURN, ALABAMA  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2001

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, 2001:

	<table style="margin-left: auto; margin-right: 0;"> <tr> <td style="text-align: center;">Capital Leases Payable</td> </tr> <tr> <td style="text-align: right;">\$ 1,043,511</td> </tr> <tr> <td style="text-align: right;">(175,697)</td> </tr> <tr> <td style="text-align: right; border-top: 1px solid black;">\$ 867,814</td> </tr> </table>	Capital Leases Payable	\$ 1,043,511	(175,697)	\$ 867,814
Capital Leases Payable					
\$ 1,043,511					
(175,697)					
\$ 867,814					
Balance, September 30, 2000	\$ 1,043,511				
Retirement of debt	(175,697)				
Balance, September 30, 2001	\$ 867,814				

Capital lease payable of the Auburn City Board of Education at September 30, 2001, is comprised of the following issues:

	Interest Rate	Dates	Source of Payment	Principal Issued	Principal Outstanding September 30, 2001	Year of Final Principal Maturity
Capital Lease #1, AmSouth Lease Corporation dated 09/29/98	5.08%	Monthly	General Fund	\$ 327,637	\$ 201,301	2005
Capital Lease #2, AmSouth Lease Corporation dated 01/07/99	5.308%	Monthly	General Fund	687,135	448,029	2006
Capital Lease #3, AmSouth Lease Corporation dated 01/11/99	5.479%	Monthly	General Fund	172,364	112,150	2006
Capital Lease #4, AmSouth Lease Corporation dated 10/27/99	5.98%	Monthly	General Fund	138,766	106,334	2007
					\$ 867,814	

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

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 \$867,814 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:

Fiscal Year	Principal	Interest	Total
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>\$ 867,814</u>	<u>\$ 107,387</u>	<u>\$ 975,201</u>

Water Works Board

Bonds payable at September 30, 2001, are comprised of an original bond issues of \$8,535,000 dated May 1, 1993 and \$11,080,000 dated July 1, 2001. 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. The 2001 bond proceeds were used to fund various water system renovations and improvements. The 2001 bonds are issued at rates varying from 2.75% to 5.125%, mature July 1, 2026, and are callable at July 1, 2011, at a declining premium.



CITY OF AUBURN, ALABAMA  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2001

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, 2001:

Bonds and water supply agreement payable, September 30, 2000	\$ 9,329,025
Proceeds of new debt	11,080,000
Retirement of debt	<u>(308,392)</u>
Bonds and water supply agreement payable, September 30, 2001	<u>\$ 20,100,633</u>

A summary of the September 30, 2001, current and long-term debt maturities follows:

	<u>Current</u>	<u>Long-term</u>	<u>Total</u>
Bonds payable	\$ 395,000	\$ 17,920,000	\$ 18,315,000
Water Supply Agreement with City of Opelika	267,579	2,317,053	2,584,632
Less unamortized discount	<u>(135,135)</u>	<u>(663,864)</u>	<u>(798,999)</u>
Accumulated annual leave	132,444	1,653,189	1,785,633
Total long-term debt	<u>\$ 527,444</u>	<u>\$ 19,689,824</u>	<u>\$ 20,217,268</u>

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

8. Long-Term Debt - continued

Annual requirements (principal and interest) to amortize long-term debt at September 30, 2001, are as follows:

<u>Year-ending September 30</u>	<u>Bonds Payable</u>	<u>Water Supply Agreement</u>	<u>Total</u>
2002	\$ 1,334,308	\$ 267,579	\$ 1,601,887
2003	1,329,447	267,663	1,597,110
2004	1,322,698	267,476	1,590,174
2005	1,329,932	267,187	1,597,119
2006	1,330,498	267,750	1,598,248
2007-2011	6,644,087	1,246,977	7,891,064
2012-2016	6,648,388	-	6,648,388
2017-2021	6,649,337	-	6,649,337
2022-2026	6,650,269	-	6,650,269
Total	<u>33,238,964</u>	<u>2,584,632</u>	<u>35,823,596</u>
Less amount representing interest	<u>(14,923,964)</u>	<u>(798,999)</u>	<u>(15,722,963)</u>
Total at present value	<u>\$ 18,315,000</u>	<u>\$ 1,785,633</u>	<u>\$ 20,100,633</u>

Industrial Development Board

The following is a summary of the Board's current and long-term debt maturities as of September 30, 2001:

	<u>Current</u>	<u>Long-term</u>	<u>Total</u>
Bonds payable	\$ 320,000	\$ 11,635,000	\$ 11,955,000
Notes payable	<u>98,010</u>	<u>3,656,369</u>	<u>3,754,379</u>
Total	<u>\$ 418,010</u>	<u>\$ 15,291,369</u>	<u>\$ 15,709,379</u>

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

8. Long-Term Debt – continued

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 ended 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, 2002. 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.

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 2001 was 3.58% and 5.10% for the Series 2000-A and Series 2000-B bonds, respectively, and interest incurred for the fiscal year amounted to \$165,208 for the Series 2000-A bonds and \$388,294 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 2000-A	Series 2000-B	Total
2002	\$ 130,000	\$ 190,000	\$ 320,000
2003	140,000	205,000	345,000
2004	<u>4,235,000</u>	<u>7,055,000</u>	<u>11,290,000</u>
Total	<u>\$ 4,505,000</u>	<u>\$ 7,450,000</u>	<u>\$ 11,955,000</u>

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

8. Long-Term Debt - continued

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.

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
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>\$ 4,505,000</u>	<u>\$ 7,450,000</u>	<u>\$ 11,955,000</u>

The following is a summary of the changes in bonds payable for the year ended September 30, 2001:

Bonds payable, September 30, 2000	\$ 12,390,000
Proceeds of debt	-
Retirement of debt	<u>(435,000)</u>
Bonds payable, September 30, 2001	<u>\$ 11,955,000</u>

CITY OF AUBURN, ALABAMA  
 NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

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, 2001:

	<u>Total</u>	<u>Current</u>	<u>Long - Term</u>
Notes payable September 30, 2000	\$ 1,995,588		
Face value of new debt issued	1,800,000		
Retirement of debt	(41,209)		
<b>Total notes payable, September 30, 2001</b>	<b>\$ 3,754,379</b>	<b>\$ 98,010</b>	<b>\$ 3,656,369</b>

Notes payable of the Board at September 30, 2001, are comprised of the following individual issues:

	<u>Interest Rate</u>	<u>Interest Dates</u>	<u>Principal Issued</u>	<u>Principal Outstanding 9/30/01</u>	<u>Year of Final Principal Maturity</u>
AuburnBank	11.25%	Monthly	\$ 750,000	\$ 700,109	2017
AuburnBank	7.50%	Monthly	300,000	299,738	2006
Charter Bank	7.75%	Monthly	1,500,000	1,500,000	2016
Compass Bank	8.28%	Monthly	1,323,037	1,254,532	2008
<b>Total</b>			<b>\$ 3,873,037</b>	<b>\$ 3,754,379</b>	

CITY OF AUBURN, ALABAMA  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2001

8. Long-Term Debt- continued

The following schedule shows debt service to maturity for notes payable of the Industrial Development Board at September 30, 2001:

Fiscal Year	Total Annual Requirements		
	Principal	Interest	Total
2002	\$ 98,010	\$ 308,131	\$ 406,141
2003	111,250	309,014	420,264
2004	120,725	299,536	420,261
2005	131,420	288,841	420,261
2006	425,983	274,030	700,013
2007	150,970	244,091	395,061
2008	164,011	231,048	395,059
2009	178,546	216,514	395,060
2010	1,016,292	142,220	1,158,512
2011	140,101	118,601	258,702
2012	152,468	106,234	258,702
2013	166,091	92,611	258,702
2014	180,841	77,861	258,702
2015	196,987	61,715	258,702
2016	214,591	44,111	258,702
2017	73,478	29,910	103,388
2018	66,473	22,799	89,272
2019	74,349	14,923	89,272
2020	91,793	3,076	94,869
Total	\$ 3,754,379	\$ 2,885,266	\$ 6,639,645

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, 2001:

	Total	Current	Long-Term
Notes payable, September 30, 2000	\$ 215,145		
Face value of new debt issued	-		
Retirement of debt	(21,572)		
Total notes payable, September 30, 2001	\$ 193,573	\$ 21,863	\$ 171,710

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

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, 2001:

Fiscal Year	Total Annual Requirements		
	Principal	Interest	Total
2002	\$ 21,863	\$ 14,696	\$ 36,559
2003	23,678	12,881	36,559
2004	25,643	10,916	36,559
2005	27,771	8,788	36,559
2006	30,076	6,483	36,559
2007	32,573	3,986	36,559
2008	31,969	1,284	33,253
Total	\$ 193,573	\$ 59,034	\$ 252,607

9. 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, 2001, totaled \$4,204,478. One mortgage, with a principal balance of \$3,534,701, 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, 2001

10. 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, 2001, was \$67,543 and \$1,126,047, respectively. Accumulated depreciation on the buildings was \$303,614. Rents received during 2001 were \$58,707 and utility reimbursements were \$40,913. As of September 30, 2001, there were two leases in effect and the minimum rentals on these leases for fiscal year 2002 are \$6,167. None of the leases currently in effect extend beyond September 30, 2002. Additionally, at September 30, 2001, there were four tenants occupying space on a month-to-month basis with no lease in effect, and total rentals for these tenants were \$3,397 per month.

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 sixteen 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, 2001, was \$659,570 and \$4,972,046, respectively, and accumulated depreciation on the buildings was \$380,241. Rents received during 2001 were \$229,028. Of the three leases in effect at September 30, 2001, 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, 2001:

<u>Fiscal Year</u>	\$
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	21,600
2012 and thereafter	<u>130,000</u>
	<u>\$ 1,558,786</u>



CITY OF AUBURN, ALABAMA  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2001

10. 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 2002 to 2035. There were no lease payments received in fiscal year 2001 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, 2001, are as follows:

Total minimum lease payments to be received	\$ 5,122,351
Less: unearned income	(1,311,420)
Net investment in capital leases	<u>\$ 3,810,931</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>	
2002	\$ 746,181
2003	1,057,056
2004	305,788
2005	305,788
2006	305,788
2007	1,334,567
2008	1,067,183
	<u>\$ 5,122,351</u>

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

10. 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 2001. The lease is noncancelable and has a term of thirty-six months. The cost of land and buildings held for leasing at September 30, 2001, was \$33,771 and \$273,802, respectively. Accumulated depreciation on the buildings was \$13,921. Rents received during fiscal year 2001 were \$13,600.

11. 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, 2001, was 3.19% of covered payroll.

The City's annual pension cost of \$541,155 was equal to the City's required and actual contributions. The required contribution was determined as part of the September 30, 2000, 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 payroll on an open basis. The remaining amortization period at September 30, 2000, was 27 years. These assumptions were also used in the computation of actuarially determined contribution requirements.

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

11. Defined Benefit Pension Plans - continued

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 most current valuation year and the two preceding years is as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (NPO)
09/30/98	\$564,071	100%	\$0
09/30/99	\$459,243	100%	\$0
09/30/00	\$481,912	100%	\$0

The plan's schedule of funding progress for the most current valuation year and the two preceding years 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)
9/30/98**	\$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%)
9/30/00	\$26,610,682	\$26,381,130	\$ (229,552)	100.9%	\$11,050,548	(2.1%)

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

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

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

11. Defined Benefit Pension Plans - continued

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).

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, 2001, the Board's contribution requirement is an actuarially determined rate equal to 6.38% (6.38% in 2000) of annual covered payroll. The Board's contributions to the plan for the years ending September 30, 2001 and 2000, were \$1,199,021 and \$1,104,114, 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, 135 South Union Street, Montgomery, Alabama 36004-0001 or by calling (334) 832-4140.

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, 2001, was 1.28% of covered payroll; and the Board's annual pension cost of \$30,573 was equal to its required and actual contributions.

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

11. Defined Benefit Pension Plans - continued

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 most current valuation year and the two preceding years is as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (NPO)
09/30/98	\$52,754	100%	\$0
09/30/99	\$20,190	100%	\$0
09/30/00	\$27,854	100%	\$0

The plan's schedule of funding progress for the most current valuation year and the two preceding years is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability - 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)
9/30/98	\$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%)
9/30/00	\$1,654,796	\$ 1,373,161	\$ (281,635)	120.5%	\$874,552	(32.2%)

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

12. 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 2000 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:

	<u>Fiscal Year</u>	
	<u>2001</u>	<u>2000</u>
Unpaid claims, beginning of year	\$ 590,623	\$ 675,092
Incurred claims (including claims incurred but not reported at September 30):		
Provision for current year events where the City has retained risk of loss	135,561	290,698
Increases (decreases) in provision for prior years' events where the City has retained risk of loss	<u>(2,500)</u>	<u>(7,325)</u>
Total incurred claims	<u>133,061</u>	<u>283,373</u>
Payments:		
Claims attributable to current year events where the City has retained risk of loss	38,903	270,949
Claims attributable to prior years' events where the City has retained risk of loss	<u>47,600</u>	<u>96,893</u>
Total payments	<u>86,503</u>	<u>367,842</u>
Unpaid claims, end of year	<u>\$ 637,181</u>	<u>\$ 590,623</u>

Total general liability for uninsured risks and workmen's compensation claims liability at September 30, 2001, are recorded as follows: \$5,544 is recorded as a current liability in the General Fund and the long-term portion, \$631,637, is recorded in the General Long-Term Debt Account Group.

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

13. 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>2001</u>	<u>2000</u>
Unpaid claims, beginning of year	\$ 52,124	\$ 71,060
Incurred claims (including claims incurred but not reported at September 30):		
Provision for current year events where the City has retained risk of loss	875,452	650,374
Increases (decreases) in provision for prior years' events where the City has retained risk of loss	1,631	(12,291)
Total incurred claims	<u>877,083</u>	<u>638,083</u>
Payments:		
Claims attributable to current year events where the City has retained risk of loss	812,088	600,285
Claims attributable to prior years' events where the City has retained risk of loss	<u>53,754</u>	<u>56,734</u>
Total payments	<u>865,842</u>	<u>657,019</u>
Unpaid claims, end of year (includes claims incurred but not reported)	<u>\$ 63,365</u>	<u>\$ 52,124</u>

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

14. 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, 2001, by the State (\$-0-) to individuals is reflected as an expense of the General Fund.

15. 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, 2001:

Funds	Millage	Taxes Collected	Collection Fee	Reappraisal Costs	Net Received by the City
General Fund	5	\$ 1,435,404 *	\$ 33,495	\$ 31,761	\$ 1,370,148
Special 5-Mill Tax Fund	5	\$ 1,526,107 **	\$ 38,760	\$ 31,761	\$ 1,455,586
Special School Tax Fund	5	\$ 3,076,781	\$ 71,231	\$ 69,880	\$ 2,935,670
Special Additional School Tax Fund	11	1,420,812	33,495	31,761	1,355,556
School tax totals	16	\$ 4,497,593	\$ 104,726	\$ 101,641	\$ 4,291,226

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

\*\* Reduced by industrial tax exemptions.

16. Primary Government's Interfund Receivables and Payables

The following is a schedule, by individual fund, of interfund receivables and payables as of September 30, 2001:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 804,816	\$ 80,921
Special Revenue Funds		
Federal Grant Loan Repayment Fund	79,314	73,175
Community Development Block Grants	-	-
Debt Service Funds		
Special 5-Mill Tax Fund	1,607	-
Capital Projects		
'01 Capital Projects Fund	-	703,782
Enterprise Funds		
Industrial Park Fund	-	27,859
Totals	\$ 885,737	\$ 885,737



CITY OF AUBURN, ALABAMA  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2001

17. Primary Government's Interfund Advances

The following is a schedule, by individual fund, of interfund advances as of September 30, 2001:

	Advances to Other Funds	Advances From Other Funds
Special Revenue Funds	\$ 277,014	-
Federal Grant Loan Repayment		
Enterprise Funds		
Industrial Park Fund		277,014
Totals	\$ 277,014	\$ 277,014

18. Primary Government's Operating Transfers

The following is a schedule, by individual fund, of operating transfers for the year-ended September 30, 2001:

	Operating Transfers In	Operating Transfers Out
General Fund	\$ 526,750	\$ 1,000
Special Revenue Funds		
Seven-Cent Gas Tax	-	120,000
Four-Cent Gas Tax	-	85,500
City Gas Tax	-	330,080
Special School Tax	1,650,000	-
Special Additional School Tax	-	1,650,000
Debt Service Funds		
GORSIW Series 76	80,080	-
Enterprise Funds		
Sewer Revenue	-	71,250
Industrial Park Fund	1,000	-
Totals	\$ 2,257,830	\$ 2,257,830

19. Primary Government's Residual Equity Transfers

In fiscal year 2001, certain fixed assets with a book value of \$7,709 were transferred from the General Fixed Asset Account Group to the Sewer Revenue Enterprise Fund. That amount is recorded in the Sewer Fund as a residual equity transfer in, since the transfer was made from an account group, there is no corresponding residual equity transfer out.

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

20. Intra-Entity Transactions

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

A. Short-term receivables and payables

	<u>Due From</u>	<u>Due To</u>
Primary Government General Fund	\$ 15,042	\$ -
Special Revenue Funds Federal Grant Loan Repayment	6,747	-
Component Units Auburn City Board of Education	-	15,042
Public Parks and Recreation Board	-	6,747
Total	<u>\$ 21,789</u>	<u>\$ 21,789</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	557,003	-
Enterprise Funds Industrial Park Fund	211,505	-
Component Units Auburn Center for Developing Industries	-	497,700
Industrial Development Board	-	768,508
Total	<u>\$ 1,266,208</u>	<u>\$ 1,266,208</u>

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

20. Intra-Entity Transactions - continued

C. Operating transfers

	Operating Transfers In	Operating Transfers Out
Primary Government		
General Fund	-	\$ 1,413,512
Special Revenue Funds		
Special School Tax	-	530,000
Special Additional School Tax	-	1,370,000
Federal Grant Loan Repayment	-	477,357
CDBG Grant Funds	-	135,000
Enterprise Funds		
Industrial Park Fund		
Component Units		
Auburn City Board of Education	1,900,000	-
Industrial Development Board	1,998,510	-
Public Parks and Recreation Board	27,359	-
Total	<u>\$ 3,925,869</u>	<u>\$ 3,925,869</u>

21. 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 2000, a general obligation school warrant in the principal amount of \$857,750 was approved by City Council for issuance on October 6, 2000 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 \$2,489,636.

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

21. 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, 2001, 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	\$ 335,604	\$ -
Other governmental units	84	84
Payables to other governments	<u>\$ 335,688</u>	<u>\$ 878,023</u>
	<u>\$ 335,688</u>	<u>\$ 878,107</u>

22. 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, 2001

22. 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	\$ 278,563	\$ 298,196	\$ 99,146	\$ 120,154	\$ 452,851	\$ 165,765	\$ 1,414,675
Due from							
Other funds	-	-	-	-	79,314	-	79,314
Component units	-	-	-	-	6,747	-	6,747
Advances to							
Other funds	206,965	-	-	-	70,049	-	277,014
Component units	-	-	-	-	557,003	-	557,003
Mortgages receivable	3,534,201	317,772	-	354,615	484,697	130,185	4,821,470
Property for resale	-	-	-	-	4,000	13,463	17,463
Prepaid items	-	-	-	-	10,000	-	10,000
<b>Total assets</b>	<b>\$ 4,019,729</b>	<b>\$ 615,968</b>	<b>\$ 99,146</b>	<b>\$ 474,769</b>	<b>\$ 1,664,661</b>	<b>\$ 309,413</b>	<b>\$ 7,183,686</b>
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 4,874	\$ 156	\$ 5,030
Deferred revenue	3,534,701	317,772	-	354,615	484,697	130,185	4,821,970
Fund balance - reserved for property for resale	-	-	-	-	4,000	13,463	17,463
Fund balance-reserved for advances	206,965	-	-	-	630,624	-	837,589
Fund balance-unreserved	<u>278,063</u>	<u>298,196</u>	<u>99,146</u>	<u>120,154</u>	<u>540,466</u>	<u>165,609</u>	<u>1,501,634</u>
<b>Total liabilities   and fund balance</b>	<b>\$ 4,019,729</b>	<b>\$ 615,968</b>	<b>\$ 99,146</b>	<b>\$ 474,769</b>	<b>\$ 1,664,661</b>	<b>\$ 309,413</b>	<b>\$ 7,183,686</b>

\*Net of interfund eliminations.

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

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

	HODAG*	Shelton Park*	Tiger Theater*	Magnolia Plaza*	Revolving Loan*	Affordable Housing*	Total
Program income	\$ 35,699	\$ 25,773	\$ -	\$ 12,936	\$ 107,778	\$ 18,823	\$ 201,009
Mortgage interest	35,699	15,472	-	21,701	28,945	4,176	105,993
Other interest	12,650	13,745	5,056	5,131	41,974	7,571	86,127
Grants	-	-	-	-	117,100	-	117,100
Total revenues	84,048	54,990	5,056	39,768	295,797	30,570	510,229
Expenditures							
Economic development	-	-	-	-	13,870	1,767	15,637
Capital outlay	-	-	-	-	189,417	-	189,417
Operating transfers out to component units	-	-	-	-	477,357	-	477,357
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	84,048	54,990	5,056	39,768	(384,847)	28,803	(172,182)
Beginning fund balance	535,173	499,201	94,090	220,296	763,153	416,955	2,528,868
Ending fund balance	\$ 619,221	\$ 554,191	\$ 99,146	\$ 260,064	\$ 378,306	\$ 445,758	\$ 2,356,686

\*Net of interfund eliminations.

23. Reporting of Public Safety Substance Abuse Special Revenue Fund

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

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

23. 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
<b>Assets</b>			
Equity in pooled cash	\$ <u>23,757</u>	\$ <u>150,663</u>	\$ <u>174,420</u>
<b>Liabilities and Fund balance</b>			
Fund balance - unreserved	\$ <u>23,757</u>	\$ <u>150,663</u>	\$ <u>174,420</u>
<b>Revenues</b>			
Confiscation revenues	\$ 1,306	\$ 16,535	\$ 17,841
Other interest	<u>1,510</u>	<u>7,907</u>	<u>9,417</u>
Total revenues	<u>2,816</u>	<u>24,442</u>	<u>27,258</u>
<b>Expenditures</b>			
Public Safety	2,831	-	2,831
Capital outlay	<u>-</u>	<u>32,765</u>	<u>32,765</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(15)	(8,323)	(8,338)
Beginning fund balance	<u>7,562</u>	<u>175,196</u>	<u>182,758</u>
Ending fund balance	\$ <u>7,547</u>	\$ <u>166,873</u>	\$ <u>174,420</u>

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

24. Segment Information - Enterprise Funds

The City maintains two Enterprise Funds which provide sewer services to the public and industrial park operations. Segment information for the year ended September 30, 2001 for the City's enterprise funds and certain of the City's component units using the full accrual basis of accounting, is as follows:

	Primary Government			Component Units			
	Sewer Revenue Fund	Industrial Park Fund	Total Enterprise Funds	Auburn Center for Developing Industries	Water Works Board	Industrial Development Board	Public Parks and Recreation Board
Operating revenues	\$ 4,523,105	-	\$ 4,523,105	\$ 99,620	\$ 4,419,318	\$ 2,202,087	\$ 13,600
Depreciation/amortization expense	365,348	-	365,348	28,151	934,922	141,409	5,933
Operating income (loss)	53,880	(185)	53,695	(12,626)	555,558	(1,349,781)	7,667
Operating grants, entitlements, and shared revenue	-	-	-	-	-	201,479	-
Operating transfers:							
In	(71,250)	1,000	1,000	-	-	1,998,510	27,359
Out	-	-	(71,250)	-	-	-	-
Tax revenues	-	-	-	-	-	-	-
Net income (loss)	384,223	2,179	386,402	(8,063)	908,009	425,147	16,992
Current capital Contributions	504,310	-	504,310	-	587,397	325,000	-
Transfers	-	-	-	-	-	-	-
Property, plant and equipment Additions	21,249,821	-	21,249,821	-	8,087,979	530,688	-
Transfers and reclassifications	(744,061)	-	(744,061)	-	418,118	-	-
Deletions	-	-	-	-	-	-	-
Net working capital	10,993,965	(20,159)	10,973,806	94,789	3,113,241	(398,931)	(28,610)
Total assets	42,039,762	219,223	42,258,985	1,005,826	46,129,677	19,448,111	298,225
Bonds and other long-term liabilities							
Payable from operating revenues	30,137,153	277,014	30,414,167	-	19,689,824	15,291,369	171,710
Payable from other sources	-	-	-	-	395,816	-	-
Contributed capital	10,400,012	469,123	10,869,135	567,443	8,230,001	4,688,370	33,771
Retained earnings (deficit)	-	-	-	(65,029)	15,578,556	(2,939,122)	64,134
Total equity (deficit)	11,267,184	(85,668)	11,181,516	502,414	23,808,557	1,749,248	97,905



CITY OF AUBURN, ALABAMA  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2001

25. 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	\$ 1,182,010
Expenditures	
Current operations	120,889
Capital outlay	<u>622,348</u>
Excess (deficiency) of revenues over expenditures	436,773
Other financing sources and (uses)	
Operating transfers out	
To component units	<u>(612,357)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ (173,584)</u>

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

26. Restricted Assets

CITY OF AUBURN PRIMARY GOVERNMENT

Restricted assets of the City consist of restricted investments held by a trustee for debt service on bonds payable or construction costs (for sewer plant renovation and line expansion) in accordance with the terms of a bond indenture (See Note 5).

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 a 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).

27. 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, 2001, follows:

Deferred water rights, beginning of year	\$ 2,146,440
Amortization of deferred water rights	<u>(169,456)</u>
Deferred water rights, end of year	<u>\$ 1,976,984</u>

## CITY OF AUBURN, ALABAMA

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

28. Enterprise Funds' Contributed Capital

Effective October 1, 2000, the City of Auburn and its component units began reporting capital contributions as revenues rather than direct additions to contributed capital in accordance with GASB Statement 33, *Accounting and Financial Reporting for Nonexchange Transactions*. The statement does not allow restatement of contributed capital arising from prior periods, therefore, contributed capital reported in the equity section of the balance sheet at September 30, 2001 is comprised solely of capital contributions received in prior years.

29. 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 2001 included principal of \$70,547 and interest of \$33,736; the balance due from the property owners at September 30, 2001, was \$609,431. 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. During fiscal year 2001, the warrants were converted to permanent financing through the issuance of two new warrants in the principal amounts of \$416,064 (Longleaf) and \$1,461,456 (Watercrest). The warrants bear interest at 7.6% and 6.98% respectively, 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. 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. Amounts collected under the agreement in fiscal year 2001 included principal of \$76,785 and interest of \$54,431; the balance due from the property owners of Longleaf and Watercrest at 9/30/01 was \$400,189 and \$1,400,545, respectively.

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

30. Deprivatization of Sewer Plants

On December 27, 1984, the City entered into a Service Agreement with Merscot-Auburn Limited Partnership (the Partnership) for the design, construction, ownership, operation and maintenance of two wastewater treatment plants and approximately 2.5 miles of interceptor sewer lines. The plants are designed to handle approximately 7.0 million gallons per day of wastewater.

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 Partnership'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 projects 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. The Base Service Charge was intended to cover the costs of debt service on the debt issued to finance the construction of the treatment plants.
- 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. The Additional Service Charge was intended to cover the operations and maintenance costs of the treatment plants.

During fiscal year 2001, the City purchased the two plants, the interceptor lines, and certain equipment from the Partnership. The terms of the purchase were as follows:

- A. The Partnership deposited all amounts remaining in its debt service reserve fund (established with issuance of its 1984 bonds), after payment of interest due on the outstanding bonds, into an escrow account.
- B. The City deposited to the escrow account the remaining amounts required to redeem the original bonds.
- C. The City issued a noninterest bearing General Obligation Warrant to the Partnership in the amount of \$9,400,000, due January 1, 2012.
- D. The City agreed to enter into a contract with the Partnership for the design, engineering and management of a construction program to upgrade the sewer system in the approximate capital amount of \$10,000,000.
- E. The City and the Partnership agreed to extend the existing contract for the operation of the wastewater treatment plants (included in the Service Agreement) until January 1, 2020.

CITY OF AUBURN, ALABAMA  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2001

30. Deprivatization of Sewer Plants -- continued

To provide the funds required to be deposited in the escrow account for retirement of the bonds and the funds needed for the capital improvements, the City issued \$24,765,000 General Obligation Warrants which mature in 2012 (in addition to the \$9,400,000 noninterest bearing warrant).

Effective August 1, 2001, the Base Service Charge included in the original Service Agreement is no longer payable to the Partnership by the City. The Additional Service Charge (\$1,132,475, annually) continues to be payable under the terms of the extension to the Service Agreement until January 1, 2020.

31. Prior Period Adjustments

During fiscal year 2001, the City implemented GASB Statement 33, *Accounting and Financial Reporting for Nonexchange Transactions*. In accordance with the terms of that statement, certain revenues were accrued at September 30, 2001 and prior period adjustments were recorded for amounts affecting previous years as follows:

	General Fund	Special Revenue Funds	Total
Revenues Receivable			
Locally levied taxes	\$ 1,157,838	\$ 20,409	\$ 1,178,247
Licenses and permits	580,726	-	580,726
Fees for services	31,840	-	31,840
Fines and forfeitures	495,608	-	495,608
State shared taxes	-	18,382	18,382
Deferred Revenues	(343,321)	-	(343,321)
Fines and forfeitures	-	-	-
Total	<u>\$ 1,922,691</u>	<u>\$ 38,791</u>	<u>\$ 1,961,482</u>

Also, the City and the Water Works Board agreed to charge off amounts owed by the City to the Board from previous years. The adjustment resulted in prior period adjustments for both entities.

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

32. Subsequent Events

CITY OF AUBURN PRIMARY GOVERNMENT

Subsequent to September 30, 2001, a Special Municipal Bond Election was held and approval was granted for the issuance of general obligation bonds in the principal amount of \$7,250,000 to be used for construction of recreational facilities and a new cemetery. Also, approval was granted for the issuance of general obligation school bonds in the principal amount of \$27,035,000. Proceeds will be used to refund three outstanding school issues which had a total principal balance of \$13,730,000 at September 30, 2001, and the remainder will be used for capital improvements to school property.

Various design and construction contracts totaling approximately \$557,000 were also approved by council. Also, approval was granted for a loan in the amount of \$125,000 from the Revolving Loan Fund, a sub-fund of The Federal Grant Loan Repayment Special Revenue Fund.

COMPONENT UNITS

Industrial Development Board

Subsequent to September 30, 2001, the Board received early payment of the full principal balance of one of its capital leases. The amount outstanding as of September 30, 2001 was \$1,255,032.63. The proceeds from the payoff were used to pay the principal balance owed on a note to Compass Bank. As of September 30, 2001, the principal owed to Compass was \$1,254,531.

33. Commitments, Litigation and Contingencies

CITY OF AUBURN PRIMARY GOVERNMENT

Commitments - The City was committed under certain construction contracts for various general government projects. The aggregate amount of such commitments was \$1,321,463 as of September 30, 2001.

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, 2001, 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, 2001, the City had been named defendant in five pending lawsuits. The dollar amount of damages claimed is \$3,200,000; two of these suits do not specify a dollar amount, and two 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 \$90,000.

In fiscal year 2001, the City expended \$50,477 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.

CITY OF AUBURN, ALABAMA  
 NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

33. Commitments, Litigation and Contingencies - continued

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

COMPONENT UNITS

Board of Education

Commitments - 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>
Alterations to Transportation Building and Auburn High School (PSCA)	\$ 237,000	\$ 224,447	\$ 12,553	\$ -

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 \$1,184,000 which will be incurred in fiscal year 2002.

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, 2001.

CITY OF AUBURN, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

33. Commitments, Litigation and Contingencies - continued

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.

34. 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 2001 was \$5,600. This amount is reflected in General Fund expenditures. The \$154,000 reported as landfill postclosure care liability in the General Long-Term Debt Account Group at September 30, 2001, represents estimated costs of postclosure care based on what it would cost to perform all postclosure care in 2001. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

35. 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



CITY OF AUBURN, ALABAMA  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET

SEPTEMBER 30, 2001

	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		
<b>ASSETS</b>																					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,626	\$ 14,626	
Equity in pooled cash and cash equivalents	19,158	24,748	174,420	78,953	285,433	450,345	1,414,675	6,068	2,453,800											2,453,800	
Revenue receivable	13,030	9,056	-	21,002	-	-	-	-	43,088												43,088
Grants receivable	-	-	-	-	-	-	-	-	155,743												155,743
Other receivables	-	-	-	-	14,117	14,117	-	-	-												28,234
Due from																					
Other funds	-	-	-	-	-	-	79,314	-	-												79,314
Component units	-	-	-	-	-	-	6,747	-	-												6,747
Prepaid items	-	-	-	-	-	-	10,000	-	-												10,000
Mortgages receivable	-	-	-	-	-	-	4,821,470	-	-												4,821,470
Advances to																					
Other funds	-	-	-	-	-	-	277,014	-	-												277,014
Component units	-	-	-	-	-	-	557,003	-	-												557,003
Land held for resale	-	-	-	-	-	-	17,463	-	-												17,463
<b>TOTAL ASSETS</b>	<b>\$ 32,188</b>	<b>\$ 33,804</b>	<b>\$ 174,420</b>	<b>\$ 99,955</b>	<b>\$ 299,550</b>	<b>\$ 464,462</b>	<b>\$ 7,183,686</b>	<b>\$ 161,811</b>	<b>\$ 8,464,502</b>												<b>\$ 8,464,502</b>
<b>LIABILITIES AND FUND BALANCES</b>																					
Liabilities																					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,030	\$ 82,568	\$ 87,598												\$ 87,598
Due to other funds	-	-	-	-	-	-	-	73,175	73,175												73,175
Deferred program revenues	-	-	-	-	-	-	4,821,970	-	4,821,970												4,821,970
Total liabilities	-	-	-	-	-	-	4,827,000	155,743	4,982,743												4,982,743
Fund balances																					
Reserved for land for resale	-	-	-	-	-	-	17,463	-	17,463												17,463
Reserved for advances	-	-	-	-	-	-	837,589	-	837,589												837,589
Unreserved - undesignated	32,188	33,804	174,420	99,955	299,550	464,462	1,501,634	6,068	2,626,707												2,626,707
Total fund balances	32,188	33,804	174,420	99,955	299,550	464,462	2,356,686	6,068	3,481,759												3,481,759
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 32,188</b>	<b>\$ 33,804</b>	<b>\$ 174,420</b>	<b>\$ 99,955</b>	<b>\$ 299,550</b>	<b>\$ 464,462</b>	<b>\$ 7,183,686</b>	<b>\$ 161,811</b>	<b>\$ 8,464,502</b>												<b>\$ 8,464,502</b>

CITY OF AUBURN, ALABAMA  
SPECIAL REVENUE FUNDS

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

YEAR ENDED SEPTEMBER 30, 2001

	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
<b>Revenues</b>										
General property tax	\$ -	\$ -	\$ -	\$ -	\$ 3,076,781	\$ -	\$ -	\$ -	\$ -	\$ 4,602,887
State shared taxes	121,289	87,189	-	-	-	-	-	-	-	208,478
Locally levied taxes	-	-	-	244,387	-	-	-	-	-	244,387
Grants	-	-	-	-	-	-	117,100	671,100	-	788,200
Program income	-	-	-	-	-	-	201,009	-	-	201,009
Confiscation revenues	-	-	17,841	-	-	-	-	-	-	17,841
Mortgage loan interest	-	-	-	-	-	-	105,993	-	-	105,993
Other interest	2,428	2,162	9,417	8,898	58,939	58,939	86,127	312	369	184,999
<b>Total revenues</b>	<b>123,717</b>	<b>89,351</b>	<b>27,258</b>	<b>253,285</b>	<b>3,135,720</b>	<b>1,542,453</b>	<b>510,229</b>	<b>671,412</b>	<b>369</b>	<b>6,353,794</b>
<b>Expenditures</b>										
Current operations										
Library	-	-	-	-	-	-	-	-	2,080	2,080
Public safety	-	-	2,831	-	-	-	-	-	-	2,831
Housing Rehab	-	-	-	-	-	-	-	4,838	-	4,838
Economic development	-	-	-	-	-	-	15,637	12,154	-	27,791
Administrative	-	-	-	-	-	-	-	86,180	-	86,180
Nondepartmental	-	-	-	-	141,111	-	-	-	-	141,111
<b>Total current operations</b>	<b>-</b>	<b>-</b>	<b>2,831</b>	<b>-</b>	<b>141,111</b>	<b>141,111</b>	<b>15,637</b>	<b>103,172</b>	<b>2,080</b>	<b>335,351</b>
Debt service										
Principal	-	-	-	-	-	-	-	-	-	1,348,261
Interest	-	-	-	-	-	-	-	-	-	1,133,104
Other	-	-	-	-	-	-	-	-	-	8,270
<b>Total debt service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,489,635</b>
Capital outlay										
	-	-	32,765	-	-	-	189,417	432,931	-	655,113
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>35,596</b>	<b>-</b>	<b>141,111</b>	<b>2,560,155</b>	<b>205,054</b>	<b>536,103</b>	<b>2,080</b>	<b>3,480,099</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>123,717</b>	<b>89,351</b>	<b>(8,338)</b>	<b>253,285</b>	<b>(1,017,702)</b>	<b>2,994,609</b>	<b>305,175</b>	<b>135,309</b>	<b>(1,711)</b>	<b>2,873,695</b>

	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
Other financing sources (uses)										
Operating transfers in from other funds	\$ -	\$ -	\$ -	\$ -	\$ 1,650,000	\$ -	\$ -	\$ -	\$ -	\$ 1,650,000
Operating transfers out										
To other funds	(120,000)	(85,500)	-	(330,080)	-	(1,650,000)	-	-	-	(2,185,580)
To component units	-	-	-	-	(530,000)	(1,370,000)	(477,357)	(135,000)	-	(2,512,357)
Total other financing sources (uses)	(120,000)	(85,500)	-	(330,080)	1,120,000	(3,020,000)	(477,357)	(135,000)	-	(3,047,937)
Excess (deficiency) of revenue and other sources over expenditures and other uses	3,717	3,851	(8,338)	(76,795)	102,298	(25,391)	(172,182)	309	(1,711)	(174,242)
Fund balances (deficit) beginning of year	17,821	22,221	182,758	156,341	197,252	489,853	2,528,868	5,759	16,337	3,617,210
Prior period adjustment	10,650	7,732	-	20,409	-	-	-	-	-	38,791
Fund balance (deficit) beginning of year (as restated)	28,471	29,953	182,758	176,750	197,252	489,853	2,528,868	5,759	16,337	3,656,001
Fund balances, end of year	\$ 32,188	\$ 33,804	\$ 174,420	\$ 99,955	\$ 299,550	\$ 464,462	\$ 2,356,686	\$ 6,068	\$ 14,626	\$ 3,481,759

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, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
State shared taxes	\$ 120,000	\$ 121,289	\$ 1,289
Interest	-	2,428	2,428
Total revenues	<u>120,000</u>	<u>123,717</u>	<u>3,717</u>
Other financing sources (uses)			
Operating transfers out to other funds	<u>(120,000)</u>	<u>(120,000)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>-</u>	<u>3,717</u>	<u>3,717</u>
Fund balance (deficit), beginning of year	17,821	17,821	-
Prior period adjustment	<u>-</u>	<u>10,650</u>	<u>10,650</u>
Fund balance, beginning of year, as restated	<u>17,821</u>	<u>28,471</u>	<u>10,650</u>
Fund balance, end of year	<u>\$ 17,821</u>	<u>\$ 32,188</u>	<u>\$ 14,367</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, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
State shared taxes	\$ 84,000	\$ 87,189	\$ 3,189
Interest	1,500	2,162	662
Total revenues	<u>85,500</u>	<u>89,351</u>	<u>3,851</u>
Other financing sources (uses)			
Operating transfers out to other funds	<u>(85,500)</u>	<u>(85,500)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>-</u>	<u>3,851</u>	<u>3,851</u>
Fund balance, beginning of year	22,221	22,221	-
Prior period adjustment	-	7,732	7,732
Fund balance, beginning of year, as restated	<u>22,221</u>	<u>29,953</u>	<u>7,732</u>
Fund balance, end of year	<u>\$ 22,221</u>	<u>\$ 33,804</u>	<u>\$ 11,583</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, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Confiscation revenue	\$ 18,500	\$ 17,841	\$ (659)
Interest	11,500	9,417	(2,083)
Total revenues	<u>30,000</u>	<u>27,258</u>	<u>(2,742)</u>
<b>Expenditures</b>			
Current operations	3,500	2,831	669
Public safety administration	50,000	32,765	17,235
Capital outlay	<u>53,500</u>	<u>35,596</u>	<u>17,904</u>
Excess (deficiency) of revenues over expenditures	(23,500)	(8,338)	15,162
Fund balance, beginning of year	<u>182,758</u>	<u>182,758</u>	<u>-</u>
Fund balance, end of year	<u>\$ 159,258</u>	<u>\$ 174,420</u>	<u>\$ 15,162</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, 2001

	Budget	Actual	Variance (Unfavorable)
Revenues			
Locally levied taxes	\$ 220,000	\$ 244,387	\$ 24,387
Interest	7,000	8,898	1,898
Total revenues	<u>227,000</u>	<u>253,285</u>	<u>26,285</u>
Other financing sources (uses)			
Operating transfers out to other funds	<u>(330,080)</u>	<u>(330,080)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(103,080)</u>	<u>(76,795)</u>	<u>26,285</u>
Fund balance, beginning of year	156,341	156,341	-
Prior period adjustment	-	20,409	20,409
Fund balance, beginning of year, as restated	<u>156,341</u>	<u>176,750</u>	<u>20,409</u>
Fund balance, end of year	<u>\$ 53,261</u>	<u>\$ 99,955</u>	<u>\$ 46,694</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, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
General property tax	\$ 1,400,000	\$ 1,526,106	\$ 126,106
Interest	15,000	16,347	1,347
Total revenues	<u>1,415,000</u>	<u>1,542,453</u>	<u>127,453</u>
Expenditures			
Current operations			
Nondepartmental	66,760	70,520	(3,760)
Debt service			
Principal	1,348,601	1,348,261	340
Interest	1,132,745	1,133,104	(359)
Other	6,580	8,270	(1,690)
Total debt service	<u>2,487,926</u>	<u>2,489,635</u>	<u>(1,709)</u>
Total expenditures	<u>2,554,686</u>	<u>2,560,155</u>	<u>(5,469)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,139,686)</u>	<u>(1,017,702)</u>	<u>121,984</u>
Other financing sources (uses)			
Operating transfers in from other funds	2,070,000	1,650,000	(420,000)
Operating transfers out to component units	(930,000)	(530,000)	400,000
Total other financing sources (uses)	<u>1,140,000</u>	<u>1,120,000</u>	<u>(20,000)</u>
Excess (deficiency) of revenues and other sources over expenditures	314	102,298	101,984
Fund balance, beginning of year	<u>197,252</u>	<u>197,252</u>	-
Fund balance, end of year	<u>\$ 197,566</u>	<u>\$ 299,550</u>	<u>\$ 101,984</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, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
General property tax	\$ 3,000,000	\$ 3,076,781	\$ 76,781
Interest	60,000	58,939	(1,061)
Total revenues	<u>3,060,000</u>	<u>3,135,720</u>	<u>75,720</u>
<b>Expenditures</b>			
Current operations	142,500	141,111	1,389
Nondepartmental	2,917,500	2,994,609	77,109
Excess (deficiency) of revenues over expenditures			
Other financing sources (uses)			
Operating transfers out to other funds	(2,070,000)	(1,650,000)	420,000
Operating transfers out to component units	(1,370,000)	(1,370,000)	-
Total other financing sources (uses)	<u>(3,440,000)</u>	<u>(3,020,000)</u>	<u>420,000</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(522,500)	(25,391)	497,109
Fund balance, beginning of year	489,853	489,853	-
Fund balance, end of year	<u>\$ (32,647)</u>	<u>\$ 464,462</u>	<u>\$ 497,109</u>



# City of Auburn



CITY OF AUBURN, ALABAMA

DEBT SERVICE FUNDS

COMBINING BALANCE SHEET

SEPTEMBER 30, 2001

	GORSIW Series 76 Fund	Special 5-Mill Tax Fund	Total
<b>ASSETS</b>			
Equity in pooled cash and cash equivalents	\$ 33,431	\$ 1,845,174	\$ 1,878,605
Restricted cash and investments	-	1	1
Other receivables	-	14,117	14,117
Due from other funds	-	1,607	1,607
<b>TOTAL ASSETS</b>	<u>\$ 33,431</u>	<u>\$ 1,860,899</u>	<u>\$ 1,894,330</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Fund balances			
Reserved for debt service	<u>\$ 33,431</u>	<u>\$ 1,860,899</u>	<u>\$ 1,894,330</u>

CITY OF AUBURN, ALABAMA

DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED SEPTEMBER 30, 2001

	GORSIW Series 76 Fund	Special 5-Mill Tax Fund	Total
<b>Revenues</b>			
General property tax	\$ -	\$ 1,420,812	\$ 1,420,812
Interest	2,556	130,837	133,393
Total revenues	<u>2,556</u>	<u>1,551,649</u>	<u>1,554,205</u>
<b>Expenditures</b>			
Current operations	-	65,266	65,266
Nondepartmental			
Debt service			
Interest	25,080	619,943	645,023
Principal	55,000	905,000	960,000
Fiscal fees	-	3,641	3,641
Total debt service	<u>80,080</u>	<u>1,528,584</u>	<u>1,608,664</u>
Total expenditures	<u>80,080</u>	<u>1,593,850</u>	<u>1,673,930</u>
Excess (deficiency) of revenues over expenditures	(77,524)	(42,201)	(119,725)
Other financing sources (uses)			
Operating transfers in from other funds	80,080	-	80,080
Excess of revenues and other sources over expenditures and other uses	2,556	(42,201)	(39,645)
Fund balances, beginning of year	30,875	1,903,100	1,933,975
Fund balances, end of year	<u>\$ 33,431</u>	<u>\$ 1,860,899</u>	<u>\$ 1,894,330</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, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Interest	\$ 2,500	\$ 2,556	\$ 56
Expenditures			
Debt service			
Interest	25,080	25,080	-
Principal	55,000	55,000	-
Total debt service	80,080	80,080	-
Excess (deficiency) of revenues over expenditures	(77,580)	(77,524)	56
Other financing sources			
Operating transfers in from other funds	80,080	80,080	-
Excess of revenues and other sources over expenditures	2,500	2,556	56
Fund balance, beginning of year	30,875	30,875	-
Fund balance, end of year	\$ 33,375	\$ 33,431	\$ 56

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, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
General property tax	\$ 1,396,000	\$ 1,420,812	24,812
Interest	140,000	130,837	(9,163)
Total revenues	<u>1,536,000</u>	<u>1,551,649</u>	<u>15,649</u>
Expenditures			
Current operations			
Nondepartmental	66,760	65,266	1,494
Debt service			
Interest	619,943	619,943	-
Principal	1,035,000	905,000	130,000
Fiscal fees	1,000	3,641	(2,641)
Total debt service	<u>1,655,943</u>	<u>1,528,584</u>	<u>127,359</u>
Total expenditures	1,722,703	1,593,850	128,853
Excess (deficiency) of revenues over expenditures	(186,703)	(42,201)	144,502
Fund balance, beginning of year	1,903,100	1,903,100	-
Fund balance, end of year	<u>\$ 1,716,397</u>	<u>\$ 1,860,899</u>	<u>\$ 144,502</u>

CITY OF AUBURN, ALABAMA  
 CAPITAL PROJECTS FUNDS  
 COMBINING BALANCE SHEET  
 SEPTEMBER 30, 2001

	'01 Capital Projects Fund	'99 Warrant Projects Fund	'99 Bond Projects Fund	'97/98 Capital Projects Fund	Total
<b>ASSETS</b>					
Equity in pooled cash and cash equivalents	\$ -	\$ 999,741	\$ 745,607	\$ 323,327	\$ 2,068,675
Grants receivable	-	-	-	300,000	300,000
Other receivables	-	-	-	11,645	11,645
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 999,741</b>	<b>\$ 745,607</b>	<b>\$ 634,972</b>	<b>\$ 2,380,320</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ -	\$ 137,656	\$ 132,938	\$ 83,363	\$ 353,957
Deferred revenue	-	-	-	300,000	300,000
Due to other funds	703,782	-	-	-	703,782
<b>Total liabilities</b>	<b>703,782</b>	<b>137,656</b>	<b>132,938</b>	<b>383,363</b>	<b>1,357,739</b>
<b>Fund balances</b>					
Reserved for encumbrances	-	38,714	506,209	-	544,923
Unreserved-undesignated (deficit)	(703,782)	823,371	106,460	251,609	477,658
<b>Total fund balances (deficit)</b>	<b>(703,782)</b>	<b>862,085</b>	<b>612,669</b>	<b>251,609</b>	<b>1,022,581</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ 999,741</b>	<b>\$ 745,607</b>	<b>\$ 634,972</b>	<b>\$ 2,380,320</b>



CITY OF AUBURN, ALABAMA  
 CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 YEAR ENDED SEPTEMBER 30, 2001

	'01 Capital Projects Fund	'99 Warrant Projects Fund	'99 Bond Projects Fund	'97/98 Capital Projects Fund	Total
Revenues					
Grants	\$ -	\$ -	\$ -	\$ 105,000	\$ 105,000
Interest	-	90,312	65,196	50,295	205,803
Total revenues	-	90,312	65,196	155,295	310,803
Expenditures					
Capital outlay	703,782	1,572,634	1,291,536	867,453	4,435,405
Excess (deficiency) of revenues over expenditures	(703,782)	(1,482,322)	(1,226,340)	(712,158)	(4,124,602)
Fund balances, beginning of year	-	2,344,407	1,839,009	963,767	5,147,183
Fund balances (deficit), end of year	\$ (703,782)	\$ 862,085	\$ 612,669	\$ 251,609	\$ 1,022,581



# City of Auburn

CITY OF AUBURN, ALABAMA

ENTERPRISE FUNDS

COMBINING BALANCE SHEET

SEPTEMBER 30, 2001

	Sewer Revenue Fund	Industrial Park Fund	Total
<b>ASSETS</b>			
Current assets			
Equity in pooled cash and cash equivalents	\$ 881,371	\$ 7,718	\$ 889,089
Restricted cash and investments	10,412,127	-	10,412,127
Capital improvement fund	11,293,498	7,718	11,301,216
Total cash and cash equivalents			
Receivables			
Water Works Board	329,028	-	329,028
Prepaid insurance	6,864	-	6,864
Total current assets	<u>11,629,390</u>	<u>7,718</u>	<u>11,637,108</u>
Property, plant and equipment			
Land	134,626	-	134,626
Buildings	28,615	-	28,615
Construction in progress	212,674	-	212,674
Sewage plants and lines	32,679,121	-	32,679,121
Machinery and equipment	762,001	-	762,001
Vehicles	290,443	-	290,443
Accumulated depreciation/amortization	34,107,480	-	34,107,480
Net property, plant and equipment	<u>4,364,517</u>	<u>-</u>	<u>4,364,517</u>
Other assets			
Deferred charges	242,558	-	242,558
Bond issue costs (net)	424,851	-	424,851
Total other assets	<u>667,409</u>	<u>-</u>	<u>667,409</u>
Advances to Component units	-	211,505	211,505
<b>TOTAL ASSETS</b>	<u>\$ 42,039,762</u>	<u>\$ 219,223</u>	<u>\$ 42,258,985</u>

	Sewer Revenue Fund	Industrial Park Fund	Total
<b>LIABILITIES AND FUND EQUITY</b>			
Current liabilities			
Current maturities of leases payable	\$ 58,565	-	\$ 58,565
Accounts payable and accrued liabilities	292,782	18	292,800
Customer deposits	284,078	-	284,078
Due to other funds	-	27,859	27,859
Total current liabilities	<u>635,425</u>	<u>27,877</u>	<u>663,302</u>
Long-term liabilities			
Bonds payable	5,283,433	-	5,283,433
Warrants payable	24,740,000	-	24,740,000
Capital leases payable	76,488	-	76,488
Accumulated annual leave	37,232	-	37,232
Advances from other funds	-	277,014	277,014
Total long-term liabilities	<u>30,137,153</u>	<u>277,014</u>	<u>30,414,167</u>
Total liabilities	<u>30,772,578</u>	<u>304,891</u>	<u>31,077,469</u>
Fund equity (deficit)			
Contributed capital			
Developers	10,400,012	-	10,400,012
Grants	-	194,410	194,410
General government	-	274,713	274,713
Retained earnings (deficit)			
Unreserved	867,172	(554,791)	312,381
Total fund equity (deficit)	<u>11,267,184</u>	<u>(85,668)</u>	<u>11,181,516</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 42,039,762</u>	<u>\$ 219,223</u>	<u>\$ 42,258,985</u>

CITY OF AUBURN, ALABAMA

ENTERPRISE FUNDS

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

YEAR ENDED SEPTEMBER 30, 2001

	Sewer Revenue Fund	Industrial Park Fund	Total
Operating revenues			
Sewer service charges	\$ 4,515,765	-	\$ 4,515,765
Sewer tapping fees	7,340	-	7,340
Total operating revenues	<u>4,523,105</u>	<u>-</u>	<u>4,523,105</u>
Operating expenses			
Salaries and wages	372,703	-	372,703
Employee benefits	64,797	-	64,797
Repairs and maintenance	3,629	-	3,629
Utilities	27,694	185	27,879
Professional services	120,534	-	120,534
Rentals and leasing	4,646	-	4,646
Insurance	6,128	-	6,128
Office supplies	10,726	-	10,726
Fuels and lubricants	7,438	-	7,438
Agricultural and chemical supplies	15,574	-	15,574
Minor equipment and tools	3,584	-	3,584
Repair parts and materials	102,455	-	102,455
Clothing and linens	5,923	-	5,923
Sewer service fees	276,662	-	276,662
Management fees	3,008,936	-	3,008,936
Bad debt expense	65,663	-	65,663
Depreciation/amortization	365,348	-	365,348
Travel and training	6,180	-	6,180
Miscellaneous	605	-	605
Total operating expenses	<u>4,469,225</u>	<u>185</u>	<u>4,469,410</u>
Operating income (loss)	<u>53,880</u>	<u>(185)</u>	<u>53,695</u>

	Sewer Revenue Fund	Industrial Park Fund	Total
Nonoperating revenues (expenses)			
Interest earned	\$ 39,808	\$ 1,364	\$ 41,172
Interest and fiscal charges	(142,525)	-	(142,525)
Total nonoperating revenues (expenses)	<u>(102,717)</u>	<u>1,364</u>	<u>(101,353)</u>
Net income (loss) before operating transfers and capital contributions	(48,837)	1,179	(47,658)
Operating transfers in from other funds	-	1,000	1,000
Operating transfers out to other funds	(71,250)	-	(71,250)
Capital contributions	504,310	-	504,310
Net income (loss)	<u>384,223</u>	<u>2,179</u>	<u>386,402</u>
Retained earnings (deficit), beginning of year	447,746	(556,970)	(109,224)
Prior period adjustment	27,494	-	27,494
Retained earnings (deficit), beginning of year, as restated	<u>475,240</u>	<u>(556,970)</u>	<u>(81,730)</u>
Residual equity transfers in (out)	7,709	-	7,709
Retained earnings (deficit), end of year	<u>\$ 867,172</u>	<u>\$ (554,791)</u>	<u>\$ 312,381</u>

CITY OF AUBURN, ALABAMA

ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2001

	Sewer Revenue Fund	Industrial Park Fund	Total
Cash flows from operating activities			
Cash collected from customers	\$ 4,658,591	-	\$ 4,658,591
Customer deposits collected	55,626	-	55,626
Payments to suppliers for goods and services	(3,672,083)	(183)	(3,672,266)
Payments to employees for services	(436,486)	-	(436,486)
Net cash provided (consumed) by operating activities (A)	<u>605,648</u>	<u>(183)</u>	<u>605,465</u>
Cash flows from noncapital financing activities			
Proceeds of operating transfers in	-	1,000	1,000
Payments of operating transfers out	(71,250)	-	(71,250)
Repayment of cash loaned to component units	-	72,382	72,382
Repayment of borrowing from other funds	(61,863)	(102,383)	(164,246)
Repayment of cash loaned to other funds	20	-	20
Net cash provided by noncapital financing activities	<u>(133,093)</u>	<u>(29,001)</u>	<u>(162,094)</u>

	Sewer Revenue Fund	Industrial Park Fund	Total
Cash flows from capital and related financing activities			
Principal repayments on borrowing	\$ (6,678)	-	\$ (6,678)
Acquisition and construction of capital assets	(19,905,450)	-	(19,905,450)
Repayment of long-term borrowing for equipment replacement	(892)	-	(892)
Proceeds of debt issued	29,752,952	-	29,752,952
Interest and fiscal fees paid	(344,394)	-	(344,394)
	<u>9,495,538</u>	<u>-</u>	<u>9,495,538</u>
Net cash provided (consumed) by capital and related financing activities			
	<u>39,808</u>	<u>1,364</u>	<u>41,172</u>
Cash flows from investing activities			
Interest on investments	39,808	1,364	41,172
Net cash provided by investing activities	<u>39,808</u>	<u>1,364</u>	<u>41,172</u>
Net increase (decrease) in cash	10,007,901	(27,820)	9,980,081
Cash and cash equivalents, beginning of year	1,285,597	35,538	1,321,135
Cash and cash equivalents, end of year	<u>\$ 11,293,498</u>	<u>\$ 7,718</u>	<u>\$ 11,301,216</u>
Composition of cash and cash equivalents at September 30, 2001:			
Unrestricted	\$ 881,079	\$ 7,718	\$ 888,797
Restricted	10,412,419	-	10,412,419
Total cash and cash equivalents	<u>\$ 11,293,498</u>	<u>\$ 7,718</u>	<u>\$ 11,301,216</u>

(continued, next page)



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

	Sewer Revenue Fund	Industrial Park Fund	Total
Operating income (loss)	\$ 53,880	\$ (185)	\$ 53,695
Add:			
Depreciation/amortization expense	365,348	-	365,348
Decrease in receivable from Water Board	135,486	-	135,486
Increase in accounts payable/accrued liabilities	-	2	2
Increase in customer deposits	55,626	-	55,626
Increase in accrued leave	937	-	937
Increase in payables to other governments	2	-	2
Deduct:			
Increase in prepaid expenses	(3,698)	-	(3,698)
Decrease in accounts payable/accrued liabilities	(1,933)	-	(1,933)
Net cash provided (consumed) by operating activities	<u>\$ 605,648</u>	<u>\$ (183)</u>	<u>\$ 605,465</u>
Noncash transactions:			
Estimated cost of sewer lines installed by and contributed to the City by developers	\$ 504,310	-	\$ 504,310
Net book value of assets transferred from the general fixed assets account group	7,709	-	7,709
Total noncash transactions	<u>\$ 512,019</u>	<u>-</u>	<u>\$ 512,019</u>

CITY OF AUBURN, ALABAMA

SCHEDULE OF GENERAL FIXED ASSETS - BY SOURCES

SEPTEMBER 30, 2001

General fixed assets	
Land, buildings and improvements	\$ 31,225,443
Construction in progress	2,925,509
Communication equipment	500,798
Heavy equipment	929,162
Office equipment	1,728,869
Small tools and equipment	1,132,353
Vehicles	6,152,471
Total general fixed assets	<u>\$ 44,594,605</u>
Investment in general fixed assets from:	
General Fund revenues	\$ 18,361,976
Capital Projects Funds	21,379,707
Federal grants	948,417
State grants	30,745
Special Revenue Fund revenues	2,402,922
Donations	1,012,313
Special assessments	27,800
Enterprise Fund revenues	62,185
Unclassified	368,540
Total investment in general fixed assets	<u>\$ 44,594,605</u>

CITY OF AUBURN, ALABAMA

SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY

SEPTEMBER 30, 2001

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	\$ 1,705	\$ -	\$ -	\$ -	\$ -	\$ 1,705	\$ -	\$ -
Information technology	481,218	12,816	-	9,012	-	395,500	3,995	59,895
Judicial	35,394	12,400	-	-	-	22,994	-	-
Administrative	61,330	-	-	-	-	16,169	-	45,161
Finance	130,228	-	-	-	-	102,540	1,098	26,590
<b>Total general government and administration</b>	<b>709,875</b>	<b>25,216</b>	<b>-</b>	<b>9,012</b>	<b>-</b>	<b>538,908</b>	<b>5,093</b>	<b>131,646</b>
Public works								
Environmental services	1,144,412	22,002	-	4,686	226,606	94,549	108,522	688,047
Public safety administration	2,547,455	58,438	-	11,139	468,817	44,364	178,087	1,786,610
Fire	487,802	90,401	-	200,639	-	153,688	5,176	37,898
Police and jail administration	1,650,417	14,299	-	23,032	25,502	21,624	166,715	1,399,245
Codes enforcement	1,956,818	133,600	-	111,412	-	121,050	276,061	1,314,695
Library	55,660	-	-	2,934	-	8,761	-	43,965
Parks and recreation	3,302,092	3,076,333	-	-	-	216,753	9,006	-
Planning	4,205,066	3,017,820	-	19,320	208,237	62,107	338,835	558,747
Human resource management	85,320	3,061	-	-	-	48,723	-	33,536
Economic development	47,321	-	1,318	-	-	32,314	-	13,689
<b>Total departmental</b>	<b>16,239,048</b>	<b>6,441,170</b>	<b>1,318</b>	<b>382,174</b>	<b>929,162</b>	<b>1,347,530</b>	<b>1,087,495</b>	<b>6,050,199</b>
Nondepartmental								
	28,355,557	24,784,273	2,924,191	118,624	-	381,339	44,858	102,272
<b>Total general fixed assets</b>	<b>\$ 44,594,605</b>	<b>\$ 31,225,443</b>	<b>\$ 2,925,509</b>	<b>\$ 500,798</b>	<b>\$ 929,162</b>	<b>\$ 1,728,869</b>	<b>\$ 1,132,353</b>	<b>\$ 6,152,471</b>

CITY OF AUBURN, ALABAMA

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

YEAR ENDED SEPTEMBER 30, 2001

	General Fixed Assets September 30, 2000	Additions	Transfers and Deductions	General Fixed Assets September 30, 2001
General government and administration				
Executive	3,587	-	(1,882)	1,705
Information technology	393,018	82,616	5,584	481,218
Judicial	35,394	-	-	35,394
Administrative	63,546	6,046	(8,262)	61,330
Finance	78,470	46,912	4,846	130,228
Total general government and administration	<u>574,015</u>	<u>135,574</u>	<u>286</u>	<u>709,875</u>
Public works administration	1,161,638	147,846	(165,072)	1,144,412
Environmental services	2,284,705	272,384	(9,634)	2,547,455
Public safety administration	459,839	6,752	21,211	487,802
Fire	1,433,455	216,962	-	1,650,417
Police and jail administration	1,460,477	477,677	18,664	1,956,818
Codes enforcement	51,067	-	4,593	55,660
Library	109,729	3,244,927	(52,564)	3,302,092
Parks and recreation	1,471,683	2,771,147	(37,764)	4,205,066
Planning	84,188	-	1,132	85,320
Human resource management	33,909	25,406	(11,994)	47,321
Economic development	48,670	-	(1,860)	46,810
Total departmental	<u>9,173,375</u>	<u>7,298,675</u>	<u>(233,002)</u>	<u>16,239,048</u>
Nondepartmental	29,085,461	4,018,655	(4,748,559)	28,355,557
Total general fixed assets	<u>\$ 38,258,836</u>	<u>\$ 11,317,330</u>	<u>\$ (4,981,561)</u>	<u>\$ 44,594,605</u>



# City of Auburn



CITY OF AUBURN, ALABAMA

STATEMENT OF GENERAL LONG-TERM DEBT

SEPTEMBER 30, 2001

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

\$ 48,028,851  
1,894,330

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

\$ 49,923,181

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

\$ 15,825,000  
362,341  
30,577,536  
1,443,010  
48,207,887  
851,657  
709,637  
154,000

Total general long-term debt

\$ 49,923,181



# City of Auburn



Table 1

**City of Auburn ~ Primary Government**

**General Revenues by Source <sup>(1)</sup>**

Last Ten Fiscal Years  
*Unaudited*

Fiscal Year	Taxes	Licenses & Permits	Fees For Services	Fines & Forfeitures	Inter-Governmental	Other Operating Revenues	Totals
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
2001	21,527,028	10,229,779	3,219,656	816,976	1,960,326	1,441,544	39,195,309

<sup>(1)</sup>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		
1992	\$ 7,111,981	\$ 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	(2)	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
2001	12,554,602	105,137	680,049	513,913	22,755	74,584	7,459,103		21,410,143

\*State Alcoholic Beverage Control Board

(1) Includes state shared taxes.

(2) 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	Last Ten Fiscal Years							Totals
	General & Government <sup>(1)</sup>	Public Safety	Public Works <sup>(2)</sup>	Recreational & Cultural Services	Health Education & Welfare	Debt Service	Capital Outlay	
1992	\$ 3,636,822	\$ 5,236,639	\$ 2,666,274	\$ 1,984,706	\$ 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 <sup>(4)</sup>	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
2001	4,704,106	7,815,996	4,754,079	3,467,404	4,651,795	8,215,680	10,899,385	44,508,445

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

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

<sup>(2)</sup> Includes Streets and Drainage and Solid Waste.

<sup>(3)</sup> Includes contributions to Board of Education building fund.

<sup>(4)</sup> 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 <sup>(1)</sup>	Net Revenue Operating Expenses <sup>(2)</sup>	Available For Debt Service	Debt Service Requirements		Coverage
				Principal	Interest	
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
1994	3,880,589	3,680,162	200,427	245,000	25,395	270,395
1995	4,355,872	3,722,279	633,593	245,000	16,905	261,905
1996	4,550,243	3,798,883	751,360	245,000	8,453	253,453
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-
2001	4,420,388	4,175,127	245,213	31,678	7,387	39,065

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

<sup>(2)</sup>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			%
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
2001	339,151,500	7,459,103	100
		Total Tax Collections	
		\$ 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
		7,459,103	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									
	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
<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	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
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	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
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	16.0	16.0	16.0	16.0	10.0	10.0	10.0	10.0	10.0	10.0
Total City of Auburn	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>	<u>20.0</u>	<u>20.0</u>	<u>20.0</u>	<u>20.0</u>	<u>20.0</u>	<u>20.0</u>
Total Tax Millage	<u>54.0</u>	<u>54.0</u>	<u>54.0</u>	<u>54.0</u>	<u>48.0</u>	<u>48.0</u>	<u>48.0</u>	<u>48.0</u>	<u>48.0</u>	<u>48.0</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	Personal Property	Utilities Property	Automobile	Totals
	Assessed Value	Assessed Value	Assessed Value	Assessed Value	
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
2001	250,274,360	40,803,880	14,426,140	33,647,120	339,151,500

<sup>(1)</sup>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 Tax Collection Years  
*Unaudited*

Fiscal Year	Real Estate		Personal Property		Public Utilities		Automobile		Total		Ratio of Total Assessed Value To Total Estimated True Value <sup>(1)</sup>
	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	
1992	\$ 109,075	\$ 727,166	\$ 15,711	\$ 78,555	\$ 8,667	\$ 28,990	\$ 10,742	\$ 63,188	\$ 144,195	\$ 897,899	16.1%
1993	112,085	747,233	17,408	87,040	9,082	30,273	10,576	62,212	149,151	926,758	16.1%
1994	133,958	893,053	18,098	90,490	10,046	33,487	12,365	72,735	174,467	1,089,765	16.0%
1995	142,185	947,990	15,313	76,565	10,084	33,613	18,800	110,588	186,382	1,168,756	15.9%
1996	145,915	972,767	23,992	119,960	10,798	35,993	15,618	91,870	196,323	1,220,590	16.1%
1997	152,359	1,015,726	27,418	137,090	10,675	36,250	20,543	128,841	210,995	1,317,907	16.0%
1998	168,935	1,126,233	30,636	153,180	10,620	35,400	23,414	137,729	233,605	1,452,542	16.1%
1999	217,179	1,447,860	39,917	199,585	12,747	42,490	26,013	153,017	295,856	1,842,952	16.1%
2000	233,074	1,546,101	38,495	192,475	12,958	43,192	30,956	186,482	315,483	1,968,250	16.0%
2001	250,274	1,668,493	40,804	204,015	14,426	48,087	33,647	197,923	339,151	2,118,518	16.0%

(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 ~ 2000 Ad Valorem Tax Year<sup>(1)</sup>  
Unaudited

Taxpayers	Total Assessed Value of all Property within City Limits	Ad Valorem Taxes Paid <sup>(2)</sup>	Taxpayers' Ad Valorem Taxes Paid as Percentage of City's Total Ad Valorem Tax Revenue
Alabama Power Company	\$ 7,596,180	\$ 410,193	5.50%
Briggs and Stratton Corporation	12,980,120	402,384	5.39%
BellSouth Telecommunications	3,951,940	213,405	2.86%
WHGMH Realty, LLC (College Park I and II)	3,590,180	193,870	2.59%
Wal-Mart	3,149,000	170,046	2.27%
Colonial Realty, Ltd.	2,786,500	150,471	2.02%
Pick Rentals	2,374,220	128,208	1.71%
SUH Auburn (Sterling University Apartments)	1,988,380	107,373	1.43%
The Garden District-Auburn	1,890,520	102,089	1.36%
United Artists Communications (Carmike Cinemas)	1,486,400	80,266	1.07%
<b>Totals</b>	<b>\$ 41,793,440</b>	<b>\$ 1,958,305</b>	<b>26.25%</b>

Source: Lee County Tax Assessor.

<sup>(1)</sup> Assessed 2000; collected October 2000 through September 2001.<sup>(2)</sup> 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	Federal Census	Population	Past Ten Fiscal Years			Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
			Assessed Value	Net Bonded Debt <sup>(1)</sup>	Unaudited		
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 <sup>(2)</sup>	
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	33,830	297,855,880	48,117,085	16.15%	1,422	
2000	2000	42,987	315,482,120	48,851,019	15.48%	1,136	
2001	2000	42,987	339,151,500	46,423,610	13.69% <sup>(4)</sup>	1,080 <sup>(4)</sup>	

<sup>(1)</sup>Net bonded debt equals: General obligation bonds, notes and warrants outstanding, less Debt Service funds' equity.

<sup>(2)</sup>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.

<sup>(3)</sup>City issued \$30.048 million of G.O. Warrants to finance the purchase and expansion of the Northside and Southside wastewater Treatment plants. Debt service on these warrants is intended to be repaid from Sewer Enterprise Fund revenues.

<sup>(4)</sup>City issued \$30.048 million of G.O. Warrants to finance the purchase and expansion of the Northside and Southside wastewater Treatment plants. Debt service on these warrants is intended to be repaid from Sewer Enterprise Fund revenues.

Table 11

**City of Auburn**

**Schedule of Direct and Overlapping Debt**

September 30, 2001  
*Unaudited*

<u>Direct Debt</u>	<u>Gross Debt Less Debt Service Assets</u>	<u>Percentage Of Debt Applicable To City Of Auburn</u>	<u>City Of Auburn</u>
General Bonded Debt and Warrants	\$ 78,366,373		
Less: Debt Service Funds' Equity	<u>1,894,330</u>		
Net Direct Debt	76,472,043	100.00%	\$ 76,472,043
<b>OVERLAPPING DEBT</b>			
Lee County General Bonded Debt and Warrants	3,920,000	61.50%	<u>2,410,800</u>
Total Direct and Overlapping Debt			\$ 78,882,843

Table 12

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

September 30, 2001  
*Unaudited*

Assessed Value <sup>(1)</sup>	<u>\$ 339,151,500</u>
Debt Limit: Twenty Percent of Assessed Value	\$ 67,830,300
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	\$ 78,366,373
Other Debt <sup>(2)</sup>	<u>1,613,233</u>
Total Debt	<u>79,979,606</u>
Less Exempt Indebtedness <sup>(3)</sup>	<u>51,327,953</u>
Total Amount of Debt Applicable to Debt Limit	<u>28,651,653</u>
Legal Debt Margin	<u>\$ 39,178,647</u>
Percent of Applicable Debt to Debt Limit	42.24%

<sup>(1)</sup>2001 valuation of property subject to taxation

<sup>(2)</sup>Accounts payable and accrued liabilities

<sup>(3)</sup>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	
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%
2001	5,648,623	2,567,057	8,215,680	44,508,445	18.46%

\*Includes fiscal fees and charges

Table 14

**City of Auburn ~ Primary Government**

***Schedule of Insurance in Force***

September 30, 2001

*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
Alabama Municipal Insurance Corporation	Automobile Liability	AL11001743A40204	03/27/01 - 03/27/02	\$ 300,000 Combined Liability/Comprehensive & Collision Coverage on Selected Vehicles	\$ 64,876
Fidelity and Deposit	Public Employees Blanket Bond	0894880205	06/27/99 - Cancellation	\$ 750,000	\$ 1,555
Alabama Municipal Insurance Corporation	General Liability Property/Inland Marine Law Enforcement Liability	AL11001743A40204	03/27/01 - 03/27/02	\$3,000,000/Occurrence \$6,000,000/ Law Enforcement aggregate \$6,000,000 Public Officials aggregate \$985,159 Inland Marine \$16,413,714 Blanket Bldg & Contents	\$ 117,083
Indemnity Company of the South	Trolley Liability	74 APN 146834	08/25/01 - 08/25/02	\$1,000,000	\$ 1,856

Table 15

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

Last Ten Fiscal Years  
*Unaudited*

Fiscal Year	Value Of Building Permits (in thousands) <sup>(1)</sup>	Bank Deposits (In thousands) <sup>(2)</sup>	Assessed Valuation <sup>(3)</sup>
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
2001	90,216	523,581	339,151,500

Source: <sup>(1)</sup> City of Auburn Building Codes Enforcement Division.

<sup>(2)</sup> FDIC

<sup>(3)</sup> Lee County Tax Assessor (reflects current reappraisal values).

Table 16  
**City of Auburn ~ Primary Government**  
**Demographic Statistics**

Fiscal Year	Last Ten Fiscal Years <i>Unaudited</i>					
	Lee County Population <sup>(1)</sup>	City of Auburn Population <sup>(1)</sup>	Lee County Per Capita Income	City Of Auburn Retail Sales (in thousands)	City of Auburn Unemployment Rate <sup>(2)</sup>	Lee County Unemployment Rate <sup>(2)</sup>
1992	87,146 <sup>(1)</sup>	33,830 <sup>(1)</sup>	\$ 13,939	\$ 296,332 <sup>(3)</sup>	3.80%	4.50%
1993	87,146 <sup>(1)</sup>	33,830 <sup>(1)</sup>	13,939	298,062 <sup>(5)</sup>	5.10%	6.30%
1994	87,146 <sup>(1)</sup>	33,830 <sup>(1)</sup>	13,939	315,887 <sup>(5)</sup>	4.40%	5.00%
1995	87,146 <sup>(1)</sup>	33,830 <sup>(1)</sup>	14,358	349,180 <sup>(5)</sup>	4.20%	4.80%
1996	87,146 <sup>(1)</sup>	33,830 <sup>(1)</sup>	15,538	381,832 <sup>(5)</sup>	2.90%	3.30%
1997	87,146 <sup>(1)</sup>	33,830 <sup>(1)</sup>	16,018	389,998 <sup>(5)</sup>	4.90%	4.90%
1998	87,146 <sup>(1)</sup>	33,830 <sup>(1)</sup>	15,659	412,005 <sup>(5)</sup>	3.40%	3.30%
1999	102,164 <sup>(6)</sup>	40,425 <sup>(6)</sup>	17,236	452,025 <sup>(5)</sup>	3.60%	3.50%
2000	115,092 <sup>(6)</sup>	42,987 <sup>(6)</sup>	18,831	486,082 <sup>(5)</sup>	3.40%	3.70%
2001	115,092 <sup>(6)</sup>	44,179 <sup>(7)</sup>	16799 <sup>(8)</sup>	502,184 <sup>(5)</sup>	3.60%	3.60%

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. Excludes tax-exempt sales.  
(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  
(7) Federal Census, Population Estimate, 2/15/02  
(8) Auburn Chamber of Commerce

Table 17

**City of Auburn**

**Miscellaneous Statistical Data**

September 30, 2001  
Unaudited

<b>Date of Incorporation</b>	February 2, 1839	<b>Miles of Sanitary Sewers</b>	175.55	<b>Auburn City Schools</b>	
<b>Form of Government</b>		<b>Financial Institutions</b>		Elementary (K-5)	6
City	Council-Manager	Banks	12	Secondary (6-12)	3
County	Commission	Credit Unions	2	Administrative staff	22
<b>City Area in Square Miles</b>	44.00	<b>Health Care Facility</b>		Instructional staff	330
		East Alabama Medical Center	1	Non-certified staff	224
<b>Population</b>		<b>City Library</b>		Total staff	576
1900 Federal Census	1,831	Number of libraries	1	Enrollment 2000-01	4,421
1910 Federal Census	2,145	Number of employees	21	High school graduates	
1920 Federal Census	3,338	<b>Largest Employers</b>		2000-01 academic year	262
1930 Federal Census	4,727	Auburn University	5,224		
1940 Federal Census	8,380	Auburn City Schools	576	<b>Police Protection</b>	
1950 Federal Census	12,939	Briggs & Stratton	475	Sworn officers	71
1960 Federal Census	16,261	City of Auburn and		Classified personnel	7
1970 Federal Census	22,767	Water Works Board	380	Unclassified personnel	1
1980 Federal Census	28,471	MasterBrand Cabinets	294	Patrol cars	30
1990 Federal Census	33,830	Capitol Vial	248	Unmarked cars	17
2000 Federal Census	42,987	Winn Dixie	225	Utility vehicles	12
2001 Estimate	44,179	AU Hotel and Dixon		<b>Fire Protection</b>	
		Conference Center	183	Regular firefighters	29
<b>Miles of Streets</b>		Federal government	181	Student firefighters	69
Paved	194.00	Dillard's	170	Fire stations	4
Unpaved	2.20			Fire trucks	7
				Other fire vehicles	6

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





# City of Auburn

