



CITY OF AUBURN, AL

ANNUAL COMPREHENSIVE  
**FINANCIAL REPORT**

FISCAL YEAR ENDED SEPTEMBER 30, 2024

JAN DEMPSEY COMMUNITY ARTS CENTER





**City of Auburn, Alabama**  
**Annual Comprehensive Financial Report**  
**For the Fiscal Year Ended September 30, 2024**

**CITY COUNCIL**

Ron Anders, Jr, *Mayor*  
Connie Fitch Taylor, *Ward 1*  
Kelley Griswold, *Ward 2*  
Beth Witten, *Mayor Pro Tem, Ward 3*  
Tyler Adams, *Ward 4*  
Sonny Moreman, *Ward 5*  
Bob Parsons, *Ward 6*  
Max Coblentz, *Ward 7*  
Tommy Dawson, *Ward 8*

**CITY MANAGER**

Megan McGowen Crouch

Rick Davidson, <i>City Attorney</i>	John Hoar, <i>Inspection Services Director</i>
Alfred Davis, Sr., <i>Community Services Director</i>	Cynthia Ledbetter, <i>Library Director</i>
Scott Cummings, <i>Development Services Exec. Director</i>	James McLaughlin, <i>Municipal Judge</i>
Phillip Dunlap, <i>Economic Development Director</i>	Alison Hall, <i>Parks and Recreation Director</i>
Brandy Ezelle, <i>Interim Engineering Services Director</i>	Justice Cotton, <i>Planning Director</i>
Catrina Cook, <i>Environmental Services Director</i>	Cedric Anderson, <i>Police Chief</i>
Allison Edge, <i>Finance Director/Treasurer</i>	Will Mathews, <i>Public Safety Executive Director</i>
John C. Lankford, IV, <i>Fire Chief</i>	Keith Williams, <i>Public Services Executive Director</i>
Elinda Dannar, <i>Human Resources Director</i>	Dan Ballard, <i>Public Works Director</i>
Greg Nelson, <i>Chief Information Officer</i>	Eric A. Carson, <i>Water Resource Mgt. Director</i>

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AUBURN



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Annual Comprehensive Financial Report  
For the Fiscal Year Ended September 30, 2024

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## Letter of Transmittal

March 28, 2025

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

The Annual Comprehensive Financial Report (ACFR) of the City of Auburn (the government) for the fiscal year ended September 30, 2024, is hereby transmitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with City of Auburn management. To the best of our knowledge and belief, the enclosed data are accurate in all material aspects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the government and its component units. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities have been included in this report.

### ***The Report***

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

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

***Governmental Accounting Standards Board (GASB) Reporting Requirements*** The City of Auburn presents financial information that meets the requirements of accounting standards issued by the GASB. Each year, management evaluates new GASB reporting requirements to determine applicability to the City. The requirements issued by GASB that

became effective during this fiscal period and those that will become effective in the next fiscal period are described in this section.

The City implemented the following statements during fiscal 2024:

- GASB Statement 100, “Accounting Changes and Error Corrections,” enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

Management is aware of the following statements that become effective for the fiscal 2025 reporting period and will implement those applicable to the City:

- GASB Statement 101, “Compensated Absences,” updates the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.
- GASB Statement 102, “Certain Risk Disclosures,” requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

## City Profile

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

During 2024, USA Today ranked Auburn No. 5 on its list of the best cities to move to in the south. Milken Institute ranked the Auburn-Opelika area No. 10 on its list of the 2025 best performing small cities in the U. S. The ranking is based on 13 indicators that cover labor market conditions, high-tech impact, and access to economic opportunities. Also, U-Haul ranked Auburn No. 12 on its list of the top growth cities in the U.S.



Located near Georgia’s west central border, Auburn is conveniently located on Interstate Highway 85, 105 miles southwest of Atlanta and 50 miles east of Montgomery, the Alabama State Capital. Auburn is 210 miles southeast of Huntsville, the largest city in Alabama, and is 35 miles northwest of Columbus, Georgia’s second largest city. With easy access to highway, rail, and air transportation, Auburn’s location has been a significant factor in its continuing growth.



Auburn has been among the fastest growing communities in Alabama, since beginning humbly in 1900 with a population of 1,831. During the past five decades, the City has seen tremendous growth from 22,767 residents in 1970 to 82,030 residents in 2023 per the U. S. Census Bureau. As the population has grown and the economic base diversified, the City of Auburn has responded with expanded and innovative government services to provide for the needs and the expectations of a highly educated and multicultural citizenry.

Auburn has a Council-Manager form of municipal government. The City Council consists of nine members: eight elected from eight single-member wards, and the Mayor, who is elected at large. This legislative body establishes policy to guide the various City departments in providing services to its citizens. The City Manager is the chief executive officer of the City, directing and managing the daily activities of the city government. Megan McGowen Crouch has served as City Manager since February 2021.

### ***Major Initiatives***

In fiscal 2024, the City continued to prioritize school funding. The City contributed \$20.8 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.

The City spent \$11.2 million of its Coronavirus Local Fiscal Recovery Funds, a part of the American Rescue Plan Act (ARPA). The City elected the \$10.0 million standard allowance for revenue loss and applied it towards several projects, including improvements at the Jan Dempsey Community Arts Center, a pedestrian path and lighting on Martin Luther King Drive, and several components of the Public Safety training center. During fiscal 2024, ARPA funding was also used for lighting upgrades at various parks. As of December 31, 2024, the City fully obligated its \$16.5 million received in ARPA funding.

Work began on Ann Pearson Park which is a passive park in north Auburn located on Shelton Mill Road between East University Drive and US Highway 280. The project includes trails, a pavilion and restrooms, a play area, and parking.

Construction continued on the Lake Wilmore Community Center. This 53,000 square foot recreational facility will include an elevated walking track, multi-use courts, locker rooms, covered and heated swimming pool, fitness facilities, multi-purpose rooms, and covered pickleball courts. Four multi-purpose synthetic turf fields are also under construction adjacent to the new community center.

Work continued on the Public Safety Training Center classroom building. The 12,000 square foot multi-use classroom is a main component of the Training Center master plan. It will allow effective training for Fire recruits, in-house continuing education for Fire and Police, and regional training partners to earn certifications from the State Fire College.

The construction of Will Buechner Parkway was completed during fiscal 2024. This is approximately 1.5 miles of new roadway connecting Martin Luther King Drive and Richland Road and includes a multi-use path adjacent to the new roadway, two new signalized intersections, and a waterline.

Work was completed on the Martin Luther King Drive streetscape improvements project. This project enhanced the streetscape along Martin Luther King Drive between Shug

Jordan Parkway and Donahue Drive by adding a 10-foot-wide multi-use path, decorative pedestrian lighting, landscaping, medians, and storm and sanitary sewer extensions.

Renovations were completed at the Jan Dempsey Community Arts Center with improvements to the existing building, as well as adding 8,000 square feet to the Center. The additional space includes a multi-purpose room, dance studio and ceramics studio.

### **Government Services**

The City of Auburn is organized into four business units that are comprised of 20 departments. This business unit structure was implemented with the goal of developing an innovative, efficient, accountable organizational structure capable of meeting the demands of a quickly growing community well into the future.

#### **Administrative Services**

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

#### **Development Services**

Development Services Administration  
Planning Services  
Inspection Services  
Community Services  
Engineering Services

#### **Public Safety Services**

Public Safety Administration  
Police  
Fire

#### **Public Services**

Water Resource Management  
Public Works  
Library  
Parks and Recreation  
Environmental Services

Approximately 556 regular, full-time employees staff these departments, producing high quality and cost-effective public services.

**Public Safety Services** Public Safety Services is comprised of three departments: Police, Fire, and Administration. In fiscal 2024, the business unit handled and/or responded to 209,848 calls. Additionally, the business unit completed construction of the City of Auburn Public Safety Training Center. This facility is meant to provide regional training to public safety professionals. This addition provides classroom spaces, a large apparatus double-bay, and multiple training props.

The Police Department includes 148 full-time and 16 part-time sworn officer positions, providing an average emergency call response time of 4 minutes. The Police Department has provided police service for the campus of Auburn University since 2004. The Auburn University Precinct is staffed with 39 officers and managed by an Assistant Police Chief. In 2001, the City and Lee County, Alabama initiated an agreement for the County to provide jail services for the City. The City pays the County a charge per inmate. The City also pays for medical care for prisoners who must be given care outside of the jail.

The Fire Department includes 93 regular, full-time firefighters and an average of 38 student firefighters, operating six fire stations which provide service to residents in the City of Auburn as well as the campus of Auburn University. The City currently has a 2/2X fire insurance rating. This is a good rating and equates to lower insurance rates for Auburn's citizens. Ambulance services are provided via a contract with East Alabama Medical Center.



In addition to fire suppression and prevention, the Fire Department operated a rescue truck and two engines in its fleet to provide advanced life support operations, with the capability to supplement transport services during times of peak demand.

Emergency Management and Communications, a division of the Public Safety Administration Department, provides E-911 emergency response and dispatch services to the public and coordinates preparedness, notifications and response regarding critical incidents. The Division is comprised of 18 full-time and five part-time staff members. The Emergency Communications Center operates from an eight-console primary answering point and has a secondary two-console back-up location on the campus of Auburn University. The Emergency Services Manager leads this division and acts as the City's Emergency Manager.

**Public Services** The City's Public Works Department oversees the maintenance of City infrastructure including streets, sidewalks, stormwater and drainage facilities, landscape areas including medians and traffic islands, and right-of-way vegetation. The City expends approximately \$3.0 million per fiscal year on road maintenance. The City roadway system currently includes over 747 lane miles of paved streets. Public Works also maintains 191 miles of sidewalk, 2,760 acres of right-of-way, 13,000 street trees, 167 miles of storm sewer system, and 24 City owned facilities.

Given Auburn University's origins as an agricultural and mechanical college, it is not surprising that Auburn's residents give a high priority to its environmental quality of life. Environmental Services collects household waste, recyclables, and yard waste, offering citizens their choice of lower-cost curbside collection or higher-fee back yard collection service. During fiscal 2024, approximately 18,838 households were served with 17,804 tons of garbage, 2,729 tons of recycling and 10,966 tons of yard waste collected.

In an effort to provide residents the opportunity to do a holistic cleanup around their properties each spring, Environmental Services provides an annual trash amnesty period where fees are waived for oversized debris piles. Environmental Services also hosts a biannual household hazardous waste collection event and an annual comprehensive neighborhood clean-up event. During fiscal 2024, the household hazardous waste collection events had 1,022 participants that disposed of 40 tons of material.

The goal of Fleet Services, a division of Environmental Services, is to procure safe, dependable, cost-effective equipment and furnish quality vehicle maintenance services for the City of Auburn. These support services enable the City to provide excellent service to its citizens. The City's fleet is comprised of 922 units. These units range from small equipment, such as lawnmowers, to large construction equipment. Environmental Services is also responsible for animal control which processed 1,421 service requests during fiscal 2024.

The Auburn Public Library had a record-breaking year in fiscal 2024 with library patrons checking out 664,904 items, including books, audiobooks, eBooks, and movies. A trend of high demand for physical items continues with physical circulation outpacing digital circulation with five physical items circulating for every one digital item. The staff answered 63,961 questions for patrons this year and purchased 28,475 titles specifically requested by community members. Meeting space was also in demand with 953 meeting room bookings.

There are 36 internet-connected computer workstations available to the public. During fiscal 2024, there were 30,796 logins on these computers. Additionally, the Auburn Public

Library offers wireless internet access through AuburnWeb, the City's public wi-fi network, for patrons bringing their own laptops, tablets, and other portable devices.

The library collection at APL@Boykin, a micro-library located within the Boykin Community Center, includes over 1,600 new items. This location provides more immediate service to Northwest Auburn, as well as Auburn Day Care, Joyland Child Development, the Boys and Girls Club, and the senior groups that meet at the Center. Community members can also pick up holds and drop off returns at APL@Boykin.

Programs offered by the Auburn Public Library had attendance of 30,665 community members and included early literacy story time, puppet shows, the Third Grade Reading Dragons, the Summer Learning Challenge, multilingual & multicultural programs, and creative crafting classes for adults, some sponsored in part by the Auburn Public Library Foundation. As part of the Third Grade Reading Dragons outreach program, the Library hosted an author visit and field trip to the Library for all third graders in Auburn City Schools. Additionally, all third-grade students received a book at this special Auburn Public Library event. The Library also hosted a variety of local authors and special guests. Outreach activities included visits to the Christian Women's Job Corps, National Night Out, Auburn City Schools summer & afterschool classes, Auburn High School Volunteer Expo, and local homeschool organizations.

The Parks and Recreation Department maintains 16 City parks, four cemeteries, and numerous recreation facilities. These include three recreation centers, a community arts center, an award-winning inclusive playground, one pool, four youth baseball complexes, a ten-field soccer complex, a skate park, three dog parks, 33 miles of bike paths, a five-field competition class softball complex, an award-winning 34 court tennis center, six pickleball courts, and more. Parks and Recreation provides organized team sports leagues for football, basketball, soccer, baseball, volleyball, track, and softball. Additional programming includes music and dance lessons, ceramics, summer day camps, adult 50+ programs, special needs programming, and aquatics. Annual events offered by the Parks and Recreation Department include Daddy Daughter Date Night, an Easter egg hunt, Auburn City Fest, an Independence Day celebration, a farmer's market, and many more.

***Development Services*** The Engineering Services Department plans, organizes and directs the design and construction of infrastructure and engineering programs, projects and activities. The department provides engineering services and project management for the City's streets, sidewalks, bridges, drainage structures and traffic signals, while also maintaining proper traffic control signage and street name signs. Traffic Engineering maintains 74 signalized intersections which all communicate with the traffic control center, along with approximately 1,300 streetlights, 144 LED edge lit signs, 5,560 street signs, 1,207 street name signs and 22 solar powered rapid flashing beacons at 10 pedestrian mid-block crossings.

The Inspection Services department completed over 22,000 inspections, 31% of which were commercial developments, 59% of which were residential, and the remaining 10% were property maintenance inspections. City inspectors completed an average of 88 inspections a day throughout the year to ensure developments are meeting the City's standards to create safe, reliable housing and businesses in our community.



**Education Services** Auburn City Schools provides services to more than 9,400 students. The district experiences steady enrollment growth each year as parents are drawn to the excellent teachers, facilities and programming.

Currently, students are housed on 14 separate campuses. These campuses include ten elementary schools, one 6<sup>th</sup> grade school, one 7<sup>th</sup> grade school, one 8<sup>th</sup>-9<sup>th</sup> grade junior high school, and one 10<sup>th</sup>-12<sup>th</sup> grade high school. Excellent choral, drama, art, band, academic teams, sports, and other extracurricular programs are offered. All schools have a media center, art teacher, music teacher, and one or more full-time counselors.

The City school system is accredited by the State Department of Education and Cognia. Auburn High School consistently produces an average of ten National Merit finalists/semi-finalists each year from the senior class. For the class of 2024, the graduation rate for Auburn High School was 97% and seniors were awarded more than \$26 million in scholarships. Concurrent college enrollment, through Auburn University, University of Alabama, Troy University and Southern Union State Community College, is available for students who wish to take courses not taught at Auburn High School.

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

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

Auburn University, located adjacent to downtown Auburn, is a comprehensive research institution blending arts and applied sciences. The student body is taught by approximately 1,435 full-time faculty members, and the student to faculty ratio is 20 to 1. The University is nationally known for the achievements of its veterinary medicine, engineering, and business graduates. Auburn offers degrees in 15 schools and colleges with over 150 majors at the undergraduate, graduate, and professional levels. Auburn has awarded more than 327,000 academic degrees since it opened in 1856.

As the City's largest employer with over 5,500 full-time employees, Auburn University is a major contributor to the local economy. Enrollment was 34,145 for the fall semester of the 2024/2025 academic year.

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

**Utilities** The Water Works Board of the City of Auburn provides potable water services by drawing from Lake Ogletree as its main source, with secondary sources from two groundwater wells (Well No. 3 located on Highway 29 South and Well No. 4 located on Sandhill Road) and Opelika Utilities. The City's Water Resource Management (WRM) Department also provides the wastewater treatment services for the City, with a permitted

treatment capacity of 27.2 million gallons per day. The City's stormwater program is managed by WRM, as well. The Watershed Management Division coordinates and implements the Phase II Stormwater Regulations published by the federal government in 1999, while offering educational opportunities about stormwater issues and enforcing the City's erosion and sediment control ordinance.

**Healthcare** The Auburn area is served by East Alabama Health (EAH). Among the many services that EAH provides are open-heart surgery and cancer treatment, both of which are highly acclaimed specialties at the hospital. EAH was featured on Newsweek's 2024 list of America's Best Maternity Hospitals. It was also recognized by the Women's Choice Best Hospitals Award as one of the top 7% of hospitals for orthopedics, top 9% for cancer care, and top 10% for mammograms.

The hospital has over 3,500 employees, making it the second largest employer in Lee County. EAH facilities in Auburn include Rehab Works, the Auburn University Medical Clinic on the Auburn University campus and the Auburn Medical Pavilion. The Auburn Medical Pavilion opened in phases starting in June 2021 and houses an outpatient surgery center, in-house pharmacy, breast health center, outpatient lab and radiology services, and a freestanding emergency department (FED). This level 3 trauma center offers another option for emergency services in the area. Ambulance transport is available from the FED to East Alabama Medical Center if inpatient hospitalization is required.

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

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

## **Factors Affecting Financial Conditions**

### ***Local Economy***

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

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



The City's Economic Development Department, in partnership with the City's Industrial Development Board, has achieved an outstanding level of success in this effort, having announced the recruitment of more than fifty-five companies, resulting in the announcement of nearly 8,000 jobs over the last three decades. The location of these companies in Auburn has meant that the City had to acquire and develop four industrial-technology parks.

The Industrial Development Board purchased additional land in 2023 and 2024 to further expand the developable area in and around Auburn Technology Park West. As the City's existing companies continue to grow and expand, the need for additional developable land for the growing industrial base has become an increasing priority for the Industrial Development Board. The land acquired will provide new opportunities to recruit quality companies to the area, providing employment opportunities for Auburn and the surrounding area.

The City's Commercial Development Incentive Program has assisted new and redeveloped commercial enterprises in the City. The tangible success of the program has been demonstrated all over the City – an urban Target on College Street, a Publix in the downtown core, Buc-ee's at exit 50, and increased synergy around the mall and on Opelika Road with the addition of Home Goods and the redevelopment of Country's BBQ.

The City's Community Services Department, a branch of the Development Services Business Unit, provides various opportunities to improve the quality of life for Auburn's citizens. The Community Services Department administers the Community Development Block Grant (CDBG) Program. These federal funds help facilitate programs targeted explicitly to housing, public infrastructure, public service, and special economic development activities which will directly impact citizens identified as low- to moderate-income. Affordable housing, emergency housing rehab, and homeless prevention (utility, rental, homeless persons overnight shelter, and mortgage assistance) are some programs available to qualifying citizens in need. The East Alabama Food Bank, North Auburn Housing Development Corporation, Esperanza House, and Presbyterian Community Ministries are a few agencies that administer CDBG funding and provide supportive services directly to applicants residing within the City limits. Along with the Community Services Department, several other tenants such as Auburn Day Care Center, Auburn Senior Center, Boys and Girls Clubs of East Alabama, Joyland Development Center, Auburn Community Development Corporation (Boykin Food Pantry), and the Auburn University Health Care and Education Clinic operate out of the Boykin Community Center to provide services to and help meet the needs of qualifying citizens. The Community Services Department is also responsible for the day-to-day operations of the Boykin Community Center.



Boykin Community Center

In an effort to leverage funds to finance economic development activities to create and retain jobs, the City of Auburn was approved for a Section 108 Loan sponsored by the U.S. Department of Housing and Urban Development (HUD). Section 108 funds are used to fund business loans and provide financing for commercial and industrial loans for undertaking special economic development activities and to offer short-term loans for active small businesses and small business start-ups. Currently, there are three (3) active loans issued to entities operating within the City of Auburn committed to job creation for low- to moderate- income workers.

In fiscal 2024, building permits were issued for 476 new single-family detached residences valued at \$164.4 million and 185 new single-family attached residences valued at \$41.8 million. The average valuation for single-family detached homes was \$345,468 and \$225,785 for single-family attached homes. Also, 46 new commercial and industrial facilities valued at \$149.4 million were permitted during fiscal 2024.

### ***CompPlan 2030***

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

First adopted in October 2011, the plan is updated regularly to ensure it remains relevant over time. The last update was adopted in February 2018, and the City is currently working on the next update. CompPlan 2030 is a dynamic document, and comprehensive planning is an ongoing process. The update of CompPlan 2030 is an opportunity to incorporate incremental land use changes that have taken place over the past five years and identify planning needs for the next five years.

### ***Risk Management***

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

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

The City's capital improvements plan identifies potential capital projects for fiscal years 2025 through 2030. Project areas include sidewalk and neighborhood projects, downtown improvements, technology investments, public safety projects and major equipment, parks and cultural projects, and City facility improvements. Various funding options, including debt and grants, will be identified at the appropriate time. Several of the most significant projects planned or in progress are listed below.

- Lake Wilmore Multi-Purpose Fields
- Boykin Donahue Campus Improvements
- Richland Park
- Renew Opelika Road Phase 3
- North Donahue Drive Widening

## ***Financial Information***

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

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

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

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

The City has been using biennial budgeting since fiscal 2001. The objectives of a biennial budget process are two-fold: to give the Council and City management a longer time horizon for budgeting and to reduce the amount of staff time required for developing and adjusting the budget. In an effort to streamline the budget process with the City's operational and capital considerations, the City adopted a one-time annual budget for fiscal 2025. The biennial budget process will resume for fiscal years 2026-2027. With a biennial budget, the mid-year review is streamlined and there is an in-depth Mid-Biennium Review. Also, a comprehensive revenue review is completed periodically to evaluate the City's revenue structure.

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

associated with contracts are signed commitments of the government and will be re-appropriated at the beginning of the new fiscal year.

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

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

During fiscal 2024, idle cash was invested in U.S. treasury notes, U.S. treasury bills, and federal agency securities with 1 week – 5-year terms and rates ranging from 0.25% to 5.24%. The City's idle cash was also invested in various money market accounts and certificates of deposit with rates ranging from 1.40% to 5.60%. The City's demand deposit operating account earned 1.40% during the fiscal year.

In addition to investment of operating funds, the City invested proceeds from two capital projects related borrowings in two money market accounts with rates ranging from 4.72% to 5.08%.

**General Fund Reserves** The City Council has adopted a policy of maintaining a net ending fund balance in the General Fund that is equal to or greater than 6% of total expenditures and other financing uses. Management has an informal goal of 25%. The ending fund balance as a percentage of expenditures and other financing uses for the fiscal 2024 period was 77.6%, exceeding management's informal goal.

### **Other Information**

**Independent Audit** The government is required by State law to undergo an annual audit by independent public accountants. To meet federal requirements of the Single Audit Act Amendments of 1996, and the resultant issuance of OMB Circular No. A-133 (*Audits of States, Local Governments, and Non-Profit Organizations*) and the Uniform Guidance effective December 26, 2014, the City's audit report must be signed by a certified public accountant. The accounting firm of Machen McChesney completed the City's fiscal 2024 audit. The auditor's report on the basic financial statements and the combining and individual fund statements and schedules is included in the *financial* section of this report.

Information related to this Single Audit, including the schedule of federal financial assistance, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations, are generally meaningful only to oversight agencies and therefore have not been included in this report. This



information is contained in a separate Single Audit report, which is available for review at the Office of the City Manager in City Hall at 144 Tichenor Avenue, Auburn, Alabama.

**Awards** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Auburn, Alabama, for its annual report for the fiscal year ended September 30, 2023. This was the thirty-seventh consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current annual report continues to meet the program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City also received an Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) from the GFOA for its annual report for the fiscal year ended September 30, 2023. Governments that wish to participate in the PAFR program must submit the annual comprehensive financial report to the GFOA's Certificate of Achievement for Excellence in Financial Reporting for the current fiscal year and ultimately receive the GFOA's Certificate of Achievement for Excellence in Financial Reporting for the current fiscal year.

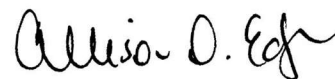
In addition, the City has also received a GFOA Award for Distinguished Budget Presentation for its fiscal year beginning October 1, 2024. To qualify for the Distinguished Budget Presentation Award, the City's budget document was judged proficient in several categories including policy documentation, financial planning, and organization.

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

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



Megan McGowen Crouch  
City Manager



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



AUBURN



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Auburn  
Alabama**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

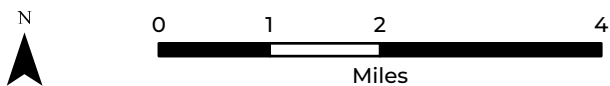
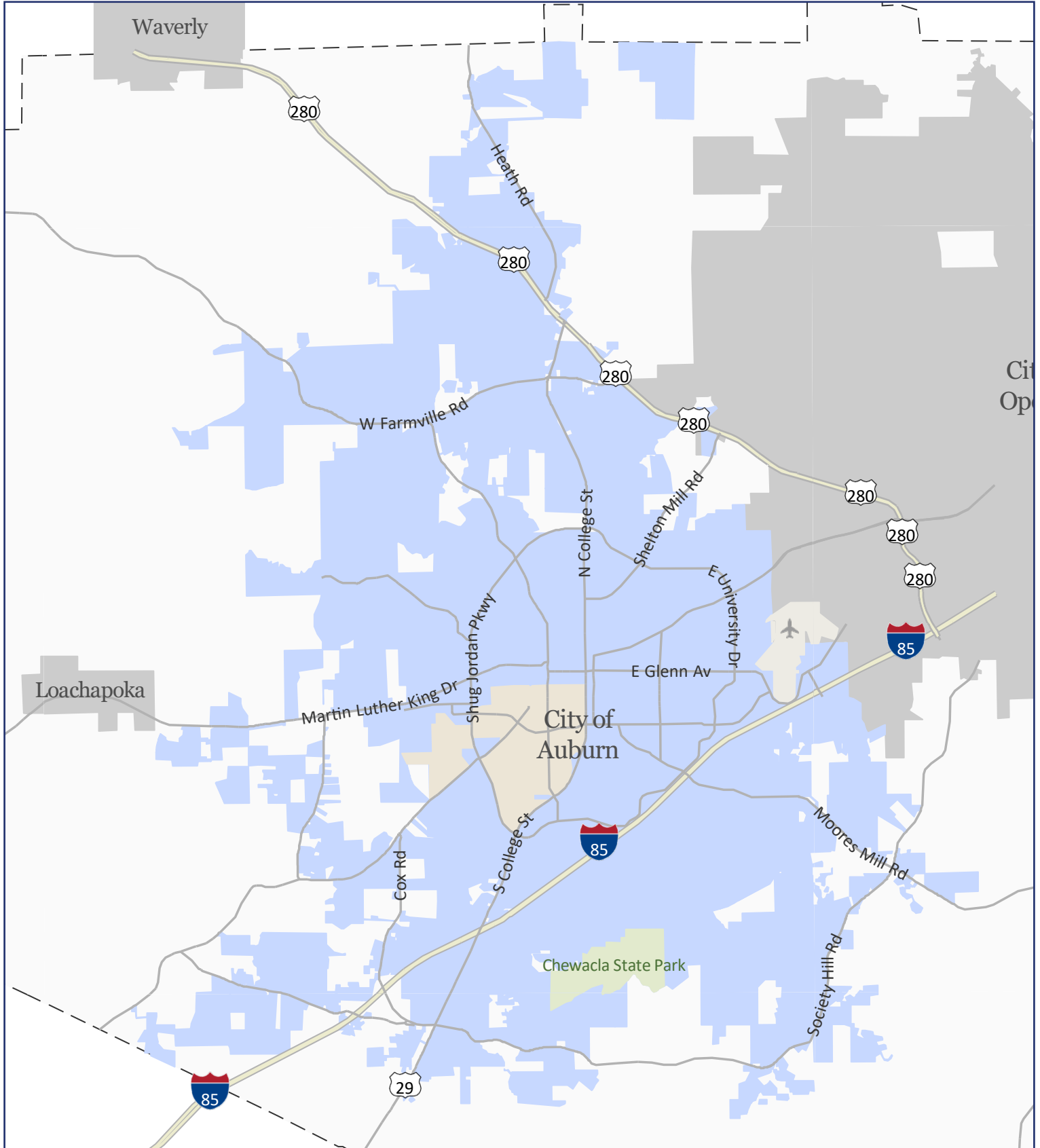
September 30, 2023

*Christopher P. Morill*

Executive Director/CEO

# MAP OF THE CITY OF AUBURN

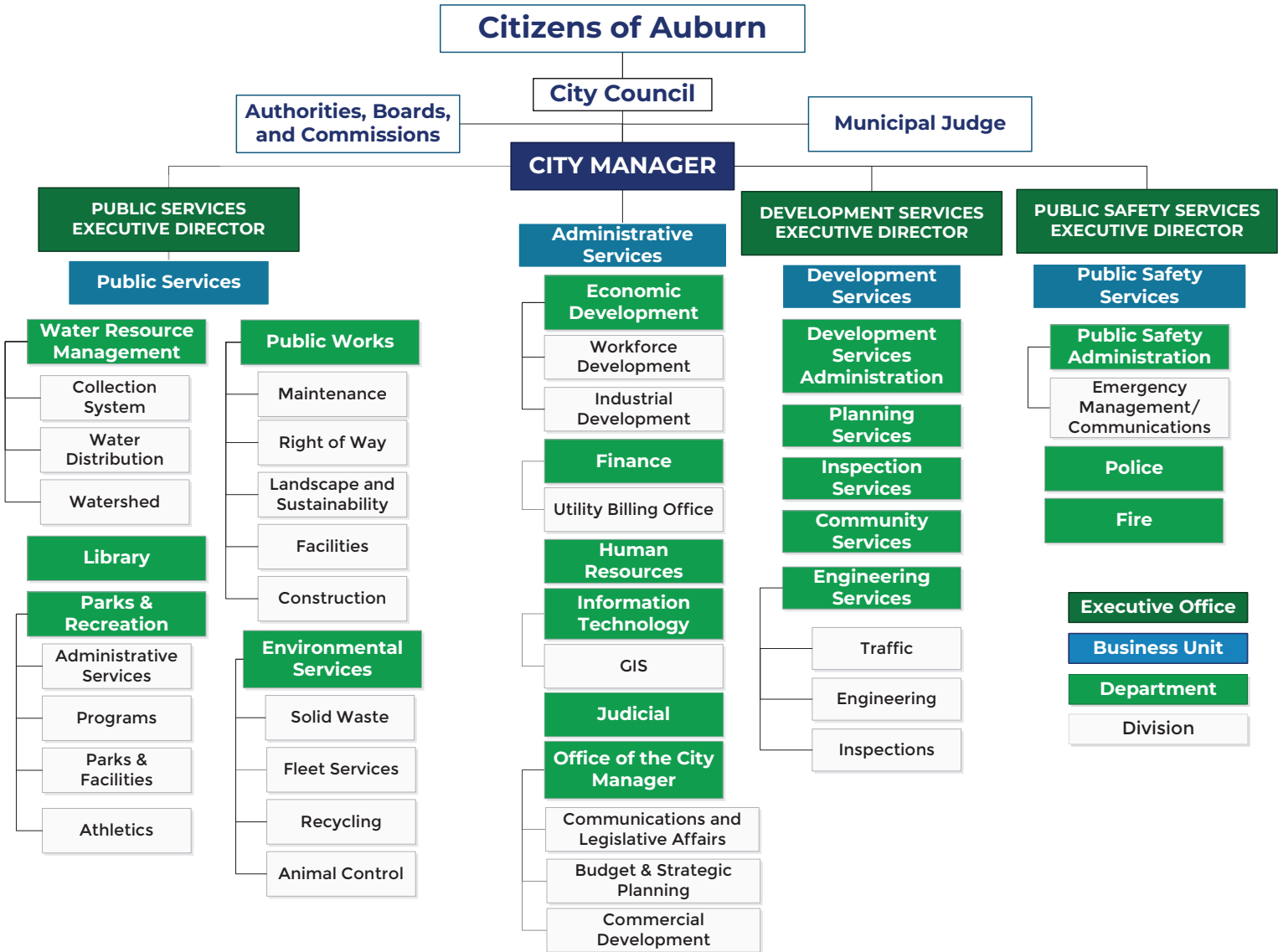
for the fiscal year ending September 30, 2024



GIS Division  
02/12/2025

The City of Auburn, Alabama does not guarantee or warrant the accuracy of this map or any information contained herein. Information may contain errors and should be verified by an appropriately qualified, licensed and independent professional.







AUBURN

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Auburn, Alabama, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Auburn, Alabama's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Auburn, Alabama, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Special School Tax Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of the Water Works Board of the City of Auburn was not audited in accordance with *Government Auditing Standards*.

We are required to be independent of the City of Auburn, Alabama and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and GAS, we:

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

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



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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 29 through 65), pension information (pages 177 through 178), and OPEB information (page 179) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

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

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

### ***Other Information Included in the Annual Comprehensive Financial Report***

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2025, on our consideration of the City of Auburn, Alabama's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Auburn, Alabama's internal control over financial reporting and compliance.

*Machen McChesney, LLP*

Auburn, Alabama  
March 21, 2025

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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This section of the City of Auburn's Annual Comprehensive Financial Report presents City management's discussion and analysis (MD&A) of the City's financial performance during the fiscal year that ended on September 30, 2024. Please read this in conjunction with the City's financial statements and the accompanying notes, which follow this section, and the additional information furnished in the letter of transmittal in the introductory section of the Annual Comprehensive Financial Report.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Auburn exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$352.1 million (net position). Of this amount, the City had a deficit unrestricted net position of \$123.9 million offset by \$85.7 million in restricted net position and \$390.3 million in net investment in capital assets.
- The primary government experienced a 27.8% increase in net position from \$275.6 million on September 30, 2023, to \$352.1 million on September 30, 2024.
- At the close of fiscal 2024, the City's governmental funds reported a *combined* fund balance of \$176.0 million. This was an increase of \$18.3 million (11.6%) from the prior year.
- At the end of fiscal 2024, total fund balance for the General Fund was \$114.2 million or 77.6% of total General Fund expenditures and other financing uses; total fund balance increased \$18.7 million (19.5%) from fiscal 2023. Total ending fund balance in the General Fund comprised 73.8% of total revenues in 2024 and 68.3% in 2023.
- Unassigned fund balance for the General Fund was \$81.4 million, or 55.3% of total General Fund expenditures and other financing uses; this was an increase of \$28.0 million (52.4%) from fiscal 2023.
- Sales and use tax, the City's single largest revenue source, increased \$4.9 million (8.0%) during the 2024 fiscal year.
- Significant changes in revenue in the City's General Fund during 2024 include the following, in statement presentation order: sales and use tax increased \$4.9 million (8.0%); licenses and permits increased \$1.9 million (10.6%); general property taxes increased \$920,228 (10.3%); charges for services increased \$1.2 million (7.7%); and miscellaneous income increased \$1.2 million (135.5%).

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.

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

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

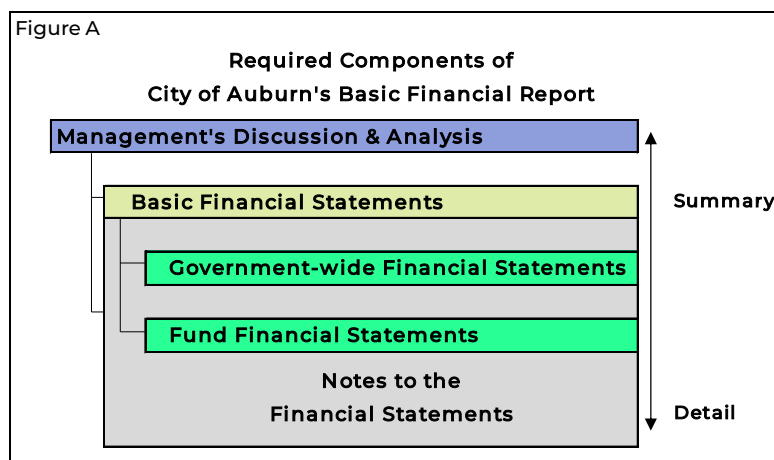


Figure B (on the following page) summarizes the major elements of the financial statements, explaining the portions of the City government included in each and the types of information contained therein. The remainder of this overview explains the structure and contents of each of the financial statements.

### Government-wide Statements

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

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

To assess the overall economic health of the City, additional non-financial factors, such as changes in the City's tax base, planning and zoning actions, and the



condition of the City's roads, other infrastructure and public school system should also be considered.

**Figure B Major Elements of Auburn's Government-Wide and Fund Financial Statements**

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

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

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

## Fund Financial Statements

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

- State law requires gasoline tax funds to be accounted for separately because the expenditures are restricted for specific uses.
- The City Council establishes funds to control the use of monies for specific purposes, such as property taxes that are legally dedicated for repayment of long-term debt for voted projects or for support of the City school system.
- The City also establishes funds to demonstrate compliance with certain legally restricted revenue sources, such as tracking debt-financed capital projects and the spending of grant revenues.

The City uses three categories of funds:

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

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

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

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

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

## FINANCIAL ANALYSIS OF THE CITY (PRIMARY GOVERNMENT)

### Net position

The City's *combined* net position on September 30, 2024, totaled \$352.1 million (see Table 1). Governmental Activities' net position increased \$71.3 million (36.6%), while Business-type Activities' net position increased \$5.2 million (6.5%) during the year.

The primary government's total net position increase of \$76.5 million (27.8%) in fiscal 2024 includes the following major changes: 1) a decrease in the deficit in unrestricted net position of \$7.6 million, 2) an increase in restricted net position of \$11.9 million, and 3) an increase in net investment in capital assets of \$57.0 million.

Table 1

**City of Auburn's Net Position  
September 30, 2024 and 2023**

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 198,290,994	\$ 185,462,148	\$ 22,754,912	\$ 22,288,604	\$ 221,045,906	\$ 207,750,752
Capital assets	420,469,768	374,440,960	85,580,826	83,357,521	506,050,594	457,798,481
Total assets	618,760,762	559,903,108	108,335,738	105,646,125	727,096,500	665,549,233
Deferred outflows of resources	24,856,860	26,693,129	3,318,294	3,342,990	28,175,154	30,036,119
Current liabilities	36,022,529	42,956,632	3,827,419	5,274,468	39,849,948	48,231,100
Long-term debt and other liabilities	340,180,287	347,209,880	21,925,332	22,886,303	362,105,619	370,096,183
Total liabilities	376,202,816	390,166,512	25,752,751	28,160,771	401,955,567	418,327,283
Deferred inflows of resources	1,121,995	1,439,039	100,336	226,551	1,222,331	1,665,590
Net position:						
Net investment in capital assets	321,868,352	270,133,046	68,413,097	63,109,399	390,281,449	333,242,445
Restricted	80,017,616	69,273,170	5,661,512	4,520,734	85,679,128	73,793,904
Unrestricted	(135,593,157)	(144,415,530)	11,726,336	12,971,660	(123,866,821)	(131,443,870)
Total net position	\$ 266,292,811	\$ 194,990,686	\$ 85,800,945	\$ 80,601,793	\$ 352,093,756	\$ 275,592,479

Net investment in capital assets (buildings, equipment, roads, etc.) is the primary component of Governmental Activities' net position. The net investment in capital assets for governmental activities on September 30, 2024, was \$321.9 million. Debt outstanding related to capital assets owned by the City of Auburn was \$86.7 million. The large negative unrestricted net position in FY 2023 (\$144.4 million) and FY 2024 (\$135.6 million) is primarily the result of a common financing circumstance in Alabama. The City of Auburn issues debt (repaid with legally restricted ad valorem

taxes) in the City’s name for the benefit of Auburn City Schools (ACS), a discretely presented component unit of the City. Therefore, the City must report the debt in its financial statements. However, the City typically does not have a legal right (title) to the assets associated with the debt (which are owned by ACS); hence, the large negative unrestricted net position balances. Total debt outstanding for school issues was \$171.1 million as of September 30, 2024. The last new debt the City issued on behalf of the Board of Education was \$17.9 million in general obligation warrants in fiscal 2021, used by ACS for the construction of Woodland Pines Elementary School and renovations at East Samford School. The City holds the debt proceeds and transfers the proceeds to the School Board as needed to pay for construction. Any unused proceeds are classified as restricted net position, further increasing the deficit in unrestricted net position.

Like the school funding situation, the City entered into an agreement with Auburn University to issue general obligation debt, enabling Auburn University to finance an expansion of the City’s tennis complex. The City leases a portion of the complex to Auburn University. These lease payments fund principal and interest on the City’s debt. The City’s Public Park and Recreation Board, a component unit of the City, owns and operates the joint tennis facility. With respect to the Tennis Center, the debt principal of \$523,269 outstanding is included in the City’s liabilities and the offsetting capital asset is included on the balance sheet of the Public Park and Recreation Board, increasing the deficit in the City’s unrestricted net position.

Table 2 displays detail of debt issued by the City to acquire or construct capital assets owned by other entities, affecting the City’s unrestricted net position. Total City debt for the benefit of Auburn City Schools outstanding on September 30, 2024, was \$171.1 million, a decrease of \$8.3 million (4.6%) from the prior year. This decrease results from principal payments made on existing debt during the year. Debt outstanding in respect to agreements made with Auburn University was \$523,269, a decrease from the prior year of \$245,658 (31.9%). This decrease is attributable to the City’s principal repayments.

Table 2

<b>Governmental Activities</b>		
<b>Net Position</b>	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Net investment in capital assets	321,868,352	270,133,046
Restricted		
Capital Projects	113,235	6,087,410
Debt Service	13,185,254	10,816,521
Federal and State Grants	4,442,854	4,232,631
Special Revenue, non-grant	62,276,273	48,136,608
Unrestricted (deficit)		
Governmental Activities	36,018,777	35,759,962
<b>City School Debt</b>	<b>(171,088,665)</b>	<b>(179,406,565)</b>
<b>Auburn University Debt</b>	<b>(523,269)</b>	<b>(768,927)</b>
Total Net Position-Governmental	266,292,811	194,990,686

Also contributing to the large unrestricted net position balance are liabilities related to pensions and other post-employment benefits (OPEB). The City and its employees contribute to the Employees’ Retirement System of Alabama (RSA), an agent multiple-employer public employee retirement system that acts as a common

investment and administrative agent for participants. The net pension liability of governmental activities required to be included in the long-term liabilities section of the Statement of Net Position as of September 30, 2024, was \$61.9 million. In accordance with GASB Statement 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the City recognizes a liability for the obligations incurred under its OPEB plan which provides medical benefits to employees upon retirement based on certain eligibility requirements. The retirees pay 100% of the premium costs and specific deductibles. The City pays for all costs in excess of premiums and deductibles. The total OPEB liability of governmental activities, both short- and long-term, on the Statement of Net Position was \$10.0 million as of September 30, 2024.

Governmental Activities' unrestricted net position (excluding the effects of others' outstanding debt and unused debt proceeds) increased \$258,815 (0.7%) to \$36.0 million at the end of fiscal 2024. This slight increase is primarily due to the increase in cash and cash equivalents and investments of \$20.2 million (15.1%) and the decrease of \$11.3 million (77.1%) in unearned revenue for funds recognized during fiscal 2024 from the Coronavirus Local Fiscal Recovery Funds, a part of the American Rescue Plan Act (ARPA). These changes are offset by a decrease in restricted cash of \$11.1 million (95.3%) due to the spenddown in construction cash in fiscal 2024. Also, claims payable increased \$6.0 million (1,075.0%) due to unusually large health insurance claims associated with the City's self-insured employee benefits program. Additionally, OPEB liability increased \$5.1 million (105.8%) due to changes in health care and prescription drug trends and other economic assumptions used in the actuarial valuation, as well as changes in the discount rate used.

The City's governmental activities had an overall positive net position of \$266.3 million at the end of the 2024 fiscal year, an increase of \$71.3 million (36.6%).

Net position of the City's business-type activities increased by \$5.2 million (6.5%) to \$85.8 million in fiscal 2024, from \$80.6 million in fiscal 2023. This increase is partially due to a positive change in net position from combined business-type operations revenues over expenses of \$2.5 million and nonoperating revenues over expenses of \$578,012. Activity related to capital contributions also affected net position. Capital contributions in sewer infrastructure contributed by developers of \$2.2 million were received during the year. The restricted for capital projects category of net position increased \$1.1 million (25.2%). This increase is from access fees collected but not yet used for capital projects that increase capacity in the sewer system. This revenue will be available for qualifying projects in future years. Other activity contributing to the increase in net position was a decrease in warrants payable of \$3.7 million (17.4%) from principal payments made during the year.

The primary government's net position increased \$76.5 million (27.8%) in fiscal 2024. Total assets increased \$61.5 million (9.2%) and deferred outflows of resources decreased \$1.9 million (6.2%). The net increase in assets is attributable to several factors:

- Cash, certificates of deposit, and investments increased \$18.5 million (12.5%) primarily the result of revenues exceeding expenses for the primary government. The net increase in the fair value of investments of \$4.1 million also contributed to this change.



- Receivables increased \$5.6 million (31.6%). The largest component of this change is the increase in miscellaneous receivables in the employee benefit self-insurance program for the health care reinsurance reimbursement of an unusual event that the City experienced in fiscal 2024.
- Restricted cash decreased \$11.1 million (95.3%). During fiscal 2024, the City continued to spend down debt proceeds from warrants issued in fiscal 2022 for capital improvements. The decrease represents the declining balance in the construction cash account as project expenditures are incurred. Another component of this decrease is a decrease in construction cash held for Auburn City Schools. As school improvements are paid for, the City transfers borrowing proceeds to Auburn City Schools to cover the payments.
- Capital assets, both depreciated and not being depreciated, increased by \$48.3 million (10.5%) in fiscal 2024. The largest component of this change is an increase of \$38.7 million (13.4%) in governmental activities' infrastructure because of the capitalization of various roadway and intersection improvement projects. In addition, governmental activities' buildings and improvements increased \$33.9 million (24.3%). This increase is mainly attributable to the capitalization of the Lake Wilmore Community Center and renovations to the Jan Dempsey Community Art Center. Governmental activities' vehicles and heavy equipment increased \$4.2 million (22.6%). Purchases included 23 police vehicles; a rescue truck and pumper truck for the fire department; street sweeper, dump truck and forklift for public works; pick-up trucks, backhoe and mowers for parks and recreation. These increases were offset by an increase in accumulated depreciation of \$12.7 million (8.6%).

Also, roads contributed in fiscal 2024 totaled \$10.0 million, which is an increase of \$3.9 million (64.7%) from fiscal 2023. The City received roadway contributions from both developers and Lee County during fiscal 2024. When new subdivisions are developed, the developer is responsible for construction of necessary roads. The roads are then contributed to the City upon completion. In fiscal 2024, Lee County contributed 4.92 miles to the City. The City assumed maintenance of streets and roads for property that was annexed in on both sides of the street or road from 2018-2023. More information on the change in capital assets is included in the *Capital Assets* section.

- Advances to other agencies increased \$525,000 (100.0%). In fiscal 2024, the City authorized a loan of \$525,000 to the Indian Pines Public Park Authority for additional construction costs related to Pines Crossing Golf Course improvements.

The net decrease in deferred outflows of resources is the result of several changes. First, deferred amount on refunding decreased \$264,029 (11.3%). Pursuant to GASB Statement 23 – *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities* and GASB Statement 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, when the reacquisition price required to refund outstanding bonds or warrants is greater than the net carrying amount of the outstanding debt, the difference is recorded as a deferred outflow of resources in the period in which the refunding takes place. This difference is then recognized in subsequent periods through amortization as a component of interest expense in a systematic and rational

manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. For fiscal 2024, these transactions resulted in a decrease in deferred amount on refunding for governmental activities of \$150,550 (13.3%) and a decrease in deferred amount on refunding for business-type activities of \$113,479 (9.4%). Also, deferred outflows related to the City's pension liability decreased \$5.7 million (22.0%). This decrease is caused by the differences between projected and actual experience, changes in economic and demographic assumptions, and the difference between projected and actual earnings on plan investments based on actuarial plan information provided by the Retirement Systems of Alabama. Deferred outflows related to the City's OPEB increased \$4.1 million (201.9%). This increase is due to changes in health care and prescription drug trends and other economic assumptions used in the actuarial valuation, as well as a change in the discount rate used. For more information related to these changes, see note 13 and note 14 to the financial statements.

Total liabilities decreased \$16.4 million (3.9%) and deferred inflows of resources also decreased \$443,259 (26.6%). The decrease in total liabilities is a result of several major changes. Unearned revenue decreased \$11.3 million (77.1%) primarily due to spending on projects related to the Coronavirus Local Fiscal Recovery Funds, a part of ARPA. The City received \$16.5 million in funding from this program in prior fiscal years. As these funds are spent, the related unearned revenue is reclassified to revenue. Long-term debt decreased by \$14.8 million (4.9%) due to principal repayments for both governmental and business-type activities of \$16.7 million. Claims payable increased \$6.0 million (1,075.0%) due to an extraordinary event associated with the City's self-insured employee health benefits program causing health claims to drastically increase. OPEB liability increased \$5.8 million (107.7%) based on actuary plan information provided by Fontenot Benefits and Actuarial Consulting. For more information related to this change, see note 14 to the financial statements.

The net decrease in deferred inflows of resources is the result of decreases in both pension and OPEB related inflows. Pension related deferred inflows decreased \$84,532 (100.0%) which is related to the difference between projected and actual earnings on plan investments. OPEB related deferred inflows of resources decreased \$358,727 (22.7%). As mentioned above, this is related to changes in health care and prescription drug trends and other economic assumptions used in the actuarial valuation, as well as a change in the discount rate used.

### **Governmental Activities**

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

Table 3

**Excerpt of Governmental Activities**

*from the*

**City of Auburn Statement of Activities for the Fiscal Years ended September 30, 2024 and 2023**

<i>Functions and programs</i>	<b>Expenses</b>		<b>Program Revenues*</b>		<b>Net (Expense) Revenue</b>	
	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$
General government	19,201,949	16,625,891	31,274,013	28,363,093	12,072,064	11,737,202
Public works	12,384,322	10,847,862	15,334,996	8,819,556	2,950,674	(2,028,306)
Environmental services	2,766,625	2,134,722	-	-	(2,766,625)	(2,134,722)
Public safety	35,579,282	32,916,753	12,710,207	7,914,476	(22,869,075)	(25,002,277)
Library	3,164,487	3,030,477	37,568	35,532	(3,126,919)	(2,994,945)
Parks and recreation	10,204,988	9,040,579	6,824,011	1,732,481	(3,380,977)	(7,308,098)
Development services	6,570,150	6,543,625	3,069,983	1,673,475	(3,500,167)	(4,870,150)
Social and economic development	13,386,573	15,441,297	1,914,386	4,717,731	(11,472,187)	(10,723,566)
Other functions	12,757,218	11,045,208	5,589,286	5,305,384	(7,167,932)	(5,739,824)
Education (payments to Board of Ed)	30,859,326	33,201,371	-	-	(30,859,326)	(33,201,371)
Interest on long-term debt	9,801,750	10,273,105	-	-	(9,801,750)	(10,273,105)
<b>Total governmental activities</b>	<b>156,676,670</b>	<b>151,100,890</b>	<b>76,754,450</b>	<b>58,561,728</b>	<b>(79,922,220)</b>	<b>(92,539,162)</b>

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

The cost of governmental activities this year was \$156.7 million. Program revenues provided \$76.8 million to finance the cost of the City's governmental activities. The amount that Auburn taxpayers paid to provide for governmental activities' expenses through general revenues (taxes, license fees, interest earnings, etc.) was \$79.9 million. This net expense is a \$12.6 million (13.6%) decrease from fiscal 2023.

There are several items to note in the change in net expense of governmental activities:

- One significant change in net expense occurred in the public works function which decreased \$5.0 million (245.5%). This change is primarily due to an increase in program revenues of \$6.5 million (73.9%). One component of this change is a donation from Lee County of streets valued at \$6.4 million. The Code of Alabama requires that the City assume maintenance of streets and roads from Lee County when property is annexed in on both sides of the street or road. Also, in fiscal 2024, the City received two traffic signals from the Alabama Department of Transportation (ALDOT) valued at \$870,178. These signals were funded by Buc-ee's and turned over to the City for maintenance upon completion of the project.
- Net expense for the City's public safety function decreased \$2.1 million (8.5%). This change is due to both to an increase in expenses of \$2.7 million (8.1%) offset by an increase in program revenues of \$4.8 million (60.6%). The largest component of the change in expenses is related to salaries and benefits, which increased \$2.3 million (9.2%). This increase results from normal adjustments from the City's merit pay plan and a cost-of-living adjustment effective October 1. Also, the fire department transitioned nine student firefighters to full-time (career) firefighters. The increase in program revenue is related to the unearned revenue recognition of \$4.4 million from the Coronavirus Local Fiscal Recovery Funds, a part of ARPA. Qualifying projects

for this funding included construction of the public safety training center classroom, drill tower, and burn building.

- Another significant change in net expense occurred in the City's parks and recreation function which decreased \$3.9 million (53.7%). This change resulted primarily from an increase in revenues of \$5.1 million (293.9%). The primary component of this change is due to the unearned revenue recognition from the Coronavirus Local Fiscal Recovery Funds, a part of ARPA. Projects paid for with this funding included the LED lighting upgrade at City athletic fields and the expansion and renovation of the Jan Dempsey Community Arts Center.
- An increase in net expense of \$1.4 million (28.8%) occurred in the human resources function, which is included with other functions. Due to an unusual event associated with the City's self-insured employee health benefits program, expenses increased \$1.7 million (16.7%).
- Payments for education decreased \$2.3 million (7.1%) from fiscal 2023. The City holds the proceeds from debt issuances related to school projects and as construction progresses, funds are transferred to the school board for construction payments. The total amount transferred for school projects in fiscal 2024 was \$2.0 million as compared to \$7.6 million during fiscal 2023, a decrease of \$5.5 million (73.1%).

Total City program revenues exceeded expenses for two functions in fiscal 2024. Public works produced an excess of \$3.0 million, an increase of \$5.0 million (245.5%) over fiscal 2023, as described above. General government produced an excess of \$12.1 million, an increase of \$334,862 (2.9%) over fiscal 2023. Factors contributing to this change include an increase in expenses of \$2.6 million (15.5%) and an increase in program revenue of \$2.9 million (10.3%). There are two major increases that account for the change in expenses. First, pension expense increased \$1.6 million (33.0%) due to the differences between expected and actual experience, changes in economic and demographic assumptions, and the difference between projected and actual earnings on plan investments. Second, OPEB expense increased \$1.2 million (9,394.8%) mainly due to changes in health care and prescription drug trends and other economic assumptions used in the actuarial valuation, as well as the change in the discount rate used. The change in program revenue is attributed to increases in various charges for services and operating grants and contributions, which are described below.

General business license fees increased \$1.1 million (11.2%). Fiscal 2024 business license fees are based on gross receipts for the previous calendar year (2023). Growth in this category is partially attributed to continued growth in Auburn's economy. Also, residential rental license fees charged for the leasing of residential property that is not owner occupied increased \$351,702 (8.8%) due to increased enforcement efforts, as well as new apartment complexes opening in fiscal 2024.

Construction permits and construction percent are both related to building activities within the City and can vary significantly from year to year. Construction permits increased \$315,602 (19.3%) in fiscal 2024 from fiscal 2023. Single family valuation increased by \$49.2 million (31.3%) and valuation of multi-family buildings increased \$4.7 million (62.2%). These increases were offset by a decrease in hotel valuations of \$22.1 million (49.1%). These fees are collected from contractors and property owners at rates that vary based on the type of building. Construction percent is a license fee

paid by general or sub-contractors in addition to a flat business license fee. This fee is equal to ¼ of 1% of the total contract price or the total cost to the licensee, whichever is greater, of each project undertaken by the licensee. Construction percent increased \$145,678 (10.5%) in fiscal 2024.

The operating grants and contributions component of program revenue for general government increased \$390,564 (5.0%) primarily due to changes in the simplified sellers use tax (SSUT). SSUT is a state shared tax collected from eligible sellers who participate in the Simplified Sellers Use Program administered by Alabama Department of Revenue (ADOR). This program allows eligible sellers to collect, report and remit use tax in lieu of the sales or use taxes otherwise due by or on behalf of customers in Alabama who make purchases online and have them delivered into cities and counties in Alabama. This tax is collected by ADOR and distributed to each county and municipality based on population. This tax began in fiscal 2018 and continues to grow as more sellers participate in the program, increasing by \$778,769 (14.3%) in fiscal 2024 over collections in fiscal 2023. This large increase in SSUT is offset by a decrease of \$386,198 (33.5%) in financial institution excise tax. This revenue source can vary from year to year based on the excise tax that is levied on financial institutions.

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

Table 4

**Excerpt of Governmental Activities**  
*from the*  
**Statement of Activities**

	<b><i>Net (Expense) Revenue</i></b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>Net expense of the total governmental activities</b>	<u>(79,922,220)</u>	<u>(92,539,162)</u>
<b>General revenues:</b>		
Sales taxes	66,176,356	61,290,146
Property taxes	48,367,708	43,524,645
Occupational license fees	18,466,594	17,779,298
Rental and leasing taxes	1,007,249	869,750
Lodging taxes	4,889,141	4,211,007
Motor fuel taxes	630,099	501,142
Other taxes	413,552	414,916
Interest and investment earnings	5,059,927	4,872,963
Net increase in fair value of investments	4,058,126	457,598
Gain/(loss) disposal of assets	-	1,331,972
Miscellaneous	<u>2,089,560</u>	<u>865,915</u>
<i>Total general revenues</i>	<u>151,158,312</u>	<u>136,119,352</u>
<i>Excess before transfers</i>	<u>71,236,092</u>	<u>43,580,190</u>
Transfers	66,033	56,129
<i>Change in net position</i>	<u>71,302,125</u>	<u>43,636,319</u>
Beginning net position	195,850,429	152,322,693
Error correction	<u>(859,743)</u>	<u>(108,583)</u>
Ending net position	<u><u>266,292,811</u></u>	<u><u>195,850,429</u></u>



Table 5 divides total governmental program revenue by source for 2024 and 2023 into three components: charges for services, operating grants and contributions, and capital grants and contributions. These totals and the narrative following the table provide insight into the changes in program revenue.

Table 5	<u>Governmental Activities</u>	
	<u>2024</u>	<u>2023</u>
<b>Program revenue by source:</b>	\$	\$
Charges for services	37,935,063	34,567,427
Operating grants and contributions	11,802,669	13,714,349
Capital grants and contributions	27,016,718	10,279,952
<i>Program revenue - governmental activities</i>	<u>76,754,450</u>	<u>58,561,728</u>

Some of the program costs of governmental activities in 2024 were paid by revenues collected from those who directly benefit from the programs (\$37.9 million). These revenue sources include the following:

- General business license fees of \$10.6 million that support general government services.
- Residential rental license fees of \$4.4 million that fund a portion of general government services. The City charges this fee to owners of residential property used primarily for rental purposes.
- Municipal court-related fines and fees of \$1.3 million that support essential public safety and judicial services within the City.
- Construction permit fees of \$1.9 million that fund construction and building inspections to meet Auburn’s building requirement standards and provide other general government services.
- Public safety fees of \$5.8 million paid by Auburn University to fund fire and police services on campus.

Operating and capital grants and contributions of \$38.8 million also supported program costs during fiscal 2024. These revenues were up \$14.8 million (61.8%) from fiscal 2023. Details of this change are described below.

- As described earlier, the simplified sellers use tax is a state shared tax collected from eligible sellers who participate in the Simplified Sellers Use Program administered by ADOR. All state shared taxes are included in operating grants and contributions in the government-wide financial statements. This tax began in fiscal 2018 and continues to grow as more sellers participate, increasing \$778,769 (14.3%) in fiscal 2024 over collections in fiscal 2023.
- Grant funding is included in program revenue, classified as either operating or capital. During fiscal 2024, the City recognized \$11.2 million in ARPA funding to support the response to and recovery from the COVID-19 public health emergency. The City elected the \$10.0 million standard allowance for revenue loss and applied it towards several projects, including a pedestrian path and lighting on Martin Luther King Drive, LED lighting upgrade to City athletic fields, improvements at the Jan Dempsey Community Arts Center, and several components of the public safety training center. As of December 31, 2024, the City fully obligated its \$16.5 million received in ARPA funding.

- Gifts and donations, including donation of assets, are included in operating and capital grants. This includes streets contributed by developers as part of subdivision developments and easements donated to the City. Both street and easement donations can vary greatly from year to year based on subdivision development and construction activity. In fiscal 2024, the City also assumed responsibility for portions of several county roads totaling \$6.4 million. Streets and easements contributed during fiscal 2024 totaled \$11.8 million, which is an increase of \$5.0 million (73.0%) over donations in fiscal 2023.

The City financed net expenses of \$79.9 million for governmental activities from taxes, license fees and other general revenues. General revenues include all revenue sources not reported as program revenues. All taxes, even those levied for a specific purpose, are general revenues. All other non-tax revenues (including license fees, interest, gains and losses, and contributions) that do not meet the criteria for program revenues are also general revenues.

- The largest of the City's general revenues is sales and use tax, comprising 43.8% of total general revenues. The sales tax rate for purchases made in the City of Auburn is 9%, which includes 4% for the State, 4% for the City, and 1% for Lee County.
- The second largest source of general revenues is property taxes (32.0%). Of the total 26 mills the City receives in property taxes, 16 mills are legally dedicated to Auburn City Schools.
- The third largest general revenue source is occupational license fees (12.2%). This fee is levied at 1% of gross wages earned within the City limits.

### **Business-type Activities**

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

The City constantly monitors the need for sewer rate changes by studying and evaluating whether existing rates will meet the projected operating and capital needs of the sewer system in the future. The last formal rate study and analysis, conducted in November 2013, resulted in confirmation that the fund's current rates were adequate to meet revenue requirements through the end of fiscal 2019. Although this study only provided revenue requirements through fiscal 2019, City staff regularly evaluates rates internally to determine revenue sufficiency for the capital and operating needs of the sewer function. A formal rate study for sewer services was expected in fiscal 2025 but based on the performance of the fund in fiscal 2024, it was deemed unnecessary and will be postponed to a later date.

Table 6 presents the cost of each business-type activity function and/or program, as well as each program's net expenses (total expenses less fees generated by the program's activities).

Table 6

**Excerpt of Business Type Activities**  
from the  
**Statement of Activities**

	<b>Expenses</b>		<b>Program Revenues*</b>		<b>Net (Expense) Revenue</b>	
	2024	2023	2024	2023	2024	2023
<b>Functions and programs</b>	\$	\$	\$	\$	\$	\$
Sewer Fund	10,876,001	10,002,573	15,959,268	15,408,059	5,083,267	5,405,486
Solid Waste Management Fund	6,716,208	6,380,518	5,858,632	5,708,206	(857,576)	(672,312)
<b>Total business-type activities</b>	<b>17,592,209</b>	<b>16,383,091</b>	<b>21,817,900</b>	<b>21,116,265</b>	<b>4,225,691</b>	<b>4,733,174</b>

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

	<b>Business-Type Activities</b>	
	2024	2023
	\$	\$
<b>Expenses of total business-type activities</b>	(17,592,209)	(16,383,091)
<b>Program revenues by source:</b>		
Charges for services	19,596,149	19,000,225
Operating grants and contributions	15,649	29,080
Capital grants and contributions	2,206,102	2,086,960
<i>Total program revenues</i>	<u>21,817,900</u>	<u>21,116,265</u>
<b>General revenues:</b>		
Interest and investment earnings	555,078	371,164
Net increase in fair value of investments	420,724	245,593
Gain on disposal of assets	38,667	50,767
Miscellaneous	25,027	3,983
<i>Total general revenues</i>	<u>1,039,496</u>	<u>671,507</u>
<i>Excess before transfers</i>	<u>5,265,187</u>	<u>5,404,681</u>
Transfers	(66,033)	(56,129)
<i>Change in net position</i>	<u>5,199,154</u>	<u>5,348,552</u>
Beginning net position	80,601,791	75,253,241
Ending net position	<u>85,800,945</u>	<u>80,601,791</u>

Program revenue of the Sewer Fund business-type activity, including charges for services (sewer treatment and disposal), operating grants and contributions, and capital grants and contributions increased from the prior year by \$551,209 (3.6%). There are several components to this change. Sewer access fees increased by \$162,900 (14.8%). Sewer access fees are fees charged to customers for new access to the sewer system. Also contributing to the change in sewer program revenue is a decrease of \$260,720 (12.5%) in sewer lines contributed by developers. Both access fees and lines contributed are driven by development and can vary greatly from year to year. Sewer service fee revenue increased \$356,160 (3.0%). This increase reflects the impact of drier weather conditions during the summer of fiscal 2024. Water usage in fiscal 2024 was higher during the peak growing season (June through August) than fiscal 2023. Sewer service fees are calculated based on water usage. Rainfall greatly affects water usage, which in turn, affects sewer usage. Recorded rainfall during the peak growing season was 13.6 inches (36.4%) below the same

period for fiscal 2023. Continued growth also contributed to this increase with the addition of 592 new single-family customers and 19 new commercial/multi-family customers during fiscal 2024.

Sewer Fund expenses (operating plus interest expense) increased \$873,428 (8.7%) to \$10.9 million. The major components of this change include the following:

- Salaries and benefits increased \$390,024 (19.3%) to \$2.4 million. The largest component of this change is related to an increase of \$204,874 (15.0%) in regular full-time salaries. This change is due to filling vacant positions as well as normal adjustments from the City's merit pay plan and cost-of-living adjustments effective October 1. OPEB expense increased \$69,344 (17,644.8%) mainly due to changes in health care and prescription drug trends and other economic assumptions used in the actuarial valuation, as well as the change in the discount rate used.
- Repairs, maintenance, and repair parts increased \$72,805 (45.3%). Components of this change are increases in the amount of right of way and pump station maintenance as well as increases in the price of materials needed for the repairs. Also, vehicle and equipment repairs can fluctuate from year to year based on the age of assets and replacement schedules.
- Professional services increased \$84,285 (24.7%). This expense varies from year to year based on the City's need to hire consultants for services such as general engineering and sewer flow monitoring. During fiscal 2024, a temporary sewer flow monitoring study of the Southside sewer basin was conducted that will be utilized for modeling sewer flows for the development of the Southside Sewer Model.
- Management fees increased \$138,201 (5.5%) to \$2.7 million. As mentioned at the beginning of this section, management fees are paid to Veolia North America Operating Services, LLC for the operation, management and maintenance of the City's publicly owned wastewater treatment facilities. The management fee is based on a percentage of the cost of operations which was higher because of increased salaries and increased hauling charges for biosolids.

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

As Table 6 shows, expenses exceeded revenues by \$857,576 in fiscal 2024. Due to higher than usual increases in employee benefits, as discussed below, this fund experienced a loss for fiscal 2024. Like the sewer function, user fees are expected to cover the cost of providing solid waste and recycling services. The City reviews and analyzes these fees regularly to ensure they continue to cover these costs. The current rate for curbside garbage service is \$23.50 with residents who receive backdoor service currently paying \$10.00 per month more. As projected operating and capital needs of the solid waste function change, the need for further analysis of these rates becomes necessary. During fiscal 2023, the City worked with a consultant

to develop a solid waste rate study for the City's solid waste and recycling program. Although no specific action has been taken to adjust rates based on this study, the study provides the City with a management tool to anticipate future needs, including both operating and capital costs for the solid waste and recycling function. This model also provides a means to anticipate the significance of capital expenditures on overall system financial health.

Also shown in Table 6, program revenue of the SWMF business-type activity, includes charges for services (garbage and recycling collection), which increased from the prior year by \$150,426 (2.6%). Collection fees increased \$157,556 (2.8%) from customer growth. Revenue from the sale of recyclables slightly decreased \$1,688 (10.7%). This revenue source can vary from year to year depending on the recycling market value of cardboard and glass. Penalties decreased \$3,801 (6.0%). In late fiscal 2023, the City began using Tyler Notify to send customers delinquent account reminders which resulted in customers paying in a timelier manner throughout fiscal 2024.

Expenses of the SWMF increased \$335,690 (5.3%). The largest component of this change is related to an increase of \$216,330 (25.4%) in employee benefits. There are two components of this increase. First, pension expense increased \$69,429 (49.1%) due to the differences between expected and actual experience, changes in economic and demographic assumptions, and the difference between projected and actual earnings on plan investments based on actuarial plan information provided by the Retirement Systems of Alabama. Second, OPEB expense increased \$88,110 (10,186.1%) mainly due to changes in health care and prescription drug trends and other economic assumptions used in the actuarial valuation, as well as the change in the discount rate used. The remainder of the change in expenses is the result of typical fluctuations, both up and down, in other operating expenses. Repair parts increased \$69,333 (13.1%) primarily due to an aging fleet. This is also reflected in the decrease in depreciation of \$96,570 (16.8%). Utilities increased \$14,662 (709.3%) because the fund now covers its pro rata share of utilities at the new environmental services and public works facility that opened in fiscal 2023.

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

### ***Governmental Funds***

As the City completed the 2024 fiscal year, its governmental funds reported a *combined* fund balance of \$176.0 million, an \$18.3 million (11.6%) increase from the prior year. The total increase in fund balance is comprised of an \$18.7 million (19.5%) increase in the General Fund's fund balance; a \$14.1 million (27.6%) increase in special revenue funds' fund balances; a \$2.4 million (21.9%) increase in the debt service fund's fund balance; and a \$16.9 million (5,918.2%) decrease in capital projects funds' fund balances. The following narrative discusses the financial activities that comprise the major changes in governmental fund balances.

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

Total revenues of the governmental funds increased \$28.9 million (15.5%) over the prior year. Major components of this change are described below, in statement presentation order.

- Sales and use tax, the City's single largest revenue source, represents 30.7% of governmental funds' revenue in fiscal 2024. This major revenue source increased by \$4.9 million (8.0%) over fiscal 2023. The City continued to



experience record sales tax collections through fiscal 2024. This increase over the prior year reflects continued steady growth in Auburn's economy, as well as the addition of several new commercial businesses.

- Licenses and permits increased \$1.9 million (10.6%) due to several factors. General business license fees increased \$1.1 million (11.2%) in fiscal 2024. Business license fees are based on gross receipts for the previous calendar year. As a business's gross receipts increase, the revenue received by the City increases. As with sales and use taxes, growth in business license fees can be partially attributed to growth in Auburn's economy. Residential rental license fees increased \$349,467 (8.8%) due to increased enforcement efforts, as well as new apartment complexes opening in fiscal 2024. Residential rental is a license fee levied against the owner of residential property, of which the primary purpose is for rental or leasing and the property is not owner-occupied. Construction permits increased \$315,602 (19.3%) due to several new construction projects, hotels, and apartment complexes that were permitted in fiscal 2024.
- General property tax revenues increased by \$4.8 million (11.1%). This revenue source is the second largest source (22.4%) of governmental funds' revenue. Property taxes continue to show steady growth in Auburn. This increase comes in the form of new property developed within the City as well as increases in assessed values on existing property. Auburn has seen growth in single-family, multi-family and student housing developments. This growth is also due to Auburn's ability to remain an attractive city and the overall health of the real estate market in the Auburn area with its low foreclosure rate and low housing turnover.
- Charges for services increased \$1.2 million (7.7%). This increase is due to several factors. E-911 fees increased \$268,807 (32.1%) primarily because of a statewide service charge rate increase in fiscal 2024. This amount is imposed on each connection that can access the 9-1-1 system. Reimbursement from Auburn City Schools (ACS) increased \$202,859 (36.3%). In fiscal 2024, ACS reimbursed the City for an additional school resource officer, a new canine including handler training, and a portion of a police vehicle. Public safety charges to Auburn University for public safety services on campus increased \$274,048 (5.0%). The contract with Auburn University was renewed in fiscal 2022 for an additional five years and includes an annual cost escalator of 5%. Recreation fees increased \$131,546 (35.8%). Due to the City's continued growth, more parks and recreation programs are offered and participation in all programs is steadily increasing.
- Fines and forfeitures increased \$453,499 (56.6%) primarily due to the change in deferred revenue related to the City's municipal court. This amount fluctuates year to year based on anticipated collections of court fines, expungement fees, treatment program, and parking tickets.
- Contributions from the public increased \$705,677 (179.7%) for funding received from developers for the completion of Will Buechner Parkway.
- Grant revenue increased \$7.8 million (105.7%). As mentioned in the *Governmental Activities* section, the City recognized \$11.2 million in ARPA funding to support the response to and recovery from the COVID-19 public health emergency. The City elected the \$10.0 million standard allowance for

revenue loss and applied it towards several projects, including a pedestrian path and lighting on Martin Luther King Drive, LED lighting upgrade at City athletic fields, improvements at the Jan Dempsey Community Arts Center, and several components of the public safety training center. As of December 31, 2024, the City fully obligated its \$16.5 million received in ARPA funding.

- Interest and investment earnings increased \$3.8 million (71.1%) in fiscal 2024. This change consisted of two components, interest income and net increase (decrease) in the value of investments. Interest increased \$186,962 (3.8%) and is directly related to steady interest rates earned on cash and investment balances. The City primarily invests in interest-bearing demand and time deposits as well as U.S. Treasury and federal agency securities. Net increase (decrease) in the fair value of investments increased \$3.6 million (786.8%) in fiscal 2024. Investments subject to changes in fair value are adjusted to market value at the end of each year. Changes in fair value have been significant over the few years as the Federal Reserve aggressively increased rates then held rates steady ahead of small rate decreases. It is the policy of the City to invest with three primary objectives, in priority order: safety, liquidity and return on investment. In accordance with this policy, the City's fixed income investments consist of a laddered portfolio of direct obligations of the Department of the Treasury of the United States (U.S. Treasuries) and obligations of certain federal agencies as allowed by state law.
- Miscellaneous revenue increased \$1.2 million (141.2%). The primary component of this change is an increase of \$741,950 (614.81%) in refunds. In fiscal 2024, the City received reimbursements from ALDOT for overpayments of the West Glenn Avenue resurfacing project and the Moore's Mill Bridge project. Another component of this change is an increase of \$305,021 (54.0%) in rebates. The largest rebate that the City receives is for its prescription drugs program. These can vary from year to year depending on the price of prescriptions and the needs of employees.

Other financing sources, excluding transfers between governmental funds, decreased by \$3.5 million (95.7%) in fiscal 2024 as compared to fiscal 2023. There are two components to this decrease. First, subscriptions decreased \$2.1 million (100.0%). The City implemented GASB Statement 96 - *Subscription-Based Information Technology Arrangements (SBITA)* - in fiscal 2023 and did not have any new SBITAs in fiscal 2024. See note 12 to the financial statements for additional details. Second, sale of surplus assets decreased \$1.3 million (90.5%) primarily due to the proceeds received from the State of Alabama and Auburn University in fiscal 2023 for the sale of land related to golf course renovations at Pines Crossing. These funds were passed on to Indian Pines Public Park Authority to fund the project.

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

Total governmental expenditures decreased by \$9.5 million (4.6%) in fiscal 2024 over fiscal 2023. There are several components of this change, and the most notable of these components are described below, in statement presentation order.

- Departmental expenditures increased \$8.3 million (10.8%). The most significant changes were seen in public works, public safety, social and economic development, human resources and risk management. Details of these changes are listed below.

- Public works increased \$718,959 (15.1%). There are several factors contributing to this increase. Salaries and benefits increased \$399,833 (11.5%) due to a cost-of-living adjustment and merit pay increases. Also, a vacancy from fiscal 2023 was filled and two new positions were added in fiscal 2024, Operations and Facilities Division Manager and Right of Way Maintenance Worker. Electricity increased \$28,315 (89.2%) because the department moved into its new larger facility. Infrastructure materials increased \$62,608 (178.29%) due to higher material costs and increased purchases for sidewalk repairs performed during fiscal 2024.
- Public safety increased \$2.1 million (6.8%) in fiscal 2024 as compared to fiscal 2023. The largest component of this increase is related to salaries and benefits, which increased \$2.0 million (7.7%). Part of this increase is attributable to normal adjustments from the City's merit pay plan and a cost-of-living adjustment effective October 1. Also, the fire department transitioned nine student firefighters to full-time (career) firefighters.
- Social and economic development increased \$2.0 million (37.0%). During fiscal 2024, the City received \$1.2 million from the Department of Housing and Urban Development for a pass-through grant with the Industrial Development Board (IDB), a component unit of the City. The IDB is the subrecipient for the grant and is using the funds to construct a new business center at the Auburn Center for Developing Industries. The total grant is \$3.0 million. Another component of this change is an increase of \$848,629 (45.5%) in the commercial development incentive rebate program due to the addition of Target and Buc-ee's. For more information related to this program, see note 27 to the financial statements.
- Human resources increased \$1.7 million (16.8%) due to an extraordinary event associated with the City's self-insured employee health benefits program.
- Risk management increased \$278,993 (50.6%) due to higher property insurance premiums and higher law enforcement liability insurance premiums.
- Payments to component units decreased by \$2.0 million (5.5%). Table 7 provides details about these payments and the change from the prior year; additional information follows the table.

Table 7

**Governmental Funds - Expenditures Comparison**

<u>Paid to component units:</u>	<u>2024</u>	<u>2023</u>	<u>FY 24 &gt; FY 23</u>
Auburn City Schools	\$	\$	\$
General revenues	20,814,309	18,263,333	2,550,976
Education property taxes	8,004,193	7,347,821	656,372
Debt issuance - Schools	2,040,824	7,590,216	(5,549,392)
Subtotal to Schools	30,859,326	33,201,370	(2,342,044)
Industrial Development Board			
Operating costs	1,075,000	1,075,000	-
West Tech Park improvements	181,123	-	181,123
Property acquisition	2,800,000	2,419,499	380,501
Subtotal to IDB	4,056,123	3,494,499	561,624
Public Park & Recreation Board	253,509	518,283	(264,774)
<b>Total - Component Units</b>	<b>35,168,958</b>	<b>37,214,152</b>	<b>(2,045,194)</b>

- Payments to Auburn City Schools decreased by \$2.3 million (7.1%) in fiscal 2024 as compared to 2023. Details of this change are included below.
  - The City appropriated \$20.8 million (an increase of \$2.6 million or 14.0%) from its general revenue to Auburn City Schools in fiscal 2024. The City has committed to providing 1.25 of its 4 pennies of sales tax to the Schools. This commitment includes a floor of \$11.5 million, meaning that when 1.25 pennies of total sales tax collected is less than \$11.5 million, the City will not lower the amount appropriated to the Schools.
  - In addition to the City's General Fund providing support to the schools, the School Board elects to draw additional operating revenue from the dedicated education property taxes each year. These taxes pay for principal and interest on school debt issued by the City of Auburn on behalf of Auburn City Schools and provides additional funds for operating expenses of the school system. The payment of additional operating funds of \$8.0 million in fiscal 2024 is a \$656,372 (8.9%) increase from 2023.
  - As described previously, the City transferred debt proceeds to Auburn City Schools during 2024 for various school projects. The City holds these proceeds, and as construction progresses, funds are transferred to the school board to pay contractors. The total amount transferred for school projects in fiscal 2024 was \$2.0 million, a decrease of \$5.5 million (73.1%) from fiscal 2023.
- The City appropriates funds to the IDB for economic development initiatives. This funding increased \$561,624 (16.1%) in fiscal 2024 as compared to fiscal 2023. Details of this change are included below.
  - The City Council continues to promote aggressive economic development as a long-term goal in providing jobs and expanding the City's revenue base. Payments to the IDB for

general operations, workforce development, commercial development, entrepreneurial and technology programs, and industrial development help with this continuing economic development focus. The City transferred \$1.1 million to the IDB for operating costs during fiscal 2023 and 2024.

- The City transferred \$181,123 to the IDB in fiscal 2024 for construction of infrastructure in the Auburn Technology Park West.
- The City transferred \$2.8 million to the IDB to purchase property suitable for industrial development to remain competitive in recruiting projects that fit the diversified industrial base of the City. This is an increase of \$380,501 (15.7%) from fiscal 2023.
- The Public Park and Recreation Board (PPRB) was established in 1990, primarily to advise the Council concerning proposed recreation projects and to acquire such recreation facilities as deemed to be in the public interest. In 2006, the City, Auburn University, and the PPRB partnered to construct and manage a state-of-the-art tennis facility for student and community use. This collaboration resulted in complex transactions concerning both the borrowing and subsequent transfers among the PPRB, the City, and Auburn University to properly account for the development, supervision, and daily operation of the facility. The PPRB continues to receive amounts from the General Fund for the operation of the Yarbrough Tennis Center. In 2024, the transfer decreased by \$264,774 (51.1%) to \$253,509. This change is due to hard court resurfacing and the installation of new lighting in fiscal 2023. This fluctuation in improvements from year to year affects the transfer needed from the General fund.

### ***Proprietary Funds***

The City of Auburn has two proprietary funds that account for its business-type activities. The Sewer Fund, an enterprise fund, accounts for sewer collection, treatment and disposal services provided to residents and businesses within the City limits. The Solid Waste Management Fund, also an enterprise fund, accounts for services to collect and dispose of solid waste and recycling materials provided to the same customers. Net position of these proprietary funds combined increased by \$5.2 million (6.5%) from fiscal 2023 to fiscal 2024.

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

Sewer Fund operating revenues increased by \$443,392 (3.3%) in 2024 as compared to 2023. This change in operating revenue is primarily the result of an increase in both sewer service fees and sewer access fees. Sewer service fees are user fees charged to customers based on their water usage. Sewer service fees increased \$356,160 (3.0%), which is attributable to extremely dry weather conditions during the summer of fiscal 2024. Sewer access fees increased \$162,900 (14.8%). Sewer access fees are charged to customers for new access to the sewer system. These fees can vary greatly from year to year depending on the level of development. In addition to changes in operating revenue, the Sewer Fund's net position increased \$2.2 million from developers' contributions of sewer infrastructure in fiscal 2024, which is a

\$119,142 (5.7%) increase from contributions in 2023. The contributions are contingent upon completion of commercial and residential developments in the City and like access fees, can vary significantly from year to year.

Operating revenues in the Solid Waste Management Fund increased by \$173,576 (3.0%) in 2024. This change is primarily attributable to an increase in solid waste collection fees of \$157,556 (2.8%) which reflects growth in the number of customers. The number of residential customers increased by 554 (3.0%) over fiscal 2023.

### ***Proprietary funds' expenses***

In the Sewer Fund, operating expenses for fiscal 2024 increased \$841,730 (8.8%). Components of this increase are listed below, in statement presentation order.

- Salaries and benefits increased \$390,024 (19.3%) to \$2.4 million. The largest component of this change is related to an increase of \$204,874 (15.0%) in regular full-time salaries. This change results from filling vacant positions as well as normal adjustments from the City's merit pay plan and cost-of-living adjustments effective October 1. OPEB expense increased \$69,344 (17,644.8%) mainly due to changes in health care and prescription drug trends and other economic assumptions used in the actuarial valuation, as well as a change in the discount rate used.
- Repairs, maintenance, and repair parts increased \$72,805 (45.3%). One component of this change is an increase in the amount of right of way and pump station maintenance along with an increase in the price of materials. Also, vehicle and equipment repairs can fluctuate from year to year based on the age of assets and replacement schedules.
- Professional services increased \$84,285 (24.7%). As mentioned in the *Business-type Activities* section, this expense varies from year to year based on the City's need to hire consultants for services such as general engineering and sewer flow monitoring.
- Management fees increased \$138,201 (5.5%) to \$2.7 million. As mentioned in the *Business-type Activities* section, management fees are paid to Veolia North America Operating Services, LLC for the operation, management and maintenance of the City's publicly owned wastewater treatment facilities. The management fee is based on a percentage of the cost of operations which was higher because of increased salaries and increased hauling charges for biosolids.

In the Solid Waste Management Fund, operating expenses increased \$335,691 (5.3%) in fiscal 2024 over 2023. Components of this increase include:

- Employee benefits increased \$216,330 (25.4%) to \$1.1 million. There are two components of this increase. First, pension expense increased \$69,429 (49.1%) due to the differences between expected and actual experience, changes in economic and demographic assumptions, and the difference between projected and actual earnings on plan investments based on actuarial plan information provided by the Retirement Systems of Alabama. Second, OPEB expense increased \$88,110 (10,186.1%) mainly due to changes in health care and prescription drug trends and other economic assumptions used in the actuarial valuation, as well as the change in the discount rate used. For more



information related to these changes, see note 13 and note 14 to the financial statements.

- Repairs, maintenance, and parts increased \$83,092 (14.2%). Vehicle and equipment repairs can fluctuate from year to year based on the age of assets and replacement schedules.

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

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

Major funds are those whose revenues, expenditures/expenses, assets or liabilities are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds for the same item. The General Fund is a major fund every year. In addition to the General Fund, the Special School Tax Fund (a special revenue fund) and the 2024 Capital Projects Fund were determined by testing to be the other major governmental funds in 2024. Both the Sewer Fund and the Solid Waste Management Fund are major funds in the proprietary funds category.

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

At the end of fiscal 2024, total fund balance of the City's General Fund increased by \$18.7 million (19.5%) from the prior year ending balance. Fund balance reflects the cumulative excess of revenues and other financing sources over expenditures and other financing uses. The 2024 total ending fund balance was \$114.2 million, compared to \$95.5 million at the end of 2023.

In accordance with GASB Statement 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balance categories include the following: nonspendable, restricted, committed, assigned, and unassigned. Nonspendable fund balance decreased by \$489,451 (5.9%) from 2023. These balances represent inventories, prepaid items, advances, and land held for resale. The City prepaid for two fire trucks which increased nonspendable fund balance for fiscal 2023. The restricted, committed and assigned categories decreased by \$8.9 million (26.2%). This change is mainly due to a net decrease in assigned fund balance of \$8.8 million (27.3%). Assigned fund balance for encumbrances decreased \$5.1 million (35.8%) primarily due to larger encumbrances at fiscal 2023 year-end for various capital projects. Also, in accordance with GASB Statement 54 – *Fund Balance Classifications*, the amount budgeted for fund balance drawdown for the next fiscal year (2025) must be set aside as assigned fund balance. The budgeted spenddown for fiscal 2025 is \$13.1 million, which is \$12.5 million (2,084.1%) more than the budgeted spenddown for the previous year.

The General Fund's total assets increased \$26.3 million (24.9%) during 2024. The major components of this change are listed below, in statement presentation order.

- Cash and cash equivalents increased by \$18.8 million (127.9%). This large increase is due to two main factors. First, the General Fund received a \$10.0 million transfer from the Coronavirus Local Fiscal Recovery Fund for revenue replacement allowed by the Treasury Department. This is also attributable to excess revenue over expenditures of \$7.6 million.

- Investments decreased \$7.0 million (13.5%) because of the activity in the City's investment portfolio. When treasuries mature and are reinvested, the amount invested between funds can vary from year to year. Also, as treasuries mature, funds are moved to accounts with favorable interest rates included in the cash and cash equivalents mentioned above.
- Receivables increased \$5.7 million (39.9%) in 2024. This is primarily due to an increase in miscellaneous receivables in the employee benefit self-insurance program. This includes the reinsurance reimbursement for an unusual event that the City experienced in fiscal 2024.
- Due from other funds increased \$10.1 million (190.1%) primarily due to the increase in amounts due from the 2024 Capital Projects Fund. In May 2023, this fund started paying invoices to contractors for work completed on the Lake Wilmore Community Center, the Lake Wilmore multi-purpose fields, and the Boykin Donahue Campus recreation and cultural resource center projects. Due to the delayed debt issuance for this fund, the General Fund covered the construction costs. The debt was issued in early fiscal 2025 and the General Fund was reimbursed at that time.
- Prepays decreased \$991,286 (25.7%) in fiscal 2024. As mentioned above, in fiscal 2023, two fire trucks were prepaid. A new pumper truck will replace a 2006 pumper truck, and a tiller truck will replace a 2002 ladder truck.
- Advances to other agencies increased \$525,000 (100.0%). In fiscal 2024, the City authorized a loan of \$525,000 to the Indian Pines Public Park Authority for additional construction costs related to Pines Crossing Golf Course improvements.

Total liabilities of the General Fund increased \$7.6 million (76.7%) in 2024. The largest component of this change is an increase of \$5.9 million (875.2%) in claims payable. In fiscal 2024, the City experienced an extraordinary event causing health claims associated with the City's self-insured employee health benefits program to increase \$5.9 million (875.2%). Another component of this change is an increase of \$1.9 million (33.8%) in accounts payable and other accrued liabilities. At fiscal year-end 2024, accounts payable included several large invoices for various capital projects.

Total revenues in the General Fund increased \$14.8 million (10.6%) over fiscal 2023. This large change includes increases in sales and use tax of \$4.9 million (8.0%), occupation license fees of \$687,296 (3.9%), licenses and permits of \$1.9 million (10.6%), and general property tax of \$920,228 (10.3%). As mentioned in the Governmental Funds section, Auburn's steady growth continues to be the driving factor for the increase in these revenues each year. Charges for services increased \$1.2 million (7.7%) because of several factors. Public safety charges to Auburn University increased \$274,048 (5.0%) per the contractual agreement for campus services. Also, reimbursements from Auburn City Schools increased \$202,859 (36.3%) for an additional school resource officer, canine and handler training, and a portion of a police vehicle. Interest and investment earnings increased \$2.1 million (104.7%) due to an increase in interest income of \$241,670 (12.6%) and an increase in the change in fair value of investments of \$1.8 million (2,321.3%). Investments are adjusted to market value at the end of the fiscal year.

Total expenditures in the General Fund increased \$16.8 million (12.9%) over fiscal 2023. The largest component of this change is an increase in capital outlay of \$8.9

million (54.7%). In fiscal 2024, the largest capital outlay expenditures were on roadway and intersection improvements and the LED lighting upgrade at City athletic fields. Public safety expenditures increased \$2.1 million (6.9%) due to merit and cost-of-living salary adjustments and the transition of nine firefighter positions to full-time status. Human resources expenditures increased \$1.7 million (16.8%) due to large claims associated with an atypical incident associated with the City's self-insured employee health benefits program. Also, payments to component units increased \$2.7 million (12.0%) primarily due to the increase in the City's sales tax funding dedicated to Auburn City Schools.

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

The Special School Tax Fund, a special revenue fund, accounts for sixteen mills of education ad valorem tax revenue used to pay principal and interest on City bonds and warrants issued for Auburn City Schools. In addition to debt service payments, this fund provides additional funding for school operations. The school system drew \$8.0 million from this fund for operations in 2024. This is a \$656,372 (8.9%) increase from 2023. This amount can vary from year to year depending on property tax revenue collections, fund balance levels of this fund, and needs of the school system. The City also transferred \$2.0 million of borrowing proceeds to the school system for expenditures related to the construction of Woodland Pines Elementary School and improvements at Cary Woods Elementary School, J. F. Drake Middle School, and East Samford School. The City holds the debt proceeds until Auburn City Schools requests a draw to pay construction invoices. The City then transfers borrowing proceeds necessary to cover those cash outlays.

Revenues increased \$5.0 million (17.4%) in this fund. There are two primary reasons for this large increase over 2023. First, property tax increased \$3.1 million (11.4%). This increase is the result of new property developed within the City, as well as increases in assessed values on existing property. Second, interest income increased \$1.9 million (115.7%) due to the increase in the fair value of investments of \$1.6 million (491.8%). It is the policy of the City to invest with three primary objectives, in priority order: safety, liquidity and return on investment. In accordance with this policy, the City's fixed income investments consist of a laddered portfolio of direct obligations of the Department of the Treasury of the United States (U.S. Treasuries) and obligations of certain federal agencies as allowed by state law.

Expenditures, including the transfers mentioned above, debt service on borrowings, and expenditures related to property tax collection decreased \$4.7 million (19.5%).

### ***2024 Capital Projects Fund (Governmental)***

The 2024 Capital Projects Fund accounts for the spending of bond proceeds for construction of the Lake Wilmore community center, the Lake Wilmore multi-purpose fields, and the Boykin Donahue Campus recreation and cultural resource center. A reimbursement resolution was signed in fiscal 2023 that allows for reimbursement of certain expenditures made prior to the date of the tax-exempt financing. This allows time to determine the final project costs and only borrow what is necessary and appropriate for the projects. In the meantime, the General Fund is covering the expenditures. During fiscal 2024, expenditures totaled \$17.8 million. There is an offsetting liability of the same amount that is due to the General Fund. Total fund balance of this fund was negative \$16.7 million at the end of the year. Encumbrances for these projects totaled \$11.6 million at year-end resulting in a

restricted (for capital projects) fund balance of \$11.6 million. Based on this encumbrance balance and the amount owed to the General Fund for expenditures to date, unassigned fund balance is negative \$28.2 million. The debt was issued in early fiscal 2025 and the General Fund was reimbursed at that time.

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

The Sewer Fund accounts for the provision of sewer services to the City's residents and businesses. In addition, the Sewer Fund accounts for the capital expansion and maintenance of the City's sewer collection, treatment and disposal facilities. While the City owns the sewer collection, treatment and disposal facilities, they are operated by Veolia Water North America Operating Services, LLC, a Chicago, Illinois based engineering and contract services firm. Veolia also maintains the City's sewer lift stations.

The Sewer Fund's net position increased \$6.0 million (7.7%) in fiscal 2024. The largest change in the components of net position is an increase of \$5.0 million (8.2%) in net investment in capital assets. This net position category includes asset acquisitions as well as outstanding debt related to the assets. Also, net position restricted for capital projects increased \$1.1 million (25.2%). Access fees collected by customers for connecting to the City's sewer system are reserved for spending on projects that expand the sewer system. Total access fees available on September 30, 2024, was \$5.7 million.

Assets of the Sewer Fund increased \$2.7 million (2.7%). Cash and cash equivalents increased \$4.2 million (66.4%) while investments decreased by \$2.9 million (28.3%). The total change in cash and investments is an increase of \$1.4 million (8.4%) which is primarily attributable to the fund's operating income of \$3.3 million, as well as \$958,474 earned in interest income. These increases to cash and investments are offset by \$3.7 million in principal debt payments made during fiscal 2024. Capital assets, both being depreciated and not being depreciated, increased \$1.5 million (1.9%).

Sewer Fund liabilities decreased \$3.3 million (13.3%), primarily the result of principal payments on the fund's warrants payable based on debt amortization schedules. Warrants payable decreased \$3.7 million (17.4%) in fiscal 2024 as compared to 2023. As of September 30, 2024, the Sewer Fund has \$17.5 million in outstanding warrants. These warrants include debt issued to fund capital improvements to the sewer system as well as refundings issued to take advantage of favorable interest rates. The current portion of warrants payable due in 2025 is \$1.7 million.

Operating revenues of the Sewer Fund increased \$443,392 (3.3%). As discussed in the *Proprietary Funds* section, this change in operating revenue is composed primarily of increases in both sewer service fees and sewer access fees. Sewer service fees are user fees charged to customers based on their water usage. Sewer service fees increased \$356,160 (3.0%), which is primarily attributable to drier weather conditions during the summer of fiscal 2024. Water usage in fiscal 2024 was higher during the peak growing season (June through August) than fiscal 2023. Also, continued growth, both residential with 592 new customers and commercial with 19 new customers, contributed to this increase. Sewer access fees increased \$162,900 (14.8%). Sewer access fees are fees charged to customers for new access to the sewer system. These fees can vary greatly from year to year depending on the level of development.

Operating expenses increased \$841,730 (8.8%). Major components of this increase include an increase in employee salaries and benefits of \$390,024 (19.3%); an increase in repairs, maintenance, and repair parts of \$72,805 (45.3%); an increase in professional services of \$84,285 (24.7%); and an increase in management fees of \$138,201 (5.5%); More information on these changes can be found in the *Proprietary Funds* section.

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

### ***Solid Waste Management Fund (Business-type activity)***

The Solid Waste Management Fund (SWMF) accounts for services to collect and dispose of solid waste and recycling materials provided to the City's residents and businesses. The SWMF's assets include heavy equipment, vehicles, and other equipment. The City contracts with a private company for landfill services. The City has a permit for a construction and demolition landfill which has been closed for a number of years but is still under monitoring.

The SWMF's net position decreased \$820,292 (41.1%) in fiscal 2024. This decrease is attributable to an increase in net investment in capital assets of \$287,058 (18.0%) and a decrease of \$1.1 million (275.4%) in unrestricted net position due to liabilities related to pension and OPEB.

Assets of the SWMF decreased \$45,585 (1.1%). Cash and cash equivalents decreased \$660,386 (36.0%) which is primarily attributable to the fund's operating loss of \$833,648. This decrease is offset by an increase in capital assets of \$698,942 (43.8%). Asset acquisitions included three vehicles. Liabilities increased \$894,752 (27.1%) due to two main factors. First, an increase in accounts payable of \$456,458 (215.7%) which includes an invoice for a garbage truck. Second, an increase in OPEB liability of \$377,046 (138.9%) due to changes in health care and prescription drug trends and other economic assumptions used in the actuarial valuation, as well as changes in the discount rate used.

Operating revenues of the SWMF increased \$173,576 (3.0%). As discussed in the *Proprietary Funds* section, this change in operating revenue is due to an increase in collection fees. Collection fees are user fees charged to customers based on their collection services, both residential and commercial. Operating expenses increased \$335,691 (5.3%). Major components of this increase include an increase in employee benefits of \$216,330 (25.4%) and an increase in repairs, maintenance, and parts of \$83,092 (14.2%). More information on these changes can be found in the *Proprietary Funds* section.

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

### **General Fund Budgetary Highlights**

The City of Auburn adopts a biennial budget, consisting of two annual budgets. State law requires adoption of annual budgets. Auburn's management actively uses the budget as a financial management tool, reporting on budget status to the City Council each month. The budget integrates with the financial management system, enabling management at all levels to determine budgetary status on a line-item basis each day. Management constantly reviews the annual budgets in preparation

for mid-year or mid-biennium adjustments. Revenue projections and budgeted expenditures are adjusted via Council ordinance to reflect changing conditions.

The fiscal year 2024 *final* General Fund budget projected \$149.3 million in revenue and \$15.5 million in other financing sources; appropriations were approved for \$161.1 million in expenditures and \$4.2 million in other financing uses, producing a planned decrease of \$598,073 in the General Fund's fund balance. Actual amounts for revenues (\$154.7 million), other financing sources (\$11.1 million), expenditures (\$147.1 million), and other financing uses (\$65,218) netted to a larger ending fund balance than expected. The General Fund's fund balance increased by \$18.7 million in 2024 from revenues and other sources and expenditures and other uses. Total ending fund balance in the General Fund was \$114.2 million.

The *original* revenue projections in the General Fund were \$13.1 million (9.6%) under the *final* projections. Budget adjustments resulted from varied growth/decline in revenue sources, with the largest increase found in the miscellaneous category (\$1.7 million or 1,814.4%). Other significant increases from budget adjustments were seen in licenses and permits (\$2.1 million or 12.3%), occupation license fees (\$2.0 million or 12.2%), interest (\$1.1 million or 142.5%) and state shared taxes (\$1.3 million or 19.0%). Should Auburn experience financial difficulty, alteration of spending can be made because of management's assessment of revenue changes during the year, using tools such as monthly financial reports and real-time department budget to actual reports.

The *final* operating budget for all departments increased \$2.5 million (3.0%) over the *original* budget. The three largest increases (\$711,787, \$658,251, and \$500,000) were in the amounts appropriated for employee services, parks and recreation, and economic development, respectively.

Total actual departmental expenditures in the General Fund were under budget \$5.8 million in fiscal 2024. All individual departments kept expenditures under final budget except for employee services, which includes the cost of operating the City's self-insured employee health benefits program. This department is over budget due to increased health insurance claims and rising health care costs. The other City departments were under budget, with the most notable being public safety, parks and recreation, public works, and engineering services. More details of these departments are included below.

- The public safety function was under budget \$2.6 million. Most of this savings is attributable to vacant positions that were approved and budgeted in both the regular and temporary employee categories for the police and fire departments.
- The parks and recreation function was under budget \$982,130. This function includes a variety of parks and recreation expenditure types, including temporary employees that work leisure activities and parks maintenance. These temporary positions were under budget by \$252,137. Due to vacant positions that were approved and budgeted for all divisions, the regular full-time positions were also under budget \$145,456. Another item of note is the expenditures for building and grounds services. Additional funds were budgeted in anticipation of opening a new community center in fiscal 2024, but the opening was delayed until 2025 causing an excess of \$255,436.



- The public works function was under budget \$721,566. This savings is primarily due to vacant positions that were approved and budgeted for several divisions along with highly variable expenditures in areas such as street and infrastructure maintenance.
- The engineering services function was under budget \$448,963. One component of this savings is due to budgeted expenditures not received or utilized in fiscal 2024 that will be carried over to fiscal 2025. Items to be carried over include a feasibility study for Bent Creek Road, street light materials, and traffic signal parts. Other factors contributing to this variance includes a decrease in repairs to traffic signal equipment and street lighting due to the utilization of our services contract.

Non-departmental expenditures were over budget \$173,619 due to two main factors. Downtown parking maintenance was over budget due to additional service calls for the parking kiosks and routine maintenance. Also, credit card fees were over budget due to more customers utilizing online payment methods.

Capital outlay expenditures were under budget \$9.6 million. The General Fund budget includes estimated expenditures for capital projects such as streets and roadway improvements and facilities' improvements. Many of these projects are multi-year although the budget is for the entire project. Any remaining budget for these projects is typically carried over to the next fiscal year during the year-end or mid-biennium budget process.

Payments to component units was over budget \$312,788 due to the annual true-up payment to Auburn City Schools for its appropriation from sales and use taxes collected. The true-up varies from year to year because the appropriation is based on projected sales and use taxes.

## **CAPITAL ASSET AND DEBT MANAGEMENT**

### **Capital Assets**

Capital assets are those assets that have a cost of \$5,000 or more (\$100,000 for software) and an expected useful life of more than two years. The City records capital assets at historical cost. If the historical cost is unknown, an estimated cost is developed as provided by Generally Accepted Accounting Principles. As of September 30, 2024, the City owned \$506.1 million invested in a broad range of capital assets, including land, buildings, park facilities, roads and bridges, wastewater infrastructure, sidewalks, bikeways, vehicles, and other equipment. This amount represents an increase of \$47.4 million (10.3%) over last year.

Table 8 lists the largest capital asset additions for fiscal year 2024. Some of these additions were multi-year projects completed in 2024 and reclassified from construction in progress.



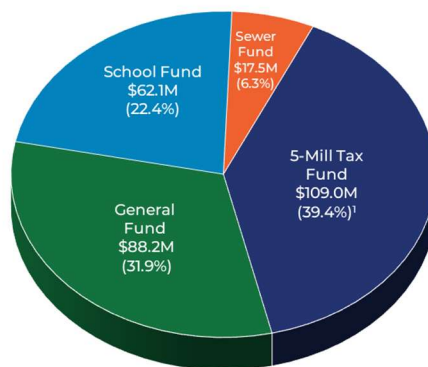
\$523,269 is debt issued for assets that are owned by the City's Public Park and Recreation Board.

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

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

Figure D

Debt Principal Outstanding by Repayment Source  
September 30, 2024



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

At the end of fiscal 2024, the Special Five Mill Tax Fund had long-term debt outstanding of \$109.0 million. The City dedicated the resources of this fund to Auburn City Schools. In July 2019, the City held a special municipal election allowing the citizens to vote on using the Special Five Mill Tax Fund for improvements to existing school facilities, including Cary Woods Elementary and J. F. Drake Middle School. The referendum passed and \$37.1 million in general obligation bonds were issued in fiscal 2020.

The City also repays debt issued for Auburn City Schools from the Special School Tax Fund, which is a fund that accounts for 16 mills of ad valorem taxes legally restricted for education purposes. The principal amount of currently outstanding school debt is \$62.1 million, which will be repaid from these dedicated taxes. The most recent debt issue in this fund was in fiscal 2022. The City issued \$10.2 million in general obligation warrants to fully refund the 2012-B general obligation warrants. This refunding allowed the City to take advantage of lower interest rates.

The Sewer Fund (a business-type activity of the City) pays for long-term debt issues with total principal outstanding of \$17.5 million at the end of fiscal 2024. Sewer Fund debt is issued to construct and improve the sewer system. Although the City issues

general obligation debt, sewer service revenue supports debt payments for any sewer related debt. The most recent debt issue in this fund was in fiscal 2022. The City issued \$3.0 million in general obligation warrants to fully refund the 2012-B general obligation warrants. As mentioned above, this refunding allowed the City to take advantage of lower interest rates.

The remaining \$88.2 million in outstanding principal will be repaid solely from the General Fund. The last debt issued that is repaid from the General Fund is \$48.9 million in general obligation warrants issued in fiscal 2022. The proceeds from this issuance were used for improvements to the soccer complex, construction of Will Buechner Parkway and construction of the Environmental Services and Public Works facility.

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

State law limits the amount of general obligation debt the City can issue to 20 percent of the assessed value of all taxable property within the City's corporate limits. Debt issued for schools, and water and sewer purposes are exempt from the legal debt limit. The City's outstanding debt applicable to this limit is \$86.7 million, resulting in a legal debt margin (additional legal debt capacity) of \$261.4 million.

An important financial analysis ratio in government is the percentage of total expenditures comprised of debt service (repayment of principal, interest and related fees). In the governmental funds, the ratio for 2024 is 12.5%; the ratio for 2023 was 12.0%.

### **Bond Ratings**

In September 2024, Standard and Poor's (S&P) affirmed the City of Auburn's bond rating as AA+. In their report, S&P cites very strong management, as well as Auburn's "strong economy, with a local stabilizing institutional influence, very strong management with strong financial policies and practices, strong budgetary performance, and very strong liquidity" as factors that were considered in the rating. According to S&P, an AA+ rating indicates a "strong capacity to meet financial commitments."

In addition, the City holds a rating of Aa2 from Moody's Investors Service, also issued in September 2024. The Moody's rating report cited the City's "healthy financial position, marked by strong reserves and liquidity levels and formalized fiscal policies" as among the factors considered in rating the City's credit.

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

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

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

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

- Encouraging planned and managed growth as a means of developing an attractive built-environment and protecting and conserving our natural resources;
- Creating diverse employment opportunities leading to an increased tax base;
- Providing and maintaining reliable and appropriate infrastructure;
- Providing and promoting quality housing, educational, cultural and recreational opportunities;
- Providing quality public safety services;
- Operating an adequately funded city government in a financially responsible and fiscally sound manner;
- Recruiting and maintaining a highly motivated work force committed to excellence; and
- Facilitating citizen involvement.

The City's robust budgetary processes, proactive financial management efforts, aggressive (yet selective) industrial and commercial recruitment strategies, the presence of Auburn University, a diversified revenue base and the exceptional City public school system, all combine to position Auburn as a strong municipal economy. The City's unemployment rates typically compare favorably with the State and national rates. The most recent data available from the Alabama Department of Labor show that for September 2024, Auburn's unemployment rate (Auburn-Opelika metropolitan) was 2.8%. The State's unemployment rate in September 2024 was 2.9%, while the national rate was 4.1% (US Bureau of Labor Statistics, September 2024).

The Auburn City Council is committed to the development of a diversified economic base, with Auburn University as the cornerstone. The City's Economic Development Department, in partnership with the City's Industrial Development Board, has achieved an outstanding level of success in this effort, having announced the recruitment of more than fifty-five companies, resulting in the announcement of nearly 8,000 jobs over the last three decades. The location of these companies in Auburn has meant that the City had to acquire and develop four industrial-technology parks. Industrial property was purchased in 2023 and 2024 to further expand the developable area in and around the Auburn Technology Park West. Companies in Auburn continue to invest in the area with 6 existing companies announcing expansions in 2024. ILJIN, a leading automotive and industrial bearing and chassis manufacturer, announced its investment in Auburn in late 2024. New companies and expansions of existing companies will add nearly 300 jobs to the Auburn economy and have a total capital investment greater than \$167.0 million.



The City's Commercial Development Incentive Program (CDIP) has assisted new and redeveloped commercial enterprises in our area. The tangible success of the program has been demonstrated all over the City – an urban Target on College Street, a Publix in the downtown core, Buc-ee's at exit 50, and increased synergy around the mall and on Opelika Road with the addition of Home Goods and new Country's BBQ. These projects, among others, are a true testament to the success of the program as the availability of the CDIP remains a valuable tool in recruiting for commercial growth in Auburn.

Auburn's consistent growth continues for many reasons. One major reason for this growth is the success of Auburn City Schools (ACS), the City's public school system. ACS has received consistently high ratings for the qualifications of its faculty and staff and the achievements of its students, as well as strong local funding levels. The ACS standard of excellence proves a major factor in the City's residential growth and contributes to the City's geographic growth through annexations. In fiscal 2021, a record high of 642 permits were issued for single-family detached homes. During fiscal 2022, the number decreased to 338 and returned to typical levels in fiscal 2023 with 391 permits issued. The number of permits issued in fiscal 2024 increased to 476. This is an increase of 85 permits (21.7%) from the previous fiscal year. Commercial/industrial/institutional building valuation (including new construction and additions/renovations) decreased in fiscal 2024 compared to the activity of 2023 in terms of valuation by \$22.1 million or 10.8%. The primary component of this decrease in valuation resulted from the permit of a large hotel in fiscal 2023. The City's size has grown from 45.5 square miles in 2001 to 64.5 square miles in 2024. Population growth continues to average over 3% per year. Auburn's population has grown by 28,650 (53.7%) from 53,380 in the 2010 census to 82,030 in 2023 per the U.S. Census Bureau.

In an effort to streamline the budget process with the City's operational considerations, the City adopted a one-time annual budget for fiscal 2025. The biennial budget process will resume for fiscal years 2026 and 2027. Various revenue scenarios were developed and analyzed as management developed realistic yet conservative revenue projections. Management's strategy has been to continue to contain operating costs while maintaining high levels of service and investing in



capital asset maintenance and replacement. As mentioned in the *Capital Assets* section of this report, the City has several capital projects slated for 2025 and 2026. As 2025 progresses, decisions will be made about the timing of these projects, and any changes will be included in a budget adjustment that will be presented to Council in late summer. In addition, any necessary changes to revenue projections and operating expenditures/expenses will be adjusted at this time. As of the date of this report, staff has already begun planning for the fiscal 2026 and 2027 biennial budget. The focus will be on capital projects, as well as on maintaining high levels of service for the City's programs. As part of the City's budget process, projected revenues and proposed expenditures are input into the long-term forecasting model to determine the effects on fund balances of various scenarios. Use of the long-term forecasting model is helpful for determining the effects of tax or fee increases that may be considered, as well as the need for borrowing, within the context of proposed expenditure scenarios.

The Council has adopted a policy of maintaining the fund balance in the General Fund at not less than 6% of expenditures plus other financing uses, but management's goal is 25%. The City has consistently exceeded this goal; total fund balance in the General Fund on September 30, 2024, was 77.6% of expenditures plus other financing uses compared to 73.3% in 2023. Fund balance includes \$4.5 million designated by the Council for use only in the event of natural disaster or significant, unexpected economic downturn. Total fund balance less the designated \$4.5 million comprised 74.5% of expenditures and other financing uses. Another useful measure is the comparison of fund balance with total revenues, excluding other financing sources. The General Fund's total fund balance as a percentage of revenues was 73.8% and 68.3% at the end of fiscal 2024 and 2023, respectively, another indication of the stability of fund balance. These large percentages are due to revenues being higher than projected and projects taking longer because of supply chain issues and contractor availability.

The primary government provides wastewater treatment and disposal and solid waste management utility services. As discussed in the *Business-Type Activities* section of this report, the City constantly monitors the need for sewer and solid waste rate changes by studying and evaluating whether existing rates will meet the projected operating and capital needs of each activity in the future. During fiscal 2023, the City worked with a consultant to develop a solid waste rate model for the City's solid waste and recycling program. Although no specific action has been taken to adjust rates based on this study, it provides the City with a management tool to anticipate future needs, including both operating and capital costs for the solid waste and recycling function. A formal rate study for sewer services was expected in fiscal 2025 but based on the performance of the fund in fiscal 2024, it was deemed unnecessary and will be postponed to a later date.

The Water Works Board of the City of Auburn, a component unit of the City, provides water services to the citizens of Auburn. During fiscal 2023, the Board hired a rate consultant to complete a revenue sufficiency and access fee study. The study evaluated the Board's ability to meet current and projected operating and capital expenses with existing revenues. In October 2023, the rate study consultant, in conjunction with staff, provided a recommendation of necessary water rate levels to meet revenue requirements through fiscal 2028. No adjustments to water usage rates were recommended for fiscal years 2024 and 2025. The minimum monthly bill of 3,000 gallons for residential water customers remained constant at \$15.75 for fiscal



years 2024 and 2025. In June 2024, the Board adopted a resolution that increased access fees, fire protection fees, and other miscellaneous fees effective January 1, 2025.

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

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

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

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



AUBURN

## Basic Financial Statements

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



AUBURN

**CITY OF AUBURN, ALABAMA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2024**

	Primary Government			Component Units
	Governmental	Business-type	Total	
	Activities	Activities		
	\$	\$	\$	\$
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	53,819,731	11,826,891	65,646,622	91,878,806
Investments	-	-	-	13,809,189
Certificates of deposit	12,722,750	1,067,370	13,790,120	12,673,908
Receivables, net	21,315,234	2,213,308	23,528,542	3,017,343
Accrued interest receivable	-	-	-	178,522
Due from component units	526,693	284,228	810,921	-
Inventories	320,125	75,752	395,877	1,003,397
Current portion of mortgages and notes receivable	133,413	-	133,413	-
Current portion of leases receivable	-	-	-	1,044,929
Current portion of notes receivable	-	-	-	1,020,295
Property tax receivable	-	-	-	13,563,128
Interest receivable	-	-	-	103,029
Due from other governments	-	-	-	4,647,293
Due from primary government	-	-	-	119,635
Other current assets	3,168,650	64,825	3,233,475	150,983
Restricted cash	550,665	-	550,665	2,765,906
Total current assets	<u>92,557,261</u>	<u>15,532,374</u>	<u>108,089,635</u>	<u>145,976,363</u>
Noncurrent assets:				
Restricted assets				
Cash and cash equivalents	-	-	-	2,524,659
Leases receivable, net of current portion	-	-	-	20,149,696
Mortgages and notes receivable, net of current portion	1,571,689	-	1,571,689	-
Investments	99,505,917	7,222,538	106,728,455	14,073,646
Notes receivable, net of current portion	-	-	-	16,900,075
Advances to other agencies	525,000	-	525,000	-
Property for resale	4,131,127	-	4,131,127	17,484,600
Capital assets not being depreciated	42,176,087	1,942,310	44,118,397	37,429,631
Capital assets net of accumulated depreciation	<u>378,293,681</u>	<u>83,638,516</u>	<u>461,932,197</u>	<u>345,988,459</u>
Total noncurrent assets	<u>526,203,501</u>	<u>92,803,364</u>	<u>619,006,865</u>	<u>454,550,766</u>
Total assets	<u>618,760,762</u>	<u>108,335,738</u>	<u>727,096,500</u>	<u>600,527,129</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred amount on refunding	983,938	1,089,725	2,073,663	1,552,658
Pension related	18,477,555	1,547,859	20,025,414	35,666,876
OPEB related	5,395,367	680,710	6,076,077	18,884,573
Total deferred outflows of resources	<u>24,856,860</u>	<u>3,318,294</u>	<u>28,175,154</u>	<u>56,104,107</u>

**CITY OF AUBURN, ALABAMA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2024**  
**CONTINUED**

	Primary Government			Component Units
	Governmental	Business-type	Total	
	Activities	Activities		
	\$	\$	\$	\$
<b>LIABILITIES</b>				
Current liabilities:				
Liabilities payable from restricted assets:				
Current portion of long-term debt	-	-	-	1,430,000
Accrued interest payable	-	-	-	171,638
Accounts payable and other accrued liabilities	8,316,273	931,179	9,247,452	6,921,967
Due to other governments	-	-	-	47,449
Due to component units	46,402	70,658	117,060	-
Accrued interest payable	3,175,622	55,670	3,231,292	-
Salaries and benefits payable	998,654	152,764	1,151,418	9,064,393
Claims payable	6,512,849	-	6,512,849	-
Customer deposits	495,733	892,983	1,388,716	735,935
Other payable	-	-	-	420
Unearned revenue	3,353,469	-	3,353,469	312,915
Short term loans payable	-	-	-	4,341,525
Current portion of long-term debt	12,830,962	1,685,700	14,516,662	13,084,707
Current portion of lease liability	-	-	-	11,720
Current portion of subscriptions liability	-	-	-	143,073
Current portion of OPEB liability	292,565	38,465	331,030	18,067
Due to primary government	-	-	-	810,922
Total current liabilities	<u>36,022,529</u>	<u>3,827,419</u>	<u>39,849,948</u>	<u>37,094,731</u>
Noncurrent liabilities:				
Long-term debt and other liabilities	268,651,889	16,241,488	284,893,377	51,011,928
Net pension liability	61,868,240	4,514,503	66,382,743	121,698,083
OPEB liability	9,660,158	1,169,341	10,829,499	14,936,645
Total noncurrent liabilities	<u>340,180,287</u>	<u>21,925,332</u>	<u>362,105,619</u>	<u>187,646,656</u>
Total liabilities	<u>376,202,816</u>	<u>25,752,751</u>	<u>401,955,567</u>	<u>224,741,387</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Future property tax revenue	-	-	-	13,563,128
Pension related	-	-	-	1,867,181
Deferred lease revenue	-	-	-	19,999,504
OPEB related	1,121,995	100,336	1,222,331	42,793,221
Total deferred inflows of resources	<u>1,121,995</u>	<u>100,336</u>	<u>1,222,331</u>	<u>78,223,034</u>
<b>NET POSITION</b>				
Net investment in capital assets	321,868,352	68,413,097	390,281,449	336,117,575
Restricted for :				
Capital projects	113,235	5,661,512	5,774,747	5,290,565
Debt service	13,185,254	-	13,185,254	-
Federal and state grants	4,442,854	-	4,442,854	-
Other projects	-	-	-	11,460,536
Special revenues (gas tax and road projects)	283,386	-	283,386	-
Special revenues (education)	61,064,002	-	61,064,002	-
Special revenues (public safety)	928,885	-	928,885	-
Unrestricted (deficit)	<u>(135,593,157)</u>	<u>11,726,336</u>	<u>(123,866,821)</u>	<u>798,139</u>
Total net position	<u>266,292,811</u>	<u>85,800,945</u>	<u>352,093,756</u>	<u>353,666,815</u>

**CITY OF AUBURN, ALABAMA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating	Capital	Primary Government			
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total	
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Primary government:</b>								
Governmental activities:								
General government and administration	19,201,949	23,057,756	8,216,257	-	12,072,064	-	12,072,064	
Public works	12,384,322	-	1,478,675	13,856,321	2,950,674	-	2,950,674	
Environmental services	2,766,625	-	-	-	(2,766,625)	-	(2,766,625)	
Public safety	35,579,282	8,101,205	185,801	4,423,201	(22,869,075)	-	(22,869,075)	
Library	3,164,487	21,647	15,921	-	(3,126,919)	-	(3,126,919)	
Parks and recreation	10,204,988	1,089,515	-	5,734,496	(3,380,977)	-	(3,380,977)	
Development services	6,570,150	75,654	-	2,994,329	(3,500,167)	-	(3,500,167)	
Social and economic development	13,386,573	-	1,906,015	8,371	(11,472,187)	-	(11,472,187)	
Human resources	12,023,309	5,589,286	-	-	(6,434,023)	-	(6,434,023)	
Risk management	733,909	-	-	-	(733,909)	-	(733,909)	
Education (payments to Board of Education)	30,859,326	-	-	-	(30,859,326)	-	(30,859,326)	
Interest on long-term debt	9,801,750	-	-	-	(9,801,750)	-	(9,801,750)	
Total governmental activities	<u>156,676,670</u>	<u>37,935,063</u>	<u>11,802,669</u>	<u>27,016,718</u>	<u>(79,922,220)</u>	<u>-</u>	<u>(79,922,220)</u>	
Business-type activities:								
Sewer Fund	10,876,001	13,737,517	15,649	2,206,102	-	5,083,267	5,083,267	
Solid Waste Management Fund	6,716,208	5,858,632	-	-	-	(857,576)	(857,576)	
Total business-type activities	<u>17,592,209</u>	<u>19,596,149</u>	<u>15,649</u>	<u>2,206,102</u>	<u>-</u>	<u>4,225,691</u>	<u>4,225,691</u>	
Total primary government	<u>174,268,879</u>	<u>57,531,212</u>	<u>11,818,318</u>	<u>29,222,820</u>	<u>(79,922,220)</u>	<u>4,225,691</u>	<u>(75,696,529)</u>	
<b>Component units:</b>								
Board of Education	138,007,504	8,340,853	87,164,899	3,355,339	-	-	-	(39,146,413)
Water Works Board	14,271,460	14,391,608	-	2,748,128	-	-	-	2,868,276
Industrial Development Board	7,395,687	1,948,162	-	7,018,094	-	-	-	1,570,569
Public Park & Recreation Board	1,095,354	362,517	-	-	-	-	-	(732,837)
Downtown Redevelopment Authority	18,522	-	-	-	-	-	-	(18,522)
Total Component Units	<u>160,788,527</u>	<u>25,043,140</u>	<u>87,164,899</u>	<u>13,121,561</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,458,927)</u>
<b>General revenues</b>								
Taxes:								
Sales taxes					66,176,356	-	66,176,356	12,552,768
Occupational license fees					18,466,594	-	18,466,594	-
Property taxes					48,367,708	-	48,367,708	20,180,805
Motor fuel taxes					630,099	-	630,099	-
Lodging taxes					4,889,141	-	4,889,141	-
Rental and leasing taxes					1,007,249	-	1,007,249	-
Cigarette taxes					43,040	-	43,040	-
Alcoholic beverage taxes					370,512	-	370,512	613,412
Other taxes					-	-	-	57,817
Appropriations from the City of Auburn					-	-	-	24,364,765
Grants and contributions not restricted					-	-	-	17,000
Interest and investment earnings					5,059,927	555,078	5,615,005	5,552,411
Net increase (decrease) in fair value of investments					4,058,126	420,724	4,478,850	-
Lease interest received					-	-	-	1,258,222
Gain on disposal of assets					-	38,667	38,667	6,914,614
Sale of property					-	-	-	2,045,000
Miscellaneous					2,089,560	25,027	2,114,587	3,177,232
Transfers					66,033	(66,033)	-	-
Total general revenues and transfers					<u>151,224,345</u>	<u>973,463</u>	<u>152,197,808</u>	<u>76,734,046</u>
Change in net position					<u>71,302,125</u>	<u>5,199,154</u>	<u>76,501,279</u>	<u>41,275,119</u>
Net position - beginning					195,850,429	80,601,791	276,452,220	312,391,696
Error correction					(859,743)	-	(859,743)	-
Net position - beginning, as restated					<u>194,990,686</u>	<u>80,601,791</u>	<u>275,592,477</u>	<u>312,391,696</u>
Net position - ending					<u>266,292,811</u>	<u>85,800,945</u>	<u>352,093,756</u>	<u>353,666,815</u>



**CITY OF AUBURN, ALABAMA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2024**

	General Fund	Special School Tax Fund	2024 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
	\$	\$	\$	\$	\$
<b>ASSETS</b>					
Cash and cash equivalents	33,522,509	8,905,920	-	11,391,302	53,819,731
Certificates of deposit	9,011,823	2,919,664	-	791,263	12,722,750
Investments	44,771,907	48,829,676	-	5,904,334	99,505,917
Receivables, net	20,119,460	412,797	-	782,976	21,315,233
Due from other funds	15,365,660	-	-	2,612	15,368,272
Due from component units	526,693	-	-	-	526,693
Inventories	320,125	-	-	-	320,125
Prepaid items	2,860,529	-	-	-	2,860,529
Mortgages receivable	-	-	-	1,705,102	1,705,102
Advances to other agencies	525,000	-	-	-	525,000
Restricted cash	494,102	48	-	56,516	550,666
Property for resale	4,131,127	-	-	-	4,131,127
Total assets	<u>131,648,935</u>	<u>61,068,105</u>	<u>-</u>	<u>20,634,105</u>	<u>213,351,145</u>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	7,541,817	4,103	1,556,768	475,573	9,578,261
Due to component units	46,402	-	-	-	46,402
Customer deposits	232,397	-	-	-	232,397
Claims payable	6,616,861	-	-	-	6,616,861
Due to other funds	-	-	15,138,031	230,240	15,368,271
Unearned revenue	3,050,827	-	-	2,442,971	5,493,798
Total liabilities	<u>17,488,304</u>	<u>4,103</u>	<u>16,694,799</u>	<u>3,148,784</u>	<u>37,335,990</u>
<b>FUND BALANCES</b>					
Nonspendable					
Inventories	320,125	-	-	-	320,125
Prepaid items	2,860,529	-	-	-	2,860,529
Advances	525,000	-	-	-	525,000
Property for resale	4,131,127	-	-	-	4,131,127
Restricted					
Roads, bridges and streets	-	-	-	283,386	283,386
Law enforcement	494,102	-	-	944,305	1,438,407
Education	-	61,064,002	-	-	61,064,002
General grants	-	-	-	565,500	565,500
Social and economic development	-	-	-	2,366,060	2,366,060
Capital projects	-	-	11,550,068	113,236	11,663,304
Debt service	-	-	-	13,185,254	13,185,254
Committed					
Investments	1,048,665	-	-	-	1,048,665
Interest subsidy program	-	-	-	27,580	27,580
Assigned					
General	23,351,706	-	-	-	23,351,706
Unassigned	81,429,377	-	(28,244,867)	-	53,184,510
Total fund balances	<u>114,160,631</u>	<u>61,064,002</u>	<u>(16,694,799)</u>	<u>17,485,321</u>	<u>176,015,155</u>
Total liabilities and fund balances	<u>131,648,935</u>	<u>61,068,105</u>	<u>-</u>	<u>20,634,105</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	420,469,768
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the current period.	(329,568,950)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	2,140,329
Prepaid items accounted for using the purchases method are not reported in the funds.	308,121
Accrued revenues and expenses that do not meet recognition criteria under the modified accrual basis of accounting are not recorded in the governmental funds.	(3,071,612)
Net position of governmental activities	<u>266,292,811</u>

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

**CITY OF AUBURN, ALABAMA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

	General Fund	Special School Tax Fund	2024 Capital Projects Fund	Formerly	Formerly	Other Governmental Funds	Total Governmental Funds
				Major Fund CV Local Fiscal Recovery Fund	Major Fund 2022 Capital Projects Fund		
	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>							
Sales and use taxes	66,176,356	-	-	-	-	-	66,176,356
Occupational license fees	18,466,594	-	-	-	-	-	18,466,594
Motor fuel taxes	1,243,764	-	-	-	-	-	1,243,764
Lodging taxes	4,889,141	-	-	-	-	-	4,889,141
Rental and leasing taxes	1,007,249	-	-	-	-	-	1,007,249
Other taxes	413,552	-	-	-	-	-	413,552
Licenses and permits	20,316,828	-	-	-	-	-	20,316,828
General property taxes	9,821,717	29,937,498	-	-	-	8,608,493	48,367,708
Charges for services	16,542,914	-	-	-	-	-	16,542,914
Fines and forfeitures	1,129,500	-	-	-	-	125,212	1,254,712
State shared taxes	8,219,936	-	-	-	-	865,011	9,084,947
Contributions from the public	342,894	-	-	-	-	755,560	1,098,454
Grants	-	-	-	-	-	15,214,526	15,214,526
Program income	-	-	-	-	-	266,450	266,450
Interest	4,080,945	3,527,917	-	-	-	1,509,190	9,118,052
Miscellaneous	2,039,363	-	50,196	-	-	169	2,089,728
Total revenues	154,690,753	33,465,415	50,196	-	-	27,344,611	215,550,975
<b>Expenditures</b>							
General government and administration	7,138,388	-	-	-	-	6,404	7,144,792
Public works	5,493,314	-	-	-	-	-	5,493,314
Environmental services	2,213,576	-	-	-	-	-	2,213,576
Public safety	32,667,744	-	-	-	-	89,643	32,757,387
Library	2,964,295	-	-	-	-	15,921	2,980,216
Parks and recreation	8,010,998	-	-	-	-	-	8,010,998
Development services	6,226,346	-	-	-	-	-	6,226,346
Social and economic development	5,257,629	-	-	-	-	2,171,087	7,428,716
Human resources	11,889,936	-	-	-	-	-	11,889,936
Risk management	830,039	-	-	-	-	-	830,039
Total departmental	82,692,265	-	-	-	-	2,283,055	84,975,320
Non-departmental	2,950,739	1,062,797	-	-	-	306,647	4,320,183
Debt service							
Administrative charges	887	3,611	-	-	-	2,475	6,973
Interest	3,973,789	1,946,757	-	-	-	4,753,502	10,674,048
Principal retirement	5,440,366	6,427,900	-	-	-	2,070,000	13,938,266
Capital outlay	25,047,749	-	17,782,158	-	-	3,541,452	46,371,359
Intergovernmental	2,034,741	-	-	-	-	-	2,034,741
Payments to component units	24,942,818	10,045,017	-	-	-	181,123	35,168,958
Total expenditures	147,083,354	19,486,082	17,782,158	-	-	13,138,254	197,489,848
Excess (deficiency) of revenues over expenditures	7,607,399	13,979,333	(17,731,962)	-	-	14,206,357	18,061,127
<b>Other financing sources (uses)</b>							
Leases (as lessee)	17,893	-	-	-	-	-	17,893
Sale of surplus assets	136,612	-	-	-	-	-	136,612
Transfers in	10,965,851	-	6,839,580	-	-	441,967	18,247,398
Transfers out	(65,218)	-	-	-	-	(18,116,147)	(18,181,365)
Total other financing sources (uses)	11,055,138	-	6,839,580	-	-	(17,674,180)	220,538
Net changes in fund balances	18,662,537	13,979,333	(10,892,382)	-	-	(3,467,823)	18,281,665
Fund balances, beginning of year, as previously presented	95,498,094	47,084,669	(5,802,417)	602,710	5,797,285	14,553,149	157,733,490
Change within financial reporting entity (major to nonmajor fund)	-	-	-	(602,710)	(5,797,285)	6,399,995	-
Fund balances, end of year	114,160,631	61,064,002	(16,694,799)	-	-	17,485,321	176,015,155

**CITY OF AUBURN, ALABAMA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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

Net change in fund balances - total governmental funds	\$ 18,281,665
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and amortization expense in the current period.	33,514,434
The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) net position.	12,514,373
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of prepaid bond issue insurance, premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	13,920,376
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(6,875,428)
Revenues previously recorded as unearned revenue in governmental funds that were recognized in prior years in the statement of activities, but in the current year in governmental funds.	<div style="border-top: 1px solid black;">(53,295)</div>
Change in net position - statement of activities	<div style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 71,302,125</div>

**CITY OF AUBURN, ALABAMA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL**  
**PRESENTED BY LEGAL LEVEL OF BUDGETARY CONTROL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

	Budget		Actual	Variance with
	Original	Final		Final Budget - Favorable (Unfavorable)
	\$	\$	\$	\$
Revenues				
Sales and use taxes	62,217,000	65,100,000	66,176,356	1,076,356
Occupational license fees	16,480,000	18,490,470	18,466,594	(23,876)
Motor fuel taxes	896,600	1,204,000	1,243,764	39,764
Lodging taxes	4,145,000	4,600,000	4,889,141	289,141
Rental and leasing taxes	990,000	990,000	1,007,249	17,249
Other taxes	414,200	442,500	413,552	(28,948)
Licenses and permits	17,363,900	19,503,165	20,316,828	813,663
General property taxes	9,052,600	9,750,000	9,821,717	71,717
Charges for services	15,598,964	16,007,487	16,542,914	535,427
Fines and forfeitures	900,000	901,500	1,129,500	228,000
State shared taxes	6,888,300	8,199,128	8,219,936	20,808
Contributions from the public	288,214	348,540	342,894	(5,646)
Interest	799,122	1,938,022	4,080,945	2,142,923
Miscellaneous	93,000	1,780,382	2,039,363	258,981
Total revenues	<u>136,126,900</u>	<u>149,255,194</u>	<u>154,690,753</u>	<u>5,435,559</u>
Expenditures				
City Council	286,759	286,759	284,533	2,226
Office of City Manager	1,459,733	1,459,733	1,306,959	152,774
Judicial	1,017,293	1,048,842	1,025,208	23,634
Information technology	2,812,223	2,812,223	2,328,007	484,216
Finance	2,047,170	2,047,170	1,976,835	70,335
Public services administration	215,361	229,316	216,846	12,470
Economic development	4,389,312	4,889,312	4,535,089	354,223
Development services	381,592	397,319	379,452	17,867
Planning services	1,193,292	1,018,292	759,884	258,408
Inspection services	1,702,738	1,717,862	1,650,107	67,755
Community services	731,041	766,001	722,540	43,461
Engineering services	3,728,384	3,885,866	3,436,903	448,963
Employee services	10,942,471	11,654,258	12,719,975	(1,065,717)
Public safety	35,231,960	35,289,223	32,667,744	2,621,479
Public works	6,042,762	6,214,880	5,493,314	721,566
Environmental services	2,261,203	2,552,595	2,213,576	339,019
Library	3,152,128	3,204,159	2,964,295	239,864
Parks and recreation	8,334,877	8,993,128	8,010,998	982,130
Total departmental	<u>85,930,299</u>	<u>88,466,938</u>	<u>82,692,265</u>	<u>5,774,673</u>
Non-departmental	2,752,120	2,777,120	2,950,739	(173,619)
Debt service:				
Administrative charges	3,000	3,000	887	2,113
Interest	4,537,969	3,932,969	3,973,789	(40,820)
Principal retirement	4,851,006	4,491,969	5,440,366	(948,397)
Capital outlay	33,183,077	34,684,498	25,047,749	9,636,749
Intergovernmental	2,040,493	2,130,493	2,034,741	95,752
Payments to component units	20,855,184	24,630,030	24,942,818	(312,788)
Total expenditures	<u>154,153,148</u>	<u>161,117,017</u>	<u>147,083,354</u>	<u>14,033,663</u>
Excess (deficiency) of revenues over expenditures	<u>(18,026,248)</u>	<u>(11,861,823)</u>	<u>7,607,399</u>	<u>19,469,222</u>
Other financing sources (uses)				
Leases (as lessee)	-	45,000	17,893	(27,107)
Subscriptions	-	200,000	-	(200,000)
Sale of surplus assets	50,000	50,000	136,612	86,612
Transfers in	4,629,250	15,178,750	10,965,851	(4,212,899)
Transfers out	(3,710,000)	(4,210,000)	(65,218)	4,144,782
Total other financing sources (uses)	<u>969,250</u>	<u>11,263,750</u>	<u>11,055,138</u>	<u>(208,612)</u>
Net changes in fund balances	(17,056,998)	(598,073)	18,662,537	19,260,610
Fund balances, beginning of year	<u>95,498,094</u>	<u>95,498,094</u>	<u>95,498,094</u>	<u>-</u>
Fund balances, end of year	<u>78,441,096</u>	<u>94,900,021</u>	<u>114,160,631</u>	<u>19,260,610</u>

**CITY OF AUBURN, ALABAMA**  
**SPECIAL SCHOOL TAX SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

	<u>Budget</u>		<u>Actual</u>	<b>Variance with</b>
	<u>Original</u>	<u>Final</u>		<b>Final Budget -</b>
				<b>Favorable</b>
	\$	\$	\$	<b>(Unfavorable)</b>
	\$	\$	\$	\$
Revenues				
General property taxes	27,672,800	29,879,000	29,937,498	58,498
Interest	970,000	1,200,000	3,527,917	2,327,917
Total revenues	<u>28,642,800</u>	<u>31,079,000</u>	<u>33,465,415</u>	<u>2,386,415</u>
Expenditures				
Non-departmental	1,135,450	1,060,306	1,062,797	(2,491)
Debt service				
Administrative charges	1,500	1,500	3,611	(2,111)
Interest	1,949,099	1,949,099	1,946,757	2,342
Principal retirement	6,427,901	6,427,901	6,427,900	1
Payments to component units	<u>8,120,616</u>	<u>10,983,077</u>	<u>10,045,017</u>	<u>938,060</u>
Total expenditures	<u>17,634,566</u>	<u>20,421,883</u>	<u>19,486,082</u>	<u>935,801</u>
Excess (deficiency) of revenues over expenditures	<u>11,008,234</u>	<u>10,657,117</u>	<u>13,979,333</u>	<u>3,322,216</u>
Net changes in fund balances	11,008,234	10,657,117	13,979,333	3,322,216
Fund balances, beginning of year	<u>47,084,669</u>	<u>47,084,669</u>	<u>47,084,669</u>	<u>-</u>
Fund balances, end of year	<u><u>58,092,903</u></u>	<u><u>57,741,786</u></u>	<u><u>61,064,002</u></u>	<u><u>3,322,216</u></u>

**CITY OF AUBURN, ALABAMA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2024**

	<b>Major Funds</b>		<b>Total</b>
	<b>Sewer Fund</b>	<b>Solid Waste Management Fund</b>	
	\$	\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	10,652,951	1,173,940	11,826,891
Certificates of deposit	1,067,370	-	1,067,370
Receivables, net	1,562,925	650,383	2,213,308
Due from component units	220,104	64,124	284,228
Inventories	40,991	34,762	75,753
Other current assets	36,542	28,282	64,824
<b>Total current assets</b>	<b>13,580,883</b>	<b>1,951,491</b>	<b>15,532,374</b>
<b>Noncurrent assets</b>			
Investments	7,222,538	-	7,222,538
Capital assets not being depreciated	1,942,310	-	1,942,310
Capital assets net of accumulated depreciation	81,344,714	2,293,802	83,638,516
<b>Total noncurrent assets</b>	<b>90,509,562</b>	<b>2,293,802</b>	<b>92,803,364</b>
<b>Total assets</b>	<b>104,090,445</b>	<b>4,245,293</b>	<b>108,335,738</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amount on refunding	1,089,725	-	1,089,725
Pension related	721,803	826,056	1,547,859
OPEB related	306,289	374,421	680,710
<b>Total deferred outflows of resources</b>	<b>2,117,817</b>	<b>1,200,477</b>	<b>3,318,294</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	366,600	564,579	931,179
Salaries and benefits payable	49,308	103,456	152,764
Due to component units	69,436	1,222	70,658
Accrued interest payable	55,670	-	55,670
Customer deposits	610,546	282,437	892,983
Current portion of long-term debt	1,685,700	-	1,685,700
Current portion of OPEB liability	16,901	21,564	38,465
<b>Total current liabilities</b>	<b>2,854,161</b>	<b>973,258</b>	<b>3,827,419</b>
<b>Noncurrent liabilities</b>			
Long-term debt and other liabilities	16,153,968	87,520	16,241,488
Net pension liability	2,004,174	2,510,329	4,514,503
OPEB liability	542,492	626,849	1,169,341
<b>Total noncurrent liabilities</b>	<b>18,700,634</b>	<b>3,224,698</b>	<b>21,925,332</b>
<b>Total liabilities</b>	<b>21,554,795</b>	<b>4,197,956</b>	<b>25,752,751</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
OPEB related	29,106	71,230	100,336
<b>Total deferred inflows of resources</b>	<b>29,106</b>	<b>71,230</b>	<b>100,336</b>
<b>NET POSITION</b>			
Net investment in capital assets	66,531,179	1,881,918	68,413,097
Restricted for capital projects	5,661,512	-	5,661,512
Unrestricted	12,431,670	(705,334)	11,726,336
<b>Total net position</b>	<b>84,624,361</b>	<b>1,176,584</b>	<b>85,800,945</b>

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

**CITY OF AUBURN, ALABAMA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

	Major Funds		Total
	Sewer Fund	Solid Waste Management Fund	
	\$	\$	
Operating revenues			
Charges for services	13,737,517	5,858,632	19,596,149
Miscellaneous	1,099	23,928	25,027
Total operating revenues	<u>13,738,616</u>	<u>5,882,560</u>	<u>19,621,176</u>
Operating expenses			
Salaries and wages	1,713,122	2,701,301	4,414,423
Employee benefits	701,650	1,069,391	1,771,041
Repairs and maintenance	29,067	66,933	96,000
Utilities	937,719	16,729	954,448
Professional services	425,781	848,616	1,274,397
Rentals and leasing	131,285	-	131,285
Insurance	41,643	39,710	81,353
Office supplies	50,603	6,822	57,425
Fuels and lubricants	77,706	369,157	446,863
Agricultural and chemical supplies	48,136	4,669	52,805
Minor equipment and tools	47,104	153,776	200,880
Repair parts and materials	204,377	599,559	803,936
Clothing and linens	20,883	11,925	32,808
Management fees	2,658,880	334,000	2,992,880
Depreciation/amortization	3,299,510	477,858	3,777,368
Travel and training	15,595	15,762	31,357
Miscellaneous	20,834	-	20,834
Total operating expenses	<u>10,423,895</u>	<u>6,716,208</u>	<u>17,140,103</u>
Operating income (loss)	<u>3,314,721</u>	<u>(833,648)</u>	<u>2,481,073</u>
Nonoperating revenues (expenses)			
Interest	958,474	17,328	975,802
Interest and fiscal charges	(452,106)	-	(452,106)
Gain on disposal of capital assets	38,667	-	38,667
Grants	15,649	-	15,649
Total nonoperating revenues (expenses)	<u>560,684</u>	<u>17,328</u>	<u>578,012</u>
Income (loss) before transfers and capital contributions	3,875,405	(816,320)	3,059,085
Transfers	(62,061)	(3,972)	(66,033)
Capital contributions - developers	<u>2,206,102</u>	<u>-</u>	<u>2,206,102</u>
Change in net position	6,019,446	(820,292)	5,199,154
Net position - beginning	78,604,915	1,996,876	80,601,791
Net position - ending	<u><u>84,624,361</u></u>	<u><u>1,176,584</u></u>	<u><u>85,800,945</u></u>

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



**CITY OF AUBURN, ALABAMA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

	<b>Major Funds</b>		
	<b>Sewer Fund</b>	<b>Solid Waste Management Fund</b>	<b>Total</b>
	\$	\$	\$
Cash flows from operating activities			
Cash collected from customers	13,971,124	5,918,067	19,889,191
Other cash collected	1,099	23,928	25,027
Customer deposits collected	26,931	17,264	44,195
Payments to suppliers for goods and services	(4,672,164)	(2,017,267)	(6,689,431)
Payments to employees for services	(2,143,466)	(3,438,935)	(5,582,401)
Net cash provided (consumed) by operating activities (A)	<u>7,183,524</u>	<u>503,057</u>	<u>7,686,581</u>
Cash flows from noncapital financing activities			
Transfers in	14,189	51,028	65,217
Transfers out	(76,250)	(55,000)	(131,250)
Proceeds from operating grant	28,738	-	28,738
Net cash provided (consumed) by noncapital financing activities	<u>(33,323)</u>	<u>(3,972)</u>	<u>(37,295)</u>
Cash flows from capital and related financing activities			
Principal repayments on borrowing	(3,680,700)	-	(3,680,700)
Proceeds from sale of assets	44,000	-	44,000
Acquisition and construction of capital assets	(2,623,105)	(1,176,798)	(3,799,903)
Interest and fiscal fees paid	(404,554)	-	(404,554)
Net cash provided (consumed) by capital and related financing activities	<u>(6,664,359)</u>	<u>(1,176,798)</u>	<u>(7,841,157)</u>
Cash flows from investing activities			
Interest on investments	906,298	17,327	923,625
Sale of investments	2,857,449	-	2,857,449
Net cash provided (consumed) by investing activities	<u>3,763,747</u>	<u>17,327</u>	<u>923,625</u>
Net increase (decrease) in cash	4,249,589	(660,386)	3,589,203
Cash and cash equivalents, beginning of year	6,403,362	1,834,326	8,237,688
Cash and cash equivalents, end of year	<u>10,652,951</u>	<u>1,173,940</u>	<u>11,826,891</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities (A):</b>			
Operating income (loss)	3,314,721	(833,648)	2,481,073
Add: Depreciation	3,299,510	477,858	3,777,368
Increase in accounts payable	17,153	456,456	473,609
Decrease in revenues receivable	8,164	5,474	13,638
Decrease in prepaid items	-	24,706	24,706
Increase in customer deposits	26,931	17,264	44,195
Increase in accrued leave	14,807	1,194	16,001
Increase in amounts due to component units	51,632	81	51,713
Decrease in amounts due from component units	225,444	53,961	279,405
Increase in pension related liabilities	37,809	42,710	80,519
Decrease in deferred pension contributions	171,621	211,768	383,389
Increase in OPEB liability	295,522	377,046	672,568
Deduct: Increase in prepaid items	(13,215)	-	(13,215)
Decrease in pension related deferred inflows	(40,790)	(43,742)	(84,532)
Decrease in OPEB related deferred inflows	(18,315)	(23,368)	(41,683)
Increase in OPEB related deferred outflows	<u>(207,470)</u>	<u>(264,703)</u>	<u>(472,173)</u>
Net cash provided by operating activities	<u>7,183,524</u>	<u>503,057</u>	<u>7,686,581</u>
Noncash transactions:			
Estimated cost of sewer lines installed by and contributed to the City by developers	1,826,240	-	1,826,240

**CITY OF AUBURN, ALABAMA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**SEPTEMBER 30, 2024**

	<b>Youth Athletic  Associations'  Private-purpose  Trust Fund</b> <hr/> \$
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	<hr/> 871,170
 Total assets	 <hr/> 871,170
 <b>NET POSITION</b>	
Held in trust for:	
Auburn Dixie Baseball/Softball Association	165,464
Auburn Soccer Organization	606,524
Auburn Youth Football	54,729
Auburn Community Tennis Association	18,262
Auburn Cemetery Trust	<hr/> 26,191
 Total net position	 <hr/> <hr/> 871,170

**CITY OF AUBURN, ALABAMA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

	<b>Youth Athletic Associations' Private-purpose Trust Fund</b>
	\$
ADDITIONS	
Program revenues:	
Baseball/Softball	174,154
Soccer	180,943
Football	62,389
Tennis	4,496
Total program revenues	421,982
Investment earnings:	
Baseball/Softball interest	1,529
Soccer interest	6,842
Football interest	421
Tennis interest	16
Cemetery Trust interest	364
Total investment earnings	9,172
Total additions	431,154
DEDUCTIONS	
Program expenses:	
Baseball/Softball	143,751
Soccer	154,516
Football	75,257
Tennis	10,110
Total deductions	383,634
Change in net position	47,520
Net position - beginning	823,650
Net position - ending	871,170

**CITY OF AUBURN, ALABAMA**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**COMBINING STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2024**

	Major Component Units				Total
	Board of Education	Water Works Board	Industrial Development Board	Nonmajor Component Units	
	\$	\$	\$	\$	\$
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and cash equivalents	75,345,910	9,218,550	7,313,875	471	91,878,806
Investments	13,809,189	-	-	-	13,809,189
Certificates of deposit	-	5,308,050	7,365,858	-	12,673,908
Receivables, net	817,917	1,804,890	110,095	31,641	2,764,543
Accrued interest receivable	-	-	178,522	-	178,522
Grant receivable	-	-	252,800	-	252,800
Inventories	267,745	735,652	-	-	1,003,397
Current portion of notes receivable	-	-	1,044,929	-	1,044,929
Current portion of net investment in capital leases	-	-	963,913	56,382	1,020,295
Property tax receivable	13,563,128	-	-	-	13,563,128
Interest receivable	75,901	27,128	-	-	103,029
Due from other government	4,647,293	-	-	-	4,647,293
Due from primary government	-	119,635	-	-	119,635
Other current assets	600	108,705	37,333	4,345	150,983
Restricted cash	-	-	2,765,906	-	2,765,906
<b>Total current assets</b>	<b>108,527,683</b>	<b>17,322,610</b>	<b>20,033,231</b>	<b>92,839</b>	<b>145,976,363</b>
<b>Noncurrent assets</b>					
<b>Restricted assets</b>					
Cash and cash equivalents	-	2,524,659	-	-	2,524,659
Leases receivable, net of current portion	-	-	20,149,696	-	20,149,696
Investments	14,073,646	-	-	-	14,073,646
Notes receivable, net of current portion	-	-	15,903,157	996,918	16,900,075
Property for resale	-	-	17,484,600	-	17,484,600
Capital assets not being depreciated	31,599,045	1,795,055	4,035,531	-	37,429,631
Capital assets, net of accumulated depreciation	228,546,247	87,195,105	27,705,764	2,541,343	345,988,459
<b>Total noncurrent assets</b>	<b>274,218,938</b>	<b>91,514,819</b>	<b>85,278,748</b>	<b>3,538,261</b>	<b>454,550,766</b>
<b>Total assets</b>	<b>382,746,621</b>	<b>108,837,429</b>	<b>105,311,979</b>	<b>3,631,100</b>	<b>600,527,129</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred amounts on refunding, net	-	1,552,658	-	-	1,552,658
OPEB related	18,545,329	296,562	-	42,682	18,884,573
Pension related	34,895,287	674,897	-	96,692	35,666,876
<b>Total deferred outflows of resources</b>	<b>53,440,616</b>	<b>2,524,117</b>	<b>-</b>	<b>139,374</b>	<b>56,104,107</b>
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
<b>Liabilities payable from restricted assets:</b>					
Current portion of long-term debt	-	1,430,000	-	-	1,430,000
Accrued interest payable	-	78,250	93,388	-	171,638
Accounts payable and other accrued liabilities	5,062,882	1,403,482	412,401	43,202	6,921,967
Due to other governments	47,449	-	-	-	47,449
Salaries and benefits payable	8,999,130	65,263	-	-	9,064,393
Customer deposits	-	631,444	104,491	-	735,935
Other payable	420	-	-	-	420
Unearned revenue	226,660	-	86,255	-	312,915
Short term loans payable	-	-	4,341,525	-	4,341,525
Current portion of notes payable	-	-	13,028,325	56,382	13,084,707
Current portion of lease liability	9,258	2,462	-	-	11,720
Current portion of subscriptions liability	143,073	-	-	-	143,073
Current portion of postemployment benefits payable	-	15,736	-	2,331	18,067
Due to primary government	-	810,922	-	-	810,922
<b>Total current liabilities</b>	<b>14,488,872</b>	<b>4,437,559</b>	<b>18,066,385</b>	<b>101,915</b>	<b>37,094,731</b>
<b>Noncurrent liabilities:</b>					
Long-term debt and other liabilities	-	30,475,417	19,490,210	996,918	50,962,545
Lease liability	7,023	-	-	-	7,023
Subscriptions liability	42,360	-	-	-	42,360
OPEB liability	14,371,802	496,306	-	68,537	14,936,645
Net pension liability	120,472,000	963,424	-	262,659	121,698,083
<b>Total noncurrent liabilities</b>	<b>134,893,185</b>	<b>31,935,147</b>	<b>19,490,210</b>	<b>1,328,114</b>	<b>187,646,656</b>
<b>Total liabilities</b>	<b>149,382,057</b>	<b>36,372,706</b>	<b>37,556,595</b>	<b>1,430,029</b>	<b>224,741,387</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Future property tax revenue	13,563,128	-	-	-	13,563,128
OPEB related	42,721,352	62,757	-	9,112	42,793,221
Deferred lease revenue	-	-	19,999,504	-	19,999,504
Pension related	1,727,000	140,181	-	-	1,867,181
<b>Total deferred inflows of resources</b>	<b>58,011,480</b>	<b>202,938</b>	<b>19,999,504</b>	<b>9,112</b>	<b>78,223,034</b>
<b>NET POSITION</b>					
Net investment in capital assets	259,943,578	58,741,124	14,891,530	2,541,343	336,117,575
<b>Restricted for:</b>					
Capital projects	-	2,524,659	2,765,906	-	5,290,565
Other projects	11,460,536	-	-	-	11,460,536
Unrestricted	(42,610,414)	13,520,119	30,098,444	(210,010)	798,139
<b>Total net position</b>	<b>228,793,700</b>	<b>74,785,902</b>	<b>47,755,880</b>	<b>2,331,333</b>	<b>353,666,815</b>

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

**CITY OF AUBURN, ALABAMA**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**COMBINING STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating	Capital	Component Units		
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	Total
\$	\$	\$	\$	\$	\$	\$	
Governmental activities:							
Auburn Board of Education							
Functions/Programs							
Instruction	77,039,014	1,705,939	54,377,990	-	(20,955,085)	-	(20,955,085)
Instructional support	28,040,746	842,646	23,005,983	65,898	(4,126,219)	-	(4,126,219)
Operation and maintenance	13,938,983	185,632	3,152,078	2,531,341	(8,069,932)	-	(8,069,932)
Auxiliary services							
Student transportation services	6,929,164	205,398	4,819,247	758,100	(1,146,419)	-	(1,146,419)
Food services	6,034,137	4,549,914	529,995	-	(954,228)	-	(954,228)
General administrative services	4,111,761	3,540	500,668	-	(3,607,553)	-	(3,607,553)
Other	1,899,839	847,784	710,275	-	(341,780)	-	(341,780)
Interest and fiscal charges	13,860	-	68,663	-	54,803	-	54,803
Total governmental activities	<u>138,007,504</u>	<u>8,340,853</u>	<u>87,164,899</u>	<u>3,355,339</u>	<u>(39,146,413)</u>	<u>-</u>	<u>(39,146,413)</u>
Business-type activities:							
Water Works Board	14,271,460	14,391,608	-	2,748,128	-	2,868,276	2,868,276
Industrial Development Board	7,395,687	1,948,162	-	7,018,094	-	1,570,569	1,570,569
Public Park & Recreation Board	1,095,354	362,517	-	-	-	(732,837)	(732,837)
Downtown Redevelopment Authority	18,522	-	-	-	-	(18,522)	(18,522)
Total business-type activities	<u>22,781,023</u>	<u>16,702,287</u>	<u>-</u>	<u>9,766,222</u>	<u>-</u>	<u>3,687,486</u>	<u>3,687,486</u>
Total component units	<u>160,788,527</u>	<u>25,043,140</u>	<u>87,164,899</u>	<u>13,121,561</u>	<u>(39,146,413)</u>	<u>3,687,486</u>	<u>(35,458,927)</u>

General revenues:

Taxes:						
Sales taxes				12,552,768	-	12,552,768
Property taxes				20,180,805	-	20,180,805
Alcoholic beverage taxes				613,412	-	613,412
Other taxes				57,817	-	57,817
Unrestricted appropriations from the City of Auburn				22,855,133	1,509,632	24,364,765
Grants and contributions not restricted				2,000	15,000	17,000
Interest and investment earnings				3,960,305	1,592,106	5,552,411
Lease interest received				-	1,258,222	1,258,222
Gain (loss) on disposal of assets				-	6,914,614	6,914,614
Sale of property				-	2,045,000	2,045,000
Miscellaneous				2,634,437	542,795	3,177,232
Total general revenues				<u>62,856,677</u>	<u>13,877,369</u>	<u>76,734,046</u>
Change in net position				23,710,264	17,564,855	41,275,119
Net position - beginning				205,083,436	107,308,260	312,391,696
Net position - ending				<u>228,793,700</u>	<u>124,873,115</u>	<u>353,666,815</u>

**CITY OF AUBURN, ALABAMA**  
**DISCRETELY PRESENTED BUSINESS-TYPE COMPONENT UNITS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

	Major			Total
	Water Works	Industrial	Nonmajor	
	Board	Development Board		
	\$	\$	\$	\$
Operating revenues				
Lease revenue	-	1,701,104	-	1,701,104
Short term and other lease payments	-	165,218	-	165,218
Non-lease component revenue	-	81,840	-	81,840
Water sales and service	14,391,608	-	-	14,391,608
Sale of property	-	2,045,000	-	2,045,000
Tennis center revenue	-	-	362,517	362,517
Miscellaneous	254,674	185,856	102,265	542,795
Total operating revenues	<u>14,646,282</u>	<u>4,179,018</u>	<u>464,782</u>	<u>19,290,082</u>
Operating expenses				
Water treatment and pumping expense	4,418,129	-	-	4,418,129
Water distribution expense	1,838,411	-	-	1,838,411
Meter reading expense	788,225	-	-	788,225
Operations administration expense	614,330	-	-	614,330
Utility billing office expense	1,368,953	-	-	1,368,953
General operations expense	1,204,179	-	-	1,204,179
Cost of property sold	-	2,047,849	-	2,047,849
Salaries and wages	-	-	371,389	371,389
Contract services	-	26,519	-	26,519
Employee benefits	-	-	131,719	131,719
Repairs and maintenance	-	480,962	18,881	499,843
Advertising	-	76,742	-	76,742
Utilities	-	225,073	149,143	374,216
Rentals and leasing	-	-	1,315	1,315
Insurance	-	-	8,227	8,227
Minor equipment and tools	-	-	15,484	15,484
Professional services	-	199,128	65,963	265,091
Office supplies	-	32,760	539	33,299
Agricultural and chemical supplies	-	-	2,670	2,670
Depreciation/amortization	3,106,479	1,133,813	329,675	4,569,967
Industrial recruitment	-	402,477	-	402,477
Industrial incentives granted	-	593,340	-	593,340
Travel and training	-	18,560	328	18,888
Special events	-	37,595	-	37,595
Workforce development	-	90,620	-	90,620
Miscellaneous	-	16,419	21	16,440
Total operating expenses	<u>13,338,706</u>	<u>5,381,857</u>	<u>1,095,354</u>	<u>19,815,917</u>
Operating income (loss)	<u>1,307,576</u>	<u>(1,202,839)</u>	<u>(630,572)</u>	<u>(525,835)</u>
Non-operating revenues (expenses)				
Interest and investment earnings	671,400	902,057	18,649	1,592,106
Lease interest received	-	1,258,222	-	1,258,222
Grant Revenue	-	15,000	-	15,000
Appropriations from the City of Auburn	-	1,256,123	253,509	1,509,632
Amortization	(89,532)	-	-	(89,532)
Interest and fiscal charges	(843,222)	(2,013,830)	(18,522)	(2,875,574)
Gain/(loss) on disposal of assets	(33,721)	6,948,055	280	6,914,614
Total non-operating revenues (expenses)	<u>(295,075)</u>	<u>8,365,627</u>	<u>253,916</u>	<u>8,324,468</u>
Income (loss) before capital contributions	<u>1,012,501</u>	<u>7,162,788</u>	<u>(376,656)</u>	<u>7,798,633</u>
Capital contributions				
From other governments	-	7,018,094	-	7,018,094
From developers	1,991,928	-	-	1,991,928
From access fees	756,200	-	-	756,200
Total capital contributions	<u>2,748,128</u>	<u>7,018,094</u>	<u>-</u>	<u>9,766,222</u>
Change in net position	<u>3,760,629</u>	<u>14,180,882</u>	<u>(376,656)</u>	<u>17,564,855</u>
Net position - beginning	<u>71,025,273</u>	<u>33,574,998</u>	<u>2,707,989</u>	<u>107,308,260</u>
Net position - ending	<u>74,785,902</u>	<u>47,755,880</u>	<u>2,331,333</u>	<u>124,873,115</u>

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

**City of Auburn, Alabama**  
**Guide to Notes to the Financial Statements**  
**September 30, 2024**

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**City of Auburn, Alabama**  
**Guide to Notes to the Financial Statements**  
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# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

### **DISCRETELY PRESENTED COMPONENT UNITS**

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

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

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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

The City is the IDB's primary source of operating funds, including funds for acquisition of real property. The City has responsibility for funding deficits and operating deficiencies of the IDB. The IDB is presented as a proprietary fund type or business-type activity.

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

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

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

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

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

The City is the CDA's primary source of operating funds. The City is responsible for funding deficits and operating deficiencies of the CDA and City Council exercises significant influence over the CDA's actions. The CDA is presented as a proprietary fund type or business-type activity. The CDA had no activity for the year ending September 30, 2024, and no assets or liabilities as of September 30, 2024.

### Auburn Downtown Redevelopment Authority (ADRA)

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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

### RELATED ORGANIZATIONS

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

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

### JOINT VENTURE

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

#### Pines Crossing Golf Course Venture

The City is a party to a joint venture agreement with the City of Opelika, Alabama, to own and operate Pines Crossing Golf Course. The joint venture agreement, dated October 1, 1976, required equal capital contributions from both cities and gave each city a 50% share in the venture's net profits and losses. The agreement also provides that each City has a responsibility for 50% of golf course debts. The City of Auburn's initial capital contribution of \$589,200 was used to purchase the land and buildings, which are titled to the two cities as tenants in common. In July 2005, the clubhouse was destroyed by fire. Insurance proceeds were received, and in fiscal year 2006, the two cities appropriated the insurance proceeds to the Indian Pines Public Park Authority (the Authority) to assist in the construction of a new clubhouse. As of September 30, 2024, the City's remaining net investment in Pines Crossing Golf Course is \$472,342, which represents the initial cost of the land capitalized by the City.

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

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

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

### JOINTLY GOVERNED ORGANIZATIONS

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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

### Indian Pines Public Park Authority

The Authority is a corporation created to operate Pines Crossing Golf Course which is owned under a joint venture agreement between the City of Auburn and the City of Opelika (see above). The Authority has a five-member Board of Directors; two each are selected by the City of Auburn and the City of Opelika and the fifth member is selected by the four members appointed by the cities. A lease agreement between the Authority and the two cities authorizes the Authority to operate and maintain the golf course. The City typically does not provide any funding to the Indian Pines Public Park Authority; however, there have been appropriations in the past. During 2019 and 2020, the City approved funding for the demolition of old tennis courts and the construction of a new skate park, totaling approximately \$126,000 and \$281,000, respectively. During 2023 the City appropriated \$1,388,889 to the Authority for reconfiguration of Pines Crossing Golf Course, which represents the value of 9.7 acres of land the City donated to the Authority who then sold the land to the Auburn University Airport. In March 2022 the City approved an additional appropriation to the Authority totaling \$1,151,000 payable in five equal annual installments of \$230,200 beginning in fiscal year 2024 and payable on October 1st of each year through fiscal year 2028. In fiscal 2024, the City authorized a loan at \$525,000 to the Indian Pines Public Park Authority for additional construction costs related to Pines Crossing Golf Course improvements. This loan has a term of five years at an interest rate of 2%, with interest only paid each year until maturity.

Summary financial information for the Indian Pines Public Park Authority as of and for the year ended September 30, 2024, is as follows:

Total assets and deferred	
outflows of resources	\$ 9,650,103
Total liabilities and deferred	
inflows of resources	(4,045,980)
Total net position	<u>\$ 5,604,123</u>
Total operating revenues	\$ 1,889,476
Total operating expenses	(2,061,812)
Other revenues	340,069
Other expenses	(105,085)
Net increase in net position	<u>\$ 62,648</u>

### Lee-Russell Council of Governments

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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

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

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

### East Alabama Mental Health Center

The East Alabama Mental Health Center Board consists of 33 members, of which three are appointed by the City. The City provides an annual appropriation to the Board; however, the East Alabama Mental Health Center is not dependent on the City's funding. During 2024 the Center changed its operating name to Integrea Community Mental Health System, although its legal name remains the same.

### Lee County Youth Development Center

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

### East Alabama Health

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

### Auburn-Opelika Tourism Bureau

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

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

## **GOVERNMENTAL FUNDS**

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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

### PROPRIETARY FUNDS

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

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

### MAJOR FUNDS

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

The City reports the following major governmental funds:

The General Fund (See note above).

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

The 2024 Capital Projects Fund, a capital projects fund, accounts for funds received from the issuance of long-term debt to be expended on various capital projects approved by the City Council.

The City reports the following major proprietary funds:

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

The Solid Waste Management Fund, a proprietary fund, accounts for revenues and costs related to the provision of solid waste services.

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

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

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

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, etc.) which are otherwise being supported by general government revenues (property taxes, sales taxes, certain intergovernmental revenues, etc.).



# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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

The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include charges for services, operating grants, and capital grants. The program revenues must be directly associated with the function or a business-type activity.

Charges for services include revenues from fines and forfeitures, licenses and permit fees, user fees, and special assessment taxes. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. As a rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

The City defines the length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements to be 60 days. The specific types of major revenue sources that are susceptible to accrual include sales and use taxes, occupational license fees, lodging taxes, rental and leasing taxes, gasoline taxes and fines. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred, with the following exceptions that are in conformity with generally accepted accounting principles: general long-term obligations' principal and interest are reported only when due; inventory costs are reported in the period consumed, rather than in the period purchased; and costs of accumulated unpaid annual and sick leave are reported in the period due and payable rather than in the period earned by employees.

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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

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

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

The governmental Balance Sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the current period." The details of this \$329,568,950 difference are as follows:

Bonds and warrants payable	\$ 257,802,932
Less: Deferred amount on refunding	(983,938)
Add: Issuance premium	17,011,191
Leases payable	127,290
Subscriptions payable	473,933
Notes payable	1,531,000
Compensated absences	2,780,764
Claims and judgments	1,678,742
Landfill closure and post-closure care	77,000
Other postemployment benefits	9,952,723
Net pension liability	61,868,240
Less: Deferred outflow pension related	(18,477,555)
Less: Deferred outflow OPEB related	(5,395,367)
Add: Deferred inflow OPEB related	<u>1,121,995</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 329,568,950</u>

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

The governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and amortization expense in the current period." The details of this \$33,514,434 difference are as follows:

Capital outlay	\$ 46,371,359
Depreciation expense	(12,031,425)
Amortization expense	<u>(825,500)</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ 33,514,434</u>

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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

Another element of that reconciliation states that "The net effect of various transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase (decrease) net position." The details of this \$12,514,373 difference are as follows:

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

Donations from outside parties	\$ 12,682,258
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In the Statement of Activities, only the gain or loss on the disposal of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold or disposed of:

Remaining cost basis of disposed assets	<u>(167,885)</u>
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Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net position of governmental activities*

	<u>\$ 12,514,373</u>
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Another element of that reconciliation states that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of prepaid bond issue insurance, premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items." The details of this \$13,920,376 difference are as follows:

Debt issued or incurred:

Leases payable	\$ (17,892)
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Principal repayments on bonds, warrants and notes	12,989,870
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Principal repayments on leases payable	82,129
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Principal repayments on subscriptions payable	<u>866,269</u>
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Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net position of governmental activities*

	<u>\$ 13,920,376</u>
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# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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

Another element of that reconciliation states that "Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this \$6,875,428 difference are as follows:

Compensated absences	\$ (406,797)
Accrued interest	110,436
Claims and judgments	31,982
Landfill closure and post-closure care	7,000
Other post employment benefits	(1,207,175)
Net pension liability	(6,293,733)
Amortization of deferred amount on refunding	(150,550)
Amortization of bond premiums	912,411
Amortization of prepaid expenses	<u>120,998</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ (6,875,428)</u>

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

1. The City Manager submits to the City Council a proposed budget (operating and capital) prior to the beginning of each biennial period. The proposed budget is for two one-year periods, each beginning on October 1 and ending on the following September 30.
3. Prior to September 30, the budget is legally enacted through passage of an ordinance. Any revisions that alter the total expenditures of any fund must be approved by the City Council.
3. Annual budgets were legally adopted for the 2024 fiscal year for the General Fund, Seven-Cent Gas Tax Fund, Four and Five-Cent Gas Tax Fund, Ten-Cent Gas Tax Fund, Special School Tax Fund, Municipal Court Judicial Administration Fund, Public Safety Substance Abuse Fund, Coronavirus Local Fiscal Recovery Fund, Special 5-Mill Tax Debt Service Fund, Sewer Fund, and the Solid Waste Management Fund.
4. Budgets for the General, Special Revenue, and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
5. Each department head is responsible to the City Manager for the department's overall budgetary performance. Budgeted amounts may be transferred among line items within the department; however, any increase in total departmental appropriations must be justified to the City Manager and approved by the City Council. The legal level of budgetary control is the individual department.
6. Budgeted amounts are as originally adopted, or as amended by the City Council. Individual amendments were material in relation to the original appropriations. All budget amounts presented in the accompanying supplemental information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions to the annual budgets during the year).
7. All budgetary appropriations expire at fiscal year-end. Encumbrances of departments that did not exceed their departmental budgets may be added to the subsequent year's appropriations at the time of the mid-biennium budget review, if the City Manager so recommends and if the Council approves.

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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

8. Excess of expenditures over appropriations: In the General Fund, employee services expenditures of \$12,719,975 exceeded appropriations of \$11,654,258 and non-departmental expenditures of \$2,950,739 exceeded appropriations of \$2,777,120.

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

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

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

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

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

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

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

H. **Restricted Assets** - Certain debt proceeds of the City's component units, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants, and they are maintained in separate bank accounts. Also, funds from access fees paid by developers are restricted for capital improvement projects.

I. **Accounts Receivable** - Revenue receivables are reflected net of an allowance for doubtful accounts. For the General Fund, Sewer Fund, Solid Waste Management Fund and Water Works Board component unit, the amount of the allowance is equal to accounts receivable in excess of 90 days past due.

J. **Inventories** - Inventories of the City of Auburn primary government are valued at first-in/first-out (FIFO) method and consist of gasoline, parts, and supplies held for consumption. These inventories are recorded as an asset in the General Fund, Sewer Fund and Solid Waste Management Fund. The cost of inventories is recorded as an expenditure when the items are consumed.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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

- K. Prepaid Items** - Certain payments to vendors for services that will benefit periods beyond September 30, 2024, are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are reported as expenditures during the period benefited by the prepayment (consumption method). Prepaids of the City of Auburn primary government consist of prepaid insurance policy premiums and prepayments on large capital asset purchases required to start the manufacturing process.
- L. Capital Assets** - Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (except for software that has a capitalization threshold of \$100,000) and an estimated useful life in excess of two years. Such assets are recorded at actual cost (or estimated historical cost if actual cost is not available) if purchased or constructed. Easements are valued at 50% of the average value for commercial and residential property within the City as obtained from the Lee County Appraisers Office on an annual basis, multiplied by the square footage of the easement. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

**M. Leases**

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

The City is a lessee for noncancellable leases of office equipment and office space. The City recognizes lease liabilities and intangible right-to-use lease assets on the Statement of Net Position. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured at the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines 1) the discount rate it uses to discount the expected lease payments to present value, 2) lease term, and 3) lease payments. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the City is reasonably certain to exercise, if applicable.

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

### COMPONENT UNITS

The Board of Education follows the same lease policies as the City except the Board of Education recognizes lease liabilities with an initial, individual value of \$15,000 or more.

The Water Works Board follows the same lease policies as the City.

**Industrial Development Board** - The IDB is a lessor for noncancelable leases of industrial space in facilities owned by the Board and for property located in its industrial parks. The Board recognizes a lease receivable and a deferred inflow of resources in the Statement of Net Position. The Board recognizes lease receivables with an initial, individual value of \$25,000 or more. At the commencement of a lease, the Board initially measures the lease receivable and deferred inflow of resources at the present value of lease payments expected to be received during the lease term. The Board monitors changes in circumstances that would require a remeasurement of a lease and will remeasure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

### N. Subscription-Based Information Technology Arrangements (SBITAs)

#### CITY OF AUBURN PRIMARY GOVERNMENT

The City has entered into SBITAs with software and technology providers. The City recognizes subscription liabilities and intangible right-to-use subscription assets on the Statement of Net Position. The City recognizes subscription liabilities with an initial, individual value of \$100,000 or more.

At the commencement of a subscription term, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured at the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to subscriptions include how the City determines 1) the discount rate it uses to discount the expected subscription payments to present value, 2) subscription term, and 3) subscription payments. The City uses the interest rate charged by the software or technology provider as the discount rate. When the interest rate charged by the software or technology provider is not provided, the City uses its estimated incremental borrowing rate as the discount rate for subscriptions. The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and the purchase option price that the City is reasonably certain to exercise, if applicable.

The City monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the Statement of Net Position.

### COMPONENT UNITS

The Board of Education follows the same subscription policies as the City.

The Water Works Board and the Industrial Development Board follow the same subscription policies as the City. Neither component unit had any SBITAs that met the recognition threshold for 2024.



# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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

### O. Risk Financing

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

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

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

The City has chosen to retain the risk of loss for risks associated with its employees' health insurance plan. Premiums are charged to other funds and component units that account for employees eligible for coverage by the plan. Total premiums allocated to the participating entities are calculated using medical cost trends and claims experience. Employees may also be charged for additional benefits through supplemental insurance programs. Medical claims exceeding \$200,000 per covered individual are covered through a private insurance carrier. Liabilities associated with the plan are recorded in the City's Employee Benefit Self-Insurance fund when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported.

The City is a self-insurer under the Alabama Workers' Compensation Law for its workers' compensation exposure. Workers' compensation claims exceeding \$750,000 per injury in an accident period are covered through a private insurance carrier. Stop loss coverage is purchased through the General Fund. Liabilities include an amount for claims within the coverage deductible that have been incurred but not reported and are recorded when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated.

#### **COMPONENT UNITS**

**Board of Education** - The ABOE is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and natural disasters. The ABOE has insurance for its buildings and contents through the State Insurance Fund (SIF), Alabama Department of Finance, Division of Risk Management, a public entity risk pool, which operates as a common risk management and insurance program for state-owned properties and boards of education. The ABOE pays an annual premium based on the amount of coverage. The SIF is self-insured up to \$10 million per nonwind-related loss occurrence and \$25 million per wind-related loss occurrence. The SIF purchases commercial insurance for claims in excess of these deductibles, covering losses up to \$2 billion. Errors and omissions insurance is purchased from the Alabama Trust for Boards of Education (ATBE), a public entity risk pool. The ATBE collects the premiums and purchases commercial insurance for the amount of coverage requested by pool participants. The ABOE purchases commercial insurance for fidelity bonds and its transportation fleet. Settled claims in the past three years have not exceeded the commercial insurance coverage. Also, there have been no significant reductions in insurance coverage from the prior year.

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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

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

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

The AWWB employees are covered under the City's health insurance plan. Premiums are charged to the AWWB and are calculated using trends in actual claims experience, along with overall program costs, including third-party administration and reinsurance. Employees may also be charged for additional benefits through supplemental insurance programs. Medical claims exceeding \$200,000 per covered individual, per year, are covered through a private insurance carrier.

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

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

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

The City purchases commercial insurance from independent third parties to cover claims arising from general liability torts. The IDB is covered by this insurance. Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. The IDB had no liability for unpaid claims at September 30, 2024.

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

For risk of loss from claims arising from torts (general liability), the PPRB is covered by the City's commercial insurance purchased from third parties. Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. The PPRB had no liability for unpaid claims at September 30, 2024. Settled claims in the period since the purchase of insurance have not exceeded the insurance coverage, and there have been no significant reductions in insurance coverage from coverage in the prior year.

### **P. Long-Term Obligations**

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

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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

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

### **Q. Compensated Absences**

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

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

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

#### **COMPONENT UNITS**

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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

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

- R. Postretirement Benefits** - Upon retirement, retired employees of the City of Auburn may elect to continue their group health care benefits. The entire cost of the group health insurance premiums must be borne by the retiree. No life insurance benefits are provided to retirees. Specific information related to the City's postemployment benefits plan is included in Note 14.
- S. Pensions** - The Employees' Retirement System of Alabama (the Plan or ERS) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with the requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Annual Comprehensive Financial Report.
- T. Fund Balance** - The City has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:
- Nonspendable fund balance - amounts that are not in spendable form (such as inventory or prepaids) or are required to be maintained intact.
  - Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
  - Committed fund balance - amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint. City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution, which are equally binding. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund.
  - Assigned fund balance - amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority. The City Council has by resolution authorized the Finance Director to assign fund balance. Assigned fund balance is established by City Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).
  - Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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

The City Council has officially adopted a fund balance policy of maintaining a net ending fund balance in the General Fund that is equal to or greater than 6% of total expenditures and other financing sources. This policy has been informally updated, with a goal of maintaining a net ending fund balance in the General fund that is equal to or greater than 25% of total expenditures and other financing sources.

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

- Net investment in capital assets - represents capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. For 2024, the deferred amount on refunding of governmental activities is not included in the calculation of net investment in capital assets since it is not attributable to capital asset related debt; however, the deferred amount on refunding of business-type activities is included in the calculation of net investment in capital assets.
- Restricted net position - represents liquid assets which have third party (statutory, bond covenant or granting agency) limitations on their use. Certain enterprise funds and component units have assets that are restricted for construction that is being funded with impact fees or long-term debt; therefore, there are no net restricted assets for these amounts. The City would typically use restricted net position first as appropriate opportunities arise but reserves the right to selectively defer the use for a future project or other capital outlay.
- Unrestricted net position - represents unrestricted liquid assets. While City management may have categorized and segmented portions for various purposes, the City Council has the unrestricted authority to revisit or alter these managerial decisions.

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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

3. Interfund transfers - consist of routine, recurring transfers between funds, other than interfund loans or advances, fund reimbursements or payments between the City and component units. Interfund transfers are accounted for separately from fund revenues and expenses. See Note 20.

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

- W. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- X. Recently Implemented Accounting Pronouncements - GASB Statement No. 100, *Accounting Changes and Error Corrections*, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, consistent, and comparable information for making decisions or assessing accountability. The City adopted the new standard effective October 1, 2023. The effects of implementing this standard on the City's financial statements for the year ending September 30, 2024, are further described in Note 30.

## NOTE 2. DEPOSITS IN FINANCIAL INSTITUTIONS

As of September 30, 2024, all deposits of the City of Auburn primary government (except for its fiduciary funds), the Auburn Board of Education, the Water Works Board, the Industrial Development Board, and the Public Park and Recreation Board are held in a certified qualified public depository, and as such, are deemed fully insured. As of September 30, 2024, the Commercial Development Authority and the Auburn Downtown Redevelopment Authority did not have any deposits.



# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 3. DEPOSITS AND INVESTMENTS

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

A summary of the City's certificates of deposit and investments held as of September 30, 2024, is as follows:

	Carrying Value	Fair Value	Maturities
<u>Governmental Activities</u>			
Certificates of deposit			
General Fund	\$ 9,011,823	\$ 9,011,823	2025
Special School Tax Fund	2,919,664	2,919,664	2025
Debt Service Fund	791,263	791,263	2025
Total governmental activities	12,722,750	12,722,750	
Business Type Activities			
Sewer Fund	1,067,370	1,067,370	2025
Total certificates of deposit	\$ 13,790,120	\$ 13,790,120	
Investments			
U.S. Treasury and federal agency securities			
General Fund	\$ 43,723,242	\$ 43,723,242	2025-2029
Special School Tax Fund	48,829,676	48,829,676	2025-2029
Federal Grant Loan Repayment Fund	993,538	993,538	2025
Special 5-Mill Tax Fund	4,910,796	4,910,796	2025-2029
Sewer Fund	7,222,538	7,222,538	2025-2029
Limited Obligation Revenue Bond	1,048,665	1,048,665	2035
Total investments	\$ 106,728,455	\$ 106,728,455	

During fiscal year 2015 the City invested \$1,450,000 into the Auburn Downtown Redevelopment Authority (ADRA) to facilitate the redevelopment of downtown property. The City recognized an investment that will be reduced as payments of \$6,126 are received from ADRA on a monthly basis that commenced on December 1, 2015 and will continue through October 1, 2035 at an interest rate of 2.50% per annum. On April 1, 2020, the City agreed to defer nine months of payments through December 2020 totaling \$55,135, and added it to the final balloon payment due October 1, 2035. The final balloon payment is \$355,135 and bears no interest. The balance of the City's investment at September 30, 2024 was \$1,048,665.

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

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



# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 3. DEPOSITS AND INVESTMENTS – CONTINUED

### COMPONENT UNITS

#### Board of Education

Investments of the ABOE consist of federally sponsored debt securities, U.S. Treasury notes and donated equity securities. Investments reported in the General Fund are carried at amortized cost, which approximates fair value calculated using level 1 inputs, and investments reported in the Fiduciary Funds are carried at fair value using level 1 inputs. The ABOE does not have a formal investment policy to address the specific types of risks to which the ABOE is exposed. The ABOE's investments in Federal National Mortgage Association debt securities are rated AA+ by Fitch.

A summary of the ABOE's investments as of September 30, 2024, is as follows:

	Amortized Cost	Maturities	Short Term	Long Term
Federal National Mortgage Association	\$ 800,421	2025	\$ -	\$ 800,421
U.S. Treasury Notes	27,082,415	2024-2027	13,809,190	13,273,225
Total investments	\$ 27,882,836		\$ 13,809,190	\$ 14,073,646

At September 30, 2024, the Board of Education's restricted cash was composed of the following, all of which are insured through the SAFE Program:

	Carrying Value	Fair Value
Cash - General Fund		
Educational Trust Fund		
Advancement & Technology Fund	\$ 9,380,116	\$ 9,380,116
K-12 Capital Grant Program	301,690	301,690
Career Tech O&M	99,692	99,692
Textbooks	283,795	283,795
Penny Trust Fund	3,024	3,024
College and Career Readiness	1,974	1,974
School Safety Grants	1,050	1,050
Robotics Grant Program	1,330	1,330
Cash - Other Governmental Funds		
Child Nutrition Program	4,377,398	4,377,398
E-rate	(802,398)	(802,398)
	\$ 13,647,671	\$ 13,647,671

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 3. DEPOSITS AND INVESTMENTS - CONTINUED

### Water Works Board

At September 30, 2024, the Water Board's restricted cash and cash equivalents were comprised of the following:

<u>Restricted cash (access fees)</u>	
Cash	\$ 984,886
Government Money Market	1,539,773
Total restricted cash	\$ 2,524,659

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

### Industrial Development Board

At September 30, 2024, the Industrial Development Board's investments were comprised of the following:

<u>Restricted cash and investments</u>	Carrying Value	Fair Value
Cash (SAFE deposit)		
Restricted for capital projects	\$ 2,765,906	\$ 2,765,906

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

<u>Unrestricted investments</u>	Carrying Value	Fair Value
Certificates of deposit		
AuburnBank, .30%, maturity date May 3, 2025	\$ 104,437	\$ 104,437
AuburnBank, 4.5%, maturity date May 16, 2025	5,056,712	5,056,712
AuburnBank, 4.5%, maturity date July 3, 2025	2,000,000	2,000,000
River Bank & Trust, .60%, maturity date May 14, 2025	104,709	104,709
PNC Bank, 4.2%, maturity date January 14, 2025	100,000	100,000
	\$ 7,365,858	\$ 7,365,858

The above certificates of deposit are held in a certified qualified public depository and are entirely insured.

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 4. ACCOUNTS RECEIVABLE

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

	General Fund	Special School Tax Fund	Nonmajor Governmental Funds	Sewer Fund	Solid Waste Fund	Component Units	Total
Receivables:							
Revenues receivable	\$ 17,657,807	\$ 135,605	\$ 506,350	\$ 1,617,673	\$ 706,699	\$ 2,831,293	\$ 23,455,427
Grants receivable	-	-	528,511	-	-	-	528,511
Receivable from other governmental units	1,466,189	-	-	-	-	-	1,466,189
Other receivables	<u>6,085,546</u>	<u>277,192</u>	<u>52,063</u>	<u>71,682</u>	<u>50</u>	<u>69,847</u>	<u>6,556,380</u>
Gross receivables	25,209,542	412,797	1,086,924	1,689,355	706,749	2,901,140	32,006,507
Less: allowance for uncollectibles	<u>(5,090,082)</u>	<u>-</u>	<u>(303,948)</u>	<u>(126,430)</u>	<u>(56,366)</u>	<u>(125,667)</u>	<u>(5,702,493)</u>
Net receivables	<u>\$ 20,119,460</u>	<u>\$ 412,797</u>	<u>\$ 782,976</u>	<u>\$ 1,562,925</u>	<u>\$ 650,383</u>	<u>\$ 2,775,473</u>	<u>\$ 26,304,014</u>

## NOTE 5. MORTGAGES AND NOTES RECEIVABLE

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

## NOTE 6. PROPERTY FOR RESALE

### CITY OF AUBURN PRIMARY GOVERNMENT

During fiscal year 2003, the City purchased seven outparcels of land for future mall expansion totaling \$4,131,127. One of the lots has been leased to Lee County for \$1 per year for 10 years beginning May 2007. The County extended the lease for additional five-year terms in May 2017 and May 2022 as allowed under the original lease. The City anticipates extending the lease with the County in May 2027. The County constructed the satellite office of the Lee County Courthouse on this site.

### COMPONENT UNITS

#### Industrial Development Board

The following is a schedule of changes in property for resale for the year ended September 30, 2024:

	Balance 10/1/2023	Additions	Reclassi- fications	Disposals	Balance 9/30/2024
Land and buildings	\$ 8,091,310	\$ 7,519,545	\$ 2,490,933	\$ (2,197,231)	\$ 15,904,557
Improvements in progress	<u>4,042,443</u>	<u>482,362</u>	<u>(2,653,910)</u>	<u>(290,852)</u>	<u>1,580,043</u>
Total property held for resale	<u>\$ 12,133,753</u>	<u>\$ 8,001,907</u>	<u>\$ (162,977)</u>	<u>\$(2,488,083)</u>	<u>\$ 17,484,600</u>

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 7. PROPERTY TAXES

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

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 8. CAPITAL ASSETS

### CITY OF AUBURN PRIMARY GOVERNMENT

Capital asset activity for the City's governmental activities for the year ended September 30, 2024, was as follows:

	Balance 10/1/2023	Transfers/ Additions	Transfers/ Deductions	Balance 9/30/2024
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 29,469,318	\$ 1,778,623	\$ -	\$ 31,247,941
Construction in progress	32,155,372	40,300,502	(61,527,728)	10,928,146
Total capital assets, not being depreciated	61,624,690	42,079,125	(61,527,728)	42,176,087
Capital assets, being depreciated/amortized:				
Buildings and improvements	139,537,228	33,979,044	(29,515)	173,486,757
Heavy equipment	4,682,706	1,175,425	(42,450)	5,815,681
Office equipment	8,172,179	799,622	(17,021)	8,954,780
Small tools and equipment	3,258,002	550,280	(39,732)	3,768,550
Vehicles	13,767,675	3,090,299	(50,758)	16,807,216
Infrastructure	289,774,735	37,879,884	-	327,654,619
Right-to-use leased assets	319,580	17,893	-	337,473
Right-to-use subscription assets	2,142,715	-	-	2,142,715
Total capital assets, being depreciated/amortized	461,654,820	77,492,447	(179,476)	538,967,791
Less accumulated depreciation/amortization for:				
Buildings and improvements	(27,695,052)	(3,803,860)	19,285	(31,479,627)
Heavy equipment	(3,049,637)	(396,857)	42,450	(3,404,044)
Office equipment	(5,865,722)	(730,734)	17,021	(6,579,435)
Small tools and equipment	(2,167,093)	(439,885)	32,110	(2,574,868)
Vehicles	(10,644,431)	(1,094,869)	50,757	(11,688,543)
Infrastructure	(97,703,631)	(5,565,221)	-	(103,268,852)
Right-to-use leased assets	(130,659)	(83,295)	-	(213,954)
Right-to-use subscription assets	(722,582)	(742,205)	-	(1,464,787)
Total accumulated depreciation/amortization	(147,978,807)	(12,856,926)	161,623	(160,674,110)
Total capital assets, being depreciated/amortized, net	313,676,013	64,635,521	(17,853)	378,293,681
Governmental activities capital assets, net	\$375,300,703	\$ 106,714,646	\$ (61,545,581)	\$ 420,469,768

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 8. CAPITAL ASSETS - CONTINUED

Capital asset activity for the City's business-type activities for the year ended September 30, 2024, was as follows:

	<u>Balance</u> <u>10/1/2023</u>	<u>Transfers/</u> <u>Additions</u>	<u>Transfers/</u> <u>Deductions</u>	<u>Balance</u> <u>9/30/2024</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 164,626	\$ 5,862	\$ -	\$ 170,488
Construction in progress	104,825	2,136,066	(469,069)	1,771,822
Total capital assets, not being depreciated	<u>269,451</u>	<u>2,141,928</u>	<u>(469,069)</u>	<u>1,942,310</u>
Capital assets, being depreciated:				
Buildings and improvements	28,099,854	-	-	28,099,854
Sewage plants and lines	87,187,283	2,561,027	(57,113)	89,691,197
Machinery and equipment	5,815,316	453,441	(65,827)	6,202,930
Small tools and equipment	14,050	-	-	14,050
Vehicles	8,188,797	1,318,679	(50,960)	9,456,516
Total capital assets, being depreciated	<u>129,305,300</u>	<u>4,333,147</u>	<u>(173,900)</u>	<u>133,464,547</u>
Less accumulated depreciation for:				
Buildings and improvements	(9,066,409)	(913,581)	-	(9,979,990)
Sewage plants and lines	(27,011,197)	(1,750,000)	57,113	(28,704,084)
Machinery and equipment	(3,987,656)	(464,588)	65,826	(4,386,418)
Small tools and equipment	(7,999)	(1,370)	-	(9,369)
Vehicles	(6,143,970)	(647,827)	45,627	(6,746,170)
Total accumulated depreciation	<u>(46,217,231)</u>	<u>(3,777,366)</u>	<u>168,566</u>	<u>(49,826,031)</u>
Total capital assets, being depreciated, net	<u>83,088,069</u>	<u>555,781</u>	<u>(5,334)</u>	<u>83,638,516</u>
Business-type activities capital assets, net	<u>\$ 83,357,520</u>	<u>\$ 2,697,709</u>	<u>\$ (474,403)</u>	<u>\$ 85,580,826</u>

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 8. CAPITAL ASSETS - CONTINUED

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

Governmental activities:

General government and administration	\$ 1,011,695
Public works	5,993,003
Environmental services	568,279
Public safety	2,565,890
Library	189,760
Parks and recreation	1,939,963
Development services	357,943
Social and economic development	116,213
Employee services	<u>114,180</u>

Total depreciation/amortization expense

governmental activities \$ 12,856,926

Business-type activities:

Sewer Fund	\$ 3,299,510
Solid Waste Management Fund	<u>477,858</u>
Total depreciation expense - business-type activities	<u><u>\$ 3,777,368</u></u>



# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 8. CAPITAL ASSETS - CONTINUED

### COMPONENT UNITS

#### Board of Education

Capital asset activity for the year ended September 30, 2024, was as follows:

	Balance 10/1/2023	Transfers/ Additions	Transfers/ Deductions	Balance 9/30/2024
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 18,766,075	\$ 827,770	\$ -	\$ 19,593,845
Construction in progress	<u>22,351,771</u>	<u>10,573,010</u>	<u>(20,919,581)</u>	<u>12,005,200</u>
Total capital assets, not being depreciated	<u>41,117,846</u>	<u>11,400,780</u>	<u>(20,919,581)</u>	<u>31,599,045</u>
Capital assets, being depreciated/amortized:				
Land improvements	12,821,261	1,790,245	-	14,611,506
Buildings and improvements	252,701,423	23,069,612	(176,739)	275,594,296
Furniture, equipment and vehicles	16,580,429	2,295,390	(676,746)	18,199,073
Right-to-use leased assets	90,086	-	(12,438)	77,648
Right-to-use subscription assets	<u>1,222,521</u>	<u>426,163</u>	<u>(92,031)</u>	<u>1,556,653</u>
Total capital assets, being depreciated/amortized	<u>283,415,720</u>	<u>27,581,410</u>	<u>(957,954)</u>	<u>310,039,176</u>
Less accumulated depreciation/amortization for:				
Land improvements	(3,904,029)	(565,259)	-	(4,469,288)
Buildings and improvements	(59,192,007)	(5,975,308)	88,369	(65,078,946)
Furniture, equipment and vehicles	(10,851,472)	(1,216,841)	661,976	(11,406,337)
Right-to-use leased assets	(47,430)	(26,607)	12,438	(61,599)
Right-to-use subscription assets	<u>(199,995)</u>	<u>(368,795)</u>	<u>92,031</u>	<u>(476,759)</u>
Total accumulated depreciation/amortization	<u>(74,194,933)</u>	<u>(8,152,810)</u>	<u>854,814</u>	<u>(81,492,929)</u>
Total capital assets, being depreciated/amortized, net	<u>209,220,787</u>	<u>19,428,600</u>	<u>(103,140)</u>	<u>228,546,247</u>
Total governmental activities capital assets, net	<u>\$ 250,338,633</u>	<u>\$ 30,829,380</u>	<u>\$ (21,022,721)</u>	<u>\$ 260,145,292</u>

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 8. CAPITAL ASSETS - CONTINUED

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

Governmental activities:

Instruction	\$ 6,601,923
Instructional support	485,304
Operation and maintenance	115,218
Auxiliary services	
Student transportation services	894,837
Food services	51,285
General administrative services	<u>4,243</u>
Total depreciation/amortization expense - governmental activities	<u><u>\$ 8,152,810</u></u>

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 8. CAPITAL ASSETS - CONTINUED

### Water Works Board

Capital asset activity for the year ended September 30, 2024, was as follows:

	Balance 10/1/2023	Transfers/ Additions	Transfers/ Deductions	Balance 9/30/2024
Business-type activity:				
Capital assets, nondepreciable:				
Land and land clearing	\$ 1,633,587	\$ -	\$ -	\$ 1,633,587
Construction in progress	<u>237,288</u>	<u>1,994,260</u>	<u>(2,070,080)</u>	<u>161,468</u>
Total capital assets, nondepreciable	<u>1,870,875</u>	<u>1,994,260</u>	<u>(2,070,080)</u>	<u>1,795,055</u>
Capital assets, depreciable:				
Utility system and plant	118,543,968	3,583,053	(927,428)	121,199,593
Buildings and improvements	7,905,055	-	-	7,905,055
Vehicles	1,737,751	95,602	-	1,833,353
Machinery, equipment and tools	1,483,572	472,199	(29,535)	1,926,236
Office equipment	788,420	61,338	-	849,758
Right-to-use leased office equipment	<u>22,140</u>	<u>-</u>	<u>-</u>	<u>22,140</u>
Total capital assets, depreciable	<u>130,480,906</u>	<u>4,212,192</u>	<u>(956,963)</u>	<u>133,736,135</u>
Less accumulated depreciation/ amortization for:				
Utility system and plant	(37,007,178)	(2,466,542)	890,532	(38,583,188)
Buildings and improvements	(4,553,391)	(316,087)	-	(4,869,478)
Vehicles	(1,006,755)	(172,518)	-	(1,179,273)
Machinery, equipment and tools	(1,014,036)	(125,143)	29,535	(1,109,644)
Office equipment	(760,056)	(20,104)	-	(780,160)
Right-to-use leased office equipment	<u>(13,204)</u>	<u>(6,083)</u>	<u>-</u>	<u>(19,287)</u>
Total accumulated depreciation/amortization	<u>(44,354,620)</u>	<u>(3,106,477)</u>	<u>920,067</u>	<u>(46,541,030)</u>
Total capital assets, depreciable, net	<u>86,126,286</u>	<u>1,105,715</u>	<u>(36,896)</u>	<u>87,195,105</u>
Business-type activity capital assets, net	<u>\$ 87,997,161</u>	<u>\$ 3,099,975</u>	<u>\$ (2,106,976)</u>	<u>\$ 88,990,160</u>

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 8. CAPITAL ASSETS - CONTINUED

### Industrial Development Board

Capital asset activity for the year ended September 30, 2024, was as follows:

	Balance 10/1/2023	Additions	Retirements/ Reclassifications	Balance 9/30/2024
Business-type activity:				
Capital assets, not being depreciated:				
Land	\$ 4,194,667	\$ -	\$ (1,874,468)	\$ 2,320,199
Construction in progress	100,166	1,615,166	-	1,715,332
Total capital assets, not being depreciated	4,294,833	1,615,166	(1,874,468)	4,035,531
Capital assets, being depreciated:				
Buildings	44,962,261	-	(13,300,444)	31,661,817
Building improvements	2,892,587	981,436	-	3,874,023
Land improvements	1,728,856	5,050	(168,339)	1,565,567
Equipment	1,410,706	22,667	(98,929)	1,334,444
Vehicles	172,615	-	-	172,615
Total capital assets, being depreciated	51,167,025	1,009,153	(13,567,712)	38,608,466
Accumulated depreciation				
Buildings	(11,987,044)	(803,775)	5,103,058	(7,687,761)
Building improvements	(623,560)	(113,335)	-	(736,895)
Land improvements	(1,096,515)	(52,957)	43,955	(1,105,517)
Equipment	(1,126,462)	(159,452)	86,000	(1,199,914)
Vehicles	(168,321)	(4,294)	-	(172,615)
Total accumulated depreciation	(15,001,902)	(1,133,813)	5,233,013	(10,902,702)
Total capital assets, being depreciated, net	36,165,123	(124,660)	(8,334,699)	27,705,764
Total capital assets, net	\$40,459,956	\$ 1,490,506	\$ (10,209,167)	\$ 31,741,295

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 8. CAPITAL ASSETS - CONTINUED

### Public Park and Recreation Board

Capital asset activity for the year ended September 30, 2024, was as follows:

	Balance 10/1/2023	Transfers/ Additions	Transfers/ Deductions	Balance 9/30/2024
Business-type activity:				
Capital assets, being depreciated:				
Buildings and improvements	\$7,538,253	\$ 16,000	\$ -	\$7,554,253
Machinery and equipment	52,908	-	(7,999)	44,909
Vehicles	9,149	-	-	9,149
Total capital assets, being depreciated	7,600,310	16,000	(7,999)	7,608,311
Less accumulated depreciation for:				
Buildings and improvements	(4,685,131)	(327,779)	-	(5,012,910)
Machinery and equipment	(52,080)	(828)	7,999	(44,909)
Vehicles	(8,082)	(1,067)	-	(9,149)
Total accumulated depreciation	(4,745,293)	(329,674)	7,999	(5,066,968)
Business-type activity capital assets, net	\$ 2,855,017	\$ (313,674)	\$ -	\$ 2,541,343

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 9. LONG-TERM LIABILITIES

### CITY OF AUBURN PRIMARY GOVERNMENT

#### Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2024, was as follows:

	Balance 10/1/2023	Additions	Reductions	Balance 9/30/2024	Due Within One Year
Governmental activities:					
Bonds and warrants payable:					
General obligation bonds	\$ 111,330,000	\$ -	\$ (2,325,000)	\$109,005,000	\$ 1,925,000
General obligation warrants	84,276,531	-	(3,394,300)	80,882,231	3,529,300
General obligation warrants from direct placements	75,006,272	-	(7,090,569)	67,915,703	6,327,552
Bond issue premiums	<u>17,923,602</u>	<u>-</u>	<u>(912,411)</u>	<u>17,011,191</u>	<u>-</u>
Total bonds and warrants payable	288,536,405	-	(13,722,280)	274,814,125	11,781,852
Notes payable	1,711,000	-	(180,000)	1,531,000	180,000
Leases	191,526	17,893	(82,129)	127,290	78,590
Subscriptions	1,340,196	-	(866,263)	473,933	473,933
Accumulated annual leave	2,373,966	537,672	(130,874)	2,780,764	205,576
Claims payable	1,730,962	462,641	(514,861)	1,678,742	104,012
Landfill closure and postclosure care liability	84,000	-	(7,000)	77,000	7,000
Other postemployment benefits liability	4,837,127	5,115,595	-	9,952,722	292,565
Net pension liability	<u>60,851,602</u>	<u>1,016,638</u>	<u>-</u>	<u>61,868,240</u>	<u>-</u>
Governmental activities long-term liabilities	<u>361,656,784</u>	<u>7,150,439</u>	<u>(15,503,407)</u>	<u>353,303,816</u>	<u>13,123,528</u>
Business-type activities:					
General obligation warrants payable:					
Warrants payable	3,848,469	-	(1,335,700)	2,512,769	270,700
Warrants payable from direct placements	17,290,000	-	(2,345,000)	14,945,000	1,415,000
Warrant issue premiums	<u>282,839</u>	<u>-</u>	<u>(31,426)</u>	<u>251,413</u>	<u>-</u>
Total warrants payable	21,421,308	-	(3,712,126)	17,709,182	1,685,700
Accumulated annual leave	202,005	30,416	(14,414)	218,007	15,496
Other postemployment benefits liability	535,238	672,568	-	1,207,806	38,465
Net pension liability	<u>4,433,984</u>	<u>80,519</u>	<u>-</u>	<u>4,514,503</u>	<u>-</u>
Business-type activities long-term liabilities	<u>26,592,535</u>	<u>783,503</u>	<u>(3,726,540)</u>	<u>23,649,498</u>	<u>1,739,661</u>
Total primary government					
long-term liabilities	<u>\$ 388,249,319</u>	<u>\$ 7,933,942</u>	<u>\$ (19,229,947)</u>	<u>\$ 376,953,314</u>	<u>\$ 14,863,189</u>

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 9. LONG-TERM LIABILITIES – CONTINUED

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

Bonds, notes and warrants payable of the City of Auburn at September 30, 2024, are comprised of the following individual issues:

	Interest Rate	Interest Dates	Source of Payment	Principal Issued	Principal Outstanding September 30, 2024	Year of Final Principal Maturity
Governmental activities:						
Bonds payable:						
General obligation bonds, dated 06.23.2015 (New high school and school capital improvements)	2.25%-5%	5/1-11/1	Special 5-Mill Tax Fund ad valorem taxes	\$78,145,000	\$ 74,495,000	2045
General obligation bonds, dated 10.17.2019 (New school)	3%-5%	5/1-11/1	Special 5-Mill Tax Fund ad valorem taxes	<u>37,090,000</u>	<u>34,510,000</u>	2049
Total bonds payable				<u>115,235,000</u>	<u>109,005,000</u>	
Notes Payable:						
Note payable, U. S. Dept of Housing and Urban Development, dated 03.27.2012 (Loan Guarantee Assistance)	LIBOR+0.2%	Monthly	Section 108 Loan Program Fund	<u>3,312,000</u>	<u>1,531,000</u>	2034
Warrants payable:						
General obligation warrants, dated 09.22.2006 (Tennis center - AU portion)	4.23%	3/1 - 9/1	Full faith credit and taxing power of the City of Auburn	3,700,000	523,269	2026
General obligation school warrants, dated 02.22.2012 (Pick Elementary School and land)	2.78%	Monthly	Special School Tax Fund ad valorem taxes	18,500,000	8,066,555	2032



# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 9. LONG-TERM LIABILITIES - CONTINUED

	Interest Rate	Interest Dates	Source of Payment	Principal Issued	Principal Outstanding September 30, 2024	Year of Final Principal Maturity
Warrants payable:						
General obligation warrants, dated 10.28.2014 (partially refund '05 warrants - school improvement)	1% - 5%	2/1-8/1	Special School Tax Fund ad valorem taxes	10,240,000	60,000	2026
General obligation school warrants, dated 08.04.2017 (New elementary school)	2.58%	2/1-8/1	Special School Tax Fund ad valorem taxes	18,000,000	12,711,631	2037
General obligation warrants, dated 05.08.2018 (New public safety complex & other improvements)	2% - 5%	5/1-11/1	Full faith credit and taxing power of the City of Auburn	30,610,000	27,195,000	2048
General obligation warrants, dated 12.11.2018 (Refund '08 warrants) (Auburn HS renovations)	3.01%	Monthly	Special School Tax Fund ad valorem taxes	5,259,668	2,255,248	2028
General obligation refunding school warrants, dated 03.10.2020 (Refund '10-A School Warrants)	1.56%	2/1-8/1	Special School Tax Fund ad valorem taxes	14,625,000	4,390,000	2026
General obligation warrants, dated 07.27.2020 (New parking deck and other capital improvements)	2.30%	2/1-8/1	Full faith credit and taxing power of the City of Auburn	16,000,000	13,399,000	2040
General obligation school warrants, dated 08.19.2021 (New elementary school & other improvements)	2% - 4%	2/1-8/1	Special School Tax Fund ad valorem taxes	17,915,000	15,935,000	2041

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 9. LONG-TERM LIABILITIES - CONTINUED

	Interest Rate	Interest Dates	Source of Payment	Principal Issued	Principal Outstanding September 30, 2024	Year of Final Principal Maturity
General obligation refunding school warrants, dated 08.19.2021 (Partially refund '14-B School Warrants)	.31% - 2.16%	2/1-8/1	Special School Tax Fund ad valorem taxes	10,955,000	10,635,000	2035
General obligation warrants, dated 08.18.2022 (Public works and environmental services capital improvements)	4% - 5%	2/1-8/1	Full faith credit and taxing power of the City of Auburn	48,925,000	45,597,000	2042
General obligation refunding school warrants, dated 08.18.2022 (Refund '12-B School Warrants)	4% - 5%	2/1-8/1	Special School Tax Fund ad valorem taxes	10,245,831	8,030,231	2030
Total warrants payable				<u>204,975,499</u>	<u>148,797,934</u>	
Total governmental activity bonds, notes, and warrants payable				<u>323,522,499</u>	<u>259,333,934</u>	
Business-type activities:						
Warrants payable:						
General obligation warrants, dated 8.19.21 (Partial refund '14 warrants)	.31% - 2.16%	2/1-8/1	Sewer Fund	15,870,000	14,945,000	2034
General obligation warrants, dated 8.18.22 (Refund '12-B warrants)	4% - 5%	2/1-8/1	Sewer Fund	3,009,169	2,512,769	2032
Total business type activity warrants payable				<u>18,879,169</u>	<u>17,457,769</u>	
Total bonds, notes, and warrants payable				<u>\$ 342,401,668</u>	<u>\$ 276,791,703</u>	

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 9. LONG-TERM LIABILITIES - CONTINUED

The following schedule shows debt service to maturity for bonds, notes, and warrants payable of the City of Auburn at September 30, 2024:

Fiscal Year	Total Annual Requirements			Governmental Activity Bonds, Notes, and Warrants Payable			Business-type Activity Warrants Payable		
	Principal	Interest	Total	Total			Principal	Interest	Requirements
				Principal	Interest	Requirements			
2025	\$ 13,647,552	\$ 10,552,639	\$ 24,200,191	\$ 11,961,852	\$ 10,218,618	\$ 22,180,470	\$ 1,685,700	\$ 334,021	\$ 2,019,721
2026	15,344,623	10,130,890	25,475,513	13,638,923	9,823,364	23,462,287	1,705,700	307,526	2,013,226
2027	13,263,516	9,622,006	22,885,522	11,527,816	9,344,407	20,872,223	1,735,700	277,599	2,013,299
2028	13,578,869	9,105,655	22,684,524	11,808,169	8,860,184	20,668,353	1,770,700	245,471	2,016,171
2029	13,573,915	8,579,503	22,153,418	11,773,215	8,369,219	20,142,434	1,800,700	210,284	2,010,984
2030	14,068,032	8,034,573	22,102,605	12,070,763	7,856,695	19,927,458	1,997,269	177,878	2,175,147
2031	14,679,645	7,516,110	22,195,755	12,906,145	7,373,252	20,279,397	1,773,500	142,858	1,916,358
2032	14,371,058	7,050,253	21,421,311	12,557,558	6,945,562	19,503,120	1,813,500	104,691	1,918,191
2033	14,018,266	6,592,879	20,611,145	12,443,266	6,529,049	18,972,315	1,575,000	63,830	1,638,830
2034	14,490,692	6,067,445	20,558,137	12,890,692	6,034,485	18,925,177	1,600,000	32,960	1,632,960
2035	13,297,799	5,518,687	18,816,486	13,297,799	5,518,687	18,816,486			
2036	11,697,607	4,982,887	16,680,494	11,697,607	4,982,887	16,680,494			
2037	12,179,129	4,503,214	16,682,343	12,179,129	4,503,214	16,682,343			
2038	11,498,000	4,023,013	15,521,013	11,498,000	4,023,013	15,521,013			
2039	11,987,000	3,551,069	15,538,069	11,987,000	3,551,069	15,538,069			
2040	12,431,000	3,057,173	15,488,173	12,431,000	3,057,173	15,488,173			
2041	11,945,000	2,538,488	14,483,488	11,945,000	2,538,488	14,483,488			
2042	11,250,000	2,032,956	13,282,956	11,250,000	2,032,956	13,282,956			
2043	7,850,000	1,530,556	9,380,556	7,850,000	1,530,556	9,380,556			
2044	8,195,000	1,200,556	9,395,556	8,195,000	1,200,556	9,395,556			
2045	8,530,000	877,150	9,407,150	8,530,000	877,150	9,407,150			
2046	3,455,000	540,550	3,995,550	3,455,000	540,550	3,995,550			
2047	3,585,000	407,175	3,992,175	3,585,000	407,175	3,992,175			
2048	3,725,000	268,625	3,993,625	3,725,000	268,625	3,993,625			
2049	2,025,000	124,700	2,149,700	2,025,000	124,700	2,149,700			
2050	2,105,000	42,100	2,147,100	2,105,000	42,100	2,147,100			
<b>Total</b>	<b>\$276,791,703</b>	<b>\$ 118,450,852</b>	<b>\$395,242,555</b>	<b>\$ 259,333,934</b>	<b>\$ 116,553,734</b>	<b>\$ 375,887,668</b>	<b>\$17,457,769</b>	<b>\$ 1,897,118</b>	<b>\$ 19,354,887</b>

In the current year and prior years, the government defeased various general obligation bonds and warrants by placing the proceeds of the new bonds or warrants in an irrevocable trust account to provide for all future debt service payments on the old bonds and warrants. Accordingly, the trust account assets and the liabilities for the defeased bonds and warrants are not included in the government's financial statements. At September 30, 2024, \$59,795,000 of defeased bonds and warrants remain outstanding.

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 9. LONG-TERM LIABILITIES - CONTINUED

### COMPONENT UNITS

#### Board of Education

The Board had an installment agreement with Xerox for multiple printers at schools. This installment agreement was signed in October 2020, payable in monthly installments of \$899 with an interest rate of 10%, and matured in November 2023. In addition to the notes payable, information related to the Board's lease and subscription liabilities, are shown below.

Notes, leases and subscription arrangements payable of the Board as of September 30, 2024, are comprised of:

	Balance <u>10/1/2023</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>9/30/2024</u>
Governmental activities:				
Notes payable, Xerox	\$ 1,777	\$ -	\$ (1,777)	\$ -
Lease liability	42,856	-	(26,575)	16,281
Subscription liability	<u>336,606</u>	<u>426,163</u>	<u>(577,336)</u>	<u>185,433</u>
Governmental activities				
long-term liabilities	<u>\$ 381,239</u>	<u>\$ 426,163</u>	<u>\$ (605,688)</u>	<u>\$ 201,714</u>

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 9. LONG-TERM LIABILITIES - CONTINUED

### Water Works Board

#### Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2024, was as follows:

	Balance 10/1/2023	Additions	Reductions	Balance 9/30/2024	Due Within One Year
Business-type activities:					
Bonds payable:					
Bonds payable - 2020A	\$ 13,260,000	\$ -	\$ (1,185,000)	\$ 12,075,000	\$ 1,215,000
Bonds payable - 2020B	17,815,000	-	(205,000)	17,610,000	215,000
Premiums on bonds	2,250,632	-	(136,402)	2,114,230	-
Leases	8,724	-	(6,262)	2,462	2,462
	<u>33,334,356</u>	<u>-</u>	<u>(1,532,664)</u>	<u>31,801,692</u>	<u>1,432,462</u>
Accumulated annual leave	90,727	15,460	-	106,187	-
Other postemployment benefits liability	236,900	275,142	-	512,042	15,736
Net pension liability	982,703	-	(19,279)	963,424	-
	<u>1,310,330</u>	<u>290,602</u>	<u>(19,279)</u>	<u>1,581,653</u>	<u>15,736</u>
Business-type activity long-term liabilities	<u>\$ 34,644,686</u>	<u>\$ 290,602</u>	<u>\$ (1,551,943)</u>	<u>\$ 33,383,345</u>	<u>\$ 1,448,198</u>

Bonds payable at September 30, 2024, are comprised of an original bond issue of \$16,860,000 dated March 26, 2020 known as the Series 2020-A Water Revenue Bonds and an original bond issue of \$18,475,000 dated March 26, 2020 known as the Series 2020-B Taxable Water Revenue Bonds.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 9. LONG-TERM LIABILITIES - CONTINUED

Bonds payable of the Water Works Board of the City of Auburn at September 30, 2024, are comprised of the following individual issues:

	Interest Rate	Interest Dates	Source of Payment	Principal Issued	Principal Outstanding September 30, 2024	Year of Final Principal Maturity
Business type activities						
Bonds payable:						
Series 2020-A Bonds,	2.125%					
Dated 03.26.2020	to 4.0%	3/1-9/1	Revenues	\$ 16,860,000	\$ 12,075,000	2039
Series 2020-B Bonds,	1.388%					
Dated 03.26.2020	to 2.98%	3/1-9/1	Revenues	<u>18,475,000</u>	<u>17,610,000</u>	2040
Total bonds payable				<u>\$ 35,335,000</u>	<u>\$ 29,685,000</u>	

The following schedule shows debt service to maturity for bonds payable of the Water Works Board of the City of Auburn at September 30, 2024:

Year ending September 30	Principal	Interest	Total
2025	\$ 1,430,000	\$ 939,000	\$ 2,369,000
2026	1,480,000	886,943	2,366,943
2027	1,535,000	832,378	2,367,378
2028	1,595,000	775,435	2,370,435
2029	1,650,000	715,944	2,365,944
2030-2034	9,215,000	2,625,867	11,840,867
2035-2039	10,605,000	1,237,755	11,842,755
2040	<u>2,175,000</u>	<u>64,750</u>	<u>2,239,750</u>
Total	<u>\$ 29,685,000</u>	<u>\$ 8,078,072</u>	<u>\$37,763,072</u>

The Water Revenue Bonds are collateralized by a pledge of net system revenues derived, and to be derived from, the operation of the AWWB's water system. The AWWB is also required to maintain such rates and charges for the water service and other services supplied from the system and make collections from the users thereof in such a manner as shall produce revenues sufficient at all times (i) to provide for payment of all operating expenses, (ii) to produce annual net income of not less than 110% of the then applicable maximum annual debt service requirement, and (iii) to make all monthly payments provided herein. These coverage requirements have been met by the AWWB for the year ended September 30, 2024.

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 9. LONG-TERM LIABILITIES - CONTINUED

### Industrial Development Board

The following is a summary of changes in notes payable of the IDB for the year ended September 30, 2024:

	Balance 10/1/2023	Additions	Reductions	Balance 9/30/2024	Due Within One Year
Long term notes payable	\$ 41,829,205	\$ -	\$ (9,310,670)	\$ 32,518,535	\$ 13,028,325
Short term notes payable	-	4,341,525	-	4,341,525	4,341,525
Total	\$ 41,829,205	\$ 4,341,525	\$ (9,310,670)	\$ 36,860,060	\$ 17,369,850

Short-term notes were issued to finance the purchase of land for resale and the construction of the ACDI Business Center. As of September 30, 2024, there was an outstanding balance of \$4,341,525 on short-term loans.

During fiscal year 2019, the IDB obtained a line of credit for \$1,000,000 from AuburnBank for the purpose of acquiring equipment. The line matures on September 19, 2029, and bears interest at 5.50%. Draws totaling \$999,607 have been made against the line since its inception (\$0 in fiscal year 2024), and the amount of available credit at September 30, 2024, was \$500,000. All equipment owned by the IDB is pledged as security for the line of credit.

Long-term notes payable of the IDB at September 30, 2024, are comprised of the following individual issues:

	Interest Rate	Interest Dates	Principal Issued	Principal Outstanding 9/30/2024	Year of Final Principal Maturity
AuburnBank	5.00%	Monthly	\$ 2,157,341	\$ 1,423,542	2025
AuburnBank	7.50%	Monthly	5,525,000	4,754,985	2029
AuburnBank	3.80%	Monthly	5,738,184	4,955,284	2025
AuburnBank	5.00%	Monthly	260,000	62,098	2026
AuburnBank	4.50%	Monthly	2,700,000	2,000,667	2027
AuburnBank	4.75%	Monthly	5,000,000	3,995,173	2030
AuburnBank	5.50%	Monthly	999,608	500,000	2029
AuburnBank	4.50%	Monthly	9,475,500	7,432,128	2026
AuburnBank	4.50%	Monthly	1,000,000	924,741	2027
AuburnBank	5.00%	Monthly	150,000	78,788	2026
AuburnBank	4.50%	Monthly	600,000	450,708	2027
AuburnBank	5.00%	Monthly	250,000	237,041	2028
AuburnBank	7.50%	Monthly	875,000	328,096	2029
AuburnBank	4.25%	Monthly	7,059,363	5,375,284	2025
Total notes payable			\$ 41,789,996	\$ 32,518,535	

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 9. LONG-TERM LIABILITIES - CONTINUED

The following schedule shows debt service to maturity for long-term notes payable of the Industrial Development Board at September 30, 2024:

Fiscal Year	Total Annual Requirements		
	Principal	Interest	Total
2025	\$ 13,028,325	\$ 1,389,623	\$ 14,417,948
2026	8,080,622	879,526	8,960,148
2027	3,623,377	618,377	4,241,754
2028	942,571	464,523	1,407,094
2029	4,428,785	393,788	4,822,573
2030	2,414,855	106,898	2,521,753
Total	<u>\$ 32,518,535</u>	<u>\$ 3,852,735</u>	<u>\$ 36,371,270</u>

## NOTE 10. UNEARNED PROGRAM REVENUE

During prior years, the City received monies from the U.S. Department of Housing and Urban Development (HUD) for Urban Development Action Grants and Housing Development Action Grants. Under the terms of the grants, the monies received from HUD are loaned to qualified borrowers and the City holds second mortgages as collateral. When the City made these loans, unearned revenue equal to the principal amount of the mortgage was recorded in the governmental fund financial statements. The loans will remain outstanding until such time as specified in the grant agreements. At that time, the City will receive the balance of the second mortgages plus interest, and unearned revenue equal to the amount of principal repayment received by the City will be recognized as program revenue. The mortgages outstanding at September 30, 2024, totaled \$91,500.

During prior years and the current year, the City received monies from the U.S. Department of Housing and Urban Development (HUD) for Community Development Block Grants. Under the terms of the grants, the monies received from HUD are loaned to qualified borrowers for housing rehabilitation and the City holds second mortgages as collateral. When the City made these loans, unearned revenue equal to the principal amount of the mortgage was recorded in the governmental fund financial statements. The loans made under this program are deferred for 20 years from the date of the loan. At that time, the City will begin receiving amortized payments of principal and interest for the second mortgages, and unearned revenue equal to the amount of principal repayment received by the City will be recognized as program revenue. The mortgages outstanding at September 30, 2024, totaled \$1,135,821.

During prior years, the City received monies from the U.S. Department of Housing and Urban Development (HUD) under a Loan Guarantee Assistance contract pursuant to Section 108 of Title 1 of the Housing and Urban Development Act of 1974. Under the terms of the loans, the monies received from HUD are loaned to qualified borrowers as micro-loans or as part of a Commercial and Industrial Loan Program. When the City made these loans, unearned revenue equal to the principal amount of the loan was recorded in the governmental fund financial statements. The loans made under this program are repaid according to the terms of each individual loan agreement. As the City receives amortized payments of principal and interest, unearned revenue equal to the amount of principal repayment received by the City will be recognized as program revenue. The loans outstanding at September 30, 2024, totaled \$478,281.



# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 11. LEASES

### CITY OF AUBURN PRIMARY GOVERNMENT

In fiscal year 2022, the City adopted GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about the City's leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

The City is currently entered into 20 noncancelable leases with various third parties. Current lease activities include the right-to-use office space, copiers and postage machines. The lease terms include the noncancelable period of the lease and extensions the City is reasonably certain to exercise and vary with each contract. The leases have interest rates ranging from .529% to 3.378%.

The City amortized the right-to-use lease assets as follows:

	Balance 10/1/2023	Additions	Deletions	Balance 9/30/2024
Governmental activities:				
Lease assets				
Equipment	\$ 104,973	\$ 17,893	\$ -	\$ 122,866
Buildings	<u>214,607</u>	<u>-</u>	<u>-</u>	<u>214,607</u>
Total lease assets	<u>319,580</u>	<u>17,893</u>	<u>-</u>	<u>337,473</u>
Less accumulated amortization				
Equipment	(49,019)	(31,824)	-	(80,843)
Buildings	<u>(81,639)</u>	<u>(51,472)</u>	<u>-</u>	<u>(133,111)</u>
Total accumulated amortization	<u>(130,658)</u>	<u>(83,296)</u>	<u>-</u>	<u>(213,954)</u>
Total lease assets, being				
amortized, net	<u>\$ 188,922</u>	<u>\$ (65,403)</u>	<u>\$ -</u>	<u>\$ 123,519</u>

At September 30, 2024, the lease liability principal and interest requirements to maturity are as follows:

Year ending	Principal	Interest	Total
September 30			
2025	\$ 78,590	\$ 1,834	\$ 80,424
2026	42,682	492	43,174
2027	<u>6,018</u>	<u>76</u>	<u>6,094</u>
Total	<u>\$ 127,290</u>	<u>\$ 2,402</u>	<u>\$ 129,692</u>

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 11. LEASES- CONTINUED

### COMPONENT UNITS

#### Board of Education

For the year ended September 30, 2024, the Board of Education had 10 active lease agreements for the use of copiers, digital imagers and a postage machine. The initial lease terms ranged from 16-60 months. The Board's incremental borrowing rate for the lease agreements ranged from 0.408% to 2.45%. Under these agreements, the Board is required to make monthly payments ranging from \$1,134 to \$8,259. The total value of the Board's right-to-use lease asset balance at September 30, 2024, was \$77,648 and accumulated amortization related to the right-to-use asset at September 30, 2024, was \$61,599. The September 30, 2024, lease liability was \$16,281.

The future principal and interest payments as of September 30, 2024, were as follows:

Year ending September 30	Principal	Interest	Total
2025	\$ 9,258	\$ 237	\$ 9,495
2026	2,666	142	2,808
2027	2,732	76	2,808
2028	1,625	13	1,638
Total	<u>\$ 16,281</u>	<u>\$ 468</u>	<u>\$ 16,749</u>

#### Water Works Board

On October 1, 2021, the Water Board entered into a 47-month lease as Lessee for the use of a postage machine. An initial lease liability was recorded in the amount of \$10,432. As of September 30, 2024, the value of the lease liability is \$2,114. The Water Board is required to make quarterly fixed payments of \$708. The lease has an interest rate of 0.916%. The equipment's estimated useful life was 47 months as of the contract commencement. The value of the right-to-use asset as of September 30, 2024, was \$10,432 with accumulated amortization of \$7,923.

On October 1, 2021, the Water Board entered into a 32-month lease as Lessee for the use of a copier. An initial lease liability was recorded in the amount of \$5,519. As of September 30, 2024, the value of the lease liability is \$0. The Water Board was required to make monthly fixed payments of \$174. The lease had an interest rate of 0.7426%. The estimated useful life was 32 months as of the contract commencement. The value of the right-to-use asset as of September 30, 2024, was \$5,519 with accumulated amortization of \$5,519.

On December 1, 2021, the Water Board entered into a 36-month lease as Lessee for the use of a copier. An initial lease liability was recorded in the amount of \$6,189. As of September 30, 2024, the value of the lease liability is \$348. The Water Board is required to make monthly fixed payments of \$174. The lease has an interest rate of 0.8770%. The estimated useful life was 36 months as of the contract commencement. The value of the right-to-use asset as of September 30, 2024, was \$6,189 with accumulated amortization of \$5,845.

The future principal and interest payments as of September 30, 2024, were as follows:

Year ending September 30	Principal	Interest	Total
2025	\$ 2,462	\$ 10	\$ 2,472

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 11. LEASES- CONTINUED

### Industrial Development Board

Description of leasing arrangements - The IDB's leasing activities consist of the leasing of industrial property owned by the IDB (land and buildings) to various industries located in the IDB's industrial parks. The leases expire over the next twenty-three years.

During the year ended September 30, 2024, the IDB had 11 active lease agreements consisting of leasing of industrial space in facilities owned by the IDB. The non-cancelable lease terms range from 1-10 years, with optional renewal periods up to an additional 15 years. The IDB's interest rates for the lease agreements range from 4.75% to 7.75%. Under these agreements, the Board receives monthly fixed payments ranging from \$4,500 to \$55,000. The Board recognized \$1,701,104 in lease revenue and \$1,258,222 in interest revenue during the current fiscal year related to these leases, additionally, variable payments not included in the measurement of leases receivable in the amount of \$81,840 were recognized by the IDB. Three leases were terminated during the year and leases receivable of \$4,543,394 and deferred inflows of \$4,747,841 were removed. This resulted in a gain on lease termination of approximately \$204,447 that was added to the gain on disposition of the underlying property. Additionally, modifications were recorded resulting in a decrease in Lease Receivable and Deferred Inflows in the amount of \$137,295. The modifications were due to changes in payment amounts due for three leases. As of September 30, 2024, the IDB's receivable for lease payments was \$21,194,623. Also, the IDB has a deferred inflow of resources associated with these leases that will be recognized as revenue over the term of the leases. As of September 30, 2024, the balance of the deferred inflow of resources from these leases was \$19,999,504.

At September 30, 2024, the IDB recognizes the following lease receivables:

	Restated Balance 10/1/2023		Additions	Reductions	Balance 9/30/2024
Lease receivable					
Buildings	\$ 30,468,331	\$	64,747	\$ (4,543,394)	\$ 25,989,684
Less amortization					
Buildings	<u>(3,360,857)</u>	<u>(1,434,202)</u>	<u>-</u>		<u>(4,795,059)</u>
Total lease assets					
being amortized, net	<u>\$ 27,107,474</u>	<u>\$ (1,369,455)</u>	<u>\$ (4,543,394)</u>		<u>\$ 21,194,625</u>

At September 30, 2024, the lease receivable principal and interest requirements to maturity are as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 1,044,930	\$ 1,070,654	\$ 2,115,584
2026	955,848	1,019,762	1,975,610
2027	864,455	972,822	1,837,277
2028	910,503	926,774	1,837,277
2029	960,782	878,241	1,839,023
2030-2034	5,610,616	3,555,493	9,166,109
2035-2039	5,923,809	2,032,142	7,955,951
2040-2044	3,624,014	747,478	4,371,492
2045-2048	1,299,668	75,209	1,374,877
Total	<u>\$ 21,194,625</u>	<u>\$ 11,278,575</u>	<u>\$ 32,473,200</u>

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 11. LEASES- CONTINUED

The IDB has leased twelve parcels of land located in its industrial parks for which there are no future payments due. Each lease contains a bargain-purchase option which can be exercised during the term of the lease by paying a nominal purchase amount (less than \$10). 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 2026 to 2045, and several of the leases provide for renewal terms. No lease payments were received for these leases in fiscal year 2024; one lease was modified to include additional property, and one lease was modified to include additional renewal terms.

During fiscal years 2017 and 2022, two existing companies conveyed property to the IDB, and the IDB leased the property back to the companies. Remaining payments under the leases consist solely of payments due under the bargain-purchase options, which are minimal, and no payments were received in fiscal year 2024. The leases expire in 2027.

The IDB also manages leasing activities in the Auburn Center for Developing Industries (a component unit of the Industrial Development Board). There were 14 short term leases in effect during fiscal year 2024 with maximum non-cancelable lease terms of less than 12 months. Additionally, one lease did not meet the IDB's capitalization threshold. The IDB recognized \$51,336 in lease revenue and \$19,123 in utility recoveries related to these leases. Receipts collected by the IDB were transferred to the Auburn Center for Developing Industries to offset the costs of maintaining the facilities.

## NOTE 12. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

### CITY OF AUBURN PRIMARY GOVERNMENT

In fiscal year 2023, the City adopted GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about the City's subscription-based information technology arrangement (SBITA) activities. This statement establishes a single model for accounting for SBITAs based on the principle that SBITAs are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

The City is currently entered into 5 noncancelable SBITAs with various third parties. The subscription agreements have interest rates ranging from 2.796% to 3.409%.

The City amortized the right-to-use subscription assets as follows:

	Balance 10/1/2023	Additions	Deletions	Balance 9/30/2024
Governmental activities:				
Subscription assets	\$2,142,715	\$ -	\$ -	\$ 2,142,715
Less accumulated amortization	<u>(722,582)</u>	<u>(742,205)</u>	<u>-</u>	<u>(1,464,787)</u>
Total subscription assets, being				
amortized, net	<u>\$1,420,133</u>	<u>\$ (742,205)</u>	<u>\$ -</u>	<u>\$ 677,928</u>

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 12. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS – CONTINUED

At September 30, 2024, the subscription liability principal and interest requirements to maturity are as follows:

Year ending September 30	Principal	Interest	Total
2025	\$ 473,933	\$ 14,876	\$ 488,809

### COMPONENT UNITS

#### Board of Education

For the year ended September 30, 2024, the Board had 8 active Subscription-Based Information Technology Arrangements (SBITA) for software rights. The initial arrangement terms ranged from 12-48 months. The Board's incremental borrowing rate for the SBITAs ranged from 2.4667% to 3.4087%. For four of the SBITAs, the Board elected to pay the entire amount due at inception. For one SBITA, the Board paid off the remaining balance of \$20,206 during the current year. Under two SBITAs, the board makes an annual payment of \$43,599, and an annual payment of \$101,408. For the remaining SBITA, the total liability of \$3,852 is less than the Board's threshold, but the Board elected to report the arrangement in the current year because this SBITA is expected to be included as part of a larger network of subscriptions to be recognized in 2025, when the remainder of the subscriptions are placed into operation. The total value of the Board's right-to-use SBITA asset balance at September 30, 2024, was \$1,556,653 and accumulated amortization related to the right-to-use asset at September 30, 2024, was \$476,759. The September 30, 2024, SBITA liability was \$185,433.

The future principal and interest payments as of September 30, 2024, were as follows:

Year ending September 30	Principal	Interest	Total
2025	\$ 143,073	\$ 5,816	\$ 148,889
2026	42,360	1,239	43,599
Total	<u>\$ 185,433</u>	<u>\$ 7,055</u>	<u>\$ 192,488</u>

## NOTE 13. DEFINED BENEFIT PENSION PLANS

### CITY OF AUBURN PRIMARY GOVERNMENT

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

*Plan description.* The Employees' Retirement System of Alabama (ERS), an agent multiple-employer public employee retirement plan, was established as of October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and on an elective basis, to all cities, counties, towns and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 15 trustees. Act 390 of the Legislature of 2021 created two additional representatives to the ERS Board of Control effective October 1, 2021. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 36, Chapter 27* grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at [www.rsa-al.gov](http://www.rsa-al.gov).

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 13. DEFINED BENEFIT PENSION PLANS – CONTINUED

The ERS Board of Control consists of 15 trustees as follows:

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

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

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a formula method. Under the formula method, Tier 2 members of the ERS are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service up to 80% of their average final compensation.

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

Act 132 of the Legislature of 2019 allowed employers who participate in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 members of employers adopting Act 2019-132 will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers. A total of 618 employers adopted Act 2019-132 as of September 30, 2023.

Act 316 of the Legislature of 2019 allows employees at the time of retirement to receive a partial lump sum (PLOP) distribution as a single payment not to exceed the sum of 24 months of the maximum monthly retirement allowance the member could receive. This option may be selected in addition to the election of another retirement allowance option at a reduced amount based upon the amount of partial lump sum distribution selected.

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 13. DEFINED BENEFIT PENSION PLANS – CONTINUED

The ERS serves approximately 884 local participating employers and one state employer. The ERS membership includes approximately 113,079 participants. As of September 30, 2023, membership consisted of:

Retirees and beneficiaries currently receiving benefits	31,481
Terminated employees entitled to but not yet receiving benefits	2,350
Terminated employees not entitled to a benefit	20,556
Active Members	58,659
Post-DROP participants who are still in active service	<u>33</u>
	<u>113,079</u>

*Contributions.* Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation.

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

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

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year with additional amounts to finance any unfunded accrued liability, the preretirement death benefit, and administrative expenses of the Plan. For the year ended September 30, 2024, the City's active employee contribution rate was 6.51% of covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 11.10% of pensionable payroll.

The City's contractually required contribution rate for the year ended September 30, 2024, was 12.43% of pensionable pay for Tier 1 employees, and 10.74% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation as of September 30, 2021, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City were \$5,151,778 for the year ended September 30, 2024.

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 13. DEFINED BENEFIT PENSION PLANS – CONTINUED

*Net Pension Liability.* The City's net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022, rolled forward to September 30, 2023, using standard roll-forward techniques as shown in the following table:

	Expected	Actual
(a) Total Pension Liability as of September 30, 2022	\$ 152,713,904	\$ 156,928,658
(b) Discount rate	7.45%	7.45%
(c) Entry Age Normal Cost for the period		
October 1, 2022 - September 30, 2023	4,341,849	4,341,849
(d) Transfers Among Employers	-	(152,406)
(e) Actual Benefit Payments and Refunds for the period October 1, 2022 - September 30, 2023	(7,802,452)	(7,802,452)
(f) Total Pension Liability as of September 30, 2023 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1+ 0.5*(b))]	\$ 160,339,846	\$ 164,716,193

*Actuarial assumptions.* The total pension liability as of September 30, 2023, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2022. The key actuarial assumptions are summarized below:

Inflation	2.50%
Projected salary increases	3.25%-6.00%
Investment rate of return*	7.45%

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

Mortality rates were based on the Pub-2010 Below-Median Tables, projected generationally using the MP-2020 scale, which is adjusted by 66-2/3% beginning with year 2019:

<u>Group</u>	<u>Membership Table</u>	<u>Set Forward (+)/Setback (-)</u>	<u>Adjustment to Rates</u>
Non-FLC Service Retirees	General Healthy Below Median	Male: +2, Female: +2	Male: 90% ages <65, 96% ages >= 65, Female: 96% all ages
FLC/State Police Service Retirees	Public Safety Healthy Below Median	Male: +1, Female: none	None
Beneficiaries	Contingent Survivor Below Median	Male: +2, Female: +2	None
Non-FLC Disabled Retirees	General Disability	Male: +7, Female: +3	None
FLC/State Police Disabled Retirees	Public Safety Disability	Male: +7, Female: none	None



# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 13. DEFINED BENEFIT PENSION PLANS – CONTINUED

The actuarial assumptions used in the September 30, 2021, valuation were based on the results of an actuarial experience study for the period October 1, 2015 – September 30, 2020.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return*</u>
Fixed Income	15.0%	2.8%
US Large Stocks	32.0%	8.0%
US Mid Stocks	9.0%	10.0%
US Small Stocks	4.0%	11.0%
Int'l Developed Mkt Stocks	12.0%	9.5%
Int'l Emerging Mkt Stocks	3.0%	11.0%
Alternatives	10.0%	9.0%
Real Estate	10.0%	6.5%
Cash Equivalents	5.0%	1.5%
Total	100.0%	

\*Includes assumed rate of inflation of 2.00%

*Discount rate.* The discount rate used to measure the total pension liability was the long-term rate of return, 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 13. DEFINED BENEFIT PENSION PLANS – CONTINUED

*Changes in Net Pension Liability*

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2022	\$ 152,713,904	\$ 87,169,862	\$ 65,544,042
Changes for the year:			
Service cost	4,341,849	-	4,341,849
Interest	11,086,545	-	11,086,545
Changes of benefit terms	-	-	-
Difference between expected and actual experience	4,528,753	-	4,528,753
Contributions - employer	-	4,768,023	(4,768,023)
Contributions - employee	-	2,796,347	(2,796,347)
Net investment income	-	11,291,419	(11,291,419)
Benefit payments, including refunds of employee contributions	(7,802,452)	(7,802,452)	-
Transfers among employers	(152,406)	(152,406)	-
Net changes	<u>12,002,289</u>	<u>10,900,931</u>	<u>1,101,358</u>
Balances at September 30, 2023	<u>\$ 164,716,193</u>	<u>\$ 98,070,793</u>	66,645,400
Less: Public Park & Recreation Board			<u>(262,659)</u>
Total primary government			<u>\$ 66,382,741</u>

*Sensitivity of the net pension liability to changes in the discount rate.* The following table presents the City's net pension liability calculated using the discount rate of 7.45%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.45%) or 1 percentage point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
City's net pension liability	\$ 88,339,980	\$ 66,645,400	\$ 48,633,886

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2023. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2023. The auditor's report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at <https://www.rsa-al.gov/employers/financial-reports/gasb-68-reports/>.

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 13. DEFINED BENEFIT PENSION PLANS – CONTINUED

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* For the year ended September 30, 2024, the City recognized pension expense of \$6,673,109. At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 8,371,847	\$ -
Changes of assumptions	2,752,747	-
Net difference between projected and actual earnings on pension plan investments	3,845,732	-
Employer contributions subsequent to the measurement date	5,151,778	-
	20,122,104	-
Less: Public Park & Recreation Board	(96,692)	-
Total primary government	\$ 20,025,412	\$ -

Deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date (\$5,151,778) will be recognized as a reduction of the net pension liability in the year ended September 30, 2025.

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

Year ended September 30:

2025	\$	4,538,927
2026	\$	3,860,867
2027	\$	5,677,387
2028	\$	202,317
2029	\$	690,828
Thereafter	\$	-

### COMPONENT UNITS

#### Board of Education

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 13. DEFINED BENEFIT PENSION PLANS – CONTINUED

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

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 TRS members are eligible for retirement after age 62 with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a formula method. Under the formula method, Tier 2 members of the TRS are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service, up to 80% of their average final compensation.

Act 316 of the Legislature of 2019 established the Partial Lump Sum Option Plan (PLOP) in addition to the annual service retirement benefit payable for life for Tier 1 and Tier 2 members of the TRS. A member can elect to receive a one-time lump sum distribution at the time that they receive their first monthly retirement benefit payment. The member's annual retirement benefit is then actuarially reduced based on the amount of the PLOP distribution which is not to exceed the sum of 24 months of the maximum monthly retirement benefit that the member could receive. Members are eligible to receive a PLOP distribution if they are eligible for a service retirement benefit as defined above from the TRS on or after October 1, 2019. A TRS member who receives an annual disability retirement benefit or who has participated in the Deferred Retirement Option Plan (DROP) is not eligible to receive a PLOP distribution.

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

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

Effective October 1, 2021, the covered Tier 2 members contribution rate increased from 6.0% to 6.2% of earnable compensation to the TRS as required by statute. These Tier 2 member contribution rate increases were a result of Act 537 of the Legislature of 2021 which allows sick leave conversion for Tier 2 members.

Participating employers' contractually required contribution rate for the fiscal year ended September 30, 2023, was 12.59% of annual pay for Tier 1 members and 11.57% of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Board were \$8,159,287 for the year ended September 30, 2024.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At September 30, 2024, the Board reported a liability of \$120,472,000 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022. The Board's proportion of the collective net pension liability was based on the employers' shares of contributions to the pension plan relative to the total employer contributions of all participating TRS employers. At September 30, 2023, the Board's proportion was 0.754941%, which was an increase of 0.029654% from its proportion measured as of September 30, 2022.

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 13. DEFINED BENEFIT PENSION PLANS – CONTINUED

For the year ended September 30, 2024, the Board recognized pension expense of \$20,397,607. At September 30, 2024, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,772,000	\$ 1,626,000
Changes of assumptions	3,389,000	-
Net difference between projected and actual earnings on pension plan investments	8,262,000	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	4,313,000	101,000
Employer contributions subsequent to the measurement date	8,159,287	-
	\$ 34,895,287	\$ 1,727,000

Deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date (\$8,159,287) will be recognized as a reduction of the net pension liability in the year ended September 30, 2025.

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

Year ended September 30:

2025	\$ 8,461,000
2026	5,654,000
2027	10,556,000
2028	338,000
2029	-
Thereafter	-

*Actuarial Assumptions.* The total pension liability as of September 30, 2023, was determined by an actuarial valuation as of September 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Investment rate of return*	7.45%
Projected salary increases	3.25%-5.00%

\*Net of pension plan investment expense.

The actuarial assumptions used in the actuarial valuation as of September 30, 2022, were based on the results of an investigation of the economic and demographic experience for the TRS based upon participant data as of September 30, 2020. The Board of Control accepted and approved these changes in September 2021 which became effective at the beginning of fiscal year 2021.

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 13. DEFINED BENEFIT PENSION PLANS – CONTINUED

Mortality rates were based on the Pub-2010 Teacher tables with the following adjustments, projected generationally using scale MP-2020 adjusted by 66 2/3% beginning with year 2019:

<u>Group</u>	<u>Membership Table</u>	<u>Set Forward (+) /</u>	<u>Adjustment to Rates</u>
Service Retirees	Teacher Retiree - Below Median	Male: +2, Female: +2	Male: 108% ages <63, 96% ages >67; Phasing down 63-67 Female: 112% ages <69 98% > age 74 Phasing down 69-74
	Contingent		
Beneficiaries	Survivor Below Median	Male: +2, Female: None	None
Disabled Retirees	Teacher Disability	Male: +8, Female: +3	None

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

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	15.00%	2.80%
U.S. Large Stocks	32.00%	8.00%
U.S. Mid Stocks	9.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real Estate	10.00%	6.50%
Cash Equivalents	5.00%	1.50%
Total	100.00%	

\*Includes assumed rate of inflation of 2.00%

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 13. DEFINED BENEFIT PENSION PLANS – CONTINUED

*Discount Rate.* The discount rate used to measure the total pension liability was 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Board's Proportionate Share of Net Pension Liability to Changes in the Discount Rate.* The following table presents the Board's proportionate share of the net pension liability calculated using the discount rate of 7.45%, as well as what the Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Board's proportionate share of collective net pension liability	\$ 157,383,000	\$ 120,472,000	\$ 89,428,000

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2023. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2023. The auditor's report on the Schedule of Employer Allocations and Pension Amounts by Employer and accompanying notes detail by employer and in aggregate information needed to comply with GASB 68. The additional financial and actuarial information is available at <https://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

### Water Works Board

The Water Works Board of the City of Auburn (AWWB) also contributes to the Employees' Retirement System of Alabama under the same plan description and statutory requirements as the City.

For the year ended September 30, 2024, AWWB's active employee contribution rate was 3.54% of covered employee payroll, and AWWB's average contribution rate to fund the normal and accrued liability costs was 2.64% of pensionable payroll.

The AWWB's contractually required contribution rate for the year ended September 30, 2024, was 5.67% of pensionable pay for Tier 1 employees and 3.28% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2021, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the AWWB were \$90,106 for the year ended September 30, 2024.

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 13. DEFINED BENEFIT PENSION PLANS – CONTINUED

*Net Pension Liability.* The AWWB's net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022, rolled forward to September 30, 2023, using standard roll-forward techniques as shown in the following table:

	Expected	Actual Before Plan Changes	Actual After Plan Changes
(a) TPL as of September 30, 2022	\$ 5,167,633	\$ 5,349,553	\$ 5,349,553
(b) Discount rate	7.45%	7.45%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2022 - September 30, 2023	143,029	143,029	143,029
(d) Transfers Among Employers	-	-	-
(e) Actual Benefit Payments and Refunds for the period October 1, 2022 - September 30, 2023	(171,301)	(171,301)	(171,301)
(f) TPL as of September 30, 2023 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1+ 0.5*(b))]	\$ 5,517,969	\$ 5,713,442	\$ 5,713,442

### *Changes in Net Pension Liability*

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2022	\$ 5,167,633	\$ 4,184,930	\$ 982,703
Changes for the year:			
Service cost	143,029	-	143,029
Interest	378,608	-	378,608
Changes of benefit terms	-	-	-
Difference between expected and actual experience	195,473	-	195,473
Contributions - employer	-	87,826	(87,826)
Contributions - employee	-	103,930	(103,930)
Net investment income	-	544,633	(544,633)
Benefit payments, including refunds of employee contributions	(171,301)	(171,301)	-
Transfers among employers	-	-	-
Net changes	545,809	565,088	(19,279)
Balances at September 30, 2023	\$ 5,713,442	\$ 4,750,018	\$ 963,424



# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 13. DEFINED BENEFIT PENSION PLANS – CONTINUED

*Sensitivity of the net pension liability to changes in the discount rate.* The following table presents AWWB's net pension liability calculated using the discount rate of 7.45%, as well as what AWWB's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.45%) or 1 percentage point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Net pension liability	\$ 1,670,165	\$ 963,424	\$ 372,011

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* For the year ended September 30, 2024, the AWWB recognized pension expense/(income) of \$126,751. At September 30, 2024, AWWB reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 298,293	\$ 140,181
Changes of assumptions	110,589	-
Net difference between projected and actual earnings on plan investments	182,887	-
Employer contributions subsequent to the measurement date	83,128	-
Total	\$ 674,897	\$ 140,181

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

Year ended September 30:	
2025	\$ 64,311
2026	106,383
2027	207,749
2028	14,235
2029	49,599
Thereafter	9,311

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 14. OTHER POSTEMPLOYMENT BENEFITS

### CITY OF AUBURN PRIMARY GOVERNMENT

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

#### General Information about the OPEB Plan

*Plan description* – The City of Auburn (the City) provides certain continuing health care and life insurance benefits for its retired employees. The City of Auburn's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the City. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the City. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Statement 75.

*Benefits provided* – Medical and dental benefits are provided through a comprehensive medical benefit plan. The plan provisions are contained in the official plan documents. Medical and dental benefits are provided to employees upon actual retirement. To qualify for those retiree benefits, retirees must be eligible to retire under the provisions of the Retirement System of Alabama – Employees' Retirement System (RSA). The retirement eligibility provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service (called "Tier I members").

*Employees covered by benefit terms* – As of the measurement date September 30, 2024, the following employees were covered by the benefit terms:

	General Fund	Sewer Fund	Solid Waste Management Fund	Total Primary Government	Water Works Board	Public Park and Recreation Board	Total
Inactive employees or beneficiaries currently receiving benefit payments	36	2	2	40	2	1	43
Active plan members	466	27	35	528	25	3	556
Total	502	29	37	568	27	4	599

#### Total OPEB Liability

The total OPEB liability is \$11,743,440 as of the measurement date September 30, 2024, the end of the fiscal year.

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 14. OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

*Actuarial assumptions and other inputs* – The total OPEB liability in the September 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5% annually														
Salary increases	<table border="0" style="margin-left: 20px;"> <tr> <td style="padding-left: 20px;"><u>Service</u></td> <td style="padding-left: 20px;"><u>Annual Rate</u></td> </tr> <tr> <td style="padding-left: 40px;">0</td> <td style="padding-left: 40px;">6.00%</td> </tr> <tr> <td style="padding-left: 40px;">1-5</td> <td style="padding-left: 40px;">4.25%</td> </tr> <tr> <td style="padding-left: 40px;">6-10</td> <td style="padding-left: 40px;">4.00%</td> </tr> <tr> <td style="padding-left: 40px;">11-15</td> <td style="padding-left: 40px;">3.75%</td> </tr> <tr> <td style="padding-left: 40px;">16-19</td> <td style="padding-left: 40px;">3.50%</td> </tr> <tr> <td style="padding-left: 40px;">20+</td> <td style="padding-left: 40px;">3.25%</td> </tr> </table>	<u>Service</u>	<u>Annual Rate</u>	0	6.00%	1-5	4.25%	6-10	4.00%	11-15	3.75%	16-19	3.50%	20+	3.25%
<u>Service</u>	<u>Annual Rate</u>														
0	6.00%														
1-5	4.25%														
6-10	4.00%														
11-15	3.75%														
16-19	3.50%														
20+	3.25%														
Prior discount rate	4.09%														
Discount rate	3.81% annually which is the Bond Buyer 20-Bond General Obligation Index on the Measurement Date. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years.														
Healthcare cost trend rates	5.50% for 2024														
Active mortality rates	Pub-2010 Public Retirement Plans Below-Median Mortality Table for General Employees, Headcount Weighted, with full generational projection using the MP-2021 scale adjusted by 66-2/3%.														

### Changes in the Total OPEB Liability

	General Fund	Sewer Fund	Solid Waste Management Fund	Total Primary Government	Water Works Board	Public Park and Recreation Board	Total
Total OPEB Liability 9/30/2023	\$ 4,837,128	\$ 263,871	\$ 271,367	\$ 5,372,366	\$ 236,900	\$ 30,106	\$ 5,639,372
Changes for the year:							
Service cost	521,482	30,125	38,436	590,043	28,048	4,155	622,246
Interest	208,296	12,033	15,353	235,682	11,203	1,660	248,545
Changes in assumptions	2,310,526	133,477	170,298	2,614,301	124,271	18,411	2,756,983
Differences between expected and actual experience	2,388,054	137,955	176,012	2,702,021	128,441	19,028	2,849,490
Benefit payments	(312,762)	(18,068)	(23,052)	(353,882)	(16,822)	(2,492)	(373,196)
Net change in total OPEB liability	5,115,596	295,522	377,047	5,788,165	275,141	40,762	6,104,068
Total OPEB Liability 9/30/2024	<u>\$ 9,952,724</u>	<u>\$ 559,393</u>	<u>\$ 648,414</u>	<u>\$ 11,160,531</u>	<u>\$ 512,041</u>	<u>\$ 70,868</u>	<u>\$ 11,743,440</u>
Plan fiduciary net position 9/30/2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Changes for the year:							
Contributions - employer	312,762	18,068	23,052	353,882	16,822	2,492	373,196
Benefit payments	(312,762)	(18,068)	(23,052)	(353,882)	(16,822)	(2,492)	(373,196)
Net change in plan fiduciary net position	-	-	-	-	-	-	-
Plan fiduciary net position 9/30/2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan fiduciary net position as a % of total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Covered employee payroll	\$ 32,740,406	\$ 1,891,378	\$ 2,413,138	\$ 37,044,922	\$ 1,760,938	\$ 260,880	\$ 39,066,740
Total OPEB liability as % of covered employee payroll	30.40%	29.58%	26.87%	30.13%	29.08%	27.16%	30.06%

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 14. OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

*Sensitivity of the total OPEB liability to changes in the discount rate* – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.81%) or 1-percentage-point higher (4.81%) than the current discount rate:

	1% Decrease (2.81%)	Current Discount Rate (3.81%)	1% Increase (4.81%)
General Fund	\$ 10,942,513	\$ 9,952,724	\$ 9,049,594
Sewer Fund	615,024	559,393	508,633
Solid Waste Management Fund	712,898	648,414	589,576
Total primary government	12,270,435	11,160,531	10,147,802
Water Works Board	562,963	512,041	465,577
Public Park and Recreation Board	77,916	70,868	64,437
Total	\$ 12,911,314	\$ 11,743,440	\$ 10,677,817

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates* – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

	1% Decrease (4.50%)	Healthcare Cost Current Trend (5.50%)	1% Increase (6.50%)
General Fund	\$ 8,771,606	\$ 9,952,724	\$ 11,355,598
Sewer Fund	493,008	559,393	638,242
Solid Waste Management Fund	571,465	648,414	739,810
Total primary government	9,836,079	11,160,531	12,733,650
Water Works Board	451,276	512,041	584,215
Public Park and Recreation Board	62,458	70,868	80,857
Total	\$ 10,349,813	\$ 11,743,440	\$ 13,398,722

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 14. OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

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

For the year ended September 30, 2024, OPEB expense of \$1,813,630 was recognized. At September 30, 2024, reported deferred outflows of resources and deferred inflows of resources related to OPEB were from the following sources:

	Deferred Outflows of Resources						
	General	Sewer	Solid Waste	Total	Water	Public Park	Total
	Fund	Fund	Management	Primary	Works	and Recreation	
	Fund	Fund	Fund	Government	Board	Board	
Differences between expected and actual experience	\$ 5,395,367	\$ 306,289	\$ 374,421	\$ 6,076,077	\$ 296,562	\$ 42,682	\$ 6,415,321

	Deferred Inflows of Resources						
	General	Sewer	Solid Waste	Total	Water	Public Park	Total
	Fund	Fund	Management	Primary	Works	and Recreation	
	Fund	Fund	Fund	Government	Board	Board	
Change of assumptions or other inputs	\$ 1,121,995	\$ 29,106	\$ 71,230	\$ 1,222,331	\$ 62,757	\$ 9,112	\$ 1,294,200

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

	General	Sewer	Solid Waste	Total	Water	Public Park	Total
	Fund	Fund	Management	Primary	Works	and Recreation	
Year ended September 30:	Fund	Fund	Fund	Government	Board	Board	
2025	\$ 787,449	\$ 51,076	\$ 55,869	\$ 894,394	\$ 43,083	\$ 6,186	\$ 943,663
2026	803,742	52,133	57,025	912,900	43,974	6,314	963,188
2027	519,799	33,716	36,879	590,393	28,439	4,083	622,916
2028	407,993	26,464	28,947	463,404	22,322	3,205	488,931
2029	584,797	37,932	41,491	664,220	31,995	4,594	700,809
Thereafter	1,169,595	75,863	82,981	1,328,440	63,991	9,188	1,401,619

### COMPONENT UNITS

#### Board of Education

##### General Information about the OPEB Plan

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 14. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

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

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

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

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

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

PEEHIP members may opt to elect the PEEHIP Supplemental Plan as their hospital medical coverage in lieu of the PEEHIP Hospital Medical Plan. The PEEHIP Supplemental Plan provides secondary benefits to the member's primary plan provided by another employer. Only active and non-Medicare retiree members and dependents are eligible for the PEEHIP Supplemental Plan. There is no premium required for this plan, and the plan covers most out-of-pocket expenses not covered by the primary plan. Members who are enrolled in the PEEHIP Hospital Medical Plan, VIVA Health Plan (offered through Public Education Employee's Health Insurance Fund (PEEHIF)), Marketplace (Exchange) Plans, Alabama State Employees Insurance Board, Local Government Health Insurance Board, Medicaid, ALL Kids, Tricare, or Champus, as their primary coverage, or are enrolled in a Health Savings Account (HSA) or Health Reimbursement Arrangement (HRA), are not eligible to enroll in the PEEHIP Supplemental Plan. The plan cannot be used as a supplement to Medicare. Retired members who become eligible for Medicare are eligible to enroll in the PEEHIP Group Medicare Advantage (PPO) Plan or the Optional Coverage Plans.

Effective January 1, 2023, United Health Care (UHC) replaced the Humana contract for Medicare eligible retirees and Medicare eligible dependents of retirees. The Medicare Advantage Prescription Drug Plan (MAPDP) is fully insured by UHC and members are able to have all of their Medicare Part A, Part B, and Part D (prescription drug coverage) in one convenient plan. With the UHC plan for PEEHIP, retirees can continue to see their same providers with no interruption and see any doctor who accepts Medicare on a national basis. Retirees have the same benefits in and out-of-network and there is no additional retiree cost share if a retiree uses an out-of-network provider and no balance billing from the provider.

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 14. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

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

For employees who retired after September 30, 2005, but before January 1, 2012, the employer contribution of the health insurance premium set forth by the PEEHIP Board for each retiree class is reduced by 2% for each year of service less than 25 and increased by 2% for each year of service over 25, subject to adjustment by the Board for changes in Medicare premium costs required to be paid by a retiree. In no case does the employer contribution of the health insurance premium exceed 100% of the total health insurance premium cost for the retiree.

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

*OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.* At September 30, 2024, the ABOE reported a liability of \$14,371,803 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2022. The ABOE's proportion of the net OPEB liability was based on the ABOE's share of contributions to the OPEB plan relative to the total employer contributions of all participating PEEHIP employers. At September 30, 2023, the ABOE's proportion was .74769398%, which was a decrease of .06231094% from its proportion measured as of September 30, 2022.

For the year ended September 30, 2024, the ABOE recognized OPEB expense of (\$5,762,593), with no special funding situations. At September 30, 2024, the ABOE reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 281,016	\$ 22,678,281
Changes of assumptions	12,107,749	14,217,597
Net difference between projected and actual earnings on OPEB plan investments	490,914	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	4,602,367	5,825,474
Employer contributions subsequent to the measurement date	1,063,283	-
	\$ 18,545,329	\$ 42,721,352

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 14. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Deferred outflows of resources related to OPEB resulting from ABOE contributions subsequent to the measurement date (\$1,063,283) will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2025.

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

Year ended September 30:	
2025	\$ (8,308,085)
2026	(4,309,298)
2027	(4,019,992)
2028	(5,311,140)
2029	(3,189,840)
Thereafter	(100,951)

*Actuarial assumptions.* The total OPEB liability was determined by an actuarial valuation as of September 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases*	3.25% - 5.00%
Long-term investment rate of return**	7.00%
Municipal bond index rate at the measurement date	4.53%
Municipal bond index rate at the prior measurement date	4.40%
Projected year for Fiduciary Net Position (FNP) to be depleted	N/A
Single equivalent interest rate at the measurement date	7.00%
Single equivalent interest rate at the prior measurement date	3.97%
Healthcare cost trend rate	
Initial trend rate	
Pre-Medicare eligible	7.00%
Medicare eligible	***
Ultimate trend rate	
Pre-Medicare eligible	4.5% in 2033
Medicare eligible	4.5% in 2033

\*Includes 2.75% wage inflation.

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

\*\*\*Initial Medicare claims are set based on scheduled increases through plan year 2025.



# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 14. OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

The rates of mortality are based on the Pub-2010 Public Mortality Plans Mortality Tables, adjusted generationally based on scale MP-2020, with an adjustment of 66 2/3% to the table beginning in year 2019. The mortality rates are adjusted forward and/or back depending on the plan and group covered, as shown in the table below.

<u>Group</u>	<u>Membership Table</u>	<u>Set Forward (+) / Setback(-)</u>	<u>Adjustment to Rates</u>
Active Members	Teacher Employee Below Median	None	65%
Service Retirees	Teacher Below Median	Male: +2 Female: +2	Male: 108% ages <63, 96% ages >67; Phasing down 63-67 Female: 112% ages <69 98% ages > 74 Phasing down 69-74
Disabled Retirees	Teacher Disability	Male: +8 Female: +3	None
Beneficiaries	Teacher Contingent Survivor Below Median	Male: +2 Female: None	None

The decremental assumptions used in the valuation were selected based on the actuarial experience study prepared as of September 30, 2020, submitted to, and adopted by the Teachers' Retirement System of Alabama Board on September 13, 2021. The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) were based on the September 30, 2022, valuation.

The long-term expected return on plan assets is to be reviewed as part of regular experience studies prepared every five years, in conjunction with similar analysis for the Teachers' Retirement System of Alabama. Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation), as developed for each major asset class. These ranges should be combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 14. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

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

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

\*Geometric mean, includes 2.5% inflation

*Discount Rate.* The discount rate (also known as the Single Equivalent Interest Rate (SEIR), as described by GASB 74) used to measure the total OPEB liability was 7.00%. Premiums paid to the Public Education Employees' Health Insurance Board for active employees include an amount to partially fund the cost of coverage for retired employees. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made at the current contribution rates. Each year, the State specifies the monthly employer rate that participating school systems must contribute for each active employee. Currently, the monthly employer rate is \$800 per non-university active member for participating employers. Approximately 11.051% of the employer contributions were used to assist in funding retiree benefit payments in 2023 and it is assumed that the 11.051% will increase or decrease at the same rate as expected benefit payments for the closed group with a cap of 20.00%. It is assumed the \$800 rate will remain flat until, based on budget projections, it increases to \$940 in fiscal year 2027 and then will increase with inflation at 2.50% starting in 2028. Retiree benefit payments for university members are paid by the Universities and are not included in the cash flow projections. The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. Therefore, the projected future benefit payments for all current plan members were projected through 2121.

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 14. OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

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

	1% Decrease (6.00% decreasing to 3.50% for pre-Medicare, Known decreasing to 3.50% for Medicare eligible)	Current Healthcare Trend Rate (7.00% decreasing to 4.50% for pre-Medicare, Known decreasing to 4.50% for Medicare eligible)	1% Increase (8.00% decreasing to 5.50% for pre-Medicare, Known decreasing to 5.50% for Medicare eligible)
Board's proportionate share of collective net OPEB liability	\$ 10,893,672	\$ 14,371,803	\$ 18,594,956

The following table presents the ABOE's proportionate share of the net OPEB liability of the Trust calculated using the discount rate of 7.00%, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Board's proportionate share of collective net OPEB liability	\$ 17,741,961	\$ 14,371,803	\$ 11,503,359

*OPEB plan fiduciary net position.* Detailed information about the OPEB plan's fiduciary net position is in the Trust's financial statements for the fiscal year ended September 30, 2023. The supporting actuarial information is included in the GASB Statement No. 74 Report for PEEHIP prepared as of September 30, 2023. Additional financial and actuarial information is available at [www.rsa-al.gov](http://www.rsa-al.gov).

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 15. WORKERS' COMPENSATION SELF-INSURANCE

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

	Fiscal Year	
	2024	2023
Unpaid claims, beginning of year	\$ 1,594,865	\$ 1,407,484
Incurred claims (including claims incurred but not reported at September 30):		
Provision for current year events where the City has retained risk of loss	558,862	644,060
Decreases in provision for prior year's events where the City has retained risk of loss	(159,589)	(119,107)
Total incurred claims	399,273	524,953
Payments:		
Claims attributable to current year events where the City has retained risk of loss	(154,234)	(113,085)
Claims attributable to prior years' events where the City has retained risk of loss	(286,161)	(224,487)
Total payments	(440,395)	(337,572)
Unpaid claims, end of year	\$ 1,553,743	\$ 1,594,865

Total liability for uninsured workers' compensation claims at September 30, 2024, is recorded as follows: \$89,012 is recorded as a current liability in the General Fund's current portion of long-term debt, unrestricted, and the long-term portion, \$1,464,731, along with the estimated liability for insured risks of \$125,000, is recorded in the primary government's governmental activities' long-term debt and other liabilities in the government-wide financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 16. MEDICAL SELF-INSURANCE

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

	Fiscal Year	
	2024	2023
Unpaid claims, beginning of year	\$ 554,286	\$ 304,596
Incurred claims (including claims incurred but not reported at September 30):		
Provision for current year events where the City has retained risk of loss	14,888,324	7,545,808
Decreases in provision for prior years' events where the City has retained risk of loss	(554,285)	(304,596)
Total incurred claims	14,334,039	7,241,212
Payments:		
Claims attributable to current year events where the City has retained risk of loss	(7,662,435)	(6,619,909)
Claims attributable to prior years' events where the City has retained risk of loss	(713,041)	(371,613)
Total payments	(8,375,476)	(6,991,522)
Unpaid claims, end of year (includes claims incurred but not reported)	\$ 6,512,849	\$ 554,286

The unpaid claims as of September 30, 2024, are reported in the General Fund.

## NOTE 17. UNEMPLOYMENT COMPENSATION

The City of Auburn uses the reimbursement method of unemployment compensation. The actual amount paid in the fiscal year ended September 30, 2024, by the State of \$643 to individuals is reflected as an expense of the General Fund.

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 18. AD VALOREM TAX COLLECTION EXPENSE

The City is charged a collection fee by the County Revenue Commissioner for the collection of the 26-mill ad valorem taxes and auto taxes. The following is a summary of taxes collected and related expenses for the year ended September 30, 2024:

Funds	Millage	Taxes Collected	Collection Fee	Reappraisal Costs	Net Received by the City
General Fund	5	\$ 8,622,930 *	\$ 194,503	\$ 112,134	\$ 8,316,293
Special 5-Mill Tax Fund	5	8,608,493 **	194,503	112,134	8,301,856
Special School Tax Fund	16	29,937,498	670,211	391,857	28,875,430
Property tax totals	<u>26</u>	<u>\$ 47,168,921</u>	<u>\$ 1,059,217</u>	<u>\$ 616,125</u>	<u>\$45,493,579</u>

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

\*\* Reduced by industrial tax exemptions.

## NOTE 19. INTERFUND RECEIVABLES AND PAYABLES

Primary government interfund receivables and payables for the year ended September 30, 2024, consist of the following:

Amount	Due From Other Funds	Due To Other Funds	Purpose
\$ 227,629	General Fund	Nonmajor Governmental Funds	Provide cash flow for capital projects and grant programs
15,138,031	General Fund	2024 Capital Projects Fund	Provide cash flow for capital projects
2,612	Nonmajor Governmental Funds	Nonmajor Governmental Funds	Provide cash flow for grant programs
<u>\$ 15,368,272</u>			

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 20. INTERFUND TRANSFERS

The following is a schedule of interfund transfers for the year ended September 30, 2024:

	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
General Fund	\$ 10,965,851	\$ 65,218
2024 Capital Projects Fund	6,839,580	-
Nonmajor Governmental Funds	<u>441,967</u>	<u>18,116,147</u>
Total governmental activities	<u>18,247,398</u>	<u>18,181,365</u>
Major Proprietary Funds		
Sewer Fund	14,189	76,250
Solid Waste Management Fund	<u>51,028</u>	<u>55,000</u>
Total business-type activities	<u>65,217</u>	<u>131,250</u>
Total primary government	<u>\$ 18,312,615</u>	<u>\$ 18,312,615</u>

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

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 20. INTERFUND TRANSFERS – CONTINUED

The purpose of transfers between funds for the year ending September 30, 2024, consist of the following:

Amount	Interfund Transfers In To	Interfund Transfers Out From	Purpose
\$ 827,000	General Fund	Nonmajor Governmental Funds (Gas Tax Funds)	Transfer amounts received in gas tax funds to the General Fund for street related projects paid from General Fund
71,250	General Fund	Sewer Fund	Budgeted appropriation for hydrant fees
10,000,000	General Fund	Nonmajor Governmental Funds (Coronavirus Local Fiscal Recovery Fund)	Reimbursement for revenue loss
7,601	General Fund	Nonmajor Governmental Funds (Municipal Judicial Admin Fund)	Reimbursement for salaries and benefits for the Court Referral Program
60,000	General Fund	Sewer Fund and Solid Waste Management Fund	Budgeted transfer to offset expenditures
6,839,580	2024 Capital Projects Fund	Nonmajor Governmental Funds (2022 Capital Projects Fund)	Transfer balance of 2022 Capital Projects Fund to 2024 Capital Projects Fund
385,846	Nonmajor Governmental Funds (Community Development Block Grant Funds)	Nonmajor Governmental Funds (Federal Grant Loan Repayment Funds)	Budgeted transfer to offset expenditures
56,121	Nonmajor Governmental Funds (Federal Grant Loan Repayment Funds)	Nonmajor Governmental Funds (Community Development Block Grant Funds)	Reimbursement of interest for Section 108 loan from HUD
14,189	Sewer Fund	General Fund	To departmentalize workers compensation claims
51,028	Solid Waste Management Fund	General Fund	To departmentalize workers compensation claims
<u>\$ 18,312,615</u>			



# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 21. INTRA-ENTITY TRANSACTIONS

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

A. Short-term receivables and payables

	Due To	Due From
Component Units		
Water Works Board	\$ 810,921	\$ 117,060
Primary Government		
General Fund	46,402	526,693
Sewer Fund	69,436	220,104
Solid Waste Management Fund	1,222	64,124
Total	\$ 927,981	\$ 927,981

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

B. Payments between the City and Component Units

	Appropriations To	Payments From
Primary Government		
General Fund	\$ -	\$ 24,942,818
Special School Tax Fund	-	10,045,017
Nonmajor governmental funds	-	181,123
Component Units		
Auburn City Board of Education	30,859,326	-
Industrial Development Board	4,056,123	-
Public Park and Recreation Board	253,509	-
Total	\$ 35,168,958	\$ 35,168,958

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

The City appropriated \$30,859,326 to the Board of Education during the year, \$22,855,133 of which is reported as unrestricted appropriations from the City with the balance of \$8,004,193 reported as property tax revenue. In addition to these scheduled payments, the City makes debt service payments on behalf of the Board of Education that are not recorded as payments to that component unit. The debt payments (including bond trustee fees) paid on behalf of the Board of Education and reflected in the City's financial statements as debt service expenditures totaled \$14,967,990.

The City appropriated \$4,056,123 to the Industrial Development Board during the year for the purchase of property and various operating purposes, including industrial recruitment, commercial development, workforce development, and other general operating expenses, \$1,256,123 of which is reported as unrestricted appropriations from the City with the balance of \$2,800,000 reported as capital contributions.

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 22. REPORTING OF FEDERAL GRANT LOAN REPAYMENT SPECIAL REVENUE FUND

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

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 22. REPORTING OF FEDERAL GRANT LOAN REPAYMENT SPECIAL REVENUE FUND – CONTINUED

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

	Shelton Park UDAG*	Revolving Loan*	Affordable Housing*	Housing Rehab Loan*	Affordable Housing Loan*	Section 108 Loan Program*	Total
<b>Assets</b>							
Cash and cash equivalents	\$ 41,963	\$ 1,049	\$ 60,282	\$ 1,547	\$ 1,105	\$ -	\$ 105,946
Investments	-	-	-	-	-	993,538	993,538
Receivables, net	-	-	-	-	-	9,921	9,921
Mortgages receivable	12,729	-	78,272	697,225	438,596	478,281	1,705,103
Restricted cash	-	-	-	-	-	56,516	56,516
<b>Total assets</b>	<b><u>54,692</u></b>	<b><u>1,049</u></b>	<b><u>138,554</u></b>	<b><u>698,772</u></b>	<b><u>439,701</u></b>	<b><u>1,538,256</u></b>	<b><u>2,871,024</u></b>
<b>Liabilities and Fund Balance</b>							
<b>Liabilities:</b>							
Due to other funds	-	-	-	1,530	1,082	-	2,612
Unearned revenue	13,179	-	78,321	697,225	438,596	478,281	1,705,602
<b>Total liabilities</b>	<b><u>13,179</u></b>	<b><u>-</u></b>	<b><u>78,321</u></b>	<b><u>698,755</u></b>	<b><u>439,678</u></b>	<b><u>478,281</u></b>	<b><u>1,708,214</u></b>
<b>Fund balance:</b>							
Restricted - social & economic	41,513	1,049	60,233	17	23	1,059,975	1,162,810
<b>Total liabilities and fund balance</b>	<b><u>54,692</u></b>	<b><u>1,049</u></b>	<b><u>138,554</u></b>	<b><u>698,772</u></b>	<b><u>439,701</u></b>	<b><u>1,538,256</u></b>	<b><u>2,871,024</u></b>
<b>Revenues</b>							
Program income	-	-	2,342	20,490	170,048	73,572	266,452
Interest	448	12	1,905	-	8,320	76,661	87,346
Miscellaneous	-	-	33	8	128	-	169
<b>Total revenues</b>	<b><u>448</u></b>	<b><u>12</u></b>	<b><u>4,280</u></b>	<b><u>20,498</u></b>	<b><u>178,496</u></b>	<b><u>150,233</u></b>	<b><u>353,967</u></b>
<b>Expenditures</b>							
Economic development	-	-	-	-	-	321,050	321,050
Debt service - principal	-	-	-	-	-	180,000	180,000
Debt service - interest	-	-	-	-	-	56,121	56,121
<b>Total expenditures</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>557,171</u></b>	<b><u>557,171</u></b>
Excess (deficiency) of revenues over expenditures	<u>448</u>	<u>12</u>	<u>4,280</u>	<u>20,498</u>	<u>178,496</u>	<u>(406,938)</u>	<u>(203,204)</u>
<b>Other financing sources (uses)</b>							
Transfers in	-	-	-	-	-	56,121	56,121
Transfers out	-	-	-	(21,936)	(363,910)	-	(385,846)
<b>Total other financing sources (uses)</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(21,936)</u></b>	<b><u>(363,910)</u></b>	<b><u>56,121</u></b>	<b><u>(329,725)</u></b>
<b>Net changes in fund balance</b>	<b>448</b>	<b>12</b>	<b>4,280</b>	<b>(1,438)</b>	<b>(185,414)</b>	<b>(350,817)</b>	<b>(532,929)</b>
Fund balance, beginning of year	41,065	1,037	55,953	1,455	185,437	1,410,792	1,695,739
Fund balance, end of year	<b><u>\$ 41,513</u></b>	<b><u>\$ 1,049</u></b>	<b><u>\$ 60,233</u></b>	<b><u>\$ 17</u></b>	<b><u>\$ 23</u></b>	<b><u>\$ 1,059,975</u></b>	<b><u>\$ 1,162,810</u></b>

\*Net of interfund eliminations.

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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

	State Funded Seizures	Public Safety Substance Abuse (other seizures)	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 20,238	\$ 106,792	\$ 127,030
Total assets	20,238	106,792	127,030
<b>Liabilities and fund balance</b>			
Accounts payable and accrued liabilities	4,818	-	4,818
Unearned revenue	-	41,341	41,341
Total liabilities	4,818	41,341	46,159
Fund balance			
Restricted - law enforcement	15,420	65,451	80,871
Total liabilities and fund balance	20,238	106,792	127,030
<b>Revenues</b>			
Contributions from the public	63,508	13,052	76,560
Interest	809	1,081	1,890
Total revenues	64,317	14,133	78,450
<b>Expenditures</b>			
Public safety	18,300	14,133	32,433
Capital outlay	136,622	-	136,622
Total expenditures	154,922	14,133	169,055
<b>Excess (deficiency) of</b>			
revenues over expenditures	(90,605)	-	(90,605)
Net changes in fund balances	(90,605)	-	(90,605)
Fund balance, beginning of year	106,025	65,451	171,476
Fund balance, end of year	\$ 15,420	\$ 65,451	\$ 80,871

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 24. REPORTING OF GENERAL FUND ACTIVITIES

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

	<u>General Government Operations</u>	<u>Special Improvement Projects</u>	<u>Employee Benefit Risk Financing</u>	<u>General Liability Risk Financing</u>	<u>Total (Net of Eliminations)</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 30,196,228	\$ 2,086,304	\$ 550,472	\$ 689,505	\$ 33,522,509
Certificates of deposit	8,760,029	251,794	-	-	9,011,823
Investments	44,771,907	-	-	-	44,771,907
Receivables, net	14,769,116	204	5,350,140	-	20,119,460
Due from other funds	15,365,660	-	-	-	15,365,660
Due from component units	506,530	-	19,363	800	526,693
Inventories	320,125	-	-	-	320,125
Prepaid items	2,860,529	-	-	-	2,860,529
Advances to other agencies	525,000	-	-	-	525,000
Restricted cash	494,102	-	-	-	494,102
Property for resale	4,131,127	-	-	-	4,131,127
<b>Total assets</b>	<u>122,700,353</u>	<u>2,338,302</u>	<u>5,919,975</u>	<u>690,305</u>	<u>131,648,935</u>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	7,338,929	-	202,888	-	7,541,817
Due to component units	46,361	-	41	-	46,402
Customer deposits	232,397	-	-	-	232,397
Claims payable	-	-	6,512,849	104,012	6,616,861
Unearned revenue	756,219	2,294,608	-	-	3,050,827
<b>Total liabilities</b>	<u>8,373,906</u>	<u>2,294,608</u>	<u>6,715,778</u>	<u>104,012</u>	<u>17,488,304</u>
<b>Fund balances</b>					
<b>Nonspendable</b>					
Inventories	320,125	-	-	-	320,125
Prepaid items	2,860,529	-	-	-	2,860,529
Advances	525,000	-	-	-	525,000
Property for resale	4,131,127	-	-	-	4,131,127
<b>Restricted</b>					
Law enforcement	494,102	-	-	-	494,102
<b>Committed</b>					
Investments	1,048,665	-	-	-	1,048,665
<b>Assigned</b>					
General	23,351,701	5	-	-	23,351,706
Unassigned	94,456,415	42,867	(13,580,803)	510,898	81,429,377
<b>Total fund balances</b>	<u>127,187,664</u>	<u>42,872</u>	<u>(13,580,803)</u>	<u>510,898</u>	<u>114,160,631</u>
<b>Total liabilities and fund balances</b>	<u>\$ 135,561,570</u>	<u>\$ 2,337,480</u>	<u>\$ (6,865,025)</u>	<u>\$ 614,910</u>	<u>\$ 131,648,935</u>

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 24. REPORTING OF GENERAL FUND ACTIVITIES - CONTINUED

	General Government Operations	Special Improvement Projects	Employee Benefit Risk Financing	General Liability Risk Financing	Total (Net of Eliminations)
<b>Revenues</b>					
Sales and use taxes	\$ 66,176,356	\$ -	\$ -	\$ -	\$ 66,176,356
Occupational license fees	18,466,594	-	-	-	18,466,594
Motor fuel taxes	1,243,764	-	-	-	1,243,764
Lodging taxes	4,889,141	-	-	-	4,889,141
Rental and leasing taxes	1,007,249	-	-	-	1,007,249
Other taxes	413,552	-	-	-	413,552
Licenses and permits	20,316,828	-	-	-	20,316,828
General property tax	9,821,717	-	-	-	9,821,717
Charges for services	10,953,628	-	5,589,286	-	16,542,914
Fines and forfeitures	1,129,500	-	-	-	1,129,500
State shared taxes	8,219,936	-	-	-	8,219,936
Contributions from the public	342,894	-	-	-	342,894
Interest	4,004,563	-	69,165	7,217	4,080,945
Miscellaneous	1,189,796	-	849,567	-	2,039,363
<b>Total revenues</b>	<b>148,175,518</b>	<b>-</b>	<b>6,508,018</b>	<b>7,217</b>	<b>154,690,753</b>
<b>Expenditures</b>					
General government and administration	7,138,388	-	-	-	7,138,388
Public works	5,493,314	-	-	-	5,493,314
Environmental services	2,213,576	-	-	-	2,213,576
Public safety	32,667,744	-	-	-	32,667,744
Library	2,964,295	-	-	-	2,964,295
Parks and recreation	8,010,998	-	-	-	8,010,998
Development services	6,226,346	-	-	-	6,226,346
Social and economic development	5,257,629	-	-	-	5,257,629
Human resources	1,146,908	-	10,743,028	-	11,889,936
Risk management	697,718	-	-	132,321	830,039
<b>Total departmental</b>	<b>71,816,916</b>	<b>-</b>	<b>10,743,028</b>	<b>132,321</b>	<b>82,692,265</b>
Non-departmental	2,950,739	-	-	-	2,950,739
<b>Debt service:</b>					
Administrative charges	887	-	-	-	887
Interest	3,971,930	-	1,859	-	3,973,789
Principal retirement	5,389,925	-	50,441	-	5,440,366
Capital outlay	25,047,749	-	-	-	25,047,749
Intergovernmental	2,034,741	-	-	-	2,034,741
Payments to component units	24,942,818	-	-	-	24,942,818
<b>Total expenditures</b>	<b>136,155,705</b>	<b>-</b>	<b>10,795,328</b>	<b>132,321</b>	<b>147,083,354</b>
Excess (deficiency) of revenues over expenditures	12,019,813	-	(4,287,310)	(125,104)	7,607,399

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 24. REPORTING OF GENERAL FUND ACTIVITIES - CONTINUED

	<u>General Government Operations</u>	<u>Special Improvement Projects</u>	<u>Employee Benefit Risk Financing</u>	<u>General Liability Risk Financing</u>	<u>Total (Net of Eliminations)</u>
Other financing sources (uses)					
Leases (as lessee)	17,893	-	-	-	17,893
Sale of surplus assets	136,612	-	-	-	136,612
Transfers in	10,905,851	-	-	60,000	10,965,851
Transfers out	<u>(65,218)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(65,218)</u>
Total other financing sources (uses)	<u>10,995,138</u>	<u>-</u>	<u>-</u>	<u>60,000</u>	<u>11,055,138</u>
Net changes in fund balances	23,014,951	-	(4,287,310)	(65,104)	18,662,537
Fund balances, beginning of year	<u>104,172,713</u>	<u>42,872</u>	<u>(9,293,493)</u>	<u>576,002</u>	<u>95,498,094</u>
Fund balances, end of year	<u>\$ 127,187,664</u>	<u>\$ 42,872</u>	<u>\$ (13,580,803)</u>	<u>\$ 510,898</u>	<u>\$ 114,160,631</u>

## NOTE 25. 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 \$21,694,680 as of September 30, 2024.

As of September 30, 2024, encumbered expenditures in governmental funds were as follows:

General Fund	\$ 1,218,144
Nonmajor funds	<u>6,377</u>
Total governmental activities	<u>1,224,521</u>
Major Proprietary Fund	
Sewer Fund	329,849
Solid Waste Management Fund	<u>16,399</u>
Total major proprietary funds	<u>346,248</u>
Total primary government	<u>\$ 1,570,769</u>

The City contracts with Veolia Water North America Operating Services, LLC for the operation, management and maintenance of the City's publicly owned wastewater treatment facilities. The original contract, dated February 5, 2002, and amended November 16, 2010, was effective until January 1, 2020. The City approved a third amended and restated agreement with Veolia effective January 2, 2020, through January 1, 2030, with the same basic cost structure and operating fee calculation as the previous agreements. Under the agreement, the City pays for the cost of operations plus a management fee based on a percentage of the cost of operations. The operating fee is calculated annually based upon the facilities budget for the year and paid in monthly installments to Veolia. A true-up is conducted annually to adjust the budgeted payments to actual costs. During fiscal year 2024, the City paid Veolia \$2,443,169 to operate the wastewater facilities.

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 25. COMMITMENTS, LITIGATION AND CONTINGENCIES – CONTINUED

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

Provided that this restriction is met, the following payments would be made to the County:

Fiscal Year	Appropriation
2025	\$ 358,518

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

Claims and Litigation - As of September 30, 2024, the City was not named defendant in any pending lawsuits.

In fiscal year 2024, the City expended \$619,688 in payment of claims and judgments and legal costs associated therewith. These expenditures are included in the General Fund as current expenditures for Risk Management.

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

### COMPONENT UNITS

#### Board of Education

##### Commitments

At September 30, 2024, the ABOE had seven remaining commitments on uncompleted contracts for various construction and development projects, which are being funded, in part, with proceeds from bonds issued by the City of Auburn, as follows:

	Project Authorization	Expended To Date	Remaining Commitment
Security Cameras & Access Control Upgrade	\$ 3,208,030	\$ 3,192,175	\$ 15,855
Duck Samford Drainage Improvements	111,400	67,400	44,000
AHS Scoreboard & Videoboard Upgrades	482,131	369,261	112,870
AHS Turf Field & Track Refurbishment	2,477,200	2,352,217	124,983
East Samford Main Building Renovation	1,640,868	1,366,771	274,097
New Auburn High School	10,092,187	2,480,247	7,611,940
Network Infrastructure Upgrades	4,171,956	3,022,612	1,149,344
Total	\$ 22,183,772	\$ 12,850,683	\$ 9,333,089



# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 25. COMMITMENTS, LITIGATION AND CONTINGENCIES – CONTINUED

### Contingent Liabilities

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

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

### Water Works Board

Commitments - The Water Board had commitments for construction projects in connection with system improvements totaling \$107,038 as of September 30, 2024.

The Board entered into an agreement with the City of Opelika Water Board effective on June 1, 1983, for the right to purchase water from Opelika. The agreement had two commitments. First, the agreement provided that the Auburn Board would pay its proportionate share of the debt service on Opelika's Series 1983 bonds, plus its share of the bond issue costs, and an initial capital contribution. Auburn has fulfilled all these initial commitments. Second, Auburn would pay Opelika for the water it purchased based on its share of the production and transportation costs in relation to total production.

In return for its payment of these amounts, Auburn's Board receives the right to purchase not greater than 3.6 million gallons of water per day. It is a 'take-or-pay' agreement with the first 138 million gallons annual amount set as a required minimum. The original agreement was set to expire in March 2013; however, the Board approved the 20-year renewal (at no additional cost as set forth in the agreement) in October 2012.

The Water Board also entered into an agreement in May 2011 to purchase water from Sandy Springs Farm II, LLC. The agreement included a land lease and permission to build and operate a well on property located on the farm. Construction was completed and Well No. 3 was placed in service May 2012. The agreement includes a minimum annual purchase of 210,240,000 gallons per year at an initial rate of \$.50 per 1,000 gallons (\$105,120 per year), payable in monthly installments. This rate is subject to increase based on the Consumer Price Index and increased to \$.68 per 1,000 gallons (\$142,963) for the year ended September 30, 2024. The term of the agreement is twenty years, with six five-year extension options. Total water pumped in fiscal 2024 was 410,208,000 gallons with a total annual payment of \$278,941.

The Water Board entered into an agreement in August 2018 to purchase water from Auburn H2O, LLC. Construction was completed and Well No. 4 was placed in service December 2020. The agreement includes a minimum annual purchase of 438,000,000 gallons per year at an initial rate of \$.40 per 1,000 gallons (\$175,200 per year), payable in monthly installments. This rate is subject to increase based on the Consumer Price Index and increased to \$.48 per 1,000 gallons (\$210,240) for the year ended September 30, 2024. The term of the agreement is twenty-five years, with eleven five-year extension options. Total water pumped in fiscal 2024 was 754,761,000 gallons with a total annual payment of \$362,285.

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

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 25. COMMITMENTS, LITIGATION AND CONTINGENCIES – CONTINUED

### Industrial Development Board

Commitments - As of September 30, 2024, the Industrial Development Board (IDB) was committed under certain construction contracts in the approximate amount of \$3.4 million. Additionally, various incentive packages were committed to several companies as incentives to locate in Auburn or to expand existing operations. The incentives include property acquisition at discounted values; cash assistance for site preparation; relocation and training; rent subsidies; and tax abatements.

During 2024, the IDB committed the right of first refusal to purchase a lot in Auburn Technology Park North to an industry located on the adjacent lot at a purchase price of approximately \$241,000.

In fiscal year 2024, the IDB signed a Growing Alabama Funding Agreement with the Alabama Department of Commerce, which resulted in the receipt of approximately \$2.8 million of funding from the purchase of tax credits from Alabama electric cooperatives. The IDB committed an additional amount of approximately \$2.8 million as matching funds. These amounts will be used for construction of infrastructure in the Auburn Technology Park West Annex II beginning in fiscal year 2025.

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

## NOTE 26. LANDFILL CLOSURE AND POSTCLOSURE CARE

State and federal laws and regulations require the City to place a final cover on its inert landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The City's landfill closed in fiscal year 2000. Post closure care costs are paid only after the date that the landfill stops accepting waste; the City reports these post closure care costs in governmental activities' long-term debt and other liabilities. There were no expenditures for landfill closure and post closure care during fiscal year 2024. The \$77,000 reported as landfill post closure care liability in the governmental activities' long-term debt and other liabilities at September 30, 2024, represents estimated costs of post closure care based on what it would cost to perform all post closure care in 2024. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

## NOTE 27. TAX ABATEMENTS

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

The City abates non-education ad valorem taxes and mortgage recording taxes, excluding those for the benefit of the East Alabama Medical Center or children's homes operated by Lee County, Alabama. The recipients of the tax abatements agree to take various development actions, including establishing and operating an industrial enterprise, installing and operating various machinery and personal property, and creating jobs. The City's property tax revenues were reduced by \$1,368,919 during the reporting period as a result of these agreements. The City has not made any commitments as part of the agreements other than to reduce property taxes. No other entity grants abatements for City of Auburn property taxes.

Prior to Act No. 92-599, the City of Auburn provided property tax abatements under Act No. 49-648 and Act No. 51-756. To encourage industrial development, the City entered into leases with certain companies where no part of the project would be subject to property taxes. The City's property tax revenues were reduced by \$10,215 during the reporting period as a result of the remaining active agreements. The City has no additional commitments as part of the agreements other than to reduce property taxes.

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 27. TAX ABATEMENTS- CONTINUED

Sales and Use Tax Abatements - The City of Auburn provides sales and use tax abatements pursuant to the provisions of Act No. 92-599 enacted during the 1992 Regular Session of the Legislature of Alabama and now codified as Chapter 9B of Title 40 of the Code of Alabama (1975). Sales and use tax abatements may be granted to an entity committing to a new project or major addition to an existing facility that equals the lesser of \$2 million or 30% of the original cost. Only certain NAICS codes qualify.

Sales and use taxes are abated by applying a reduced sales and use tax rate to the materials and/or equipment purchased. The City abates 8% of non-educational general sales and use taxes, and 3% of non-educational machinery in manufacturing sales and use taxes. The recipients of the tax abatements agree to take various development actions, including establishing and operating an industrial enterprise, installing and operating various machinery and personal property, and creating jobs. The City's sales and use tax revenues were reduced by \$7,496,144 during the reporting period as a result of these agreements. The City has not made any commitments as part of the agreements other than to reduce sales and use taxes. No other entity grants abatements for City of Auburn sales and use taxes.

The City of Auburn provides sales and use tax rebates through a commercial development incentive program pursuant to Amendment 772 to the Constitution of Alabama of 1901. A portion of sales and use taxes collected within a redeveloped area are rebated to an entity if certain development activities and improvements are performed, including façade enhancements, infrastructure improvements, and possible job creation. During the reporting period, \$2,700,539 was rebated under these agreements. The City's sales and use tax revenues were not reduced by this amount because the rebates were recorded as expenditures. The City has not made any commitments as part of the agreements other than to rebate a portion of sales and use taxes.

Sales and Lodging Tax Abatements - In fiscal year 2009, the City entered into an agreement with a commercial developer to provide for the use of future taxes to support the issuance of bonds for the purpose of constructing qualified public improvements as outlined in State of Alabama enabling legislation Chapter 99A and 99B, Title 11, Code of Alabama 1975. A portion of sales and lodging taxes (derived taxes) generated in this development is rebated to the developer to pay for debt service on the infrastructure improvements. During the reporting period, \$528,200 was rebated under this agreement. The City's sales and lodging tax revenues were not reduced by this amount because the rebates were recorded as expenditures. The City has not made any commitments as part of this agreement other than to rebate a portion of sales and use taxes and lodging tax. The agreement expires in 2039.

## NOTE 28. RELATED PARTY TRANSACTIONS

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

The During the year ended September 30, 2024, the City purchased a Mower Max boom mower with 30-foot boom and 60-inch rotary deck at \$295,961 for its Public Works Department from Coblenz Equipment and Parts Company. This company is owned by the immediate family members of a current City Council member. The City Council approved the purchase unanimously, except for the related Council Member who recused himself from the vote.

## NOTE 29. SUBSEQUENT EVENTS

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

The City has evaluated subsequent events through March 21, 2025, the date these financial statements were available to be issued.

Subsequent to September 30, 2024, the City Council approved various design and construction contracts totaling approximately \$7,967,000, professional services type contracts totaling approximately \$2,553,000, and equipment and computer software purchases totaling approximately \$6,477,000.

On October 1, 2024, the City Council approved a construction contract with W.W. Compton Contractor, LLC in the amount of \$17,104,000 for the Boykin-Donahue Campus Project.

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 29. SUBSEQUENT EVENTS – CONTINUED

On October 15, 2024, the City Council authorized issuance of its Series 2024 General Obligation Warrants for various public capital improvements totaling \$40,590,000.

On March 18, 2025, the City sold 0.91 acres of land held for resale located at 1284 Mall Parkway to Allen Investments, LLC for \$350,000. The property held for resale account will be reduced by approximately \$1.0 million for this transaction and the value of the remaining land.

### COMPONENT UNITS

#### Board of Education

On November 12, 2024, the Board approved a contract in the amount of \$1,868,727 with Adams Construction & Associates, Inc. for drainage improvements of the upper field at Duck Samford Stadium.

On December 10, 2024, the Board approved the following: 1) a contract in the amount of \$15,901,560 with Evergreen Siteworks, LLC for the new high school early site package, 2) an owner-architect agreement in the amount of \$60,227 with Barganier Davis Williams Architects Associated for the gymnasium renovation project at Auburn Junior High School, 3) an owner-architect agreement in the amount of \$179,900 with HNP, LLC for renovations at Duck Samford Stadium and the band field at Auburn High School, 4) an owner-architect agreement in the amount of \$64,000 with Kadre Engineering for the bus loop addition at Auburn High School.

On January 14, 2025, the Board approved the sale of 15.68 acres of land on Beehive Road to the Auburn Industrial Development Board for \$700,000.

On February 11, 2025, the Board approved the following: 1) an amendment to its agreement with TCU Consulting Services, LLC for program management services related to the construction of the new high school and new middle school. The amendment increased the cost of the agreement by \$2,780,250 to \$6,757,750, 2) an owner-architect agreement in the amount of \$22,780 with Barganier Davis Williams Architects Associated for ADA improvements to the Central Office parking lot, walkway, and front entrance, 3) an owner-architect agreement in the amount of \$41,850 with Barganier Davis Williams Architects Associated for the mechanical HVAC replacement project at the Auburn Junior High School auditorium.

On March 18, 2025, the Board approved the following: 1) an owner-architect agreement in the amount of \$3,980,000 with Perkins & Will for the New Middle School construction project, and 2) a contract with Huckaby Brothers Floor Covering, in the amount of \$189,499, for new carpet and installation at Pick Elementary.

#### Water Works Board

Subsequent to September 30, 2024, the Board approved construction contracts totaling approximately \$312,000.

#### Industrial Development Board

Subsequent to September 30, 2024, the IDB has committed resources to fund various projects including purchases of furniture and equipment and a road widening project. The total committed is approximately \$1 million. Additionally, the IDB signed an agreement with the Alabama Department of Commerce for a Site Evaluation Economic Development Strategy Grant to be used to fund the infrastructure in Auburn Technology Park West Annex II, Section C. The IDB will receive approximately \$2.9 million in grant funds and has committed an additional \$2.9 million in IDB funds to complete the construction.

Since September 30, 2024, the IDB has signed construction contracts totaling approximately \$6.7 million.

In December 2024, the IDB signed a settlement agreement with an industry located in Auburn Technology Park South. The facility closed effective December 31, 2024, and terminated its lease with the IDB on that date. The lease term originally ended on July 31, 2040, and the IDB agreed to a settlement of approximately

# NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

## NOTE 29. SUBSEQUENT EVENTS – CONTINUED

\$331,000 to be paid at the end of June 2025 when the company vacates the building. The loss on termination of the lease in fiscal year 2025 is expected to be approximately \$100,000.

In January 2025, the IDB signed an agreement to purchase property adjacent to Auburn Technology Park West Annex II in the amount of \$700,000. The IDB intends to sell the property to a third party in fiscal year 2025.

Subsequent to September 30, 2024, the IDB approved an incentive package for a new industry locating in Auburn that will include the sale of approximately 98 acres at a price of \$30,000 per acre and various other incentives.

## NOTE 30. ADJUSTMENTS TO AND RESTATEMENTS OF BEGINNING BALANCES

### CITY OF AUBURN PRIMARY GOVERNMENT

During fiscal year 2024, changes to or within the financial reporting entity and an error correction resulted in adjustments to and restatements of beginning net position and fund net position, as follows:

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances		
	Funds		Government-Wide
	CV Local Fiscal Recovery Fund	2022 Capital Projects Fund	Governmental Activities
9/30/2023, as previously reported	\$ 602,710	\$ 5,797,285	\$ 195,850,429
Change from major to nonmajor fund	(602,710)	(5,797,285)	-
Error correction	-	-	(859,743)
9/30/2023, as restated	\$ -	\$ -	\$ 194,990,686

The City recognized an error correction of \$859,743 in the government-wide financial statements to adjust the value of prior year capital asset items whose capitalizable value was determined in the current year to be overstated by the value of water and sewer lines previously capitalized by the Sewer Fund (a proprietary fund of the City) and Water Works Board of the City of Auburn (a discretely presented component unit of the City).



AUBURN

## Required Supplementary Information



AUBURN



**CITY OF AUBURN, ALABAMA**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY**  
**AND RELATED RATIOS**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Total pension liability</b>										
Service cost	4,341,849	3,621,613	3,006,904	2,744,079	2,660,970	2,420,659	2,348,855	2,263,221	2,096,359	2,020,170
Interest	11,086,545	10,346,798	9,627,046	8,932,116	8,462,103	7,988,160	7,587,667	7,098,665	6,773,185	6,444,210
Changes of benefit terms	-	103,645	-	1,772,883	-	-	-	-	-	-
Differences between expected and actual experience	4,528,753	3,233,479	2,781,002	2,227,113	1,147,709	1,239,780	403,593	1,030,203	(201,519)	-
Changes of assumptions	-	-	5,444,804	-	-	650,117	-	3,582,969	-	-
Benefit payments, including refunds of employee contributions	(7,802,452)	(7,290,814)	(6,389,298)	(5,820,500)	(5,470,330)	(5,549,049)	(5,144,094)	(4,737,008)	(4,462,051)	(4,242,336)
Transfers among employers	(152,406)	170,577	(163,074)	(546,220)	(521,313)	35,394	174,097	137,570	-	-
Net change in total pension liability	12,002,289	10,185,298	14,307,384	9,309,471	6,279,139	6,785,061	5,370,118	9,375,620	4,205,974	4,222,044
Total pension liability - beginning	152,713,904	142,528,606	128,221,222	118,911,751	112,632,612	105,847,551	100,477,433	91,101,813	86,895,839	82,673,795
Total pension liability - ending (a)	164,716,193	152,713,904	142,528,606	128,221,222	118,911,751	112,632,612	105,847,551	100,477,433	91,101,813	86,895,839
<b>Plan fiduciary net position</b>										
Contributions - employer	4,768,023	4,220,692	3,721,336	3,434,151	3,192,281	2,886,965	2,895,132	2,934,254	2,827,895	2,602,824
Contributions - member	2,796,347	2,717,369	2,375,294	2,122,518	2,010,918	1,773,476	1,613,441	1,597,131	1,548,903	1,341,496
Net investment income	11,291,419	(12,796,248)	18,239,681	4,474,017	1,980,152	6,601,723	8,171,480	5,923,189	683,202	6,183,165
Benefit payments, including refunds of employee contributions	(7,802,452)	(7,290,814)	(6,389,298)	(5,820,500)	(5,470,330)	(5,549,049)	(5,144,094)	(4,737,008)	(4,462,051)	(4,242,336)
Transfers among employers	(152,406)	170,577	(163,074)	(546,220)	(521,313)	35,394	174,097	137,570	(66,372)	193,733
Net change in plan fiduciary net position	10,900,931	(12,978,424)	17,783,939	3,663,966	1,191,708	5,748,509	7,710,056	5,855,136	531,577	6,078,882
Plan net position - beginning	87,169,862	100,148,286	82,364,347	78,700,381	77,508,673	71,760,164	64,050,108	58,194,972	57,663,395	51,584,513
Plan net position - ending (b)	98,070,793	87,169,862	100,148,286	82,364,347	78,700,381	77,508,673	71,760,164	64,050,108	58,194,972	57,663,395
Net pension liability - ending a - b	66,645,400	65,544,042	42,380,320	45,856,875	40,211,370	35,123,939	34,087,387	36,427,325	32,906,841	29,232,444
Plan fiduciary net position as a percentage of the total pension liability	59.54%	57.08%	70.27%	64.24%	66.18%	68.82%	67.80%	63.75%	63.88%	66.36%
Covered payroll <sup>(1)</sup>	42,773,053	39,778,962	37,688,081	35,428,974	34,130,998	30,468,475	28,547,194	27,235,213	25,894,222	24,266,174
Net pension liability as a percentage of covered payroll	155.81%	164.77%	112.45%	129.43%	117.81%	115.28%	119.41%	133.75%	127.08%	120.47%

<sup>(1)</sup>Employer's covered payroll during the measurement period is the total covered payroll. For FY2024 the measurement period is October 1, 2022 to September 30, 2023. GASB issued a statement "Pension Issues" in March 2016 to redefine covered payroll beginning with FY2017.

**CITY OF AUBURN, ALABAMA**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Actuarially determined contributions <sup>1</sup>	5,113,128	4,691,605	4,050,144	3,657,108	3,391,662	3,175,036	2,755,194	2,854,621	2,818,007	2,704,775
Contributions in relation to the actuarially determined contribution <sup>1</sup>	5,113,128	4,691,605	4,050,144	3,657,108	3,391,662	3,175,036	2,755,194	2,854,621	2,818,007	2,704,775
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll <sup>2</sup>	46,403,928	42,773,053	39,778,962	37,688,081	35,428,974	34,130,998	30,468,475	28,547,194	27,235,213	25,894,222
Contributions as a percentage of covered payroll	11.02%	10.97%	10.18%	9.70%	9.57%	9.30%	9.04%	10.00%	10.35%	10.45%

<sup>1</sup>The amount of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments. The Schedule of Employer Contributions is based on the 12 month period of the underlying financial statement.

<sup>2</sup>Employer's covered payroll for FY2024 is the total covered payroll for the 12 month period of the underlying financial statement.

**Notes to Schedule**

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2024 were based on the September 30, 2021 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2023 to September 30, 2024:

- Actuarial cost method: entry age
- Amortization method: level percent closed
- Remaining amortization period: 25.3 years
- Asset valuation method: five year smoothed fair value
- Inflation: 2.50%
- Salary increases: 3.25 - 6.00%, including inflation
- Investment rate of return: 7.45%, net of pension plan investment expense, including inflation

**CITY OF AUBURN, ALABAMA  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY  
AND RELATED RATIOS**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years in which information is available.

	2024	2023	2022	2021	2020	2019	2018
	\$	\$	\$	\$	\$	\$	\$
<b>Total OPEB Liability</b>							
Service cost	590,043	104,076	326,932	179,809	110,213	102,701	106,479
Interest	235,682	191,889	146,213	146,594	131,779	152,194	130,523
Changes in assumptions	2,614,300	(38,448)	(1,103,919)	(13,916)	805,903	198,691	(113,656)
Differences between expected and actual experience	2,702,022	553,898	(899,054)	898,704	1,444,740	(327,559)	108,181
Benefit payments	(353,882)	(510,720)	(484,093)	(166,425)	(135,310)	(120,467)	(99,020)
Net change in total OPEB liability	5,788,165	300,695	(2,013,921)	1,044,766	2,357,325	5,560	132,507
Total OPEB Liability - beginning	5,372,368	5,071,673	7,085,594	6,040,828	3,683,503	3,677,943	3,545,436
<b>Total OPEB Liability - ending</b>	<b>\$ 11,160,533</b>	<b>\$ 5,372,368</b>	<b>\$ 5,071,673</b>	<b>\$ 7,085,594</b>	<b>\$ 6,040,828</b>	<b>\$ 3,683,503</b>	<b>\$ 3,677,943</b>
Covered employee payroll	37,044,922	32,819,124	31,556,851	32,993,358	31,095,990	32,124,486	27,910,274
Total OPEB liability as % of covered employee payroll	30.1%	16.4%	16.1%	21.5%	19.4%	11.5%	13.2%

**Notes to Schedule:**

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

2024	2023	2022	2021	2020	2019	2018
3.81%	4.09%	4.02%	2.43%	2.41%	3.58%	4.15%

No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4, to pay related benefits.



AUBURN

# Nonmajor Governmental Funds

## Special Revenue Funds

Special Revenue Funds are operating funds used to account for the proceeds of specific revenue sources that are legally restricted for specific purposes other than special assessments or major capital projects.

**Seven Cent Gas Tax Fund** accounts for funds received from the State of Alabama and expended for street related projects.

**Four and Five Cent Gas Tax Fund** accounts for Auburn's share of the State of Alabama four and five cent gas tax revenues and expenditures for the resurfacing, restoration and rehabilitation of roads, bridges and streets.

**Ten Cent Gas Tax Fund** accounts for Auburn's share of the State of Alabama Rebuild Alabama Act revenues and expenditures for street and infrastructure related projects.

**Municipal Court Judicial Administration Fund** accounts for funds received from specific fines collected that are to be used for municipal court administration purposes.

**Public Safety Substance Abuse Prevention Fund** accounts for funds received from the U.S. Marshal and the State of Alabama to be used for enforcement of laws against drug trafficking.

**Working Capital Interest Subsidy Program Fund** accounts for the City's contribution to provide subsidy payments to cover interest on qualifying loans made to enable commercial enterprises to maintain business in the City during and following the effects of COVID-19 as allowed by Amendment 772 to the Constitution of Alabama of 1901.

**CV Local Fiscal Recovery Fund** accounts for American Rescue Plan federal funding provided through the U. S. Department of Treasury to respond to the COVID-19 public health emergency and its economic impacts.

**Grants – General Activities Fund** accounts for state and federal grants.

**Community Development Block Grant Fund** accounts for funds received from federal Community Development Block Grants and expended for approved community development projects.

**Federal Grant Loan Repayment Fund** accounts for mortgage revenue from grants provided by the U.S. Department of Housing and Urban Development used to fund Title I projects within the City.

## Debt Service Funds

Debt Service Funds are used to account for the payment of principal and interest on long-term debt. Debt service revenues are from taxes and other operating revenues, some of which are pledged specifically to repay certain outstanding bond issues.

**Special 5-Mill Tax Fund** accounts for general property tax receipts used to pay principal and interest on bonds issued to finance projects approved by the voters.

## Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

**West Tech Park Phase II Fund** accounts for the revenue and expenditure of bonds issued by the City for the expansion of Auburn Technology Park West and other infrastructure projects.

**2022 Capital Projects Fund** accounts for the revenue and expenditure of general obligation warrants issued by the City for the construction of William Buechner Parkway, construction of the Environmental Services and Public Works facility, and improvements to the Auburn Soccer Complex.

**CITY OF AUBURN, ALABAMA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2024**

	Special Revenue Funds							
	Seven Cent Gas Tax Fund	Four and Five Cent Gas Tax Fund	Ten Cent Gas Tax Fund	Municipal Court Judicial Admin Fund	Public Safety Substance Abuse Fund	Working Capital Int Subsidy Program Fund	CV Local Fiscal Recovery Fund	Grants General Activities Fund
ASSETS	\$	\$	\$	\$	\$	\$	\$	\$
Cash and cash equivalents	65,603	54,806	80,553	860,935	127,030	27,580	1,842,897	550,455
Investments	-	-	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-	-	-
Receivables, net	17,376	13,773	51,274	32,743	-	-	42,142	301,539
Due from other funds	-	-	-	-	-	-	-	-
Mortgages receivable	-	-	-	-	-	-	-	-
Restricted cash	-	-	-	-	-	-	-	-
Total assets	<u>82,979</u>	<u>68,579</u>	<u>131,827</u>	<u>893,678</u>	<u>127,030</u>	<u>27,580</u>	<u>1,885,039</u>	<u>851,994</u>
LIABILITIES								
Accounts payable and accrued liabilities	-	-	-	30,244	4,818	-	1	262,755
Due to other funds	-	-	-	-	-	-	-	9,510
Unearned revenue	-	-	-	-	41,341	-	681,801	14,227
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,244</u>	<u>46,159</u>	<u>-</u>	<u>681,802</u>	<u>286,492</u>
Restricted								
Roads, bridges and streets	82,979	68,579	131,828	-	-	-	-	-
Law enforcement	-	-	-	863,434	80,871	-	-	-
General grants	-	-	-	-	-	-	-	565,500
Social and economic development	-	-	-	-	-	-	1,203,238	-
Capital projects	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Committed								
Interest Subsidy Program	-	-	-	-	-	27,580	-	-
Total fund balances	<u>82,979</u>	<u>68,579</u>	<u>131,828</u>	<u>863,434</u>	<u>80,871</u>	<u>27,580</u>	<u>1,203,238</u>	<u>565,500</u>
Total liabilities and fund balances	<u>82,979</u>	<u>68,579</u>	<u>131,828</u>	<u>893,678</u>	<u>127,030</u>	<u>27,580</u>	<u>1,885,040</u>	<u>851,992</u>

**CITY OF AUBURN, ALABAMA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2024  
CONTINUED**

	Special Revenue Funds, continued		Debt Service Fund		Capital Projects Funds		Total Nonmajor Governmental Funds	
	Community Development Block Grant Fund	Federal Grant Loan Repayment Fund	Total	Special 5- Mill Tax Fund	West Tech Park Phase II Fund	2022 Capital Projects Fund		Total
ASSETS	\$	\$	\$	\$	\$	\$	\$	
Cash and cash equivalents	3,254	105,945	3,719,058	7,396,372	112,092	163,779	275,871	11,391,301
Investments	-	993,538	993,538	4,910,796	-	-	-	5,904,334
Certificate of deposits	-	-	-	791,263	-	-	-	791,263
Receivables, net	226,972	9,921	695,740	87,235	-	-	-	782,975
Due from other funds	2,612	-	2,612	-	-	-	-	2,612
Mortgages receivable	-	1,705,102	1,705,102	-	-	-	-	1,705,102
Restricted cash	-	56,516	56,516	-	-	-	-	56,516
Total assets	<u>232,838</u>	<u>2,871,022</u>	<u>7,172,566</u>	<u>13,185,666</u>	<u>112,092</u>	<u>163,779</u>	<u>275,871</u>	<u>20,634,103</u>
LIABILITIES								
Accounts payable and accrued liabilities	14,707	-	312,525	412	-	162,636	162,636	475,573
Due to other funds	218,118	2,612	230,240	-	-	-	-	230,240
Unearned revenue	-	1,705,602	2,442,971	-	-	-	-	2,442,971
Total liabilities	<u>232,825</u>	<u>1,708,214</u>	<u>2,985,736</u>	<u>412</u>	<u>-</u>	<u>162,636</u>	<u>162,636</u>	<u>3,148,784</u>
Restricted								
Roads, bridges and streets	-	-	283,386	-	-	-	-	283,386
Law enforcement	-	-	944,305	-	-	-	-	944,305
General grants	-	-	565,500	-	-	-	-	565,500
Social and economic development	13	1,162,809	2,366,060	-	-	-	-	2,366,060
Capital projects	-	-	-	-	112,092	1,144	113,236	113,236
Debt service	-	-	-	13,185,254	-	-	-	13,185,254
Committed								
Interest subsidy program	-	-	27,580	-	-	-	-	27,580
Total fund balances	<u>13</u>	<u>1,162,809</u>	<u>4,186,831</u>	<u>13,185,254</u>	<u>112,092</u>	<u>1,144</u>	<u>113,236</u>	<u>17,485,321</u>
Total liabilities and fund balances	<u>232,838</u>	<u>2,871,023</u>	<u>7,172,567</u>	<u>13,185,666</u>	<u>112,092</u>	<u>163,780</u>	<u>275,872</u>	<u>20,634,105</u>

**CITY OF AUBURN, ALABAMA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

	Special Revenue Funds							
	Seven Cent Gas Tax Fund	Four and Five Cent Gas Tax Fund	Ten Cent Gas Tax Fund	Municipal Court Judicial Admin Fund	Public Safety Substance Abuse Fund	Working Capital Int Subsidy Program Fund	CV Local Fiscal Recovery Fund	Grants General Activities Fund
Revenues	\$	\$	\$	\$	\$	\$	\$	\$
General property taxes	-	-	-	-	-	-	-	-
State shared taxes	187,825	148,405	528,780	-	-	-	-	-
Fines and forfeitures	-	-	-	125,212	-	-	-	-
Contributions from the public	-	-	-	-	76,560	-	-	-
Grants	-	-	-	-	-	-	11,232,154	3,419,824
Program income	-	-	-	-	-	-	-	-
Interest	811	676	1,152	8,475	1,891	294	600,527	-
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	<u>188,636</u>	<u>149,081</u>	<u>529,932</u>	<u>133,687</u>	<u>78,451</u>	<u>294</u>	<u>11,832,681</u>	<u>3,419,824</u>
Expenditures								
General government and administration	-	-	-	6,404	-	-	-	-
Public safety	-	-	-	-	32,433	-	-	57,211
Library	-	-	-	-	-	-	-	15,921
Social and economic development	-	-	-	-	-	-	-	1,199,000
Total departmental	-	-	-	<u>6,404</u>	<u>32,433</u>	-	-	<u>1,272,132</u>
Non-departmental	-	-	-	-	-	-	-	-
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Administrative charges	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	136,623	-	1,232,154	2,147,692
Payments to component units	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	<u>6,404</u>	<u>169,056</u>	-	<u>1,232,154</u>	<u>3,419,824</u>
Excess (deficiency) of revenues over expenditures	<u>188,636</u>	<u>149,081</u>	<u>529,932</u>	<u>127,283</u>	<u>(90,605)</u>	<u>294</u>	<u>10,600,527</u>	<u>-</u>
Other financing sources (uses)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(182,000)	(145,000)	(500,000)	(7,601)	-	-	(10,000,000)	-
Total other financing sources (uses)	<u>(182,000)</u>	<u>(145,000)</u>	<u>(500,000)</u>	<u>(7,601)</u>	<u>-</u>	<u>-</u>	<u>(10,000,000)</u>	<u>-</u>
Net changes in fund balances	6,636	4,081	29,932	119,682	(90,605)	294	600,527	-
Fund balances, beginning of year	<u>76,343</u>	<u>64,498</u>	<u>101,896</u>	<u>743,752</u>	<u>171,476</u>	<u>27,286</u>	<u>602,711</u>	<u>565,500</u>
Fund balances, end of year	<u><u>82,979</u></u>	<u><u>68,579</u></u>	<u><u>131,828</u></u>	<u><u>863,434</u></u>	<u><u>80,871</u></u>	<u><u>27,580</u></u>	<u><u>1,203,238</u></u>	<u><u>565,500</u></u>



**CITY OF AUBURN, ALABAMA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**  
**CONTINUED**

	Special Revenue Funds, continued		Debt Service Fund		Capital Projects Funds		Total Nonmajor Governmental Funds	
	Community Development Block Grant Fund	Federal Grant Loan Repayment Fund	Total	Special 5- Mill Tax Fund	West Tech Park Phase II Fund	2022 Capital Projects Fund		Total
	\$	\$	\$	\$	\$	\$		\$
Revenues								
General property taxes	-	-	-	8,608,493	-	-	-	8,608,493
State shared taxes	-	-	865,010	-	-	-	-	865,010
Fines and forfeitures	-	-	125,212	-	-	-	-	125,212
Contributions from the public	-	-	76,560	-	-	679,000	679,000	755,560
Grants	562,548	-	15,214,526	-	-	-	-	15,214,526
Program income	-	266,450	266,450	-	-	-	-	266,450
Interest	-	87,346	701,172	655,094	3,089	149,835	152,924	1,509,190
Miscellaneous	-	169	169	-	-	-	-	169
Total revenues	562,548	353,965	17,249,099	9,263,587	3,089	828,835	831,924	27,344,610
Expenditures								
General government and administration	-	-	6,404	-	-	-	-	6,404
Public safety	-	-	89,644	-	-	-	-	89,644
Library	-	-	15,921	-	-	-	-	15,921
Social and economic development	651,037	321,050	2,171,087	-	-	-	-	2,171,087
Total departmental	651,037	321,050	2,283,056	-	-	-	-	2,283,056
Non-departmental	-	-	-	306,647	-	-	-	306,647
Debt service:								
Principal retirement	-	180,000	180,000	1,890,000	-	-	-	2,070,000
Interest	-	56,121	56,121	4,697,381	-	-	-	4,753,502
Administrative charges	-	-	-	825	-	1,650	1,650	2,475
Capital outlay	241,235	-	3,757,704	-	-	(216,254)	(216,254)	3,541,450
Payments to component units	-	-	-	-	181,122	-	181,122	181,122
Total expenditures	892,272	557,171	6,276,881	6,894,853	181,122	(214,604)	(33,482)	13,138,252
Excess (deficiency) of revenues over expenditures	(329,724)	(203,206)	10,972,218	2,368,734	(178,033)	1,043,439	865,406	14,206,358
Other financing sources (uses)								
Transfers in	385,846	56,121	441,967	-	-	-	-	441,967
Transfers out	(56,121)	(385,846)	(11,276,568)	-	-	(6,839,580)	(6,839,580)	(18,116,148)
Total other financing sources (uses)	329,725	(329,725)	(10,834,601)	-	-	(6,839,580)	(6,839,580)	(17,674,181)
Net changes in fund balances	1	(532,931)	137,617	2,368,734	(178,033)	(5,796,141)	(5,974,174)	(3,467,823)
Fund balances, beginning of year	12	1,695,740	4,049,214	10,816,520	290,125	5,797,285	6,087,410	20,953,144
Fund balances, end of year	13	1,162,809	4,186,831	13,185,254	112,092	1,144	113,236	17,485,321

**CITY OF AUBURN, ALABAMA**  
**SEVEN CENT GAS TAX SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET TO ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

	<b>Budget</b>			<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
Revenues	\$	\$	\$	\$
State shared taxes	175,000	181,500	187,825	6,325
Interest	500	750	811	61
Total revenues	<u>175,500</u>	<u>182,250</u>	<u>188,636</u>	<u>6,386</u>
Other financing uses				
Transfers out	(176,000)	(182,000)	(182,000)	-
Net changes in fund balances	(500)	250	6,636	6,386
Fund balances, beginning of year	<u>76,343</u>	<u>76,343</u>	<u>76,343</u>	-
Fund balances, end of year	<u><u>75,843</u></u>	<u><u>76,593</u></u>	<u><u>82,979</u></u>	<u><u>6,386</u></u>

**CITY OF AUBURN, ALABAMA**  
**FOUR AND FIVE CENT GAS TAX SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET TO ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

	<b>Budget</b>			<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
Revenues	\$	\$	\$	\$
State shared taxes	140,000	144,000	148,405	4,405
Interest	500	650	676	26
Total revenues	<u>140,500</u>	<u>144,650</u>	<u>149,081</u>	<u>4,431</u>
Other financing uses				
Transfers out	(141,000)	(145,000)	(145,000)	-
Net changes in fund balances	(500)	(350)	4,081	4,431
Fund balances, beginning of year	<u>64,498</u>	<u>64,498</u>	<u>64,498</u>	-
Fund balances, end of year	<u><u>63,998</u></u>	<u><u>64,148</u></u>	<u><u>68,579</u></u>	<u><u>4,431</u></u>

**CITY OF AUBURN, ALABAMA**  
**TEN CENT GAS TAX SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET TO ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

	<u>Budget</u>			<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues	\$	\$	\$	\$
State shared taxes	470,000	500,000	528,780	28,780
Interest	900	1,000	1,152	152
Total revenues	<u>470,900</u>	<u>501,000</u>	<u>529,932</u>	<u>28,932</u>
Other financing uses				
Transfers out	<u>(471,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
Net changes in fund balances	(100)	1,000	29,932	28,932
Fund balances, beginning of year	<u>101,896</u>	<u>101,896</u>	<u>101,896</u>	<u>-</u>
Fund balances, end of year	<u><u>101,796</u></u>	<u><u>102,896</u></u>	<u><u>131,828</u></u>	<u><u>28,932</u></u>

**CITY OF AUBURN, ALABAMA**  
**MUNICIPAL COURT JUDICIAL ADMINISTRATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET TO ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

	<u>Budget</u>			<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues	\$	\$	\$	\$
Fines and forfeitures	122,500	117,500	125,212	7,712
Interest	6,000	9,000	8,475	(525)
Total revenues	<u>128,500</u>	<u>126,500</u>	<u>133,687</u>	<u>7,187</u>
Expenditures				
General government and administration	5,000	5,000	6,404	(1,404)
Total expenditures	<u>5,000</u>	<u>5,000</u>	<u>6,404</u>	<u>(1,404)</u>
Excess (deficiency) of revenues over expenditures	<u>123,500</u>	<u>121,500</u>	<u>127,283</u>	<u>8,591</u>
Other financing uses				
Transfers out	-	(10,500)	(7,601)	2,899
Total other financing uses	<u>-</u>	<u>(10,500)</u>	<u>(7,601)</u>	<u>2,899</u>
Net changes in fund balances	128,500	111,000	119,682	8,682
Fund balances, beginning of year	<u>743,752</u>	<u>743,752</u>	<u>743,752</u>	<u>-</u>
Fund balances, end of year	<u><u>872,252</u></u>	<u><u>854,752</u></u>	<u><u>863,434</u></u>	<u><u>8,682</u></u>

**CITY OF AUBURN, ALABAMA**  
**PUBLIC SAFETY SUBSTANCE ABUSE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET TO ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

	<u>Budget</u>			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues	\$	\$	\$	\$
Contributions from the public	27,500	80,500	76,560	(3,940)
Interest	2,150	2,150	1,891	(259)
Total revenues	<u>29,650</u>	<u>82,650</u>	<u>78,451</u>	<u>(4,199)</u>
Expenditures				
Public safety	15,300	26,520	32,433	(5,913)
Capital outlay	40,000	144,500	136,623	7,877
Total expenditures	<u>55,300</u>	<u>171,020</u>	<u>169,056</u>	<u>1,964</u>
Excess (deficiency) of revenues over expenditures	(25,650)	(88,370)	(90,605)	(2,235)
Other financing sources				
Sale of surplus assets	4,500	500	-	(500)
Net changes in fund balances	(21,150)	(87,870)	(90,605)	(2,735)
Fund balances, beginning of year	171,476	171,476	171,476	-
Fund balances, end of year	<u>150,326</u>	<u>83,606</u>	<u>80,871</u>	<u>(2,735)</u>

**CITY OF AUBURN, ALABAMA**  
**CV LOCAL FISCAL RECOVERY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET TO ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

	<u>Budget</u>			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues	\$	\$	\$	\$
Grants	11,834,052	10,969,340	11,232,154	262,814
Interest	300,000	550,000	600,527	50,527
Total revenues	<u>12,134,052</u>	<u>11,519,340</u>	<u>11,832,681</u>	<u>313,341</u>
Expenditures				
General government and administration	300,000	-	-	-
Capital outlay	325,000	2,043,090	1,232,154	810,936
Total expenditures	<u>625,000</u>	<u>2,043,090</u>	<u>1,232,154</u>	<u>810,936</u>
Excess (deficiency) of revenues over expenditures	11,509,052	9,476,250	10,600,527	1,124,277
Other financing uses				
Transfers out	(11,209,052)	(10,000,000)	(10,000,000)	-
Total other financing uses	<u>(11,209,052)</u>	<u>(10,000,000)</u>	<u>(10,000,000)</u>	<u>-</u>
Net changes in fund balances	300,000	(523,750)	600,527	1,124,277
Fund balances, beginning of year	602,711	602,711	602,711	-
Fund balances, end of year	<u>902,711</u>	<u>78,961</u>	<u>1,203,238</u>	<u>1,124,277</u>

**CITY OF AUBURN, ALABAMA**  
**SPECIAL 5-MILL TAX DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET TO ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

	<u>Budget</u>		<u>Actual</u>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<u>Original</u>	<u>Final</u>		<u>(Unfavorable)</u>
Revenues	\$	\$	\$	\$
General property tax	7,936,150	8,590,109	8,608,493	18,384
Interest	244,500	310,000	655,094	345,094
Total revenues	<u>8,180,650</u>	<u>8,900,109</u>	<u>9,263,587</u>	<u>363,478</u>
Expenditures				
Non-departmental	328,000	309,149	306,647	2,502
Debt service:				
Principal retirement	1,890,000	1,890,000	1,890,000	-
Interest	4,697,381	4,697,381	4,697,381	-
Administrative charges	1,650	1,650	825	825
Total expenditures	<u>6,917,031</u>	<u>6,898,180</u>	<u>6,894,853</u>	<u>3,327</u>
Excess (deficiency) of revenues over expenditures	<u>1,263,619</u>	<u>2,001,929</u>	<u>2,368,734</u>	<u>366,805</u>
Net changes in fund balances	1,263,619	2,001,929	2,368,734	366,805
Fund balances, beginning of year	<u>10,816,520</u>	<u>10,816,520</u>	<u>10,816,520</u>	<u>-</u>
Fund balances, end of year	<u><u>12,080,139</u></u>	<u><u>12,818,449</u></u>	<u><u>13,185,254</u></u>	<u><u>366,805</u></u>



AUBURN

# **Nonmajor Component Units**

## **Public Park and Recreation Board**

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

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

This component unit currently accounts for the operation of the Yarbrough Tennis Center, which opened in July 2007.

## **Auburn Downtown Redevelopment Authority**

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

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



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**CITY OF AUBURN, ALABAMA**  
**DISCRETELY PRESENTED BUSINESS-TYPE NONMAJOR COMPONENT UNITS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2024**

	Public Park and Recreation Board	Downtown Redevelopment Authority	Total
	\$	\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	471	-	471
Receivables, net	31,641	-	31,641
Current portion of net investment in capital leases	-	56,382	56,382
Other current assets	4,345	-	4,345
Total current assets	<u>36,457</u>	<u>56,382</u>	<u>92,839</u>
<b>Noncurrent assets</b>			
Net investment in capital leases, net of current portion	-	996,918	996,918
Capital assets, net of accumulated depreciation	2,541,343	-	2,541,343
Total noncurrent assets	<u>2,541,343</u>	<u>996,918</u>	<u>3,538,261</u>
Total assets	<u>2,577,800</u>	<u>1,053,300</u>	<u>3,631,100</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related	96,692	-	96,692
OPEB related	42,682	-	42,682
Total deferred outflows of resources	<u>139,374</u>	<u>-</u>	<u>139,374</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and other accrued liabilities	43,202	-	43,202
Current portion of OPEB liability	2,331	-	2,331
Current portion of long-term debt	-	56,382	56,382
Total current liabilities	<u>45,533</u>	<u>56,382</u>	<u>101,915</u>
<b>Noncurrent liabilities</b>			
Long-term debt and other liabilities	-	996,918	996,918
Net pension liability	262,659	-	262,659
OPEB liability	68,537	-	68,537
Total noncurrent liabilities	<u>331,196</u>	<u>996,918</u>	<u>1,328,114</u>
Total liabilities	<u>376,729</u>	<u>1,053,300</u>	<u>1,430,029</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
OPEB related	9,112	-	9,112
Total deferred inflows of resources	<u>9,112</u>	<u>-</u>	<u>9,112</u>
<b>NET POSITION</b>			
Net investment in capital assets	2,541,343	-	2,541,343
Unrestricted (deficit)	(210,010)	-	(210,010)
Total net position	<u>2,331,333</u>	<u>-</u>	<u>2,331,333</u>

**CITY OF AUBURN, ALABAMA**  
**DISCRETELY PRESENTED BUSINESS-TYPE NONMAJOR COMPONENT UNITS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER, 30 2024**

	Public Park and Recreation Board	Downtown Redevelopment Authority	Total
	\$	\$	\$
Operating revenues			
Tennis center revenue	362,517	-	362,517
Miscellaneous	102,265	-	102,265
Total operating revenues	<u>464,782</u>	<u>-</u>	<u>464,782</u>
Operating expenses			
Salaries and wages	371,389	-	371,389
Employee benefits	131,719	-	131,719
Repairs and maintenance	18,881	-	18,881
Utilities	149,143	-	149,143
Rentals and leasing	1,315	-	1,315
Insurance	8,227	-	8,227
Office supplies	539	-	539
Professional services	65,963	-	65,963
Agricultural and chemical supplies	2,670	-	2,670
Depreciation/amortization	329,675	-	329,675
Minor equipment and tools	15,484	-	15,484
Travel and training	328	-	328
Miscellaneous	21	-	21
Total operating expenses	<u>1,095,354</u>	<u>-</u>	<u>1,095,354</u>
Operating income (loss)	<u>(630,572)</u>	<u>-</u>	<u>(630,572)</u>
Non-operating revenues (expenses)			
Interest and investment earnings	127	18,522	18,649
Appropriations from the City of Auburn	253,509	-	253,509
Interest and fiscal charges	-	(18,522)	(18,522)
Gain on disposal of assets	280	-	280
Total non-operating revenues (expenses)	<u>253,916</u>	<u>-</u>	<u>253,916</u>
Change in net position	<u>(376,656)</u>	<u>-</u>	<u>(376,656)</u>
Net position - beginning of year	<u>2,707,989</u>	<u>-</u>	<u>2,707,989</u>
Net position - end of year	<u><u>2,331,333</u></u>	<u><u>-</u></u>	<u><u>2,331,333</u></u>

**CITY OF AUBURN, ALABAMA**  
**DISCRETELY PRESENTED BUSINESS-TYPE NONMAJOR COMPONENT UNITS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

	Public Park and Recreation Board	Downtown Redevelopment Authority	Total
	\$	\$	\$
<b>Cash flows from operating activities</b>			
Cash collected from customers	515,915	-	515,915
Payments to suppliers for goods and services	(282,089)	-	(282,089)
Payments to employees for services	(471,814)	-	(471,814)
Net cash provided (consumed) by operating activities (A)	<u>(237,988)</u>	<u>-</u>	<u>(237,988)</u>
<b>Cash flows from noncapital financing activities</b>			
Operating transfers in	253,509	-	253,509
Net cash provided (consumed) by noncapital financing activities	<u>253,509</u>	<u>-</u>	<u>253,509</u>
<b>Cash flows from capital and related financing activities</b>			
Proceeds from sale of assets	280	-	280
Interest and fiscal fees paid	-	(18,522)	(18,522)
Acquisition and construction of capital assets	(16,000)	-	(16,000)
Net cash provided (consumed) by capital and related financing activities	<u>(15,720)</u>	<u>(18,522)</u>	<u>(34,242)</u>
<b>Cash flows from investing activities</b>			
Interest on investments	127	18,522	18,649
Net cash provided (consumed) by investing activities	<u>127</u>	<u>18,522</u>	<u>18,649</u>
Net increase (decrease) in cash	(72)	-	(72)
Cash and cash equivalents, beginning of year	543	-	543
Cash and cash equivalents, end of year	<u>471</u>	<u>-</u>	<u>471</u>

**Reconciliation of operating income (loss) to net cash provided (consumed) by operating activities (A):**

Operating income (loss)	(630,572)	-	(630,572)
Add:			
Depreciation/amortization expense	329,675	-	329,675
Decrease in accounts receivable	51,132	-	51,132
Increase in pension related liabilities	4,201	-	4,201
Increase in OPEB liability	40,762	-	40,762
Decrease in deferred pension contributions	22,540	-	22,540
Less:			
Increase in prepaid expenses	(462)	-	(462)
Decrease in accounts payable/accrued liabilities	(19,056)	-	(19,056)
Increase in OPEB related deferred outflows	(28,617)	-	(28,617)
Decrease in pension related deferred inflows	(5,065)	-	(5,065)
Decrease in OPEB related deferred inflows	(2,526)	-	(2,526)
Net cash provided (consumed) by operating activities	<u>(237,988)</u>	<u>-</u>	<u>(237,988)</u>



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## **Capital Assets Used in the Operation of Governmental Funds**

These schedules present supplementary information on capital assets by source, function and activity. In addition, the changes in capital assets from the prior fiscal year are presented by function and activity.



AUBURN

**CITY OF AUBURN, ALABAMA**  
**CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY SOURCE**  
**SEPTEMBER 30, 2024**

Governmental funds capital assets	\$
Land, buildings and improvements	204,734,698
Construction in progress	10,928,146
Heavy equipment	5,815,681
Office equipment	8,954,780
Right-to-use leased assets - office equipment	337,473
Small tools and equipment	3,768,550
Vehicles	16,807,216
Infrastructure	327,654,618
Subscription asset	2,142,715
Total governmental funds capital assets	<u>581,143,877</u>

Investment in governmental funds capital assets by source	
General fund revenues	318,928,737
Capital projects funds	178,238,482
Federal grants	27,443,649
State grants	456,205
Special revenue fund revenues	2,919,890
Contributions and donations	53,129,114
Special assessments	27,800
Total investment in governmental funds capital assets	<u>581,143,877</u>

**CITY OF AUBURN, ALABAMA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY**  
**AS OF SEPTEMBER 30, 2024**

Function and Activity	Total	Land, Buildings & Improvements	Easements	Construction in Progress	Heavy Equipment	Office Equipment
	\$	\$	\$	\$	\$	\$
General government and administration						
Information technology	5,846,979	39,154	-	-	44,608	2,777,918
Geographical information systems	740,224	14,835	-	-	-	163,042
Judicial	312,230	-	-	-	-	-
Administrative	800,046	776,772	-	-	-	9,889
Finance	1,560,784	6,272	-	-	-	31,507
Total general government and administration	9,260,263	837,033	-	-	44,608	2,982,356
Public works administration	329,312,976	19,842,642	10,173,725	897,611	1,890,191	8,555
Environmental services	21,898,498	20,929,786	-	-	90,577	12,251
Public safety administration	43,692,612	41,192,260	-	-	-	1,371,553
Fire	12,655,056	4,662,728	-	610,357	2,067,966	176,811
Police	8,784,563	129,815	-	35,769	139,470	211,000
Development services <sup>1</sup>	27,699,420	2,206,002	-	709,691	448,993	120,949
Library	6,336,500	5,999,393	-	-	-	241,632
Parks and recreation	85,267,092	66,411,922	-	5,409,033	1,133,876	25,250
Human resources	1,137,336	852,500	-	-	-	17,882
Social and economic development <sup>2</sup>	10,331,488	6,966,077	-	3,265,685	-	27,429
Total departmental	556,375,804	170,030,158	10,173,725	10,928,146	5,815,681	5,195,668
Nondepartmental	24,768,073	24,530,815	-	-	-	-
Total governmental funds capital assets	581,143,877	194,560,973	10,173,725	10,928,146	5,815,681	5,195,668

<sup>1</sup> Development services includes the following departments : engineering services, planning services and inspection services.

<sup>2</sup> Social and economic development includes the following departments : social and economic development and community services.



**CITY OF AUBURN, ALABAMA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY**  
**SEPTEMBER 30, 2024**  
**CONTINUED**

Function and Activity	Right-to-Use Office Equipment	Subscriptions	Software	Small Tools and Equipment	Vehicles	Infrastructure
	\$	\$	\$	\$	\$	\$
General government and administration						
Information technology	-	457,690	932,584	303,189	67,120	1,224,716
Geographical information systems	-	160,553	401,794	-	-	-
Judicial	9,037	-	303,193	-	-	-
Administrative	13,385	-	-	-	-	-
Finance	-	-	1,485,261	-	37,744	-
Total general government and administration	22,422	618,243	3,122,832	303,189	104,864	1,224,716
Public works administration	-	-	-	406,669	2,885,117	293,208,466
Environmental services	-	401,254	-	119,117	345,513	-
Public safety administration	32,175	-	365,956	174,117	47,594	508,957
Fire	-	-	-	1,077,989	4,059,205	-
Police	-	1,075,933	75,748	411,497	6,705,331	-
Development services <sup>1</sup>	36,984	-	-	296,456	1,238,837	22,641,508
Library	-	-	-	-	89,845	5,630
Parks and recreation	6,201	-	-	943,690	1,288,461	10,048,659
Human resources	-	47,285	194,576	-	25,093	-
Social and economic development <sup>2</sup>	12,659	-	-	25,600	17,356	16,682
Total departmental	110,441	2,142,715	3,759,112	3,758,324	16,807,216	327,654,618
Nondepartmental	227,032	-	-	10,226	-	-
Total governmental funds capital assets	337,473	2,142,715	3,759,112	3,768,550	16,807,216	327,654,618

<sup>1</sup> Development services includes the following departments : engineering services, planning services and inspection services.

<sup>2</sup> Social and economic development includes the following departments : social and economic development and community services.

**CITY OF AUBURN, ALABAMA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**  
**SEPTEMBER 30, 2024**

	Governmental Funds Capital Assets September 30, 2023	Transfers/ Additions	Transfers/ Deductions	Governmental Funds Capital Assets September 30, 2024
	\$	\$	\$	\$
General government and administration				
Information technology	5,691,376	628,848	(473,245)	5,846,979
Geographical information systems	766,057	-	(25,833)	740,224
Judicial	312,230	-	-	312,230
Administrative	795,000	5,046	-	800,046
Finance	1,552,835	37,745	(29,796)	1,560,784
Total general government and administration	9,117,498	671,639	(528,874)	9,260,263
Public works administration	319,854,518	32,309,912	(22,851,454)	329,312,976
Environmental services	21,699,082	322,475	(123,059)	21,898,498
Public safety administration	38,963,881	8,971,271	(4,242,540)	43,692,612
Fire	10,431,638	2,272,985	(49,567)	12,655,056
Police	7,035,846	1,793,399	(44,682)	8,784,563
Development services <sup>1</sup>	13,277,014	29,533,503	(15,111,097)	27,699,420
Library	5,952,893	746,337	(362,730)	6,336,500
Parks and recreation	61,202,661	53,020,914	(28,956,483)	85,267,092
Human resources	1,137,336	-	-	1,137,336
Social and economic development <sup>2</sup>	9,839,070	820,131	(327,713)	10,331,488
Total departmental	498,511,437	130,462,566	(72,598,199)	556,375,804
Nondepartmental	24,768,073	-	-	24,768,073
Total governmental funds capital assets	523,279,510	130,462,566	(72,598,199)	581,143,877

<sup>1</sup> Development services includes the following departments : engineering services, planning services and inspection services.

<sup>2</sup> Social and economic development includes the following departments : social and economic development and community services.

# STATISTICAL SECTION

This section of the City of Auburn’s annual comprehensive financial report presents detailed information about the government’s economic condition. This section aids in understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends – Tables 1-5</b> .....	<b>204</b>
<i>These schedules contain trend information to help the reader understand and assess how the government’s financial position has changed over time.</i>	
<b>Revenue Capacity – Tables 6-8</b> .....	<b>211</b>
<i>These schedules contain information to help the reader assess the government’s most significant revenue source, sales tax.</i>	
<b>Debt Capacity – Tables 9-13</b> .....	<b>212</b>
<i>These schedules contain information to help the reader assess the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.</i>	
<b>Demographic and Economic Information – Tables 14-15</b> .....	<b>215</b>
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.</i>	
<b>Operating Information – Tables 16-18</b> .....	<b>216</b>
<i>These schedules contain information to help the reader understand the government’s operations and resources.</i>	

Sources: Unless otherwise noted, the information in this section is derived from the annual comprehensive financial reports for the relevant year.

Table 1

## City of Auburn

**Net Position by Activity Type**

Last Ten Fiscal Years

	2015	2016	2017	2018	2019
	\$	\$	\$	\$	\$
Primary government - governmental activities					
Net investment in capital assets	118,307,151	149,544,640	172,516,412	187,712,319	204,319,205
Restricted	92,735,176	67,163,363	47,557,073	37,759,824	40,216,858
Unrestricted <sup>(1)</sup>	(156,555,646)	(160,132,588)	(161,544,320)	(155,137,517)	(145,725,727)
Total governmental activities net position	54,486,681	56,575,415	58,529,165	70,334,626	98,810,336
Primary government - business-type activities					
Net investment in capital assets	37,097,393	40,247,221	41,989,278	46,067,480	47,934,317
Restricted	1,970,849	509,425	2,266,933	2,266,933	3,501,441
Unrestricted	5,291,163	7,353,032	8,323,217	6,802,829	8,028,390
Total business-type activities net position	44,359,405	48,109,678	52,579,428	55,137,242	59,464,148
Total primary government					
Net investment in capital assets	155,404,544	189,791,861	214,505,690	233,779,799	252,253,522
Restricted	94,706,025	67,672,788	49,824,006	40,026,757	43,718,299
Unrestricted <sup>(1)</sup>	(151,264,483)	(152,779,556)	(153,221,103)	(148,334,688)	(137,697,337)
Total primary government net position	98,846,086	104,685,093	111,108,593	125,471,868	158,274,484

<sup>(1)</sup> Please see the Net Position section of Management's Discussion and Analysis for details of negative unrestricted net position.

Table 1

## City of Auburn

**Net Position by Activity Type**

Last Ten Fiscal Years

**Continued**

	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
	\$	\$	\$	\$	\$
Primary government - governmental activities					
Net investment in capital assets	219,751,610	238,127,410	243,559,075	270,133,046	321,868,352
Restricted	57,672,793	64,086,025	63,914,971	69,273,170	80,017,616
Unrestricted <sup>(1)</sup>	(174,068,887)	(182,144,382)	(155,259,936)	(144,415,530)	(135,593,157)
Total governmental activities net position	<u>103,355,516</u>	<u>120,069,053</u>	<u>152,214,110</u>	<u>194,990,686</u>	<u>266,292,811</u>
Primary government - business-type activities					
Net investment in capital assets	51,637,747	55,737,271	59,196,287	63,109,399	68,413,097
Restricted	3,711,650	2,098,948	3,419,134	4,520,734	5,661,512
Unrestricted	9,987,580	11,594,746	12,637,820	12,971,660	11,726,336
Total business-type activities net position	<u>65,336,977</u>	<u>69,430,965</u>	<u>75,253,241</u>	<u>80,601,793</u>	<u>85,800,945</u>
Total primary government					
Net investment in capital assets	271,389,357	293,864,681	302,755,362	333,242,445	390,281,449
Restricted	61,384,443	66,184,973	67,334,105	73,793,904	85,679,128
Unrestricted <sup>(1)</sup>	(164,081,307)	(170,549,636)	(142,622,116)	(131,443,870)	(123,866,821)
Total primary government net position	<u><u>168,692,493</u></u>	<u><u>189,500,018</u></u>	<u><u>227,467,351</u></u>	<u><u>275,592,479</u></u>	<u><u>352,093,756</u></u>

<sup>(1)</sup> Please see the Net Position section of Management's Discussion and Analysis for details of negative unrestricted net position.

**Table 2**  
**City of Auburn**  
**Changes in Net Position**  
**Last Ten Fiscal Years**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Governmental activities:</b>										
General government and administration	8,880,442	9,009,933	9,943,090	9,610,859	9,111,307	11,211,997	13,125,800	11,191,159	16,625,891	19,201,949
Public works	7,600,358	8,743,085	9,360,886	8,763,899	8,107,414	9,603,058	10,199,193	10,802,914	11,707,605	12,384,322
Environmental services	2,201,278	2,272,010	2,392,134	2,670,295	1,580,881	1,793,232	1,790,534	1,957,252	2,134,722	2,766,625
Public safety	19,363,905	20,189,149	21,414,563	23,779,334	24,731,609	25,068,120	27,140,426	30,354,172	32,916,753	35,579,282
Library	1,770,379	1,845,480	1,954,493	2,093,484	2,451,281	2,574,545	2,426,778	2,699,844	3,030,477	3,164,487
Parks and recreation	6,207,847	6,389,142	6,826,158	7,046,091	7,251,125	6,872,513	7,205,293	8,128,256	9,040,579	10,204,988
Development services <sup>(1)</sup>	583,137	594,714	768,847	786,636	5,520,532	5,723,548	5,606,773	5,959,730	6,543,625	6,570,150
Social and economic development	4,624,506	5,370,638	4,766,718	6,044,055	6,731,103	6,781,786	7,537,644	8,239,594	15,441,297	13,386,573
Human resources	742,752	2,244,797	2,341,425	2,422,500	6,754,450	6,736,121	8,458,394	9,434,036	10,301,520	12,023,309
Risk management	1,576,913	333,618	381,875	514,870	1,761,850	(1,908)	1,326,150	925,736	743,688	733,909
Education (payments to Board of Education)	24,505,586	60,918,952	47,502,333	35,438,202	22,584,281	48,988,527	39,554,189	35,861,206	33,201,371	30,859,326
Interest on long-term debt	4,772,926	7,253,215	7,041,045	7,494,434	7,815,868	8,484,353	8,513,776	8,559,444	10,273,105	9,801,750
<b>Total governmental activities expenses</b>	<b>82,830,029</b>	<b>125,164,733</b>	<b>114,693,567</b>	<b>106,664,659</b>	<b>104,401,701</b>	<b>133,835,892</b>	<b>132,884,950</b>	<b>134,113,343</b>	<b>151,960,633</b>	<b>156,676,670</b>
<b>Business-type activities:</b>										
Sewer Fund	8,639,882	8,387,444	8,705,876	9,169,743	9,527,438	9,149,637	9,526,755	9,426,516	10,002,573	10,876,001
Solid Waste Management Fund	4,112,900	4,380,090	4,576,422	5,149,644	5,418,704	5,078,039	5,349,988	5,568,394	6,380,518	6,716,208
<b>Total business-type activities expenses</b>	<b>12,752,782</b>	<b>12,767,534</b>	<b>13,282,298</b>	<b>14,319,387</b>	<b>14,946,142</b>	<b>14,227,676</b>	<b>14,876,743</b>	<b>14,994,910</b>	<b>16,383,091</b>	<b>17,592,209</b>
<b>Total primary government expenses</b>	<b>95,582,811</b>	<b>137,932,267</b>	<b>127,975,865</b>	<b>120,984,046</b>	<b>119,347,843</b>	<b>148,063,568</b>	<b>147,761,693</b>	<b>149,108,253</b>	<b>168,343,724</b>	<b>174,268,879</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
General government and administration	13,617,202	13,940,978	14,969,365	15,446,817	17,481,505	17,828,678	17,806,914	19,092,166	20,537,399	23,057,756
Public works	1,400	625	856	2,514	2,500	-	-	-	-	-
Public safety	4,318,581	4,750,953	5,344,659	6,323,383	6,491,175	6,570,954	6,602,975	7,478,047	7,508,750	8,101,205
Library	32,445	27,519	26,604	21,720	20,759	13,643	15,059	19,955	20,180	21,647
Parks and recreation	697,981	684,363	661,328	680,600	804,411	536,940	857,168	1,019,820	1,139,279	1,089,515
Development services <sup>(1)</sup>	55,663	64,665	68,134	59,280	57,900	57,730	75,593	88,592	56,435	75,654
Human resources <sup>(2)</sup>	-	-	945,484	1,001,385	4,427,491	4,671,444	4,849,194	4,940,650	5,305,384	5,589,286
Risk management <sup>(2)</sup>	769,341	766,273	-	-	-	-	-	-	-	-
Operating grants and contributions	2,354,400	2,342,212	2,307,693	2,640,821	3,702,644	6,921,753	7,998,302	10,173,618	13,714,349	11,802,669
Capital grants and contributions	2,182,193	4,223,636	11,066,377	6,856,649	7,601,899	6,607,989	6,250,746	8,311,469	10,279,952	27,016,718
<b>Total governmental activities program revenue</b>	<b>24,029,206</b>	<b>26,801,224</b>	<b>35,390,500</b>	<b>33,033,169</b>	<b>40,590,284</b>	<b>43,209,131</b>	<b>44,455,951</b>	<b>51,124,317</b>	<b>58,561,728</b>	<b>76,754,450</b>
<b>Business-type activities:</b>										
<b>Charges for services:</b>										
Sewer Fund	11,528,965	11,526,093	12,064,021	11,656,139	12,293,123	13,145,358	12,719,791	13,869,164	13,292,019	13,737,517
Solid Waste Management Fund	4,482,532	4,560,179	4,843,280	4,898,906	5,071,198	5,125,924	5,378,599	5,464,108	5,708,206	5,858,632
Operating grants and contributions	-	5,383	672	288,986	380,231	101,375	1,103	-	29,080	15,649
Capital grants and contributions	1,741,381	458,185	860,763	716,235	830,250	1,378,980	919,620	2,023,280	2,086,960	2,206,102
<b>Total business-type activities program revenues</b>	<b>17,752,878</b>	<b>16,549,840</b>	<b>17,768,736</b>	<b>17,560,266</b>	<b>18,574,802</b>	<b>19,751,637</b>	<b>19,019,113</b>	<b>21,356,552</b>	<b>21,116,265</b>	<b>21,817,900</b>
<b>Total primary government program revenues</b>	<b>41,782,084</b>	<b>43,351,064</b>	<b>53,159,236</b>	<b>50,593,435</b>	<b>59,165,086</b>	<b>62,960,768</b>	<b>63,475,064</b>	<b>72,480,869</b>	<b>79,677,993</b>	<b>98,572,350</b>
<b>Net (expense)/revenue</b>										
Governmental activities	(58,800,823)	(98,363,509)	(79,303,067)	(73,631,490)	(63,811,417)	(90,626,761)	(88,428,999)	(82,989,026)	(93,398,905)	(79,922,220)
Business-type activities	5,000,096	3,782,306	4,486,438	3,240,879	3,628,660	5,523,961	4,142,370	6,361,642	4,733,174	4,225,691
<b>Total primary government net expense</b>	<b>(53,800,727)</b>	<b>(94,581,203)</b>	<b>(74,816,629)</b>	<b>(70,390,611)</b>	<b>(60,182,757)</b>	<b>(85,102,800)</b>	<b>(84,286,629)</b>	<b>(76,627,384)</b>	<b>(88,665,731)</b>	<b>(75,696,529)</b>

<sup>(1)</sup> FY2015 through FY2018 represents only planning services. As of FY2019, due to the City reorganization, data includes development services administration, planning services, and inspection services.

<sup>(2)</sup> In FY2017, charges for employee health and dental insurance premiums were regrouped from risk management to human resources.

Table 2  
**City of Auburn**  
**Changes in Net Position**  
Last Ten Fiscal Years  
**Continued**

General Revenues and Other Changes in Net Position	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Government activities:										
Taxes:										
Sales taxes	37,418,331	39,672,910	39,648,005	42,010,312	43,804,081	43,838,542	50,902,320	58,557,684	61,290,146	66,176,356
Occupational license fees	10,804,202	11,561,046	12,068,066	12,894,663	13,286,009	13,829,887	14,345,721	16,386,691	17,779,298	18,466,594
Property taxes	22,486,529	23,782,006	25,187,386	27,098,517	29,527,483	32,475,761	35,374,100	37,613,310	43,524,645	48,367,708
Motor fuel taxes	365,345	383,488	386,296	416,979	430,659	384,207	430,315	470,303	501,142	630,099
Lodging taxes	1,816,370	2,247,771	2,355,985	2,373,878	2,581,728	1,900,502	2,409,917	3,692,170	4,211,007	4,889,141
Rental and leasing taxes	768,245	799,550	890,599	886,630	856,729	985,837	962,586	975,941	869,750	1,007,249
Cigarette taxes	73,306	69,249	66,528	60,033	54,075	55,060	51,860	49,520	43,514	43,040
Alcoholic beverage taxes	180,604	202,213	215,281	230,642	220,932	240,033	310,976	346,502	371,402	370,512
Interest and investment earnings	488,820	729,863	505,746	965,995	1,967,021	1,345,326	144,884	1,384,642	4,872,964	5,059,927
Net increase (decrease) in fair value of investments <sup>(1)</sup>	-	-	-	-	-	-	-	(4,433,263)	457,597	4,058,126
Gain (loss) on disposal of assets	-	-	(221,202)	125,796	-	41,621	36,346	(44,695)	1,331,972	-
Miscellaneous	40,790	81,981	43,522	130,222	28,750	237,085	65,258	122,307	865,915	2,089,560
Transfers	130,979	118,755	110,605	559,003	(458,983)	(161,923)	108,253	12,971	56,129	66,033
Total governmental activities	74,573,521	79,648,832	81,256,817	87,752,670	92,298,484	95,171,938	105,142,536	115,134,083	136,175,481	151,224,345
Business-type activities:										
Interest and investment earnings	34,395	41,216	36,533	77,277	140,496	104,210	28,179	88,222	371,164	555,078
Net increase (decrease) in fair value of investments <sup>(1)</sup>	-	-	-	-	-	-	-	(649,799)	245,593	420,724
Gain (loss) on disposal of assets	78,422	21,770	40,403	19,350	68,571	61,180	-	9,041	50,767	38,667
Miscellaneous	7,326	23,736	16,982	6,594	30,196	21,555	31,692	26,141	3,983	25,027
Transfers	(130,979)	(118,755)	(110,605)	(559,003)	458,983	161,923	(108,253)	(12,971)	(56,129)	(66,033)
Total business-type activities	(10,836)	(32,033)	(16,687)	(455,782)	698,246	348,868	(48,382)	(539,366)	615,378	973,463
Total primary government	74,562,685	79,616,799	81,240,130	87,296,888	92,996,730	95,520,806	105,094,154	114,594,717	136,790,859	152,197,808
<b>Changes in Net Position</b>										
Governmental activities	15,772,698	(18,714,677)	1,953,750	14,121,180	28,487,067	4,545,177	16,713,537	32,145,057	42,776,576	71,302,125
Business-type activities	4,989,260	3,750,273	4,469,751	2,785,097	4,326,906	5,872,829	4,093,988	5,822,276	5,348,552	5,199,154
Total primary government	20,761,958	(14,964,404)	6,423,501	16,906,277	32,813,973	10,418,006	20,807,525	37,967,333	48,125,128	76,501,279

<sup>(1)</sup>The City's investments experienced a decline in market value during fiscal 2022 because of extraordinary market conditions led by the Federal Reserve's aggressive interest rate policies. However, this loss of market value is unrealized, also known as a "paper" loss, and will not be realized because of the City's policy of purchasing investments and holding them until maturity.

Table 3  
**City of Auburn ~ Primary Government**  
**General Government Tax Revenues by Source**  
 Last Ten Fiscal Years

Fiscal Year	Sales & Use Tax	Cigarette & Alcohol Tax	Motor Fuel Tax	Lodging and Rental Tax	Financial Institution Tax	Motor Vehicle Tax	General Property Tax	Totals
	\$	\$	\$	\$	\$	\$	\$	\$
2015	36,511,752	303,455	991,613	2,584,615	279,282	146,908	21,746,672	62,564,297
2016	39,659,728	313,559	1,035,475	3,045,852	237,816	199,691	22,987,066	67,479,186
2017	39,648,005	312,323	1,044,000	3,246,585	356,709	160,200	24,296,138	69,063,959
2018	42,010,312	312,530	1,105,009	3,260,509	295,199	165,591	26,131,893	73,281,043
2019	43,804,081	286,298	1,136,674	3,438,453	541,525	172,365	28,544,944	77,924,339
2020	43,838,542	326,334	1,265,901	2,886,339	507,305	164,676	31,340,382	80,329,480
2021	50,902,320	398,147	1,517,566	3,372,503	1,228,971	177,698	34,394,244	91,991,449
2022	58,557,684	458,874	1,725,785	4,668,111	1,102,335	162,634	36,546,710	103,222,132
2023	61,290,146	470,508	1,799,993	5,080,757	1,153,031	162,565	42,390,022	112,347,021
<b>2024</b>	<b>66,176,359</b>	<b>471,094</b>	<b>2,108,774</b>	<b>5,896,390</b>	<b>766,833</b>	<b>171,240</b>	<b>47,168,922</b>	<b>122,759,611</b>

Table 4  
**City of Auburn**  
**Fund Balances of Governmental Funds**  
 Last Ten Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
General Fund										
Nonspendable	15,992,698	19,776,701	6,954,036	7,022,566	4,559,530	5,513,495	4,994,261	6,998,917	8,326,232	7,836,781
Restricted	343,988	343,769	305,255	313,696	2,231,277	236,054	247,949	343,491	529,859	494,102
Committed	-	-	-	-	-	1,765,891	1,531,881	1,277,849	1,103,656	1,048,665
Assigned	5,649,101	4,788,112	8,557,221	13,872,942	17,234,592	28,638,302	20,767,075	26,830,491	32,121,491	23,351,706
Unassigned	22,328,970	24,486,213	31,873,117	31,203,543	32,338,918	29,721,417	41,204,662	45,964,231	53,416,856	81,429,377
Total general fund	44,314,757	49,394,795	47,689,629	52,412,747	56,364,317	65,875,159	68,745,828	81,414,979	95,498,094	114,160,631
All other governmental funds										
Restricted	90,168,804 <sup>(1)</sup>	49,118,334	42,164,339	58,916,615	42,040,085	62,254,449	62,433,273	92,955,091	82,892,239	90,071,811
Committed	-	-	-	-	-	45,730	35,429	30,233	27,286	27,580
Unassigned	-	-	-	-	-	-	-	-	(20,684,129)	(28,244,867)
Total all other governmental funds	90,168,804	49,118,334	42,164,339	58,916,615	42,040,085	62,300,179	62,468,702	92,985,324	62,235,396	61,854,524

<sup>(1)</sup> This increase was due to the issuance of \$78.1 million in bonds for the Board of Education's construction of a new high school.



Table 5

## City of Auburn

## Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

Revenues	2015	2016	2017	2018	2019
	\$	\$	\$	\$	\$
Sales and use taxes	37,418,331	39,672,910	39,648,007	42,010,313	43,804,081
Occupational license fees	10,804,202	11,561,047	12,068,066	12,894,664	13,286,009
Motor fuel taxes	719,367	755,217	760,818	821,995	848,822
Lodging taxes	1,816,370	2,247,771	2,355,985	2,373,879	2,581,724
Rental and leasing taxes	768,245	799,550	890,599	886,630	856,729
Other taxes	253,910	271,462	281,809	290,677	275,007
Licenses and permits	11,302,434	11,856,992	12,893,642	13,372,006	15,188,191
General property tax	22,486,529	23,782,005	25,187,386	27,098,517	29,527,483
Charges for services	6,743,621	7,086,335	7,901,167	8,983,737	12,863,016
Fines and forfeitures	1,420,812	1,241,661	1,140,361	1,169,369	1,217,691
State shared taxes	1,424,458	1,455,324	1,515,559	1,818,616	2,728,550
Contributions from the public	668,974	1,611,684	2,241,224	1,187,166	1,030,233
Grants	3,318,443	820,258	3,537,706	2,235,880	1,761,088
Program income	474,915	287,464	362,754	1,260,228	524,711
Interest	488,821	729,862	505,747	965,995	1,967,021
Net increase (decrease) in fair value of investments <sup>(1)</sup>	-	-	-	-	-
Miscellaneous	64,914	85,438	47,753	132,886	30,599
<b>Total revenues</b>	<b>100,174,346</b>	<b>104,264,980</b>	<b>111,338,583</b>	<b>117,502,558</b>	<b>128,490,955</b>
<b>Expenditures</b>					
General government and administration	5,687,183	6,089,761	6,424,142	5,463,983	5,676,946
Public works	3,577,600	4,101,467	4,414,820	4,485,980	3,518,894
Environmental services	1,999,822	2,085,786	2,233,367	2,481,087	1,590,544
Public safety	18,521,534	19,322,321	20,420,507	22,505,037	24,463,675
Library	1,619,702	1,705,483	1,795,959	1,934,631	2,297,433
Parks and recreation	4,975,692	5,501,434	5,693,864	5,716,886	5,837,058
Development services <sup>(2)</sup>	582,693	592,471	765,579	785,640	5,118,011
Social and economic development <sup>(3)</sup>	2,351,410	1,551,178	1,502,143	3,438,973	4,020,308
Human resources <sup>(4)</sup>	692,462	2,186,194	2,254,673	2,349,094	6,798,012
Risk management	1,660,020	360,932	299,416	443,694	415,129
Non-departmental	2,561,619	2,845,963	2,816,728	3,564,722	3,026,233
Debt service					
Administrative charges	873,419	4,469	50,969	350,641	85,709
Principal	11,953,556	11,023,833	10,051,635	10,589,055	9,885,744
Interest	4,675,061	7,239,054	7,314,955	7,372,615	8,209,633
Capital outlay	10,246,657	10,844,770	21,258,053	19,986,449	34,272,664
Intergovernmental	1,069,266	1,037,158	1,258,457	1,596,787	1,777,751
Payments to component units	26,858,347	64,065,542 <sup>(5)</sup>	49,698,750 <sup>(5)</sup>	37,030,288	24,093,271
<b>Total expenditures</b>	<b>99,906,043</b>	<b>140,557,816</b>	<b>138,254,017</b>	<b>130,095,562</b>	<b>141,087,015</b>
Excess of revenues over (under) expenditures	268,303	(36,292,836)	(26,915,434)	(12,593,004)	(12,596,060)
<b>Other financing sources (uses)</b>					
Debt issuance	94,638,169 <sup>(6)</sup>	-	18,000,000	33,337,726	5,259,668
Refunding	-	-	-	-	-
Leases (as lessee)	-	-	-	-	-
Subscriptions	-	-	-	-	-
Sale of surplus assets	150,243	64,678	145,670	171,669	88,582
Transfers in	6,707,462	1,906,217	685,412	2,536,444	618,701
Transfers out	(6,576,483)	(1,787,462)	(574,808)	(1,977,441)	(1,077,684)
Premium on debt issued	-	-	-	-	-
Payment to refunded bond escrow	(12,680,790)	-	-	-	(5,218,168)
<b>Total other financing sources (uses)</b>	<b>82,238,601</b>	<b>183,433</b>	<b>18,256,274</b>	<b>34,068,398</b>	<b>(328,901)</b>
<b>Net changes in fund balances</b>	<b>82,506,904</b>	<b>(36,109,403)</b>	<b>(8,659,160)</b>	<b>21,475,394</b>	<b>(12,924,961)</b>
Debt service as a percentage of non-capital expenditures <sup>(7)</sup>	18.5%	14.1%	14.8%	16.3%	16.9%

<sup>(1)</sup> The City's investments experienced a decline in market value during fiscal 2022 because of extraordinary market conditions led by the Federal Reserve's aggressive interest rate policies. However, this loss of market value is unrealized, also known as a "paper" loss, and will not be realized because of the City's policy of purchasing investments and holding them until maturity.

<sup>(2)</sup> FY2015 through FY2018 represents only the planning department. As of FY2019, due to the City reorganization, development services encompasses planning services, engineering services, and development services administration.

<sup>(3)</sup> FY2015 through FY2018 represents only the economic development department. As of FY2019, due to the City reorganization, social and economic development encompasses economic development and community services.

<sup>(4)</sup> As of FY2019 employee services has been renamed human resources.

<sup>(5)</sup> This increase was due to transfers of debt proceeds issued in fiscal 2015 for the Board of Education and held by the City. Transfers of the proceeds are made as construction progresses on the construction of a new high school.

<sup>(6)</sup> This increase was due to the issuance of \$78.1 million in bonds for the Board of Education's construction of a new high school.

<sup>(7)</sup> Non-capital expenditures equals total expenditures less capital outlay.

Table 5

## City of Auburn

## Changes in Fund Balances of Governmental Funds

Revenues	Last Ten Fiscal Years				
	2020	2021	2022	2023	2024
	\$	\$	\$	\$	\$
Sales and use taxes	43,838,542	50,902,320	58,557,684	61,290,146	66,176,356
Occupational license fees	13,829,887	14,345,722	16,386,691	17,779,298	18,466,594
Motor fuel taxes	755,957	847,065	923,967	985,729	1,243,764
Lodging taxes	1,900,502	2,409,917	3,692,170	4,211,007	4,889,141
Rental and leasing taxes	985,837	962,586	975,941	867,514	1,007,249
Other taxes	295,093	362,836	396,022	414,915	413,552
Licenses and permits	15,704,555	15,242,735	16,913,634	18,368,518	20,316,828
General property tax	32,475,761	35,374,098	37,613,310	43,524,645	48,367,708
Charges for services	12,999,117	13,631,070	14,788,026	15,360,807	16,542,914
Fines and forfeitures	961,963	1,307,711	869,517	801,213	1,254,712
State shared taxes	4,034,739	5,760,393	7,600,865	8,610,375	9,084,947
Contributions from the public	897,736	1,007,754	989,653	392,777	1,098,454
Grants	2,828,665	2,517,156	3,209,344	7,396,351	15,214,526
Program income	286,633	243,812	582,435	415,991	266,450
Interest	1,345,326	144,883	1,384,642	4,872,965	5,059,926
Net increase (decrease) in fair value of investments <sup>(1)</sup>	-	-	(4,433,263)	457,598	4,058,126
Miscellaneous	238,124	65,661	122,552	866,414	2,089,728
Total revenues	133,378,437	145,125,719	160,573,190	186,616,263	215,550,975
<b>Expenditures</b>					
General government and administration	5,792,994	5,951,627	6,643,559	6,685,631	7,144,792
Public works	4,868,894	4,401,283	4,475,985	4,774,355	5,493,314
Environmental services	1,734,247	1,751,207	1,923,449	1,898,796	2,213,576
Public safety	23,900,423	26,331,856	28,432,356	30,680,562	32,757,387
Library	2,405,973	2,258,220	2,517,251	2,849,250	2,980,216
Parks and recreation	5,460,467	5,761,152	6,563,005	13,227,099	8,010,998
Development services <sup>(2)</sup>	5,189,569	5,207,928	5,592,383	6,188,060	6,226,346
Social and economic development <sup>(3)</sup>	4,119,737	5,051,653	5,552,426	5,526,963	7,428,716
Human resources <sup>(4)</sup>	6,648,145	8,407,879	9,460,516	10,183,490	11,889,936
Risk management	270,056	416,940	550,661	551,046	830,039
Non-departmental	3,519,180	3,878,017	3,734,061	4,855,966	4,320,183
Debt service					
Administrative charges	468,260	231,506	494,459	(1,905)	6,973
Principal	9,959,683	12,080,142	11,263,759	13,816,665	13,938,266
Interest	8,474,090	9,045,978	9,019,527	10,978,435	10,674,049
Capital outlay	26,709,298	29,405,937	38,172,936	51,080,427	46,371,358
Intergovernmental	1,682,635	1,073,620	1,510,752	6,445,290	2,034,741
Payments to component units	50,206,826	41,272,307	37,284,851	37,214,152	35,168,958
Total expenditures	161,410,477	162,527,252	173,191,936	206,954,282	197,489,848
Excess of revenues over (under) expenditures	(28,032,040)	(17,401,533)	(12,618,746)	(20,338,019)	18,061,127
<b>Other financing sources (uses)</b>					
Debt issuance	53,090,000	17,915,000	48,925,000	-	-
Refunding	14,625,000	10,955,000	10,245,831	-	-
Leases (as lessee)	-	-	289,279	30,301	17,893
Subscriptions	-	-	-	2,142,715	-
Sale of surplus assets	103,750	572,417	27,972	1,442,061	136,612
Transfers in	1,806,107	1,239,775	5,201,942	1,453,585	18,247,398
Transfers out	(1,968,029)	(1,131,522)	(5,188,972)	(1,397,456)	(18,181,365)
Premium on debt issued	4,771,149	2,249,346	7,553,490	-	-
Payment to refunded bond escrow	(14,625,000)	(10,857,256)	(11,250,028)	-	-
Total other financing sources (uses)	57,802,977	20,942,760	55,804,514	3,671,206	220,538
Net changes in fund balances	29,770,937	3,541,227	43,185,768	(16,666,813)	18,281,665
Debt service as a percentage of non-capital expenditures <sup>(7)</sup>	13.7%	15.9%	15.0%	15.9%	16.3%

<sup>(1)</sup> The City's investments experienced a decline in market value during fiscal 2022 because of extraordinary market conditions led by the Federal Reserve's aggressive interest rate policies. However, this loss of market value is unrealized, also known as a "paper" loss, and will not be realized because of the City's policy of purchasing investments and holding them until maturity.

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<sup>(3)</sup> FY2015 through FY2018 represents only the economic development department. As of FY2019, due to the City reorganization, social and economic development encompasses economic development and community services.

<sup>(4)</sup> As of FY2019 employee services has been renamed human resources.

<sup>(5)</sup> This increase was due to transfers of debt proceeds issued in fiscal 2015 for the Board of Education and held by the City. Transfers of the proceeds are made as construction progresses on the construction of a new high school.

<sup>(6)</sup> This increase was due to the issuance of \$78.1 million in bonds for the Board of Education's construction of a new high school.

<sup>(7)</sup> Non-capital expenditures equals total expenditures less capital outlay.

**Table 6**  
**City of Auburn ~ Primary Government**  
**Components of Sales Tax Base**  
 Last Ten Fiscal Years  
 (amounts expressed in thousands)  
*Unaudited*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Apparel Stores	56,558	53,115	52,416	50,342	49,418	39,333	47,092	60,609	64,134	73,983
Grocery Stores	130,561	146,793	164,818	169,942	125,006	157,037	167,186	186,535	238,902	270,933
Eating & Drinking Establishments	166,863	184,695	191,206	200,133	218,815	204,584	248,876	289,790	308,691	338,136
Mass General Merchandise Stores	85,900	87,640	90,626	93,225	97,982	144,825	154,377	166,158	175,473	195,171
Auto Dealers & Supplies	52,936	53,992	55,658	57,961	60,323	62,516	70,841	76,479	81,807	79,280
Building Materials	51,865	55,841	60,923	66,589	72,875	83,195	110,702	94,849	105,127	107,433
Home Furnishing & Appliances	20,302	24,702	25,399	31,690	31,268	30,385	37,039	40,151	43,805	43,516
All Other Retail Sales	335,521	368,646	333,866	364,157	439,787	395,028	436,446	549,370	514,314	502,440
Totals	900,507	975,424	974,912	1,034,039	1,095,474	1,116,902	1,272,558	1,463,942	1,532,254	1,610,893

**Table 7**  
**City of Auburn ~ Primary Government**  
**Revenue Rates for General Sales Tax**  
 Last Ten Fiscal Years  
*Unaudited*

Fiscal Year	City Sales Tax	County Sales Tax	State Sales Tax	Total Sales Tax
2015	4.0%	1.0%	4.0%	9.0%
2016	4.0%	1.0%	4.0%	9.0%
2017	4.0%	1.0%	4.0%	9.0%
2018	4.0%	1.0%	4.0%	9.0%
2019	4.0%	1.0%	4.0%	9.0%
2020	4.0%	1.0%	4.0%	9.0%
2021	4.0%	1.0%	4.0%	9.0%
2022	4.0%	1.0%	4.0%	9.0%
2023	4.0%	1.0%	4.0%	9.0%
<b>2024</b>	<b>4.0%</b>	<b>1.0%</b>	<b>4.0%</b>	<b>9.0%</b>

Source: State of Alabama Department of Revenue

**Table 8**  
**City of Auburn ~ Primary Government**  
**Principal Revenue Remitters of Sales and Use Tax<sup>(1)</sup>**  
 Current Year and Nine Years Ago  
*Unaudited*

Employer	2015 Rank	2024 Rank
Sam's Club #4989	2	1
Wal-Mart Store #356	1	2
Auburn University Financial Reporting	3	3
Buc-ees	-	4
Auburn University Dining (Chartwells and Aramark)	7	5
Kroger Company #260	4	6
Publix Alabama LLC #1355	5	7
Publix Alabama #1294	6	8
Wal-Mart #4673	-	9
BFS Operations LLC	10	10

<sup>(1)</sup> State law prohibits the disclosure of the amount of sales tax remitted and any information that could enable the disclosure or calculation of confidential taxpayer information.

**Table 9**  
**City of Auburn ~ Primary Government**  
**Ratios of Outstanding Debt by Type**

Last Ten Fiscal Years  
 (dollar amounts expressed in thousands, except per capita amount)  
*Unaudited*

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	
	General Obligation Bonds	Notes Payable	Leases	Subscriptions	General Obligation Bonds <sup>(1)</sup>	Total Debt Primary Government	Total Debt as Percentage of Personal Income <sup>(2)</sup>	Total Debt Per Capita
	\$	\$	\$	\$	\$	\$		\$
2015	196,429	3,143	-	-	46,755	246,327	12.36%	3,961
2016	184,967	2,965	-	-	44,127	232,059	11.12%	3,739
2017	192,494	2,787	-	-	41,333	236,614	10.91%	3,572
2018	214,785	2,608	-	-	38,419	255,812	10.82%	3,914
2019	204,506	2,428	-	-	35,142	242,076	9.73%	3,614
2020 <sup>(3)</sup>	251,040	2,248	-	-	32,021	285,309	10.82%	4,180
2021	259,754	2,069	-	-	29,220	291,043	9.00%	4,184
2022 <sup>(4)</sup>	302,241	1,890	240	-	25,172	329,543	9.32%	4,195
2023	288,536	1,711	192	1,340	21,421	313,200	8.38%	3,915
<b>2024</b>	<b>274,814</b>	<b>1,531</b>	<b>127</b>	<b>474</b>	<b>17,709</b>	<b>294,656</b>	<b>7.40%</b>	<b>3,592</b>

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>(1)</sup> The City has issued General Obligation Bonds/Warrants for the Sewer Fund. It is the intention of the Council that the Bonds/Warrants be repaid from Sewer Fund revenue.

<sup>(2)</sup> Percentage based on Per Capita Personal Income derived from U.S. Department of Commerce, Bureau of Economic Analysis (data reported for Auburn-Opelika MSA). Prior years' ACFRs utilized Per Capita Income for the City of Auburn. All years in the table are updated to reflect this change in methodology.

<sup>(3)</sup> This increase was due to the issuance of \$78.1 million in bonds for the Board of Education's construction of a new high school.

<sup>(4)</sup> This increase was due to the issuance of \$62.2 million in warrants for various capital improvements and to refund debt previously issued for the Board of Education and the Sewer Fund.

**Table 10**  
**City of Auburn ~ Primary Government**  
**Ratios of General Bonded Debt Outstanding**

Last Ten Fiscal Years  
*Unaudited*

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Net Bonded Debt <sup>(1)</sup>	Net Bonded Debt as Percent of Estimated Actual Taxable Value of Property	Net Bonded Debt per Capita
	\$	\$	\$		\$
2015	199,571,962 <sup>(2,3)</sup>	2,531,934	197,040,028	24.47%	3,169
2016	187,931,805	3,776,254	184,155,551	21.74%	2,967
2017	195,281,110 <sup>(4)</sup>	4,717,407	190,563,703	21.24%	2,966
2018	217,392,835 <sup>(5)</sup>	6,018,214	211,374,621	21.84%	3,234
2019	206,934,171 <sup>(6)</sup>	7,838,599	199,095,572	18.88%	2,972
2020	253,287,999 <sup>(7)</sup>	9,348,584	243,939,415	20.92%	3,574
2021	261,822,656 <sup>(8)</sup>	9,300,463	252,522,193	19.76%	3,630
2022	304,131,371 <sup>(9)</sup>	9,649,649	294,481,722	21.63%	3,748
2023	290,247,406	10,816,521	279,430,885	17.78%	3,493
<b>2024</b>	<b>276,345,125</b>	<b>13,185,254</b>	<b>263,159,871</b>	<b>15.12%</b>	<b>3,208</b>

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

<sup>(1)</sup> Net bonded debt equals: G.O. bonds, notes, and warrants outstanding (net of related premiums, discounts, and adjustments), less Debt Service funds' equity. Calculations exclude the G.O. debt intended to be repaid from Sewer Fund revenues.

<sup>(2)</sup> City issued \$32.0 million of G.O. Warrants to refund outstanding debt and provide for school improvements.

<sup>(3)</sup> City issued \$78.1 million of G.O. Bonds to pay the costs of new school construction, capital improvements to existing schools and land purchases, under the jurisdiction of the Board of Education.

<sup>(4)</sup> City issued \$18.0 million of G.O. Warrants to pay the costs of new school construction and equipment, under the jurisdiction of the Board of Education.

<sup>(5)</sup> City issued \$30.6 million of G.O. Warrants to pay the costs of construction of a new public safety complex.

<sup>(6)</sup> City issued \$14.9 million of G.O. Warrants to refund outstanding debt.

<sup>(7)</sup> City issued \$37.1 million of G.O. Bonds for Board of Education school renovation projects.

<sup>(8)</sup> City issued \$28.9 million of G.O. Warrants to refund outstanding debt and provide for school improvements.

<sup>(9)</sup> City issued \$62.2 million of G.O. Warrants to refund outstanding debt and provide for capital improvements.

**Table 11**  
**City of Auburn ~ Primary Government**  
**Direct and Overlapping Governmental Activities Debt**

Fiscal Year 2024  
*Unaudited*

	Debt Outstanding	Estimated Percentage Applicable <sup>(1)</sup>	Estimated Share of Overlapping Debt
<u>City of Auburn Direct Debt</u>			
General Bonded Debt and Warrants	\$ 276,345,125		
Leases	127,290		
Subscriptions	473,933		
Net Direct Debt	<u>\$ 276,946,348</u>	100%	\$ 276,946,348
<u>Overlapping Debt</u>			
Lee County General Bonded Debt and Warrants	\$ 21,819,641	45%	<u>9,769,206</u>
Total Direct and Overlapping Debt			<u>\$ 286,715,554</u>

Sources: General bonded debt and warrants provided by the Lee County Administrator.

<sup>(1)</sup>The percentage of overlapping Lee County debt applicable is estimated based on estimated population of the City of Auburn as compared to estimated over all population in Lee County. Population estimates from US Census for 2023.

**Table 12**  
**City of Auburn ~ Primary Government**  
**Legal Debt Margin Information**

Last Ten Fiscal Years  
(amounts expressed in thousands)  
*Unaudited*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Debt limit	167,626	169,409	179,407	193,538	210,863	233,217	255,640	272,302	314,307	348,103
Total net debt applicable to limit	<u>38,387</u>	<u>31,083</u>	<u>24,897</u>	<u>49,634</u>	<u>44,659</u>	<u>55,855</u>	<u>50,619</u>	<u>95,853</u>	<u>91,206</u>	<u>86,714</u>
Legal debt margin	<u>129,239</u>	<u>138,326</u>	<u>154,510</u>	<u>143,904</u>	<u>166,204</u>	<u>177,362</u>	<u>205,021</u>	<u>176,449</u>	<u>223,101</u>	<u>261,389</u>
Total net debt applicable to limit as a percentage of debt limit	22.90%	18.35%	13.88%	25.65%	21.18%	23.95%	19.80%	35.20%	29.02%	24.91%

**Legal Debt Margin Calculation for Fiscal Year 2024**

Assessed value	<u>\$ 1,740,514,649</u>
Debt limit (20% of total assessed value)	<u>\$ 348,102,930</u>
Debt applicable to limit:	
General obligation bonds	\$ 275,260,703
Less: Exempt debt	<u>188,546,434</u>
Total net debt applicable to limit	<u>86,714,269</u>
Legal debt margin	<u>\$ 261,388,661</u>

**Table 13**  
**City of Auburn ~ Primary Government**  
**Pledged Revenue Coverage**

Last Ten Fiscal Years  
*Unaudited*

**Sewer G.O. Warrants <sup>(1)</sup>**

Fiscal Year	Sewer Charges and Other <sup>(2)</sup>	Less: Operating Expenses <sup>(3)</sup>	Net Available Revenue (A)	Principal (B)	Interest (C)	Coverage <sup>(4)</sup> A/(B+C)
	\$	\$	\$	\$	\$	
2015	11,631,200	4,443,489	7,187,711	2,205,000	2,147,458	1.65
2016	11,587,751	4,270,841	7,316,910	2,395,000	1,765,887	1.76
2017	12,129,675	4,521,369	7,608,306	2,560,000	1,672,393	1.80
2018	11,731,016	5,194,755	6,536,261	2,680,000	1,537,888	1.55
2019	12,461,731	5,363,556	7,098,175	2,788,000	1,349,769	1.72
2020	13,314,680	5,143,992	8,170,688	2,936,000	1,192,720	1.98
2021	12,758,250	5,345,992	7,412,258	3,044,000	1,208,046	1.74
2022	13,983,195	5,860,706	8,122,489	3,475,000	619,601	1.98
2023	13,947,633	6,439,368	7,508,265	3,562,700	419,330	1.89
<b>2024</b>	<b>14,751,406</b>	<b>7,186,446</b>	<b>7,564,960</b>	<b>3,680,700</b>	<b>452,087</b>	<b>1.83</b>

<sup>(1)</sup> General Obligation warrants issued but paid by Sewer Service Fee revenue.

<sup>(2)</sup> Includes sewer service charges, tapping fees, sewer access fees, gains on property disposals and other non-operating revenues.

<sup>(3)</sup> Includes operating expenses and operating transfers out less depreciation expense.

<sup>(4)</sup> Coverage illustrates the Sewer Fund's ability to pay its debt service. A ratio of one or greater indicates sufficient earnings to cover the debt payments.

**Table 14**  
**City of Auburn ~ Primary Government**  
**Demographic and Economic Statistics**

Last Ten Fiscal Years

*Unaudited*

Fiscal Year	Population <sup>(1)</sup>	Per Capita Personal Income <sup>(2)</sup>	Personal Income (expressed in thousands) <sup>(3)</sup>	Unemployment Rate <sup>(4)</sup>
		\$	\$	
2015	62,059	33,622	2,086,548	4.9%
2016	63,118	34,372	2,169,492	4.9%
2017	63,973	36,941	2,363,227	4.9%
2018	65,378	38,036	2,486,718	3.5%
2019	66,259	39,781	2,635,849	2.9%
2020	76,143	42,468	3,233,641	5.4%
2021	78,552	45,002	3,534,997	2.5%
2022	80,006	46,691	3,735,560	2.5%
2023	82,030	48,511	3,979,357	2.2%
<b>2024</b>	*	*	*	<b>2.8%</b>

<sup>(1)</sup> U. S. Census Bureau

<sup>(2)</sup> U. S. Department of Commerce, Bureau of Economic Analysis (data reported for Auburn-Opelika MSA)

<sup>(3)</sup> "Population" multiplied by "Per Capita Personal Income"

<sup>(4)</sup> U.S. Bureau of Labor Statistics

\* Data not available at time of publication

**Table 15**  
**City of Auburn ~ Primary Government**  
**Principal Employers**

Current Year and Nine Years Ago

*Unaudited*

Employer	2015			2024		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Auburn University <sup>(1)</sup>	7,820	1	29.96%	8,940	1	26.88%
Auburn City Schools	950	2	3.64%	1,160	2	3.49%
City of Auburn and Auburn Water Works Board	650	3	2.49%	820	3	2.47%
Briggs & Stratton Corporation	460	4	1.76%	545	4	1.64%
Aptar CSP Technologies, Inc.	345	6	1.32%	530	5	1.59%
Wal-Mart	335	7	1.28%	450	6	1.35%
East Alabama Health	-	-	0.00%	400	7	1.20%
Publix	-	-	0.00%	350	8	1.05%
Donghee America, Inc.	-	-	0.00%	300	9	0.90%
Shinhwa Auto USA, Inc.	-	-	0.00%	250	10	0.75%
<b>Total</b>	<b>10,560</b>		<b>40.45%</b>	<b>13,745</b>		<b>41.33%</b>

<sup>(1)</sup> Includes temporary and seasonal employees.

Source: City of Auburn Economic Development Department, Alabama Department of Labor

**Table 16**  
**City of Auburn ~ Primary Government**  
**Regular Full-Time Employees by Function/Program**  
 Last Ten Fiscal Years  
 Unaudited

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General government and administration <sup>(1)</sup>	76	76	77	77	46	46	49	49	49	52
Public Works <sup>(2)</sup>										
Administration	-	-	-	-	3	3	3	3	4	4
Maintenance	-	-	-	-	9	7	7	7	9	10
Facilities	-	-	-	-	4	4	4	4	4	4
Construction <sup>(3)</sup>	18	18	19	38	9	10	10	10	9	9
Landscape and sustainability	-	-	-	-	10	8	8	8	8	8
Right of way <sup>(3)</sup>	7	7	7	-	7	13	13	13	14	15
Inspection <sup>(4)</sup>	6	6	7	7	-	-	-	-	-	-
Traffic engineering <sup>(4)</sup>	4	4	5	5	-	-	-	-	-	-
Environmental Services										
Administration	-	-	-	-	5	4	4	4	4	4
Recycling	16	16	16	16	15	16	16	16	18	18
Solid waste	16	16	16	16	17	17	17	17	18	18
Animal control	2	2	3	3	3	3	3	3	3	3
Fleet services	10	10	10	10	10	10	10	10	10	11
Public Safety										
Administration	-	-	-	-	3	3	3	4	5	6
Police	116	117	129	142	143	156	156	156	156	156
Communications	11	13	13	13	13	14	18	18	18	17
Fire	43	43	43	43	49	49	65	65	75	84
Library	19	19	19	19	19	19	19	19	20	20
Parks and Recreation										
Administration	-	-	-	-	5	5	5	5	5	5
Leisure services	16	17	17	19	17	14	14	14	14	14
Parks and facilities <sup>(3)</sup>	26	26	26	23	23	23	27	27	30	30
Development Services										
Administration	-	-	-	-	3	3	3	3	3	3
Planning services <sup>(5)</sup>	-	-	-	-	7	7	7	7	8	8
Inspection services <sup>(6)</sup>	8	9	10	13	14	15	15	16	16	16
Engineering services <sup>(4)</sup>	11	11	9	13	25	26	26	26	27	28
Social and economic development										
Economic development <sup>(7)</sup>	12	12	12	13	9	9	9	9	9	10
Community services <sup>(7)</sup>	-	-	-	-	4	4	5	6	6	6
Human resources <sup>(8)</sup>	-	-	-	-	6	6	8	8	8	8
Risk management <sup>(8)</sup>	-	-	-	-	2	2	1	1	1	1
Sewer <sup>(9)</sup>										
Administration	-	-	-	-	6	8	8	8	8	9
Sewer maintenance <sup>(10)</sup>	19	21	20	18	16	16	16	16	16	16
Line locating <sup>(10)</sup>	-	-	-	-	4	4	3	3	3	3
Watershed maintenance	-	-	-	-	3	4	4	4	4	4
<b>Total</b>	<b>436</b>	<b>443</b>	<b>458</b>	<b>488</b>	<b>509</b>	<b>528</b>	<b>575</b>	<b>578</b>	<b>582</b>	<b>600</b>

Source: City of Auburn Human Resources Department

Due to the City reorganization the following changes have been made:

- <sup>(1)</sup> As of FY2019, all administration divisions have been removed from general government and administration and placed in their
- <sup>(2)</sup> As of FY2019, public works is now five divisions: maintenance, facilities, construction, landscape and sustainability, and right of way
- <sup>(3)</sup> Environmental services-right of way and parks and recreation-parks and facilities employees moved to the public works-
- <sup>(4)</sup> As of FY2019, public works-traffic engineering and public works-inspections were transitioned to engineering services
- <sup>(5)</sup> As of FY2019, planning is no longer reported with general government and administration
- <sup>(6)</sup> As of FY2019, inspection services (codes enforcement) is no longer a division of the Public Safety department
- <sup>(7)</sup> As of FY2019, community services has been transitioned out of economic development
- <sup>(8)</sup> As of FY2019, human resources and risk management have been transitioned out of general government and administration
- <sup>(9)</sup> As of FY2019, sewer-administration and watershed maintenance transitioned out of general government and administration
- <sup>(10)</sup> As of FY2019, sewer maintenance was split into two divisions, sewer maintenance and line locating



Table 17  
**City of Auburn ~ Primary Government**  
**Operating Indicators by Function/Program**  
 Last Ten Fiscal Years  
 Unaudited

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police										
Physical arrests	3,679	2,957	2,612	2,703	3,133	2,265	3,111	3,384	2,904	3,277
Traffic violations	21,805	16,518	26,970	27,357	29,446	25,004	25,100	25,821	13,467	18,226
Calls for service	*	184,429	211,860	248,030	246,303	258,511	253,752	224,773	204,821	209,484
Fire										
Number of calls answered	4,950	5,532	5,900	5,850	6,000	5,880	6,848	7,134	7,392	7,559
Inspections	1,946	1,750	2,170	2,170	2,184	1,500	2,100	2,200	1,652	1,850
Public Works										
Potholes repaired	18	23	19	42	110	78	82	102	81	112
Environmental Services										
Refuse collected (tons/day) <sup>(1)</sup>	104	108	112	116	115	119	118	120	118	115
Recyclable collected (tons/day) <sup>(1)</sup>	5.03	5.09	5.21	6.65	9.21	11.24	11.17	10.57	10.91	10.87
Parks and Recreation										
Athletic participants	6,846	15,002 <sup>(2)</sup>	17,159	15,818	16,119	3,578	15,824	8,754	9,015	11,607
Recreation center admissions	216,416	379,704 <sup>(2)</sup>	434,806	456,356	377,644	163,807	190,153	332,289	265,277	194,991
Sewer										
Average daily sewage treatment (millions of gallons)	7.50	7.56	8.06	8.46	8.60	9.55	9.32	8.96	9.02	8.77

Source: City departments

\* New operating indicator for 2016

<sup>(1)</sup> Each year consists of 251 work days.

<sup>(2)</sup> Represents a change in methodology

Table 18  
**City of Auburn ~ Primary Government**  
**Capital Asset Statistics by Function/Program**  
 Last Ten Fiscal Years  
 Unaudited

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public Safety										
Police Stations		1	1	2	2	2	2	2	2	2
Police Patrol units		96	100	113	116	114	124	124	141	144
Fire stations		5	5	5	5	5	5	5	6	6
Environmental Services										
Collection trucks		8	8	8	8	8	8	8	8	8
Public Works										
Streets (lane miles)		624	627	635	648	672	689	695	701	729
Engineering Services										
Signaled Intersections		61	63	64	64	66	66	66	69	74
Parks and Recreation										
Parks acreage		1,956	2,022	2,195	2,195	2,198	2,195	2,208	2,208	2,208
Swimming pools		2	2	2	1 <sup>(1)</sup>	1	1	1	1	1
Pickleball courts		-	-	-	-	-	-	6	6	6
Tennis courts		44	44	44	40 <sup>(2)</sup>	40	40	38	38	38
Community centers		5	5	5	5	5	5	5	5	5
Community Skate Park		-	-	-	-	1	1	1	1	1
Sewer										
Sanitary sewers (miles)		350	350	350	350	350	339	339	340	346
Maximum daily treatment capacity (millions of gallons)		13	13	13	13	13	13	13	13	27

Source: City departments

<sup>(1)</sup> Pool at Drake Middle School no longer in use

<sup>(2)</sup> Replaced 4 tennis courts with the Auburn-Opelika Joint Skate Park



AUBURN





**WILL BUECHNER PARKWAY**