City of Auburn, Alabama

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2004



The Nunn-Winston House is one of Auburn's finest examples of antebellum Greek Revival architecture dating from the 1850's. This former residence of the Nunn and Winston families was moved in 1996 from its original location on South Gay Street to beautiful Kiesel Park. The house was listed in the Historic Sites Inventory of Lee County in 1981.

The City of Auburn, Alabama

Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2004

City Council

Bill Ham, Jr., Mayor
K. Ted Wilson, Mayor Pro Tem
Verlinda J. White
Sheila Eckman
Dick Phelan
Logan B. Gray
Roberta Jackel
Carolyn Mathews
Gene Dulaney

Management

David F. Watkins, City Manager

Wendy L. Hassett	Assistant City Manager	Margie B. Huffman	Library Director
Arnold W. Umbach, Jr	City Attorney	Rebecca O. Richardson	Parks and Recreation Director
Joe S. Bailey	Municipal Judge	Forrest Cotten	Planning Director
Phillip Dunlap	Economic Development Director	William H. James	Public Safety Director
Andrea E. Jackson	Finance Director	Jeff Ramsey	Public Works Director
Steven A. Reeves	Human Resources Director	Timothy Woody	Environmental Services Director
James C. Buston, III	Information Technology Director	Scott Cummings	Acting Water & Sewer Director

Prepared by

Finance Department

Andrea Jackson, CPA, CGFM, Director/Treasurer

Penny L. Smith, CPA, Deputy Director/Treasurer Meagan Kramer, Finance Information Officer



City of Auburn, Alabama

Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2004

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Home of Auburn University

Letter of Transmittal

April 29, 2005

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

The comprehensive annual financial report of The City of Auburn (the government) for the fiscal year ended September 30, 2004 is hereby transmitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the 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

operations of the various funds and account groups of the government and its component units. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities have been included.

The Report

The comprehensive annual financial report 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, and the primary government's organization chart. The financial section includes the management's discussion and analysis (MD&A), the basic financial statements for the primary government and its separately presented component units and the primary government's combining and individual fund and account group financial statements and schedules, as well as the independent auditor's report on the financial statements and schedules. The MD&A contains a narrative introduction, overview, and analysis of the City's financial statements, and 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 and the appendices have not been audited.

This report includes all funds and account groups

primary government provides a full range of services. These services

of the primary government and its component units. The City of Auburn implemented the The Governmental Accounting Standards Board's Statement No. 34 in FY 03.

> include public safety (police, fire. E-911 communications, and building codes enforcement), environmental services (including solid waste collection, recycling, right-of-way maintenance, animal control, and maintenance of City vehicles), public works (including engineering, streets construction and maintenance, capital projects management and inspection), culture (including cemeteries recreation and parks, recreation services, and library services), economic and community development, planning, and general administrative services.

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

this report. Audited financial statements for the Housing Authority are available upon request at the Authority's business office at 931 Booker Street, Auburn, AL 36832.

As a result of the implementation of the Accounting Standards Governmental Board Statement 34, the government-wide financial statements have been added to complement the fund financial statements. The government-wide statements show separate data for "governmental activities" and "business-like activities." MD&A, added as part of the implementation of GASB 34, serves as the narrative introduction to the basic financial statements and contains the comparative data formerly presented in this letter of transmittal. Another significant change involved the reporting of infrastructure. Under GASB 34 guidelines, the City has begun to report and depreciate all capital assets. including infrastructure, for the first time. Under these City auidelines. the has included in capitalization, infrastructure assets acquired beginning in FY 03 and will capitalize all infrastructure before FY 08.

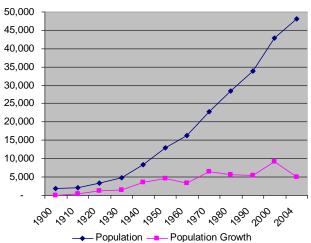
City Profile

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

Located near Georgia's west central border, Auburn is conveniently located on Interstate Highway 85, 115 miles southwest of Atlanta and 60 miles east of Montgomery, the Alabama State Capitol. Auburn is 120 miles southeast of Birmingham, the largest city in Alabama, and is 40 miles northwest of Columbus, Georgia. With easy access to highway, rail, and air transportation, Auburn's location has been a significant factor in its continuing growth.



Auburn's population has grown from 1,831 in 1900 to an estimated 48,096 in 2004. Population growth has averaged around more than 3% per year. As the population has grown and the economic base has diversified, the City of Auburn has responded with expanded and innovative government services to provide for the needs and the expectation of a highly educated and multi-cultural citizenry.



Auburn's population has grown steadily since 1960

Auburn has a Council/Manager form of municipal government. The City Council consists of nine members, eight elected from four dual-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. On December 31, 2003, the City's long-serving City Manager, Douglas J. Watson, retired. David F. Watkins, an Auburn University and Kansas University graduate from Lenexa, Kansas, was selected by the City Council as the new City Manager.

The City departments include:

Office of the City Manager
Information Technology
Human Resources
Economic Development
Parks and Recreation
Water and Sewer
Public Safety

Environmental Services

Approximately 390 regular, full-time employees staff these departments, producing high-quality and cost-effective public services.

Major Initiatives

During fiscal 2004, the priorities of school funding, solid waste efficiency, recreation facility expansion, and street improvements were addressed. The City contributed \$5.8 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. An increase in the City's property tax millage for schools was approved by a significant majority of the voters during FY 96.

One goal the City has for the solid waste collection system is to generate enough money to pay for its operation. The City Council approved increasing the monthly fees for garbage collection from

\$22.00 for back yard service to \$24.50 and from \$15.50 to \$17.00 for front yard collection. These fee increases include \$0.50 per month to

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.

busehold Hazardous Waste merger, the City acquired ve

The City contributed \$5.8 million from its General

cover the cost of the Household Hazardous Waste Collection Day. Fees for commercial collection were increased by 11%. Charges for special collections of very large piles of trash increased to \$50 for a half trailer load, which covers the actual cost to collect large amounts of yard waste.

In December 2003, the City issued two general obligation warrants totaling \$8.3 million. The \$6.3 million warrant was issued for renovations to several recreational facilities and City buildings, an expansion of the Samford Sports Complex, and road reconstruction and other street improvements. The \$2.0 million warrant financed the acquisition of solid waste collection equipment, financial management software, renovations to City Hall, and improvements to streets, bicycle paths, and bridges.

During fiscal year 2003, the Human Resources Department initiated а comprehensive classification and pay study to ensure internal and external equity in the compensation of City employees. The results of the study were implemented in March 2004, creating higher starting rates of pay, larger pay ranges, and greater opportunities for advancement based on merit, skill, and knowledge. Strategically, the new classification and pay plan will enable the City to recruit and retain excellent employees and align employee values with organizational values.

The Finance Department will begin coordinating the collection of performance measures with each

department within the City. It is expected that with the implementation of an effective performance management system the City will increase the efficiency and effectiveness of City services. This program is projected to be established as part of the FY 07 & FY 08 biennial budget process.

Government Services

Public Safety Services. The Public Safety Department is comprised of five divisions: Police, Fire, Communications, Codes Enforcement, and Administration. The Police Division includes 101 police officers, providing an average emergency call response time of 2-3 minutes. The Auburn University Campus Police department merged with the City of Auburn Police Department effective July

1, 2004. Now all law enforcement and public safety services for the campus is handled by the City. Through the

merger, the City acquired vehicles and equipment. Twenty-seven law enforcement officers employed by Auburn University decided to continue employment with the City of Auburn. This merger allows for more comprehensive and higher quality public safety protection for residents and students living in Auburn without duplication of services.

The Fire Division includes 30 regular, full-time firefighters and 105 student firefighters, manning four fire stations. The staffing, training, and equipment levels in the Fire Division enable City residents to enjoy a Class 2 fire insurance rating. Communications provides E-911 response and dispatch services to the public. Codes Enforcement monitors construction activities within the City and compliance with public safety ordinances. Ambulance services are provided via a contract with East Alabama Medical Center.

Public Works Services. The City's Public Works Department oversees the development and maintenance of the City's transportation systems. The City's roadway system currently includes over 564 miles of paved streets and less than 1.6 miles of unpaved road. Public Works expends approximately \$1 million per fiscal year on road maintenance.

The Engineering Division of the Public Works Department performs planning and design services for the City's future highway, bikeway, and sidewalk systems. In addition, Public Works also monitors and inspects the construction and renovation of City facilities, including buildings, storm drainage, and parks.

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

Leisure Services. In addition to the many diverse cultural opportunities afforded by Auburn University, the City's Parks and Recreation Department and City Library provide many leisure time choices to residents. The Library has 24 internet-connected computer workstations

available to the public, which had 67,411 patron signins during FY 04. In FY 04, the Library installed new

computer hardware and software that makes it possible for citizens to access the Library's catalog via the internet.

In April of 2001, the City Library moved into a new \$3.2M facility of 24,065 square feet, housing approximately 64,000 catalogued volumes. The Library sponsors adult programs and book discussion groups, including beginning computer use courses for anyone interested. In addition, the Library delivers large-print books to area assisted living homes. For the youth, the Library offers regularly scheduled Toddler Time, Pre-School Story Time, Salmagundi for elementary school age children, and the Young Adult Coffeehouse for older youth.

The Parks and Recreation Department maintains fifteen City parks and numerous recreation facilities, including three recreation centers, two pools, 14 tennis courts, two youth baseball complexes, nine soccer fields, a 1.6 mile bike path, an award-winning five-field competition class softball complex, a community arts center, a skateboard park, and more. Parks and Recreation provides programs ranging from organized team

sports leagues for soccer, baseball, and softball to music and dancing lessons to summer day camps and swimming teams.

Education Services. The Auburn City Schools provide services to more than 4,700 students. The City Schools' facilities include an early education center, five elementary schools, one middle school, one junior high school, and one high school. Teacher to student ratios range from 1:18 in the early education center to 1:23 in the middle and high schools. Of its teachers and administrators, 60% have advanced degrees and their average employment within the Auburn City system is twelve years. The City Schools expend an average of \$7,117 annually per pupil.

The City school system is accredited by the State Department of Education and the Southern Association of Colleges and Schools. It has been rated among the top 100 school systems in the nation by Offspring Parenting magazine (a subsidiary of The Wall Street Journal). The system consistently produces an average of six National Merit Scholars out of a graduating class

The Auburn City Schools system has been rated among the top 100 school systems in the nation...
The quality of the school system is a significant factor in the City's recent residential and industrial growth.

of 290. Auburn High School offers an International Baccalaureate (IB) Program, a rigorous program

based on the syllabi for 11th and 12th grades used by outstanding education systems throughout the world. Excellent choral, art, band, sports, and other extra curricular programs are offered and encouraged. Music and art teachers are in all the schools beginning with first grade. Participation in athletic programs begins in Grade 7.

Enrichment classes and programs are provided for all students throughout the system. Auburn High School offers 12 Advanced Placement (AP) classes. Concurrent college enrollment is available for students who wish to take courses not taught at Auburn High School through Auburn University and Southern Union State Community College. The quality of the school system is a significant factor in the City's recent residential and industrial growth.

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

- Auburn University, in Auburn
- Columbus State University, Columbus, GA
- Tuskegee University, Tuskegee, AL

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



Historic Samford Hall at Auburn University

Auburn University has been rated among the top 50 public institutions in the nation for providing a quality education at an exceptional value by *US News & World Report* for twelve consecutive years.

Auburn University's student body is taught by 1,171 full-time and 155 part-time faculty members. Approximately 96% of Auburn students receiving their degrees are employed full-time after graduation. The University is nationally known for the achievements of its veterinary medicine, engineering, and business graduates.

As the City's largest employer, Auburn University is a major contributor to the local economy. Enrollment, which has remained steady over the past ten years, was 22,928 for the fall semester 2004. Included in the total enrollment are 3,148 graduate students.

Southern Union State Community College is located in Auburn's sister city, Opelika, which is also the Lee County seat. Southern Union is less than ten miles from Auburn and offers courses in business, accounting, computer science, industrial

electricity and electronics, automotive technology, welding, and more. Fall 2004 enrollment was approximately 3,500.

Utilities. The City's Water Works Board, drawing from Lake Ogletree as its main source, provides water services. The City operates two wastewater treatment plants with a total treatment capacity of 7 million gallons per day and is currently expanding their production and treatment capacities to 9 million gallons per day to accommodate the City's projected population growth.

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 underemployment in order to remain in Auburn

In the mid-1980's, the City government began a conscious effort to strengthen the City's economic base through diversification. The City government created an Economic Development Department, whose mission it is to recruit small to medium-sized technology-based companies that could 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 assisted in the recruitment of more than twenty-five companies that resulted in the creation of nearly 3,000 jobs. The location of these many companies in Auburn has meant that the City had to acquire and develop three industrial-technology parks, with a fourth currently under development. In addition, the City is partnering with Auburn University and the State of Alabama to develop a University-based research park.

The City's innovative economic development tools include a Revolving Loan Fund program funded from a loan repayment stream that was the product of certain federal grant programs, facilitation of public-private technology partnerships with Auburn University, a small-business incubator facility, a workforce

development initiative. and property tax The focused and creative use of abatements. these tools resulted in the location of the following companies, among others, in the City's industrial parks and the Auburn Center for Developing Industries: Briggs & Stratton, Falk Corporation, **EPOS** Donaldson Company, Corporation, Hoerbiger Hydraulics, Inc., Touchstone Precision, Inc., Stahlschmidt & Maiworm, Weidmann Plastics, and MasterBrand Cabinet Company.

The Auburn Center for Developing Industries (ACDI), a small business incubator facility, opened in 1989 to enable new business ventures to become established in cost-controlled а environment while adding jobs to the community. This project has been very successful, graduating four tenants to the City's industrial parks and expanding its facilities three times. Current tenants located in the incubator include an automotive textile manufacturer and an armored vehicle-related project

Auburn Technology Park North (ATPN) continues

its industrial growth with the addition of three new manufacturing facilities. Pyongsan America, Inc. from Korea recently completed a new

The City's innovative economic development tools include a Revolving Loan Fund program..., partnerships with Auburn University, a small-business incubator facility, a workforce development facility, and property tax abatements.

40,000 square foot manufacturing facility in ATPN. Pyongsan will make a capital investment of \$2.7 million and will employ 70 people when fully operational. Pyongsan manufactures HVAC tubing for the automotive industry. In addition, SCA, a plastic injection molding company for the automotive industry, completed construction of a 55,000 square foot facility in Auburn Technology Park North. SCA, also from Korea, will make a capital investment of \$5.7 million and will create 55 new jobs. Leggett & Platt, Inc., a Fortune 500 company headquartered in Carthage, Missouri, is currently building a 140,000 square foot facility in ATPN. Leggett & Platt will employ 160 people at full production and invest \$25 million in the community. Leggett & Platt will supply Briggs & Stratton will aluminum castings. Construction of the 450-acre Auburn Technology Park West is expected to begin in spring of 2006.

Commercial development continues to be strong in Auburn. Numerous projects including banks, restaurants, and other retail operations have opened along the U.S. Highway 29/South College corridor, just off Interstate Highway 85. A \$40

million expansion of Colonial University Village retail shopping mall was completed with the opening of Dillard's, Belk, and JC Penney's. New national retailers and small shop tenants will continue to be announced in FY 05.

The City's economic development efforts have been effective. Omitting the University student population, the City's unemployment rate at September 30, 2004 was 4.2%, which was less than the national (5.4%) and state (5.6%) unemployment rates. Nearly one-fourth of Lee County's workforce has college degrees. The median family income for Lee County (2000 Census) was \$31,821, while the median family income in the City of Auburn was \$43,167.

In addition to its business recruitment programs, the City's Economic Development Department has worked to improve housing opportunities within the Auburn city limits via an Affordable Housing Program, partnering with Habitat for Humanity, and administering numerous hosing rehabilitation and other public service programs funded by federal

Community

Development Block Grants.

Financial activities in Auburn are anchored by eleven different banks with

eighteen locations (excluding ATMs). These financial institutions have combined assets of approximately \$708 million. The largest bank in the City is an independent bank and the State's four largest bank holding companies all have offices in Auburn. In addition, there are two federal credit unions and six nationally associated investment brokers providing financial services to Auburn's residents and businesses.

The physical boundaries of the City continue to expand with residential, commercial, and industrial growth. During fiscal 2004, the City annexed 882 acres into the City limits as part of the City's long-range plan for growth through annexation. All annexations are initiated by request of the property owners. The Planning Commission approved 22 new subdivisions, incorporating 584 single-family and 10 multi-family residential lots.

In fiscal 2004, building permits were issued for 480 new single-family residences valued at \$83.3 million (\uparrow 49%), sixty-five of which had valuations in excess of \$250,000 each. Also permitted during fiscal 2004 were 49 multi-family buildings valued at \$26.7 million (\downarrow 29%) and 45 new commercial and

industrial facilities valued at \$21.6 million ($\sqrt{22.2\%}$). In response to several years of significant growth, the City completed construction of three new fire stations in fiscal 1998 and another fire station is planned for construction in FY 05.

Risk Management

The City of Auburn's risk management program includes identification and analysis of loss exposures and the selection of appropriate risk techniques management 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 program contains \$91.9 million in identified projects over the next six years (FY 05 through FY 10). Increasing the capacity of the sewer systems will require approximately \$16.2 million. This outlay will be funded by bond proceeds and system access fees. Infrastructure improvements, including sidewalks, bikeways, streets, bridges, and intersections will require an estimated \$44.0 million. This outlay is expected to by funded through identified sources including shared funding, state and federal grant funds, and debt.

Renovations and expansion of existing city

buildings are planned with a projected cost of \$5.6 million. Funding sources for these city buildings include proceeds of bonds and the General Fund.

The objectives of a biennial budget process were two-fold: to give the Council and City management a longer budgeting horizon and to reduce the amount of staff time required for developing and adjusting the budget.

Included in the projected costs for city buildings is planned expansion of fire protection – buildings and equipment – that will require approximately \$2.2 million.

Industrial park land acquisition and infrastructure construction over the next six years is planned with an estimated cost of \$11 million. Other projects, including culture and recreation and downtown improvements are included in the six-year program at an approximate cost of \$14.4 million. Various

funding options, including debt, will be identified at the appropriate time.

Financial Information

Management of the government is responsible for establishing and maintaining an internal control structure design 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 in conformance with statements generally accepted accounting procedures. The internal structure designed provide is to 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. Budgetary tracking is maintained at the line item level by the encumbrance of actual or estimated purchase amount prior to the release of purchase

orders to vendors. Accountability for budgetary compliance is held at the department head level. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. The City Manager has the authority to make adjustments between budget line items. Purchase orders resulting in an overrun of a departmental balance are released only after the approval of the City Manager.

In the summer of 2000, the City Manager recommended and the City Council approved a change from an annual budget to a two-year or biennial budget for fiscal years 2001 and 2002. The objectives of a biennial budget process were two-fold: to give the Council and City management a longer time budgeting horizon and to reduce the amount of staff time required for developing and adjusting the budget. Under the annual budgeting process, Auburn conducted a Mid-Year Budget Review process each April that was nearly as rigorous as the budget development each summer. With a Biennial Budget, the Mid-Year Review is streamlined and there is an in-depth Mid-Biennium Review.

Budget amendments are effected by Ordinance enacted by the governing body at mid-biennium and, if necessary, at year-end. Activities of the General Fund, the Debt Service funds, and most Special Revenue funds are included in the annual appropriated budget. Encumbrances lapse at year end; however, encumbrances remaining against a positive department budget balance are generally re-appropriated as "prior year carryover" during the Mid-Biennium Budget Review.

The City's budget is prepared in accordance with generally accepted accounting principles (GAAP), with the exception that capital outlays and debt service payments related to the operation of individual departments are budgeted within those departments. The financial statements presented

in the *financial* section this of report are presented in accordance with GAAP: that all capital is, outlavs 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. Appendix II presents the General Fund's expenditures compared to the budget for fiscal 2004 as budgeted, with the capital outlays and debt service expenditures presented within departments. Appendix II-A provides a reconciliation of the GAAP-basis expenditures to the budget basis of expenditures.

Other Information

Independent Audit. The government is required by State law to undergo an annual audit by independent public accountants; however, to meet federal requirements of the Single Audit Act Amendments of 1996, and the resultant issuance of OMB Circular No. A-133 (Audits of States, Local Governments, and Non-Profit Organizations), the City's audit report is required to be signed by a certified public accountant. The accounting firm of Machen, McChesney and Chastain, LLP was selected through a competitive proposal process. The auditor's report on the basic financial statements and the combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the Single Audit are included in a separately issued Single Audit Report.

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.

The Government Finance Officers Awards. Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Auburn, Alabama, for its comprehensive annual financial report for the fiscal year ended

> September 2003. This was the eighteenth consecutive year that the City has achieved

30.

his

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City... This was the eighteenth consecutive year that the City has achieved this prestigious award.

> prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable requirements.

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

> The GFOA has given an Award for Outstanding Achievement in Popular Annual

Reporting to the City of Auburn for its PAFR for the fiscal year ended September 30, 2003. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a PAFR whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

In addition, the City has also received a GFOA Award for Distinguished Budget Presentation for its biennium beginning October 1, 2002. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including policy documentation, financial planning, and organization.

Acknowledgments. The preparation of the comprehensive annual financial report could not be accomplished without the dedicated services of an efficient Finance Department staff. We express appreciation to each member of the Department and to those members of other City departments for their contributions made in the preparation of this report. In closing, the commitment to the achievement of mandated priorities speaks to the progressive leadership and dedication to public service of the Mayor and the City Council. Their support for a policy of financial integrity has been instrumental in the preparation of this report.

David Watkins City Manager

Andrea E. Jackson, CPA, CGFM Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

The City of Auburn, Alabama

For its Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2003

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

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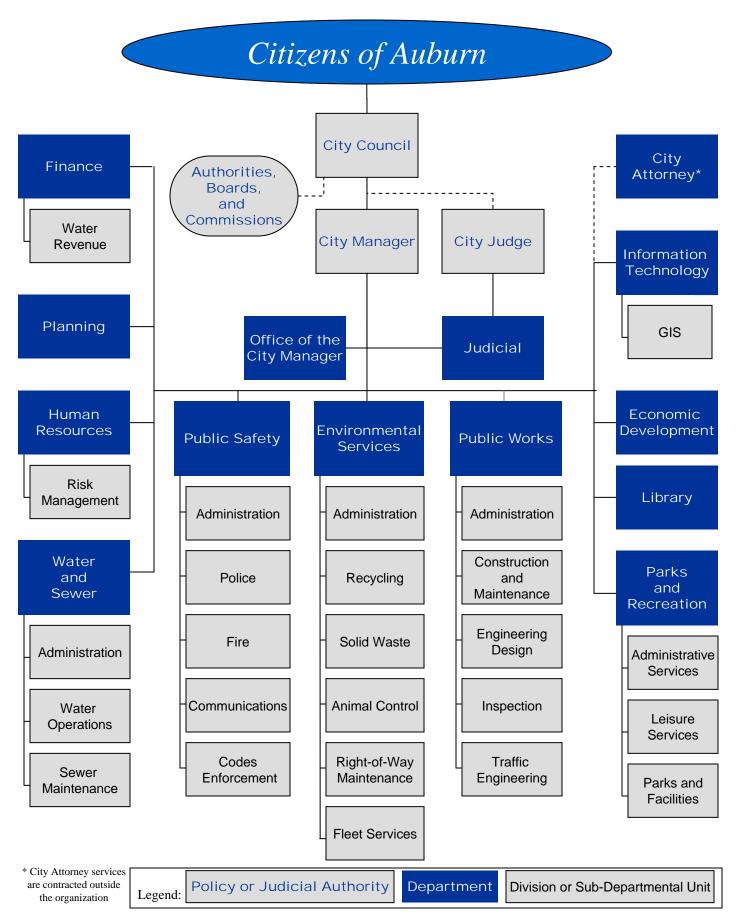
Many L. Zielke

President

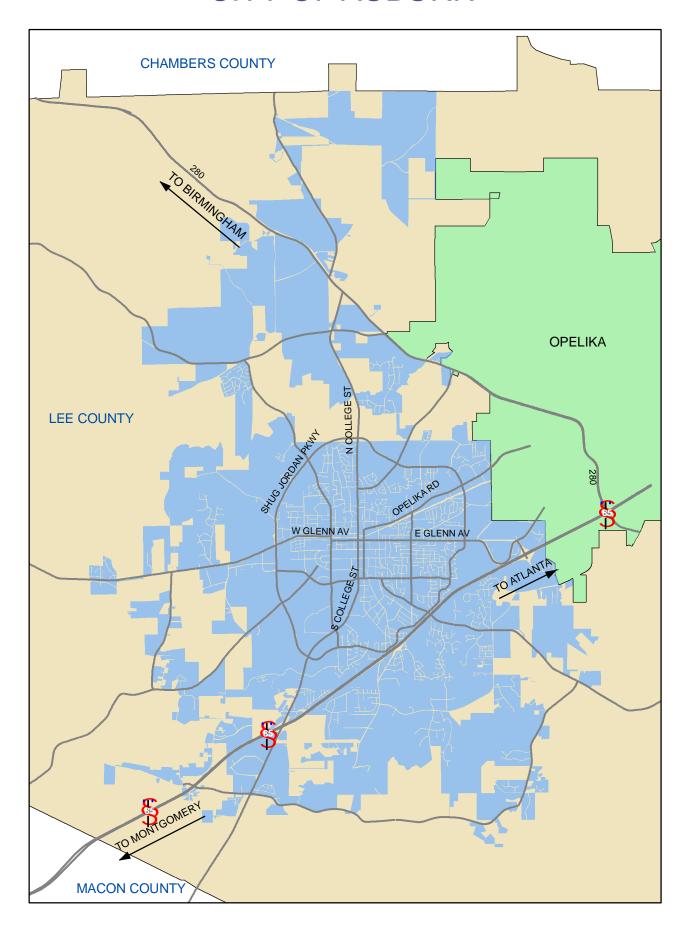
Executive Director



Organization Chart



CITY OF AUBURN





Anne McChesney May, CPA
Donald G. Chastain, CPA
Michael D. Machen, CPA, CVA
Melissa W. Motley, CPA
Martin D. Williams, CPA

Don L. Machen, CPA

Members
American Institute of
Certified Public Accountants

Alabama Society of Certified Public Accountants

An Independent Member of BDO Seidman Alliance

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying 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, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Auburn's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Auburn, Alabama, as of September 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 10, 2004, on our consideration of the City of Auburn's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards, and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 15 through 28, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Auburn's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Auburn, Alabama

December 10, 2004



Machen, McChesney + Chastain, wit



MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Auburn's comprehensive annual financial report (CAFR) presents City management's discussion and analysis of the City's financial performance during the fiscal year that ended on September 30, 2004. Please read this in conjunction with the City's financial statements, which follow this section and the additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of the CAFR.

FINANCIAL HIGHLIGHTS

- The assets of the City of Auburn exceeded its liabilities at the close of the fiscal year by \$29,653,673 (net assets). Of this amount, the City had a deficit unrestricted net assets of \$15.3 million offset by \$9.3 million in restricted net assets and \$35.7 million in capital assets net of related debt.
- The primary government experienced a 57.5% increase in net assets from \$18.8 million at September 30, 2003 to \$29.6 million at September 30, 2004. This change in Net Assets is due primarily to an increase in the investment in capital assets, net of related debt, including the capitalization of infrastructure acquired during fiscal 2003 and 2004.
- At the close of the current fiscal year, the City's governmental funds reported a combined fund balance of \$43.4 million. This was a significant increase, \$16.9 million (63.7%) over last year. The increase is due in large part to the addition of two new capital projects funds totaling \$8.3 million at year end and an \$8 million line of credit issued for Industrial Development Board projects.
- ▶ At the end of the current fiscal year, unreserved undesignated fund balance for the general fund was \$11.3 million, or 27.7% of total general fund expenditures.
- ▶ Sales and use tax, the City's single largest revenue source, increased 23.1%, \$3.4 million, during the 2004 fiscal year. In large part, the additional revenue resulted from a sales tax increase of ½ percent, commencing

- on August 1, 2003. Eliminating the effect of the rate increase, sales taxes increased 10.16% over the prior year.
- In both fiscal years 2003 and 2004, the City continued to support its employees through a three percent cost of living raise, while maintaining level costs to the employees for health insurance.

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.

- The first two statements are government-wide financial statements that provide both longterm 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 were financed in the short term as well as what remains for future spending.
 - Proprietary funds statements offer shortand long-term financial information about the activities the government operates like businesses, such as the sewer system.

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

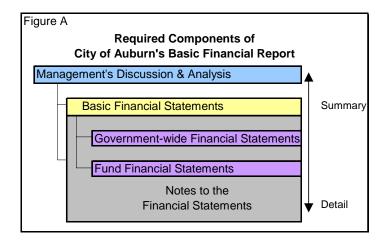


Figure B summarizes the major elements of the financial statements, explaining the portion of the City government they include and the types of information they contain. The remainder of this overview explains the structure and contents of each of the financial statements.

GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements report information about the City as a whole, using

accounting methods similar to those used by private-sector companies.

- The statement of net assets includes all of the government's assets and liabilities, with the difference between the two reported as net assets.
- All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. This presents a change in net assets in the most recent fiscal year. All changes in net assets (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. In the future, trend data will be developed, providing a useful indicator of the City's financial condition.

To assess the overall economic health of the City, additional non-financial factors such as changes in the City's tax base and the condition of the City's roads should be considered.

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

Fund Statements

		Fund Sta	tements
	Government-Wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire City government and the City's component units	The activities of the City that are not proprietary, such as police, fire, and parks.	Activities the City operates similar to private businesses: Industrial Park and Sewer Revenue Fund
Required financial statements	Statement of net assets; Statement of activities	Balance Sheet; Statement of revenues, expenditures, and changes in fund balances	Statement of net assets; Statement of revenues, expenses, and changes in net assets; Statement of cash flows
Accounting basis & measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, short-term and long-term
Type of inflow/outflow	All revenue 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, 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 cash 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 here, such as the Public Safety, Environmental Services, Parks and Recreation, Human Resources, and Finance departments. General revenues from sales and use taxes, occupational license fees, property taxes, charges for services, and state and federal grants finance most of these activities.
 - Blended Component Units. The City of Auburn Public Library Board provides services almost entirely to the City, and the City is financially responsible for the Board; so the Board is included in the City's governmental activities.
- Business-type activities. The City charges fees to customers to help it cover the costs of certain services it provides. The City's Sewer Revenue Fund and the Industrial Park Fund are included here.
- Discretely Presented Component Units. The City includes five other entities in its report: City of Auburn Board of Education, City of Auburn Water Works Board, Auburn Center for Developing Industries, City of Auburn Industrial Development Board, and City of Auburn Public Parks and Recreation Board. Although legally separate, these component units are important because the City is financially accountable for them. Please refer to Note 1.A. 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, not the City as a whole. Funds are groupings of related accounts that the City uses to keep track of specific revenue and spending for particular purposes.

- State law requires Gas Tax Funds to be accounted for separately because their expenditures are restricted to specific uses.
- The City Council establishes other funds to control the use of monies for particular

- purposes such property taxes that are legally dedicated for repayment of long-term debt or for support of the City school system.
- The City also establishes funds to show compliance with certain legally restricted revenue sources, such as tracking debtfinanced capital projects and grant proceeds.

The City has two kinds 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 flow in and out and (2) the balances left at year-end that are available for spending. governmental Consequently, the 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. Because this 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 will provide a better understanding of the long-term impact of the government's shortterm funding decisions. Both the balance sheet and the statement of revenues, expenditures, and changes in fund balances for governmental funds provide a reconciliation facilitate this comparison between governmental funds and governmental activities.
- Proprietary funds. Services provided to the general public for which customers are charged a fee are generally reported in Enterprise funds, which are proprietary funds. Proprietary funds' financial statements, like the government-wide statements, provide both long- and short-term financial information. The City of Auburn has two proprietary funds: the Sewer Revenue Fund and the Industrial Park Fund, both of which are enterprise funds. These funds function like business activities, so their financial statements provide different information than those of governmental funds; such as depreciation expense and cash flows.

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 broken down into two separate reporting years. A budgetary comparison statement for the General Fund has been provided immediately following the fund financial statements.

Notes to the financial statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements.

FINANCIAL ANALYSIS OF THE CITY (PRIMARY GOVERNMENT)

Table 1

City of Auburn's Net Assets September 30, 2004 and 2003

	Governmen	tal Activities	Business-ty	pe Activities	To	otal
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 51,187,984	\$ 35,419,330	\$ 8,832,656	\$ 13,602,831	\$ 60,020,640	\$ 49,022,161
Capital assets (not retroactive)	45,238,072	40,590,606	38,966,193	32,527,774	84,204,265	73,118,380
Total assets	96,426,056	76,009,936	47,798,849	46,130,605	144,224,905	122,140,541
Current liabilities	11,247,180	6,202,711	1,519,215	1,637,166	12,766,395	7,839,877
Long-term debt and other liabilities	72,034,045	65,600,633	29,770,792	29,875,153	101,804,837	95,475,786
Total liabilities	83,281,225	71,803,344	31,290,007	31,512,319	114,571,232	103,315,663
Net assets:						
Invested in capital asset,						
net of related debt	23,976,799	17,249,619	11,725,340	12,466,156	35,702,139	29,715,775
Restricted	4,901,497	(26,814,317)	4,444,361	9,621,721	9,345,858	(17,192,596)
Unrestricted	(15,733,465)	13,771,290	339,141	(7,469,591)	(15,394,324)	6,301,699
Total net assets	\$ 13,144,831	\$ 4,206,592	\$ 16,508,842	\$ 14,618,286	\$ 29,653,673	\$ 18,824,878

Net assets The City's *combined* net assets at September 30, 2004 totaled \$29,653,675 (see Table 1, above). Governmental Activities' net assets increased by \$8.93 million, while Business-type Activities' net assets increased \$1.89 million.

Most of the Governmental Activities' net assets are invested in capital assets (buildings, equipment, roads, etc.). The investment in capital assets at September 30, 2004 was \$45.24 million. Debt outstanding related to the capital assets was \$21,26 million. Restricted and unrestricted net assets portion of governmental activities may appear unbalanced in the overall financial analysis chart (table 1). But as detailed in Table 2, the balances are much more understandable. The City School's debt service (highlighted in green) was pulled out to show the change of accounting application reflected in the overall statements. The large negative restricted net assets in FY 2003 (\$26.81 million) and the large unrestricted net assets balance in FY 2004 (\$15.73 million) is the result of a common financing circumstance in Alabama: the City of Auburn issues debt in the Citv's name for the benefit of the Board of Education, a component unit under the City's oversight. The City of Auburn therefore must report

the debt on the City's books, but does not have a legal right to the assets associated with the debt (which are owned by the School Board); hence, the large negative unrestricted net assets balances. Total City debt issued to benefit the City Schools and outstanding at September 30, 2004, was \$32,867,363 a reduction of \$782,045 (2.3%) from the prior year by principal payment. Due to Auburn's strong fiscal management, Governmental Activities' other unrestricted net assets remains high at \$17.1 million (eliminating the effect of school debt) at the end of fiscal 2004, for overall positive net assets of \$13.1 million at the end of this year.

Table 2		
Governmental Activities		
Net Assets	<u>2004</u>	<u>2003</u>
Invested in capital assets, net	23,976,799	17,249,619
Restricted (deficit)		
Debt Service	1,523,137	1,229,066
Capital Projects	1,240,579	4,479,778
Federal and State Grants	108,269	114,717
Special Rev., non-grant	2,029,512	1,011,530
City School Debt (restricted		
03 and unrestricted 04)	(32,867,363)	(33,649,408)
Other unrestricted	17,133,898	13,771,290
Total net assets	13,144,831	4,206,592

The total net assets of the City's Business-type Activities increased by 12.9% to \$16.5 million in fiscal year 2004 from \$14.6 million in fiscal year 2003. Of that total, most is comprised of capital assets, net of related debt for the Sewer Revenue Fund. Restricted net assets of the Business-type Activities were at \$4.4 million, representing funds reserved for capital projects and debt service. Excluding these categories, unrestricted net assets total \$339,140.

Changes in net assets The primary government's net assets increased by \$10.8 million (57.5%) in fiscal year 2004 over the prior year. Total assets increased by \$22 million (18.1%) in fiscal 2004. The major components of this increase in total assets were: 1) the \$11.1 million increase in capital assets. which included construction in progress of \$7.1 million, an indicator of the many projects underway within the City; 2) a receivable from component units of \$5.25 million, which was funded on a temporary basis via a line of credit and which will be transformed into an appropriation when permanent borrowing is completed in subsequent fiscal year; 3) an increase in cash and cash equivalents of \$3.4 million; and an increase in advances to component units of \$2.5 million. The receivable from component units resulted from the City's lending \$5.25 million to the Industrial Development Board for the purchase of property for development of a new technology park and other industrial development expenditures. The \$2.5 million advance was made to the Industrial Development Board for the purchase of a building in one of the Board's other technology parks. This building will be renovated for resale; the proceeds of the sale will reimburse the City's advance.

The fiscal 2004 net increase in total liabilities of the primary government was \$11.3 million (10.9%). The increase in long-term debt, \$10.5 million (10.5%), accounted for most of the increase. The City issued \$8.3 million of general obligation warrants in December 2003, to fund the construction of various infrastructure improvements in the City. And, the City obtained an \$8 million line of credit, which will be converted to permanent financing in fiscal 2005. Long-term debt of \$5.5 million was liquidated during fiscal 2004. Accounts payable and salaries payable, current liabilities, increased by \$750,000 over the prior year.

The primary government's total net assets increased by \$10.8 million (57.5%) in fiscal 2004. Significant increases in the elements of net assets included 1) the deficit in unrestricted net assets decreased by \$12 million; 2) the investment in capital assets net of related debt increased by \$6 million; net assets restricted for debt service increased by \$1.1 million; and 4) net assets restricted for special revenues increased by \$1 million. Net assets restricted for capital projects decreased by \$9.2 million, due to spending of bond proceeds on various capital projects.

Restricted and unrestricted net assets should be considered together when analyzing the changes in net assets. The large increases and decreases in restricted and unrestricted result from an accounting principle application change. This change moves the City's school board debt (FY 04 \$32,867,363) from restricted to unrestricted. Table 2 details the components of net assets and explains the large changes shown in Table 1. The City's school board debt is reported as a large deficit because the Board of Education's capital assets are reported in the separate component units' column of the Statement of Net Assets and the debt related to the acquisition of the Schools' capital assets is reported in the Primary Government's portion of the Statement of Net Assets. The Board of Education's capital assets at September 30, 2004 was \$35,195,475; while the City's general obligation debt issued on the Schools' behalf had principal outstanding of \$32,867,363 at September 30, 2004.

Unrestricted assets changed (Table 2) in large portion due to the increase of revenue by 18.3% or \$9 million in fiscal year 2004. The single largest revenue source is sales and use taxes, which generated \$17.9 million in fiscal year 2004, compared to \$14.5 million in fiscal year 2003. In FY 2004, 30.8% of all City revenue came from sales and use tax collections. \$19.3 million of total revenue was derived from program revenue, which consists of charges for services, federal and state grants, and other contributions. Property taxes provided \$10.1 million in revenue; occupation license fees generated \$7.2 million and rental and leasing tax revenue totaled \$1.4 million for 2004.

Table 3 City of Aul	ourn Stateme	nt of Activities fo	or the Fiscal Ye	ars ended Sept	ember 30, 2004 a	nd 2003
	Exp	enses	Program	Revenues	Net (Expens	se) Revenue
Functions and programs	2004	2003	2004	2003	2004	2003
Governmental activities						
General government	\$ 4,189,200	\$ 3,807,989	\$ 7,618,974	\$ 6,775,587	\$ 3,429,774	\$ 2,967,598
Public works	2,724,146	2,598,479	745,302	1,146,882	(1,978,844)	(1,451,597
Environmental services	3,498,406	3,563,536	2,323,581	2,147,653	(1,174,825)	(1,415,883
Public safety	10,699,162	9,428,411	842,435	667,108	(9,856,727)	(8,761,303
Library	1,052,313	947,709	83,207	27,573	(969,106)	(920,136
Parks and recreation	3,745,118	3,598,629	254,792	279,692	(3,490,326)	(3,318,937
Social and economic development	1,559,427	1,454,453	1,122,112	308,561	(437,315)	(1,145,892
Other functions	1,248,353	1,068,940	202,522	726,895	(1,045,831)	(342,045
Payments to component units	10,404,387	8,105,050	-	-	(10,404,387)	(8,105,050
Interest on long-term debt	3,508,570	3,220,265	-	-	(3,508,570)	(3,220,265
Total governmental activities	42,629,082	37,793,461	13,192,925	12,079,951	(29,436,157)	(25,713,510
Business-type activities						
Sewer	4,434,526	4,487,091	6,124,066	6,034,890	1,689,540	1,547,799
Industrial parks	226	188			(226)	(188
Total business-type activities	4,434,752	4,487,279	6,124,066	6,034,890	1,689,314	1,547,611
Total primary government	\$ 47,063,834	\$ 42,280,740	\$ 19,316,991	\$ 18,114,841	(27,746,843)	(24,165,899
General revenues:						
Taxes						
Sales taxes					17,959,076	14,589,315
Property taxes					10,176,644	8,553,150
Occupation license fees					7,197,943	5,557,851
Rental and leasing taxes					1,463,934	1,121,061
Lodging taxes					568,887	548,362
Motor fuel taxes					495,322	483,054
Other taxes					123,759	128,599
Interest and investment earnings					1,175,853	1,241,497
Gain (loss) on asset disposals					2,644	(1,076,997
Miscellaneous					28,312	21,545
Total general revenues					39,192,374	31,167,437
Change in net assets -						
General revenues less net expenses					11,445,531	7,001,538
Beginning net assets (restated)					18,208,142	11,823,340
Ending net assets					\$ 29,653,673	\$ 18,824,878

Governmental Activities

Revenues, including general revenues, were sufficient to provide an excess of \$11.2 million over expenses at the end of fiscal year 2004. However, only general government and administration (net \$3.4 million) had adequate program revenues to exceed expenses.

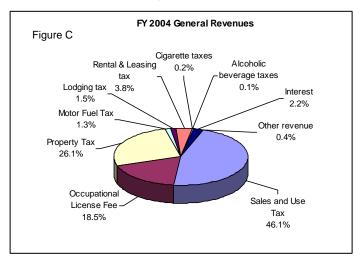
Table 3 presents the cost of each of the City's functions/programs as well as each program's net cost (total expenses less fees generated by the program's activities and intergovernmental aid). The net cost shows the financial burden that was placed on the City's general revenues by each of these functions.

The cost of governmental activities this year was \$42.6 million. However, the amount that our taxpayers paid for these activities through general revenues (taxes and license fees) was \$29.4 million.

- Some of the program costs of governmental activities were paid by revenues collected from those who directly benefited from the programs (\$10.6 million). These revenue sources include:
 - Business license fees, which generated \$4.4 million to pay the costs of providing general government services.
 - The City's solid waste collection and recycling programs were funded, in part, by citizen-customers' solid waste collection fees, which totaled \$2.3 million in fiscal 2004, an increase of 7.3% from last year's revenue.
 - Auburn University and downtown business pay fees for services related to extra patrols

downtown and fire and police services on campus. This revenue offset public safety expenditures by \$799,832 for the year ending 2004. This increased over last year due to the police department merger between Auburn University and the City of Auburn during FY 04.

- Program costs were also defrayed by grants and contributions (\$2.1 million). A large portion of this funding comes from the Community Development Block Grant from the federal Department of Housing and Urban Development Federal Agency. Fiscal 2004 CDBG revenues of \$1,121,979 were used to rehabilitate inadequate housing, improve public facilities and provide utility and food assistance programs to eligible citizens.
- ▶ The City has also worked to obtain grant funding from the Alabama Department of Transportation to share the cost of expansion or replacement of roads and bridges through capital grants in excess of \$750,000.
- ▶ The City financed the \$29.4 million net expenses for governmental activities from the \$38.9 million in taxes, license fees and other general revenues, such as interest earnings.
- Figure C shows the various sources of general revenues for fiscal year 2004:



General revenues are defined as all revenues that are not required to be reported as program revenues. All taxes, even those that are levied for a specific purpose, are general revenues. All other nontax revenues (including interest, gains and losses and contributions) that do not

- meet the criteria for program revenues are reported as general revenues.
- The largest of the City's general revenues is sales and use tax, comprising 46.1% of total general revenues. During this reporting period the City's sales tax rate was 3.0%.
- The second largest source of general revenues is property taxes (26.1%). Of the total 26 mills the City receives in property taxes, 16 mills are directly allocated for the City Board of Education.
- The third largest general revenue source is occupational license fee (18.5%). This fee is levied at 1% of gross wages earned within the City limits.

The City of Auburn transferred \$10.4 million to component units during fiscal 2004. Of this amount, \$8.9 million was paid to the Board of Education, which included \$2.8 million paid from education property taxes. The remaining \$6.1 million appropriated from the City's General Fund represents the continued commitment by the City of Auburn in response to the Citizen Survey's identifying educational funding as one of the citizens' high priority, consistently year after year.

Business-type Activities

The City now owns two wastewater treatment plants that are operated by Veolia Water, a Houston, Texas based engineering and contract services firm. Revenue charged for services of this business-type activity (sewer treatment and disposal) increased 2.2% to \$5.2 million, and expenses (operating plus non-operating) increased inconsequentially to \$4.4 million. The Sewer Department also defrays expenses each year through developer contributions of installed sewer lines (recorded at fair value at the time of donation). In fiscal 2004, this contribution was valued at \$900.675.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed the year, its governmental funds reported a *combined* fund balance of \$43.4 million. This was a large increase of \$16.9 million (63.7%) above last year. The increase is due in large part to the addition of two new capital projects funds totaling \$8.3 million at year end and an \$8 million line of credit issued for Industrial Development Board projects. Portions of this debt are due from component units and advances in

accordance with agreements between the City and the Industrial Development Board.

These financial activities comprised the major changes in governmental fund balances:

Governmental revenues ~

- ▶ Total revenues of the governmental funds showed growth of 21.3% or \$9.6 million over the prior year.
- Sales and use tax revenue increased 23.1%, by \$3.4 million, during the 2004 fiscal year. In large part, the additional revenue resulted from a sales tax increase of ½ percent, commencing on August 1, 2003. The sales tax increase was approved by the Council to provide for additional funding for the City school system, as well as to provide funding for capital improvements. Sales taxes were last increased in 1991.
- ▶ Occupational license fees produced \$1.6 million in additional revenue (↑29.5%). This is the result of expanding payrolls from newly established and growth of existing businesses in Auburn.
- Licenses and permits revenue for fiscal 2004 increased by \$711,213 (14.6%). Most of the increase resulted from growth in business license fees (\$196,707) and building permit fees (\$304,766). Business license fees are based on gross receipts, so increased
 - revenue from this source results from increased business activity within the City. Building permit revenue growth is indicative of robust residential and commercial development in Auburn.
- General property tax revenues improved 18.6%, contributing additional revenue of \$1.6 million to the governmental funds. Growth in property taxes results from expansion of the city limits through voluntary annexations, as well as appreciation in property values, attributable in part to new construction and improvements.

Governmental expenditures ~

Total governmental expenditures increased by \$5.8 million (12.1%) in fiscal 2004 from fiscal 2003. The major components of this increase in governmental expenditures include:

Of the increase in City departments' spending, personal services (salaries and benefits) costs increased \$2.3 million over fiscal year 2004. The citizens of Auburn believe a continued commitment to the City's workforce is key to the overall quality of services provided by the City of Auburn. The City Council approved a 3% cost of living raise to its employees in both fiscal years 2004 and 2003. The cost of living raise, together with merit salary increases employees through excellent earned by performance, accounted for the majority of the rise in personal services costs. Another portion of this increase is due to the City's instituting a more competitive pay plan for employees in March 2004 and the police force merger with Auburn University adding an additional 27 public safety employees to the City's personal services.

	FY 2004	FY 2003	F١	′ 04 > FY 03
City departments'				
operating expenditures	\$ 25,707,996	\$ 22,204,000	\$	3,503,996
Capital expenditures	6,530,914	7,347,636		(816,722)
Debt principal and interest	9,003,669	6,853,047		2,150,622
Paid to component units:				
General revenues provided				
to City Schools	5,852,620	4,110,444		1,742,176
Education property taxes				
distributed to City Schools	2,800,000	2,800,000		-
Payments to Industrial				
Development Board	1,751,767	1,194,606		557,161
Subtotal - Component Units	10,404,387	8,105,050		2,299,337
Total significant changes			\$	7,137,233

- Major capital outlay expenditures in fiscal year 2004 included: construction of a new cemetery and passive park (\$1.3 million) to be completed in fiscal 2005, renovations and upgrades to the local stadium (\$774,991), bikeway and sidewalk expansions and repairs (\$479,687), renovation of public facilities in low and moderate income areas (\$895,982), construction of new drainage facilities (\$839,350), and renovation of existing City buildings (\$440,268).
- Property taxes dedicated to education purposes are first used to pay debt service on the City Schools' outstanding debt. Any excess of the property tax revenues over the debt service requirements is distributed to the Schools at the School Board's request. In fiscal 2004, \$2.8 million was paid to the Schools from these dedicated property taxes.

The City's combined proprietary funds, which account for its business activities, reflect increased net assets of \$1.6 million at the end of fiscal 2004, a 3.6% increase.

Proprietary funds' revenues, other resources ~

- Provided to city's major proprietary fund is its Sewer Revenue Fund, which accounts for sewer treatment and disposal services provided to citizens and businesses within the city limits. Sewer Fund revenues from sewer service charges increased 2% in fiscal 2004, providing an additional \$101,280 in resources. Sewer service rates had not been increased since 1994; but were increased in fiscal 2005.
- In addition to improved operating revenue from sewer service charges, the Sewer Fund's net assets were increased by \$900,675 from developers' contributions of sewer lines in fiscal 2004. This amount is a 2.3% (\$20,900) decrease over the prior year's developer contributions to the Sewer Fund and reflects the robust level of construction activity within the City.

Proprietary funds' expenses ~

In the Sewer Fund, the City's major proprietary fund, operating expenses for fiscal 2004 increased by \$24,089 (.8%). The individual components of note were the decreased costs of professional services by (\$130,709 or 71.9%) and increased salaries and benefits for employees (up \$50,835 or 12.3%).

Analysis of Changes in Major Funds

The General Fund (Governmental) ~

At the end of fiscal 2004, the total fund balance of the City's General Fund increased \$11.1 million (58.2%) over the prior year's ending balance. General Fund total assets increased by \$10.4 million (46.4%). The most significant change in General Fund assets was the issuance of an \$8 million line of credit to start some Industrial Development Board projects. \$5.25 million was set up as a due from component unit and \$2.75 million as an advance to component unit per the agreement between the City and the Industrial Development Board.

Federal Grant Loan Repayment Fund (Governmental) ~

The City's Federal Grant Loan Repayment Fund is a major fund due to the large mortgage receivable balances on the Fund's balance sheet. In the 1980s, the City received numerous federal grants to assist housing and urban development. Under these programs, the City loaned the grant funds to housing and commercial promote improvements within the City. As these loans are repaid to the City, these monies are recycled for other Title 1 eligible activities. The total assets of the Federal Grant Loan Repayment Fund decreased by \$258,093 (4.8%) during fiscal 2004; while total fund balances increased by \$164,189. the excess of the Fund's revenues over expenditures.

Sewer Fund (Business-type activity) ~

Generally, 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 activities of the City's sewer collection, treatment and disposable facilities. Late in fiscal 2001, the City issued general obligation debt in the principal amount of \$30.0 million to de-privatize two wastewater treatment facilities, expand treatment capacity and upgrade the treatment technologies. The construction activities began in fiscal 2002 and continued through 2004.

In fiscal 2004, the Sewer Fund's net assets increased by 28.5% or \$3.6 million. While total net assets increased, the restricted capital asset component of net assets decreased significantly, from \$8.3 million to \$2.4 million. This was offset by the increase in unrestricted net assets by \$7.8 million or 104.3%.

Total assets of the Sewer Fund increased \$1.6 million; this increase was caused by two primary factors. 1) Capital assets net of related debt increased dramatically by \$6.4 million or 39.8%, which included the construction costs capitalized in 2004. 2) The increased construction caused a decrease in cash by \$5.6 million or 50.9%. There was a minimal increase in liabilities at \$222,327 or 0.7%, the result of a net increase in current liabilities, primarily accounts payable. The Sewer Fund generated an operating income of \$2.1 million in 2004. After non-operating revenues and expenses, the income before operating transfers and capital contributions was \$1.1 million. Sewer

Fund net assets were also increased by the addition of capital assets donated by developers with an estimated fair value at date of donation of \$900.675.

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. Each annual budget is reviewed following the completion of the first half of the fiscal year. Revenue projections are updated and budgeted expenditures are adjusted to reflect changing conditions.

The fiscal year 2004 final General Fund budget projected \$40.8 million in revenue and \$6.9 million in other financing sources; appropriations were made for \$48.6 million in expenditures and \$200,000 in other financing uses, producing a planned deficit of \$1 million to be absorbed in the General Fund balance. Actual amounts for revenues (\$43.7 million), other sources (\$8.6 million), expenditures (\$40.9 million) varied favorably in comparison to the budget. As a result, the General Fund balance increased by \$11.3 million.

The original revenue projections were \$7.6 million less than the final budget. This was caused by two factors: 1) the sales tax increase of ½%, effective August 1, 2003, and 2) better than projected sales and use tax growth. When the effect of the rate increase is eliminated, sales tax increased 10.2%, as compared with the conservative original estimate of 5%. Auburn also saw similar growth in occupational license fees (up by 20.2%), lodging taxes (up by 28.8%), rental and leasing tax (up by 38.8%) and licenses and permits (up by 22.9%). These revenue growth trends reflect the expanding population of the City of Auburn and its economic base.

In response to the expanding demand for public services and facilities, the City's expenditure appropriations at year-end increased over the original budget by \$11.8 million (32.4%). The total operating budget for all departments was increased by \$3.1 million in the final budget. Although all departments' budgets were increased in the final budget, the most significant increase was appropriated for Public Safety, which provides police and fire services, communication services,

and codes enforcement. On July 1, 2004 the City of Auburn incorporated the police services for Auburn University with its' own. At that point, the City began providing law enforcement services on Auburn University's property (8.8 square miles, buildings and residents). Through an agreement between the two entities, the City acquired equipment including vehicles and 27 police officers. The agreement provided reimbursement by Auburn University of all personnel cost plus some additional expenses. This reimbursement is appropriately accounted for as general fund revenue. The final budget for Public Safety was increased over the original budget of \$8.7 million by 14.3% to \$10.1 million. The final budget for Environmental Services was the next largest increase from \$2.9 million to \$3.6 million (a 24.4% increase).

Total operating expenditures for all departments were under budget by \$602,657. This favorable result is typical for Auburn, and results from management's active use of the budget to control expenditures. All departments, except Public Safety came in under final budget. Debt service expenditures of \$4.8 million were over the final budget by 35% due to interest and principal paid on two new warrants issued late in December of 2003. Capital outlay expenditures were significantly under budget (\$1.7 million and 51.6% under budget) due to delays in approval from the State of Alabama Department of Transportation on various infrastructure projects and shifting of project priority to be consistent with the citizen's survey. Payments to component units increased due to the \$8 million borrowing transferred to the Industrial Development Board for various projects.

The budget for long-term debt proceeds was increase at the mid-year budget review to reflect the mid year borrowings.

CAPITAL ASSET AND DEBT MANAGEMENT Capital Assets

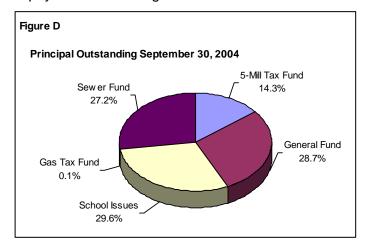
At the end of 2004, the City had invested \$84.2 million in a broad range of capital assets, including land, buildings, park facilities, roads and bridges, sidewalks, bikeways, vehicles, and other equipment. This amount represents an increase of 15.2% over last year. This increase is the direct result of the completion of a few large projects at parks and recreation facilities and some large sewer projects.

As required by the Governmental Accounting Standards Board (GASB) Statement No. 34, the City has included infrastructure capital assets in the Statement of Net Assets for September 30, 2003 and 2004. The reader should note that GASB 34 allows additional time for governments to inventory the infrastructure capital assets acquired prior to the implementation of the new accounting requirement. The Statement of Net Assets in this report include only those infrastructure capital assets constructed and acquired during fiscal 2003 and 2004. The City is working to develop the retroactive infrastructure capital assets data for inclusion in future years' financial statements and anticipates completion of this effort by the deadline set by GASB 34. Note 7 provides additional detail on capital assets.

Long-term Debt

At 2004 fiscal year-end, the City had \$110.9 million in long-term debt outstanding, of which \$9 million will mature during fiscal 2005. The net increase in long-term debt from the previous year was \$10.5 million or 10.5%. The City's long-term debt is comprised of bonds, warrants, notes, and capital leases payable.

General obligation debt is payable from the City's general revenues (the General Fund). Some long-term debt is payable from legally restricted revenue sources, such as the City debt issued to provide financing for the 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 that have been approved by the voters. Figure D illustrates the various funding sources for the repayment of this long-term debt.



- Long-term debt with \$15.9 million in principal outstanding at fiscal year-end will be paid from the Five-Mill Tax fund. This fund receives five mills of property tax revenue, which is used to pay principal and interest on bonds approved in referenda by the registered voters of the City.
- The City issues debt for the Auburn City Board of Education. The principal amount of its current outstanding issues stand at \$32.9 million, which will be repaid from special school ad valorem taxes.
- The City's gas tax provides repayment of a street improvement warrant with principal remaining of \$145,000.
- The Sewer Department (a business activity of the City) pays for three long-term debt issues with total principal outstanding of \$30.2 million.
- This leaves \$31.8 million in outstanding principal, the repayment of which will be funded solely from the General Fund.

The reader may refer to Note 8 for more detail concerning the debt issuances and debt outstanding of the City and its component units.

New debt resulted from three different issuances. A general obligation warrant in the amount of \$6,300,000 was issued on December 23, 2003 to finance infrastructure construction and improvements, and Parks and Recreation and Public Safety Department improvements. On December 31, 2003 the City issued a \$2,056,598 general obligation warrant to finance infrastructure construction and improvements and the purchase solid waste equipment and management software. The City also entered into an \$8,000,000 Line of Credit on May 4, 2004 for various Industrial Development Board projects that needed access to capital.

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. The outstanding debt applicable to this limit is \$38.8 million, resulting in a legal debt margin of \$57.8 million.

Although sales and use tax is considered a revenue source subject to variations in the economy, the consistent growth and stable economy of Auburn, in conjunction with the City government's sound management practices, means that debt repayment remains predictable. The ratio of debt service to

general expenditures is 16.16%, considered an average ratio for a city of our size. Auburn has been able to both expand and maintain its infrastructure to meet citizens needs based on careful financial management in response to citizens' priorities as determined by an annual citizen survey, as well as active citizen involvement.

Bond Ratings

The City received its most recent bond ratings in March 2005. The City's rating from Moody's Investors Service is Aa3; Standard & Poor's rated the City's general obligation bonds at AA-. The City's other long-term debt carries the same rating.

ECONOMIC FACTORS AND 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:

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 builtenvironment 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
- Facilitating citizen involvement

Even with the general economic downturn experienced within the State of Alabama over the past several years, Auburn has remained a stable and growing economy. Price level changes within

the City are comparable with national indices. The City's unemployment rates typically compare favorably with the State and national rates. The most recent data available show that Auburn's 2004 unemployment rate was 4.2%, as compared with 5.6% for the State of Alabama and the national rate of 5.4% (source: U.S. Bureau of Labor Statistics).

The City's aggressive, yet selective, industrial and commercial recruitment strategies, the presence of Auburn University, and the exceptional City school system all combine to position Auburn as a very strong municipal economy.

The Auburn City Council is committed to the development of a diversified economic base, with Auburn University as the cornerstone. The City's Industrial Development Board (IDB) and Economic Development Department have partnered to bring more than 3.000 new jobs to the City since 1994. The IDB targets small to mid-sized, higher technology and ecologically friendly companies in a variety of industries with the ability to provide jobs with good salaries and benefits. Many of the recruited industries are based on technology partnerships with the University. The additional payrolls brought to the City generate occupation license fees, business licenses, and sales tax revenues that enable the City to provide the services and facilities expected by its citizens.

Auburn University, the State's largest land-grant university, is a stabilizing force in the local economy. The University has consciously controlled the growth of the student body at around 1% per year. The proximity of the University to the City's downtown contributes significantly to a vibrant ambiance and vigorous business activity.

City's public schools have consistently high ratings for the qualifications of the faculty and staff and the achievements of their students, as well as strong local funding levels. The excellence of the City School system has proved a major factor in the City's residential growth, and contributes to the City's geographic growth through annexations. The number of building permits issued for single-family detached homes has grown 113% from fiscal 1999 (225 permits) to fiscal 2004 (480 permits). Many families relocate to Auburn to take advantage of the excellent public schools, even though the breadwinners' jobs are in other nearby cities. The City's size has grown from 29.35 square miles in

1999 to 52.9 square miles in 2004. Population growth has averaged 2.7% per year for the last 25 years.

The City's staff considered all of the factors described above in preparing the biennial budget for fiscal years 2005 and 2006. The City Council conducted a comprehensive Revenue Review in the spring of 2003. The Revenue Review is conducted once every four years with the goal of evaluating the City's overall revenue structure within the context of long-term financial projections, to facilitate the Council's consideration of tax or fee increases. However, tax and fee increases are studied also during the development of the biennial budget and during each mid-biennium budget review. As part of the City's budget processes. projected revenues and proposed expenditures are keyed 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

The Council has established a goal for maintaining the fund balance in the General Fund at not less than 6% of budgeted expenditures. The City has consistently exceeded this goal; the unreserved and undesignated fund balance at September 30, 2004 stood at 41.7% of expenditures, an increase from 25.0% at the close of fiscal 2003. This significant increase in the unrestricted. undesignated fund balance resulted from the \$2.8 million excess of revenues over expenditures in the General Fund, as well as resources provided from borrowed funds that were converted to assets on a temporary basis. In addition to the unrestricted, undesignated fund balance, the General Fund balance includes \$4.3 million designated by the Council for use only in the event of natural disaster or significant, unprojected economic downturn.

One important unknown for the future is the effect of the State's budget shortfalls on the City's finances. Inadequate State funding for public education often results in the need for additional local financial support for the City schools. It was this unknown but predicted insufficiency of State appropriations for primary and secondary education that prompted the Council to increase the local sales tax by one-half cent during fiscal 2003. The sales tax increase was levied to provide funding for an increased commitment in support of Auburn City Schools. The Council amended the ordinance

requiring that a 15-mill property tax equivalent be appropriated to the Schools from the General Fund each year to provide for a 20-mill equivalent effective in fiscal 2004.

The only utility service provided by the primary government is wastewater treatment and disposal. The City privatized the construction and operation of two wastewater treatment plants in 1984: the two plants were reacquired in 2003. As part of the privatization, rates were increased significantly, and funds were set aside to forestall sewer rate increases. The Council adopted a sewer service charge increase of 5%, effective for fiscal 2005. This was the first rate increase for sewer services since 1994. To address the need for funding for capital facilities expansion, the Council imposed sewer system access fees for the first time in 1996. Access fees are levied on new development when such development ties on to the sewer system. The Council adopted increases in access fees for residential-sized meters effective in April 2005, which was the first increase in sewer access fees since they were initiated in 1996.

Water services are provided by the City's component unit, Auburn Water Works Board. The Water Board's philosophy is to levy small, frequent water service fee increases, to minimize the effect of rate increases on their customers. The Water Board implemented a 5% increase in the basic water service rates effective October 1, 2004. The previous water rate increase was effective October 1, 2002. The Water Board also levies system access fees, to provide funding for system expansion. The Board first imposed system access fees in 1996 and approved an increase in residential-sized meters effective April 1, 2005.

An expanding populace translates into additional needs for public services and facilities. Auburn citizens have enjoyed 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 voting to approve an increase in property taxes dedicated to public education and by supporting the Council's decision to increase sales tax. 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.

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. Please contact the City of Auburn Finance Department, 144 Tichenor Avenue, Suite 5, Auburn, Alabama 36830, with any questions or to request additional information. Updated financial information about the City can also be obtained by accessing the City's web site at www.auburnalabama.org.



Basic Financial Statements

These statements provide a summary overview of the financial position of all funds and account groups 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 account group and for each of the City's discretely presented component units.

City of Auburn

CITY OF AUBURN, ALABAMA STATEMENT OF NET ASSETS SEPTEMBER 30, 2004

	,	Primary Government		
	Governmental	Business-Type		Component
	Activities	Activities	Total	Units
ASSETS				
Current assets:	¢ 20.220.000	¢	¢ 22.070.004	¢ 15 027 652
Cash and cash equivalents Certificates of deposit	\$ 28,339,988	\$ 5,538,916	\$ 33,878,904	\$ 15,837,653 51,135
Investments	-	- -	- -	11,237
Receivables, net	5,497,372	701,327	6,198,699	1,308,539
Due from component units	5,250,000	-	5,250,000	-
Internal balances	206,965	(206,965)	-	-
Inventories	24,490	-	24,490	224,078
Current portion of mortgages receivable	79,259	-	79,259	-
Current portion of net investment in capital leases	-	-	-	268,173
Property tax receivable	-	-	-	2,446,953
Due from other governments	404.007		400.000	629,008
Other current assets	124,087	5,803	129,890	34,422
Total current assets Noncurrent assets:	39,522,161	6,039,081	45,561,242	20,811,198
Restricted assets:				
Cash and cash equivalents	_	_	_	3,741,665
Investments	-	2,044,135	2,044,135	820,228
Accrued interest receivable	-	30,564	30,564	1,541
Mortgages receivable, net of current portion	4,538,734	-	4,538,734	-
Net investment in capital leases, net of current portion	-	-	-	3,850,203
Advances to component units	2,995,962	141,455	3,137,417	-
Property for resale	4,131,127	367,568	4,498,695	7,855,926
Bond issue costs, net	-	-	-	899,837
Deferred charges	-	209,853	209,853	4 400 040
Deferred water rights, net	17 100 706	7 540 502	24 720 200	1,468,616
Capital assets not being depreciated Capital assets net of accumulated depreciation	17,198,796 28,039,276	7,540,502 31,425,691	24,739,298 59,464,967	20,087,019 85,916,532
Total noncurrent assets	56,903,895	41,759,768	98,663,663	124,641,567
Total assets	96,426,056	47,798,849	144,224,905	145,452,765
LIABILITIES		•		
Current liabilities:				
Liabilities payable from restricted assets:				
Accounts payable	-	_	_	821,003
Current portion of long-term debt	-	-	-	497,650
Accrued interest payable	-	-	-	154,612
Accounts payable and other accrued liabilities	1,245,139	382,872	1,628,011	3,088,001
Accrued interest payable	545,434	285,942	831,376	68,244
Salaries and benefits payable	499,559	-	499,559	2,563,129
Claims payable	102,159	-	102,159	-
Customer deposits	73,660	395,345	469,005	510,989
Deferred revenue	53,971	455.050	53,971	2,485,752
Current portion of long-term debt Due to primary government	8,727,258	455,056	9,182,314	1,483,353
Current portion of water supply agreement payable	-	-	_	5,250,000 164,242
Total current liabilities	11,247,180	1,519,215	12,766,395	17,086,975
Noncurrent liabilities:	11,217,100	1,010,210	12,700,000	11,000,010
Advances from primary government	-	-	-	3,137,418
Water supply agreement with City of Opelika, net				, ,
of unamortized discount and current portion	-	-	-	1,193,934
Long-term debt and other liabilities	72,034,045	29,770,792	101,804,837	49,052,715
Total noncurrent liabilities	72,034,045	29,770,792	101,804,837	53,384,067
Total liabilities	83,281,225	31,290,007	114,571,232	70,471,042
NET ASSETS				
Invested in capital assets, net of related debt	23,976,799	11,725,340	35,702,139	64,584,756
Restricted for:	4 500 407	0.044.40=	0.507.070	0.470.470
Debt service	1,523,137	2,044,135	3,567,272	2,472,170
Capital projects	1,240,579	2,400,226	3,640,805	2,797,079
Federal and state grants	108,269	-	108,269	-
Special revenues, non-grant Other projects	2,029,512	-	2,029,512	76,880
Unrestricted (deficit)	(15,733,465)	339,141	(15,394,324)	5,050,838
Total net assets	\$ 13,144,831	\$ 16,508,842	\$ 29,653,673	\$ 74,981,723
***		,,	,,	. ,,3

CITY OF AUBURN, ALABAMA STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2004

Net (Expense) Revenue and

			Program Revenues	Se				Changes in N	Changes in Net Assets	2	
			Operating					Primary Government	nt		
	Т	Charges for	Grants and	Capital Grants	Grants	Gover	Governmental	Business-Type	Total	1	Component
				5	2			COMMISSION	-	-	
Primary Government:											
Governmental activities:											
General government and administration	\$ 4,189,200	\$ 6,997,753	\$ 621,221	↔	٠	€	3,429,774	€	\$ 3,42	3,429,774	
Public works	2,724,146	1,906	273,130	4	470,266	٠	1,978,844)	•	(1,97	(1,978,844)	
Environmental services	3,498,406	2,304,068	950		18,563	٠	1,174,825)	•	(1,17	(1,174,825)	
Public safety	10,699,162	799,832	42,603		•	. 5	9,856,727)	•	(9,85	9,856,727)	
Library	1,052,313	12,427	10,780		000'09	•	(969,106)	•	96)	(969,106)	
Parks and recreation	3.745,118	231,676	23,116			:	(3,490,326)	•	(3.48	(3.490,326)	
Planning	381,375	58,427	•				(322.948)	•	(32)	(322.948)	
Social and economic development	1.559,427	·	1.122.112				(437.315)	•	(4)	(437,315)	
Employee services	440,976	•	,				(440.976)	•	(44)	(440,976)	
Risk management	426,002	144 095	•		٠		(281,907)	•	30	(281.907)	
Payments to component units	10 404 387		•			5	(10 404 387)	•	(10.40	(10.404.387)	
Interest on long-term debt	3 508 570	•	•		٠	٠	(3.508.570)	•	(3.50	(3.508.570)	
Total governmental activities	42 629 082	10 550 184	2 093 912	<u>u</u> .	548 829	0	(29 436 157)		(29.43	(29 436 157)	
Business-type activities:						į	()) ()				
Sewer	4.434.526	5.223.391	•	07	900.675		٠	1.689.540		1.689.540	
Industrial Parks	226		•		, '		٠	(926)		(926)	
Total business-type activities	4.434.752	5.223.391	•	0	900.675			1,689,314		1.689.314	
Total primary dovernment	\$ 47.063,834	\$ 15.773.575	\$ 2.093.912		1.449,504	\$ (29	(29.436.157)	\$ 1.689.314	G	(27.746,843)	
Component units			2	\$ 2,1	2,104,098		(1)		•	(2: 2/2:	\$ (13,920,127)
auet	General revenues.										
	Taxes:										
	Sales taxes					Ę	17,959,076	•	17,95	17,959,076	2,789,942
	Occupational license fees	use fees					7.197.943	•	7.19	7,197,943	'
	Property taxes					~	10,176,644	•	10.17	10.176,644	2.373.625
	Motor fuel taxes						495,322	•	4	495,322	•
	Lodging taxes						568,887	•	26	568,887	٠
	Rental and leasing taxes	a taxes				•	1.463.934	•	1.46	1.463.934	
	Cigarette taxes	1					96,708	•		96,708	•
	Alcoholic beverage taxes	e taxes					27,051	•	.,	27,051	400,049
	Other taxes						•	•			52,236
	Appropriations from the City of Auburn	he City of Auburn						•			8,652,620
	Federal and state aid not restricted	not restricted						•			22,477
_	Interest and investment earnings	ent earnings					854,188	321,665	1,17	1,175,853	538,684
	Gain on disposal of assets	ssets					2,644	•		2,644	8,713
	Miscellaneous						28,312	•		28,312	624,911
Transfers							120,424	(120,424)			•
	Total general re	Total general revenues, special items, and transfers	ns, and transfers			36	38,991,133	201,241		39,192,374	15,463,257
	Change in net assets	ssets					9,554,976	1,890,555		11,445,531	1,543,130
Net a	Net assetsbeginning					•	4,206,589	14,618,287	18	18,824,876	72,940,893
-	Prior period adjustment	int					(616,734)		(61	(616,734)	497,700
Neta	Net assetsbeginning, as restated	restated				ľ	3,589,855		,	18,208,142	73,438,593
Net a	Net assetsending					₩	13,144,831	\$ 16,508,842	မှ	29,653,673	\$ 74,981,723

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

CITY OF AUBURN, ALABAMA BALANCE SHEET GOVERNMENTAL FUNDS SEPTEMBER 30, 2004

Federal

		Pederal			
		Grant	100 00 0 14:11:	0.11	-
	0 1	Loan	'03 \$6.3 Million	Other	Total
	General	Repayment	Capital Projects	Governmental	Governmental
	Fund	Fund	Fund	Funds	Funds
ASSETS					
Cash and cash equivalents	\$ 15,149,726	\$ 305,376	\$ 5,492,852	\$ 7,392,031	\$ 28,339,985
Receivables, net	5,106,365	-	-	360,629	5,466,994
Due from other funds	206,763	-	-	17,502	224,265
Due from component units	5,250,000	=	-	-	5,250,000
Inventories	24,490	=	-	-	24,490
Prepaid items	4,045	10,000	-	-	14,045
Mortgages receivable	-	4,469,013	-	148,980	4,617,993
Advances to					
Other funds	-	273,334	-	-	273,334
Component units	2,933,170	62,792	-	-	2,995,962
Property for resale	4,131,127	-	-	-	4,131,127
Total assets	\$ 32,805,686	\$ 5,120,515	\$ 5,492,852	\$ 7,919,142	\$ 51,338,195
LIABILITIES AND FUND BALANCES					
Accounts payable and accrued liabilities	\$ 1,387,449	\$ -	\$ 41,714	\$ 319,288	\$ 1,748,451
Payables to other governments	9,309	-	· ,	-	9,309
Customer deposits	73,660	_	-	-	73,660
Due to other funds	17,502	_	-	206,763	224,265
Claims payable	102,159	_	-		102,159
Deferred revenue	1,025,256	_	-	-	1,025,256
Deferred program revenue	-	4,469,562	-	148,980	4,618,542
Advances from other funds	66,369	-	-	-	66,369
Total liabilities	2,681,704	4,469,562	41,714	675,031	7,868,011
Fund balances:					, , , , , ,
Reserved:					
Inventories	24,490	-	-	-	24,490
Prepaid items	4,045	=	-	-	4,045
Encumbrances	1,604,912	-	2,257,223	1,927,494	5,789,629
Advances	2,933,170	336,126	, , , <u>-</u>		3,269,296
Property for resale	4,131,127	, -	-	-	4,131,127
Unreserved:					
Designated for emergency purposes	4,311,981	-	=	=	4,311,981
Undesignated (deficit)	17,114,257	314,827	3,193,915	=	20,622,999
Unreserved, reported in nonmajor funds:	, , -	- ,-	-,,-		-,- ,
Special revenue funds	-	=	-	2,211,599	2,211,599
Debt service funds	-	_	-	1,523,137	1,523,137
Capital projects funds	-	_	-	1,581,881	1,581,881
Total fund balances	30,123,982	650,953	5,451,138	7,244,111	43,470,184
Total liabilities and fund balances	\$ 32,805,686	\$ 5,120,515	\$ 5,492,852	\$ 7,919,142	, ,
	+ ==,000,000	+ -, -= 0,0.0	, 3,.02,032	+ 1,5.0,1.12	

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

Capital assets used in governmental activities are not financial resources and,	45,000,070
therefore, are not reported in the funds	45,238,072
Long-term liabilities are not due and payable in the current period, and,	
therefore, are not reported in the current period	(80,748,239)
Other long-term assets are not available to pay for current period expenditures	
and, therefore are deferred in the funds	5,589,827
Prepaid items accounted for using the purchases method are not reported in the funds	110,043
Accrued expenses that do not meet recognition criteria under the modified	
accrual basis of accounting are not recorded in the governmental funds	(515,056)
Net assets of governmental activities	\$ 13,144,831

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

CITY OF AUBURN, ALABAMA STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2004

	General Fund	Federal Grant Loan Repayment Fund	'03 \$6.3 Million Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Sales and use taxes	\$ 17,959,076	\$ -	\$ -	\$ -	\$ 17,959,076
Occupational license fees	7,197,943	-	· -	· -	7,197,943
Motor fuel taxes	258,380	=	=	236,942	495,322
Lodging taxes	568,887	=	-	-	568,887
Rental and leasing taxes	1,463,934	-	-	_	1,463,934
Other taxes	123,759	-	-	_	123,759
Licenses and permits	5,597,240	-	-	_	5,597,240
General property tax	2,433,164	-	-	8,036,879	10,470,043
Charges for services	4,197,384	-	-	-	4,197,384
Fines and forfeitures	876,748	-	-	_	876,748
State shared taxes	582,317	-	-	256,622	838,939
Contributions from the public	1,354,061	-	-	17,674	1,371,735
Grants	589,310	-	-	1,421,982	2,011,292
Program income	9,544	472,413	-	-, 121,002	481,957
Interest	418,683	116,008	100,662	220,599	855,952
Miscellaneous	108,811	-	100,002	-	108,811
Total revenues	43,739,241	588,421	100,662	10,190,698	54,619,022
Expenditures					
General government					
and administration	3,275,332	=	=	129,033	3,404,365
Public works	2,236,624	-	-	-	2,236,624
Environmental services	3,564,533	-	-	108,939	3,673,472
Public safety	10,140,821	-	-	21,345	10,162,166
Library	973,762	-	-	1,540	975,302
Parks and recreation	3,370,517	-	-	-	3,370,517
Planning	373,985	-	-	-	373,985
Economic Development	513,539	68,695	-	70,776	653,010
Employee services	427,345	-	-	-	427,345
Risk management	431,210	=	=	=	431,210
Total departmental	25,307,668	68,695	-	331,633	25,707,996
Non-departmental	1,110,397	=	=	293,401	1,403,798
Debt service	4,811,992	=	5,625	4,186,052	9,003,669
Capital outlay	1,665,910	-	961,742	3,903,262	6,530,914
Intergovernmental	809,166	-	-	-	809,166
Payments to component units	7,248,252	356,135	-	2,800,000	10,404,387
Total expenditures	40,953,385	424,830	967,367	11,514,348	53,859,930
Excess (deficiency) of revenues					
over expenditures	2,785,856	163,591	(866,705)	(1,323,650)	759,092
over experiancies	2,700,000	100,001	(000,703)	(1,323,030)	700,002
Other financing sources (uses)					
Debt issuance	8,000,000	-	6,300,000	2,056,598	16,356,598
Transfers in	629,158	6,598	17,843	3,627,820	4,281,419
Transfers out	(16,759)	(6,000)	· -	(4,138,236)	(4,160,995)
Total other financing					
sources (uses)	8,612,399	598	6,317,843	1,546,182	16,477,022
,			· · ·		
Net changes in fund balances	11,398,255	164,189	5,451,138	222,532	17,236,114
Fund balances, beginning of year	19,040,257	486,764	-	7,021,579	26,548,600
Prior period adjustment	(314,530)	-	-	-	(314,530)
Fund balances, beginning of year,	, , , , ,				, , ,
as restated	18,725,727	486,764		7,021,579	26,234,070
Fund balances, end of year	\$ 30,123,982	\$ 650,953	\$ 5,451,138	\$ 7,244,111	\$ 43,470,184

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

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 YEAR ENDED SEPTEMBER 30, 2004

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

Net changes in fund balancestotal governmental funds	\$ 17,236,114
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	4,997,626
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	(47,954)
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. This is the amount by which debt proceeds exceed debt service principal payments.	(10,855,082)
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.	189,884
Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	596,554
Revenues previously recorded as deferred revenue in governmental funds that were recognized in prior years in the statement of activities, but in the current year in governmental funds.	(2,562,166)
Change in net assetsstatement of activities	\$ 9,554,976

CITY OF AUBURN, ALABAMA GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES $BUDGET\ AND\ ACTUAL$

FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Budgete	d Amounts	Astrol	Variance with Final Budget-	
	Original	Final	Actual Amounts	Favorable (Unfavorable)	
Revenues					
Sales and use taxes	\$ 13,500,000	\$ 17,846,394	\$ 17,959,076	\$ 112,682	
Occupational license fees	5,075,000	6,100,000	7,197,943	1,097,943	
Motor fuel taxes	240,000	220,000	258,380	38,380	
Lodging taxes	427,000	550,000	568,887	18,887	
Rental and leasing taxes	1,007,500	1,398,600	1,463,934	65,334	
Other taxes	135,000	116,150	123,759	7,609	
Licenses and permits	4,496,000	5,523,500	5,597,240	73,740	
General property tax	2,170,000	2,346,700	2,433,164	86,464	
Charges for services	3,803,660	4,399,102	4,197,384	(201,718)	
Fines and forfeitures	790,050	787,000	876,748	89,748	
State shared taxes	548,000	591,961	582,317	(9,644)	
Contributions from the public	7,000	39,050	1,354,061	1,315,011	
Grants	565,176	556,000	589,310	33,310	
Program income	-	-	9,544	9,544	
Interest	402,500	291,000	418,683	127,683	
Miscellaneous	77,100	106,484	108,811	2,327	
Total revenues	33,243,986	40,871,941	43,739,241	2,867,300	
Expenditures					
General government and administration	2,771,076	3,384,758	3,275,332	109,426	
Public works	2,075,011	2,316,296	2,236,624	79,672	
Environmental services	2,929,563	3,643,475	3,564,533	78,942	
Public safety	8,750,227	10,001,607	10,140,821	(139,214)	
Library	870,507	1,043,216	973,762	69,454	
Parks and recreation	3,483,560	3,489,938	3,370,517	119,421	
Planning	379,843	445,331	373,985	71,346	
Economic Development	391,386	515,760	513,539	2,221	
Employee services	495,401	502,210	427,345	74,865	
Risk management	612,233	567,733	431,210	136,523	
Total departmental	22,758,807	25,910,325	25,307,668	602,657	
Non-departmental	1,137,578	1,217,107	1,110,397	106,710	
Debt service	2,711,571	3,563,591	4,811,992	(1,248,401)	
Capital outlay	3,458,610	3,442,164	1,665,910	1,776,254	
Intergovernmental	751,472	819,472	809,166	10,306	
Payments to component units	5,920,152	13,672,702	7,248,252	6,424,450	
Total expenditures	36,738,190	48,625,361	40,953,385	7,671,976	
Excess (deficiency) of revenues					
over expenditures	(3,494,204)	(7,753,420)	2,785,856	10,539,276	
Other financing sources (uses)					
Debt issuance	1,283,198	6,249,000	8,000,000	1,751,000	
Transfers in	1,353,189	629,157	629,158	1	
Transfers out	(722,007)	(200,000)	(16,759)	183,241	
Total other financing sources (uses)	1,914,380	6,678,157	8,612,399	1,934,242	
Net changes in fund balances	(1,579,824)	(1,075,263)	11,398,255	12,473,518	
Fund balances, beginning of year	19,040,257	19,040,257	19,040,257	-	
Prior period adjustment	(314,530)	(314,530)	(314,530)	-	
Fund balances, beginning of year	18,725,727	18,725,727	18,725,727		
Fund balances, end of year	\$ 17,145,903	\$ 17,650,464	\$ 30,123,982	\$ 12,473,518	

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

CITY OF AUBURN, ALABAMA STATEMENT OF NET ASSETS PROPRIETARY FUNDS SEPTEMBER 30, 2004

	Major Fund Sewer Revenue Fund	Nonmajor Fund Industrial Park Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 5,454,189	\$ 84,727	\$ 5,538,916
Receivables, net	731,891	-	731,891
Other current assets	5,803		5,803
Total current assets	6,191,883	84,727	6,276,610
Noncurrent assets			
Restricted assets	0.044.405		0.044.405
Investments	2,044,135	-	2,044,135
Advances to component units	- 267 F60	141,455	141,455
Bond issue costs, net Deferred charges	367,568 209,853	-	367,568 209,853
Capital assets, net	38,966,193	<u> </u>	38,966,193
Total noncurrent assets	41,587,749	141,455	41,729,204
Total assets	47,779,632	226,182	48,005,814
LIABILITIES Current liabilities:	000 054	40	000.070
Accounts payable	382,854	18	382,872
Acccrued interest payable Customer deposits	285,942 395,345	-	285,942 395,345
Current portion of long-term debt	455,056	<u>.</u>	455,056
Total current liabilities	1,519,197	18	1,519,215
Noncurrent liabilities:	1,010,101		1,019,210
Advances from other funds	-	206,965	206,965
Long-term debt and other liabilities	29,770,792	-	29,770,792
Total noncurrent liabilities	29,770,792	206,965	29,977,757
Total liabilities	31,289,989	206,983	31,496,972
NET ASSETS Invested in capital assets, net of related debt Restricted for:	11,725,340	-	11,725,340
Debt service	2,044,135	-	2,044,135
Capital projects	2,400,226	-	2,400,226
Unrestricted (deficit)	319,942	19,199	339,141
Total net assets	\$ 16,489,643	\$ 19,199	\$ 16,508,842

CITY OF AUBURN, ALABAMA STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Major Fund Sewer Revenue Fund	Nonmajor Fund Industrial Park Fund	Total
Operating revenues			
Sewer service charges	\$ 5,207,805	\$ -	\$ 5,207,805
Sewer tapping fees	5,086	· -	5,086
Miscellaneous	10,500	-	10,500
Total operating revenues	5,223,391		5,223,391
Operating expenses			
Salaries and wages	465,530	-	465,530
Employee benefits	87,636	_	87,636
Repairs and maintenance	9,364	_	9,364
Utilities	22,497	226	22,723
Professional services	51,194		51,194
Rentals and leasing	89	_	89
Insurance	11,943	_	11,943
Office supplies	26,901	_	26,901
Fuels and lubricants	10,490	_	10,490
Agricultural and chemical supplies	20,570	_	20,570
Minor equipment and tools	33,493	_	33,493
Repair parts and materials	58,526	_	58,526
Clothing and linens	5,030	_	5,030
Sewer service fees	126,000	_	126,000
Management fees	1,259,409	_	1,259,409
Depreciation/amortization	837,997	_	837,997
Travel and training	2,908	_	2,908
Total operating expenses	3,029,577	226	3,029,803
Operating income (loss)	2,193,814	(226)	2,193,588
Nonoperating revenues (expenses)			
Interest earned	319,809	1,856	321,665
Interest and fiscal charges	(1,404,949)	-	(1,404,949)
Total nonoperating revenues (expenses)	(1,085,140)	1,856	(1,083,284)
Income (loss) before operating transfers and			
capital contributions	1,108,674	1,630	1,110,304
Transfers out to other funds	(120,424)	-	(120,424)
Capital contributions from developers	900,675		900,675
Change in net assets	1,888,925	1,630	1,890,555
Net assets, beginning of year	14,600,718	17,569	14,618,287
Net assets, end of year	\$ 16,489,643	\$ 19,199	\$ 16,508,842

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 YEAR ENDED SEPTEMBER 30, 2004

	Major Fund Sewer Revenue Fund	Inc	nmajor Fund dustrial Park Fund	Total
Cash flows from operating activities Cash collected from customers Customer deposits collected	\$ 5,103,587 29,831	\$	-	\$ 5,103,587 29,831
Payments to suppliers for goods and services Payments to employees for services	(1,784,694) (547,552)		(208)	(1,784,902) (547,552)
Net cash provided (consumed) by operating activities (A)	2,801,172		(208)	2,800,964
Cash flows from noncapital financing activities Payments of transfers out Repayment of cash loaned to other funds	(120,424) 6,147		<u>-</u>	(120,424) 6,147
Net cash provided by noncapital financing activities	(114,277)		<u>-</u>	(114,277)
Cash flows from capital and related financing activities Principal repayments on borrowing Acquisition and construction of capital assets Interest and fiscal fees paid	 (449,625) (6,250,250) (1,161,976)		- - -	 (449,625) (6,250,250) (1,161,976)
Net cash provided (consumed) by capital and related financing activities	(7,861,851)		<u>-</u>	(7,861,851)
Cash flows from investing activities Interest on investments Purchase of investments	289,245 (759,256)		1,856 -	291,101 (759,256)
Net cash provided by investing activities	(470,011)		1,856	(468,155)
Net increase (decrease) in cash	(5,644,967)		1,648	(5,643,319)
Cash and cash equivalents, beginning of year	 11,099,156		83,079	11,182,235
Cash and cash equivalents, end of year	\$ 5,454,189	\$	84,727	\$ 5,538,916

		Major Fund Sewer Revenue Fund	Inc	nmajor Fund Justrial Park Fund	Total
CASH P	CILIATION OF NET INCOME TO ROVIDED (CONSUMED) BY TING ACTIVITIES (A)				
Operating	g income (loss)	\$2,193,814	\$	(226)	\$2,193,588
Add:	Depreciation/amortization expense Decrease in prepaid expenses Increase in accounts payable/accrued liabilities Increase in customer deposits Increase in accrued leave	837,997 336 - 29,831 5,614		- - 18 -	837,997 336 18 29,831 5,614
Deduct:	Increase in receivable from Water Board Decrease in accounts payable/accrued liabilities	(119,804) (146,616)		<u>-</u>	(119,804) (146,616)
	t cash provided (consumed) by operating ctivities	\$2,801,172	\$	(208)	\$2,800,964
Estimat	transactions: ted cost of sewer lines installed d contributed to the City by developers	\$ 900,675	\$		\$ 900,675

CITY OF AUBURN, ALABAMA DISCRETELY PRESENTED COMPONENT UNITS STATEMENT OF NET ASSETS SEPTEMBER 30, 2004

Nonmajor Component Major Component Units Unit		
Auburn Industrial Center for Board of Water Works Development Developing	Total Component	
Education Board Board Total Industries	Units	
ASSETS		
Current assets:	Ф 4E 007 0E0	
Cash and cash equivalents \$ 9,966,289 \$ 4,556,656 \$ 1,247,844 \$ 15,770,789 \$ 66,864 Certificates of deposit - 51,135 51,135 -	\$ 15,837,653 51,135	
Investments 11,237 11,237 -	11,237	
Receivables, net 3,811 1,274,882 28,216 1,306,909 1,630	1,308,539	
Inventories 67,581 156,497 - 224,078 -	224,078	
Current portion of net investment	·	
in capital leases 268,173 268,173 -	268,173	
Property tax receivable 2,446,953 2,446,953 -	2,446,953	
Due from other governments 619,699 9,309 - 629,008 -	629,008	
Other current assets - 34,422 - 34,422 - 34,422 -	34,422	
Total current assets 13,115,570 6,031,766 1,595,368 20,742,704 68,494	20,811,198	
Noncurrent assets		
Restricted assets Cash and cash equivalents - 3,727,185 14,480 3,741,665 -	3,741,665	
Investments - 820,228 - 820,228 -	820,228	
Accrued interest receivable - 1,541 - 1,541 -	1,541	
Net investment in capital leases,	.,	
net of current portion 3,850,203 -	3,850,203	
Property for resale - 7,855,926 7,855,926 -	7,855,926	
Bond issue costs, net - 458,795 441,042 899,837 -	899,837	
Deferred water rights, net - 1,468,616 - 1,468,616 -	1,468,616	
Capital assets not being depreciated 1,952,780 12,032,185 6,034,511 20,019,476 67,543	20,087,019	
Capital assets, net of		
accumulated depreciation 33,242,695 28,445,397 23,436,226 85,124,318 792,214	85,916,532	
Total noncurrent assets 35,195,475 46,953,947 41,632,388 123,781,810 859,757	124,641,567	
Total assets <u>48,311,045</u> <u>52,985,713</u> <u>43,227,756</u> <u>144,524,514</u> <u>928,251</u> LIABILITIES	145,452,765	
Current liabilities:		
Liabilities payable from restricted assets:		
Accounts payable - 821,003 - 821,003 -	821,003	
Current portion of long-term debt - 497,650 - 497,650 -	497,650	
Accrued interest payable - 154,612 - 154,612 -	154,612	
Accounts payable and		
other accrued liabilities 360,646 1,638,247 1,083,768 3,082,661 5,340	3,088,001	
Accorded interest payable 68,244 68,244 -	68,244	
Salaries and benefits payable 2,563,129 - 2,563,129 -	2,563,129	
Customer deposits - 510,989 - 510,989 -	510,989	
Deferred revenue 2,484,352 - 1,400 2,485,752 - Current portion of long-term debt 218,013 - 1,265,340 1,483,353 -	2,485,752	
Current portion of long-term debt 218,013 - 1,265,340 1,483,353 - Due to primary government - 5,250,000 5,250,000 -	1,483,353 5,250,000	
Current portion of water supply	3,230,000	
agreement payable - 164,242 - 164,242 -	164,242	
Total current liabilities 5,626,140 3,786,743 7,668,752 17,081,635 5,340		
Noncurrent liabilities:		
Advances from primary government 3,137,418 - 3,137,418 -	3,137,418	
Water supply agreement with City of		
Opelika, net of unamortized discount		
and current portion - 1,193,934 - 1,193,934 -	1,193,934	
Long-term debt and other liabilities 62,076 19,285,154 29,705,485 49,052,715 -	49,052,715	
Total noncurrent liabilities 62,076 20,479,088 32,842,903 53,384,067 -	53,384,067	
Total liabilities <u>5,688,216</u> <u>24,265,831</u> <u>40,511,655</u> <u>70,465,702</u> <u>5,340</u> NET ASSETS	70,471,042	
Invested in capital assets, net of related debt 34,915,386 22,105,669 6,703,944 63,724,999 859,757 Restricted for:	64,584,756	
Debt service - 2,472,170 - 2,472,170 -	2,472,170	
Capital projects 1,195,270 1,601,809 - 2,797,079 -	2,797,079	
Other projects 76,880 - 76,880 -	76,880	
Unrestricted (deficit) 6,435,293 2,540,234 (3,987,843) 4,987,684 63,154	5,050,838	
Total net assets \$ 42,622,829 \$ 28,719,882 \$ 2,716,101 \$ 74,058,812 \$ 922,911	\$ 74,981,723	

DISCRETELY PRESENTED COMPONENT UNITS COMBINING STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2004 CITY OF AUBURN, ALABAMA

Program Revenues Operating Charges for Grants and Capital Grants Services Contributions & Contributions
arges for ervices
549,600 \$
188,794 43,381
1,532,187
4,122
731,037 7.794
3,056,915 19,894,426
11,947,334 1,751,767
15,004,249 \$ 21,646,193
Alcoholic beverage taxes
Appropriations from the City of Auburn
Federal/state aid not restricted
Interest and investment earnings
Gain (loss) on disposal of assets
Total general revenues, special items, and transfers
Change in net assets
Net assets-beginning of year, as restated

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

CITY OF AUBURN, ALABAMA DISCRETELY PRESENTED BUSINESS-TYPE COMPONENT UNITS COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS FOR THE YEAR ENDED SEPTEMBER 30, 2004

Nonmajor

	Maias Du	-i	n and Heita	Nonmajor Business-type Component	
Operating revenues	Water Works Board	siness-type Compo Industrial Development Board	Total	Unit Auburn Center for Developing Industries	Total Business-type Component Units
Operating revenues Lease income	\$ -	\$ 1,404,616	\$ 1,404,616	\$ 140,759	\$ 1,545,375
Water sales and service	5,431,396	ψ 1,404,010 -	5,431,396	Ψ 140,739	5,431,396
Sale of property	-	4,841,055	4,841,055	_	4,841,055
Miscellaneous	105,491	24,017	129,508	-	129,508
Total operating revenues	5,536,887	6,269,688	11,806,575	140,759	11,947,334
Operating expenses			· · · ·	· · · · · · · · · · · · · · · · · · ·	
Water pumping and purification expense	1,121,223	_	1,121,223	_	1,121,223
Water distribution expense	629,251	_	629,251	_	629,251
Meter reading expense	154,222	_	154,222	_	154,222
Billing and collections expense	387,248	-	387,248	-	387,248
Operations administration expense	387,780	-	387,780	-	387,780
Revenue administration expense	112,057	-	112,057	-	112,057
General operations expense	581,793	_	581,793	-	581,793
Cost of property sold	, -	7,357,138	7,357,138	-	7,357,138
Salaries and wages	-	45,000	45,000	-	45,000
Employee benefits	-	3,496	3,496	-	3,496
Repairs and maintenance	-	39,209	39,209	38,473	77,682
Advertising	-	14,072	14,072	-	14,072
Utilities	-	29,117	29,117	38,124	67,241
Professional services	-	51,806	51,806	3,190	54,996
Office supplies	-	2,561	2,561	16,515	19,076
Bad debt expense	-	29,101	29,101	-	29,101
Depreciation/amortization	1,131,978	483,218	1,615,196	28,314	1,643,510
Industrial recruitment	-	470,154	470,154	-	470,154
Special events	-	25,663	25,663	-	25,663
Miscellaneous	<u>-</u> _	2,701	2,701		2,701
Total operating expenses	4,505,552	8,553,236	13,058,788	124,616	13,183,404
Operating income (loss)	1,031,335	(2,283,548)	(1,252,213)	16,143	(1,236,070)
Non-operating revenues (expenses) Interest and investment earnings	164,299	3,898	168,197	3,084	171,281
Mortgage loan interest	-	133,965	133,965	-	133,965
Appropriations from the City of Auburn	_	1,751,767	1,751,767	-	1,751,767
Interest and fiscal charges	(891,074)	(1,226,519)	(2,117,593)	-	(2,117,593)
Capital grants to other entities	-	-	-	(149,778)	(149,778)
Other non-operating revenues	6,807		6,807		6,807
Total non-operating revenues (expenses)	(719,968)	663,111	(56,857)	(146,694)	(203,551)
Income (loss) before operating transfers & capital contributions	311,367	(1,620,437)	(1,309,070)	(130,551)	(1,439,621)
Capital contributions					
From developers	641,425	149,778	791,203	-	791,203
From access fees	507,954		507,954		507,954
Change in net assets	1,460,746	(1,470,659)	(9,913)	(130,551)	(140,464)
Net assetsbeginning of year	27,259,136	4,186,760	31,445,896	555,762	32,001,658
Prior period adjustment		-,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	-	497,700	497,700
Net assetsbeginning of year, as restated	27,259,136	4,186,760	31,445,896	1,053,462	32,499,358
Net assetsend of year	\$ 28,719,882	\$ 2,716,101	\$ 31,435,983	\$ 922,911	\$ 32,358,894
	· -,,,	. ,,	, ,		,,

Notes to the Financial Statements

City of Auburn



City of Auburn, Alabama

Guide to Notes to the Financial Statements

September 30, 2004

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NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

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, emergency communications and codes enforcement), solid waste collection and recycling, recreation, library, planning and zoning, public improvements, sanitary sewer, economic development, and general administrative services.

The accounting policies of the City of Auburn conform to generally accepted accounting principles 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. Because of the closeness of its relationship with the primary government (the City), one component unit is blended as though it is part of the primary government; most component units are discretely presented.

BLENDED COMPONENT UNITS

City of Auburn Public Library Board

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

DISCRETELY PRESENTED COMPONENT UNITS

The component unit columns in the government-wide financial statements include the financial data of four of the City's five discretely presented component units (the Public Parks and Recreation Board currently has no financial activity). These organizations are legally separate from the City and are included in the reporting entity because the primary government is financially accountable for the component unit.

City of Auburn Board of Education

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

City of Auburn Water Works Board

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

Auburn Center for Developing Industries, Inc.

The Center is a nonprofit corporation governed by a seven-member Board of Directors. City Council appoints five of these members. The City holds title to the Center's land and buildings and is obligated for the Center's debt. The Center provides economic development services of an expanded scope to the City. The Center for Developing Industries is presented as a proprietary fund type or business-type activity.

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

City of Auburn Industrial Development Board

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

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

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

City of Auburn Public Parks and Recreation Board

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

All three Board members are appointed by the City Council, which maintains a significant degree of control over the Board's officials. The City exercises total control over budgetary adoption requests and revisions and has responsibility for funding deficits and operating deficiencies of the Board. The Public Parks and Recreation Board is a proprietary fund type or business-type activity. The Public Parks and Recreation Board had no assets or debts outstanding at September 30, 2004, and no net income or loss for the fiscal year then ended.

The component unit major fund statements and the nonmajor combining statements reflect these discretely presented component units.

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

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

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

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

Commercial Development Authority of the City of Auburn

On August 12, 2004, the Commercial Development Authority of the City of Auburn was incorporated. The City Council appoints all members of the Authority and has charged the Authority with conducting the City's commercial development efforts on behalf of the City Council. The Authority 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 liason between the Commercial Development Authority and the City Council.

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City is the Authority's primary source of operating funds. The City has responsibility for funding deficits and operating deficiencies of the Authority and City Council exercises significant influence over the Authority's actions.

As of September 30, 2004, the Authority had no financial activity, and therefore, is not included in the Basic Financial Statements. In the future, the Authority will be presented as a proprietary fund type or business-type activity.

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 organization is a related organization that is excluded from the reporting entity:

City of Auburn Housing Authority

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

JOINT VENTURE

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

Indian Pines Golf Course Venture

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

The joint venture agreement provided that management decisions shall be made by mutual agreement of the two cities. The cities have leased the Indian Pines Golf Course to the Indian Pines Recreation Authority, a jointly governed organization (see discussion below). The lease expired September 30, 1979, but, by a provision in the lease, the Authority continues to operate the golf course on a month-to-month basis with the lease terms continuing in force. The Indian Pines Golf Course Venture had no debts outstanding at September 30, 2004, and no net income or loss for the fiscal year then ended.

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

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

JOINTLY GOVERNED ORGANIZATIONS

The City, in conjunction with other governments, has created the following organizations 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.

Indian Pines Recreation Authority

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unaudited summary financial information for the Indian Pines Recreation Authority as of and for the year ended September 30, 2004, is as follows:

Total assets (net of accumulated depreciation on Capital assets	\$ 1,243,925
Total liabilities	129,060
Total net assets	1,114,865
Total revenues	824,861
Total expenses	941,377
Net decrease in net assets	(116,516)

The Authority had no debts outstanding as of September 30, 2004, other than current liabilities consisting of accounts payable, accrued payroll and payroll taxes, and deferred revenue and other accrued liabilities totaling \$129,060. None of the amounts reflected above has been included in the City's financial statements.

Lee-Russell Council of Governments

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

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

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

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

East Alabama Regional Solid Waste Disposal Authority

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

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

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

East Alabama Mental Health - Mental Retardation Board

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

Lee County Youth Development Center

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

East Alabama Medical Center

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

Auburn-Opelika Convention and Visitors Bureau

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

- B. Basic Financial Statements GASB Statement #34 In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments. This Statement provides for the most significant change in financial reporting in over twenty years and is scheduled for a phased implementation (based on size of government) starting with fiscal years ending 2002 (for larger local governments with a September 30 fiscal year). Some of the significant changes include:
 - A Management Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial
 position and results of operations.
 - Government-wide financial statements prepared using full accrual accounting.
 - Reporting infrastructure assets.
 - Recording of depreciation expense on all capital assets.
 - A change in the fund financial statements to focus on major funds.
 - Budget comparison schedules, containing the original budget and amended final budget, for the general fund and each major special revenue fund for which annual budgets are legally adopted.

These and other changes are reflected in the accompanying government-wide and fund financial statements (including the notes to the financial statements). The City of Auburn and its component units implemented the provisions of this Statement beginning with fiscal year ending September 30, 2003, with the following exception:

Governments implementing Statement 34 in fiscal year 2003 (Phase 2 governments) are allowed to defer retroactive reporting of all major infrastructure assets until the fiscal year beginning after June 15, 2006 (fiscal year 2007 for the City of Auburn). During the transition period, prospective reporting of general infrastructure assets is required. Consequently, beginning with the fiscal year ending September 30, 2003, the City has capitalized its public domain ("infrastructure") assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems that have been placed in service since October 1, 2002. As of the date of these financial statements, the City's infrastructure assets placed in service prior to October 1, 2002, have not yet been recorded.

The Auburn Board of Education Component Unit has recorded all applicable infrastructure assets as of the date of these financial statements.

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements.

While the previous model emphasized fund types (the total of all funds of a particular type), in the new reporting model the focus is on either the City as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements categorize activities as either governmental activities or business-type activities. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

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, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function or a business-type activity. Program revenues include revenues from fines and forfeitures, licenses and permit fees, special assessment taxes, and charges for services. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The net cost (by function or business-type activity) is normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.). Historically, the previous model did not summarize or present net cost by function or activity.

This government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The fund financial statements are, in substance, very similar to the financial statements presented in the previous model. Emphasis here is on the major funds in either the governmental or business-type categories. Nonmajor funds (by category) or fund type are summarized into a single column.

Totals on the proprietary fund statements should directly reconcile to the business-type activity column presented in the government-wide statements.

The governmental funds major fund statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to (a) demonstrate legal and covenant compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the City's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented either on the fund statement or on the page following each statement which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

The focus of the current model is on the City as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories, and the component units. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

C. <u>Basis of Presentation</u> - 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

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

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

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

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

PROPRIETARY FUNDS

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 revenue fund and discretely presented 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The new model as defined in 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 funds:

The General Fund (See note above).

The <u>Federal Grant Loan Repayment Fund</u>, a special revenue fund, accounts for funds received from the payback of loans made with federal grants which are then used for eligible Title I expenditures.

The <u>2003</u> \$6.3 Million Capital Projects Fund, a capital projects fund, accounts for the proceeds of the General Obligation Warrants dated December 23, 2003. Use of the proceeds is for infrastructure improvements, as well as parks and recreation and public safety improvements.

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

D. <u>Basis of Accounting</u> - 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 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. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Modified Accrual Basis - All of 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.

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 vacation and sick leave are reported in the period due and payable rather than in the period earned by employees.

- E. <u>Budgets and Budgetary Accounting</u> The City follows these procedures in establishing the budgetary data reflected in the financial statements:
 - The City Manager submits to the City Council a proposed budget (operating and capital) prior to the beginning of each biennial period. The proposed budget is for two one-year periods, each beginning on October 1 and ending on the following September 30.
 - 2. Prior to September 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 2004 fiscal year for the General Fund, Seven-Cent State Gasoline Tax Fund, Four-Cent State Gasoline Tax Fund, City Gasoline Tax Fund, Special School Tax Fund, Special Additional School Tax Fund, Public Safety Substance Abuse Fund, and all Debt Service Funds.

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 4. Budgets for the General, Special Revenue, and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- 5. Each department head is responsible to the City Manager for his department's overall budgetary performance. Budgeted amounts may be transferred among line items within the department; however, any increase in total departmental appropriations must be justified to the City Manager and approved by the City Council. The legal level of budgetary control is the individual department.
- 6. Budgeted amounts are as originally adopted, or as amended by the City Council. Individual amendments were material in relation to the original appropriations. 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.
- 8. Excess of expenditures over appropriations: In the General Fund, public safety expenditures of \$10,140,821 exceeded appropriations of \$10,001,607, and debt service expenditures of \$4,811,992 exceeded appropriations of \$3,563,591.
- F. <u>Cash and Cash Equivalents</u> Cash and cash equivalents of the City of Auburn primary government include demand deposits as well as all highly liquid investments with a maturity of three months or less when purchased.

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

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

The Industrial Development Board's cash and cash equivalents are considered to be cash on hand, demand deposits and highly liquid investments with a maturity of three months or less when purchased. Also included is restricted cash.

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

G. <u>Investments</u> - 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 5).

State statutes authorize the City and its component units to invest in any type of security which is backed by the federal or state government. The City of Auburn has invested in interest-bearing demand deposits as well as certain U.S. Treasury securities and repurchase agreements. The Board of Education and the Auburn Center For Developing Industries usually only invest in certificates of deposit and interest-bearing demand deposits. The Water Works Board has invested in U.S. Treasury bonds, as well as mutual funds comprised of 100% U.S. Treasury securities. The Industrial Development Board has invested in certificates of deposit (see Note 4).

- H. <u>Restricted Assets</u> Certain debt proceeds of the City's enterprise funds and component units, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants and they are maintained in separate bank accounts.
- I. <u>Accounts Receivable</u> Revenues receivable are reflected net of an allowance for doubtful accounts. For the General Fund, the Sewer Fund and the Water Works Board component unit, the amount of the allowance is equal to accounts receivable in excess of 60 days past due.

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. <u>Inventories</u> - Inventories of the City of Auburn primary government are valued at first-in, first-out cost and consist of gasoline, parts, and supplies held for consumption. The amount of such inventories is recorded as an asset in the General Fund, and the cost of inventories is recorded as an expenditure at the time used. In the Governmental Fund Financial Statements, the General Fund fund balance is reserved to indicate that assets equal to the inventory reserve are not available for future appropriation.

Inventories of the Board of Education are valued at cost, which approximates market, using the first-in, first-out method. The costs of inventories are recorded as expenditures when purchased except commodities donated by the federal government which are expensed when consumed. Fund balances are reserved to indicate that assets equal to inventories are not available for future appropriation.

Inventories of the Water Works Board are stated at the lower of cost or market value. Market is determined on the basis of replacement cost.

K. 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 (see note 1.B. for deferred retroactive reporting of infrastructure assets). Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost (or estimated historical cost if actual historical cost is not available) if purchased or constructed. Donated capital assets are recorded at estimated fair market 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

	<u>Years</u>
Buildings	10-50
Utility plants and lines	25-50
Land improvements	20-50
Mechanical equipment	3-10
Tools	3-5
Furniture and fixtures	3-10
Office equipment	5-10
Vehicles	3-10
Infrastructure	25-50

L. Risk Financing

CITY OF AUBURN PRIMARY GOVERNMENT

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

The City has chosen to 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 trends in actual claims experience. Employees may also be charged for extended benefits at their option. Medical claims exceeding \$60,000 per covered individual, per year, or approximately \$1,316,942 in the aggregate for the group, per year, are covered through a private insurance carrier. Liabilities associated with the plan are recorded in the General 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

COMPONENT UNITS

Board of Education - The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Board has insurance for its buildings and contents through the State Insurance Fund (SIF), Alabama Department of Finance, Division of Risk Management, a public entity risk pool, which operates as a common risk management and insurance program for state-owned properties and boards of education. The Board pays an annual premium based on the amount of coverage. The SIF is self-insured up to \$3.5 million per occurrence and purchases commercial insurance for claims in excess of \$3.5 million. Errors and omissions insurance is purchased from the Alabama Risk Management for Schools (ARMS), a public entity risk pool. The ARMS collects the premiums and purchases commercial insurance for the amount of coverage requested by pool participants. The Board purchases commercial insurance for fidelity bonds and its transportation fleet. Settled claims in the past three years have not exceeded the commercial insurance 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), a public entity risk pool, administered by the Public Education Employees' Health Insurance Board. The fund was established to provide a uniform plan of health insurance for current and retired employees of state educational institutions and is self-sustaining. Monthly premiums for employee and dependent coverage are set annually by the plan's actuary and are based on anticipated claims in the upcoming year, considering any remaining fund balance on hand available for claims. The Board's contribution is applied against the employees' premiums for the coverage selected and the employee pays any remaining balance.

The Auburn Board of Education does not have insurance coverage for job-related injuries. Board 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 16-1-1831(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 Adjustments. The State Board of Adjustments is a state agency with which people can file claims against the Board to collect reimbursement for damages when all other means have been exhausted. The Board of Adjustments determines if a claim is valid and determines the proper amount of compensation. Payments are made from state appropriated funds at no cost to the Board.

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

Water Works Board employees are covered under the City's health insurance plan. Premiums are charged to the Board and are calculated using trends in actual claims experience along with overall program costs, including third-party administration and reinsurance. Employees may also be charged for extended benefits at their option. Medical claims exceeding \$60,000 per covered individual, per year, or approximately \$1,316,942 in the aggregate for the group, per year, are covered through a private insurance carrier.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

For risk of loss from claims arising from torts (general liability), the City has retained risk of loss and includes the Auburn Center for Developing Industries in its calculation of claims liability. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Center had no liability for unpaid claims at September 30, 2004. Settled claims in the period since the purchase of insurance have not exceeded the insurance coverages, and there have been no significant reductions in insurance coverage from coverage in the prior year.

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

For risk of loss from claims arising from torts (general liability), the Board is covered by the City's commercial insurance purchased from third parties. Prior to 1999, the City had retained risk of loss for these claims and includes the Board in its calculation of claims liability. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Board had no liability for unpaid claims at September 30, 2004. Settled claims in the period since the purchase of insurance have not exceeded the insurance coverages, and there have been no significant reductions in insurance coverage from coverage in the prior year.

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

For risk of loss from claims arising from torts (general liability), the Board is covered by the City's commercial insurance purchased from third parties. Prior to 1999, the City had retained risk of loss for these claims and includes the Board in its calculation of claims liability. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Board had no liability for unpaid claims at September 30, 2004. Settled claims in the period since the purchase of insurance have not exceeded the insurance coverages, and there have been no significant reductions in insurance coverage from coverage in the prior year.

M. 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 assets. Bond premiums and discounts, as well as issuance costs, 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 reported as deferred charges and amortized over the term of the related debt.

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.

N. Compensated Absences

CITY OF AUBURN PRIMARY GOVERNMENT

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

COMPONENT UNITS

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

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

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

<u>Water Works Board</u> - The Board allows employees to accumulate vacation and sick leave up to certain limits for use in subsequent periods. Upon termination of employment, an employee receives payment of accumulated vacation hours at current wage rates. Upon retirement with at least ten years of service, an employee 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. Accrued vacation and sick leave amounted to \$169,252 at September 30, 2004.

- O. <u>Postretirement Benefits</u> 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.
- P. <u>Fund Balance</u> In the fund financial statements, portions of governmental funds' fund balances are separately identified as reserves; such reservations indicate the amount of the fund's net assets which are not appropriable for expenditure or which are legally segregated for a specific future use.
 - Reserve for encumbrances indicates that a portion of fund balance has been segregated for expenditure upon vendor performance. Amounts reserved for encumbrances represent material commitments for goods and services which were ordered at September 30, 2004, but which had not been received or completed at that date. Encumbrances are not included as expenditures in the governmental funds' operating statements.
 - 2. <u>Reserve for inventories</u> indicates that the portion of fund balance represented by inventories is not available for appropriation.
 - 3. Reserve for advances to other funds recognizes that advances to other funds constitute loans to other funds which are not expected to be repaid within one year of the balance sheet date and separately identifies that amount as a portion of fund balance which is not appropriable.
 - Reserve for debt service indicates the amount of fund balance which is legally segregated for payment of debt service expenditures.

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 5. Reserve for property for resale indicates the portion of fund balances that are not available for appropriation until the property is sold.
- 6. <u>Reserve for prepaid items</u> indicates the portion of fund balance not available for appropriation because prepaid items do not represent available expendable financial resources.

Designations of unreserved fund balance represent amounts that have been designated by City executives to indicate plans or commitments for those resources in a future period. Designations of fund balances are made at the discretion of the City, reflecting management's intent to expend the resources in the designated manner. Designations of fund balance represent management plans that are subject to change. In contrast, reserves, as discussed in the preceding section, are statutory requirements or reflect commitments already made.

Q. <u>Net Assets</u> - The government-wide and business-type fund financial statements utilize a net asset presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

Invested in Capital Assets (net of related debt) - is intended to reflect the portion of net assets which are associated with nonliquid capital assets less outstanding capital asset related debt. The net related debt is the outstanding capital debt less any unspent debt proceeds (held as liquid assets) and any associated unamortized cost.

Restricted Net Assets - represent 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 long-term debt; and therefore, there are no net restricted assets for these amounts. The City would typically use restricted net assets first, as appropriate opportunities arise, but reserve the right to selectively defer the use thereof to a future project or replacement equipment acquisition.

Unrestricted Net Assets - represent 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.

R. <u>Interfund Transactions</u> - 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 entity-wide governmental and business-type activities columns of the statement of net assets, 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 operating statements.

- Interfund receivables and payables consist of temporary loans between funds which are expected to be repaid
 within one year. These short-term interfund loans are captioned "Due from other funds" and "Due to other funds" in
 the various funds' balance sheets. See Note 16.
- 2. <u>Interfund advances</u> 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. See Note 16.
- 3. <u>Interfund transfers</u> 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 17.

Resource flows (except those that affect the statement of net assets/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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. <u>Estimates</u> - 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.

NOTE 2. DEPOSITS IN FINANIAL INSTITUTIONS

In its 2000 Regular Session, the Alabama State Legislature enacted the Security for Alabama Funds Enhancement (SAFE) Program that changes the way all Alabama public deposits are collateralized. Public deposits include the funds of any covered public entity or covered public official placed on deposit in a qualified depository, including time and demand deposit accounts and certificates of deposit but excluding bonds, notes, money market mutual funds, repurchase agreements and similar investment instruments. Covered public entities include the state and its political subdivisions, including municipalities and related boards.

In the past, the bank pledged collateral directly to each public entity. Under SAFE, which is mandatory, each qualified public depository (QPD) is required to hold collateral for all of its public deposits on a pooled basis in a custody account (SAFE Custody Account) established for the State Treasurer as SAFE administrator. In the unlikely event a public entity should suffer a deposit loss due to QPD insolvency or default, a claim form would be filed with the State Treasurer, who would use the SAFE pool collateral or other means to reimburse the loss. As of September 30, 2004, all deposits of the City of Auburn primary government, the Auburn Board of Education, the Water Works Board, the Auburn Center for Developing Industries, the Industrial Development Board, and the Public Parks and Recreation Board are held in a certified qualified public depository, and as such, are deemed fully insured.

NOTE 3. CASH AND CASH EQUIVALENTS

Total cash and cash equivalents of the City contain restricted and unrestricted cash (nonpooled) as well as a cash pool that is available for use by all funds of the primary government and the Auburn Center for Developing Industries and the Industrial Development Board component units. Interest earned from deposits made with pooled cash is allocated to each of the funds based on the fund's equity balance. The composition of cash and cash equivalents at September 30, 2004, is as follows:

		Nonpool	Total Cash	
	Equity in Pooled Funds	Unrestricted	Restricted	and Cash Equivalents
Primary Government:				
Governmental activities:		_		
General Fund	\$ 15,149,726	\$ -	\$ -	\$ 15,149,726
Federal Grant Loan Repayment Fund	305,376	-	-	305,376
2003 6.3 Mil Capital Projects Fund	5,492,852	-	-	5,492,852
Other Governmental Funds	7,379,415	12,543	73	7,392,031
Total governmental activities	28,327,369	12,543	73	28,339,985
Business-type activities:				
Sewer Revenue Fund	3,053,963	-	2,400,226	5,454,189
Industrial Park Fund	84,727	<u>-</u> _	<u></u> _	84,727
Total business-type activities	3,138,690	<u> </u>	2,400,226	5,538,916
Total primary government	31,466,059	12,543	2,400,299	33,878,901
Component Units:			·	
Board of Education	-	9,966,289	-	9,966,289
Water Works Board	-	4,556,656	3,727,185	8,283,841
Industrial Development Board	-	1,247,844	14,480	1,262,324
Auburn Center for Developing Industries	66,864	<u>-</u> _	<u></u> _	66,864
Total component units	66,864	15,770,789	3,741,665	19,579,318
Total reporting entity	\$ 31,532,923	\$ 15,783,332	\$ 6,141,964	\$ 53,458,219

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 4. INVESTMENTS

Investments are categorized into the following categories of credit risk (see Note 1.G. for investment policies and authorized investments):

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

CITY OF AUBURN PRIMARY GOVERNMENT

At September 30, 2004, the City of Auburn's investments were comprised of the following:

Restricted Investments -	Carrying	Fair					
Sewer Revenue Fund	Value	Value	(1)	(2	:)	(3	3)
Repurchase agreements	\$2,044,135	\$2,044,135	\$2,044,135	\$	-	\$	

Restricted investments are held by a trustee and are restricted by the terms of a bond indenture to payment of construction costs or debt service payments on related bonds.

COMPONENT UNITS

Water Works Board

At September 30, 2004, the Water Works Board's restricted cash and investments were comprised of the following:

	Carrying	Fair			
Restricted Cash and Investments	Value	Value	(1)	(2)	(3)
Cash (insured through SAFE Program -					-
see Note 2)	\$1,601,809	\$1,601,809	N/A	N/A	N/A
JP Morgan U.S. Treasury Securities					
Money Market Fund	2,125,376	2,125,376	N/A	N/A	N/A
Cash and cash equivalents	3,727,185	3,727,185	N/A	N/A	N/A
U.S. Treasury Bonds	820,228	820,228	820,228	-	-
	\$4,547,413	\$4,547,413	\$820,228	\$ -	\$ -

The JP Morgan Money Market Fund listed above is an open-end mutual fund comprised of 100% U.S. Treasury securities. As such, the fund is not categorized as to credit risk because it is not evidenced by securities that exist in a physical or book entry form. The fair value of the units in the fund equals the carrying value. The cost of the U.S. Treasury Bonds listed above is \$734,279.

Restricted investments are held by a trustee and are restricted by the terms of a bond indenture to retirement of the bonds or payment of construction costs.

During the fiscal year ended September 30, 2004, the Water Works Board recognized a net increase in the fair value of investments of \$6,807. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized gain on investments *held* at year-end was \$85,949.

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 4. INVESTMENTS (CONTINUED)

Industrial Development Board

At September 30, 2004, the Industrial Development Board's investments were comprised of the following:

Restricted Cash and Investments	Carrying Value	Fair Value	
Cash (insured)	\$ 14.480	\$ 14.480	

The restricted investments are held by a trustee and are restricted by the terms of a bond indenture to payment of construction costs or retirement of bonds.

<u>Unrestricted Investments</u>	Carrying <u>Value</u>	Fair <u>Value</u>
Certificates of deposit AuburnBank, 1.00%, maturity date February 24, 2005	\$ 51,135	\$ 51,13 <u>5</u>

The above certificate of deposit is held in a certified qualified public depository (see Note 2), and as such is entirely insured.

NOTE 5. 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	Federal Grant Loan Repayment Fund		Nonmajor overnmental Funds	Sewer Revenue Fund	Component Units	Total
Receivables:							
Revenues receivable	\$ 5,261,380	\$ -	\$	138,601	\$ 701,327	\$ 1,707,214	\$ 7,808,522
Grants receivable	31,366	-		221,287	-	-	252,653
Receivable from other							
governmental units	775,058	-		742	-	-	775,800
Special assessments receivable	399,837	-		-	-	-	399,837
Other receivables	53,142	30,377	· <u>-</u>	-	30,564	21,648	105,354
Gross receivables	6,520,783	30,377		360,630	731,891	1,728,862	9,342,166
Less: allowance for uncollectibles	(1,414,417)			<u>-</u>		(420,323)	(1,834,740)
Net receivables	\$ 5,106,366	\$ 30,377	\$	360,630	\$ 731,891	\$ 1,308,539	\$ 7,507,426

NOTE 6. PROPERTY TAXES

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 7. CAPITAL ASSETS

CITY OF AUBURN PRIMARY GOVERNMENT

Capital asset activity for the year ended September 30, 2004, was as follows:

	Balance 10/1/2003	Transfers/ Additions	Transfers/ Deductions	Balance 9/30/2004
Governmental activities:	10/1/2003	Additions	Deductions	9/30/2004
Capital assets, not being depreciated:				
Land	\$ 9,363,141	\$ 1,749	\$ (328,054)	\$ 9,036,836
Construction in progress	5,801,817	5,417,884	(3,057,741)	8,161,960
Total capital assets,	3,001,017	3,417,004	(3,037,741)	0,101,300
not being depreciated	15,164,958	5,419,633	(3,385,795)	17,198,796
not being depreciated	10,104,330	3,419,000	(3,303,733)	17,130,730
Capital assets, being depreciated:				
Buildings and improvements	25,748,697	1,538,278	-	27,286,975
Communication equipment	343,799	-	(139,603)	204,196
Heavy equipment	1,654,606	109,586	-	1,764,192
Office equipment	1,069,545	253,637	-	1,323,182
Small tools and equipment	627,220	98,437	-	725,657
Vehicles	6,622,162	707,013	-	7,329,175
Infrastructure	1,443,436	1,462,059	-	2,905,495
Total capital assets,				
being depreciated	37,509,465	4,169,010	(139,603)	41,538,872
Less accumulated depreciation for:				
Buildings and improvements	(5,137,647)	(525,862)	6	(5,663,503)
Communication equipment	(220,447)	(23,914)	117,501	(126,860)
Heavy equipment	(929,809)	(141,586)	-	(1,071,395)
Office equipment	(429,838)	(93,280)	(2)	(523,120)
Small tools and equipment	(425,743)	(67,850)	1	(493,592)
Vehicles	(4,940,333)	(651,021)	2	(5,591,352)
Infrastructure	-	(29,774)	-	(29,774)
Total accumulated depreciation	(12,083,817)	(1,533,287)	117,508	(13,499,596)
Total capital assets, being				
depreciated, net	25,425,648	2,635,723	(22,095)	28,039,276
Governmental activity capital				
assets, net	\$ 40,590,606	\$ 8,055,356	\$ (3,407,890)	\$ 45,238,072

Capital assets for which the actual acquisition cost was not determinable are recorded at estimated cost. Estimated costs were determined based on knowledge of prices of similar items and of price levels at the time of acquisition. The City's total investment in capital assets of \$45,238,072 includes \$374,000 at estimated cost. Included in the total cost of vehicles are vehicles under capital leases with a cost of \$1,248,966; and total cost of office equipment includes leased equipment costing \$218,492.

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 7. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the City's business-type activities for the year ended September 30, 2004, was as follows:

	Balance 10/1/2003	Transfers/ Additions	Transfers/ Deductions	Balance 9/30/2004
Business-type activities (Sewer Fund):				
Capital assets, not being depreciated:				
Land	\$ 164,626	\$ -	\$ -	\$ 164,626
Construction in progress	2,610,496	6,231,371	(1,465,991)	7,375,876
Total capital assets,				
not being depreciated	2,775,122	6,231,371	(1,465,991)	7,540,502
Capital assets, being depreciated:				
Buildings and improvements	11,092,868	-	-	11,092,868
Sewage plants and lines	23,560,392	2,366,667	-	25,927,059
Machinery and equipment	481,426	29,971	-	511,397
Vehicles	541,563	114,399		655,962
Total capital assets,				
being depreciated	35,676,249	2,511,037	-	38,187,286
Less accumulated depreciation for:				
Buildings and improvements	(576,729)	(224,292)	-	(801,021)
Sewage plants and lines	(4,671,578)	(466,875)	-	(5,138,453)
Machinery and equipment	(259,364)	(70,448)	-	(329,812)
Vehicles	(415,927)	(76,382)		(492,309)
Total accumulated depreciation	(5,923,597)	(837,997)		(6,761,594)
Total capital assets, being				
depreciated, net	29,752,653	1,673,040		31,425,692
Business-type activity capital				
assets, net	\$ 32,527,775	\$ 7,904,410	\$ (1,465,991)	\$ 38,966,194

Included in the total cost of vehicles are vehicles under capital leases with a cost of \$169,203. It is the City's policy to capitalize net interest costs on funds borrowed to finance the construction of business-type capital assets. For the year ended September 30, 2004, the City incurred interest costs of \$1,501,066; total interest expense was \$1,375,574, and interest cost of \$125,492 was capitalized in connection with the cost of construction in progress.

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 7. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:	
General government and administration	\$ 198,660
Economic development	4,564
Employee services	3,888
Public safety	445,248
Public works	247,046
Environmental services	197,578
Library	69,955
Parks and recreation	361,746
Planning	4,602
Total depreciation expense -	
governmental activities	\$ 1,533,287
Business-type activities:	
Sanitary sewer	\$ 837,997

COMPONENT UNITS

Board of Education

Capital asset activity for the year ended September 30, 2004, was as follows:

	Balance 10/1/2003	Transfers/ Additions	Transfers/ Deductions	Balance 9/30/2004
Governmental activities:				
Capital assets, not being depreciated:				
Land and improvements	\$ 1,870,656	\$ 48,000	\$ -	\$ 1,918,656
Construction in progress	8,053,872	1,288,454	(9,308,202)	34,124
Total capital assets, not being				
depreciated	9,924,528	1,336,454	(9,308,202)	1,952,780
Capital assets, being depreciated:				
Land improvements	2,762,637	_	_	2,762,637
Buildings and improvements	31,674,481	9,308,202	_	40,982,683
Equipment and vehicles	2,678,552	385,375	(151,233)	2,912,694
Total capital assets, being depreciated	37,115,670	9,693,577	(151,233)	46,658,014
Less accumulated depreciation for:				
Land improvements	(1,619,853)	(87,039)	_	(1,706,892)
Buildings and improvements	(9,307,848)	(724,463)	_	(10,032,311)
Equipment and vehicles	(1,587,539)	(233,186)	144,609	(1,676,116)
Total accumulated depreciation	(12,515,240)	(1,044,688)	144,609	(13,415,319)
Total capital assets,		(, , , , , , , , , , , , , , , , , , ,		
being depreciated, net	24,600,430	8,648,889	(6,624)	33,242,695
Total governmental activities capital assets, net	\$34,524,958	\$ 9,985,343	\$(9,314,826)	\$35,195,475

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 7. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to governmental functions/programs in the government-wide statements as follows:

Governmental activities:		
Instruction	\$	482,794
Instructional support		157,848
Operation and maintenance		62,728
Auxiliary services		196,573
General administrative and central support		34,471
Other expenses		110,274
Total depreciation expense -		
Governmental activities	\$ 1	1,044,688

Water Works Board

Capital asset activity for the year ended September 30, 2004, was as follows:

	Balance 10/1/2003	Transfers/ Additions	Transfers/ Deductions	Balance 9/30/2004
Business-type activity:				
Capital assets, not being depreciated:				
Land	\$ 576,317	\$ -	\$ -	\$ 576,317
Construction in progress	7,138,733	5,107,408	(790,273)	11,455,868
Total capital assets, not being depreciated	7,715,050	5,107,408	(790,273)	12,032,185
Capital assets, being depreciated:				
Utility system and plant	39,167,048	1,498,090	-	40,665,138
Warehouse	33,782	-	(33,782)	-
Office equipment	131,245	11,914	-	143,159
Mobile equipment	715,401	47,582	-	762,983
Tools	114,581	11,246		125,827
Total capital assets, being depreciated	40,162,057	1,568,832	(33,782)	41,697,107
Less accumulated depreciation for:				
Utility system and plant	(11,613,372)	(867,250)	-	(12,480,622)
Warehouse	(33,782)	-	33,782	-
Office equipment	(110,888)	(20,686)	-	(131,574)
Mobile equipment	(483,602)	(60,857)	-	(544,459)
Tools	(84,317)	(10,738)		(95,055)
Total accumulated depreciation	(12,325,961)	(959,531)	33,782	(13,251,710)
Total capital assets, being depreciated, net	27,836,096	609,301		28,445,397
Business-type activity capital assets, net	\$35,551,146	\$5,716,709	\$ (790,273)	\$40,477,582

It is the Board's policy to capitalize net interest costs on funds borrowed to finance the construction of fixed assets. For the year ended September 30, 2004, the Board incurred interest costs of \$1,046,557; total interest expense was \$875,481, and interest cost of \$171,076 was capitalized in connection with the cost of construction in progress.

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 7. CAPITAL ASSETS (CONTINUED)

Auburn Center for Developing Industries

Capital asset activity for the year ended September 30, 2004, was as follows:

	Balance 10/1/2003	Transfers/ Additions	Transfers/ Deductions	Balance 9/30/2004
Business-type activity:	10/1/2003	Additions	Deductions	9/30/2004
Capital assets, not being depreciated:				
Land	\$ 67,543	\$ -	\$ -	\$ 67,543
Total capital assets, not being depreciated	67,543			67,543
Capital assets, being depreciated:				
Buildings	1,126,047	39,050	-	1,165,097
Machinery and equipment	6,899			6,899
Total capital assets, being depreciated	1,132,946	39,050		1,171,996
Less accumulated depreciation for:				
Buildings	(344,569)	(28,314)	-	(372,883)
Machinery and equipment	(6,899)			(6,899)
Total accumulated depreciation	(351,468)	(28,314)		(379,782)
Total capital assets, being depreciated, net	781,478	10,736		792,214
Business-type activity capital assets, net	\$ 849,021	\$ 10,736	<u> </u>	\$ 859,757

It is the Center's policy to capitalize net interest costs on funds borrowed to finance the construction of fixed assets. For the year ended September 30, 2004, no interest was incurred or capitalized.

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 7. CAPITAL ASSETS (CONTINUED)

Industrial Development Board

Capital asset activity for the year ended September 30, 2004, was as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Nondepreciable assets:				
Land	\$ 2,807,947	\$ 713,309	\$ 351,654	\$ 3,872,910
Construction in progress	5,096,535	5,573,207	(8,508,141)	2,161,601
Idle equipment	114,772		(114,772)	<u> </u>
Total nondepreciable assets	8,019,254	6,286,517	(8,271,260)	6,034,511
Depreciable assets:				
Buildings	16,440,565	3,653,674	2,853,370	22,947,609
Building improvements	170,006	-	634,748	804,754
Land improvements	586,305	-	-	586,305
Equipment	133,973	12,527	179,272	325,773
Vehicles	52,935	_	-	52,935
Total depreciable assets	17,383,784	3,666,201	3,667,390	24,717,375
Total capital assets	25,403,039	9,952,718	(4,603,870)	30,751,886
Accumulated depreciation				
Buildings	(595,883)	(379,745)	-	(975,627)
Building improvements	(13,299)	(11,376)	-	(24,676)
Land improvements	(117,310)	(19,544)	-	(136,853)
Equipment	(70,791)	(41,443)	-	(112,234)
Vehicles	(21,174)	(10,587)		(31,761)
Total accumulated depreciation	(818,456)	(462,695)		(1,281,152)
Depreciable assets, net	16,565,328	3,203,506	3,667,390	23,436,223
Capital assets, net	\$ 24,584,582	\$ 9,490,023	\$ (4,603,870)	\$ 29,470,734

It is the Board's policy to capitalize net interest costs on funds borrowed to finance the construction of assets. For the year ended September 30, 2004, total interest costs incurred were \$1,111,352; interest expense was \$981,041, interest cost of \$130,311 was capitalized in connection with construction of buildings included above that are owned by the Board and held for leasing.

Land costing \$351,654 was withdrawn from property for resale by the Board and reclassified to land held for leasing during fiscal year 2004.

The total cost of vehicles includes vehicles under capital lease costing \$52,935.

During fiscal year 2004, the Board began depreciating manufacturing equipment costing \$114,772 which was purchased in the prior year. The equipment is being leased to a company in conjunction with the land and building that the equipment occupies.

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 8. LONG-TERM LIABILITIES

CITY OF AUBURN PRIMARY GOVERNMENT

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2004, was as follows:

	Balance			Balance	Due Within
	10/01/2003	Additions	Reductions	09/30/2004	One Year
Governmental activities:					
Bonds payable	\$ 16,845,000	\$ -	\$ (930,000)	\$ 15,915,000	\$ 995,000
Notes payable	4,396,298	8,000,000	(50,367)	12,345,931	4,182,763
Warrants payable	46,630,308	8,356,598	(4,189,984)	50,796,922	3,331,260
Capital leases payable	530,004	-	(331,165)	198,839	130,868
Accumulated annual leave	1,034,757	254,502	(299,602)	989,657	67,703
Claims payable	333,593	184,105	(167,744)	349,954	13,064
Landfill closure and					
postclosure care liability	352,798	<u> </u>	(187,798)	165,000	6,600
Governmental activity					
long-term liabilities	70,122,758	16,795,205	(6,156,659)	80,761,304	8,727,259
Business-type activities:					
Bonds payable	5,912,891	341,841	-	6,254,732	-
Warrants payable	24,340,000	-	(415,000)	23,925,000	430,000
Capital leases payable	37,865	-	(34,625)	3,240	3,240
Accumulated annual leave	37,262	5,614		42,876	21,816
Business-type activity					
long-term liabilities	30,328,018	347,455	(449,625)	30,225,848	455,056
	\$ 100,450,776	\$ 17,142,660	\$ (6,606,284)	\$ 110,987,152	\$ 9,182,315

For the governmental activities, compensated absences, claims payable, and landfill closure and postclosure care liabilities are generally liquidated by the General Fund.

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

Bonds, notes, warrants, and capital leases payable of the City of Auburn at September 30, 2004, are comprised of the following individual issues:	payable of the City	of Auburn	at September 30, 2004, are comprised	d of the following	individual issues:	
					Principal	Year of
					Outstanding	Final
	Interest	Interest		Principal	September 30,	Principal
	Rate	Dates	Source of Payment	penssl	2004	Maturity
Governmental activities:						
Bonds payable:						
Capital improvement bonds,						
Dated 06/01/97						
(Baseball, Arts Ctr., pools, Kiesel)	3.8%-5.25%	2/1-8/1	Special 5-Mill Tax Fund ad valorem taxes	\$ 6,500,000	\$ 4,905,000	2015
Capital improvement bonds,						
Dated 05/01/02 (Soccer, Town Creek)	1.60%-4.75%	2/1-8/1	Special 5-Mill Tax Fund ad valorem taxes	7,250,000	6,320,000	2016
Capital improvement bonds,						
Dated 06/01/98 (S. College Imp.)	3.95%-5.10%	2/1-8-1	Special 5-Mill Tax Fund ad valorem taxes	2,000,000	1,430,000	2015
General obligation bonds						
Dated 8/1/99 (Library, Watson Complex)	5.0%-5.4%	2/1-8/1	Special 5-Mill Tax Fund ad valorem taxes	3,700,000	3,260,000	2014
Total bonds payable				19,450,000	15,915,000	
Notes payable:						
Note payable, AmSouth	Variable LIBOR-		Full faith credit and taxing power of			
Bank, dated 01/22/03 (Mall expansion)	Based Rate	Monthly	the City of Auburn	4,131,127	4,131,127	2005
Note payable, AuburnBank,			Full faith credit and taxing power of			
Dated 05/13/04 (West Tech. Park)	4%	Monthly	the City of Auburn	6,500,000	6,500,000	2007
Note payable, AuburnBank,			Full faith credit and taxing power of			
Dated 05/13/04 (Ag. Tech. Bldg.)	4%	Monthly	the City of Auburn	1,500,000	1,500,000	2007
Note payable, East Alabama						
Medical Center, dated 10/15/96	%0	1-0ct	General Fund	250,000	100,000	2007
Note Payable, East Alabama						
Medical Center, dated 10/27/97	2%	1-Nov	General Fund	250,000	114,804	2008
Total notes payable				12,631,127	12,345,931	

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

Rate Dates Source of Payment General abligation warrant, and deviols (9/05/98 (Dean Rd. Ext.)) 5.16% Quarterly General Fund Dated 69/05/98 (Dean Rd. Ext.) 5.16% Quarterly General Fund General abligation refunding warrant, dated 09/01/98 3.75%-4.25% 6/1-12/1 General Fund General abligation refunding surrant, dated 09/01/98 3.75%-4.55% 6/1-12/1 General Fund General abligation refunding school warrants, school warrants, school warrant warrant deneral obligation warrant and 09/30/98 (Drake, Harris & Lib. Prop.) 5.47% Monthly Full faith credit and taxing power of the City of Auburn General obligation warrants General obligation warrants 5.0%-5.6% 2/1-8/1 Monthly Special School Tax Fund ad valorem taxes General obligation warrants General obligation warrants 6.29% Monthly Special School Tax Fund ad valorem taxes Full faith credit and taxing power of Dated 04/08/03 (heavy eq. 122 Tichenor) 6.39% Monthly Full faith credit and taxing power of Dated 04/08/03 (heavy eq. 122 Tichenor) 6.39% Monthly Full faith credit and taxing power of Dated 04/08/03 (heavy eq. 122 Tichenor) 7.52% Monthly Full faith credit and taxing power of Dated 04/00/01 (Faley property) Full faith credit and taxing	Principal	Principal Year of Outstanding Final September 30, Principal
Ext.) 5.16% Quarterly 3.75%-4.25% 6/1-12/1 3.75%-4.55% 6/1-12/1 3.75%-4.55% 6/1-12/1 3.75%-4.55% 6/1-12/1 3.75%-4.55% Monthly 5.98% Monthly property) 6.29% Monthly 6.93% Monthly 5.11% Monthly perty) 7.52% Monthly	ayment Issued	2004 Maturity
Ext.) 5.16% Quarterly 3.75%-4.25% 6/1-12/1 arris & Lib. Prop.) 5.0%-5.6% 2/1-8/1 mputer eq.) 5.98% Monthly property) 6.29% Monthly frop.) 6.29% Monthly 5.11% Monthly 7.52% Monthly 7.52% Monthly		
Ext.) 5.16% Quarterly 1. 3.75%-4.25% 6/1-12/1 1. 3.75%-4.55% 6/1-12/1 1. 5.47% Monthly 1. property) 6.29% Monthly 1. property) 6.29% Monthly 1. 122 Tichenor) 5.11% Monthly 2. 122 Tichenor) 6.33% Monthly 3.75%-4.55% 6/1-12/1 3.75%-4.55% Monthly 4.95% Monthly 7.52% Monthly		
arris & Lib. Prop.) 3.75%-4.25% 6/1-12/1 3.75%-4.55% 6/1-12/1 5.0%-5.6% 7/1-8/1 mputer eq.) 5.0%-5.6% 7/1-8/1 6.29% Monthly rop.) 6.29% Monthly 7.52% Monthly 7.52% Monthly 7.52% Monthly	Fund 810,672	2 374,730 2008
3.75%-4.25% 6/1-12/1 3.75%-4.55% 6/1-12/1 3.75%-4.55% 6/1-12/1 5.47% Monthly 5.98% Monthly property) 6.29% Monthly 7.52% Monthly 7.52% Monthly 7.52% Monthly		
3.75%-4.25% 6/1-12/1 3.75%-4.55% 6/1-12/1 sets, etc.) 5.0%-5.6% 2/1-8/1 property) 6.29% Monthly rop.) 6.93% Monthly perty) 6.93% Monthly 7.52% Monthly 7.52% Monthly		
a.75%-4.55% 6/1-12/1 arris & Lib. Prop.) 5.47% Monthly bets, etc.) 5.0%-5.6% 2/1-8/1 aputer eq.) 5.98% Monthly property) 6.29% Monthly rop.) 6.93% Monthly perty) 7.52% Monthly perty) 7.52% Monthly	Fund 3,370,000	1,270,000
a.75%-4.55% 6/1-12/1 rris & Lib. Prop.) 5.47% Monthly sets, etc.) 5.0%-5.6% 2/1-8/1 puter eq.) 5.98% Monthly property) 6.29% Monthly rop.) 6.93% Monthly perty) 7.52% Monthly perty) 7.52% Monthly		
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rris & Lib. Prop.) 5.47% Monthly eets, etc.) 5.0%-5.6% 2/1-8/1 puter eq.) 5.98% Monthly property) 6.29% Monthly (0p.) 6.93% Monthly perty) 7.52% Monthly 7.52% Monthly		
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5.0%-5.6% 2/1-8/1 5.98% Monthly 6.29% Monthly 6.93% Monthly 7.52% Monthly	of Auburn 1,200,000	0 559,542
reets, etc.) 5.0%-5.6% 2/1-8/1 mputer eq.) 5.98% Monthly t. property) 6.29% Monthly orop.) 6.93% Monthly c., 122 Tichenor) 5.11% Monthly operty) 7.52% Monthly	taxing power of	
5.98% Monthly 6.29% Monthly 6.93% Monthly 7.52% Monthly	of Auburn 4,110,000	3,420,000
mputer eq.) 5.98% Monthly t. property) 6.29% Monthly Prop.) 6.93% Monthly 122 Tichenor) 5.11% Monthly operty) 7.52% Monthly		
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t. property) 6.29% Monthly Prop.) 6.93% Monthly t. 122 Tichenor) 5.11% Monthly operty) 7.52% Monthly	taxing power of	
Prop.) 6.93% Monthly I., 122 Tichenor) 5.11% Monthly operty) 7.52% Monthly	of Auburn 650,000	12,588
7-rop.) 6.93% Monthly ., 122 Tichenor) 5.11% Monthly operty) 7.52% Monthly	taxing power of	
operty) 5.11% Monthly 7.52% Monthly 7.52% Monthly	of Auburn 1,507,034	4 989,810
operty) 5.11% Monthly 7.52% Monthly 7.52% Monthly	taxing power of	
operty) 7.52% Monthly	if Auburn 1,065,500	0 791,206
7.52% Monthly	taxing power of	
projecto Manthi	if Auburn 428,000	0 315,479
A 9E0/	taxing power of	
4.60.7% MOINTIN	if Auburn 1,035,400	0 783,556 2011

CITY OF AUBURN, ALABAMA

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

					Principal	Year of
					Outstanding	Final
	Interest	Interest		Principal	September 30,	Principal
	Rate	Dates	Source of Payment	penssl	2004	Maturity
General obligation warrants			Full faith credit and taxing power of			
Dated 06/27/02 (Drainage, streets)	5.74%	Monthly	the City of Auburn	1,937,000	1,592,390	2012
General obligation warrants			Full faith credit and taxing power of			
Dated 12/23/03 (Infrastructure improve.)	3.93%	Monthly	the City of Auburn	6,300,000	5,909,567	2013
General obligation warrants			Full faith credit and taxing power of			
Dated 12/31/03 (Infrastructure improve.)	2.73%	Monthly	the City of Auburn	2,056,598	1,765,691	2008
General obligation refunding						
school warrants dated 02/01/02						
(92,94 & 96 Warrants)	4.10%-5.125%	2/1-8/1	Special School Tax Fund ad valorem taxes	27,275,000	27,275,000	2026
Total general governmental issues				60,772,954	50,651,922	
Payable from specific revenue sources:						
Refunding street improvement						
warrants dated 8/1/76	2.5%-6%	2/1-8/1	City Gas Tax Fund city gas tax	1,000,000	145,000	2006
Total warrants payable				61,772,954	50,796,922	
Capital leases payable:						
Capital lease, Regions Financial						
Leasing, dated 3/15/00	2.80%	Monthly	General Fund	45,998	5,222	2005
Capital lease, Regions Financial						
Leasing, dated 3/15/00	2.80%	Monthly	General Fund	72,699	8,252	2005
Capital lease, Regions Financial						
Leasing, dated 12/15/99	2.80%	Monthly	General Fund	82,999	5,031	2005
Capital lease, Regions Financial						
Leasing, dated 11/15/99	2.80%	Monthly	General Fund	90,000	3,438	2005
Capital lease, Regions Financial						
Leasing, dated 10/15/00	6.47%	Monthly	General Fund	88,500	21,668	2005
Capital lease, Regions Financial						
Leasing, dated 07/15/01	2.80%	Monthly	General Fund	88,500	35,459	2006

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

	\$ 109,439,664	\$ 124,845,354				and capital leases payable
						Total bonds, notes, warrants,
	30,182,972	30,191,529				warrants, and capital leases payable
						Total business type activity bonds,
2002	3,240	169,203	Sewer Fund	Monthly	2.80%	Leasing, dated 10/15/99
						Capital lease, Regions Financial
						Capital leases payable:
2024	23,925,000	24,765,000	Sewer Fund	1/1-7/1	2.8%-5.0%	expansion)
						dated 08/01/01 (sewer plant &
						General obligation warrants
2012	6,254,732	5,257,326	Sewer Fund	1/1-7/1	2.70%	(sewer plant & expansion)
						warrants dated 8/29/01
						Zero coupon general obligation
						Warrants payable:
						Business-type activities:
	79,256,692	94,653,825	le le	capital leases payable		Total governmental activity bonds, notes, warrants, and
	198,839	799,744				Total capital leases payable
2006	51,540	147,904	General Fund	Monthly	2.80%	Leasing, dated 04/15/01
						Capital lease, Regions Financial
2006	31,391	85,776	General Fund	Monthly	2.80%	Leasing, dated 04/15/01
						Capital lease, Regions Financial
2006	36,838	92,368	General Fund	Monthly	5.49%	Leasing, dated 07/15/01
						Capital lease, Regions Financial
Maturity	2004	penssl	Source of Payment	Dates	Rate	
Principal	September 30,	Principal		Interest	Interest	
Year of	Principal					

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 8. LONG-TERM LIABILITIES (CONTINUED)

The City has ten leases with Regions Financial Leasing, Inc., all for the purchase of vehicles. The remaining balance on these agreements is \$93,027 plus interest, which will be due in monthly installments. The agreements include a funding clause which states that if funds are not appropriated for any future fiscal period, the City will not be obligated to make any payments due beyond the end of the then current fiscal period. While this will not constitute an event of default, the leasing companies will be entitled to repossess the equipment and will retain all sums previously paid as compensation for machine use and depreciation. The City had an open line of credit with no specified limit at September 30, 2004, with Regions Financial Leasing, Inc., available for additional capital leases.

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

Fiscal Year	Principal	Interest	Total
2005 2006	\$ 134,108 67,971	\$ 7,714 1,552	\$ 141,822 69,523
Totals	\$ 202,079	\$ 9,266	\$ 211,345

The City issued its \$6,300,000 General Obligation Warrant on December 23, 2003, to finance infrastructure construction and improvements, and Parks and Recreation and Public Safety Department improvements. The Warrant bears interest at a rate of 3.93%, payable on the last day of each month beginning January 2004 and continuing through December 2013.

The City issued its \$2,056,598 General Obligation Warrant on December 31, 2003, to finance infrastructure construction and improvements, and the purchase of solid waste equipment and financial management software. The Warrant bears interest at a rate of 2.97%, payable on the last day of each month beginning January 2004 and continuing through December 2008.

The City entered into a \$8,000,000 (\$6,500,000 and \$1,500,000) Line of Credit on May 4, 2004, for various Industrial Development Board projects that needed access to capital. The Note bears interest at the prime rate on the funds utilized for up to a maximum 36-month loan. Subsequent to fiscal year end, principal in the amount of \$5,250,000 was repaid on the line of credit (see Note 26).

The City entered into a \$4,200,000 Line of Credit on January 22, 2003, for the purpose of acquiring certain real property parcels for furthering the redevelopment of Colonial Mall. The Note bears interest at a variable LIBOR-based rate, payable on the first day of each month beginning February 2003 and continuing until maturity. The City only borrowed \$4,131,127 against the Line of Credit. This amount is reported as due within one year since the line of credit matures within one year. However, the City plans to set up permanent financing in fiscal year 2005 prior to the line of credit's maturity.

In fiscal year 2001, the City issued a noninterest bearing General Obligation Warrant in connection with the deprivitization of the sewer plants, a business-type activity. The original principal amount of the Warrant was \$5,257,326 and the maturity amount is \$9,400,000. Interest accrues on the original principal at the approximate interest rate of 5.7%, compounded semi-annually on January 1 and July 1 each year until the final maturity date, January 1, 2012. As of September 30, 2004, the accreted value of the warrant was \$6,254,732. In order to provide for the payment of the Warrant at its maturity, the City has made and will make semiannual sinking fund payments on January 1 and July 1 each year, beginning January 1, 2002. The sinking fund will be invested in repurchase agreements fully collateralized by securities authorized by state law so that the earnings, together with the deposit, will be sufficient to pay the maturity value of \$9,400,000 on January 1, 2012. The balance in the sinking fund at September 30, 2004, was \$2,044,135. Sinking fund payments required each fiscal year to maturity are as follows:

Fiscal Year	Amount
2005	\$ 672,518
2006	672,518
2007	672,518
2008	672,518
2009	672,518
2010	672,518
2011	672,518
2012	 336,259
Total	\$ 5,043,885

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 8. LONG-TERM LIABILITIES (CONTINUED)

The following schedule shows debt service to maturity for bonds, notes, warrants and capital leases payable of the City of Auburn at September 30, 2004:

							Governmental Activity Bonds, Notes, Warrants and Capital Leases	Activity Bon	ds, N	lotes, Warra	nts and C	apité	al Leases					
							Payable from	rom		Payable from	rom			ш	usiness-t	Business-type Activity Warrants and	rrant	s and
							General Governmental	rnmental		Specific Revenue	venue		•			Capital Leases		
Fiscal		Total A	Total Annual Requirements	ment	S		Issues			Sources	S	ı	Total					Total
Year		Principal	Interest		Total	ഥ	Principal	Interest	۵	Principal	Interest	1	Requirements	Principal	ipal	Interest	Re	Requirements
2005	¥	0 076 230	\$ 1 570 531	¥	13 6/8 76/	θ	\$ 672 000	3 426 508	¥	\$ 000 02	0 570	4	12 079 158	6	133 240	4 136 366	¥	1 569 606
2002	•	5.352.142		+	9 700 488								8 139 475				+	1.561.013
2002		13,188,817	4.033,721		17.222.538	_	2.728.817	2.929.254)	;		15,658.071	. 4	460.000	1.104.467		1.564.467
2008		4,882,719	3,572,359		8,455,078		4,407,719	2,485,779			•		6,893,498	4	475,000	1,086,580		1,561,580
2009		4,325,344	3,365,817		7,691,161		3,830,344	2,300,874			•		6,131,218	4	495,000	1,064,943		1,559,943
2010		4,375,084	3,167,622		7,542,706		3,855,084	2,125,714		•	•		5,980,798	2	520,000	1,041,908		1,561,908
2011		4,453,508	2,976,232		7,429,740		3,913,508	1,956,325		•	•		5,869,833	Ŋ	540,000	1,019,907		1,559,907
2012		4,494,856	2,782,489		7,277,345		3,929,856	1,786,210			•		5,716,066	2	565,000	996,279		1,561,279
2013		5,201,272	2,566,955		7,768,227		3,931,272	1,611,858		•	•		5,543,130	1,2	1,270,000	955,097		2,225,097
2014		4,894,960	2,333,001		7,227,961		3,569,960	1,437,602		•	•		5,007,562	1,3	,325,000	895,399		2,220,399
2015		4,515,000	2,104,514		6,619,514		3,125,000	1,272,934		•	•		4,397,934	1,3	,390,000	831,580		2,221,580
2016		3,920,000	1,884,633		5,804,633		2,465,000	1,121,349		•	•		3,586,349	4,1	,455,000	763,284		2,218,284
2017		3,330,000	1,692,521		5,022,521		1,805,000	1,002,646		•	•		2,807,646	1,5	,525,000	689,875		2,214,875
2018		3,495,000	1,520,513		5,015,513		1,895,000	908,763		•	•		2,803,763	1,6	000,009,	611,750		2,211,750
2019		3,670,000	1,343,920		5,013,920		1,990,000	814,170		•	•		2,804,170	1,6	,680,000	529,750		2,209,750
2020		3,515,000	1,156,375		4,671,375		1,750,000	712,750		•	•		2,462,750	1,7	1,765,000	443,625		2,208,625
2021		3,695,000	978,375		4,673,375		1,840,000	625,250		•	•		2,465,250	1,8	1,855,000	353,125		2,208,125
2022		3,875,000	791,375		4,666,375		1,930,000	533,250		•	•		2,463,250	1,9	1,945,000	258,125		2,203,125
2023		4,070,000	595,125		4,665,125		2,025,000	436,750		•	•		2,461,750	2,0	2,045,000	158,375		2,203,375
2024		4,275,000	389,125		4,664,125		2,130,000	335,500			•		2,465,500	2,1	2,145,000	53,625		2,198,625
2025		2,235,000	229,000		2,464,000		2,235,000	229,000			•		2,464,000			1		1
2026		2,345,000	117,250		2,462,250		2,345,000	117,250			•		2,462,250		•	1		-
Total	ઝ	103,184,932	\$ 46,521,802	\$	\$ 149,706,734	2 \$	79,111,692 \$	31,392,209	↔	145,000 \$	14,520		\$ 110,663,421	\$ 23,9	23,928,240	\$ 15,115,073	s	39,043,313

The above schedule does not reflect the noninterest bearing Business-type Activity Warrant which will mature at the principal amount of \$9,400,000 in 2012. As of September 30, 2004, the amount included in Business-type Activity Warrants payable is \$6,254,732, which equals the original principal amount of \$5,257,326 plus the accretion of interest through September 30, 2004 of \$997,406. Sinking fund requirements are disclosed previously in this note.

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 8. LONG-TERM LIABILITIES (CONTINUED)

COMPONENT UNITS

Board of Education

The following is a summary of changes in long-term debt of the Auburn City Board of Education for the year ended September 30, 2004:

Capital Leases Payable	_
Balance, September 30, 2003	\$ 486,650
Retirement of debt	(206,561)
Balance, September 30, 2004	\$ 280,089

Capital leases payable of the Auburn City Board of Education at September 30, 2004, is comprised of the following issues:

	Rate	Interest Dates	Source of Payment	Principal Issued	Principal Outstanding September 30, 2004	Year of Final Principal Maturity
Capital Lease #1, AmSouth Corporation dated 09/29/98	5.080%	Monthly	General Fund	\$ 327,637	\$ 54,198	2005
Capital Lease #2, AmSouth Corporation dated 01/07/99	5.310%	Monthly	General Fund	687,135	142,740	2006
Capital Lease #3, Am South Corporation dated 01/11/99	5.480%	Monthly	General Fund	172,364	35,644	2007
Capital Lease #4, AmSouth Corporation dated 10/27/99	5.980%	Monthly	General Fund	138,766 \$1,325,902	47,507 \$ 280,089	2008

The Board has entered lease agreements with AmSouth Lease Corporation for the purchase of technology systems and computer equipment. The remaining balances on the lease agreements total \$280,089 plus interest, which will be due in monthly installments. The agreements include a funding clause which states that if funds are not appropriated for any future fiscal period, the Board will not be obligated to make any payments due beyond the end of the then current fiscal period. While this will not constitute an event of default, AmSouth Lease Corporation will be entitled to repossess the equipment and will retain all sums previously paid as compensation for machine use and depreciation. The agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of inception. Interest expense was \$21,408 for the fiscal year ended September 30, 2004.

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

Fiscal Year	Principal	I	nterest	Total
2005 2006	\$ 218,013 60,076	\$	9,956 1,219	\$ 227,969 61,295
2007	2,000		11_	 2,011
Totals	\$ 280,089	\$	11,186	\$ 291,275

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 8. LONG-TERM LIABILITIES (CONTINUED)

Water Works Board

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2004, was as follows:

	Balance			Balance	Due Within
	10/1/2003	Additions	Reductions	9/30/2004	One Year
Business-type activities:					
Bonds payable	\$ 20,320,744	\$ 107,217	\$ (505,000)	\$ 19,922,961	\$ 515,000
Unamortized deferred amount					
on refunding	(326,760)	17,350	<u> </u>	(309,410)	(17,350)
	19,993,984	124,567	(505,000)	19,613,551	497,650
Water supply agreement					
with City of Opelika	2,049,390	-	(267,476)	1,781,914	267,187
Unamortized discount	(538,398)	114,660		(423,738)	(102,945)
	1,510,992	114,660	(267,476)	1,358,176	164,242
Accumulated annual leave	145,292	23,960		169,252	
Business-type activity long-term liabilities	\$ 21,650,268	\$ 263,187	\$ (772,476)	\$ 21,140,979	\$ 661,892

Bonds payable at September 30, 2004, are comprised of original bond issues of \$11,080,000 dated July 1, 2001, and \$9,799,657 dated August 1, 2002. The 2001 bond proceeds were used to fund various water system renovations and improvements. The 2001 bonds are issued at rates varying from 2.75% to 5.125%, mature July 1, 2026, and are callable at July 1, 2011, at a declining premium. The 2002 bond proceeds were used to call the 1993 Series bonds dated May 1, 1993, and to fund various construction projects. The 2002 issue consists of two elements. The "current interest bonds" were issued in the principal amount of \$7,955,000 bearing interest at rates ranging from 1.5% to 4.8%, payable semiannually on March 1 and September 1, and mature on September 1 beginning in 2003 and continuing through 2022. The bonds are callable at September 1, 2011, at a declining premium. The "capital appreciation bonds" were issued in the principal amount of \$1,844,656.80, with yield to maturity rates ranging from 5.37% to 5.45% compounded semiannually and payable at their stated maturity or upon redemption prior to their stated maturity. The stated maturity dates are September 1 beginning in 2027 and continuing through 2032.

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

The following is a summary of the changes in bonds and water supply agreement payable for the year ended September 30, 2004:

Bonds and water supply agreement payable, September 30, 2003	\$21,831,736
Retirement of debt	(657,815)
Accretion of interest	107,217
Bonds and water supply agreement payable, September 30, 2004	\$21,281,138

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 8. LONG-TERM LIABILITIES (CONTINUED)

Water

Annual requirements (principal and interest) to amortize long-term debt at September 30, 2004, are as follows:

		vvalei	
Year ending	Bonds	Supply	
September 30	Payable	Agreement	Total
2005	\$ 1,329,395	\$ 267,187	\$ 1,596,582
2006	1,329,648	267,750	1,597,398
2007	1,328,015	267,234	1,595,249
2008	1,329,995	267,141	1,597,136
2009	1,332,520	267,670	1,600,190
2010-2014	6,653,150	444,933	7,098,083
2015-2019	6,647,020	-	6,647,020
2020-2024	6,655,803	-	6,655,803
2025-2029	2,661,419		2,661,419
Subtotal	29,266,965	1,781,915	31,048,880
Add zero coupon bonds	2,062,961	-	2,062,961
Less amount representing interest	(11,406,964)	(423,739)	(11,830,703)
Total	\$ 19,922,962	\$ 1,358,176	\$ 21,281,138

Industrial Development Board

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2004, was as follows:

	Balance 10/01/03	Additions	Reductions	Balance 09/30/04	Due Within One Year
Notes payable Short-term	\$ 12,243,362	\$ 10,063,072	\$ (1,956,265)	\$ 20,350,169	\$ 874,684
construction loans	2,559,792	4,698,280	(7,258,072)	-	-
Bonds payable	11,090,000	-	(470,000)	10,620,000	390,000
Capital leases payable	18,301		(17,645)	656	656
Total	\$ 25,911,455	\$ 14,761,352	\$ (9,701,982)	\$ 30,970,825	\$ 1,265,339

Short-term construction loans were issued to finance construction costs for buildings held for resale and buildings held for leasing prior to obtaining permanent financing.

Bonds payable

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

Under the Appropriation Agreement, the City has agreed to appropriate during each fiscal year an amount equal to the debt service on the bonds. The initial term of the agreement ended on September 30, 2001. After the expiration of the initial term, the agreement is automatically renewed each fiscal year for a term of twelve months, unless the City passes a resolution electing not to renew the agreement prior to the first day of the applicable fiscal year. As of the date of these financial statements, the agreement had been amended to include the Board's Series 2004-A Taxable Industrial Development Refunding and Infrastructure Bonds (see note 26), and had been extended to September 30, 2005. The City intends to fund the appropriations through future sales of industrial property and additional tax revenues derived from future industrial recruitment. The Appropriation Agreement has been assigned and pledged by the Industrial Development Board as security for the bonds.

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 8. LONG-TERM LIABILITIES (CONTINUED)

The Series 2000-A and Series 2000-B bonds bear interest at a variable rate determined weekly by the Board's remarketing agent, The Frazier Lanier Company, Inc. The rate is equal to the lowest interest rate that would result in the market value of the bonds being 100% of the outstanding principal amount at the time the rate is determined, with a maximum rate of 10% per annum for the Series 2000-A bonds and 12% per annum for the Series 2000-B bonds. The average effective interest rate for fiscal year 2004 was 1.17% and 1.22% for the Series 2000-A and Series 2000-B bonds, respectively, and interest incurred for the fiscal year amounted to \$47,068 for the Series 2000-A bonds and \$78,566 for the Series 2000-B bonds. The rate in effect at September 30, 2004, for Series 2000-A was 1.85% and for Series 2000-B was 1.84%.

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

Currently, there is no take-out agreement in place to convert the bonds to permanent financing in the event the remarketing agent is unable to resell bonds that are repurchased under the optional tender provision. Under an irrevocable letter of credit issued by AmSouth Bank, the trustee or remarketing agent may draw an amount equal to the purchase price of bonds tendered for purchase. The original letter of credit was valid through May 15, 2004; after that date, the letter of credit may be renewed annually for a one year term upon approval of Amsouth Bank. As of September 30, 2004, the letter of credit had been extended to September 15, 2006. In the event the remarketing agent is unable to resell the tendered bonds, any principal drawn on the letter of credit to purchase the bonds bears interest at a variable rate equal to the prime rate plus 3%. If the bonds are not resold, the principal drawn on the letter of credit to purchase the bonds would be due in full at the expiration of the letter of credit in September 2006. Principal maturities on the letter of credit in the event that all the bonds were tendered and not resold would be as follows:

Fiscal Year	Series 2000-A	Series 2000-B	Total
2005	\$ 155,00	00 \$ 235,000	\$ 390,000
2006	3,930,00	00 6,300,000	10,230,000
	\$ 4,085,00	00 \$ 6,535,000	\$ 10,620,000
	\$ 4,085,00	00 \$ 6,535,000	<u>\$ 10,6</u>

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

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

Fiscal Year	Series 2000-A	Series 2000-B	Total
	-		-
2005	\$ 155,000	\$ 235,000	\$ 390,000
2006	165,000	250,000	415,000
2007	175,000	270,000	445,000
2008	190,000	290,000	480,000
2009	200,000	315,000	515,000
2010	210,000	335,000	545,000
2011	225,000	365,000	590,000
2012	240,000	390,000	630,000
2013	255,000	420,000	675,000
2014	270,000	450,000	720,000
2015	285,000	485,000	770,000
2016	305,000	520,000	825,000
2017	320,000	560,000	880,000
2018	340,000	605,000	945,000
2019	365,000	650,000	1,015,000
2020	385,000	395,000	780,000
Total	\$ 4,085,000	\$ 6,535,000	\$ 10,620,000

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 8. LONG-TERM LIABILITIES (CONTINUED)

Subsequent to the date of these financial statements, the Board issued its Series 2004-A Taxable Industrial Development Refunding and Infrastructure Bonds in the principal amount of \$12,075,000. A portion of the proceeds was used to refund the Series 2000-B bonds. Concurrently, a substitute letter of credit in the amount of \$4,680,000 was obtained to secure the Series 2000-A bonds. See Note 26.

Notes and capital leases payable of the Board at September 30, 2004, are comprised of the following individual issues:

				Principal	Year of Final
	Interest	Interest	Principal	Outstanding	Principal
	Rate	Dates	Issues	9/30/2004	Maturity
Notes payable:					
AuburnBank	5.010%	Monthly	\$ 8,670,000	\$ 8,414,263	2006
AuburnBank	6.675%	Monthly	957,500	933,138	2007
AuburnBank	7.500%	Monthly	300,000	291,529	2006
AuburnBank	7.500%	Monthly	775,000	687,935	2006
AuburnBank	5.000%	Monthly	4,250,000	4,118,377	2009
AuburnBank	6.250%	Monthly	447,147	438,087	2009
AuburnBank	5.016%	Monthly	2,320,500	2,294,117	2009
AuburnBank	7.250%	Monthly	240,425	229,481	2009
AuburnBank	6.500%	Monthly	100,000	97,377	2009
AuburnBank	4.828%	Monthly	750,000	721,756	2008
AuburnBank	6.500%	Monthly	1,955,000	1,955,000	2009
Compass Bank	7.750%	Monthly	186,602	169,110	2017
Total notes payable			20,952,174	20,350,169	
Capital leases payable:					
GMAC	0.000%	Monthly	52,935	656	2005
Total notes and					
capital leases payabl	e		\$ 21,005,109	\$ 20,350,825	

The following schedule shows debt service to maturity for notes and capital leases payable of the Industrial Development Board at September 30, 2004:

Fiscal	Total Annual Requirements			
Year	Principal	Interest	Total	
2005	\$ 875,340	\$ 1,085,278	\$ 1,960,618	
2006	9,549,512	1,028,368	10,577,880	
2007	1,451,724	515,551	1,967,275	
2008	575,096	450,404	1,025,500	
2009	7,779,070	274,011	8,053,081	
2010	12,289	8,876	21,165	
2011	13,276	7,889	21,165	
2012	14,342	6,823	21,165	
2013	15,494	5,671	21,165	
2014	16,739	4,427	21,166	
2015	18,083	3,082	21,165	
2016	19,535	1,630	21,165	
2017	10,325	234	10,559	
Total	\$ 20,350,825	\$ 3,392,244	\$ 23,743,069	

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

Note 9. Deferred Program Revenue

During prior years, the City received monies from the U.S. Department of Housing and Urban Development (HUD) for Urban Development Action Grants and Housing Development Action Grants. Under the terms of the grants, the monies received from HUD are loaned to qualified borrowers and the City holds second mortgages as collateral. When the City made these loans, deferred revenue equal to the principal amount of the mortgage was recorded 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 deferred revenue equal to the amount of principal repayment received by the City will be recognized as program revenue. The mortgages outstanding at September 30, 2004, totaled \$4,469,012 One mortgage, with a principal balance of \$3,429,231, was subjected to a modification agreement during fiscal year 1994, which deferred a portion of the interest payments until 1999. Under the new terms, the City would receive \$10,000 each January towards the regular interest payment due at that time (\$37,812), with the remainder of the interest payment deferred until January 1999. The deferred amounts would accrue interest at six percent, compounded annually until that date, at which time the entire deferral, including compounded interest, plus the regularly scheduled interest payment of \$37,812 and principal of \$100,000 would be due. During fiscal year 1999, the City received a settlement of \$84,000 which satisfied the balance of the deferral at September 30, 1996. The modification agreement was deemed invalid at the time of settlement; and subsequent to September 30, 1999, the City received \$246,671 which satisfied the remaining deferral and the compounded interest in addition to the \$100,000 principal payment plus the regular principal and interest due. The original terms of the mortgage remain in effect.

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, deferred 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 deferred revenue equal to the amount of principal repayment received by the City will be recognized as program revenue. The mortgages outstanding at September 30, 2004, totaled \$148,980.

NOTE 10. LEASE AGREEMENTS

COMPONENT UNITS

Auburn Center for Developing Industries

Operating leases - The Auburn Center for Developing Industries, Inc., maintains industrial space for rent to new industries. The cost of land and buildings held for leasing by the Center at September 30, 2004, was \$67,543 and \$1,165,097, respectively. Accumulated depreciation on the buildings was \$379,782. Rents received during 2004 were \$118,636 and utility reimbursements were \$22,123. The leases are noncancelable operating leases, with most having one year terms, but one lease has a 36-month term. Additionally, at September 30, 2004, there was one tenant occupying space on a month-to-month basis with no lease in effect, with total rentals of \$3,750 per month. The following is a schedule by years of future minimum rental payments required under the leases with remaining noncancelable lease terms in excess of one year as of September 30, 2004:

Fiscal Year	 Amount
2005	\$ 42,000
2006	 9,375
Total	\$ 51,375

Industrial Development Board

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 10. LEASE AGREEMENTS (CONTINUED)

<u>Operating leases</u> - The Industrial Development Board began leasing industrial space during fiscal year 1995. The cost of land and buildings held for leasing by the Board at September 30, 2004, was \$3,872,910 and \$22,947,609, respectively; accumulated depreciation on the buildings was \$975,627. Rents received during 2004 were \$1,404,616. Of the nine leases in effect at September 30, 2004, eight were noncancelable, with two having an option for the lessee to occupy more space at a higher rental rate; one lease has a cancellation clause allowing the lessee to cancel by giving notice at least 30 days prior to the expiration of each renewal term. The lease provides for automatic one-year renewal terms ending on June 1, 2016, and annual minimum rentals of \$24,000.

The following is a schedule by years of future minimum rental payments required under the leases with remaining noncancelable lease terms in excess of one year as of September 30, 2004:

Fiscal Year	
2005	\$ 1,653,062
2006	1,718,896
2007	1,570,655
2008	1,485,903
2009	1,396,226
2010	1,325,508
2011	1,325,508
2012	1,300,917
2013	1,283,352
2014	1,167,633
2015 and thereafter	3,526,968
Total	\$ 17,754,625

Capital leases

- A. The Board has leased five parcels of land located in its Industrial Parks under capital leases. Each lease contains a bargain-purchase option which can be exercised during the term of the lease. All rentals due under the leases were paid in advance and are not refundable in the event of lease cancellation or exercise of purchase option. Expiration of the leases ranges from 2007 to 2035. There were no lease payments received in fiscal year 2004 and future amounts receivable under the leases consist solely of payments under the bargain-purchase options, which are minimal. See Note 30 for disclosures pertaining to leases involving related parties.
- B. The Board has one sales-type capital lease involving a lot and building located in its Technology Park. The initial lease term expires in 2019. The components of the net investment in sales-type capital leases at September 30, 2004, are as follows:

Total minimum lease payments	
to be received	\$ 5,466,261
Less: unearned income	(1,347,884)
Net investment in capital lease	\$ 4,118,377

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 10. LEASE AGREEMENTS (CONTINUED)

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

Fiscal Year	_
2005 2006 2007 2008	\$ 468,002 468,002 468,002 468,002
2009 2010	468,002 468,002
2011	468,002
2012	468,002
2013	468,002
2014	468,002
2015 and thereafter	786,241
Total	\$ 5,466,261

NOTE 11. DEFINED BENEFIT PENSION PLANS

CITY OF AUBURN PRIMARY GOVERNMENT

The City contributes to the Employees' Retirement System of Alabama ("System"), an agent multiple-employer public employee retirement system (PERS) which acts as a common investment and administrative agent for all State agencies and departments as well as for cities and counties which elect to participate in the System. The Retirement System issues a publicly available report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to The Retirement Systems of Alabama, 135 South Union Street, Montgomery, Alabama 36104-0001 or by calling (334) 832-4140.

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

Covered employees are required by State statute to contribute five percent (5%) of their salaries/wages to the System. The City is required by the same statute to contribute the remaining amounts necessary to fund the System using the actuarial basis specified by the statute. The City's contribution rate for the year-ended September 30, 2004, was 6.76% of covered payroll.

The City's annual pension cost of \$1,011,606 was equal to the City's required and actual contributions. The required contribution was determined as part of the September 30, 2003, actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include: a) a rate of return on the investment of present and future assets of 8.0%, b) projected annual rate of salary increases ranging from 4.61% to 7.75%, based on age, and c) no cost-of-living adjustments. Both a) and b) included an inflation component of 4.50%. The actuarial value of the plan's assets was determined using the 5-year smoothed market value of investments. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at September 30, 2003, was 20 years. These assumptions were also used in the computation of actuarially determined contribution requirements.

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

Fiscal	Annual	Percentage	Net Pension
Year	Pension	of APC	Obligation
<u>Ending</u>	Cost (APC)	Contributed	(NPO)
09/30/01	\$541,155	100%	\$0
09/30/02	\$608,506	100%	\$0
09/30/03	\$853,490	100%	\$0

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 11. DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

		Actuarial				
	Actuarial	Accrued	Unfunded			UAAL as a
Actuarial	Value of	Liability (AAL)	AAL	Funded	Covered	Percentage of
Valuation	Assets	- Entry Age	(UAAL)	Ratio	Payroll	Covered P/R
Date	(a)	(b)*	(b - a)	(a/b)	(c)	((b - a)/c)
9/30/01 **	\$ 28,196,927	\$ 30,536,059	\$ 2,339,132	92.3%	\$ 11,827,692	19.8%
9/30/02 ***	\$ 29,155,748	\$ 33,709,551	\$ 4,553,803	87.0%	\$ 12,547,314	36.3%
9/30/03 ****	* \$ 30,917,517	\$ 36,814,509	\$ 5,896,992	84.0%	\$ 14,929,171	39.5%

- * Reflects liability for cost of living benefit increases granted on or after October 1, 1978.
- ** Reflects changes in actuarial assumptions (as of September 30, 2001). Also reflects effect of DROP if unit elected to enroll.
- *** Reflects effect of DROP if unit elected to enroll prior to June 20, 2003.
- **** Reflects effect of DROP if unit elected to enroll prior to May 18, 2004.

COMPONENT UNITS

Board of Education

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

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

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

Covered employees are required by state statute to contribute five (5) percent of their salary to the System. The Board is required to contribute the remaining amounts necessary to fund the actuarially determined contributions to ensure sufficient assets will be available to pay benefits when due. For the year-ended September 30, 2004, the Board's contribution requirement is an actuarially determined rate equal to 6.56% (5.02% in 2003) of annual covered payroll. The Board's contributions to the plan for the years ending September 30, 2004 and 2003, were \$1,429,219 and \$1,054,705, respectively. These amounts were equal to the required contributions for the same periods.

The Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to The Retirement Systems of Alabama, 135 South Union Street, Montgomery, Alabama 36104-0001 or by calling (334) 832-4140.

Water Works Board

The Board also contributes to the Employees' Retirement Systems of Alabama under the same plan description and statutory requirements as the City. The Board's contribution rate for the year-ended September 30, 2004, was 4.26% of covered payroll; and the Board's annual pension cost of \$49,265 was equal to its required and actual contributions.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 11. DEFINED BENEFIT PENSION PLANS (CONTINUED)

Fiscal	Annual	Percentage	Net Pension
Year	Pension	of APC	Obligation
Ending	Cost (APC)	Contributed	(NPO)
09/30/01	\$32,075	100%	\$0
09/30/02	\$31,064	100%	\$0
09/30/03	\$22.224	100%	\$0

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

		Actuarial				
	Actuarial	Accrued	Unfunded			UAAL as a
Actuarial	Value of	Liability (AAL)	AAL	Funded	Covered	Percentage of
Valuation	Assets	- Entry Age	(UAAL)	Ratio	Payroll	Covered P/R
Date	(a)	(b)*	(b - a)	(a/b)	(c)	_ ((b - a)/c)
9/30/01 **	\$ 1,782,421	\$ 1,638,641	\$ (143,780)	108.8%	\$ 1,011,128	-14.2%
9/30/02 ***	\$ 1,858,567	\$ 1,847,993	\$ (10,574)	101.0%	\$ 1,066,840	-1.0%
9/30/03 ****	\$ 1,932,954	\$ 2,022,834	\$ 89,880	95.6%	\$ 1,151,627	7.8%

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

NOTE 12. SELF-INSURANCE DISABILITY AND WORKMEN'S COMPENSATION

The City has retained risk of loss for general liability claims arising prior to the purchase of commercial insurance in fiscal year 2000 and all workmen's compensation claims. These risks are accounted for as governmental activities of the primary government. The following is a schedule of changes in claims liabilities for these two risk areas during the past two fiscal years:

	Fiscal Year		
	2004	2003	
Unpaid claims, beginning of year	\$ 256,848	\$ 232,087	
Incurred claims (including claims incurred			
but not reported at September 30):			
Provision for current year events where the			
City has retained risk of loss	140,805	123,429	
Increases (decreases) in provision for prior year's			
events where the City has retained risk of loss		(10,000)	
Total incurred claims	140,805	113,429	
Payments:			
Claims attributable to current year events			
where the City has retained risk of loss	(35,514)	(31,210)	
Claims attributable to prior years' events			
where the City has retained risk of loss	(80,484)	(57,458)	
Total payments	(115,998)	(88,668)	
Unpaid claims, end of year	\$ 281,655	\$ 256,848	

Total general liability for uninsured risks and workmen's compensation claims liability at September 30, 2004, is recorded as follows: \$13,064 is recorded as a current liability in the General Fund's accounts payable and accrued liabilities, and the long-term portion, \$268,591, along with the estimated liability for insured risks of \$68,300, is recorded in the primary government's governmental activities' long-term debt and other liabilities in the government-wide financial statements.

^{**} Reflects changes in actuarial assumptions (as of September 30, 2001). Also reflects effect of DROP if unit elected to enroll.

^{***} Reflects effect of DROP if unit elected to enroll prior to June 20, 2003.

^{****} Reflects effect of DROP if unit elected to enroll prior to May 18, 2004.

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 13. 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		
	2004	2003	
Unpaid claims, beginning of year	\$ 109,459	\$ 46,619	
Incurred claims (including claims incurred			
but not reported at September 30):			
Provision for current year events where the			
City has retained risk of loss	1,355,848	1,084,825	
Increases (decreases) in provision for prior years'			
events where the City has retained risk of loss	(15,925)	28,178	
Total incurred claims	1,339,923	1,113,003	
Payments:			
Claims attributable to current year events			
where the City has retained risk of loss	(1,259,040)	(988,410)	
Claims attributable to prior years' events			
where the City has retained risk of loss	(88,183)	(61,753)	
Total payments	(1,347,223)	(1,050,163)	
Unpaid claims, end of year (includes claims			
incurred but not reported)	\$ 102,159	\$ 109,459	

The unpaid claims as of September 30, 2004, are reported in the General Fund.

NOTE 14. UNEMPLOYMENT COMPENSATION

The City of Auburn is on the reimbursement method of unemployment compensation, and the actual amount paid in the fiscal year ended September 30, 2004, by the State (\$18,883.41) to individuals is reflected as an expense of the General Fund.

NOTE 15. AD VALOREM TAX COLLECTION EXPENSE

The City is charged a collection fee by the County Tax Assessor and Collector for the collection of the 26-mill ad valorem taxes and automobile taxes. The following is a summary of taxes collected and related expenses for the year-ended September 30, 2004:

Funds	Millage	Taxes Collected	Collection Fee	Reappraisal Costs	Net Received by the City
General Fund	5	\$1,919,633 *	\$ 40,957	\$ 28,753	\$1,849,923
Special 5-Mill Tax Fund	5	1,910,566 *	* 40,957	28,753	1,840,856
Special School Tax Fund	5	2,019,104	46,384	28,753	1,943,967
Special Additional School Tax Fund	11	4,107,209	85,292	63,262	3,958,655
Property tax totals	26	\$9,956,512	\$213,590	\$149,521	\$9,593,401

^{*} Includes taxes on mobile homes and is reduced by industrial tax exemptions.

^{**} Reduced by industrial tax exemptions.

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 16. INTERFUND RECEIVABLES AND PAYABLES

Primary Government interfund receivables and payables for the year ended September 30, 2004 consist of the following:

Amount		Due To Other Funds	Due From Other Funds	Purpose
\$	206,763	Nonmajor Governmental Funds	General Fund	Provide cash flow for grants program
	17,502	General Fund	Nonmajor Governmental Funds	Provide funds for financial management software
\$	224,265			
		Advances To Other Funds	Advances From Other Funds	Purpose
\$	206,965	Federal Grant Loan Repayment Funds	Nonmajor Proprietary Fund	Provide funding for property for resale
	66,369	Federal Grant Loan Repayment Funds	General Fund	Provide funds for public improvement project
\$	273,334			

NOTE 17. INTERFUND TRANSFERS

The following is a schedule of interfund transfers for the year ended September 30, 2004:

	Interfund <u>Transfers In</u>	Interfund Transfers Out	
General Fund	\$ 629,158	\$ 16,759	
Federal Grant Loan Repayment Fund	6,598	6,000	
2003 \$6.3 M Capital Projects Fund	17,843	-	
Nonmajor Governmental Funds	3,627,820	4,138,236	
Total governmental activities	4,281,419	4,160,995	
Major Enterprise Fund			
Sewer Revenue Fund		120,424	
Total business-type activities		120,424	
Total primary government	\$ 4,281,419	\$ 4,281,419	

Interfund transfers are reported in the governmental activities and business-type activities fund financial statements. Interfund transfers are eliminated on 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 BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 18. INTRA-ENTITY TRANSACTIONS

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

A. Short-term receivables and payables

<u></u>	Due From	
	_	
250,000 \$	-	
<u> </u>	5,250,000	
250,000 \$	5,250,000	
	250,000 \$	

Amounts loaned from the City of Auburn to its component units were used to purchase property for resale.. Repayment will be made from issuance of long-term debt.

B. Long-term advances

	Advances To		Advances From	
Primary Government				_
General Fund	\$	2,933,170	\$	-
Federal Grant Loan Repayment Fund		62,792		-
Nonmajor Enterprise Funds		141,455		-
Component Units				
Industrial Development Board		<u>-</u>		3,137,417
Total	\$	3,137,417	\$	3,137,417

Amounts loaned from the City of Auburn to its component units consist primarily of funding for construction projects. Repayment will be made from future property sales.

C. Payments between the City and Component Units

	From	oriations Primary rnment	Payments to Component Units	
Primary Government				
General Fund	\$	-	\$ 7,248,252	
Federal Grant Loan Repayment Fund		-	356,135	
Nonmajor Governmental Funds		-	2,800,000	
Component Units				
Auburn Center for Developing Industries		-	-	
Auburn City Board of Education	8,6	652,620	-	
Industrial Development Board	1,7	751,767	 	
Total	\$ 10,4	104,387	\$ 10,404,387	

Payments from the City to its component units consist primarily of funding for routine operating expenses and debt service payments. However in addition to the above scheduled payments, the City issues bonds and makes debt service payments on behalf of the Board of Education that are not recorded as payments to the Board. The debt payments (including bond trustee fees) are reflected on the City's books as debt service expenditures and amounted to \$2,595,711.

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 19. REPORTING OF FEDERAL GRANT LOAN REPAYMENT SPECIAL REVENUE FUND

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

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

	HODAG*	Shelton Park*	Tiger Theater*	Magnolia Plaza*	Revolving Loan*	Affordable Housing*	Total
Cash and cash equivalents	\$ 1,553	\$ 24,603	\$ -	\$ 36,394	\$ 217,012	\$ 25,814	\$ 305,376
Prepaid expenses	-	-	-	-	10,000	-	10,000
Mortgages receivable	3,429,231	215,200	-	310,819	403,933	109,830	4,469,013
Advances to							
component units	-	-	-	-	62,792	-	62,792
Advances to							
other funds	206,965				66,369	-	273,334
Total assets	\$ 3,637,749	\$ 239,803	\$ -	\$ 347,213	\$ 760,106	\$ 135,644	\$ 5,120,515
Deferred program revenue Fund balance-reserved	\$ 3,429,731	\$ 215,200	\$ -	\$ 310,819	\$ 403,933	\$ 109,879	\$ 4,469,562
for advances	206,965	-	-	-	129,161	-	336,126
Fund balance-unreserved	1,053	24,603		36,394	239,825	25,765	314,827
Total liabilities and fund balance	\$ 3,637,749	\$ 239,803	\$ -	\$ 347,213	\$ 772,919	\$ 135,644	\$ 5,120,515
Revenues							
Program income	\$ 34,639	\$ 50,592	\$ -	\$ 15,481	\$ 356,546	\$ 15,155	\$ 472,413
Other interest	35,127	35,971	8	19,681	19,531	5,690	116,008
Total revenues	69,766	86,563	8	35,162	376,077	20,845	588,421
Expenditures Economic development Payments to	-	-	-	-	64,400	4,295	68,695
component units	69,000	56,197	-	40,000	140,938	50,000	356,135
Excess (deficiency) of revenues over expenditures	766	30,366	8	(4,838)	170,739	(33,450)	163,591
Other financing sources (uses) Transfers in Transfers out	-	(6,000)	- -	- -	6,598	-	6,598 (6,000)
Total other financing		(2.222)					
sources (uses)		(6,000)		- (4.000)	6,598	(00.450)	598
Net changes in fund balances	766	24,366	8	(4,838)	177,337	(33,450)	164,189
Fund balances,					, <u>-</u> ·		
beginning of year	207,252	237	327	41,232	178,501	59,215	486,764
Fund balances, end of year	\$ 208,018	\$ 24,603	\$ 335	\$ 36,394	\$ 355,838	\$ 25,765	\$ 650,953

^{*}Net of interfund eliminations.

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 20. REPORTING OF PUBLIC SAFETY SUBSTANCE ABUSE 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 eizures	Sı	olic Safety ubstance Abuse er seizures)		Total
Assets	'	_	'			
Cash and cash equivalents	\$	46,356	\$	104,752	<u>_:</u>	\$ 151,108
Liabilities and fund balance				_		
Fund balance-unreserved	\$	46,356	\$	104,752	<u>:</u>	\$ 151,108
Revenues	'					
Confiscation revenue	\$	14,430	\$	1,775	;	\$ 16,205
Other interest		1,008		2,601		3,609
Total revenues		15,438		4,376		19,814
Expenditures						
Public safety		19,571		1,774		21,345
Excess (deficiency) of						
revenues over expenditures		(4,133)		2,602		(1,531)
Beginning fund balance		50,489		102,150		152,639
Ending fund balance	\$	46,356	\$	104,752	_ ;	\$ 151,108

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 21. REPORTING OF GENERAL FUND ACTIVITIES

ation for these	Total	(Net of	Eliminations)		\$ 23,025		15,050,156		76,545		15,149,726		3,846,963	31,366	688,515	86,543	399,837	53,142	206,763	5,250,000	24,490	4,045		2,933,170	4,131,127	\$ 32,805,687
Selected financial information for these seliminating entries:	General	Liability	Risk Financing		· &		900'869		•		900'669		•	•	•	•			•	•	•	•		•	•	\$ 693,006
orted in the City of Auburn's General Fund are recorded in subfunds. Selected financial is governmental fund financial statements) is shown below, net of related eliminating entries:	Employee	Benefit	Risk Financing		· •		688,411		•		688,411		3,439	•	•	•			•		•	•		•	•	\$ 691,850
d are recorded in is shown below, n	Mall	Expansion	Project		· \$		•		•		•		•	•	•	•			•	1	•	•		•	4,131,127	\$ 4,131,127
n's General Func cial statements) i	Special	Improvement	Projects		· &		•		•		•		•	•	•	•	374,730	4,834	•	•	•	•		•	•	\$ 379,564
ie City of Aubur nental fund finan	Veterans	Memorial	Monument		· &		6,278		1		6,278		•	1	1	1	•	•	•	1	•	•		•	•	\$ 6,278
es reported in thed in the	Community	Built	Playground		· \$		22,244		'		22,244		•	•	•	•	1	1	•	1	•	•		•	•	\$ 22,244
ises, several activiti scal year (as reflecte	General	Government	Operations		\$ 23,025		13,640,217		76,545		13,739,787		3,843,524	31,366	688,515	86,543	25,107	48,308	206,763	5,250,000	24,490	4,045		2,933,170	•	\$ 26,881,618
For managerial accounting purposes, several activities reported in the City of Auburn's General Fund are recorded in subfunds. various activities for the current fiscal year (as reflected in the governmental fund financial statements) is shown below, net of related				ASSETS	Cash	Equity in pooled cash	and cash equivalents	Restricted cash and	investments	Total cash and cash	equivalents	Receivables	Revenues	Grants	Other governmental units	Water Works Board	Special assessments	Other	Due from other funds	Due from component units	Inventories, at cost	Prepaid expenses	Advances to	component units	Property for resale	TOTAL ASSETS

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 21. REPORTING OF GENERAL FUND ACTIVITIES (CONTINUED)

Employee General Total Benefit Liability (Net of Risk Financing Risk Financing Eliminations)	6.00	606,6 \$ - \$ - \$	7,501 14,598 1,387,449	- 73,660	17,502	1,025,256	102,159 - 102,159		698'99 -	109,660 14,598 2,681,704				24,490	- 4,045	- 1,604,912	- 2,933,170	- 4,131,127			- 4,311,981	582,190 678,408 17,114,257		
Mall Expansion Project		• ₩	•	•	•				•	-					1	•	•	4,131,127				1		10.
Special Improvement Projects		. ↔	•	ı	•	374,730	•			374,730				•	•	•	•	•			ı	4,834		V CO V
Veterans Memorial Monument			513	1		•			696'399	66,882				•	•	•	•	•				(60,605)		(50.605)
Community Built Playground	5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	σ	•	•	•	•	•		•					•	1	•	•	•			•	22,244		77000
General Government Operations		\$ 9,309	1,364,837	73,660	17,502	650,526	•			2,115,834				24,490	4,045	1,604,912	2,933,170	•			4,311,981	10,525,777		19 404 375
	LIABILITIES, FUND EQUITY AND OTHER CREDITS Liabilities	Payables to other governments Accounts payable and	accrued liabilities	Customer deposits	Due to other funds	Deferred revenue	Claims payable	Advances from	other funds	Total liabilities	Fund equity and other credits	Fund balances	Reserved for-	Inventories	Prepaid expenses	Encumbrances	Advances	Property for resale	Unreserved -	Designated -	Future emergency purchases	Undesignated (deficit)	Total equity and	Other credite

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

OFI TEMBER 60, 2004

NOTE 21. REPORTING OF GENERAL FUND ACTIVITIES (CONTINUED)

	General	Community	Veterans	Special	Mall	Employee	General	Total
	Government	Built	Memorial	Improvement	Expansion	Benefit	Liability	(Net of
	Operations	Playground	Monument	Projects	Project	Risk Financing	Risk Financing	Eliminations)
Revenues								
Sales and use taxes	\$ 17,959,076	•	· &	•	· &	· &	- ↔	\$ 17,959,076
Occupational license taxes	7,197,943	•	•	•	•	•	•	7,197,943
Motor fuel taxes	258,380	•	•	•	1	•	•	258,380
Lodging taxes	568,887		•		•	•	•	568,887
Rental and leasing taxes	1,463,934		•		•	•	•	1,463,934
Other taxes	123,759	•	•	•	•	•	•	123,759
Licenses and permits	5,597,240	•	•	•	•	•	•	5,597,240
General property tax	2,433,164		•		•	•	•	2,433,164
Fees for services	4,053,288	•	•	•	•	144,096	•	4,197,384
Fines and forfeitures	876,748		1	•	•	•	•	876,748
State shared taxes	582,317		1	•	•	•	•	582,317
Contributions from the public	51,441	ı	13,723	1,288,897	1	1	1	1,354,061
Grants	589,310	ı	1	1	1	1	1	589,310
Program income	9,544		1	•	•	•	•	9,544
Other interest	278,535	489	139	104,484	•	17,457	17,579	418,683
Miscellaneous	108,811	1	1	•	•	•	•	108,811
Total revenues	42,152,376	489	13,862	1,393,381		161,553	17,579	43,739,241
Expenditures								
General government								
and administration	3,275,332	1	•	•	1	•	•	3,275,332
Public works	2,236,624	•	1	1	1	1	1	2,236,624
Environmental services	3,564,533	•	1	1	1	•		3,564,533
Public safety	10,140,821	•	1	1	1	•		10,140,821
Library	973,762	•	1	•	1	•	•	973,762
Parks and recreation	3,359,854	•	10,663	•	•	•	•	3,370,517

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

	NOTE	21. REPORTI	NG OF GENERA	NOTE 21. REPORTING OF GENERAL FUND ACTIVITIES (CONTINUED)	ITIES (CONTI	NUED)		
	General	Community	Veterans	Special	Mall	Employee	General	Total
	Government	Built	Memorial	Improvement	Expansion	Benefit	Liability	(Net of
	Operations	Playground	Monument	Projects	Project	Risk Financing	Risk Financing	Eliminations)
Planning	373,985	1	1	1	1		ı	373,985
Economic development	513,539	ı	1	1	1			513,539
Employee services	427,345	ı	•		•	•	•	427,345
Risk management	236,422	1	1	•		•	194,788	431,210
Total departmental	25,102,214	1	10,663	•	•	•	194,788	25,307,668
Non-departmental	1,110,397	ı	•		•	•	•	1,110,397
Debt service	3,448,639	1	•	1,363,353	•	•	•	4,811,992
Capital outlay	1,665,910	ı	•		•	•	•	1,665,910
Intergovernmental	809,166	ı	1	1	1			809,166
Payments to component units	7,248,252	1	1	•	1	•	•	7,248,252
Total expenditures	39,384,578	•	10,663	1,363,353	•	•	194,788	40,953,385
Excess (deficiency) of								
revenues over expenditures	2,767,798	489	3,199	30,028	•	161,553	(177,209)	2,785,856
Other financing sources (uses)								
Long-term debt proceeds	8,000,000	•	•	•	•	•		8,000,000
Transfers in	629,158	1	1	•	•	•		629,158
Transfers out	(16,759)	1	1	•	1	•	•	(16,759)
Total other financing								
sources (uses)	8,612,399	ı	1	'	1	•	'	8,612,399
Net changes in fund balances	11,380,197	489	3,199	30,028	1	161,553	(177,209)	11,398,255
Fund balances, beginning of year	13,289,678	21,755	(63,804)	(30,695)	4,131,127	823,515	868,681	19,040,257
Prior period adjustment	(314,530)	1	•	•	•	•		(314,530)
Fund balances, beginning of year	12,975,146	21,755	(63,804)	(30,695)	4,131,127	823,515	868,681	18,725,727
Fund balances, end of year	\$ 24,355,343	\$ 22,244	\$ (60,605)	\$ (667)	\$ 4,131,127	\$ 985,068	\$ 691,472	\$ 30,123,982

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 22. RESTRICTED ASSETS

CITY OF AUBURN PRIMARY GOVERNMENT

Restricted assets of the City consist of restricted investments held by a trustee for debt service on bonds payable or construction costs (for sewer plant renovation and line expansion) in accordance with the terms of a bond indenture (See Note 4).

COMPONENT UNITS

Water Works Board

Restricted assets of the Water Works Board consist of restricted investments held by a trustee for retirement of bonds or payment of construction costs in accordance with the terms of a bond indenture (See Note 4).

Industrial Development Board

Restricted assets of the Industrial Development Board consist of restricted investments held by a trustee for debt service payments in accordance with the terms of a bond indenture (see Note 4).

NOTE 23. DEFERRED WATER RIGHTS - WATER WORKS BOARD (COMPONENT UNIT)

The Board entered into a Water Supply Agreement with the City of Opelika Water Board in June 1983 (See Note 8.) Auburn's share, as computed under the agreement, of the initial expenditures, capital contributions, bonds payable, and interest incurred through October 27, 1986 (when the agreement became operational), has been capitalized as deferred water rights. On October 27, 1986, the date Opelika's source supply became operational, amortization of the deferred water rights over the remaining life of the agreement began. A summary of deferred water rights at September 30, 2004, follows:

Deferred water rights, beginning of year \$ 1,638,072

Amortization of deferred water rights (169,456)

Deferred water rights, end of year \$ 1,468,616

NOTE 24. SPECIAL CAPITAL IMPROVEMENT PROJECTS

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

The Dean Road Extension project was completed in fiscal year 1999, and an agreement was signed whereby the affected property owners agreed to pay the City \$810,672 (the net cost to the City for construction) with interest at 5.16% over ten years. Amounts collected under the agreement in fiscal year 2004 included principal of \$82,277 and interest of \$22,007; the balance due from the property owners at September 30, 2004, was \$374,730. During construction, the costs were funded by state grants and existing General Fund resources and, accordingly, were recorded as capital outlay expenditures in the year incurred. At the time the agreement was signed with the property owners, the City issued a general obligation warrant in the amount of \$810,672 to recover the costs incurred by the General Fund, and the property owners pledged an irrevocable letter of credit to secure the warrant. The warrant is backed by the full faith credit and taxing power of the City and is not secured by liens against the property.

In fiscal year 2000, the City began construction on a similar project, the Watercrest Road project. To fund the project during construction, the City issued a general obligation warrant in the form of a construction line of credit. During fiscal year 2001, the warrant was converted to permanent financing through the issuance of a new warrant in the principal amount of \$1,461,456, bearing interest at 6.98% over a ten-year term. The warrant was backed by the full faith credit and taxing power of the City and was not secured by liens against the property. Upon conversion to permanent financing, the owners entered into an agreement in lieu of assessment to repay the costs of construction over a ten-year period and pledged an irrevocable letter of credit to secure the City's general obligation warrant. The terms of the agreement were the same as the terms of the warrant. Amounts collected under the agreement in fiscal year 2004 include principal of \$1,206,621 and interest of \$78,820; the balance due at September 30, 2004, was zero, as the agreement was paid in full during fiscal year 2004. Upon repayment of the entire balance of the agreement, the City also repaid the remaining balance of the warrant.

NOTE 25. DEPRIVATIZATION OF SEWER PLANTS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 25. DEPRIVATIZATION OF SEWER PLANTS (CONTINUED)

The Service Agreement term began upon the completion of the construction. It expired on the date of the payment in full of the Partnership's bonds issued in connection with the project (August 1, 2001).

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

- A. Base Service Charge payable monthly, and on an annual basis will increase from \$1,332,440 for the first twelve month period to \$2,216,964 for the seventh through twenty-fifth periods. The Base Service Charge was intended to cover the costs of debt service on the debt issued to finance the construction of the treatment plants. Effective August 1, 2001, the date that the original bonds issued in connection with the project were repaid, the base service charge is no longer payable to the Partnership.
- B. Additional Service Charge payable annually by the City. The annual payment was initially set at \$789,108; however, it may be increased semiannually based on the consumer price index and net power costs. This charge is renegotiable on a fair and reasonable basis at five year intervals. The Additional Service Charge was intended to cover the operations and maintenance costs of the treatment plants.

During fiscal year 2001, the City purchased the two plants, the interceptor lines, and certain equipment from U.S. Filter Operating Services, Inc., successor to Merscot-Auburn Limited Partnership. The terms of the purchase were as follows:

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

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

Effective August 1, 2001, the Base Service Charge included in the original Service Agreement is no longer payable to the Partnership by the City. The Additional Service Charge (\$1,259,409, annually) continues to be payable under the terms of the extension of the Service Agreement until January 1, 2020.

NOTE 26. SUBSEQUENT EVENTS

CITY OF AUBURN PRIMARY GOVERNMENT

Subsequent to September 30, 2004, the City obtained a short-term line of credit in the amount of \$5,869,000, to finance the Colonial Mall Expansion project, for which permanent financing will be obtained in 2005. Also, the City issued general obligation bonds in the principal amount of \$9,905,000 and used \$4,905,000 to refund the outstanding 1997 G.O. Bonds. The remaining \$5,000,000 will be used for capital projects as previously approved by referendum. The City Council approved a new appropriation agreement with the Industrial Development Board to provide debt service for the Board's 2004-A Taxable Industrial Development Refunding and Infrastructure Bonds and to provide funding for the costs of obtaining a substitute letter of credit securing the Board's outstanding Series 2000-A Infrastructure Improvement Bonds. Council authorized the mayor and the city manager to obtain financing for use by the Commercial Development Authority to expend up to \$7,000,000 for the development of a new commercial center. Council authorized the Auburn Board of Education to expend funds for its capital plan projects prior to the issuance of up to \$18 million of the City's general obligation school bonds which are scheduled to be issued in 2005. Council also authorized the City to expend funds for the Auburn Research Park project prior to the issuance of bonds to finance these expenditures. The City also received a gift of approximately 32 acres of undeveloped land located within the City limits, and signed a quitclaim deed to return an old sewer plant that is no longer used by the City to Auburn University.

Council approved the expenditure of \$60,000 from the City's Revolving Loan Fund to construct a service road to access a new restaurant, and \$25,000 for clearing and site improvements for a new hotel. Various design and construction contracts totaling approximately \$3,050,000 and equipment and computer software purchases totaling approximately \$1,240,000 were approved by Council subsequent to September 30, 2004. Also, Council approved appropriations for fiscal year 2005 totaling approximately \$290,000 in exchange for services to be provided.

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 26. SUBSEQUENT EVENTS (CONTINUED)

COMPONENT UNITS

Industrial Development Board

On October 12, 2004, the Board issued its Series 2004-A Taxable Industrial Development Refunding and Infrastructure Bonds in the principal amount of \$12,075,000. Additionally, a substitute letter of credit was obtained to replace the existing letter of credit that secured the outstanding Series 2000-A Infrastructure Improvement Bonds in the principal amount of \$4,085,000.

The debt service payments on the Series 2004-A bonds are limited obligations of the Board payable solely out of payments received pursuant to an Appropriation Agreement with the City of Auburn and funds drawn by the trustee from a letter of credit issued by Allied Irish Bank. Under the agreement which was approved by City Council in October 2004, the City has agreed to appropriate during each fiscal year an amount equal to the debt service on the bonds.

The proceeds of the bonds were used to refund the outstanding principal of the Board's Series 2000-B Taxable Refunding Bonds, to acquire certain real property and pay the costs of certain public improvements thereon and within the City, to pay the cost of obtaining and delivering the substitute letter of credit to secure the Series 2000-A Infrastructure Improvement Bonds, and to pay the costs of issuing the Series 2004A bonds.

The Series 2004-A bonds mature on May 1, 2024. The bonds bear interest at a variable rate determined by the remarketing agent on a weekly basis, and interest is payable in arrears on the first business day of the following month. The rate is the lowest rate that would, in the opinion of the remarketing agent, result in the market value of the bonds being 100% of the purchase price on the date of determination. The rate may never exceed the cap rate of 12%.

Subsequent to September 30, 2004, the Board approved an incentive package for an industry that has chosen to locate a plant in Auburn. The incentives include a prepaid capital lease for a lot in the Auburn Technology Park-North for a nominal amount, and an advance to offset site preparation costs in the amount of \$150,000. The funds from the site grant will revert to the Board when received from the State of Alabama.

A professional services contract for engineering services for the Auburn Technology Park-West was approved at a cost of \$246,000.

NOTE 27. COMMITMENTS, LITIGATION AND CONTINGENCIES

CITY OF AUBURN PRIMARY GOVERNMENT

<u>Commitments</u> - The City was committed under certain construction contracts for various general government projects. The aggregate amount of such commitments was \$5,271,090 as of September 30, 2004.

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	Fiscal Year	Appropriation
2005	\$ 162,879	2016	\$ 378,062
2006	375,455	2017	379,303
2007	377,080	2018	376,802
2008	378,380	2019	378,803
2009	379,105	2020	375,052
2010	379,230	2021	375,803
2011	378,630	2022	375,803
2012	377,480	2023	375,053
2013	375,970	2024	376,027
2014	378,875	2025	376,020
2015	376,113		
		Total	\$ 7,705,925

<u>Claims and litigation</u> - As of September 30, 2004, the City had been named defendant in 18 pending lawsuits. Four of these suits do not specify a dollar amount of damages claimed. City management intends to vigorously defend these suits, and estimates that the City's potential loss in these actions will not exceed \$68,300.

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 27. COMMITMENTS, LITIGATION AND CONTINGENCIES (CONTINUED)

In fiscal year 2004, the City expended \$66,809 in payment of claims, judgments, and legal costs associated therewith. These expenditures are included in the General Fund as current expenditures for Risk Management.

<u>Contingency: Audit of Federal and State Grants</u> - 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

<u>Commitments</u> - The Board has remaining commitments on incomplete contracts for the construction or renovation of various facilities to be funded with Alabama Public School and College Authority (PSCA) funds and proceeds from bonds issued by the City of Auburn as follows:

	Project thorization	Ехр	ended To Date		emaining mmitment	Fι	quired urther ancing
Cary Woods School	\$ 95,425	\$	27,347	\$	68,078	\$	-
Drake Middle School	 68,750		5,000		63,750		
Total	\$ 164,175	\$	\$ 32,347		131,828	\$	-

The Board has several noncancelable leases for certain equipment that are classified as operating leases. Rent expense under these noncancelable leases was \$59,041 for the fiscal year ended September 30, 2004. In addition to these leases, the Board has entered into a noncancelable operating lease for which the liability has been assumed by a third party. As responsibiliby for the lease payments belongs to the third party by agreement, the minimum lease payments have not been included below.

The approximate remaining annual minimum lease payments under the noncancelable leases existing as of September 30, 2004 are as follows:

Fiscal Year		Amount
2005	\$	53,815
2006		53,429
2007		24,414
2008		11,922
Total	\$	143,580

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

Water Works Board

<u>Commitments</u> - The Water Works Board has commitments for construction projects in connection with system improvements and a new water and sewer complex. The cost to complete the projects is approximately \$2,168,073.

Industrial Development Board

<u>Commitments</u> - In November 1994, the Auburn City Council passed a resolution which deeded all industrial property owned by the City to the Industrial Development Board. This resolution authorized the transfer of the Auburn Center for Developing Industries (ACDI) to the Industrial Development Board subject to a satisfactory refinancing or assumption of the existing debt on the facilities by the Board. Although the Board demonstrated its intent to carry out the refinancing by approving a proposal from a local bank, the debt was retired by the ACDI before the transfer took place. As of the end of audit fieldwork, it remains the intent of the Board to accept the transfer of the ACDI property, however, the property has not been formally conveyed. Therefore, the ACDI is not reflected in the financial statements of the Board as of September 30, 2004.

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 27. COMMITMENTS, LITIGATION AND CONTINGENCIES (CONTINUED)

At September 30, 2004, the Board was committed under certain construction contracts in the amount of \$1,140,549.

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

NOTE 28. PRIOR PERIOD ADJUSTMENTS

CITY OF AUBURN PRIMARY GOVERNMENT

In a prior year, two parcels of industrial property were conveyed from the City to the Industrial Development Board component unit. One lot was paid for at the time of conveyance, and the other was treated as a long-term advance. The payment from the Board was recorded by the City as a sale of surplus property, but the advance was not recorded in the City's financial statements. Also, the cost of the property was not removed from the General Fixed Asset Account Group.

Also in a prior year, the General Fund advanced \$497,700 to the Auburn Center of Developing Industries component unit. Management of the City and the Center have determined that as of September 30, 2004, these amounts are no longer expected to be repaid to the City.

The following adjustments were made by the City to record these transactions:

Government-wide Statements:

Beginning net assets	\$ 4,206,589
Reclassify advance no longer expected to be repaid	(497,700)
Record proceeds of advance for land sold to Industrial Development Board	183,170
Remove cost of land sold to Industrial Development Board	 (302,204)
Beginning net assets, as restated	\$ 3,589,855
Fund Financial Statements:	

Fund balances, beginning of year	\$ 19,040,257
Reclassify advance no longer expected to be repaid	(497,700)
Record proceeds of advance for land sold to Industrial Development Board	183,170
Fund balances, beginning of year, as restated	\$ 18,725,727

COMPONENT UNITS

Industrial Development Board

In a prior fiscal year, a parcel of industrial property was conveyed to the Board by the City of Auburn. The Board agreed to pay the City \$183,170 for the property. The land and the related payable were not recorded in the Board's financial statements until fiscal year 2004. There was no effect on beginning net assets because the asset and the related liability were equal.

Auburn Center for Developing Industries

Beginning net assets were increased by \$497,700 due to the reclassification of an advance from the City that is no longer expected to be repaid.

NOTES TO THE BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

NOTE 29. LANDFILL CLOSURE AND POSTCLOSURE CARE

State and federal laws and regulations require the City to place a final cover on its inert landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The City's landfill closed in fiscal year 2000. Postclosure care costs are paid only after the date that the landfill stops accepting waste; the City reports these postclosure care costs in governmental activities' long-term debt and other liabilities. The total amount expended for landfill closure and postclosure care during fiscal year 2004 was \$202,772. This amount is reflected in General Fund expenditures. The \$158,400 reported as landfill postclosure care liability in the governmental activities' long-term debt and other liabilities at September 30, 2004, represents estimated costs of postclosure care based on what it would cost to perform all postclosure care in 2004. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

NOTE 30. RELATED PARTY TRANSACTIONS

During fiscal year 1995, the Industrial Development Board entered into a capital lease agreement with one of its Board members. The Board leased a parcel of land located in one of its Industrial Parks to the Board member for a term of twenty years with lease payments over the term of the lease totaling \$50,000. The lease contains a bargain-purchase option for a minimal amount and all rentals due under the lease (\$50,000) were paid in advance during fiscal year 1995.

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 disbursed for street related projects.

Four-Cent Gas Tax Fund accounts for Auburn's share of the State of Alabama four cent gas tax revenues and is disbursed for the resurfacing, restoration and rehabilitation of roads, bridges and streets.

Public Safety - Substance Abuse Fund accounts for funds received from the U.S. Marshal to be used for enforcement of laws against drug trafficking.

City Gas Tax Fund accounts for one-half of the revenues received from the City's two-cent gasoline tax and disbursements related to the construction of and improvements to streets.

Special School Tax Fund accounts for five mill ad valorem tax revenues used to pay principal and interest on bonds issued for school purposes.

Special Additional School Tax Fund accounts for eleven mill ad valorem tax revenues used for the furtherance of education.

Community Development Block Grant Fund accounts for those funds received for federal Community Development Block Grants.

Public Library Board accounts for donations and interest revenues received to be used to acquire equipment for the library.

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.

General Obligation Refunding Street Improvement Warrants (GORSIW) Series 76 Fund accounts for payments of principal and interest on G.O. refunding street improvement warrants issued August 3, 1976.

Special 5-Mill Tax Fund accounts for general property tax receipts used to pay principal and interest on voted bonds of the City.

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.

'01 Capital Projects Fund accounts for the proceeds of the General Obligation Bonds to be issued in April of 2002. The proceeds are to be used to acquire property for and construct a new Soccer Complex and to construct the first phases of a new cemetery and passive park.

'99 Warrant Projects Fund accounts for the proceeds of the General Obligation Warrants dated August 1, 1999. The proceeds are being used to construct capital improvements in the City, including the acquisition and construction of municipal buildings, construction and improvement of roads, sidewalks and intersections, purchase of cemetery property and other capital improvements.

'99 Bond Projects Fund accounts for the proceeds of the General Obligation Bonds dated August 1, 1999. Use of the proceeds is for acquiring, providing and constructing a new public library and other capital improvements to municipal buildings in the City.

'97/'98 Capital Projects Fund accounts for the proceeds of the General Obligation Capital Improvement Bonds dated June 1, 1997. The proceeds are being used to construct capital improvements in the city, consisting of street, drainage, recreation facilities and related improvements.

'03 \$2.1 Million Capital Projects Fund accounts for the proceeds of the General Obligation Warrant dated December 31, 2003. The proceeds are to be used to construct certain infrastructure improvements within the City, including improvements to streets, bicycle paths and bridges and renovations to City Hall, and to acquire solid waste equipment and financial management software.

CITY OF AUBURN, ALABAMA COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SEPTEMBER 30, 2004

				Special Revenue Funds										
		_				Public Safety-				Special		ommunity		
		ven-Cent Sas Tax		our-Cent Sas Tax	S	ubstance Abuse	City Gas Tax	S	Special chool Tax	Additional School Tax		velopment ock Grant	Public Library	
		Fund		Fund		Fund	Fund		Fund	Fund		Fund	Board	Total
ASSETS														
Cash and cash equivalents	\$	16,301	\$	13,280	\$	151,108	\$ 35,259	\$	343,209	\$ 1,573,062	\$	-	\$ 12,543	\$ 2,144,762
Receivables, net		12,584		9,095		-	20,046		30,991	30,991		221,287	-	324,994
Due from other funds		-		-		-	-		-	-		-	-	-
Mortgages receivable		-		-		-	-		-	-		148,980	-	148,980
Total assets	\$	28,885	\$	22,375	\$	151,108	\$ 55,305	\$	374,200	\$ 1,604,053	\$	370,267	\$ 12,543	\$ 2,618,736
LIABILITIES AND FUND BALANCES														
Accounts payable and														
accrued liabilities	\$	-	\$	-	\$	-	\$ -	\$	-	\$ -	\$	14,524	\$ -	\$ 14,524
Due to other funds		-		-		-	-		-	-		206,763	-	206,763
Deferred program revenue		-	_	-	_							148,980		148,980
Total liabilities		-		-		-			-			370,267		370,267
Fund balances:														
Reserved:														
Encumbrances		-		-		-	-		-	-		36,870	-	36,870
Unreserved:														
Undesignated (deficit)		28,885		22,375		151,108	55,305		374,200	1,604,053		(36,870)	12,543	2,211,599
Total fund balances		28,885		22,375		151,108	55,305		374,200	1,604,053			12,543	2,248,469
TOTAL LIABILITIES AND FUND BALANCES	\$	28,885	\$	22,375	\$	151,108	\$ 55,305	\$	374,200	\$ 1,604,053	\$	370,267	\$ 12,543	\$ 2,618,736

Debt Service Funds				Capital Projects Funds											
GORSIW Series 76 Fund		Special 5-Mill Tax Fund	Total	'99 Bond Projects Fund		'97/'98 Capital Projects Fund		01 Capital Projects Fund		'03 \$2.1 Million Capital Projects Fund		Total		Total Nonmajor Governmental Funds	
\$	36,696 - -	\$ 1,455,450 30,991	\$ 1,492,146 30,991	\$	- - -	\$	520,401 3,902	\$	2,230,568	\$	1,004,154 742 17,502	\$	3,755,123 4,644 17,502	\$	7,392,031 360,629 17,502
\$	36,696	\$ 1,486,441	\$ 1,523,137	\$	<u>-</u>	\$	524,303	\$	2,230,568	\$	1,022,398	\$	3,777,269	\$	148,980 7,919,142
\$	-	\$ - -	\$ - -	\$	-	\$	- -	\$	266,542	\$	38,222	\$	304,764	\$	319,288 206,763
					<u>-</u>		-	_	266,542		38,222	_	304,764		148,980 675,031
	-	-	-		-		-		1,714,846		175,778		1,890,624		1,927,494
_	36,696 36,696	1,486,441	1,523,137 1,523,137				524,303 524,303		249,180 1,964,026		808,398 984,176	_	1,581,881 3,472,505		5,316,617 7,244,111
\$	36,696	\$ 1,486,441	\$ 1,523,137	\$	<u>-</u>	\$	524,303	\$	2,230,568	\$	1,022,398	\$	3,777,269	\$	7,919,142

CITY OF AUBURN, ALABAMA COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2004

				Sp	ecial Revenue F	unds			
	Seven-Cent Gas Tax Fund	Four-Cent Gas Tax Fund	Public Safety- Substance Abuse Fund	City Gas Tax Fund	Special School Tax Fund	Special Additional School Tax Fund	Community Development Block Grant Fund	Public Library Board	Total
Revenues									
Motor fuel taxes	\$ -	\$ -	\$ -	\$ 236,942	\$ -	\$ -	\$ -	\$ -	\$ 236,942
General property tax	-	-	-	-	2,019,104	4,107,209	-	-	6,126,313
State shared taxes	149,275	107,347	-	-	-	-	-	-	256,622
Contributions from the public	-	-	16,205	-	-	-	-	1,469	17,674
Grants	-	-	-	-	-	-	1,121,982	-	1,121,982
Interest	1,097	1,017	3,609	1,141	3,022	52,478	149	71	62,584
Total revenues	150,372	108,364	19,814	238,083	2,022,126	4,159,687	1,122,131	1,540	7,822,117
Expenditures									
General government									
and administration	-	-	-	-	-	-	124,721	-	124,721
Environmental services	-	-	-	-	-	-	-	-	-
Public safety	-	-	21,345	-	-	-	-	-	21,345
Library	-	-	-	-	-	-	-	1,540	1,540
Economic Development							70,776		70,776
Total departmental	-	-	21,345	-	-	-	195,497	1,540	218,382
Non-departmental	-	-	-	-	75,137	148,554	-	-	223,691
Debt service	-	-	-	-	2,378,302	-	-	-	2,378,302
Capital outlay	-	-	-	-	-	-	926,484	-	926,484
Payments to component units					2,800,000	=			2,800,000
Total expenditures			21,345		5,253,439	148,554	1,121,981	1,540	6,546,859
Excess (deficiency) of									
revenues over expenditures	150,372	108,364	(1,531)	238,083	(3,231,313)	4,011,133	150		1,275,258
Other financing sources (uses)									
Debt issuance	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	3,550,000	-	-	-	3,550,000
Transfers out	(154,000)	(120,000)		(227,820)		(3,550,000)	(6,598)		(4,058,418)
Total other financing									
sources (uses)	(154,000)	(120,000)		(227,820)	3,550,000	(3,550,000)	(6,598)		(508,418)
Net changes in fund balances	(3,628)	(11,636)	(1,531)	10,263	318,687	461,133	(6,448)	-	766,840
Fund balances, beginning of year	32,513	34,011	152,639	45,042	55,513	1,142,920	6,448	12,543	1,481,629
Fund balances, end of year	\$ 28,885	\$ 22,375	\$ 151,108	\$ 55,305	\$ 374,200	\$ 1,604,053	\$ -	\$ 12,543	\$ 2,248,469

		nds	apital Projects Fur	Ca			Debt Service Funds	
Total Nonmajor Governmental Funds	Total	'03 \$2.1 Million Capital Projects Fund	'01 Capital Projects Fund	'97/'98 Capital Projects Fund	'99 Bond Projects Fund	Total	Special 5-Mill Tax Fund	GORSIW Series 76 Fund
\$ 236,942	\$ -	\$ -	\$ -	\$ -	-		\$ -	\$ -
8,036,879	-	-	-	-	-	1,910,566	1,910,566	-
256,622	-	-	-	-	-	-	-	-
17,674	-	-	-	-	-	-	-	-
1,421,982	300,000	-		300,000	-	-	-	-
220,599	107,851	28,931	76,893	1,582	445	50,164	48,939	1,225
10,190,698	407,851	28,931	76,893	301,582	445_	1,960,730	1,959,505	1,225
129,033	4,312	-	4,312	-	-	-	-	-
108,939	108,939	108,939	-	-	-	-	-	-
21,345	-	-	-	-	-	-	-	-
1,540	-	-	-	-	-	-	-	-
70,776			-		_	<u> </u>		
331,633	113,251	108,939	4,312	-	-	-	-	-
293,401	-	-	-	-	-	69,710	69,710	-
4,186,052	1,875	1,875	-	-	-	1,805,875	1,727,126	78,749
3,903,262	2,976,778	990,539	1,960,218	-	26,021	=	-	-
2,800,000	<u> </u>	<u>=</u>	=	-	-	<u> </u>	<u> </u>	
11,514,348	3,091,904	1,101,353	1,964,530	-	26,021	1,875,585	1,796,836	78,749
(1,323,650)	(2,684,053)	(1,072,422)	(1,887,637)	301,582	(25,576)	85,145	162,669	(77,524)
2,056,598	2,056,598	2,056,598	-	-	-	-	-	-
3,627,820	-	-	-	-	-	77,820	-	77,820
(4,138,236)	(79,818)			(1,084)	(78,734)	- -	<u> </u>	
1,546,182	1,976,780	2,056,598		(1,084)	(78,734)	77,820		77,820
222,532	(707,273)	984,176	(1,887,637)	300,498	(104,310)	162,965	162,669	296
7,021,579	4,179,778		3,851,663	223,805	104,310	1,360,172	1,323,772	36,400
\$ 7,244,111	\$ 3,472,505	\$ 984,176	\$ 1,964,026	\$ 524,303	-	\$ 1,523,137	\$ 1,486,441	\$ 36,696

CITY OF AUBURN, ALABAMA SEVEN-CENT GAS TAX SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Budgeted	Amounts		Variance with Final Budget-
	Original	Final	Actual	Favorable (Unfavorable)
Revenues State shared taxes Interest Total revenues	\$ 132,000 1,000 133,000	\$ 133,000 1,000 134,000	\$ 149,275 1,097 150,372	\$ 16,275 97 16,372
Other financing sources (uses) Transfers out	(130,000)	(154,000)	(154,000)	
Net changes in fund balances	3,000	(20,000)	(3,628)	16,372
Fund balances, beginning of year	32,513	32,513	32,513	
Fund balances, end of year	\$ 35,513	\$ 12,513	\$ 28,885	\$ 16,372

CITY OF AUBURN, ALABAMA FOUR-CENT GAS TAX SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Budgeted	l Amoi	unts			Fina	ance with
	Driginal		Final		Actual		avorable favorable)
Revenues							
State shared taxes	\$ 94,000	\$	96,000	\$	107,347	\$	11,347
Interest	1,000		900		1,017		117
Total revenues	95,000		96,900	<u> </u>	108,364		11,464
Other financing sources (uses)							
Transfers out	 (94,000)		(120,000)		(120,000)		
Net changes in fund balances	1,000		(23,100)		(11,636)		11,464
Fund balances, beginning of year	 34,011		34,011		34,011		
Fund balances, end of year	\$ 35,011	\$	10,911	\$	22,375	\$	11,464

CITY OF AUBURN, ALABAMA PUBLIC SAFETY SUBSTANCE ABUSE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Budgete	ed Amounts		Variance with Final Budget- Favorable
	Original	Final	Actual	(Unfavorable)
Revenues Contributions from the public Interest Total revenues	\$ 500 - 500	\$ 16,100 3,000 19,100	\$ 16,205 3,609 19,814	\$ 105 609 714
Expenditures Public safety	4,000	18,500	21,345	(2,845)
Net changes in fund balances	(3,500)	600	(1,531)	(2,131)
Fund balances, beginning of year	152,639	152,639	152,639	
Fund balances, end of year	\$ 149,139	\$ 153,239	\$ 151,108	\$ (2,131)

CITY OF AUBURN, ALABAMA CITY GAS TAX SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Budgeted	Amounts		Variance with Final Budget-
	Original	Final	Actual	Favorable (Unfavorable)
Revenues Motor fuel taxes Interest Total revenues	\$ 267,500 2,500 270,000	\$ 200,000 1,000 201,000	\$ 236,942 1,141 238,083	\$ 36,942 141 37,083
Other financing sources (uses) Transfers out	(300,000)	(227,820)	(227,820)	
Net changes in fund balances	(30,000)	(26,820)	10,263	37,083
Fund balances, beginning of year	45,042	45,042	45,042	
Fund balances, end of year	\$ 15,042	\$ 18,222	\$ 55,305	\$ 37,083

CITY OF AUBURN, ALABAMA SPECIAL SCHOOL TAX SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL FOR THE YEAR ENDED SPETEMBER 30, 2004

	Budgeted	Amounts		Variance with Final Budget-
	Original	Final	Actual	Favorable (Unfavorable)
Revenues				
General property tax	\$ 1,700,000	\$ 1,900,000	\$ 2,019,104	\$ 119,104
Interest	15,000	2,000	3,022	1,022
Total revenues	1,715,000	1,902,000	2,022,126	120,126
Expenditures				
Non-departmental	76,436	79,000	75,137	3,863
Debt service	2,375,229	2,376,229	2,378,302	(2,073)
Payments to component units	2,800,000	2,800,000	2,800,000	-
Total expenditures	5,251,665	5,255,229	5,253,439	1,790
Excess (deficiency) of revenues				
over expenditures	(3,536,665)	(3,353,229)	(3,231,313)	121,916
Other financing sources (uses)				
Transfers in	3,550,000	3,550,000	3,550,000	
Net changes in fund balances	13,335	196,771	318,687	121,916
Fund balances, beginning of year	55,513	55,513	55,513	
Fund balances, end of year	\$ 68,848	\$ 252,284	\$ 374,200	\$ 121,916

CITY OF AUBURN, ALABAMA SPECIAL ADDITIONAL SCHOOL TAX SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Budgeted	Amounts		Fina	iance with
	Original	Final	Actual		avorable favorable)
Revenues					
General property tax	\$3,500,000	\$ 4,185,000	\$ 4,107,209	\$	(77,791)
Interest	35,000	45,000	52,478		7,478
Total revenues	3,535,000	4,230,000	4,159,687		(70,313)
Expenditures					
Non-departmental	160,000	160,000	148,554		11,446
Excess (deficiency) of revenues over expenditures Other financing sources (uses)	3,375,000	4,070,000	4,011,133		(58,867)
Transfers out	(3,550,000)	(3,550,000)	(3,550,000)		_
Net changes in fund balances	(175,000)	520,000	461,133		(58,867)
Fund balances, beginning of year	1,142,920	1,142,920	1,142,920		-
Fund balances, end of year	\$ 967,920	\$ 1,662,920	\$ 1,604,053	\$	(58,867)

CITY OF AUBURN, ALABAMA GORSIW SERIES 76 DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Budgeted	Amo	unts		Final	nce with Budget- orable
	 Original		Final	 Actual		vorable)
Revenues Interest	\$ 1,000	\$	1,000	\$ 1,225	\$	225
Expenditures Debt service	 78,860		78,860	 78,749		111
Excess (deficiency) of revenues over expenditures	(77,860)		(77,860)	(77,524)		336
Other financing sources (uses) Transfers in	78,860		77,820	77,820		
Net changes in fund balances	1,000		(40)	296		336
Fund balances, beginning of year	36,400		36,400	 36,400		
Fund balances, end of year	\$ 37,400	\$	36,360	\$ 36,696	\$	336

CITY OF AUBURN, ALABAMA SPECIAL 5-MILL TAX DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Budgeted	Amounts		Variance with Final Budget-
	Original	Final	Actual	Favorable (Unfavorable)
Revenues				
General property tax	\$1,700,000	\$ 1,735,000	\$ 1,910,566	\$ 175,566
Interest	100,000	60,000	48,939	(11,061)
Total revenues	1,800,000	1,795,000	1,959,505	164,505
Expenditures				
Non-departmental	76,500	76,500	69,710	6,790
Debt service	1,739,946	1,727,255	1,727,126	129
Total expenditures	1,816,446	1,803,755	1,796,836	6,919
Excess (deficiency) of revenues				
over expenditures	(16,446)	(8,755)	162,669	171,424
Net changes in fund balances	(16,446)	(8,755)	162,669	171,424
Fund balances, beginning of year	1,323,772	1,323,772	1,323,772	
Fund balances, end of year	\$ 1,307,326	\$ 1,315,017	\$ 1,486,441	\$ 171,424



Capital Assets Used in the Operation of Governmental Funds

City of Auburn

CITY OF AUBURN, ALABAMA CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE BY SOURCE SEPTEMBER 30, 2004

Governmental funds capital assets	
Land, buildings and improvements	\$ 36,323,811
Construction in progress	8,161,960
Communication equipment	204,196
Heavy equipment	1,764,192
Office equipment	1,323,182
Small tools and equipment	725,657
Vehicles	7,329,175
Infrastructure	 2,905,495
Total governmental funds capital assets	\$ 58,737,668
Investment in governmental funds capital assets by source	
General fund revenues	\$ 24,861,041
Capital projects funds	26,707,248
Federal grants	2,842,887
State grants	237,711
Special revenue fund revenues	2,616,928
Donations	1,012,313
Special assessments	27,800
Enterprise fund revenues	63,200
Unclassified	 368,540
Total investment in governmental funds capital assets	\$ 58,737,668

CITY OF AUBURN, ALABAMA CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE BY FUNCTION AND ACTIVITY SEPTEMBER 30, 2004

Function and Activity	Total	Land Buildings & Improvements	Construction in Progress	Communication Equipment	Heavy Equipment	Office Equipment	Small Tools and Equipment	Vehides	Infrastructure
General government and administration									
Information technology	\$ 497,740	\$ 12,816	· \$	· \$	· \$	\$ 442,628	· \$	\$ 42,296	↔
Geographical information systems	81,285	•	•	•	ı	30,583	26,993	23,709	•
Judicial	20,734	12,400	•	•	•	8,334	•	•	•
Administrative	23,673	•	•	•	1	•	•	23,673	•
Finance	48,383	-	•	-	•	21,328	-	27,055	•
Total general government and									
administration	671,815	25,216	•	i	•	502,873	26,993	116,733	•
Public works	1,655,678	27,905	•	•	648,002	75,422	46,033	858,316	•
Environmental services	2,708,952	56,065	•	•	574,857	6,658	108,644	1,962,728	•
Public safety administration	225,368	90,401	•	56,097	1	21,454	1	57,416	•
Fire	2,040,825	14,299	ı		35,701	ı	81,866	1,908,959	
Police and jail administration	2,016,460	133,600	•	26,194	1	5,185	256,558	1,594,923	•
Codes enforcement	64,353	ı	ı	1	ı	7,421	1	56,932	1
Library	3,221,744	3,038,097	•	•	1	183,647	•	1	•
Parks and recreation	5,125,923	3,874,721	•	•	397,115	5,425	170,592	678,070	•
Planning	39,119	1	ı		ı	5,583	1	33,536	
Human resource management	19,441	•	•	•	1	•	•	19,441	•
Economic development	42,121	•	•	•	•	•		42,121	•
Total departmental	17,831,799	7,260,304		82,291	1,655,675	813,668	989'069	7,329,175	1
Nondepartmental	40,905,869	29.063.507	8,161,960	121,905	108.517	509,514	34.971	•	2.905,495
Total governmental funds capital assets	\$ 58,737,668	\$ 36,323,811	\$ 8,161,960	\$ 204,196	\$ 1,764,192	\$ 1,323,182	\$ 725,657	\$ 7,329,175	\$ 2,905,495

CITY OF AUBURN, ALABAMA CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Сар	Governmental Funds Capital Assets September 30, 2003		Additions		sfers nd uctions	Governmental Funds Capital Assets September 30, 2004	
General government and administration								
Information technology	\$	477,290	\$	20,450	\$	-	\$	497,740
Geographic information		04.005						04.005
systems		81,285		-		-		81,285
Judicial		20,734		-		-		20,734
Administrative		23,673		-		-		23,673
Finance		48,383		-			-	48,383
Total general government		054.005		00.450				074 045
and administration		651,365		20,450		-		671,815
Public works administration		1,608,372		47,306		-		1,655,678
Environmental services		2,515,616		180,959	•	12,377		2,708,952
Public safety administration		345,453		19,518	(1:	39,603)		225,368
Fire		1,996,365		44,460		-		2,040,825
Police and jail administration		1,569,718		446,742		-		2,016,460
Codes enforcement		76,730		-	(12,377)		64,353
Library		3,130,027		91,717		-		3,221,744
Parks and recreation		4,943,394		182,529		-		5,125,923
Planning		39,119		-		-		39,119
Human resource management		19,441		-		-		19,441
Economic development		42,121		-		-		42,121
Total departmental		16,937,721	1	,033,681	(1:	39,603)		17,831,799
Nondepartmental		35,736,702	5	,497,233	(3:	28,066)		40,905,869
Total governmental funds								
capital assets	\$	52,674,423	\$6	,530,914	\$ (40	67,669)	\$	58,737,668

City of Auburn ~ Primary Government

General Revenues by Source

Last Ten Fiscal Years

Unaudited

						Other	
Fiscal		Licenses &	Fees for	Fines &	Inter-	Operating	
Year	Taxes	Permits	Services	Forfeitures	governmental	Revenues	Totals
1995	\$ 13,153,744	\$ 6,638,422	\$ 1,792,200	\$ 637,273	\$ 2,551,230	\$ 472,453	\$ 25,245,322
1996	14,192,633	7,032,015	2,005,605	665,316	2,520,085	546,563	26,962,217
1997	15,904,268	7,502,105	2,105,698	749,580	2,170,822	793,647	29,226,120
1998	16,947,670	7,947,986	2,273,076	675,476	1,173,496	1,132,979	30,150,683
1999	18,514,062	8,482,280	2,721,165	695,051	3,174,742	1,649,307	35,236,607
2000	20,616,204	9,259,395	3,014,783	754,366	1,037,682	1,924,820	36,607,250
2001	21,527,028	10,229,779	3,219,656	816,976	1,960,326	1,441,544	39,195,309
2002	23,071,853	10,240,491	4,078,189	750,521	2,204,269	1,870,015	42,215,338
2003	25,700,410	10,443,878	4,307,277	829,147	2,300,942	1,429,140	45,010,794
2004	31,081,021	12,795,183	4,197,384	876,748	4,221,966	1,446,720	54,619,022

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

Table 2

City of Auburn ~ Primary Government

General Government Tax Revenues by Source (1)

Last Ten Fiscal Years

Unaudited

					Financial	Motor		
Fiscal	Sales & Use	Cigarette &	Motor Fuel	Lodging and	Institution	Vehicle	General	
Year	Tax	ABC* Tax	Tax	Rental Tax	Tax	Tax	Property Tax	Totals
1995	\$8,729,493	\$ 97,929	\$535,057	\$ 195,650	\$111,112	\$69,536	\$3,790,864	\$13,529,641
1996	9,545,803	97,595	545,933	244,321	69,656	76,732	3,845,988	14,426,028
1997	9,739,125	112,841	560,098	293,576	110,621	76,027	5,390,311 ⁽²⁾	16,282,599
1998	10,300,115	124,329	590,923	292,834	100,516	66,570	5,431,807	16,907,094
1999	11,313,849	122,863	625,478	313,969	100,493	64,854	5,969,272	18,510,778
2000	12,154,032	116,981	653,974	439,425	36,447	76,447	7,082,494	20,559,800
2001	12,554,602	105,137	680,049	513,913	22,755	74,584	7,459,103	21,410,143
2002	13,160,761	125,754	748,700	828,711	7,869	108,910	8,050,340	23,031,045
2003	14,589,315 ⁽³⁾	144,608	708,905	967,841	39,374	84,500	8,388,489	24,923,032
2004	17,959,076	172,784	751,944	1,019,463	79,347	89,209	9,959,852	30,031,675

^{*} State Alcoholic Beverage Control Board

⁽¹⁾ Includes state shared taxes.

⁽²⁾ Special School Tax Fund millage increased from 5 mills to 11 mills effective 10/1/96

 $^{^{(3)}}$ Sales tax rate increased from 2.5% to 3.0% effective 8/1/03

City of Auburn ~ Primary Government

Property Tax Levies and Collections

Last Ten Fiscal Years
Unaudited

Date of Assessment					Total Tax	Percent of Current and Delinquent Levies
and Levy	Asse	essed Valuation	Tot	tal Tax Levy	Collections	Collected
October 1						
1995	\$	186,382,440	\$	3,219,969	\$ 3,219,969	100%
1996		196,322,540		3,694,901	3,694,901	100%
1997		210,995,540		4,864,228	4,864,228	100%
1998		233,605,380		5,431,696	5,431,696	100%
1999		297,855,880		5,969,272	5,969,272	100%
2000		315,482,100		7,082,494	7,082,494	100%
2001		339,151,500		7,459,103	7,459,103	100%
2002		359,156,440		8,050,340	8,050,340	100%
2003		435,728,080		8,388,489	8,388,489	100%
2004		483,327,476		9,959,852	9,959,852	100%

Source: Lee County Revenue Commissioner

All ad valorem taxes levied by the State, county, and any municipality in Lee County are assessed and collected by the Lee County Revenue Commissioner.

Property on which taxes have not been paid by the final delinquency date is foreclosed and sold by the Lee County Revenue Commissioner. Property not sold at the tax foreclosure sale is purchased by the State.

Table 4

City of Auburn ~ Primary Government

Assessed Value of All Taxable Property

Last Ten Fiscal Years *Unaudited*

Assessment					
Date	Real Property	Personal Property	Utilities Property	Automobile	
October 1	Assessed Value	Assessed Value	Assessed Value	Assessed Value	Totals
1995	\$ 142,184,570	\$ 15,313,030	\$ 10,083,960	\$ 18,800,800	\$ 186,382,360
1996	145,914,920	23,991,700	10,797,660	15,618,260	196,322,540
1997	152,359,000	27,418,480	10,675,220	20,542,840	210,995,540
1998	168,934,520	30,636,180	10,620,020	23,414,660	233,605,380
1999	219,179,160	39,916,660	12,747,380	26,012,680	297,855,880
2000	233,073,640	38,495,000	12,957,680	30,955,800	315,482,120
2001	250,274,360	40,803,880	14,426,140	33,647,120	339,151,500
2002	263,267,960	42,304,440	14,797,460	38,786,580	359,156,440
2003	331,960,480	42,132,100	20,954,720	40,680,780	435,728,080
2004	376,827,340	44,189,240	18,820,420	43,490,476	483,327,476

Source: Lee County Revenue Commissioner Property is assessed on the following basis:

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

City of Auburn

Principal Taxpayers ~ 2004 Ad Valorem Tax Year (1)

Unaudited

					Taxpayers' Ad Valorem
	To	tal Assessed			Taxes Paid as
	Value	e of all Property	Α	d Valorem	Percentage of City's Total
Taxpayers	with	nin City Limits	Ta	ixes Paid ⁽²⁾	Ad Valorem Tax Revenue
Alabama Power Company	\$	9,370,840	\$	241,722	2.88%
Briggs and Stratton Corporation		9,959,820		159,376	1.90%
BellSouth Telecommunications		3,996,600		103,922	1.23%
WHGMH Realty (College Park I and II)		3,819,340		99,320	1.18%
Colonial Realty, Ltd.		3,691,160		95,992	1.14%
Wal-Mart		2,940,620		76,466	0.91%
Pick Rentals		2,477,660		64,428	0.77%
Tiger Crossing		2,477,140		64,402	0.77%
SUH Auburn (Sterling University Apartments)		2,166,620		56,342	0.70%
The Garden District, Auburn, Ltd.		2,137,660		55,588	0.66%
Totals	\$	43,037,460	\$	1,017,558	12.14%

Source: Lee County Revenue Commissioner

Table 6

City of Auburn ~ Primary Government

General Government Expenditures by Functions

Last Ten Fiscal Years

Unaudited

Health

Pecreational

				Recieational	nealii,			
Fiscal	General			& Cultural	Educational &			
Year	Government (1)	Public Safety	Public Works	Services	Welfare	Debt Service	Capital Outlay	Totals
1995	\$ 4,185,800	\$ 5,825,340	\$ 3,116,611	\$ 2,207,772	\$ 3,217,744	\$ 3,437,145	\$ 1,295,031	\$ 23,285,443
1996	4,708,497	6,284,145	2,767,313	2,346,503	13,977,653 ⁽²	3,707,506	2,344,586	36,136,203
1997	4,491,917	6,184,700	3,291,949	2,448,282	3,009,056	4,276,673	4,088,907	27,791,484
1998	4,905,212	6,861,361	3,336,846	2,766,386	3,190,493	4,922,820	6,584,804	32,567,922
1999	4,401,388	7,148,139	4,164,689	2,986,616	4,285,897	4,649,526	8,495,353	36,131,608
2000	4,828,274	7,316,828	4,446,076	3,387,510	3,863,430	5,620,526	11,447,448	40,910,092
2001	4,704,106	7,815,996	4,754,079	3,467,404	4,651,795	8,215,680	10,899,385	44,508,445
2002	6,913,860 ⁽³⁾		4,509,027	3,629,140	4,316,902	7,756,634	4,617,950	40,160,658
2003	7,570,823 (3)		5,199,933	3,833,218	8,360,954	6,853,047	7,347,636	48,045,950
2004	6,801,510 ⁽³⁾	10,582,231	5,942,373	4,363,942	10,635,291	9,003,669	6,530,914	53,859,930

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

⁽¹⁾ Assessed 2003; collected October 2003 through September 2004

^{(2) 26} mill City levy only

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

⁽²⁾ Includes bond issue proceeds (\$11,000,000) transferred to Board of Education.

⁽³⁾ In FY02, the Employee Benefit Fund was reclassified as a special activity of the General Fund. Previuosly, the Employee Benefit activities were reported as an Internal Service Fund. Inclluded in the totals are Employee Benefit expenditures of \$1,210,386 in FY02, \$1,752,419 in FY 03, and \$1,707,279 in FY 04.

City of Auburn

Property Tax Rates ~ Direct and Overlapping Government

(mills per \$1,000 of assessed value)

Last Ten Fiscal Years
Unaudited

Taxing Authority		2003	2002	2001	2000	1999	1998	1997	1996	1995
State of Alabama										
General Fund	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Education	3	3	3	3	3	3	3	3	3	3
Veteran Pension	1	1	1	1	1	1	1	1	1	1
Total State of Alabama	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Lee County										
General Fund	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Education	5	5	5	5	5	5	5	5	5	5
Roads and Bridges	3	3	3	3	3	3	3	3	3	3
Total Lee County	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5
Lee County Hospital	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Dependent and Neglected Children	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Auburn District Schools	3	3	3	3	3	3	3	3	3	3
City of Auburn										
General Fund	5	5	5	5	5	5	5	5	5	5
Debt Retirement	5	5	5	5	5	5	5	5	5	5
School System	16	16	16	16	16	16	16	10	10	10
Total City of Auburn	26	26	26	26	26	26	26	20	20	20
Total Tax Millage		54	54	54	54	54	54	48	48	48

Source: Lee County Revenue Commissioner

Table 8

City of Auburn ~ Primary Government

Assessed and Estimated True Value of Taxable Property

(Amounts Expressed in Thousands)
Last Ten Tax Collection Years

Unaudited

	Real Estate		state Personal Property		Public Utilities		Automobile		Total		
Fiscal	Assessed	Estimated	Assessed	Estimated	Assessed	Estimated	Assessed	Estimated	Assessed	Estimated	Ratio of TAV
Year	Value	True Value	Value	True Value	Value	True Value	Value	True Value	Value	True Value	to TETV (1)
1995	\$ 142,185	\$ 947,990	\$ 15,313	\$ 76,565	\$ 10,084	\$ 33,613	\$ 18,800	\$ 110,588	\$ 186,382	\$ 1,168,756	15.9%
1996	145,915	972,767	23,992	119,960	10,798	35,993	15,618	91,870	196,323	1,220,590	16.1%
1997	152,359	1,015,726	27,418	137,090	10,675	36,250	20,543	128,841	210,995	1,317,907	16.0%
1998	168,935	1,126,233	30,636	153,180	10,620	35,400	23,414	137,729	233,605	1,452,542	16.1%
1999	217,179	1,447,860	39,917	199,585	12,747	42,490	26,013	153,017	295,856	1,842,952	16.1%
2000	233,074	1,546,101	38,495	192,475	12,958	43,192	30,956	186,482	315,483	1,968,250	16.0%
2001	250,274	1,668,493	40,804	204,015	14,426	48,087	33,647	197,923	339,151	2,118,518	16.0%
2002	263,268	1,755,120	42,304	211,520	14,797	49,324	38,787	228,159	359,156	2,244,123	16.0%
2003	331,961	2,213,074	42,132	210,660	20,954	69,847	40,681	239,300	435,728	2,732,881	15.9%
2004	376,827	2,512,180	44,189	220,945	18,820	62,732	43,491	255,829	483,327	3,051,686	15.8%

⁽¹⁾ TAV (Total Assessed Value)/TETV (Total Estimated True Value) - For purposes of ad valorem taxation, all taxable property in the State is required under current law to be divided into the following categories:

Class 1 - All property of utilities used in their business

Class 2 - All property not otherwise classified

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

Class 4 - Private passenger automobiles and pickup trucks

Table 9

City of Auburn ~ Primary Government

Ratio of General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita

Past Ten Fiscal Years
Unaudited

Fiscal Year	Federal Census		Population	As	ssessed Value	1	Net Bonded Debt ⁽²⁾	Ratio of Net Bonded Debt to Assessed Value	De	Bonded ebt per Capita	
1995	1990	(1)	38,410	\$	186,382,440	\$	22,493,505	12.07%	\$	586	
1996	1990	(1)	39,326		196,322,540		30,641,378	15.61%		779	
1997	1990	(1)	40,242		210,995,540		38,532,415	18.26%		958	
1998	1990	(1)	41,158		233,605,380		41,965,477	17.96%		1,020 ⁽³⁾	
1999	1990	(1)	42,074		297,855,880		48,117,085	16.15%		1,144 ⁽³⁾	!
2000	2000	(5)	42,987		315,482,120		48,851,019	15.48%		1,136	
2001	2000	(1)	44,033		339,151,500		46,423,610	13.69%		1,054	
2002	2000	(1)	45,389		359,156,440		64,966,037	18.09%		1,431 ⁽⁴⁾	!
2003	2000	(1)	46,032		435,728,080		66,831,438	15.34%		1,452	
2004	2000	(1)	48,096		483,327,476		77,389,716	16.01%		1,609	

⁽¹⁾ Amounts calculated using population estimates based on 1990 and 2000 Census Bureau population counts.

Table 10

City of Auburn ~ Primary Government

Ratio of Debt Service Expenditures for General Bonded Debt to Total General Expenditures

Last Ten Fiscal Years

			Unaudited		
Fiscal			Total Debt	Total General	Ratio of Debt Service to
Year	Principal	Interest (1)	Service	Expenditures	General Expenditures
1995	\$ 1,904,721	\$ 1,532,424	\$ 3,437,145	\$ 23,285,443	14.76%
1996	2,072,582	1,634,924	3,707,506	36,156,203	10.25%
1997	2,329,408	2,169,858	4,499,266	27,791,484	16.19%
1998	2,681,804	1,887,879	4,569,683	32,567,922	14.03%
1999	3,031,729	2,358,572	5,390,301	36,158,608	14.91%
2000	3,668,809	2,427,448	6,096,257	40,909,849	14.90%
2001	5,648,623	2,567,057	8,215,680	44,508,445	18.46%
2002	4,727,943	3,028,691	7,756,634	40,160,661	19.31%
2003	3,105,726	3,747,321	6,853,047	48,045,950	14.26%
2004	5,239,254	3,463,635	8,702,889	53,859,930	16.16%

⁽¹⁾ Includes fiscal fees and charges

⁽²⁾ Net bonded debt equals: G.O. bonds, notes, and warrants outstanding, less Debt Service funds' equity. Calculations exclude the G.O. debt intended to be repaid from sewer fund revenues.

⁽³⁾ City issued \$11 million of G.O. School Warrants on behalf of the Board of Education to finance the construction of two new schools and a major addition to the Early Education Center. The City issues debt on the School Board's behalf.

⁽⁴⁾ City issued \$27 million of G.O. Warrants to refund outstanding debt and to pay the costs of constructing schools under the jurisdiction of the Board of Education.

^{(5) 2000} Federal Census

⁽²⁾ Includes issuance costs of \$289,969 for the issuance of G.O. Warrants in the amount of \$27,275,000 to refund outstanding debt and construct schools under the jurisdiction of the Board of Education. The City issues debt on the School Board's behalf.

City of Auburn

Schedule of Direct and Overlapping Debt

September 30, 2004 Unaudited

Direct Debt	Gross Debt Less Debt Service Assets	Percentage of Debt Applicable to City of Auburn	City of Auburn
General Bonded Debt and Warrants	\$ 78,912,853		
Less: Debt Service Funds' Equity	(1,523,137)		
Net Direct Debt	77,389,716	100.00%	\$ 77,389,716
Overlapping Debt			
Lee County General Bonded Debt and Warrants	12,565,957	60.53%	7,606,174
Total Direct and Overlapping Debt			\$ 84,995,890

Table 12

City of Auburn ~ Primary Government

Computation of Legal Debt Margin

September 30, 2004 Unaudited

Assessed Value (1)		\$ 483,327,476
Debt Limit: Twenty Percent of Assessed Value		\$ 96,665,495
Amount of Debt Applicable to Debt Limit:		
Total Bonded Debt (excludes leases)	\$ 78,912,853	
Other Debt (2)	1,748,451	
Total Debt	80,661,304	
Less: Exempt Indebtedness (3)	(66, 192, 363)	
Total Amount of Debt Applicable to Debt Limit		14,468,941
Legal Debt Margin		\$ 82,196,554
Percent of Applicable Debt to Debt Limit		 15%

^{(1) 2004} valuation of property subject to taxation

⁽²⁾ Accounts payable and accrued liabilities

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

City of Auburn ~ Primary Government

Revenue Bond Coverage

Sewer Bonds
Last Ten Fiscal Years
Unaudited

Debt Service Requirements

		Net Revenue					
Fiscal	Direct Gross	Operating	Available for				
Year	Revenue (1)	Expenses (2)	Debt Service	Principal	Interest	Total	Coverage
1995	\$ 4,355,872	\$ 3,722,279	\$ 633,593	\$ 245,000	\$ 16,905	\$ 261,905	2.42
1996	4,550,243	3,798,883	751,360	245,000	8,453	253,453	2.96
1997	4,478,551	3,947,624	530,927	-	-	-	-
1998	4,488,761	4,046,156	442,605	-	-	-	-
1999	4,659,615	4,273,848	385,767	-	-	-	-
2000	4,991,993	4,425,348	566,645	-	-	-	-
2001	4,420,388	4,175,127	245,261	31,678	7,387	39,065	6.28
2002	3,729,369	2,134,897	1,594,472	-	1,492,907	1,492,907	1.07
2003	3,980,609	2,302,491	1,678,118	400,000	2,620,899	3,020,899	0.56
2004	4,138,251	2,312,004	1,826,247	415,000	2,524,900	2,939,900	0.62

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

Table 14

City of Auburn ~ Primary Government

Assessed Valuation, Construction, and Bank Deposits

Last Ten Fiscal Years
Unaudited

	Value of Building Permits	Bank Deposits	Assessed	
Fiscal Year	(in thousands) (1)	(in thousands) (2)	Valuation (3)	
1995	\$65,370	\$312,783	\$186,382,440	
1996	57,690	319,404	196,322,540	
1997	57,378	364,171	210,995,540	
1998	77,444	445,355	233,605,380	
1999	89,615	458,417	297,855,880	
2000	87,558	494,581	315,482,120	
2001	90,216	523,581	339,151,500	
2002	137,092	613,044	359,156,440	
2003	144,406	647,224	435,728,080	
2004	154,806	708,238	483,327,476	

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

(2) FDIC

 $^{^{(2)}}$ Includes operating expenses and operating transfers out less depreciation expense.

⁽³⁾ Lee County Revenue Commissioner (reflects current reappraisal values)

City of Auburn ~ Primary Government

Demographic Statistics

Last Ten Fiscal Years
Unaudited

		City of	Lee County	City of Auburn	City of Auburn	Lee County
Fiscal	Lee County	Auburn	Per Capita	Retail Sales (3)	Unemployment	Unemployment
Year	Population	Population	Income (6)	(in thousands)	Rate (2)	Rate (2)
1995	87,146 (1)	38,410 (4)	\$ 16,573	\$ 349,180	4.2%	4.8%
1996	87,146 ⁽¹⁾	39,326 ⁽⁴⁾	16,640	381,832	2.9%	3.0%
1997	87,146 ⁽¹⁾	40,242 (4)	16,973	389,998	4.9%	4.8%
1998	87,146 ⁽¹⁾	41,158 ⁽⁴⁾	17,466	412,005	3.4%	3.4%
1999	102,164 ⁽⁴⁾	42,074 (4)	17,918	452,025	3.6%	3.9%
2000	115,092 ⁽⁵⁾	42,987 ⁽⁵⁾	18,714	486,082	3.3%	3.5%
2001	116,791 ⁽⁴⁾	44,033 (4)	18,923	502,184	3.6%	3.7%
2002	118,123 ⁽⁴⁾	45,389 ⁽⁴⁾	18,923	526,430	4.2%	4.1%
2003	118,123 ⁽⁴⁾	46,032 (4)	18,923	538,805	4.0%	4.0%
2004	118,123 ⁽⁴⁾	48,096 ⁽⁷⁾	18,923	598,636	4.2%	4.2%

Sources:

⁽¹⁾ Federal Census, 1990

⁽²⁾ State of Alabama, Department of Industrial Relations, Research and Statistics Division

⁽³⁾ Based on gross receipts sales tax revenue collected by the City. Excludes tax-exempt sales.

⁽⁴⁾ Federal Census Population Estimate

⁽⁵⁾ Federal Census, 2000

⁽⁶⁾ U.S. Department of Commerce, Bureau of Economic Analysis

⁽⁷⁾ Based on Federal Census Population Estimate

City of Auburn

Miscellaneous Statistical Data

September 30, 2004

Unaudited

Date of Incorporation	February 2, 1839	Auburn City Schools	
zate et intestperation	. co.ua.y <u>_</u> , .ccc	Elementary (K-5)	6
Form of Government		Secondary (6-12)	3
City	Council-Manager	Principals	9
County	Commission	Assistant Principals	10
300,		Counselors	13
City Area in Square Miles	52.9	Librarians	10
, ·	5	Instructional Staff	332
Miles of Streets		Non-certified Staff	244
Paved	564	Total Staff	618
Unpaved	1.6	Enrollment 2003-2004	4,714
		HS Graduates, 2003-2004	290
Financial Institutions			
Banks	11	Largest Employers	
Credit Unions	2	Auburn University	7,008
		Briggs & Stratton	960
Health Care Facility		Auburn City Schools	645
East Alabama Medical	l Center	MasterBrand Cabinets	496
		Federal government	461
City Library		City of Auburn and Water Works	
Number of Libraries	1	Board	426
Number of Employees		Dillard's	200
1 1,1		Winn Dixie	200
Population		Auburn University Hotel and	
1900 Federal Census	1,831	Dixon Conference Center	178
1910 Federal Census	2,145	Capitol Vial	122
1920 Federal Census	3,338	·	
1930 Federal Census	4,727	Police Protection	
1940 Federal Census	8,380	Sworn Officers	96
1950 Federal Census	12,939	Classified Personnel	6
1960 Federal Census	16,261	Unclassified Personnel	1
1970 Federal Census	22,767	Patrol Cars	38
1980 Federal Census	28,471	Unmarked cars	36
1990 Federal Census	33,830	Utility vehicles	3
2000 Federal Census	42,987	•	
2004 Estimate	48,096	Fire protection	
	,	Full time firefighters	30
		Student firefighters	56
		Recruit school students	49
		Fire stations	4
		Fire trucks	8
		Other fire vehicles	8

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

Statement of Revenues by Source and Other Financing Sources - Budget and Actual (unaudited)

Fiscal Year Ended September 30, 2004

	FY 2004 FY		FY 2003	FY 04 > FY 03		
	Budget	Actual	Variance Favorable (Unfavorable)	Prior Year Actual	Amount	As %
Locally levied taxes						
Cigarette taxes	\$ 115,000	\$ 96,708	\$ (18,292)	\$ 102,809	\$ (6,101)	-5.93%
Gasoline taxes	260,000	258,380	(1,620)	241,527	16,853	6.98%
Sales and use taxes	16,910,000	17,959,076	1,049,076	14,589,315	3,369,761	23.10%
Lodging taxes	575,000	568,887	(6,113)	548,361	20,526	3.74%
Rental and leasing taxes	407,500	450,576	43,076	419,479	31,097	7.41%
Total locally levied taxes	18,267,500	19,333,627	1,066,127	15,901,491	3,432,136	21.58%
Licenses and permits						
Franchise fees	586,000	687,595	101,595	517,793	169,802	32.79%
Business license fees	3,410,000	4,467,662	1,057,662	3,958,972	508,690	12.85%
Construction permits and						
fees	1,736,000	1,327,683	(408,317)	977,591	350,092	35.81%
Occupation license fees	5,305,000	7,197,943	1,892,943	5,557,851	1,640,092	29.51%
Parking fees	124,000	120,968	(3,032)	124,803	(3,835)	-3.07%
Wholesale wine permits	27,000	27,051	51	25,790	1,261	4.89%
Dog licenses	7,700	6,691	(1,009)	8,449	(1,758)	-20.81%
Total licenses and permits	11,195,700	13,835,593	2,639,893	11,171,249	2,664,344	23.85%
General property taxes						
Ad valorem taxes	1,740,000	1,922,973	182,973	1,603,711	319,262	19.91%
Contributions in lieu of ad						
valorem taxes	437,000	510,191	73,191	441,531	68,660	15.55%
Total general property taxes	2,177,000	2,433,164	256,164	2,045,242	387,922	18.97%
Fees for services						
Solid waste collection fees	2,396,225	2,288,184	(108,041)	2,130,705	157,479	7.39%
E-911 service fees	380,000	345,529	(34,471)	353,719	(8,190)	-2.32%
Parks and recreation fees	132,000	132,736	736	134,545	(1,809)	-1.34%
Public safety charges	233,000	447,091	214,091	240,419	206,672	85.96%
Sewer management fees	126,000	126,000	-	126,750	(750)	-0.59%
Judicial system fees	201,140	195,460	(5,680)	181,464	13,996	7.71%
Information Technology						
service fees	126,000	164,103	38,103	132,036	32,067	24.29%
Cemetery fees	63,000	62,820	(180)	68,283	(5,463)	-8.00%
Planning fees	37,500	58,427	20,927	50,233	8,194	16.31%
Finance fees	10,000	5,149	(4,851)	9,874	(4,725)	-47.85%
Library fees	11,000	12,427	1,427	11,300	1,127	9.97%
Public Works fees	1,000	1,906	906	800	1,106	138.25%
Total fees for services	3,716,865	3,839,832	122,967	3,440,128	399,704	11.62%
Fines and forfeitures						
Court fines	680,600	734,641	54,041	660,901	73,740	11.16%
Parking fines	147,000	142,106	(4,894)	168,246	(26,140)	-15.54%
Total fines and forfeitures	827,600	876,747	49,147	829,147	47,600	5.74%
State shared taxes						
Business privilege tax	157,500	154,923	-	153,770	1,153	0.75%
Alabama Trust Fund	,	,		,	.,	0070
distribution	170,000	182,762	_	165,919	16,843	10.15%
Motor vehicle tax	269,000	89,209	(179,791)	84,500	4,709	5.57%
Financial Institution	200,000	05,203	(173,731)	04,000	7,700	0.07 /0
Excise Tax	12,000	79,347	67,347	39,374	39,973	101.52%
LACIOS TAA	12,000	. 0,041	07,047	00,014	00,070	101.02/0

Statement of Revenues by Source and Other Financing Sources - Budget and Actual (unaudited) Fiscal Year Ended September 30, 2004

		FY 2004		FY 2003	FY 04 > F	Y 03
	Budget	Actual	Variance Favorable (Unfavorable)	Prior Year Actual	Amount	As %
State shared taxes (continued)						
Alcoholic Beverage Control						
Board profits distribution	\$ 37,500	\$ 76,076	\$ 38,576	\$ 41,799	\$ 34,277	82.00%
Total state shared taxes	646,000	582,317	(63,683)	485,362	96,955	19.98%
Contributions from the public						
For infrastructure projects	2,800	2,810	10	22,928	(20,118)	-87.74%
For parks and recreation	10,000	10,616	616	29,901	(19,285)	-64.50%
Other donations	7,000	30,515	23,515	36,863	(6,348)	-17.22%
Total contributions from the public	19,800	43,941	24,141	89,692	(45,751)	-51.01%
Grants	565,176	589,310	24,134	419,961	169,349	40.32%
Lease income	75,000	82,870	7,870	74,423	8,447	11.35%
Interest	300,000	278,535	(21,465)	294,710	(16,175)	-5.49%
Main and the same of the same						
Miscellaneous revenues	47,000	26 121	(10.970)	46.063	(10.942)	22 000/
Concessions income	47,000 17,500	36,121 15,884	(10,879)	46,963	(10,842)	-23.09% -6.28%
Recycling Other	34,300	87,952	(1,616) 53,652	16,948 102,968	(1,064) (15,016)	-0.26% -14.58%
Total miscellaneous revenues	98,800	139,957	41,157	166,879	(26,922)	-16.13%
Total General Fund Revenues	30,000	100,001	71,107	100,013	(20,322)	10.1070
(excluding Special Activities)	37,889,441	42,035,893	4,146,452	34,918,284	7,117,609	20.38%
Special Activities of the General Fund						
Fees for insurance services	\$ 680,919	\$ 721,615	\$ 40,696	\$ 645,686	\$ 75,929	11.76%
Interest	45,000	140,148	95,148	168,619	(28,471)	-16.88%
Contributions from the public	-5,000	1,302,621	1,302,621	205,421	1,097,200	534.12%
Total Special Activities	725,919	2,164,384	1,438,465	1,019,726	1,144,658	112.25%
•						
Total General Fund Revenues	38,615,360	44,200,277	5,584,917	35,938,010	8,262,267	22.99%
Long-term debt proceeds						
General obligation warrants	1,351,420	8,000,000	6,648,580	1,065,500	6,934,500	650.82%
Total long-term debt proceeds	1,351,420	8,000,000	6,648,580	1,065,500	6,934,500	650.82%
Operating transfers in from other						
funds From City Gos Toy Fund	200,000	150,000	(E0 000)	262,140	(110 140)	/O 700/
From City Gas Tax Fund From State 7c Gas Tax Fund	170,000	150,000 154,000	(50,000) (16,000)	170,000	(112,140) (16,000)	-42.78% -9.41%
From State 9c Gas Tax Fund	125,000	120,000	(5,000)	125,000	(5,000)	-9.41% -4.00%
From Water Board	116,394	123,374	6,980	116,067	7,307	6.30%
From Liability Risk Retention	25,000	26,499	1,499	-	26,499	0.5070 n/a
From Shelton Park	20,000	6,000	6,000	_	6,000	n/a
From 1999 Capital Projects	_	78,734	78,734	45,118	33,616	74.51%
From Sewer Fund	113,182	113,182	-	111,910	1,272	1.14%
From Sewer Capital Projects Fund		7,242	7,242	-	7,242	n/a
From Insurance Fund	300,000	- ,	(300,000)	319,000	(319,000)	n/a
Total operating transfers in	1,049,576	779,031	(270,545)	1,149,235	(370,204)	-32.21%
Total other financing sources	2,400,996	8,779,031	6,378,035	2,214,735	6,564,296	296.39%
Total revenues and other financing						
sources	\$41,016,356	\$52,979,308	\$ 11,962,952	\$ 38,152,745	\$ 14,826,563	38.86%

Budget Actual Variance Prior Year Actual Cultavorable Prior Year Actual Amount As %			FY 2004	,	FY 2003	FY 04 >	FY 03
City Council Budget Actual (Unfavorable) Actual Amount As % City Council Fersonal services \$83,267 91,646 (8,389) 75,110 16,536 22,02% Totals 141,819 150,208 (8,389) 75,110 16,536 22,02% City Manager's Office 150,008 (8,389) 133,172 17,036 12,79% Personal Services 420,257 437,486 (17,229) 382,946 54,540 14,24% Commodities 12,503 11,029 1,474 12,693 (1,670) -3,15% Commodities 12,503 11,029 1,474 12,693 (1,670) -3,15% Copital Outlay 25,000 - 25,000 - -25,000 - -7,445 Personal Services 338,418 341,339 (2,921) 310,692 30,647 9,86% Commodities 14,026 81,522 1,544 41,544 (33,362) 40,31% Commodities 14,026 <td></td> <td></td> <td></td> <td>Variance</td> <td></td> <td></td> <td></td>				Variance			
Personal services				Favorable	Prior Year		
Personal services		Budget	Actual	(Unfavorable)	Actual	Amount	As %
Contractual services 33.257 91.646 (8.389) 75.110 16.536 22.02%	City Council						
City Manager's Office Fersonal Services 420,257 437,486 (17,229) 382,946 54,540 14.24% Contractual services 39,280 33,509 5,771 28,934 4,575 15,81% Commodities 12,503 11,029 1,474 12,699 1,670 1-31,15% Capital Outlay 25,000 - 25,000 - - n/a Totals 497,040 482,024 15,016 424,579 57,445 13,53% Judicial Personal Services 338,418 341,339 (2,921) 310,692 30,647 9,86% Contractual services 88,059 146,190 (58,131) 133,572 12,618 9,45% Commodities 14,026 8,182 5,844 41,544 (33,362) -80,3% Contractual services 460,733 472,792 (12,059) 418,097 54,695 13.08% Contractual services 207,530 185,028 42,502 134,461 30,567 22	Personal services	\$ 58,562	\$ 58,562	\$ -	\$ 58,062	\$ 500	0.86%
City Manager's Office 420,257 437,486 (17,229) 382,946 54,540 14,24% Centractual services 39,280 33,509 5,771 28,934 4,575 15,81% Commodities 12,503 11,029 1,474 12,699 (1,670) -13,15% Capital Outlay 25,000 - - - N/a Totals 497,040 482,024 15,016 424,579 57,445 13,53% Judicial Personal Services 338,418 341,339 (2,921) 310,692 30,647 9.86% Contractual services 38,059 146,190 (58,131) 133,572 12,618 9.45% Commodities 14,026 8,182 5,844 41,544 (33,362) -80,31% Information Technology 101 - - 10,919 10,919 -10,00% Personal Services 460,733 472,792 (12,059) 418,097 54,695 13,08% Contractual services <td< td=""><td>Contractual services</td><td></td><td></td><td>(8,389)</td><td></td><td></td><td>22.02%</td></td<>	Contractual services			(8,389)			22.02%
Personal Services 420,257 437,486 (17,229) 382,946 54,540 14,24% Contractual services 39,280 33,509 5,771 28,934 4,575 15,81% Commodities 12,503 11,029 1,474 12,699 (1,670) -13,15% Capital Outlay 25,000 - 25,000 - - -		141,819	150,208	(8,389)	133,172	17,036	12.79%
Contractual services 39,280 33,509 5,771 28,934 4,575 15,81% Commodities 12,500 11,029 1,474 12,699 (1,670) -13,15% Capital Outlay 25,000 - - - n/a Totals 497,040 482,024 15,016 424,579 57,445 13.53% Judicial Personal Services 38,059 146,190 (58,131) 133,572 12,618 9,45% Commodities 14,026 8,182 5,844 41,544 (33,362) 80,31% Capital Outlay - - 10,919 (10,919) -100,00% Information Technology 1 440,503 495,711 (55,208) 496,727 (1,016) -0.20% Information Technology 1 - - 10,919 (10,919) -10,00% Personal Services 460,733 472,792 (12,059) 418,097 54,695 13,08% Commodities 72,347 196,528 (124	•						
Commodities 12,503 11,029 1,474 12,699 (1,670) -13.15% Capital Outlay 25,000 - 25,000 - - n/a Judicial 497,040 482,024 15,016 424,579 57,445 13.53% Judicial Personal Services 38,059 146,190 (58,131) 133,572 12,618 9,45% Commodities 14,026 8,182 5,844 41,544 (33,362) -80,31% Totals 440,503 495,711 (55,208) 496,727 (1,016) -0.00% Information Technology Information Technology Information Technology Information Technology Personal Services 460,733 472,792 (12,059) 418,097 54,695 13.08% Contractual services 207,530 195,028 42,502 134,461 30,567 22,73% Commodities 72,347 196,528 (124,181) 69,538 126,990 182,62% Capital O		•		, ,	•	·	
Capital Outlay 25,000 - 25,000 - n/a Judicial Personal Services 338,418 341,339 (2,921) 310,692 30,647 9,86% Contractual services 88,059 146,190 (58,131) 133,572 12,618 9,45% Commodities 14,026 8,182 5,844 41,544 (33,362) -80,31% Capital Outlay - - - - 10,919 (10,919) -100,00% Information Technology Information Technology Information Technology Personal Services 460,733 472,792 (12,059) 418,097 54,695 13,08% Contractual services 207,530 165,028 42,502 134,461 30,567 22,73% Commodities 72,347 196,528 (124,181) 69,538 126,990 182,62% Commodities 72,347 196,528 (124,181) 69,538 126,990 182,62% Capital Outlay 21,000 20,450 550 170,574		•	•	,	•	·	
Totals		·	11,029	·	12,699	(1,670)	-13.15%
Personal Services 338,418 341,339 (2,921) 310,692 30,647 9.86% Contractual services 88,059 146,190 (58,131) 133,572 12,618 9.45% Commodities 14,026 8,182 5,844 41,544 (33,362) -80.31% Capital Outlay - 10,919 (10,919) -100.00% Information Technology Information Technology Information Technology Personal Services 460,733 472,792 (12,059) 418,097 54,695 13.08% Contractual services 207,530 165,028 42,502 134,461 30,567 22.73% Commodities 72,347 196,528 (124,181) 69,538 126,990 182,62% Capital Outlay 21,000 20,450 550 170,574 (150,124) -88.01% Debt Service 5,452 (5,452) -100,00% Contractual services 219,589 132,913 86,676 131,427 1,486 1.13% Contractual services 88,001 87,197 804 23,050 64,147 278,30% Commodities 30,770 32,863 (2,093) 26,349 6,514 24,72% Capital Outlay 39,000 - 39,000 9,703 (9,703) 100,00% Subtotals 377,360 252,973 124,387 190,529 62,444 32,77% Totals 1,138,970 1,107,771 31,199 988,651 119,120 12,05% Finance Personal services 830,245 821,373 8,872 712,600 108,773 15,26% Commodities 92,213 60,493 31,720 74,665 (14,172) -18,98% Capital Outlay 5,261 (5,261) -100,00% Commodities 92,213 60,493 31,720 74,665 (14,172) -18,98% Capital Outlay 5,261 (5,261) -100,00% Commodities 92,213 60,493 31,720 74,665 (14,172) -18,98% Capital Outlay 5,261 (5,261) -100,00% Commodities 92,213 60,493 31,720 74,665 (14,172) -18,98% Capital Outlay 5,261 (5,261) -100,00% Commodities 92,213 60,493 31,720 74,665 (14,172) -18,98% Capital Outlay 5,261 (5,261) -100,00% Commodities 8,750 19,188 (10,438) 14,304 4,84 34,14% Capital Outlay 5,261 (5,261) -20,00% Commodities 8,750 19,188 (10,438) 14,304 4,884	•						
Personal Services 338,418 341,339 (2,921) 310,692 30,647 9.86% Contractual services 88,059 146,190 (58,131) 133,572 12,618 9.45% Capital Outlay - - - - 10,919 (10,919) -100.00% Information Technology Information Technology Personal Services 460,733 472,792 (12,059) 418,097 54,695 13.08% Contractual services 207,530 165,028 42,502 134,461 30,567 22,73% Commodities 72,347 196,528 (124,181) 69,538 126,990 182,62% Capital Outlay 21,000 20,450 550 170,574 (150,124) -88,01% Debt Service - - - - 5,452 (5,452) -100,00% Geographic Information Systems Personal Services 88,001 87,197 804 23,050 64,147 278.30% Contractual services 88,001 <		497,040	482,024	15,016	424,579	57,445	13.53%
Contractual services 88,059 146,190 (58,131) 133,572 12,618 9.45% Commodities 14,026 8,182 5,844 41,544 (33,362) -80.31% Capital Outlay - - - 10,919 (10,919) -100.00% Information Technology Information Technology Personal Services 460,733 472,792 (12,059) 418,097 54,695 13.08% Contractual services 207,530 165,028 42,502 134,461 30,567 22,73% Commodities 72,347 196,528 (124,181) 69,538 126,990 182,62% Capital Outlay 21,000 20,450 550 170,574 (150,124) -88,01% Debt Service - - - - 5,452 (5,452) -100,00% Geographic Information Systems Personal Services 219,589 132,913 86,676 131,427 1,486 1,13% Contractual services 88,001 87,197 <							
Commodities 14,026 8,182 5,844 41,544 (33,362) -80.31% Capital Outlay - - - - 10,919 (10,919) -100.00% Information Technology Information Technology Personal Services 460,733 472,792 (12,059) 418,097 54,695 13.08% Contractual services 207,530 165,028 42,502 134,461 30,567 22,73% Commodities 72,347 196,528 (124,181) 69,538 126,990 182,62% Capital Outlay 21,000 20,450 550 170,574 (150,124) -88,01% Debt Service - - - - - 5,452 (5,452) -100.00% Geographic Information Systems Personal Services 219,589 132,913 86,676 131,427 1,486 1.13% Contractual services 88,001 87,197 804 23,050 64,147 278.30% Coptial Outlay 39,000				, ,	•		
Capital Outlay - - 10,919 (10,919) -100.00% Information Technology Information Technology Personal Services 460,733 472,792 (12,059) 418,097 54,695 13.08% Contractual services 207,530 165,028 42,502 134,461 30,567 22.73% Commodities 72,347 196,528 (124,181) 69,538 126,990 182,62% Capital Outlay 21,000 20,450 550 170,574 (150,124) -88,01% Debt Service - - - - 5,452 (5,452) -100,00% Subtotals 761,610 854,798 (93,188) 798,122 56,676 7.10% Geographic Information Systems 19,589 132,913 86,676 131,427 1,486 1,13% Contractual services 88,001 87,197 804 23,050 64,147 278.30% Capital Outlay 39,000 - 39,000 9,703 (9,703) -100.00		88,059		, ,	•		
Totals		14,026	8,182	5,844	•	, ,	
Information Technology Information Technology Information Technology Personal Services 460,733 472,792 (12,059) 418,097 54,695 13.08% Contractual services 207,530 165,028 42,502 134,461 30,567 22,73% Commodities 72,347 196,528 (124,181) 69,538 126,990 182,62% Capital Outlay 21,000 20,450 550 170,574 (150,124) -88.01% Debt Service 5,452 (5,452) -100.00% Subtotals 761,610 854,798 (93,188) 798,122 56,676 7.10% Sergraphic Information Systems Personal Services 219,589 132,913 86,676 131,427 1,486 1.13% Contractual services 88,001 87,197 804 23,050 64,147 278,30% Commodities 30,770 32,863 (2,093) 26,349 6,514 24,72% Capital Outlay 39,000 - 39,000 9,703 (9,703) -100,00% Subtotals 377,360 252,973 124,387 190,529 62,444 32,77% Totals 1,138,970 1,107,771 31,199 988,651 119,120 12.05% Finance Personal services 830,245 821,373 8,872 712,600 108,773 15,26% Contractual services 92,002 73,242 18,760 68,844 4,398 6.39% Commodities 92,213 60,493 31,720 74,665 (14,172) -18,98% Capital Outlay 5,261 (5,261) -100,00% Totals 1,014,460 955,108 59,352 861,370 93,738 10.88% Economic Development Personal services 459,282 463,657 (4,375) 357,896 105,761 29.55% Contractual services 21,527 9,708 11,819 14,723 (5,015) -34,06% Commodities 8,750 19,188 (10,438) 14,304 4,884 34,14% Capital Outlay 4,857 (4,857) -100,00% Capital Outlay 4,857 (4,857) -100,00% Capital Outlay	. ,						
Personal Services		440,503	495,711	(55,208)	496,727	(1,016)	-0.20%
Personal Services 460,733 472,792 (12,059) 418,097 54,695 13.08% Contractual services 207,530 165,028 42,502 134,461 30,567 22.73% Commodities 72,347 196,528 (124,181) 69,538 126,990 182,62% Capital Outlay 21,000 20,450 550 170,574 (150,124) -88.01% Debt Service - - - - 5,452 (5,452) -100,00% Subtotals 761,610 854,798 (93,188) 798,122 56,676 7.10% Geographic Information Systems 219,589 132,913 86,676 131,427 1,486 1.13% Contractual services 88,001 87,197 804 23,050 64,147 278,30% Commodities 30,770 32,863 (2,093) 26,349 6,514 24,72% Capital Outlay 39,000 - 39,000 9,703 (9,703) -100.00% Finance 92,021 </td <td>-</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	-						
Contractual services 207,530 165,028 42,502 134,461 30,567 22.73% Commodities 72,347 196,528 (124,181) 69,538 126,990 182,62% Capital Outlay 21,000 20,450 550 170,574 (150,124) -88.01% Debt Service - - - - 5,452 (5,452) -100.00% Subtotals 761,610 854,798 (93,188) 798,122 56,676 7.10% Geographic Information Systems Personal Services 219,589 132,913 86,676 131,427 1,486 1.13% Contractual services 88,001 87,197 804 23,050 64,147 278.30% Commodities 30,770 32,863 (2,093) 26,349 6,514 24.72% Capital Outlay 39,000 - 39,000 9,703 (9,703) -100.00% Subtotals 377,360 252,973 124,387 190,529 62,444 32.77% Totals<							
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Capital Outlay 21,000 20,450 550 170,574 (150,124) -88.01% Debt Service - - - - 5,452 (5,452) -100.00% Subtotals 761,610 854,798 (93,188) 798,122 56,676 7.10% Geographic Information Systems Personal Services 219,589 132,913 86,676 131,427 1,486 1.13% Contractual services 88,001 87,197 804 23,050 64,147 278,30% Commodities 30,770 32,863 (2,093) 26,349 6,514 24,72% Capital Outlay 39,000 - 39,000 9,703 (9,703) -100.00% Subtotals 377,360 252,973 124,387 190,529 62,444 32.77% Totals 1,138,970 1,107,771 31,199 988,651 119,120 12.05% Finance Personal services 830,245 821,373 8,872 712,600 108,773			•	·	•		
Debt Service		·	•	,	•	·	
Subtotals 761,610 854,798 (93,188) 798,122 56,676 7.10% Geographic Information Systems Personal Services 219,589 132,913 86,676 131,427 1,486 1.13% Contractual services 88,001 87,197 804 23,050 64,147 278.30% Commodities 30,770 32,863 (2,093) 26,349 6,514 24.72% Capital Outlay 39,000 - 39,000 9,703 (9,703) -100.00% Subtotals 377,360 252,973 124,387 190,529 62,444 32.77% Totals 1,138,970 1,107,771 31,199 988,651 119,120 12.05% Finance Personal services 830,245 821,373 8,872 712,600 108,773 15.26% Contractual services 92,002 73,242 18,760 68,844 4,398 6.39% Capital Outlay - - - - 5,261 (5,261) <t< td=""><td>, ,</td><td>21,000</td><td>20,450</td><td>550</td><td></td><td>(150,124)</td><td></td></t<>	, ,	21,000	20,450	550		(150,124)	
Geographic Information Systems Personal Services 219,589 132,913 86,676 131,427 1,486 1.13% Contractual services 88,001 87,197 804 23,050 64,147 278.30% Commodities 30,770 32,863 (2,093) 26,349 6,514 24.72% Capital Outlay 39,000 - 39,000 9,703 (9,703) -100.00% Subtotals 377,360 252,973 124,387 190,529 62,444 32.77% Totals 1,138,970 1,107,771 31,199 988,651 119,120 12.05% Finance Personal services 830,245 821,373 8,872 712,600 108,773 15.26% Contractual services 92,002 73,242 18,760 68,844 4,398 6.39% Capital Outlay - - - - 5,261 (5,261) -100.00% Totals 1,014,460 955,108 59,352 861,	Debt Service			·			
Personal Services 219,589 132,913 86,676 131,427 1,486 1.13% Contractual services 88,001 87,197 804 23,050 64,147 278.30% Commodities 30,770 32,863 (2,093) 26,349 6,514 24.72% Capital Outlay 39,000 - 39,000 9,703 (9,703) -100.00% Subtotals 377,360 252,973 124,387 190,529 62,444 32.77% Totals 1,138,970 1,107,771 31,199 988,651 119,120 12.05% Finance Personal services 830,245 821,373 8,872 712,600 108,773 15.26% Contractual services 92,002 73,242 18,760 68,844 4,398 6.39% Commodities 92,213 60,493 31,720 74,665 (14,172) -18,98% Capital Outlay - - - 5,261 (5,261) -100.00% Formacu		761,610	854,798	(93,188)	798,122	56,676	7.10%
Contractual services 88,001 87,197 804 23,050 64,147 278.30% Commodities 30,770 32,863 (2,093) 26,349 6,514 24.72% Capital Outlay 39,000 - 39,000 9,703 (9,703) -100.00% Subtotals 377,360 252,973 124,387 190,529 62,444 32.77% Totals 1,138,970 1,107,771 31,199 988,651 119,120 12.05% Finance Personal services 830,245 821,373 8,872 712,600 108,773 15.26% Contractual services 92,002 73,242 18,760 68,844 4,398 6.39% Commodities 92,213 60,493 31,720 74,665 (14,172) -18.98% Capital Outlay - - - 5,261 (5,261) -100.00% Economic Development Personal services 459,282 463,657 (4,375) 357,896 105,761							
Commodities 30,770 32,863 (2,093) 26,349 6,514 24.72% Capital Outlay 39,000 - 39,000 9,703 (9,703) -100.00% Subtotals 377,360 252,973 124,387 190,529 62,444 32.77% Totals 1,138,970 1,107,771 31,199 988,651 119,120 12.05% Finance Personal services 830,245 821,373 8,872 712,600 108,773 15.26% Contractual services 92,002 73,242 18,760 68,844 4,398 6.39% Commodities 92,213 60,493 31,720 74,665 (14,172) -18.98% Capital Outlay - - - 5,261 (5,261) -100.00% Economic Development Personal services 459,282 463,657 (4,375) 357,896 105,761 29.55% Contractual services 21,527 9,708 11,819 14,723 (5,015) -34.06		•		·	•		
Capital Outlay 39,000 - 39,000 9,703 (9,703) -100.00% Subtotals 377,360 252,973 124,387 190,529 62,444 32.77% Totals 1,138,970 1,107,771 31,199 988,651 119,120 12.05% Finance Personal services 830,245 821,373 8,872 712,600 108,773 15.26% Contractual services 92,002 73,242 18,760 68,844 4,398 6.39% Commodities 92,213 60,493 31,720 74,665 (14,172) -18.98% Capital Outlay - - - 5,261 (5,261) -100.00% Totals 1,014,460 955,108 59,352 861,370 93,738 10.88% Economic Development Personal services 459,282 463,657 (4,375) 357,896 105,761 29.55% Contractual services 21,527 9,708 11,819 14,723 (5,015) -34.06% <		·			•		
Subtotals 377,360 252,973 124,387 190,529 62,444 32.77% Totals 1,138,970 1,107,771 31,199 988,651 119,120 12.05% Finance Personal services 830,245 821,373 8,872 712,600 108,773 15.26% Contractual services 92,002 73,242 18,760 68,844 4,398 6.39% Commodities 92,213 60,493 31,720 74,665 (14,172) -18.98% Capital Outlay - - - 5,261 (5,261) -100.00% Totals 1,014,460 955,108 59,352 861,370 93,738 10.88% Economic Development Personal services 459,282 463,657 (4,375) 357,896 105,761 29.55% Contractual services 21,527 9,708 11,819 14,723 (5,015) -34.06% Commodities 8,750 19,188 (10,438) 14,304 4,884 34.14		•	32,863	, ,	•		
Totals 1,138,970 1,107,771 31,199 988,651 119,120 12.05% Finance Personal services 830,245 821,373 8,872 712,600 108,773 15.26% Contractual services 92,002 73,242 18,760 68,844 4,398 6.39% Commodities 92,213 60,493 31,720 74,665 (14,172) -18.98% Capital Outlay - - - 5,261 (5,261) -100.00% Totals 1,014,460 955,108 59,352 861,370 93,738 10.88% Economic Development Personal services 459,282 463,657 (4,375) 357,896 105,761 29.55% Contractual services 21,527 9,708 11,819 14,723 (5,015) -34.06% Commodities 8,750 19,188 (10,438) 14,304 4,884 34.14% Capital Outlay - - - 4,857 (4,857) -100.00%	Capital Outlay						
Finance Personal services 830,245 821,373 8,872 712,600 108,773 15.26% Contractual services 92,002 73,242 18,760 68,844 4,398 6.39% Commodities 92,213 60,493 31,720 74,665 (14,172) -18.98% Capital Outlay - - - 5,261 (5,261) -100.00% Totals 1,014,460 955,108 59,352 861,370 93,738 10.88% Economic Development Personal services 459,282 463,657 (4,375) 357,896 105,761 29.55% Contractual services 21,527 9,708 11,819 14,723 (5,015) -34.06% Commodities 8,750 19,188 (10,438) 14,304 4,884 34.14% Capital Outlay - - - 4,857 (4,857) -100.00% Debt Service 7,867 - 7,867 - - - -							
Personal services 830,245 821,373 8,872 712,600 108,773 15.26% Contractual services 92,002 73,242 18,760 68,844 4,398 6.39% Commodities 92,213 60,493 31,720 74,665 (14,172) -18.98% Capital Outlay - - - 5,261 (5,261) -100.00% Totals 1,014,460 955,108 59,352 861,370 93,738 10.88% Economic Development Personal services 459,282 463,657 (4,375) 357,896 105,761 29.55% Contractual services 21,527 9,708 11,819 14,723 (5,015) -34.06% Commodities 8,750 19,188 (10,438) 14,304 4,884 34.14% Capital Outlay - - - 4,857 (4,857) -100.00% Debt Service 7,867 - 7,867 - - - - -	Totals	1,138,970	1,107,771	31,199	988,651	119,120	12.05%
Contractual services 92,002 73,242 18,760 68,844 4,398 6.39% Commodities 92,213 60,493 31,720 74,665 (14,172) -18.98% Capital Outlay - - - - 5,261 (5,261) -100.00% Totals 1,014,460 955,108 59,352 861,370 93,738 10.88% Economic Development Personal services 459,282 463,657 (4,375) 357,896 105,761 29.55% Contractual services 21,527 9,708 11,819 14,723 (5,015) -34.06% Commodities 8,750 19,188 (10,438) 14,304 4,884 34.14% Capital Outlay - - - 4,857 (4,857) -100.00% Debt Service 7,867 - 7,867 - - - - -							
Commodities 92,213 60,493 31,720 74,665 (14,172) -18.98% Capital Outlay - - - - 5,261 (5,261) -100.00% Totals 1,014,460 955,108 59,352 861,370 93,738 10.88% Economic Development Personal services 459,282 463,657 (4,375) 357,896 105,761 29.55% Contractual services 21,527 9,708 11,819 14,723 (5,015) -34.06% Commodities 8,750 19,188 (10,438) 14,304 4,884 34.14% Capital Outlay - - - 4,857 (4,857) -100.00% Debt Service 7,867 - 7,867 - - - n/a							
Capital Outlay - - - 5,261 (5,261) -100.00% Totals 1,014,460 955,108 59,352 861,370 93,738 10.88% Economic Development Personal services 459,282 463,657 (4,375) 357,896 105,761 29.55% Contractual services 21,527 9,708 11,819 14,723 (5,015) -34.06% Commodities 8,750 19,188 (10,438) 14,304 4,884 34.14% Capital Outlay - - - 4,857 (4,857) -100.00% Debt Service 7,867 - 7,867 - - - n/a		·			•	·	
Totals 1,014,460 955,108 59,352 861,370 93,738 10.88% Economic Development Personal services 459,282 463,657 (4,375) 357,896 105,761 29.55% Contractual services 21,527 9,708 11,819 14,723 (5,015) -34.06% Commodities 8,750 19,188 (10,438) 14,304 4,884 34.14% Capital Outlay - - - 4,857 (4,857) -100.00% Debt Service 7,867 - 7,867 - - n/a		92,213	60,493	31,720		,	
Economic Development Personal services 459,282 463,657 (4,375) 357,896 105,761 29.55% Contractual services 21,527 9,708 11,819 14,723 (5,015) -34.06% Commodities 8,750 19,188 (10,438) 14,304 4,884 34.14% Capital Outlay - - - 4,857 (4,857) -100.00% Debt Service 7,867 - 7,867 - - n/a	• •			<u> </u>			-100.00%
Personal services 459,282 463,657 (4,375) 357,896 105,761 29.55% Contractual services 21,527 9,708 11,819 14,723 (5,015) -34.06% Commodities 8,750 19,188 (10,438) 14,304 4,884 34.14% Capital Outlay - - - 4,857 (4,857) -100.00% Debt Service 7,867 - 7,867 - - n/a	Totals	1,014,460	955,108	59,352	861,370	93,738	10.88%
Contractual services 21,527 9,708 11,819 14,723 (5,015) -34.06% Commodities 8,750 19,188 (10,438) 14,304 4,884 34.14% Capital Outlay - - - 4,857 (4,857) -100.00% Debt Service 7,867 - 7,867 - - n/a							
Commodities 8,750 19,188 (10,438) 14,304 4,884 34.14% Capital Outlay - - - 4,857 (4,857) -100.00% Debt Service 7,867 - 7,867 - - n/a				, ,		·	
Capital Outlay - - - 4,857 (4,857) -100.00% Debt Service 7,867 - 7,867 - - n/a				· ·	•	, ,	
Debt Service		8,750	19,188	(10,438)		·	
	•	-	-	-	4,857	(4,857)	-100.00%
Totals 497,426 492,553 4,873 391,780 100,773 25.72%							
	Totals	497,426	492,553	4,873	391,780	100,773	25.72%

		FY 2004		FY 2003	FY 04 >	FY 03
			Variance			
			Favorable	Prior Year		
	Budget	Actual	(Unfavorable)	Actual	Amount	As %
Human Resources						
Human Resources						
Personal services	\$ 318,634	\$ 312,946	\$ 5,688	\$ 289,378	\$ 23,568	8.14%
Contractual services	156,105	94,102	62,003	102,211	(8,109)	-7.93%
Commodities	10,880	7,231	3,649	8,360	(1,129)	-13.50%
Capital Outlay	-	-	-	1,585	(1,585)	-100.00%
Subtotals	485,619	414,279	71,340	401,534	12,745	3.17%
Risk Management						
Contractual services	231,633	230,248	1,385	201,875	28,373	14.05%
Totals	717,252	644,527	72,725	603,409	41,118	6.81%
Public Safety						
Administration						
Personal services	215,888	244,607	(28,719)	193,919	50,688	26.14%
Contractual services	644,370	778,862	(134,492)	771,365	7,497	0.97%
Commodities	61,350	46,270	15,080	130,915	(84,645)	-64.66%
Capital Outlay	22,000	19,518	2,482	43,558	(24,040)	-55.19%
Debt Service	-	-	-	4,740	(4,740)	-100.00%
Subtotals	943,608	1,089,257	(145,649)	1,144,497	(55,240)	-4.83%
Police						
Personal services	4,187,166	4,688,247	(501,081)	3,852,443	835,804	21.70%
Contractual services	49,000	30,125	18,875	46,454	(16,329)	-35.15%
Commodities	315,000	376,897	(61,897)	276,398	100,499	36.36%
Capital Outlay	225,000	274,942	(49,942)	211,731	63,211	29.85%
Debt Service	90,563	94,038	(3,475)	129,741	(35,703)	-27.52%
Subtotals	4,866,729	5,464,249	(597,520)	4,516,767	947,482	20.98%
Fire						
Personal services	2,607,759	2,811,179	(203,420)	2,502,343	308,836	12.34%
Contractual services	88,000	88,565	(565)	81,125	7,440	9.17%
Commodities	131,250	118,104	13,146	105,518	12,586	11.93%
Capital Outlay	443,500	44,460	399,040	482,703	(438,243)	-90.79%
Debt Service	41,199	37,766	3,433	50,419	(12,653)	-25.10%
Subtotals	3,311,708	3,100,074	211,634	3,222,108	(122,034)	-3.79%
Communications						
Personal services	343,077	365,307	(22,230)	332,110	33,197	10.00%
Contractual services	65,000	60,095	4,905	75,577	(15,482)	-20.49%
Commodities	25,150	3,076	22,074	2,453	623	25.40%
Subtotals	433,227	428,478	4,749	410,140	18,338	4.47%
Codes Enforcement						
Personal services	294,517	307,839	(13,322)	228,720	79,119	34.59%
Contractual services	4,632	157	4,475	301	(144)	-47.84%
Commodities	8,190	7,265	925	8,690	(1,425)	-16.40%
Capital Outlay	-	-	-	25,345	(25,345)	-100.00%
Debt Service	7,716		7,716			n/a
Subtotals	315,055	315,261	(206)	263,056	52,205	19.85%
Totals	9,870,327	10,397,319	(526,992)	9,556,568	840,751	8.80%
						

		FY 2004	,	FY 2003	FY 04 >	FY 03
			Variance			
			Favorable	Prior Year		
	Budget	Actual	(Unfavorable)	Actual	Amount	As %
Public Works	<u> </u>	Hottaai	(Omarorabio)	Hotaai	7 1110 0110	7.6 76
Administration						
Personal services	\$ 272,131	\$ 275,219	\$ (3,088)	\$ 248,447	\$ 26,772	10.78%
Contractual services	166,478	137,295	29,183	144,853	(7,558)	-5.22%
Commodities	44,800	48,258	(3,458)	44,776	3,482	7.78%
Capital Outlay	44,000	40,230	(3,430)	•		-100.00%
Subtotals	483,409	460,772	22,637	17,232	(17,232)	
Construction and Maintenance	403,409	400,772	22,037	455,308	5,464	1.20%
	E77 070	E24 2E7	46 600	404 444	EO 142	10 100/
Personal services	577,879	531,257	46,622	481,114	50,143	10.42%
Contractual services	80,950	105,899	(24,949)	114,122	(8,223)	-7.21%
Commodities	125,908	179,866	(53,958)	153,377	26,489	17.27%
Capital Outlay	10,000	23,345	(13,345)	97,865	(74,520)	-76.15%
Debt Service	21,168	19,404	1,764	23,404	(4,000)	-17.09%
Subtotals	815,905	859,771	(43,866)	869,882	(10,111)	-1.16%
Engineering Design						
Personal services	477,614	439,235	38,379	401,310	37,925	9.45%
Contractual services	42,100	25,149	16,951	39,023	(13,874)	-35.55%
Commodities	22,700	25,073	(2,373)	33,002	(7,929)	-24.03%
Capital Outlay		_		4,110	(4,110)	-100.00%
Subtotals	542,414	489,457	52,957	477,445	12,012	2.52%
Inspection						
Personal services	181,319	179,438	1,881	162,533	16,905	10.40%
Contractual services	29,000	11,888	17,112	6,580	5,308	80.67%
Commodities	14,400	8,956	5,444	9,871	(915)	-9.27%
Debt Service	-	-	-	6,518	(6,518)	-100.00%
Subtotals	224,719	200,282	24,437	185,502	14,780	7.97%
Traffic Engineering						
Personal services	132,123	136,561	(4,438)	104,350	32,211	30.87%
Contractual services	13,075	23,974	(10,899)	10,229	13,745	134.37%
Commodities	53,304	43,283	10,021	107,196	(63,913)	-59.62%
Capital Outlay	48,000	23,961	24,039	139,972	(116,011)	-82.88%
Subtotals	246,502	227,779	18,723	361,747	(133,968)	-37.03%
Totals	2,312,949	2,238,061	74,888	2,349,884	(111,823)	-4.76%
Environmental Services			·			
Administration						
Personal services	296,810	319,968	(23,158)	303,861	16,107	5.30%
Contractual services	85,486	112,587	(27,101)	141,996	(29,409)	-20.71%
Commodities	37,356	38,684	(1,328)	43,183	(4,499)	-10.42%
Debt Service	-	-	-	1,840	(1,840)	-100.00%
Subtotals	419,652	471,239	(51,587)	490,880	(19,641)	-4.00%
Recycling	110,002	,200	(01,001)	.00,000	(10,011)	110070
Personal services	492,019	548,513	(56,494)	473,567	74,946	15.83%
Contractual services	195,364	159,484	35,880	181,979	(22,495)	-12.36%
Commodities	65,024	72,467	(7,443)	88,013	(15,546)	-17.66%
Capital Outlay	-		(1,773)	101,004	(101,004)	-100.00%
Debt Service	30,425	28,776	- 1,649	30,426	(1,650)	-5.42%
Subtotals				874,989	(65,749)	-7.51%
Subibiais	782,832	809,240	(26,408)	014,909	(00,749)	-1.3170

		FY 2004	•	FY 2003	FY 04 >	FY 03
			Variance			
			Favorable	Prior Year		
	Budget	Actual	(Unfavorable)	Actual	Amount	As %
Environmental Services, cont.	Baaget	Actual	(Office of Contraction)	Actual	711104111	713 70
Solid Waste						
Personal services	\$ 429,192	\$ 469,490	\$ (40,298)	\$ 388,931	\$ 80,559	20.71%
Contractual services	268,346	461,861	(193,515)	299,888	161,973	54.01%
Commodities	251,351	136,572	114,779	142,907	(6,335)	-4.43%
Capital Outlay	150,000	24,659	125,341	142,301	24,659	-4.45 <i>7</i> 6 n/a
Debt Service	•	79,304		02.050	· · · · · · · · · · · · · · · · · · ·	
	82,150		2,846	93,050 924,776	(13,746) 247,110	-14.77%
Subtotals	1,181,039	1,171,886	9,153	924,776	247,110	26.72%
Animal Control	00.500	70.407	4.075	00.554	7.570	44.050/
Personal services	80,502	76,127	4,375	68,554	7,573	11.05%
Contractual services	56,156	60,611	(4,455)	53,089	7,522	14.17%
Commodities	12,845	6,557	6,288	13,461	(6,904)	-51.29%
Capital Outlay		-		12,157	(12,157)	-100.00%
Subtotals	149,503	143,295	6,208	147,261	(3,966)	-2.69%
ROW						
Personal services	326,330	317,015	9,315	346,360	(29,345)	-8.47%
Contractual services	34,028	19,512	14,516	22,501	(2,989)	-13.28%
Commodities	70,844	56,527	14,317	86,438	(29,911)	-34.60%
Capital Outlay	-	-	-	27,175	(27,175)	-100.00%
Debt Service	20,779	19,048	1,731	22,462	(3,414)	-15.20%
Subtotals	451,981	412,102	39,879	504,936	(92,834)	-18.39%
Fleet Services						
Personal services	433,927	390,216	43,711	364,434	25,782	7.07%
Contractual services	45,416	59,341	(13,925)	51,009	8,332	16.33%
Commodities	49,608	60,174	(10,566)	43,539	16,635	38.21%
Subtotals	528,951	509,731	19,220	458,982	50,749	11.06%
Totals	3,513,958	3,517,493	(3,535)	3,401,824	115,669	3.40%
Library	0,010,000	3,011,100	(0,000)	0,101,021	110,000	0.1070
Personal services	783,057	714,538	68,519	575,604	138,934	24.14%
Contractual services	105,140	91,699	13,441	82,948	8,751	10.55%
Commodities	105,650	127,729	(22,079)	116,066	11,663	10.05%
Capital Outlay	106,267	91,717	14,550	10,921	80,796	739.82%
Totals	1,100,114	1,025,683	74,431	785,539	240,144	30.57%
Parks and Recreation	1,100,114	1,023,003	74,431	705,559	240,144	30.37 /6
Administration						
Personal services	238,031	234,215	3,816	202,201	32,014	15 020/
	•		87,359	•		15.83%
Contractual services	472,428	385,069	·	360,869	24,200	6.71%
Commodities	40,700	51,823	(11,123)	39,635	12,188	30.75%
Capital Outlay	-	-	-	16,814	(16,814)	-100.00%
Debt Service	754.450	- 074 407	-	3,127	(3,127)	-100.00%
Subtotals	751,159	671,107	80,052	622,646	48,461	7.78%
Leisure Services						
Personal services	1,100,922	1,059,164	41,758	1,020,662	38,502	3.77%
Contractual services	70,250	66,233	4,017	74,416	(8,183)	-11.00%
Commodities	149,394	130,815	18,579	126,665	4,150	3.28%
Capital Outlay		_		33,122	(33,122)	-100.00%
Subtotals	1,320,566	1,256,212	64,354	1,254,865	1,347	0.11%

		FY 2004		FY 2003	FY 04 >	FY 03
			Variance			
			Favorable	Prior Year		
	Budget	Actual	(Unfavorable)	Actual	Amount	As %
Parks and Recreation, cont.						
Parks and Facilities						
Personal services	\$1,037,973	\$ 996,642	\$ 41,331	\$ 863,371	\$ 133,271	15.44%
Contractual services	119,022	138,212	(19,190)	145,221	(7,009)	-4.83%
Commodities	234,050	195,075	38,975	189,767	5,308	2.80%
Capital Outlay	52,000	56,172	(4,172)	103,778	(47,606)	-45.87%
Debt Service	-	_		10,869	(10,869)	-100.00%
Subtotals	1,443,045	1,386,101	56,944	1,313,006	73,095	5.57%
Totals	3,514,770	3,313,420	201,350	3,190,517	122,903	3.85%
Planning					· · · · · ·	
Personal services	385,923	317,533	68,390	300,241	17,292	5.76%
Contractual services	44,620	26,000	18,620	19,948	6,052	30.34%
Commodities	19,350	18,046	1,304	26,565	(8,519)	-32.07%
Capital Outlay	, -		-	8,538	(8,538)	-100.00%
Debt Service	-	_	-	1,840	(1,840)	-100.00%
Totals	449,893	361,579	88,314	357,132	4,447	1.25%
Totals for all departments	25,209,481	25,181,457	28,024	23,541,152	1,640,305	6.97%
Non-departmental						
General Operations						
Personal services	370,146	230,923	139,223	252,802	(21,879)	-8.65%
Contractual services	895,500	700,859	194,641	684,875	15,984	2.33%
Commodities	36,000	45,520	(9,520)	69,385	(23,865)	-34.40%
Capital Outlay	73,000	79,349	(6,349)	246,755	(167,406)	-67.84%
Subtotals	1,374,646	1,056,651	317,995	1,253,817	(197,166)	-15.73%
Project Operations	1,935,298	821,767	1,113,531	2,301,741	(1,479,974)	-64.30%
Debt Service	3,261,724	3,170,303	91,421	2,105,382	1,064,921	50.58%
Intergovernmental	6,629,692	6,661,786	(32,094)	4,906,761	1,755,025	35.77%
Non-departmental Totals	13,201,360	11,710,507	1,490,853	10,567,701	1,142,806	10.81%
General Fund Special Activities						
Former County Road	_	_	_	36,081	(36,081)	-100.00%
Veteran's Memorial Monument	_	10,663	(10,663)	9,415	1,248	13.26%
Assessment Projects	_	1,363,353	(1,363,353)	307,990	1,055,363	342.66%
Liability Risk Retention	411,100	207,852	203,248	154,059	53,793	34.92%
Employee Benefit Self-Insurance	1,671,100	1,707,279	(36,179)	1,752,419	(45,140)	-2.58%
Special Activities Total	2,082,200	3,289,147	(1,206,947)	2,259,964	1,029,183	45.54%
•						
Total expenditures	40,493,041	40,181,111	311,930	36,368,817	3,812,294	10.48%
Other Financing Uses						
Transfers Out	1,763,082	1,412,391	350,691	1,252,767	159,624	12.74%
Total General Fund	42,256,123	41,593,502	662,621	37,621,584	3,971,918	10.56%

Reconciliation of Expenditures by Department and Category (Budget Basis) to Expenditures per Generally Accepted Accounting Principles (GAAP)

Fiscal Year Ended September 30, 2004

Deductions

		Deduc	tions	Expenditures	Prior Year
	Expenditures	Capital Outlay	Debt Service	per GAAP	per GAAP
City Council	\$ 150,208	\$ -	\$ -	\$ 150,208	\$ 133,172
City Manager's Office	482,024	-	-	482,024	424,579
Judicial	495,711	-	=	495,711	485,808
Information Technology					
Information Technology	854,798	20,450	-	834,348	622,096
Geographic Information Systems	252,973			252,973	180,826
Total Information Technology	1,107,771	20,450		1,087,321	802,922
Finance	955,108	- 00 450		955,108	856,109
Total general government & administration	3,190,822	20,450		3,170,372	2,702,590
Economic Development	492,553	-	-	492,553	386,923
Human Resources	44.4.070			444.070	200 040
Human Resources	414,279	-	-	414,279	399,949
Risk Management Total Human Resources	230,248 644,527	. 		230,248 644,527	201,875 601,824
Public Safety	044,327			044,327	001,024
Administration	1,089,257	19,518	_	1,069,739	1,096,199
Police	5,464,249	274,942	94,038	5,095,269	4,175,295
Fire	3,100,074	44,460	37,766	3,017,848	2,688,986
Communications	428,478		-	428,478	410,140
Codes Enforcement	315,261	_	_	315,261	237,711
Total Public Safety	10,397,319	338,920	131,804	9,926,595	8,608,331
Public Works					
Administration	460,772	-	-	460,772	438,076
Construction & Maintenance	859,771	23,345	19,404	817,022	748,613
Engineering Design	489,457	-	-	489,457	473,335
Inspection	200,282	-	=	200,282	178,984
Traffic Engineering	227,779	23,961		203,818	221,775
Total Public Works	2,238,061	47,306	19,404	2,171,351	2,060,783
Environmental Services					
Administration	471,239	-	=	471,239	489,040
Recycling	809,240	-	28,776	780,464	743,559
Solid Waste	1,171,886	24,659	79,304	1,067,923	831,726
Animal Control	143,295	-	-	143,295	135,104
ROW Maintenance	412,102	-	19,048	393,054	455,299
Fleet Services	509,731		- 107.100	509,731	458,982
Total Environmental Services	3,517,493	24,659	127,128	3,365,706	3,113,710
Library Parks and Recreation	1,025,683	91,717	-	933,966	774,618
Administration	671,107			671,107	602,705
Leisure Services	1,256,212	_	_	1,256,212	1,221,743
Parks and Facilities	1,386,101	56,172	_	1,329,929	1,198,359
Total Parks and Recreation	3,313,420	56,172		3,257,248	3,022,807
Planning	361,579			361,579	346,754
Total Departmental	25,181,457	579,224	278,336	24,323,897	21,618,340
Non-Departmental				,,,,,,,,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
General Operations	1,056,651	79,349	=	977,302	1,007,062
Project Operations	821,767	, -	-	821,767	2,301,741
Debt Service	3,170,303	-	3,170,303		
Intergovernmental	6,661,786	-	-	6,661,786	4,906,761
Other Financing Uses	1,412,391	-	=	1,412,391	1,252,767
Total Non-Departmental	13,122,898	79,349	3,170,303	9,873,246	9,468,331
Gneral Fund Special Activities					
Former County Road	-	-	-	-	36,081
Veterans Memoral Monument	10,663	-	-	10,663	9,415
Assessment Projects	1,363,353	=	=	1,363,353	307,990
Liability Risk Retention	207,852	=	=	207,852	154,059
Employee Benefit Self-Insurance	1,707,279		-	1,707,279	1,752,419
Special Activities Total	3,289,147			3,289,147	2,259,964
Total Expenditures & Other Financing Uses	41,593,502			\$ 37,486,290	\$ 33,346,635
Capital Outlay Expenditures per GAAP		658,573		·	
Debt Service Expenditures per GAAP			3,448,639		

City of Auburn
Appendix III
Governmental Funds Expenditures by Function (unaudited)
Fiscal Year Ended September 30, 2004

	General Government	Public Safety	Public Works	Environmental Services	Health and Welfare	Industrial Development & Education	Culture and Recreation	Capital Outlay	Debt Service	Totals
Administration and										
Staff Support	\$3,404,365	&	- \$	· ↔	- \$	S	ج	' \$	&	\$ 3,404,365
Public Works	ı	ı	2,236,624	1	•	ı		•		2,236,624
Environmental Services	1	ı		3,673,472		1		•		3,673,472
Public Safety Admin/Jail	•	1,088,236		ı		ı		•		1,088,236
Police	ı	5,094,041		ı	•	ı		•		5,094,041
Fire	•	3,201,791		ı		ı		•		3,201,791
Communications	ı	443,007		1		1			•	443,007
Codes Enforcement	•	335,091		ı		ı		•		335,091
Library	ı	ı				1	975,302	·		975,302
Parks and Recreation	1	ı		1	•	1	3,370,517	•		3,370,517
Planning	373,985	•		1		1		•		373,985
Economic Development	653,010	ı				1		·		653,010
Human Resources	427,345	•		1						427,345
Risk Management	431,210	ı				1		·		431,210
Non-Departmental	1,403,798	ı				1		·		1,403,798
Capital Outlay	ı	ı				1		6,530,914		6,530,914
Debt Service	1	ı		1	•	1		•	9,003,669	699,000,6
Intergovernmental	107,797	420,065	32,277	1	130,904	10,504,387	18,123	•	•	11,213,553
Totals	\$6,801,510	\$ 10,582,231	\$ 2,268,901	\$ 3,673,472	\$ 130,904	\$10,504,387	\$ 4,363,942	\$6,530,914	\$ 9,003,669	\$ 53,859,930
As a percentage	12.63%	19.65%	4.21%	6.82%	0.24%	19.50%	8.10%	12.13%	16.72%	100%
Prior Year Totals (FY 03) As a percentage	\$7,570,823 15.76%	\$ 8,880,339 18.48%	\$ 2,086,223 4.34%	\$ 3,113,710 6.48%	\$ 155,904 0.32%	\$ 8,205,050 17.08%	\$ 3,833,218 7.98%	\$7,347,636 15.29%	\$ 6,853,047 14.26%	\$48,045,950 100%

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