



# The City of Auburn, Alabama

## Popular Annual Financial Report

Fiscal Year Ending  
September 30, 2002

[www.auburnalabama.org](http://www.auburnalabama.org)

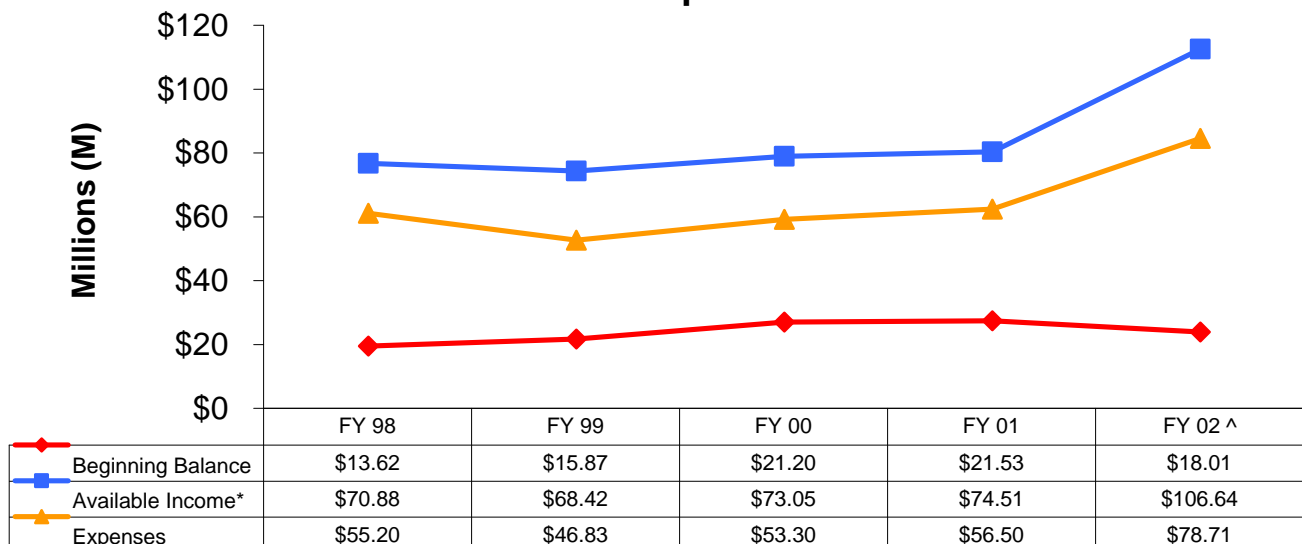
The City of Auburn, located in east central Alabama, is a thriving and diverse university-based community. The City was incorporated in February 1839. The establishment of Auburn University in 1856 marked the beginning of a mutually beneficial partnership producing what *Demographics Daily* recognized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

Located near Georgia’s west central border, Auburn is conveniently located on Interstate Highway 85, 115 miles southwest of Atlanta and 60 miles east of Montgomery, the Alabama State Capital. 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 44,822 in 2002. Population growth has averaged slightly more than 3% per year. As the population has grown and the economic base has diversified, the City of Auburn has responded with expanded and innovative government services to provide for the needs and the expectations of a highly educated and multi-cultural citizenry.

Auburn 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 citizens. The City Manager is the chief executive officer of the City, directing and managing the daily activities of the City government. The City’s departments include: Office of the City Manager, Judicial, Information Technology, Finance, Economic Development, Human Resources, Public Safety, Public Works, Environmental Services, Library, Parks and Recreation, Planning, and Water and Sewer.

### Trend of Income and Expenses- All Funds



\* Available Income = Income + money left over from the year before

^ In fiscal 02, the City refinanced debt, which increased both income and expenses.

# City of Auburn, Alabama

## Popular Annual Financial Report

This report provides a brief analysis of where City revenue comes from and how it is spent, as well as some economic information about the community. The Popular Annual Financial Report (PAFR) of the City of Auburn is presented as a means of increasing public awareness about the City's financial condition through a more user-friendly presentation.

The PAFR is intended to summarize the financial activities of the City's governmental funds and the Sewer Fund, and was drawn from the financial information found in the 2002 Comprehensive Annual Financial Report (CAFR). The CAFR was prepared in conformance with generally accepted accounting principles (GAAP) and includes financial statements audited by Machen, McChesney & Chastain, LLP.

The PAFR, however, is unaudited and is presented on a non-GAAP basis. The GAAP basis presentation in the CAFR includes the City's component units and the presentation of individual funds, as well as full disclosure of all material events, financial and non-financial, in notes to the financial statements. Individuals who desire to review GAAP basis, full disclosure financial statements should refer to the City's CAFR that is accessible through the City's website: [www.auburnalabama.org](http://www.auburnalabama.org).

## Financial Highlights

Following is a brief overview of the 2002 (FY 02) Comprehensive Annual Financial Report:

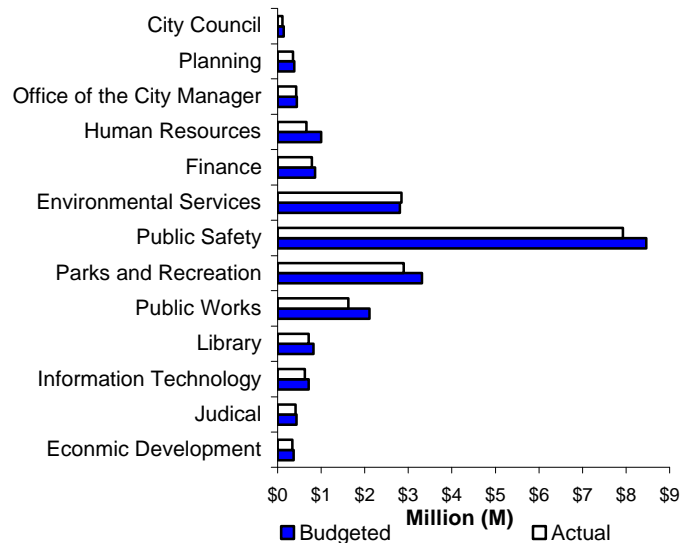
- The City held \$194.5 million in assets including property, inventories, and cash at September 30, 2002.
- Total revenues for all governmental funds were \$68.4 million.
- Total spending for all governmental funds was \$60.2 million.
- The General Fund revenues totaled \$36.5 million.
- Expenditures in the General Fund totaled \$33.7 million.
- Sewer Fund revenues totaled \$6.0 million.
- Spending in the Sewer Fund totaled \$4.5 million.

## Fund Balance

The City maintains a strong financial foundation through a focus on fund balance adequacy while providing for the City services, programs, and facilities that are consistent with citizens' priorities. Fund balance is the excess of what the City owns (assets) over what the City owes (debts or liabilities).

General Fund balance was projected to remain approximately the same in 2002 as in 2001, however it increased by 44%. The increase in fund balance was due in large part to projects that were budgeted in fiscal 2002, but did not begin until fiscal 2003. Most of the City's departments operated below budget, adding to the increase in fund balance. Only Environmental Services exceeded budget and only by 1.3%.

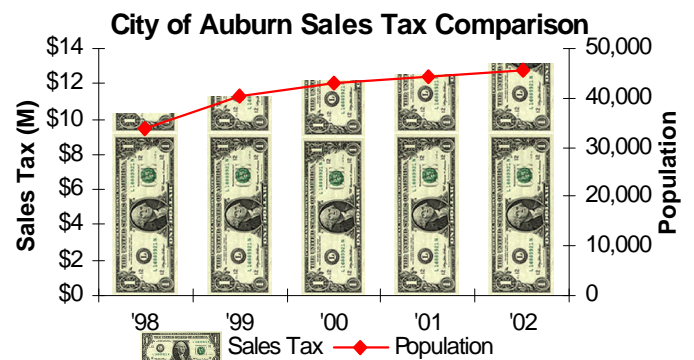
### City Departments Show Controlled Spending



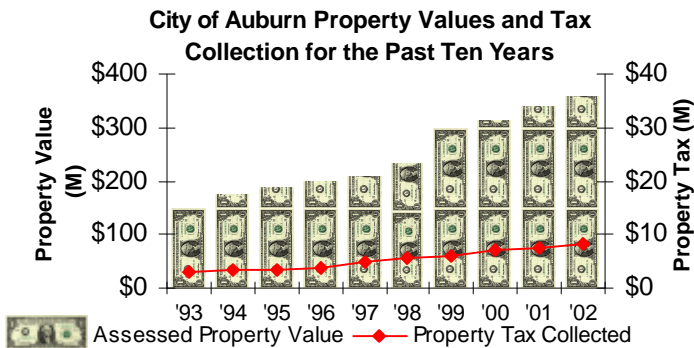
The General Fund operating results for FY 02 maintained the City's strong financial position with an ending balance in excess of 40% of budgeted spending. The ending balance of \$14.1 million for FY 02 includes a \$4 million Permanent Reserve established by the Council. The City's ending balances are important for maintaining its double-A credit ratings and for ensuring that the City can provide a quick, effective response to unforeseen events, such as natural disasters, and to provide stability in the event of economic downturns.

## Tax Revenue

In fiscal 2002, the City of Auburn received \$13.1 million from sales and use tax. As shown below, sales tax revenue has increased each year as the City's population has increased. This is to be expected in a stable economy, indicating that the general economic downturn that has affected most of the country has had a less significant impact on the City of Auburn.

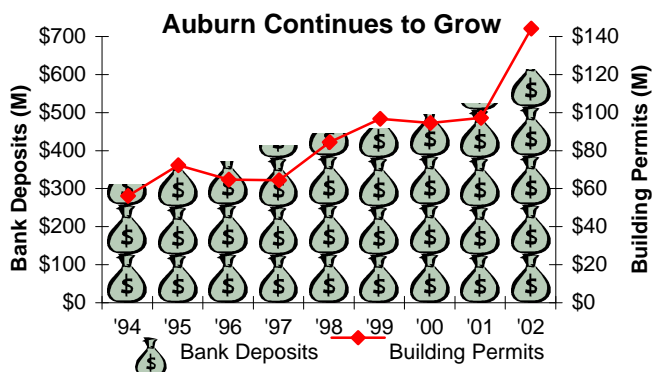


Auburn's second largest revenue source, property tax revenue has also continued to grow, due to the increase in assessed property value. Property tax revenue and assessed valuation increases have averaged 13% and 10% increase per year respectively.



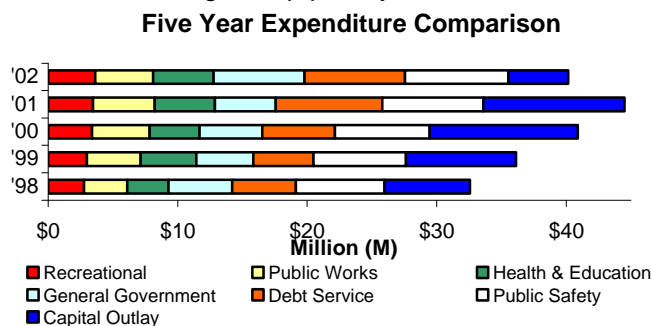
## Economic Growth

Auburn's growth is the main contributor to the increase in assessed property values within the City. Other factors include higher median income levels, a well-respected school system, and planned growth, which allows proper zoning to protect property values. The strength of the City's growth is illustrated by the steady growth in building permits. The chart below shows the growth in building permit valuations and in bank deposits within the City.



## Expenditures

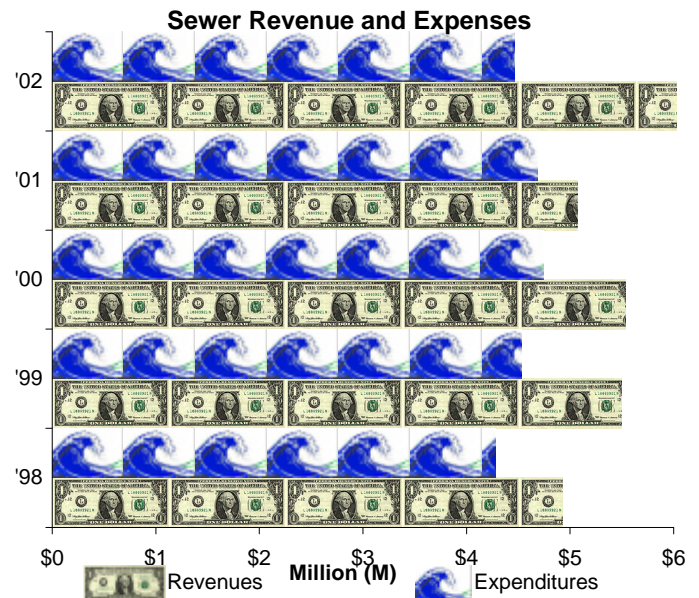
The City of Auburn's governmental funds' spending in fiscal 2002 reflects the priorities set by the Council based on the Annual Citizen Survey results. As the chart below demonstrates, the City has maintained its high funding level for Education and Welfare activities. Of the citizens surveyed, 36.1% named education funding as top priority.



The surveyed citizens' second funding priority was police protection at 21.4%. The City increased spending for Public Safety by 2.3% to meet this request. The citizens' third priority, street improvements at 12.7%, was met with the Council's continued resolve to allocate \$1 million to street maintenance and improvement. Some significant changes of note include an increase in General Government spending, which is primarily attributed to the inclusion, for the first time, of employee benefit activities in the General Fund and an increase in Economic Development projects, the citizens' fourth priority. The City's capital outlay expenditures also dropped significantly from fiscal 2001 to fiscal 2002. Spending for capital purchases fluctuates with the City's goals, needs, and financial position. More details on the results of the Citizen Survey are available from the City's website.

## Sewer Fund

The City's Sewer Fund has experienced steady revenue and net income growth in response to the expanding customer base. Late in FY 01, the City deprivatized the wastewater treatment plants to enable treatment capacity expansion. As a result of the change in ownership, operating cost have decreased, but depreciation and interest expense have increased.

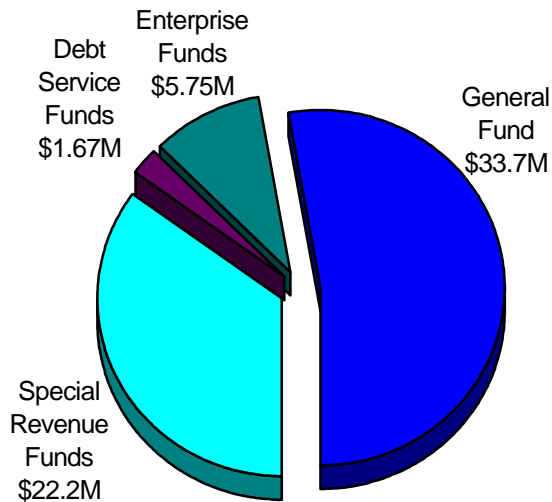


## Bond Rating

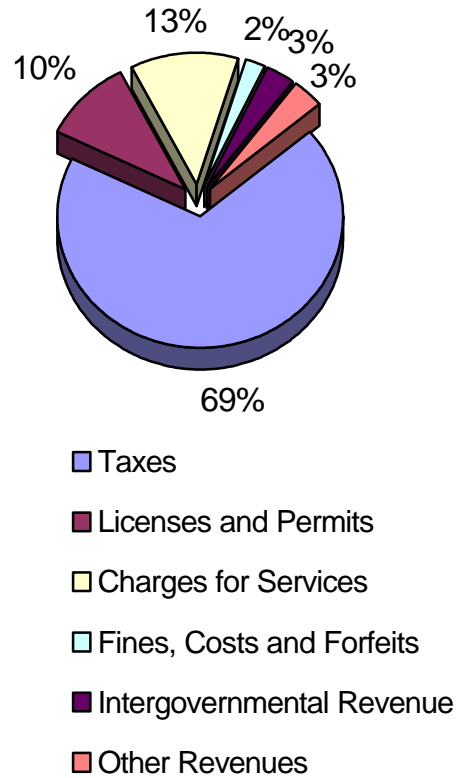
Two national rating agencies (Standard & Poor's and Moody's Investor Services) have rated the City as an AA- and Aa3 credit. The "double A" rating is reserved for organizations characterized by competent management, stable economies, and manageable debt levels. Together with bonds rated triple A, they comprise what are generally known as investment grade bonds. An obligor rated double A is judged to have a very strong capacity to meet its financial commitments.

## Where the Money Came From - Fiscal Year 2002

All Funds

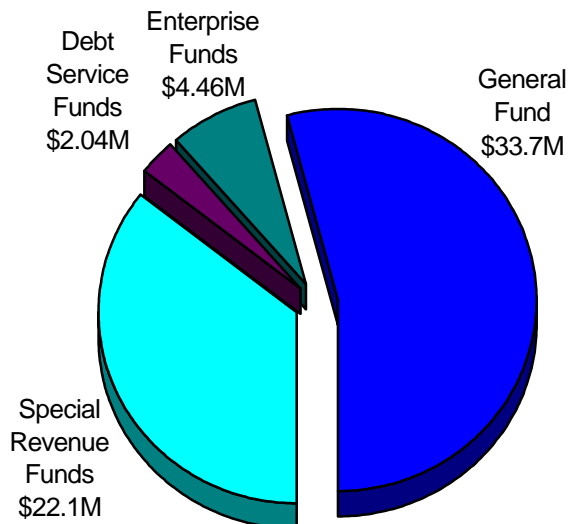


General Fund



## Where the Money Went - Fiscal Year 2002

All Funds



General Fund

