

CITY OF AUBURN, GEORGIA

Basic Financial Statements

For the Fiscal Year Ended September 30, 2009

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City of Auburn, Georgia
Basic Financial Statements
For the Fiscal Year Ended September 30, 2009

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**City of Auburn, Georgia
Basic Financial Statements
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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council Members
City of Auburn, Georgia 30011

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the **City of Auburn, Georgia**, as of and for the fiscal year ended September 30, 2009, 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, Georgia'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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, each major fund and the remaining fund information of the **City of Auburn, Georgia**, as of September 30, 2009, and the respective changes in financial position, cash flows of its proprietary funds, and the respective budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 4 through 12 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 required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the **City of Auburn, Georgia's** basic financial statements. The combining and individual nonmajor fund financial statements, schedules and schedule of project expenditures with Special Option Sales Tax 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, schedules and schedule of project expenditures with Special Option Sales Tax 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 28, 2010, on our consideration of the **City of Auburn, Georgia's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of the report is to describe the scope of testing of internal control over financial reporting and compliance and results of that testing, and is not to provide an opinion on the internal control over financial reporting or on compliance. Accordingly, we express no such opinion. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.


HUBERT A. BRISCOE, CPA
Winder, Georgia 30680-0531
January 28, 2010

City of Auburn, Georgia
Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Auburn, Georgia (City) basic financial report, the City's management provides narrative discussion and analysis of the financial activities of the City for the fiscal year ended September 30, 2009. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. The discussion focuses on the City's primary government. Unless otherwise noted component units, related organization and joint ventures reported separately from the primary government are not included.

Financial Highlights

The City of Auburn (City), Georgia operates under a Mayor-Council form of government. The accounting, financial reporting, and significant practices of the City are discussed in subsequent sections and the remainder of the Notes are organized to provide explanations and other required disclosures for the City's financial activities.

The City's assets exceeded its liabilities by \$10,998,646 (net assets) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$11,119,145.

Total net assets are comprised of the following:

- Capital assets, net of related debt, of \$6,841,480 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
- No net assets are restricted by constraints imposed from outside the City such as grantors, laws or regulations.
- Unrestricted net assets of \$4,157,166 represent the portion available to maintain the City's continuing obligations to citizens and creditors.

The City's governmental funds reported total ending fund balance of \$3,141,679 this year. This compares to the prior year ending fund balance of \$3,978,129 showing a decrease of \$836,450 during the current year. Unreserved fund balance of \$3,022,079 for the fiscal year 2009 shows a \$803,543 decrease over the prior year.

At the end of the fiscal year, unreserved fund balance for the General Fund was \$2,686,182 or 78.3 % of total General Fund expenditures and 91.0 % of total General Fund revenues.

Total liabilities of the City increased by \$174,159 to \$2,942,440 during the fiscal year. The City's Water Fund incurred additional interim financing of \$90,411 for construction of water system improvements.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The City also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Assets*. This is the City-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference reported as *net assets*. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall economic health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of the City infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities* which reports how the City's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants, and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, planning & zoning, public safety and public works. Business-type activities include water system utilities. Fiduciary activities such as employee pension plans are not included in the government-wide statements since these asset are not available to fund City programs.

The City's financial reporting includes the funds of the City (primary government) and organizations for which the City is accountable (component units). The city had no reportable component units. Other organizations such as related organizations and joint ventures are reported separately and are not included in the City's overall reporting entity.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The City has three kinds of funds:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financial requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included in the basic financial statements for the general fund. Budgetary comparison schedules for capital projects and special revenue funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the City's adopted, revised and final budgets.

Proprietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. There are two kinds of proprietary funds. These are enterprise funds and internal service funds. The City utilizes only enterprise funds. Enterprise funds essentially encompass the same functions as reported as business-type activities in the government-wide statements. Services are provided to customers external to the City organization such as water & sewer utilities and solid waste disposal and management.

Proprietary fund statements and statements for discretely presented component units (reporting that is similar to proprietary funds) provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail for major enterprise funds. The city had no component units, internal service funds, or non-major enterprise funds.

Fiduciary funds, such as employee pension plans, are reported in the fiduciary fund financial statements, but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund City programs. The City's only fiduciary funds are employee pension funds and financial statements are reported appropriately and separate from the City's financial statements.

**Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2009**

City of Auburn, Georgia

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 26 of this report immediately following the basic financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information. Other supplementary information includes details by fund for receivables, payables, transfers, and payments within the reporting entity. Supplementary information follows the notes to the financial statements.

Major funds are reported in the basic financial statements as discussed. Individual statements and schedules for non-major funds are presented in a subsequent section of this report.

Financial Analysis of the City as a Whole

The City implemented the new financial reporting model used in this report at the beginning of the fiscal year October 1, 2003. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the City as a whole.

The City's net assets at fiscal year-end were \$10,998,646. This is a \$120,499 decrease over the beginning year's net assets of \$11,119,145. The following table provides a summary of the City's net assets:

Summary of Net Assets
(dollars are in thousands)

	Governmental Activities		Business-type Activities		Total		Amount	%
	2009	2008	2009	2008	2009	2008	Change	Change
Current and other Assets	\$3,384	\$4,090	\$1,160	\$1,369	\$4,544	\$5,459	(\$915)	-17%
Capital assets	4,897	4,344	4,500	4,083	9,397	8,427	970	12%
Total Assets	\$8,281	\$8,434	\$5,660	\$5,452	\$13,941	\$13,886	\$55	0%
Current and other liabilities	\$242	\$113	\$143	\$2,587	\$385	\$2,700	(\$2,315)	-86%
Long-term liabilities	83	63	2,475	4	2,558	67	2,491	3718%
Total Liabilities	\$325	\$176	\$2,618	\$2,591	\$2,943	\$2,767	\$176	6%
Net Assets:								
Invested in capital assets								
net of related debt	\$4,897	\$4,343	\$1,944	\$1,583	\$6,841	\$5,926	\$915	15%
Unrestricted	3,059	3,915	1,098	1,278	4,157	5,193	(1,036)	-20%
Total Net Assets	\$7,956	\$8,258	\$3,042	\$2,861	\$10,998	\$11,119	(\$121)	-1%

**Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2009**

City of Auburn, Georgia

The City reported positive balances in net assets for both governmental and business-type activities. Net assets decreased \$301,946 for governmental activities and increased \$181,447 for business-type activities. The City's overall financial position improved during fiscal year 2009.

Comparative data is accumulated to assist analysis. The following table provides a summary of the City's changes in net assets:

Summary of Changes of Net Assets

(dollars are in thousands)

	Governmental Activities		Business-type Activities		Total		Amount	%
	2009	2008	2009	2008	2009	2008	Change	Change
Revenues								
Program Revenues:								
Charges for services	\$378	\$650	\$1,210	\$1,182	\$1,588	\$1,832	(\$244)	-13%
Operating grants & contributions					0	0	0	
Capital grants & contributions	252				252	0	252	
General Revenues:								
Sales & Use taxes	981	1,509			981	1,509	(528)	-35%
Property taxes	783	720			783	720	63	9%
Franchise taxes	196	169			196	169	27	16%
Alcohol Beverage taxes	77	68			77	68	9	13%
Insurance Premium taxes	386	377			386	377	9	2%
Other taxes, Interest & Misc	180	274	23	43	203	317	(114)	-36%
Total Revenues	\$3,233	\$3,767	\$1,233	\$1,225	\$4,466	\$4,992	(\$526)	-11%
Expenses								
General Government	\$1,265	\$966			\$1,265	\$966	\$299	31%
Public Safety	1,614	1,543			1,614	1,543	71	5%
Public Works	726	863			726	863	(137)	-16%
Water			\$982	\$1,129	982	1,129	(147)	-13%
Total Expenses	\$3,605	\$3,372	\$982	\$1,129	\$4,587	\$4,501	\$86	2%
Increase (decrease) in net assets before transfers	(\$372)	\$395	\$251	\$96	(\$121)	\$491	(\$612)	-125%
Transfers	70	0	(70)	0	0	0	0	
Change in Net Assets	(\$302)	\$395	\$181	\$96	(\$121)	\$491	(\$612)	-125%
Beginning Net Assets	8,258	7,863	2,861	2,765	11,119	10,628	491	5%
Ending Net Assets	\$7,956	\$8,258	\$3,042	\$2,861	\$10,998	\$11,119	(\$121)	-1%

GOVERNMENTAL REVENUES

The City's governmental activities are heavily reliant on taxes to support governmental operations. Property taxes provided 24 percent, sales taxes provided 30 percent and other taxes provided 22 percent of the City's total revenues. Program revenues, which included capital grants covered 17 percent of governmental operating expenses. The City's taxpayers and other general revenues funded 83 percent of the governmental activities. Therefore, the general economy and local business have a major impact on the City's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES

Total governmental activities costs for the current fiscal year were \$3,604,621. Of this amount, general government was \$1,264,982 (35%), public safety was \$1,613,685 (45%), and public works was \$725,944 (20%) of the total cost for services for fiscal year 2008-2009. Some of the costs were paid by programs revenues of \$630,470.

BUSINESS-TYPE ACTIVITIES

Revenues vs. Costs

Fiscal Year Ended September 30, 2009

	<u>Revenues</u>	<u>Expenses</u>
Water System	\$1,232,935	\$981,863

Financial Analysis of the City's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflows and outflows of spendable resource focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$3,141,679. Of this year-end total, \$3,022,079 is unreserved indicating availability for continuing City service requirements.

The total ending fund balances of governmental funds shows an decrease of \$836,450 over the prior year. This decrease is primarily the result of the events and programs described with the analysis of the City's governmental activities, which includes capital improvements.

Major Governmental Funds

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The fund balance of the General Fund decreased by \$629,995. Key factors contributing to this decrease were a decrease in revenues and transfers to the Capital Projects Fund.

The Capital Projects Fund had a fund balance of \$320,402; which decreased by \$212,474.

Nonmajor Governmental Funds - the Special Revenue Fund had a fund balance of \$15,495.

Proprietary Funds

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. The Water Fund net assets increased by \$181,447 from the prior year.

Major Proprietary Funds

The Water System Fund provides water to the City's residential and commercial customers. The City strives to maintain competitive rates to its customers while providing safe drinking water. The City's water utilities are reported within this activity in the government-wide statements.

General Fund Budgetary Highlights

The General Fund budget for fiscal year 2008-2009 was \$3,720,849. This was a decrease of \$314,404 under the previous year amended budget. The City Council made subsequent budget amendments between departments of \$240,000.

These amendments adjusted budgeted expenditures between departments to reflect a reclassification of funds required to adjust the original appropriations.

Capital Asset and Debt Administration

Capital assets

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of September 30, 2009, was \$4,897,130 and \$1,944,350 respectively. Major capital asset additions by the City's governmental-type activities during the current year included infrastructure improvements of \$340,631, building improvements of \$176,615, a land purchase of \$125,379, and capital asset purchases of \$174,591. Expansion and improvements by the City's business-type activities in the amount of \$514,155 also contributed to changes in the City's investment in capital assets. See Note 4. D. for additional information about changes in capital assets during the fiscal year.

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2009

City of Auburn, Georgia

Capital Assets
Net of Accumulated Depreciation
(dollars are in thousands)

	Governmental Activities		Business-type Activities		Total		Amount	%
	2009	2008	2009	2008	2009	2008	Change	Change
Non-Depreciable Assets								
Land	\$1,089	\$963	96	96	\$1,185	\$1,059	\$126	12%
Construction in Progress	51	37	21	2,462	72	2,499	(2,427)	-97%
Depreciable Assets								
Buildings	825	670			825	670	155	23%
Distribution Systems			\$4,334	\$1,459	4,334	1,459	2,875	197%
Vehicles & Equipment	696	719	49	66	745	785	(40)	-5%
Infrastructure	2,236	1,955			2,236	1,955	281	14%
Total	\$4,897	\$4,344	\$4,500	\$4,083	\$9,397	\$8,427	\$970	12%

Long-term debt

At the end of the fiscal year, the City had total debt outstanding of \$2,643,238. The major component was a \$2,556,331 note payable to GEFA for water system expansion. See Note 4. G. for additional discussion.

Bond Ratings

The City has no bond debt.

Outstanding Debt
(dollars are in thousands)

	Governmental Activities		Business-type Activities		Total		Amount	%
	2009	2008	2009	2008	2009	2008	Change	Change
Compensated Absences	\$83	\$63	\$4	\$4	\$87	\$67	\$20	30%
General Obligation - Leases	0	1			0	1	(1)	-100%
Note Payable - GEFA			2,556	2,501	2,556	2,501	55	2%
Total	\$83	\$64	\$2,560	\$2,505	\$2,643	\$2,569	\$74	3%

Economic Environment and Next Year's Budgets

The City's elected officials considered many factors when adopting the fiscal year 2009-2010 budget. The City's tax rates and fees for business-type activities were predominate budget considerations. The City is experiencing steady growth in population and local businesses. The City has low to moderate cost of living, relatively low unemployment and a stable but growing economic environment. Infrastructure and recreation improvements are planned and are to be funded primarily with Special Option Sale Tax receipts.

The City completed its major water system expansion (700,000 gallon water tank and water line extensions) during the fiscal year. The City finalized its interim financing with the Georgia Environmental Facilities Authority (GEFA) with a principal balance of \$2,591,109, payable over twenty (20) years.

For the fiscal year 2009-2010, the City Council approved a total budget of \$4.89 million. This budget includes operating and non-operating funds. The General Fund budget is \$3,548,501 and the Water Fund is budgeted for \$1,342,704. The City's budgets and relative fund balances are maintained in compliance with the City's adopted financial policies.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the City Clerk, at: P. O. Box 1059, Auburn, Georgia 30011.

City of Auburn, Georgia
Basic Financial Statements
For the Fiscal Year Ended September 30, 2009

City of Auburn, Georgia
Statement of Net Assets
September 30, 2009

	Primary Government		
	Governmental Activities	Business Type Activities	Totals
ASSETS			
Current Assets			
Cash and Cash equivalents	\$ 2,492,365	\$ 1,038,868	\$ 3,531,233
Receivables - Taxes	51,035		51,035
Other Accounts	69,225	110,889	180,114
Due from Other Governments	180,436		180,436
Prepaid Insurance	119,600	10,060	129,660
Restricted Current Assets			
Cash and Cash equivalents	470,797		470,797
Non-Current Assets			
Capital Assets:			
Land & Construction in Progress	1,139,531	117,395	1,256,926
Other Capital Assets, net of accumulated depreciation	3,757,599	4,383,286	8,140,885
TOTAL ASSETS	\$ 8,280,588	\$ 5,660,498	\$ 13,941,086
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 172,554	\$ 33,473	\$ 206,027
Refundable Deposits		23,950	23,950
Notes & Leases Payable - Current		85,989	85,989
Deferred Revenues	69,225		69,225
Non-Current Liabilities			
Notes & Leases Payable - Non Current		2,470,342	2,470,342
Compensated Absences	82,802	4,105	86,907
TOTAL LIABILITIES	\$ 324,581	\$ 2,617,859	\$ 2,942,440
NET ASSETS			
Investment in Capital Assets, net of related debt	\$ 4,897,130	\$ 1,944,350	\$ 6,841,480
Unrestricted	3,058,877	1,098,289	4,157,166
TOTAL NET ASSETS	\$ 7,956,007	\$ 3,042,639	\$ 10,998,646

See accompanying notes to Financial Statements

City of Auburn, Georgia
Statement of Activities
For the Fiscal Year Ended September 30, 2009

Function/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 1,264,982	\$ 31,009	\$	\$ 50,770	\$ (1,183,203)	\$	\$ (1,183,203)
Public Safety	1,613,685	181,983		21,564	(1,410,138)		(1,410,138)
Public Works	725,944	165,000		180,144	(380,800)		(380,800)
Interest on Long-term Debt	10				(10)		(10)
Total Governmental Activities	\$ 3,604,621	\$ 377,992	\$ 0	\$ 252,478	\$ (2,974,151)	\$	\$ (2,974,151)
Business Type Activities:							
Water	981,863	1,210,177				\$ 228,314	\$ 228,314
Total Business Type Activities	\$ 981,863	\$ 1,210,177	\$ 0	\$ 0	\$	\$ 228,314	\$ 228,314
Total Primary Government	\$ 4,586,484	\$ 1,588,169	\$ 0	\$ 252,478	\$ (2,974,151)	\$ 228,314	\$ (2,745,837)
General Revenues:							
Taxes:							
Sales & Use Taxes - Local Option					\$ 980,698	\$	\$ 980,698
Property Taxes					782,603		782,603
Franchise Taxes					196,212		196,212
Alcohol Beverage Taxes					76,807		76,807
Insurance Premium Taxes					386,405		386,405
Other Taxes					45,530		45,530
Interest & Investment Earnings					98,767	20,098	118,865
Miscellaneous					33,058	2,660	35,718
Gain on the Sales of Assets					2,500		2,500
Transfers					69,625	(69,625)	0
Total General Revenues, Special Items & Transfers					\$ 2,672,205	\$ (46,867)	\$ 2,625,338
Change in Net Assets					\$ (301,946)	\$ 181,447	\$ (120,499)
Net Assets-Beginning					8,257,953	2,861,192	11,119,145
Net Assets-Ending					\$ 7,956,007	\$ 3,042,639	\$ 10,998,646

General Revenues:

Taxes:	
Sales & Use Taxes - Local Option	
Property Taxes	
Franchise Taxes	
Alcohol Beverage Taxes	
Insurance Premium Taxes	
Other Taxes	
Interest & Investment Earnings	
Miscellaneous	
Gain on the Sales of Assets	
Transfers	

Total General Revenues, Special Items & Transfers

Change in Net Assets

Net Assets-Beginning

Net Assets-Ending

City of Auburn, Georgia
Balance Sheet
Governmental Funds
September 30, 2009

	General Fund	Capital Projects Fund	Other Governmental Funds	Totals Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 2,492,365	\$ 455,302	\$ 15,495	\$ 2,963,162
Receivables - Taxes	51,035			51,035
Other Accounts	69,225			69,225
Due From Other Governments	156,181	24,255		180,436
Prepaid Insurance	119,600			119,600
TOTAL ASSETS	<u>\$ 2,888,406</u>	<u>\$ 479,557</u>	<u>\$ 15,495</u>	<u>\$ 3,383,458</u>
LIABILITIES				
Accounts Payable	\$ 13,399	\$ 159,155	\$	\$ 172,554
Deferred Revenues	69,225			69,225
TOTAL LIABILITIES	<u>\$ 82,624</u>	<u>\$ 159,155</u>	<u>\$ 0</u>	<u>\$ 241,779</u>
FUND BALANCES				
Reserved for Prepaids	\$ 119,600	\$	\$	\$ 119,600
Unreserved - General Fund	2,686,182			2,686,182
Unreserved - Capital Projects Fund		320,402	15,495	320,402
Unreserved - Special Revenue Fund				15,495
TOTAL FUND BALANCES	<u>\$ 2,805,782</u>	<u>\$ 320,402</u>	<u>\$ 15,495</u>	<u>\$ 3,141,679</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,888,406</u>	<u>\$ 479,557</u>	<u>\$ 15,495</u>	<u>\$ 3,383,458</u>

See accompanying notes to Financial Statements

City of Auburn, Georgia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
September 30, 2009

Total fund balance - total governmental funds **\$ 3,141,679**

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 therefore are not reported in the funds

Capital assets (Cost)	\$	6,368,779
Less accumulated depreciation		<u>(1,471,649)</u>
		4,897,130

Long-term Liabilities are not due and payable in the current period and are not reported in the funds

Compensated absences		<u>(82,802)</u>
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Net Assets of Governmental Activities **\$ 7,956,007**

City of Auburn, Georgia
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
For the Fiscal Year Ended September 30, 2009

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:				
Taxes	\$ 2,468,255	\$	\$	\$ 2,468,255
Licenses & Permits	31,009			31,009
Fines and Forfeitures	168,051		13,932	181,983
Interest Income	85,534	13,233		98,767
Charges For Services	165,000			165,000
Intergovernmental		230,914	21,564	252,478
Miscellaneous	33,058			33,058
TOTAL REVENUES	<u>\$ 2,950,907</u>	<u>\$ 244,147</u>	<u>\$ 35,496</u>	<u>\$ 3,230,550</u>
EXPENDITURES:				
Current Operations				
General Government	\$ 1,181,730	\$	\$	\$ 1,181,730
Public Safety	1,492,982			1,492,982
Public Works	647,197			647,197
Capital Outlay - General Government	27,704	303,934		331,638
Capital Outlay - Public Safety	64,357		29,477	93,834
Capital Outlay - Public Works	18,772	372,972		391,744
TOTAL EXPENDITURES	<u>\$ 3,432,742</u>	<u>\$ 676,906</u>	<u>\$ 29,477</u>	<u>\$ 4,139,125</u>
Revenues Over (Under) Expenditures	<u>\$ (481,835)</u>	<u>\$ (432,759)</u>	<u>\$ 6,019</u>	<u>\$ (908,575)</u>
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	\$ 2,500	\$	\$	\$ 2,500
Transfers	(150,660)	220,285		69,625
TOTAL OTHER FINANCING SOURCES USES	<u>\$ (148,160)</u>	<u>\$ 220,285</u>	<u>\$ 0</u>	<u>\$ 72,125</u>
NET CHANGE IN FUND BALANCES	<u>\$ (629,995)</u>	<u>\$ (212,474)</u>	<u>\$ 6,019</u>	<u>\$ (836,450)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>3,435,777</u>	<u>532,876</u>	<u>9,476</u>	<u>3,978,129</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 2,805,782</u></u>	<u><u>\$ 320,402</u></u>	<u><u>\$ 15,495</u></u>	<u><u>\$ 3,141,679</u></u>

See accompanying notes to Financial Statements

City of Auburn, Georgia
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Fiscal Year Ended September 30, 2009

Net Changes in Fund Balances - Total Governmental Funds **\$ (836,450)**
Amounts reported for governmental activities in the statement of
activities are different because:

Governmental funds report capital outlay as expenditures. However,
in the statement of activities, the cost of those assets are allocated over
their estimated useful lives and reported as depreciation expense. This
is the amount by which capital outlays and depreciation differ in the
current period.

Capital Outlay	817,216	
Depreciation	<u>(264,413)</u>	552,803

In the statement of activities, the gain (loss) on the sale of assets is
reported, whereas in the governmental funds, the proceeds from the
sale increases financial resources. The change in net assets differs
from the change in fund balance by the cost of the assets sold, net of
related accumulated depreciation. 0

Proceeds from debt issuances provide current financial resources to
governmental funds, but issuing debt increases long-term liabilities in
the statement of net assets. Compensated absences. see Note 4 G. (19,408)

Repayment of debt principal is an expenditure in governmental funds,
but the repayment reduces long-term liabilities in the statement of net
assets. Repayment of capital lease obligations. See Note 4 G. 1,109

Change in net assets of Governmental Activities **\$ (301,946)**

City of Auburn, Georgia
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended September 30, 2009

	Budgeted Amounts				
	Original	Revisions	Final	Actual	Variance
REVENUES					
Taxes					
Property Taxes	\$ 740,000	\$	\$ 740,000	\$ 703,939	\$ (36,061)
Motor Vehicle Taxes	66,000		66,000	78,664	12,664
Sales Taxes	1,400,000		1,400,000	980,698	(419,302)
Franchise Taxes	192,500		192,500	196,212	3,712
Alcohol Beverage Taxes	73,000		73,000	76,807	3,807
Insurance Premium Taxes	400,000		400,000	386,405	(13,595)
Other Taxes	57,300		57,300	45,530	(11,770)
Total Taxes	\$ 2,928,800	\$ 0	2,928,800	\$ 2,468,255	\$ (460,545)
Licenses & Permits	107,200		107,200	31,009	(76,191)
Fines & Forfeitures	274,300		274,300	168,051	(106,249)
Charges for Services	158,575		158,575	165,000	6,425
Miscellaneous	86,974		86,974	33,058	(53,916)
Interest Earned	165,000		165,000	85,534	(79,466)
TOTAL REVENUES	\$ 3,720,849	\$ 0	\$ 3,720,849	\$ 2,950,907	\$ (769,942)
EXPENDITURES					
Current					
General Government					
Personal Services	\$ 587,952	\$ (10,000)	\$ 577,952	\$ 566,234	\$ 11,718
Purchased/Contracted Services	638,282	(90,000)	548,282	530,054	18,228
Supplies	84,150		84,150	81,805	2,345
Other Costs	3,500		3,500	3,637	(137)
Capital Outlay	70,050	(40,000)	30,050	27,704	2,346
Total General Government	\$ 1,383,934	\$ (140,000)	\$ 1,243,934	\$ 1,209,434	\$ 34,500
Public Safety					
Personal Services	\$ 1,287,191	\$ (40,000)	\$ 1,247,191	\$ 1,230,750	\$ 16,441
Purchased/Contracted Services	196,682		196,682	183,403	13,279
Supplies	91,100		91,100	78,829	12,271
Capital Outlay	75,500		75,500	64,357	11,143
Total Public Safety	\$ 1,650,473	\$ (40,000)	\$ 1,610,473	\$ 1,557,339	\$ 53,134

See accompanying notes to Financial Statements

City of Auburn, Georgia
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended September 30, 2009

	Budgeted Amounts			Actual	Variance
	Original	Revisions	Final		
Public Works					
Personal Services	\$ 326,555	\$	\$ 326,555	\$ 309,852	\$ 16,703
Purchased/Contracted Services	232,987	(10,000)	222,987	206,597	16,390
Supplies	142,400		142,400	130,748	11,652
Capital Outlay	73,500	(50,000)	23,500	18,772	4,728
Total Public Works	\$ 775,442	\$ (60,000)	\$ 715,442	\$ 665,969	\$ 49,473
TOTAL EXPENDITURES	\$ 3,809,849	\$ (240,000)	\$ 3,569,849	\$ 3,432,742	\$ 137,107
EXCESS OF REVENUES OVER EXPENDITURES	\$ (89,000)	\$ 240,000	\$ 151,000	\$ (481,835)	\$ (632,835)
OTHER FINANCING SOURCES (USES)					
Sale of Capital Assets	\$ 4,000	\$	\$ 4,000	\$ 2,500	\$ (1,500)
Transfers	85,000	(240,000)	(155,000)	(150,660)	4,340
TOTAL OTHER FINANCING SOURCES (USES)	\$ 89,000	\$ (240,000)	\$ (151,000)	\$ (148,160)	\$ 2,840
REVENUES AND OTHER SOURCES (UNDER) EXPENDITURES	\$ 0	\$ 0	\$ 0	\$ (629,995)	\$ (629,995)
FUND BALANCE - BEGINNING OF YEAR				\$ 3,435,777	
FUND BALANCE - END OF YEAR				\$ 2,805,782	

See accompanying notes to Financial Statements

City of Auburn, Georgia
Statement of Net Assets
Proprietary Funds
September 30, 2009

	<u>Enterprise Funds</u>	
	<u>Water System</u>	<u>Totals</u>
ASSETS		
Current Assets:		
Cash & Cash Equivalents	\$ 1,038,868	\$ 1,038,868
Receivables, Net	110,889	110,889
Prepaid Insurance	10,060	10,060
Total Current Assets	<u>\$ 1,159,817</u>	<u>\$ 1,159,817</u>
Non-Current Assets:		
Capital Assets:		
Land & Construction in Progress	\$ 117,395	\$ 117,395
Buildings, Equipment & Distribution System net of accumulated depreciation	<u>4,383,286</u>	<u>4,383,286</u>
Total Non-Current Assets	<u>\$ 4,500,681</u>	<u>\$ 4,500,681</u>
TOTAL ASSETS	<u><u>\$ 5,660,498</u></u>	<u><u>\$ 5,660,498</u></u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 33,473	\$ 33,473
Refundable Deposits	23,950	23,950
Note Payable, Current	85,989	85,989
Non-Current Liabilities:		
Compensated Absences	4,105	4,105
Note Payable, Non-Current	<u>2,470,342</u>	<u>2,470,342</u>
TOTAL LIABILITIES	<u>\$ 2,617,859</u>	<u>\$ 2,617,859</u>
NET ASSETS		
Invested in capital assets, net of related debt	\$ 1,944,350	\$ 1,944,350
Unrestricted	<u>1,098,289</u>	<u>1,098,289</u>
TOTAL NET ASSETS	<u><u>\$ 3,042,639</u></u>	<u><u>\$ 3,042,639</u></u>

See accompanying notes to Financial Statements

City of Auburn, Georgia
Statement of Revenues, Expenses
and Changes in Funds Net Assets
Proprietary Funds
For the Fiscal Year Ended September 30, 2009

	<u>Enterprise Funds</u>	
	<u>Water System</u>	<u>Totals</u>
Operating Revenues:		
Charges for Service	\$ 1,210,177	\$ 1,210,177
Other	2,660	2,660
Total Operating Revenues	\$ 1,212,837	\$ 1,212,837
Operating Expenses:		
Personal Services & Benefits	\$ 254,797	\$ 254,797
Purchased/Contracted Services	90,276	90,276
Water Purchases	444,065	444,065
Supplies	50,566	50,566
Depreciation	97,057	97,057
Total Operating Expenses	\$ 936,761	\$ 936,761
Operating Income (Loss)	\$ 276,076	\$ 276,076
Non-operating Revenues (Expenses)		
Interest Income	20,098	20,098
Interest Expense	(45,102)	(45,102)
Net Income (Loss) before transfers	\$ 251,072	\$ 251,072
Transfers In/(Out)	(69,625)	(69,625)
Change in Net Assets	\$ 181,447	\$ 181,447
Total Net Assets - Beginning of Year	2,861,192	2,861,192
Total Net Assets - End of Year	\$ 3,042,639	\$ 3,042,639

See accompanying notes to Financial Statements

City of Auburn, Georgia
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2009

	<u>Enterprise Funds</u>	
	<u>Water Fund</u>	<u>Totals</u>
Cash Flows from Operating Activities:		
Receipts from customers	\$ 1,180,654	\$ 1,180,654
Payments to suppliers	(510,457)	(510,457)
Payments to employees	(183,906)	(183,906)
Other receipts (payments)	(154,961)	(154,961)
Net Cash Provided by Operating Activities	\$ 331,330	\$ 331,330
Cash Flows from Capital and Related Financing Activities:		
Acquisition of Capital Assets	\$ (514,155)	\$ (514,155)
Loan Proceeds	90,411	90,411
Principal Payments	(34,778)	(34,778)
Transfers Out	(69,625)	(69,625)
Interest Expense	(45,102)	(45,102)
Total Cash Provided (Used) by Capital and Related Financing Activities	\$ (573,249)	\$ (573,249)
Cash Flows from Investing Activities:		
Interest Income	\$ 20,098	\$ 20,098
Net Increase (Decrease) in Cash	\$ (221,821)	\$ (221,821)
Cash and Cash Equivalents - Beginning of Year	1,260,689	1,260,689
Cash and Cash Equivalents - End of Year	\$ 1,038,868	\$ 1,038,868
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Net Operating Income/(Loss)	\$ 276,076	\$ 276,076
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	97,057	97,057
(Increase)/Decrease - Accounts Receivable	(32,183)	(32,183)
(Increase)/Decrease - Prepaids	1,607	1,607
(Increase)/Decrease - Due From Other Funds	18,031	18,031
Increase/(Decrease) - Accounts Payable	(15,826)	(15,826)
Increase/(Decrease) - Customer Deposits	(13,550)	(13,550)
Increase/(Decrease) - Compensated Absences	118	118
Net Cash Provided by Operating Activities	\$ 331,330	\$ 331,330

See accompanying notes to Financial Statements

City of Auburn, Georgia
Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2009

City of Auburn, Georgia
Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2009

Note 1. Summary of Significant Accounting Policies

A. Introduction:

The City of Auburn (City), Georgia operates under a Mayor-Council form of government. The accounting, financial reporting, and significant practices of the City are discussed in subsequent sections and the remainder of the Notes are organized to provide explanations and other required disclosures for the City's financial activities.

The financial statements of the City of Auburn have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) of the United States of America. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The City also applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued after November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its proprietary funds at the fund reporting level unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

B. Financial Reporting Entity - Basis of Presentation

1. Primary Government and Component Units:

The City has implemented Governmental Accounting Standards Board Statement 14 "The Financial Reporting Entity". Statement 14 applies levels to all state and local governments. The Statement applies to financial reporting by primary governments, governmental joint ventures, jointly governed organizations, and other stand-alone governments; and it applies to the separately issued financial statements of governmental component units. The financial reporting entity consists of (a) primary governments, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The nucleus of a financial reporting entity usually is a primary government. However, a governmental organization other than a primary government (such as a component unit, joint venture, jointly governed organization or another stand-alone government) serves as the nucleus for its own reporting entity when it issues separate financial statements.

In conformity with GASB Statement 14, the City of Auburn, Georgia, has no component units that meet the criteria for component units requiring discrete presentation in the primary governmental financial reporting entity.

City of Auburn, Georgia
Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2009

Note 1. Summary of Significant Accounting Policies, continued

B. Financial Reporting Entity - Basis of Presentation, continued

2. Government-wide and Fund Financial Statements:

Government-wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the City as a whole. The primary government is the focus of these financial statements. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

The City segregates transactions related to certain City functions or activities in separate funds in order to aid in financial management and to demonstrate legal and contractual compliance. Fund financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

Fund Accounting

The City uses funds to maintain its financial records. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses two categories of funds: governmental and proprietary.

City of Auburn, Georgia
Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2009

Note 1. Summary of Significant Accounting Policies, continued

B. Financial Reporting Entity - Basis of Presentation, continued

2. Government-wide and Fund Financial Statements

Fund Accounting

Governmental Fund Types

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within sixty (60) days of end of the year. Revenues subject to accrual are property taxes, sales & use taxes, interest income and grants. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due. Governmental fund types utilized by the City are General, Capital Projects, and Special Revenue Funds. The general fund is the City's primary operating fund and accounts for all financial resources of the general government. Capital projects fund accounts for accumulation of resources and subsequent disbursements in obtaining or renovating major capital assets. Special revenue funds account for resources that are legally restricted to expenditures for specific purposes. Capital projects include SPLOST receipts and disbursements. The General Fund and Capital Projects Fund are major governmental funds.

Proprietary Fund Types

Proprietary fund financial statements report using the economic resources measurement focus and the accrual basis of accounting, primarily directed to continuing operations. Reporting focuses on the determination of net income, financial position, and cash flows. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are costs of providing goods or services and includes administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements. The only proprietary fund type utilized by the City is the Water Fund. It is a major enterprise funds. The Water Fund accounts for utility services (water) and their related distribution operations.

3. Measurement Focus:

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operations of the City are included on the statement of net assets. The statement of activities reports revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

City of Auburn, Georgia
Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2009

Note 1. Summary of Significant Accounting Policies, continued

B. Financial Reporting Entity - Basis of Presentation, continued

3. Measurement Focus - continued

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. Therefore, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

All proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and liabilities associated with the operation of these funds are included on the statements of net assets. The statements of changes in fund net assets presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the City's finances meet the cash flow needs of its proprietary activities.

C. Basis of Accounting:

Basis of accounting determines when transactions are recorded in the financial records and reported on financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, governmental fund types use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenues, recording of deferred revenues, and in the presentation of expenses versus expenditures.

D. Assets, Liabilities, Net Assets or Fund Equity:

1. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include demand deposits, money market accounts and short-term investments with a maturity date, within ninety (90) days of the date acquired by the City.

City of Auburn, Georgia
Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2009

Note 1. Summary of Significant Accounting Policies, continued

D. 1. Cash, Cash Equivalents, and Investments - continued

The City may invest and reinvest money subject to its control in (1) obligations of the United States and its agencies and instrumentalities; (2) bonds or certificates of indebtedness of Georgia and its agencies and instrumentalities; and (3) certificates of deposit of banks which have deposits insured by the Federal Deposit Insurance Corporation and certain specified amounts in excess of the amount insured by the F.D.I.C. The City also may hold funds in deposit accounts with banking institutions as otherwise authorized by law.

Investments are stated at cost or amortized costs, which approximates market. Investments consist of money market accounts, certificates of deposit and U. S. Government Treasury Bills & Notes, and are considered the same as cash and cash equivalents, and accordingly are reported under the caption of cash on the balance sheet.

2. Receivables

Receivables are recorded in the General and Enterprise Funds net of any estimated uncollectibles.

3. Inventory

Materials purchased and expendable supplies are shown as expenditures in governmental funds and expenses in proprietary funds when acquired and are not inventoried at year end because the amounts are not considered to be material.

4. Prepaid Items

Payments to vendors for services that benefit future periods beyond fiscal year end are recorded as prepaid items and reported on the consumption basis. When prepaid items are incurred by the City, the expenditure or expense is deferred to the period benefited. At the fund reporting level, a reservation is made in the fund balance for an equal amount.

5. Capital Assets

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Infrastructure acquired prior to implementation of GASB 34 on October 1, 2003 are not reported in the basic financial statements. Proprietary/Enterprise fund capital assets are reported in their respective fund financial statements. Donated assets are stated at fair value on the date donated. The City maintains a capitalization threshold of five thousand dollars. The City's infrastructure consists of roads, bridges, curbs, gutters, sidewalks and utility (Water) distribution systems. Major improvements to capital assets are capitalized. Cost of normal maintenance and repair that do not add to the asset value or materially extend useful lives are not capitalized.

City of Auburn, Georgia
Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2009

Note 1. Summary of Significant Accounting Policies, continued

D. 5. Capital Assets - continued

Capital assets are depreciated using the straight-line method. When capital assets are disposed or retired, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss recorded in operations. Depreciation is determined using the straight-line method over the following estimated useful lives:

Plants & Buildings	20 - 50 years
Machinery & Equipment	5 - 7 years
Vehicles	3 - 5 years
Transmission/Distribution Systems & Infrastructure	50 years

6. Interest Capitalization

Interest costs are capitalized when incurred by proprietary funds on debt where the proceeds were used to finance construction of assets.

7. Compensated Absences

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. The maximum vacation accrual is limited to thirty (30) days. Sick leave accrues to full-time employees to specified maximums; however, benefits are paid only upon illness of an employee and are charged to expenditures when taken. Accrued sick benefits are lost upon termination or retirement. Accrued vacations are paid to employees upon termination. Compensated absences are reported as accrued in the government-wide financial statements. Proprietary funds report compensated liabilities in each individual fund at the fund level. Governmental funds report only matured compensated absences payable to currently terminating employees and included in personal services and benefits.

8. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide and proprietary financial statements. Bond issue costs, bond discounts or premiums, and the difference between the reacquisition price and net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest rate method.

Governmental fund payables and accrued liabilities reported as obligations of these funds are paid in full from current financial resources. Governmental fund financial statements recognize proceeds from debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures. Compensated absences paid from governmental funds are reported only to the extent they are due during the current year.

City of Auburn, Georgia
Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2009

Note 1. Summary of Significant Accounting Policies, continued

D. 9. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as fund balance. Fund equity for all other reporting is classified as net assets.

Fund Balance

Fund balance represents the difference between current assets and current liabilities. Unreserved fund balance indicates the amount available for appropriation in future periods. The City reserves portions of fund balance which are legally segregated for a specific purpose or do not represent amounts available for appropriation or expenditure.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through legislation adopted by the City or contractual by creditors, grantors, or laws or regulations of other governments. All other net assets are reported as unrestricted.

10. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. The City's operating revenues are charges for services for water & sewage. Operating expenses are the necessary costs incurred to provide goods or services that are the primary activity of each fund. Other revenues and expenses are non-operating.

11. Contributed Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, grants or outside contribution of resources restricted to capital acquisition and construction.

Note 2. Changes in Accounting Principles, Fund Reclassifications and Restatement of Equity

A. Changes in Accounting Principles

For the Fiscal Year beginning October 1, 2003, the City implemented GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." GASB Statement No. 34 creates new basic financial statements for reporting the City's financial activities. The financial statements include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present

City of Auburn, Georgia
Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2009

Note 2. Changes in Accounting Principles, Fund Reclassifications and Restatement of Equity

A. Changes in Accounting Principles, continued

information for individual major funds rather than by fund type. Nonmajor funds are presented in total in a single column.

The government-wide financial statements classify the City's programs between governmental activities and business-type activities. The beginning net asset amount for the business-type activities equals fund equity of the enterprise fund from the prior year. The beginning net asset amount for governmental programs reflect the change in fund balance for governmental funds at September 30, 2003, caused by the conversion to the accrual basis of accounting.

B. Restatement of Equity Balances

Restatement of fund equity had no effect on the General Fund as a result of GASB Interpretation No. 6 as previously reported because capital leases payable were retired during the year.

Note 3. Stewardship, Compliance and Accountability

A. Budgetary Information

Budget Policy and Practice

The City prepares annual budgets based on anticipated revenues and appropriated expenditures. Public hearings are conducted to obtain taxpayer comments. Prior to September 30, each year the budget is legally enacted by passage of an ordinance for the City's operating funds. Amendments to the budget must be approved by the City Council. Budgets of the General, Capital Projects, Special Revenue and Proprietary Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Basis for Budgeting

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personal services and benefits, purchased/contracted services, supplies, other, and capital outlay. The legal level of budgetary control is the department level. Budget revisions at this level are subject to review and approval by the City Council. Within these control levels, management may transfer appropriations without Council approval. Revisions to the budget were made throughout the year. All unexpended annual appropriations lapse at year end.

City of Auburn, Georgia
Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2009

Note 3. Stewardship, Compliance and Accountability - continued

B. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting - under which purchase orders, contracts and other commitments for expenditures of resources are recorded to reserve the applicable appropriation - is not used by the City.

C. Deficit Fund Equities

No funds reflected deficit fund balances or retained earnings as of September 30, 2009.

D. Excess of Expenditures over Appropriations

There were no known expenditures in excess of appropriations for the primary government.

Note 4. Detailed Notes on All Funds

A. Deposits and Investments

All bank balances of deposits as of the balance sheet date are entirely insured or collateralized with securities held by the City or its agent in the City's name. Cash and investments are classified as to credit risk as described below:

Deposits

Category 1 - Insured or collateralized with securities held by the City or its agent in the City's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

Category 3 - Uncollateralized.

	Category			Bank	Carrying
	1	2	3	Balance	Amount
Primary Government	\$ 4,101,575	\$ 0	\$ 0	\$ 4,101,575	\$ 4,002,030
Totals	\$ 4,101,575	\$ 0	\$ 0	\$ 4,101,575	\$ 4,002,030

City of Auburn, Georgia
Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2009

Note 4. Detailed Notes on All Funds - continued

A. Deposits and Investments - continued

Investments

The City may invest and reinvest money subject to its control in 1) obligations of the United States and its agencies and instrumentalities; 2) bonds or certificates of indebtedness of the State of Georgia and its agencies and instrumentalities; and (3) certificates of deposits of banks which have deposits insured by the Federal Deposit Insurance Corporation (FDIC) and certain specified amounts in excess of the amounts insured by the FDIC with the bank pledging appropriate bank assets as collateral. The City also may hold funds in deposit accounts with banking institutions as otherwise authorized by law.

Investments are stated at cost or amortized costs, which approximates market. Investments consist of money market accounts and U.S. Government Treasury bills and notes, which mature within three months or less from the date of acquisition are considered as the same as cash and cash equivalents, and accordingly are reported under the caption of cash on the balance sheet.

B. Receivables

Receivables are recorded in the General and Enterprise Funds net of any estimated uncollectibles. A summary by fund of the receivables and their respective allowances for doubtful accounts follows:

Primary Government		Property Taxes	Accounts	Allowance for Uncollectibles	Net Receivables
General Fund		\$ 51,035	\$ 139,778	\$ 70,553	\$ 120,260
Water System Fund			112,768	1,879	110,889
Total Primary Government		\$ 51,035	\$ 252,546	\$ 72,432	\$ 231,149

C. Due from Other Governments

The City recorded sales and use tax receipts for August and September 2009 due from the Georgia Department of Revenue in the amount of \$156,181. The August 2009 receivable in the amount of \$80,717 was received October 2009. The September 2009 receivable in the amount of \$75,464 was received in November 2009. The City also recorded SPLOST receipts receivable for \$17,506 due from Barrow County and \$6,749 due from Gwinnett County.

City of Auburn, Georgia
Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2009

Note 4. Detailed Notes on All Funds - continued

D. Capital Assets

A summary of changes in Capital Assets follows:

	Balance 10/1/2008	Additions	Deletions	Balance 9/30/2009
Governmental Activities				
Capital Assets not being depreciated				
Land	\$963,445	\$125,379		\$1,088,824
Construction in Progress	37,009	13,698		50,707
Total Capital Assets not being depreciated	<u>\$1,000,454</u>	<u>\$139,077</u>	<u>\$0</u>	<u>\$1,139,531</u>
Other Capital Assets:				
Buildings	\$819,448	\$176,615		\$996,063
Vehicles & Equipment	1,677,337	174,591	\$22,438	1,829,490
Infrastructure	2,076,762	\$326,933		2,403,695
Total Other Capital Assets	<u>\$4,573,547</u>	<u>\$678,139</u>	<u>\$22,438</u>	<u>\$5,229,248</u>
Accumulated Depreciation:				
Buildings	\$150,000	\$20,705		\$170,705
Vehicles & Equipment	958,267	197,447	\$22,438	1,133,276
Infrastructure	121,407	46,261		167,668
Total Accumulated Deprec.	<u>\$1,229,674</u>	<u>\$264,413</u>	<u>\$22,438</u>	<u>\$1,471,649</u>
Governmental Activities - Capital assets, net	<u><u>\$4,344,327</u></u>	<u><u>\$552,803</u></u>	<u><u>\$0</u></u>	<u><u>\$4,897,130</u></u>

City of Auburn, Georgia
Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2009

Note 4. Detailed Notes on All Funds, continued

D. Capital Assets - Continued

Business-type Activities	Balance 10/1/2008	Additions	Deletions	Balance 9/30/2009
Capital Assets not being depreciated				
Land	\$95,950			\$95,950
Construction in Progress	2,462,869	\$438,715	\$2,880,139	21,445
Total Capital Assets not being depreciated	\$2,558,819	\$438,715	\$2,880,139	\$117,395
Other Capital Assets				
Distribution Systems	\$1,866,050	\$2,941,579		\$4,807,629
Equipment	115,307	14,000		129,307
Vehicles	231,549			231,549
Total Other Capital Assets	\$2,212,906	\$2,955,579	\$0	\$5,168,485
Accumulated Depreciation				
Distribution Systems	\$407,019	\$66,737		\$473,756
Equipment	97,229	12,446		109,675
Vehicles	183,894	17,874		201,768
Total Accumulated Deprec.	\$688,142	\$97,057	\$0	\$785,199
Business-type Activities Capital Assets, net	\$4,083,583	\$3,297,237	\$2,880,139	\$4,500,681

Commitments

Active construction in progress is composed of the following:

	Spent as of September 30, 2009	Remaining Commitment
<i>General Government Activities</i>		
Sports Complex	\$30,069	\$444,931
Scott Industrial Blvd.	20,638	479,362
<i>Business-type Activities</i>		
Sewer System	21,445	514,415

Depreciation Expense

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

<i>Governmental Activities</i>		<i>Business-type Activities</i>	
General Government	\$77,213	Water Fund	\$97,057
Public Safety	111,899		
Public Works	75,301		

City of Auburn, Georgia
Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2009

Note 4. Detailed Notes on All Funds, continued

E. Interfund Balances /Transfers

Fund financial statement receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in governmental and business-type activities of government-wide statements of net assets, except for net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances. There were no interfund balances at September 30, 2009.

	Interfund		Transfers	
	Receivable	Payable	To	From
Governmental Activities				
<i>Major Governmental Funds</i>				
General Fund	\$ 0	\$	\$ 69,625	\$ 220,285
Capital Projects Fund			220,285	
Business-type Activities				
<i>Major Enterprise Funds</i>				
Water & Sewer Fund		0		69,625
Totals	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 289,910</u>	<u>\$ 289,910</u>

Transfers from the Water Fund to the General Fund were permanent transfers to supplement operations. Transfers from the General Fund to the Capital Projects Fund were for renovations to governmental buildings and land acquisition.

F. Property Tax Calendar

The City receives property tax assessments from Barrow and Gwinnett County. Taxes were levied on November 6 and tax bills were mailed to taxpayers by November 30. The due date for these taxes is January 15, and after that date, both penalty and interest are accrued until the taxes are collected. The lien date is April 15th of the following year. Ad Valorem taxes on vehicles are collected concurrently with the issuance of state license tags by Barrow and Gwinnett County. Property tax revenues are recognized when they become available, which includes those tax receivables expected to be collected within sixty days after year end. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided.

G. Long-Term Debt

Long-Term Debt Supporting Governmental Activities

Capital lease obligations are primarily paid from the General Fund. The City's capital lease obligation was for the purchase of a code enforcement vehicle. This lease was retired during the fiscal year.

City of Auburn, Georgia
Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2009

Note 4. Detailed Notes on All Funds, continued

G. Long-Term Debt, continued

Long-Term Debt Supporting Business Activities

Financing in the form of a note payable was obtained through the Georgia Environmental Facilities Association (GEFA) during 2005 in the amount of \$2,369,083 for water system improvements and expansion. Construction was completed during the fiscal year and permanent financing was finalized with a principal balance of \$2,591,109; including accrued interest. This note is payable over twenty (20) years by monthly installments of \$15,976.

Changes in Long-Term Debt

PRIMARY GOVERNMENT	Balance			Balance	Due Within
<i>Governmental Activities</i>	10/1/2008	Issued	Retired	9/30/2009	One Year
Capital Leases	\$1,109		\$1,109	\$0	\$0
Compensated Absences	63,394	\$19,408		82,802	0
Total Governmental Activities	\$64,503	\$19,408	\$1,109	\$82,802	\$0
<i>Business-type Activities</i>					
Compensated Absences	\$3,987	\$118		\$4,105	\$0
Notes Payable - GEFA	2,500,698	90,411	\$34,778	2,556,331	85,989
Total Business-type Activities	\$2,504,685	\$90,529	\$34,778	\$2,560,436	\$85,989
Total Primary Government	\$2,569,188	\$109,937	\$35,887	\$2,643,238	\$85,989

Debt Service Requirements

PRIMARY GOVERNMENT

	Amount of	Interest	Year Ending	Principal	Interest
	Original	Rate	September 30		
	Issue				
<i>Business-type Activities</i>					
Notes Payable					
Water Fund - GEFA	\$2,591,109	4.20%	2010	\$85,989	\$105,723
		4.20%	2011	89,671	102,041
		4.20%	2012	93,510	98,202
		4.20%	2013	97,514	94,198
		4.20%	2014	101,690	90,022
		4.20%	2015-19	577,613	380,949
		4.20%	2020-24	712,326	246,235
		4.20%	2025-29	798,018	80,664
Totals - Business-type Activities				\$2,556,331	\$1,198,034
TOTAL PRIMARY GOVERNMENT				\$2,556,331	\$1,198,034

City of Auburn, Georgia
Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2009

Note 4. Detailed Notes on All Funds, continued

H. Risk Management

The City is exposed to various risks of losses related to torts, thefts, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance policies covering each of the above risk of loss. Management believes this coverage is adequate to preclude any significant uninsured risk exposure to the City.

There were no significant reductions in insurance coverage from the prior year, and there have been no settled claims in the past three years that have exceeded the coverage.

I. Litigation

The City Attorney advised that no legal actions were in progress by or against the City at September 30, 2009, that would have a material effect on the City's financial condition.

J. Compliance with Legal Provisions

State Laws

Budgets - The City was in compliance with Title 36, Chapter 91, Section 3-6 of the Official Code of Georgia, Annotated (OCGA) which requires the adoption of balanced budgets.

Special Local Option Sales Tax - The City expended \$456,622 (street paving \$372,972 and recreation \$83,650) of special option sales tax during the current year.

Federal Laws

The City received a Recovery Act JAG grant from the Department of Justice in the amount of \$21,564 to upgrade communication equipment for the police department.

K. Contingent Liabilities

The City participates in both federal and state assistance programs which are subject to program compliance audits by the grantors or their representatives.

L. Related Parties

The City was not involved in any significant related party transactions during the current operating year.

City of Auburn, Georgia
Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2009

Note 4. Detailed Notes on All Funds, continued

M. Retirement/Pension Plans

Plan Description

As authorized by the City council through passage of an ordinance, the City participates in a defined benefit agent-multiple-employer retirement plan (*City of Auburn Retirement Plan*), which is administered through the Georgia Municipal Employees Benefit System (GMEBS). The plan covers substantially all of the City's employees. The Plan's actuarial valuation is not computed for individual funds of the City that participates in the plan. Accordingly, the pension plan disclosures herein are for the Plan as a whole.

The City is required to contribute at an actuarially determined rate. Section 47-20 of the Georgia Code sets forth the funding standards for state and local governmental pension plans. Administrative expenses are based on total covered payroll of plan members and are added to the annual funding requirements.

The Georgia Constitution enables the governing authority, the City Council, to establish and amend from time to time, the contribution rates of the employer and its plan members. The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. A copy of that report may be obtained by writing to the Georgia Municipal Employees Benefit System, 201 Pryor Street, S.W., Atlanta, GA 30303.

Employees working a minimum of twenty (20) hours per week are eligible for participation after one year of continuous service. Employees are entitled to 50% vested benefits after five years, 60% after six years, 70% after seven years, 80% after eight years, 90% after nine years, and 100% after ten years of credited service.

The total current year payroll for the City was \$1,710,384. Total covered payroll was \$1,482,935. At July 1, 2009 (date of most recent actuarial valuation) the plan covered 40 active employees, 11 former vested employees, and 1 retired employee.

Funding Policy

The City's plan is a non-contributory plan, which means the City bears the entire cost of the plan. Covered employees are not required to contribute to the plan. The City contributed the entire cost of \$90,666 to the Plan for the fiscal year ended September 30, 2009. This cost was determined using the actuarial basis known as the projected unit credit method.

The City's contributions to the Plan for the Plan years ending June 30, 2009, 2008, 2007 were 90,666, \$67,071, and \$72,866 respectively, and were equal to the required contribution for each year.

City of Auburn, Georgia
Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2009

Note 4. Detailed Notes on All Funds, continued

M. Retirement/Pension Plans - continued

Annual Pension Cost

A Schedule of Employer's required contributions since 1996 (City's first year in the plan) follows:

<u>Plan Fiscal Year Ended June 30</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
1996	\$11,394	100%
1997	13,100	100%
1998	7,536	100%
1999	6,645	100%
2000	19,758	100%
2001	16,165	100%
2002	10,170	100%
2003	22,053	100%
2004	30,552	100%
2005	44,726	100%
2006	48,113	100%
2007	72,866	100%
2008	67,071	100%
2009	90,666	100%

Additional information as of the latest actuarial valuation follows:

Valuation Date	July 1, 2009
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar (Closed)
Remaining amortization period	Varies
Asset Valuation Method	Market value
Actuarial assumptions:	
Investment rate of return	8.00%
Projected salary increases	5.50%
Included inflation at	5.50%
Merit or seniority increases at	0.00%
Cost-of-living adjustments	0.00%
Post-retirement Benefit increases	N/A

Transition Year

The pension liability at transition of \$503,300 was determined in accordance with GASB 27, paragraph 37. Previously reported pension liability was \$381,507.

City of Auburn, Georgia
Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2009

Note 4. Detailed Notes on All Funds, continued

M. Retirement/Pension Plans - continued

Analysis of Funding Progress

Expressing net assets available for benefits as a percentage of the actuarial accrued liability provides an indication of the plan's funding status on a going concern basis. Analysis of this percentage indicates whether the plan is becoming financially stronger or weaker. Generally the greater this percentage, the stronger the plan. Trends in both actuarial liability and annual covered payroll are affected by inflation. Expressing the actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids in analysis of the plan's progress in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage the stronger the plan. Historical trend information follows:

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Percentage Funded (1)/(2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Annual Covered P/R (Prior Year)	(6) UAAL as % of Covered P/R (1)/(5)
1996	\$4,092	\$38,542	10.6%	34,450	\$308,778	11.2%
1997	\$4,629	\$35,191	13.2%	30,562	\$147,194	20.8%
1998	\$24,906	\$32,085	77.6%	7,179	\$112,112	6.4%
1999	\$31,872	\$56,349	56.6%	24,477	\$458,431	5.3%
2000	\$49,332	\$74,428	66.3%	25,096	\$455,283	5.5%
2001	\$69,515	\$66,662	104.3%	(2,853)	\$359,502	-0.8%
2002	\$80,801	\$58,016	139.3%	(22,785)	\$327,541	-7.0%
2003	\$101,296	\$91,251	111.0%	(10,045)	\$543,389	-1.8%
2004	\$120,148	\$116,000	103.6%	(4,148)	\$642,360	-0.6%
2005	\$152,047	\$161,131	94.4%	9,084	\$695,555	1.3%
2006	\$204,186	\$218,678	93.4%	14,492	\$773,555	1.9%
2007	\$263,863	\$324,523	81.3%	60,660	\$1,098,797	5.5%
2008	\$343,941	\$381,507	90.2%	37,566	\$1,014,534	3.7%
2009	\$357,593	\$503,300	71.0%	145,707	\$1,482,935	9.8%

N. Other Post-Employment Benefits

The City does not provide post retirement benefits other than pension benefits as outlined in Note 4M.

City of Auburn, Georgia
Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2009

Note 4. Detailed Notes on All Funds, continued

O. Net Assets

Net assets on the government-wide statement of net assets as of September 30, 2009 are as follows:

	Governmental Activities	Business Type Activities
<u>Investments in capital assets, net of related debt</u>		
Cost of capital assets	\$6,368,779	\$5,285,880
Less: accumulated depreciation	<u>1,471,649</u>	<u>785,199</u>
Book Value	\$4,897,130	\$4,500,681
Less capital related debt	<u>0</u>	<u>2,556,331</u>
Invested in capital assets, net of related debt	<u><u>\$4,897,130</u></u>	<u><u>\$1,944,350</u></u>

Note 5. Joint Ventures:

Under Georgia law, the City, in conjunction with other cities and counties in the twelve (12) county northeast Georgia area, is a member of the Northeast Georgia Regional Development Center (RDC) and is required to pay annual dues thereto. During its fiscal year ended September 30, 2009, the City's membership dues were assessed to and paid by Barrow County, Georgia. The City of Auburn did not pay any annual dues. Membership in a RDC is required by the Official Code of Georgia Annotated (OCGA), Section 50-8-34, which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipality of the area. OCGA Section 50-8-39.1 provides that the member governments are liable for any debts or obligations of the RDC. Separate financial statements for the RDC may be obtained from:

Northeast Georgia Regional Development Center
305 Research Drive
Athens, Georgia 30605-2795

City of Auburn, Georgia
Supplemental Statements and Schedules
For the Fiscal Year Ended September 30, 2009

City of Auburn, Georgia
Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2009

	Budgeted Amounts			Actual	Variance
	Original	Revisions	Final		
REVENUES					
Intergovernmental - SPLOST	\$	\$ 405,000	\$ 405,000	\$ 230,914	\$ (174,086)
Interest Earned		50,000	50,000	13,233	(36,767)
TOTAL REVENUES	\$ 0	\$ 455,000	\$ 455,000	\$ 244,147	\$ (210,853)
EXPENDITURES					
Current					
Capital Outlay					
Public Works - Streets	\$ 1,300,000	\$ (925,000)	\$ 375,000	\$ 372,972	\$ 2,028
General Government - Recreation	635,000	(330,000)	305,000	303,934	1,066
TOTAL EXPENDITURES	\$ 1,935,000	\$ (1,255,000)	\$ 680,000	\$ 676,906	\$ 3,094
EXCESS OF REVENUES OVER EXPENDITURES	\$ (1,935,000)	\$ 1,710,000	\$ (225,000)	\$ (432,759)	\$ (207,759)
OTHER FINANCING SOURCES (USES)					
Transfers	\$ 1,935,000	\$ (1,710,000)	\$ 225,000	\$ 220,285	\$ 4,715
OTHER FINANCING SOURCES (USES)	\$ 1,935,000	\$ (1,710,000)	\$ 225,000	220,285	4,715
NET CHANGE IN FUND BALANCE	\$ 0	\$ 0	\$ 0	\$ (212,474)	\$ (203,044)
FUND BALANCE - BEGINNING OF YEAR				\$ 532,876	
FUND BALANCE - END OF YEAR				\$ 320,402	

City of Auburn, Georgia
Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2009

	Budgeted Amounts			Actual	Variance
	Original	Revisions	Final		
REVENUES					
Fines & Forfeitures	\$ 5,000	\$ 7,500	\$ 12,500	\$ 13,932	\$ 1,432
Intergovernmental	21,564		21,564	21,564	0
TOTAL REVENUES	<u>\$ 26,564</u>	<u>\$ 7,500</u>	<u>\$ 34,064</u>	<u>\$ 35,496</u>	<u>\$ 1,432</u>
EXPENDITURES					
Current					
Capital Outlay					
Police	\$ 26,564	\$ 7,500	\$ 34,064	\$ 29,477	\$ 4,587
TOTAL EXPENDITURES	<u>\$ 26,564</u>	<u>\$ 7,500</u>	<u>\$ 34,064</u>	<u>\$ 29,477</u>	<u>\$ 4,587</u>
EXCESS OF REVENUES OVER					
EXPENDITURES	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	\$ 6,019	<u>\$ 6,019</u>
FUND BALANCE - BEGINNING OF YEAR				<u>\$ 9,476</u>	
FUND BALANCE - END OF YEAR				<u>\$ 15,495</u>	

City of Auburn, Georgia
Enterprise Fund - Water
Schedule of Revenues, Expenses and Changes in
Fund Equity - Budget and Actual
For the Year Ended September 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues:			
Metered Sales	\$ 1,300,000	\$ 1,134,532	\$ (165,468)
Tapping Fees	50,000	10,500	(39,500)
Penalties & Late Fees	72,500	67,805	(4,695)
Total Operating Revenues	\$ 1,422,500	\$ 1,212,837	\$ (209,663)
Operating Expenses:			
Personal Services & Benefits	\$ 276,828	\$ 254,797	\$ 22,031
Purchased/Contracted Services	151,814	90,276	61,538
Water Purchases	485,000	444,065	40,935
Supplies	108,450	50,566	57,884
Depreciation	80,650	97,057	(16,407)
Total Operating Expenses	\$ 1,102,742	\$ 936,761	\$ 165,981
Net Operating Income	\$ 319,758	\$ 276,076	\$ (43,682)
Nonoperating Income and			
(Expenses):			
Interest Income	\$ 20,000	\$ 20,098	\$ 98
Interest Expense	(101,605)	(45,102)	56,503
Transfers In/(Out)	_____	(69,625)	(69,625)
Net Nonoperating			
Income/(Expense)	\$ (81,605)	\$ (94,629)	\$ (13,024)
Net Income/(Loss)	\$ 238,153	\$ 181,447	\$ (56,706)
Fund Equity -			
Beginning of Year		<u>2,861,192</u>	
End of Year		<u>\$ 3,042,639</u>	

City of Auburn, Georgia
Special Schedules and Reports
For the Fiscal Year Ended September 30, 2009

City of Auburn, Georgia
Schedule of Project Expenditures with
Special Purpose Local Option Sales Tax Revenue
For the Fiscal Year Ended September 30, 2009

	Original Estimated Cost	EXPENDITURES		% of Completion
		Prior Years	Current Year	
Project - 2008 Gwinnett County				
PUBLIC WORKS:				
Road Improvements	\$ 75,000	\$	\$ 0	0%
GENERAL GOVERNMENT:				
Recreation Facilities	189,528		0	0%
PROJECT TOTALS	\$ 264,528	\$ 0	\$ 0	
Project - 2005 Barrow County				
PUBLIC WORKS:				
Road Improvements - Paving	\$ 2,408,040	\$ 20,638	\$ 358,054	16%
GENERAL GOVERNMENT:				
Recreation	599,474	\$ 203,367	\$ 83,650	48%
Library	75,000			
PROJECT TOTALS	\$ 3,082,514	\$ 224,005	\$ 441,704	
Project - 2004 Gwinnett County				
PUBLIC WORKS:				
Road Improvements - Paving	\$ 228,741	\$ 97,100	\$ 14,918	49%
PROJECT TOTALS	\$ 228,741	\$ 97,100	\$ 14,918	
SPLOST TOTALS	\$ 3,575,783	\$ 321,105	\$ 456,622	

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and City Council
City of Auburn, Georgia

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the **City of Auburn, Georgia**, as of and for the year ended September 30, 2009, and have issued our report thereon dated January 28, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the **City of Auburn, Georgia's** basic financial statements are free of material misstatement, we performed tests of its compliance with certain provision of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

Internal Control Over Financial Reporting


In planning and performing our audit, we considered the **City of Auburn, Georgia's** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exist when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of and use of the audit committee, management, others within the City and city council, and is not intended to be and should not be used by anyone other than these specified parties.


HUBERT A. BRISCOE, CPA
Winder, Georgia 30680-0531
January 28, 2010