

CITY OF AUBURN, GEORGIA

Basic Financial Statements

For the Fiscal Year Ended September 30, 2011

HUBERT A. BRISCOE, CPA
Certified Public Accountant
P. O. Box 531
Winder, Georgia 30680-0531

City of Auburn, Georgia
Basic Financial Statements
For the Fiscal Year Ended September 30, 2011

Table of Contents

Financial Section	Page
Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	14
Statement of Activities	15
Fund Financial Statements	
Governmental Funds	
Balance Sheet	16
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balances	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis)	20
Proprietary Funds	
Statement of Net Assets	22
Statement of Revenues, Expenses and Changes in Fund Net Assets	23
Statement of Cash Flows	24
Notes to the Financial Statements	26
Supplemental Statements	
Combining and Individual Fund Statements	
Individual Fund Statements	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (SPLOST Capital Projects Fund)	46
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Special Revenue Fund)	47

City of Auburn, Georgia
Basic Financial Statements
For the Fiscal Year Ended September 30, 2011

Table of Contents - continued

Supplemental Statements - continued	
Business-type Activities (Proprietary Funds)	<u>Page</u>
Schedule of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Water & Sewer System)	48
Schedule of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Stormwater Utility)	49
Special Schedules and Reports	
Schedule of Project Expenditures with Special Purpose Local Option Sales Tax	51
Auditors' Report - Compliance and Internal Control over Financial Reporting	52

HUBERT A. BRISCOE, CPA

Certified Public Accountant

P. O. Box 531

47 North Center Street

Winder, Georgia 30680-0531

Office (770) 867-1270 / Fax (770) 867-8798

AICPA MEMBER AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

CPA MEMBER GEORGIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

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, 2011, 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, 2011, 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 March 23, 2012, 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
March 23, 2012

City of Auburn, Georgia
Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2011

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, 2011. 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 \$10,100,858 (net assets) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$10,542,023.

Total net assets are comprised of the following:

- (1) Capital assets, net of related debt, of \$8,200,465 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
- (2) No net assets are restricted by constraints imposed from outside the City such as grantors, laws, or regulations.
- (3) Unrestricted net assets of \$1,900,393 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 \$1,249,819 this year. This compares to the prior year ending fund balance of \$2,260,736 showing an decrease of \$1,010,917 during the current year. Unassigned fund balance of \$1,330,852 for the fiscal year 2011 shows a \$548,901 decrease over the prior year.

At the end of the fiscal year, unassigned fund balance for the General Fund was \$1,330,852 or 38.5 % of total General Fund expenditures and 48.4% of total General Fund revenues.

Total liabilities of the City increased by \$75,736 to \$2,726,426 during the fiscal year. The City issued a lease payable in the amount of \$133,815 for recreation facility improvements to be repaid with SPLOST receipts.

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 and sewer system and stormwater utilities. Fiduciary activities, such as employee pension plans, are not included in the government-wide statements since these assets 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 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 difference between these two perspectives.

Budgetary comparison statements are included in the basic financial statements for the general fund. Budgetary comparison schedules for the 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 and final, revised 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 electric, gas and water 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 or internal service 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, 2011**

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 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 are \$10,100,858. This is a \$441,165 decrease over the beginning year's net assets of \$10,542,023. 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 Change	% Change
	2011	2010	2011	2010	2011	2010		
Current and other assets	\$1,368	\$2,317	\$751	\$720	\$2,119	\$3,037	(\$918)	-30.23%
Capital assets	5,901	5,249	4,807	4,906	10,708	10,155	553	5.45%
Total Assets	\$7,269	\$7,566	\$5,558	\$5,626	\$12,827	\$13,192	(\$365)	-2.77%
Current and other liabilities	\$143	\$57	\$119	\$111	\$262	\$168	\$94	55.95%
Long-term liabilities	171	96	2,294	2,387	2,465	2,483	(18)	-0.72%
Total Liabilities	\$314	\$153	\$2,413	\$2,498	\$2,727	\$2,651	\$76	2.87%
Net Assets:								
Invested in capital assets, net of related debt	\$5,774	\$5,249	\$2,426	\$2,436	\$8,200	\$7,685	\$515	6.70%
Unrestricted	1,181	2,164	719	692	1,900	2,856	(956)	-33.47%
Total Net Assets	\$6,955	\$7,413	\$3,145	\$3,128	\$10,100	\$10,541	(\$441)	-4.18%

**Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2011**

City of Auburn, Georgia

The City reported positive balances in net assets for both governmental and business-type activities. Net assets decreased \$458,325 for governmental activities and increased \$17,160 for business-type activities. The City's overall financial position remained relatively positive during fiscal year 2011.

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

	Summary of Changes in Net Assets (dollars are in thousands)							
	Governmental Activities		Business-type Activities		Total		Amount	
	2011	2010	2011	2010	2011	2010	Change	% Change
Revenues:								
Program revenues:								
Charges for services	\$192	\$159	\$1,312	\$1,204	\$1,504	\$1,363	\$141	10.34%
Operating grants & contributions	3	3			3	3	0	
Capital grants & contributions	229	223			229	223	6	
General Revenues:								
Sales & Use taxes	1,008	977			1,008	977	31	3.17%
Property taxes	660	694			660	694	(34)	-4.90%
Franchise taxes	316	223			316	223	93	41.70%
Alcohol Beverage taxes	64	68			64	68	(4)	-5.88%
Insurance Premium taxes	372	383			372	383	(11)	-2.87%
Other taxes, Interest & Misc	182	147	15	40	197	187	10	5.35%
Total Revenues	\$3,026	\$2,877	\$1,327	\$1,244	\$4,353	\$4,121	\$232	5.63%
Expenses:								
General Government	\$1,277	\$1,238			\$1,277	\$1,238	\$39	3.15%
Public Safety	1,746	1,699			1,746	1,699	47	2.77%
Public Works	612	483			612	483	129	26.71%
Interest	3				3	0	3	N/A
Water & Sewer			\$1,085	\$1,158	1,085	1,158	(73)	-6.30%
Stormwater			71		71	0	71	N/A
Total Expenses	\$3,638	\$3,420	\$1,156	\$1,158	\$4,794	\$4,578	\$216	4.72%
Increase (decrease) in net assets before transfers	(\$612)	(\$543)	\$171	\$86	(\$441)	(\$457)	\$16	-3.50%
Transfers	154		(154)		0	0	0	
Change in Net Assets	(\$458)	(\$543)	\$17	\$86	(\$441)	(\$457)	\$16	-3.50%
Beginning net assets	7,413	7,956	3,128	3,042	10,541	10,998	(457)	-4.16%
Ending net assets	\$6,955	\$7,413	\$3,145	\$3,128	\$10,100	\$10,541	(\$441)	-4.18%

GOVERNMENTAL REVENUES

The City's governmental activities are heavily reliant on taxes to support governmental operations. Property taxes provided 22 percent, sales taxes provided 33 percent and other taxes provided 26 percent of the City's total governmental revenues. Program revenues, which included capital grants covered 12 percent of governmental operating expenses. The City's taxpayers and other general revenues funded 88 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 \$3,638,382. Of this amount, general government was \$1,277,364 (35%), public safety was \$1,745,989 (48%), and public works was \$611,813 (17%) of the total cost for services for fiscal year 2010-2011. Some of the costs were paid by programs revenues of \$424,047.

BUSINESS-TYPE ACTIVITIES

Revenues vs. Costs

Fiscal Year Ended September 30, 2011

	<u>Revenues</u>	<u>Expenses</u>
Water & Sewer System	\$1,224,772	\$1,085,593
Stormwater Utility	102,580	70,678

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 \$1,249,819. Of this year-end total, \$1,330,852 is unassigned indicating availability for continuing City service requirements.

The total ending fund balances of governmental funds show a decrease of \$1,010,917 from the prior year. This decrease is primarily the result of the events and programs described with the analysis of the City's governmental activities.

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 \$552,747. Key factors contributing to this decrease were decreases in governmental revenues and an increase in expenditures.

The SPLOST Capital Projects Fund had a negative fund balance of \$116,378; which decreased by \$444,731.

Nonmajor Governmental Funds - the Special Revenue Fund had a fund balance of \$9,299.

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 & Sewer Fund net assets decreased by \$14,742 from the prior year. The Stormwater Utility Fund net assets increased \$31,902.

Major Proprietary Funds

The Water & Sewer 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 & sewage utilities are reported within this activity in the government-wide statements.

General Fund Budgetary Highlights

The General Fund budget for fiscal year 2010-2011 was \$3,350,988. This was an increase of \$140,987 over the previous year amended budget. The City Council made subsequent budget amendments, which increased their original appropriations by \$106,000.

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, 2011, were \$5,901,076 and \$4,806,945 respectively. Major capital asset additions by the City's governmental-type activities during the current year included infrastructure improvements in the amount of \$784,532, receipt of donated land of \$39,618, and acquisition of capital assets of \$85,981. Expansion and improvements by the City's business-type activities in the amount of \$19,097 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.

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

	Governmental Activities		Business-type Activities		Total		Amount Change	% Change
	2011	2010	2011	2010	2011	2010		
Non-Depreciable Assets:								
Land	\$1,128	\$1,089	\$96	\$96	\$1,224	\$1,185	\$39	3.29%
Construction in Progress		69		22	0	91	(91)	-100.00%
Depreciable Assets:								
Buildings	1,108	1,138			1,108	1,138	(30)	-2.64%
Distribution Systems			4,678	4,763	4,678	4,763	(85)	-1.78%
Vehicles & Equipment	510	588	33	25	543	613	(70)	-11.42%
Infrastructure	3,155	2,365			3,155	2,365	790	33.40%
Total	\$5,901	\$5,249	\$4,807	\$4,906	\$10,708	\$10,155	\$553	5.45%

Long-term debt

At the end of the fiscal year, the City had total debt outstanding of \$2,582,970. Of this amount, \$75,414 for compensated absences, and \$2,380,671 for water system expansion. See Note 4. G. for additional discussion.

Bond Ratings

The City had no bond debt.

Outstanding Debt
(dollars are in thousands)

	Governmental Activities		Business-type Activities		Total		Amount Change	% Change
	2011	2010	2011	2010	2011	2010		
Compensate Absences	\$69	\$96	\$7	\$6	\$76	\$102	(\$26)	-25.49%
General Obligation Lease	127				127	0	127	N/A
Note Payable - GEFA			2,470	2,470	2,470	2,470	0	0.00%
Total	\$196	\$96	\$2,477	\$2,476	\$2,673	\$2,572	\$101	3.93%

Economic Environment and Next Year's Budgets

The City's elected officials considered many factors when adopting the fiscal year 2011-2012 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 expected to be funded primarily with Special Option Sale Tax receipts.

For the fiscal year 2011-2012, the City Council approved a total budget of \$4.61 million. This budget includes operating and non-operating funds. The General Fund budget is \$3,329,276, the Water & Sewer Fund is budgeted for \$1,153,206 and the Stormwater Utility Fund is budgeted for \$129,685. 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, 2011

City of Auburn, Georgia
Statement of Net Assets
September 30, 2011

	Primary Government		
	Governmental Activities	Business Type Activities	Totals
ASSETS			
Current Assets			
Cash and Cash equivalents	\$ 945,337	\$ 613,406	\$ 1,558,743
Receivables - Taxes	63,581		63,581
Other Accounts	35,331	141,791	177,122
Due from Other Governments	200,989		200,989
Prepaid Insurance	26,046	3,505	29,551
Internal Balances	7,335	(7,335)	0
Restricted Current Assets			
Cash and Cash equivalents	89,277		89,277
Non-Current Assets			
Capital Assets:			
Land	1,128,442	95,950	1,224,392
Other Capital Assets, net of accumulated depreciation	4,772,634	4,710,995	9,483,629
TOTAL ASSETS	\$ 7,268,972	\$ 5,558,312	\$ 12,827,284
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 82,746	\$ 579	\$ 83,325
Refundable Deposits		24,800	24,800
Notes & Leases Payable - Current	24,831	93,511	118,342
Deferred Revenues	35,331		35,331
Non-Current Liabilities			
Notes & Leases Payable - Non Current	102,054	2,287,160	2,389,214
Compensated Absences	68,697	6,717	75,414
TOTAL LIABILITIES	\$ 313,659	\$ 2,412,767	\$ 2,726,426
NET ASSETS			
Investment in Capital Assets, net of related debt	\$ 5,774,191	\$ 2,426,274	\$ 8,200,465
Unrestricted	1,181,122	719,271	1,900,393
TOTAL NET ASSETS	\$ 6,955,313	\$ 3,145,545	\$ 10,100,858

See accompanying notes to Financial Statements

City of Auburn, Georgia
Statement of Activities
For the Fiscal Year Ended September 30, 2011

Function/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Operating		Capital	Governmental Activities	Primary Government Business Type Activities		Total
		Charges for Services	Grants and Contributions	Grants and Contributions		Governmental Activities	Business Type Activities	
Primary Government:								
Governmental Activities:								
General Government	\$ 1,277,364	\$ 29,435	\$ 3,000	\$ 69,607	\$ (1,175,322)		\$ (1,175,322)	
Public Safety	1,745,989	163,010		12,471	(1,570,508)		(1,570,508)	
Public Works	611,813			146,524	(465,289)		(465,289)	
Interest on Long Term Debt	3,216				(3,216)		(3,216)	
Total Governmental Activities	\$ 3,638,382	\$ 192,445	\$ 3,000	\$ 228,602	\$ (3,214,335)		\$ (3,214,335)	
Business Type Activities:								
Water & Sewer	1,085,593					\$ 123,825	\$ 123,825	
Stormwater	70,678					31,902	31,902	
Total Business Type Activities	\$ 1,156,271	\$ 1,311,998	\$ 0	\$ 0	\$ 155,727		\$ 155,727	
Total Primary Government	\$ 4,794,653	\$ 1,504,443	\$ 3,000	\$ 228,602	\$ (3,214,335)		\$ (3,058,608)	
General Revenues:								
Taxes:								
Sales & Use Taxes - Local Option					\$ 1,007,990		\$ 1,007,990	
Property Taxes					659,898		659,898	
Franchise Taxes					315,711		315,711	
Alcohol Beverage Taxes					63,761		63,761	
Insurance Premium Taxes					371,655		371,655	
Other Taxes					48,587		48,587	
Interest & Investment Earnings					40,537	14,700	55,237	
Miscellaneous					93,950	654	94,604	
Transfers					153,921	(153,921)	0	
Total General Revenues, Special Items & Transfers					\$ 2,756,010	\$ (138,567)	\$ 2,617,443	
Change in Net Assets					\$ (458,325)	\$ 17,160	\$ (441,165)	
Net Assets-Beginning					7,413,638	3,128,385	10,542,023	
Net Assets-Ending					\$ 6,955,313	\$ 3,145,545	\$ 10,100,858	

See accompanying notes to Financial Statements

City of Auburn, Georgia
Balance Sheet
Governmental Funds
September 30, 2011

	<u>General Fund</u>	<u>SPLOST Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 945,337	\$ 78,757	\$ 10,520	\$ 1,034,614
Receivables - Taxes	63,581			63,581
Other Accounts	35,331			35,331
Due From Other Governments	164,448	24,070	12,471	200,989
Prepaid Insurance	26,046			26,046
Due From Other Funds	183,438			183,438
TOTAL ASSETS	<u>\$ 1,418,181</u>	<u>\$ 102,827</u>	<u>\$ 22,991</u>	<u>\$ 1,543,999</u>
LIABILITIES				
Accounts Payable	\$ 25,952	\$ 43,102	\$ 13,692	\$ 82,746
Deferred Revenues	35,331			35,331
Due To Other Funds		176,103		176,103
TOTAL LIABILITIES	<u>\$ 61,283</u>	<u>\$ 219,205</u>	<u>\$ 13,692</u>	<u>\$ 294,180</u>
FUND BALANCES				
Nonspendable	\$ 26,046			\$ 26,046
Unassigned - General Fund	1,330,852			1,330,852
Restricted - SPLOST Fund		(116,378)		(116,378)
Restricted - Special Revenue Funds			9,299	9,299
TOTAL FUND BALANCES	<u>\$ 1,356,898</u>	<u>\$ (116,378)</u>	<u>\$ 9,299</u>	<u>\$ 1,249,819</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,418,181</u>	<u>\$ 102,827</u>	<u>\$ 22,991</u>	<u>\$ 1,543,999</u>

City of Auburn, Georgia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
September 30, 2011

Total fund balance - total governmental funds		\$ 1,249,819
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)	\$ 7,828,792	
Less accumulated depreciation	<u>(1,927,716)</u>	5,901,076
Long-term Liabilities are not due and payable in the current period and are not reported in the funds		
Compensated absences	(68,697)	
Capital Lease Payable	<u>(126,885)</u>	<u>(195,582)</u>
Net Assets of Governmental Activities		\$ 6,955,313

City of Auburn, Georgia
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
For the Fiscal Year Ended September 30, 2011

	General Fund	SPLOST Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes	\$ 2,467,602	\$	\$	\$ 2,467,602
Licenses & Permits	29,435			29,435
Fines and Forfeitures	157,382		5,628	163,010
Interest Income	40,537	473		41,010
Charges For Services				0
Intergovernmental		215,658	3,000	218,658
Miscellaneous	52,332		12,471	64,803
TOTAL REVENUES	\$ 2,747,288	\$ 216,131	\$ 21,099	\$ 2,984,518
EXPENDITURES:				
Current Operations				
General Government	\$ 1,208,893	\$ 10,146	\$ 2,886	\$ 1,221,925
Public Safety	1,654,603		13,960	1,668,563
Public Works	524,170			524,170
Capital Outlay - General Government		600,560		600,560
Capital Outlay - Public Safety	59,354		17,692	77,046
Capital Outlay - Public Works	8,936	183,971		192,907
TOTAL EXPENDITURES	\$ 3,455,956	\$ 794,677	\$ 34,538	\$ 4,285,171
Revenues Over (Under) Expenditures	\$ (708,668)	\$ (578,546)	\$ (13,439)	\$ (1,300,653)
OTHER FINANCING SOURCES (USES)				
Capital Lease Proceeds	\$	\$ 133,815	\$	\$ 133,815
Sale of Capital Assets	2,000			2,000
Transfers	153,921			153,921
TOTAL OTHER FINANCING SOURCES USES	\$ 155,921	\$ 133,815	\$ 0	\$ 289,736
NET CHANGE IN FUND BALANCES	\$ (552,747)	\$ (444,731)	\$ (13,439)	\$ (1,010,917)
FUND BALANCE - BEGINNING	1,909,645	328,353	22,738	2,260,736
FUND BALANCE - ENDING	\$ 1,356,898	\$ (116,378)	\$ 9,299	\$ 1,249,819

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, 2011

Net Changes in Fund Balances - Total Governmental Funds	\$ (1,010,917)
Amounts reported for governmental activities in the statement of activities are different because:	
<p>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.</p>	
Capital Outlay	870,513
Depreciation	<u>(257,892)</u>
	612,621
<p>Proceeds from debt issuances provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Issuance of Capital Lease. See Note 4 G.</p>	
	(133,815)
<p>Repayment of long term debt principal is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the statement of net assets</p>	
	6,930
<p>Capital assets contributed are not reported on the fund level but are reported on the government-wide financial reporting level.</p>	
Donated Land	39,618
<p>Compensated absences reported of the statement of net assets do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds</p>	
Change in Compensated Absences	27,238
	<hr/>
Change in net assets of Governmental Activities	\$ <u>(458,325)</u>

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, 2011

	Budgeted Amounts			Actual	Variance
	Original	Revisions	Final		
REVENUES					
Taxes					
Property Taxes	\$ 706,500	\$	\$ 706,500	\$ 606,330	\$ (100,170)
Motor Vehicle Taxes	78,000		78,000	53,568	(24,432)
Sales Taxes	1,180,000		1,180,000	1,007,990	(172,010)
Franchise Taxes	314,967		314,967	315,711	744
Alcohol Beverage Taxes	85,000		85,000	63,761	(21,239)
Insurance Premium Taxes	395,000		395,000	371,655	(23,345)
Other Taxes	57,300		57,300	48,587	(8,713)
Total Taxes	\$ 2,816,767	\$ 0	\$ 2,816,767	\$ 2,467,602	\$ (349,165)
Licenses & Permits	44,800		44,800	29,435	(15,365)
Fines & Forfeitures	194,189		194,189	157,382	(36,807)
Miscellaneous	70,450	65,500	135,950	52,332	(83,618)
Interest Earned		40,500	40,500	40,537	37
TOTAL REVENUES	\$ 3,126,206	\$ 106,000	\$ 3,232,206	\$ 2,747,288	\$ (484,918)
EXPENDITURES					
Current					
General Government					
Personal Services	\$ 538,545	\$ 5,200	\$ 543,745	\$ 543,689	\$ 56
Purchased/Contracted Services	581,208	(46,500)	534,708	534,679	29
Supplies	116,108	10,500	126,608	126,499	109
Other Costs	3,500	550	4,050	4,026	24
Capital Outlay	6,200	(6,200)	0		0
Total General Government	\$ 1,245,561	\$ (36,450)	\$ 1,209,111	\$ 1,208,893	\$ 218
Public Safety					
Personal Services	\$ 1,359,844	\$ 25,000	\$ 1,384,844	\$ 1,384,832	\$ 12
Purchased/Contracted Services	142,943	16,000	158,943	158,806	137
Supplies	61,550	49,500	111,050	110,965	85
Capital Outlay	48,200	11,450	59,650	59,354	296
Total Public Safety	\$ 1,612,537	\$ 101,950	\$ 1,714,487	\$ 1,713,957	\$ 530

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, 2011

	Budgeted Amounts			Actual	Variance
	Original	Revisions	Final		
Public Works					
Personal Services	\$ 292,130	\$ 33,400	\$ 325,530	\$ 325,425	\$ 105
Purchased/Contracted Services	53,060	9,600	62,660	62,581	79
Supplies	137,700	(1,500)	136,200	136,164	36
Capital Outlay	10,000	(1,000)	9,000	8,936	64
Total Public Works	<u>\$ 492,890</u>	<u>\$ 40,500</u>	<u>\$ 533,390</u>	<u>\$ 533,106</u>	<u>\$ 284</u>
TOTAL EXPENDITURES	<u>\$ 3,350,988</u>	<u>\$ 106,000</u>	<u>\$ 3,456,988</u>	<u>\$ 3,455,956</u>	<u>\$ 1,032</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ (224,782)</u>	<u>\$ 0</u>	<u>\$ (224,782)</u>	<u>\$ (708,668)</u>	<u>\$ (483,886)</u>
OTHER FINANCING SOURCES (USES)					
Sale of Capital Assets	\$	\$	\$ 0	\$ 2,000	\$ 2,000
Transfers	224,782		224,782	153,921	\$ (70,861)
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 224,782</u>	<u>\$ 0</u>	<u>\$ 224,782</u>	<u>\$ 155,921</u>	<u>\$ (68,861)</u>
REVENUES AND OTHER SOURCES (UNDER) EXPENDITURES	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (552,747)</u>	<u>\$ (552,747)</u>
FUND BALANCE - BEGINNING OF YEAR				<u>\$ 1,909,645</u>	
FUND BALANCE - END OF YEAR				<u>\$ 1,356,898</u>	

See accompanying notes to Financial Statements

City of Auburn, Georgia
Statement of Net Assets
Proprietary Funds
September 30, 2011

	Water & Sewer System	Stormwater Utility	Totals
ASSETS			
Current Assets:			
Cash & Cash Equivalents	\$ 613,406	\$	\$ 613,406
Receivables, Net	106,531	35,260	141,791
Prepaid Insurance	3,505		3,505
Total Current Assets	\$ 723,442	\$ 35,260	\$ 758,702
Non-Current Assets:			
Capital Assets:			
Land	\$ 95,950	\$	\$ 95,950
Buildings, Equipment & Distribution System net of accumulated depreciation	4,706,898	4,097	4,710,995
Total Non-Current Assets	\$ 4,802,848	\$ 4,097	\$ 4,806,945
TOTAL ASSETS	\$ 5,526,290	\$ 39,357	\$ 5,565,647
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 459	\$ 120	\$ 579
Refundable Deposits	24,800		24,800
Due To Other Funds		7,335	7,335
Note Payable, Current	93,511		93,511
Non-Current Liabilities:			
Compensated Absences	6,717		6,717
Note Payable, Non-Current	2,287,160		2,287,160
TOTAL LIABILITIES	\$ 2,412,647	\$ 7,455	\$ 2,420,102
NET ASSETS			
Invested in capital assets, net of related debt	\$ 2,422,177	\$ 4,097	\$ 2,426,274
Unrestricted	691,466	27,805	719,271
TOTAL NET ASSETS	\$ 3,113,643	\$ 31,902	\$ 3,145,545

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, 2011

	<u>Water & Sewer System</u>	<u>Stormwater Utility</u>	<u>Totals</u>
Operating Revenues:			
Charges for Service	\$ 1,209,418	\$ 102,580	\$ 1,311,998
Other	654		654
Total Operating Revenues	<u>\$ 1,210,072</u>	<u>\$ 102,580</u>	<u>\$ 1,312,652</u>
Operating Expenses:			
Personal Services & Benefits	\$ 401,911	\$ 53,946	\$ 455,857
Purchased/Contracted Services	100,027	11,473	111,500
Water Purchases	280,564		280,564
Supplies	82,649	5,259	87,908
Depreciation	118,401		118,401
Total Operating Expenses	<u>\$ 983,552</u>	<u>\$ 70,678</u>	<u>\$ 1,054,230</u>
Operating Income (Loss)	<u>\$ 226,520</u>	<u>\$ 31,902</u>	<u>\$ 258,422</u>
Non-operating Revenues (Expenses)			
Interest Income	\$ 14,700	\$	\$ 14,700
Interest Expense	(102,041)		(102,041)
Net Income (Loss) before transfers	<u>\$ 139,179</u>	<u>\$ 31,902</u>	<u>\$ 171,081</u>
Transfers In/(Out)	<u>(153,921)</u>		<u>(153,921)</u>
Change in Net Assets	<u>\$ (14,742)</u>	<u>\$ 31,902</u>	<u>\$ 17,160</u>
Total Net Assets - Beginning of Year	<u>3,128,385</u>		<u>3,128,385</u>
Total Net Assets - End of Year	<u><u>\$ 3,113,643</u></u>	<u><u>\$ 31,902</u></u>	<u><u>\$ 3,145,545</u></u>

See accompanying notes to Financial Statements

City of Auburn, Georgia
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2011

	<u>Water & Sewer Fund</u>	<u>Stormwater Utility</u>	<u>Totals</u>
Cash Flows from Operating Activities:			
Receipts from customers	\$ 1,208,815	\$ 67,320	\$ 1,276,135
Payments to suppliers	(363,223)	(5,139)	(368,362)
Payments to employees	(278,014)	(41,175)	(319,189)
Other receipts (payments)	(221,645)	(16,909)	(238,554)
Net Cash Provided by Operating Activities	<u>\$ 345,933</u>	<u>\$ 4,097</u>	<u>\$ 350,030</u>
Cash Flows from Noncapital and Related Financing Activities:			
Transfers Out	\$ (153,921)	\$ _____	\$ (153,921)
Total Cash Provided (Used) by Noncapital and Related Financing Activities	<u>\$ (153,921)</u>	<u>\$ 0</u>	<u>\$ (153,921)</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	\$ (15,000)	\$ (4,097)	\$ (19,097)
Principal Payments	(89,671)	_____	(89,671)
Interest Expense	(102,041)	_____	(102,041)
Total Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ (206,712)</u>	<u>\$ (4,097)</u>	<u>\$ (210,809)</u>
Cash Flows from Investing Activities:			
Interest Income	\$ 14,700	\$ _____	\$ 14,700
Net Increase (Decrease) in Cash	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Cash and Cash Equivalents - Beginning of Year	<u>613,406</u>	<u>_____</u>	<u>613,406</u>
Cash and Cash Equivalents - End of Year	<u>\$ 613,406</u>	<u>\$ 0</u>	<u>\$ 613,406</u>
 Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Net Operating Income/(Loss)	\$ 226,520	\$ 31,902	\$ 258,422
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	118,401	_____	118,401
(Increase)/Decrease - Accounts Receivable	(1,257)	(35,260)	(36,517)
(Increase)/Decrease - Prepaids	(1,919)	_____	(1,919)
Increase/(Decrease) - Accounts Payable	(10)	120	110
Increase/(Decrease) - Customer Deposits	3,900	_____	3,900
Increase/(Decrease) - Due To Other Funds	_____	7,335	7,335
Increase/(Decrease) - Compensated Absences	298	_____	298
Net Cash Provided by Operating Activities	<u>\$ 345,933</u>	<u>\$ 4,097</u>	<u>\$ 350,030</u>

See accompanying notes to Financial Statements

City of Auburn, Georgia
Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2011

City of Auburn, Georgia
Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2011

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 has no component units that meet the criteria for discrete presentation in the primary government financial reporting entity. The City's Downtown Development Authority has no assets and all activities are reported under the General Fund.

City of Auburn, Georgia
Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2011

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, 2011

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 project funds account 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. SPLOST receipts and disbursements are included in the SPLOST Capital Projects Fund. The General Fund and SPLOST 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. Proprietary fund types utilized by the City are the Water & Sewer and Stormwater Utility Funds. The Water & Sewer Fund is a major enterprise fund. The Water & Sewer Fund accounts for utility services and their related distribution operations. The Stormwater Utility Fund accounts for fees collected and the management of stormwater facilities and services.

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.

City of Auburn, Georgia
Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2011

Note 1. Summary of Significant Accounting Policies, continued

B. Financial Reporting Entity - Basis of Presentation, continued

3. Measurement Focus - continued

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.

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, 2011

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, 2011

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, 2011

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. Unassigned fund balance indicates the amount available for appropriation in future periods. The City restricts 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 and stormwater user fees. 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

City of Auburn, Georgia
Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2011

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

A. Changes in Accounting Principles, continued

prepared on an accrual basis of accounting and fund financial statements which present 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.

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, 2011

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

The SPLOST Capital Projects Fund had a deficit fund balance as of September 30, 2011 of \$116,378.

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 Balance	Carrying Amount
	1	2	3		
Primary Government	\$ 1,772,386	\$ 0	\$ 0	\$ 1,772,386	\$ 1,648,020
Totals	\$ 1,772,386	\$ 0	\$ 0	\$ 1,772,386	\$ 1,648,020

City of Auburn, Georgia
Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2011

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	<u>Property Taxes</u>	<u>Accounts</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivables</u>
General Fund	\$ 63,581	\$ 116,072	\$ 80,741	\$ 98,912
Water & Sewer System Fund		107,836	1,305	106,531
Stormwater Fund		<u>35,260</u>		<u>35,260</u>
Total Primary Government	<u>\$ 63,581</u>	<u>\$ 259,168</u>	<u>\$ 82,046</u>	<u>\$ 240,703</u>

C. Due from Other Governments

The City recorded sales and use tax receipts for August and September 2011 due from the Georgia Department of Revenue in the amount of \$164,448. The August 2011 receivable in the amount of \$84,464 was received October 2011. The September 2011 receivable in the amount of \$79,984 was received in November 2011. Additionally, SPLOST receipts receivable were recorded for \$16,784 due from Barrow County and \$7,286 due from Gwinnett County. The City also accrued grant receipts of \$12,471 due from the Governor's Office of Highway Safety.

City of Auburn, Georgia
Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2011

Note 4. Detailed Notes on All Funds - continued

D. Capital Assets

A summary of changes in Capital Assets follows:

Governmental Activities	Balance 10/1/2010	Additions	Deletions	Balance 9/30/2011
Capital Assets not being depreciated				
Land	\$1,088,824	\$39,618		\$1,128,442
Construction in Progress	68,766		\$68,766	0
Total Capital Assets not being depreciated	<u>\$1,157,590</u>	<u>\$39,618</u>	<u>\$68,766</u>	<u>\$1,128,442</u>
Other Capital Assets:				
Buildings	\$1,333,364			\$1,333,364
Vehicles & Equipment	1,860,232	\$85,981	\$16,900	1,929,313
Infrastructure	2,584,375	853,298		3,437,673
Total Other Capital Assets	<u>\$5,777,971</u>	<u>\$939,279</u>	<u>\$16,900</u>	<u>\$6,700,350</u>
Accumulated Depreciation:				
Buildings	\$195,024	\$30,773		\$225,797
Vehicles & Equipment	1,272,134	163,900	\$16,900	1,419,134
Infrastructure	219,566	63,219		282,785
Total Accumulated Deprec.	<u>\$1,686,724</u>	<u>\$257,892</u>	<u>\$16,900</u>	<u>\$1,927,716</u>
Governmental Activities - Capital assets, net	<u><u>\$5,248,837</u></u>	<u><u>\$721,005</u></u>	<u><u>\$68,766</u></u>	<u><u>\$5,901,076</u></u>

City of Auburn, Georgia
Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2011

Note 4. Detailed Notes on All Funds, continued

D. Capital Assets - Continued

Business-type Activities	Balance 10/1/2010	Additions	Deletions	Balance 9/30/2011
Capital Assets not being depreciated				
Land	\$95,950			\$95,950
Construction in Progress	21,673		\$21,673	0
Total Capital Assets not being depreciated	\$117,623	\$0	\$21,673	\$95,950
Other Capital Assets				
Distribution Systems	\$5,338,243	\$21,673		\$5,359,916
Equipment	129,307	9,097		138,404
Vehicles	231,549	10,000		241,549
Total Other Capital Assets	\$5,699,099	\$40,770	\$0	\$5,739,869
Accumulated Depreciation				
Distribution Systems	\$575,215	\$106,765		\$681,980
Equipment	117,941	3,020		120,961
Vehicles	217,317	8,616		225,933
Total Accumulated Deprec.	\$910,473	\$118,401	\$0	\$1,028,874
Business-type Activities Capital Assets, net	\$4,906,249	(\$77,631)	\$21,673	\$4,806,945

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	\$67,592	Water & Sewer Fund	\$118,401
Public Safety	105,004		
Public Works	85,296		

City of Auburn, Georgia
Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2011

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. These balances resulted from capital and infrastructure improvements and are expected to be repaid within one year of September 30, 2011.

	Interfund		Transfers	
	Receivable	Payable	To	From
Governmental Activities				
General	\$ 183,438	\$	\$ 153,921	\$
SPLOST Capital Projects		176,103		
Business-type Activities				
Water & Sewer				153,921
Stormwater Utility		7,335		
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 183,438</u>	<u>\$ 183,438</u>	<u>\$ 153,921</u>	<u>\$ 153,921</u>

Transfers from the Water & Sewer Fund to the General Fund were for operating purposes.

F. Property Tax Calendar

The City receives property tax assessments from Barrow and Gwinnett County. Taxes were levied on November 4 and tax bills were mailed to taxpayers by December 1. The due date for these taxes is January 31, 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

Financing in the form of a municipal lease purchase agreement was obtained from Musco Finance, LLC during 2011 in the amount of \$133,815 for improvements to the City's recreational facilities. This agreement is to be repaid over five (5) years by monthly installments of \$2,536.

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 \$2,591,109 for water system improvements and expansion. This note is payable over twenty (20) years by monthly installments of \$15,976.

City of Auburn, Georgia
Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2011

Note 4. Detailed Notes on All Funds, continued

G. Long-Term Debt, continued

Changes in Long-Term Debt

PRIMARY GOVERNMENT	Balance			Balance	Due Within
<i>Governmental Activities</i>	10/1/2010	Issued	Retired	9/30/2011	One Year
Compensated Absences	\$95,935		\$27,238	\$68,697	
Lease Payable		\$133,815	6,930	126,885	\$24,831
Total Governmental Activities	<u>\$95,935</u>	<u>\$133,815</u>	<u>\$34,168</u>	<u>\$195,582</u>	<u>\$24,831</u>
<i>Business-type Activities</i>					
Compensated Absences	\$6,419	\$298		\$6,717	
Notes Payable - GEFA	2,470,342		\$89,671	2,380,671	\$93,511
Total Business-type Activities	<u>\$2,476,761</u>	<u>\$298</u>	<u>\$89,671</u>	<u>\$2,387,388</u>	<u>\$93,511</u>
Total Primary Government	<u><u>\$2,572,696</u></u>	<u><u>\$134,113</u></u>	<u><u>\$123,839</u></u>	<u><u>\$2,582,970</u></u>	<u><u>\$118,342</u></u>

Debt Service Requirements

PRIMARY GOVERNMENT

	Amount of Original Issue	Interest Rate	Year Ending September 30	Principal	Interest
<i>Governmental Activities</i>					
Lease Payable	\$133,815	4.85%	2012	\$24,831	\$5,607
		4.85%	2013	26,062	4,375
		4.85%	2014	27,354	3,083
		4.85%	2015	28,711	1,726
		4.85%	2016	19,927	364
Totals -Governmental Activities				<u>\$126,885</u>	<u>\$15,155</u>
<i>Business-type Activities</i>					
Note Payable - GEFA	\$2,591,109	4.20%	2012	\$93,511	\$98,202
		4.20%	2013	97,514	94,198
		4.20%	2014	101,690	90,022
		4.20%	2015	106,044	85,668
		4.20%	2016	110,585	81,128
		4.20%	2017-21	628,135	330,426
		4.20%	2022-26	774,633	183,928
		4.20%	2027-29	468,559	26,698
Totals - Business-type Activities				<u>\$2,380,671</u>	<u>\$990,270</u>

City of Auburn, Georgia
Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2011

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.

Injuries to employees (Workers' Compensation Insurance) is maintained through the Georgia Municipal Association (GMA). Chapter 9, Article 5 of Title 34 of the Official Code of Georgia Annotated authorized GMA's Workers' Compensation Self Insurance Fund. The Fund is to defend, in the name of and on behalf of its members, any suits or other proceedings which may be instituted against them on account of injuries or death within the preview of the Workers' Compensation Law of Georgia. The liability of the Fund to employees of any member employer is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and/or employer's liability

As a part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and report as promptly as possible all incidents which could result in the funds being required to pay any claim or loss.

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, 2011, 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 \$660,862 of special option sales tax during the current year.

The City received a GMA Health Promotion Grant in the amount of \$3,000. The City was in compliance with the grant restrictions.

The City's police department was awarded a grant from the Governor's Office of Highway Safety in the amount of \$12,471 to be used to purchase police equipment.

City of Auburn, Georgia
Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2011

Note 4. Detailed Notes on All Funds, continued

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

City was not involved in any significant related party transactions during the current operations.

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 provides retirement, disability and death benefits to Plan participants and their beneficiaries. 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 \$1,879,786. Total covered payroll was \$1,604,326 for the plan year. At January 1, 2011 (date of most recent actuarial valuation) the plan covered 43 active employees, 12 former vested employees, and 4 retired employee.

City of Auburn, Georgia
Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2011

Note 4. Detailed Notes on All Funds, continued

M. Retirement/Pension Plans - continued

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 \$116,093 to the Plan for the fiscal year ended September 30, 2011. 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 September 30, 2011, 2010 and June 30, 2009, were \$116,093, \$107,244, and \$90,666 respectively, and were equal to the required contribution for each year.

Annual Pension Cost

A Schedule of Employer's required contributions for the last ten years follows:

Plan Fiscal Year Ended	Required Contribution	Percentage Contributed
6/30/2002	10,170	100%
6/30/2003	22,053	100%
6/30/2004	30,552	100%
6/30/2005	44,726	100%
6/30/2006	48,113	100%
6/30/2007	72,866	100%
6/30/2008	67,071	100%
6/30/2009	90,666	100%
12/31/2009	107,244	100%
12/31/2010	116,093	100%

Additional information as of the latest actuarial valuation follows:

Valuation Date	January 1, 2011
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	7.75%
Projected salary increases	11.00% - 4.00%
Included inflation at	3.50%
Merit or seniority increases at	7.50% - .50%
Cost-of-living adjustments	0.00%
Post-retirement Benefit increases	N/A

City of Auburn, Georgia
Notes to the Financial Statements
For the Fiscal Year Ended September 30, 2011

Note 4. Detailed Notes on All Funds, continued

M. Retirement/Pension Plans - continued

Transition Year

The pension liability at transition of \$699,430 was determined in accordance with GASB 27, paragraph 37. Previously reported pension liability was \$572,005.

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:

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Percentage Funded (1)/(2)	Unfunded AAL (UAAL) (2) - (1)	Annual Covered P/R (Prior Year)	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%
2010	458,235	572,005	80.1%	113,770	1,574,490	7.2%
2011	586,260	699,430	83.8%	113,170	1,604,326	7.1%

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, 2011

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, 2011 are as follows:

	Governmental Activities	Business Type Activities
<u>Investments in capital assets, net of related debt</u>		
Cost of capital assets	\$7,828,792	\$5,835,819
Less: accumulated depreciation	1,927,716	1,028,874
Book Value	\$5,901,076	\$4,806,945
Less capital related debt	126,885	2,380,671
Invested in capital assets, net of related debt	\$5,774,191	\$2,426,274

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 Commission (RC) and is required to pay annual dues thereto. During its fiscal year ended September 30, 2011, 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 RC is required by the Official Code of Georgia Annotated (OCGA), Section 50-8-34, which provides for the organizational structure of the RC in Georgia. The RC 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 RC. Separate financial statements for the RC may be obtained from:

Northeast Georgia Regional Commission
305 Research Drive
Athens, Georgia 30605-2795

City of Auburn, Georgia
Supplemental Statements and Schedules
For the Fiscal Year Ended September 30, 2011

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, 2011

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Revisions</u>	<u>Final</u>		
REVENUES					
Intergovernmental - SPLOST	\$ 225,000	\$	\$ 225,000	\$ 215,658	\$ (9,342)
Interest Earned	500		500	473	(27)
Fund Balance Carryover	<u>175,000</u>	<u>266,146</u>	<u>441,146</u>		<u>(441,146)</u>
TOTAL REVENUES	\$ <u>400,500</u>	\$ <u>266,146</u>	\$ <u>666,646</u>	\$ <u>216,131</u>	\$ <u>(450,515)</u>
EXPENDITURES					
Current					
General Government - Principal	\$	\$ 6,930	\$ 6,930	\$ 6,930	\$ 0
General Government - Interest		3,216	3,216	3,216	0
Capital Outlay					
Public Works - Streets	150,000		150,000	144,568	5,432
General Government - Recreation	<u>250,500</u>	<u>389,815</u>	<u>640,315</u>	<u>639,963</u>	<u>352</u>
TOTAL EXPENDITURES	\$ <u>400,500</u>	\$ <u>399,961</u>	\$ <u>800,461</u>	\$ <u>794,677</u>	\$ <u>5,784</u>
EXCESS OF REVENUES OVER					
EXPENDITURES	\$ <u>0</u>	\$ <u>(133,815)</u>	\$ <u>(133,815)</u>	\$ (578,546)	\$ <u>(444,731)</u>
OTHER FINANCING SOURCES (USES)					
Capital Lease Proceeds	\$	\$ 133,815	\$ 133,815	\$ 133,815	\$ 0
OTHER FINANCING SOURCES (USES)	\$ <u>0</u>	\$ <u>133,815</u>	\$ <u>133,815</u>	<u>133,815</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ (444,731)	\$ <u>(444,731)</u>
FUND BALANCE - BEGINNING OF YEAR				\$ <u>328,353</u>	
FUND BALANCE - END OF YEAR				\$ <u>(116,378)</u>	

Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Fiscal Year Ended September 30, 2011

	Budgeted Amounts			Actual	Variance
	Original	Revisions	Final		
REVENUES					
Fines & Forfeitures	\$ 6,350		\$ 6,350	\$ 5,628	\$ (722)
Intergovernmental		3,000	3,000	15,471	12,471
Fund Balance Carryover		26,000	26,000		(26,000)
TOTAL REVENUES	\$ 6,350	\$ 29,000	\$ 35,350	\$ 21,099	\$ (14,251)
EXPENDITURES					
Current					
General Government	\$	\$ 3,000	\$ 3,000	\$ 2,886	\$ 114
Police		14,000	14,000	13,960	40
Capital Outlay					
Police	6,350	12,000	18,350	17,692	658
TOTAL EXPENDITURES	\$ 6,350	\$ 29,000	\$ 35,350	\$ 34,538	\$ 812
EXCESS OF REVENUES OVER					
EXPENDITURES					
	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	\$ (13,439)	<u>\$ (13,439)</u>
FUND BALANCE - BEGINNING OF YEAR				<u>\$ 22,738</u>	
FUND BALANCE - END OF YEAR				<u>\$ 9,299</u>	

City of Auburn, Georgia
Enterprise Fund - Water & Sewer
Schedule of Revenues, Expenses and Changes in
Fund Equity - Budget and Actual
For the Year Ended September 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues:			
Metered Sales	\$ 1,101,400	\$ 1,128,312	\$ 26,912
Sewer Charges	18,000	25,876	7,876
Tapping Fees	7,500	1,167	(6,333)
Penalties & Late Fees	70,800	54,717	(16,083)
Total Operating Revenues	<u>\$ 1,197,700</u>	<u>\$ 1,210,072</u>	<u>\$ 12,372</u>
Operating Expenses:			
Personal Services & Benefits	\$ 337,322	\$ 401,911	\$ (64,589)
Purchased/Contracted Services	118,600	100,027	18,573
Water Purchases	315,000	280,564	34,436
Supplies	117,700	82,649	35,051
Depreciation	94,989	118,401	(23,412)
Total Operating Expenses	<u>\$ 983,611</u>	<u>\$ 983,552</u>	<u>\$ 59</u>
Net Operating Income	<u>\$ 214,089</u>	<u>\$ 226,520</u>	<u>\$ 12,431</u>
Non-operating Income and (Expenses):			
Interest Income	\$ 18,000	\$ 14,700	\$ (3,300)
Interest Expense	(102,100)	(102,041)	59
Transfers	(129,989)	(153,921)	(23,932)
Net Non-operating Income/(Expense)	<u>\$ (214,089)</u>	<u>\$ (241,262)</u>	<u>\$ (27,173)</u>
Net Income/(Loss)	<u>\$ 0</u>	<u>\$ (14,742)</u>	<u>\$ (14,742)</u>
Net Assets -			
Beginning of Year		<u>3,128,385</u>	
End of Year		<u>\$ 3,113,643</u>	

City of Auburn, Georgia
Enterprise Fund - Stormwater Utility
Schedule of Revenues, Expenses and Changes in
Fund Equity - Budget and Actual
For the Year Ended September 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating Revenues:			
Stormwater User Fees	\$ 153,800	\$ 102,580	\$ (51,220)
Total Operating Revenues	<u>\$ 153,800</u>	<u>\$ 102,580</u>	<u>\$ (51,220)</u>
Operating Expenses:			
Personal Services & Benefits	\$ 49,937	\$ 53,946	\$ (4,009)
Purchased/Contracted Services	17,666	11,473	6,193
Supplies	9,100	5,259	3,841
Depreciation	77,097		77,097
Total Operating Expenses	<u>\$ 153,800</u>	<u>\$ 70,678</u>	<u>\$ 83,122</u>
Net Operating Income	<u>\$ 0</u>	<u>\$ 31,902</u>	<u>\$ 31,902</u>
Net Income/(Loss)	<u>\$ 0</u>	<u>\$ 31,902</u>	<u>\$ 31,902</u>
Net Assets -			
Beginning of Year		_____	
End of Year		<u>\$ 31,902</u>	

City of Auburn, Georgia
Special Schedules and Reports
For the Fiscal Year Ended September 30, 2011

City of Auburn, Georgia
 Schedule of Project Expenditures with
 Special Purpose Local Option Sales Tax Revenue
 For the Fiscal Year Ended September 30, 2011

	Original Estimated Cost	EXPENDITURES		% of Completion
		Prior Years	Current Year	
Project - 2008 Gwinnett County				
PUBLIC WORKS:				
<i>Road Improvements</i>	\$ 75,000	\$ 14,793	\$ 14,793	20%
GENERAL GOVERNMENT:				
<i>Recreation Facilities</i>	189,528		0	0%
PROJECT TOTALS	<u>\$ 264,528</u>	<u>\$ 14,793</u>	<u>\$ 14,793</u>	

	Original Estimated Cost	EXPENDITURES		% of Completion
		Prior Years	Current Year	
Project - 2005 Barrow County				
PUBLIC WORKS:				
<i>Road Improvements - Paving</i>	\$ 2,408,040	\$ 494,068	\$ 39,403	21%
GENERAL GOVERNMENT:				
<i>Recreation</i>	599,474	\$ 301,576	\$ 476,891	100%
<i>Library</i>	75,000			
PROJECT TOTALS	<u>\$ 3,082,514</u>	<u>\$ 795,644</u>	<u>\$ 516,294</u>	

	Original Estimated Cost	EXPENDITURES		% of Completion
		Prior Years	Current Year	
Project - 2004 Gwinnett County				
PUBLIC WORKS:				
<i>Road Improvements - Paving</i>	\$ 228,741	\$ 177,322	\$ 129,775	100%
PROJECT TOTALS	<u>\$ 228,741</u>	<u>\$ 177,322</u>	<u>\$ 129,775</u>	
SPLOST TOTALS	<u>\$ 3,575,783</u>	<u>\$ 972,966</u>	<u>\$ 660,862</u>	

HUBERT A. BRISCOE, CPA

Certified Public Accountant

P. O. Box 531

47 North Center Street

Winder, Georgia 30680-0531

Office (770) 867-1270 / Fax (770) 867-8798

AICPA MEMBER AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

CPA MEMBER GEORGIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

**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 remaining fund information of the **City of Auburn, Georgia**, as of and for the year ended September 30, 2011, and have issued our report thereon dated March 23, 2012. 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 deficiency in internal control exists 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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
March 23, 2012