A message to the Citizens of Auburn, Alabama:

I am pleased to present the City of Auburn’s Popular Annual Financial Report (PAFR) for the year ended September 30, 2018. Auburn is a city of partnerships where we work together every day to build a brighter future for everyone in our community. Through investing strategically in public safety, infrastructure and quality of life initiatives, we provide the excellent services our citizens expect. By encouraging economic growth in the commercial and industrial sectors, we foster a healthy job market and create the revenue streams that sustain City services.

It is my hope that this PAFR provides you with a better understanding of the City of Auburn’s financial position as well as demonstrates what makes Auburn a great place to live, work and raise children. This report includes information about the City of Auburn’s organizational structure, strategic goals, community profile, capital projects and summary financial information.

The financial data presented in the PAFR is derived from the Comprehensive Annual Financial Report (CAFR) and is consistent with Generally Accepted Accounting Principles (GAAP). The PAFR is designed to present an easy-to-read financial summary showing the source of the City’s revenues and explaining how these revenues are spent. The PAFR also includes information on the City’s Fund Balance, assets and liabilities and long-term debt. The PAFR is not a replacement for the CAFR and is intended for readers who would like to view the City’s financial information in an overview format. The PAFR primarily focuses on the General Fund while excluding the City’s discretely presented component units. For those who are interested in additional financial detail, you can find a copy of the CAFR online at: www.auburnalabama.org/CAFR.

In Fiscal Year 2018, the City’s revenue growth was strong and sustained, primarily reflective of the strength of our local economy and the overall growth in our community. We have been fortunate that strong revenues have allowed us to make significant capital investments and improvements to the City of Auburn’s infrastructure, neighborhoods, downtown and recreation facilities. Our continued commitment to operating a fiscally sound local government allows the City of Auburn to provide quality public services at a level commensurate with the demands of our residents.

We are proud to serve the Auburn community and are committed to maintaining a high standard of financial health. Thank you for taking the time to read this year’s report. I invite you to share any questions or comments you may have by emailing me at jbuston@auburnalabama.org.

Sincerely,

James C. Buston, III
City Manager
City of Auburn, Alabama
MEET YOUR COUNCIL

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The Auburn City Council typically meets the first and third Tuesday of every month at 7:00 p.m. The full meeting schedule and location can be found at https://www.auburnlabama.org/boards-and-commissions/meeting-schedule/. All City Council meetings are recorded and can be watched on the City Council’s website: www.auburnlabama.org/agenda.
The following five goals represent the overarching strategic goals the City Council and City staff envision for the City of Auburn. These goals take into consideration the City’s various Strategic Plans which were produced in conjunction with significant public input and were approved by the City Council.

Efficient Use of Resources
Support and invest in quality education facilities and programs and maintain a strong financial position through excellent management. Be known as a high performing organization with excellent governance, communication and high-quality technological and personnel resources.

Well-Managed and Accessible
Foster a workforce that is engaged, innovative, accountable and customer service focused. Embrace and leverage our relationships with citizens, our business community and Auburn University.

High Quality of Life
Create a family-friendly community with strong, healthy neighborhoods and state of the art recreation, library and cultural facilities that are protected by exceptional public safety personnel.

Planned Growth
Create a well-planned community that embraces smart growth principles with high-quality infrastructure provided concurrently to support a growing community.

A Unique Place
Create an attractive, clean, business-friendly community with a strong identity. Create a high-energy downtown with a strong sense of place that is the center of the community, and foster thriving businesses and industry.

MORE INFORMATION AND A FULL LISTING OF THE APPROVED STRATEGIC PLANS CAN BE FOUND ON THE CITY’S WEBSITE: HTTPS://WWW.AUBURNALABAMA.ORG/FUTURE
ABOUT AUBURN

COMMUNITY PROFILE

FOUNDED IN 1836

POPULATION: 63,973

23.9
MEDIAN AGE

50% OF THE POPULATION IS FEMALE

50% OF THE POPULATION IS MALE

HISTORICAL POPULATION

16,221 22,767 28,471 33,830 41,987 53,587 63,973

LABOR FORCE:
30,348

EMPLOYED:
29,248

UNEMPLOYMENT RATE:
3.6%

MEAN FAMILY INCOME:
$99,349

U.S. Census Bureau

EDUCATIONAL ATTAINMENT (POPULATION 25 YEARS & OLDER)

HIGH SCHOOL GRADUATE OR GED: 13%

BACHELOR’S DEGREE: 30.4%

GRADUATE OR PROFESSIONAL DEGREE: 28.7%

U.S. Census Bureau

TO VIEW THE FULL COMMUNITY PROFILE VISIT:
HTTPS://WWW.AUBURNALABAMA.ORG/ECONOMIC-DEVELOPMENT/AUBURN-COMMUNITY-PROFILE/

ABOUT AUBURN

AUBURN’S NATIONAL RECOGNITION

2018: “THE SOUTH’S 2ND BEST COLLEGE TOWN”

MILKEN INSTITUTE
2018: “10TH BEST PERFORMING CITY FOR ECONOMIC GROWTH IN THE U.S.”

2018: “TOP 100 BEST PLACES TO LIVE IN THE U.S.”

USA TODAY 2017: “16TH BEST CITY FOR JOB CREATION IN THE U.S.”

2017: “2ND BEST ZIP CODE TO LIVE IN ALABAMA”

Forbes 2016: “10TH BEST SMALL CITY FOR JOBS IN THE U.S.”
BARK IN THE PARK: MARCH
Bring your favorite four-legged friend and enjoy a variety of educational booths, shop with local pet vendors, and enjoy door prizes and dog friendly activities all morning! Looking to expand your canine family? Rescue dogs will be available for adoption as well!

EASTER EGG HUNT: APRIL
Our Easter egg hunt is one of the largest in Lee County, with over 35,000 eggs hidden over four acres! With different hunting grounds for each age group, it’s sure to be a blast for the whole family. Join us for live entertainment, free balloons and sodas and a chance to meet the Easter bunny!

AUBURN CITY FEST: MAY
Cityfest is a fun family day filled with food, community, and entertainment. This is Auburn’s largest free outdoor festival, featuring over 100 arts and craft vendors, and local food and nonprofit vendors.

SUMMERNIGHT DOWNTOWN ART WALK: JUNE
The summertime downtown art walk is a downtown entertainment district event, free to the public and takes place rain or shine! The art walk features works by local artists, live musical entertainment, children’s activities, and a strawberry culinary contest!

INDEPENDENCE DAY CELEBRATION: JULY
Celebrate independence day with the entire Auburn community. Bring your family to enjoy the best fireworks display in the area, free goodies, fun music, inflatables, and free cyber game truck adventures!

FRIGHT NIGHT MOVIE SERIES: OCTOBER
From music, kid’s activities, and an evening of spooky movies to get you in the Halloween spirit, there’s plenty for everyone. We encourage you to bring blankets, chairs, and picnic dinners to enjoy the movies!

DOWNTOWN TRICK OR TREAT: OCTOBER
Come visit our downtown merchants for trick-or-treat candy and goodies! Enjoy a live DJ, balloon animals, face painting, and so much more. Enter the costume contest and make sure to get a photo with Aubie!

FOR MORE INFORMATION ON DATES AND EVENTS VISIT: WWW.AUBURNALABAMA.ORG/PARKS/EVENTS-AND-CALENDAR/
The previous pages of this document provided information on the profile of the City of Auburn. The remainder of the document will focus on the City of Auburn’s financial information for the Fiscal Year ended September 30, 2018.

It is the mission of the City of Auburn to provide economical delivery of quality services, created and designed in response to the needs of its citizens, rather than by habit or tradition. One of the ways in which the City aims to achieve this is by operating an adequately funded city government in a financially responsible and fiscally sound manner.

As part of the City’s continuous effort to keep its citizens informed on how your tax dollars are spent, the following pages provide unaudited and summarized information about the financial activities of the City of Auburn. This summary information is prepared from the City’s 2018 Comprehensive Annual Financial Report (CAFR).

The CAFR conforms to the Generally Accepted Accounting Principles (GAAP) and includes audited financial statements and related information provided in a detailed narrative format. The GAAP-basis presentation of the CAFR includes the City of Auburn’s Component Units (related organizations) and information about all of the City’s individual funds. The CAFR is available at City Hall, the Auburn Public Library and online at www.auburnalabama.org/cafr.

The Government Finance Association (GFOA) of the United States and Canada has given a Certificate of Achievement for Excellence in Financial Reporting to the City of Auburn, Alabama for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2017. The Achievement for Excellence in Financial Reporting is a prestigious national award recognizing conformance within the highest standards for preparation of state and local government comprehensive reports.
The City of Auburn has multiple revenue sources. As is typical in the State of Alabama, City of Auburn property taxes are relatively low and therefore, are not the City’s primary revenue source. Instead, the largest revenue source for the City of Auburn’s General Fund are Sales and Use Taxes. Sales and Use Taxes provided over 45.8% ($42.0 million) of revenue in Fiscal Year 2018. The total sales tax rate for purchases made within the City of Auburn is 9%, which includes 4% appropriated to the State, 4% to the City of Auburn, and 1% to Lee County.

The second largest revenue source for the City of Auburn’s General Fund are Business License Fees and Permits, which provided 14.6% ($13.3 million) of revenue in Fiscal Year 2018.

The third largest revenue source is the City’s Occupational License Fee, which is a 1% fee of the gross salaries and wages earned within the City of Auburn, this revenue source provided 14.1% ($12.9 million) of General Fund revenues in Fiscal Year 2018.

Once the government collects taxes and other revenues, the resources must be spent efficiently to provide essential services to citizens and businesses. The General Fund finances the regular day-to-day operations of the City, so it is the primary focus.

<table>
<thead>
<tr>
<th>Total</th>
<th>Per Capita</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tr>
<tr>
<td>Public Safety</td>
<td>$22,453,085</td>
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<tr>
<td>Payments to Component Units</td>
<td>$14,688,907</td>
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<tr>
<td>Capital Outlay</td>
<td>$14,605,482</td>
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<tr>
<td>Recreation and Culture</td>
<td>$7,634,882</td>
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<tr>
<td>Environmental Services/Public Works</td>
<td>$6,967,067</td>
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<tr>
<td>Debt Service</td>
<td>$6,788,905</td>
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<tr>
<td>General Government/Administration</td>
<td>$5,462,091</td>
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<tr>
<td>Economic Development</td>
<td>$2,914,691</td>
</tr>
<tr>
<td>Other</td>
<td>$7,922,111</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$89,447,221</strong></td>
</tr>
</tbody>
</table>

General Fund Expenditures FY2018

* Includes approximately $13 million each fiscal year of direct education funding disbursed to Auburn City Schools.
* Includes infrastructure, parks, facilities, and capital equipment above a threshold of $5,000.

During Fiscal Year 2018, the City of Auburn spent its General Fund as shown in the chart to the left and in the pie chart below. The total amount represents the aggregate amount spent, while the per capita amount represents the amount spent on each type of service per resident based off of a population of 63,973. Public Safety represents the largest total and per capita expenditure for the City.
The General Fund Balance essentially works as the City of Auburn's reserves. It is the difference between what the City owns (assets) and what the City owes (liabilities). The Fund Balance consists of cash and investments with accounts payable, claims, and unearned revenue taken against the balance.

The General Fund Balance is categorized into four categories, as described below, in order to make the extent of the constraints placed on a government's fund balance more transparent.

- **Unassigned Fund Balance** - amounts that are available for any purpose.
- **Assigned Fund Balance** - amounts the City intends to use for a specific purpose. The amount listed is contracts and commitments for goods and services not yet received.
- **Non-spendable Fund Balance** - these amounts are not readily spendable, representing inventories, investments, and property held for resale.
- **Restricted Fund Balance** - these amounts are legally restricted for a specific use. For FY2018, this amount must be used for Public Safety.

# ASSETS AND LIABILITIES

In addition to understanding where the money comes from and where the money goes, it is also helpful to understand the net position of the City. The net position essentially describes the City's overall financial position, and includes all assets and liabilities of the City of Auburn as a whole.

A positive net position reflects strong financial health and solvency. The chart below shows the Statement of Net Position for the City of Auburn for fiscal year ending September 30, 2018.

### ASSETS

- **Current & Other Assets**
  - Governmental Activities: $124,724,984
  - Business-type Activities: $13,579,834
  - Total: $138,304,818

- **Capital Assets**
  - Governmental Activities: $206,102,636
  - Business-type Activities: $81,759,607
  - Total: $287,862,243

- **Deferred Outflows of Resources**
  - Governmental Activities: $8,996,508
  - Business-type Activities: $3,303,852
  - Total: $12,300,360

### LIABILITIES

- **Current Liabilities**
  - Governmental Activities: $22,168,902
  - Business-type Activities: $4,865,391
  - Total: $27,034,293

- **Long-Term Debt & Other Liabilities**
  - Governmental Activities: $245,155,362
  - Business-type Activities: $36,414,055
  - Total: $281,569,417

- **Deferred Inflows of Resources**
  - Governmental Activities: $2,165,238
  - Business-type Activities: $43,279,446
  - Total: $45,444,684

### Total Net Position

- **Total Net Position**
  - Governmental Activities: $70,334,626
  - Business-type Activities: $55,137,243
  - Total: $125,471,868

Deferred Outflows and Inflows represent consumption and acquisition of items applicable to a future reporting period. The balances are primarily due to reporting of the City’s pension contributions and activities. Details regarding the pension activity can be found in the Notes to the Financial Statements of the CAFR.

Auburn, Alabama’s Comprehensive Annual Financial Report contains audited financial information in greater detail. For further information, please contact the Finance Department [334] 501-7220 or view at auburnalabama.org/CAFR.
The City of Auburn maintains excellent credit ratings of AA+ from Standard & Poor's and Aa2 from Moody’s rating agencies. Bond ratings represent the credit worthiness of the City and measure the City’s ability to meet financial commitments. The double A rating is reserved for organizations characterized with strong management and budgetary performance, stable economies, and manageable debt levels. Strong bond ratings allow the City of Auburn to receive lower interest rates on its bond issues.

General Obligation bonds, warrants, and notes payable outstanding totaled $243.4 million on September 30, 2018. The City issues and manages debt for Auburn City Schools, and for projects that result from partnerships with Auburn University, and projects for the City’s component units. Of the $243.4 million in debt outstanding, $155.8 million is debt issued for assets that belong to the Auburn City Schools, and $35.4 million for assets that belong to the Sewer Fund. General obligation debt is usually payable from the City’s general revenues (of the General Fund). However, some long-term debt is payable from legally restricted and dedicated revenue sources or respective funds. For example, the debt issued to provide financing for the Auburn City Schools is payable from property taxes dedicated for education purposes. In addition the City levies a property tax, the Special Five Mill Tax, which is legally restricted for repaying debt issued to finance projects approved by the voters. The chart below shows the repayment sources for Debt Principal Outstanding as of September 30, 2018.

State of Alabama statutes limit the amount of general obligation debt (exclusive of education and utility borrowings) a government may issue to 20% of the total assessed value of all taxable property within the government. The current debt limitation for Auburn is $193.5 million; Auburn only has debt outstanding of $49.6 million that is applicable to this limit.
Budget Development:
At the direction of the City Manager, the Budget and Strategic Planning Division is responsible for working with the City’s Management Team in developing the budget and all associated publications. It is the goal of the City of Auburn that the budget be driven by the results of our Citizen Survey and the Strategic Plans set forth and adopted by the City Council.

Biennial Budgeting:
The City of Auburn operates under a biennial (two-year) budget. The biennial budget consists of two one-year budgets and a six-year Capital Improvement Plan. Operating under a two-year budget gives City Council and City Management a longer budgeting horizon and reduces the amount of staff time required for developing and adjusting the budget. The fiscal year for the City runs from October 1st each year through and including September 30th of the following year.

Looking Forward:
This report is focused on the financial information for Fiscal Year 2018 which was part of the FY2017-FY2018 Biennial Budget. Looking beyond this report, the proceeding budget is the FY2019-FY2020 Biennial Budget. Below is the updated General Fund Budget Overview for FY2019-FY2020, which was approved by the City Council on August 6, 2019.

General Fund Budget Overview

<table>
<thead>
<tr>
<th></th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Fund Balance</td>
<td>$49,362,893</td>
<td>$42,879,836</td>
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<tr>
<td>Revenues</td>
<td>$93,179,329</td>
<td>$94,176,269</td>
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<tr>
<td>Other Financing Sources</td>
<td>$381,250</td>
<td>$351,250</td>
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<tr>
<td>Total Revenues &amp; OFS</td>
<td>$142,923,472</td>
<td>$137,407,355</td>
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<tr>
<td>Expenditures</td>
<td>$84,217,592</td>
<td>$89,327,048</td>
</tr>
<tr>
<td>Other Financing Uses</td>
<td>$15,826,044</td>
<td>$16,322,064</td>
</tr>
<tr>
<td>Total Expenditures &amp; OFU</td>
<td>$100,043,636</td>
<td>$105,649,112</td>
</tr>
</tbody>
</table>

DETAILED BUDGET INFORMATION AND FULL BUDGET DOCUMENTS CAN BE FOUND ON THE BUDGET AND STRATEGIC PLANNING WEBSITE: WWW.AUBURNALABAMA.ORG/BUDGET
LOOKING | AHEAD

CAPITAL IMPROVEMENT PLAN

DOUGLAS J. WATSON MUNICIPAL COMPLEX

Public Safety Center

The vision for the new Douglas J. Watson Municipal Complex (DJWMC) is that of an environmentally friendly urban campus with attractive and welcoming public spaces, designed to be responsive to the public and encourage weekend and civic utilization. Construction of the new Public Safety Building is underway. Phase 1 of the project, including construction of the building, is expected to finish Fall 2019. Phase 2, which includes the demolition of the existing Public Safety facility and construction of the parking lot, is expected to finish in Spring 2020.

COMPONENT UNITS

Component units include organizations that are financially accountable to the City’s executive or legislative branches (the Mayor or the Council, respectively) and other organizations for which the nature and significance of their relationships with the primary government are such that their exclusion could cause the City’s financial statements to be misleading or incomplete. All component units are legally separate from the City. Currently there are six discretely presented component units of the City of Auburn.

- Board of Education
  aubumalabama.org/boards-and-commissions/independent-authorities/board-of-education

- Water Works Board
  aubumalabama.org/boards-and-commissions/independent-authorities/water-works-board

- Industrial Development Board
  aubumalabama.org/boards-and-commissions/independent-authorities/industrial-development-board

- Public Parks and Recreation Board
  aubumalabama.org/boards-and-commissions/advisory/public-park-and-recreation-board

- Commercial Development Authority
  aubumalabama.org/boards-and-commissions/planning-and-development/commercial-development-authority

- Downtown Redevelopment Authority

For more information on the construction status of our capital projects visit: aubumalabama.org/engineering-services/construction-status
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@cityofaubumal
facebook.com/CityofAuburnAL
@cityofaubumal
@CityofAuburnAL
City of Auburn, AL