CITY OF AUBURN, AL

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2025

LAKE WILMORE PARK RECREATION CENTER



City of Auburn, Alabama
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2025

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Cynthia Ledbetter, *Library Director*

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City of Auburn, Alabama
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2025

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Letter of Transmittal

March 30, 2026

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

The Annual Comprehensive Financial Report (ACFR) of the City of Auburn (the government) for the fiscal year ended September 30, 2025, is hereby transmitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with City of Auburn management. To the best of our knowledge and belief, the enclosed data are accurate in all material aspects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the government and its component units. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities have been included in this report.

The Report

The ACFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, a copy of the City's Certificate of Achievement for Excellence in Financial Reporting, a map of the City, and the primary government's organization chart. The financial section includes the management's discussion and analysis (MD&A), the basic financial statements including notes for the primary government and its separately presented component units, required supplementary information, and the primary government's combining and individual financial statements and schedules, as well as the independent auditor's report on the financial statements and schedules. The MD&A contains a narrative introduction, overview, and analysis of the City's financial statements. It should be read in conjunction with this letter of transmittal. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. In contrast to the financial section information, the statistical section information has not been audited.

This report includes all funds of the primary government and its component units. The primary government provides a full range of services. These services include public safety, public works, development services, environmental services, culture and recreation, economic and community development, and general administrative services. Component units of the City of Auburn include the Auburn City Board of Education, Water Works Board of the City of Auburn, Industrial Development Board of the City of Auburn, Commercial Development Authority of the City of Auburn, Auburn Downtown Redevelopment Authority, and City of Auburn Public Park and Recreation Board. All have been included as separately presented component units of the City's reporting entity in the annual report. Please see note 1.A for details of the reporting entity.

Governmental Accounting Standards Board (GASB) Reporting Requirements The City of Auburn presents financial information that meets the requirements of accounting standards issued by the GASB. Each year, management evaluates new GASB reporting requirements to determine applicability to the City. The requirements issued by GASB that

became effective during this fiscal period and those that will become effective in the next fiscal period are described in this section.

The City implemented the following statements during fiscal 2025:

- GASB Statement 101, "Compensated Absences," updates the recognition and measurement guidance for compensated absences by aligning guidance under a unified model and amending certain previously required disclosures. This will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation and can be applied consistently to any type of leave. Compensated absences include direct payments to employees during time off, payouts for unused leave upon termination, and non-cash settlements like conversions to defined benefit pension plans.
- GASB Statement 102, "Certain Risk Disclosures," requires a government to disclose vulnerabilities to risks from certain concentrations or constraints that could substantially impact their financial position or service delivery.

Management is aware of the following statements that become effective for the fiscal 2026 reporting period and will implement those applicable to the City:

- GASB Statement 103, "Financial Reporting Model Improvements," improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.
- GASB Statement 104, "Disclosure of Certain Capital Assets," provides users of governmental financial statements with essential information about certain types of capital assets.

City Profile

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

Auburn was named one of the top 100 best places to live in the U.S. in 2025 by Livability.com. Auburn was highlighted for its top-ranking school system, safety and welcoming atmosphere. Milken Institute ranked the Auburn-Opelika area No. 10 on its list of the 2026 best performing small cities in the U. S. The Auburn-Opelika area maintained the No. 10 spot for the second year in a row, after gaining four positions from its 2024 ranking. The ranking is based on 13 indicators that cover labor market conditions, high-tech impact, and access to economic opportunities.



Located near Georgia's west central border, Auburn is conveniently located on Interstate Highway 85, 105 miles southwest of Atlanta and 50 miles east of Montgomery, the Alabama State Capital. Auburn is 210 miles southeast of Huntsville, the largest city in Alabama, and is 35 miles northwest of Columbus,

Georgia's second largest city. With easy access to highway, rail, and air transportation, Auburn's location has been a significant factor in its continuing growth.

Auburn has been among the fastest growing communities in Alabama, since beginning humbly in 1900 with a population of 1,831. During the past five decades, the City has seen tremendous growth from 22,767 residents in 1970 to 83,761 residents in 2024 per the U. S. Census Bureau. As the population has grown and the economic base diversified, the City of Auburn has responded with expanded and innovative government services to provide for the needs and the expectations of a highly educated and multicultural citizenry.

Auburn has a Council-Manager form of municipal government. The City Council consists of nine members: eight elected from eight single-member wards, and the Mayor, who is elected at large. This legislative body establishes policy to guide the various City departments in providing services to its citizens. The City Manager is the chief executive officer of the City, directing and managing the daily activities of the city government. Megan McGowen Crouch has served as City Manager since February 2021.

Major Initiatives

In fiscal 2025, the City continued to prioritize school funding. The City contributed $22.3 million from its General Fund to the Auburn Board of Education, maintaining a commitment that ranks the municipal government among the highest in Alabama in terms of the level of local school support.

Work began on the Boykin Campus project which is redeveloping the previous Public Works and Environmental Services site to be a new recreation and cultural resource center adjacent to the Boykin Community Center. The campus will include a public library branch, cultural center, splash pad, walking trails and green space. As part of this project, the City's Recycling Drop Off Center will be relocated to the former site of the City's Fleet Maintenance operation on North Donahue Drive.

Design of the North Donahue Widening - Shug Jordan Parkway to Sougahatchee Creek project began during fiscal 2025. The project consists of widening North Donahue Drive from Shug Jordan Parkway to Sougahatchee Creek to a five-lane cross section with a 10-foot multiuse path on the west side and a 5-foot sidewalk on the east side. These improvements will result in dual northbound and southbound lanes. A decorative mast arm signal system will be placed at the intersection of Shug Jordan Parkway.

The construction of Ann Pearson Park was completed during fiscal 2025. This is a passive park in north Auburn located on Shelton Mill Road between East University Drive and US Highway 280. The new park features trails, a pavilion and restrooms, a play area, and parking.

The Lake Wilmore Park Recreation Center opened in fiscal 2025. This 53,000 square foot recreational facility includes an elevated walking track, multi-use courts, locker rooms, covered and heated swimming pool, fitness facilities, multi-purpose rooms, and covered pickleball courts. Four multi-purpose synthetic turf fields were also constructed adjacent to the new community center.

Work was completed on the Public Safety Training Center classroom building. The 12,000 square foot multi-use classroom is a main component of the Training Center master plan.

It allows effective training for Fire recruits, in-house continuing education for Fire and Police, and regional training partners to earn certifications from the State Fire College.

Government Services

The City of Auburn is organized into four business units that are comprised of 20 departments. This business unit structure was implemented with the goal of developing an innovative, efficient, accountable organizational structure capable of meeting the demands of a quickly growing community well into the future.

Administrative Services	**Development Services**
Economic Development	Development Services Administration
Finance	Planning Services
Human Resources	Inspection Services
Information Technology	Community Services
Judicial	Engineering Services
Office of the City Manager	
Public Safety Services	**Public Services**
Public Safety Administration	Water Resource Management
Police	Public Works
Fire	Library
	Parks and Recreation
	Environmental Services

Approximately 593 regular, full-time employees staff these departments producing high quality and cost-effective public services.

Public Safety Services Public Safety Services is comprised of three departments: Police, Fire, and Administration. In fiscal 2025, the business unit handled and/or responded to 207,746 calls. Additionally, the business unit continued to build out the functionality of the City of Auburn Public Safety Training Center, hosting numerous local and regional training events, improving existing training props and adding a drafting/confined space pit. The Public Safety Services Business Unit also completed the addition of a second public safety radio site in fiscal year 2025. This addition provided expanded radio coverage for Auburn Public Safety staff and partner agencies along the south of Lee County and into Macon County. Additionally, preliminary planning began on the acquisition of land and design of a south police precinct facility.

The Police Department includes 148 full-time and 16 part-time sworn officer positions, providing an average emergency call response time of 4 minutes. The Police Department has provided police service for the campus of Auburn University since 2004. The Auburn University Precinct is staffed with 39 officers and managed by an Assistant Police Chief. In 2001, the City and Lee County, Alabama initiated an agreement for the County to provide jail services for the City. The City pays the County a per diem charge per inmate. The City also pays for medical care for prisoners who must be given care outside of the jail. The City entered into a jail expansion cost sharing agreement with Lee County in 2004. The final payment was satisfied in August 2025.

The Fire Department includes 96 regular, full-time career firefighters and an average of 28 student firefighters, operating six fire stations which provide service to residents in the City

of Auburn as well as the campus of Auburn University. The City currently has a 2/2X fire insurance rating. This is a good rating and equates to lower insurance rates for Auburn's citizens. Ambulance services are provided via a contract with East Alabama Health. In addition to fire suppression and prevention, the Fire Department operates a rescue truck and three engines in its fleet to provide advanced life support operations, with the capability to supplement transport services during times of peak demand. The Fire Department took delivery of a 107' tractor drawn aerial ladder truck during fiscal 2025. This fire apparatus provides the department with more flexibility in responding to high-rise structures and narrow or congested streets in the city.

Emergency Management and Communications, a division of the Public Safety Administration Department, provides E-911 emergency response and dispatch services to the public and coordinates preparedness, notifications and response regarding critical incidents. The Division is comprised of 19 full-time and five part-time staff members. The Emergency Communications Center operates from an eight-console primary answering point and has a secondary two-console back-up location on the campus of Auburn University. In 2025, the City expanded operational capacity by acquiring two portable, networked 911 phones, mobile computer aided dispatch laptops and mobile radio consoles that can be deployed into the field in the event of a critical incident. The Emergency Services Manager leads this division and acts as the City's Emergency Manager. In 2025 the Emergency Services Manager coordinated and conducted a multi-agency, full-scale emergency disaster drill on the campus of Auburn University.

Public Services The City's Public Works Department oversees the maintenance of City infrastructure including streets, sidewalks, stormwater and drainage facilities, landscape areas including medians and traffic islands, and right-of-way vegetation. The City spends approximately $3.0 million per fiscal year on road maintenance. The City roadway system currently includes over 752 lane miles of paved streets. Public Works also maintains 183 miles of sidewalk, 2,914 acres of right-of-way, 13,000 street trees, 191 miles of storm sewer system, and 24 City owned facilities.

Given Auburn University's origins as an agricultural and mechanical college, it is not surprising that Auburn's residents give a high priority to its environmental quality of life. Environmental Services collects household waste, recyclables, and yard waste, offering citizens their choice of lower-cost curbside collection or higher-fee back yard collection service. During fiscal 2025, approximately 19,454 households were served with 18,003 tons of garbage, 3,051 tons of recycling and 12,235 tons of yard waste collected.

To provide residents with the opportunity to do a holistic cleanup around their properties each spring, Environmental Services provides an annual trash amnesty period where fees are waived for oversized debris piles. Environmental Services also hosts a biannual household hazardous waste collection event and an annual comprehensive neighborhood clean-up event. During fiscal 2025, the household hazardous waste collection events had 1,009 participants that disposed of 50.9 tons of material.

The goal of Fleet Services, a division of Environmental Services, is to procure safe, dependable, cost-effective equipment and furnish quality vehicle maintenance services for the City of Auburn. These support services enable the City to provide excellent service to its citizens. The City's fleet is comprised of 963 units. These units range from small equipment, such as lawnmowers, to large construction equipment. Environmental Services is also responsible for animal control which processed 1,147 service requests during fiscal 2025.

The Auburn Public Library inspires, enriches, and delights residents with vital and valuable resources, services, and experiences. Fiscal 2025 marked a record-breaking year for the Auburn Public Library, reflecting strong community engagement, increased demand for services, and expanded outreach efforts.

Library patrons checked out 699,066 items, including books, audiobooks, eBooks, movies, and more. Physical materials remain in especially high demand, with four physical items circulating for every one digital item. Library staff answered 61,676 patron questions, providing research assistance, technology help, and general support. The Library continues to serve as a vital technology hub for the community. There are 36 internet-connected computer workstations available to the public. During fiscal 2025, there were 25,601 logins and 19,300 hours spent on these computers. In addition, patrons accessed free wireless internet through AuburnWeb, the City of Auburn's public Wi-Fi network, supporting those using personal laptops, tablets, and mobile devices.

The Auburn Public Library hosted 1,120 programs and outreach events attended by 32,496 community members. Program highlights included early literacy story times & puppet shows, Auburn City Schools outreach, the Summer Learning Challenge, creative classes for adults, and author events. Several programs were sponsored in part by the Auburn Public Library Foundation and its donors, supporting enhanced community offerings. As part of the Third Grade Reading Dragons outreach initiative, the Library sponsored a field trip and complimentary book for all third graders in Auburn City Schools. The Library extended services throughout the community with visits and partnerships, including Christian Women's Job Corps, National Night Out, Auburn City Schools summer and afterschool classes, Auburn High School Volunteer Expo, senior living facilities, and local homeschool organizations.

Fiscal 2025 demonstrated the Auburn Public Library's essential role as a center for literacy, lifelong learning, technology access, and community connection. With record circulation, strong program attendance, and expanded outreach, the Library continues to grow as a cornerstone of the Auburn community.

The Parks and Recreation Department maintains 14 City parks, four cemeteries, and numerous recreation and athletic facilities. These include four recreation centers, a community arts center, an award-winning inclusive playground, two pools, 13 youth baseball/softball fields, a eleven-field soccer complex, a skate park, three dog parks, over 18 miles of trails, a five-field competition class softball complex, an award-winning 34 court tennis center, 24 pickleball courts, four artificial multi-purpose fields, and more. Parks and Recreation provides organized team sports leagues for baseball, basketball, cheerleading, flag football, futsal, soccer, softball, Special Olympics sports, swimming, tackle football, tennis, track, and volleyball. Additional programming includes music and dance lessons, ceramics, summer day camps, adult 50+ programs, special needs programming, and aquatics. Annual events offered by the Parks and Recreation Department include Daddy Daughter Date Night, an Easter egg hunt, Auburn CityFest, an Independence Day celebration, a farmer's market, and many more.

Development Services The Engineering Services Department plans, organizes and directs the design and construction of infrastructure and engineering programs, projects and activities. The department provides engineering services and project management for the City's streets, sidewalks, bridges, drainage structures and traffic signals, while also maintaining proper traffic control signage and street name signs. Traffic Engineering

maintains 75 signalized intersections which all communicate with the traffic control center, along with approximately 1,600 streetlights, 154 LED edge lit signs, 3,945 street signs, 1,190 street name signs and 33 solar powered rapid flashing beacons at 15 pedestrian mid-block crossings.

The Inspection Services department completed 25,798 inspections, 74% of which were residential, 16% of which were commercial developments, and the remaining 10% were property maintenance inspections. City inspectors completed an average of 103 inspections a day throughout the year to ensure developments meet the City's standards to create safe, reliable housing and businesses in our community.

Education Services Auburn City Schools provides services to more than 9,400 students. The district experiences steady enrollment growth each year as parents are drawn to the excellent teachers, facilities and programming.

Currently, students are housed on 14 separate campuses. These campuses include ten elementary schools, one 6th grade school, one 7th grade school, one 8th-9th grade junior high school, and one 10th-12th grade high school. Excellent choral, drama, art, band, academic teams, sports, and other extracurricular programs are offered. All schools have a media center, art teacher, music teacher, and one or more full-time counselors.

The City school system is accredited by the State Department of Education and Cognia. Auburn High School consistently produces an average of ten National Merit finalists/semi-finalists each year from the senior class. For the class of 2025, the graduation rate for Auburn High School was 97% and seniors were awarded more than $27.1 million in scholarships. Concurrent college enrollment, through Auburn University, University of Alabama, Troy University and Southern Union State Community College, is available for students who wish to take courses not taught at Auburn High School.

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

Auburn University, Auburn	Columbus State University, Columbus, GA
Tuskegee University, Tuskegee	LaGrange College, LaGrange, GA
Huntingdon College, Montgomery	Southern Union State Community College, Opelika
Faulkner University, Montgomery	Chattahoochee Valley Community College, Phenix City
Auburn University, Montgomery	Central Alabama Community College, Alexander City
Troy University at Montgomery	Alabama State University, Montgomery
Point University, West Point, GA	

Auburn University, located adjacent to downtown Auburn, is a comprehensive research institution blending arts and applied sciences. The student body is taught by approximately 1,435 full-time faculty members, and the student to faculty ratio is 21 to 1. The University is nationally known for the achievements of its veterinary medicine, engineering, and business graduates. Auburn offers degrees in 15 schools and colleges with over 150 majors at the undergraduate, graduate, and professional levels. Auburn has awarded more than 327,000 academic degrees since it opened in 1856.

As the City's largest employer with over 6,000 full-time employees, Auburn University is a major contributor to the local economy. Enrollment was 35,172 for the fall semester of the 2025/2026 academic year.

Southern Union State Community College is located in Auburn's sister city, Opelika, the Lee County seat. Southern Union is located five miles from Auburn and offers courses in business, accounting, computer science, industrial electricity and electronics technology, automotive mechanics technology, welding, and more.

Utilities The Water Works Board of the City of Auburn provides potable water services by drawing from Lake Ogletree as its main source, with secondary sources from two groundwater wells (Well No. 3 located on Highway 29 South and Well No. 4 located on Sandhill Road) and Opelika Water. The City's Water Resource Management (WRM) Department also provides the wastewater treatment services for the City, with a permitted treatment capacity of 27.2 million gallons per day. The City's stormwater program is managed by WRM, as well. The Watershed Management Division coordinates and implements the Phase II Stormwater Regulations published by the federal government in 1999, while offering educational opportunities about stormwater issues and enforcing the City's erosion and sediment control ordinance.

Healthcare The Auburn area is served by East Alabama Health (EAH). Among the many services that EAH provides are open-heart surgery and cancer treatment, both of which are highly acclaimed specialties at the hospital. EAH was featured on Newsweek's 2025 list of America's Best In-State Hospitals. The Emergency Department at East Alabama Medical Center was recognized by the Emergency Nurses Association with a 2025 Lantern Award. The Lantern Award recognizes emergency departments that demonstrate exceptional and innovative leadership, practice, education, advocacy, and research.

The hospital has about 3,800 employees, making it the second largest employer in Lee County. EAH facilities in Auburn include Rehab Works, the Auburn University Medical Clinic on the Auburn University campus and the Auburn Medical Pavilion. The Auburn Medical Pavilion houses an outpatient surgery center, in-house pharmacy, breast health center, outpatient lab and radiology services, and a freestanding emergency department (FED). This level 3 trauma center offers another option for emergency services in the area. Ambulance transport is available from the FED to East Alabama Medical Center if inpatient hospitalization is required.

Transportation The Auburn area is highly accessible by various transportation modes. Situated at the intersections of Interstate 85 with US Highways 280 and 29, the cities of Atlanta, Montgomery and Birmingham are all within an easy two-hour drive. Auburn is served by four trucking terminals, all within 25 miles of the City, three overnight delivery services, and two commercial bus lines.

Auburn University operates the Auburn University Regional Airport with the financial support of the three local governments in Lee County. Other conveniently accessible airports include Hartsfield-Jackson Atlanta International Airport (100 miles by Interstate 85), the Columbus, Georgia regional airport (40 miles by US 280), and the Montgomery, Alabama regional airport (60 miles by Interstate 85). CSX Transportation provides local mainline rail service through its Southern Railway and Western Railway of Alabama divisions.

Factors Affecting Financial Conditions

Local Economy

The City's economy has long been shaped by the presence of Auburn University. The quality of life in Auburn continues to attract students and faculty who choose to remain in the community on a long-term basis. As a result, a highly educated workforce has historically exceeded the availability of suitable employment opportunities, leading some individuals to accept positions below their qualification levels in order to remain in the City. In response, the City undertook a deliberate effort to strengthen and diversify its economic base. This initiative included the establishment of an Economic Development Department focused on recruiting small- to medium-sized technology-based companies that provide higher-quality employment opportunities for residents, along with corresponding improvements in salaries and benefits.

The City's Economic Development Department, in partnership with the City's Industrial Development Board, has achieved an outstanding level of success in this effort, having announced the recruitment of more than fifty-five companies, resulting in the announcement of nearly 9,000 jobs over the last three decades. The location of these companies in Auburn has meant that the City had to acquire and develop four industrial-technology parks.

The Industrial Development Board purchased additional land in 2024 and 2025 to further expand the developable area in and around Auburn Technology Park West. The industrial Development Board invested $5.9 million of its own resources and leveraged approximately $5.6 million of state resources from the Seeds and Growing Alabama programs for the purpose of site development and expansion of the technology park. As the City's existing companies continue to grow and expand, the need for additional developable land for the growing industrial base has become an increasing priority for the Industrial Development Board. The land acquired will provide new opportunities to recruit quality companies to the area, providing employment opportunities for Auburn and the surrounding area.

The City's Commercial Development Incentive Program has assisted new and redeveloped commercial enterprises in the City. The tangible success of the program has been demonstrated all over the City – an urban Target on College Street, a Publix in the downtown core, Buc-ee's at exit 50, and increased synergy around the mall and on Opelika Road with the addition of Home Goods and the redevelopment of Country's BBQ.

The City's Community Services Department, a branch of the Development Services Business Unit, provides various opportunities to improve the quality of life for Auburn's citizens. The Community Services Department administers the Community Development Block Grant (CDBG) Program. These federal funds help facilitate programs targeted explicitly at housing, public infrastructure, public service, and special economic development activities which will directly impact citizens identified as low- to moderate-income. Affordable housing, emergency housing rehab, and homeless prevention (utility, rental, homeless persons overnight shelter, and mortgage assistance) are some programs available to qualifying citizens in need. The East Alabama Food Bank, North Auburn Housing Development Corporation, Esperanza House, I Am My Brother's Keeper, True Deliverance, Alabama Rural Ministry and Presbyterian Community Ministries are a few agencies that administer CDBG funding and provide supportive services directly to

applicants residing within the city limits. Along with the Community Services Department, several other tenants such as Auburn Day Care Center, Auburn Senior Center, Boys and Girls Clubs of East Alabama, Joyland Development Center, Auburn Community Development Corporation (Boykin Food Pantry), and the Auburn University Health Care and Education Clinic operate out of the Boykin Community Center to provide services to and help meet the needs of qualifying citizens. The Community Services Department is also responsible for the day-to-day operations of the Boykin Community Center.



Boykin Community Center

In an effort to leverage funds to finance economic development activities to create and retain jobs, the City of Auburn was approved for a Section 108 Loan sponsored by the U.S. Department of Housing and Urban Development (HUD). Section 108 funds are used to fund business loans and provide financing for commercial and industrial loans for undertaking special economic development activities and to offer short-term loans for active small businesses and small business start-ups. Currently, there are three (3) active loans issued to entities operating within the City of Auburn committed to job creation for low- to moderate- income workers.

In fiscal 2025, building permits were issued for 449 new single-family detached residences valued at $158.4 million and 355 new single-family attached residences valued at $82.0 million. The average valuation for single-family detached homes was $352,791 and $231,103 for single-family attached homes. Also, 53 new commercial and industrial facilities valued at $31.1 million were permitted during fiscal 2025.

CompPlan 2030

CompPlan 2030 is the City of Auburn's plan for future growth and development. The plan looks forward 20 years and provides recommendations for the future based on public input, analysis of existing and future conditions, and the best practices of planning. CompPlan 2030 focuses on how the City uses the land, now and in the future; how land use and the built environment affect the natural world, and vice-versa; schools, parks and other facilities that form the civic foundation of the City; and the many forms of transportation that link everything together. The plan represents an achievable, comprehensive vision for Auburn's future growth and development that reflects input from a broad array of plan stakeholders.

First adopted in October 2011, the plan is updated regularly to ensure it remains relevant over time. The last update was adopted in April 2025. CompPlan 2030 is a dynamic document, and comprehensive planning is an ongoing process. The update of CompPlan

2030 is an opportunity to incorporate incremental land use changes that have taken place over the past five years and identify planning needs for the next five years.

Risk Management

The City of Auburn's risk management program includes identification and analysis of loss exposures and the selection of appropriate risk management techniques for specific loss exposures. The City uses a combination of risk reduction and risk financing techniques. The risk reduction techniques include loss prevention and loss reduction through periodic inspections and training. While insurance or self-insurance is used for risk financing, some loss exposures are retained by the City and paid for out of the operating budget.

Long-term Financial Planning

The City's capital improvements plan identifies potential capital projects for fiscal years 2026 through 2031. Project areas include sidewalk and neighborhood projects, downtown improvements, technology investments, public safety projects and major equipment, parks and cultural projects, and City facility improvements. Various funding options, including debt and grants, will be identified at the appropriate time. Several of the most significant projects planned or in progress are listed below.

- Boykin Donahue Campus Improvements
- Richland Park
- Renew Opelika Road Phase 3
- North Donahue Drive Widening
- East University Drive Culvert Replacement at Summertrees Drive

Financial Information

Management of the government is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse and to ensure that adequate data are compiled to allow for the presentation of financial statements in conformance with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) that valuation of costs and benefits requires estimates and judgments by management.

Single Audit As a recipient of federal and state financial assistance, the government is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

As part of the City's audit in accordance with generally accepted government auditing standards, tests are made to determine the adequacy of the internal control structure, including that portion related to federal assistance programs, as well as to determine that the government has complied with applicable laws and regulations.

Budgeting Although accountability for budgetary compliance is held at the department level, budgetary tracking is maintained at the line-item level by the encumbrance of actual or estimated purchase amounts prior to the release of purchase orders to vendors. The

objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriations budget approved by the City's governing body. The City Manager has the authority to adjust between budget line items.

The City has been using biennial budgeting since fiscal 2001. The objectives of a biennial budget process are two-fold: to give the Council and City management a longer time horizon for budgeting and to reduce the amount of staff time required for developing and adjusting the budget. To streamline the budget process with the City's operational and capital considerations, the City adopted a one-time annual budget for fiscal 2025. The biennial budget process resumed for fiscal years 2026-2027. With a biennial budget, the mid-year review is streamlined and there is an in-depth Mid-Biennium Review. Also, a comprehensive revenue review is completed periodically to evaluate the City's revenue structure.

Ordinances and resolutions enacted during the year by the governing body are incorporated into the budget through amendments at mid-biennium and, if necessary, at fiscal year-end. Activities of the General Fund, the debt service fund, and most special revenue funds are included in the budget. Encumbrances for outstanding purchase orders lapse at year-end; however, departments may request, with City Manager approval, a carryover of encumbrances should a positive budget balance remain. All encumbrances associated with contracts are signed commitments of the government and will be re-appropriated at the beginning of the new fiscal year.

The City's budget is prepared in accordance with generally accepted accounting principles (GAAP), with the exception that capital outlays and debt service payments related to the operation of individual departments are budgeted within those departments. The financial statements presented in the financial section of this report are presented in accordance with GAAP; that is, all capital outlays have been aggregated in a single line captioned "capital outlay." Debt service expenditures are presented in a single line caption in the GAAP financial statements, as well.

Cash Management and Investments It is the policy of the City to invest public funds not required for immediate operations in a manner that will provide the highest investment return while protecting the City's funds. The priorities for City investments shall be safety, liquidity, and return on investment, applied in that order. All financial institutions holding City deposits are Qualified Public Depositories (QPD) authorized by the Security for Alabama Funds Enhancement (SAFE) program. The SAFE program provides a collateral pool administered by the Alabama State Treasurer.

During fiscal 2025, idle cash was invested in U.S. treasury notes, U.S. treasury bills, and federal agency securities with 6 month – 5-year terms and rates ranging from 3.88% to 4.60%. The City's idle cash was also invested in various money market accounts and certificates of deposit with rates ranging from 1.40% to 4.91%. The City's demand deposit operating account earned 1.40% during the fiscal year. In addition to investment of operating funds, the City invested proceeds from a capital projects related borrowing in a money market account with rates ranging from 3.94% to 4.67%.

General Fund Reserves The City Council has adopted a policy of maintaining a net ending fund balance in the General Fund that is equal to or greater than 6% of total expenditures and other financing uses. Management has an informal goal of 25%. The ending fund

balance as a percentage of expenditures and other financing uses for the fiscal 2025 period was 75.1%, exceeding management's informal goal.

Other Information

Independent Audit The government is required by State law to undergo an annual audit by independent public accountants. To meet federal requirements of the Single Audit Act Amendments of 1996, and the resultant issuance of OMB Circular No. A-133 (*Audits of States, Local Governments, and Non-Profit Organizations*) and the Uniform Guidance effective December 26, 2014, the City's audit report must be signed by a certified public accountant. The accounting firm Machen McChesney completed the City's fiscal 2025 audit. The auditor's report on the basic financial statements and the combining and individual fund statements and schedules is included in the *financial* section of this report.

Information related to this Single Audit, including the schedule of federal financial assistance, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations, are generally meaningful only to oversight agencies and therefore have not been included in this report. This information is contained in a separate Single Audit report, which is available at the Federal Audit Clearinghouse website (www.fac.gov).

Awards The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Auburn, Alabama, for its annual report for the fiscal year ended September 30, 2024. This was the thirty-ninth consecutive year that the City has received this prestigious award. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current annual report continues to meet the program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City also received an Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) from the GFOA for its annual report for the fiscal year ended September 30, 2024. Governments that wish to participate in the PAFR program must submit the annual comprehensive financial report to the GFOA's Certificate of Achievement for Excellence in Financial Reporting for the current fiscal year and ultimately receive the GFOA's Certificate of Achievement for Excellence in Financial Reporting for the current fiscal year.

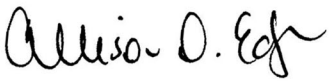
In addition, the City has also received a GFOA Award for Distinguished Budget Presentation for its biennium beginning October 1, 2025. To qualify for the Distinguished Budget Presentation Award, the City's budget document was judged proficient in several categories including policy documentation, financial planning, and organization.

Acknowledgments The preparation of the annual comprehensive financial report could not be accomplished without the dedicated services of an efficient Finance Department staff, including adjunct members in other City departments. We express appreciation to each member of the Department and to those members of other City departments for their contributions made in the preparation of this report.

In closing, the commitment to the achievement of mandated priorities speaks to the progressive leadership and dedication to public service of the Mayor and the City Council. Their support for a policy of financial integrity has been instrumental in the preparation of this report.



Megan McGowen Crouch
City Manager



Allison D. Edge, CPA, CGMA
Finance Director/Treasurer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Auburn
Alabama

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morrill

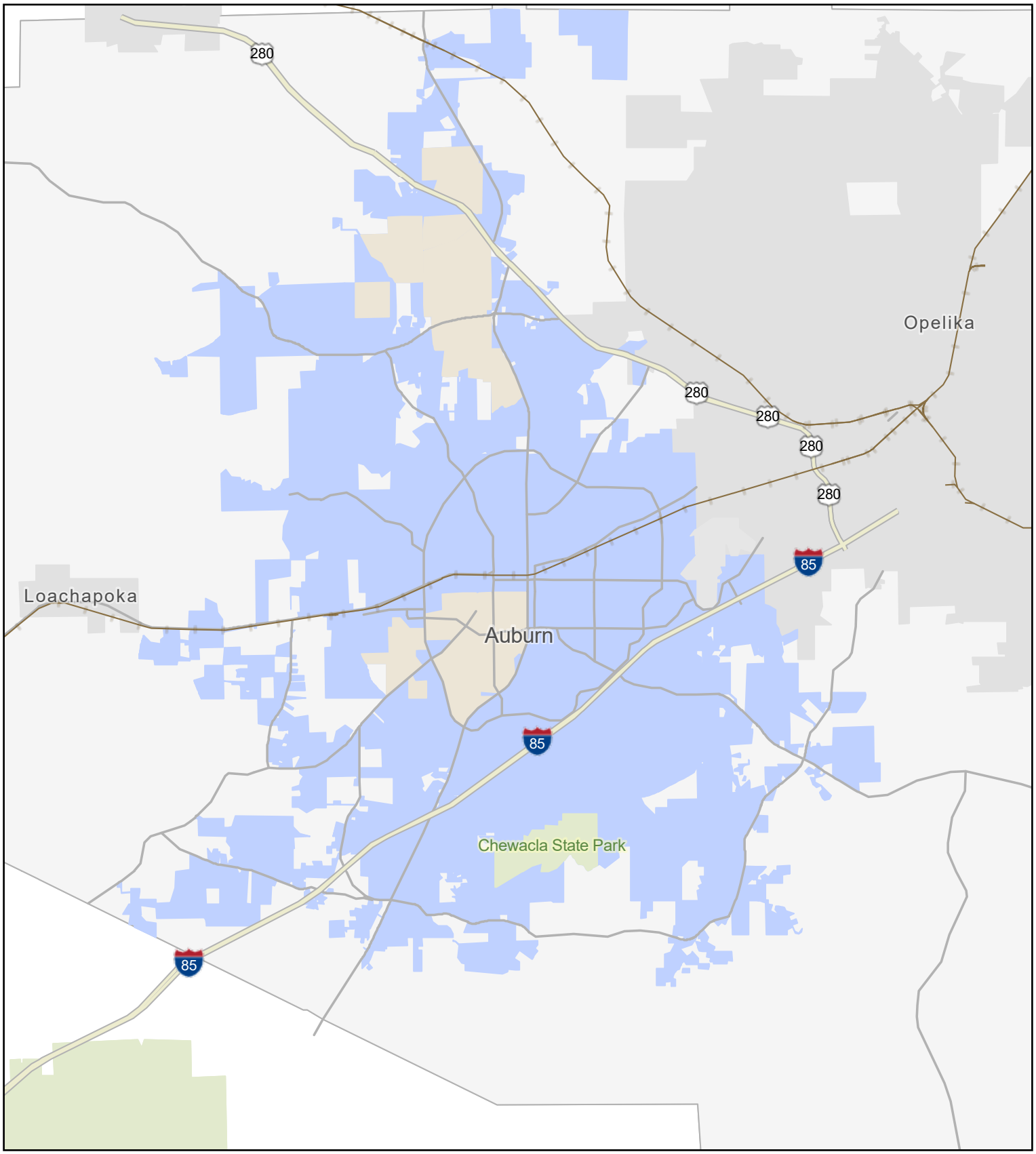
Executive Director/CEO

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MAP OF THE CITY OF AUBURN

for the fiscal year ending September 30, 2025

AUBURN



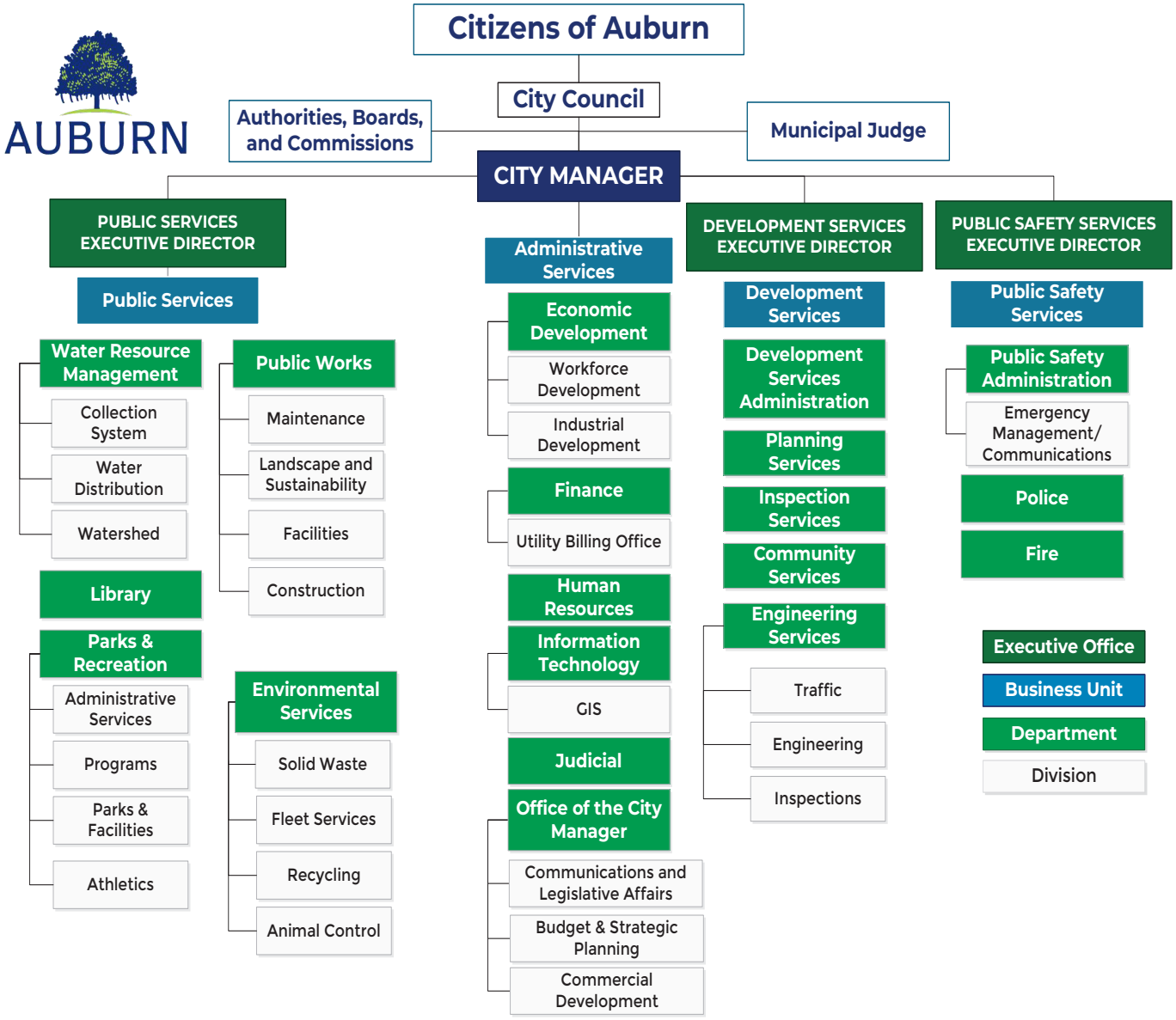
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The City of Auburn, Alabama does not guarantee or warrant the accuracy of this map or any information contained herein. Information may contain errors and should be verified by an appropriately qualified, licensed and independent professional.

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AUBURN

MACHEN MCCHESNEY
CPAs & Business Advisors

INDEPENDENT AUDITORS' REPORT

The Honorable Ron Anders, Jr., Mayor
Members of the City Council and City Manager
City of Auburn, Alabama

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Auburn, Alabama, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Auburn, Alabama's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Auburn, Alabama, as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Special School Tax Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of the Water Works Board of the City of Auburn were not audited in accordance with *Government Auditing Standards*.

We are required to be independent of the City of Auburn, Alabama and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Auburn, Alabama's ability to continue as a going concern for twelve months beyond the financial statement issuance date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Auburn, Alabama's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Auburn, Alabama's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 29 through 66), pension information (pages 181 through 182), and OPEB information (page 183) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Auburn, Alabama's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, the respective budgetary comparison for the special revenue and debt service funds, the discretely presented nonmajor component unit financial statements, the capital asset schedules, and the statistical section, 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, the respective budgetary comparison for the special revenue and debt service funds, the discretely presented nonmajor component unit financial statements, and the capital asset schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the respective budgetary comparison for the special revenue and debt service funds, the discretely presented nonmajor component unit financial statements, and the capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2026, on our consideration of the City of Auburn, Alabama's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Auburn, Alabama's internal control over financial reporting and compliance.

Machen McChesney, LLP

Auburn, Alabama
March 26, 2026

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This section of the City of Auburn's Annual Comprehensive Financial Report (ACFR) presents City management's discussion and analysis (MD&A) of the City's financial performance during the fiscal year that ended on September 30, 2025. Please read this in conjunction with the City's financial statements and the accompanying notes, which follow this section, and the additional information furnished in the letter of transmittal in the introductory section of the ACFR.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Auburn exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $418.6 million (net position). Of this amount, the City had a deficit unrestricted net position of $95.2 million offset by $117.8 million in restricted net position and $395.9 million in net investment in capital assets.
- The primary government experienced a 19.9% increase in net position from $349.0 million on September 30, 2024, to $418.6 million on September 30, 2025.
- At the close of fiscal 2025, the City's governmental funds reported a *combined* fund balance of $235.7 million. This was an increase of $59.2 million (33.5%) from the prior year.
- At the end of fiscal 2025, total fund balance for the General Fund was $122.2 million or 75.1% of total General Fund expenditures and other financing uses; total fund balance increased $7.5 million (6.6%) from fiscal 2024. Total ending fund balance in the General Fund comprised 74.7% of total revenues in 2025 and 74.1% in 2024.
- Unassigned fund balance for the General Fund was $94.0 million, or 57.7% of total General Fund expenditures and other financing uses; this was an increase of $12.6 million (15.4%) from fiscal 2024.
- Sales and use tax, the City's single largest revenue source, increased $3.0 million (4.6%) during the 2025 fiscal year.
- Significant changes in other major revenue sources in the City's General Fund during 2025 include the following, in statement presentation order: occupation license fees increased $1.9 million (10.1%); licenses and permits increased $1.6 million (7.8%); general property taxes increased $568,932 (5.8%); charges for services increased $1.5 million (9.2%); and miscellaneous income decreased $1.1 million (52.1%).

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements consist of three parts: management's discussion and analysis (this section), the basic financial statements, and the narrative notes to the financial statements. The basic financial statements include two kinds of statements that present different views of the City's finances.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.

- The remaining statements are fund financial statements that focus on individual elements of the City government, reporting the City's operations in more detail than the government-wide statements.
  - The governmental funds statements tell how general government services like public safety and public works were financed in the short term, as well as what remains for future spending.
  - Proprietary funds statements offer short and long-term financial information about the activities the government operates like businesses, such as the sewer and solid waste systems.
  - Fiduciary funds statements convey information about financial relationships in which the City acts solely as a trustee for the benefit of others, like athletic organizations' resources held for spending on specific sports' activities.

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

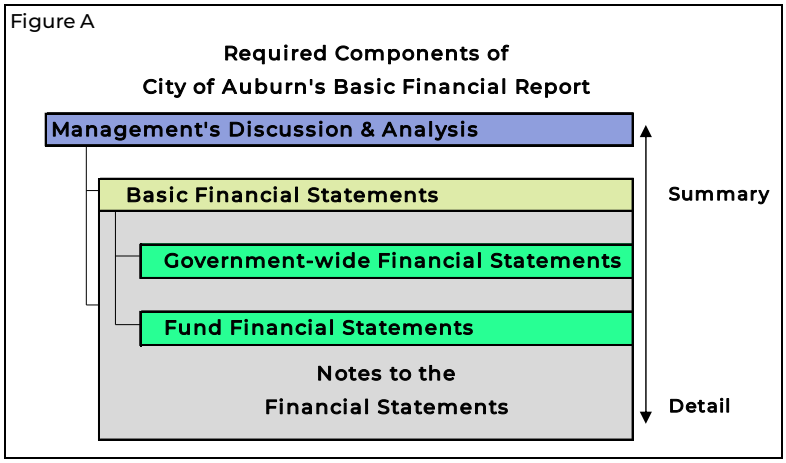


Figure B (on the following page) summarizes the major elements of the financial statements, explaining the portions of the City government included in each and the types of information contained therein. The remainder of this overview explains the structure and contents of each of the financial statements.

Government-wide Statements

The *government-wide financial statements* report information about the City as a whole, using accounting methods like those used by private-sector companies.

- The *statement of net position* includes all the government's assets and liabilities, with the difference between the two reported as net position.
- All the fiscal year's revenues and expenses are accounted for in the *statement of activities*, presenting the change in net position for the most recently completed fiscal year. All changes in net position (revenues and expenses) are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

To assess the overall economic health of the City, additional non-financial factors, such as changes in the City's tax base, planning and zoning actions, and the

condition of the City's roads, other infrastructure and public school system should also be considered.

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

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government and the City's component units	The activities of the City that are not proprietary, such as police, fire, and parks and recreation	Activities the City operates similar to private businesses: Sewer and Solid Waste	Instances in which the City is the trustee or agent for someone else's resources: Youth Athletic Funds
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balance	Statement of net position Statement of revenues, expenses, and changes in net position Statement of cash flows	Statement of fiduciary net net position Statement of changes in fiduciary net position
Accounting basis	Accrual	Modified accrual	Accrual	Accrual
Measurement focus	Economic resources	Current resources	Economic resources	Economic resources
Assets and Liabilities	All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital, short-term and long-term	Only assets and deferred outflows expected to be used up and liabilities and deferred inflows that come due during the year or soon thereafter; no capital assets or long-term debt included	All assets, deferred outflows, liabilities and deferred inflows, both financial and capital, short-term and long-term	All assets, deferred outflows, liabilities and deferred inflows, both financial and capital, short-term and long-term
Revenue and expenditure/expense recognition	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year and expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year regardless of when it is received or paid.	All revenues and expenses during the year regardless of when it is received or paid.

The government-wide financial statements of the City are divided into three categories:

- *Governmental activities*. Most of the City's basic services are included in this category, such as the services provided by public safety, public works, parks and recreation, and human resources. General revenues from sales and use taxes, occupation license fees, property taxes, charges for services, and state and federal grants finance most of these activities.
- *Business-type activities*. The City charges fees to customers to help cover the costs of certain services it provides to the public. The City's Sewer Fund and Solid Waste Management Fund are included in this category as enterprise funds.
- *Discretely Presented Component Units*. The City includes six other entities in this report. These entities include the City of Auburn Board of Education (Auburn City Schools), Water Works Board of the City of Auburn, City of Auburn Industrial Development Board, City of Auburn Public Park and Recreation Board, the Commercial Development Authority of the City of Auburn, and the Auburn Downtown Redevelopment Authority. Please refer to Note 1.A. within the Notes to the Financial Statements regarding the availability of separately issued component unit financial statements.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds. Funds are groupings of related accounts that the City uses to keep track of specific revenues and spending for certain activities or objectives. Examples include the following:

- State law requires gasoline tax funds to be accounted for separately because the expenditures are restricted for specific uses.
- The City Council establishes funds to control the use of monies for specific purposes, such as property taxes that are legally dedicated to repayment of long-term debt for voted projects or for support of the City school system.
- The City also establishes funds to demonstrate compliance with certain legally restricted revenue sources, such as tracking debt-financed capital projects and the spending of grant revenues.

The City uses three categories of funds:

- *Governmental funds*. Most of the City's basic services are accounted for in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flows in and out, and (2) the balances left at year-end that are available for spending in subsequent years. Consequently, the governmental funds' statements provide a detailed, short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs following the completion of a fiscal year.

  Because governmental fund information does not encompass the additional long-term focus of the government-wide statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Doing so provides a better understanding of the long-term impact of the government's short-term funding decisions. Both the balance sheet and the statement of revenues, expenditures, and changes in fund balances for governmental funds provide a reconciliation to facilitate this comparison between governmental funds statements and governmental activities in the government-wide statements.
- *Proprietary funds*. Services provided to the public for which customers pay user fees that are expected to cover the full cost of the activity are reported in enterprise funds, which are a type of proprietary fund. Proprietary funds' financial statements, like the government-wide statements, provide both long- and short-term financial information. Proprietary funds function like a business activity; therefore, the financial statements provide additional information, such as depreciation expense and cash flows, which are not presented for governmental funds.
- *Fiduciary funds*. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City of Auburn's own programs. These private-purpose trust funds account for the revenues and expenditures of independent associations supporting youth athletic programs.

The City adopts a biennial budget for its General Fund and most other governmental funds. For legal compliance, comparison, and reporting purposes, this budget is divided into two separate fiscal years. A budgetary comparison statement for the General Fund and the Special School Tax Special Revenue Fund (a major fund) is provided immediately following the basic financial statements.

Notes to the financial statements The notes are an integral and essential part of the basic financial statements. They provide additional information that is important if the reader is to have a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements.

FINANCIAL ANALYSIS OF THE CITY (PRIMARY GOVERNMENT)

Net position

The City's *combined* net position on September 30, 2025, totaled $418.6 million (see Table 1). Governmental Activities' net position increased $62.0 million (23.5%), while Business-type Activities' net position increased $7.6 million (8.9%) during the year.

The primary government's total net position increase of $69.6 million (19.9%) in fiscal 2025 includes the following major changes: 1) a decrease in the deficit in unrestricted net position of $31.8 million, 2) an increase in restricted net position of $32.1 million, and 3) an increase in net investment in capital assets of $5.6 million.

Table 1

City of Auburn's Net Position
September 30, 2025 and 2024

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 271,177,591	$ 198,821,777	$ 25,723,162	$ 22,754,912	$296,900,753	$ 221,576,689
Capital assets	461,179,506	420,158,168	88,774,095	85,580,826	549,953,601	505,738,994
Total assets	732,357,097	618,979,945	114,497,257	108,335,738	846,854,354	727,315,683
Deferred outflows of resources	18,883,984	24,856,860	2,695,137	3,318,294	21,579,121	28,175,154
Current liabilities	54,036,177	36,022,529	3,871,327	3,963,595	57,907,504	39,986,124
Long-term debt and other liabilities	362,464,784	342,967,639	19,770,023	22,322,004	382,234,807	365,289,643
Total liabilities	416,500,961	378,990,168	23,641,350	26,285,599	440,142,311	405,275,767
Deferred inflows of resources	8,973,657	1,121,995	732,722	100,336	9,706,379	1,222,331
Net position:						
Net investment in capital assets	322,736,941	321,868,352	73,188,535	68,413,097	395,925,476	390,281,449
Restricted	112,451,676	80,017,616	5,368,983	5,661,512	117,820,659	85,679,128
Unrestricted	(109,422,154)	(138,161,326)	14,260,804	11,193,489	(95,161,350)	(126,967,837)
Total net position	$325,766,463	$263,724,642	$ 92,818,322	$85,268,098	$418,584,785	$348,992,740

Net investment in capital assets (buildings, equipment, roads, etc.) is the primary component of Governmental Activities' net position. This net position category includes asset acquisitions as well as outstanding debt related to the assets. The net investment in capital assets for governmental activities on September 30, 2025, was $322.7 million. Debt outstanding related to capital assets owned by the City of Auburn was $122.6 million. The large negative unrestricted net position in FY 2024 ($138.2 million) and FY 2025 ($109.4 million) is primarily the result of a common

financing circumstance in Alabama. The City of Auburn issues debt (repaid with legally restricted ad valorem taxes) in the City's name for the benefit of Auburn City Schools (ACS), a discretely presented component unit of the City. Therefore, the City must report the debt in its financial statements. However, the City typically does not have a legal right (title) to the assets associated with the debt (which are owned by ACS); hence, the large negative unrestricted net position balances. Total debt outstanding for school issues was $162.6 million as of September 30, 2025. The last new debt the City issued on behalf of the Board of Education was $17.9 million in general obligation warrants in fiscal 2021, used by ACS for the construction of Woodland Pines Elementary School and renovations at East Samford School.

Like the school funding situation, the City entered into an agreement with Auburn University to issue general obligation debt, enabling Auburn University to finance an expansion of the City's tennis complex. The City leases a portion of the complex to Auburn University. These lease payments fund principal and interest on the City's debt. The City's Public Park and Recreation Board, a component unit of the City, owns and operates the joint tennis facility. With respect to the Tennis Center, the debt principal of $267,110 outstanding is included in the City's liabilities, and the offsetting capital asset is included on the balance sheet of the Public Park and Recreation Board, increasing the deficit in the City's unrestricted net position.

Table 2 displays detail of debt issued by the City to acquire or construct capital assets owned by other entities, affecting the City's unrestricted net position. Total City debt for the benefit of Auburn City Schools outstanding on September 30, 2025, was $162.6 million, a decrease of $8.5 million (5.0%) from the prior year. This decrease results from principal payments made on existing debt during the year. Debt outstanding in respect to agreements made with Auburn University was $267,110, a decrease from the prior year of $256,159 (49.0%). This decrease is attributable to the City's principal repayments.

Table 2

Governmental Activities

Net Position	**2025**	**2024**
	$	**$**
Net investment in capital assets	322,736,941	321,868,352
Restricted		
Capital Projects	12,177,465	113,235
Debt Service	16,270,115	13,185,254
Federal and State Grants	4,261,264	4,442,854
Special Revenue, non-grant	79,742,832	62,276,273
Unrestricted (deficit)		
Governmental Activities	53,400,429	33,450,608
City School Debt	**(162,555,473)**	**(171,088,665)**
Auburn University Debt	**(267,110)**	**(523,269)**
Total Net Position-Governmental	325,766,463	263,724,642

Also contributing to the large unrestricted net position balance are liabilities related to pensions and other post-employment benefits (OPEB). The City and its employees

contribute to the Employees' Retirement System of Alabama (RSA), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participants. The net pension liability of governmental activities required to be included in the long-term liabilities section of the Statement of Net Position as of September 30, 2025, was $52.1 million. In accordance with GASB Statement 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the City recognizes a liability for the obligations incurred under its OPEB plan which provides medical benefits to employees upon retirement based on certain eligibility requirements. The retirees pay 100% of the premium costs and specific deductibles. The City pays for all costs in excess of premiums and deductibles. The total OPEB liability of governmental activities, both short- and long-term, on the Statement of Net Position was $9.5 million as of September 30, 2025.

Governmental Activities' unrestricted net position (excluding the effects of others' outstanding debt) increased $19.9 million (59.6%) to $53.4 million at the end of fiscal 2025. The primary component of this change is an increase in cash, certificates of deposit, and investments of $47.0 million (28.3%) due to revenues exceeding expenses, including interest income earned on idle cash. Restricted cash increased $11.1 million (2,018.4%) due to the debt issuance related to the 2024 Capital Projects Fund. These changes are offset by an increase of $34.1 million (12.0%) in long- and short-term debt associated with the 2024 Capital Projects Fund issuance. Also, pension related deferred outflows decreased $4.7 million (25.6%) due to the differences between expected and actual experience, changes in economic and demographic assumptions, investment performance, and contributions made to the plan after the measurement date. Receivables decreased $4.6 million (21.8%) due to unusually large health insurance claims associated with the City's self-insured employee benefits program in fiscal 2024. Additionally, there was a decrease in net pension liability of $9.7 million (15.7%) due to the differences between expected and actual experience, investment performance, and contributions made to the plan after the measurement date.

The City's governmental activities had an overall positive net position of $325.8 million at the end of the 2025 fiscal year, an increase of $62.0 million (23.5%).

Net position of the City's business-type activities increased by $7.6 million (8.9%) to $92.8 million in fiscal 2025, from $85.3 million in fiscal 2024. This increase is partially due to a positive change in net position from combined business-type operations revenues over expenses of $2.9 million and nonoperating revenues over expenses of $503,839. Activity related to capital contributions also affected net position. Capital contributions in sewer infrastructure totaled $2.3 million. Also, capital assets of the Solid Waste Management Fund (SWMF) increased $1.1 million (45.6%) due to the purchase of two trucks and several large solid waste vehicles. Another activity contributing to the increase in net position was a decrease in sewer warrants payable of $1.7 million (7.7%) from principal payments made during the year.

The primary government's net position increased $69.6 million (19.9%) in fiscal 2025. Total assets increased $119.5 million (16.4%) and deferred outflows of resources decreased $6.6 million (23.4%). The net increase in assets is attributable to several factors:

- Cash, certificates of deposit, and investments increased $49.4 million (26.6%) primarily the result of revenues exceeding expenses for the primary

government. The debt issuance of $40.6 million with a premium of $5.4 million also contributed to this change.

- Receivables decreased $4.3 million (18.2%). The largest component of this change is the decrease in miscellaneous receivables in the employee benefit self-insurance program for the health care reinsurance reimbursement of an unusual event that the City experienced in fiscal 2024.
- Due from component units increased $22.5 million (2,769.7%) primarily due to the increase in amounts due from the Board of Education for borrowing proceeds receivable. In fiscal 2023, the Board started paying invoices to contractors for work completed on a new high school. Because the City issues debt on behalf of the Board and debt issuance was delayed, the General Fund reimbursed the Board for the construction costs. The debt will be issued in fiscal 2026 and General Fund will be reimbursed at that time.
- Restricted cash increased $11.1 million (2,018.4%) primarily due to the debt issuance related to the 2024 Capital Projects Fund.
- Capital assets, both depreciated and not being depreciated, increased by $44.2 million (8.7%) in fiscal 2025. The largest component of this change is an increase of $16.6 million (5.1%) in governmental activities' infrastructure because of the capitalization of various roadway and intersection improvement projects. Roads contributed in fiscal 2025 totaled $10.5 million, which is an increase of $6.8 million (187.6%) from fiscal 2024. When new subdivisions are developed, the developer is responsible for construction of necessary roads. The roads are then contributed to the City upon completion. More information on the change in capital assets is included in the *Capital Assets* section. In addition, governmental activities' buildings and improvements increased $18.8 million (10.8%). This increase is mainly attributable to the capitalization of the Lake Wilmore Park multi-purpose fields and Ann Pearson Park. Governmental activities' vehicles and heavy equipment increased $4.4 million (19.2%). Purchases included 21 police vehicles; tiller truck for the fire department; bucket truck, 2 dump trucks, 2 excavators, and a track loader for public works; pick-up trucks, a dump truck and mowers for parks and recreation. These increases were offset by an increase in accumulated depreciation and amortization of $15.4 million (7.3%).

The net decrease in deferred outflows of resources is the result of several changes. First, deferred amount on refunding decreased $263,962 (12.7%). Pursuant to GASB Statement 23 – *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities* and GASB Statement 63 – *Financial Reporting of Deferred Outflows of Resources*, *Deferred Inflows of Resources, and Net Position*, when the reacquisition price required to refund outstanding bonds or warrants is greater than the net carrying amount of the outstanding debt, the difference is recorded as a deferred outflow of resources in the period in which the refunding takes place. This difference is then recognized in subsequent periods through amortization as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. For fiscal 2025, these transactions resulted in a decrease in deferred amount on refunding for governmental activities of $150,550 (15.3%) and a decrease in deferred amount on refunding for business-type activities of $113,412 (10.4%). Also, deferred outflows related to the City's pension liability decreased $5.1 million (25.4%).

This decrease is caused by the differences between projected and actual experience, changes in economic and demographic assumptions, investment performance, and contributions made to the plan after the measurement date. Deferred outflows related to the City's OPEB decreased $1.2 million (20.4%). This decrease is due to changes in health care and prescription drug trends and other economic assumptions used in the actuarial valuation. For more information related to these changes, see note 13 and note 14 to the financial statements.

Total liabilities increased $34.9 million (8.6%) and deferred inflows of resources also increased $8.5 million (694.1%). The increase in total liabilities is a result of several major changes. Due to component units increased $22.2 million (18,963.4%) primarily due to the increase in amounts payable to the Board of Education for borrowing proceeds receivable. As discussed above, due to the delayed debt issuance, the General Fund reimbursed the Board of Education for the construction costs for a new high school. Long-term debt increased by $32.4 million (10.7%) due to the issuance of $40.6 million in general obligation warrants with a premium of $5.4 million. The proceeds from the warrants are being used for the construction of the Lake Wilmore Park Recreation center, the Lake Wilmore Park multi-purpose fields, and the Boykin Donahue Campus recreation and cultural resource center. This is offset by principal repayments for both governmental and business-type activities of $15.2 million. Additionally, claims payable decreased $6.3 million (96.0%) due to an extraordinary event associated with the City's self-insured employee health benefits program causing health claims to drastically increase in fiscal 2024. Net pension liability decreased $10.5 million (15.8%) based on actuary plan information provided by the Retirement Systems of Alabama. For more information related to this change, see note 13 to the financial statements.

The net increase in deferred inflows of resources is the result of increases in both pension and OPEB related inflows. Pension related deferred inflows increased $7.9 million (100.0%) during this fiscal year due to the difference between expected and actual plan experience, changes in assumptions, and investment performance. OPEB related deferred inflows of resources increased $589,296 (48.2%) because of differences between expected and actual experience used for the actuarial valuation. For more information related to these changes, see notes 13 and 14 to the financial statements.

Governmental Activities

Table 3 presents the cost of each of the City's functions and/or programs, as well as each program's net expenses (total expenses less fees generated by the program's activities and intergovernmental support).

Table 3

Excerpt of Governmental Activities

from the

City of Auburn Statement of Activities for the Fiscal Years ended September 30, 2025 and 2024

	Expenses		*Program Revenues**		*Net (Expense) Revenue*	
	2025	2024	2025	2024	2025	2024
Functions and programs	$	$	$	$	$	$
General government	17,555,323	21,989,301	33,951,726	31,274,013	16,396,403	9,284,712
Public works	14,525,640	12,384,322	13,775,611	15,334,996	(750,029)	2,950,674
Environmental services	3,023,669	2,766,625	-	-	(3,023,669)	(2,766,625)
Public safety	38,531,879	35,048,499	9,469,661	12,710,207	(29,062,218)	(22,338,292)
Library	3,250,142	3,164,487	24,527	37,568	(3,225,615)	(3,126,919)
Parks and recreation	13,842,575	10,204,988	2,655,061	6,824,011	(11,187,514)	(3,380,977)
Development services	6,945,364	6,575,150	83,949	3,069,983	(6,861,415)	(3,505,167)
Social and economic development	12,340,962	13,386,573	2,571,123	1,914,386	(9,769,839)	(11,472,187)
Other functions	11,538,696	12,757,218	5,847,659	5,589,286	(5,691,037)	(7,167,932)
Education (payments to Board of Ed)	29,986,974	30,859,326	-	-	(29,986,974)	(30,859,326)
Interest on long-term debt	11,083,244	9,801,750	-	-	(11,083,244)	(9,801,750)
Total governmental activities	162,624,468	158,938,239	68,379,317	76,754,450	(94,245,151)	(82,183,789)

*Program revenues for governmental activities are analyzed in detail in the following section.

The cost of governmental activities this year was $162.6 million. Program revenues provided $68.4 million to finance the cost of the City's governmental activities. The amount that Auburn taxpayers paid to provide for governmental activities' expenses through general revenues (taxes, license fees, interest earnings, etc.) was $94.2 million. This net expense is a $12.1 million (14.7%) increase from fiscal 2024.

There are several items to note in the change in net expense of governmental activities:

- One significant change in net expense occurred in the public works function, which shifted from a net revenue in fiscal 2024 to a net expense in fiscal 2025, increasing $3.7 million (125.4%). This change is due to both to an increase in expenses of $2.1 million (17.3%) and a decrease in program revenues of $1.6 million (10.2%). The largest component of the change in expenses is related to depreciation, which increased $702,197 (11.7%). Also, buildings and grounds maintenance increased $426,399 (145.8%). In fiscal 2025, management of facility-related accounts was centralized under the public works department. Previously, these accounts were maintained by each respective department. Salaries and benefits increased $229,193 (5.9%) due to a cost-of-living adjustment and merit pay increases. Also contributing to the increase are costs related to a stormwater condition assessment and a drainage study. The decrease in program revenue is due to the unearned revenue recognition of $1.4 million in fiscal 2024 related to the Coronavirus Local Fiscal Recovery Funds, a part of the American Rescue Plan Act (ARPA).

- Net expense for the City's public safety function increased $6.7 million (30.1%). This change is the result of an increase in expenses of $3.5 million (9.9%) and a decrease in program revenues of $3.2 million (25.5%). The largest component of the change in expenses is related to salaries and benefits, which increased $2.0 million (7.2%). This increase results from normal adjustments from the City's merit pay plan and a cost-of-living adjustment effective October 1. Also, the fire department transitioned nine student firefighters to full-time (career) firefighters. The decrease in program revenue is due to the revenue recognition of $4.4 million in fiscal 2024 related to the Coronavirus Local Fiscal Recovery Funds, a part of ARPA.
- Another significant change in net expense occurred in the City's parks and recreation function which increased $7.8 million (230.9%). This change resulted from both an increase in expenses of $3.6 million (35.6%) and a decrease in revenues of $4.2 million (61.1%). The largest component of the change in expenses is related to salaries and benefits, which increased $1.1 million (21.6%). Part of this increase is attributable to normal adjustments from the City's merit pay plan and a cost-of-living adjustment effective October 1. Additionally, eleven new positions were added, largely related to the opening of the Lake Wilmore Park Recreation Center. The center's April 2025 opening expanded programming activities, resulting in increased expenditures for utilities, recreation supplies, and other operating costs. The decrease in program revenue is due to revenue recognition in fiscal 2024 from the Coronavirus Local Fiscal Recovery Funds, a part of ARPA.
- Development Services net expense decreased $3.4 million (95.8%). This change was primarily the result of a decrease of $2.1 million (100.0%) in capital grants related to the City's portion of a lighting and landscaping project at I-85 and exit 57 and an intersection improvements project at South College Street and Samford Avenue that was recognized in fiscal 2024. Also, in fiscal 2024, the City received two traffic signals from the Alabama Department of Transportation valued at $870,178.
- A decrease in net expense of $1.5 million (20.6%) occurred in other functions, which are comprised of human resources and risk management. These functions include the City's self-insured employee benefits, general liability, and workers' compensation programs. Expenses were higher in fiscal 2024 due to an unusual event associated with the City's self-insured employee health benefits program.

Total City program revenues exceeded expenses for only one function in fiscal 2025. General government produced an excess of $16.4 million, an increase of $7.1 million (76.6%) over fiscal 2024. Factors contributing to this change include a decrease in expenses of $4.4 million (20.2%) and an increase in program revenue of $2.7 million (8.6%). The largest change in expenses is a decrease in pension expense of $4.0 million (63.0%) due to the differences between expected and actual results, changes in actuarial assumptions, and investment performance are deferred and recognized over time. The amortization of these deferred amounts resulted in a decrease to pension expense for fiscal 2025. The change in program revenue is attributed to increases in various charges for services and operating grants and contributions, which are described below.

- General business license fees increased $1.3 million (12.1%). Fiscal 2025 business license fees are based on gross receipts for the previous calendar year (2024). Growth in this category is partially attributed to continued growth in Auburn's economy. Also, residential rental license fees charged for the leasing of residential property that is not owner occupied increased $510,277 (11.8%) due to increased enforcement efforts, as well as increases in receipts from the previous year and new apartment complexes opening in fiscal 2025.
- Construction permits and construction percent are both related to building activities within the City and can vary significantly from year to year. Construction permits decreased $123,449 (6.3%) in fiscal 2025. Single family valuation increased by $34.2 million (16.6%) and valuation of multi-family buildings increased $18.3 million (150.9%). These increases were offset by a decrease in commercial, industrial, and institutional building valuations of $93.4 million (51.5%). A major component of this decrease resulted from the permit for a large data center. These fees are collected from contractors and property owners at rates that vary based on the type of building. Construction percent is a license fee paid by general or sub-contractors in addition to a flat business license fee. This fee is equal to ¼ of 1% of the total contract price or the total cost to the licensee, whichever is greater, of each project undertaken by the licensee. Construction percent decreased $47,773 (3.1%) in fiscal 2025.
- The operating grants and contributions component of program revenue for general government increased $850,585 (10.4%) primarily due to changes in the simplified sellers use tax (SSUT). SSUT is a state shared tax collected from eligible sellers who participate in the Simplified Sellers Use Program administered by the Alabama Department of Revenue (ADOR). This program allows eligible sellers to collect, report and remit use tax in lieu of the sales or use taxes otherwise due by or on behalf of customers in Alabama who make purchases online and have them delivered into cities and counties in Alabama. This tax is collected by ADOR and distributed to each county and municipality based on population. This tax began in fiscal 2018 and continues to grow as more sellers participate in the program, increasing by $816,263 (13.1%) in fiscal 2025 over collections in fiscal 2024. This large increase in SSUT is offset by a decrease of $34,214 (4.5%) in financial institution excise tax. This revenue source can vary from year to year based on the excise tax that is levied on financial institutions.

The *Net (Expense) Revenue* amounts in table 4 show the financial burden placed on the City's general revenues by each of these functions.

Table 4

Excerpt of Governmental Activities

from the

Statement of Activities

		Net (Expense) Revenue	
		2025	**2024**
		$	**$**
Net expense of the total governmental activities		(94,245,151)	(82,183,789)
General revenues:			
Sales taxes		69,203,852	66,176,356
Property taxes		51,499,544	48,367,708
Occupational license fees		20,333,012	18,466,594
Rental and leasing taxes		974,552	1,007,249
Lodging taxes		5,156,554	4,889,141
Motor fuel taxes		643,945	630,099
Other taxes		431,255	413,552
Interest and investment earnings		7,134,666	5,059,927
Net increase in fair value of investments		1,842,164	4,058,126
Miscellaneous		977,848	2,089,560
	Total general revenues	158,197,392	151,158,312
	Excess before transfers	63,952,241	68,974,523
Transfers		(1,910,420)	(240,567)
	Change in net position	62,041,821	68,733,956
Beginning net position		263,724,642	194,990,686
Ending net position		325,766,463	263,724,642

Table 5 divides total governmental program revenue by source for 2025 and 2024 into three components: charges for services, operating grants and contributions, and capital grants and contributions. These totals and the narrative following the table provide insight into the changes in program revenue.

Table 5

	Governmental Activities	
Program revenue by source:	**2025**	**2024**
	$	$
Charges for services	41,132,675	37,935,063
Operating grants and contributions	13,337,210	11,802,669
Capital grants and contributions	13,909,432	27,016,718
Program revenue - governmental activities	68,379,317	76,754,450

Some of the program costs of governmental activities in 2025 were paid by revenues collected from those who directly benefit from the programs ($41.1 million). These revenue sources include the following:

- General business license fees of $11.8 million that support general government services.
- Residential rental license fees of $4.8 million that fund a portion of general government services. The City charges this fee to owners of residential property used primarily for rental purposes.
- Municipal court-related fines and fees of $1.5 million that support essential public safety and judicial services within the City.

- Construction permit fees of $1.8 million that fund construction and building inspections to meet Auburn's building requirement standards and provide other general government services.
- Public safety fees of $6.0 million paid by Auburn University to fund fire and police services on campus.

Operating and capital grants and contributions of $27.2 million also supported program costs during fiscal 2025. These revenues were down $11.6 million (29.8%) from fiscal 2024. Details of this change are described below.

- As described earlier, the simplified sellers use tax is a state shared tax collected from eligible sellers who participate in the Simplified Sellers Use Program administered by ADOR. All state shared taxes are included in operating grants and contributions in the government-wide financial statements. This tax began in fiscal 2018 and continues to grow as more sellers participate and Auburn's population grows, increasing $816,263 (13.1%) in fiscal 2025 over collections in fiscal 2024.
- Grant funding is included in program revenue, classified as either operating or capital. During fiscal 2024, the City recognized $11.2 million in ARPA funding to support the response to and recovery from the COVID-19 public health emergency.
- Gifts and donations, including donation of assets, are included in operating and capital grants. This includes streets contributed by developers as part of subdivision developments and easements donated to the City. Both street and easement donations can vary greatly from year to year based on subdivision development and construction activity. Streets and easements contributed during fiscal 2025 totaled $12.2 million, which is an increase of $422,865 (3.6%) over donations in fiscal 2024.

The City financed net expenses of $94.2 million for governmental activities from taxes, license fees and other general revenues. General revenues include all revenue sources not reported as program revenues. All taxes, even those levied for a specific purpose, are general revenues. All other non-tax revenues (including license fees, interest, gains and losses, and contributions) that do not meet the criteria for program revenues are also general revenues.

- The largest of the City's general revenues is sales and use tax, comprising 43.7% of total general revenues. The sales tax rate for purchases made in the City of Auburn is 9%, which includes 4% for the State, 4% for the City, and 1% for Lee County.
- The second largest source of general revenues is property taxes (32.6%). Of the total 26 mills the City receives in property taxes, 16 mills are legally dedicated to Auburn City Schools.
- The third largest general revenue source is occupational license fees (12.9%). This fee is levied at 1% of gross wages earned within the City limits.

Business-type Activities

The City has two business-type activities, the Sewer Fund and the Solid Waste Management Fund. The largest is its sewer system, which includes two, active discharge permitted wastewater treatment plants operated by Veolia Water North

America Operating Services, LLC, a Chicago, Illinois based engineering and contract services firm. In 2013, the City decided to shut down the treatment portion of the Northside Water Pollution Control Facility (Northside Facility), and made improvements to the south side facility, the H. C. Morgan Water Pollution Control Facility, that allows this plant to handle treatment of sewage for the entire city. Flow historically treated by the Northside Facility diverts to the facility in the south. The Northside Facility continues to act as a pumping station for this diverted flow. The City continues to evaluate the need for future treatment capacity, and if necessary, the Northside Facility will reopen.

The City constantly monitors the need for sewer rate changes by studying and evaluating whether existing rates will meet the projected operating and capital needs of the sewer system in the future. The last formal rate study and analysis, conducted in November 2013, resulted in confirmation that the fund's current rates were adequate to meet revenue requirements through the end of fiscal 2019. Although this study only provided revenue requirements through fiscal 2019, City staff regularly evaluates rates internally to determine revenue sufficiency for the capital and operating needs of the sewer function. The next formal rate study is expected to occur in fiscal 2027.

Table 6 presents the cost of each business-type activity function and/or program, as well as each program's net expenses (total expenses less fees generated by the program's activities).

Table 6

Excerpt of Business Type Activities
from the
Statement of Activities

	Expenses		*Program Revenues**		*Net (Expense) Revenue*	
	2025	2024	2025	2024	2025	2024
Functions and programs	$	$	$	$	$	$
Sewer Fund	11,304,800	11,044,192	16,594,353	15,959,268	5,289,553	4,915,076
Solid Waste Management Fund	6,840,697	7,080,864	6,255,819	5,858,632	(584,878)	(1,222,232)
Total business-type activities	18,145,497	18,125,056	22,850,172	21,817,900	4,704,675	3,692,844

*Program revenues for business-type activities are displayed and analyzed in detail below.

	Business-Type Activities	
	2025	**2024**
	$	**$**
Expenses of total business-type activities	(18,145,497)	(18,125,056)
Program revenues by source:		
Charges for services	20,598,012	19,596,149
Operating grants and contributions	-	15,649
Capital grants and contributions	2,252,160	2,206,102
Total program revenues	22,850,172	21,817,900
General revenues:		
Interest and investment earnings	729,221	555,078
Net increase in fair value of investments	131,623	420,724
Gain on disposal of assets	46,745	38,667
Miscellaneous	27,540	25,027
Total general revenues	935,129	1,039,496
Excess before transfers	5,639,804	4,732,340
Transfers	1,910,420	(66,033)
Change in net position	7,550,224	4,666,307
Beginning net position	85,268,098	80,601,791
Ending net position	92,818,322	85,268,098

Program revenue of the Sewer Fund business-type activity, including charges for services (sewer treatment and disposal), operating grants and contributions, and capital grants and contributions increased from the prior year by $635,085 (4.0%). There are several components to this change. Sewer access fees increased by $390,600 (30.9%). Sewer access fees are fees charged to customers for new access to the sewer system. Access fees are driven by development and can vary greatly from year to year. Sewer service fee revenue increased $235,625 (1.9%). This modest increase is attributable to unusually dry weather conditions in both years, although the timing and distribution of rainfall varied. Sewer service fees are calculated based on water usage. Rainfall greatly affects water usage, which in turn, affects sewer usage. Continued growth also contributed to this increase with the addition of 566 new single-family customers and 19 new commercial/multi-family customers during fiscal 2025.

Sewer Fund expenses (operating plus interest expense) increased $260,608 (2.4%) to $11.3 million. The major components of this change include the following:

- Salaries and benefits decreased $162,699 (6.3%) to $2.4 million. During fiscal 2025, the City implemented Governmental Accounting Standards Board Statement 101, *Compensated Absences,* which requires the recognition of a liability for employees' accumulated annual and sick leave. Due to this change in accounting principle, the City recorded $168,191 for the recognition of the accumulated leave and restated fiscal 2024 expenses for comparative purposes. Without this restatement, salaries and benefits decreased $43,936 (1.8%) for fiscal 2025. The primary component of this change is a decrease in pension expense of $89,173 (52.9%). Differences between expected and actual results, changes in actuarial assumptions, and investment performance are deferred and recognized over time. The amortization of these deferred amounts resulted in a decrease to pension expense for fiscal 2025. Also contributing to this change is an increase in salaries of $45,016 (2.6%). This change results from normal adjustments associated with the City's merit pay plan and an October 1 cost-of-living adjustment, partially offset by a decrease in overtime in the maintenance division related to fewer in-house projects completed during fiscal 2025.
- Repairs, maintenance, and repair parts increased $404,775 (173.4%). In fiscal year 2025, the Sewer Fund began paying for roadway patching related to utility cut repairs which was previously paid by General Fund. This increase was also attributable to significant repairs at the Choctafaula pump station, which required the rental of a temporary bypass pump for most of the fiscal year. In addition, a bypass pump rental was required at the Northside Water Pollution Control Facility due to multiple pumps in the transfer lift station being out of service for repair. Both the Choctafaula pump station and the Northside transfer lift station pumps are scheduled for replacement under the 2026 Miscellaneous Pump Station Improvements Project and the Northside Flow Equalization and Pump Station Improvements Project, respectively. The overall increase was further impacted by higher costs associated with right-of-way maintenance, routine pump station maintenance, and related materials.
- Sewer utilities decreased $76,232 (8.1%) due to continued dry conditions which resulted in much lower flows at the H.C. Morgan Water Pollution Control

Facility. Average daily flows decreased from 9.1 million gallons per day (mgd) in fiscal 2024 to 7.1 mgd in fiscal 2025.

- Professional services increased $21,340 (5.0%). This expense varies from year to year based on the City's need to hire consultants for services such as general engineering and sewer flow monitoring.
- Management fees increased $43,164 (1.6%) to $2.7 million. As mentioned at the beginning of this section, management fees are paid to Veolia North America Operating Services, LLC for the operation, management and maintenance of the City's publicly owned wastewater treatment facilities. The management fee is based on a percentage of the cost of operations which was higher because of increased salaries and increased hauling charges for biosolids.

The City's only other business-type activity, solid waste management, receives revenue from garbage charges to customers, special trash pick-up fees, and sales of recyclables. Revenues and expenses related to this function are accounted for in the Solid Waste Management Fund (SWMF). Expenses include salaries and benefits of solid waste and recycling employees, landfill tipping fees, fuel, vehicle parts and other supplies, management fees and depreciation expense on the capital assets used in the solid waste and recycling functions.

As Table 6 shows, expenses exceeded revenues by $584,878 in fiscal 2025. Like the sewer function, user fees are expected to cover the cost of providing solid waste and recycling services. The City reviews and analyzes these fees regularly to ensure they continue to cover these costs. During fiscal 2025, the rate for curbside garbage service was $23.50. As projected operating and capital needs of the solid waste function change, the need for further analysis of these rates becomes necessary. Starting in fiscal 2023, the City worked with a consultant to develop a solid waste rate study for the City's solid waste and recycling program. In June 2025, the City passed an ordinance that increased residential and commercial rates effective October 1, 2025. Curbside collection rates increased from $23.50 to $32.00.

Also shown in Table 6, program revenue of the SWMF business-type activity, includes charges for services (garbage and recycling collection), which increased from the prior year by $397,187 (6.8%). Collection fees increased $370,451 (6.4%) from customer growth. Revenue from the sale of recyclables increased $26,735 (190.1%). This revenue source can vary from year to year depending on the recycling market value of cardboard and glass.

SWMF expenses decreased $240,165 (3.4%) to $6.8 million. The major components of this change include the following:

- Employee salaries and benefits decreased $487,918 (11.8%). During fiscal 2025, the City implemented Governmental Accounting Standards Board Statement 101, Compensated Absences, which requires the recognition of a liability for employees' accumulated annual and sick leave. Due to this change in accounting principle, the City recorded $364,656 for the recognition of the accumulated leave and restated fiscal 2024 expenses for comparative purposes. Without this restatement, salaries and benefits decreased $90,769 (2.4%) for fiscal 2025. The primary component of this change is a decrease in pension expense of $108,691 (51.6%). Differences between expected and actual results, changes in actuarial assumptions, and investment performance are deferred and recognized over time. The amortization of these deferred

amounts resulted in a decrease to pension expense for fiscal 2025. Also contributing to this change is a slight increase in salaries of $29,897 (1.1%). This change results from normal adjustments associated with the City's merit pay plan and an October 1 cost-of-living adjustment, partially offset by personnel cost savings from vacant positions during fiscal 2025.

- Professional services increased $54,763 (6.5%). The rate for bulky material tipping fees increased 34.4% effective July 1, 2025.
- Minor tools and equipment increased $72,071 (46.9%) due to the purchase of 40 eight-cubic-yard front load containers which replaced the eight-cubic-yard rear load containers for the solid waste division's commercial service.
- Depreciation increased $237,703 (49.7%) due to the recognition of depreciation expense for several large solid waste vehicles valued at $1.8 million acquired in fiscal 2025. Repair parts decreased $82,692 (13.8%) due to these new additions to SWMF's fleet.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

As the City completed the 2025 fiscal year, its governmental funds reported a *combined* fund balance of $235.7 million, a $59.2 million (33.5%) increase from the prior year. The total increase in fund balance is comprised of a $7.5 million (6.6%) increase in the General Fund's fund balance; a $17.5 million (26.8%) increase in special revenue funds' fund balances; a $3.1 million (23.4%) increase in the debt service fund's fund balance; and a $31.1 million (187.4%) increase in capital projects funds' fund balances. The following narrative discusses the financial activities that comprise the major changes in governmental fund balances.

Governmental revenues and other financing sources

Total revenues of the governmental funds decreased $1.0 million (0.5%) from the prior year. Major components of this change are described below, in statement presentation order.

- Sales and use tax, the City's single largest revenue source, represents 32.3% of governmental funds' revenue in fiscal 2025. This major revenue source increased by $3.0 million (4.6%) over fiscal 2024. The City continued to experience record sales tax collections through fiscal 2025. This increase over the prior year reflects continued steady growth in Auburn's economy, as well as the addition of several new commercial businesses.
- Occupation license fees increased $1.9 million (10.1%). This is the fourth largest revenue source (9.5%) of governmental funds' revenue. This change is attributable to the increase in remittances from the top 20 occupational licensees along with remittances from approximately 181 additional remote workers. Several new businesses also contribute to this increase.
- Licenses and permits increased $1.6 million (7.8%) due to several factors. General business license fees increased $1.3 million (12.1%) in fiscal 2025. Business license fees are based on gross receipts for the previous calendar year. As a business's gross receipts increase, the revenue received by the City increases. As with sales and use taxes, growth in business license fees can be partially attributed to growth in Auburn's economy. Residential rental license

fees increased $510,277 (11.8%) due to increased enforcement efforts, as well as increases in receipts from the previous year and new apartment complexes opening in fiscal 2025. Residential rental is a license fee levied against the owner of residential property, of which the primary purpose is for rental or leasing and the property is not owner-occupied. These increases are offset by a decrease of $123,449 (6.3%) in construction permits due to several new construction projects, hotels, and apartment complexes that were permitted in fiscal 2024.

- General property tax revenues increased by $3.1 million (6.5%). This revenue source is the second largest source (24.0%) of governmental funds' revenue. Property taxes continue to show steady growth in Auburn. This increase comes in the form of new property developed within the City as well as increases in assessed values on existing property. Auburn has seen growth in single-family, multi-family and student housing developments. This growth is also due to Auburn's ability to remain an attractive city and the overall health of the real estate market in the Auburn area with its low foreclosure rate and low housing turnover.
- Charges for services increased $1.5 million (9.2%). This increase is due to several factors. Recreation fees increased $455,503 (91.3%). With the opening of the Lake Wilmore Park Recreation Center and the City's continued growth, more parks and recreation programs are offered and participation in all programs is steadily increasing. Public safety charges for sporting events and other private functions increased $336,533 (30.8%). When public safety personnel provide security services for outside entities, the City is reimbursed for the related personnel costs. This revenue varies based on the need for such services. Also, public safety charges to Auburn University for public safety services on campus increased $287,749 (5.0%). The contract with Auburn University was renewed in fiscal 2022 for an additional five years and includes an annual cost escalator of 5.0%.
- Grant revenue decreased $11.3 million (74.1%). As discussed in the *Governmental Activities* section, the City recognized $11.2 million in ARPA funding in fiscal 2024 to support the response to and recovery from the COVID-19 public health emergency. The City elected the $10.0 million standard allowance for revenue loss and applied it towards several projects. As of December 31, 2024, the City fully obligated its $16.5 million received in ARPA funding.
- Miscellaneous income decreased $1.1 million (53.1%). The primary component of this change is a decrease of $862,624 (100.0%) in refunds. In fiscal 2024, the City received reimbursements from the Alabama Department of Transportation for overpayments of the West Glenn Avenue resurfacing project and the Moore's Mill Bridge project.

Other financing sources, excluding transfers between governmental funds, increased by $51.2 million (33,106.3%) in fiscal 2025 as compared to fiscal 2024. There are two components to this increase. First, in October 2024, the City issued $40.6 million in general obligation warrants with a premium of $5.4 million. The proceeds from the warrants are being used for the construction of the Lake Wilmore Park Recreation Center, construction of the Lake Wilmore Park multi-purpose fields, and construction of the Boykin Donahue Campus recreation and cultural resource

center. Second, subscriptions increased $5.2 million (100.0%). GASB Statement 96 - *Subscription-Based Information Technology Arrangements (SBITA)* - requires that other financing sources be recorded at the inception of any qualifying SBITA. The City did not have any new SBITAs in fiscal 2024 and recognized four new subscriptions in fiscal 2025. See note 12 to the financial statements for additional details.

Governmental expenditures and other financing uses

Total governmental expenditures increased by $7.8 million (4.0%) in fiscal 2025. There are several components of this change, and the most notable of these components are described below, in statement presentation order.

- Departmental expenditures increased $5.8 million (6.9%). The most significant changes were seen in general government and administration, public works, public safety, parks and recreation, and risk management. Details of these changes are listed below.
  - General government and administration increased $1.1 million (14.9%). The majority of this increase is attributable to normal adjustments from the City's merit pay plan and a cost-of-living adjustment effective October 1. Also, the information technology department renewed several software applications under multi-year agreements and the addition of a cybersecurity contract.
  - Public works increased $894,288 (16.3%). There are several factors contributing to this increase. Salaries and benefits increased $229,193 (5.9%) due to a cost-of-living adjustment and merit pay increases. Buildings and grounds maintenance increased $426,399 (145.8%) as responsibility for facility-related accounts was centralized within the public works department. Also contributing to the increase are expenditures related to a stormwater condition assessment and a drainage study.
  - Public safety increased $1.9 million (5.8%) in fiscal 2025 as compared to fiscal 2024. The largest component of this increase is related to salaries and benefits, which increased $1.4 million (5.1%). Part of this increase is attributable to normal adjustments from the City's merit pay plan and a cost-of-living adjustment effective October 1. Also, the fire department transitioned nine student firefighters to full-time (career) firefighters. Another component of this change is the recognition of an error correction restatement of $530,783 for a prepaid software subscription in fiscal 2024. See note 29 to the financial statements for additional details.
  - Parks and recreation increased $1.9 million (23.2%). Salaries and benefits are the largest component of this increase ($1.1 million or 21.8%). Part of this increase is attributable to normal adjustments from the City's merit pay plan and a cost-of-living adjustment effective October 1. Additionally, eleven new positions were added, largely related to the opening of the Lake Wilmore Park Recreation Center. The center's April 2025 opening expanded programming activities, resulting in increased expenditures for utilities, recreation supplies, and other operating costs.

- Payments to component units decreased by $3.3 million (9.4%). Table 7 provides details about these payments and the change from the prior year; additional information follows the table.

Table 7

Governmental Funds - Payments to Component Units

	2025	2024	2025 > 2024
Auburn City Schools	$	$	$
General revenues	22,323,558	20,814,309	1,509,249
Education property taxes	7,663,416	8,004,193	(340,777)
Debt issuance - Schools	-	2,040,824	(2,040,824)
Subtotal to Schools	29,986,974	30,859,326	(872,352)
Industrial Development Board			
Operating costs	1,125,000	1,075,000	50,000
West Tech Park improvements	-	181,123	(181,123)
Property acquisition	-	2,800,000	(2,800,000)
Subtotal to IDB	1,125,000	4,056,123	(2,931,123)
Water Board	164,880	-	164,880
Public Park & Recreation Board	594,918	253,509	341,409
Total - Component Units	31,871,772	35,168,958	(3,297,186)

  - Payments to Auburn City Schools decreased by $872,352 (2.8%) in fiscal 2025 as compared to 2024. Details of this change are included below.
    - The City appropriated $22.3 million (an increase of $1.5 million or 7.3%) from its general revenue to Auburn City Schools in fiscal 2025. The City has committed to providing 1.25 of its 4 pennies of sales tax to the Schools. This commitment includes a floor of $11.5 million, meaning that when 1.25 pennies of total sales tax collected is less than $11.5 million, the City will not lower the amount appropriated to the Schools.
    - In addition to the City's General Fund providing support to the schools, the School Board elects to draw additional operating funds from the dedicated education property taxes each year. These taxes pay for principal and interest on school debt issued by the City of Auburn on behalf of Auburn City Schools and provides additional funds for operating expenses of the school system. The payment of additional operating funds of $7.7 million in fiscal 2025 is a $340,777 (4.3%) decrease from 2024.
    - During fiscal 2024, the City transferred debt proceeds to Auburn City Schools for various school projects. The City held these proceeds, and as construction progressed, funds were transferred to the school board to pay contractors. The City did not transfer any debt proceeds in fiscal 2025.
  - The City appropriates funds to the Industrial Development Board (IDB) for economic development initiatives. This funding decreased $2.9 million (72.3%) in fiscal 2025 as compared to fiscal 2024. Details of this change are included below.
    - The City Council continues to promote aggressive economic development as a long-term goal in providing jobs and expanding the City's revenue base. Payments to the IDB for

general operations, workforce development, commercial development, entrepreneurial and technology programs, and industrial development help with this continuing economic development focus. The City transferred $1.1 million to the IDB for operating costs during fiscal 2024 and 2025.

- The City transferred $181,123 to the IDB in fiscal 2024 for construction of infrastructure in the Auburn Technology Park West.
- The City transferred $2.8 million to the IDB in fiscal 2024 to purchase property suitable for industrial development to remain competitive in recruiting projects that fit the diversified industrial base of the City.

- The City transferred Lake Wilmore Park Recreation Center water lines valued at $164,880 to the Water Works Board.
- The Public Park and Recreation Board (PPRB) was established in 1990, primarily to advise the Council concerning proposed recreation projects and to acquire such recreation facilities as deemed to be in the public interest. In 2006, the City, Auburn University, and the PPRB partnered to construct and manage a state-of-the-art tennis facility for student and community use. This collaboration resulted in complex transactions concerning both the borrowing and subsequent transfers among the PPRB, the City, and Auburn University to properly account for the development, supervision, and daily operation of the facility. The PPRB continues to receive amounts from the General Fund for the operation of the Yarbrough Tennis Center. In 2025, the transfer increased by $341,409 (134.7%) to $594,918. The increase is due to the installation of energy efficient LED light fixtures at the indoor courts. PPRB received $77,500 in grant funding and $361,080 from Auburn University for a portion of the project. The majority of this funding was not received until fiscal 2026 and transfers were needed to temporarily fund the project. This fluctuation in improvements from year to year affects the transfer needed from the General fund.

Proprietary Funds

The City of Auburn has two proprietary funds that account for its business-type activities. The Sewer Fund, an enterprise fund, accounts for sewer collection, treatment and disposal services provided to residents and businesses within the City limits. The Solid Waste Management Fund, also an enterprise fund, accounts for services to collect and dispose of solid waste and recycling materials provided to the same customers. Net position of these proprietary funds combined increased by $7.6 million (8.9%) from fiscal 2024 to fiscal 2025.

Proprietary funds' revenues, other resources

Sewer Fund operating revenues increased by $627,466 (4.6%) in 2025 as compared to 2024. This change in operating revenue is primarily the result of an increase in both sewer service fees and sewer access fees. Sewer service fees are user fees charged to customers based on their water usage. Sewer service fees increased $235,625 (1.9%), which is attributable to unusually dry weather conditions in both

years, although the timing and distribution of rainfall varied. Significantly lower rainfall in January and February 2025 had limited impact on demand due to typically lower usage during the winter, while milder summer temperatures in fiscal year 2025 reduced seasonal water consumption compared to the hotter summer in fiscal year 2024. Sewer access fees increased $390,600 (30.9%). Sewer access fees are charged to customers for new access to the sewer system. These fees can vary greatly from year to year depending on the level of development. In addition to changes in operating revenue, the Sewer Fund's net position increased $2.3 million from contributions of sewer infrastructure in fiscal 2025, which is a $46,058 (2.1%) increase from contributions in 2024. The contributions are contingent upon completion of commercial and residential developments in the City and like access fees, can vary significantly from year to year.

Operating revenues in the Solid Waste Management Fund increased by $376,911 (6.4%) in 2025. This change is primarily attributable to an increase in solid waste collection fees of $370,451 (6.4%) due to customer growth. The number of residential customers increased by 413 (2.1%) over fiscal 2024. Also contributing to this change, is an increase in the year-end revenue receivable accrual which includes the new rates effective October 1, 2025.

Proprietary funds' expenses

In the Sewer Fund, operating expenses for fiscal 2025 increased $308,963 (2.9%). Components of this increase are listed below, in statement presentation order.

- Salaries and benefits decreased $162,699 (6.3%) to $2.4 million. During fiscal 2025, the City implemented GASB Statement No. 101, *Compensated Absences*, resulting in the recognition of $168,191 for accumulated leave and a restatement of fiscal 2024 expenses for comparative purposes. Excluding this restatement, salaries and benefits decreased $43,936 (1.8%). The decrease was primarily driven by an $89,173 (52.9%) reduction in pension expense due to amortization of deferred actuarial and investment differences, partially offset by a $45,016 (2.6%) increase in salaries from merit and cost-of-living adjustments, and a decrease in maintenance division overtime related to fewer in-house projects completed during fiscal 2025.
- Repairs, maintenance, and repair parts increased $404,775 (173.4%). As mentioned in the *Business-type Activities* section, this increase is due to roadway patching previously paid for by the General Fund and pump repairs at both the Choctafaula pump station and the Northside transfer lift station. Both facilities are scheduled for improvement in fiscal 2026. The overall increase was further impacted by higher costs associated with right-of-way maintenance, routine pump station maintenance, and related materials.
- Sewer utilities decreased $76,232 (8.1%) due to continued dry conditions which resulted in much lower flows at the H.C. Morgan Water Pollution Control Facility.
- Professional services increased $21,340 (5.0%). As mentioned in the *Business-type Activities* section, this expense varies from year to year based on the City's need to hire consultants for services such as general engineering and sewer flow monitoring.

- Management fees increased $43,164 (1.6%) to $2.7 million. As mentioned in the *Business-type Activities* section, management fees are paid to Veolia North America Operating Services, LLC, for the operation, management and maintenance of the City's publicly owned wastewater treatment facilities. The management fee is based on a percentage of the cost of operations which was higher because of increased salaries and increased hauling charges for biosolids.

In the Solid Waste Management Fund, operating expenses decreased $240,165 (3.4%) in fiscal 2025 over 2024. Components of this decrease include:

- Employee salaries and benefits decreased $487,918 (11.8%). In fiscal 2025, the City implemented GASB Statement No. 101, *Compensated Absences*, resulting in the recognition of $364,656 for accumulated leave and a restatement of fiscal 2024 expenses for comparative purposes. Excluding this restatement, salaries and benefits decreased $90,769 (2.4%). The decrease was primarily driven by a $108,691 (51.6%) reduction in pension expense resulting from the amortization of deferred actuarial and investment differences, reduced by a $29,897 (1.1%) increase in salaries. This change results from normal adjustments associated with the City's merit pay plan and an October 1 cost-of-living adjustment, partially offset by personnel cost savings from vacant positions during fiscal 2025.
- Professional services increased $54,763 (6.5%), primarily due to a 34.4% increase in bulky material tipping fees effective July 1, 2025.
- Minor tools and equipment increased $72,071 (46.9%) as a result of purchasing 40 eight-cubic-yard front-load containers to replace the existing eight-cubic-yard rear-load containers used for the solid waste division's commercial service.
- Depreciation increased $237,303 (49.7%) due to the recognition of depreciation on several large solid waste vehicles, totaling $1.8 million, acquired in fiscal year 2025. Repair parts decreased $82,692 (13.8%) as these new vehicle additions reduced maintenance needs.

For more information related to the above funds, see the Business-type Activities section of this Management's Discussion and Analysis.

Analysis of Changes in Major Funds

Major funds are those whose revenues, expenditures/expenses, assets or liabilities are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds for the same item. The General Fund is a major fund every year. In addition to the General Fund, the Special School Tax Fund (a special revenue fund) and the 2024 Capital Projects Fund were determined by testing to be the other major governmental funds in 2025. Both the Sewer Fund and the Solid Waste Management Fund are major funds in the proprietary funds category.

The General Fund (Governmental)

At the end of fiscal 2025, total fund balance of the City's General Fund increased by $7.5 million (6.6%) from the prior year ending balance. Fund balance reflects the cumulative excess of revenues and other financing sources over expenditures and

other financing uses. The 2025 total ending fund balance was $122.2 million, compared to $114.7 million at the end of 2024.

In accordance with GASB Statement 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balance categories include the following: nonspendable, restricted, committed, assigned, and unassigned. Nonspendable fund balance decreased by $3.4 million (40.3%) from 2024. These balances represent inventories, prepaid items, advances, and land held for resale. This change reflects a $2.0 million (58.7%) decrease in prepaid items from the receipt of one prepaid fire truck and a $1.4 million (33.3%) reduction in land held for resale due to a lot sale and write-down of the remaining lots to appraised value. The restricted, committed and assigned categories decreased by $1.7 million (6.7%). This change is mainly due to a net decrease in assigned fund balance of $1.6 million (6.8%). Assigned fund balance for encumbrances decreased $2.9 million (31.9%) primarily due to larger encumbrances at fiscal 2024 year-end for various capital projects. Also, in accordance with GASB Statement 54 – *Fund Balance Classifications*, the amount budgeted for fund balance drawdown for the next fiscal year (2026) must be set aside as assigned fund balance. The budgeted spenddown for fiscal 2026 is $15.0 million, which is $1.9 million (14.8%) more than the budgeted spenddown for the previous year.

The General Fund's total assets increased $21.5 million (16.3%) during 2025. The major components of this change are listed below, in statement presentation order.

- Cash and cash equivalents increased by $10.9 million (32.6%). This increase is primarily attributable to excess revenue over expenditures of $7.9 million.
- Investments increased $12.8 million (28.7%) because of the activity in the City's investment portfolio. When treasuries mature and are reinvested, the amount invested between funds can vary from year to year.
- Receivables decreased $4.7 million (23.3%) in 2025. This is primarily due to a decrease in miscellaneous receivables in the employee benefit self-insurance program. This included the reinsurance reimbursement for an unusual event that the City experienced in fiscal 2024.
- Due from other funds decreased $15.3 million (99.4%) primarily due to the decrease in amounts due from the 2024 Capital Projects Fund. In fiscal 2023, this fund started paying invoices to contractors for work completed on the Lake Wilmore Park Recreation Center, the Lake Wilmore Park multi-purpose fields, and the Boykin Donahue Campus recreation and cultural resource center projects. Due to the delayed debt issuance for this fund, the General Fund covered the construction costs. The debt was issued in October 2025, and the General Fund was reimbursed at that time.
- Due from component units increased $22.4 million (4,243.5%) primarily due to the increase in amounts due from the Board of Education for borrowing proceeds receivable. In fiscal 2023, the Board started paying invoices to contractors for work completed on a new high school. Because the City issues debt on behalf of the Board and debt issuance was delayed, the General Fund reimbursed the Board for the construction costs. The debt will be issued in fiscal 2026, and this fund will be reimbursed at that time.

- Prepaids decreased $2.0 million (58.7%) in fiscal 2025. As mentioned above, the City took receipt of a new tiller truck that was prepaid in fiscal 2023. The new tiller truck will replace a 2002 ladder truck.
- Land held for resale decreased $1.4 million (33.3%). During fiscal year 2025, the City adjusted the value of seven lots down by $1.0 million based on an independent appraisal and sold one of the lots for $350,000. See note 6 to the financial statements for additional details.

Total liabilities of the General Fund increased $14.0 million (80.1%) in 2025. The largest component of this change is an increase of $22.2 million (47,946.1%) in due to component units. As discussed above, due to the delayed debt issuance, the General Fund reimbursed the Board of Education for the construction costs for a new high school. Another component of this change is a decrease of $6.3 million (95.4%) in claims payable primarily due to the extraordinary event associated with the City's self-insured employee health benefits program that caused health claims to drastically increase in fiscal 2024. Also, accounts payable and other accrued liabilities decreased $2.6 million (34.3%). At fiscal year-end 2024, accounts payable included $1.8 million in invoices for various capital projects.

Total revenues in the General Fund increased $9.0 million (5.8%) over fiscal 2024. This large change includes increases in sales and use tax of $3.0 million (4.6%), occupation license fees of $1.9 million (10.1%), licenses and permits of $1.6 million (7.8%), and general property tax of $568,933 (5.8%). As mentioned in the Governmental Funds section, Auburn's steady growth continues to be the driving factor for the increase in these revenues each year. Charges for services increased $1.5 million (9.2%) because of several factors. Public safety charges increased $336,533 (30.8%). When public safety personnel provide security services for outside entities, the City is reimbursed for the related personnel costs. This revenue varies based on the need for such services. Public safety charges to Auburn University increased $287,749 (5.0%) per the contractual agreement for campus services. Recreation fees increased $455,503 (91.3%) following the opening of the Lake Wilmore Park Recreation Center, which expanded available programs and contributed to increased participation across parks and recreation offerings.

Total expenditures in the General Fund increased $9.2 million (6.3%) over fiscal 2024. The largest component of this change is an increase in debt service of $2.8 million (29.4%) due to the addition of debt payments related to the 2024 Capital Projects Fund. Public safety expenditures increased $1.9 million (5.8%) due to merit and cost-of-living salary adjustments and the transition of nine firefighter positions to full-time status. Parks and recreation activities increased $1.8 million (22.2%) due to merit and cost-of-living salary adjustments, the addition of eleven new positions, and expenditures related to the opening of the Lake Wilmore Park Recreation Center. Also, non-departmental expenditures increased $2.0 million (69.2%) due to a loss recognized from writing down land held for resale to its appraised value and a contribution to Lee County for a joint project to construct a roundabout at the intersection of Society Hill Road and Moores Mill Road.

Special School Tax Fund (Governmental)

The Special School Tax Fund, a special revenue fund, accounts for sixteen mills of education ad valorem tax revenue used to pay principal and interest on City bonds and warrants issued for Auburn City Schools. In addition to debt service payments,

this fund provides additional funding for school operations. The school system drew $7.7 million from this fund for operations in 2025. This is a $340,777 (4.3%) decrease from 2024. This amount can vary from year to year depending on property tax revenue collections, fund balance of this fund, and needs of the school system. The City did not transfer any borrowing proceeds to the school system from this fund in fiscal 2025. In fiscal 2023, the Board started paying invoices to contractors for work completed on a new high school. Because the City issues debt on behalf of the Board and debt issuance was delayed, the General Fund reimbursed the Board for the construction costs. The debt will be issued in fiscal 2026, and the General Fund will be reimbursed at that time. Upon issuance, the City will hold the debt proceeds in this fund and transfer borrowing proceeds to Auburn City Schools as draw requests are made to pay construction invoices.

Revenues increased $1.3 million (3.7%) in this fund. There are two primary reasons for this increase over 2024. First, property tax increased $1.9 million (6.2%). This increase is the result of new property developed within the City, as well as increases in assessed values on existing property. Second, interest and investment earnings decreased $615,597 (17.4%). This change consisted of two components, interest income and net increase (decrease) in the value of investments. Interest increased $636,367 (38.6%) and is directly related to steady interest rates earned on cash and investment balances. The City primarily invests in interest-bearing demand and time deposits as well as U.S. Treasury and federal agency securities. Net increase (decrease) in the fair value of investments decreased $1.3 million (66.6%) in fiscal 2025. It is the policy of the City to invest with three primary objectives, in priority order: safety, liquidity and return on investment. In accordance with this policy, the City's fixed income investments consist of a laddered portfolio of direct obligations of the Department of the Treasury of the United States (U.S. Treasuries) and obligations of certain federal agencies as allowed by state law.

Expenditures, including the transfers mentioned above, debt service on borrowings, and expenditures related to property tax collection decreased $2.4 million (12.3%).

2024 Capital Projects Fund (Governmental)

The 2024 Capital Projects Fund accounts for the spending of bond proceeds for construction of the Lake Wilmore Park Recreation Center, the Lake Wilmore Park multi-purpose fields, and the Boykin Donahue Campus recreation and cultural resource center. The City issued $40.6 million in general obligation warrants with a premium of $5.4 million in October 2024 to fund the construction of these projects. During fiscal 2025, expenditures totaled $20.7 million. The total fund balance of this fund was $14.4 million at the end of the year, and it is restricted for capital projects.

Sewer Fund (Business-type activity)

The Sewer Fund accounts for the provision of sewer services to the City's residents and businesses. In addition, the Sewer Fund accounts for the capital expansion and maintenance of the City's sewer collection, treatment and disposal facilities. While the City owns the sewer collection, treatment and disposal facilities, they are operated by Veolia Water North America Operating Services, LLC, a Chicago, Illinois based engineering and contract services firm. Veolia also maintains the City's sewer lift stations.

The Sewer Fund's net position increased $6.1 million (7.3%) in fiscal 2025. The largest change in the components of net position is an increase of $3.3 million (5.0%) in net

investment in capital assets. This net position category includes asset acquisitions as well as outstanding debt related to the assets. Restricted net position for capital projects decreased $292,529 (5.2%). As mentioned in the Proprietary Funds section above, access fees are used to expand the capacity of the sewer system. During fiscal 2025, the Sewer Fund received $1.7 million in access fees. These collections were offset by $2.0 million in access fees used to fund various capacity improvement projects. Also, unrestricted net position increased $3.1 million (25.5%) mainly due to operating income of $3.5 million in fiscal 2025.

Assets of the Sewer Fund increased $5.1 million (4.9%). Cash and cash equivalents increased $6.2 million (58.7%) while investments decreased by $3.6 million (49.7%). The total change in cash and investments is an increase of $2.7 million (14.9%) which is primarily attributable to the fund's operating income of $3.5 million, as well as $850,887 earned in interest income. These increases to cash and investments are offset by $1.7 million in principal debt payments made during fiscal 2025. Capital assets, both being depreciated and not being depreciated, increased $2.1 million (2.6%).

Sewer Fund liabilities decreased $1.7 million (7.7%), primarily the result of principal payments on the fund's warrants payable based on debt amortization schedules. As of September 30, 2025, the Sewer Fund has $15.8 million in outstanding warrants. These warrants include debt issued to fund capital improvements to the sewer system as well as refundings issued to take advantage of favorable interest rates. The current portion of warrants payable due in 2026 is $1.7 million.

Operating revenues of the Sewer Fund increased $627,466 (4.6%). As discussed in the *Proprietary Funds* section, this change in operating revenue is composed primarily of increases in both sewer service fees and sewer access fees. Sewer service fees are user fees charged to customers based on their water usage. Sewer service fees increased $235,625 (1.9%), which is attributable to unusually dry weather conditions in both years, although the timing and distribution of rainfall varied as described previously. Also, continued growth, both residential with 566 new customers and commercial with 19 new customers, contributed to this increase. Sewer access fees increased $390,600 (30.9%). Sewer access fees are fees charged to customers for new access to the sewer system. These fees can vary greatly from year to year depending on the level of development.

Operating expenses increased $308,963 (2.9%). Major components of this increase include a decrease in employee salaries and benefits of $162,699 (6.3%); an increase in repairs, maintenance, and repair parts of $404,775 (173.4%); a decrease in utilities of $76,232 (8.1%); an increase in professional services of $21,340 (5.0%); and an increase in management fees of $43,164 (1.6%); More information on these changes can be found in the *Proprietary Funds* section.

For more details on the Sewer Fund, see the *Business-type Activities* and *Proprietary Funds* sections of this Management's Discussion and Analysis.

Solid Waste Management Fund (Business-type activity)

The Solid Waste Management Fund (SWMF) accounts for services to collect and dispose of solid waste and recycling materials provided to the City's residents and businesses. The SWMF's assets include heavy equipment, vehicles, and other equipment. The City contracts with a private company for landfill services. The City

has a permit for a construction and demolition landfill which has been closed for a number of years but is still under monitoring.

The SWMF's net position increased $1.4 million (172.5%) in fiscal 2025. This increase is attributable to an increase in net investment in capital assets of $1.5 million (77.5%). This net position category includes asset acquisitions.

Assets of the SWMF increased $1.1 million (25.2%). This large increase is primarily attributable to an increase in capital assets of $1.0 million (45.6%). Asset acquisitions included two trucks and several large solid waste vehicles. Liabilities decreased $961,239 (21.1%) due to two main factors. First, accounts payable decreased $444,264 (78.7%). At fiscal year-end 2024, accounts payable included an invoice for a garbage truck. Second, net pension liability decreased $409,359 (16.3%) due to the differences between expected and actual experience, investment performance, and contributions made to the plan after the measurement date.

Operating revenues of the SWMF increased $376,911 (6.4%). As discussed in the *Proprietary Funds* section, this change in operating revenue is due to an increase in collection fees. Collection fees are user fees charged to customers based on their collection services, both residential and commercial.

Operating expenses decreased $240,165 (3.4%). Major components of this decrease include a decrease in employee salaries and benefits of $487,918 (11.8%); an increase in professional services of $54,763 (6.5%); an increase in minor tools and equipment of $72,071 (46.9%); and an increase in depreciation of $237,303 (49.7%). More information on these changes can be found in the *Proprietary Funds* section.

For more details on the Solid Waste Management Fund, see the *Business-type Activities* and *Proprietary Funds* sections of this Management's Discussion and Analysis.

General Fund Budgetary Highlights

The City of Auburn adopts a biennial budget, consisting of two annual budgets. State law requires adoption of annual budgets. Auburn's management actively uses the budget as a financial management tool, reporting on budget status to the City Council each month. The budget integrates with the financial management system, enabling management at all levels to determine budgetary status on a line-item basis each day. Management constantly reviews the annual budgets in preparation for mid-year or mid-biennium adjustments. Revenue projections and budgeted expenditures are adjusted via Council ordinance to reflect changing conditions.

The fiscal year 2025 *final* General Fund budget projected $160.9 million in revenue and $12.7 million in other financing sources; appropriations were approved for $168.4 million in expenditures and $12.8 million in other financing uses, producing a planned decrease of $7.6 million in the General Fund's fund balance. Actual amounts for revenues ($163.7 million), other financing sources ($6.6 million), expenditures ($155.8 million), and other financing uses ($7.0 million) netted to a larger ending fund balance than expected. The General Fund's fund balance increased by $7.5 million in 2025 from revenues and other sources and expenditures and other uses. Total ending fund balance in the General Fund was $122.2 million.

The *original* revenue projections in the General Fund were $6.5 million (4.2%) under the *final* projections. Budget adjustments resulted from varied growth/decline in revenue sources, with the largest increase found in the licenses and permits

category ($1.5 million or 7.5%). Other significant increases from budget adjustments were seen in lodging taxes ($636,000 or 13.3%), charges for services ($1.1 million or 6.6%), interest ($877,751 or 54.7%) and state shared taxes ($647,155 or 7.8%). Should Auburn experience financial difficulty, alteration of spending can be made because of management's assessment of revenue changes during the year, using tools such as monthly financial reports and real-time department budget to actual reports.

The *final* operating budget for all departments increased $728,060 (0.7%) over the *original* budget. The three largest increases ($307,892, $195,000, and $115,923) were in the amounts appropriated for employee services, environmental services, and inspection services, respectively.

Total actual departmental expenditures in the General Fund were under budget $11.1 million in fiscal 2025. All individual departments kept expenditures under final budget, with the most notable being, public safety, public works, and parks and recreation. More details of these departments are included below.

- The public safety function was under budget $3.8 million. Most of this savings is attributable to vacant positions that were approved and budgeted in both the regular and temporary employee categories for the police and fire departments.
- The public works function was under budget $1.4 million. The majority of these savings are seen in the buildings and grounds accounts. Facility-related activities have been gradually transitioned to the public works department over multiple fiscal years. Previously, these accounts were maintained by each respective department. These accounts are regularly evaluated to ensure budget assumptions remain appropriate going forward. Also, savings in this function is due to vacant positions that were approved and budgeted along with highly variable expenditures such as street maintenance.
- The parks and recreation function was under budget $1.8 million. This function includes a variety of parks and recreation expenditure types, including temporary employees that work leisure activities and parks maintenance. These temporary positions were under budget by $926,503. Due to vacant positions that were approved and budgeted for all divisions, the regular full-time positions were also under budget $191,053. Other items of note are the expenditures for buildings and grounds services and swimming pool services. Additional funds were budgeted in anticipation of opening the Lake Wilmore Park Recreation Center earlier in the fiscal year, but the opening was delayed until April 2025 causing an excess of $272,129.

Non-departmental expenditures were over budget $183,470 primarily due to highly variable expenditures related to downtown parking and legal services.

Capital outlay expenditures were under budget $2.8 million. The General Fund budget includes estimated expenditures for capital projects such as streets and roadway improvements and facilities' improvements. Many of these projects are multi-year, and the budget is for the entire project. Any remaining budget for these projects is typically carried over to the next fiscal year during the year-end or mid-biennium budget process.

Payments to component units was over budget $585,106 due to the annual true-up payment to Auburn City Schools for its appropriation from sales and use taxes collected. The true-up varies from year to year because the appropriation is based on projected sales and use taxes.

CAPITAL ASSET AND DEBT MANAGEMENT

Capital Assets

Capital assets are those assets that have a cost of $5,000 or more ($100,000 for software) and an expected useful life of more than two years. The City records capital assets at historical cost. If the historical cost is unknown, an estimated cost is developed as provided by Generally Accepted Accounting Principles. As of September 30, 2025, the City owned $550.0 million invested in a broad range of capital assets, including land, buildings, park facilities, roads and bridges, wastewater infrastructure, sidewalks, bikeways, vehicles, and other equipment. This amount represents an increase of $44.2 million (8.7%) over last year.

Table 8 lists the largest capital asset additions for fiscal year 2025. Some of these additions were multi-year projects completed in 2025 and reclassified from construction in progress.

Table 8 Largest Capital Asset Additions
Fiscal Year 2025

	Total Cost
Land and buildings	$
Lake Wilmore Park multi-purpose fields	10,182,248
Ann Pearson Park	2,089,509
Easements	1,737,071
Roadway and intersection improvements	
FY24 resurfacing	3,073,502
North Dean/East University Drive intersection improvements	1,566,243
Other improvements	
Softball Complex LED lights	785,600
Wire Road Soccer Complex LED lights	759,450
Vehicles and equipment	
Tiller truck	1,626,134
Total	**21,819,757**

The City has committed, through General Fund funding and potential future borrowings, to continue or complete major construction projects in fiscal years 2026 and 2027. Although the timing and size of these projects could require adjustments to the schedule, the current capital improvements plan (CIP) for the next two years includes the following:

- Traffic and transportation projects;
- Public safety projects, including additions to the training center;
- Parks and recreation projects, including sports field enhancements and a new park;

- Community services projects, including an expansion to an existing community center; and
- Sewer improvement projects.

Note 8 of the narrative notes to the financial statements provides additional detail on capital assets.

Long-term Liabilities

At 2025 fiscal year-end, the City owed $401.7 million in long-term liabilities, of which $19.5 million will mature during fiscal 2026. Long-term liabilities include bonds, warrants, and notes payable, accumulated leave, claims payable, landfill closure liability, OPEB liability, and pension liability. The fiscal 2025 net increase in long-term liabilities, including the current portion, from the previous year was $21.4 million (5.6%).

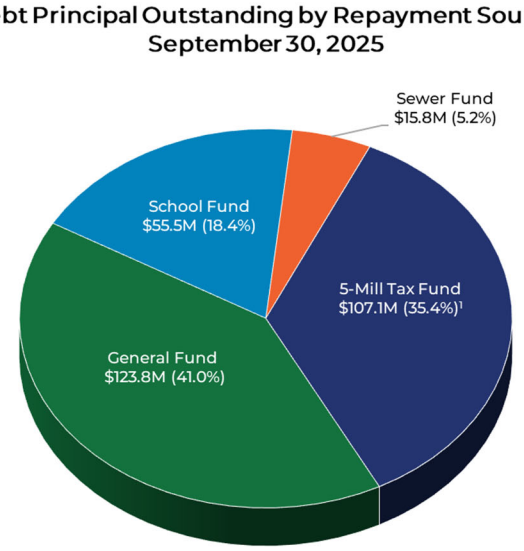
Bonds and warrants payable

Bonds, warrants, and notes payable outstanding on September 30, 2025, totaled $302.2 million. As mentioned in the *Net Position* section, the City issues debt for Auburn City Schools and for projects that result from partnerships with Auburn University or component units of the City. Of the $302.2 million in debt outstanding, $162.6 million is debt issued for assets that belong to Auburn City Schools and $267,110 is debt issued for assets that are owned by the City's Public Park and Recreation Board.

General obligation debt is usually payable from the City's general revenues (the General Fund). However, some long-term debt is payable from legally restricted revenue sources, such as debt issued to provide financing for Auburn City Schools, which is payable from property taxes dedicated for education purposes. In addition, the City levies a property tax, the Special Five Mill Tax, which is legally restricted for repaying debt issued to finance projects approved by the voters. The City also issues general obligation debt for sewer purposes, which is intended to be repaid from the Sewer Fund, and for capital improvements related to development agreements, which is issued with the intent being that a developer will pay the debt service as required by the agreement.

Figure D illustrates the various funding sources for the repayment of the City's long-term debt.

Figure D



[1] *Debt outstanding in the 5-Mill Tax Fund was issued for education purposes.*

At the end of fiscal 2025, the Special Five Mill Tax Fund had long-term debt outstanding of $107.1 million. The City dedicated the resources of this fund to Auburn City Schools in 2015. There were two municipal referendums where voters approved using this revenue source for education purposes. There was one issue in 2015 for a new high school and one issue in 2019 for improvements to existing school facilities, including Cary Woods Elementary and J. F. Drake Middle School. Future debt capacity in this fund will be used for noneducation related projects.

The City also repays debt issued for Auburn City Schools from the Special School Tax Fund, which is a fund that accounts for 16 mills of ad valorem taxes legally restricted for education purposes. The principal amount of currently outstanding school debt is $55.5 million, which will be repaid from these dedicated taxes. The most recent debt issue in this fund was in fiscal 2022. The City issued $10.2 million in general obligation warrants to fully refund the 2012-B general obligation warrants. This refunding allowed the City to take advantage of lower interest rates.

The Sewer Fund (a business-type activity of the City) pays for long-term debt issues with total principal outstanding of $15.8 million at the end of fiscal 2025. Sewer Fund debt is issued to construct and improve the sewer system. Although the City issues general obligation debt, sewer service revenue supports debt payments for any sewer related debt. The most recent debt issue in this fund was in fiscal 2022. The City issued $3.0 million in general obligation warrants to fully refund the 2012-B general obligation warrants. This refunding also allowed the City to take advantage of lower interest rates.

The remaining $123.8 million in outstanding principal will be repaid solely from the General Fund. The last debt issued that is repaid from the General Fund is $40.6 million in general obligation warrants issued in fiscal 2025. The proceeds from this issuance are being used on the construction of the Lake Wilmore Park Recreation Center, construction of the Lake Wilmore Park multi-purpose fields, and

construction of the Boykin Donahue Campus recreation and cultural resource center. Refer to Note 9 of the narrative notes to the financial statements for more detail concerning debt issuances and debt outstanding of the City and its component units.

State law limits the amount of general obligation debt the City can issue to 20 percent of the assessed value of all taxable property within the City's corporate limits. Debt issued for schools, and water and sewer purposes are exempt from the legal debt limit. The City's outstanding debt applicable to this limit is $122.6 million, resulting in a legal debt margin (additional legal debt capacity) of $253.0 million.

An important financial analysis ratio in government is the percentage of total expenditures comprised of debt service (repayment of principal, interest and related fees). In the governmental funds, the ratio for 2025 is 13.5%; the ratio for 2024 was 12.5%.

Bond Ratings

In September 2024, Standard and Poor's (S&P) affirmed the City of Auburn's bond rating as AA+. In their report, S&P cites very strong management, as well as Auburn's "strong economy, with a local stabilizing institutional influence, very strong management with strong financial policies and practices, strong budgetary performance, and very strong liquidity" as factors that were considered in the rating. According to S&P, an AA+ rating indicates a "strong capacity to meet financial commitments."

In addition, the City holds a rating of Aa2 from Moody's Investors Service, also issued in September 2024. The Moody's rating report cited the City's "healthy financial position, marked by strong reserves and liquidity levels and formalized fiscal policies" as among the factors considered in rating the City's credit.

ECONOMIC FACTORS, NEXT YEAR'S BUDGETS AND RATES

The City's strategic goals, which guide management's decision-making processes, are concisely outlined in the City's mission statement:

City of Auburn Mission Statement

The *mission* of the City of Auburn is to provide economical delivery of quality services created and designed in response to the needs of its citizens rather than by habit or tradition. We will achieve this by:

- Encouraging planned and managed growth as a means of developing an attractive built-environment and protecting and conserving our natural resources;
- Creating diverse employment opportunities leading to an increased tax base;
- Providing and maintaining reliable and appropriate infrastructure;
- Providing and promoting quality housing, educational, cultural and recreational opportunities;
- Providing quality public safety services;
- Operating an adequately funded city government in a financially responsible and fiscally sound manner;

- Recruiting and maintaining a highly motivated work force committed to excellence; and
- Facilitating citizen involvement.

The City's robust budgetary processes, proactive financial management efforts, aggressive (yet selective) industrial and commercial recruitment strategies, the presence of Auburn University, a diversified revenue base and the exceptional City public school system, all combine to position Auburn as a strong municipal economy. The City's unemployment rates typically compare favorably with the State and national rates. The most recent data available from the Alabama Department of Labor show that for September 2025, Auburn's unemployment rate (Auburn-Opelika metropolitan) was 2.7%. The State's unemployment rate in September 2025 was 2.8%, while the national rate was 4.4% (US Bureau of Labor Statistics, September 2025).

The Auburn City Council is committed to the development of a diversified economic base, with Auburn University as the cornerstone. The City's Economic Development Department, in partnership with the City's Industrial Development Board (IDB), has achieved an outstanding level of success in this effort, having announced the recruitment of more than fifty-five companies, resulting in the announcement of nearly 9,000 jobs over the last three decades. The location of these companies in Auburn has meant that the City had to acquire and develop four industrial-technology parks. The Auburn Technology Park West is being expanded along Beehive Road by building street and utility infrastructure, bringing needed industrial property online. Those infrastructure improvements are funded using IDB resources and two state grant programs as matching funds. Companies in Auburn continue to invest in the area with 8 existing companies announcing expansions in 2025 and one new company locating to Auburn. In total, the announced investments will add nearly 150 direct jobs to the Auburn economy and have a total capital investment greater than $480.0 million.



The City's Commercial Development Incentive Program (CDIP) has assisted new and redeveloped commercial enterprises in our area. The tangible success of the program has been demonstrated all over the City – an urban Target on College Street, a Publix in the downtown core, Buc-ee's at exit 50, and increased synergy around the mall and on Opelika Road with the addition of Home Goods and Country's BBQ. These projects, among others, are a true testament to the success of

the program as the availability of the CDIP remains a valuable tool in recruiting for commercial growth in Auburn.

Auburn's consistent growth continues for many reasons. One major reason for this growth is the success of Auburn City Schools (ACS), the City's public school system. ACS has received consistently high ratings for the qualifications of its faculty and staff and the achievements of its students, as well as strong local funding levels. The ACS standard of excellence proves a major factor in the City's residential growth and contributes to the City's geographic growth through annexations. In fiscal 2021, a record high of 642 permits were issued for single-family detached homes. During fiscal 2022, the number decreased to 338 and returned to typical levels in fiscal 2023 with 391 permits issued. The number of permits issued in fiscal 2024 increased to 476 and slightly decreased to 449 in fiscal 2025. This is a decrease of 27 permits (5.7%) from the previous fiscal year. Commercial/industrial/institutional building valuation (including new construction and additions/renovations) decreased in fiscal 2025 compared to the activity of 2024 in terms of valuation by $93.4 million or 51.5%. The primary component of this decrease in valuation resulted from the permit for a large data center in fiscal 2024. The City's size has grown from 45.5 square miles in 2001 to 65.7 square miles in 2025. Population growth continues to average over 3% per year. Auburn's population has grown by 30,381 (56.9%) from 53,380 in the 2010 census to 83,761 in 2024 per the U.S. Census Bureau.

The City's staff considered all the factors described above in preparing the biennial budget for fiscal years 2026 and 2027. Various revenue scenarios were developed and analyzed as management developed realistic yet conservative revenue projections. Management's strategy has been to continue to contain operating costs while maintaining high levels of service and investing in capital asset maintenance and replacement. As mentioned in the *Capital Assets* section of this report, the City has several capital projects slated for 2026 and 2027. As 2026 progresses, decisions will be made about the timing of these projects, and any changes will be included in a budget adjustment that will be presented to Council in late summer. In addition, any necessary changes to revenue projections and operating expenditures/expenses will be adjusted at this time. As of the date of this report, staff has already begun planning for the mid-biennium review of the fiscal 2026 and 2027 budget. The focus will be on capital projects, as well as on maintaining high levels of service for the City's programs. As part of the City's budget process, projected revenues and proposed expenditures are input into the long-term forecasting model to determine the effects on fund balances of various scenarios. Use of the long-term forecasting model is helpful for determining the effects of tax or fee increases that may be considered, as well as the need for borrowing, within the context of proposed expenditure scenarios.

The Council has adopted a policy of maintaining the fund balance in the General Fund at not less than 6% of expenditures plus other financing uses, but management's goal is 25%. The City has consistently exceeded this goal; total fund balance in the General Fund on September 30, 2025, was 75.1% of expenditures plus other financing uses compared to 78.2% in 2024. Fund balance includes $4.7 million designated by the Council for use only in the event of natural disaster or significant, unexpected economic downturn. Total fund balance less the designated $4.7 million comprised 72.2% of expenditures and other financing uses. Another useful measure is the comparison of fund balance with total revenues, excluding other financing sources. The General Fund's total fund balance as a percentage of revenues was

74.7% and 74.1% at the end of fiscal 2025 and 2024, respectively, another indication of the stability of fund balance. These large percentages are due to revenues being higher than projected and projects taking longer because of supply chain issues and contractor availability.

The primary government provides wastewater treatment and disposal and solid waste management utility services. As discussed in the *Business-Type Activities* section of this report, the City constantly monitors the need for sewer and solid waste rate changes by studying and evaluating whether existing rates will meet the projected operating and capital needs of each activity in the future. During fiscal 2023, the City worked with a consultant to develop a solid waste rate model for the City's solid waste and recycling program. In June 2025, the City passed an ordinance that increased residential and commercial rates effective October 1, 2025. Curbside collection rates increased from $23.50 to $32.00 and backdoor collection rates increased from $33.50 to $69.50. The next formal rate study for sewer services is expected to occur in fiscal 2027.

The Water Works Board of the City of Auburn (Board), a component unit of the City, provides water services to the citizens of Auburn. During fiscal 2023, the Board hired a rate consultant to complete a revenue sufficiency and access fee study. The study evaluated the Board's ability to meet current and projected operating and capital expenses with existing revenues. In October 2023, the rate study consultant, in conjunction with staff, provided a recommendation of necessary water rate levels to meet revenue requirements through fiscal 2028. In June 2024, the Board adopted a resolution that increased access fees, deposits, fire protection fees, and other miscellaneous fees effective January 1, 2025. Although the study recommended a usage rate adjustment in fiscal 2026, updated cash flow projections indicate that a usage rate increase will not be necessary prior to fiscal 2027. The minimum monthly bill of 3,000 gallons for residential water customers remained constant at $15.75 for fiscal year 2026.

The Board utilizes four sources to provide safe drinking water to the citizens of Auburn: Lake Ogletree, a groundwater production well (AWWB Well #3), a groundwater source well (AWWB Well #4) and purchases from Opelika Water. Additionally, Lake Ogletree is sometimes supplemented with water from the Martin Marietta Quarry.

An expanding populace translates into additional needs for public services and facilities. Auburn citizens enjoy and continue to expect a high quality of life from their City government. In the past, Auburn citizens have demonstrated their willingness to pay for these services and facilities by supporting the Council's decision to increase the sales tax rate as necessary. The last increase was in fiscal 2011 when the Council decided to increase the sales tax rate from 3% to 4%. This public support is attributable, at least in part, to the open government policies of the City Council, as well as the public's confidence that the City's finances are carefully managed, and their knowledge that taxes and license fee increases are imposed infrequently and proposed only after deliberate study and debate. Auburn's management team carefully follows potential revenue changes at the state level, as well. As bills that could potentially affect the City's revenue structure are introduced, staff carefully reviews the bills and actively lobbies, as appropriate. Although there are no future changes to tax rates planned, Auburn's management continues to evaluate and

project the needs of the City and will make recommendations to the City Council, as necessary.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide Auburn's citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances, and to demonstrate the City's accountability for the public assets under its management. For any additional questions or information, please contact the City of Auburn Finance Department, located at 144 Tichenor Avenue, Suite 5, Auburn, Alabama 36830, or by email at webfinance@auburnal.gov. Financial information is also available on the City's website at auburnal.gov/finance/city-information/acfr.

Basic Financial Statements

These statements provide a summary of the financial position of all funds and of the operating results by fund types for the City and its component units. They also serve as an introduction to the more detailed statements and schedules that follow. Separate columns are used for each fund type and for each of the City's discretely presented component units.



AUBURN

CITY OF AUBURN, ALABAMA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Units
ASSETS	$	$	$	$
Current assets:				
Cash and cash equivalents	97,037,778	17,827,513	114,865,291	76,846,212
Investments	-	-	-	6,199,445
Certificates of deposit	10,003,533	1,116,873	11,120,406	11,399,240
Receivables, net	16,676,235	2,574,176	19,250,411	2,405,743
Accrued interest receivable	-	-	-	167,524
Due from component units	22,876,733	394,422	23,271,155	-
Inventories	313,841	107,863	421,704	966,804
Current portion of mortgages and notes receivable	131,232	-	131,232	-
Current portion of leases receivable	-	-	-	685,338
Current portion of notes receivable	-	-	-	914,918
Property tax receivable	-	-	-	13,882,480
Interest receivable	-	-	-	266,195
Due from other governments	-	-	-	24,868,177
Due from primary government	-	-	-	53,456
Other current assets	1,818,004	68,192	1,886,196	148,424
Restricted cash	11,665,341	-	11,665,341	2,466,020
Total current assets	160,522,697	22,089,039	182,611,736	141,269,976
Noncurrent assets:				
Restricted assets				
Cash and cash equivalents	-	-	-	3,728,706
Leases receivable, net of current portion	-	-	-	16,540,431
Mortgages and notes receivable, net of current portion	1,389,034	-	1,389,034	-
Investments	105,984,213	3,634,123	109,618,336	28,106,761
Notes receivable, net of current portion	-	-	-	16,050,405
Advances to other agencies	525,000	-	525,000	-
Property for resale	2,756,647	-	2,756,647	24,265,970
Capital assets not being depreciated	51,250,919	1,488,676	52,739,595	54,252,200
Capital assets net of accumulated depreciation	409,928,587	87,285,419	497,214,006	356,734,764
Total noncurrent assets	571,834,400	92,408,218	664,242,618	499,679,237
Total assets	732,357,097	114,497,257	846,854,354	640,949,213
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount on refunding	833,388	976,313	1,809,701	1,463,126
Pension related	13,748,870	1,181,899	14,930,769	24,679,889
OPEB related	4,301,726	536,925	4,838,651	61,144,400
Total deferred outflows of resources	18,883,984	2,695,137	21,579,121	87,287,415

CITY OF AUBURN, ALABAMA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025
CONTINUED

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
LIABILITIES	$	$	$	$
Current liabilities:				
Liabilities payable from restricted assets:				
Current portion of long-term debt	-	-	-	1,480,000
Accrued interest payable	-	-	-	159,339
Accounts payable and other accrued liabilities	5,605,648	941,622	6,547,270	6,257,559
Due to other governments	-	-	-	52,805
Due to component units	22,294,353	21,309	22,315,662	-
Accrued interest payable	3,434,336	51,254	3,485,590	-
Salaries and benefits payable	1,049,517	168,628	1,218,145	9,443,094
Claims payable	258,638	-	258,638	-
Customer deposits	484,621	783,216	1,267,837	571,903
Other payable	-	-	-	4,004
Unearned revenue	3,355,088	-	3,355,088	259,847
Short term loans payable	-	-	-	678,612
Current portion of long-term debt	17,215,213	1,860,759	19,075,972	8,936,012
Current portion of lease liability	-	-	-	2,666
Current portion of subscriptions liability	-	-	-	113,377
Current portion of accumulated leave	-	-	-	637,190
Current portion of OPEB liability	338,763	44,539	383,302	20,919
Due to primary government	-	-	-	1,007,553
Total current liabilities	54,036,177	3,871,327	57,907,504	29,624,880
Noncurrent liabilities:				
Long-term debt and other liabilities	301,130,851	14,895,780	316,026,631	56,154,523
Net pension liability	52,139,576	3,766,144	55,905,720	100,178,640
Accumulated leave	-	-	-	552,687
OPEB liability	9,194,357	1,108,099	10,302,456	68,813,236
Total noncurrent liabilities	362,464,784	19,770,023	382,234,807	225,699,086
Total liabilities	416,500,961	23,641,350	440,142,311	255,323,966
DEFERRED INFLOWS OF RESOURCES				
Future property tax revenue	-	-	-	13,882,480
Pension related	7,330,841	563,911	7,894,752	17,543,209
Deferred lease revenue	-	-	-	16,209,768
OPEB related	1,642,816	168,811	1,811,627	30,543,722
Total deferred inflows of resources	8,973,657	732,722	9,706,379	78,179,179
NET POSITION				
Net investment in capital assets	322,736,941	73,188,535	395,925,476	365,549,126
Restricted for :				
Capital projects	12,177,465	5,368,983	17,546,448	4,208,946
Debt service	16,270,115	-	16,270,115	2,095,773
Federal and state grants	4,261,264	-	4,261,264	-
Other projects	-	-	-	14,454,590
Special revenues (gas tax and road projects)	117,278	-	117,278	-
Special revenues (education)	78,700,461	-	78,700,461	-
Special revenues (public safety)	925,093	-	925,093	-
Unrestricted (deficit)	(109,422,154)	14,260,804	(95,161,350)	8,425,048
Total net position	325,766,463	92,818,322	418,584,785	394,733,483

CITY OF AUBURN, ALABAMA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total	Component Units
Primary government:	$	$	$	$	$	$	$	$
Governmental activities:								
General government and administration	17,555,323	24,884,883	9,066,843	-	16,396,403	-	16,396,403	
Public works	14,525,640	-	1,519,816	12,255,795	(750,029)	-	(750,029)	
Environmental services	3,023,669	-	-	-	(3,023,669)	-	(3,023,669)	
Public safety	38,531,879	8,675,887	175,370	618,404	(29,062,218)	-	(29,062,218)	
Library	3,250,142	24,527	-	-	(3,225,615)	-	(3,225,615)	
Parks and recreation	13,842,575	1,615,770	95,819	943,472	(11,187,514)	-	(11,187,514)	
Development services	6,945,364	83,949	-	-	(6,861,415)	-	(6,861,415)	
Social and economic development	12,340,962	-	2,479,362	91,761	(9,769,839)	-	(9,769,839)	
Human resources	11,218,607	5,847,659	-	-	(5,370,948)	-	(5,370,948)	
Risk management	320,089	-	-	-	(320,089)	-	(320,089)	
Education (payments to Board of Education)	29,986,974	-	-	-	(29,986,974)	-	(29,986,974)	
Interest on long-term debt	11,083,244	-	-	-	(11,083,244)	-	(11,083,244)	
Total governmental activities	162,624,468	41,132,675	13,337,210	13,909,432	(94,245,151)	-	(94,245,151)	
Business-type activities:								
Sewer Fund	11,304,800	14,342,193	-	2,252,160		5,289,553	5,289,553	
Solid Waste Management Fund	6,840,697	6,255,819	-	-		(584,878)	(584,878)	
Total business-type activities	18,145,497	20,598,012	-	2,252,160		4,704,675	4,704,675	
Total primary government	180,769,965	61,730,687	13,337,210	16,161,592	(94,245,151)	4,704,675	(89,540,476)	
Component units:								
Board of Education	144,151,732	8,745,925	82,134,827	3,372,509				(49,898,471)
Water Works Board	14,922,795	14,513,618	-	3,734,626				3,325,449
Industrial Development Board	5,426,790	1,617,001	-	2,456,200				(1,353,589)
Public Park & Recreation Board	1,134,465	388,879	-	-				(745,586)
Downtown Redevelopment Authority	17,132	-	-	-				(17,132)
Total Component Units	165,652,914	25,265,423	82,134,827	9,563,335				(48,689,329)
General revenues								
Taxes:								
Sales taxes					69,203,852	-	69,203,852	13,218,739
Occupational license fees					20,333,012	-	20,333,012	-
Property taxes					51,499,544	-	51,499,544	20,640,850
Motor fuel taxes					643,945	-	643,945	-
Lodging taxes					5,156,554	-	5,156,554	-
Rental and leasing taxes					974,552	-	974,552	-
Cigarette taxes					37,000	-	37,000	-
Alcoholic beverage taxes					394,255	-	394,255	665,334
Other taxes					-	-	-	57,382
Appropriations from the City of Auburn					-	-	-	46,307,078
Capital contribution from Auburn University					-	-	-	361,080
Grants and contributions not restricted					-	-	-	78,958
Interest and investment earnings					7,134,666	729,221	7,863,887	5,254,704
Net increase (decrease) in fair value of investments					1,842,164	131,623	1,973,787	-
Lease interest received					-	-	-	1,025,416
Gain on disposal of assets					-	46,745	46,745	864,114
Miscellaneous					977,848	27,540	1,005,388	2,253,979
Transfers					(1,910,420)	1,910,420	-	-
Total general revenues and transfers					156,286,972	2,845,549	159,132,521	90,727,634
Change in net position					62,041,821	7,550,224	69,592,045	42,038,305
Net position - beginning					266,292,811	85,800,945	352,093,756	353,666,815
Adjustment for change in accounting principle					(2,787,352)	(532,847)	(3,320,199)	(1,278,237)
Error correction					219,183	-	219,183	306,600
Net position - beginning, as restated					263,724,642	85,268,098	348,992,740	352,695,178
Net position - ending					325,766,463	92,818,322	418,584,785	394,733,483

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

CITY OF AUBURN, ALABAMA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	General Fund	Special School Tax Fund	2024 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
	$	$	$	$	$
ASSETS					
Cash and cash equivalents	44,465,903	31,571,911	4,901,677	16,098,287	97,037,778
Certificates of deposit	7,775,927	2,227,607	-	-	10,003,534
Investments	57,608,755	44,358,491	-	4,016,967	105,984,213
Receivables, net	15,439,501	546,183	38,005	652,545	16,676,234
Due from other funds	86,173	-	-	14,559	100,732
Due from component units	22,876,732	-	-	-	22,876,732
Inventories	313,841	-	-	-	313,841
Prepaid items	1,401,459	-	-	-	1,401,459
Mortgages receivable	-	-	-	1,520,267	1,520,267
Advances to other agencies	525,000	-	-	-	525,000
Restricted cash	478,407	-	10,996,056	190,878	11,665,341
Property for resale	2,756,647	-	-	-	2,756,647
Total assets	153,728,345	78,704,192	15,935,738	22,493,503	270,861,778
LIABILITIES					
Accounts payable and accrued liabilities	4,956,707	3,731	1,560,456	378,938	6,899,832
Due to component units	22,294,353	-	-	-	22,294,353
Customer deposits	239,955	-	-	-	239,955
Claims payable	303,675	-	-	-	303,675
Due to other funds	-	-	-	100,732	100,732
Unearned revenue	3,709,678	-	-	1,600,373	5,310,051
Total liabilities	31,504,368	3,731	1,560,456	2,080,043	35,148,598
FUND BALANCES					
Nonspendable					
Inventories	313,841	-	-	-	313,841
Prepaid items	1,401,459	-	-	-	1,401,459
Advances	525,000	-	-	-	525,000
Property for resale	2,756,647	-	-	-	2,756,647
Restricted					
Roads, bridges and streets	-	-	-	117,278	117,278
Law enforcement	478,407	-	-	946,315	1,424,722
Education	-	78,700,461	-	-	78,700,461
General grants	-	-	-	565,500	565,500
Social and economic development	-	-	-	2,400,318	2,400,318
Capital projects	-	-	14,375,282	113,934	14,489,216
Debt service	-	-	-	16,270,115	16,270,115
Committed					
Investments	992,283	-	-	-	992,283
Assigned					
General	21,767,193	-	-	-	21,767,193
Unassigned	93,989,147	-	-	-	93,989,147
Total fund balances	122,223,977	78,700,461	14,375,282	20,413,460	235,713,180
Total liabilities and fund balances	153,728,345	78,704,192	15,935,738	22,493,503	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	461,179,506
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the current period.	(370,108,433)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,954,963
Prepaid items accounted for using the purchases method are not reported in the funds.	416,545
Accrued revenues and expenses that do not meet recognition criteria under the modified accrual basis of accounting are not recorded in the governmental funds.	(3,389,298)
Net position of governmental activities	325,766,463

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

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CITY OF AUBURN, ALABAMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	General Fund	Special School Tax Fund	2024 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
	$	$	$	$	$
Revenues					
Sales and use taxes	69,203,852	-	-	-	69,203,852
Occupational license fees	20,333,012	-	-	-	20,333,012
Motor fuel taxes	1,271,200	-	-	-	1,271,200
Lodging taxes	5,156,554	-	-	-	5,156,554
Rental and leasing taxes	974,552	-	-	-	974,552
Other taxes	431,255	-	-	-	431,255
Licenses and permits	21,894,342	-	-	-	21,894,342
General property taxes	10,390,649	31,806,406	-	9,302,488	51,499,543
Charges for services	18,064,779	-	-	-	18,064,779
Fines and forfeitures	1,003,164	-	-	147,942	1,151,106
State shared taxes	9,072,338	-	-	892,561	9,964,899
Contributions from the public	452,815	-	-	41,605	494,420
Grants	-	-	-	3,946,315	3,946,315
Program income	-	-	-	184,835	184,835
Interest	4,491,584	2,912,320	809,350	763,573	8,976,827
Miscellaneous	977,848	-	-	1,616	979,464
Total revenues	163,717,944	34,718,726	809,350	15,280,935	214,526,955
Expenditures					
General government and administration	8,197,395	-	-	15,222	8,212,617
Public works	6,387,602	-	-	-	6,387,602
Environmental services	2,227,680	-	-	-	2,227,680
Public safety	34,016,532	-	-	63,576	34,080,108
Library	3,016,424	-	-	-	3,016,424
Parks and recreation	9,787,257	-	-	84,319	9,871,576
Development services	6,289,897	-	-	-	6,289,897
Social and economic development	5,475,233	-	-	2,231,308	7,706,541
Human resources	11,086,604	-	-	-	11,086,604
Risk management	1,358,463	-	-	-	1,358,463
Total departmental	87,843,087	-	-	2,394,425	90,237,512
Non-departmental	4,992,740	1,056,041	-	308,042	6,356,823
Debt service					
Administrative charges	1,911	4,118	338,242	825	345,096
Interest	5,428,588	1,750,500	-	4,647,396	11,826,484
Principal retirement	6,749,707	6,608,192	-	2,201,000	15,558,899
Capital outlay	24,249,953	-	20,157,849	1,673,345	46,081,147
Intergovernmental	2,476,914	-	-	-	2,476,914
Payments to component units	24,043,476	7,663,416	164,880	-	31,871,772
Total expenditures	155,786,376	17,082,267	20,660,971	11,225,033	204,754,647
Excess (deficiency) of revenues over expenditures	7,931,568	17,636,459	(19,851,621)	4,055,902	9,772,308
Other financing sources (uses)					
Debt issuance	-	-	40,590,000	-	40,590,000
Premium on debt issued	-	-	5,351,622	-	5,351,622
Subscriptions	5,206,750	-	-	-	5,206,750
Sale of surplus assets	154,054	-	-	2,925	156,979
Transfers in	1,261,938	-	5,000,000	394,458	6,656,396
Transfers out	(7,021,750)	-	(19,920)	(1,525,146)	(8,566,816)
Total other financing sources (uses)	(399,008)	-	50,921,702	(1,127,763)	49,394,931
Net changes in fund balances	7,532,560	17,636,459	31,070,081	2,928,139	59,167,239
Fund balances, beginning of year, as previously presented	114,160,634	61,064,002	(16,694,799)	17,485,321	176,015,158
Error correction	530,783	-	-	-	530,783
Fund balances, beginning of year, as restated	114,691,417	61,064,002	(16,694,799)	17,485,321	176,545,941
Fund balances, end of year	122,223,977	78,700,461	14,375,282	20,413,460	235,713,180

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

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CITY OF AUBURN, ALABAMA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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

Net change in fund balances - total governmental funds	$	59,167,239
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and amortization expense in the current period.		30,189,099
The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) net position.		10,832,239
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of prepaid bond issue insurance, premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(35,200,877)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(2,760,515)
Revenues previously recorded as unearned revenue in governmental funds that were recognized in prior years in the statement of activities, but in the current year in governmental funds.		(185,364)
Change in net position - statement of activities	$	62,041,821

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

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CITY OF AUBURN, ALABAMA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
PRESENTED BY LEGAL LEVEL OF BUDGETARY CONTROL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Budget			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues	$	$	$	$
Sales and use taxes	68,360,000	70,050,000	69,203,852	(846,148)
Occupational license fees	19,306,000	19,306,000	20,333,012	1,027,012
Motor fuel taxes	1,260,000	1,260,000	1,271,200	11,200
Lodging taxes	4,800,000	5,436,000	5,156,554	(279,446)
Rental and leasing taxes	990,000	990,000	974,552	(15,448)
Other taxes	440,900	434,000	431,255	(2,745)
Licenses and permits	20,019,160	21,511,800	21,894,342	382,542
General property taxes	10,193,000	10,410,000	10,390,649	(19,351)
Charges for services	16,658,376	17,755,477	18,064,779	309,302
Fines and forfeitures	900,000	1,065,500	1,003,164	(62,336)
State shared taxes	8,297,500	8,944,655	9,072,338	127,683
Contributions from the public	289,364	368,811	452,815	84,004
Interest	1,606,022	2,483,773	4,491,584	2,007,811
Miscellaneous	1,285,000	879,149	977,848	98,699
Total revenues	154,405,322	160,895,165	163,717,944	2,822,779
Expenditures				
City Council	297,639	308,639	289,666	(18,973)
Office of City Manager	1,531,501	1,531,501	1,463,989	(67,512)
Judicial	1,278,544	1,266,044	1,239,411	(26,633)
Information technology	3,366,922	3,422,508	2,902,043	(520,465)
Finance	2,198,454	2,198,454	2,058,737	(139,717)
Public services administration	256,790	256,790	243,549	(13,241)
Economic development	5,283,722	5,308,722	4,749,956	(558,766)
Development services	453,968	453,968	411,764	(42,204)
Planning services	1,308,045	1,063,045	854,691	(208,354)
Inspection services	1,936,015	2,051,938	1,660,454	(391,484)
Community services	825,739	825,739	725,277	(100,462)
Engineering services	3,858,404	3,897,870	3,362,988	(534,882)
Employee services	12,475,077	12,782,969	12,445,067	(337,902)
Public safety	37,675,733	37,782,439	34,016,532	(3,765,907)
Public works	7,746,598	7,746,598	6,387,602	(1,358,996)
Environmental services	2,717,927	2,912,927	2,227,680	(685,247)
Library	3,501,851	3,555,838	3,016,424	(539,414)
Parks and recreation	11,544,153	11,619,153	9,787,257	(1,831,896)
Total departmental	98,257,082	98,985,142	87,843,087	(11,142,055)
Non-departmental	3,159,790	4,809,270	4,992,740	183,470
Debt service:				
Administrative charges	3,000	3,000	1,911	(1,089)
Interest	5,361,803	5,919,916	5,428,588	(491,328)
Principal retirement	4,195,025	5,660,025	6,749,707	1,089,682
Capital outlay	30,807,119	27,062,269	24,249,953	(2,812,316)
Intergovernmental	2,224,790	2,548,980	2,476,914	(72,066)
Payments to component units	22,930,245	23,458,370	24,043,476	585,106
Total expenditures	166,938,854	168,446,972	155,786,376	(12,660,596)
Excess (deficiency) of revenues over expenditures	(12,533,532)	(7,551,807)	7,931,568	15,483,375
Other financing sources (uses)				
Leases (as lessee)	45,000	45,000	-	(45,000)
Subscriptions	350,000	5,500,000	5,206,750	(293,250)
Sale of surplus assets	50,000	122,736	154,054	31,318
Transfers in	4,575,750	7,015,250	1,261,938	(5,753,312)
Transfers out	(5,550,000)	(12,755,000)	(7,021,750)	5,733,250
Total other financing sources (uses)	(529,250)	(72,014)	(399,008)	(326,994)
Net changes in fund balances	(13,062,782)	(7,623,821)	7,532,560	15,156,381
Fund balances, beginning of year	114,160,634	114,160,634	114,160,634	-
Error correction	-	-	530,783	530,783
Fund balances, beginning, as restated	114,160,634	114,160,634	114,691,417	530,783
Fund balances, end of year	101,097,852	106,536,813	122,223,977	15,687,164

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

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CITY OF AUBURN, ALABAMA
SPECIAL SCHOOL TAX SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Budget			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues	$	$	$	$
General property taxes	31,395,000	31,719,000	31,806,406	87,406
Interest	1,000,000	1,800,000	2,912,320	1,112,320
Total revenues	32,395,000	33,519,000	34,718,726	1,199,726
Expenditures				
Non-departmental	1,119,450	1,044,340	1,056,041	11,701
Debt service				
Administrative charges	1,500	3,500	4,118	618
Interest	1,767,134	1,767,134	1,750,500	(16,634)
Principal retirement	6,608,192	6,608,192	6,608,192	-
Payments to component units	7,663,416	7,663,416	7,663,416	-
Total expenditures	17,159,692	17,086,582	17,082,267	(4,315)
Excess (deficiency) of revenues over expenditures	15,235,308	16,432,418	17,636,459	1,204,041
Net changes in fund balances	15,235,308	16,432,418	17,636,459	1,204,041
Fund balances, beginning of year	61,064,002	61,064,002	61,064,002	-
Fund balances, end of year	76,299,310	77,496,420	78,700,461	1,204,041

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

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CITY OF AUBURN, ALABAMA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2025

	Major Funds		
	Sewer Fund	Solid Waste Management Fund	Total
ASSETS	$	$	$
Current assets			
Cash and cash equivalents	16,901,949	925,564	17,827,513
Certificates of deposit	1,116,873	-	1,116,873
Receivables, net	1,690,603	883,573	2,574,176
Due from component units	307,552	86,870	394,422
Inventories	64,149	43,714	107,863
Other current assets	32,674	35,518	68,192
Total current assets	20,113,800	1,975,239	22,089,039
Noncurrent assets			
Investments	3,634,123	-	3,634,123
Capital assets not being depreciated	1,488,676	-	1,488,676
Capital assets net of accumulated depreciation	83,945,380	3,340,039	87,285,419
Total noncurrent assets	89,068,179	3,340,039	92,408,218
Total assets	109,181,979	5,315,278	114,497,257
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	976,313	-	976,313
Pension related	558,783	623,116	1,181,899
OPEB related	243,111	293,814	536,925
Total deferred outflows of resources	1,778,207	916,930	2,695,137
LIABILITIES			
Current liabilities			
Accounts payable	821,307	120,315	941,622
Salaries and benefits payable	54,980	113,648	168,628
Due to component units	18,230	3,079	21,309
Accrued interest payable	51,254	-	51,254
Customer deposits	555,767	227,449	783,216
Current portion of long-term debt	1,767,821	92,938	1,860,759
Current portion of OPEB liability	19,570	24,969	44,539
Total current liabilities	3,288,929	582,398	3,871,327
Noncurrent liabilities			
Long-term debt and other liabilities	14,570,290	325,490	14,895,780
Net pension liability	1,665,174	2,100,970	3,766,144
OPEB liability	515,584	592,515	1,108,099
Total noncurrent liabilities	16,751,048	3,018,975	19,770,023
Total liabilities	20,039,977	3,601,373	23,641,350
DEFERRED INFLOWS OF RESOURCES			
Pension related	255,447	308,464	563,911
OPEB related	59,193	109,618	168,811
Total deferred inflows of resources	314,640	418,082	732,722
NET POSITION			
Net investment in capital assets	69,848,496	3,340,039	73,188,535
Restricted for capital projects	5,368,983	-	5,368,983
Unrestricted	15,388,090	(1,127,286)	14,260,804
Total net position	90,605,569	2,212,753	92,818,322

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

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CITY OF AUBURN, ALABAMA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Major Funds		
	Sewer Fund	Solid Waste Management Fund	Total
Operating revenues	$	$	$
Charges for services	14,342,193	6,255,819	20,598,012
Miscellaneous	23,889	3,652	27,541
Total operating revenues	14,366,082	6,259,471	20,625,553
Operating expenses			
Salaries and wages	1,807,566	2,698,705	4,506,271
Employee benefits	612,698	948,725	1,561,423
Repairs and maintenance	321,846	59,007	380,853
Utilities	861,487	16,942	878,429
Professional services	447,121	903,379	1,350,500
Rentals and leasing	141,285	-	141,285
Insurance	52,258	53,243	105,501
Office supplies	34,672	5,763	40,435
Fuels and lubricants	58,045	337,798	395,843
Agricultural and chemical supplies	23,605	2,438	26,043
Minor equipment and tools	64,519	225,847	290,366
Repair parts and materials	316,373	516,867	833,240
Clothing and linens	36,438	9,951	46,389
Management fees	2,702,044	334,000	3,036,044
Depreciation/amortization	3,401,626	715,161	4,116,787
Travel and training	14,530	12,409	26,939
Miscellaneous	4,936	464	5,400
Total operating expenses	10,901,049	6,840,699	17,741,748
Operating income (loss)	3,465,033	(581,228)	2,883,805
Nonoperating revenues (expenses)			
Interest	850,887	9,957	860,844
Interest and fiscal charges	(403,750)	-	(403,750)
Gain on disposal of capital assets	40,560	6,185	46,745
Total nonoperating revenues (expenses)	487,697	16,142	503,839
Income (loss) before transfers and capital contributions	3,952,730	(565,086)	3,387,644
Transfers	(55,491)	1,965,911	1,910,420
Capital contributions - developers	2,252,160	-	2,252,160
Change in net position	6,149,399	1,400,825	7,550,224
Net position - beginning	84,624,361	1,176,584	85,800,945
Adjustment for change in accounting principle	(168,191)	(364,656)	(532,847)
Net position - beginning, as restated	84,456,170	811,928	85,268,098
Net position - ending	90,605,569	2,212,753	92,818,322

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

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CITY OF AUBURN, ALABAMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Major Funds		
	Sewer Fund	Solid Waste Management Fund	Total
	$	$	$
Cash flows from operating activities			
Cash collected from customers	14,139,959	5,999,883	20,139,842
Other cash collected	23,889	3,652	27,541
Customer deposits collected	(54,778)	(54,988)	(109,766)
Payments to suppliers for goods and services	(5,225,417)	(3,480,874)	(8,706,291)
Payments to employees for services	(2,218,721)	(2,936,702)	(5,155,423)
Net cash provided (consumed) by operating activities (A)	6,664,932	(469,029)	6,195,903
Cash flows from noncapital financing activities			
Transfers in	839	2,020,910	2,021,749
Transfers out	(76,250)	(55,000)	(131,250)
Net cash provided (consumed) by noncapital financing activities	(75,411)	1,965,910	1,890,499
Cash flows from capital and related financing activities			
Principal repayments on borrowing	(1,685,700)	-	(1,685,700)
Proceeds from sale of assets	45,810	6,185	51,995
Acquisition and construction of capital assets	(2,751,360)	(1,761,399)	(4,512,759)
Interest and fiscal fees paid	(326,179)	-	(326,179)
Net cash provided (consumed) by capital and related financing activities	(4,717,429)	(1,755,214)	(6,472,643)
Cash flows from investing activities			
Interest on investments	788,492	9,957	798,449
Sale of investments	3,588,414	-	3,588,414
Net cash provided (consumed) by investing activities	4,376,906	9,957	4,386,863
Net increase (decrease) in cash	6,248,998	(248,376)	6,000,622
Cash and cash equivalents, beginning of year	10,652,951	1,173,940	11,826,891
Cash and cash equivalents, end of year	16,901,949	925,564	17,827,513
Reconciliation of operating income (loss) to net cash provided (consumed) by operating activities (A):			
Operating income (loss)	3,465,033	(581,228)	2,883,805
Add: Depreciation	3,401,626	715,161	4,116,787
Increase in accrued leave	47,377	-	47,377
Decrease in prepaid items	8,806	1,392	10,198
Increase in OPEB Liability	2,669	3,405	6,074
Increase in amounts due to component units	-	1,856	1,856
Decrease in amounts due from component units	-	1,783	1,783
Decrease in deferred pension contributions	163,020	202,940	365,960
Increase in pension related deferred inflows	255,447	308,464	563,911
Decrease in OPEB related deferred outflows	117,554	149,984	267,538
Deduct: Decrease in amounts due to component units	(51,206)	-	(51,206)
Decrease in customer deposits	(54,779)	(54,988)	(109,767)
Increase in amounts due from component units	(87,449)	(24,528)	(111,977)
Increase in revenues receivable	(114,785)	(233,190)	(347,975)
Decrease in accounts payable	(70,089)	(434,072)	(504,161)
Decrease in accrued leave	-	(33,748)	(33,748)
Increase in prepaids/inventory	(28,095)	(17,579)	(45,674)
Decrease in pension related liabilities	(339,000)	(409,359)	(748,359)
Decrease in OPEB related liabilities	(26,908)	(34,333)	(61,241)
Decrease in OPEB related deferred inflows	(24,289)	(30,989)	(55,278)
Net cash provided (consumed) by operating activities	6,664,932	(469,029)	6,195,903
Noncash transactions:			
Capital accounts payable and retainage payable related to capital assets	569,818	-	569,818
Estimated cost of sewer lines installed by and contributed to the City by developers	2,252,160	-	2,252,160

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

CITY OF AUBURN, ALABAMA
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2025

	Youth Athletic Associations' Private-purpose Trust Fund
	$
ASSETS	
Current assets:	
Cash and cash equivalents	1,030,627
Total assets	1,030,627
NET POSITION	
Restricted for:	
Auburn Dixie Baseball/Softball Association	176,744
Auburn Soccer Organization	740,962
Auburn Youth Football	68,739
Auburn Community Tennis Association	17,622
Auburn Cemetery Trust	26,560
Total net position	1,030,627

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

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CITY OF AUBURN, ALABAMA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Youth Athletic Associations' Private-purpose Trust Fund
ADDITIONS	$
Program revenues:	
Baseball/Softball	144,901
Soccer	198,523
Football	71,719
Tennis	4,596
Total program revenues	419,739
Investment earnings:	
Baseball/Softball interest	1,871
Soccer interest	7,894
Football interest	548
Tennis interest	20
Cemetery Trust interest	369
Total investment earnings	10,702
Total additions	430,441
DEDUCTIONS	
Program expenses:	
Baseball/Softball	135,493
Soccer	71,978
Football	58,258
Tennis	5,255
Total deductions	270,984
Change in net position	159,457
Net position - beginning	871,170
Net position - ending	1,030,627

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

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CITY OF AUBURN, ALABAMA
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Major Component Units				
	Board of Education	Water Works Board	Industrial Development Board	Nonmajor Component Units	Total
ASSETS	$	$	$	$	$
Current assets:					
Cash and cash equivalents	64,841,214	10,189,358	1,757,887	57,753	76,846,212
Investments	6,199,445	-	-	-	6,199,445
Certificates of deposit	-	5,561,396	5,837,844	-	11,399,240
Receivables, net	9,418	1,864,014	10,861	408,975	2,293,268
Accrued interest receivable	-	-	167,524	-	167,524
Grant receivable	-	-	112,475	-	112,475
Inventories	339,102	627,702	-	-	966,804
Current portion of notes receivable	-	-	857,111	57,807	914,918
Current portion of net investment in capital leases	-	-	685,338	-	685,338
Property tax receivable	13,882,480	-	-	-	13,882,480
Interest receivable	242,804	23,391	-	-	266,195
Due from other government	24,868,177	-	-	-	24,868,177
Due from primary government	-	53,456	-	-	53,456
Other current assets	-	108,657	34,478	5,289	148,424
Restricted cash	-	-	2,466,020	-	2,466,020
Total current assets	110,382,640	18,427,974	11,929,538	529,824	141,269,976
Noncurrent assets					
Restricted assets					
Cash and cash equivalents	-	3,728,706	-	-	3,728,706
Leases receivable, net of current portion	-	-	16,540,431	-	16,540,431
Investments	28,106,761	-	-	-	28,106,761
Notes receivable, net of current portion	-	-	15,115,929	934,476	16,050,405
Property for resale	-	-	24,265,970	-	24,265,970
Capital assets not being depreciated	44,646,289	2,078,787	7,527,124	-	54,252,200
Capital assets, net of accumulated depreciation	238,512,343	87,458,089	27,813,345	2,950,987	356,734,764
Total noncurrent assets	311,265,393	93,265,582	91,262,799	3,885,463	499,679,237
Total assets	421,648,033	111,693,556	103,192,337	4,415,287	640,949,213
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts on refunding, net	-	1,463,126	-	-	1,463,126
OPEB related	60,923,317	187,115	-	33,968	61,144,400
Pension related	24,127,235	474,843	-	77,811	24,679,889
Total deferred outflows of resources	85,050,552	2,125,084	-	111,779	87,287,415

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

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CITY OF AUBURN, ALABAMA
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2025
CONTINUED

	Major Component Units				
	Board of Education	Water Works Board	Industrial Development Board	Nonmajor Component Units	Total
LIABILITIES	$	$	$	$	$
Current liabilities:					
Liabilities payable from restricted assets:					
Current portion of long-term debt	-	1,480,000	-	-	1,480,000
Accrued interest payable	-	73,912	85,427	-	159,339
Accounts payable and other accrued liabilities	3,361,963	1,266,625	1,466,620	162,351	6,257,559
Due to other governments	52,805	-	-	-	52,805
Salaries and benefits payable	9,370,468	72,626	-	-	9,443,094
Customer deposits	-	561,903	10,000	-	571,903
Other payable	4,004	-	-	-	4,004
Unearned revenue	230,048	-	29,799	-	259,847
Short term loans payable	-	-	678,612	-	678,612
Current portion of notes payable	-	-	8,878,205	57,807	8,936,012
Current portion of lease liability	2,666	-	-	-	2,666
Current portion of subscriptions liability	113,377	-	-	-	113,377
Current portion of accumulated leave	565,182	72,008	-	-	637,190
Current portion of postemployment benefits payable	-	18,220	-	2,699	20,919
Due to primary government	-	1,007,553	-	-	1,007,553
Total current liabilities	13,700,513	4,552,847	11,148,663	222,857	29,624,880
Noncurrent liabilities:					
Long-term debt and other liabilities	-	28,994,383	25,785,623	934,476	55,714,482
Lease liability	4,357	-	-	-	4,357
Subscriptions liability	435,684	-	-	-	435,684
Accumulated leave	552,687	-	-	-	552,687
OPEB liability	68,277,155	471,254	-	64,827	68,813,236
Net pension liability	99,523,000	431,358	-	224,282	100,178,640
Total noncurrent liabilities	168,792,883	29,896,995	25,785,623	1,223,585	225,699,086
Total liabilities	182,493,396	34,449,842	36,934,286	1,446,442	255,323,966
DEFERRED INFLOWS OF RESOURCES					
Future property tax revenue	13,882,480	-	-	-	13,882,480
OPEB related	30,490,318	40,143	-	13,261	30,543,722
Deferred lease revenue	-	-	16,209,768	-	16,209,768
Pension related	17,082,000	432,290	-	28,919	17,543,209
Total deferred inflows of resources	61,454,798	472,433	16,209,768	42,180	78,179,179
NET POSITION					
Net investment in capital assets	282,602,548	60,767,173	19,228,418	2,950,987	365,549,126
Restricted for:					
Capital projects	480,240	3,728,706	-	-	4,208,946
Debt service	-	-	2,095,773	-	2,095,773
Other projects	14,454,590	-	-	-	14,454,590
Unrestricted	(34,786,987)	14,400,486	28,724,092	87,457	8,425,048
Total net position	262,750,391	78,896,365	50,048,283	3,038,444	394,733,483

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CITY OF AUBURN, ALABAMA
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
	$	$	$	$	$	$	$
Governmental activities:							
Auburn Board of Education							
Functions/Programs							
Instruction	81,815,474	1,703,461	50,976,312	3,291,902	(25,843,799)	-	(25,843,799)
Instructional support	27,969,058	994,705	12,859,295	-	(14,115,058)	-	(14,115,058)
Operation and maintenance	14,441,740	125,864	10,198,493	80,607	(4,036,776)	-	(4,036,776)
Auxiliary services							
Student transportation services	7,643,027	53,440	5,121,516	-	(2,468,071)	-	(2,468,071)
Food services	6,471,042	4,904,098	633,885	-	(933,059)	-	(933,059)
General administrative services	4,120,692	21,600	1,744,156	-	(2,354,936)	-	(2,354,936)
Other	1,679,983	942,757	516,238	-	(220,988)	-	(220,988)
Interest and fiscal charges	10,716	-	84,932	-	74,216	-	74,216
Total governmental activities	144,151,732	8,745,925	82,134,827	3,372,509	(49,898,471)	-	(49,898,471)
Business-type activities:							
Water Works Board	14,922,795	14,513,618	-	3,734,626	-	3,325,449	3,325,449
Industrial Development Board	5,426,790	1,617,001	-	2,456,200	-	(1,353,589)	(1,353,589)
Public Park & Recreation Board	1,134,465	388,879	-	-	-	(745,586)	(745,586)
Downtown Redevelopment Authority	17,132	-	-	-	-	(17,132)	(17,132)
Total business-type activites	21,501,182	16,519,498	-	6,190,826	-	1,209,142	1,209,142
Total component units	165,652,914	25,265,423	82,134,827	9,563,335	(49,898,471)	1,209,142	(48,689,329)
General revenues:							
Taxes:							
Sales taxes					13,218,739	-	13,218,739
Property taxes					20,640,850	-	20,640,850
Alcoholic beverage taxes					665,334	-	665,334
Other taxes					57,382	-	57,382
Unrestricted appropriations from the City of Auburn					44,587,160	1,719,918	46,307,078
Capital contribution from Auburn University					-	361,080	361,080
Grants and contributions not restricted					1,458	77,500	78,958
Interest and investment earnings					3,340,446	1,914,258	5,254,704
Lease interest received					-	1,025,416	1,025,416
Gain (loss) on disposal of assets					864,114	-	864,114
Miscellaneous					1,555,898	698,081	2,253,979
Total general revenues					84,931,381	5,796,253	90,727,634
Change in net position					35,032,910	7,005,395	42,038,305
Net position - beginning					228,793,700	124,873,115	353,666,815
Adjustment for change in accounting principle					(1,076,219)	(202,018)	(1,278,237)
Error correction					-	306,600	306,600
Net position - beginning, as restated					227,717,481	124,977,697	352,695,178
Net position - ending					262,750,391	131,983,092	394,733,483

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

CITY OF AUBURN, ALABAMA
DISCRETELY PRESENTED BUSINESS-TYPE COMPONENT UNITS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Major			
	Water Works Board	Industrial Development Board	Nonmajor	Total
	$	$	$	$
Operating revenues				
Lease revenue	-	1,278,518	-	1,278,518
Short term and other lease payments	-	254,603	-	254,603
Non-lease component revenue	-	83,880	-	83,880
Water sales and service	14,513,618	-	-	14,513,618
Tennis center revenue	-	-	388,879	388,879
Miscellaneous	301,067	284,575	112,439	698,081
Total operating revenues	14,814,685	1,901,576	501,318	17,217,579
Operating expenses				
Water treatment and pumping expense	4,254,035	-	-	4,254,035
Water distribution expense	2,375,613	-	-	2,375,613
Meter reading expense	836,712	-	-	836,712
Operations administration expense	661,005	-	-	661,005
Utility billing office expense	1,563,111	-	-	1,563,111
General operations expense	1,077,553	-	-	1,077,553
Salaries and wages	-	-	361,707	361,707
Contract services	-	34,430	-	34,430
Employee benefits	-	-	118,222	118,222
Repairs and maintenance	-	512,450	35,540	547,990
Advertising	-	113,543	-	113,543
Utilities	-	179,329	150,674	330,003
Rentals and leasing	-	-	1,463	1,463
Insurance	-	-	9,871	9,871
Minor equipment and tools	-	-	14,357	14,357
Professional services	-	249,359	89,841	339,200
Office supplies	-	155,243	911	156,154
Agricultural and chemical supplies	-	-	2,445	2,445
Depreciation/amortization	3,199,202	916,386	345,278	4,460,866
Industrial recruitment	-	485,725	-	485,725
Industrial incentives granted	-	137,109	-	137,109
Travel and training	-	11,083	4,156	15,239
Special events	-	21,291	-	21,291
Workforce development	-	116,491	-	116,491
Miscellaneous	-	29,071	-	29,071
Total operating expenses	13,967,231	2,961,510	1,134,465	18,063,206
Operating income (loss)	847,454	(1,059,934)	(633,147)	(845,627)
Non-operating revenues (expenses)				
Interest and investment earnings	685,965	1,211,001	17,292	1,914,258
Lease interest received	-	1,025,416	-	1,025,416
Grant Revenue	-	-	77,500	77,500
Appropriations from the City of Auburn	-	1,125,000	594,918	1,719,918
Amortization	(89,532)	-	-	(89,532)
Interest and fiscal charges	(803,270)	(1,990,567)	(17,132)	(2,810,969)
Gain/(loss) on disposal of assets	(62,762)	(474,713)	-	(537,475)
Total non-operating revenues (expenses)	(269,599)	896,137	672,578	1,299,116
Income (loss) before capital contributions	577,855	(163,797)	39,431	453,489
Capital contributions				
From other governments	164,880	2,456,200	-	2,621,080
From Auburn University	-	-	361,080	361,080
From developers	2,353,546	-	-	2,353,546
From access fees	1,216,200	-	-	1,216,200
Total capital contributions	3,734,626	2,456,200	361,080	6,551,906
Change in net position	4,312,481	2,292,403	400,511	7,005,395
Net position - beginning, as previously reported	74,785,902	47,755,880	2,331,333	124,873,115
Adjustment for change in accounting principle	(202,018)	-	306,600	104,582
Net position - beginning, as restated	74,583,884	47,755,880	2,637,933	124,977,697
Net position - ending	78,896,365	50,048,283	3,038,444	131,983,092

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

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AUBURN

City of Auburn, Alabama
Guide to Notes to the Financial Statements
September 30, 2025

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Guide to Notes to the Financial Statements
September 30, 2025

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Auburn was incorporated February 2, 1839. The City operates under the Council-Manager form of government and provides the following services: public safety (police, fire, and emergency communications), solid waste collection and recycling, recreation, library, planning and zoning, inspection services, public improvements, sanitary sewer, economic development, and general administrative services.

The accounting policies of the City of Auburn conform to generally accepted accounting principles in the United States of America (GAAP) applicable to municipal governments as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative literature. The following is a summary of the most significant policies:

A. Reporting Entity - As required by generally accepted accounting principles, the financial statements present the City of Auburn (the primary government) and its component units. The component units include organizations that are financially accountable to the City's executive or legislative branches (the Mayor or the Council, respectively) and other organizations for which the nature and significance of their relationships with the primary government are such that their exclusion could cause the City's financial statements to be misleading or incomplete. The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations. The City has no blended component units.

DISCRETELY PRESENTED COMPONENT UNITS

The component unit columns in the government-wide financial statements include the financial data of the City's six discretely presented component units. These organizations are legally separate from the City and are included in the reporting entity because the primary government is financially accountable for the component unit.

City of Auburn Board of Education (ABOE)

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

Water Works Board of the City of Auburn (AWWB)

The City Council appoints all members of the AWWB. A financial benefit relationship exists between the City and the AWWB by virtue of the fact that the City is legally entitled to the AWWB's resources after the indebtedness is retired. In addition, the City and the AWWB are parties to an exchange of services agreement which provides that the City will supply management services to the AWWB. In exchange, the AWWB bills and collects service charges for the City's sewer and solid waste services. The AWWB is presented as a proprietary fund type or business-type activity.

City of Auburn Industrial Development Board (IDB)

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The City is the IDB's primary source of operating funds, including funds for acquisition of real property. The City has responsibility for funding deficits and operating deficiencies of the IDB. The IDB is presented as a proprietary fund type or business-type activity.

City of Auburn Public Park and Recreation Board (PPRB)

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

All three PPRB members are appointed by the City Council, which maintains a significant degree of control over the PPRB's officials. The City exercises total control over budgetary adoption requests and revisions and is responsible for funding deficits and operating deficiencies of the PPRB. The PPRB is a proprietary fund type or business-type activity.

Commercial Development Authority of the City of Auburn (CDA)

On August 12, 2004, the CDA was incorporated. The City Council appoints all members of the CDA and has charged the CDA with conducting the City's commercial development efforts on behalf of the City Council. The CDA acts as a financing conduit to facilitate the recruitment of commercial projects to the City. Daily commercial development activities are conducted by the City's Economic Development Department, and the Department acts as a liaison between the CDA and the City Council.

The City is the CDA's primary source of operating funds. The City is responsible for funding deficits and operating deficiencies of the CDA and City Council exercises significant influence over the CDA's actions. The CDA is presented as a proprietary fund type or business-type activity. The CDA had no activity for the year ending September 30, 2025, and no assets or liabilities as of September 30, 2025.

Auburn Downtown Redevelopment Authority (ADRA)

The ADRA was incorporated in February of 1985 and all members are appointed by the City Council. It was established in order to aid in the revitalization and improvement of the central downtown business district. The ADRA is charged with promoting the public good and general welfare, trade, commerce, industry, and employment opportunities, as well as creating a climate favorable to the location of new industry, trade and commerce, and the development of existing industry, trade, and commerce.

The City invested funds into the ADRA to facilitate the redevelopment of downtown property. The ADRA must repay the City, which indicates a financial benefit burden relationship, as the City is legally entitled to the ADRA's resources. The ADRA is presented as a proprietary fund type or business-type activity.

Complete financial statements of the individual component units can be obtained from the following locations or can be requested from the City's Finance Director. The PPRB, the CDA and the ADRA do not prepare separately issued financial statements.

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

Water Works Board of the City of Auburn
1501 West Samford Avenue
Auburn, Alabama 36832

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

RELATED ORGANIZATIONS

The City's officials are also responsible for appointing the members of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. The following organizations are related organizations that are excluded from the reporting entity:

- Board of Zoning Adjustments
- Building Board of Adjustments
- Cemeteries Advisory Board
- Educational Building Authority
- Green Space Advisory Board
- Historic Preservation Commission
- Library Board
- Parks and Recreation Advisory Board
- Planning Commission
- Tree Commission

JOINT VENTURE

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

Pines Crossing Golf Course Venture

The City is a party to a joint venture agreement with the City of Opelika, Alabama, to own and operate Pines Crossing Golf Course. The joint venture agreement, dated October 1, 1976, required equal capital contributions from both cities and gave each city a 50% share in the venture's net profits and losses. The agreement also provides that each City has a responsibility for 50% of golf course debts. The City of Auburn's initial capital contribution of $589,200 was used to purchase the land and buildings, which are titled to the two cities as tenants in common. In July 2005, the clubhouse was destroyed by fire. Insurance proceeds were received, and in fiscal year 2006, the two cities appropriated the insurance proceeds to the Indian Pines Public Park Authority (the Authority) to assist in the construction of a new clubhouse. As of September 30, 2025, the City's remaining net investment in Pines Crossing Golf Course is $472,342, which represents the initial cost of the land capitalized by the City.

The joint venture agreement provided that management decisions shall be made by mutual agreement of the two cities. The cities leased Pines Crossing Golf Course to the Indian Pines Public Park Authority, a jointly governed organization (see discussion below). The lease expired September 30, 1979, but, by a provision in the lease, the Authority continues to operate the golf course on a month-to-month basis with the lease terms continuing in force.

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

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

JOINTLY GOVERNED ORGANIZATIONS

The City, in conjunction with other governments, has created the following organizations that are excluded from the City's reporting entity. These organizations are not joint ventures because the City does not retain an ongoing financial interest or an ongoing financial responsibility.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Indian Pines Public Park Authority

The Authority is a corporation created to operate Pines Crossing Golf Course which is owned under a joint venture agreement between the City of Auburn and the City of Opelika (see above). The Authority has a five-member Board of Directors; two each are selected by the City of Auburn and the City of Opelika and the fifth member is selected by the four members appointed by the cities. A lease agreement between the Authority and the two cities authorizes the Authority to operate and maintain the golf course. The City typically does not provide any funding to the Indian Pines Public Park Authority; however, there have been appropriations in the past. During 2019 and 2020, the City approved funding for the demolition of old tennis courts and the construction of a new skate park, totaling approximately $126,000 and $281,000, respectively. During 2023 the City appropriated $1,388,889 to the Authority for reconfiguration of Pines Crossing Golf Course, which represents the value of 9.7 acres of land the City donated to the Authority who then sold the land to the Auburn University Airport. In March 2022 the City approved an additional appropriation to the Authority totaling $1,151,000 payable in five equal annual installments of $230,200 beginning in fiscal year 2024 and payable on October 1st of each year through fiscal year 2028. In fiscal year 2024, the City authorized a loan at $525,000 to the Indian Pines Public Park Authority for additional construction costs related to Pines Crossing Golf Course improvements. This loan has a term of five years at an interest rate of 2%, with interest only paid each year until maturity.

Summary financial information for the Indian Pines Public Park Authority as of and for the year ended September 30, 2025, is as follows:

Total assets and deferred outflows of resources	$ 9,588,681
Total liabilities and deferred inflows of resources	(3,326,838)
Total net position	$ 6,261,843
Total operating revenues	$ 2,306,042
Total operating expenses	(2,107,058)
Other revenues	569,744
Other expenses	(111,008)
Change in net position	$ 657,720

Lee-Russell Council of Governments

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

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

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

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

The Metropolitan Planning Organization (MPO) is part of the LRCOG and includes a policy board, citizen advisory committee and a technical advisory committee. The governing bodies who appoint members to the LRCOG also appoint members to the various MPO committees.

East Alabama Mental Health Center

The East Alabama Mental Health Center Board consists of 33 members, of which three are appointed by the City. The City provides an annual appropriation to the Board; however, the East Alabama Mental Health Center is not dependent on the City's funding. During 2024, the Center changed its operating name to Integrea Community Mental Health System, although its legal name remains the same.

Lee County Youth Development Center

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

East Alabama Health

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

Auburn-Opelika Tourism Bureau

The Mayor appoints one of the five board members of the Auburn-Opelika Tourism Bureau (A-O Tourism). The City appropriates 1/7th of lodging tax collections to A-O Tourism on a monthly basis; however, A-O Tourism is not dependent on the City's funding.

B. **Basis of Presentation** - The financial transactions of the City are recorded in individual funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into fund types and broad fund categories as follows:

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources not accounted for or reported in another fund.

Special Revenue Funds - The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed for specified purposes other than debt service and capital projects.

Debt Service Funds - The Debt Service Funds are used to account for all financial resources that are restricted, committed, or assigned for principal and interest.

Capital Projects Funds - The Capital Projects Funds are used to account for financial resources that are restricted, committed, or assigned for capital projects.

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

PROPRIETARY FUNDS

The Proprietary Funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing activity. The principal operating revenues for the Sewer Fund, the Solid Waste Management Fund, and discretely presented business-type component units are charges to customers for sales and services. Operating expenses include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

MAJOR FUNDS

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and proprietary combined) for the determination of major funds. The nonmajor funds are combined in a single column in the fund financial statements.

The City reports the following major governmental funds:

The General Fund (See note above).

The Special School Tax Fund, a special revenue fund, accounts for five mill ad valorem tax revenues used to pay principal and interest on bonds issued for school purposes and eleven mill ad valorem tax revenues used in furtherance of education.

The 2024 Capital Projects Fund, a capital projects fund, accounts for funds received from the issuance of long-term debt to be expended on various capital projects approved by the City Council.

The City reports the following major proprietary funds:

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

The Solid Waste Management Fund, a proprietary fund, accounts for revenues and costs related to the provision of solid waste services.

C. **Basis of Accounting and Measurement Focus** - Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements, and the proprietary and component unit proprietary fund financial statements are presented on an accrual basis of accounting utilizing the economic resources measurement focus. The governmental funds in the fund financial statements are presented on a modified accrual basis of accounting utilizing the current financial resources measurement focus.

Accrual Basis - Revenues are recognized when earned and expenses are recognized when incurred.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, etc.) which are otherwise being supported by general government revenues (property taxes, sales taxes, certain intergovernmental revenues, etc.).

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include charges for services, operating grants, and capital grants. The program revenues must be directly associated with the function or a business-type activity.

Charges for services include revenues from fines and forfeitures, licenses and permit fees, user fees, and special assessment taxes. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. As a rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Modified Accrual Basis - All the governmental funds of the primary government are accounted for using the modified accrual basis of accounting. Their revenues are recorded when they are susceptible to accrual, i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City does not accrue property taxes because those revenues are budgeted to finance the fiscal year in which they are scheduled to be received. Each fiscal year's budget and actual financial statements include twelve months' property tax revenue.

The City defines the length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements to be 60 days. The specific types of major revenue sources that are susceptible to accrual include sales and use taxes, occupational license fees, lodging taxes, rental and leasing taxes, gasoline taxes and fines. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred, with the following exceptions that are in conformity with generally accepted accounting principles: general long-term obligations' principal and interest are reported only when due; inventory costs are reported in the period consumed, rather than in the period purchased; and costs of accumulated unpaid annual and sick leave are reported in the period due and payable rather than in the period earned by employees.

Fiduciary fund financial statements are presented on the accrual basis of accounting utilizing the economic resources measurement focus and are presented separately from the government-wide and the governmental fund financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Reconciliation of Government-Wide and Fund Financial Statements

1. Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position

The governmental Balance Sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the current period." The details of this $370,108,433 difference are as follows:

Bonds and warrants payable	$ 285,146,082
Less: Deferred amount on refunding	(833,388)
Add: Issuance premium	21,210,308
Leases payable	48,700
Subscriptions payable	3,334,633
Notes payable	1,255,000
Compensated absences	6,171,659
Claims and judgments	1,109,683
Landfill closure and post-closure care	70,000
Other postemployment benefits	9,533,119
Net pension liability	52,139,576
Less: Deferred outflow pension related	(13,748,870)
Less: Deferred outflow OPEB related	(3,360,452)
Add: Deferred inflow pension related	7,330,841
Add: Deferred inflow OPEB related	701,542
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ 370,108,433

2. Explanation of certain differences between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities

The governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and amortization expense in the current period." The details of this $30,189,099 difference are as follows:

Capital outlay	$ 46,081,146
Depreciation expense	(14,515,314)
Amortization expense	(1,376,733)
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net position of governmental activities*	$ 30,189,099

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Another element of that reconciliation states that "The net effect of various transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase (decrease) net position." The details of this $10,832,239 difference are as follows:

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources:	
Donations from outside parties	$ 12,232,114
In the Statement of Activities, only the gain or loss on the disposal of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold or disposed of:	
Remaining cost basis of disposed assets	(1,399,875)
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net position of governmental activities*	$ 10,832,239

Another element of that reconciliation states that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of prepaid bond issue insurance, premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items." The details of this $35,200,877 difference are as follows:

Debt issued or incurred:	
General obligation warrants	$(40,590,000)
Subscriptions payable	(4,818,158)
Issue premiums on new debt	(5,351,622)
Principal repayments on bonds, warrants and notes	13,522,855
Principal repayments on leases payable	78,590
Principal repayments on subscriptions payable	1,957,458
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net position of governmental activities*	$ (35,200,877)

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Another element of that reconciliation states that "Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $2,760,515 difference are as follows:

Compensated absences	$ (603,543)
Accrued interest	(258,715)
Claims and judgments	510,086
Landfill closure and post-closure care	7,000
Other post employment benefits	(1,194,859)
Net pension liability	(2,330,862)
Amortization of deferred amount on refunding	(150,550)
Amortization of bond premiums	1,152,504
Amortization of prepaid expenses	108,424
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net position of governmental activities*	$ (2,760,515)

E. **Budgets and Budgetary Accounting** - The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Manager submits to the City Council a proposed budget (operating and capital) prior to the beginning of each biennial period. The proposed budget is for two one-year periods, each beginning on October 1 and ending on the following September 30.

2. Prior to September 30, the budget is legally enacted through passage of an ordinance. Any revisions that alter the total expenditures of any fund must be approved by the City Council.

3. Annual budgets were legally adopted for the 2025 fiscal year for the General Fund, Seven-Cent Gas Tax Fund, Four and Five-Cent Gas Tax Fund, Ten-Cent Gas Tax Fund, Special School Tax Fund, Municipal Court Judicial Administration Fund, Public Safety Substance Abuse Fund, Coronavirus Local Fiscal Recovery Fund, Special 5-Mill Tax Debt Service Fund, Sewer Fund, and the Solid Waste Management Fund.

4. Budgets for the General, Special Revenue, and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

5. Each department head is responsible to the City Manager for the department's overall budgetary performance. Budgeted amounts may be transferred among line items within the department; however, any increase in total departmental appropriations must be justified to the City Manager and approved by the City Council. The legal level of budgetary control is the individual department.

6. Budgeted amounts are as originally adopted, or as amended by the City Council. Individual amendments were material in relation to the original appropriations. All budget amounts presented in the accompanying supplemental information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions to the annual budgets during the year).

7. All budgetary appropriations expire at fiscal year-end. Encumbrances of departments that did not exceed their departmental budgets may be added to the subsequent year's appropriations at the time of the mid-biennium budget review, if the City Manager so recommends and if the Council approves.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

8. Excess of expenditures over appropriations: In the General Fund, non-departmental expenditures of $4,992,740 exceeded appropriations of $4,809,270 and payments to component units of $24,043,476 exceeded appropriations of $23,458,370.

F. Cash and Cash Equivalents - Cash and cash equivalents of the City of Auburn primary government include demand deposits as well as all highly liquid investments with a maturity of three months or less when purchased.

Cash and cash equivalents of the Board of Education include cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

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

Cash and cash equivalents of the Industrial Development Board include cash on hand, demand deposits and all highly liquid investments with an original maturity of three months or less when purchased. Also included is restricted cash.

Cash and cash equivalents of the Public Park and Recreation Board include demand deposits.

G. Deposits and Investments - Deposits and investments of the City of Auburn and its component units are stated at fair value, except for nonnegotiable certificates of deposit with redemption terms that do not consider market rates and money market investments which include short-term, highly liquid debt instruments, which are reported at cost or amortized cost (See Note 3).

State statutes authorize the City and its component units to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; U.S. dollar denominated deposit accounts and certificates of deposit; pre-funded public obligations as defined by state law; and interests in any common trust fund or other collective investment bank, trust company or savings and loan association. The City of Auburn has invested in interest-bearing demand deposits, certificates of deposit and U.S. Treasury and federal agency securities. The Board of Education's investments include U.S. Treasury notes and donated equity securities carried at fair market value. The Water Works Board is invested in interest-bearing demand deposits and a certificate of deposit. The Industrial Development Board has invested in certificates of deposit and interest-bearing demand deposits (see Note 3).

H. Restricted Assets - Certain debt proceeds of the City's component units, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants, and they are maintained in separate bank accounts. Also, funds from access fees paid by developers are restricted for capital improvement projects.

I. Accounts Receivable - Revenue receivables are reflected net of an allowance for doubtful accounts. For the General Fund, Sewer Fund, Solid Waste Management Fund and Water Works Board component unit, the amount of the allowance is equal to accounts receivable in excess of 90 days past due.

J. Inventories - Inventories of the City of Auburn primary government are valued at first-in/first-out (FIFO) method and consist of gasoline, parts, and supplies held for consumption. These inventories are recorded as an asset in the General Fund, Sewer Fund and Solid Waste Management Fund. The cost of inventories is recorded as an expenditure when the items are consumed.

Inventories of the Board of Education are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Inventories of the Water Works Board are valued at cost and consists of expendable supplies held for future consumption or capitalization.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

K. **Prepaid Items** - Certain payments to vendors for services that will benefit periods beyond September 30, 2025, are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are reported as expenditures during the period benefited by the prepayment (consumption method). Prepaids of the City of Auburn primary government consist of prepaid insurance policy premiums and prepayments on large capital asset purchases required to start the manufacturing process.

L. **Capital Assets -** Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 (except for software that has a capitalization threshold of $100,000) and an estimated useful life in excess of two years. Such assets are recorded at actual cost (or estimated historical cost if actual cost is not available) if purchased or constructed. Easements are valued at 50% of the average value for commercial and residential property within the City as obtained from the Lee County Appraisers Office on an annual basis, multiplied by the square footage of the easement. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

	Years
Infrastructure	25-50
Buildings and improvements	10-50
Office equipment	5-10
Heavy equipment	3-10
Vehicles	3-10
Small tools and equipment	3-10
Software	3

M. **Leases**

CITY OF AUBURN PRIMARY GOVERNMENT

The City is a lessee for noncancellable leases of office equipment and office space. The City recognizes lease liabilities and intangible right-to-use lease assets on the Statement of Net Position. The City recognizes lease liabilities with an initial, individual value of $15,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured at the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines 1) the discount rate it uses to discount the expected lease payments to present value, 2) lease term, and 3) lease payments. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the City is reasonably certain to exercise, if applicable.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

COMPONENT UNITS

The Board of Education follows the same lease policies as the City.

The Water Works Board follows the same lease policies as the City.

Industrial Development Board - The IDB is a lessor for noncancelable leases of industrial space in facilities owned by the Board and for property located in its industrial parks. The Board recognizes a lease receivable and a deferred inflow of resources in the Statement of Net Position. The Board recognizes lease receivables with an initial, individual value of $25,000 or more. At the commencement of a lease, the Board initially measures the lease receivable and deferred inflow of resources at the present value of lease payments expected to be received during the lease term. The Board monitors changes in circumstances that would require a remeasurement of a lease and will remeasure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

N. Subscription-Based Information Technology Arrangements (SBITAs)

CITY OF AUBURN PRIMARY GOVERNMENT

The City has entered into SBITAs with software and technology providers. The City recognizes subscription liabilities and intangible right-to-use subscription assets on the Statement of Net Position. The City recognizes subscription liabilities with an initial, individual value of $100,000 or more.

At the commencement of a subscription term, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured at the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to subscriptions include how the City determines 1) the discount rate it uses to discount the expected subscription payments to present value, 2) subscription term, and 3) subscription payments. The City uses the interest rate charged by the software or technology provider as the discount rate. When the interest rate charged by the software or technology provider is not provided, the City uses its estimated incremental borrowing rate as the discount rate for subscriptions. The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and the purchase option price that the City is reasonably certain to exercise, if applicable.

The City monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the Statement of Net Position.

COMPONENT UNITS

The Board of Education follows the same subscription policies as the City.

The Water Works Board and the Industrial Development Board follow the same subscription policies as the City. Neither component unit had any SBITAs that met the recognition threshold for 2025.

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O. Risk Financing

CITY OF AUBURN PRIMARY GOVERNMENT

The City is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions, and torts related to municipal operations. These risks are covered by commercial insurance purchased from independent third parties or the City's Liability Risk Retention Self-Insurance fund. These risks are accounted for in the City's General Fund. The total liability for unpaid claims within the coverage deductible consists of claims reported at the balance sheet date. These estimates are based primarily upon historical trends. There were only minimal changes to insurance coverage from coverage in the prior year. Also, no settlements have exceeded insurance coverage in the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Settled claims in the period since the purchase of insurance have not exceeded the commercial insurance coverage, and there have been no significant reductions in insurance coverage from coverage in the prior year.

The City has chosen to retain the risk of loss for risks associated with its employees' health insurance plan. Premiums are charged to other funds and component units that account for employees eligible for coverage by the plan. Total premiums allocated to the participating entities are calculated using medical cost trends and claims experience. Employees may also be charged for additional benefits through supplemental insurance programs. Medical claims exceeding $200,000 per covered individual are covered through a private insurance carrier. Liabilities associated with the plan are recorded in the City's Employee Benefit Self-Insurance fund when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported.

The City is a self-insurer under the Alabama Workers' Compensation Law for its workers' compensation exposure. Workers' compensation claims exceeding $750,000 per injury in an accident period are covered through a private insurance carrier. Stop loss coverage is purchased through the General Fund. Liabilities include an amount for claims within the coverage deductible that have been incurred but not reported and are recorded when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated.

COMPONENT UNITS

Board of Education - The ABOE is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and natural disasters. The ABOE has insurance for its buildings and contents through the State Insurance Fund (SIF), Alabama Department of Finance, Division of Risk Management, a public entity risk pool, which operates as a common risk management and insurance program for state-owned properties and boards of education. The ABOE pays an annual premium based on the amount of coverage. The SIF is self-insured up to $10 million per nonwind-related loss occurrence and $25 million per wind-related loss occurrence. The SIF purchases commercial insurance for claims in excess of these deductibles, covering losses up to $2 billion. Errors and omissions insurance is purchased from the Alabama Trust for Boards of Education (ATBE), a public entity risk pool. The ATBE collects the premiums and purchases commercial insurance for the amount of coverage requested by pool participants. The ABOE purchases commercial insurance for fidelity bonds and its transportation fleet. Settled claims in the past three years have not exceeded the commercial insurance coverage. Also, there have been no significant reductions in insurance coverage from the prior year.

Employee health insurance is provided through the Public Education Employees' Health Insurance Plan (PEEHIP), administered by the Public Education Employees' Health Insurance Board (PEEHIB). The PEEHIP was established to provide a uniform plan of health insurance for active and retired employees of state educational institutions and is self-sustaining. Monthly premiums for employee and dependent coverage are determined annually by the plan's actuary and are based on anticipated claims in the upcoming year, considering any remaining fund balance on hand available for claims. The ABOE's contribution is applied against the employees' premiums for the coverage selected and the employee pays any remaining balance.

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The ABOE does not have insurance coverage for job-related injuries. ABOE employees who are injured while on the job are entitled to salary and fringe benefits of up to ninety working days in accordance with the *Code of Alabama* 1975, Section 16-1-18.1(d). Any unreimbursed medical expenses and costs that the employee incurs as a result of an on-the-job injury may be filed for reimbursement with the State Board of Adjustment. The State Board of Adjustment is a state agency with which employees can file claims against the ABOE to collect reimbursement for damages when all other means have been exhausted. The Board of Adjustment determines if a claim is valid and determines the proper amount of compensation. Payments are made from the state appropriated funds at no cost to the ABOE.

Water Works Board - For risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and general liability torts; the AWWB has purchased commercial insurance from independent third parties. There were only minimal changes to insurance coverage from coverage in the prior year, and no settlements have exceeded insurance coverage in the past three fiscal years.

The AWWB employees are covered under the City's health insurance plan. Premiums are charged to the AWWB and are calculated using trends in actual claims experience, along with overall program costs, including third-party administration and reinsurance. Employees may also be charged for additional benefits through supplemental insurance programs. Medical claims exceeding $200,000 per covered individual, per year, are covered through a private insurance carrier.

The AWWB is a self-insurer under the Alabama Workers' Compensation Law for its workers' compensation exposure. Workers' compensation claims exceeding $750,000 per injury in an accident period are covered through a private insurance carrier. Stop loss coverage is purchased by the AWWB. Liabilities include an amount for claims within the coverage deductible that have been incurred but not reported and are recorded when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated.

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

There has been no significant reduction in insurance coverage from coverage in the prior year. Also, for the past three fiscal years, no settlements have exceeded insurance coverage.

The City purchases commercial insurance from independent third parties to cover claims arising from general liability torts. The IDB is covered by this insurance. Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. The IDB had no liability for unpaid claims at September 30, 2025.

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

For risk of loss from claims arising from torts (general liability), the PPRB is covered by the City's commercial insurance purchased from third parties. Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. The PPRB had no liability for unpaid claims at September 30, 2025. Settled claims in the period since the purchase of insurance have not exceeded the insurance coverage, and there have been no significant reductions in insurance coverage from coverage in the prior year.

P. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs related to prepaid insurance, are deferred and amortized over the life of the bonds using the effective interest method.

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Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at issuance, except for those related to prepaid insurance, which are recorded as prepaids in the Statement of Net Position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Q. Compensated Absences

CITY OF AUBURN PRIMARY GOVERNMENT

The City adopted GASB Statement No. 101, Compensated Absences, effective October 1, 2024. This statement requires that liabilities for compensated absences be recognized for:

(1) leave that has not been used and,
(2) leave that has been used but not yet paid in cash or settled through noncash means.

The City recognizes a liability for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, the City considers relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences.

However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits is not included in a liability for compensated absences.

City employees, with the exception of unclassified employees, may accumulate up to twenty days of annual leave. Unclassified employees may accumulate an unlimited number of annual leave days. Annual leave is earned in proportion to the number of hours they work per year, with 8 hours/2080 hours being the basis and is paid upon separation from City service. Employees with five years' service receive one additional annual leave day on their anniversary date, employees with ten years' service receive an additional three days of annual leave on their anniversary date, employees with fifteen years' service receive an additional five days of annual leave on their anniversary date, and employees with twenty years' service receive an additional eight days of annual leave on their anniversary date. The liability for compensated absences attributable to the City's governmental funds is recorded in the government-wide statements. The amount attributable to the business-type activities is charged to expense with a corresponding liability established in the government-wide statements as well as the applicable business-type funds.

City employees may accumulate an unlimited number of sick leave days. Sick leave is earned in proportion to the number of hours they work per year, with 8 hours/2080 hours being the basis. Effective April 5, 1994, all new employees may, upon retirement, apply their entire accrued sick leave balance to retirement service credit with the Retirement System of Alabama.

COMPONENT UNITS

Board of Education - The Board adopted GASB Statement No. 101, Compensated Absences, effective October 1, 2024. This statement requires that liabilities for compensated absences be recognized for:

(1) leave that has not been used and,
(2) leave that has been used but not yet paid in cash or settled through noncash means.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The Board recognizes a liability for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, the Board considers relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits is not included in a liability for compensated absences. Based on the above criteria, two categories of leave offered by the Board to its employees qualify for liability recognition - vacation and personal leave. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements.

Certified and support employees earn non-vesting sick leave at the rate of one day per month worked. Employees may accumulate and carry-over an unlimited amount of sick leave at the end of each fiscal year and, upon termination, convert their accrued sick leave toward membership service in determining the total years of creditable service in the teachers' retirement system at no additional cost to the Board. Since employees traditionally accrue more time than they use, and because they do not receive compensation for unused sick leave at termination, no liability is recorded on the financial statements.

Professional, clerical, and office personnel with twelve-month positions earn ten days of vacation per school year. Employees eligible to earn vacation leave can carry over up to 20 days to the following school year. Employees can be paid for up to 20 days of vacation leave upon termination, provided the payment for leave does not cause the employee to be paid in excess of their annual employment contract for the school year. The Board accrues a liability at the end of each fiscal year for vacation leave the Board estimates will be paid to employees in a future period.

Non-tenured certified and support personnel are provided two state days and one local personal leave day per year and tenured personnel are provided two state days and three days local personal leave per year. All personnel may choose to convert unused personal leave days to sick leave days at the end of each school year. Only certified employees may choose to be paid, at the Board's substitute rate, for up to two state days of unused personal leave. Since personal leave is earned on the first day of each school year (July 1st), the Board accrues a liability based on personal leave accumulated at September 30th that it estimates will be used by the following June 30th, and not for personal leave it estimates will be unused and converted to sick leave.

The Water Works Board follows the same compensated absences policies as the City.

R. **Postretirement Benefits** - Upon retirement, retired employees of the City of Auburn may elect to continue their group health care benefits. The entire cost of the group health insurance premiums must be borne by the retiree. No life insurance benefits are provided to retirees. Specific information related to the City's postemployment benefits plan is included in Note 14.

S. **Pensions** - The Employees' Retirement System of Alabama (the Plan or ERS) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with the requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Annual Comprehensive Financial Report.

T. **Fund Balance** - The City has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory or prepaids) or are required to be maintained intact.

- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

- Committed fund balance - amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint. City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution, which are equally binding. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund.

- Assigned fund balance - amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority. The City Council has by resolution authorized the Finance Director to assign fund balance. Assigned fund balance is established by City Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless City Council has provided otherwise in its commitment or assignment actions.

The City Council has officially adopted a fund balance policy of maintaining a net ending fund balance in the General Fund that is equal to or greater than 6% of total expenditures and other financing sources. This policy has been informally updated, with a goal of maintaining a net ending fund balance in the General fund that is equal to or greater than 25% of total expenditures and other financing sources.

U. Net Position - The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- Net investment in capital assets - represents capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. For 2025, the deferred amount on refunding of governmental activities is not included in the calculation of net investment in capital assets since it is not attributable to capital asset related debt; however, the deferred amount on refunding of business-type activities is included in the calculation of net investment in capital assets.

- Restricted net position - represents liquid assets which have third party (statutory, bond covenant or granting agency) limitations on their use. Certain enterprise funds and component units have assets that are restricted for construction that is being funded with impact fees or long-term debt; therefore, there are no net restricted assets for these amounts. The City would typically use restricted net position first as appropriate opportunities arise but reserves the right to selectively defer the use for a future project or other capital outlay.

- Unrestricted net position - represents unrestricted liquid assets. While City management may have categorized and segmented portions for various purposes, the City Council has the unrestricted authority to revisit or alter these managerial decisions.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

V. **Interfund Transactions** - Interfund transactions are either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate and are subject to elimination upon consolidation. Services, deemed to be reasonably equivalent in value, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are presented as transfers. Transfers within governmental activities or within business-type activities are eliminated upon consolidation in the government-wide statements.

Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the government-wide governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Three types of interfund transactions may be accounted for in the affected fund's statements.

1. Interfund receivables and payables - consist of temporary loans between funds which are expected to be repaid within one year. These short-term interfund loans are captioned "Due from other funds" and "Due to other funds" in the various funds' balance sheets. See Note 19.

2. Interfund advances - consist of longer-term loans between funds, which are not expected to be repaid within one year. These longer term interfund loans are captioned "Advances to other funds" and "Advances from other funds" in the various funds' balance sheets. Within the governmental fund financial statements, such amounts are equally offset by a fund balance reserve that indicates they do not constitute available spendable resources. There were no interfund advances outstanding at year end.

3. Interfund transfers - consist of routine, recurring transfers between funds, other than interfund loans or advances, fund reimbursements or payments between the City and component units. Interfund transfers are accounted for separately from fund revenues and expenses. See Note 20.

Resource flows (except those that affect the Statement of Net Position/Balance Sheet only, such as loans and repayments) between a primary government and its discretely presented component units are reported as external transactions - that is, as revenues and expenses. Resource flows between the primary government and blended component units are classified as internal activity in the financial statements. Payments to component units are primarily subsidized funding for debt service payments and other recurring operating expenses incurred by the component units.

W. **Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

X. **Recently Implemented Accounting Pronouncements** - GASB Statement No. 101, *Compensated Absences*, meets the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The City adopted this new standard effective October 1, 2024. The effects of implementing this standard on the City's financial statements for the year ending September 30, 2025, are further described in Note 29.

GASB Statement No. 102, *Certain Risk Disclosures*, provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. The City adopted this new standard effective October 1, 2024; however, implementation did not materially affect the City's financial statements.

NOTE 2. DEPOSITS IN FINANCIAL INSTITUTIONS

As of September 30, 2025, all deposits of the City of Auburn primary government (except for its fiduciary funds), the Auburn Board of Education, the Water Works Board, the Industrial Development Board, and the Public Park and Recreation Board are held in a certified qualified public depository, and as such, are deemed fully insured. As of September 30, 2025, the Commercial Development Authority and the Auburn Downtown Redevelopment Authority did not have any deposits.

NOTE 3. DEPOSITS AND INVESTMENTS

Investments of the City consist of certificates of deposit, U.S. Treasury and federal agency securities, and other investments. The City's deposits are held by a certified qualified public depository under the SAFE program, therefore its deposits are not subject to "custodial credit risk".

A summary of the City's certificates of deposit and investments held as of September 30, 2025, is as follows:

	Carrying Value	Fair Value	Maturities
Certificates of deposit			
Governmental Activities			
General Fund	$ 7,775,927	$ 7,775,927	2026
Special School Tax Fund	2,227,607	2,227,607	2026
Total governmental activities	10,003,534	10,003,534	
Business Type Activities			
Sewer Fund	1,116,873	1,116,873	2026
Total certificates of deposit	$ 11,120,407	$ 11,120,407	
Investments			
U.S. Treasury and federal agency securities			
General Fund	$ 56,616,472	$ 56,616,472	2025-2029
Special School Tax Fund	44,358,491	44,358,491	2025-2029
Federal Grant Loan Repayment Fund	1,041,407	1,041,407	2025
Special 5-Mill Tax Fund	2,975,560	2,975,560	2025-2029
Sewer Fund	3,634,123	3,634,123	2025-2029
Limited Obligation Revenue Bond	992,283	992,283	2035
Total investments	$ 109,618,336	$ 109,618,336	

During fiscal year 2015 the City invested $1,450,000 into the Auburn Downtown Redevelopment Authority (ADRA) to facilitate the redevelopment of downtown property. The City recognized an investment that will be reduced as payments of $6,126 are received from ADRA on a monthly basis that commenced on December 1, 2015, and will continue through October 1, 2035 at an interest rate of 2.50% per annum. On April 1, 2020, the City agreed to defer nine months of payments through December 2020 totaling $55,135 and added it to the final balloon payment due October 1, 2035. The final balloon payment is $355,135 and bears no interest. The balance of the City's investment at September 30, 2025, was $992,283.

The fair value measurements listed in the table above are based upon Level 1 inputs per GASB Statement No. 72, which are defined as quoted prices in active markets for identical assets or liabilities that a government can access at the measurement date.

NOTE 3. DEPOSITS AND INVESTMENTS – CONTINUED

Interest Rate Risk – The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

COMPONENT UNITS

Board of Education

Investments of the ABOE consist of U.S. Treasury notes and donated equity securities. Investments reported in the General Fund are carried at amortized cost, which approximates fair value calculated using level 1 inputs, and investments reported in the Fiduciary Funds are carried at fair value using level 1 inputs. The ABOE does not have a formal investment policy to address the specific types of risks to which the ABOE is exposed.

A summary of the ABOE's investments as of September 30, 2025, is as follows:

	Market Value	Maturities	Short term	Long term
U.S. Treasury Notes	$ 34,306,206	2025-2029	$ 6,199,445	$ 28,106,761

At September 30, 2025, the Board of Education's restricted cash was composed of the following, all of which are insured through the SAFE Program:

	Carrying Value	Fair Value
Cash - General Fund		
Educational Trust Fund		
Advancement & Technology Fund	$ 8,757,710	$ 8,757,710
Career Tech O&M	8,534	8,534
Math Intervention	19,445	19,445
English as a Second Languaage	24	24
Principal Leadership/Mentoring	2,249	2,249
Gifted Education	2,811	2,811
Penny Trust Fund	5,904	5,904
Numeracy Act Assessment	955	955
Summer and After School	385,823	385,823
AED's in Schools	5,568	5,568
Legislative Special Appropriation	188,074	188,074
Robotics Grant Program	485	485
Summer Math Camps	19,818	19,818
Summer Reading Camps	8,930	8,930
Cash - Other Governmental Funds		
Child Nutrition Program	4,579,856	4,579,856
Emergency Medical Program	117,999	117,999
E-rate	9,988	9,988
Cash - Capital Projects Funds		
Public School Fund Capital Outlay	5,900,973	5,900,973
Transportation - Fleet	480,240	480,240
	$ 20,495,386	$ 20,495,386

NOTE 3. DEPOSITS AND INVESTMENTS - CONTINUED

Interest Rate Risk – The ABOE does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Water Works Board

At September 30, 2025, the Water Board's restricted cash and cash equivalents were comprised of the following:

Restricted cash (access fees)	
Cash	$ 704,870
Government Money Market	3,023,836
Total restricted cash	$ 3,728,706

Interest Rate Risk – The investment policy of the AWWB does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Industrial Development Board

At September 30, 2025, the Industrial Development Board's investments were comprised of the following:

Restricted cash and investments	Carrying Value	Fair Value
Cash (SAFE deposit)		
Restricted for capital projects	$ 386,725	$ 386,725
Certificates of deposit		
AuburnBank, 3.5%,		
maturity date January 2026		
Restricted for debt service	2,079,295	2,079,295
Total restricted cash	$ 2,466,020	$ 2,466,020

The restricted cash is held by a certified qualified public depository under the SAFE program. Cash restricted for capital projects is restricted to acquisition of equipment and payment of construction costs. The certificate of deposit is pledged as collateral on a line of credit and is restricted for debt service.

NOTE 3. DEPOSITS AND INVESTMENTS - CONTINUED

Unrestricted investments	Carrying Value	Fair Value
Certificates of deposit		
AuburnBank, 0.30%,		
maturity date June 3, 2026	$ 104,776	$ 104,776
AuburnBank, 3.25%,		
maturity date November 16, 2025	5,218,940	5,218,940
River Bank & Trust, 0.40%,		
maturity date January 6, 2026	107,611	107,611
Trustmark, 3.19%,		
maturity date October 25, 2025	103,572	103,572
Southstate, 3.78%,		
maturity date January 7, 2026	102,028	102,028
SmartBank, 4.24%,		
maturity date December 29, 2025	100,917	100,917
PNC Bank, 2.70%,		
maturity date February 14, 2026	100,000	100,000
	$ 5,837,844	$ 5,837,844

The above certificates of deposit are held in a certified qualified public depository and are entirely insured.

Interest Rate Risk – The IDB does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 4. ACCOUNTS RECEIVABLE

Receivables as of year-end for the government's individual major funds and aggregate nonmajor funds and component units, including applicable allowances for uncollectible accounts are as follows:

	General Fund	Special School Tax Fund	2024 Capital Projects Fund	Nonmajor Governmental Funds	Sewer Fund	Solid Waste Fund	Component Units	Total
Receivables:								
Revenues receivable	$ 18,003,103	$ 135,605	$ -	$ 484,105	$ 1,621,696	$ 919,923	$ 1,942,114	23,106,546
Grants receivable	-	-	-	443,477	-	-	129,975	573,452
Receivable from other governmental units	1,582,399	-	-	-	-	-		1,582,399
Other receivables	1,156,486	410,578	38,005	55,034	156,491	(50)	423,367	2,239,911
								-
Gross receivables	20,741,988	546,183	38,005	982,616	1,778,187	919,873	2,495,456	27,502,308
Less: allowance for uncollectibles	(5,302,487)	-	-	(330,071)	(87,584)	(36,300)	(89,713)	(5,846,155)
Net receivables	$ 15,439,501	$ 546,183	$ 38,005	$ 652,545	$ 1,690,603	$ 883,573	$ 2,405,743	$ 21,656,153

NOTE 5. MORTGAGES AND NOTES RECEIVABLE

For information regarding mortgages receivable of the Federal Grant Loan Repayment Fund, see Note 10.

NOTE 6. PROPERTY FOR RESALE

CITY OF AUBURN PRIMARY GOVERNMENT

During fiscal year 2003, the City purchased seven outparcels of land for future mall expansion totaling $4,131,127. One of the lots has been leased to Lee County for $1 per year for 10 years beginning May 2007. The County extended the lease for additional five-year terms in May 2017 and May 2022 as allowed under the original lease. The City anticipates extending the lease with the County in May 2027. The County constructed the satellite office of the Lee County Courthouse on this site. During fiscal year 2025, the City adjusted the value of the lots down by $1,024,480 based upon an independent appraisal and also sold one of the lots for $350,000. The value of the remaining lots at September 30, 2025 was $2,756,647.

COMPONENT UNITS

Industrial Development Board

The following is a schedule of changes in property for resale for the year ended September 30, 2025:

	Balance 10/1/2024	Additions	Disposals	Balance 9/30/2025
Land and buildings	$ 15,904,557	$ 711,418	$ -	$ 16,615,975
Improvements in progress	1,580,043	6,069,952	-	7,649,995
Total property held for resale	$17,484,600	$ 6,781,370	$ -	$ 24,265,970

NOTE 7. PROPERTY TAXES

Property taxes attach as an enforceable lien as of January 1. Taxes are levied on October 1 and are due and payable between October 1 and December 31. The County bills and collects the taxes and remits them semimonthly to the City of Auburn. The City currently levies taxes of $2.60 per $100 assessed valuation for governmental purposes - $.50 for general governmental services, $.50 for payment of principal and interest on outstanding bonds of the municipality, $.50 for school purposes and $1.10 for the support and furtherance of education. The tax rates are applied to 10% of the appraised value of residential property, also called assessed value. The tax rates are also applied to commercial property at 20%, utility property at 30% and vehicles at 15%. A description of property class groups is included in the chart below. Property is assessed based on these classifications.

Class	Description	Assessment Percent
I	All property of utilities used in the business of such utilities	30%
II	All property not otherwise classified	20%
III	All agricultural, forest, and single family, owner occupied residential property, including owner occupied residential manufactured homes located on land owned by the manufactured home owner, and historic buildings and sites	10%
IV	All private passenger automobiles and motor trucks of the type commonly known as "pickups" or "pickup trucks" owned and operated by an individual for personal or private use and not for hire, rent, or compensation	15%

NOTE 8. CAPITAL ASSETS

CITY OF AUBURN PRIMARY GOVERNMENT

Capital asset activity for the City's governmental activities for the year ended September 30, 2025, was as follows:

	Balance 10/01/2024	Prior Period Adjustment	Transfers/ Additions	Transfers/ Deductions	Balance 9/30/2025
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 31,247,941	$ -	$ 1,737,071	$ (5,659)	$ 32,979,353
Construction in progress	10,928,146	(311,600)	33,732,265	(26,077,245)	18,271,566
Total capital assets, not being depreciated	42,176,087	(311,600)	35,469,336	(26,082,904)	51,250,919
Capital assets, being depreciated/amortized:					
Buildings and improvements	173,486,757	-	20,412,487	(1,628,438)	192,270,806
Heavy equipment	5,815,681	-	700,122	(161,020)	6,354,783
Office equipment	8,954,780	-	696,181	(547,329)	9,103,632
Small tools and equipment	3,768,550	-	667,849	(94,841)	4,341,558
Vehicles	16,807,216	-	4,626,216	(813,643)	20,619,789
Infrastructure	327,654,619	-	16,604,563	-	344,259,182
Right-to-use leased assets	337,473	-	-	(57,296)	280,177
Right-to-use subscription assets	2,142,715	-	5,275,951	(1,982,163)	5,436,503
Total capital assets, being depreciated/amortized	538,967,791	-	48,983,369	(5,284,730)	582,666,430
Less accumulated depreciation/amortization for:					
Buildings and improvements	(31,479,627)	-	(4,697,122)	796,090	(35,380,659)
Heavy equipment	(3,404,044)	-	(525,750)	124,630	(3,805,164)
Office equipment	(6,579,435)	-	(853,185)	542,995	(6,889,625)
Small tools and equipment	(2,574,868)	-	(483,234)	27,349	(3,030,753)
Vehicles	(11,688,543)	-	(1,688,294)	813,643	(12,563,194)
Infrastructure	(103,268,852)	-	(6,267,729)	-	(109,536,581)
Right-to-use leased assets	(213,954)	-	(76,905)	57,296	(233,563)
Right-to-use subscription assets	(1,464,787)	-	(1,299,828)	1,466,311	(1,298,304)
Total accumulated depreciation/amortization	(160,674,110)	-	(15,892,047)	3,828,314	(172,737,843)
Total capital assets, being depreciated/amortized, net	378,293,681	-	33,091,322	(1,456,416)	409,928,587
Governmental activities capital assets, net	$420,469,768	$ (311,600)	$68,560,658	$ (27,539,320)	$ 461,179,506

NOTE 8. CAPITAL ASSETS - CONTINUED

Capital asset activity for the City's business-type activities for the year ended September 30, 2025, was as follows:

	Balance 10/01/2024	Transfers/ Additions	Transfers/ Deductions	Balance 9/30/2025
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 170,488	$ -	$ -	$ 170,488
Construction in progress	1,771,822	2,553,621	(3,007,255)	1,318,188
Total capital assets, not being depreciated	1,942,310	2,553,621	(3,007,255)	1,488,676
Capital assets, being depreciated:				
Buildings and improvements	28,099,854	-	-	28,099,854
Sewage plants and lines	89,691,197	3,591,411	(56,756)	93,225,852
Machinery and equipment	6,202,930	2,231,193	(87,367)	8,346,756
Small tools and equipment	14,050	-	-	14,050
Vehicles	9,456,516	1,946,337	(604,303)	10,798,550
Total capital assets, being depreciated	133,464,547	7,768,941	(748,426)	140,485,062
Less accumulated depreciation for:				
Buildings and improvements	(9,979,990)	(914,194)	-	(10,894,184)
Sewage plants and lines	(28,704,084)	(1,798,515)	51,506	(30,451,093)
Machinery and equipment	(4,386,418)	(493,745)	87,366	(4,792,797)
Small tools and equipment	(9,369)	(1,370)	-	(10,739)
Vehicles	(6,746,170)	(908,963)	604,303	(7,050,830)
Total accumulated depreciation	(49,826,031)	(4,116,787)	743,175	(53,199,643)
Total capital assets, being depreciated, net	83,638,516	3,652,154	(5,251)	87,285,419
Business-type activities capital assets, net	$ 85,580,826	$ 6,205,775	$ (3,012,506)	$ 88,774,095

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NOTE 8. CAPITAL ASSETS - CONTINUED

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

Governmental activities:	
General government and administration	$ 1,129,021
Public works	6,695,198
Environmental services	661,069
Public safety	3,453,153
Library	202,740
Parks and recreation	2,878,366
Development services	602,149
Social and economic development	129,158
Employee services	141,193
Total depreciation/amortization expense governmental activities	$ 15,892,047
Business-type activities:	
Sewer Fund	$ 3,401,626
Solid Waste Management Fund	715,161
Total depreciation expense business-type activities	$ 4,116,787

NOTE 8. CAPITAL ASSETS - CONTINUED

COMPONENT UNITS

Board of Education

Capital asset activity for the year ended September 30, 2025, was as follows:

	Balance 10/1/2024	Transfers/ Additions	Transfers/ Deductions	Balance 9/30/2025
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 19,593,845	$ -	$ (20,475)	$ 19,573,370
Construction in progress	12,005,200	22,418,318	(9,350,599)	25,072,919
Total capital assets, not being depreciated	31,599,045	22,418,318	(9,371,074)	44,646,289
Capital assets, being depreciated/amortized:				
Land improvements	14,611,506	5,556,444	(6,104)	20,161,846
Buildings and improvements	275,594,296	6,858,348	(101,808)	282,350,836
Furniture, equipment and vehicles	18,199,073	5,730,177	(2,584,354)	21,344,896
Right-to-use leased assets	77,648	-	(64,420)	13,228
Right-to-use subscription assets	1,556,653	1,238,640	(163,867)	2,631,426
Total capital assets, being depreciated/amortized	310,039,176	19,383,609	(2,920,553)	326,502,232
Less accumulated depreciation/amortization for:				
Land improvements	(4,469,288)	(745,767)	6,104	(5,208,951)
Buildings and improvements	(65,078,946)	(6,368,890)	88,412	(71,359,424)
Furniture, equipment and vehicles	(11,406,337)	(1,589,564)	2,564,759	(10,431,142)
Right-to-use leased assets	(61,599)	(9,215)	64,420	(6,394)
Right-to-use subscription assets	(476,759)	(583,206)	75,987	(983,978)
Total accumulated depreciation/amortization	(81,492,929)	(9,296,642)	2,799,682	(87,989,889)
Total capital assets, being depreciated/amortized, net	228,546,247	10,086,967	(120,871)	238,512,343
Total governmental activities capital assets, net	$ 260,145,292	$ 32,505,285	$ (9,491,945)	$ 283,158,632

NOTE 8. CAPITAL ASSETS - CONTINUED

Depreciation/amortization expense was charged to governmental functions/programs as follows:

Governmental activities:	
Instruction	$ 7,182,578
Instructional support	878,239
Operation and maintenance	119,523
Auxiliary services	
Student transportation services	1,059,335
Food services	49,715
General administrative services	7,252
Total depreciation/amortization expense - governmental activities	$9,296,642

NOTE 8. CAPITAL ASSETS - CONTINUED

Water Works Board

Capital asset activity for the year ended September 30, 2025, was as follows:

	Balance 10/01/2024	Transfers/ Additions	Transfers/ Deductions	Balance 9/30/2025
Business-type activity:				
Capital assets, nondepreciable:				
Land and land clearing	$ 1,633,587	$ 5,386	$ -	$ 1,638,973
Construction in progress	161,468	1,293,513	(1,015,167)	439,814
Total capital assets, nondepreciable	1,795,055	1,298,899	(1,015,167)	2,078,787
Capital assets, depreciable:				
Utility system and plant	121,199,593	3,166,033	(592,575)	123,773,051
Buildings and improvements	7,905,055	-	-	7,905,055
Vehicles	1,833,353	404,294	(96,778)	2,140,869
Machinery, equipment and tools	1,926,236	33,708	(119,817)	1,840,127
Office equipment	849,758	-	-	849,758
Right-to-use leased office equipment	22,140	-	(22,140)	-
Total capital assets, depreciable	133,736,135	3,604,035	(831,310)	136,508,860
Less accumulated depreciation/ amortization for:				
Utility system and plant	(38,583,188)	(2,534,605)	450,727	(40,667,066)
Buildings and improvements	(4,869,478)	(316,088)	-	(5,185,566)
Vehicles	(1,179,273)	(166,856)	96,778	(1,249,351)
Machinery, equipment and tools	(1,109,644)	(152,051)	119,817	(1,141,878)
Office equipment	(780,160)	(26,750)	-	(806,910)
Right-to-use leased office equipment	(19,287)	-	19,287	-
Total accumulated depreciation/amortization	(46,541,030)	(3,196,350)	686,609	(49,050,771)
Total capital assets, depreciable, net	87,195,105	407,685	(144,701)	87,458,089
Business-type activity capital assets, net	$ 88,990,160	$ 1,706,584	$ (1,159,868)	$ 89,536,876

NOTE 8. CAPITAL ASSETS - CONTINUED

Industrial Development Board

Capital asset activity for the year ended September 30, 2025, was as follows:

	Balance 10/1/2024	Additions	Retirements/ Reclassifications	Balance 9/30/2025
Business-type activity:				
Capital assets, not being depreciated:				
Land	$ 2,320,199	$ -	$ -	$ 2,320,199
Construction in progress	1,715,332	3,491,593	-	5,206,925
Total capital assets, not being depreciated	4,035,531	3,491,593	-	7,527,124
Capital assets, being depreciated:				
Buildings	31,661,817	-	-	31,661,817
Building improvements	3,874,023	74,699	-	3,948,722
Land improvements	1,565,567	-	-	1,565,567
Equipment	1,334,444	949,269	-	2,283,713
Vehicles	172,615	-	-	172,615
Total capital assets, being depreciated	38,608,466	1,023,968	-	39,632,434
Accumulated depreciation				
Buildings	(7,687,761)	(633,236)	-	(8,320,997)
Building improvements	(736,895)	(125,312)	-	(862,207)
Land improvements	(1,105,517)	(52,358)	-	(1,157,875)
Equipment	(1,199,914)	(105,481)	-	(1,305,395)
Vehicles	(172,615)	-	-	(172,615)
Total accumulated depreciation	(10,902,702)	(916,387)	-	(11,819,089)
Total capital assets, being depreciated, net	27,705,764	107,581	-	27,813,345
Total capital assets, net	$ 31,741,295	$ 3,599,174	$ -	$35,340,469

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NOTE 8. CAPITAL ASSETS - CONTINUED

Public Park and Recreation Board

Capital asset activity for the year ended September 30, 2025, was as follows:

	Balance 10/01/2024	Transfers/ Additions	Transfers/ Deductions	Balance 9/30/2025
Business-type activity:				
Capital assets, being depreciated:				
Buildings and improvements	$7,554,253	$ 742,559	$ -	$ 8,296,812
Machinery and equipment	44,909	-	-	44,909
Vehicles	9,149	12,363	-	21,512
Total capital assets, being depreciated	7,608,311	754,922	-	8,363,233
Less accumulated depreciation for:				
Buildings and improvements	(5,012,910)	(343,424)	-	(5,356,334)
Machinery and equipment	(44,909)	-	-	(44,909)
Vehicles	(9,149)	(1,854)	-	(11,003)
Total accumulated depreciation	(5,066,968)	(345,278)	-	(5,412,246)
Business-type activity capital assets, net	$ 2,541,343	$ 409,644	$ -	$2,950,987

NOTE 9. LONG-TERM LIABILITIES

CITY OF AUBURN PRIMARY GOVERNMENT

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2025, was as follows:

	Balance 10/01/2024	Additions	Reductions	Balance 9/30/2025	Due Within One Year
Governmental activities:					
Bonds and warrants payable:					
General obligation bonds	$109,005,000	$ -	$ (1,925,000)	$ 107,080,000	$ 3,310,000
General obligation warrants	80,882,231	40,590,000	(4,994,300)	116,477,931	4,954,300
General obligation warrants from direct placements	67,915,703	-	(6,327,552)	61,588,151	6,473,623
Bond issue premiums	17,011,191	5,351,622	(1,152,505)	21,210,308	-
Total bonds and warrants payable	274,814,125	45,941,622	(14,399,357)	306,356,390	14,737,923
Notes payable	1,531,000	-	(276,000)	1,255,000	85,000
Leases	127,290	-	(78,590)	48,700	42,682
Subscriptions	473,933	5,206,750	(2,346,050)	3,334,633	1,318,761
Accumulated annual leave	5,568,116	603,543	-	6,171,659	978,809
Claims payable	1,678,742	352,350	(921,409)	1,109,683	45,038
Landfill closure and postclosure care liability	77,000	-	(7,000)	70,000	7,000
Other postemployment benefits liability	9,952,722	-	(419,603)	9,533,119	338,763
Net pension liability	61,868,240	-	(9,728,664)	52,139,576	-
Governmental activities long-term liabilities	356,091,168	52,104,265	(28,176,673)	380,018,760	17,553,976
Business-type activities:					
General obligation warrants payable:					
Warrants payable	2,512,769	-	(270,700)	2,242,069	280,700
Warrants payable from direct placements	14,945,000	-	(1,415,000)	13,530,000	1,425,000
Warrant issue premiums	251,413	-	(31,426)	219,987	-
Total warrants payable	17,709,182	-	(1,717,126)	15,992,056	1,705,700
Accumulated annual leave	750,854	13,630	-	764,484	155,059
Other postemployment benefits liability	1,207,806	-	(55,167)	1,152,639	44,539
Net pension liability	4,514,503	-	(748,359)	3,766,144	-
Business-type activities long-term liabilities	24,182,345	13,630	(2,520,652)	21,675,323	1,905,298
Total primary government long-term liabilities	$ 380,273,513	$ 52,117,895	$ (30,697,325)	$ 401,694,083	$ 19,459,274

NOTE 9. LONG-TERM LIABILITIES – CONTINUED

For the governmental activities, lease and subscription liabilities, claims payable, landfill closure and post closure care liabilities, and other postemployment benefits liabilities are generally paid by the General Fund. The change in accumulated annual leave is presented as a net amount.

Bonds, notes and warrants payable of the City of Auburn at September 30, 2025, are comprised of the following individual issues:

	Interest Rate	Interest Dates	Source of Payment	Principal Issued	Principal Outstanding September 30, 2025	Year of Final Principal Maturity
Governmental activities:						
Bonds payable:						
General obligation bonds, dated 06.23.2015 (New high school and school capital improvements)	2.25%-5%	5/1-11/1	Special 5-Mill Tax Fund ad valorem taxes	$78,145,000	$ 73,295,000	2045
General obligation bonds, dated 10.17.2019 (New school)	3%-5%	5/1-11/1	Special 5-Mill Tax Fund ad valorem taxes	37,090,000	33,785,000	2049
Total bonds payable				115,235,000	107,080,000	
Notes Payable:						
Note payable, U. S. Dept of Housing and Urban Development, dated 03.27.2012 (Loan Guarantee Assistance)	LIBOR+0.2%	Monthly	Section 108 Loan Program Fund	3,312,000	1,255,000	2034
Warrants payable:						
General obligation warrants, dated 09.22.2006 (Tennis center - AU portion)	4.23%	3/1 - 9/1	Full faith credit and taxing power of the City of Auburn	3,700,000	267,110	2026
General obligation school warrants, dated 02.22.2012 (Pick Elementary School and land)	2.78%	Monthly	Special School Tax Fund ad valorem taxes	18,500,000	7,073,358	2032

NOTE 9. LONG-TERM LIABILITIES - CONTINUED

	Interest Rate	Interest Dates	Source of Payment	Principal Issued	Principal Outstanding September 30, 2025	Year of Final Principal Maturity
Warrants payable:						
General obligation warrants, dated 10.28.2014 (partially refund '05 warrants - school improvement)	1% - 5%	2/1-8/1	Special School Tax Fund ad valorem taxes	10,240,000	30,000	2026
General obligation school warrants, dated 08.04.2017 (New elementary school)	2.58%	2/1-8/1	Special School Tax Fund ad valorem taxes	18,000,000	11,876,199	2037
General obligation warrants, dated 05.08.2018 (New public safety complex & other improvements)	2% - 5%	5/1-11/1	Full faith credit and taxing power of the City of Auburn	30,610,000	26,560,000	2048
General obligation warrants, dated 12.11.2018 (Refund '08 warrants) (Auburn HS renovations)	3.01%	Monthly	Special School Tax Fund ad valorem taxes	5,259,668	1,678,485	2028
General obligation refunding school warrants, dated 03.10.2020 (Refund '10-A School Warrants)	1.56%	2/1-8/1	Special School Tax Fund ad valorem taxes	14,625,000	2,210,000	2026
General obligation warrants, dated 07.27.2020 (New parking deck and other capital improvements)	2.30%	2/1-8/1	Full faith credit and taxing power of the City of Auburn	16,000,000	12,708,000	2040
General obligation school warrants, dated 08.19.2021 (New elementary school & other improvements)	2% - 4%	2/1-8/1	Special School Tax Fund ad valorem taxes	17,915,000	15,245,000	2041

NOTE 9. LONG-TERM LIABILITIES - CONTINUED

	Interest Rate	Interest Dates	Source of Payment	Principal Issued	Principal Outstanding September 30, 2025	Year of Final Principal Maturity
General obligation refunding school warrants, dated 08.19.2021 (Partially refund '14-B School Warrants)	0.31% - 2.16%	2/1-8/1	Special School Tax Fund ad valorem taxes	10,955,000	10,530,000	2035
General obligation warrants, dated 08.18.2022 (Public works and environmental services capital improvements)	4% - 5%	2/1-8/1	Full faith credit and taxing power of the City of Auburn	48,925,000	43,930,500	2042
General obligation refunding school warrants, dated 08.18.2022 (Refund '12-B School Warrants)	4% - 5%	2/1-8/1	Special School Tax Fund ad valorem taxes	10,245,831	6,832,430	2030
General obligation warrants, dated 10.22.2024 (New community center and other capital improvements)	5.00%	2/1-8/1	Full faith credit and taxing power of the City of Auburn	40,590,000	39,125,000	2044
Total warrants payable				245,565,499	178,066,082	
Total governmental activity bonds, notes, and warrants payable				364,112,499	286,401,082	
Business-type activities:						
Warrants payable:						
General obligation warrants, dated 8.19.21 (Partial refund '14 warrants)	0.31% - 2.16%	2/1-8/1	Sewer Fund	15,870,000	13,530,000	2034
General obligation warrants, dated 8.18.22 (Refund '12-B warrants)	4% - 5%	2/1-8/1	Sewer Fund	3,009,169	2,242,069	2032
Total business type activity warrants payable				18,879,169	15,772,069	
Total bonds, notes, and warrants payable				$ 382,991,668	$ 302,173,151	

NOTE 9. LONG-TERM LIABILITIES - CONTINUED

The following schedule shows debt service to maturity for bonds, notes, and warrants payable of the City of Auburn at September 30, 2025:

	Total Annual Requirements			Governmental Activity Bonds, Notes, and Warrants Payable			Business-type Activity Warrants Payable		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total Requirements	Principal	Interest	Total Requirements
2026	$ 16,528,623	$ 12,084,164	$ 28,612,787	$ 14,822,923	$ 11,776,638	$ 26,599,561	$ 1,705,700	$ 307,526	$ 2,013,226
2027	14,608,516	11,514,256	26,122,772	12,872,816	11,236,657	24,109,473	1,735,700	277,599	2,013,299
2028	14,993,869	10,930,655	25,924,524	13,223,169	10,685,184	23,908,353	1,770,700	245,471	2,016,171
2029	15,058,915	10,333,756	25,392,671	13,258,215	10,123,472	23,381,687	1,800,700	210,284	2,010,984
2030	15,623,032	9,714,573	25,337,605	13,625,763	9,536,695	23,162,458	1,997,269	177,878	2,175,147
2031	16,314,645	9,118,360	25,433,005	14,541,145	8,975,502	23,516,647	1,773,500	142,858	1,916,358
2032	16,086,058	8,570,753	24,656,811	14,272,558	8,466,062	22,738,620	1,813,500	104,691	1,918,191
2033	15,823,266	8,027,629	23,850,895	14,248,266	7,963,799	22,212,065	1,575,000	63,830	1,638,830
2034	16,385,692	7,411,945	23,797,637	14,785,692	7,378,985	22,164,677	1,600,000	32,960	1,632,960
2035	15,287,799	6,768,437	22,056,236	15,287,799	6,768,437	22,056,236			
2036	13,782,607	6,133,137	19,915,744	13,782,607	6,133,137	19,915,744			
2037	14,369,129	5,549,214	19,918,343	14,369,129	5,549,214	19,918,343			
2038	13,798,000	4,959,513	18,757,513	13,798,000	4,959,513	18,757,513			
2039	14,402,000	4,372,569	18,774,569	14,402,000	4,372,569	18,774,569			
2040	14,966,000	3,757,923	18,723,923	14,966,000	3,757,923	18,723,923			
2041	14,610,000	3,112,488	17,722,488	14,610,000	3,112,488	17,722,488			
2042	14,045,000	2,473,706	16,518,706	14,045,000	2,473,706	16,518,706			
2043	10,785,000	1,831,556	12,616,556	10,785,000	1,831,556	12,616,556			
2044	11,280,000	1,354,806	12,634,806	11,280,000	1,354,806	12,634,806			
2045	8,530,000	877,150	9,407,150	8,530,000	877,150	9,407,150			
2046	3,455,000	540,550	3,995,550	3,455,000	540,550	3,995,550			
2047	3,585,000	407,175	3,992,175	3,585,000	407,175	3,992,175			
2048	3,725,000	268,625	3,993,625	3,725,000	268,625	3,993,625			
2049	2,025,000	124,700	2,149,700	2,025,000	124,700	2,149,700			
2050	2,105,000	42,100	2,147,100	2,105,000	42,100	2,147,100			
Total	$ 302,173,151	$130,279,740	$ 432,452,891	$286,401,082	$ 128,716,643	$ 415,117,725	$15,772,069	$ 1,563,097	$ 17,335,166

In the current year and prior years, the government defeased various general obligation bonds and warrants by placing the proceeds of the new bonds or warrants in an irrevocable trust account to provide for all future debt service payments on the old bonds and warrants. Accordingly, the trust account assets and the liabilities for the defeased bonds and warrants are not included in the government's financial statements. At September 30, 2025, $53,965,000 of defeased bonds and warrants remain outstanding.

On October 22, 2024, the City issued its $40,590,000 General Obligation Warrants for the purpose of financing various public capital improvements of the City including, without limitation, (i) the construction and development of a major community center project to be known as "Lake Wilmore Community Center" and to include, among other things, basketball courts, locker rooms and restrooms, activity rooms, a fitness room, multi-purpose rooms, pickleball courts, a multi-use/party room, offices, conference rooms, storage space, and other public activities, and the development of related multi-purpose fields for public recreation and use, and (ii) the repurposing, renovation, and improvement of a facility for a new recreation and cultural resource center to include, among other things, indoor basketball courts, classrooms and support facilities, a public library, a cultural arts center, a splash pad with walking trails, green space, and other public improvements within the City. The Warrants bear interest at a rate of 5.0%. Principal and interest payments are due semiannually beginning February 2025 and continuing through August of 2044.

NOTE 9. LONG-TERM LIABILITIES - CONTINUED

COMPONENT UNITS

Board of Education

Long-term accumulated leave liability, leases and subscription arrangements payable of the Board as of September 30, 2025, are comprised of:

	Balance 10/01/2024	Additions	Reductions	Balance 9/30/2025	Due Within One Year
Governmental activities:					
Accumulated leave	$ 1,076,219	$ 41,650	$ -	$ 1,117,869	$ 565,182
Lease liability	16,281	-	(9,258)	7,023	2,666
Subscription liability	185,433	988,419	(624,791)	549,061	113,377
Governmental activities long-term liabilities	$ 1,277,933	$ 1,030,069	$ (634,049)	$ 1,673,953	$ 681,225

NOTE 9. LONG-TERM LIABILITIES - CONTINUED

Water Works Board

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2025, was as follows:

	Balance 10/01/2024	Additions	Reductions	Balance 9/30/2025	Due Within One Year
Business-type activities:					
Bonds payable:					
Bonds payable - 2020A	$ 12,075,000	$ -	$ (1,215,000)	$ 10,860,000	$ 1,265,000
Bonds payable - 2020B	17,610,000	-	(215,000)	17,395,000	215,000
Premiums on bonds	2,114,230	-	(136,401)	1,977,829	-
Leases	2,462	-	(2,462)	-	-
	31,801,692	-	(1,568,863)	30,232,829	1,480,000
Accumulated annual leave	308,205	5,357	-	313,562	72,008
Other postemployment benefits liability	512,042	-	(22,568)	489,474	18,220
Net pension liability	963,424	-	(532,066)	431,358	-
	1,783,671	5,357	(554,634)	1,234,394	90,228
Business-type activity long-term liabilities	$ 33,585,363	$ 5,357	$ (2,123,497)	$ 31,467,223	$ 1,570,228

Bonds payable at September 30, 2025, are comprised of an original bond issue of $16,860,000 dated March 26, 2020 known as the Series 2020-A Water Revenue Bonds and an original bond issue of $18,475,000 dated March 26, 2020 known as the Series 2020-B Taxable Water Revenue Bonds.

The proceeds of the Series 2020-A Bonds, including an original issue premium of $2,728,039, were issued for the purpose of paying the costs of certain public capital improvements to the System totaling $5,800,000, redeeming and retiring $13,604,140 of the Board's Series 2010 Bonds, and paying issuance costs of $183,899. The 2020-A bonds were issued at interest rates ranging from 2.125% to 4.0%. The stated maturity dates of the 2020-A bonds are September 1 beginning in 2020 and continuing through 2039.

The proceeds of the Series 2020-B Bonds were issued for the purpose of redeeming and retiring $18,278,845 of the Board's Series 2015 Bonds and to pay issuance costs of $196,155. The 2020-B bonds were issued at interest rates ranging from 1.388% to 2.98%. The stated maturity dates of the 2020-B bonds are September 1 beginning in 2020 and continuing through 2040.

NOTE 9. LONG-TERM LIABILITIES - CONTINUED

Bonds payable of the Water Works Board of the City of Auburn at September 30, 2025, are comprised of the following individual issues:

	Interest Rate	Interest Dates	Source of Payment	Principal Issued	Principal Outstanding September 30, 2025	Year of Final Principal Maturity
Business type activities						
Bonds payable:						
Series 2020-A Bonds,	2.125%					
Dated 03.26.2020	to 4.0%	3/1-9/1	Revenues	$ 16,860,000	$ 10,860,000	2039
Series 2020-B Bonds,	1.388%					
Dated 03.26.2020	to 2.98%	3/1-9/1	Revenues	18,475,000	17,395,000	2040
Total bonds payable				$ 35,335,000	$ 28,255,000	

The following schedule shows debt service to maturity for bonds payable of the Water Works Board of the City of Auburn at September 30, 2025:

Year ending September 30	Principal	Interest	Total
2026	$ 1,480,000	$ 886,943	$ 2,366,943
2027	1,535,000	832,378	2,367,378
2028	1,595,000	775,435	2,370,435
2029	1,650,000	715,944	2,365,944
2030	1,715,000	654,095	2,369,095
2031-2035	9,510,000	2,330,691	11,840,691
2036-2040	10,770,000	943,585	11,713,585
Total	$ 28,255,000	$ 7,139,071	$ 35,394,071

The Water Revenue Bonds are collateralized by a pledge of net system revenues derived, and to be derived from, the operation of the AWWB's water system. The AWWB is also required to maintain such rates and charges for the water service and other services supplied from the system and make collections from the users thereof in such a manner as shall produce revenues sufficient at all times (i) to provide for payment of all operating expenses, (ii) to produce annual net income of not less than 110% of the then applicable maximum annual debt service requirement, and (iii) to make all monthly payments provided herein. These coverage requirements have been met by the AWWB for the year ended September 30, 2025.

NOTE 9. LONG-TERM LIABILITIES - CONTINUED

Industrial Development Board

The following is a summary of changes in notes payable of the IDB for the year ended September 30, 2025:

	Balance 10/01/2024	Additions	Reductions	Balance 9/30/2025	Due Within One Year
Long term notes payable	$ 32,518,535	$ 4,010,230	$ (1,864,937)	$ 34,663,828	$ 8,878,205
Short term notes payable	4,341,525	1,337,087	(5,000,000)	678,612	678,612
Total	$36,860,060	$ 5,347,317	$ (6,864,937)	$ 35,342,440	$ 9,556,817

Short-term notes were issued to finance the purchase of land for resale and the construction of the ACDI Business Center. As of September 30, 2025, there was an outstanding balance of $678,612 on short-term loans.

During fiscal year 2019, the IDB obtained a line of credit for $1,000,000 from AuburnBank for the purpose of acquiring equipment. The line matures on September 19, 2029, and bears interest at 5.50%. Draws totaling $999,607 have been made against the line since its inception ($0 in fiscal year 2025), and the amount of available credit at September 30, 2025, was $600,000. All equipment owned by the IDB is pledged as security for the line of credit.

Long-term notes payable of the IDB at September 30, 2025, are comprised of the following individual issues:

	Interest Rate	Interest Dates	Principal Issued	Principal Outstanding 9/30/2025	Year of Final Principal Maturity
AuburnBank	7.25%	Monthly	$ 2,157,341	$1,343,350	2030
AuburnBank	7.50%	Monthly	5,525,000	4,574,659	2029
AuburnBank	7.00%	Monthly	5,738,184	4,726,704	2030
AuburnBank	5.00%	Monthly	260,000	31,799	2026
AuburnBank	4.50%	Monthly	2,700,000	1,884,240	2027
AuburnBank	4.75%	Monthly	5,000,000	3,712,240	2030
AuburnBank	5.50%	Monthly	999,608	400,000	2029
AuburnBank	4.50%	Monthly	9,475,500	7,137,796	2026
AuburnBank	4.50%	Monthly	1,000,000	889,856	2027
AuburnBank	5.00%	Monthly	150,000	40,388	2026
AuburnBank	4.50%	Monthly	600,000	383,818	2027
AuburnBank	5.00%	Monthly	250,000	228,932	2028
AuburnBank	7.50%	Monthly	875,000	270,894	2029
AuburnBank	7.25%	Monthly	7,059,363	5,052,244	2030
AuburnBank	7.00%	Monthly	4,000,000	3,986,908	2027
Total notes payable			$ 45,789,996	$34,663,828	

Proceeds of the notes were used to purchase and construct industrial buildings held for leasing by the IDB, to purchase property for resale, to purchase equipment and to finance property and equipment sold and financed by the IDB. The notes are secured by real estate mortgages on the properties financed and assignment of contracts.

NOTE 9. LONG-TERM LIABILITIES - CONTINUED

The following schedule shows debt service to maturity for long-term notes payable of the Industrial Development Board at September 30, 2025:

Fiscal Year	Total Annual Requirements		
	Principal	Interest	Total
2026	$8,878,205	$1,853,405	$ 10,731,610
2027	8,165,361	1,409,421	9,574,782
2028	1,635,480	1,162,704	2,798,184
2029	5,206,789	1,035,049	6,241,838
2030	10,777,993	611,857	11,389,850
Total	$ 34,663,828	$ 6,072,436	$40,736,264

NOTE 10. UNEARNED PROGRAM REVENUE

During prior years, the City received monies from the U.S. Department of Housing and Urban Development (HUD) for Urban Development Action Grants and Housing Development Action Grants. Under the terms of the grants, the monies received from HUD are loaned to qualified borrowers and the City holds second mortgages as collateral. When the City made these loans, unearned revenue equal to the principal amount of the mortgage was recorded in the governmental fund financial statements. The loans will remain outstanding until such time as specified in the grant agreements. At that time, the City will receive the balance of the second mortgages plus interest, and unearned revenue equal to the amount of principal repayment received by the City will be recognized as program revenue. The mortgages outstanding at September 30, 2025, totaled $90,630.

During prior years and the current year, the City received monies from the U.S. Department of Housing and Urban Development (HUD) for Community Development Block Grants. Under the terms of the grants, the monies received from HUD are loaned to qualified borrowers for housing rehabilitation and the City holds second mortgages as collateral. When the City made these loans, unearned revenue equal to the principal amount of the mortgage was recorded in the governmental fund financial statements. The loans made under this program are deferred for 20 years from the date of the loan. At that time, the City will begin receiving amortized payments of principal and interest for the second mortgages, and unearned revenue equal to the amount of principal repayment received by the City will be recognized as program revenue. The mortgages outstanding at September 30, 2025, totaled $1,082,468.

During prior years, the City received monies from the U.S. Department of Housing and Urban Development (HUD) under a Loan Guarantee Assistance contract pursuant to Section 108 of Title 1 of the Housing and Urban Development Act of 1974. Under the terms of the loans, the monies received from HUD are loaned to qualified borrowers as micro-loans or as part of a Commercial and Industrial Loan Program. When the City made these loans, unearned revenue equal to the principal amount of the loan was recorded in the governmental fund financial statements. The loans made under this program are repaid according to the terms of each individual loan agreement. As the City receives amortized payments of principal and interest, unearned revenue equal to the amount of principal repayment received by the City will be recognized as program revenue. The loans outstanding at September 30, 2025, totaled $347,668.

NOTE 11. LEASES

CITY OF AUBURN PRIMARY GOVERNMENT

In fiscal year 2022, the City adopted GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about the City's leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

The City is currently entered into 11 noncancelable leases with various third parties. Current lease activities include the right-to-use office space, copiers and postage machines. The lease terms include the noncancelable period of the lease and extensions the City is reasonably certain to exercise and vary with each contract. The leases have interest rates ranging from .9160% to 3.378%.

The City amortized the right-to-use lease assets as follows:

	Balance 10/01/2024	Additions	Deletions	Balance 9/30/2025
Governmental activities:				
Lease assets				
Equipment	$ 122,866	$ -	$ (57,296)	$ 65,570
Buildings	214,607	-	-	214,607
Total lease assets	337,473	-	(57,296)	280,177
Less accumulated amortization				
Equipment	(80,843)	(25,434)	57,296	(48,981)
Buildings	(133,111)	(51,471)	-	(184,582)
Total accumulated amortization	(213,954)	(76,905)	57,296	(233,563)
Total lease assets, being amortized, net	$ 123,519	$ (76,905)	$ -	$ 46,614

At September 30, 2025, the lease liability principal and interest requirements to maturity are as follows:

Year ending September 30	Principal	Interest	Total
2026	$ 42,682	$ 492	$ 43,174
2027	6,018	76	6,094
Total	$ 48,700	$ 568	$ 49,268

NOTE 11. LEASES- CONTINUED

COMPONENT UNITS

Board of Education

For the year ended September 30, 2025, the Board of Education had 9 active lease agreements for the use of copiers and a postage machine. The initial lease terms ranged from 36-60 months. The Board's incremental borrowing rate for the lease agreements ranged from 0.408% to 2.45%. Under these agreements, the Board is required to make monthly payments ranging from $189 to $2,808. The total value of the Board's right-to-use lease asset balance at September 30, 2025, was $13,228 and accumulated amortization related to the right-to-use asset at September 30, 2025, was $6,394. The September 30, 2025, lease liability was $7,023.

The future principal and interest payments as of September 30, 2025, were as follows:

Year ending September 30	Principal	Interest	Total
2026	$ 2,666	$ 142	$ 2,808
2027	2,732	76	2,808
2028	1,625	13	1,638
Total	$ 7,023	$ 231	$ 7,254

Water Works Board

As of September 30, 2025, the Board had no outstanding lease liabilities or intangible right-to-use assets.

NOTE 11. LEASES - CONTINUED

Industrial Development Board

Description of leasing arrangements - The IDB's leasing activities consist of the leasing of industrial property owned by the IDB (land and buildings) to various industries located in the IDB's industrial parks. The leases expire over the next twenty-three years.

During the year ended September 30, 2025, the IDB had 9 active lease agreements consisting of leasing of industrial space in facilities owned by the IDB. The non-cancelable lease terms range from 3-15 years, with optional renewal periods up to an additional 15 years. The IDB's interest rates for the lease agreements range from 4.75% to 7.75%. Under these agreements, the Board receives monthly fixed payments ranging from $4,500 to $55,000. The Board recognized $1,278,518 in lease revenue and $1,025,416 in interest revenue during the current fiscal year related to these leases, additionally, variable payments not included in the measurement of leases receivable in the amount of $83,880 were recognized by the IDB. Two leases were terminated during the year and leases receivable of $6,877,563 and deferred inflows of $6,402,850 were removed. This resulted in a loss on lease termination of approximately $474,713. As of September 30, 2025, the IDB's receivable for lease payments was $17,225,769. Also, the IDB has a deferred inflow of resources associated with these leases that will be recognized as revenue over the term of the leases. As of September 30, 2025, the balance of the deferred inflow of resources from these leases was $16,209,768.

At September 30, 2025, the IDB recognizes the following lease receivables:

	Balance 10/01/2024	Additions	Reductions	Balance 9/30/2025
Lease receivable				
Buildings	$ 25,989,684	$ 3,891,632	$ (6,877,563)	$ 23,003,753
Less amortization				
Buildings	(4,795,059)	(982,925)	-	(5,777,984)
Total lease assets being amortized, net	$ 21,194,625	$ 2,908,707	$ (6,877,563)	$ 17,225,769

At September 30, 2025, the lease receivable principal and interest requirements to maturity are as follows:

Fiscal Year	Principal	Interest	Total
2026	$685,338	$975,384	$ 1,660,722
2027	611,101	938,788	1,549,889
2028	646,709	903,180	1,549,889
2029	686,208	865,426	1,551,634
2030	746,340	824,491	1,570,831
2031-2035	4,341,079	3,406,478	7,747,557
2036-2040	4,267,910	2,163,247	6,431,157
2041-2045	4,547,573	861,499	5,409,072
2046-2047	693,511	21,424	714,935
Total	$ 17,225,769	$ 10,959,917	$ 28,185,686

NOTE 11. LEASES- CONTINUED

The IDB has leased eleven parcels of land located in its industrial parks for which there are no future payments due. Each lease contains a bargain-purchase option which can be exercised during the term of the lease by paying a nominal purchase amount (less than $10). All rentals due under the leases were paid in advance and are not refundable in the event of lease cancellation or exercise of purchase option. Expiration of the leases ranges from 2026 to 2045, and several of the leases provide for renewal terms. No lease payments were received for these leases in fiscal year 2025.

During fiscal years 2017 and 2022, two existing companies conveyed property to the IDB, and the IDB leased the property back to the companies. Remaining payments under the leases consist solely of payments due under the bargain-purchase options, which are minimal, and no payments were received in fiscal year 2025. One lease expires in 2027, and the other expires in 2037.

The IDB also manages leasing activities in the Auburn Center for Developing Industries (a component unit of the Industrial Development Board). There were 17 short term leases in effect during fiscal year 2025 with maximum non-cancelable lease terms of less than 12 months. The IDB recognized $254,603 in lease revenue and $40,304 in utility recoveries related to these leases. Receipts collected by the IDB were transferred to the Auburn Center for Developing Industries to offset the costs of maintaining the facilities.

NOTE 12. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

CITY OF AUBURN PRIMARY GOVERNMENT

In fiscal year 2023, the City adopted GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about the City's subscription-based information technology arrangement (SBITA) activities. This statement establishes a single model for accounting for SBITAs based on the principle that SBITAs are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

The City is currently entered into 4 noncancelable SBITAs with various third parties. The subscription agreements have interest rates ranging from 2.3640% to 4.00%.

The City amortized the right-to-use subscription assets as follows:

	Balance 10/01/2024	Additions	Deletions	Balance 9/30/2025
Governmental activities:				
Subscription assets	$2,142,715	$ 5,275,951	$(1,982,163)	$ 5,436,503
Less accumulated amortization	(1,464,787)	(1,299,828)	1,466,311	(1,298,304)
Total subscription assets, being amortized, net	$ 677,928	$ 3,976,123	$ (515,852)	$ 4,138,199

At September 30, 2025, the subscription liability principal and interest requirements to maturity are as follows:

NOTE 12. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS - CONTINUED

Year ending September 30	Principal	Interest	Total
2026	$ 1,318,761	$ 80,911	$ 1,399,672
2027	1,350,902	48,770	1,399,672
2028	664,970	15,833	680,803
Total	$ 3,334,633	$ 145,514	$ 3,480,147

COMPONENT UNITS

Board of Education

For the year ended September 30, 2025, the Board had 12 active Subscription-Based Information Technology Arrangements (SBITA) for software rights. The initial arrangement terms ranged from 26-60 months. The Board's incremental borrowing rate for the SBITAs ranged from 2.4667% to 3.4087%. For all but three of the SBITAs, the Board elected to pay the entire amount due before the end of the arrangement. For one SBITA, the Board elected to terminate the agreement early during the current year and reported the disposal of a SBITA asset of $163,867 and reduction of the SBITA liability of $83,515. The net book value of the terminated SBITA was $87,880, resulting in a loss on termination of $4,365. For one SBITA, the Board makes an annual payment of $80,385 and has one payment remaining as of September 30, 2025. For the remaining SBITA, the Board makes annual payments of $125,200 and expects to pay off the remaining subscription liability of $470,874 by 2029. The total value of the Board's right-to-use SBITA asset balance at September 30, 2025, was $2,631,426 and accumulated amortization related to the right-to-use asset at September 30, 2025, was $983,978. The September 30, 2025, SBITA liability was $549,061.

The future principal and interest payments as of September 30, 2025, were as follows:

Year ending September 30	Principal	Interest	Total
2026	$ 113,377	$ 11,824	$ 125,201
2027	194,410	11,175	205,585
2028	119,142	6,058	125,200
2029	122,132	3,067	125,199
Total	$ 549,061	$ 32,124	$ 581,185

NOTE 13. DEFINED BENEFIT PENSION PLANS

CITY OF AUBURN PRIMARY GOVERNMENT

General Information about the Pension Plan

Plan description. The Employees' Retirement System of Alabama (ERS), an agent multiple-employer public employee retirement plan, was established as of October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and on an elective basis, to all cities, counties, towns and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 15 trustees. Act 390 of the Legislature of 2021 created two additional representatives to the ERS Board of Control effective October 1, 2021. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 36, Chapter 27* grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

NOTE 13. DEFINED BENEFIT PENSION PLANS - CONTINUED

The ERS Board of Control consists of 15 trustees as follows:

1) The Governor, ex officio.
2) The State Treasurer, ex officio.
3) The State Personnel Director, ex officio.
4) The State Director of Finance, ex officio.
5) Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head.
6) Eight members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
    a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county, or a public agency each of whom is an active beneficiary of ERS.
    b. Two vested active state employees.
    c. One vested active employee of a participating municipality or city in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
    d. One vested active employee of a participating county in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
    e. One vested active employee or retiree of a participating employer in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
    f. One vested active employee of a participating employer other than a municipality, city or county in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.

Benefits provided. State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a formula method. Under the formula method, Tier 2 members of the ERS are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service up to 80% of their average final compensation.

Act 351 of the Legislature of 2022 provides that any Tier 2 member who withdraws from service after the completion of at least 30 years of service is entitled to an annual retirement benefit.

Members are eligible for disability retirement if they have 10 years of creditable service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending September 30 are paid to the beneficiary.

Act 132 of the Legislature of 2019 allowed employers who participate in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 members of employers adopting Act 2019-132 will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers. A total of 628 employers adopted Act 2019-132 as of September 30, 2024.

NOTE 13. DEFINED BENEFIT PENSION PLANS – CONTINUED

Act 2019-132 was amended by Act 348 of the Legislature of 2022. Act 2022-348 amended Act 2019-132 by removing the date limitation for any local participating employer to submit its resolution electing to provide its Tier 2 members with the same retirement benefits provided to its Tier 1 members. Act 2022-348 also amended Act 2019-132 by removing the date limitation for a local participating employer to petition the ERS Board of Control for a reconsideration if the ERS Board of Control denied its election to provide its Tier 2 members with the same retirement benefits provided to its Tier 1 members.

Act 316 of the Legislature of 2019 allows employees at the time of retirement to receive a partial lump sum (PLOP) distribution as a single payment not to exceed the sum of 24 months of the maximum monthly retirement allowance the member could receive. This option may be selected in addition to the election of another retirement allowance option at a reduced amount based upon the amount of partial lump sum distribution selected.

The ERS serves approximately 890 local participating employers and one state employer. The ERS membership includes approximately 117,309 participants. As of September 30, 2024, membership consisted of:

Retirees and beneficiaries currently receiving benefits	32,477
Terminated employees entitled to but not yet receiving benefits	2,425
Terminated employees not entitled to a benefit	22,097
Active Members	60,279
Post-DROP participants who are still in active service	31
	117,309

Contributions. Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation.

Employers participating in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* were not required by statute to increase covered member contribution rates but were provided the opportunity to do so through Act 2011-676. By adopting Act 2011-676 Tier 1 regular members' contribution rates increased from 5% to 7.5% of earnable compensation and Tier 1 certified law enforcement, correctional officers', and firefighters' member contribution rates increased from 6% to 8.5% of earnable compensation.

Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation. These contributions rates are the same for Tier 2 covered members of ERS local participating employers.

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year with additional amounts to finance any unfunded accrued liability, the preretirement death benefit, and administrative expenses of the Plan. For the year ended September 30, 2025, the City's active employee contribution rate was 6.58% of covered employee payroll, and the City's average contribution rate to fund the normal and accrued liability costs was 11.06% of pensionable payroll.

NOTE 13. DEFINED BENEFIT PENSION PLANS - CONTINUED

The City's contractually required contribution rate for the year ended September 30, 2025, was 12.42% of pensionable pay for Tier 1 employees, and 10.81% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation as of September 30, 2022, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City were $5,474,017 for the year ended September 30, 2025.

Net Pension Liability. The City's net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2023, rolled forward to September 30, 2024, using standard roll-forward techniques as shown in the following table:

	Expected	Actual
(a) Total Pension Liability as of September 30, 2023	$ 164,716,193	$ 166,906,528
(b) Discount rate	7.45%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2023 - September 30, 2024	4,396,077	4,396,077
(d) Transfers Among Employers	-	202,814
(e) Actual Benefit Payments and Refunds for the period October 1, 2023 - September 30, 2024	(8,109,301)	(8,109,301)
(f) Total Pension Liability as of September 30, 2024 = [(a) x (1+(b))] + (c) + (d) + [(e) x(1+ 0.5*(b))]	$ 172,972,254	$ 175,528,583

Actuarial assumptions. The total pension liability as of September 30, 2024, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2023. The key actuarial assumptions are summarized below:

Inflation	2.50%
Projected salary increases	3.25%-6.00%
Investment rate of return*	7.45%

* Net of pension plan investment expense, including inflation.

Mortality rates were based on the Pub-2010 Below-Median Tables, projected generationally using the MP-2020 scale, which is adjusted by 66-2/3% beginning with year 2019:

NOTE 13. DEFINED BENEFIT PENSION PLANS - CONTINUED

Mortality rates were based on the Pub-2010 Teacher tables with the following adjustments, projected generationally using scale MP-2020 adjusted by 66 2/3% beginning with year 2019:

Group	Membership Table	Set Forward (+) /	Adjustment to Rates
Service Retirees	Teacher Retiree - Below Median	Male: +2, Female: +2	Male:108% ages<63, 96% ages>67; Phasing down 63-67 Female: 112% ages <69 98% > age 74 Phasing down 69-74
Beneficiaries	Contingent Survivor Below Median	Male: +2, Female: None	None
Disabled Retirees	Teacher Disability	Male: +8, Female: +3	None

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	15.00%	2.80%
U.S. Large Stocks	32.00%	8.00%
U.S. Mid Stocks	9.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real Estate	10.00%	6.50%
Cash Equivalents	5.00%	1.50%
Total	100.00%	

*Includes assumed rate of inflation of 2.00%

NOTE 13. DEFINED BENEFIT PENSION PLANS - CONTINUED

Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2023	$ 164,716,193	$ 98,070,793	$ 66,645,400
Changes for the year:			
Service cost	4,396,077	-	4,396,077
Interest	11,969,285	-	11,969,285
Changes of benefit terms	-	-	-
Difference between expected and actual experience	2,353,515	-	2,353,515
Contributions - employer	-	5,166,796	(5,166,796)
Contributions - employee	-	3,298,213	(3,298,213)
Net investment income	-	20,769,268	(20,769,268)
Benefit payments, including refunds of employee contributions	(8,109,301)	(8,109,301)	-
Transfers among employers	202,814	202,814	-
Net changes	10,812,390	21,327,790	(10,515,400)
Balances at September 30, 2024	$ 175,528,583	$ 119,398,583	56,130,000
Less: Public Park & Recreation Board			(224,282)
Total primary government			$ 55,905,718

Sensitivity of the net pension liability to changes in the discount rate. The following table presents the City's net pension liability calculated using the discount rate of 7.45%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.45%) or 1 percentage point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
City's net pension liability	$ 78,973,673	$ 56,130,000	$ 37,143,440

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2024. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2024. The auditor's report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/.

NOTE 13. DEFINED BENEFIT PENSION PLANS - CONTINUED

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended September 30, 2025, the City recognized pension expense of $2,512,374. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 7,781,150	$ -
Changes of assumptions	1,753,412	-
Net difference between projected and actual earnings on pension plan investments	-	7,923,670
Employer contributions subsequent to the measurement date	5,474,017	-
	15,008,579	7,923,670
Less: Public Park & Recreation Board	(77,811)	(28,919)
Total primary government	$ 14,930,768	$ 7,894,751

Deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date ($5,474,017) will be recognized as a reduction of the net pension liability in the year ended September 30, 2026.

Amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

Year ended September 30:		
2026	$	1,592,700
2027	$	3,409,220
2028	$	(2,065,850)
2029	$	(1,577,338)
2030	$	252,160
Thereafter	$	-

COMPONENT UNITS

Board of Education

Plan Description. The ABOE employees are members of the Teachers' Retirement System of Alabama (TRS). The TRS, a cost-sharing multiple-employer public employee retirement plan, was established as of September 15, 1939, pursuant to *the Code of Alabama 1975, Title 16, Chapter 25* (Act 419 of the Legislature of 1939) for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by State-supported educational institutions. The responsibility for the general administration and operation of the TRS is vested in its Board of Control which consists of 15 trustees. The plan is administered by the Retirement System of Alabama (RSA). The *Code of Alabama 1975, Title 16, Chapter 25* grants the authority to establish and amend the benefit terms to the TRS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

NOTE 13. DEFINED BENEFIT PENSION PLANS - CONTINUED

Benefits Provided. State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the TRS. Benefits for TRS members vest after 10 years of creditable service. TRS members who retire after age 60 with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the TRS are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 TRS members are eligible for retirement after age 62 with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a formula method. Under the formula method, Tier 2 members of the TRS are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service, up to 80% of their average final compensation.

Act 2022 of the Legislature of 2022 for TRSA provides that any Tier 2 member who withdraws from service after the completion of at least 30 years of creditable service is entitled to an annual retirement benefit.

Act 316 of the Legislature of 2019 established the Partial Lump Sum Option Plan (PLOP) in addition to the annual service retirement benefit payable for life for Tier 1 and Tier 2 members of the TRS. A member can elect to receive a one-time lump sum distribution at the time that they receive their first monthly retirement benefit payment. The member's annual retirement benefit is then actuarially reduced based on the amount of the PLOP distribution which is not to exceed the sum of 24 months of the maximum monthly retirement benefit that the member could receive. Members are eligible to receive a PLOP distribution if they are eligible for a service retirement benefit as defined above from the TRS on or after October 1, 2019. A TRS member who receives an annual disability retirement benefit or who has participated in the Deferred Retirement Option Plan (DROP) is not eligible to receive a PLOP distribution.

Members are eligible for disability retirement if they have 10 years of creditable service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member, as reported to the Plan for the preceding year ending June 30, are paid to a qualified beneficiary.

Contributions. Covered Tier 1 members of the TRS contributed 5% of earnable compensation to the TRS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the TRS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the TRS are required by statute to contribute 7.50% of earnable compensation.

Effective October 1, 2021, the covered Tier 2 members contribution rate increased from 6.0% to 6.2% of earnable compensation to the TRS as required by statute. These Tier 2 member contribution rate increases were a result of Act 537 of the Legislature of 2021 which allows sick leave conversion for Tier 2 members.

Participating employers' contractually required contribution rate for the fiscal year ended September 30, 2025, was 13.57% of annual pay for Tier 1 members and 12.60% of annual pay for Tier 2 members. These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Board were $9,158,235 for the year ended September 30, 2025.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2025, the Board reported a liability of $99,523,000 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2023. The Board's proportion of the collective net pension liability was based on the employers' shares of contributions to the pension plan relative to the total employer contributions of all participating TRS employers. At September 30, 2024, the Board's proportion was 0.765086%, which was an increase of 0.010145% from its proportion measured as of September 30, 2023.

NOTE 13. DEFINED BENEFIT PENSION PLANS - CONTINUED

For the year ended September 30, 2025, the Board recognized pension expense of $14,332,287. At September 30, 2025, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 9,897,000	$ 717,000
Changes of assumptions	1,527,000	-
Net difference between projected and actual earnings on pension plan investments	-	16,321,000
Changes in proportion and differences between Employer contributions and proportionate share of contributions	3,545,000	44,000
Employer contributions subsequent to the measurement date	9,158,235	-
	$ 24,127,235	$ 17,082,000

Deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date ($9,158,235) will be recognized as a reduction of the net pension liability in the year ended September 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2026	$ 1,053,000
2027	6,021,000
2028	(4,330,000)
2029	(4,857,000)
2030	-
Thereafter	-

Actuarial Assumptions. The total pension liability as of September 30, 2024, was determined by an actuarial valuation as of September 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Investment rate of return*	7.45%
Projected salary increases	3.25%-5.00%

*Net of pension plan investment expense.

The actuarial assumptions used in the actuarial valuation as of September 30, 2023, were based on the results of an investigation of the economic and demographic experience for the TRS based upon participant data as of September 30, 2020. The Board of Control accepted and approved these changes in September 2021 which became effective at the beginning of fiscal year 2021.

NOTE 13. DEFINED BENEFIT PENSION PLANS - CONTINUED

Mortality rates were based on the Pub-2010 Teacher tables with the following adjustments, projected generationally using scale MP-2020 adjusted by 66 2/3% beginning with year 2019:

Group	Membership Table	Set Forward (+) /	Adjustment to Rates
Service Retirees	Teacher Retiree - Below Median	Male: +2, Female: +2	Male:108% ages<63, 96% ages>67; Phasing down 63-67 Female: 112% ages <69 98% > age 74 Phasing down 69-74
Beneficiaries	Contingent Survivor Below Median	Male: +2, Female: None	None
Disabled Retirees	Teacher Disability	Male: +8, Female: +3	None

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	15.00%	2.80%
U.S. Large Stocks	32.00%	8.00%
U.S. Mid Stocks	9.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real Estate	10.00%	6.50%
Cash Equivalents	5.00%	1.50%
Total	100.00%	

*Includes assumed rate of inflation of 2.00%

NOTE 13. DEFINED BENEFIT PENSION PLANS – CONTINUED

Discount Rate. The discount rate used to measure the total pension liability was 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Board's Proportionate Share of Net Pension Liability to Changes in the Discount Rate. The following table presents the Board's proportionate share of the net pension liability calculated using the discount rate of 7.45%, as well as what the Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Board's proportionate share of collective net pension liability	$ 138,379,000	$ 99,523,000	$ 66,818,000

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2024. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2024. The auditor's report on the Schedule of Employer Allocations and Pension Amounts by Employer and accompanying notes detail by employer and in aggregate information needed to comply with GASB 68. The additional financial and actuarial information is available at https://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/.

Water Works Board

The Water Works Board of the City of Auburn (AWWB) also contributes to the Employees' Retirement System of Alabama under the same plan description and statutory requirements as the City.

For the year ended September 30, 2025, AWWB's active employee contribution rate was 3.50% of covered employee payroll, and AWWB's average contribution rate to fund the normal and accrued liability costs was 3.24% of pensionable payroll.

The AWWB's contractually required contribution rate for the year ended September 30, 2025, was 6.76% of pensionable pay for Tier 1 employees and 4.63% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2022, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the AWWB were $118,924 for the year ended September 30, 2025.

NOTE 13. DEFINED BENEFIT PENSION PLANS - CONTINUED

Net Pension Liability. The AWWB's net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2023, rolled forward to September 30, 2024, using standard roll-forward techniques as shown in the following table:

	Expected	Actual Before Plan Changes	Actual After Plan Changes
(a) TPL as of September 30, 2023	$ 5,713,442	$ 5,766,224	$ 5,766,224
(b) Discount rate	7.45%	7.45%	7.45%
(c) Entry Age Normal Cost for the period October 1, 2023 - September 30, 2024	162,605	162,605	162,605
(d) Transfers Among Employers	-	(251,036)	(251,036)
(e) Actual Benefit Payments and Refunds for the period October 1, 2023 - September 30, 2024	(221,742)	(221,742)	(221,742)
(f) TPL as of September 30, 2024 = [(a) x (1+(b))] + (c) + (d) + [(e) x(1+ 0.5*(b))]	$ 6,071,697	$ 5,877,375	$ 5,877,375

Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2023	$ 5,713,442	$ 4,750,018	$ 963,424
Changes for the year:			
Service cost	162,605	-	162,605
Interest	417,392	-	417,392
Changes of benefit terms	-	-	-
Difference between expected and actual experience	56,714	-	56,714
Contributions - employer	-	83,128	(83,128)
Contributions - employee	-	111,884	(111,884)
Net investment income	-	973,765	(973,765)
Benefit payments, including refunds of employee contributions	(221,742)	(221,742)	-
Transfers among employers	(251,036)	(251,036)	-
Net changes	163,933	695,999	(532,066)
Balances at September 30, 2024	$ 5,877,375	$ 5,446,017	$ 431,358

NOTE 13. DEFINED BENEFIT PENSION PLANS - CONTINUED

Sensitivity of the net pension liability to changes in the discount rate. The following table presents AWWB's net pension liability calculated using the discount rate of 7.45%, as well as what AWWB's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.45%) or 1 percentage point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Net pension liability	$ 1,199,453	$ 431,358	$ 210,462

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended September 30, 2025, the AWWB recognized pension expense/(income) of ($39,903). At September 30, 2025, AWWB reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 278,985	$ 62,162
Changes of assumptions	84,383	-
Net difference between projected and actual earnings on plan investments	-	370,128
Employer contributions subsequent to the measurement date	111,475	-
Total	$ 474,843	$ 432,290

Amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2026	$ (10,939)
2027	$ 90,427
2028	$ (103,087)
2029	$ (67,723)
2030	$ 18,036
Thereafter	$ 4,364

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS

CITY OF AUBURN PRIMARY GOVERNMENT

The Water Works Board of the City of Auburn (AWWB) and the Public Park and Recreation Board (PPRB), two component units of the City of Auburn, participate in The City of Auburn's General Employees' OPEB plan. All descriptions, policies, costs, methods and assumptions described below apply to the City, as well as the AWWB and PPRB, and their employees.

General Information about the OPEB Plan

Plan description – The City of Auburn (the City) provides certain continuing health care and life insurance benefits for its retired employees. The City of Auburn's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the City. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the City. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Statement 75.

Benefits provided – Medical and dental benefits are provided through a comprehensive medical benefit plan. The plan provisions are contained in the official plan documents. Medical and dental benefits are provided to employees upon actual retirement. To qualify for those retiree benefits, retirees must be eligible to retire under the provisions of the Retirement System of Alabama – Employees' Retirement System (RSA). The retirement eligibility provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service (called "Tier I members").

Employees covered by benefit terms – As of the measurement date September 30, 2025, the following employees were covered by the benefit terms:

	General Fund	Sewer Fund	Solid Waste Management Fund	Total Primary Government	Water Works Board	Public Park and Recreation Board	Total
Inactive employees or beneficiaries currently receiving benefit payments	36	2	2	40	2	1	43
Active plan members	466	27	35	528	25	3	556
Total	502	29	37	568	27	4	599

Total OPEB Liability

The total OPEB liability is $11,242,755 as of the measurement date September 30, 2025, the end of the fiscal year.

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

Actuarial assumptions and other inputs – The total OPEB liability in the September 30, 2025, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5% annually
Salary increases	Service: Annual Rate — 0: 6.00%; 1-5: 4.25%; 6-10: 4.00%; 11-15: 3.75%; 16-19: 3.50%; 20+: 3.25%
Prior discount rate	3.81%
Discount rate	4.90% annually which is the Bond Buyer 20-Bond General Obligation Index on the Measurement Date. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years.
Healthcare trend rate	5.50% for 2025
Active mortality rates	Pub-2010 Public Retirement Plans Below-Median Mortality Table for General Employees, Headcount Weighted, with full generational projection using the MP-2021 scale adjusted by 66-2/3%.

Changes in the Total OPEB Liability

	General Fund	Sewer Fund	Solid Waste Management Fund	Total Primary Government	Water Works Board	Public Park and Recreation Board	Total
Total OPEB Liability 9/30/2024	$ 9,952,724	$ 559,393	$ 648,414	$ 11,160,531	$ 512,041	$ 70,868	$ 11,743,440
Changes for the year:							
Service cost	485,817	28,065	35,807	549,689	26,130	3,871	579,690
Interest	386,856	22,348	28,513	437,717	20,807	3,083	461,607
Changes in assumptions	(941,274)	(54,376)	(69,377)	(1,065,027)	(50,626)	(7,500)	(1,123,153)
Differences between expected and actual experience	-	-	-	-	-	-	-
Benefit payments	(351,005)	(20,277)	(25,871)	(397,153)	(18,879)	(2,797)	(418,829)
Net change in total OPEB liability	(419,606)	(24,240)	(30,928)	(474,774)	(22,568)	(3,343)	(500,685)
Total OPEB Liability 9/30/2025	$ 9,533,118	$ 535,153	$ 617,486	$ 10,685,757	$ 489,473	$ 67,525	$ 11,242,755
Plan fiduciary net position 9/30/2024	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Changes for the year:							
Contributions - employer	351,005	20,277	25,871	397,153	18,879	2,797	418,829
Benefit payments	(351,005)	(20,277)	(25,871)	(397,153)	(18,879)	(2,797)	(418,829)
Net change in plan fiduciary net position	-	-	-	-	-	-	-
Plan fiduciary net position 9/30/2025	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Plan fiduciary net position as a % of total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Covered employee payroll	$ 34,082,763	$ 1,968,925	$ 2,512,076	$ 38,563,764	$ 1,833,137	$ 271,576	$ 40,668,477
Total OPEB liability as % of covered employee payroll	27.97%	27.18%	24.58%	27.71%	26.70%	24.86%	27.64%

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90%) or 1-percentage-point higher (5.90%) than the current discount rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
General Fund	$ 10,473,335	$ 9,533,118	$ 8,681,112
Sewer Fund	587,933	535,153	487,325
Solid Waste Management Fund	678,386	617,486	562,299
Total primary government	11,739,654	10,685,757	9,730,736
Water Works Board	537,748	489,473	445,727
Public Park and Recreation Board	74,185	67,525	61,490
Total	$ 12,351,587	$ 11,242,755	$ 10,237,953

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.50%) or 1-percentage-point higher (6.50%) than the current healthcare trend rates:

	1% Decrease (4.50%)	Healthcare Cost Current Trend (5.50%)	1% Increase (6.50%)
General Fund	$ 8,372,218	$ 9,533,118	$ 10,914,826
Sewer Fund	469,984	535,153	612,717
Solid Waste Management Fund	542,291	617,486	706,983
Total primary government	9,384,494	10,685,757	12,234,526
Water Works Board	429,867	489,473	560,416
Public Park and Recreation Board	59,302	67,525	77,312
Total	$ 9,873,663	$ 11,242,755	$ 12,872,254

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2025, OPEB expense of $1,425,738 was recognized. At September 30, 2025, reported deferred outflows of resources and deferred inflows of resources related to OPEB were from the following sources:

	Deferred Outflows of Resources						
	General Fund	Sewer Fund	Solid Waste Management Fund	Total Primary Government	Water Works Board	Public Park and Recreation Board	Total
Differences between expected and actual experience	$ 4,301,726	$ 243,111	$ 293,814	$ 4,838,651	$ 237,741	$ 33,968	$ 5,110,360

	Deferred Inflows of Resources						
	General Fund	Sewer Fund	Solid Waste Management Fund	Total Primary Government	Water Works Board	Public Park and Recreation Board	Total
Change of assumptions or other inputs	$ 1,642,816	$ 59,193	$ 109,618	$ 1,811,627	$ 90,769	$ 13,261	$ 1,915,657

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	General Fund	Sewer Fund	Solid Waste Management Fund	Total Primary Government	Water Works Board	Public Park and Recreation Board	Total
Year ended September 30:							
2026	$ 684,801	$ 47,368	$ 47,440	$ 779,608	$ 37,853	$ 5,333	$ 822,794
2027	401,597	27,779	27,821	457,196	22,198	3,128	482,522
2028	290,083	20,065	20,095	330,243	16,034	2,259	348,537
2029	466,426	32,263	32,312	531,001	25,782	3,632	560,415
2030	466,426	32,263	32,312	531,001	25,782	3,632	560,415
Thereafter	349,577	24,180	24,217	397,975	19,323	2,722	420,020

COMPONENT UNITS

Board of Education

General Information about the OPEB Plan

Plan Description. The Alabama Retired Education Employees' Health Care Trust (Self-Trust) is a cost-sharing multiple-employer defined benefit postemployment healthcare plan that administers healthcare benefits to the retirees of participating state and local educational institutions. The Trust was established under the Alabama Retiree Health Care Funding Act of 2007 which authorized and directed the Public Education Employees' Health Insurance Board (PEEHIP Board) to create an irrevocable trust to fund postemployment healthcare benefits to retirees participating in the Public Education Employees' Health Insurance Plan (PEEHIP). Active and retiree health insurance benefits are paid through the PEEHIP. In accordance with GASB, the Trust is considered a component unit of the State of Alabama (State) and is included in the State's Annual Comprehensive Financial Report.

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

The PEEHIP was established in 1983 pursuant to the provisions of the *Code of Alabama 1975, Title 16, Chapter 25A* (Act 83-455) to provide a uniform plan of health insurance for active and retired employees of state and local educational institutions which provide instruction at any combination of grades K-14 (collectively, eligible employees), and to provide a method for funding the benefits related to the plan.

The four-year universities participate in the plan with respect to their retired employees and are eligible and may elect to participate in the plan with respect to their active employees. Responsibility for the establishment of the health insurance plan and its general administration and operations is vested in the PEEHIP Board. The PEEHIP Board is a corporate body for purposes of management of the health insurance plan. *The Code of Alabama 1975, Section 16-25A-4* provides the PEEHIP Board with the authority to amend the benefit provisions in order to provide reasonable assurance of stability in future years for the plan. All assets of the Alabama Retired Education Employees' Health Care Trust are held in trust for the payment of health insurance benefits. The Teachers' Retirement System of Alabama (TRS) has been appointed as the administrator of the PEEHIP and, consequently, serves as the administrator of the Trust.

Benefits provided. PEEHIP offers a basic hospital medical plan to active members and non-Medicare eligible retirees. Benefits include inpatient hospitalization for a maximum of 365 days without a dollar limit, inpatient rehabilitation, outpatient care, physician services, and prescription drugs.

Active employees and non-Medicare eligible retirees who do not have Medicare eligible dependents can enroll in a health maintenance organization (HMO) in lieu of the basic hospital medical plan. The HMO includes hospital medical benefits, dental benefits, vision benefits, and an extensive formulary. However, participants in the HMO are required to receive care from a participating physician in the HMO plan.

The PEEHIP offers four optional plans (Hospital Indemnity, Cancer, Dental, and Vision) that may be selected in addition to or in lieu of the basic hospital medical plan or HMO. The Hospital Indemnity Plan provides a per-day benefit for hospital confinement, maternity, intensive care, cancer, and convalescent care. The Cancer Plan covers cancer disease only and benefits are provided regardless of other insurance. Coverage includes a per-day benefit for each hospital confinement related to cancer. The Dental Plan covers diagnostic and preventative services, as well as basic and major dental services. Diagnostic and preventative services include oral examinations, teeth cleaning, x-rays, and emergency office visits. Basic and major services include fillings, general aesthetics, oral surgery not covered under a Group Medical Program, periodontics, endodontics, dentures, bridgework, and crowns. Dental services are subject to a maximum of $1,250 per year for individual coverage and $1,000 per person per year for family coverage. The Vision Plan covers annual eye examinations, eyeglasses, and contact lens prescriptions.

PEEHIP members may opt to elect the PEEHIP Supplemental Plan as their hospital medical coverage in lieu of the PEEHIP Hospital Medical Plan. The PEEHIP Supplemental Plan provides secondary benefits to the member's primary plan provided by another employer. Only active and non-Medicare retiree members and dependents are eligible for the PEEHIP Supplemental Plan. There is no premium required for this plan, and the plan covers most out-of-pocket expenses not covered by the primary plan. Members who are enrolled in the PEEHIP Hospital Medical Plan, VIVA Health Plan (offered through Public Education Employee's Health Insurance Fund (PEEHIF)), Marketplace (Exchange) Plans, Alabama State Employees Insurance Board, Local Government Health Insurance Board, Medicaid, ALL Kids, Tricare, or Champus, as their primary coverage, or are enrolled in a Health Savings Account (HSA) or Health Reimbursement Arrangement (HRA), are not eligible to enroll in the PEEHIP Supplemental Plan. The plan cannot be used as a supplement to Medicare. Retired members who become eligible for Medicare are eligible to enroll in the PEEHIP Group Medicare Advantage (PPO) Plan or the Optional Coverage Plans.

Effective January 1, 2023, United Health Care (UHC) replaced the Humana contract for Medicare eligible retirees and Medicare eligible dependents of retirees. The Medicare Advantage Prescription Drug Plan (MAPDP) is fully insured by UHC, and members are able to have all of their Medicare Part A, Part B, and Part D (prescription drug coverage) in one convenient plan. With the UHC plan for PEEHIP, retirees can continue to see their same providers with no interruption and see any doctor who accepts Medicare on a national basis. Retirees have the same benefits in and out-of-network and there is no additional retiree cost share if a retiree uses an out-of-network provider and no balance billing from the provider.

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

Contributions. The *Code of Alabama 1975, Section 16-25A-8* and the *Code of Alabama 1975, Section, 16-25A-8.1* provide the PEEHIP Board with the authority to set the contribution requirements for plan members and the authority to set the employer contribution requirements for each required class, respectively. Additionally, the PEEHIP Board is required to certify to the Governor and the Legislature, the amount, as a monthly premium per active employee, necessary to fund the coverage of active and retired member benefits for the following fiscal year. The Legislature then sets the premium rate in the annual appropriation bill.

For employees who retired after September 30, 2005, but before January 1, 2012, the employer contribution of the health insurance premium set forth by the PEEHIP Board for each retiree class is reduced by 2% for each year of service less than 25 and increased by 2% for each year of service over 25, subject to adjustment by the Board for changes in Medicare premium costs required to be paid by a retiree. In no case does the employer contribution of the health insurance premium exceed 100% of the total health insurance premium cost for the retiree.

For employees who retired after December 31, 2011, the employer contribution to the health insurance premium set forth by the PEEHIP Board for each retiree class is reduced by 4% for each year of service less than 25 and increased by 2% for each year over 25, subject to adjustment by the PEEHIP Board for changes in Medicare premium costs required to be paid by a retiree. In no case does the employer contribution of the health insurance premium exceed 100% of the total health insurance premium cost for the retiree. For employees who retired after December 31, 2011, who are not covered by Medicare, regardless of years of service, the employer contribution to the health insurance premium set forth by the PEEHIP Board for each retiree class is reduced by a percentage equal to 1% multiplied by the difference between the Medicare entitlement age and the age of the employee at the time of retirement as determined by the PEEHIP Board. This reduction in the employer contribution ceases upon notification to the PEEHIP Board of the attainment of Medicare coverage.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At September 30, 2025, the ABOE reported a liability of $68,277,155 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2023. The ABOE's proportion of the net OPEB liability was based on the ABOE's share of contributions to the OPEB plan relative to the total employer contributions of all participating PEEHIP employers. At September 30, 2024, the ABOE's proportion was .74266971%, which was a decrease of .00502427% from its proportion measured as of September 30, 2023.

For the year ended September 30, 2025, the ABOE recognized OPEB expense of ($1,847,959), with no special funding situations. At September 30, 2025, the ABOE reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 31,841,673	$ 14,736,086
Changes of assumptions	23,514,156	9,660,113
Net difference between projected and actual earnings on OPEB plan investments	-	1,684,511
Changes in proportion and differences between Employer contributions and proportionate share of contributions	3,015,859	4,409,608
Employer contributions subsequent to the measurement date	2,551,629	-
	$ 60,923,317	$ 30,490,318

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

Deferred outflows of resources related to OPEB resulting from ABOE contributions paid subsequent to the measurement date $2,551,629 will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30:	
2026	$ 3,990,150
2027	4,279,732
2028	3,001,030
2029	5,107,016
2030	8,690,155
Thereafter	2,813,287

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of September 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases*	3.25% - 5.00%
Long-term investment rate of return**	7.00%
Municipal bond index rate at the measurement date	3.89%
Municipal bond index rate at the prior measurement date	4.53%
Projected year for Fiduciary Net Position (FNP) to be depleted	2040
Single equivalent interest rate at the measurement date	4.32%
Single equivalent interest rate at the prior measurement date	7.00%
Healthcare cost trend rate	
Initial trend rate	
Pre-Medicare eligible	6.75%
Medicare eligible	***
Ultimate trend rate	
Pre-Medicare eligible	4.50% in 2033 FYE
Medicare eligible	4.50% in 2033 FYE

*Includes 2.75% wage inflation.

**Compounded annually, net of investment expense, and includes inflation.

***Initial Medicare claims are set based on renewal premium rates through calendar year 2025.

The rates of mortality are based on the Pub-2010 Public Mortality Plans Mortality Tables, adjusted generationally based on scale MP-2020, with an adjustment of 66 2/3% to the table beginning in year 2019. The mortality rates are adjusted forward and/or back depending on the plan and group covered, as shown in the table below.

Group	Membership Table	Set Forward (+) / Setback(-)	Adjustment to Rates
Active Members	Teacher Employee Below Median	None	65%
Service Retirees	Teacher Below Median	Male: +2 Female: +2	Male:108% ages<63, 96% ages>67; Phasing down 63-67 Female: 112% ages <69 98% ages > 74 Phasing down 69-74
Disabled Retirees	Teacher Disability	Male: +8 Female: +3	None
Beneficiaries	Teacher Contingent Survivor Below Median	Male: +2 Female: None	None

The decremental assumptions used in the valuation were selected based on the actuarial experience study prepared as of September 30, 2020, submitted to, and adopted by the Teachers' Retirement System of Alabama Board on September 13, 2021. The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) were based on the September 30, 2023, valuation.

The long-term expected return on plan assets is to be reviewed as part of regular experience studies prepared every five years, in conjunction with similar analysis for the Teachers' Retirement System of Alabama. Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation), as developed for each major asset class. These ranges should be combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The long-term expected rate of return on the OPEB plan investments is determined based on the allocation of assets by asset class and by the mean and variance of real returns.

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

The target asset allocation and best estimates of expected geometric real rates of return for each major asset class is summarized below:

	Target Allocation	Long-Term Expected Real Rate of Return*
Fixed Income	30.00%	4.40%
U.S. Large Stocks	38.00%	8.00%
U.S. Mid Stocks	8.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	15.00%	9.50%
Cash	5.00%	1.50%
Total	100.00%	

*Geometric mean, includes 2.5% inflation

Discount Rate. The discount rate (also known as the Single Equivalent Interest Rate (SEIR), as described by GASB 74) used to measure the total OPEB liability was 4.32%. Premiums paid to the Public Education Employees' Health Insurance Board for active employees include an amount to partially fund the cost of coverage for retired employees. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made at the current contribution rates. Each year, the State specifies the monthly employer rate that participating school systems must contribute for each active employee. Currently, the monthly employer rate is $800 per non-university active member for participating employers. Approximately 9.751% of the employer contributions were used to assist in funding retiree benefit payments in 2024 and it is assumed that the 9.751% will increase or decrease at the same rate as expected benefit payments for the closed group with a cap of 20.00%. It is assumed the $800 rate will remain flat until, based on budget projections, it increases to $904 in fiscal year 2026, $1,114 in fiscal year 2027, and then will increase with inflation at 2.50% starting in 2028. Retiree benefit payments for university members are paid by the Universities and are not included in the cash flow projections. The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. Therefore, the projected future benefit payments for all current plan members are projected through 2122.

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

Sensitivity of the Auburn City Board of Education's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates. The following table presents the ABOE's proportionate share of the net OPEB liability of the Trust calculated using the current healthcare trend rate, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.75% decreasing to 3.50% for pre-Medicare, Known decreasing to 3.50% for Medicare eligible)	Current Healthcare Trend Rate (6.75% decreasing to 4.50% for pre-Medicare, Known decreasing to 4.50% for Medicare eligible)	1% Increase (7.75% decreasing to 5.50% for pre-Medicare, Known decreasing to 5.50% for Medicare eligible)
Board's proportionate share of collective net OPEB liability	$ 54,923,198	$ 68,277,155	$ 85,497,100

The following table presents the ABOE's proportionate share of the net OPEB liability of the Trust calculated using the discount rate of 4.32%, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (3.32%)	Current Discount Rate (4.32%)	1% Increase (5.32%)
Board's proportionate share of collective net OPEB liability	$ 82,940,984	$ 68,277,155	$ 56,559,151

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is in the Trust's financial statements for the fiscal year ended September 30, 2025. The supporting actuarial information is included in the GASB Statement No. 74 Report for PEEHIP prepared as of September 30, 2024. Additional financial and actuarial information is available at www.rsa-al.gov.

NOTE 15. WORKERS' COMPENSATION SELF-INSURANCE

The City has retained risk of loss for workers' compensation claims. These risks are accounted for as governmental activities of the primary government. The following is a schedule of changes in claims liabilities during the past two fiscal years:

	Fiscal Year	
	2025	2024
Unpaid claims, beginning of year	$ 1,553,743	$ 1,594,865
Incurred claims (including claims incurred but not reported at September 30):		
Provision for current year events where the City has retained risk of loss	240,873	558,862
Decreases in provision for prior year's events where the City has retained risk of loss	(394,674)	(159,589)
Total incurred claims	(153,801)	399,273
Payments:		
Claims attributable to current year events where the City has retained risk of loss	(176,222)	(154,234)
Claims attributable to prior years' events where the City has retained risk of loss	(239,037)	(286,161)
Total payments	(415,259)	(440,395)
Unpaid claims, end of year	$ 984,683	$ 1,553,743

Total liability for uninsured workers' compensation claims at September 30, 2025, is recorded as follows: $30,038 is recorded as a current liability in the General Fund's current portion of long-term debt, unrestricted, and the long-term portion, $954,645, along with the estimated liability for insured risks of $125,000, is recorded in the primary government's governmental activities' long-term debt and other liabilities in the government-wide financial statements.

NOTE 16. MEDICAL SELF-INSURANCE

The City has chosen to retain risk of loss relating to medical claims of City employees and their covered dependents. These risks are accounted for in the General Fund. The following is a schedule of changes in medical claims liabilities during the past two fiscal years:

	Fiscal Year	
	2025	2024
Unpaid claims, beginning of year	$ 6,512,849	$ 554,286
Incurred claims (including claims incurred but not reported at September 30):		
Provision for current year events where the City has retained risk of loss	15,807,307	14,888,324
Decreases in provision for prior years' events where the City has retained risk of loss	(6,512,849)	(554,285)
Total incurred claims	9,294,458	14,334,039
Payments:		
Claims attributable to current year events where the City has retained risk of loss	(8,968,554)	(7,662,435)
Claims attributable to prior years' events where the City has retained risk of loss	(6,580,115)	(713,041)
Total payments	(15,548,669)	(8,375,476)
Unpaid claims, end of year (includes claims incurred but not reported)	$ 258,638	$ 6,512,849

The unpaid claims as of September 30, 2025, are reported in the General Fund.

NOTE 17. UNEMPLOYMENT COMPENSATION

The City of Auburn uses the reimbursement method of unemployment compensation. The actual amount paid in the fiscal year ended September 30, 2025, less refunds received from the State, totaled ($711) and is reflected as an expense of the General Fund.

NOTE 18. AD VALOREM TAX COLLECTION EXPENSE

The City is charged a collection fee by the County Revenue Commissioner for the collection of the 26-mill ad valorem taxes and auto taxes. The following is a summary of taxes collected and related expenses for the year ended September 30, 2025:

Funds	Millage	Taxes Collected		Collection Fee	Reappraisal Costs	Net Received by the City
General Fund	5	$ 9,322,540	*	$ 210,194	$ 97,836	$ 9,014,510
Special 5-Mill Tax Fund	5	9,302,488	**	210,194	97,836	8,994,458
Special School Tax Fund	16	31,806,406		713,423	341,891	30,751,092
Property tax totals	26	$ 50,431,434		$ 1,133,811	$ 537,563	$ 48,760,060

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

** Reduced by industrial tax exemptions.

NOTE 19. INTERFUND RECEIVABLES AND PAYABLES

Primary government interfund receivables and payables for the year ended September 30, 2025, consist of the following:

Amount	Due From Other Funds	Due To Other Funds	Purpose
$ 86,173	General Fund	Nonmajor Governmental Funds	Provide cash flow for grant programs
14,559	Nonmajor Governmental Funds	Nonmajor Governmental Funds	Provide cash flow for grant programs
$ 100,732			

NOTE 20. INTERFUND TRANSFERS

The following is a schedule of interfund transfers for the year ended September 30, 2025:

	Interfund Transfers In	Interfund Transfers Out
General Fund	$ 1,261,938	$ 7,021,750
2024 Capital Projects Fund	5,000,000	19,920
Nonmajor Governmental Funds	394,458	1,525,146
Total governmental activities	6,656,396	8,566,816
Major Proprietary Funds		
Sewer Fund	20,759	76,250
Solid Waste Management Fund	2,020,911	55,000
Total business-type activities	2,041,670	131,250
Total primary government	$ 8,698,066	$ 8,698,066

Interfund transfers are reported in the governmental activities and business-type activities fund financial statements. Interfund transfers are eliminated in the government-wide financial statements.

Transfers are used to (1) move revenues from funds accounting for revenues with a restricted purpose to funds expending resources for the restricted purpose, (2) move receipts restricted to debt service from the funds collecting the receipts to the funds making the payments as debt service payments become due, and (3) use unrestricted revenues collected in various funds to finance programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 20. INTERFUND TRANSFERS - CONTINUED

The purpose of transfers between funds for the year ending September 30, 2025, consist of the following:

Amount	Interfund Transfers In To	Interfund Transfers Out From	Purpose
$ 1,063,000	General Fund	Nonmajor Governmental Funds (Gas Tax Funds)	Transfer amounts received in gas tax funds to the General Fund for street related projects paid from General Fund
71,250	General Fund	Sewer Fund	Budgeted appropriation for hydrant fees
1,159	General Fund	Nonmajor Governmental Funds (2022 Capital Projects Fund)	Transfer balance of 2022 Capital Projects Fund to General Fund
66,529	General Fund	Nonmajor Governmental Funds (Municipal Judicial Admin Fund)	Reimbursement for salaries and benefits for the Court Referral Program
60,000	General Fund	Sewer Fund and Solid Waste Management Fund	Budgeted transfer to offset expenditures
28,034	Nonmajor Governmental Funds (Special Revenue Funds)	Nonmajor Governmental Funds (Working Capital Interest Subsidy Program)	Transfer balance of Working Capital Loan Interest Subsidy to original funding sources
5,000,000	2024 Capital Projects Fund	General Fund	Budgeted transfer to offset expenditures
60,786	Nonmajor Governmental Funds (Community Development Block Grant Funds)	Nonmajor Governmental Funds (Federal Grant Loan Repayment Funds)	Budgeted transfer to offset expenditures
305,638	Nonmajor Governmental Funds (Federal Grant Loan Repayment Funds)	Nonmajor Governmental Funds (Community Development Block Grant Funds)	Reimbursement of interest and defeasance for Section 108 loan from HUD
19,920	Sewer Fund	2024 Capital Projects Fund	Sewer line contributed by City
839	Sewer Fund	General Fund	To departmentalize workers compensation claims
2,000,000	Solid Waste Management Fund	General Fund	Budgeted transfer to offset expenditures
20,911	Solid Waste Management Fund	General Fund	To departmentalize workers compensation claims
$ 8,698,066			

NOTE 21. INTRA-ENTITY TRANSACTIONS

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

A. Short-term receivables and payables

	Due To	Due From
Component Units		
Auburn City Board of Education	$ 22,263,602	$ 22,263,602
Water Works Board	1,007,552	52,059
Primary Government		
General Fund	22,294,353	22,876,733
Sewer Fund	18,230	307,552
Solid Waste Management Fund	3,079	86,870
Total	$ 45,586,816	$ 45,586,816

Amounts loaned from the City of Auburn to its component units represent reimbursements due for operating expenses, and repayment will be made from operating revenues in the next fiscal period.

B. Payments between the City and Component Units

	Appropriations To	Payments From
Primary Government		
General Fund	$ -	$ 24,043,476
Special School Tax Fund	-	7,663,416
2024 Capital Projects Fund	-	164,880
Component Units		
Auburn City Board of Education	29,986,974	-
Water Works Board	164,880	-
Industrial Development Board	1,125,000	-
Public Park and Recreation Board	594,918	-
Total	$ 31,871,772	$ 31,871,772

Payments from the City to its component units consist primarily of funding for routine operating expenses and debt service payments. The payments between the City and its component units do not balance in the fund financial statements due to a difference in the measurement focus and basis of accounting between governmental funds and proprietary-type component units. The City appropriated $29,986,974 to the Board of Education during the year, $22,323,558 of which is reported as unrestricted appropriations from the City with the balance of $7,663,416 reported as property tax revenue. In addition to these scheduled payments, the City makes debt service payments on behalf of the Board of Education that are not recorded as payments to that component unit. The debt payments (including bond trustee fees) paid on behalf of the Board of Education and reflected in the City's financial statements as debt service expenditures totaled $14,906,451. The City appropriated $1,125,000 to the Industrial Development Board during the year for the purchase of property and various operating purposes, including industrial recruitment, commercial development, workforce development, and other general operating expenses, all of which is reported as unrestricted appropriations from the City.

NOTE 22. REPORTING OF FEDERAL GRANT LOAN REPAYMENT SPECIAL REVENUE FUND

To facilitate the reporting of special revenue funds, several special revenue funds with operations that are very similar in nature, have been combined and reported as a single fund in the combining and individual nonmajor fund financial statements.

In previous years, the City received various Housing Development Assistance Grant Program (HODAG) and Urban Development Action Grant (UDAG) federal grants which were used to make loans to private entities to be used for housing and business development activities within the City. As the City receives repayments from these loans, the repayments of funds may be expended for Title I eligible purposes. The City is using some of these repayments to make loans and grant incentives to private entities and individuals for further housing and business development activities. Loans made under contracts for the Micro-Loan Program and the Commercial and Industrial Loan Program will produce repayments which the City will use in the same manner as described above. Based on their related purposes and activities, the following special revenue funds are presented as a single fund entitled the Federal Grant Loan Repayment Fund: the Shelton Park UDAG Fund, the Revolving Loan Fund, the Affordable Housing Fund, the CDBG RLF Housing Rehab Loan Program Fund, the CDBG RLF Affordable Housing Loan Program Fund and the Section 108 Loan Program Fund.

NOTE 22. REPORTING OF FEDERAL GRANT LOAN REPAYMENT SPECIAL REVENUE FUND - CONTINUED

Selected financial information for the sub-funds of the Federal Grant Loan Repayment Fund for the current fiscal year is as follows:

	Shelton Park UDAG*	Revolving Loan*	Affordable Housing*	Housing Rehab Loan*	Affordable Housing Loan*	Section 108 Loan Program*	Total
Assets							
Cash and cash equivalents	$ 60,174	$ 11,578	$ 63,439	$ 1,082	$ 13,516	$ -	$ 149,789
Investments	-	-	-	-	-	1,041,407	1,041,407
Receivables, net	-	-	-	-	-	2	2
Mortgages receivable	12,729	-	77,401	665,125	417,344	347,668	1,520,267
Restricted cash	-	-	-	-	-	190,878	190,878
Total assets	72,903	11,578	140,840	666,207	430,860	1,579,955	2,902,343
Liabilities and Fund Balance							
Liabilities:							
Due to other funds	-	-	-	1,065	13,494	-	14,559
Unearned revenue	13,179	-	77,451	665,125	417,344	347,668	1,520,767
Total liabilities	13,179	-	77,451	666,190	430,838	347,668	1,535,326
Fund balance:							
Restricted - social & economic	59,724	11,578	63,389	17	22	1,232,287	1,367,017
Total liabilities and fund balance	72,903	11,578	140,840	666,207	430,860	1,579,955	2,902,343
Revenues							
Program income	-	-	871	32,100	21,252	130,612	184,835
Interest	690	17	2,263	-	7,227	63,067	73,264
Miscellaneous	-	-	30	-	207	-	237
Total revenues	690	17	3,164	32,100	28,686	193,679	258,336
Expenditures							
Economic development	-	-	8	-	-	15	23
Debt service - principal	-	-	-	-	-	276,000	276,000
Debt service - interest	-	-	-	-	-	50,991	50,991
Total expenditures	-	-	8	-	-	327,006	327,014
Excess (deficiency) of revenues over expenditures	690	17	3,156	32,100	28,686	(133,327)	(68,678)
Other financing sources (uses)							
Transfers in	17,521	10,512	-	-	-	305,639	333,672
Transfers out	-	-	-	(32,100)	(28,686)	-	(60,786)
Total other financing sources (uses)	17,521	10,512	-	(32,100)	(28,686)	305,639	272,886
Net changes in fund balance	18,211	10,529	3,156	-	-	172,312	204,208
Fund balance, beginning of year	41,513	1,049	60,233	17	22	1,059,975	1,162,809
Fund balance, end of year	$ 59,724	$ 11,578	$ 63,389	$ 17	$ 22	$ 1,232,287	$ 1,367,017

*Net of interfund eliminations.

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NOTE 23. REPORTING OF PUBLIC SAFETY SUBSTANCE ABUSE SPECIAL REVENUE FUND

Beginning in fiscal year 2000, City management created the State Funded Seizures Special Revenue Fund for internal reporting purposes. The fund's purpose is to separately track police seizure revenues that are from state government sources. Because its operations are very similar in nature to those accounted for in the Public Safety Substance Abuse Special Revenue Fund, those activities have been combined and reported as a single fund in the basic financial statements. Selected financial information for the sub-funds of the Public Safety Substance Abuse Special Revenue Fund is shown below, net of interfund eliminations:

	State Funded Seizures	Public Safety Substance Abuse (other seizures)	Total
Assets			
Cash and cash equivalents	$ 21,223	$ 110,086	$ 131,309
Total assets	21,223	110,086	131,309
Liabilities and fund balance			
Unearned revenue	-	44,635	44,635
Total liabilities	-	44,635	44,635
Fund balance			
Restricted - law enforcement	21,223	65,451	86,674
Total liabilities and fund balance	21,223	110,086	131,309
Revenues			
Contributions from the public	13,629	27,976	41,605
Miscellaneous	-	1,379	1,379
Interest	211	1,743	1,954
Total revenues	13,840	31,098	44,938
Expenditures			
Public safety	10,962	31,098	42,060
Total expenditures	10,962	31,098	42,060
Excess (deficiency) of revenues over expenditures	2,878	-	2,878
Other financing sources (uses)			
Sale of surplus assets	2,925	-	2,925
Total other financing sources (uses)	2,925	-	2,925
Net changes in fund balances	5,803	-	5,803
Fund balance, beginning of year	15,420	65,451	80,871
Fund balance, end of year	$ 21,223	$ 65,451	$ 86,674

NOTE 24. REPORTING OF GENERAL FUND ACTIVITIES

For managerial accounting purposes, several activities reported in the City of Auburn's General Fund are recorded in sub-funds. Selected financial information for these various activities for the current fiscal year (as reflected in the governmental fund financial statements) is shown below, net of related eliminating entries:

	General Government Operations	Special Improvement Projects	Employee Benefit Risk Financing	General Liability Risk Financing	Total (Net of Eliminations)
Assets					
Cash and cash equivalents	$ 39,883,611	$ 2,530,435	$ 1,277,522	$ 774,335	$ 44,465,903
Certificates of deposit	7,518,401	257,526	-	-	7,775,927
Investments	57,608,755	-	-	-	57,608,755
Receivables, net	15,436,895	64	2,542	-	15,439,501
Due from other funds	86,173	-	-	-	86,173
Due from component units	22,856,163	-	20,569	-	22,876,732
Inventories	313,841	-	-	-	313,841
Prepaid items	1,401,459	-	-	-	1,401,459
Advances to other agencies	525,000	-	-	-	525,000
Restricted cash	478,407	-	-	-	478,407
Property for resale	2,756,647	-	-	-	2,756,647
Total assets	148,865,352	2,788,025	1,300,633	774,335	153,728,345
Liabilities					
Accounts payable and accrued liabilities	4,829,656	-	127,051	-	4,956,707
Due to component units	22,294,248	-	105	-	22,294,353
Customer deposits	239,955	-	-	-	239,955
Claims payable	-	-	258,637	45,038	303,675
Unearned revenue	965,347	2,744,331	-	-	3,709,678
Total liabilities	28,329,206	2,744,331	385,793	45,038	31,504,368
Fund balances					
Nonspendable					
Inventories	313,841	-	-	-	313,841
Prepaid items	1,401,459	-	-	-	1,401,459
Advances	525,000	-	-	-	525,000
Property for resale	2,756,647	-	-	-	2,756,647
Restricted					
Law enforcement	478,407	-	-	-	478,407
Committed					
Investments	992,283	-	-	-	992,283
Assigned					
General	21,767,193	-	-	-	21,767,193
Unassigned	110,620,224	42,872	(16,870,162)	196,213	93,989,147
Total fund balances	138,855,054	42,872	(16,870,162)	196,213	122,223,977
Total liabilities and fund balances	$ 167,184,260	$ 2,787,203	$ (16,484,369)	$ 241,251	$ 153,728,345

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NOTE 24. REPORTING OF GENERAL FUND ACTIVITIES - CONTINUED

	General Government Operations	Special Improvement Projects	Employee Benefit Risk Financing	General Liability Risk Financing	Total (Net of Eliminations)
Revenues					
Sales and use taxes	$69,203,852	$ -	$ -	$ -	$ 69,203,852
Occupational license fees	20,333,012	-	-	-	20,333,012
Motor fuel taxes	1,271,200	-	-	-	1,271,200
Lodging taxes	5,156,554	-	-	-	5,156,554
Rental and leasing taxes	974,552	-	-	-	974,552
Other taxes	431,255	-	-	-	431,255
Licenses and permits	21,894,342	-	-	-	21,894,342
General property tax	10,390,649	-	-	-	10,390,649
Charges for services	12,217,120	-	5,847,659	-	18,064,779
Fines and forfeitures	1,003,164	-	-	-	1,003,164
State shared taxes	9,072,338	-	-	-	9,072,338
Contributions from the public	415,465	37,350	-	-	452,815
Interest	4,466,836	-	16,584	8,164	4,491,584
Miscellaneous	136,924	-	840,924	-	977,848
Total revenues	156,967,263	37,350	6,705,167	8,164	163,717,944
Expenditures					
General government and administration	8,197,395	-	-	-	8,197,395
Public works	6,387,602	-	-	-	6,387,602
Environmental services	2,227,680	-	-	-	2,227,680
Public safety	34,016,532	-	-	-	34,016,532
Library	3,016,424	-	-	-	3,016,424
Parks and recreation	9,787,257	-	-	-	9,787,257
Development services	6,289,897	-	-	-	6,289,897
Social and economic development	5,475,233	-	-	-	5,475,233
Human resources	1,145,424	-	9,941,180	-	11,086,604
Risk management	975,614	-	-	382,849	1,358,463
Total departmental	77,519,058	-	9,941,180	382,849	87,843,087
Non-departmental	4,992,740	-	-	-	4,992,740
Debt service:					
Administrative charges	1,911	-	-	-	1,911
Interest	5,427,586	-	1,002	-	5,428,588
Principal retirement	6,697,363	-	52,344	-	6,749,707
Capital outlay	24,212,603	37,350	-	-	24,249,953
Intergovernmental	2,476,914	-	-	-	2,476,914
Payments to component units	24,043,476	-	-	-	24,043,476
Total expenditures	145,371,651	37,350	9,994,526	382,849	155,786,376
Excess (deficiency) of revenues over expenditures	11,595,612	-	(3,289,359)	(374,685)	7,931,568

NOTE 24. REPORTING OF GENERAL FUND ACTIVITIES - CONTINUED

	General Government Operations	Special Improvement Projects	Employee Benefit Risk Financing	General Liability Risk Financing	Total (Net of Eliminations)
Other financing sources (uses)					
Subscriptions	5,206,750	-	-	-	5,206,750
Sale of surplus assets	154,054	-	-	-	154,054
Transfers in	1,201,938	-	-	60,000	1,261,938
Transfers out	(7,021,750)	-	-	-	(7,021,750)
Total other financing sources (uses)	(459,008)	-	-	60,000	(399,008)
Net changes in fund balances	11,136,604	-	(3,289,359)	(314,685)	7,532,560
Fund balances, beginning of year	127,187,667	42,872	(13,580,803)	510,898	114,160,634
Error correction	530,783	-	-	-	530,783
Fund balances, beginning, as restated	127,718,450	42,872	(13,580,803)	510,898	114,691,417
Fund balances, end of year	$ 138,855,054	$ 42,872	$ (16,870,162)	$ 196,213	$ 122,223,977

NOTE 25. COMMITMENTS, LITIGATION AND CONTINGENCIES

CITY OF AUBURN PRIMARY GOVERNMENT

Commitments - The City was committed under certain construction contracts for various general government projects. The aggregate amount of such commitments was $17,906,414 as of September 30, 2025.

As of September 30, 2025, encumbered expenditures in governmental funds were as follows:

General Fund	$ 1,181,008
Nonmajor funds	337,475
Total governmental activities	1,518,483
Major Proprietary Fund	
Sewer Fund	327,524
Solid Waste Management Fund	7,834
Total major proprietary funds	335,358
Total primary government	$ 1,853,841

The City contracts with Veolia Water North America Operating Services, LLC for the operation, management and maintenance of the City's publicly owned wastewater treatment facilities. The original contract, dated February 5, 2002, and amended November 16, 2010, was effective until January 1, 2020. The City approved a third amended and restated agreement with Veolia effective January 2, 2020, through January 1, 2030, with the same basic cost structure and operating fee calculation as the previous agreements. Under the agreement, the City pays for the cost of operations plus a management fee based on a percentage of the cost of operations.

The operating fee is calculated annually based upon the facilities budget for the year and paid in monthly installments to Veolia. A true-up is conducted annually to adjust the budgeted payments to actual costs. During fiscal year 2025, the City paid Veolia $2,486,333 to operate the wastewater facilities.

In September 2004, the City signed an agreement with Lee County, Alabama for the County to provide jail services to the City. In addition to a per inmate charge, the City agreed to assist the County with funding for its jail expansion project. The City agreed to make annual appropriations provided that the payments can be made from current revenues budgeted and appropriated for such purpose. The final payment on the additional annual appropriation was made during FY25.

In July 2006, the City entered into a development, funding and cooperation agreement with Auburn University and the Public Park and Recreation Board of the City of Auburn. The agreement provided for the construction of a tennis facility on approximately 11.21 acres of City owned land to include both an Auburn City tennis facility and an Auburn University tennis facility. The costs for constructing the tennis facilities were paid from general obligation bonds and warrants. The entire complex is being leased by the City to the Park Board for a period of twenty years. The Park Board subleases the University tennis facility to Auburn University, also for a period of twenty years. The tennis complex was completed in August 2007.

Claims and Litigation - As of September 30, 2025, the City was not named defendant in any pending lawsuits.

In fiscal year 2025, the City expended $482,475 in payment of claims and judgments and legal costs associated therewith. These expenditures are included in the General Fund as current expenditures for Risk Management.

Contingency: Audit of Federal and State Grants - The City received several federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements by grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, City Management believes such disallowances, if any, will be immaterial.

COMPONENT UNITS

Board of Education

Commitments

At September 30, 2025, the ABOE had several remaining commitments on uncompleted contracts for various construction and development projects, which are being funded, in part, with proceeds from bonds issued by the City of Auburn, as follows:

	Project Authorization	Expended To Date	Remaining Commitment
Plains Junior High School	$ 5,960,000	$ 727,700	$ 5,232,300
Duck Samford Stadium Field & Band Field	2,401,932	1,893,607	508,325
Plains High School	33,348,624	21,192,232	12,156,392
Total	$ 41,710,556	$ 23,813,539	$ 17,897,017

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NOTE 25. COMMITMENTS, LITIGATION AND CONTINGENCIES - CONTINUED

Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds or the General Fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the ABOE expects such amounts, if any, to be immaterial.

The ABOE is involved in several ongoing legal matters. Although the outcome of these matters is not presently determinable and the amount of losses, if any, cannot be reasonably estimated, Board management and counsel believe that resolution of these matters will not have a material adverse effect on the financial condition of the Board.

Water Works Board

Commitments - The Water Board had commitments for construction projects in connection with system improvements totaling $251,608 as of September 30, 2025.

The Board entered into an agreement with the City of Opelika Water Board effective on June 1, 1983, for the right to purchase water from Opelika. The agreement had two commitments. First, the agreement provided that the Auburn Board would pay its proportionate share of the debt service on Opelika's Series 1983 bonds, plus its share of the bond issue costs, and an initial capital contribution. Auburn has fulfilled all these initial commitments. Second, Auburn would pay Opelika for the water it purchased based on its share of the production and transportation costs in relation to total production.

In return for its payment of these amounts, Auburn's Board receives the right to purchase not greater than 3.6 million gallons of water per day. It is a 'take-or-pay' agreement with the first 138 million gallons annual amount set as a required minimum. The original agreement was set to expire in March 2013; however, the Board approved the 20-year renewal (at no additional cost as set forth in the agreement) in October 2012.

The Water Board also entered into an agreement in May 2011 to purchase water from Sandy Springs Farm II, LLC. The agreement included a land lease and permission to build and operate a well on property located on the farm. Construction was completed and Well No. 3 was placed in service May 2012. The agreement includes a minimum annual purchase of 210,240,000 gallons per year at an initial rate of $.50 per 1,000 gallons ($105,120 per year), payable in monthly installments. This rate is subject to increase based on the Consumer Price Index and increased to $.70 per 1,000 gallons ($147,168) for the year ended September 30, 2025. The term of the agreement is twenty years, with six five-year extension options. Total water pumped in fiscal 2025 was 416,719,000 gallons with a total annual payment of $291,703.

The Water Board entered into an agreement in August 2018 to purchase water from Auburn H2O, LLC. Construction was completed and Well No. 4 was placed in service December 2020. The agreement includes a minimum annual purchase of 438,000,000 gallons per year at an initial rate of $.40 per 1,000 gallons ($175,200 per year), payable in monthly installments. This rate is subject to increase based on the Consumer Price Index and increased to $.50 per 1,000 gallons ($219,000) for the year ended September 30, 2025. The term of the agreement is twenty-five years, with eleven five-year extension options. Total water pumped in fiscal 2025 was 871,239,000 gallons with a total annual payment of $435,620.

In October 2003, the Water Board entered into a Safe Harbor Agreement along with Martin Marietta Materials, Inc., the City of Auburn, the State of Alabama, the U.S. Fish and Wildlife Service and other landowners along Chewacla Creek to provide for the protection of certain endangered species. The agreement lays out minimal water discharge, maintenance, testing and reporting along the Chewacla Creek stream bank and bed. The requirements are pursuant to the Safe Harbor Policy for the "enrolled properties" which include the Martin Marietta Quarry, where the Water Board has agreed upon rights to pump water directly from the quarry basin to Lake Ogletree. The Safe Harbor agreement is for 30 years and subject to changes as required by federal laws and the health of the aquatic community.

NOTE 25. COMMITMENTS, LITIGATION AND CONTINGENCIES - CONTINUED

Industrial Development Board

Commitments - As of September 30, 2025, the Industrial Development Board (IDB) was committed under certain construction contracts in the approximate amount of $5 million. Additionally, various incentive packages were committed to several companies as incentives to locate in Auburn or to expand existing operations. The incentives include property acquisition at discounted values; cash assistance for site preparation; relocation and training; rent subsidies; and tax abatements.

During 2024, the IDB committed the right of first refusal to purchase a lot in Auburn Technology Park North to an industry located on the adjacent lot at a purchase price of approximately $241,000. The sale took place in January 2026.

In fiscal year 2025, the IDB signed a Site Development Project Agreement with the State Industrial Development Authority., which resulted in the award of a site development grant under the SEEDS Act in the approximate amount of $2.85 million. The Board committed an equal amount as matching funds. These amounts will be used for construction of infrastructure in the Auburn Technology Park West Annex II beginning in fiscal year 2026. A construction contract for infrastructure was signed prior to September 30 for approximately $3.8 million, which is included in the amount of construction commitments disclosed above.

In August 2025, the IDB authorized a contract in an amount not to exceed $1.2 million to provide electrical infrastructure in the Auburn Technology West Annex II Section C. Fifty percent will be funded by the SEEDS grant with the remaining amount funded by the Board as part of its match requirement. The formal contract had not been signed as of the date of these financial statements, therefore, it is not included in the amount of outstanding construction commitments disclosed above.

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

NOTE 26. LANDFILL CLOSURE AND POSTCLOSURE CARE

State and federal laws and regulations require the City to place a final cover on its inert landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The City's landfill closed in fiscal year 2000. Post closure care costs are paid only after the date that the landfill stops accepting waste; the City reports these post closure care costs in governmental activities' long-term debt and other liabilities. There were no expenditures for landfill closure and post closure care during fiscal year 2025. The $70,000 reported as landfill post closure care liability in the governmental activities' long-term debt and other liabilities at September 30, 2025, represents estimated costs of post closure care based on what it would cost to perform all post closure care in 2025. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

NOTE 27. TAX ABATEMENTS

Property Tax Abatements - The City of Auburn provides property tax abatements pursuant to the provisions of Act No. 92-599 enacted during the 1992 Regular Session of the Legislature of Alabama and now codified as Chapter 9B of Title 40 of the Code of Alabama (1975). Property tax abatements may be granted to an entity committing to a new project or major addition to an existing facility that equals the lesser of $2 million or 30% of the original cost. Only certain NAICS codes qualify. Property taxes are abated by applying a reduced millage rate to the assessed value to determine the adjusted property tax due.

NOTE 27. TAX ABATEMENTS - CONTINUED

The City abates non-education ad valorem taxes and mortgage recording taxes, excluding those for the benefit of the East Alabama Medical Center or children's homes operated by Lee County, Alabama. The recipients of the tax abatements agree to take various development actions, including establishing and operating an industrial enterprise, installing and operating various machinery and personal property, and creating jobs. The City's property tax revenues were reduced by $1,206,781 during the reporting period as a result of these agreements. The City has not made any commitments as part of the agreements other than to reduce property taxes. No other entity grants abatements for City of Auburn property taxes.

Prior to Act No. 92-599, the City of Auburn provided property tax abatements under Act No. 49-648 and Act No. 51-756. To encourage industrial development, the City entered into leases with certain companies where no part of the project would be subject to property taxes. The City's property tax revenues were reduced by $10,215 during the reporting period as a result of the remaining active agreements. The City has no additional commitments as part of the agreements other than to reduce property taxes.

Sales and Use Tax Abatements - The City of Auburn provides sales and use tax abatements pursuant to the provisions of Act No. 92-599 enacted during the 1992 Regular Session of the Legislature of Alabama and now codified as Chapter 9B of Title 40 of the Code of Alabama (1975). Sales and use tax abatements may be granted to an entity committing to a new project or major addition to an existing facility that equals the lesser of $2 million or 30% of the original cost. Only certain NAICS codes qualify.

Sales and use taxes are abated by applying a reduced sales and use tax rate to the materials and/or equipment purchased. The City abates 8% of non-educational general sales and use taxes, and 3% of non-educational machinery in manufacturing sales and use taxes. The recipients of the tax abatements agree to take various development actions, including establishing and operating an industrial enterprise, installing and operating various machinery and personal property, and creating jobs. The City's sales and use tax revenues were reduced by $7,279,573 during the reporting period as a result of these agreements. The City has not made any commitments as part of the agreements other than to reduce sales and use taxes. No other entity grants abatements for City of Auburn sales and use taxes.

The City of Auburn provides sales and use tax rebates through a commercial development incentive program pursuant to Amendment 772 to the Constitution of Alabama of 1901. A portion of sales and use taxes collected within a redeveloped area are rebated to an entity if certain development activities and improvements are performed, including façade enhancements, infrastructure improvements, and possible job creation. During the reporting period, $2,894,887 was rebated under these agreements. The City's sales and use tax revenues were not reduced by this amount because the rebates were recorded as expenditures. The City has not made any commitments as part of the agreements other than to rebate a portion of sales and use taxes.

Sales and Lodging Tax Abatements - In fiscal year 2009, the City entered into an agreement with a commercial developer to provide for the use of future taxes to support the issuance of bonds for the purpose of constructing qualified public improvements as outlined in State of Alabama enabling legislation Chapter 99A and 99B, Title 11, Code of Alabama 1975. A portion of sales and lodging taxes (derived taxes) generated in this development is rebated to the developer to pay for debt service on the infrastructure improvements. During the reporting period, $571,119 was rebated under this agreement. The City's sales and lodging tax revenues were not reduced by this amount because the rebates were recorded as expenditures. The City has not made any commitments as part of this agreement other than to rebate a portion of sales and use taxes and lodging tax. The agreement expires in 2039.

NOTE 28. SUBSEQUENT EVENTS

CITY OF AUBURN PRIMARY GOVERNMENT

The City has evaluated subsequent events through March 26, 2026, the date these financial statements were available to be issued.

Subsequent to September 30, 2025, the City Council approved various design and construction contracts totaling approximately $9,160,000, professional services type contracts totaling approximately $1,751,000, and equipment and computer software purchases totaling approximately $6,822,000.

NOTE 28. SUBSEQUENT EVENTS – CONTINUED

On December 2, 2025, the City Council approved a property purchase contract with the Spencer Family Exempt Trust in the amount of $4,000,000 for the Duck Samford Park Expansion.

On February 3, 2026, the City Council approved a construction contract with D&J Enterprises, Inc in the amount of $4,423,567 for the FY26 Resurfacing Project.

COMPONENT UNITS

Board of Education

On November 24, 2025, the Board the following: 1) an owner-architect agreement in the amount of $163,122 with Morris David Engineering, LLC for the replacement of the HVAC systems at Auburn Early Education Center, 2) an owner-architect agreement in the amount of $173,400 with Morris David Engineering, LLC for the replacement of the HVAC systems at Auburn Junior High School 3) an owner-architect agreement in the amount of $156,750 with HNP, LLC for turf installation on the baseball and softball fields at Auburn High School, and 4) the purchase of new student transportation software and services from Tyler Technologies, Inc. for $518,561, plus travel expenses not to exceed $61,300.

On December 9, 2025, the Board approved the following: 1) an owner-architect agreement in the amount of $12,000 with Conway & Owen, Inc. for the lightning protection system at Drake Middle School, 2) an owner-architect agreement in the amount of $88,029 with Barganier Davis Williams Architects Associated for the canopy connector enclosure project at Auburn High School, 3) an owner-architect agreement in the amount of $194,056 with Barganier Davis Williams Architects Associated for the additions and alterations to the Auburn High School football, baseball and softball fields, and 4) a contract with Hoar Construction, LLC in the amount of $170,948,000 for the construction of Plains High School.

On February 10, 2026, the Board approved a contract with Evergreen Siteworks, LLC in the amount of $4,454,402.74 for early sitework at Plains Junior High School.

On March 17, 2026, the Board approved a contract with Warner Athletic Construction Co., LLC in the amount of $2,918,000 for the conversion of Auburn High School's baseball and softball fields to artificial turf.

Water Works Board

Subsequent to September 30, 2025, the Water Board approved the purchase of three vehicles totaling approximately $124,000; an engineering and consulting services contract at $214,000; and the sale of 1.32 acres of land to the Industrial Development Board of the City of Auburn at $132,000.

Industrial Development Board

In November 2025, the IDB issued a $25 million Revenue Bond for the purpose of financing the construction of a research facility for use by the Auburn Research and Technology Foundation (ARTF). Simultaneously with the issuance of the bond, a lease agreement was executed between the IDB and the ARTF for the facility, and a ground lease agreement was executed between the ARTF and the IDB. The Revenue Bond represents limited obligation debt of the IDB and is payable solely from the revenues generated from the lease agreement. Additionally, construction contracts totaling approximately $20.2 million were executed in connection with the project.

The IDB approved an expansion project for one of its industries in November 2025. The project required issuing debt of approximately $4.1 million, to be used to pay off existing debt of approximately $73,000, to refinance existing debt of approximately $1.35 million, and to fund construction costs of the expansion. A construction contract of approximately $2.6 million was signed in connection with the expansion. A lease amendment was signed by the industry to increase rental payments to fund the construction.

NOTE 28. SUBSEQUENT EVENTS - CONTINUED

Other constructions contracts totaling approximately $1.9 million were executed after September 30, 2025, and change orders were approved in the approximate amount of $96,000.

Subsequent to September 30, 2025, the IDB approved the sale of several parcels of property in its Technology Parks. The parcels included Lot 1 Beehive Road in the amount of $708,384, approximately 1.32 acres in the Webster Property in the amount of $141,714, Lot 2 in the Auburn Technology Park West Annex II in the approximate amount of $1.1 million, and the speculative building located in the Auburn Technology Park West in the approximate amount of $2.1 million. Additionally, the IDB authorized the use of Lot 1 in the Auburn Technology Park West Annex II as an incentive for a new industry. The contract will require reimbursement of site development costs of approximately $308,000, and a temporary lease was signed with the industry for space in another facility owned by the IDB to be used while their facility is constructed.

NOTE 29. ADJUSTMENTS TO AND RESTATEMENTS OF BEGINNING BALANCES

CITY OF AUBURN PRIMARY GOVERNMENT

During fiscal year 2025, a change in accounting principle and two error corrections resulted in adjustments to and restatements of beginning net position and fund net position, as follows:

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances		
	Funds	Government-Wide	
	General Fund	Governmental Activities	Business-type Activities
9/30/2024, as previously reported	$ 114,160,634	$ 266,292,811	$ 85,800,945
Adjustment for change in accounting principle	-	(2,787,352)	(532,847)
Error correction - prepaid items	530,783	530,783	-
Error correction - capital assets	-	(311,600)	-
9/30/2024, as restated	$ 114,691,417	$ 263,724,642	$ 85,268,098

During fiscal year 2025, the City implemented GASB Statement No. 101 Compensated Absences, which resulted in adjustments to the accumulated leave liabilities and a restatement of beginning net position for governmental activities by $2,787,352 and business-type activities by $532,847.

The City recognized an error correction of $530,783 in the General Fund for a prepaid subscription that was incorrectly recorded as an expenditure/expense in the prior fiscal year. The City then reclassed the prepaid to a current fiscal year expenditure/expense to match the period of service of that subscription.

The City recognized an error correction of $311,600 in the government-wide financial statements to reverse a prior year capital outlay/construction in progress item of $5,000 that has been determined will never be placed in service and to remove a $306,600 capital asset that should have been recognized as a payment to component unit and capitalized by that component unit.

NOTE 29. ADJUSTMENTS TO AND RESTATEMENTS OF BEGINNING BALANCES - CONTINUED

COMPONENT UNITS

Board of Education

During fiscal year 2025, a change in accounting principle resulted in an adjustment to beginning net position, as follows:

	Governmental Activities
Beginning net position, as previously reported	$ 228,793,700
Restatement - GASB 101 implementation	(1,076,219)
Beginning net position, as restated	$ 227,717,481

Effective October 1, 2024, the ABOE implemented GASB Statement No. 101, *Compensated Absences*. The Board now recognizes an estimated amount of vacation and personal leave earned as of year-end that will be used by employees as time off in future years as a liability for compensated absences. The effect of the change in accounting principal was a restatement of beginning net position for governmental activities in the amount of $1,076,219.

Water Works Board

During fiscal year 2025, the Water Board implemented GASB Statement No. 101, *Compensated Absences*, which resulted in adjustments to the accumulated leave liabilities and a restatement of beginning net position, as follows:

Accumulated leave, 9/30/24, as previously reported	$ 106,187
Accumulated leave, 9/30/24, after implementation of GASB 101	308,205
Adjustment to beginning net position	$ 202,018



AUBURN

Required Supplementary Information



AUBURN

CITY OF AUBURN, ALABAMA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
	$	$	$	$	$	$	$	$	$	$
Total pension liability										
Service cost	4,396,077	4,341,849	3,621,613	3,006,904	2,744,079	2,660,970	2,420,659	2,348,855	2,263,221	2,096,359
Interest	11,969,285	11,086,545	10,346,798	9,627,046	8,932,116	8,462,103	7,988,160	7,587,667	7,098,665	6,773,185
Changes of benefit terms	-	-	103,645	-	1,772,883	-	-	-	-	-
Differences between expected and actual experience	2,353,515	4,528,753	3,233,479	2,781,002	2,227,113	1,147,709	1,239,780	403,593	1,030,203	(201,519)
Changes of assumptions	-	-	-	5,444,804	-	-	650,117	-	3,582,969	-
Benefit payments, including refunds of employee contributions	(8,109,301)	(7,802,452)	(7,290,814)	(6,389,298)	(5,820,500)	(5,470,330)	(5,549,049)	(5,144,094)	(4,737,008)	(4,462,051)
Transfers among employers	202,814	(152,406)	170,577	(163,074)	(546,220)	(521,313)	35,394	174,097	137,570	-
Net change in total pension liability	10,812,390	12,002,289	10,185,298	14,307,384	9,309,471	6,279,139	6,785,061	5,370,118	9,375,620	4,205,974
Total pension liability - beginning	164,716,193	152,713,904	142,528,606	128,221,222	118,911,751	112,632,612	105,847,551	100,477,433	91,101,813	86,895,839
Total pension liability - ending (a)	175,528,583	164,716,193	152,713,904	142,528,606	128,221,222	118,911,751	112,632,612	105,847,551	100,477,433	91,101,813
Plan fiduciary net position										
Contributions - employer	5,166,796	4,768,023	4,220,692	3,721,336	3,434,151	3,192,281	2,886,965	2,895,132	2,934,254	2,827,895
Contributions - member	3,298,213	2,796,347	2,717,369	2,375,294	2,122,518	2,010,918	1,773,476	1,613,441	1,597,131	1,548,903
Net investment income	20,769,268	11,291,419	(12,796,248)	18,239,681	4,474,017	1,980,152	6,601,723	8,171,480	5,923,189	683,202
Benefit payments, including refunds of employee contributions	(8,109,301)	(7,802,452)	(7,290,814)	(6,389,298)	(5,820,500)	(5,470,330)	(5,549,049)	(5,144,094)	(4,737,008)	(4,462,051)
Transfers among employers	202,814	(152,406)	170,577	(163,074)	(546,220)	(521,313)	35,394	174,097	137,570	(66,372)
Net change in plan fiduciary net position	21,327,790	10,900,931	(12,978,424)	17,783,939	3,663,966	1,191,708	5,748,509	7,710,056	5,855,136	531,577
Plan net position - beginning	98,070,793	87,169,862	100,148,286	82,364,347	78,700,381	77,508,673	71,760,164	64,050,108	58,194,972	57,663,395
Plan net position - ending (b)	119,398,583	98,070,793	87,169,862	100,148,286	82,364,347	78,700,381	77,508,673	71,760,164	64,050,108	58,194,972
Net pension liability - ending a - b	56,130,000	66,645,400	65,544,042	42,380,320	45,856,875	40,211,370	35,123,939	34,087,387	36,427,325	32,906,841
Plan fiduciary net position as a percentage of the total pension liability	68.02%	59.54%	57.08%	70.27%	64.24%	66.18%	68.82%	67.80%	63.75%	63.88%
Covered payroll[1]	46,403,928	42,773,053	39,778,962	37,688,081	35,428,974	34,130,998	30,468,475	28,547,194	27,235,213	25,894,222
Net pension liability as a percentage of covered payroll	120.96%	155.81%	164.77%	112.45%	129.43%	117.81%	115.28%	119.41%	133.75%	127.08%

[1]Employer's covered payroll during the measurement period is the total covered payroll. For FY2025 the measurement period is October 1, 2023 to September 30, 2024. GASB issued a statement "Pension Issues" in March 2016 to redefine covered payroll beginning with FY2017.

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CITY OF AUBURN, ALABAMA
SCHEDULE OF EMPLOYER CONTRIBUTIONS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
	$	$	$	$	$	$	$	$	$	$
Actuarially determined contributions[1]	5,434,409	5,113,128	4,691,605	4,050,144	3,657,108	3,391,662	3,175,036	2,755,194	2,854,621	2,818,007
Contributions in relation to the actuarially determined contribution [1]	5,434,409	5,113,128	4,691,605	4,050,144	3,657,108	3,391,662	3,175,036	2,755,194	2,854,621	2,818,007
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll[2]	49,484,641	46,403,928	42,773,053	39,778,962	37,688,081	35,428,974	34,130,998	30,468,475	28,547,194	27,235,213
Contributions as a percentage of covered payroll	10.98%	11.02%	10.97%	10.18%	9.70%	9.57%	9.30%	9.04%	10.00%	10.35%

[1]The amount of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments. The Schedule of Employer Contributions is based on the 12 month period of the underlying financial statement.

[2]Employer's covered payroll for FY2025 is the total covered payroll for the 12 month period of the underlying financial statement.

Notes to Schedule

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2025 were based on the September 30, 2022 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2024 to September 30, 2025:

- Actuarial cost method: entry age
- Amortization method: level percent closed
- Remaining amortization period: 24.4 years
- Asset valuation method: five year smoothed fair value
- Inflation: 2.50%
- Salary increases: 3.25 - 6.00%, including inflation
- Investment rate of return: 7.45%, net of pension plan investment expense, including inflation

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CITY OF AUBURN, ALABAMA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years in which information is available.

	2025	2024	2023	2022	2021	2020	2019	2018
	$	$	$	$	$	$	$	$
Total OPEB Liability								
Service cost	549,689	590,043	104,076	326,932	179,809	110,213	102,701	106,479
Interest	437,717	235,682	191,889	146,213	146,594	131,779	152,194	130,523
Changes in assumptions	(1,065,027)	2,614,300	(38,448)	(1,103,919)	(13,916)	805,903	198,691	(113,656)
Differences between expected and actual experience	-	2,702,022	553,898	(899,054)	898,704	1,444,740	(327,559)	108,181
Benefit payments	(397,152)	(353,882)	(510,720)	(484,093)	(166,425)	(135,310)	(120,467)	(99,020)
Net change in total OPEB liability	(474,773)	5,788,165	300,695	(2,013,921)	1,044,766	2,357,325	5,560	132,507
Total OPEB Liability - beginning	11,160,533	5,372,368	5,071,673	7,085,594	6,040,828	3,683,503	3,677,943	3,545,436
Total OPEB Liability - ending	**$ 10,685,760**	**$ 11,160,533**	**$ 5,372,368**	**$ 5,071,673**	**$ 7,085,594**	**$ 6,040,828**	**$ 3,683,503**	**$ 3,677,943**
Covered employee payroll	38,563,764	37,044,922	32,819,124	31,556,851	32,993,358	31,095,990	32,124,486	27,910,274
Total OPEB liability as % of covered employee payroll	27.7%	30.1%	16.4%	16.1%	21.5%	19.4%	11.5%	13.2%

Notes to Schedule:

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

2025	2024	2023	2022	2021	2020	2019	2018
4.90%	3.81%	4.09%	4.02%	2.43%	2.41%	3.58%	4.15%

No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4, to pay related benefits.

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AUBURN

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are operating funds used to account for the proceeds of specific revenue sources that are legally restricted for specific purposes other than special assessments or major capital projects.

Seven Cent Gas Tax Fund accounts for funds received from the State of Alabama and expended for street related projects.

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

Ten Cent Gas Tax Fund accounts for Auburn's share of the State of Alabama Rebuild Alabama Act revenues and expenditures for street and infrastructure related projects.

Municipal Court Judicial Administration Fund accounts for funds received from specific fines collected that are to be used for municipal court administration purposes.

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

Working Capital Interest Subsidy Program Fund accounts for the City's contribution to provide subsidy payments to cover interest on qualifying loans made to enable commercial enterprises to maintain business in the City during and following the effects of COVID-19 as allowed by Amendment 772 to the Constitution of Alabama of 1901.

CV Local Fiscal Recovery Fund accounts for American Rescue Plan federal funding provided through the U. S. Department of Treasury to respond to the COVID-19 public health emergency and its economic impacts.

Grants – General Activities Fund accounts for state and federal grants.

Community Development Block Grant Fund accounts for funds received from federal Community Development Block Grants and expended for approved community development projects.

Federal Grant Loan Repayment Fund accounts for mortgage revenue from grants provided by the U.S. Department of Housing and Urban Development used to fund Title I projects within the City.

Debt Service Funds

Debt Service Funds are used to account for the payment of principal and interest on long-term debt. Debt service revenues are from taxes and other operating revenues, some of which are pledged specifically to repay certain outstanding bond issues.

Special 5-Mill Tax Fund accounts for general property tax receipts used to pay principal and interest on bonds issued to finance projects approved by the voters.

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

West Tech Park Phase II Fund accounts for the revenue and expenditure of bonds issued by the City for the expansion of Auburn Technology Park West and other infrastructure projects.

2022 Capital Projects Fund accounts for the revenue and expenditure of general obligation warrants issued by the City for the construction of William Buechner Parkway, construction of the Environmental Services and Public Works facility, and improvements to the Auburn Soccer Complex.

CITY OF AUBURN, ALABAMA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	Special Revenue Funds							
	Seven Cent Gas Tax Fund	Four and Five Cent Gas Tax Fund	Ten Cent Gas Tax Fund	Municipal Court Judicial Admin Fund	Public Safety Substance Abuse Fund	Working Capital Int Subsidy Program Fund	CV Local Fiscal Recovery Fund	Grants General Activities Fund
ASSETS	$	$	$	$	$	$	$	$
Cash and cash equivalents	5,576	6,980	11,170	858,040	131,309	-	1,076,619	544,463
Investments	-	-	-	-	-	-	-	-
Receivables, net	16,976	13,497	63,079	18,105	-	-	-	297,307
Due from other funds	-	-	-	-	-	-	-	-
Mortgages receivable	-	-	-	-	-	-	-	-
Restricted cash	-	-	-	-	-	-	-	-
Total assets	22,552	20,477	74,249	876,145	131,309	-	1,076,619	841,770
LIABILITIES								
Accounts payable and accrued liabilities	-	-	-	16,504	-	-	22,142	262,475
Due to other funds	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	44,635	-	21,176	13,795
Total liabilities	-	-	-	16,504	44,635	-	43,318	276,270
FUND BALANCES								
Restricted								
Roads, bridges and streets	22,552	20,477	74,249	-	-	-	-	-
Law enforcement	-	-	-	859,641	86,674	-	-	-
General grants	-	-	-	-	-	-	-	565,500
Social and economic development	-	-	-	-	-	-	1,033,301	-
Capital projects	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Total fund balances	22,552	20,477	74,249	859,641	86,674	-	1,033,301	565,500
Total liabilities and fund balances	22,552	20,477	74,249	876,145	131,309	-	1,076,619	841,770

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CITY OF AUBURN, ALABAMA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

CONTINUED

	Special Revenue Funds, continued			Debt Service Fund	Capital Projects Funds			
	Community Development Block Grant Fund	Federal Grant Loan Repayment Fund	Total	Special 5-Mill Tax Fund	West Tech Park Phase II Fund	2022 Capital Projects Fund	Total	Total Nonmajor Governmental Funds
ASSETS	$	$	$	$	$	$	$	$
Cash and cash equivalents	3,008	149,789	2,786,954	13,197,399	113,934	-	113,934	16,098,287
Investments	-	1,041,407	1,041,407	2,975,560	-	-	-	4,016,967
Receivables, net	146,171	2	555,137	97,408	-	-	-	652,545
Due from other funds	14,559	-	14,559	-	-	-	-	14,559
Mortgages receivable	-	1,520,267	1,520,267	-	-	-	-	1,520,267
Restricted cash	-	190,878	190,878	-	-	-	-	190,878
Total assets	163,738	2,902,343	6,109,202	16,270,367	113,934	-	113,934	22,493,503
LIABILITIES								
Accounts payable and accrued liabilities	77,565	-	378,686	252	-	-	-	378,938
Due to other funds	86,173	14,559	100,732	-	-	-	-	100,732
Unearned revenue	-	1,520,767	1,600,373	-	-	-	-	1,600,373
Total liabilities	163,738	1,535,326	2,079,791	252	-	-	-	2,080,043
FUND BALANCES								
Restricted								
Roads, bridges and streets	-	-	117,278	-	-	-	-	117,278
Law enforcement	-	-	946,315	-	-	-	-	946,315
General grants	-	-	565,500	-	-	-	-	565,500
Social and economic development	-	1,367,017	2,400,318	-	-	-	-	2,400,318
Capital projects	-	-	-	-	113,934	-	113,934	113,934
Debt service	-	-	-	16,270,115	-	-	-	16,270,115
Total fund balances	-	1,367,017	4,029,411	16,270,115	113,934	-	113,934	20,413,460
Total liabilities and fund balances	163,738	2,902,343	6,109,202	16,270,367	113,934	-	113,934	22,493,503

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CITY OF AUBURN, ALABAMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Special Revenue Funds							
	Seven Cent Gas Tax Fund	Four and Five Cent Gas Tax Fund	Ten Cent Gas Tax Fund	Municipal Court Judicial Admin Fund	Public Safety Substance Abuse Fund	Working Capital Int Subsidy Program Fund	CV Local Fiscal Recovery Fund	Grants General Activities Fund
Revenues	$	$	$	$	$	$	$	$
General property taxes	-	-	-	-	-	-	-	-
State shared taxes	188,323	148,878	555,360	-	-	-	-	-
Fines and forfeitures	-	-	-	147,942	-	-	-	-
Contributions from the public	-	-	-	-	41,605	-	-	-
Grants	-	-	-	-	-	-	660,624	2,518,805
Program income	-	-	-	-	-	-	-	-
Interest	1,250	1,020	2,061	14,099	1,954	454	54,969	-
Miscellaneous	-	-	-	-	1,379	-	-	-
Total revenues	189,573	149,898	557,421	162,041	44,938	454	715,593	2,518,805
Expenditures								
General government and administration	-	-	-	15,222	-	-	-	-
Public safety	-	-	-	-	42,060	-	-	21,516
Parks and recreation	-	-	-	-	-	-	-	84,319
Social and economic development	-	-	-	-	-	-	-	1,801,000
Total departmental	-	-	-	15,222	42,060	-	-	1,906,835
Non-departmental	-	-	-	-	-	-	-	-
Debt service:								
Principal retirement	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Administrative charges	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	84,084	-	-	885,530	611,970
Total expenditures	-	-	-	99,306	42,060	-	885,530	2,518,805
Excess (deficiency) of revenues over expenditures	189,573	149,898	557,421	62,735	2,878	454	(169,937)	-
Other financing sources (uses)								
Sale of surplus assets	-	-	-	-	2,925	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(250,000)	(198,000)	(615,000)	(66,528)	-	(28,034)	-	-
Total other financing sources (uses)	(250,000)	(198,000)	(615,000)	(66,528)	2,925	(28,034)	-	-
Net changes in fund balances	(60,427)	(48,102)	(57,579)	(3,793)	5,803	(27,580)	(169,937)	-
Fund balances, beginning of year	82,979	68,579	131,828	863,434	80,871	27,580	1,203,238	565,500
Fund balances, end of year	22,552	20,477	74,249	859,641	86,674	-	1,033,301	565,500

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CITY OF AUBURN, ALABAMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025
CONTINUED

	Special Revenue Funds, continued			Debt Service Fund	Capital Projects Funds			
	Community Development Block Grant Fund	Federal Grant Loan Repayment Fund	Total	Special 5-Mill Tax Fund	West Tech Park Phase II Fund	2022 Capital Projects Fund	Total	Total Nonmajor Governmental Funds
Revenues	$	$	$	$	$	$	$	$
General property taxes	-	-	-	9,302,488	-	-	-	9,302,488
State shared taxes	-	-	892,561	-	-	-	-	892,561
Fines and forfeitures	-	-	147,942	-	-	-	-	147,942
Contributions from the public	-	-	41,605	-	-	-	-	41,605
Grants	766,886	-	3,946,315	-	-	-	-	3,946,315
Program income	-	184,835	184,835	-	-	-	-	184,835
Interest	-	73,264	149,071	612,645	1,842	15	1,857	763,573
Miscellaneous	-	237	1,616	-	-	-	-	1,616
Total revenues	766,886	258,336	5,363,945	9,915,133	1,842	15	1,857	15,280,935
Expenditures								
General government and administration	-	-	15,222	-	-	-	-	15,222
Public safety	-	-	63,576	-	-	-	-	63,576
Parks and recreation	-	-	84,319	-	-	-	-	84,319
Social and economic development	430,285	23	2,231,308	-	-	-	-	2,231,308
Total departmental	430,285	23	2,394,425	-	-	-	-	2,394,425
Non-departmental	-	-	-	308,042	-	-	-	308,042
Debt service:								
Principal retirement	-	276,000	276,000	1,925,000	-	-	-	2,201,000
Interest	-	50,991	50,991	4,596,405	-	-	-	4,647,396
Administrative charges	-	-	-	825	-	-	-	825
Capital outlay	91,761	-	1,673,345	-	-	-	-	1,673,345
Total expenditures	522,046	327,014	4,394,761	6,830,272	-	-	-	11,225,033
Excess (deficiency) of revenues over expenditures	244,840	(68,678)	969,184	3,084,861	1,842	15	1,857	4,055,902
Other financing sources (uses)								
Sale of surplus assets	-	-	2,925	-	-	-	-	2,925
Transfers in	60,786	333,672	394,458	-	-	-	-	394,458
Transfers out	(305,639)	(60,786)	(1,523,987)	-	-	(1,159)	(1,159)	(1,525,146)
Total other financing sources (uses)	(244,853)	272,886	(1,126,604)	-	-	(1,159)	(1,159)	(1,127,763)
Net changes in fund balances	(13)	204,208	(157,420)	3,084,861	1,842	(1,144)	698	2,928,139
Fund balances, beginning of year	13	1,162,809	4,186,831	13,185,254	112,092	1,144	113,236	17,485,321
Fund balances, end of year	-	1,367,017	4,029,411	16,270,115	113,934	-	113,934	20,413,460

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CITY OF AUBURN, ALABAMA
SEVEN CENT GAS TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Budget			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues	$	$	$	$
State shared taxes	184,000	184,000	188,323	4,323
Interest	750	750	1,250	500
Total revenues	184,750	184,750	189,573	4,823
Other financing uses				
Transfers out	(184,000)	(250,000)	(250,000)	-
Net changes in fund balances	750	(65,250)	(60,427)	4,823
Fund balances, beginning of year	82,979	82,979	82,979	-
Fund balances, end of year	83,729	17,729	22,552	4,823

CITY OF AUBURN, ALABAMA
FOUR AND FIVE CENT GAS TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Budget			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues	$	$	$	$
State shared taxes	147,000	147,000	148,878	1,878
Interest	750	750	1,020	270
Total revenues	147,750	147,750	149,898	2,148
Other financing uses				
Transfers out	(147,500)	(198,000)	(198,000)	-
Net changes in fund balances	250	(50,250)	(48,102)	2,148
Fund balances, beginning of year	68,579	68,579	68,579	-
Fund balances, end of year	68,829	18,329	20,477	2,148

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CITY OF AUBURN, ALABAMA
TEN CENT GAS TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Budget			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues	$	$	$	$
State shared taxes	500,000	529,000	555,360	26,360
Interest	1,150	1,150	2,061	911
Total revenues	501,150	530,150	557,421	27,271
Other financing uses				
Transfers out	(500,000)	(615,000)	(615,000)	-
Net changes in fund balances	1,150	(84,850)	(57,579)	27,271
Fund balances, beginning of year	131,828	131,828	131,828	-
Fund balances, end of year	132,978	46,978	74,249	27,271

CITY OF AUBURN, ALABAMA
MUNICIPAL COURT JUDICIAL ADMINISTRATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Budget			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues	$	$	$	$
Fines and forfeitures	117,500	150,000	147,942	(2,058)
Interest	9,000	13,000	14,099	1,099
Total revenues	126,500	163,000	162,041	(959)
Expenditures				
General government and administration	-	15,000	15,222	222
Total departmental	-	15,000	15,222	222
Capital outlay	90,000	84,200	84,084	(116)
Total expenditures	90,000	99,200	99,306	106
Excess (deficiency) of revenues over expenditures	36,500	63,800	62,735	(1,065)
Other financing uses				
Transfers out	(63,000)	(66,000)	(66,528)	(528)
Total other financing uses	(63,000)	(66,000)	(66,528)	(528)
Net changes in fund balances	(26,500)	(2,200)	(3,793)	(1,593)
Fund balances, beginning of year	863,434	863,434	863,434	-
Fund balances, end of year	836,934	861,234	859,641	(1,593)

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CITY OF AUBURN, ALABAMA
PUBLIC SAFETY SUBSTANCE ABUSE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Budget			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues	$	$	$	$
Contributions from the public	27,500	44,500	41,605	(2,895)
Interest	2,150	2,150	1,954	(196)
Miscellaneous	-	-	1,379	1,379
Total revenues	29,650	46,650	44,938	(1,712)
Expenditures				
Public safety	12,000	49,750	42,060	(7,690)
Total expenditures	12,000	49,750	42,060	(7,690)
Excess (deficiency) of revenues over expenditures	17,650	(3,100)	2,878	5,978
Other financing sources				
Sale of surplus assets	500	3,000	2,925	(75)
Net changes in fund balances	18,150	(100)	5,803	5,903
Fund balances, beginning of year	80,871	80,871	80,871	-
Fund balances, end of year	99,021	80,771	86,674	5,903

CITY OF AUBURN, ALABAMA
CV LOCAL FISCAL RECOVERY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Budget			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues	$	$	$	$
Grants	944,615	681,801	660,624	(21,177)
Interest	-	50,000	54,969	4,969
Total revenues	944,615	731,801	715,593	(16,208)
Expenditures				
Capital outlay	944,615	951,619	885,530	(66,089)
Total expenditures	944,615	951,619	885,530	(66,089)
Excess (deficiency) of revenues over expenditures	-	(219,818)	(169,937)	49,881
Net changes in fund balances	-	(219,818)	(169,937)	49,881
Fund balances, beginning of year	1,203,238	1,203,238	1,203,238	-
Fund balances, end of year	1,203,238	983,420	1,033,301	49,881

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CITY OF AUBURN, ALABAMA
SPECIAL 5-MILL TAX DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Budget			
	Original	Final	Actual	Variance with Final Budget Over (Under)
Revenues	$	$	$	$
General property tax	9,027,000	9,279,000	9,302,488	23,488
Interest	225,000	475,000	612,645	137,645
Total revenues	9,252,000	9,754,000	9,915,133	161,133
Expenditures				
Non-departmental	286,015	301,015	308,042	7,027
Debt service:				
Principal retirement	1,925,000	1,925,000	1,925,000	-
Interest	4,602,006	4,602,006	4,596,405	(5,601)
Administrative charges	1,650	1,650	825	(825)
Total expenditures	6,814,671	6,829,671	6,830,272	601
Excess (deficiency) of revenues over expenditures	2,437,329	2,924,329	3,084,861	160,532
Net changes in fund balances	2,437,329	2,924,329	3,084,861	160,532
Fund balances, beginning of year	13,185,254	13,185,254	13,185,254	-
Fund balances, end of year	15,622,583	16,109,583	16,270,115	160,532

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AUBURN

Nonmajor Component Units

Public Park and Recreation Board

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

All three Board members are appointed by the City Council, which maintains a significant degree of control over the Board's officials. The City exercises total control over budgetary adoption requests and revisions and has responsibility for funding deficits and operating deficiencies of the Board. The Public Park and Recreation Board is a proprietary fund type or business-type activity.

This component unit currently accounts for the operation of the Yarbrough Tennis Center, which opened in July 2007.

Auburn Downtown Redevelopment Authority

The Auburn Downtown Redevelopment Authority was incorporated in February of 1985 and all members are appointed by the City Council. It was established in order to aid in the revitalization and improvement of the central downtown business district. The Authority is charged with promoting the public good and general welfare, trade, commerce, industry, and employment opportunities, as well as creating a climate favorable to the location of new industry, trade and commerce, and the development of existing industry, trade and commerce.

The City invested funds into the Authority to facilitate the redevelopment of downtown property. The Authority must repay the City, which indicates a financial benefit burden relationship, as the City is legally entitled to the Authority's resources. The Auburn Downtown Redevelopment Authority is presented as a proprietary fund type or business-type activity.



AUBURN

CITY OF AUBURN, ALABAMA
DISCRETELY PRESENTED BUSINESS-TYPE NONMAJOR COMPONENT UNITS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Public Park and Recreation Board	Downtown Redevelopment Authority	Total
ASSETS	$	$	$
Current assets			
Cash and cash equivalents	57,753	-	57,753
Receivables, net	408,975	-	408,975
Current portion of notes receivable	-	57,807	57,807
Other current assets	5,289	-	5,289
Total current assets	472,017	57,807	529,824
Noncurrent assets			
Notes receivable, net of current portion	-	934,476	934,476
Capital assets, net of accumulated depreciation	2,950,987	-	2,950,987
Total noncurrent assets	2,950,987	934,476	3,885,463
Total assets	3,423,004	992,283	4,415,287
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	77,811	-	77,811
OPEB related	33,968	-	33,968
Total deferred outflows of resources	111,779	-	111,779
LIABILITIES			
Current liabilities			
Accounts payable and other accrued liabilities	162,351	-	162,351
Current portion of OPEB liability	2,699	-	2,699
Current portion of long-term debt	-	57,807	57,807
Total current liabilities	165,050	57,807	222,857
Noncurrent liabilities			
Long-term debt and other liabilities	-	934,476	934,476
Net pension liability	224,282	-	224,282
OPEB liability	64,827	-	64,827
Total noncurrent liabilities	289,109	934,476	1,223,585
Total liabilities	454,159	992,283	1,446,442
DEFERRED INFLOWS OF RESOURCES			
Pension related	28,919	-	28,919
OPEB related	13,261	-	13,261
Total deferred inflows of resources	42,180	-	42,180
NET POSITION			
Net investment in capital assets	2,950,987	-	2,950,987
Unrestricted (deficit)	87,457	-	87,457
Total net position	3,038,444	-	3,038,444

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CITY OF AUBURN, ALABAMA
DISCRETELY PRESENTED BUSINESS-TYPE NONMAJOR COMPONENT UNITS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER, 30 2025

	Public Park and Recreation Board	Downtown Redevelopment Authority	Total
	$	$	$
Operating revenues			
Tennis center revenue	388,879	-	388,879
Miscellaneous	112,439	-	112,439
Total operating revenues	501,318	-	501,318
Operating expenses			
Salaries and wages	361,707	-	361,707
Employee benefits	118,222	-	118,222
Repairs and maintenance	35,540	-	35,540
Utilities	150,674	-	150,674
Rentals and leasing	1,463	-	1,463
Insurance	9,871	-	9,871
Office supplies	911	-	911
Professional services	89,841	-	89,841
Agricultural and chemical supplies	2,445	-	2,445
Depreciation/amortization	345,278	-	345,278
Minor equipment and tools	14,357	-	14,357
Travel and training	4,156	-	4,156
Total operating expenses	1,134,465	-	1,134,465
Operating income (loss)	(633,147)	-	(633,147)
Non-operating revenues (expenses)			
Interest and investment earnings	160	17,132	17,292
Grants	77,500	-	77,500
Appropriations from the City of Auburn	594,918	-	594,918
Capital contributions from Auburn University	361,080	-	361,080
Interest and fiscal charges	-	(17,132)	(17,132)
Total non-operating revenues (expenses)	1,033,658	-	1,033,658
Change in net position	400,511	-	400,511
Net position - beginning	2,331,333	-	2,331,333
Error correction	306,600	-	306,600
Net position - beginning, as restated	2,637,933	-	2,637,933
Net position - ending	3,038,444	-	3,038,444

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CITY OF AUBURN, ALABAMA
DISCRETELY PRESENTED BUSINESS-TYPE NONMAJOR COMPONENT UNITS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Public Park and Recreation Board	Downtown Redevelopment Authority	Total
	$	$	$
Cash flows from operating activities			
Cash collected from customers	390,125	-	390,125
Other cash collected	112,439	-	112,439
Payments to suppliers for goods and services	(191,053)	-	(191,053)
Payments to employees for services	(460,985)	-	(460,985)
Net cash provided (consumed) by operating activities (A)	(149,474)	-	(149,474)
Cash flows from noncapital financing activities			
Operating transfers in	594,918	-	594,918
Net cash provided (consumed) by noncapital financing activities	594,918	-	594,918
Cash flows from capital and related financing activities			
Interest and fiscal fees paid	-	(17,132)	(17,132)
Acquisition and construction of capital assets	(388,322)	-	(388,322)
Net cash provided (consumed) by capital and related financing activities	(388,322)	(17,132)	(405,454)
Cash flows from investing activities			
Interest on investments	160	17,132	17,292
Net cash provided (consumed) by investing activities	160	17,132	17,292
Net increase (decrease) in cash	57,282	-	57,282
Cash and cash equivalents, beginning of year	471	-	471
Cash and cash equivalents, end of year	57,753	-	57,753

Reconciliation of operating income (loss) to net cash provided (consumed) by operating activities (A):

Operating income (loss)		(633,147)	-	(633,147)
Add:	Depreciation/amortization expense	345,278	-	345,278
	Decrease in accounts receivable	1,246	-	1,246
	Decrease in OPEB related deferred outflows	16,214	-	16,214
	Increase in accounts payable	119,149	-	119,149
	Increase in current OPEB liability	368	-	368
	Decrease in deferred pension contributions	18,881	-	18,881
	Increase in pension related deferred inflows	28,919	-	28,919
Less:	Increase in prepaid items	(944)	-	(944)
	Decrease in OPEB related deferred inflows	(3,351)	-	(3,351)
	Decreasein OPEB liability	(3,710)	-	(3,710)
	Decrease in pension related liabilities	(38,377)	-	(38,377)
Net cash provided (consumed) by operating activities		(149,474)	-	(149,474)

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AUBURN

Capital Assets Used in the Operation of Governmental Funds

These schedules present supplementary information on capital assets by source, function and activity. In addition, the changes in capital assets from the prior fiscal year are presented by function and activity.



AUBURN

CITY OF AUBURN, ALABAMA
CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
SEPTEMBER 30, 2025

Governmental funds capital assets	$
Land, buildings and improvements	225,250,159
Construction in progress	18,271,566
Subscription in progress	69,200
Heavy equipment	6,354,783
Office equipment	9,103,632
Right-to-use leased assets - office equipment	280,177
Small tools and equipment	4,341,558
Vehicles	20,619,789
Infrastructure	344,259,182
Subscription asset	5,367,303
Total governmental funds capital assets	633,917,349

Investment in governmental funds capital assets by source	
General fund revenues	338,512,312
Capital projects funds	198,199,611
Federal grants	28,369,888
State grants	456,205
Special revenue fund revenues	3,003,974
Contributions and donations	65,347,559
Special assessments	27,800
Total investment in governmental funds capital assets	633,917,349

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CITY OF AUBURN, ALABAMA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
AS OF SEPTEMBER 30, 2025

Function and Activity	Total	Land, Buildings & Improvements	Easements	Construction in Progress	Subscription in Progress	Heavy Equipment	Office Equipment
	$	$	$	$	$	$	$
General government and administration							
Information technology	6,580,941	39,154	-	-	-	-	2,927,192
Geographical information systems	718,990	14,835	-	-	-	-	136,309
Judicial	321,345	9,115	-	-	-	-	-
Administrative	800,046	776,772	-	-	-	-	9,889
Finance	1,560,784	6,272	-	-	-	-	31,507
Total general government and administration	9,982,106	846,148	-	-	-	-	3,104,897
Public works administration	349,072,384	18,773,016	11,910,796	2,434,910	-	2,314,938	8,555
Environmental services	22,013,626	20,482,382	-	-	-	90,578	12,251
Public safety administration	44,772,925	41,510,191	-	661,814	-	-	1,410,083
Fire	14,549,992	5,211,142	-	-	-	2,067,966	176,811
Police	11,705,081	334,713	-	-	-	150,662	210,999
Development services[1]	28,868,585	2,294,718	-	1,534,035	-	448,994	115,314
Library	6,623,425	6,286,318	-	-	-	-	241,632
Parks and recreation	100,091,133	85,016,925	-	780,547	-	1,281,645	25,250
Human resources	1,328,153	852,501	-	-	69,200	-	23,299
Social and economic development[2]	20,138,435	7,194,004	-	12,850,894	-	-	27,429
Total departmental	609,145,845	188,802,058	11,910,796	18,262,200	69,200	6,354,783	5,356,520
Nondepartmental	24,771,504	24,537,305	-	9,366	-	-	-
Total governmental funds capital assets	633,917,349	213,339,363	11,910,796	18,271,566	69,200	6,354,783	5,356,520

[1] Development services includes the following departments : engineering services, planning services and inspection services.

[2] Social and economic development includes the following departments : social and economic development and community services.

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CITY OF AUBURN, ALABAMA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2025
CONTINUED

Function and Activity	Right-to-Use Office Equipment	Subscriptions	Software	Small Tools and Equipment	Vehicles	Infrastructure
	$	$	$	$	$	$
General government and administration						
Information technology	-	1,071,877	920,584	290,541	86,676	1,244,917
Geographical information systems	-	160,553	401,794	5,499	-	-
Judicial	9,037	-	303,193	-	-	-
Administrative	13,385	-	-	-	-	-
Finance	-	-	1,485,261	-	37,744	-
Total general government and administration	22,422	1,232,430	3,110,832	296,040	124,420	1,244,917
Public works administration	-	-	-	427,687	3,566,301	309,636,181
Environmental services	-	864,888	-	125,617	437,910	-
Public safety administration	17,469	-	365,956	195,367	102,969	509,076
Fire	-	-	-	1,311,630	5,782,443	-
Police	-	3,106,501	75,748	441,673	7,384,785	-
Development services[1]	19,209	-	-	345,461	1,312,817	22,798,037
Library	-	-	-	-	89,845	5,630
Parks and recreation		-	-	1,162,257	1,775,850	10,048,659
Human resources	-	163,484	194,576	-	25,093	-
Social and economic development[2]	6,470	-	-	25,600	17,356	16,682
Total departmental	65,570	5,367,303	3,747,112	4,331,332	20,619,789	344,259,182
Nondepartmental	214,607	-	-	10,226	-	-
Total governmental funds capital assets	280,177	5,367,303	3,747,112	4,341,558	20,619,789	344,259,182

[1] Development services includes the following departments : engineering services, planning services and inspection services.

[2] Social and economic development includes the following departments : social and economic development and community services.

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CITY OF AUBURN, ALABAMA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2025

	Governmental Funds Capital Assets September 30, 2024	Transfers/ Additions	Transfers/ Deductions	Governmental Funds Capital Assets September 30, 2025
	$	$	$	$
General government and administration				
Information technology	5,846,979	1,804,062	(1,070,100)	6,580,941
Geographical information systems	740,224	5,498	(26,732)	718,990
Judicial	312,230	9,115	-	321,345
Administrative	800,046	-	-	800,046
Finance	1,560,784	-	-	1,560,784
Total general government and administration	9,260,263	1,818,675	(1,096,832)	9,982,106
Public works administration	329,312,976	27,145,741	(7,386,333)	349,072,384
Environmental services	21,898,498	983,736	(868,608)	22,013,626
Public safety administration	43,692,612	1,591,956	(511,643)	44,772,925
Fire	12,655,056	2,556,686	(661,750)	14,549,992
Police	8,784,563	5,192,620	(2,272,102)	11,705,081
Development services[1]	27,699,420	1,776,953	(607,788)	28,868,585
Library	6,336,500	573,852	(286,927)	6,623,425
Parks and recreation	85,267,092	33,560,841	(18,736,800)	100,091,133
Human resources	1,137,336	238,103	(47,286)	1,328,153
Social and economic development[2]	10,331,488	10,030,185	(223,238)	20,138,435
Total departmental	556,375,804	85,469,348	(32,699,307)	609,145,845
Nondepartmental	24,768,073	15,856	(12,425)	24,771,504
Total governmental funds capital assets	581,143,877	85,485,204	(32,711,732)	633,917,349

[1] Development services includes the following departments : engineering services, planning services and inspection services.

[2] Social and economic development includes the following departments : social and economic development and community services.

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STATISTICAL SECTION

This section of the City of Auburn's annual comprehensive financial report presents detailed information about the government's economic condition. This section aids in understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

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Financial Trends – Tables 1-5 ..... **208**

These schedules contain trend information to help the reader understand and assess how the government's financial position has changed over time.

Revenue Capacity – Tables 6-8 ..... **215**

These schedules contain information to help the reader assess the government's most significant revenue source, sales tax.

Debt Capacity – Tables 9-13 ..... **216**

These schedules contain information to help the reader assess the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information – Tables 14-15 ..... **219**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information – Tables 16-18 ..... **220**

These schedules contain information to help the reader understand the government's operations and resources.

Sources: Unless otherwise noted, the information in this section is derived from the annual comprehensive financial reports for the relevant year.

Table 1

City of Auburn

Net Position by Activity Type

Last Ten Fiscal Years

	2016	2017	2018	2019	2020
	$	$	$	$	$
Primary government - governmental activities					
Net investment in capital assets	149,544,640	172,516,412	187,712,319	204,319,205	219,751,610
Restricted	67,163,363	47,557,073	37,759,824	40,216,858	57,672,793
Unrestricted[1]	(160,132,588)	(161,544,320)	(155,137,517)	(145,725,727)	(174,068,887)
Total governmental activities net position	56,575,415	58,529,165	70,334,626	98,810,336	103,355,516
Primary government - business-type activities					
Net investment in capital assets	40,247,221	41,989,278	46,067,480	47,934,317	51,637,747
Restricted	509,425	2,266,933	2,266,933	3,501,441	3,711,650
Unrestricted	7,353,032	8,323,217	6,802,829	8,028,390	9,987,580
Total business-type activities net position	48,109,678	52,579,428	55,137,242	59,464,148	65,336,977
Total primary government					
Net investment in capital assets	189,791,861	214,505,690	233,779,799	252,253,522	271,389,357
Restricted	67,672,788	49,824,006	40,026,757	43,718,299	61,384,443
Unrestricted[1]	(152,779,556)	(153,221,103)	(148,334,688)	(137,697,337)	(164,081,307)
Total primary government net position	104,685,093	111,108,593	125,471,868	158,274,484	168,692,493

[1] Please see the Net Position section of Management's Discussion and Analysis for details of negative unrestricted net position.

Table 1

City of Auburn

Net Position by Activity Type

Last Ten Fiscal Years

Continued

	2021	2022	2023	2024	2025
	$	$	$	$	$
Primary government - governmental activities					
Net investment in capital assets	238,127,410	243,559,075	270,133,046	321,868,352	322,736,941
Restricted	64,086,025	63,914,971	69,273,170	80,017,616	112,451,676
Unrestricted[1]	(182,144,382)	(155,259,936)	(144,415,530)	(138,161,326)	(109,422,154)
Total governmental activities net position	120,069,053	152,214,110	194,990,686	263,724,642	325,766,463
Primary government - business-type activities					
Net investment in capital assets	55,737,271	59,196,287	63,109,399	68,413,097	73,188,535
Restricted	2,098,948	3,419,134	4,520,734	5,661,512	5,368,983
Unrestricted	11,594,746	12,637,820	12,971,660	11,193,489	14,260,804
Total business-type activities net position	69,430,965	75,253,241	80,601,793	85,268,098	92,818,322
Total primary government					
Net investment in capital assets	293,864,681	302,755,362	333,242,445	390,281,449	395,925,476
Restricted	66,184,973	67,334,105	73,793,904	85,679,128	117,820,659
Unrestricted[1]	(170,549,636)	(142,622,116)	(131,443,870)	(126,967,837)	(95,161,350)
Total primary government net position	189,500,018	227,467,351	275,592,479	348,992,740	418,584,785

[1] Please see the Net Position section of Management's Discussion and Analysis for details of negative unrestricted net position.

Table 2

City of Auburn

Changes in Net Position

Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses	$	$	$	$	$	$	$	$	$	$
Governmental activities:										
General government and administration	9,009,933	9,943,090	9,610,859	9,111,307	11,211,997	13,125,800	11,191,159	16,625,891	19,201,949	17,555,323
Public works	8,743,085	9,360,886	8,763,899	8,107,414	9,603,058	10,199,193	10,802,914	11,707,605	12,384,322	14,525,640
Environmental services	2,272,010	2,392,134	2,670,295	1,580,881	1,793,232	1,790,534	1,957,252	2,134,722	2,766,625	3,023,669
Public safety	20,189,149	21,414,563	23,779,334	24,731,609	25,068,120	27,140,426	30,354,172	32,916,753	35,579,282	38,531,879
Library	1,845,480	1,954,493	2,093,484	2,451,281	2,574,545	2,426,778	2,699,844	3,030,477	3,164,487	3,250,142
Parks and recreation	6,389,142	6,826,158	7,046,091	7,251,125	6,872,513	7,205,293	8,128,256	9,040,579	10,204,988	13,842,575
Development services [1]	594,714	768,847	786,636	5,520,532	5,723,548	5,606,773	5,959,730	6,543,625	6,570,150	6,945,364
Social and economic development	5,370,638	4,766,718	6,044,055	6,731,103	6,781,786	7,537,644	8,239,594	15,441,297	13,386,573	12,340,962
Human resources	2,244,797	2,341,425	2,422,500	6,754,450	6,736,121	8,458,394	9,434,036	10,301,520	12,023,309	11,218,607
Risk management	333,618	381,875	514,870	1,761,850	(1,908)	1,326,150	925,736	743,688	733,909	320,089
Education (payments to Board of Education)	60,918,952	47,502,333	35,438,202	22,584,281	48,988,527	39,554,189	35,861,206	33,201,371	30,859,326	29,986,974
Interest on long-term debt	7,253,215	7,041,045	7,494,434	7,815,868	8,484,353	8,513,776	8,559,444	10,273,105	9,801,750	11,083,244
Total governmental activities expenses	125,164,733	114,693,567	106,664,659	104,401,701	133,835,892	132,884,950	134,113,343	151,960,633	156,676,670	162,624,468
Business-type activities:										
Sewer Fund	8,387,444	8,705,876	9,169,743	9,527,438	9,149,637	9,526,755	9,426,516	10,002,573	10,876,001	11,304,800
Solid Waste Management Fund	4,380,090	4,576,422	5,149,644	5,418,704	5,078,039	5,349,988	5,568,394	6,380,518	6,716,208	6,840,697
Total business-type activities expenses	12,767,534	13,282,298	14,319,387	14,946,142	14,227,676	14,876,743	14,994,910	16,383,091	17,592,209	18,145,497
Total primary government expenses	137,932,267	127,975,865	120,984,046	119,347,843	148,063,568	147,761,693	149,108,253	168,343,724	174,268,879	180,769,965
Program Revenues										
Governmental activities:										
Charges for services:										
General government and administration	13,940,978	14,969,365	15,446,817	17,481,505	17,828,678	17,806,914	19,092,166	20,537,399	23,057,756	24,884,883
Public works	625	856	2,514	2,500	-	-	-	-	-	-
Public safety	4,750,953	5,344,659	6,323,383	6,491,175	6,570,954	6,602,975	7,478,047	7,508,750	8,101,205	8,675,887
Library	27,519	26,604	21,720	20,759	13,643	15,059	19,955	20,180	21,647	24,527
Parks and recreation	684,363	661,328	680,600	804,411	536,940	857,168	1,019,820	1,139,279	1,089,515	1,615,770
Development services [1]	64,665	68,134	59,280	57,900	57,730	75,593	88,592	56,435	75,654	83,949
Human resources [2]	-	945,484	1,001,385	4,427,491	4,671,444	4,849,194	4,940,650	5,305,384	5,589,286	5,847,659
Risk management [2]	766,273	-	-	-	-	-	-	-	-	-
Operating grants and contributions	2,342,212	2,307,693	2,640,821	3,702,644	6,921,753	7,998,302	10,173,618	13,714,349	11,802,669	13,337,210
Capital grants and contributions	4,223,636	11,066,377	6,856,649	7,601,899	6,607,989	6,250,746	8,311,469	10,279,952	27,016,718	13,909,432
Total governmental activities program revenue	26,801,224	35,390,500	33,033,169	40,590,284	43,209,131	44,455,951	51,124,317	58,561,728	76,754,450	68,379,317
Business-type activities:										
Charges for services:										
Sewer Fund	11,526,093	12,064,021	11,656,139	12,293,123	13,145,358	12,719,791	13,869,164	13,292,019	13,737,517	14,342,193
Solid Waste Management Fund	4,560,179	4,843,280	4,898,906	5,071,198	5,125,924	5,378,599	5,464,108	5,708,206	5,858,632	6,255,819
Operating grants and contributions	5,383	672	288,986	380,231	101,375	1,103	-	29,080	15,649	-
Capital grants and contributions	458,185	860,763	716,235	830,250	1,378,980	919,620	2,023,280	2,086,960	2,206,102	2,252,160
Total business-type activities program revenues	16,549,840	17,768,736	17,560,266	18,574,802	19,751,637	19,019,113	21,356,552	21,116,265	21,817,900	22,850,172
Total primary government program revenues	43,351,064	53,159,236	50,593,435	59,165,086	62,960,768	63,475,064	72,480,869	79,677,993	98,572,350	91,229,489
Net (expense)/revenue										
Governmental activities	(98,363,509)	(79,303,067)	(73,631,490)	(63,811,417)	(90,626,761)	(88,428,999)	(82,989,026)	(93,398,905)	(79,922,220)	(94,245,151)
Business-type activities	3,782,306	4,486,438	3,240,879	3,628,660	5,523,961	4,142,370	6,361,642	4,733,174	4,225,691	4,704,675
Total primary government net expense	(94,581,203)	(74,816,629)	(70,390,611)	(60,182,757)	(85,102,800)	(84,286,629)	(76,627,384)	(88,665,731)	(75,696,529)	(89,540,476)

[1] FY2016 through FY2018 represents only planning services. As of FY2019, due to the City reorganization, data includes development services administration, planning services, and inspection services.

[2] In FY2017, charges for employee health and dental insurance premiums were regrouped from risk mangement to human resources.

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Table 2

City of Auburn

Changes in Net Position

Last Ten Fiscal Years

Continued

General Revenues and Other Changes in Net Position	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	$	$	$	$	$	$	$	$	$	$
Government activities:										
Taxes:										
Sales taxes	39,672,910	39,648,005	42,010,312	43,804,081	43,838,542	50,902,320	58,557,684	61,290,146	66,176,356	69,203,852
Occupational license fees	11,561,046	12,068,066	12,894,663	13,286,009	13,829,887	14,345,721	16,386,691	17,779,298	18,466,594	20,333,012
Property taxes	23,782,006	25,187,386	27,098,517	29,527,483	32,475,761	35,374,100	37,613,310	43,524,645	48,367,708	51,499,544
Motor fuel taxes	383,488	386,296	416,979	430,659	384,207	430,315	470,303	501,142	630,099	643,945
Lodging taxes	2,247,771	2,355,985	2,373,878	2,581,728	1,900,502	2,409,917	3,692,170	4,211,007	4,889,141	5,156,554
Rental and leasing taxes	799,550	890,599	886,630	856,729	985,837	962,586	975,941	869,750	1,007,249	974,552
Cigarette taxes	69,249	66,528	60,033	54,075	55,060	51,860	49,520	43,514	43,040	37,000
Alcoholic beverage taxes	202,213	215,281	230,642	220,932	240,033	310,976	346,502	371,402	370,512	394,255
Interest and investment earnings	729,863	505,746	965,995	1,967,021	1,345,326	144,884	1,384,642	4,872,964	5,059,927	7,134,666
Net increase (decrease) in fair value of investments[1]	-	-	-	-	-	-	(4,433,263)	457,597	4,058,126	1,842,164
Gain (loss) on disposal of assets	-	(221,202)	125,796	-	41,621	36,346	(44,695)	1,331,972	-	-
Miscellaneous	81,981	43,522	130,222	28,750	237,085	65,258	122,307	865,915	2,089,560	977,848
Transfers	118,755	110,605	559,003	(458,983)	(161,923)	108,253	12,971	56,129	66,033	(1,910,420)
Total governmental activities	79,648,832	81,256,817	87,752,670	92,298,484	95,171,938	105,142,536	115,134,083	136,175,481	151,224,345	156,286,972
Business-type activities:										
Interest and investment earnings	41,216	36,533	77,277	140,496	104,210	28,179	88,222	371,164	555,078	729,221
Net increase (decrease) in fair value of investments[1]	-	-	-	-	-	-	(649,799)	245,593	420,724	131,623
Gain (loss) on disposal of assets	21,770	40,403	19,350	68,571	61,180	-	9,041	50,767	38,667	46,745
Miscellaneous	23,736	16,982	6,594	30,196	21,555	31,692	26,141	3,983	25,027	27,540
Transfers	(118,755)	(110,605)	(559,003)	458,983	161,923	(108,253)	(12,971)	(56,129)	(66,033)	1,910,420
Total business-type activities	(32,033)	(16,687)	(455,782)	698,246	348,868	(48,382)	(539,366)	615,378	973,463	2,845,549
Total primary government	79,616,799	81,240,130	87,296,888	92,996,730	95,520,806	105,094,154	114,594,717	136,790,859	152,197,808	159,132,521
Changes in Net Position										
Governmental activities	(18,714,677)	1,953,750	14,121,180	28,487,067	4,545,177	16,713,537	32,145,057	42,776,576	71,302,125	62,041,821
Business-type activities	3,750,273	4,469,751	2,785,097	4,326,906	5,872,829	4,093,988	5,822,276	5,348,552	5,199,154	7,550,224
Total primary government	(14,964,404)	6,423,501	16,906,277	32,813,973	10,418,006	20,807,525	37,967,333	48,125,128	76,501,279	69,592,045

[1]The City's investments experienced a decline in market value during fiscal 2022 because of extraordinary market conditions led by the Federal Reserve's aggressive interest rate policies. However, this loss of market value is unrealized, also known as a "paper" loss, and will not be realized because of the City's policy of purchasing investments and holding them until maturity.

Table 3

City of Auburn ~ Primary Government

General Government Tax Revenues by Source

Last Ten Fiscal Years

Fiscal Year	Sales & Use Tax	Cigarette & Alcohol Tax	Motor Fuel Tax	Lodging and Rental Tax	Financial Institution Tax	Motor Vehicle Tax	General Property Tax	Totals
	$	$	$	$	$	$	$	$
2016	39,659,728	313,559	1,035,475	3,045,852	237,816	199,691	22,987,066	67,479,186
2017	39,648,005	312,323	1,044,000	3,246,585	356,709	160,200	24,296,138	69,063,959
2018	42,010,312	312,530	1,105,009	3,260,509	295,199	165,591	26,131,893	73,281,043
2019	43,804,081	286,298	1,136,674	3,438,453	541,525	172,365	28,544,944	77,924,339
2020	43,838,542	326,334	1,265,901	2,886,339	507,305	164,676	31,340,382	80,329,480
2021	50,902,320	398,147	1,517,566	3,372,503	1,228,971	177,698	34,394,244	91,991,449
2022	58,557,684	458,874	1,725,785	4,668,111	1,102,335	162,634	36,546,710	103,222,132
2023	61,290,146	470,508	1,799,993	5,080,757	1,153,031	162,565	42,390,022	112,347,021
2024	**66,176,359**	**471,094**	**2,108,774**	**5,896,390**	**766,833**	**171,240**	**47,168,922**	**122,759,611**
2025	**69,203,852**	**561,409**	**2,153,762**	**6,131,275**	**732,619**	**178,034**	**50,431,435**	**129,392,386**

Table 4

City of Auburn

Fund Balances of Governmental Funds

Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	$	$	$	$	$	$	$	$	$	$
General Fund										
Nonspendable	19,776,701	6,954,036	7,022,566	4,559,530	5,513,495	4,994,261	6,998,917	8,326,232	7,836,781	4,996,947
Restricted	343,769	305,255	313,696	2,231,277	236,054	247,949	343,491	529,859	494,102	478,407
Committed	-	-	-	-	1,765,891	1,531,881	1,277,849	1,103,656	1,048,665	992,283
Assigned	4,788,112	8,557,221	13,872,942	17,234,592	28,638,302	20,767,075	26,830,491	32,121,491	23,351,706	21,767,193
Unassigned	24,486,213	31,873,117	31,203,543	32,338,918	29,721,417	41,204,662	45,964,231	53,416,856	81,429,377	93,989,147
Total general fund	49,394,795	47,689,629	52,412,747	56,364,317	65,875,159	68,745,828	81,414,979	95,498,094	114,160,631	122,223,977
All other governmental funds										
Restricted	49,118,334	42,164,339	58,916,615	42,040,085	62,254,449	62,433,273	92,955,091	82,892,239	90,071,811	113,489,203
Committed	-	-	-	-	45,730	35,429	30,233	27,286	27,580	-
Unassigned	-	-	-	-	-	-	-	(20,684,129)	(28,244,867)	-
Total all other governmental funds	49,118,334	42,164,339	58,916,615	42,040,085	62,300,179	62,468,702	92,985,324	62,235,396	61,854,524	113,489,203

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Table 5

City of Auburn

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

	2016	2017	2018	2019	2020
Revenues	$	$	$	$	$
Sales and use taxes	39,672,910	39,648,007	42,010,313	43,804,081	43,838,542
Occupational license fees	11,561,047	12,068,066	12,894,664	13,286,009	13,829,887
Motor fuel taxes	755,217	760,818	821,995	848,822	755,957
Lodging taxes	2,247,771	2,355,985	2,373,879	2,581,724	1,900,502
Rental and leasing taxes	799,550	890,599	886,630	856,729	985,837
Other taxes	271,462	281,809	290,677	275,007	295,093
Licenses and permits	11,856,992	12,893,642	13,372,006	15,188,191	15,704,555
General property tax	23,782,005	25,187,386	27,098,517	29,527,483	32,475,761
Charges for services	7,086,335	7,901,167	8,983,737	12,863,016	12,999,117
Fines and forfeitures	1,241,661	1,140,361	1,169,369	1,217,691	961,963
State shared taxes	1,455,324	1,515,559	1,818,616	2,728,550	4,034,739
Contributions from the public	1,611,684	2,241,224	1,187,166	1,030,233	897,736
Grants	820,258	3,537,706	2,235,880	1,761,088	2,828,665
Program income	287,464	362,754	1,260,228	524,711	286,633
Interest	729,862	505,747	965,995	1,967,021	1,345,326
Net increase (decrease) in fair value of investments[1]	-	-	-	-	-
Miscellaneous	85,438	47,753	132,886	30,599	238,124
Total revenues	104,264,980	111,338,583	117,502,558	128,490,955	133,378,437
Expenditures					
General government and administration	6,089,761	6,424,142	5,463,983	5,676,946	5,792,994
Public works	4,101,467	4,414,820	4,485,980	3,518,894	4,868,894
Environmental services	2,085,786	2,233,367	2,481,087	1,590,544	1,734,247
Public safety	19,322,321	20,420,507	22,505,037	24,463,675	23,900,423
Library	1,705,483	1,795,959	1,934,631	2,297,433	2,405,973
Parks and recreation	5,501,434	5,693,864	5,716,886	5,837,058	5,460,467
Development services[2]	592,471	765,579	785,640	5,118,011	5,189,569
Social and economic development[3]	1,551,178	1,502,143	3,438,973	4,020,308	4,119,737
Human resources[4]	2,186,194	2,254,673	2,349,094	6,798,012	6,648,145
Risk management	360,932	299,416	443,694	415,129	270,056
Non-departmental	2,845,963	2,816,728	3,564,722	3,026,233	3,519,180
Debt service					
Administrative charges	4,469	50,969	350,641	85,709	468,260
Principal	11,023,833	10,051,635	10,589,055	9,885,744	9,959,683
Interest	7,239,054	7,314,955	7,372,615	8,209,633	8,474,090
Capital outlay	10,844,770	21,258,053	19,986,449	34,272,664	26,709,298
Intergovernmental	1,037,158	1,258,457	1,596,787	1,777,751	1,682,635
Payments to component units	64,065,542	49,698,750	37,030,288	24,093,271	50,206,826
Total expenditures	140,557,816	138,254,017	130,095,562	141,087,015	161,410,477
Excess of revenues over (under) expenditures	(36,292,836)	(26,915,434)	(12,593,004)	(12,596,060)	(28,032,040)
Other financing sources (uses)					
Debt issuance	-	18,000,000	33,337,726	5,259,668	53,090,000
Refunding	-	-	-	-	14,625,000
Leases (as lessee)	-	-	-	-	-
Subscriptions	-	-	-	-	-
Sale of surplus assets	64,678	145,670	171,669	88,582	103,750
Transfers in	1,906,217	685,412	2,536,444	618,701	1,806,107
Transfers out	(1,787,462)	(574,808)	(1,977,441)	(1,077,684)	(1,968,029)
Premium on debt issued	-	-	-	-	4,771,149
Payment to refunded bond escrow	-	-	-	(5,218,168)	(14,625,000)
Total other financing sources (uses)	183,433	18,256,274	34,068,398	(328,901)	57,802,977
Net changes in fund balances	(36,109,403)	(8,659,160)	21,475,394	(12,924,961)	29,770,937
Debt service as a percentage of non-capital expenditures[5]	14.1%	14.8%	16.3%	16.9%	13.7%

(1) The City's investments experienced a decline in market value during fiscal 2022 because of extraordinary market conditions led by the Federal Reserve's aggressive interest rate policies. However, this loss of market value is unrealized, also known as a "paper" loss, and will not be realized because of the City's policy of purchasing investments and holding them until maturity.

(2) FY2016 through FY2018 represents only the planning department. As of FY2019, due to the City reorganization, development services encompasses planning services, engineering services, and development services administration.

(3) FY2016 through FY2018 represents only the economic development department. As of FY2019, due to the City reorganization, social and economic development encompasses economic development and community services.

(4) As of FY2019 employee services has been renamed human resources.

(5) Non-capital expenditures equals total expenditures less capital outlay.

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Table 5

City of Auburn

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

Continued

	2021	2022	2023	2024	2025
Revenues	$	$	$	$	$
Sales and use taxes	50,902,320	58,557,684	61,290,146	66,176,356	69,203,852
Occupational license fees	14,345,722	16,386,691	17,779,298	18,466,594	20,333,012
Motor fuel taxes	847,065	923,967	985,729	1,243,764	1,271,200
Lodging taxes	2,409,917	3,692,170	4,211,007	4,889,141	5,156,554
Rental and leasing taxes	962,586	975,941	867,514	1,007,249	974,552
Other taxes	362,836	396,022	414,915	413,552	431,255
Licenses and permits	15,242,735	16,913,634	18,368,518	20,316,828	21,894,342
General property tax	35,374,098	37,613,310	43,524,645	48,367,708	51,499,543
Charges for services	13,631,070	14,788,026	15,360,807	16,542,914	18,064,779
Fines and forfeitures	1,307,711	869,517	801,213	1,254,712	1,151,106
State shared taxes	5,760,393	7,600,865	8,610,375	9,084,947	9,964,899
Contributions from the public	1,007,754	989,653	392,777	1,098,454	494,420
Grants	2,517,156	3,209,344	7,396,351	15,214,526	3,946,315
Program income	243,812	582,435	415,991	266,450	184,835
Interest	144,883	1,384,642	4,872,965	5,059,926	7,134,663
Net increase (decrease) in fair value of investments[1]	-	(4,433,263)	457,598	4,058,126	1,842,164
Miscellaneous	65,661	122,552	866,414	2,089,728	979,464
Total revenues	145,125,719	160,573,190	186,616,263	215,550,975	214,526,955
Expenditures					
General government and administration	5,951,627	6,643,559	6,685,631	7,144,792	8,212,617
Public works	4,401,283	4,475,985	4,774,355	5,493,314	6,387,602
Environmental services	1,751,207	1,923,449	1,898,796	2,213,576	2,227,680
Public safety	26,331,856	28,432,356	30,680,562	32,757,387	34,080,108
Library	2,258,220	2,517,251	2,849,250	2,980,216	3,016,424
Parks and recreation	5,761,152	6,563,005	13,227,099	8,010,998	9,871,576
Development services[2]	5,207,928	5,592,383	6,188,060	6,226,346	6,289,897
Social and economic development[3]	5,051,653	5,552,426	5,526,963	7,428,716	7,706,541
Human resources[4]	8,407,879	9,460,516	10,183,490	11,889,936	11,086,604
Risk management	416,940	550,661	551,046	830,039	1,358,463
Non-departmental	3,878,017	3,734,061	4,855,966	4,320,183	6,356,823
Debt service					
Administrative charges	231,506	494,459	(1,905)	6,973	345,096
Principal	12,080,142	11,263,759	13,816,665	13,938,266	15,558,899
Interest	9,045,978	9,019,527	10,978,435	10,674,048	11,826,484
Capital outlay	29,405,937	38,172,936	51,080,427	46,371,359	46,081,147
Intergovernmental	1,073,620	1,510,752	6,445,290	2,034,741	2,476,914
Payments to component units	41,272,307	37,284,851	37,214,152	35,168,958	31,871,772
Total expenditures	162,527,252	173,191,936	206,954,282	197,489,848	204,754,647
Excess of revenues over (under) expenditures	(17,401,533)	(12,618,746)	(20,338,019)	18,061,127	9,772,308
Other financing sources (uses)					
Debt issuance	17,915,000	48,925,000	-	-	40,590,000
Refunding	10,955,000	10,245,831	-	-	-
Leases (as lessee)	-	289,279	30,301	17,893	-
Subscriptions	-	-	2,142,715	-	5,206,750
Sale of surplus assets	572,417	27,972	1,442,061	136,612	156,979
Transfers in	1,239,775	5,201,942	1,453,585	18,247,398	6,656,396
Transfers out	(1,131,522)	(5,188,972)	(1,397,456)	(18,181,365)	(8,566,816)
Premium on debt issued	2,249,346	7,553,490	-	-	5,351,622
Payment to refunded bond escrow	(10,857,256)	(11,250,028)	-	-	-
Total other financing sources (uses)	20,942,760	55,804,514	3,671,206	220,538	49,394,931
Net changes in fund balances	3,541,227	43,185,768	(16,666,813)	18,281,665	59,167,239
Debt service as a percentage of non-capital expenditures[5]	15.9%	15.0%	15.9%	16.3%	17.3%

[1] The City's investments experienced a decline in market value during fiscal 2022 because of extraordinary market conditions led by the Federal Reserve's aggressive interest rate policies. However, this loss of market value is unrealized, also known as a "paper" loss, and will not be realized because of the City's policy of purchasing investments and holding them until maturity.

[2] FY2016 through FY2018 represents only the planning department. As of FY2019, due to the City reorganization, development services encompasses planning services, engineering services, and development services administration.

[3] FY2016 through FY2018 represents only the economic development department. As of FY2019, due to the City reorganization, social and economic development encompasses economic development and community services.

[4] As of FY2019 employee services has been renamed human resources.

[5] Non-capital expenditures equals total expenditures less capital outlay.

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Table 6

City of Auburn ~ Primary Government

Components of Sales Tax Base

Last Ten Fiscal Years

(amounts expressed in thousands)

Unaudited

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	$	$	$	$	$	$	$	$	$	
Apparel Stores	53,115	52,416	50,342	49,418	39,333	47,092	60,609	64,134	73,983	71,350
Grocery Stores	146,793	164,818	169,942	125,006	157,037	167,186	186,535	238,902	270,933	263,243
Eating & Drinking Establishments	184,695	191,206	200,133	218,815	204,584	248,876	289,790	308,691	338,136	328,008
Mass General Merchandise Stores	87,640	90,626	93,225	97,982	144,825	154,377	166,158	175,473	195,171	205,158
Auto Dealers & Supplies	53,992	55,658	57,961	60,323	62,516	70,841	76,479	81,807	79,280	79,514
Building Materials	55,841	60,923	66,589	72,875	83,195	110,702	94,849	105,127	107,433	106,813
Home Furnishing & Appliances	24,702	25,399	31,690	31,268	30,385	37,039	40,151	43,805	43,516	45,058
All Other Retail Sales	368,646	333,866	364,157	439,787	395,028	436,446	549,370	514,314	502,440	630,891
Totals	975,424	974,912	1,034,039	1,095,474	1,116,903	1,272,559	1,463,941	1,532,253	1,610,892	1,730,035

Table 7

City of Auburn ~ Primary Government

Revenue Rates for General Sales Tax

Last Ten Fiscal Years

Unaudited

Fiscal Year	City Sales Tax	County Sales Tax	State Sales Tax	Total Sales Tax
2016	4.0%	1.0%	4.0%	9.0%
2017	4.0%	1.0%	4.0%	9.0%
2018	4.0%	1.0%	4.0%	9.0%
2019	4.0%	1.0%	4.0%	9.0%
2020	4.0%	1.0%	4.0%	9.0%
2021	4.0%	1.0%	4.0%	9.0%
2022	4.0%	1.0%	4.0%	9.0%
2023	4.0%	1.0%	4.0%	9.0%
2024	**4.0%**	**1.0%**	**4.0%**	**9.0%**
2025	**4.0%**	**1.0%**	**4.0%**	**9.0%**

Source: State of Alabama Department of Revenue

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Table 8

City of Auburn ~ Primary Government

Principal Revenue Remitters of Sales and Use Tax [1]

Current Year and Nine Years Ago

Unaudited

Employer	2016 Rank	2025 Rank
Sam's Club #4989	2	1
Wal-Mart Store #356	1	2
Buc-ees	-	3
Auburn Financial Reporting	3	4
Auburn University Dining (Chartwells and Aramark)	7	5
Publix Alabama LLC #1355	5	6
Publix Alabama #1294	6	7
Kroger Company #260	4	8
Wal-Mart #4673	-	9
Wal-Mart #5062	-	10

[1] State law prohibits the disclosure of the amount of sales tax remitted and any information that could enable the disclosure or calculation of confidential taxpayer information.

Table 9

City of Auburn ~ Primary Government

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(dollar amounts expressed in thousands, except per capita amount)

Unaudited

	Governmental Activities				Business-Type Activities	Total Primary Government		
Fiscal Year	General Obligation Bonds	Notes Payable	Leases	Subscriptions	General Obligation Bonds [1]	Total Debt Primary Government	Total Debt as Percentage of Personal Income [2]	Total Debt Per Capita
	$	$	$	$	$	$		$
2016	184,967	2,965	-	-	44,127	232,059	11.12%	3,739
2017	192,494	2,787	-	-	41,333	236,614	10.91%	3,572
2018	214,785	2,608	-	-	38,419	255,812	10.82%	3,914
2019	204,506	2,428	-	-	35,142	242,076	9.73%	3,614
2020 [3]	251,040	2,248	-	-	32,021	285,309	10.82%	4,180
2021	259,754	2,069	-	-	29,220	291,043	9.00%	4,184
2022 [4]	302,241	1,890	240	-	25,172	329,543	9.32%	4,195
2023	288,536	1,711	192	1,340	21,421	313,200	8.38%	3,915
2024	274,814	1,531	127	474	17,709	294,656	7.40%	3,592
2025 [5]	**306,356**	**1,255**	**49**	**3,335**	**15,992**	**326,987**	**7.68%**	**3,904**

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[1] The City has issued General Obligation Bonds/Warrants for the Sewer Fund. It is the intention of the Council that the Bonds/Warrants be repaid from Sewer Fund revenue.

[2] Percentage based on Per Capita Personal Income derived from U.S Department of Commerce, Bureau of Economic Analysis (data reported for Auburn-Opelika MSA). Prior years' ACFRs utilized Per Capita Income for the City of Auburn. All years in the table are updated to reflect this change in methodology.

[3] This increase was due to the issuance of $78.1 million in bonds for the Board of Education's construction of a new high school.

[4] This increase was due to the issuance of $62.2 million in warrants for various capital improvements and to refund debt previously issued for the Board of Education and the Sewer Fund.

[5] This increase was due to the issuance of $40.59 million in warrants for a new community center and various capital improvements.

Table 10

City of Auburn ~ Primary Government

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Unaudited

Fiscal Year	General Obligation Bonds		Less: Amounts Available in Debt Service Fund	Net Bonded Debt [1]	Net Bonded Debt as Percent of Estimated Actual Taxable Value of Property	Net Bonded Debt per Capita
	$		$	$		$
2016	187,931,805		3,776,254	184,155,551	21.74%	2,967
2017	195,281,110	[2]	4,717,407	190,563,703	21.24%	2,966
2018	217,392,835	[3]	6,018,214	211,374,621	21.84%	3,234
2019	206,934,171	[4]	7,838,599	199,095,572	18.88%	2,972
2020	253,287,999	[5]	9,348,584	243,939,415	20.92%	3,574
2021	261,822,656	[6]	9,300,463	252,522,193	19.76%	3,630
2022	304,131,371	[7]	9,649,649	294,481,722	21.63%	3,748
2023	290,247,406		10,816,521	279,430,885	17.78%	3,493
2024	**276,345,125**		**13,185,254**	**263,159,871**	**15.12%**	**3,208**
2025	**307,611,391**	[8]	**16,270,115**	**291,341,276**	**15.51%**	**3,478**

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

[1] Net bonded debt equals: G.O. bonds, notes, and warrants outstanding (net of related premiums, discounts, and adjustments), less Debt Service funds' equity. Calculations exclude the G.O. debt intended to be repaid from Sewer Fund revenues.

[2] City issued $18.0 million of G.O. Warrants to pay the costs of new school construction and equipment, under the jurisdiction of the Board of Education.

[3] City issued $30.6 million of G.O. Warrants to pay the costs of construction of a new public safety complex.

[4] City issued $14.9 million of G.O. Warrants to refund outstanding debt.

[5] City issued $37.1 million of G.O. Bonds for Board of Education school renovation projects.

[6] City issued $28.9 million of G.O. Warrants to refund outstanding debt and provide for school improvements.

[7] City issued $62.2 million of G.O. Warrants to refund outstanding debt and provide for capital improvements.

[8] City issued $40.59 million of G.O. Warrants for a new community center and other capital improvements.

Table 11

City of Auburn ~ Primary Government

Direct and Overlapping Governmental Activities Debt

Fiscal Year 2025

Unaudited

	Debt Outstanding	Estimated Percentage Applicable [1]	Estimated Share of Overlapping Debt
City of Auburn Direct Debt			
General Bonded Debt and Warrants	$ 307,611,391		
Leases	48,701		
Subscriptions	3,334,633		
Net Direct Debt	$ 310,994,725	100.0%	$ 310,994,725
Overlapping Debt			
Lee County General Bonded Debt and Warrants	$ 27,343,133	44.6%	12,195,037
Total Direct and Overlapping Debt			$ 323,189,762

Sources: General bonded debt and warrants provided by the Lee County Administrator.

[1] The percentage of overlapping Lee County debt applicable is estimated based on estimated population of the City of Auburn as compared to estimated overall population in Lee County. Population estimates are from US Census for 2024.

Table 12

City of Auburn ~ Primary Government

Legal Debt Margin Information

Last Ten Fiscal Years

(amounts expressed in thousands)

Unaudited

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	$	$	$	$	$	$	$	$	$	$
Debt limit	169,409	179,407	193,538	210,863	233,217	255,640	272,302	314,307	348,103	375,618
Total net debt applicable to limit	31,083	24,897	49,634	44,659	55,855	50,619	95,853	91,206	86,714	122,591
Legal debt margin	138,326	154,510	143,904	166,204	177,362	205,021	176,449	223,101	261,389	253,027
Total net debt applicable to limit as a percentage of debt limit	18.35%	13.88%	25.65%	21.18%	23.95%	19.80%	35.20%	29.02%	24.91%	32.64%

Legal Debt Margin Calculation for Fiscal Year 2025

Assessed value	$ 1,878,089,543
Debt limit (20% of total assessed value)	$ 375,617,909
Debt applicable to limit:	
General obligation bonds	$ 300,918,151
Less: Exempt debt	178,327,542
Total net debt applicable to limit	122,590,609
Legal debt margin	$ 253,027,300

Table 13

City of Auburn ~ Primary Government

Pledged Revenue Coverage

Last Ten Fiscal Years

Unaudited

Sewer G.O. Warrants [1]

Fiscal Year	Sewer Charges and Other[2]	Less: Operating Expenses[3]	Net Available Revenue (A)	Principal (B)	Interest (C)	Coverage[4] A/(B+C)
	$	$	$	$	$	
2016	11,587,751	4,270,841	7,316,910	2,395,000	1,765,887	1.76
2017	12,129,675	4,521,369	7,608,306	2,560,000	1,672,393	1.80
2018	11,731,016	5,194,755	6,536,261	2,680,000	1,537,888	1.55
2019	12,461,731	5,363,556	7,098,175	2,788,000	1,349,769	1.72
2020	13,314,680	5,143,992	8,170,688	2,936,000	1,192,720	1.98
2021	12,758,250	5,345,992	7,412,258	3,044,000	1,208,046	1.74
2022	13,983,195	5,860,706	8,122,489	3,475,000	619,601	1.98
2023	13,947,633	6,439,368	7,508,265	3,562,700	419,330	1.89
2024	14,751,406	7,186,446	7,564,960	3,680,700	452,087	1.83
2025	**15,257,529**	**7,554,914**	**7,702,615**	**1,685,700**	**411,592**	3.67

[1] General Obligation warrants issued but paid by Sewer Service Fee revenue.

[2] Includes sewer service charges, tapping fees, sewer access fees, gains on property disposals and other non-operating revenues.

[3] Includes operating expenses and operating transfers out less depreciation expense.

[4] Coverage illustrates the Sewer Fund's ability to pay its debt service. A ratio of one or greater indicates sufficient earnings to cover the debt payments.

Table 14

City of Auburn ~ Primary Government

Demographic and Economic Statistics

Last Ten Fiscal Years

Unaudited

Fiscal Year	Population[1]	Per Capita Personal Income[2]	Personal Income (expressed in thousands)[3]	Unemployment Rate[4]
		$	$	
2016	63,118	34,372	2,169,492	4.9%
2017	63,973	36,941	2,363,227	4.9%
2018	65,378	38,036	2,486,718	3.5%
2019	66,259	39,781	2,635,849	2.9%
2020	76,143	42,468	3,233,641	5.4%
2021	78,552	45,002	3,534,997	2.5%
2022	80,006	46,691	3,735,560	2.5%
2023	82,030	48,511	3,979,357	2.2%
2024	83,761	48,511	4,255,980	2.8%
2025	*	*	*	

[1] U. S. Census Bureau

[2] U. S. Department of Commerce, Bureau of Economic Analysis (data reported for Auburn-Opelika MSA)

[3] "Population" multiplied by "Per Capita Personal Income"

[4] U.S. Bureau of Labor Statistics

* Data not available at time of publication

Table 15

City of Auburn ~ Primary Government

Principal Employers

Current Year and Nine Years Ago

Unaudited

	2016			2025		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Auburn University [1]	8,233	1	31.54%	8,120	1	24.42%
Auburn City Schools	1,025	2	3.93%	1,175	2	3.53%
City of Auburn and Auburn Water Works Board	667	3	2.56%	820	3	2.47%
Briggs & Stratton Corporation	445	4	1.70%	475	5	1.43%
Aptar CSP Technologies, Inc.	315	6	1.21%	570	4	1.71%
Wal-Mart	345	7	1.32%	375	7	1.13%
East Alabama Health	-	-	0.00%	400	6	1.20%
Publix	-	-	0.00%	350	8	1.05%
GE Aerospace	-	-	0.00%	280	10	0.84%
Shinhwa Auto USA, Inc.	-	-	0.00%	295	9	0.89%
Total	11,030		42.25%	12,860		38.67%

[1] Includes temporary and seasonal employees.

Source: City of Auburn Economic Development Department - Quarterly Employment Survey

Source: City of Auburn Economic Development Department, Alabama Department of Labor

Table 16

City of Auburn ~ Primary Government

Regular Full-Time Employees by Function/Program

Last Ten Fiscal Years

Unaudited

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government and administration [1]	76	77	77	46	46	49	49	49	52	53
Public Works [2]										
Administration	-	-	-	3	3	3	3	4	4	4
Maintenance	-	-	-	9	7	7	7	9	10	9
Facilities	-	-	-	4	4	4	4	4	4	5
Construction [5]	18	19	38	9	10	10	10	9	9	9
Landscape and sustainability [3]	-	-	-	10	8	8	8	8	8	23
Right of way [3]	7	7	-	7	13	13	13	14	15	-
Inspection [4]	6	7	7	-	-	-	-	-	-	-
Traffic engineering [4]	4	5	5	-	-	-	-	-	-	-
Environmental Services										
Administration	-	-	-	5	4	4	4	4	4	4
Recycling	16	16	16	15	16	16	16	18	18	18
Solid waste	16	16	16	17	17	17	17	18	18	18
Animal control	2	3	3	3	3	3	3	3	3	3
Fleet services	10	10	10	10	10	10	10	10	11	11
Public Safety										
Administration	-	-	-	3	3	3	4	5	6	6
Police	117	129	142	143	156	156	156	156	156	156
Communications	13	13	13	13	14	18	18	18	17	17
Fire	43	43	43	49	49	65	65	75	84	93
Library	19	19	19	19	19	19	19	20	20	20
Parks and Recreation										
Administration	-	-	-	5	5	5	5	5	5	6
Programs	17	17	19	17	14	14	14	14	14	14
Parks and facilities [3]	26	26	23	23	23	27	27	30	30	39
Athletics [5]	-	-	-	-	-	-	-	-	-	5
Development Services										
Administration	-	-	-	3	3	3	3	3	3	4
Planning services [6]	-	-	-	7	7	7	7	8	8	8
Inspection services [7]	9	10	13	14	15	15	16	16	16	17
Engineering services [4]	11	9	13	25	26	26	26	27	28	30
Social and economic development										
Economic development [8]	12	12	13	9	9	9	9	9	10	10
Community services [8]	-	-	-	4	4	5	6	6	6	6
Human resources [9]	-	-	-	6	6	8	8	8	8	8
Risk management [9]	-	-	-	2	2	1	1	1	1	1
Sewer										
Administration [10]	-	-	-	6	8	8	8	8	9	9
Sewer maintenance [11]	21	20	18	16	16	16	16	16	16	16
Line locating [11]	-	-	-	4	4	3	3	3	3	3
Watershed maintenance [10]	-	-	-	3	4	4	4	4	4	4
Total	**443**	**458**	**488**	**509**	**528**	**556**	**559**	**582**	**600**	**629**

Source: City of Auburn Human Resources Department

Due to the City reorganization the following changes have been made:

[1] As of FY2019, all administration divisions have been removed from general government and administration and placed in their respective departments

[2] As of FY2019, public works is now five divisions: maintenance, facilities, construction, landscape and sustainability, and right of way

[3] As of FY 2019, environmental services-right of way and parks and recreation-parks and facilities employees moved to the public works-construction and maintenance division, and seven temporary part-time positions were converted to regular-full time. As of FY2025, right of way moved to landscape and sustainiblity

[4] As of FY2019, public works-traffic engineering and public works-inspections were transitioned to engineering services

[5] As of FY2025, athletics is a new division of the parks and recreation department

[6] Planning is no longer reported with general government and administration

[7] Inspection services (codes enforcement) is no longer a division of the Public Safety department

[8] Community services has been transitioned out of economic development

[9] Human resources and risk management have been transitioned out of general government and administration

[10] Sewer-administration and watershed maintenance transitioned out of general government and administration

[11] Sewer maintenance was split into two divisions, sewer maintenance and line locating

Table 17

City of Auburn ~ Primary Government

Operating Indicators by Function/Program

Last Ten Fiscal Years

Unaudited

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police										
Physical arrests	2,957	2,612	2,703	3,133	2,265	3,111	3,384	2,904	3,277	2,868
Traffic violations	16,518	26,970	27,357	29,446	25,004	25,100	25,821	13,467	18,226	19,031
Calls for service	184,429	211,860	248,030	246,303	258,511	253,752	224,773	204,821	209,484	209,313
Fire										
Number of calls answered	5,532	5,900	5,850	6,000	5,880	6,848	7,134	7,392	7,559	7,801
Inspections	1,750	2,170	2,170	2,184	1,500	2,100	2,200	1,652	1,850	1,759
Public Works										
Potholes repaired	23	19	42	110	78	82	102	81	112	138
Environmental Services										
Refuse collected (tons/day)[1]	108	112	116	115	119	118	120	118	115	120
Recyclable collected (tons/day)[1]	5.09	5.21	6.65	9.21	11.24	11.17	10.57	10.91	10.87	12.16
Parks and Recreation										
Athletic participants	15,002 [2]	17,159	15,818	16,119	3,578	15,824	8,754	9,015	11,607	14,620
Recreation center admissions	379,704 [2]	434,806	456,356	377,644	163,807	190,153	332,289	265,277	194,991	252,949
Sewer										
Average daily sewage treatment (millions of gallons)	7.56	8.06	8.46	8.60	9.55	9.32	8.96	9.02	8.77	7.12

Source: City departments

* New operating indicator for 2016

[1] Each year consists of 251 work days.

[2] Represents a change in methodology

Table 18

City of Auburn ~ Primary Government

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Unaudited

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public Safety										
Police Stations	1	2	2	2	2	2	2	2	2	2
Police Patrol units	100	113	116	114	124	124	141	127	144	144
Fire stations	5	5	5	5	5	5	6	6	6	6
Environmental Services										
Collection trucks	8	8	8	8	8	8	8	8	8	8
Public Works										
Streets (lane miles)	627	635	648	672	689	695	701	714	729	747
Engineering Services										
Signaled Intersections	63	64	64	66	66	66	69	72	74	75
Parks and Recreation										
Parks acreage	1,211	1,211	1,211	1,211	1,211	1,211	1,211	1,211	1,211	1,211
Swimming pools	2	2	1 [1]	1	1	1	1	1	1	2
Pickleball courts	-	-	-	-	-	6	6	6	6	24
Tennis courts	44	44	40 [2]	40	40	38	38	38	38	38
Community centers	5	5	5	5	5	5	5	5	5	5
Community Skate Park	-	-	-	1	1	1	1	1	1	1
Sewer										
Sanitary sewers (miles)	350	350	350	350	339	339	340	344	346	355
Maximum daily treatment capacity (millions of gallons)	13	13	13	13	13	13	13	27	27	27

Source: City departments

[1] Pool at Drake Middle School no longer in use

[2] Replaced 4 tennis courts with the Auburn-Opelika Joint Skate Park

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AUBURN



LAKE WILMORE PARK POOL