



CITY OF AUBURN CALIFORNIA

2009



Comprehensive Annual Financial Report

Fiscal Year Ended
June 30, 2009



City of Auburn, California

Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2009

Prepared by:
Administrative Services Department
Andrew Heath, Director

Comprehensive Annual Financial Report
For Fiscal Year Ended June 30, 2009

Introductory Section

CITY OF AUBURN

Comprehensive Annual Financial Report For the Year Ended June 30, 2009

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www.auburn.ca.gov

December 21, 2009

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

**THE COMPREHENSIVE ANNUAL FINANCIAL
REPORT OF THE CITY OF AUBURN**

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Auburn for the fiscal year July 1, 2008 through June 30, 2009. Although addressed to the City's governing body and its citizens, the CAFR is intended also to provide relevant financial information to creditors, investors, and other interested parties. This transmittal letter provides a summary of City of Auburn finances, services, achievements, and economic prospects for readers without a technical background. Those wishing a more detailed discussion of the City's financial results should refer to Management's Discussion and Analysis (MD&A) contained in the Financial Section of the CAFR.

The City of Auburn's management is solely responsible for the accuracy of the information contained in this report, the adequacy of its disclosures, and the fairness of its presentation. We believe this CAFR to be complete and reliable in all material respects. To provide a reasonable basis for making this representation, the City has established a system of internal controls designed to protect City assets from loss, to identify and record transactions accurately, and to compile the information necessary to produce financial statements in conformity with generally accepted accounting principles.

The City has contracted with Gallina, LLP, a firm of Certified Public Accountants licensed to practice in the State of California, to perform the annual independent audit. The auditors expressed an opinion that the City's financial statements for fiscal year 2008-2009 are fairly stated and in compliance with accounting principles generally accepted in the United States. This conclusion is the most favorable kind and is commonly known as an "unqualified" or "clean" opinion. The independent auditor's report is included in the Financial Section of this report.

Transmittal Letter

REPORTING ENTITY

The City of Auburn is a general-law City incorporated under California law, first in 1860 and again on May 2, 1888. The City operates under a council-manager form of government. The City's five Council Members are elected at-large and serve overlapping four-year terms. Annually, the City's five Council Members elect the position of Mayor and Mayor Pro Tempore, who serve one-year terms in this capacity. All elections are conducted on a non-partisan basis. The City Manager is appointed by the Council and serves as the chief administrative officer of the organization. The City Manager is responsible for administration of City affairs, day-to-day operations, and implementation of Council policies. The City Manager also acts as Executive Director of the Auburn Urban Development Authority to administer redevelopment projects and programs.

The City provides a full range of municipal services, including police and fire protection, the construction and maintenance of streets and infrastructure, land use planning and zoning, building safety regulation and public inspection, and general administrative services. The City also operates the Auburn Municipal Airport and a wastewater treatment facility.

The City of Auburn covers approximately 7.5 square miles on the western slope of the Sierra Nevada Range and has a population of 13,432. At the crossroads of Interstate 80 and Highway 49, Auburn is the county seat of Placer County and an important retail trade center. The City of Auburn and surrounding Auburn areas have emerged as a destination point for those enjoying a variety of activities including whitewater rafting, horseback riding, and hiking to the historic ambiance of the Old Town and Downtown areas providing unique shopping and dining experiences. In 2003, the Auburn City Council passed an official measure proclaiming Auburn as the Endurance Capital of the World. Auburn is home to some of the most challenging and historic endurance events on the planet, including the Auburn International Triathlon, the Tevis Cup Ride and the Western States 100.

This report includes all funds of the City, as well as all governmental organizations and the Auburn Urban Development Authority, of which the City Council has full financial accountability.

ECONOMIC CONDITION AND OUTLOOK

Fiscal year 2008-09 proved to be an extraordinary period of economic turmoil for the country, state, and the City of Auburn. Many economists have predicted that the effects of the deep global recession experienced to this point will persist well into calendar year 2010, marked by continued high unemployment and low consumer confidence levels. Aside from the direct impacts the recession has had on local government revenue sources such as sales tax, property tax and development-related fees and charges, the City must also share budgetary burdens imposed by the State as it balances its own budget.

Transmittal Letter

Under the existing State budget, approximately \$1.9 billion in property taxes will be “borrowed” from local governments. Fortunately, most of the 1,000+ statewide jurisdictions impacted by this budget-balancing scheme were able to mitigate the effects of the State-imposed “borrowing” of property taxes by participating in a bond financing facilitated by the California Statewide Communities Development Authority. This financing will enable the City to receive 100% of the property tax loaned to the State with a commensurate amount bond proceeds without having to wait for the State to repay the “borrowed” funds.

In addition to the \$1.9 billion property tax “borrowing”, the State will take approximately \$2 billion from Redevelopment Agencies statewide, of which the Auburn Urban Development Authority share is approximately \$276,000 in fiscal year 2009-10 and another \$60,000 in fiscal year 2010-11. As always, the City will continue to evaluate alternatives to manage and mitigate the impacts of the State budget.

The City’s average unemployment rate for calendar year 2009 was 9.4 percent, which was lower than the Placer County average of 10.9 percent and the statewide average of 11.5 percent. The City’s economic activity, although somewhat diminished from levels experienced in previous years, continues to pace that of the region as a whole.

As in the past, the City will work diligently to assure the superior delivery of existing programs and levels of service, while confronting the realities of a recessionary economic environment. To this end, the City will continue to evaluate citywide programs and services consistent with cost effectiveness and efficiency.

The City Council approved a General Fund budget for Fiscal Year 2009-10 that is at levels not experienced since 2004 to 2006. To mitigate the significant downturn in General Fund revenue, the City implemented cost-savings measures including services consolidation, decreasing discretionary spending, and workforce reductions. The City’s capital budget includes continued allocations of funding for the City’s Streetscape Redevelopment Program, Street Overlay Program, and Sewer / Wastewater Treatment Facility Capital Improvement Program.

SIGNIFICANT EVENTS AND ACCOMPLISHMENTS

Highlights of activities and accomplishments for the fiscal year ended June 30, 2009 include the following:

- ❖ Throughout Fiscal Year 2008-09, the City of Auburn continued to work in partnership with six non-profit community groups to restore the Cooper Open Air Amphitheater located in a heritage oak grove in the heart of the downtown area (Auburn School Park Preserve). Construction on the Park Project has been completed, and a grand opening event was held in October 2008. The completed park project provides an adaptive reuse of a historical open air theater and natural heritage venue for area residents and tourists taking advantage of Auburn’s historical significance.

Transmittal Letter

- ❖ The Auburn Urban Development Authority successfully sold a \$4.8 million Tax Allocation Bond issue in October 2008, effectively enabling the financing for a portion of the City's Streetscape Project. Construction on Phase I of the Streetscape Project commenced in July 2009.
- ❖ With financial assistance provided through state and federal grants, the City was able to construct sidewalks on Lincoln Way near the Alta Vista school site and along a stretch of Maidu Avenue near Wildwood Drive. Construction of these sidewalks forwards the City directive of providing a walkable community.
- ❖ The City continued efforts to consider the economic and service-related merits of participating in a regional wastewater facility and/or upgrading the existing wastewater facility to comply with State Water Resource Control Board permit requirements.
- ❖ The City successfully negotiated 40-year lease agreements for three rows of hangar space within the Auburn Municipal Airport's East Hangar Project Area. Development of the "Alpha", "Bravo", and "Charlie" hangar rows is scheduled to commence in Fiscal Year 2009-10.

LONG-TERM FINANCIAL PLANNING AND INTIATIVES

Public Works:

Capital Improvement Plan: The budget adopted for fiscal year 2009-10 includes more than \$14.4 million appropriated for capital projects in the City's Redevelopment, Sewer and Transportation-related funds. Capital expenditures are expected to continue as long as funding remains available.

Waste Water Treatment Facility Upgrade: It is anticipated that the City will begin the process of upgrading the existing wastewater treatment facility to become compliant with federal and state regulatory permit requirements during fiscal year 2009-10. To facilitate the financing of the upgrade construction costs, a revenue bond issue was sold by the City in August 2009.

Auburn Municipal Airport East Hangar Project: It is anticipated that the construction of up to three new hangar rows will commence at the eastern area of the Auburn Municipal Airport.

Community Development:

Community Development Block Grant Housing Rehabilitation Program Grant: The City of Auburn has applied for a housing rehabilitation grant which, if successful, will enable the City to provide housing rehabilitation funds to low-income homeowners.

Transmittal Letter

FINANCIAL INFORMATION

The City's management staff is responsible for establishing and maintaining internal controls that safeguard the assets of the government from loss, theft, or misuse and allow the compilation of adequate accounting data for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed its likely benefits and that the evaluation of costs and benefits is subject to management estimates and judgments.

Budgetary Controls

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the majority of the funds are included in the annual appropriated budget. Expenditure activities for certain funds are not considered during the annual budget process due to their reliance on revenues received. Budgetary control within each department is monitored at the major object level (employee salaries and benefits, services and supplies, other charges and capital assets). The level of budgetary control, at which expenditures in budgeted funds cannot legally exceed the budgeted amount, is at the departmental level. This means that the expenditures cannot legally exceed the amount appropriated by the City Council. If necessary, staff recommends budgetary changes each calendar quarter as part of the quarterly financial status report to the City Council.

The City continues to meet its responsibility for sound financial management as demonstrated by the statements and schedules included in the financial section of this report.

Cash Management

Temporarily idle cash was invested in accordance with the California Government Code Section 53600 (et seq.) and the City's Investment Policy. During the fiscal year ended June 30, 2007, the City invested in demand deposits (checking accounts), commercial paper, medium-term corporate notes, U.S government securities, certificates of deposit, Local Agency Investment Fund (the State external investment pool), and the Placer County external investment pool. The City earned interest revenues of \$307,140 with an average yield of 3.09% on all investments for the fiscal year ended June 30, 2009.

AWARD AND ACKNOWLEDGEMENTS

The Government Finance Officer's Association of the United States and Canada (GFOA) awarded a Certificate for Excellence in Financial Reporting to the City of Auburn for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This award, the third such award for the City, recognizes the City's conformance with the highest standards for preparation of state and local government financial reports.

Transmittal Letter

In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such 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 that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirement and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this CAFR represents the culmination of a concerted team effort by the entire staff of the Administrative Services Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

In addition, staff in all City departments should be recognized for their timely and positive response to the requests for detailed information necessary to prepare the annual audit. The role of Gallina, LLP Certified Public Accountants should also be acknowledged as a significant contribution.

Finally, we wish to express our sincere appreciation to the Mayor and City Council for providing policy direction and a firm foundation of support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Robert Richardson
City Manager



Andy Heath
Director of Administrative Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Auburn
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to be "J.R. Enos".

President

A handwritten signature in black ink, appearing to be "Jeffrey R. Enos".

Executive Director



**City of Auburn Mayor & City Council
To Contact Council Members by mail, send to:
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2009



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City of Auburn
Comprehensive Annual Financial Report

2009

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Andy Heath, Administrative Services Director

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Special Assistance

Mark D'Ambrogi, Chief of Fire

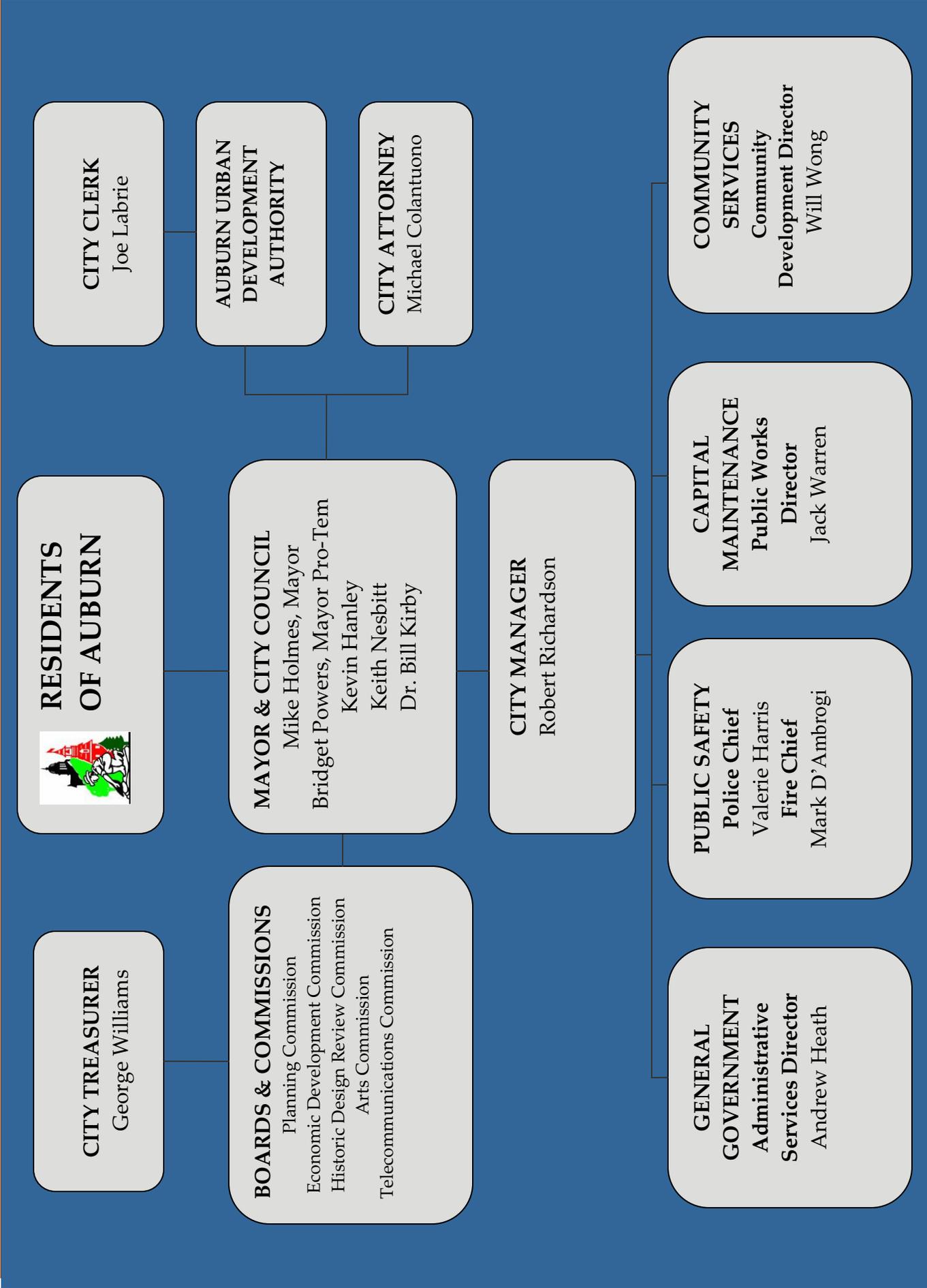
Valerie Harris, Chief of Police

Lisa Hoffrogge, Building Official

Bernie Schroeder, Public Works Department

Megan Siren, Public Works Department

George Williams, City Treasurer



Comprehensive Annual Financial Report
For Fiscal Year Ended June 30, 2009

Financial Section



INDEPENDENT AUDITOR'S REPORT

City Council
City of Auburn
Auburn, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Auburn, California (the City), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Auburn, California. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Auburn, California, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued under separate cover, our report dated December 21, 2009, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

City Council
City of Auburn
City of Auburn, California

The Management's Discussion and Analysis (MD & A) and the required supplementary information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Gallina LLP

Roseville, CA
December 21, 2009

CITY OF AUBURN

Management Discussion and Analysis June 30, 2009

Management's Discussion and Analysis

This section of the City of Auburn's (City) Comprehensive Annual Financial Report presents a discussion of the City's financial performance during the year ended June 30, 2009. Please read it in conjunction with the City's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded liabilities at the close of the 2008-2009 fiscal year by \$46,827,036 (*net assets*). Of this amount, \$1,704,875 (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors, and \$8,114,974 is restricted for capital projects, debt service and legally segregated taxes, grants and fees.
- As of June 30, 2009, the City governmental funds reported combined fund balances of \$11,936,483. Approximately 96.2% of the combined fund balances, \$11,481,448 is available to meet the City's current and future needs (*unreserved fund balance*).
- The City's investment in capital assets, net of related debt, increased by \$5,764,154 compared to the prior year. The increase occurred as a result of undertaking capital projects including the Airport East Hanger and Waterline Projects, the Vintage Oaks Lift Station Project, the Wastewater Treatment Facility Upgrade Project, and the Maidu and East Lincoln Way Sidewalk Projects.
- The City began ramping up for the construction of Phase I of the Streetscape Project, selling approximately \$4.8 million in Auburn Urban Authority Tax Allocation Bonds and expending more than \$416,000 towards the final design and engineering preparation.
- The City held a grand opening for the completed Auburn School Park Preserve Project in October 2008, recognizing the contributors of capital and other tangible resources towards the \$7.8 million capitalized cost of the park.
- The City's General Fund balance of \$3,413,122 as of June 30, 2009 was \$716,060 lower than that reported for the 2007-08 fiscal year, reflecting lower than anticipated collections of sales tax, property tax and relinquishment revenues, primarily due to the severe economic downturn in the local, regional and national economies.

CITY OF AUBURN

Management Discussion and Analysis June 30, 2009

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise of three components: 1) Government-wide Financial Statements; 2) Fund Financial Statements; and 3) Notes to the Basic Financial Statements.

Government-wide Financial Statements are designed to provide readers with a broad overview of City finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all City assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods, (e.g. uncollected taxes and earned but unused annual vacation and sick leave).

Both of these government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or in part a portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, transportation, community development and recreation. The business-type activities of the City include an airport and wastewater treatment operating facility. The government-wide financial statements include not only the City itself (known as the primary government), but also the legally separate Auburn Urban Development (redevelopment) Authority.

The government-wide financial statements can be found on pages 19-21 of this report.

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like any other state and local government, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the City can be divided into three categories: *governmental funds*, *proprietary funds*, and *fiduciary funds*.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a City's near-term financing requirements. The City considers revenue to be available if they are collected within 60 days after the fiscal year end.

CITY OF AUBURN

Management Discussion and Analysis June 30, 2009

Because the focus of governmental funds is narrower than that of the government-wide financial 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. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Small Business Loans Fund, Transportation Fund, the Auburn School Park Preserve, and the Auburn Urban Development Authority, which are considered to be major funds. The City maintains several individual governmental funds organized according to their type (special revenue, debt service, and capital projects funds). Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in the report.

The governmental funds financial statements can be found on pages 23-28 of this report.

Proprietary funds are generally used to account for services for which the City charges customers – either outside customers, or internal units of departments within the City. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses proprietary funds to account for the Auburn Airport and the Wastewater Treatment Facility.

The proprietary funds financial statements can be found on pages 29-32 of this report.

Fiduciary funds are used to account for resources held for the benefit of the City's employees and parties outside the government. The City's private purpose trust and agency funds are reported under the fiduciary funds. Since the resources of these funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary funds financial statements can be found on pages 33-34 of this report.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 35-64 of this report.

Required Supplementary Information is presented for the City's General Fund and major special revenue funds consisting of budgetary comparison schedules. The City adopts an annual appropriated budget to demonstrate compliance with this budget.

The required supplementary information can be found on pages 65-70 of this report.

CITY OF AUBURN

Management Discussion and Analysis June 30, 2009

The combining and individual fund statements and schedules for non-major governmental funds and proprietary funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 71-105 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This analysis focuses on the net assets and changes in net assets of the City as a whole.

Table 1
Net Assets
June 30,

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Assets: | | | | | | |
| Current and other assets | \$ 18,334,435 | \$ 15,767,478 | \$ 5,293,131 | \$ 5,270,970 | \$ 23,627,566 | \$ 21,038,448 |
| Capital assets | 19,461,931 | 15,313,700 | 21,658,583 | 20,649,027 | 41,120,514 | 35,962,727 |
| Total assets | <u>37,796,366</u> | <u>31,081,178</u> | <u>26,951,714</u> | <u>25,919,997</u> | <u>64,748,080</u> | <u>57,001,175</u> |
| Liabilities: | | | | | | |
| Current and other liabilities | 2,029,734 | 2,015,250 | 400,767 | 176,242 | 2,430,501 | 2,191,492 |
| Long-term liabilities | 11,482,294 | 7,615,728 | 4,008,249 | 4,347,499 | 15,490,543 | 11,963,227 |
| Total liabilities | <u>13,512,028</u> | <u>9,630,978</u> | <u>4,409,016</u> | <u>4,523,741</u> | <u>17,921,044</u> | <u>14,154,719</u> |
| Net Assets: | | | | | | |
| Invested in capital, net of related debt | 19,336,184 | 14,935,931 | 17,671,003 | 16,307,102 | 37,007,187 | 31,243,033 |
| Restricted net assets | 8,114,974 | 3,653,807 | - | - | 8,114,974 | 3,653,807 |
| Unrestricted net assets | (3,166,820) | 2,860,462 | 4,871,695 | 5,089,154 | 1,704,875 | 7,949,616 |
| Total net assets | <u>\$ 24,284,338</u> | <u>\$ 21,450,200</u> | <u>\$ 22,542,698</u> | <u>\$ 21,396,256</u> | <u>\$ 46,827,036</u> | <u>\$ 42,846,456</u> |

Governmental Activities

The City's governmental net assets amounted to \$24.28 million as of June 30, 2009, an increase of approximately \$2.8 million over the fiscal year ended 2008. This increase is the change in net assets reflected in the Governmental Activities column of the Changes in Net Assets shown in Table 2. The City's net assets from governmental activities as of June 30, 2009, comprised the following:

- Cash and investments comprised \$10.92 million in the City treasury, \$5.89 million of which is restricted in use. Substantially all of these amounts were held in short to medium term investments in governmental securities and corporate notes, as detailed in Note 2 to the financial statements.
- Current accounts, taxes and interest receivable comprised \$1.61 million.
- Loans receivable comprised approximately \$519,000, all of which represents loans provided by the City's Community Development Block Grant (CDBG) Revolving Loan Program.

CITY OF AUBURN

Management Discussion and Analysis

June 30, 2009

- A net pension asset resulting from the issuance of pension obligation bonds comprised \$4.61 million.
- Capital assets of \$19.46 million, net of depreciation charges, which does not include all of the City's infrastructure, but does include all other City assets.
- Current liabilities, including accounts and interest payable, deposits and unearned revenues, comprised \$1.85 million.
- Long-term liabilities, including a \$979,000 landfill post-closure cost, comprised \$11.66 million.
- Net assets invested in capital assets net of related debt of \$19.33 million, representing the City's investment in infrastructure and other capital assets used in Governmental activities, net of amounts borrowed to finance that investment.
- Restricted assets totaling \$7.61 million, which may be used only to construct specified capital projects, debt service, or for community development and transportation projects and public safety programs.
- Unrestricted net assets are part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements or restrictions. The City had \$(2.66) million of unrestricted net assets as of June 30, 2009. The negative value of net unrestricted net assets can be wholly attributed to the \$4.7 million in Auburn Urban Development Authority unspent bond proceeds which are classified as restricted net assets. As bond proceeds are spent and capitalized, unrestricted net assets will rise as restricted net assets decline. While these assets are technically unrestricted, most of these assets are designated for a specific use.

Business-Type Activities

The City's business-type net assets amounted to \$22.54 million as of June 30, 2009, increasing by approximately \$1.15 million since the fiscal year ended 2008. The increase in the change in net assets experienced in the business-type funds occurred primarily as a result of making debt service payments for both the Airport and Sewer operations offset by increases in capitalized assets related to the Airport Waterline Project and Sewer Fund projects including the Vintage Oaks Lift Station and Wastewater Treatment Facility Upgrade. The City's net assets from Business-type activities as of June 30, 2009, comprised the following:

- Cash and investments comprised \$4.55 million in the City treasury, \$7,300 of which is restricted in use.
- Current accounts, taxes and interest receivable comprised \$204,000.
- Deferred interest costs in the City's Sewer Fund of \$528,000.
- Capital assets of \$21.7 million, net of depreciation charges.
- Current liabilities, including accounts and interest payable, deposits and unearned revenues, comprised \$401,000.
- Long-term liabilities comprised \$4.01 million.
- Net assets invested in capital assets net of related debt of \$17.67 million, representing the City's investment in infrastructure and other capital assets used in Business-type activities, net of amounts borrowed to finance that investment.
- Unrestricted net assets of \$4.87 million.

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Management Discussion and Analysis June 30, 2009

The following table indicates the changes in net assets:

Table 2
Changes in Net Assets
For the Year Ended June 30,

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Program Revenues: | | | | | | |
| Fees, fines and charges for services | \$ 1,435,455 | \$ 1,558,720 | \$ 4,901,029 | \$ 4,942,659 | \$ 6,336,484 | \$ 6,501,379 |
| Operating grants and contributions | 2,536,633 | 1,557,120 | 6,350 | 26,775 | 2,542,983 | 1,583,895 |
| Capital grants and contributions | 2,800,975 | 1,313,832 | -- | 34,824 | 2,800,975 | 1,348,656 |
| Total program revenues | 6,773,063 | 4,429,672 | 4,907,379 | 5,004,258 | 11,680,442 | 9,433,930 |
| General Revenues: | | | | | | |
| Property taxes | 4,064,058 | 4,195,552 | 36,181 | 33,802 | 4,100,239 | 4,229,354 |
| Sales and use taxes | 2,059,504 | 2,889,326 | -- | -- | 2,059,504 | 2,889,326 |
| Other taxes | 1,278,640 | 1,429,390 | -- | -- | 1,278,640 | 1,429,390 |
| Franchise fees | 657,957 | 644,702 | -- | -- | 657,957 | 644,702 |
| Unrestricted interest and investment earnings | 259,023 | 264,154 | 144,374 | 178,653 | 403,397 | 442,807 |
| Miscellaneous | 141,737 | 84,244 | 64,800 | -- | 206,537 | 84,244 |
| Total general revenues | 8,460,919 | 9,507,368 | 245,355 | 212,455 | 8,706,274 | 9,719,823 |
| Total revenues | 15,233,982 | 13,937,040 | 5,152,734 | 5,216,713 | 20,386,716 | 19,153,753 |
| Program expenses: | | | | | | |
| General government | 1,741,542 | 2,067,619 | -- | -- | 1,741,542 | 2,067,619 |
| Public safety | 6,066,740 | 5,866,706 | -- | -- | 6,066,740 | 5,866,706 |
| Transportation | 2,592,016 | 3,165,262 | -- | -- | 2,592,016 | 3,165,262 |
| Community development | 1,490,980 | 1,443,691 | -- | -- | 1,490,980 | 1,443,691 |
| Recreation and culture | 33,292 | 17,586 | -- | -- | 33,292 | 17,586 |
| Interest on long-term debt | 475,274 | 301,594 | -- | -- | 475,274 | 301,594 |
| Airport | -- | -- | 574,112 | 615,186 | 574,112 | 615,186 |
| Sewer | -- | -- | 3,432,180 | 3,561,773 | 3,432,180 | 3,561,773 |
| Total expenses | 12,399,844 | 12,862,458 | 4,006,292 | 4,176,959 | 16,406,136 | 17,039,417 |
| Change in net assets | 2,834,138 | 1,074,582 | 1,146,442 | 1,039,754 | 3,980,580 | 2,114,336 |
| Net assets at beginning year | 21,450,200 | 20,375,618 | 21,396,256 | 20,356,502 | 42,846,456 | 40,732,120 |
| Net assets at end of year | \$ 24,284,338 | \$ 21,450,200 | \$ 22,542,698 | \$ 21,396,256 | \$ 46,827,036 | \$ 42,846,456 |

CITY OF AUBURN

Management Discussion and Analysis June 30, 2009

Governmental Activities

As Table 2 above shows, \$6.77 million, or 44.5% of the City's fiscal year 2008-09 revenue derived from the program revenues, while \$8.46 million, or 55.5%, derived from general revenues such as taxes, rents, and interest.

Program revenues are composed of fees, fines and charges for service of \$1.44 million that include permit revenues, fees and charges used to fund expenses incurred in providing services; and \$2.54 million of operating grants and contributions which include gas tax, transportation development allocations and public safety allocations and grants. Program revenues also include \$2.80 million in capital grants and contributions which include grants received by the City for capital infrastructure improvement, particularly as they relate to the Auburn School Park Preserve Project.

General revenues are not allocable to programs, but are used to pay for the net costs of governmental programs.

Business-type Activities

Business-type activities net assets combined to increase by \$1.15 million during Fiscal Year 2008-09. The majority of the increase in net assets can be attributed to increases to capitalized assets related to the Airport Waterline Project and Sewer Fund projects related to the Vintage Oaks Lift Station and Wastewater Treatment Facility upgrade.

Net assets in the City's Airport Fund increased slightly during Fiscal Year 2008-09. The increase can be attributed to the construction in progress related the Airport Waterline Project.

Net assets in the City's Sewer Fund increased by approximately \$1.1 million during Fiscal Year 2008-09. The increase can be attributed to the construction in progress related to the Vintage Oaks Lift Station project and permit/compliance upgrades to the Wastewater Treatment Facility. As discussed in the notes to the financial statement presented herein, the City sold Sewer Revenue Bonds shortly after the close the fiscal year to finance upgrades required for the Wastewater Treatment Facility.

CITY OF AUBURN

Management Discussion and Analysis June 30, 2009

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses *fund accounting* to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The general government functions are contained in the General, Special Revenue, Debt Service, and Capital Project Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The following table presents the amount of revenue from various sources:

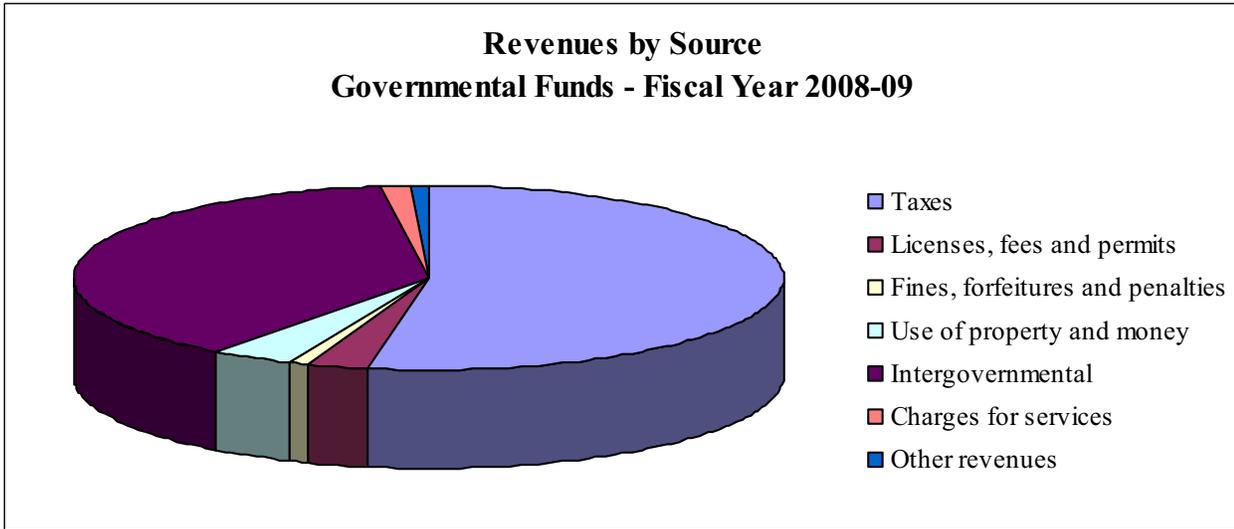
Table 3
Revenues Classified by Source
Governmental Funds
For the Fiscal Years Ended June 30,

| Revenues by Source | 2009 | 2008 | % Change |
|----------------------------------|----------------------|----------------------|-----------------|
| Taxes (1) | \$ 8,060,159 | \$ 8,949,157 | -9.9% |
| Licenses, fees and permits (2) | 383,622 | 494,863 | -22.5% |
| Fines, forfeitures and penalties | 142,998 | 136,518 | 4.7% |
| Use of money and property (3) | 613,929 | 602,385 | 1.9% |
| Intergovernmental (4) | 5,712,125 | 3,095,930 | 84.5% |
| Charges for services | 179,412 | 277,297 | -35.3% |
| Other revenues (5) | 141,737 | 84,244 | 68.2% |
| Total Revenues | \$ 15,233,982 | \$ 13,640,394 | 11.7% |

- (1) Decreased due to lower collections of sales and property taxes related to the severe economic downturn experienced in the local, regional and national economies.
- (2) Decreased primarily as a result of a continued slowdown in citywide development activity leading to fewer building permits being pulled and development impact fees being paid.
- (3) Use of money and property increased slightly as a result of renegotiated and increased lease values for City-owned buildings.
- (4) Intergovernmental revenues increased due to receipt of transportation grants related to the Maidu and Lincoln Way Sidewalk Improvement Projects in addition to recognition of grants and in-kind contributions related to the Auburn School Park Preserve Project. A one-time receipt of funds from the State related to relinquishment of a portion of Highway 49 also contributed towards the increase.
- (5) Other revenues increased during the 2008-09 fiscal year as one-time revenues were received for sales of surplus property, subrogation recoveries and a transfer fee related to the City's cable franchise.

CITY OF AUBURN

Management Discussion and Analysis
June 30, 2009



The following table presents expenditures by function:

**Table 4
Expenditures by Function
Governmental Funds
For the Fiscal Years Ended June 30,**

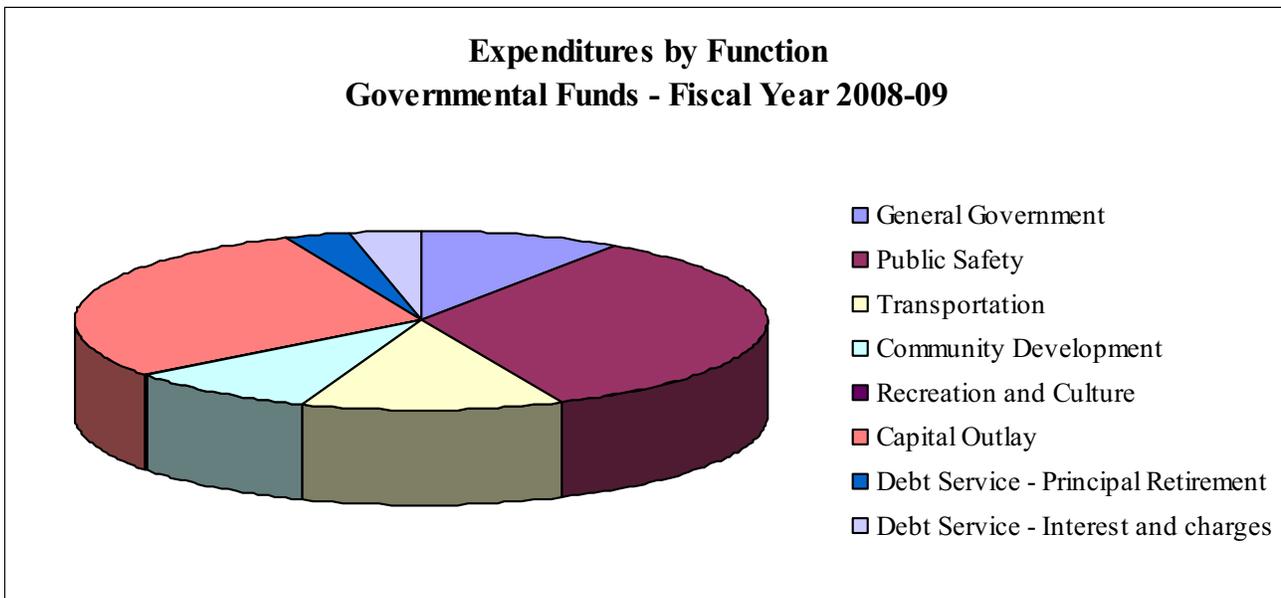
| Expenditures by Function | 2009 | 2008 | % Change |
|-------------------------------------|----------------------|----------------------|-----------------|
| General government | \$ 1,606,237 | \$ 1,777,811 | -9.7% |
| Public safety | 5,702,042 | 5,612,110 | 1.6% |
| Transportation | 2,096,725 | 3,072,594 | -31.8% |
| Community development | 1,494,664 | 1,432,675 | 4.3% |
| Recreation and culture | 33,292 | 17,586 | 89.3% |
| Capital outlay | 4,895,952 | 1,689,495 | 189.8% |
| Debt service – Principal retirement | 499,235 | 274,158 | 82.1% |
| Debt service – Interest and charges | 560,536 | 308,876 | 81.5% |
| Total Expenditures | \$ 16,888,683 | \$ 14,185,305 | 19.1% |

CITY OF AUBURN

Management Discussion and Analysis June 30, 2009

The \$2.70 million net increase in governmental fund expenditures during the 2008-09 fiscal year can be primarily attributed to the following:

- A \$3.21 million increase in capital outlay, predominantly experienced in the Transportation and Auburn School Park Preserve Fund, as grant-related revenues and in-kind contributions are expended and recognized as capital assets for the Maidu and Lincoln Way Sidewalk and School Park Preserve Projects, respectively.
- A \$976,000 reduction in transportation-related non-capital expenditures during fiscal year 2008-09 due to lower expenditures for the annual street overlay project (\$26,000 versus \$425,000 in fiscal year 2007-08) and reduced costs for transportation maintenance resulting from staff reductions and the general economic downturn.
- A \$477,000 increase in debt service costs due to the added debt service for the Auburn Urban Development Authority Tax Allocation Bond. This debt service payment is made in addition to the ongoing debt service for the CalPERS Pension Obligation Bonds.



The **General Fund** is the main operating fund of the City, and accounts for general operations including public safety, community development, and administration. At June 30, 2009, unreserved fund balance of the General Fund was \$2.96 million, while fund balance totaled \$3.41 million. Total fund balance decreased by approximately \$716,000 when compared to last year, primarily as a result of using reserves to balance the excess of expenditures over revenues due to recessive economic forces resulting from the downturn in the local, regional and national economies. To mitigate the impact of having to use reserves in future years as a means to balance the budget, a citywide reorganization was implemented in March 2008, a Fire Department reorganization was implemented in April 2009, and staffing reductions were implemented at the beginning of fiscal year 2009-10, effectively reducing ongoing budgeted annual costs in the General Fund by approximately \$650,000, \$80,000, and \$624,000 respectively.

CITY OF AUBURN

Management Discussion and Analysis June 30, 2009

As measures of the General Fund's ability to meet operating expenditures, it is useful to note that unreserved fund balance represents 30.1% of total General Fund expenditures, while total fund balance represents 35.3% of the same amount.

The **Small Business Loan (Community Development Block Grant) Fund** accounts for monies received from the State and loaned by the City to encourage small business and employment growth. Funds, when repaid, are provided to new businesses qualifying for participation in the program. The \$110,000 increase in fund balance available can be attributed to the repayment of principal and interest by prior recipients of business development loans. It should be noted that the City also facilitated a grant for the Boys and Girls Club of Auburn to build and equip modular units for the E.V Cain Middle School After-School Program.

The **Transportation Fund** uses financing from a number of sources, including State and Federal programs, to build and maintain the street transportation and storm drain network. The Transportation Fund receives revenues through the Transportation Development Act Tax (TDA) Program and various grant sources. Expenditures in the Transportation Fund during fiscal year 2008-09 increased by approximately \$399,000 when compared to the previous year, primarily as a result of expending grant-generated revenues received towards the Maidu and Lincoln Way Sidewalk Projects.

The **Auburn School Park Preserve Fund** accounts for grant, in-kind, and City revenue sources used to build the Auburn School Park Preserve located behind City Hall. The Fund incurred \$3.22 million in capital outlay during fiscal year 2008-09 to complete the park. Revenues of \$2.65 million were received into the fund from an in-kind contribution from the Army Corp of Engineers in addition to grants and donations received from federal, state, and private sources. At June 30, 2009, approximately \$502,000 remains to be collected to fully fund all park-related expenditures.

The **Auburn Urban Development Authority (AUDA) Fund** accounts for redevelopment activity within areas designated as redevelopment zones in the City of Auburn. AUDA Fund revenues are generated from a portion of property tax designated as tax increment and are used to fund eligible AUDA project and debt-service costs. AUDA Fund balance of \$5.61 million, all of which is restricted for use on project and project-related expenditures, includes \$4.70 million in unspent bond proceeds allocated for the AUDA Streetscape Project.

Enterprise Funds. The City has two Enterprise funds – the Airport Fund and the Sewer Fund. The City's Enterprise funds generally account for services charged to external or internal customers through fees.

CITY OF AUBURN

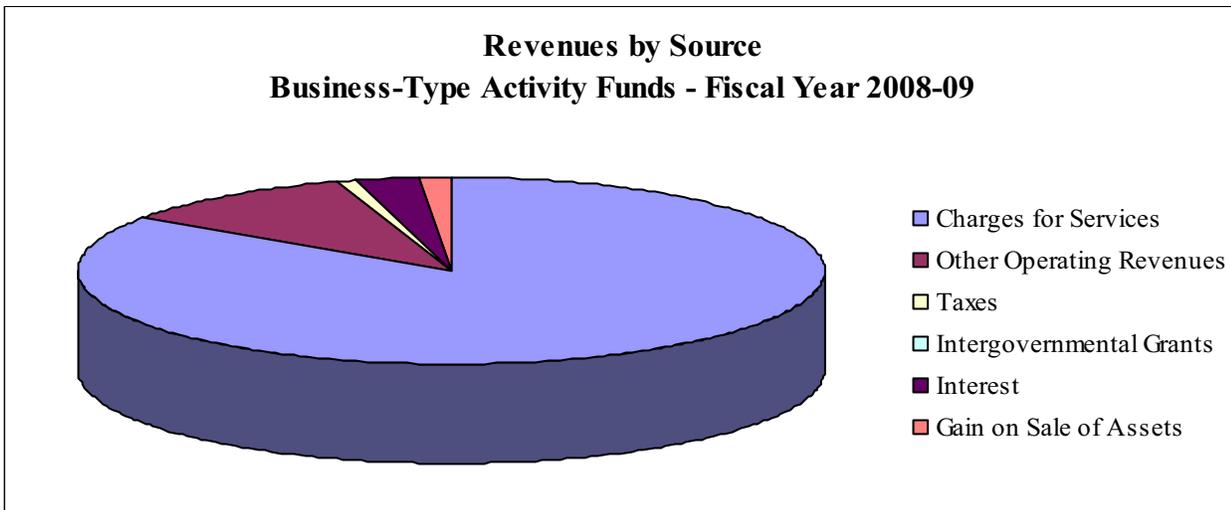
Management Discussion and Analysis
June 30, 2009

The following table presents the amount of revenue from various sources:

Table 5
Revenues Classified by Source
Enterprise Funds
For the Fiscal Years Ended June 30,

| Revenues by Source | 2009 | 2008 | % Change |
|-------------------------------|---------------------|---------------------|-----------------|
| Operating Revenues | | | |
| Charges for Services | \$ 4,344,676 | \$ 4,399,184 | -1.2% |
| Other Operating Revenues | 556,353 | 543,475 | 2.4% |
| Non-Operating Revenues | | | |
| Taxes | 36,181 | 33,802 | 7.0% |
| Intergovernmental Grants | 6,350 | 26,775 | -76.3% |
| Interest | 144,374 | 178,653 | -19.2% |
| Gain on Sale of Assets | 64,800 | -- | 100.0% |
| Total Revenues | \$ 5,152,734 | \$ 5,181,889 | -0.6 % |

Business-type activities total revenues are relatively unchanged from fiscal year 2007-08 to fiscal year 2008-09. Offsetting a decrease in interest earned by both the Airport and Sewer Funds is a sale of a piece of property to Placer County related to the rebuilding of a small bridge.



CITY OF AUBURN

Management Discussion and Analysis
June 30, 2009

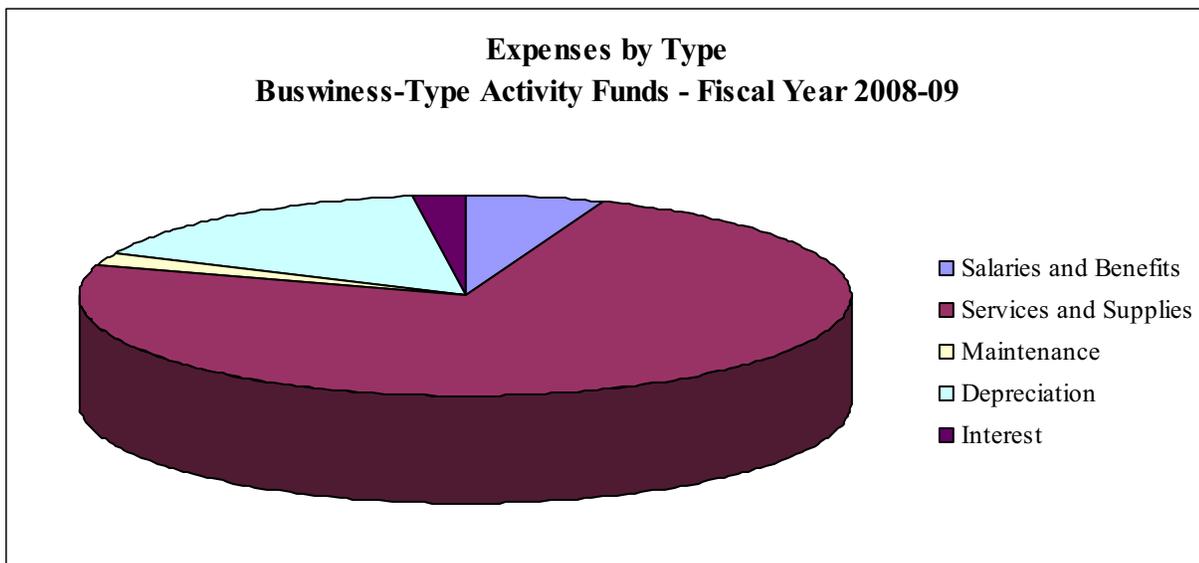
The following table presents expenses for the City’s Enterprise funds:

**Table 6
Expenses by Type
Enterprise Funds
For the Fiscal Years Ended June 30,**

| Expenses by Type | 2009 | 2008 | % Change |
|-------------------------------|---------------------|---------------------|-----------------|
| Operating Expenses | | | |
| Salaries and benefits | \$ 231,553 | \$ 367,537 | -37.0% |
| Services and supplies | 2,973,424 | 3,007,712 | -1.1% |
| Maintenance | 83,480 | 65,793 | 26.9% |
| Depreciation | 632,244 | 644,899 | -2.0% |
| Non-Operating Expenses | | | |
| Interest | 85,591 | 91,018 | -6.0% |
| Total Expenses | \$ 4,006,292 | \$ 4,176,959 | -4.1% |

The \$171,000 net decrease in business-type activity fund expenses during the 2008-09 fiscal year can be primarily attributed to the following:

- Elimination of the Airport Manager position at the Auburn Municipal Airport as part of the citywide reorganization completed in March 2008; and
- A slight decrease in the operating costs at the Sewer Fund’s Wastewater Treatment Facility.



CAPITAL ASSETS AND DEBT ADMINISTRATION

CITY OF AUBURN

Management Discussion and Analysis June 30, 2009

Capital Assets

Capital assets for the governmental and business-type activities are presented below to illustrate changes from the prior year:

**Table 7
Capital Assets at End of Fiscal Year**

| | Governmental Activities | | Business-Type Activities | |
|----------------------------|--------------------------------|----------------------|---------------------------------|----------------------|
| | 2009 | 2008 | 2009 | 2008 |
| Land | \$ 350,000 | \$ 350,000 | \$ 2,874,395 | \$ 2,874,395 |
| Infrastructure | 6,381,937 | 4,524,425 | 18,542,200 | 18,517,240 |
| Land improvements | 7,804,652 | -- | -- | -- |
| Buildings and improvements | 5,230,205 | 5,230,205 | -- | -- |
| Equipment | 5,054,552 | 4,815,188 | 1,469,803 | 1,424,146 |
| Construction in progress | 895,461 | 5,939,394 | 5,808,956 | 4,237,773 |
| Accumulated depreciation | (6,254,876) | (5,545,512) | (7,036,771) | (6,404,527) |
| Total | \$ 19,461,931 | \$ 15,313,700 | \$ 21,658,583 | \$ 20,649,027 |

The City's investment in capital assets for its governmental type activities as of June 30, 2009 totaled approximately \$19.46 million (net of accumulated depreciation). The City's investment in capital assets for its business-type activities as of June 30, 2009 totaled approximately \$21.66 million (net of accumulated depreciation). The investment in capital assets includes land, infrastructure, buildings and improvements, equipment and construction in progress.

Major capital asset events during the fiscal year ended June 30, 2009 include:

- East Hanger Project at the Auburn Airport
- Airport Waterline Project (to East Hangar Area)
- Wastewater Treatment Facility Upgrade Design and Review
- Vintage Oaks Lift Station
- East Lincoln Way and Maidu Sidewalk Improvements
- Streetscape Project – Phase I Design and Review
- Purchase of a Type-8-MST-1 Transit Bus for City's Transit Program

More detailed information about the City's capital assets is presented in Note 3 to the financial statements.

CITY OF AUBURN

Management Discussion and Analysis June 30, 2009

Debt Administration

The following schedule shows the changes in long-term debt for the fiscal year ended June 30, 2009.

**Table 8
Long-Term Debt**

| | <u>Balance July 1, 2008</u> | <u>Incurred</u> | <u>Retired</u> | <u>Balance June 30, 2009</u> |
|-------------------------------------|---------------------------------|----------------------------|------------------------------|----------------------------------|
| Governmental Activities | | | | |
| General obligation bonds | \$ 150,000 | \$ -- | \$ (150,000) | \$ -- |
| Pension obligation bonds | 4,845,000 | -- | (70,000) | 4,775,000 |
| Tax increment bonds | -- | 4,805,000 | (175,000) | 4,630,000 |
| Less: unamortized discount | -- | (102,677) | 3,423 | (99,254) |
| Notes payable | 44,954 | -- | (12,384) | 32,570 |
| Due to other agencies | 33,512 | -- | (2,234) | 31,278 |
| Capital leases | 182,815 | -- | (89,638) | 93,177 |
| Compensated absences | 1,166,722 | 433,718 | (383,135) | 1,217,305 |
| Landfill closure costs | 1,192,725 | -- | (213,807) | 978,918 |
| Total Governmental Activity | <u>\$ 7,615,728</u> | <u>\$ 5,136,041</u> | <u>\$ (1,092,775)</u> | <u>\$ 11,658,994</u> |
| | | | | |
| | <u>Balance July 1, 2008</u> | <u>Incurred</u> | <u>Retired</u> | <u>Balance June 30, 2009</u> |
| Business-Type Activities | | | | |
| Notes payable | \$ 4,341,925 | \$ -- | \$ (354,345) | \$ 3,987,580 |
| Compensated absences | 5,574 | 18,329 | (3,234) | 20,669 |
| Total Business-type Activity | <u>\$ 4,347,499</u> | <u>\$ 18,329</u> | <u>\$ (357,579)</u> | <u>\$ 4,008,249</u> |

The City's total debt increased by approximately \$3.71 million, primarily as a result of retiring recurring debt related to general and pension obligation bonds and capital leases; and reduction of future costs associated with the closure of a City landfill, offset by the incurrence of \$4.8 million in Auburn Urban Development Authority Tax Allocation Bond debt. It should be mentioned that the City completely retired outstanding General Obligation Bond debt during fiscal year 2008-09.

Additional information on the City's long-term debt is presented in Note 5 to the financial statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's budget is customarily presented to and adopted by the City Council prior to the beginning of the each fiscal year that begins July 1 and ends on June 30. In response to the unknown impacts the State budget would ultimately have on the City's budget, the City Council approved an interim spending resolution on June 23, 2008 for fiscal year beginning July 1, 2008. The City Council ultimately approved the final budget in November 2008.

CITY OF AUBURN

Management Discussion and Analysis June 30, 2009

The General Fund budget approved in November 2008 for fiscal year 2008-09 estimated \$10.36 million in revenue sources and allocated \$10.35 million in appropriations. As a result of the economic recession, the City experienced shortfalls in Sales Tax, Property Tax and development-related revenues. Actual collections of revenues for the fiscal year amounted to \$8.94 million, \$1.41 million less than originally anticipated. In response to the significant downturn in revenues collected, the City curtailed General Fund capital and equipment expenditures, decreased materials and supplies budgets for all City departments, held unfilled positions vacant, and recommended layoffs to be effective in June and July 2009. At the end of the fiscal year, the City expended \$9.66 million of the \$10.35 originally appropriated, leading to the use of \$725,000 in General Fund balance.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The budget developed for fiscal year 2009-10 was adopted by the City Council on June 29, 2009. The General Fund budget assumes the budgeted use of \$290,000 in reserves, which includes a \$150,000 contingency appropriation. The City will continue to closely monitor economic activity along with actions taken by regional and state governments that may adversely impact the City's budget.

Revenue growth rates for sales tax, property tax and development-related fees experienced in prior years are not expected to continue in the wake of the continued tightening credit markets, the downturn in the overall housing market, and stagnant economic growth. To prevent further earmarking of fund balance which may be required to balance future budgets, the City is expected to continue reviewing citywide programs consistent with cost effectiveness and efficiency.

All of the above information was considered in preparing the City's budget for Fiscal Year 2009-10.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances, and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City of Auburn
Office of the Administrative Services Director
1225 Lincoln Way, Room 1
Auburn, CA 95603
(530) 823-4211 extension 110

Or, you may visit the City's website at www.auburn.ca.us for contact information.

Comprehensive Annual Financial Report
For Fiscal Year Ended June 30, 2009

Basic Financial Statements
Government-Wide Financial Statements

CITY OF AUBURN

Statement of Net Assets Tuesday, June 30, 2009

| | Primary Government | | |
|---|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-Type Activities | Totals |
| Assets | | | |
| Cash and investments | \$ 5,030,251 | \$ 4,540,494 | \$ 9,570,745 |
| Restricted cash and investments | 5,891,652 | 7,300 | 5,898,952 |
| Insurance deposits | 454,785 | -- | 454,785 |
| Accounts receivable | 23,859 | 203,839 | 227,698 |
| Taxes receivable | 817,430 | -- | 817,430 |
| Due from other agencies | 772,406 | -- | 772,406 |
| Loans receivable | 519,232 | -- | 519,232 |
| Prepaid items | -- | 13,250 | 13,250 |
| Deferred costs | 215,498 | 528,248 | 743,746 |
| Net pension asset | 4,609,322 | -- | 4,609,322 |
| Capital assets: | | | |
| Nondepreciable | 1,245,461 | 8,683,351 | 9,928,812 |
| Depreciable, net | 18,216,470 | 12,975,232 | 31,191,702 |
| Total assets | <u>\$ 37,796,366</u> | <u>\$ 26,951,714</u> | <u>\$ 64,748,080</u> |
| Liabilities | | | |
| Accounts payable | \$ 490,870 | \$ 374,312 | \$ 865,182 |
| Deposits | 80,870 | 7,300 | 88,170 |
| Interest payable | 279,902 | 19,155 | 299,057 |
| Unearned revenue | 1,001,392 | -- | 1,001,392 |
| Closure/post closure liability | | | |
| Due within one year | 176,700 | -- | 176,700 |
| Due in more than one year | 802,218 | -- | 802,218 |
| Long-term liabilities | | | |
| Due within one year | 769,174 | 368,341 | 1,137,515 |
| Due in more than one year | 9,910,902 | 3,639,908 | 13,550,810 |
| Total liabilities | <u>13,512,028</u> | <u>4,409,016</u> | <u>17,921,044</u> |
| Net Assets | | | |
| Invested in capital assets, net of related debt | 19,336,184 | 17,671,003 | 37,007,187 |
| Restricted for: | | | |
| Public safety | 501,896 | -- | 501,896 |
| Transportation projects | 274,449 | -- | 274,449 |
| Community resources & facilities | 5,741,446 | -- | 5,741,446 |
| Capital projects | 1,245,681 | -- | 1,245,681 |
| Debt service | 351,502 | -- | 351,502 |
| Unrestricted | (3,166,820) | 4,871,695 | 1,704,875 |
| Total net assets | <u>24,284,338</u> | <u>22,542,698</u> | <u>46,827,036</u> |
| Total liabilities and net assets | <u>\$ 37,796,366</u> | <u>\$ 26,951,714</u> | <u>\$ 64,748,080</u> |

The accompanying notes are an integral part of these financial statements.

CITY OF AUBURN

Statement of Activities
For the Year Ended June 30, 2009

| Functions/Programs | Expenses | Program Revenues | | |
|--------------------------------|----------------------|---|---|---|
| | | Fees, Fines and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| General government | \$ 1,741,542 | \$ 749,498 | \$ 46,745 | \$ -- |
| Public safety | 6,066,740 | 369,292 | -- | -- |
| Transportation | 2,592,016 | 72,560 | 1,027,886 | 147,225 |
| Community development | 1,490,980 | 209,542 | 1,462,002 | -- |
| Recreation and culture | 33,292 | 34,563 | -- | 2,653,750 |
| Interest on long-term debt | 475,274 | -- | -- | -- |
| Total governmental activities | <u>12,399,844</u> | <u>1,435,455</u> | <u>2,536,633</u> | <u>2,800,975</u> |
| Business-Type Activities: | | | | |
| Auburn Municipal Airport | 574,112 | 566,954 | 6,350 | -- |
| Wastewater Treatment | 3,432,180 | 4,334,075 | -- | -- |
| Total business-type activities | <u>4,006,292</u> | <u>4,901,029</u> | <u>6,350</u> | <u>--</u> |
| Total primary government | <u>\$ 16,406,136</u> | <u>\$ 6,336,484</u> | <u>\$ 2,542,983</u> | <u>\$ 2,800,975</u> |

General Revenues:

Taxes:

- Property taxes
- Sales and use taxes
- In-lieu sales taxes
- Franchise taxes
- Other

Unrestricted interest and investment earnings

Miscellaneous revenues

Total general revenues and transfers

Change in net assets

Net assets, beginning of year

Net assets, end of year

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and
Changes in Net Assets

| Primary Government | | |
|----------------------------|-----------------------------|----------------------|
| Governmental Activities | Business-Type Activities | Total |
| \$ (945,299) | \$ -- | \$ (945,299) |
| (5,697,448) | -- | (5,697,448) |
| (1,344,345) | -- | (1,344,345) |
| 180,564 | -- | 180,564 |
| 2,655,021 | -- | 2,655,021 |
| (475,274) | -- | (475,274) |
| <u>(5,626,781)</u> | <u>--</u> | <u>(5,626,781)</u> |
| -- | (808) | (808) |
| -- | 901,895 | 901,895 |
| <u>--</u> | <u>901,087</u> | <u>901,087</u> |
| <u>(5,626,781)</u> | <u>901,087</u> | <u>(4,725,694)</u> |
| 4,064,058 | 36,181 | 4,100,239 |
| 2,059,504 | -- | 2,059,504 |
| 1,040,123 | -- | 1,040,123 |
| 657,957 | -- | 657,957 |
| 238,517 | -- | 238,517 |
| 259,023 | 144,374 | 403,397 |
| 141,737 | 64,800 | 206,537 |
| <u>8,460,919</u> | <u>245,355</u> | <u>8,706,274</u> |
| 2,834,138 | 1,146,442 | 3,980,580 |
| <u>21,450,200</u> | <u>21,396,256</u> | <u>42,846,456</u> |
| <u>\$ 24,284,338</u> | <u>\$ 22,542,698</u> | <u>\$ 46,827,036</u> |

The accompanying notes are an integral part of these financial statements.

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Comprehensive Annual Financial Report
For Fiscal Year Ended June 30, 2009

Basic Financial Statements
Fund Financial Statements

CITY OF AUBURN

Balance Sheet
Governmental Funds
Tuesday, June 30, 2009

| | General Fund | Small Business Loans | Transportation | Auburn School Park Preserve |
|--|---------------------|----------------------------|-------------------|--------------------------------------|
| ASSETS | | | | |
| Cash and investments | \$ 1,774,143 | \$ 124,144 | \$ 131,638 | \$ -- |
| Restricted cash and investments | -- | -- | -- | -- |
| Insurance deposits | 454,785 | -- | -- | -- |
| Accounts receivable | 23,859 | -- | -- | -- |
| Taxes receivable | 714,453 | -- | -- | -- |
| Due from other agencies | 380,368 | -- | 112,322 | -- |
| Due from other funds | 547,963 | -- | 242,187 | -- |
| Loans receivable | -- | 519,232 | -- | -- |
| | <u>\$ 3,895,571</u> | <u>\$ 643,376</u> | <u>\$ 486,147</u> | <u>\$ --</u> |
| Total assets | <u>\$ 3,895,571</u> | <u>\$ 643,376</u> | <u>\$ 486,147</u> | <u>\$ --</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 412,897 | \$ 716 | \$ 3,987 | \$ -- |
| Deposits | 69,552 | -- | -- | -- |
| Due to other funds | -- | -- | -- | 502,010 |
| Deferred revenues | -- | 519,232 | 482,160 | -- |
| Total liabilities | <u>482,449</u> | <u>519,948</u> | <u>486,147</u> | <u>502,010</u> |
| Fund balances: | | | | |
| Reserved: | | | | |
| Imprest cash | 250 | -- | -- | -- |
| Insurance deposits | 454,785 | -- | -- | -- |
| Unreserved: | | | | |
| Undesignated and reported in: | | | | |
| General fund | 2,958,087 | -- | -- | -- |
| Special revenue funds | -- | 123,428 | -- | (502,010) |
| Debt service funds | -- | -- | -- | -- |
| Capital projects funds | -- | -- | -- | -- |
| Total fund balances | <u>3,413,122</u> | <u>123,428</u> | <u>--</u> | <u>(502,010)</u> |
| Total liabilities and fund balances | <u>\$ 3,895,571</u> | <u>\$ 643,376</u> | <u>\$ 486,147</u> | <u>\$ --</u> |

The accompanying notes are an integral part of these financial statements.

| Auburn Urban Development Authority | Other Governmental Funds | Total |
|---|--------------------------------|----------------------|
| \$ 863,827 | \$ 2,136,499 | \$ 5,030,251 |
| 4,701,907 | 1,189,745 | 5,891,652 |
| -- | -- | 454,785 |
| -- | -- | 23,859 |
| 68,404 | 34,573 | 817,430 |
| -- | 279,716 | 772,406 |
| -- | -- | 790,150 |
| -- | -- | 519,232 |
| <u>\$ 5,634,138</u> | <u>\$ 3,640,533</u> | <u>\$ 14,299,765</u> |
| | | |
| \$ 22,028 | \$ 51,242 | \$ 490,870 |
| -- | 11,318 | 80,870 |
| -- | 288,140 | 790,150 |
| -- | -- | 1,001,392 |
| <u>22,028</u> | <u>350,700</u> | <u>2,363,282</u> |
| | | |
| -- | -- | 250 |
| -- | -- | 454,785 |
| | | |
| -- | -- | 2,958,087 |
| 5,612,110 | 1,693,968 | 6,927,496 |
| -- | 351,502 | 351,502 |
| -- | 1,244,363 | 1,244,363 |
| <u>5,612,110</u> | <u>3,289,833</u> | <u>11,936,483</u> |
| | | |
| <u>\$ 5,634,138</u> | <u>\$ 3,640,533</u> | <u>\$ 14,299,765</u> |

The accompanying notes are an integral part of these financial statements.

CITY OF AUBURN

Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets - Governmental Activities
Tuesday, June 30, 2009

| | |
|---|----------------------|
| Fund Balance - total governmental funds | \$ 11,936,483 |
| Amounts reported for governmental activities in the statement of net assets are different because: | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. | 19,461,931 |
| Net pension assets and deferred costs in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. | 4,824,820 |
| Interest payable on long-term debt does not require the use of current financial resources and, therefore, is not accrued as a liability in the governmental funds. | (279,902) |
| Long-term liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds. | |
| Bonds payable | (9,305,746) |
| Loan payable | (32,570) |
| Capital leases | (93,177) |
| Due to other agencies | (31,278) |
| Landfill closure costs | (978,918) |
| Compensated absences | <u>(1,217,305)</u> |
| Net assets of governmental activities | <u>\$ 24,284,338</u> |

The accompanying notes are an integral part of these financial statements.

CITY OF AUBURN

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

| | General Fund | Small Business Loans | Transportation | Auburn School Park Preserve |
|--|---------------------|----------------------------|------------------|--------------------------------------|
| Revenues | | | | |
| Taxes | \$ 7,253,528 | \$ -- | \$ -- | \$ -- |
| Licenses and permits | 288,430 | -- | -- | -- |
| Fines, forfeitures and penalties | 142,998 | -- | -- | -- |
| Use of money and property | 384,119 | 2,916 | 7,592 | -- |
| Intergovernmental | 360,800 | 523,863 | 1,046,044 | 2,653,750 |
| Charges for services | 140,536 | -- | -- | -- |
| Other revenues | 141,737 | -- | -- | -- |
| Total revenues | <u>8,712,148</u> | <u>526,779</u> | <u>1,053,636</u> | <u>2,653,750</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 1,606,237 | -- | -- | -- |
| Public safety | 5,468,560 | -- | -- | -- |
| Transportation | 1,467,366 | -- | 34,748 | -- |
| Community development | 766,378 | 416,946 | -- | -- |
| Recreation and culture | -- | -- | -- | -- |
| Debt Service: | | | | |
| Principal | 70,000 | -- | 12,364 | -- |
| Interest | 277,925 | -- | 1,256 | -- |
| Administrative, issuance, and other costs | -- | -- | -- | -- |
| Capital outlay | -- | -- | 1,005,268 | 3,222,426 |
| Total expenditures | <u>9,656,466</u> | <u>416,946</u> | <u>1,053,636</u> | <u>3,222,426</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(944,318)</u> | <u>109,833</u> | <u>--</u> | <u>(568,676)</u> |
| Other Financing Sources (Uses) | | | | |
| Long-term debt issued | -- | -- | -- | -- |
| Discounts on debt issued | -- | -- | -- | -- |
| Transfers in | 228,258 | -- | -- | -- |
| Transfers out | -- | -- | -- | -- |
| Total other financing sources (uses) | <u>228,258</u> | <u>--</u> | <u>--</u> | <u>--</u> |
| Net change in fund balances | (716,060) | 109,833 | -- | (568,676) |
| Fund balances, beginning of year | <u>4,129,182</u> | <u>13,595</u> | <u>--</u> | <u>66,666</u> |
| Fund balances, end of year | <u>\$ 3,413,122</u> | <u>\$ 123,428</u> | <u>\$ --</u> | <u>\$ (502,010)</u> |

The accompanying notes are an integral part of these financial statements.

| Auburn Urban Development Authority | Other Governmental | Total |
|---|-----------------------|----------------------|
| \$ 662,720 | \$ 143,911 | \$ 8,060,159 |
| -- | 95,192 | 383,622 |
| -- | -- | 142,998 |
| 132,276 | 87,026 | 613,929 |
| -- | 1,127,668 | 5,712,125 |
| -- | 38,876 | 179,412 |
| -- | -- | 141,737 |
| <u>794,996</u> | <u>1,492,673</u> | <u>15,233,982</u> |
| -- | -- | 1,606,237 |
| -- | 233,482 | 5,702,042 |
| -- | 594,611 | 2,096,725 |
| 274,891 | 36,449 | 1,494,664 |
| -- | 33,292 | 33,292 |
| 2,234 | 414,637 | 499,235 |
| -- | 175,532 | 454,713 |
| 105,823 | -- | 105,823 |
| 479,400 | 188,858 | 4,895,952 |
| <u>862,348</u> | <u>1,676,861</u> | <u>16,888,683</u> |
| <u>(67,352)</u> | <u>(184,188)</u> | <u>(1,654,701)</u> |
| 4,805,000 | -- | 4,805,000 |
| (102,677) | -- | (102,677) |
| -- | 678,000 | 906,258 |
| <u>(678,000)</u> | <u>(228,258)</u> | <u>(906,258)</u> |
| <u>4,024,323</u> | <u>449,742</u> | <u>4,702,323</u> |
| 3,956,971 | 265,554 | 3,047,622 |
| <u>1,655,139</u> | <u>3,024,279</u> | <u>8,888,861</u> |
| <u>\$ 5,612,110</u> | <u>\$ 3,289,833</u> | <u>\$ 11,936,483</u> |

The accompanying notes are an integral part of these financial statements.

CITY OF AUBURN

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2009

Net change to fund balance - total governmental funds \$ 3,047,622

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

| | | |
|---|--------------|-----------|
| Expenditures for general capital assets, infrastructure, and other related capital assets adjustments | \$ 4,857,595 | |
| Less: current year depreciation | (709,364) | 4,148,231 |

| | |
|--|-----------|
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | (296,646) |
|--|-----------|

Long-term debt proceeds provide current resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Also, governmental funds report the effect of issuance costs and pension assets when debt is first issued, whereas these amounts are deferred and amortized in the statement of of activities.

| | | |
|-------------------------------------|----------------|-------------|
| Issuance of tax increment bond | \$ (4,805,000) | |
| Discount on tax increment bond | 102,677 | |
| Debt issuance costs | 105,823 | |
| Principal repayments: | | |
| Bonds payable | 391,577 | |
| Loan payable | 12,384 | |
| Capital leases | 89,638 | |
| Due to other agencies | 2,234 | |
| Amortization of bond issuance costs | (9,485) | |
| Amortization of pension assets | (104,530) | (4,214,682) |

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.

| | | |
|--|-------------|---------|
| Change in compensated absences | \$ (50,583) | |
| Change in accrued landfill closure costs | 213,807 | |
| Change in accrued interest payable | (13,611) | 149,613 |

| | |
|---|--------------|
| Change in net assets of governmental activities | \$ 2,834,138 |
|---|--------------|

The accompanying notes are an integral part of these financial statements.

CITY OF AUBURN

Statement of Fund Net Assets
Proprietary Funds
Tuesday, June 30, 2009

| | <u>Business-type Activities - Enterprise Funds</u> | | |
|---|--|----------------------|----------------------|
| | <u>Airport</u> | <u>Sewer</u> | <u>Total</u> |
| Assets | | | |
| Current assets: | | | |
| Cash and investments | \$ -- | \$ 4,540,494 | \$ 4,540,494 |
| Accounts receivable | -- | 203,839 | 203,839 |
| Due from other funds | -- | 162,007 | 162,007 |
| Prepaid expenses | <u>13,250</u> | <u>--</u> | <u>13,250</u> |
| Total current assets | 13,250 | 4,906,340 | 4,919,590 |
| Noncurrent assets: | | | |
| Restricted cash | 7,300 | -- | 7,300 |
| Deferred interest | -- | 528,248 | 528,248 |
| Capital assets: | | | |
| Nondepreciable | 6,665,209 | 2,018,142 | 8,683,351 |
| Depreciable, net | <u>4,480,616</u> | <u>8,494,616</u> | <u>12,975,232</u> |
| Total assets | <u>\$ 11,166,375</u> | <u>\$ 15,947,346</u> | <u>\$ 27,113,721</u> |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 46,065 | \$ 328,247 | \$ 374,312 |
| Deposits payable from restricted funds | 7,300 | -- | 7,300 |
| Interest payable | 19,155 | -- | 19,155 |
| Due to other funds | 162,007 | -- | 162,007 |
| Compensated absences, current portion | -- | 8,860 | 8,860 |
| Notes payable, current portion | <u>77,247</u> | <u>282,234</u> | <u>359,481</u> |
| Total current liabilities | 311,774 | 619,341 | 931,115 |
| Noncurrent liabilities: | | | |
| Compensated absences | -- | 11,809 | 11,809 |
| Notes payable | <u>740,911</u> | <u>2,887,188</u> | <u>3,628,099</u> |
| Total liabilities | <u>1,052,685</u> | <u>3,518,338</u> | <u>4,571,023</u> |
| Net Assets | | | |
| Invested in capital assets, net of related debt | 10,327,667 | 7,343,336 | 17,671,003 |
| Unrestricted | <u>(213,977)</u> | <u>5,085,672</u> | <u>4,871,695</u> |
| Total net assets | <u>10,113,690</u> | <u>12,429,008</u> | <u>22,542,698</u> |
| Total liabilities and net assets | <u>\$ 11,166,375</u> | <u>\$ 15,947,346</u> | <u>\$ 27,113,721</u> |

The accompanying notes are an integral part of these financial statements.

CITY OF AUBURN

Statement of Revenues, Expenses and Changes in Fund Net Assets
 Proprietary Funds
 For the Year Ended June 30, 2009

| | Business-type Activities - Enterprise Funds | | |
|--|---|---------------|---------------|
| | Airport | Sewer | Total |
| Operating Revenues: | | | |
| Charges for services: | | | |
| User fees and charges | \$ 10,601 | \$ 4,334,075 | \$ 4,344,676 |
| Rents and concession | 556,353 | -- | 556,353 |
| Total operating revenues | 566,954 | 4,334,075 | 4,901,029 |
| Operating Expenses: | | | |
| Salaries and benefits | 30,730 | 200,823 | 231,553 |
| Services and supplies | 166,256 | 2,807,168 | 2,973,424 |
| Maintenance | 61,434 | 22,046 | 83,480 |
| Depreciation | 277,141 | 355,103 | 632,244 |
| Total operating expenses | 535,561 | 3,385,140 | 3,920,701 |
| Operating income (loss) | 31,393 | 948,935 | 980,328 |
| Nonoperating Revenues (Expenses): | | | |
| Taxes | 36,181 | -- | 36,181 |
| Intergovernmental grants | 6,350 | -- | 6,350 |
| Interest revenue | 12,676 | 131,698 | 144,374 |
| Interest expense | (38,551) | (47,040) | (85,591) |
| Gain (loss) on sale of assets | -- | 64,800 | 64,800 |
| Total nonoperating revenues (expenses) | 16,656 | 149,458 | 166,114 |
| Change in net assets | 48,049 | 1,098,393 | 1,146,442 |
| Net assets, beginning of year | 10,065,641 | 11,330,615 | 21,396,256 |
| Net assets, end of year | \$ 10,113,690 | \$ 12,429,008 | \$ 22,542,698 |

The accompanying notes are an integral part of these financial statements.

CITY OF AUBURN

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2009

| | <u>Business-Type Activities - Enterprise Funds</u> | | |
|--|--|----------------------------|----------------------------|
| | <u>Airport</u> | <u>Sewer</u> | <u>Total</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Cash receipts from customers and users | \$ 481,294 | \$ 4,325,493 | \$ 4,806,787 |
| Cash paid to suppliers for goods and services | (189,756) | (2,554,874) | (2,744,630) |
| Cash paid to employees for salaries and benefits | (30,730) | (185,728) | (216,458) |
| Net cash provided (used) by operating activities | <u>260,808</u> | <u>1,584,891</u> | <u>1,845,699</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | |
| Taxes received | 36,181 | -- | 36,181 |
| Noncapital grants received from other agencies | 6,350 | -- | 6,350 |
| Cash received from other funds | 137,847 | -- | 137,847 |
| Cash paid to other funds | -- | (162,007) | (162,007) |
| Net cash provided (used) by noncapital financing activities | <u>180,378</u> | <u>(162,007)</u> | <u>18,371</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | |
| Sale of capital assets | -- | 64,800 | 64,800 |
| Principal paid on notes payable | (72,111) | (282,234) | (354,345) |
| Interest payments on notes payable | (41,285) | -- | (41,285) |
| Acquisition of capital assets | (426,126) | (1,215,674) | (1,641,800) |
| Net cash provided (used) by capital and related financing activities | <u>(539,522)</u> | <u>(1,433,108)</u> | <u>(1,972,630)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Interest on investments | 12,676 | 131,698 | 144,374 |
| Net cash provided by investing activities | <u>12,676</u> | <u>131,698</u> | <u>144,374</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (85,660) | 121,474 | 35,814 |
| Cash and cash equivalents, beginning of year | <u>92,960</u> | <u>4,419,020</u> | <u>4,511,980</u> |
| Cash and cash equivalents, end of year | <u><u>\$ 7,300</u></u> | <u><u>\$ 4,540,494</u></u> | <u><u>\$ 4,547,794</u></u> |

The accompanying notes are an integral part of these financial statements.

continued

CITY OF AUBURN

Statement of Cash Flows (continued)
 Proprietary Funds
 For the Year Ended June 30, 2009

| | Business-type Activities - Enterprise Funds | | |
|--|---|---------------------|---------------------|
| | Airport | Sewer | Total |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Operating income (loss) | \$ 31,393 | \$ 948,935 | \$ 980,328 |
| Adjustments to reconcile operating income (loss) to cash flows from operating activities: | | | |
| Depreciation | 277,141 | 355,103 | 632,244 |
| Changes in assets and liabilities: | | | |
| (Increase) decrease in: | | | |
| Accounts receivable | -- | (8,582) | (8,582) |
| Prepaid expense | (645) | -- | (645) |
| Increase (decrease) in: | | | |
| Accounts payable | 38,579 | 274,340 | 312,919 |
| Deposits | (85,660) | -- | (85,660) |
| Compensated absences | -- | 15,095 | 15,095 |
| | <u>\$ 260,808</u> | <u>\$ 1,584,891</u> | <u>\$ 1,845,699</u> |
| Net Cash Provided (Used) by Operating Activities | | | |
| | <u>\$ 260,808</u> | <u>\$ 1,584,891</u> | <u>\$ 1,845,699</u> |
| Noncash investing, capital and financing activities: | | | |
| Amortization of deferred interest | \$ -- | \$ 47,040 | \$ 47,040 |
| | <u>\$ --</u> | <u>\$ 47,040</u> | <u>\$ 47,040</u> |

The accompanying notes are an integral part of these financial statements.

CITY OF AUBURN

Statement of Fiduciary Net Assets
Fiduciary Funds
Tuesday, June 30, 2009

| | Private-Purpose Trust Funds | Agency Funds |
|---|-----------------------------------|-----------------------------|
| | <u> </u> | <u> </u> |
| Assets | | |
| Current Assets: | | |
| Cash and investments | \$ 133,527 | \$ 82,767 |
| Accounts receivable | <u> --</u> | <u> 6,854</u> |
| Total assets | <u><u>\$ 133,527</u></u> | <u><u>\$ 89,621</u></u> |
| Liabilities | | |
| Current Liabilities: | | |
| Accounts payable | \$ -- | \$ 28,174 |
| Agency obligations | <u> --</u> | <u> 61,447</u> |
| Total liabilities | -- | 89,621 |
| Net Assets | | |
| Net assets held in trust for other purposes | <u> 133,527</u> | <u> --</u> |
| Total liabilities and net assets | <u><u>\$ 133,527</u></u> | <u><u>\$ 89,621</u></u> |

The accompanying notes are an integral part of these financial statements.

CITY OF AUBURN

Statement of Changes in Fiduciary Net Assets
For the Year Ended June 30, 2009

| | <u>Private-Purpose Trust Funds</u> |
|---------------------------------|--|
| ADDITIONS: | |
| Interest and investment income | \$ 7,317 |
| Contributions from participants | <u>31,211</u> |
| Total Additions | 38,528 |
| DEDUCTIONS: | |
| Distributions to participants | <u>11,455</u> |
| Change in net assets | 27,073 |
| Net assets, beginning of year | <u>106,454</u> |
| Net assets, end of year | <u><u>\$ 133,527</u></u> |

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

The notes provided in the financial section of this report are considered an integral and essential part of adequate disclosure and fair presentation of this report. The notes include a summary of significant accounting policies for the City, and other necessary disclosure of pertinent matters relating to the financial position of the City. The notes express significant insight to the financial statements and are conjunctive to understanding the rationale for presentation of the financial statements and information contained in this document.

CITY OF AUBURN

Notes to Financial Statements June 30, 2009

Note 1: **Summary of Significant Accounting Policies**

A. **The Financial Reporting Entity**

The City of Auburn (City), California was incorporated in 1888. The City operates under the Council-Manager form of government and provides the following services: public safety (police and fire), highways and streets, health and social services, culture-recreation, public improvements, planning and zoning and general administration services.

The financial statements presented herein include all of the funds relevant to the operations of the City. The City's fiscal year begins July 1 and ends on June 30.

The accounting methods and procedures adopted by the City of Auburn conform to generally accepted accounting principles as applied to governmental entities. These financial statements present the government and its component units, entities for which the government is considered to be financially accountable under criteria set by Government Accounting Standards Board (GASB) Statement No. 14. Reporting for component units on the City's financial statements can be blended or discretely presented. Blended component units, although legally separate entities are, in substance, part of government's operations. Blended component units are an extension of the City and so data from these units is combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the City.

Blended Component Units

Auburn Urban Development Authority is a blended component unit because it is governed by a five-member board composed of the four city council members and the mayor. The Authority is a public instrumentality, organized and existing pursuant to the laws of the State of California for the purpose of eliminating blight through the process of redevelopment. Financial statements of the Authority can be obtained from the City of Auburn Administrative Services Department, 1225 Lincoln Way, Auburn, CA 95603.

The City of Auburn Public Financing Authority (Financing Authority) was formed by the execution of a Joint Powers Authority Agreement between the City of Auburn and the Auburn Urban Development Authority (AUDA) on September 8, 2008. The Financing Authority was created to facilitate the financing of the AUDA Streetscape Project through the issuance of Tax Allocation Bonds.

The Financing Authority is authorized to assist the City and/or AUDA in future financings, including to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations of, or for the purpose of making loans to, the City

CITY OF AUBURN

Notes to Financial Statements
June 30, 2009

Note 1: **Summary of Significant Accounting Policies** (continued)

A. The Financial Reporting Entity (continued)

Blended Component Units (continued)

or AUDA, and/or refinance outstanding obligations of the City or AUDA. The Financing Authority is governed in a manner similar to that of the AUDA, where the composition of the Board of Directors is the incumbent members of the City Council.

Discretely Presented Component Units

There are no component units of the City which meet the criteria for discrete presentation.

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the primary government and its blended component units. These statements include the financial activities of the overall government, except for fiduciary activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function, and allocated indirect expenses. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments for services where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

When both restricted and unrestricted net assets are available, unrestricted net assets are used only after restricted resources are depleted.

CITY OF AUBURN

Notes to Financial Statements June 30, 2009

Note 1: **Summary of Significant Accounting Policies** (continued)

B. Basis of Presentation (continued)

Fund Financial Statements

The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. All revenues and expenses not meeting the definition of operating revenues and expenses are reported as nonoperating.

The City reports the following major governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General Fund includes such activities as general government, public safety, public ways and facilities, community development, health and sanitation and culture-recreation services.
- The *Small Business Loans (Community Development Block Grant) Fund* is used to account for monies received from the State and Federal Governments and loaned by the City to individuals and businesses to encourage small business growth. Funds, when repaid, are provided to new businesses.
- The *Transportation Fund* is used to account for monies received through the Transportation Development Act (TDA) tax and Surface Transportation Program (STP) funding. The financing from State and Federal programs helps to build and maintain the street transportation and storm drain network.

CITY OF AUBURN

Notes to Financial Statements June 30, 2009

Note 1: **Summary of Significant Accounting Policies** (continued)

B. Basis of Presentation (continued)

Fund Financial Statements (continued)

- The *Auburn School Park Preserve Fund (ASPP)* is used to account for the capital costs of restoring a park using a variety of funding sources. In FY 2005-06, a \$1.5 million “loan” was provided to the ASPP Fund from the City’s General Fund as an advance payment to the Army Corp of Engineers for related project costs (the Army Corp of Engineers managed the construction of the Park). At the end of FY 2008-09, \$502,010 remained to be collected to fully fund all park-related expenditures.
- The *Auburn Urban Development Authority* provides essential funding for capital projects, housing projects, studies, planning and development efforts which are focused on the economic development of blighted areas within the City.

The City reports the following major enterprise funds:

- The *Airport Fund* was established to account for the operation and maintenance of the City’s general aviation airport serving recreation, commuter, limited air cargo and public safety needs.
- The *Sewer Fund* was established to account for the building, operating and maintaining of the City’s sewer treatment plant and collection system.

The City reports the following additional fund types:

- *Private Purpose Trust Funds* account for property held under trust agreements under which principal and income benefit individuals, private organizations or other governments. Private purpose funds include the Signature Theatre Sewer Reimbursement Fund, the Southwest Specific Plan Fund and the Auburn Police Officers’ Association Medical Services Plan Fund.
- The *Agency Funds* account for resources held by the City as a trustee or an agent for individuals, private organizations, and other governmental entities. These resources include payroll deduction and collection clearing funds and various fees collected on behalf of other agencies.

CITY OF AUBURN

Notes to Financial Statements June 30, 2009

Note 1: **Summary of Significant Accounting Policies** (continued)

C. Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements, with the exception of agency funds which have no measurement focus, are reported using the economic resources measurement focus and the accrual basis of accounting.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

Revenues from sales taxes are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants and charges for services are considered susceptible to accrual and are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be measurable and available.

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences, claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Issuance of general long-term debt and capital leases are reported as other financing sources.

For its business-type activities and enterprise funds, the City has elected under Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes Generally Accepted Accounting Principles (GAAP) for governmental units.

CITY OF AUBURN

Notes to Financial Statements June 30, 2009

Note 1: **Summary of Significant Accounting Policies** (continued)

D. Cash and Investments

The City maintains a cash and investment pool that is available for use by all funds. Interest from bank accounts and investments are allocated to the various funds based on average balances of the funds entitled to receive interest.

Except for investments in external investment pools, the City has stated required investments at fair values as required by GASB Statement No. 31. Fair value is based on published market prices and quotations from major investment brokers. Investments in external investment pools are stated at amortized cost, which approximates fair value.

For purposes of the Statement of Cash Flows, the proprietary funds consider all highly liquid investments, including restricted cash and investments, with original maturity of three months or less and amounts held in the City's investment pool to be cash and cash equivalents.

E. Receivables and Unearned Revenue

Receivables consist mostly of property taxes, sales taxes, franchise fees, grants and utility billings. Management believes its receivables are fully collectible and, accordingly, no allowances for doubtful accounts is required.

The City reports unearned revenue on its financial statements. Unearned revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when the City receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability unearned revenue is removed from the financial statements and revenue is recognized.

F. Capital Assets

Capital assets (including infrastructure) are recorded at historical or estimated cost. Contributed capital assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure) consisting of certain improvements including roads, bridges, water/sewer, lighting system, drainage systems, and flood control.

The City's policy is to capitalize all capital assets with a cost of \$5,000 or more and having an estimated useful life greater than one year. The straight-line method of depreciation is used for capital assets and infrastructure.

CITY OF AUBURN

Notes to Financial Statements
June 30, 2009

Note 1: **Summary of Significant Accounting Policies** (continued)

F. Capital Assets (continued)

Maintenance and repairs are charged to expense as incurred. Significant renewals or betterments are capitalized and depreciated over their estimated useful lives. Costs incurred for major improvements or construction of capital assets are carried in construction in progress until the project is completed at which time cost related to the project are capitalized.

The estimated useful lives are as follows:

| | |
|----------------------------|---------------|
| Infrastructure | 40 years |
| Buildings and improvements | 40 years |
| Equipment | 5 to 10 years |

The City has five networks of infrastructure assets – roads, water/sewer, lighting, drainage, and flood control.

G. Compensated Absences

Employees accrue vacation, sick and compensatory time off benefits. An employee may accumulate vacation time equal to the amount that can be earned in a two-year period. Vacation pay is paid upon separation of service or retirement. Sick leave benefits may be applied to earlier retirement. Upon termination, sick leave benefits in excess of a specified maximum are paid.

All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund statements. In governmental funds, the cost of vacation and sick leave benefits is recognized when payments are made to employees.

H. Interfund Balances

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivable and payable as appropriate, are subject to elimination upon consolidation and are referred to as either “due to/due from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”. Advances between funds, are reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

CITY OF AUBURN

Notes to Financial Statements June 30, 2009

Note 1: **Summary of Significant Accounting Policies** (continued)

H. **Interfund Balances** (continued)

Services provided, deemed to be at market or near market rates, 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 treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

I. **Property Tax Revenues**

Property taxes attach as an enforceable lien on property as of January 1st. Taxes are levied on July 1st and are payable in two installments on December 10th and April 10th.

The County of Placer is responsible for the collection and allocation of property taxes. Under California law, property taxes are assessed and collected by the County up to 1% of the full cash value of taxable property, plus other increases approved by the voters and distributed in accordance with statutory formulas. The City recognizes property taxes when the individual installments are due provided they are collected within 60 days after year-end.

The City participates in an alternative method of distribution of property tax levies and assessments known as the "Teeter Plan." The State Revenue and Taxation Code allows counties to distribute secured real property and assessment and supplemental property taxes on an accrual basis resulting in full payment to cities each fiscal year. Any subsequent delinquent payments, penalties and interest during a fiscal year will revert to the County.

J. **Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts or revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF AUBURN

Notes to Financial Statements
June 30, 2009

Note 2: **Cash and Investments**

The City's deposit and investment balances as of June 30, 2009, consisted of the following:

| | | |
|----------------------------|----|-----------------------------|
| Cash on hand | \$ | 250 |
| Deposits | | 10,580,146 |
| Investments | | <u>5,560,380</u> |
| Total Cash and Investments | | <u><u>\$ 16,140,776</u></u> |

Total cash and investments were classified and reported on the City's financial statements as follows:

| | <u>Unrestricted</u> | <u>Restricted</u> | <u>Total Cash and Investments</u> |
|----------------------------|----------------------------|----------------------------|---------------------------------------|
| Governmental activities | \$ 5,030,251 | \$ 6,346,437 | \$ 11,376,688 |
| Business-type activities | 4,540,494 | 7,300 | 4,547,794 |
| Fiduciary funds | <u>216,294</u> | <u>--</u> | <u>216,294</u> |
| Total Cash and Investments | <u><u>\$ 9,787,039</u></u> | <u><u>\$ 6,353,737</u></u> | <u><u>\$ 16,140,776</u></u> |

Cash and investments for governmental funds were restricted for future post-closure costs (\$1,189,745), redevelopment projects and future debt service (\$4,701,907), and insurance deposits (\$454,785). Cash and investments of \$7,300 for business-type activities consisted of tenant deposits held in connection with airport hangar rentals.

Custodial Credit Risk of Cash Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code requires that a financial institution secure the City's cash deposits by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of pledged securities in the collateral pool must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits.

At June 30, 2009, the City's deposits were covered by Federal Depository Insurance Corporation (FDIC) or the multiple financial institution collateral pool that insures public deposits.

CITY OF AUBURN

Notes to Financial Statements June 30, 2009

Note 2: **Cash and Investments** (continued)

Investments

The City invests funds through pooling of monies. The pooling of monies, referred to as an internal investment pool, is theoretically invested on the whole and not as a combination of monies from each fund belonging to the pool. In this manner, the City's Treasurer is able to invest the monies at a higher interest rate for a longer period of time. Interest revenue is apportioned quarterly to each fund in the pool based on the average cash balance of the fund for the quarter. The City investment pool is not registered with the Securities and Exchange Commission as an investment company.

Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code or the City's investment policy, where more restrictive. The table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements.

Also identified are certain provisions of the City's investment policy that address interest rate risk, credit risk, and concentration risk.

| Authorized Investment Type | Maximum Maturity | Maximum Percentage of Portfolio | Maximum Investment in One Issuer |
|--|---------------------|---------------------------------------|--|
| U.S. Treasury Obligations | 5 years | None | None |
| U.S. Agency Securities | 5 years | None | None |
| City or City Agency Bonds | 5 years | 5% | None |
| California State Bonds | 5 years | 5% | None |
| Local Agency Bonds (CA only) | 5 years | 15% | 5% |
| Banker's Acceptances | 180 days | 40% | 30% |
| Commercial Paper | 270 days | 25% | 10% |
| Negotiable Certificates of Deposit | 5 years | 30% | \$100,000 |
| Time deposits, under \$250,000 | 3 years | 30% | 10% |
| Time deposits, over \$250,000 | 18 months | 30% | 10% |
| Repurchase Agreements | 10 days | 30% | None |
| Reverse Repurchase Agreements | 30 days | 20% of base value | None |
| Medium Term Notes | 5 years | 30% | 15% |
| Mutual Funds/Money Market Mutual Funds | N/A | 15% | 5% |
| Local Agency Investment Fund (LAIF) | N/A | None | None |
| Placer County Investment Pool | N/A | 25% | None |

CITY OF AUBURN

Notes to Financial Statements
June 30, 2009

Note 2: **Cash and Investments** (continued)

Investments (continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The City limits its exposure to interest rate risk inherent in its portfolio by managing the investment maturities, the weighted average maturity of its portfolio, as well as limiting the average maturity to two years or less and individual maturities to no more than five years.

| Investment Type | Fair Value | Weighted Average Maturity (in years) |
|--|---------------|---|
| Investments in Investment Pool: | | |
| Federal Agency Obligations | \$ 2,525,625 | 4.38 |
| Corporate Obligations | 386,514 | 1.32 |
| Negotiable Certificates of Deposit | 500,845 | 2.78 |
| Local Agency Investment Fund | 41,498 | 0.00 |
| Placer County Investment Pool | 2,105,898 | 0.00 |
| Portfolio Weighted Average Maturity | \$ 5,560,380 | 2.30 |

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code or the City's investment policy, and the actual rating as of year end for each investment type.

CITY OF AUBURN

Notes to Financial Statements
June 30, 2009

Note 2: **Cash and Investments** (continued)

Investments (continued)

Disclosures Relating to Credit Risk (continued)

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Minimum Legal Rating</u> | <u>Moody's</u> | <u>% of Portfolio</u> |
|---|---------------------|-------------------------------------|----------------|---------------------------|
| Investments in Investment Pool: | | | | |
| Federal Farm Credit Banks | \$ 1,996,875 | N/A | Aaa | 35.91% |
| Federal National Mortgages | 528,750 | N/A | Aaa | 9.51% |
| Corporate Medium Term Note | 121,662 | A | A2 | 2.19% |
| Corporate Medium Term Note | 246,414 | A | A3 | 4.43% |
| Negotiable Certificates of Deposits | 500,845 | N/A | (1) | 9.01% |
| Corporate Medium Term Note | 18,438 | A | (2) | 0.33% |
| California Local Agency Investment Fund | 41,498 | N/A | N/A | 0.75% |
| Placer County Investment Pool | 2,105,898 | N/A | N/A | 37.87% |
| | <u>\$ 5,560,380</u> | | | <u>100.00%</u> |

- (1) Investment in Lehman Brothers. Corporation filed for bankruptcy on September 15, 2008. Credit rating withdrawn.
 (2) Moody's rating was unavailable.

Concentrations of Credit Risk

The California Government Code and the investment policy of the City contain limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) at June 30, 2009, that represent 5% or more of total City investments are as follows:

| <u>Issuer</u> | <u>Investment Type</u> | <u>Fair Value</u> |
|---------------------------------------|----------------------------|---------------------|
| Federal Farm Credit Banks | Federal Agency Obligations | \$ 1,996,875 |
| Federal National Mortgage Association | Federal Agency Obligations | 528,750 |
| | | <u>\$ 2,525,625</u> |

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the city will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2009, the City's investment pool had no securities exposed to custodial credit risk and there was no securities lending.

CITY OF AUBURN

Notes to Financial Statements June 30, 2009

Note 2: **Cash and Investments** (continued)

Investments (continued)

Investment in External Investment Pools

The City is a voluntary participant in the California Local Agency Investment Fund (LAIF) that is regulated by the California Government Code and is managed by the Treasurer of the State of California. The Local Investment Advisory Board (LAIF Board) has oversight responsibility for LAIF. The LAIF Board consists of five members as designated by State statute. The value of the City's investment in this pool is reported in the accompanying financial statements at amortized cost.

The fair value of the City's position in the pool is the same as the value of the pooled shares. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. At June 30, 2009, a total of \$50.74 billion was invested by all public agencies. Of that amount, 85.29% was invested in non-derivative products and 14.71% was invested in derivative type products consisting of structured notes and asset-backed securities.

The City is a participant in the Placer County Investment Pool. The Placer County Treasurer manages investments in the County pool. On a monthly basis, interest is allocated to participants based on average daily balances. The Placer County Treasury Oversight Committee oversees the Treasurer's investments and policies. Investments held in the County's investment pool are available on demand and are stated at amortized cost, which approximated fair value. The fair value of the City's position in the pool is the same as the value of the pooled shares.

CITY OF AUBURN

Notes to Financial Statements June 30, 2009

Note 3: Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

| | Balance July 1, 2008 | Additions | Retirements | Transfers | Balance June 30, 2009 |
|--|-------------------------|---------------------|--------------|--------------------|--------------------------|
| Governmental Activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 350,000 | \$ -- | \$ -- | \$ -- | \$ 350,000 |
| Construction in process | 5,939,394 | 4,664,609 | -- | (9,708,542) | 895,461 |
| Total capital assets, not being depreciated | <u>6,289,394</u> | <u>4,664,609</u> | <u>--</u> | <u>(9,708,542)</u> | <u>1,245,461</u> |
| Capital assets, being depreciated: | | | | | |
| Infrastructure | 4,524,425 | -- | -- | 1,857,512 | 6,381,937 |
| Land improvements | -- | -- | -- | 7,804,652 | 7,804,652 |
| Building and improvements | 5,230,205 | -- | -- | -- | 5,230,205 |
| Equipment | 4,815,188 | 192,986 | -- | 46,378 | 5,054,552 |
| Total capital assets, being depreciated | <u>14,569,818</u> | <u>192,986</u> | <u>--</u> | <u>9,708,542</u> | <u>24,471,346</u> |
| Less accumulated depreciation for: | | | | | |
| Infrastructure | (265,554) | (260,110) | -- | -- | (525,664) |
| Land improvements | -- | -- | -- | -- | -- |
| Building and improvements | (1,829,445) | (111,092) | -- | -- | (1,940,537) |
| Equipment | (3,450,513) | (338,162) | -- | -- | (3,788,675) |
| Total accumulated depreciation | <u>(5,545,512)</u> | <u>(709,364)</u> | <u>--</u> | <u>--</u> | <u>(6,254,876)</u> |
| Total capital assets, being depreciated, net | <u>9,024,306</u> | <u>(516,378)</u> | <u>--</u> | <u>9,708,542</u> | <u>18,216,470</u> |
| Governmental activities capital assets, net | <u>\$ 15,313,700</u> | <u>\$ 4,148,231</u> | <u>\$ --</u> | <u>\$ --</u> | <u>\$ 19,461,931</u> |
| Business-type Activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 2,874,395 | \$ -- | \$ -- | \$ -- | \$ 2,874,395 |
| Construction in process | 4,237,773 | 1,571,183 | -- | -- | 5,808,956 |
| Total capital assets, not being depreciated | <u>7,112,168</u> | <u>1,571,183</u> | <u>--</u> | <u>--</u> | <u>8,683,351</u> |
| Capital assets, being depreciated: | | | | | |
| Infrastructure | 18,517,240 | -- | -- | 24,960 | 18,542,200 |
| Equipment | 1,424,146 | 70,617 | -- | (24,960) | 1,469,803 |
| Total capital assets, being depreciated | <u>19,941,386</u> | <u>70,617</u> | <u>--</u> | <u>--</u> | <u>20,012,003</u> |
| Less accumulated depreciation for: | | | | | |
| Infrastructure | (5,337,989) | (562,852) | -- | -- | (5,900,841) |
| Equipment | (1,066,538) | (69,392) | -- | -- | (1,135,930) |
| Total accumulated depreciation | <u>(6,404,527)</u> | <u>(632,244)</u> | <u>--</u> | <u>--</u> | <u>(7,036,771)</u> |
| Total capital assets, being depreciated, net | <u>13,536,859</u> | <u>(561,627)</u> | <u>--</u> | <u>--</u> | <u>12,975,232</u> |
| Business-type activities capital assets, net | <u>\$ 20,649,027</u> | <u>\$ 1,009,556</u> | <u>\$ --</u> | <u>\$ --</u> | <u>\$ 21,658,583</u> |

CITY OF AUBURN

Notes to Financial Statements
June 30, 2009

Note 3: **Capital Assets** (continued)

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

| | |
|---|------------|
| Governmental activities: | |
| General government | \$ 77,886 |
| Public safety | 267,028 |
| Transportation | 359,641 |
| Community development | 4,809 |
| Total depreciation expense - governmental activities | \$ 709,364 |
| | |
| Business-type activities: | |
| Auburn Municipal Airport | \$ 277,141 |
| Sewer | 355,103 |
| Total depreciation expense - business-type activities | \$ 632,244 |

Note 4: **Deferred Revenue**

Governmental funds report unavailable revenue in connection with receivables for revenues considered unavailable to fund expenditures of the current period. Governmental and enterprise funds also defer revenue recognition in connection with resources that have been received, but not yet earned. As of June 30, 2009, the various components of deferred revenue in the governmental funds were as follows:

| | <u>Unavailable</u> | <u>Unearned</u> |
|--------------------------|--------------------|-----------------|
| Governmental activities: | | |
| Small Business Loans: | | |
| Housing loans receivable | \$ -- | \$ 519,232 |
| Transportation: | | |
| Unspent allocations | -- | 482,160 |
| | \$ -- | \$ 1,001,392 |

CITY OF AUBURN

Notes to Financial Statements
June 30, 2009

Note 5: **Long-Term Liabilities**

Long-term liabilities at June 30, 2009 consisted of the following:

| | <u>Maturity</u> | <u>Interest Rates</u> | <u>Principal Installments</u> | <u>Date of Issue</u> | <u>Amount Authorized</u> | <u>Outstanding June 30, 2009</u> |
|--|-----------------|-----------------------|-------------------------------|----------------------|--------------------------|----------------------------------|
| <u>Governmental Activities</u> | | | | | | |
| Pension obligation bonds | | | | | | |
| Taxable Pension Obligation Bonds <i>(financed unfunded accrued actuarial liability)</i> | 2028 | 5.69% - 5.93% | \$65,000 - \$345,000 | 2006 | \$ 4,965,000 | \$ 4,775,000 |
| Tax increment bonds | | | | | | |
| Auburn Urban Development Authority <i>(financed Streetscape Project)</i> | 2038 | 3.00% - 6.00% | \$75,000 - \$315,000 | 2008 | 4,805,000 | 4,630,000 |
| Notes Payable | | | | | | |
| California Energy Commission <i>(LED Signal Conversion)</i> | 2011 | 3.00% | \$11,997 - \$19,832 | 2002 | 112,060 | 32,570 |
| Due to Other Agencies | | | | | | |
| Placer County Library, Park and Cemetery Districts <i>(tax-increment pass-through)</i> | 2023 | 0.00% | \$2,234 - \$25,303 | 1987 | 286,569 | 31,278 |
| <u>Business-type Activities</u> | | | | | | |
| Notes payable | | | | | | |
| East Hangar Project at Airport | 2018 | 4.68% | \$55,556 - \$95,556 | 2002 | 1,000,000 | 704,444 |
| Fuel facility at Airport | 2017 | 4.78% | \$9,561 - \$16,955 | 2005 | 200,000 | 113,714 |
| State Water Resources Control Board <i>(construction of water waste treatment plant - phase 1A)</i> | 2019 | 0.00% | \$108,691 | 1998 | 2,173,820 | 1,086,910 |
| State Water Resources Control Board <i>(construction of water waste treatment plant - phase 1B)</i> | 2021 | 0.00% | \$173,543 | 2000 | 2,892,368 | 2,082,512 |

CITY OF AUBURN

Notes to Financial Statements June 30, 2009

Note 5: **Long-Term Liabilities** (continued)

The following is a summary of long-term liability transactions for the fiscal year ended June 30, 2009:

| | Balance July 1, 2008 | Additions | Retirements | Balance June 30, 2009 | Amounts Due Within One Year |
|---|----------------------------|----------------------------|------------------------------|-----------------------------|-----------------------------------|
| Governmental Activities: | | | | | |
| General obligation bonds | \$ 150,000 | \$ -- | \$ (150,000) | \$ -- | \$ -- |
| Pension obligation bonds | 4,845,000 | -- | (70,000) | 4,775,000 | 90,000 |
| Tax increment bonds | -- | 4,805,000 | (175,000) | 4,630,000 | 75,000 |
| Less: unamortized discount | -- | (102,677) | 3,423 | (99,254) | -- |
| Notes payable | 44,954 | -- | (12,384) | 32,570 | 12,738 |
| Due to other agencies | 33,512 | -- | (2,234) | 31,278 | 2,234 |
| Capital leases | 182,815 | -- | (89,638) | 93,177 | 93,177 |
| Compensated absences | 1,166,722 | 433,718 | (383,135) | 1,217,305 | 496,025 |
| Landfill closure costs | 1,192,725 | -- | (213,807) | 978,918 | 176,700 |
| Total Governmental Activities Long-term Liabilities | <u>\$ 7,615,728</u> | <u>\$ 5,136,041</u> | <u>\$ (1,092,775)</u> | <u>\$ 11,658,994</u> | <u>\$ 945,874</u> |
| Business-type Activities: | | | | | |
| Notes payable | \$ 4,341,925 | \$ -- | \$ (354,345) | \$ 3,987,580 | \$ 359,481 |
| Compensated absences | 5,574 | 18,329 | (3,234) | 20,669 | 8,860 |
| Total Business-type Activities Long-term Liabilities | <u>\$ 4,347,499</u> | <u>\$ 18,329</u> | <u>\$ (357,579)</u> | <u>\$ 4,008,249</u> | <u>\$ 368,341</u> |

Landfill closure costs are liquidated from a special revenue fund. Compensated absences attributable to governmental activities will be liquidated from the general fund and related special revenue funds.

New Debt

During Fiscal Year 2008-2009, the Auburn Urban Development Authority (AUDA) issued \$4,805,000 in Series 2008 Tax Allocation Bonds (bonds). Proceeds of the bonds, which were sold on October 23, 2008, will be used to finance the AUDA Streetscape Project – development of a distinct one-mile corridor to connect the City’s Old Town and Downtown business districts. Bond proceeds may also be used to finance AUDA façade improvements, and circulation and parking enhancements.

Serial and term bonds were issued with stated interest rates between 3.00% and 6.00%, yielding between 2.997% and 6.200% annually. The bonds were rated A- by Standard & Poor’s. The debt service on the bonds is due annually on June 1 over the 30-year life of the bonds at a fixed, levelized debt service between \$333,900 and \$339,000. The AUDA has established a debt service reserve fund and maintains the maximum annual debt service amount of \$339,000 in the fund pursuant to the bond indenture.

CITY OF AUBURN

Notes to Financial Statements
June 30, 2009

Note 5: **Long-Term Liabilities** (continued)

New Debt (continued)

Prior to the issuance of any additional AUDA Tax Increment debt, the AUDA shall request written documented evidence from Placer County attesting that tax increment revenues for the then current fiscal year are at least equal to one hundred forty percent (140%) of the maximum annual debt service on all 2008 bonds.

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bonds proceeds at an interest yield greater than the interest yield paid to bondholders. The City was not subject to arbitrage regulations at June 30, 2009.

As of June 30, 2009, annual debt service requirements of governmental activities to maturity are as follows:

| Year Ending June 30: | Pension Obligation Bonds | | Tax Increment Bonds | | Notes Payable | | Due to Other Agencies | |
|-------------------------|--------------------------|---------------------|---------------------|---------------------|------------------|-----------------|-----------------------|--------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2010 | \$ 90,000 | \$ 281,404 | \$ 75,000 | \$ 263,405 | \$ 12,738 | \$ 882 | \$ 2,234 | \$ -- |
| 2011 | 110,000 | 276,283 | 75,000 | 260,967 | 19,832 | 598 | 2,234 | -- |
| 2012 | 125,000 | 270,024 | 80,000 | 258,343 | -- | -- | 2,234 | -- |
| 2013 | 145,000 | 262,724 | 80,000 | 255,343 | -- | -- | 2,234 | -- |
| 2014 | 175,000 | 254,256 | 85,000 | 252,142 | -- | -- | 2,234 | -- |
| 2015-2019 | 1,290,000 | 1,086,259 | 480,000 | 1,198,875 | -- | -- | 11,170 | -- |
| 2020-2024 | 1,640,000 | 620,523 | 630,000 | 1,054,740 | -- | -- | 8,938 | -- |
| 2025-2029 | 1,200,000 | 186,795 | 840,000 | 842,400 | -- | -- | -- | -- |
| 2030-2034 | -- | -- | 1,120,000 | 558,600 | -- | -- | -- | -- |
| 2035-2038 | -- | -- | 1,165,000 | 179,700 | -- | -- | -- | -- |
| | <u>\$ 4,775,000</u> | <u>\$ 3,238,268</u> | <u>\$ 4,630,000</u> | <u>\$ 5,124,515</u> | <u>\$ 32,570</u> | <u>\$ 1,480</u> | <u>\$ 31,278</u> | <u>\$ --</u> |

CITY OF AUBURN

Notes to Financial Statements
June 30, 2009

Note 5: **Long-Term Liabilities** (continued)

As of June 30, 2009, annual debt service requirements of business-type activities to maturity are as follows:

| Year Ending June 30: | Notes Payable | |
|-------------------------|---------------|------------|
| | Principal | Interest |
| 2010 | \$ 359,481 | \$ 38,429 |
| 2011 | 364,618 | 34,798 |
| 2012 | 369,754 | 30,926 |
| 2013 | 374,891 | 26,813 |
| 2014 | 380,027 | 22,460 |
| 2015-2019 | 1,791,724 | 41,862 |
| 2020-2021 | 347,085 | -- |
| | \$ 3,987,580 | \$ 195,288 |

Pledged Revenues

The Auburn Urban Development Authority (AUDA) has pledged all future property tax increment revenues to repay \$4.63 million in tax increment bonds issued in the current fiscal year to finance programs, projects and activities of the Authority relating to redevelopment projects. The bonds are payable solely from the incremental property tax revenues generated within the project area. Total principal and interest remaining on the bonds is \$9,754,515, payable through June 2038. For the year ended June 30, 2009, principal and interest paid were \$175,000 and \$162,686 respectively and total incremental property tax revenues were \$662,720.

Note 6: **Leases**

Capital Leases Payable

The City has entered into certain capital lease agreements under which the related equipment will become the property of the City when all terms of the lease agreements are met.

| Governmental Fund Activities | Interest Rate | Present Value of Remaining Payments as of June 30, 2009 |
|------------------------------|---------------|--|
| Firetruck | 3.95% | \$ 93,177 |

CITY OF AUBURN

Notes to Financial Statements
June 30, 2009

Note 6: **Leases** (continued)

Capital Leases Payable (continued)

The cost of equipment and related accumulated depreciation acquired under capital leases is as follows:

| | |
|---------------------------------|--------------------------|
| Cost of equipment | \$ 352,000 |
| Less: accumulated depreciation | <u>(184,382)</u> |
| Carrying value at June 30, 2009 | <u><u>\$ 167,618</u></u> |

As of June 30, 2009, future minimum lease payments under capital leases were as follows:

| Year Ending June 30 | |
|---|-------------------------|
| 2010 | \$ 96,858 |
| Less: Interest | <u>(3,681)</u> |
| Present Value of Minimum Lease Payments | <u><u>\$ 93,177</u></u> |

Note 7: **Rental Income from Leases**

The City leases property under noncancelleable tenant operating leases. The following is a schedule of future minimum lease payments:

| Year Ending June 30, | Governmental Activities | Business-Type Activities |
|-------------------------|----------------------------|-----------------------------|
| 2010 | \$ 322,721 | \$ 468,736 |
| 2011 | 295,525 | 474,699 |
| 2012 | 295,525 | 474,699 |
| 2013 | 295,525 | 474,699 |
| 2014 | 295,525 | 474,699 |
| 2015-2019 | 1,477,624 | 2,337,013 |
| 2020-2024 | 1,447,624 | 2,244,733 |
| 2025-2029 | 1,445,796 | 2,228,923 |
| 2030-2034 | 1,398,053 | 2,211,476 |
| 2035-2039 | 1,333,957 | 1,783,104 |
| 2040-2044 | 986,316 | 1,529,819 |
| 2045-2049 | 255,273 | 1,172,361 |
| 2050-2054 | -- | 840,727 |
| | <u><u>\$ 9,879,464</u></u> | <u><u>\$ 16,715,688</u></u> |

CITY OF AUBURN

Notes to Financial Statements
June 30, 2009

Note 8: **Net Assets/Fund Balances**

Net Assets

The government-wide and business-type activities fund financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

- *Invested in Capital Assets, Net of Related Debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Assets* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Assets* – This category represents net assets of the City, not restricted for any project or other purpose.

Restricted net assets at year-end for governmental activities were as follows:

| | | | |
|---|----|-----------|--------------|
| Restricted for Public Safety: | | | |
| Maidu Fire Station | \$ | 38,265 | |
| Property Seizures | | 580 | |
| Public Safety Grants | | 203,290 | |
| Solid Waste Management | | 259,761 | \$ 501,896 |
| | | | |
| Restricted for Transportation Projects: | | | |
| State Gas Tax | | | 274,449 |
| | | | |
| Restricted for Community Resources & Facilities: | | | |
| Redevelopment Agency | \$ | 5,612,110 | |
| Merchant's Council | | 1,335 | |
| Small Business Loans | | 123,428 | |
| Historic Auburn | | 4,573 | 5,741,446 |
| | | | |
| Restricted for Capital Projects | | | 1,245,681 |
| Restricted for Debt Service | | | 351,502 |
| | | | |
| Total Restricted Net Assets - Governmental Activities | | | \$ 8,114,974 |

Included in governmental activities restricted net assets at June 30, 2009, were net assets restricted by enabling legislation of \$6,007,785.

CITY OF AUBURN

Notes to Financial Statements
June 30, 2009

Note 8: **Net Assets/Fund Balances** (continued)

Fund Balances

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various designations are established by actions of the City Council and management and can be increased, reduced or eliminated by similar actions.

The term “reserved” is used to indicate that a portion of reported fund balance is (1) legally restricted to a specific use or (2) not available for appropriation or expenditure. The City’s management will sometimes designate portions of unreserved (available) fund balance based on tentative future spending plans. Designated portions of fund balance represent financial resources legally available for uses other than those tentatively planned.

The City has “reserved” fund balances as follows:

- *Reserved for imprest cash* – unavailable for appropriation because the City maintains various levels of revolving funds for daily operations.
- *Insurance deposits* – represents cash held on deposit with the insurance joint powers authority to provide for payment of claims within the City’s self-insured retention layer.

Portions of unreserved fund balance may be designated to indicate tentative plans for financial resources in a future period. Such plans or intent are subject to change and have not been legally authorized. As of June 30, 2009, there were no fund balance designations.

Note 9: **Interfund Transactions**

Interfund balances and transfers as of June 30, 2009 consisted of the following:

| Due From/To Other Funds | | |
|--------------------------------|-----------------------------|------------|
| Receivable Fund | Payable Fund | Amount |
| General Fund | Auburn School Park Preserve | \$ 502,010 |
| | Other Governmental Funds | 45,953 |
| | | 547,963 |
| Transportation Fund | Other Governmental Funds | 242,187 |
| Sewer Fund | Airport Fund | 162,007 |
| | | \$ 952,157 |

During the year, various funds borrowed cash to cover operating cash deficits. These amounts will be repaid in the following fiscal year.

CITY OF AUBURN

Notes to Financial Statements
June 30, 2009

Note 9: **Interfund Transactions** (continued)

Transfers From/To Other Funds:

| Transfer From | Transfer To | Amount |
|------------------------------------|--------------------------|------------|
| Auburn Urban Development Authority | Other Governmental Funds | \$ 678,000 |
| Other Governmental Funds | General Fund | 228,258 |
| | | \$ 906,258 |

Transfers are indicative of funding for capital projects, lease payments or debt service and subsidies of various City operations.

Note 10: **Deficit Fund Balances/Net Assets**

As of June 30, 2009, the following funds had deficit fund balances/net assets. The deficits occurred because expenditures exceeded revenues. Future funding will reduce the deficit.

| Fund | Deficit |
|-----------------------------|------------|
| Auburn School Park Preserve | \$ 502,010 |
| Transit | 67,632 |
| Highway 49 Beautification | 1,318 |

Note 11: **Defined Benefit Pension Plan**

A. Plan Description

The City contributes to the California Public Employee Retirement System (CalPERS) cost-sharing public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. CalPers acts as a common investment and administrative agent for participating public entities within the State of California. Effective June 1, 2004, the City entered the CalPERS risk pool program. The pool is the consolidation of all public agencies with less than one hundred employees in each bargaining unit. Individual City information is no longer available. Benefit provisions and other requirements are established by contract with CalPERS in accordance with the provisions of the Public Employees Retirement Law and City ordinance. Copies of CalPERS annual financial report may be obtained from their Executive Office – 400 Q Street, Room 1820, Lincoln Plaza East, Sacramento, CA. 95814.

CITY OF AUBURN

Notes to Financial Statements
June 30, 2009

Note 11: **Defined Benefit Pension Plan** (continued)

B. Fund Policy

Employees under the Miscellaneous Plan are required to contribute 7% and employees under the Safety Plan are required to contribute 9% of covered salary to CalPERS. The City is required to contribute remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by CalPERS actuaries and actuarial consultants and adopted by the CalPERS Board of Administration. For the fiscal year ended June 30, 2009, the employer contribution rate was 8.929% for the Miscellaneous Plan and 18.247% for the Safety Plan. The City makes the contribution required by employees on their behalf and for their account.

Annual Pension Cost

For the fiscal year ended June 30, 2009, the City's annual pension cost was \$738,043 and the City actually contributed \$738,043. The required contribution for the fiscal year 2008-09 was determined as part of the June 30, 2006 actuarial valuation using the entry age normal actuarial cost method.

Three Year Trend Information

| <u>Fiscal Year Ended</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Annual Pension Obligation</u> |
|------------------------------|--|--|--|
| 6/30/2007 | \$ 727,530 | 100% | \$ -- |
| 6/30/2008 | 735,291 | 100% | -- |
| 6/30/2009 | 738,043 | 100% | -- |

Note 12: **Risk Management**

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

There is no claims liability to be reported based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount for the loss can be reasonably estimated.

CITY OF AUBURN

Notes to Financial Statements June 30, 2009

Note 12: **Risk Management** (continued)

There were no significant reductions in insurance coverage from prior years and there have been no settlements exceeding the insurance coverage for each of the past three years.

The City has joined together with other Cities in the State of California to participate in Northern California Cities Self-Insurance Fund (NCCSIF), a joint powers agency which provides the City with a shared risk layer of coverage above the self-insured retention amount for liability and workers' compensation. In addition, NCCSIF provides claims servicing to the City for the banking layer, which represents the City's self-insurance. This joint venture is a public entity risk pool which serves as a common risk management and insurance program for liability and workers compensation coverage for member cities. The NCCSIF is composed of 20 member cities and is governed by a board of directors appointed by the member cities. The governing board has authority over budgeting and financing. The workers' compensation and general liability programs are administered by third-party administrators.

General Liability Coverage: Annual deposits are paid by member cities and are adjusted retrospectively to cover costs. Each member city, including Auburn, self-insures for the first \$50,000 of each loss. Participating cities share in loss occurrences in excess of \$50,000 up to a maximum of \$500,000. Premiums accrue based on the ultimate cost of the experience of the group of Cities. Coverage in excess of \$500,000 is provided through the California Joint Powers Insurance Risk Management Authority, a joint power authority organized to provide excess coverage for its members.

Workers' Compensation Coverage: Annual deposits are paid by member cities and are adjusted retrospectively to cover costs. The City self-insured for the first \$100,000 of each loss and has purchased excess coverage with limits of \$5,000,000 per occurrence.

Upon termination of the JPA agreement, all property of the Authority will vest in the respective parties which theretofore transferred, conveyed or leased said property to the Authority. Any surplus of funds will be returned to the parties in proportion to actual balances to each equity.

The Authority establishes claims liabilities based on estimates of the ultimate costs of claims (including future claims settlement expenses) that have been reported but not settled, plus estimates of claims that have been incurred but not reported. Because actual claim costs depend on various factors, the claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision of inflation is implicit in the calculation of estimated future claims costs. Adjustments to claims liabilities are charged or credited in the periods in which they are made.

CITY OF AUBURN

Notes to Financial Statements
June 30, 2009

Note 12: **Risk Management** (continued)

The City's deposits for its banking layer administered by NCCSIF of \$454,785 is recorded in the general fund as insurance deposits. Activity for the year ended June 30, 2009 is as follows:

| | <u>General Liability</u> | <u>Workers' Compensation</u> | <u>Total</u> |
|--|------------------------------|----------------------------------|-----------------------|
| AUDITED | | | |
| Balance, June 30, 2008 | \$ 252,883 | \$ 143,593 | \$ 396,476 |
| Deposits and other income | 1,266 | 34,084 | 35,350 |
| Investment income and changes in fair values | 28,758 | 51,178 | 79,936 |
| Claims paid, net of refunds | (57,689) | 20,148 | (37,541) |
| Claims administration and other expenses | -- | (19,436) | (19,436) |
| Balance, June 30, 2009 | <u>\$ 225,218</u> | <u>\$ 229,567</u> | <u>\$ 454,785</u> |

The following is summary financial information of the NCCSIF for the liability and workers' compensation program for the fiscal year ended June 30, 2009:

| | <u>General Liability</u> | <u>Workers' Compensation</u> | <u>Total</u> |
|---------------------------|------------------------------|----------------------------------|----------------------|
| Assets | \$ 14,217,362 | \$ 36,224,991 | \$ 50,442,353 |
| Liabilities | 8,314,813 | 24,261,938 | 32,576,751 |
| Net Assets | <u>\$ 5,902,549</u> | <u>\$ 11,963,053</u> | <u>\$ 17,865,602</u> |
| Revenues | 3,774,145 | 6,777,220 | 10,551,365 |
| Expenses | 5,520,194 | 5,669,380 | 11,189,574 |
| Change in Net Assets | (1,746,049) | 1,107,840 | (638,209) |
| Net Assets, July 1, 2008 | 7,648,598 | 10,855,213 | 18,503,811 |
| Net Assets, June 30, 2009 | <u>\$ 5,902,549</u> | <u>\$ 11,963,053</u> | <u>\$ 17,865,602</u> |

Note 13: **Joint Agencies**

The Northern California Cities Self-Insurance Fund (NCCSIF) is a joint powers authority organized to provide for a banking plan whereby the member cities can share in the administrative costs of providing liability and workers' compensation insurance. The NCCSIF is governed by the Board of Directors appointed by the member cities.

Complete audited financial statements can be obtained from the Program Administrator, 600 Montgomery Street, 9th Floor, San Francisco, CA 94111.

CITY OF AUBURN

Notes to Financial Statements June 30, 2009

Note 13: **Joint Agencies** (continued)

The California Joint Powers Insurance Risk Management Authority (CJPRMA) is a joint power authority organized to provide excess coverage for its members. The CJPRMA is governed by a board of directors representing its member cities.

Complete audited financial statements can be obtained from the Program Administrator, 600 Montgomery Street, 9th Floor, San Francisco, CA 94111.

The California Transit Insurance Pool (CTIP) is a joint powers authority organized to provide liability coverage for its members. The CTIP is governed by a board of directors representing its member agencies. CTIP is composed of 32 member agencies.

Complete audited financial statements can be obtained from the Program Administrator, CalTIP, 1415 L Street, Suite 200, Sacramento, CA 95814.

Note 14: **Commitments and Contingencies**

Contingencies

The City has received state grants for specific purposes that are subject to review and audit by the state government. Although such audits could result in expenditure disallowances under grant terms, any required reimbursements are not expected to be material.

Construction Commitments

At June 30, 2009, the City had construction contracts outstanding of approximately \$3,297,589 for the AUDA Streetscape Project, the Borland Avenue Signal Project, and the Vintage Oaks Lift Station Project. These projects should be completed within the next year and the costs will be recorded at that time.

Note 15: **Post Closure**

The City of Auburn has post-closure responsibility for one landfill site (located on the Auburn Municipal Airport). State and federal laws and regulations require that the City of Auburn place a final cover over its closed landfill and perform certain maintenance and monitoring functions at the landfill site for thirty years following its closure. Closure procedures have been performed and post closure activity is recorded in a special revenue fund. Post closure maintenance activities are funded by a 4.71 percent surcharge on refuse collection fees. The estimated liability for post-closure care costs is estimated to be \$978,918 as of June 30, 2009. The estimate of post-closure care costs is based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of June 30, 2009. However, the actual costs may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

CITY OF AUBURN

Notes to Financial Statements June 30, 2009

Note 15: **Post Closure** (continued)

The City of Auburn is required by state and federal laws and regulations to make annual contributions to finance post closure care costs. The costs of these procedures is funded on a pay as you go basis. The City has not adopted a pledge of revenue to fund these costs. At June 30, 2009, the City was holding bank deposits and federal securities in the amount of \$1,189,745 for this purpose. It is anticipated that future costs will be financed in part from earnings on these investments, and the continuation of the franchise fee surcharge. The net present value of the estimated future surcharge fees and interest is \$621,425. The remaining portion of estimated post closure maintenance costs and any additional costs that might arise from changes in post closure requirements (due to changes in technology or more rigorous environment regulations) may need to be covered by an increase in the rate of the franchise surcharge assessed against refuse collection fees.

Additionally, the City recognizes that there is a risk of future landfill gas migration or groundwater contamination, which could result in bodily injury and/or property damage liability claims against the City. Accordingly, the City has secured a “third party pollution liability” insurance agreement (underwritten by United Capital Insurance Company) to pay for any damages arising out of claims which might result from future pollution conditions that might result from the landfill site. This insurance coverage applies to groundwater contamination from leakages, but excludes remediation of landfill gas that might migrate from the closed landfill site. The aggregate coverage limit is \$1,500,000 and there is a policy deductible of \$100,000 for each pollution condition.

Note 16: **Post-Employment Benefits**

The City allows retired employees to participate in its health plan and subsidizes a portion of the cost. During the year, the City provided benefits to 15 retirees at an annual cost of \$7,334.

Note 17: **New Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) released GASB Statement No. 45, *Accounting and Financial Reporting by Employers of Postemployment Benefits Other than Pensions (OPEB)*, which may have a significant impact on the City’s financial reporting process. GASB Statement No. 45 establishes standards for the measurement, recognition and display of OPEB expenses/expenditures, related assets and liabilities, note disclosures and, if applicable, required supplementary information in the financial reports of state and local government employers. GASB No. 45 will be effective for the fiscal year ending June 30, 2010.

The GASB has issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which may have a significant impact on the City’s financial reporting process. GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks and computer software. GASB No. 51 will be effective for the fiscal year ending June 30, 2010.

CITY OF AUBURN

Notes to Financial Statements June 30, 2009

Note 17: **New Accounting Pronouncements** (continued)

The GASB has issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This statement establishes accounting and financial reporting requirements for derivative instruments entered into by state and local governments. The requirements of this new statement are effective for financial statements for periods beginning after June 15, 2009.

The GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement enhances the usefulness of fund balance information by establishing fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The definitions of the general fund, special revenue fund types, capital project fund type, debit service fund type and permanent fund type are clarified by the provisions in this statement. Interpretations of certain items within the definition of the special revenue fund type have been provided and, for some governments, those interpretations may affect the activities chosen to be reported as special revenue funds.

The requirements of this statement are effective for financial statements for periods beginning after June 5, 2010. Fund balance reclassifications made to conform to the provisions of the statement are required to be applied retroactively by restating beginning fund balance.

Note 18: **Subsequent Events**

On August 13, 2009, the City of Auburn Public Financing Authority issued \$8,525,000 in Series 2009 Wastewater Revenue Bonds (bonds). Bond proceeds will be used to finance the acquisition and construction of certain improvements to the wastewater collection, treatment and disposal system owned by the City of Auburn and located at 10441 Ophir Road on the west side of the City.

Serial and term bonds were issued with stated interest rates between 2.00% and 5.50%, yielding between 0.750% and 5.590% annually. The bonds were rated AA- by Standard & Poors and are insured to AAA by Assured Guaranty. The debt service on the bonds is due annually on June 1 over the 30-year life of the bonds at a fixed, levelized debt service of between \$554,512 and \$559,262.

The City has established a debt service reserve fund and maintains the maximum annual debt service amount of \$559,262 in the fund pursuant to bond indenture. Payment of debt service is secured by sewer use fees, annually billed to and collected from all users of the sewer system using the Placer County Tax Roll Direct Assessment Process.

Comprehensive Annual Financial Report
For Fiscal Year Ended June 30, 2009

**Required Supplementary
Information**

CITY OF AUBURN

Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2009

| | Budgeted Amounts | | Actual Amounts (On Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|-------------------|-------------------|---|---|
| | Original | Final | | |
| Budgetary fund balances, July 1 | \$ 4,341,235 | \$ 4,129,182 | \$ 4,129,182 | \$ -- |
| Resources (inflows): | | | | |
| Taxes | 8,244,122 | 8,244,122 | 7,253,528 | (990,594) |
| Licenses and permits | 349,400 | 349,400 | 288,430 | (60,970) |
| Fines, forfeitures and penalties | 137,500 | 137,500 | 142,998 | 5,498 |
| Use of money and property | 435,000 | 435,000 | 384,119 | (50,881) |
| Intergovernmental | 692,000 | 692,000 | 360,800 | (331,200) |
| Charges for services | 246,000 | 246,000 | 140,536 | (105,464) |
| Other revenues | 30,000 | 30,000 | 141,737 | 111,737 |
| Transfers from other funds | 223,510 | 223,510 | 228,258 | 4,748 |
| Amounts available for appropriation | <u>10,357,532</u> | <u>10,357,532</u> | <u>8,940,406</u> | <u>(1,417,126)</u> |
| Charges to appropriations (outflows): | | | | |
| General government: | | | | |
| City council | 69,815 | 69,815 | 69,609 | 206 |
| City manager | 119,798 | 119,798 | 171,034 | (51,236) |
| City clerk | 117,384 | 117,384 | 117,365 | 19 |
| Administrative services | 579,309 | 579,309 | 579,560 | (251) |
| City attorney | 170,000 | 170,000 | 139,061 | 30,939 |
| Information technology | 364,838 | 364,838 | 209,129 | 155,709 |
| Insurance programs | 330,979 | 330,979 | 278,206 | 52,773 |
| Support for community programs | 127,976 | 127,976 | 42,273 | 85,703 |
| | <u>1,880,099</u> | <u>1,880,099</u> | <u>1,606,237</u> | <u>273,862</u> |
| Public safety: | | | | |
| Police | 3,836,539 | 3,836,539 | 3,718,676 | 117,863 |
| Fire | 1,673,709 | 1,673,709 | 1,749,884 | (76,175) |
| | <u>5,510,248</u> | <u>5,510,248</u> | <u>5,468,560</u> | <u>41,688</u> |
| Transportation: | | | | |
| Administration and engineering | 396,970 | 396,970 | 287,405 | 109,565 |
| Building maintenance | 302,450 | 302,450 | 270,302 | 32,148 |
| Construction and maintenance | 694,676 | 694,676 | 651,412 | 43,264 |
| Yard and shop | 301,101 | 301,101 | 234,613 | 66,488 |
| Stormwater management | 34,000 | 34,000 | 23,634 | 10,366 |
| | <u>1,729,197</u> | <u>1,729,197</u> | <u>1,467,366</u> | <u>261,831</u> |

continuea

CITY OF AUBURN

Budgetary Comparison Schedule (continued)
 General Fund
 For the Year Ended June 30, 2009

| | Budgeted Amounts | | Actual Amounts (On Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|---|---|
| | Original | Final | | |
| Charges to appropriations (continued): | | | | |
| Community development: | | | | |
| Administration | \$ 538,119 | \$ 538,119 | \$ 425,609 | \$ 112,510 |
| Building inspections | 213,617 | 213,617 | 206,658 | 6,959 |
| Public services counter | 133,800 | 133,800 | 134,111 | (311) |
| | <u>885,536</u> | <u>885,536</u> | <u>766,378</u> | <u>119,158</u> |
| Nondepartmental: | | | | |
| Debt service | 343,517 | 343,517 | 347,925 | (4,408) |
| | <u>343,517</u> | <u>343,517</u> | <u>347,925</u> | <u>(4,408)</u> |
| Total charges to appropriations | <u>10,348,597</u> | <u>10,348,597</u> | <u>9,656,466</u> | <u>692,131</u> |
| Budgetary fund balances, June 30 | <u>\$ 4,350,170</u> | <u>\$ 4,138,117</u> | <u>\$ 3,413,122</u> | <u>\$ (724,995)</u> |

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/inflows of resources

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule \$ 8,940,406

Differences - budget to GAAP:

Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes (228,258)

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 8,712,148

CITY OF AUBURN

Budgetary Comparison Schedule
 Small Business Loans
 For the Year Ended June 30, 2009

| | Budgeted Amounts | | Actual Amounts (On Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|-------------------|------------------|---|---|
| | Original | Final | | |
| Budgetary fund balances, July 1 | \$ 73,072 | \$ 13,595 | \$ 13,595 | \$ -- |
| Resources (inflows): | | | | |
| Use of money and property | 2,000 | 2,000 | 2,916 | 916 |
| Intergovernmental | 575,000 | 575,000 | 523,863 | (51,137) |
| | <u>577,000</u> | <u>577,000</u> | <u>526,779</u> | <u>(50,221)</u> |
| Amounts available for appropriation | | | | |
| Charges to appropriations (outflows): | | | | |
| Current: | | | | |
| Community development | 550,000 | 550,000 | 416,946 | 133,054 |
| | <u>550,000</u> | <u>550,000</u> | <u>416,946</u> | <u>133,054</u> |
| Total charges to appropriations | | | | |
| Budgetary fund balances, June 30 | <u>\$ 100,072</u> | <u>\$ 40,595</u> | <u>\$ 123,428</u> | <u>\$ 82,833</u> |

CITY OF AUBURN

Budgetary Comparison Schedule
Transportation
For the Year Ended June 30, 2009

| | Budgeted Amounts | | Actual Amounts (On Budgetary Basis) | Variance with Final Budget |
|--|------------------|---------------------|---|-------------------------------|
| | Original | Final | | Positive (Negative) |
| Budgetary fund balances, July 1 | \$ 478,681 | \$ -- | \$ -- | \$ -- |
| Resources (inflows): | | | | |
| Use of money and property | -- | -- | 7,592 | 7,592 |
| Intergovernmental | 815,852 | 815,852 | 1,046,044 | 230,192 |
| Other revenues | 1,120,625 | 1,120,625 | -- | (1,120,625) |
| Amounts available for appropriation | <u>1,936,477</u> | <u>1,936,477</u> | <u>1,053,636</u> | <u>(882,841)</u> |
| Charges to appropriations (outflows): | | | | |
| Current: | | | | |
| Transportation | 76,000 | 76,000 | 34,748 | 41,252 |
| Debt service | 13,620 | 13,620 | 13,620 | -- |
| Capital outlay | 2,316,079 | 2,316,079 | 1,005,268 | 1,310,811 |
| Total charges to appropriations | <u>2,405,699</u> | <u>2,405,699</u> | <u>1,053,636</u> | <u>1,352,063</u> |
| Budgetary fund balances, June 30 | <u>\$ 9,459</u> | <u>\$ (469,222)</u> | <u>\$ --</u> | <u>\$ 469,222</u> |

CITY OF AUBURN

Budgetary Comparison Schedule
Auburn Urban Development Authority
For the Year Ended June 30, 2009

| | Budgeted Amounts | | Actual Amounts (On Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|------------------|--------------|---|---|
| | Original | Final | | |
| Budgetary fund balances, July 1 | \$ 1,617,056 | \$ 1,655,139 | \$ 1,655,139 | \$ -- |
| Resources (inflows): | | | | |
| Taxes | 670,000 | 670,000 | 662,720 | (7,280) |
| Use of money and property | 73,000 | 73,000 | 132,276 | 59,276 |
| Proceeds of bonds | 4,625,000 | 4,625,000 | 4,805,000 | 180,000 |
| Transfers from other funds | 135,000 | 135,000 | -- | (135,000) |
| Amounts available for appropriation | 5,503,000 | 5,503,000 | 5,599,996 | 96,996 |
| Charges to appropriations (outflows): | | | | |
| Current: | | | | |
| Community development | 403,766 | 403,766 | 274,891 | 128,875 |
| Debt service | 2,234 | 2,234 | 108,057 | (105,823) |
| Capital outlay | 2,800,000 | 2,800,000 | 479,400 | 2,320,600 |
| Transfers to other funds | 813,000 | 813,000 | 678,000 | 135,000 |
| Discounts on debt issued | -- | -- | 102,677 | (102,677) |
| Total charges to appropriations | 4,019,000 | 4,019,000 | 1,643,025 | 2,375,975 |
| Budgetary fund balances, June 30 | \$ 3,101,056 | \$ 3,139,139 | \$ 5,612,110 | \$ 2,472,971 |

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/inflows of resources

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule \$ 5,599,996

Differences - budget to GAAP:

 Proceeds from issuance of debt are inflows of budgetary resources but are not revenues for financial reporting purposes (4,805,000)

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 794,996

Uses/outflows of resources

Actual amounts (budgetary basis) of expenditures from the budgetary comparison statement \$ 1,643,025

Differences - budget to GAAP:

 Discounts on issuance of debt are outflows of budgetary resources but are not expenditures for financial reporting purposes (102,677)

 Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes (678,000)

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 862,348

CITY OF AUBURN

Note to Required Supplementary Information For the Year Ended June 30, 2009

BUDGETS AND BUDGETARY ACCOUNTING

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Project Funds, Debt Service Funds and Enterprise Funds and is controlled at the department level for the City. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) except that interfund transfers and issuance of debt are reported as revenues and expenditures.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Manager and City Administrative Services Director submits to the City Council a proposed operating budget for the year commencing the following July 1. The operating budget proposes expenditures and the means of financing them.
2. Public hearings, when required, are conducted at City Hall to obtain taxpayer comments.
3. Prior to July 1 (when possible), the budget is legally enacted through passage of a formal resolution.
4. Any revisions which alter the total expenditures of any fund must be approved by the City Council.

Budgeted amounts are as originally adopted and as subsequently revised by the City Council.

All unused appropriations for budgeted amounts lapse at the end of the year.

Annual appropriated budgets are not adopted for certain funds established to meet or satisfy a specific purpose. For the fiscal year ended June 30, 2009, the following funds were considered established for a specific purpose and did not have annual appropriated budgets:

Property Seizures
Merchant's Council
Historic Auburn
Maidu Fire Station
Miscellaneous Grants
Project Fund
Auburn School Park Preserve

Comprehensive Annual Financial Report
For Fiscal Year Ended June 30, 2009

**Combining and Individual
Fund Statements and
Schedules**

NONMAJOR GOVERNMENTAL FUNDS

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CITY OF AUBURN

Combining Balance Sheet
 Nonmajor Governmental Funds
 Tuesday, June 30, 2009

| | Special Revenue | Capital Projects | Debt Service | Total |
|--|---------------------|---------------------|-------------------|---------------------|
| ASSETS | | | | |
| Cash and investments | \$ 529,316 | \$ 1,255,681 | \$ 351,502 | \$ 2,136,499 |
| Restricted cash and investments | 1,189,745 | -- | -- | 1,189,745 |
| Taxes receivable | 34,573 | -- | -- | 34,573 |
| Due from other agencies | 279,716 | -- | -- | 279,716 |
| Total assets | <u>\$ 2,033,350</u> | <u>\$ 1,255,681</u> | <u>\$ 351,502</u> | <u>\$ 3,640,533</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 51,242 | \$ -- | \$ -- | \$ 51,242 |
| Deposits | -- | 11,318 | -- | 11,318 |
| Due to other funds | 288,140 | -- | -- | 288,140 |
| Total liabilities | <u>339,382</u> | <u>11,318</u> | <u>--</u> | <u>350,700</u> |
| Fund balances: | | | | |
| Unreserved:, undesignated and reported in: | | | | |
| Special revenue funds | 1,693,968 | -- | -- | 1,693,968 |
| Debt service funds | -- | -- | 351,502 | 351,502 |
| Capital projects funds | -- | 1,244,363 | -- | 1,244,363 |
| Total fund balances | <u>1,693,968</u> | <u>1,244,363</u> | <u>351,502</u> | <u>3,289,833</u> |
| Total liabilities and fund balances | <u>\$ 2,033,350</u> | <u>\$ 1,255,681</u> | <u>\$ 351,502</u> | <u>\$ 3,640,533</u> |

CITY OF AUBURN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2009

| | Special Revenue | Capital Projects | Debt Service | Total |
|--|---------------------|---------------------|-------------------|---------------------|
| Revenues | | | | |
| Taxes | \$ 139,201 | \$ -- | \$ 4,710 | \$ 143,911 |
| Licenses and permits | 82,629 | 12,563 | -- | 95,192 |
| Use of money and property | 38,085 | 37,669 | 11,272 | 87,026 |
| Intergovernmental | 1,127,668 | -- | -- | 1,127,668 |
| Charges for services | 38,876 | -- | -- | 38,876 |
| Total revenues | <u>1,426,459</u> | <u>50,232</u> | <u>15,982</u> | <u>1,492,673</u> |
| Expenditures | | | | |
| Current: | | | | |
| Public safety | 233,482 | -- | -- | 233,482 |
| Transportation | 594,611 | -- | -- | 594,611 |
| Community development | 36,403 | -- | 46 | 36,449 |
| Recreation and culture | 33,292 | -- | -- | 33,292 |
| Debt Service: | | | | |
| Principal | 89,637 | -- | 325,000 | 414,637 |
| Interest | 7,221 | -- | 168,311 | 175,532 |
| Capital outlay | 186,717 | 2,141 | -- | 188,858 |
| Total expenditures | <u>1,181,363</u> | <u>2,141</u> | <u>493,357</u> | <u>1,676,861</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>245,096</u> | <u>48,091</u> | <u>(477,375)</u> | <u>(184,188)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | -- | -- | 678,000 | 678,000 |
| Transfers out | <u>(100,000)</u> | <u>(67,715)</u> | <u>(60,543)</u> | <u>(228,258)</u> |
| Total other financing sources (uses) | <u>(100,000)</u> | <u>(67,715)</u> | <u>617,457</u> | <u>449,742</u> |
| Net change in fund balances | 145,096 | (19,624) | 140,082 | 265,554 |
| Fund balances, beginning of year | <u>1,548,872</u> | <u>1,263,987</u> | <u>211,420</u> | <u>3,024,279</u> |
| Fund balances, end of year | <u>\$ 1,693,968</u> | <u>\$ 1,244,363</u> | <u>\$ 351,502</u> | <u>\$ 3,289,833</u> |

SPECIAL REVENUE FUNDS

DEFINITION

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes. Special Revenue Funds include:

Nonmajor Special Revenue Funds

Gas Tax Fund

The Gas Tax fund accounts for gas tax revenue allocations from the State. Funds received are restricted to expenditures for street maintenance, traffic safety, and construction.

Transit

The Transit Fund is used to account for all revenues and expenditures necessary to provide public transit services and to construct and maintain transit related facilities and infrastructure.

Property Seizures Fund

This fund accounts for cash and assets seized as a result of law enforcement activities. Generally, such funds are held on deposit until expiration of the required holding period and/or funds are provided to appropriate parties.

Merchant's Council Fund

This fund is used to account for business improvement district fees received by the City for the Downtown Business Association. Funds received are periodically allocated to the association for appropriate use.

Historic Auburn Fund

This fund is used to account for business improvement district fees received by the City for the Old Town Business Association. Funds received are periodically allocated to the association for appropriate use.

Maidu Fire Station Fund

This fund accounts for development impact fees received for the maintenance and upkeep of the Maidu Fire Station. The Fire Department periodically appropriates these funds towards upkeep of the station and for the purchase of new equipment.

Solid Waste Management Funds

The Solid Waste Management Funds are used to account for recycling programs funded by State grants and program expenditures related to the City's closed landfill located at the Auburn Municipal Airport.

Office of Traffic Safety Grant Fund

The Office of Traffic Safety (OTS) Grant Fund is used to account for OTS grant funds received and the corresponding eligible expenditures as authorized by the grants.

State Law Enforcement Personnel Grant Fund

The State Law Enforcement Personnel Grant Fund accounts for grant revenues received from the State which must be wholly spent for Law Enforcement personnel. These funds reimburse the General Fund for approximately 2.0 FTE Police Officers.

Facilities and Equipment Plan Fund

The Facilities and Equipment Plan Fund accounts for revenues received through mitigation fees assessed on construction of new residential units and renovation of commercial and industrial spaces. Revenues received are used to fund recurring capital outlay as it relates to the purchase of equipment for citywide departments.

Other Miscellaneous Grant Funds

These funds account for grant revenues received for public safety (i.e. FEMA / Law Enforcement) activities. Generally, these funds must be used appropriated for specific law enforcement and fire activities.

CITY OF AUBURN

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 Tuesday, June 30, 2009

| | State Gas Tax | Transit | Property Seizures |
|--|------------------|------------|----------------------|
| Assets | | | |
| Cash and investments | \$ 261,252 | \$ -- | \$ 580 |
| Restricted cash | -- | -- | -- |
| Taxes receivable | -- | -- | -- |
| Due from other agencies | 27,068 | 189,970 | -- |
| Total assets | \$ 288,320 | \$ 189,970 | \$ 580 |
| Liabilities and Fund Balances | | | |
| Liabilities: | | | |
| Accounts payable | \$ 13,871 | \$ 15,415 | \$ -- |
| Due to other funds | -- | 242,187 | -- |
| Total liabilities | 13,871 | 257,602 | -- |
| Fund Balances: | | | |
| Unreserved: | | | |
| Undesignated | 274,449 | (67,632) | 580 |
| Total fund balances | 274,449 | (67,632) | 580 |
| Total liabilities and fund balances | \$ 288,320 | \$ 189,970 | \$ 580 |

continued

CITY OF AUBURN

Combining Balance Sheet (continued)
 Nonmajor Special Revenue Funds
 June 30, 2009

| | Merchant's Council | Historic Auburn | Maidu Fire Station |
|--|-----------------------------|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Assets | | | |
| Cash and investments | \$ 1,335 | \$ 4,573 | \$ 38,265 |
| Restricted cash | -- | -- | -- |
| Taxes receivable | -- | -- | -- |
| Due from other agencies | -- | -- | -- |
| | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u>\$ 1,335</u> | <u>\$ 4,573</u> | <u>\$ 38,265</u> |
| Liabilities and Fund Balances | | | |
| Liabilities: | | | |
| Accounts payable | \$ -- | \$ -- | \$ -- |
| Due to other funds | -- | -- | -- |
| | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | <u> </u> | <u> </u> | <u> </u> |
| Fund Balances: | | | |
| Unreserved: | | | |
| Undesignated | <u>1,335</u> | <u>4,573</u> | <u>38,265</u> |
| Total fund balances | <u>1,335</u> | <u>4,573</u> | <u>38,265</u> |
| Total liabilities and fund balances | <u>\$ 1,335</u> | <u>\$ 4,573</u> | <u>\$ 38,265</u> |

continued

CITY OF AUBURN

Combining Balance Sheet (continued)
 Nonmajor Special Revenue Funds
 June 30, 2009

| | Solid Waste Program | OTS Grant | Law Enforcement Grant |
|--------------------------------------|---------------------------|------------------|-----------------------------|
| Assets | | | |
| Cash and investments | \$ 14,361 | \$ 5,225 | \$ -- |
| Restricted cash | 1,189,745 | -- | -- |
| Taxes receivable | 34,573 | -- | -- |
| Due from other agencies | -- | 16,648 | 42,205 |
| | <u>\$ 1,238,679</u> | <u>\$ 21,873</u> | <u>\$ 42,205</u> |
| Liabilities and Fund Balances | | | |
| Liabilities: | | | |
| Accounts payable | \$ -- | \$ 17,696 | \$ -- |
| Due to other funds | -- | 3,748 | 42,205 |
| | <u>--</u> | <u>21,444</u> | <u>42,205</u> |
| Fund Balances: | | | |
| Unreserved: | | | |
| Undesignated | 1,238,679 | 429 | -- |
| | <u>1,238,679</u> | <u>429</u> | <u>--</u> |
| Total liabilities and fund balances | <u>\$ 1,238,679</u> | <u>\$ 21,873</u> | <u>\$ 42,205</u> |

continued

CITY OF AUBURN

Combining Balance Sheet (continued)
 Nonmajor Special Revenue Funds
 June 30, 2009

| | <u>Facilities and Equipment</u> | <u>Miscellaneous Grants</u> | <u>Total</u> |
|--------------------------------------|---|---------------------------------|---------------------|
| Assets | | | |
| Cash and investments | \$ 96,976 | \$ 106,749 | \$ 529,316 |
| Restricted cash | -- | -- | 1,189,745 |
| Taxes receivable | -- | -- | 34,573 |
| Due from other agencies | -- | 3,825 | 279,716 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u>\$ 96,976</u> | <u>\$ 110,574</u> | <u>\$ 2,033,350</u> |
| Liabilities and Fund Balances | | | |
| Liabilities: | | | |
| Accounts payable | \$ -- | \$ 4,260 | \$ 51,242 |
| Due to other funds | -- | -- | 288,140 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | <u> </u> | <u>4,260</u> | <u>339,382</u> |
| Fund Balances: | | | |
| Unreserved: | | | |
| Undesignated | <u>96,976</u> | <u>106,314</u> | <u>1,693,968</u> |
| Total fund balances | <u>96,976</u> | <u>106,314</u> | <u>1,693,968</u> |
| Total liabilities and fund balances | <u>\$ 96,976</u> | <u>\$ 110,574</u> | <u>\$ 2,033,350</u> |

CITY OF AUBURN

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2009

| | State Gas Tax | Transit | Property Seizures |
|--|-------------------|--------------------|----------------------|
| Revenues | | | |
| Taxes | \$ -- | \$ -- | \$ -- |
| Licenses and permits | -- | 57 | -- |
| Use of money and property | 5,239 | (3,358) | -- |
| Intergovernmental | 404,745 | 493,794 | -- |
| Charges for services | -- | 38,876 | -- |
| Total revenues | <u>409,984</u> | <u>529,369</u> | <u>--</u> |
| Expenditures | | | |
| Current: | | | |
| Public safety | -- | -- | -- |
| Transportation | 183,705 | 410,906 | -- |
| Community development | -- | -- | -- |
| Recreation and culture | -- | -- | -- |
| Debt Service: | | | |
| Principal | -- | -- | -- |
| Interest | -- | -- | -- |
| Capital outlay | -- | 186,095 | -- |
| Total expenditures | <u>183,705</u> | <u>597,001</u> | <u>--</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>226,279</u> | <u>(67,632)</u> | <u>--</u> |
| Other Financing Sources (Uses) | | | |
| Transfers out | -- | -- | -- |
| Total other financing sources (uses) | <u>--</u> | <u>--</u> | <u>--</u> |
| Net change in fund balances | 226,279 | (67,632) | -- |
| Fund balances, beginning of year | <u>48,170</u> | <u>--</u> | <u>580</u> |
| Fund balances, end of year | <u>\$ 274,449</u> | <u>\$ (67,632)</u> | <u>\$ 580</u> |

continued

CITY OF AUBURN

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2009

| | Merchant's Council | Historic Auburn | Maidu Fire Station |
|--|-----------------------|--------------------|--------------------------|
| Revenues | | | |
| Taxes | \$ -- | \$ -- | \$ -- |
| Licenses and permits | 37,009 | 34,563 | -- |
| Use of money and property | -- | -- | -- |
| Intergovernmental | -- | -- | -- |
| Charges for services | -- | -- | -- |
| Total revenues | <u>37,009</u> | <u>34,563</u> | <u>--</u> |
| Expenditures | | | |
| Current: | | | |
| Public safety | -- | -- | -- |
| Transportation | -- | -- | -- |
| Community development | 36,403 | -- | -- |
| Recreation and culture | -- | 33,292 | -- |
| Debt Service: | | | |
| Principal | -- | -- | -- |
| Interest | -- | -- | -- |
| Capital outlay | -- | -- | -- |
| Total expenditures | <u>36,403</u> | <u>33,292</u> | <u>--</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>606</u> | <u>1,271</u> | <u>--</u> |
| Other Financing Sources (Uses) | | | |
| Transfers out | -- | -- | -- |
| Total other financing sources (uses) | <u>--</u> | <u>--</u> | <u>--</u> |
| Net change in fund balances | 606 | 1,271 | -- |
| Fund balances, beginning of year | <u>729</u> | <u>3,302</u> | <u>38,265</u> |
| Fund balances, end of year | <u>\$ 1,335</u> | <u>\$ 4,573</u> | <u>\$ 38,265</u> |

continued

CITY OF AUBURN

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2009

| | <u>Solid Waste Program</u> | <u>OTS Grant</u> | <u>Law Enforcement Grant</u> |
|--|------------------------------------|----------------------|--------------------------------------|
| Revenues | | | |
| Taxes | \$ 139,201 | \$ -- | \$ -- |
| Licenses and permits | -- | -- | -- |
| Use of money and property | 33,512 | -- | -- |
| Intergovernmental | 5,000 | 71,732 | 100,000 |
| Charges for services | -- | -- | -- |
| Total revenues | <u>177,713</u> | <u>71,732</u> | <u>100,000</u> |
| Expenditures | | | |
| Current: | | | |
| Public safety | 149,172 | 71,283 | -- |
| Transportation | -- | -- | -- |
| Community development | -- | -- | -- |
| Recreation and culture | -- | -- | -- |
| Debt Service: | | | |
| Principal | -- | -- | -- |
| Interest | -- | -- | -- |
| Capital outlay | -- | -- | -- |
| Total expenditures | <u>149,172</u> | <u>71,283</u> | <u>--</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>28,541</u> | <u>449</u> | <u>100,000</u> |
| Other Financing Sources (Uses) | | | |
| Transfers out | <u>--</u> | <u>--</u> | <u>(100,000)</u> |
| Total other financing sources (uses) | <u>--</u> | <u>--</u> | <u>(100,000)</u> |
| Net change in fund balances | 28,541 | 449 | -- |
| Fund balances, beginning of year | <u>1,210,138</u> | <u>(20)</u> | <u>--</u> |
| Fund balances, end of year | <u>\$ 1,238,679</u> | <u>\$ 429</u> | <u>\$ --</u> |

continued

CITY OF AUBURN

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2009

| | <u>Facilities and Equipment</u> | <u>Miscellaneous Grants</u> | <u>Total</u> |
|--|---|---------------------------------|--------------|
| Revenues | | | |
| Taxes | \$ -- | \$ -- | \$ 139,201 |
| Licenses and permits | 11,000 | -- | 82,629 |
| Use of money and property | 2,692 | -- | 38,085 |
| Intergovernmental | -- | 52,397 | 1,127,668 |
| Charges for services | -- | -- | 38,876 |
| Total revenues | 13,692 | 52,397 | 1,426,459 |
| Expenditures | | | |
| Current: | | | |
| Public safety | -- | 13,027 | 233,482 |
| Transportation | -- | -- | 594,611 |
| Community development | -- | -- | 36,403 |
| Recreation and culture | -- | -- | 33,292 |
| Debt Service: | | | |
| Principal | 89,637 | -- | 89,637 |
| Interest | 7,221 | -- | 7,221 |
| Capital outlay | 622 | -- | 186,717 |
| Total expenditures | 97,480 | 13,027 | 1,181,363 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (83,788) | 39,370 | 245,096 |
| Other Financing Sources (Uses) | | | |
| Transfers out | -- | -- | (100,000) |
| Total other financing sources (uses) | -- | -- | (100,000) |
| Net change in fund balances | (83,788) | 39,370 | 145,096 |
| Fund balances, beginning of year | 180,764 | 66,944 | 1,548,872 |
| Fund balances, end of year | \$ 96,976 | \$ 106,314 | \$ 1,693,968 |

CITY OF AUBURN

Budgetary Comparison Schedule
State Gas Tax Fund
For the Year Ended June 30, 2009

| | Budgeted Amounts | | Actual Amounts (On Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|------------------|--------------------|---|---|
| | Original | Final | | |
| Budgetary fund balances, July 1 | \$ 131,624 | \$ 48,170 | \$ 48,170 | \$ -- |
| Resources (inflows): | | | | |
| Use of money and property | 1,800 | 1,800 | 5,239 | 3,439 |
| Intergovernmental | 374,539 | 374,539 | 404,745 | 30,206 |
| Amounts available for appropriation | <u>376,339</u> | <u>376,339</u> | <u>409,984</u> | <u>33,645</u> |
| Charges to appropriations (outflows): | | | | |
| Current: | | | | |
| Transportation | 182,000 | 182,000 | 183,705 | (1,705) |
| Capital outlay | <u>325,000</u> | <u>325,000</u> | <u>--</u> | <u>325,000</u> |
| Total charges to appropriations | <u>507,000</u> | <u>507,000</u> | <u>183,705</u> | <u>323,295</u> |
| Budgetary fund balances, June 30 | <u>\$ 963</u> | <u>\$ (82,491)</u> | <u>\$ 274,449</u> | <u>\$ 356,940</u> |

continued

CITY OF AUBURN

Budgetary Comparison Schedule
Transit
For the Year Ended June 30, 2009

| | Budgeted Amounts | | Actual Amounts (On Budgetary Basis) | Variance with Final Budget |
|--|------------------|--------------------|---|-------------------------------|
| | Original | Final | | Positive (Negative) |
| Budgetary fund balances, July 1 | \$ 17,957 | \$ -- | \$ -- | \$ -- |
| Resources (inflows): | | | | |
| Licenses and permits | -- | -- | 57 | 57 |
| Use of money and property | -- | -- | (3,358) | (3,358) |
| Intergovernmental | 573,297 | 573,297 | 493,794 | (79,503) |
| Charges for services | 30,000 | 30,000 | 38,876 | 8,876 |
| Amounts available for appropriation | <u>603,297</u> | <u>603,297</u> | <u>529,369</u> | <u>(73,928)</u> |
| Charges to appropriations (outflows): | | | | |
| Current: | | | | |
| Transportation | 408,305 | 408,305 | 410,906 | (2,601) |
| Capital outlay | 212,500 | 212,500 | 186,095 | 26,405 |
| Total charges to appropriations | <u>620,805</u> | <u>620,805</u> | <u>597,001</u> | <u>23,804</u> |
| Budgetary fund balances, June 30 | <u>\$ 449</u> | <u>\$ (17,508)</u> | <u>\$ (67,632)</u> | <u>\$ (50,124)</u> |

continued

CITY OF AUBURN

Budgetary Comparison Schedule
Solid Waste Program
For the Year Ended June 30, 2009

| | Budgeted Amounts | | Actual Amounts (On Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|------------------|--------------|---|---|
| | Original | Final | | |
| Budgetary fund balances, July 1 | \$ 1,175,749 | \$ 1,210,138 | \$ 1,210,138 | \$ -- |
| Resources (inflows): | | | | |
| Taxes | 140,000 | 140,000 | 139,201 | (799) |
| Use of money and property | 40,000 | 40,000 | 33,512 | (6,488) |
| Intergovernmental | 5,000 | 5,000 | 5,000 | -- |
| Amounts available for appropriation | 185,000 | 185,000 | 177,713 | (7,287) |
| Charges to appropriations (outflows): | | | | |
| Current: | | | | |
| Public safety | 197,500 | 197,500 | 149,172 | 48,328 |
| Total charges to appropriations | 197,500 | 197,500 | 149,172 | 48,328 |
| Budgetary fund balances, June 30 | \$ 1,163,249 | \$ 1,197,638 | \$ 1,238,679 | \$ 41,041 |

continued

CITY OF AUBURN

Budgetary Comparison Schedule
 OTS Grant
 For the Year Ended June 30, 2009

| | Budgeted Amounts | | Actual Amounts (On Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|------------------|----------------|---|---|
| | Original | Final | | |
| Budgetary fund balances, July 1 | \$ -- | \$ (20) | \$ (20) | \$ -- |
| Resources (inflows): | | | | |
| Intergovernmental | 55,580 | 55,580 | 71,732 | 16,152 |
| Amounts available for appropriation | <u>55,580</u> | <u>55,580</u> | <u>71,732</u> | <u>16,152</u> |
| Charges to appropriations (outflows): | | | | |
| Current: | | | | |
| Public safety | 55,580 | 55,580 | 71,283 | (15,703) |
| Total charges to appropriations | <u>55,580</u> | <u>55,580</u> | <u>71,283</u> | <u>(15,703)</u> |
| Budgetary fund balances, June 30 | <u>\$ --</u> | <u>\$ (20)</u> | <u>\$ 429</u> | <u>\$ 449</u> |

continued

CITY OF AUBURN

Budgetary Comparison Schedule
Law Enforcement Grant
For the Year Ended June 30, 2009

| | Budgeted Amounts | | Actual Amounts (On Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|------------------|----------------|---|---|
| | Original | Final | | |
| Budgetary fund balances, July 1 | \$ -- | \$ -- | \$ -- | \$ -- |
| Resources (inflows): | | | | |
| Intergovernmental | 100,000 | 100,000 | 100,000 | -- |
| Amounts available for appropriation | <u>100,000</u> | <u>100,000</u> | <u>100,000</u> | <u>--</u> |
| Charges to appropriations (outflows): | | | | |
| Transfer to other funds | 100,000 | 100,000 | 100,000 | -- |
| Total charges to appropriations | <u>100,000</u> | <u>100,000</u> | <u>100,000</u> | <u>--</u> |
| Budgetary fund balances, June 30 | <u>\$ --</u> | <u>\$ --</u> | <u>\$ --</u> | <u>\$ --</u> |

continued

CITY OF AUBURN

Budgetary Comparison Schedule
Facilities and Equipment
For the Year Ended June 30, 2009

| | Budgeted Amounts | | Actual Amounts (On Budgetary Basis) | Variance with Final Budget |
|--|-------------------|-------------------|---|-------------------------------|
| | Original | Final | | Positive (Negative) |
| Budgetary fund balances, July 1 | \$ 180,715 | \$ 180,764 | \$ 180,764 | \$ -- |
| Resources (inflows): | | | | |
| Licenses and permits | 30,000 | 30,000 | 11,000 | (19,000) |
| Use of money and property | 5,000 | 5,000 | 2,692 | (2,308) |
| Amounts available for appropriation | <u>35,000</u> | <u>35,000</u> | <u>13,692</u> | <u>(21,308)</u> |
| Charges to appropriations (outflows): | | | | |
| Debt service | 96,858 | 96,858 | 96,858 | -- |
| Capital outlay | -- | -- | 622 | (622) |
| Total charges to appropriations | <u>96,858</u> | <u>96,858</u> | <u>97,480</u> | <u>(622)</u> |
| Budgetary fund balances, June 30 | <u>\$ 118,857</u> | <u>\$ 118,906</u> | <u>\$ 96,976</u> | <u>\$ (21,930)</u> |

CAPITAL PROJECTS FUNDS

DEFINITION

The Capital Projects Funds were established to account for financial resources for the acquisition or construction of major capital facilities.

Nonmajor Capital Projects Funds

Project Fund

This fund accounts for traffic mitigation fees collected for numerous project areas citywide. Funds collected for each project area may only be used for traffic mitigation projects within boundaries defined by each fee area resolution.

Highway 49 Beautification Plan Fund

The Highway 49 Beautification Plan Fund accounts for project costs specifically related to Highway 49. These funds may be used for eligible projects along the Highway 49 corridor.

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CITY OF AUBURN

Combining Balance Sheet
Nonmajor Capital Projects Funds
Tuesday, June 30, 2009

| | <u>Project Fund</u> | <u>Hwy 49 Beautification</u> | <u>Total</u> |
|--------------------------------------|-------------------------|----------------------------------|---------------------|
| Assets | | | |
| Cash and investments | \$ 1,255,681 | \$ -- | \$ 1,255,681 |
| Total assets | <u>\$ 1,255,681</u> | <u>\$ --</u> | <u>\$ 1,255,681</u> |
| Liabilities and Fund Balances | | | |
| Liabilities: | | | |
| Deposits | \$ 10,000 | \$ 1,318 | \$ 11,318 |
| Total liabilities | <u>10,000</u> | <u>1,318</u> | <u>11,318</u> |
| Fund Balances: | | | |
| Unreserved: | | | |
| Undesignated | 1,245,681 | (1,318) | 1,244,363 |
| Total fund balances | <u>1,245,681</u> | <u>(1,318)</u> | <u>1,244,363</u> |
| Total liabilities and fund balances | <u>\$ 1,255,681</u> | <u>\$ --</u> | <u>\$ 1,255,681</u> |

CITY OF AUBURN

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2009

| | Project Fund | Hwy 49 Beautification | Total |
|--|-----------------|--------------------------|--------------|
| Revenues | | | |
| Licenses and permits | \$ 12,563 | \$ -- | \$ 12,563 |
| Use of money and property | 37,669 | -- | 37,669 |
| Total revenues | 50,232 | -- | 50,232 |
| Expenditures | | | |
| Capital outlay | 2,141 | -- | 2,141 |
| Total expenditures | 2,141 | -- | 2,141 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 48,091 | -- | 48,091 |
| Other Financing Sources (Uses) | | | |
| Transfers out | -- | (67,715) | (67,715) |
| Net change in fund balances | 48,091 | (67,715) | (19,624) |
| Fund balances, beginning of year | 1,197,590 | 66,397 | 1,263,987 |
| Fund balances, end of year | \$ 1,245,681 | \$ (1,318) | \$ 1,244,363 |

CITY OF AUBURN

Budgetary Comparison Schedule
Hwy 49 Beautification
For the Year Ended June 30, 2009

| | Budgeted Amounts | | Actual Amounts (On Budgetary Basis) | Variance with Final Budget |
|--|------------------|------------------|---|-------------------------------|
| | Original | Final | | Positive (Negative) |
| Budgetary fund balances, July 1 | \$ 67,715 | \$ 66,397 | \$ 66,397 | \$ -- |
| Resources (inflows): | | | | |
| Use of money and property | -- | -- | -- | -- |
| Amounts available for appropriation | -- | -- | -- | -- |
| Charges to appropriations (outflows): | | | | |
| Capital outlay | -- | -- | -- | -- |
| Transfer to other funds | -- | -- | 67,715 | (67,715) |
| Total charges to appropriations | -- | -- | 67,715 | (67,715) |
| Budgetary fund balances, June 30 | <u>\$ 67,715</u> | <u>\$ 66,397</u> | <u>\$ (1,318)</u> | <u>\$ (67,715)</u> |

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DEBT SERVICE FUNDS

DEFINITION

The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest. Nonmajor debt service funds include:

Nonmajor Debt Service Funds

Government Obligation (GO) Bond Debt Service Fund

The GO Bond Debt Service Fund accounts for the receipt of revenues collected with property taxes which support the repayment of bonds issued for the Civic Center.

Auburn Urban Development Authority Debt Service Fund

The Auburn Urban Development Authority Debt Service Fund accounts for debt repayments related to AUDA bonded indebtedness.

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CITY OF AUBURN

Combining Balance Sheet
 Nonmajor Debt Service Funds
 Tuesday, June 30, 2009

| | <u>General Obligation Bonds</u> | <u>Urban Development Authority</u> | <u>Total</u> |
|--|---|--|-------------------|
| ASSETS | | | |
| Cash and investments | \$ -- | \$ 351,502 | \$ 351,502 |
| Total assets | <u>\$ --</u> | <u>\$ 351,502</u> | <u>\$ 351,502</u> |
| FUND BALANCES | | | |
| Unreserved:, undesignated and reported in: | | | |
| Debt service funds | <u>--</u> | <u>351,502</u> | <u>351,502</u> |
| Total fund balances | <u>--</u> | <u>351,502</u> | <u>351,502</u> |
| Total liabilities and fund balances | <u>\$ --</u> | <u>\$ 351,502</u> | <u>\$ 351,502</u> |

CITY OF AUBURN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Debt Service Funds
 For the Year Ended June 30, 2009

| | General Obligation Bonds | Urban Development Authority | Total |
|--|--------------------------------|-----------------------------------|------------|
| Revenues | | | |
| Taxes | \$ 4,710 | \$ -- | \$ 4,710 |
| Use of money and property | 38 | 11,234 | 11,272 |
| Total revenues | 4,748 | 11,234 | 15,982 |
| Expenditures | | | |
| Current: | | | |
| Community development | -- | 46 | 46 |
| Debt Service: | | | |
| Principal | 150,000 | 175,000 | 325,000 |
| Interest | 5,625 | 162,686 | 168,311 |
| Total expenditures | 155,625 | 337,732 | 493,357 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (150,877) | (326,498) | (477,375) |
| Other Financing Sources (Uses) | | | |
| Transfers in | -- | 678,000 | 678,000 |
| Transfers out | (60,543) | -- | (60,543) |
| Total other financing sources (uses) | (60,543) | 678,000 | 617,457 |
| Net change in fund balances | (211,420) | 351,502 | 140,082 |
| Fund balances, beginning of year | 211,420 | -- | 211,420 |
| Fund balances, end of year | \$ -- | \$ 351,502 | \$ 351,502 |

CITY OF AUBURN

Budgetary Comparison Schedule
 General Obligation Bonds
 For the Year Ended June 30, 2009

| | Budgeted Amounts | | Actual Amounts (On Budgetary Basis) | Variance with Final Budget |
|--|------------------|----------------|---|-------------------------------|
| | Original | Final | | Positive (Negative) |
| Budgetary fund balances, July 1 | \$ 210,625 | \$ 211,420 | \$ 211,420 | \$ -- |
| Resources (inflows): | | | | |
| Taxes | 795 | 795 | 4,710 | 3,915 |
| Use of money and property | -- | -- | 38 | 38 |
| Amounts available for appropriation | <u>795</u> | <u>795</u> | <u>4,748</u> | <u>3,953</u> |
| Charges to appropriations (outflows): | | | | |
| Debt service | 155,625 | 155,625 | 155,625 | -- |
| Transfers to other funds | 55,795 | 55,795 | 60,543 | (4,748) |
| Total charges to appropriations | <u>211,420</u> | <u>211,420</u> | <u>216,168</u> | <u>(4,748)</u> |
| Budgetary fund balances, June 30 | <u>\$ --</u> | <u>\$ 795</u> | <u>\$ --</u> | <u>\$ (795)</u> |

continued

CITY OF AUBURN

Budgetary Comparison Schedule
Auburn Urban Development Authority Debt Service
For the Year Ended June 30, 2009

| | Budgeted Amounts | | Actual Amounts (On Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|--------------------------|--------------------------|---|---|
| | Original | Final | | |
| Budgetary fund balances, July 1 | \$ -- | \$ -- | \$ -- | \$ -- |
| Resources (inflows): | | | | |
| Use of money and property | 12,000 | 12,000 | 11,234 | (766) |
| Transfers from other funds | <u>678,000</u> | <u>678,000</u> | <u>678,000</u> | <u>--</u> |
| Amounts available for appropriation | <u>690,000</u> | <u>690,000</u> | <u>689,234</u> | <u>(766)</u> |
| Charges to appropriations (outflows): | | | | |
| Community development | -- | -- | 46 | (46) |
| Debt service | <u>339,000</u> | <u>339,000</u> | <u>337,686</u> | <u>1,314</u> |
| Total charges to appropriations | <u>339,000</u> | <u>339,000</u> | <u>337,732</u> | <u>1,268</u> |
| Budgetary fund balances, June 30 | <u><u>\$ 351,000</u></u> | <u><u>\$ 351,000</u></u> | <u><u>\$ 351,502</u></u> | <u><u>\$ 502</u></u> |

FIDUCIARY FUNDS

Agency Funds – These funds account for assets held by the City for various local governments and other organizations.

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CITY OF AUBURN

Combining Statement of Fiduciary Net Assets
 Agency Funds
 Tuesday, June 30, 2009

| | Cable TV Access Fees | Recreation Park Development | Fire Safety Council |
|----------------------|----------------------------|-----------------------------------|---------------------------|
| Assets | | | |
| Cash and investments | \$ 14,355 | \$ 1,195 | \$ 2,641 |
| Accounts receivable | 1,804 | -- | -- |
| Total assets | <u>\$ 16,159</u> | <u>\$ 1,195</u> | <u>\$ 2,641</u> |
| Liabilities | | | |
| Accounts payable | \$ 14,355 | \$ -- | \$ -- |
| Agency obligations | 1,804 | 1,195 | 2,641 |
| Total liabilities | <u>\$ 16,159</u> | <u>\$ 1,195</u> | <u>\$ 2,641</u> |

continued

CITY OF AUBURN

Combining Statement of Fiduciary Net Assets (continued)

Agency Funds

June 30, 2009

| | <u>Placer County Facilities Fee</u> | <u>Payroll Clearing</u> | <u>Total</u> |
|----------------------|---|-----------------------------|------------------|
| Assets | | | |
| Cash and investments | \$ 6,382 | \$ 58,194 | \$ 82,767 |
| Accounts receivable | -- | 5,050 | 6,854 |
| | <u>6,382</u> | <u>63,244</u> | <u>89,621</u> |
| Total assets | <u>\$ 6,382</u> | <u>\$ 63,244</u> | <u>\$ 89,621</u> |
| Liabilities | | | |
| Accounts payable | \$ -- | \$ 13,819 | \$ 28,174 |
| Agency obligations | 6,382 | 49,425 | 61,447 |
| | <u>6,382</u> | <u>63,244</u> | <u>89,621</u> |
| Total liabilities | <u>\$ 6,382</u> | <u>\$ 63,244</u> | <u>\$ 89,621</u> |

CITY OF AUBURN

Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2009

| | Balance July 1, 2008 | Additions | Deductions | Balance Tuesday, June 30, 2009 |
|-------------------------------------|-------------------------|---------------------|---------------------|-----------------------------------|
| Cable TV Access Fees | | | | |
| Assets: | | | | |
| Cash and investments | \$ 7,165 | \$ 7,190 | \$ -- | \$ 14,355 |
| Accounts receivable | 1,774 | 30 | -- | 1,804 |
| Total assets | <u>\$ 8,939</u> | <u>\$ 7,220</u> | <u>\$ --</u> | <u>\$ 16,159</u> |
| Liabilities: | | | | |
| Agency obligations | <u>\$ 8,939</u> | <u>\$ --</u> | <u>\$ 7,135</u> | <u>\$ 1,804</u> |
| Recreation Park Development | | | | |
| Assets: | | | | |
| Cash and investments | <u>\$ 1,161</u> | <u>\$ 54</u> | <u>\$ 20</u> | <u>\$ 1,195</u> |
| Liabilities: | | | | |
| Agency obligations | <u>\$ 1,161</u> | <u>\$ 54</u> | <u>\$ 20</u> | <u>\$ 1,195</u> |
| Fire Safety Council | | | | |
| Assets: | | | | |
| Cash and investments | <u>\$ 2,566</u> | <u>\$ 119</u> | <u>\$ 44</u> | <u>\$ 2,641</u> |
| Liabilities: | | | | |
| Agency obligations | <u>\$ 2,566</u> | <u>\$ 119</u> | <u>\$ 44</u> | <u>\$ 2,641</u> |
| Placer County Facilities Fee | | | | |
| Assets: | | | | |
| Cash and investments | <u>\$ 6,301</u> | <u>\$ 9,498</u> | <u>\$ 9,417</u> | <u>\$ 6,382</u> |
| Liabilities: | | | | |
| Agency obligations | <u>\$ 6,301</u> | <u>\$ 16,778</u> | <u>\$ 16,697</u> | <u>\$ 6,382</u> |
| Payroll Clearing | | | | |
| Assets: | | | | |
| Cash and investments | \$ 31,052 | \$ 6,634,866 | \$ 6,607,724 | \$ 58,194 |
| Accounts receivable | 5,050 | -- | -- | 5,050 |
| Total assets | <u>\$ 36,102</u> | <u>\$ 6,634,866</u> | <u>\$ 6,607,724</u> | <u>\$ 63,244</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 29,590 | \$ 561,444 | \$ 577,215 | \$ 13,819 |
| Agency obligations | 6,512 | 9,086,404 | 9,043,491 | 49,425 |
| Total liabilities | <u>\$ 36,102</u> | <u>\$ 9,647,848</u> | <u>\$ 9,620,706</u> | <u>\$ 63,244</u> |

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Comprehensive Annual Financial Report
For Fiscal Year Ended June 30, 2009

Statistical Section

Statistical Section

This part of the comprehensive annual financial report for the City of Auburn presents detailed information as a context for understanding what the information in financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

GASB issued Statement No. 44, Economic Conditions Reporting; The Statistical Section – an amendment of NCGA Statement 1. This statement amends the portions of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles, that guide the preparation of the statistical section. The statistical section presents detailed information, typically in ten-year trends, that assists users in utilizing the basic financial statements, notes to basic financial statements, and required supplementary information to assess the economic condition of a government. During fiscal year 2005-06, the City implemented this statement and added new information that financial statement users have identified as important.

Contents

| Schedule | |
|---|------------|
| Financial Trends | I - IV |
| <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i> | |
| Revenue Capacity | V – VIII |
| <i>These schedules contain information to help the reader assess the City's most significant local revenue source, which is property tax.</i> | |
| Debt Capacity | IX – XII |
| <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i> | |
| Demographic and Economic Information | XIII – XV |
| <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i> | |
| Operating Information | XVI – XVII |
| <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i> | |

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

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SCHEDULE I

CITY OF AUBURN
NET ASSETS BY COMPONENT
LAST FIVE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

| | Fiscal Year | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
| Governmental Activities | | | | | |
| Invested in capital assets, net of related debt | \$ 11,455,672 | \$ 12,112,065 | \$ 13,711,814 | \$ 14,935,931 | \$ 19,336,184 |
| Restricted | 2,472,114 | 3,897,934 | 4,662,291 | 3,653,807 | 8,114,974 |
| Unrestricted | 3,826,830 | 4,049,964 | 2,001,513 | 2,860,462 | (3,166,820) |
| Total governmental activities net assets | <u>\$ 17,754,616</u> | <u>\$ 20,059,963</u> | <u>\$ 20,375,618</u> | <u>\$ 21,450,200</u> | <u>\$ 24,284,338</u> |
| Business-type Activities | | | | | |
| Invested in capital assets, net of related debt | \$ 14,150,118 | \$ 14,898,745 | \$ 16,775,408 | \$ 16,307,102 | \$ 17,671,003 |
| Restricted | 41,840 | 41,840 | 13,250 | -- | -- |
| Unrestricted | 5,125,958 | 4,566,907 | 3,567,844 | 5,089,154 | 4,871,695 |
| Total business-type activities | <u>\$ 19,317,916</u> | <u>\$ 19,507,492</u> | <u>\$ 20,356,502</u> | <u>\$ 21,396,256</u> | <u>\$ 22,542,698</u> |
| Primary Government | | | | | |
| Invested in capital assets, net of related debt | \$ 25,605,790 | \$ 27,010,810 | \$ 30,487,222 | \$ 31,243,033 | \$ 37,007,187 |
| Restricted | 2,513,954 | 3,939,774 | 4,675,541 | 3,653,807 | 8,114,974 |
| Unrestricted | 8,952,788 | 8,616,871 | 5,569,357 | 7,949,616 | 1,704,875 |
| Total primary government net assets | <u>\$ 37,072,532</u> | <u>\$ 39,567,455</u> | <u>\$ 40,732,120</u> | <u>\$ 42,846,456</u> | <u>\$ 46,827,036</u> |

Note:

The City of Auburn implemented GASB 34 for the fiscal year ended June 30, 2002. Information prior to the implementation of GASB 34 is unavailable.

SCHEDULE II

**CITY OF AUBURN
CHANGE IN NET ASSETS
LAST FIVE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

| | Fiscal Year | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
| Expenses | | | | | |
| Governmental activities: | | | | | |
| General government | 2,058,232 | 1,783,691 | 2,325,979 | 2,067,619 | 1,741,542 |
| Public safety | 4,745,520 | 5,385,966 | 5,916,568 | 5,866,706 | 6,066,740 |
| Transportation | 1,136,527 | 2,691,900 | 4,343,717 | 3,165,262 | 2,592,016 |
| Community development | 948,515 | 1,483,471 | 1,748,798 | 1,443,691 | 1,490,980 |
| Recreation and culture | -- | 18,308 | 20,654 | 17,586 | 33,292 |
| Interest on long-term debt | 48,009 | 50,740 | 575,295 | 301,594 | 475,274 |
| Total governmental activities expenses | <u>8,936,803</u> | <u>11,414,076</u> | <u>14,931,011</u> | <u>12,862,458</u> | <u>12,399,844</u> |
| Business-type activities: | | | | | |
| Auburn Municipal Airport | 641,157 | 774,459 | 740,501 | 615,186 | 574,112 |
| Wastewater Treatment Plant | 2,276,655 | 2,852,847 | 3,132,068 | 3,561,773 | 3,432,180 |
| Total business-type activities expenses | <u>2,917,812</u> | <u>3,627,306</u> | <u>3,872,569</u> | <u>4,176,959</u> | <u>4,006,292</u> |
| Total primary government expenses | <u>11,854,615</u> | <u>15,041,382</u> | <u>18,803,580</u> | <u>17,039,417</u> | <u>16,406,136</u> |
| Program Revenues | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| General government | 711,105 | 1,538,236 | 391,510 | 797,693 | 749,498 |
| Public safety | 642,003 | 9,660 | 167,362 | 279,340 | 369,292 |
| Transportation | 315,400 | 27,528 | 97,042 | 137,199 | 72,560 |
| Community development | 413,458 | -- | 513,221 | 325,663 | 209,542 |
| Recreation and culture | -- | -- | 19,885 | 18,825 | 34,563 |
| Operating grants and contributions | 1,483,658 | 2,378,837 | 2,543,309 | 1,557,120 | 2,536,633 |
| Capital grants and contributions | 201,773 | 684,447 | 1,284,923 | 1,313,832 | 2,801,230 |
| Total governmental program revenues | <u>3,767,397</u> | <u>4,638,708</u> | <u>5,017,252</u> | <u>4,429,672</u> | <u>6,773,318</u> |
| Business-type activities: | | | | | |
| Charges for services: | | | | | |
| Auburn Municipal Airport | 104,223 | 113,472 | 14,887 | 556,139 | 566,954 |
| Wastewater Treatment Plant | 2,773,504 | 2,941,471 | 2,861,434 | 4,386,520 | 4,334,075 |
| Operating grants and contributions | -- | -- | 49,500 | 26,775 | 6,350 |
| Capital grants and contributions | 61,586 | 238,136 | 1,063,925 | 34,824 | -- |
| Total business-type activities program revenues | <u>2,939,313</u> | <u>3,293,079</u> | <u>3,989,746</u> | <u>5,004,258</u> | <u>4,907,379</u> |
| Total primary government revenues | <u>6,706,710</u> | <u>7,931,787</u> | <u>9,006,998</u> | <u>9,433,930</u> | <u>11,680,697</u> |

continued

SCHEDULE II

CITY OF AUBURN
CHANGE IN NET ASSETS (continued)
LAST FIVE FISCAL YEARS
(ACCURAL BASIS OF ACCOUNTING)

| | Fiscal Year | | | | |
|--|---------------------|---------------------|----------------------|---------------------|---------------------|
| | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
| Net (Expenses) Revenues | | | | | |
| Governmental activities | \$ (5,169,406) | \$ (6,775,368) | \$ (9,913,759) | \$ (8,432,786) | \$ (5,626,526) |
| Business-type activities | 21,501 | (334,227) | 117,177 | 827,299 | 901,087 |
| Total primary government | <u>(5,147,905)</u> | <u>(7,109,595)</u> | <u>(9,796,582)</u> | <u>(7,605,487)</u> | <u>(4,725,439)</u> |
| General Revenue and Other Changes in Net Assets | | | | | |
| Governmental activities | | | | | |
| Taxes: | | | | | |
| Property | 3,256,499 | 3,682,204 | 4,085,695 | 4,195,552 | 4,064,058 |
| Sales and use | 2,605,488 | 2,922,367 | 3,005,226 | 2,889,326 | 2,059,504 |
| In-lieu sales | 686,335 | 980,145 | 1,376,879 | 1,141,045 | 1,040,123 |
| Franchise taxes | 599,725 | 620,185 | 648,170 | 644,702 | 657,957 |
| Transient occupancy | 215,627 | 220,388 | 224,755 | 238,608 | 212,709 |
| Other taxes | 148,973 | 128,215 | 92,262 | 49,737 | 25,808 |
| Rents | 316,959 | 297,896 | 312,911 | -- | -- |
| Unrestricted interest and investment earnings | 153,018 | 198,507 | 379,293 | 264,154 | 259,023 |
| Miscellaneous revenues | -- | 33,988 | 102,009 | 84,244 | 141,737 |
| Transfers | 135,186 | (3,180) | 2,214 | -- | -- |
| Total governmental activities | <u>8,117,810</u> | <u>9,080,715</u> | <u>10,229,414</u> | <u>9,507,368</u> | <u>8,460,919</u> |
| Business-type activities | | | | | |
| Property taxes | 53,456 | 41,764 | 32,634 | 33,802 | 36,181 |
| Rents | 347,803 | 331,784 | 459,851 | -- | -- |
| Unrestricted interest and investment earnings | (35,130) | 126,004 | 241,562 | 178,653 | 144,374 |
| Transfers | (135,186) | 3,180 | (2,214) | -- | 64,800 |
| Total business-type activities | <u>230,943</u> | <u>502,732</u> | <u>731,833</u> | <u>212,455</u> | <u>245,355</u> |
| Total primary government | <u>\$ 8,348,753</u> | <u>\$ 9,583,447</u> | <u>\$ 10,961,247</u> | <u>\$ 9,719,823</u> | <u>\$ 8,706,274</u> |
| Change in Net Assets | | | | | |
| Governmental activities | 2,948,404 | 2,305,347 | 315,655 | 1,074,582 | 2,834,393 |
| Business-type activities | 252,444 | 168,505 | 849,010 | 1,039,754 | 1,146,442 |
| Total Primary government | <u>\$ 3,200,848</u> | <u>\$ 2,473,852</u> | <u>\$ 1,164,665</u> | <u>\$ 2,114,336</u> | <u>\$ 3,980,835</u> |

Note:
The City of Auburn implemented GASB 34 for the fiscal year ended June 30, 2002. Information prior to the implementation of GASB 34 is unavailable.

SCHEDULE III

CITY OF AUBURN
 FUND BALANCE, GOVERNMENTAL FUNDS
 LAST FIVE FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)

| | Fiscal Year | | | | |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
| General Fund | | | | | |
| Reserved | \$ 712,214 | \$ 2,364,402 | \$ 1,944,442 | \$ 1,520,684 | \$ 455,035 |
| Unreserved | 4,161,059 | 2,865,763 | 2,834,572 | 2,608,498 | 2,958,087 |
| Total General Fund | <u>\$ 4,873,273</u> | <u>\$ 5,230,165</u> | <u>\$ 4,779,014</u> | <u>\$ 4,129,182</u> | <u>\$ 3,413,122</u> |
| Other Governmental Funds | | | | | |
| Reserved | \$ -- | \$ 2,338 | \$ -- | \$ -- | \$ -- |
| Unreserved, reported in: | | | | | |
| Special revenue funds | 3,571,328 | 4,186,295 | 3,132,607 | 3,217,606 | 6,927,496 |
| Debt service funds | 168,566 | 254,166 | 285,509 | 211,420 | 351,502 |
| Capital project funds | 581,596 | 1,038,356 | 1,236,642 | 1,330,653 | 1,244,363 |
| Total Other Governmental Funds | <u>\$ 4,321,490</u> | <u>\$ 5,481,155</u> | <u>\$ 4,654,758</u> | <u>\$ 4,759,679</u> | <u>\$ 8,523,361</u> |

Note:

As certain data required by GASB 44 was not readily available for years prior to 2002, the City of Auburn has elected to show five years of data for this schedule.

SCHEDULE IV

CITY OF AUBURN
 CHANGE IN FUND BALANCE, GOVERNMENTAL FUNDS
 LAST FIVE FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)

| | Fiscal Year | | | | |
|---|-------------------|-----------------------|-----------------------|---------------------|---------------------|
| | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
| REVENUES | | | | | |
| Taxes | \$ 7,497,249 | \$ 7,933,319 | \$ 8,784,817 | \$ 8,304,456 | \$ 7,541,403 |
| Franchise Fees | 599,725 | 620,185 | 648,170 | 644,701 | 518,756 |
| Licenses and permits | 606,469 | 1,065,241 | 775,940 | 494,863 | 383,622 |
| Fines, forfeitures and penalties | 1,34,882 | 121,808 | 144,568 | 136,518 | 142,998 |
| Use of money and property | 471,087 | 496,403 | 692,204 | 602,385 | 613,929 |
| Intergovernmental | 1,583,310 | 3,063,284 | 3,828,232 | 3,095,930 | 5,712,125 |
| Charges for services | 842,603 | 388,375 | 268,512 | 277,297 | 179,412 |
| Other revenues | 25,688 | 33,988 | 102,009 | 84,244 | 141,737 |
| Total revenues | <u>11,761,013</u> | <u>13,722,603</u> | <u>15,244,452</u> | <u>13,640,394</u> | <u>15,233,982</u> |
| EXPENDITURES | | | | | |
| General government | 1,705,245 | 4,500,812 | 2,224,760 | 1,777,811 | 1,606,237 |
| Public safety | 4,606,218 | 7,313,153 | 5,742,513 | 5,612,110 | 5,702,042 |
| Transportation | 2,100,278 | 2,521,915 | 4,368,426 | 3,072,594 | 2,096,725 |
| Community development | 1,062,079 | 1,492,402 | 1,737,253 | 1,432,675 | 1,494,664 |
| Recreation and culture | -- | 18,308 | 20,654 | 17,586 | 33,292 |
| Capital outlay | 1,345,115 | 1,477,368 | 1,802,529 | 1,689,495 | 4,893,952 |
| Debt service: | | | | | |
| Principal | 146,282 | 157,725 | 314,909 | 274,158 | 499,235 |
| Interest | 48,009 | 38,181 | 313,170 | 308,876 | 454,713 |
| Administrative, issuance and other costs | -- | -- | -- | -- | 105,823 |
| Total expenditures | <u>11,013,226</u> | <u>17,519,864</u> | <u>16,524,214</u> | <u>14,185,305</u> | <u>16,888,683</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>747,787</u> | <u>(3,797,261)</u> | <u>(1,279,762)</u> | <u>(544,911)</u> | <u>(1,654,701)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Bonds issued | -- | 4,965,000 | -- | -- | 4,805,000 |
| Discounts on debt issued | -- | -- | -- | -- | (102,677) |
| Capital lease | -- | 352,000 | -- | -- | -- |
| Transfers in | 778,599 | 223,873 | 292,399 | 236,616 | 906,258 |
| Transfers out | (643,414) | (227,053) | (290,185) | (236,616) | (906,258) |
| Total other financing sources (uses) | <u>135,185</u> | <u>(3,180)</u> | <u>2,214</u> | <u>--</u> | <u>4,702,323</u> |
| Net change in fund balance | <u>\$ 882,972</u> | <u>\$ (3,800,441)</u> | <u>\$ (1,277,548)</u> | <u>\$ (544,911)</u> | <u>\$ 3,047,622</u> |
| Debt service as a percentage of noncapital expenditures | 2.01% | 1.22% | 4.35% | 4.66% | 7.95% |

Note:
 As certain data required by GASB 44 was not readily available for years prior to 2002, the City of Auburn has elected to show only five years of data for this schedule.

SCHEDULE V

**CITY OF AUBURN
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**

| Fiscal Year | City | | | | | | | | | | Auburn Urban Development Authority (Redevelopment Agency) | | | | |
|-------------|----------------|----------------|------------|--------------------|-------------|---|---------------|------------|----------------|-------------|---|----------------|--------------|---------|----------|
| | City | | | | | Auburn Urban Development Authority (Redevelopment Agency) | | | | | Less: | | Total Direct | | |
| | Secured | Unsecured | Exemptions | Assessed Value | Direct Rate | Secured | Unsecured | Exemptions | Assessed Value | Direct Rate | Exemptions | Assessed Value | Rate | Taxable | Tax Rate |
| 1999-2000 | \$ 775,659,066 | \$ 114,580,759 | \$ -- | (1) \$ 890,239,825 | 0.150% | \$ 67,717,345 | \$ 10,423,349 | \$ -- | \$ 78,140,694 | 0.301% | | | | | 0.162% |
| 2000-01 | 836,846,826 | 131,757,047 | -- | (1) 968,603,873 | 0.149% | 69,828,985 | 10,375,768 | -- | 80,204,753 | 0.270% | | | | | 0.158% |
| 2001-02 | 924,878,465 | 163,171,437 | 50,034,999 | 1,038,014,903 | 0.200% | 74,226,618 | 11,382,798 | -- | 85,609,416 | 0.318% | | | | | 0.135% |
| 2002-03 | 1,000,767,284 | 183,554,586 | 52,245,073 | 1,132,076,797 | 0.197% | 79,807,169 | 10,719,189 | -- | 90,526,358 | 0.356% | | | | | 0.188% |
| 2003-04 | 1,098,885,515 | 187,072,771 | 54,539,705 | 1,231,418,581 | 0.156% | 88,588,481 | 9,961,089 | -- | 98,549,570 | 0.390% | | | | | 0.173% |
| 2004-05 | 1,205,735,778 | 184,994,566 | 65,101,805 | 1,325,628,539 | 0.217% | 95,172,938 | 9,837,947 | -- | 105,010,885 | 0.408% | | | | | 0.231% |
| 2005-06 | 1,349,777,552 | 161,246,947 | 67,494,168 | 1,443,530,331 | 0.221% | 102,726,618 | 11,721,184 | -- | 114,447,802 | 0.463% | | | | | 0.239% |
| 2006-07 | 1,524,979,595 | 161,724,477 | 71,295,420 | 1,615,408,652 | 0.216% | 111,839,121 | 12,388,015 | -- | 124,227,136 | 0.483% | | | | | 0.235% |
| 2007-08 | 1,629,447,870 | 160,794,104 | 71,837,516 | 1,718,404,458 | 0.204% | 117,920,048 | 13,950,748 | -- | 131,870,796 | 0.489% | | | | | 0.225% |
| 2008-09 | 1,662,445,744 | 164,935,634 | 73,740,612 | 1,753,640,766 | 0.194% | 219,200,832 (2) | 27,099,938 | -- | 246,300,770 | 0.350% | | | | | 0.216% |

(1) Exemption information is unavailable for years prior to FY 2001-02.

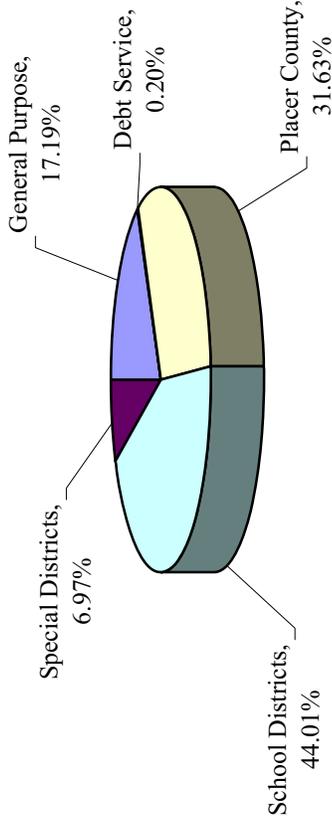
(2) The Auburn Urban Development Authority Project Area was amended (increased) during FY 2008-09.

Note:

In 1978, the voters of the State of California passed Proposition 13 which limited property taxes to a maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property tax may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: Auditor-Controllers Office, County of Placer

**CITY OF AUBURN
PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**



| Fiscal Year | 1999-2000 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
|-------------------|-----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| City of Auburn | | | | | | | | | | |
| General Purpose | 0.175 | 0.175 | 0.175 | 0.175 | 0.175 | 0.175 | 0.175 | 0.175 | 0.175 | 0.175 |
| Debt Service | 0.017 | 0.016 | 0.017 | 0.015 | 0.013 | 0.012 | 0.013 | 0.007 | 0.002 | 0.002 |
| | 0.192 | 0.191 | 0.192 | 0.190 | 0.188 | 0.187 | 0.188 | 0.182 | 0.177 | 0.177 |
| Placer County | 0.330 | 0.330 | 0.328 | 0.326 | 0.321 | 0.320 | 0.320 | 0.320 | 0.320 | 0.322 |
| School districts | 0.434 | 0.448 | 0.447 | 0.447 | 0.455 | 0.455 | 0.452 | 0.452 | 0.456 | 0.448 |
| Special districts | 0.068 | 0.068 | 0.068 | 0.068 | 0.068 | 0.068 | 0.068 | 0.068 | 0.068 | 0.071 |
| | 1.024 | 1.037 | 1.035 | 1.031 | 1.032 | 1.030 | 1.028 | 1.022 | 1.021 | 1.018 |

Note:
 1. The above tax rates are applied per \$100 of assessed valuation.
 2. In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of school district bonds.

Source: Auditor-Controllers Office, County of Placer

SCHEDULE VII

CITY OF AUBURN
 PRINCIPAL PROPERTY TAX PAYERS
 CURRENT YEAR AND NINE YEARS AGO

| Taxpayer | FY 2008-09 | | FY 1999-00 | |
|--------------------------------------|------------------------|--|------------------------|--|
| | Taxable Assessed Value | Percent of Total City Taxable Assessed Value | Taxable Assessed Value | Percent of Total City Taxable Assessed Value |
| Coherent, Inc | \$ 32,662,816 | 1.633% | <i>not available</i> | -- |
| Renesson Hotels, Inc. | 14,067,251 | 0.965% | <i>not available</i> | -- |
| Auburn Creekside, LLC | 10,511,699 | 0.721% | <i>not available</i> | -- |
| Regal Cinemas, Inc. | 10,424,559 | 0.715% | <i>not available</i> | -- |
| BKR Investors, LLC | 8,622,819 | 0.591% | <i>not available</i> | -- |
| Carpenter Advanced Ceramics | 7,134,490 | 0.489% | <i>not available</i> | -- |
| RMP Properties, LLC | 6,599,453 | 0.453% | <i>not available</i> | -- |
| Auburn Creekside Buildings A & E LLC | 6,497,092 | 0.446% | <i>not available</i> | -- |
| UAIC Development Corporation | 5,964,417 | 0.409% | <i>not available</i> | -- |
| Alfred & Peggy Lee | 5,297,319 | 0.363% | <i>not available</i> | -- |
| Total assessed property valuation | \$ 107,781,915 | 6.785% | <i>not available</i> | \$ -- |

Total City of Auburn assessed property valuation (including AUDA):

| | |
|---------------------|------------------|
| Fiscal Year 2008-09 | \$ 1,999,941,536 |
| Fiscal Year 1999-00 | \$ 968,380,519 |

Source: Auditor-Controllers Office, County of Placer

SCHEDULE VIII

**CITY OF AUBURN
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

| Fiscal Year | Tax Levied Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years ¹ | Total Collections to Date | |
|-------------|---------------------------|---|--------------------|--|---------------------------|---------------------------------|
| | | Amount | Percent of Levy | | Amount | Percent of Levy ² |
| 1999-2000 | \$ 1,573,407 | \$ 1,532,769 | 97.4% | -- | \$ 1,532,769 | 97.4% |
| 2000-01 | 1,692,780 | 1,663,552 | 98.3% | -- | 1,663,552 | 98.3% |
| 2001-02 | 1,825,238 | 1,764,962 | 96.7% | -- | 1,764,962 | 96.7% |
| 2002-03 | 2,131,441 | 2,295,582 | 107.7% | -- | 2,295,582 | 107.7% |
| 2003-04 | 2,321,327 | 2,301,875 | 99.2% | -- | 2,301,875 | 99.2% |
| 2004-05 | 3,256,499 | 3,309,955 | 101.6% | -- | 3,309,955 | 101.6% |
| 2005-06 | 3,562,725 | 3,723,878 | 104.5% | -- | 3,723,878 | 104.5% |
| 2006-07 | 4,074,600 | 4,118,329 | 101.1% | -- | 4,118,329 | 101.1% |
| 2007-08 | 4,226,636 | 4,402,015 | 104.1% | -- | 4,402,015 | 104.1% |
| 2008-09 | 4,179,325 | 4,084,946 | 97.7% | -- | 4,084,946 | 97.7% |

1. The City participates in an alternative method of distribution and property tax levies and assessments known as the Teeter Plan.

As a result, the City receives full payment of property taxes each fiscal year and there are no collections in subsequent years.

2. Amounts collected in excess of the tax levied are supplemental roll collections which were not part of the levied charges.

Source: Auditor-Controllers Office, County of Placer
Administrative Services Department, City of Auburn

SCHEDULE IX

CITY OF AUBURN
 RATIOS OF OUTSTANDING DEBT BY TYPE
 LAST TEN FISCAL YEARS

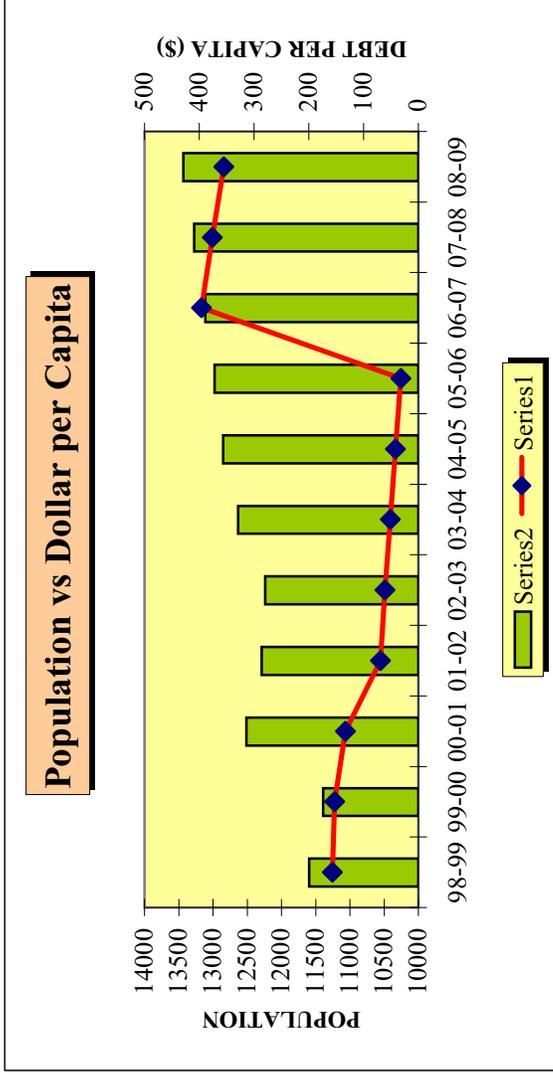
| Fiscal Year | Governmental Activities | | | | | | | Total Governmental Activities |
|-------------|--------------------------|---|-------------------------|-----------------------|----------------|------|--|-------------------------------|
| | General Obligation Bonds | Pension Obligation Tax Allocation Bonds | Loans and Notes Payable | Due to Other Agencies | Capital Leases | COPS | | |
| 1999-2000 | \$ 1,740,000 | \$ 2,600,000 | \$ -- | \$ 235,957 | \$ 104,798 | | | \$ 4,680,755 |
| 2000-01 | 1,660,000 | 2,535,000 | -- | 210,651 | 58,130 | | | 4,463,781 |
| 2001-02 | 845,000 | 2,465,000 | 112,060 | 185,345 | 33,855 | | | 3,641,260 |
| 2002-03 | 750,000 | 2,390,000 | 101,510 | 160,039 | 24,342 | | | 3,425,891 |
| 2003-04 | 650,000 | -- | 90,864 | 134,733 | 14,031 | | | 889,628 |
| 2004-05 | 540,000 | -- | 79,888 | 109,427 | 9,556 | | | 738,871 |
| 2005-06 | 420,000 | 4,965,000 | 68,580 | 84,121 | 356,739 | | | 5,894,440 |
| 2006-07 | 290,000 | 4,900,000 | 56,931 | 58,815 | 269,046 | | | 5,574,792 |
| 2007-08 | 150,000 | 4,845,000 | 44,954 | 33,512 | 182,815 | | | 5,256,281 |
| 2008-09 | -- | 9,305,746 | 32,570 | 31,278 | 93,177 | | | 9,462,771 |

| Fiscal Year | Business-type Activities | | | Total Primary Government | Percentage of Assessed Value | Debt Per Capita |
|-------------|--------------------------|--------------------------------|--------------|--------------------------|------------------------------|-----------------|
| | Loans and Notes Payable | Total Business-type Activities | | | | |
| 1999-2000 | \$ 5,316,578 | \$ 5,316,578 | \$ 9,997,333 | 1.032% | 878 | |
| 2000-01 | 6,816,457 | 6,816,457 | 11,280,238 | 1.076% | 902 | |
| 2001-02 | 5,329,059 | 5,329,059 | 8,970,319 | 0.798% | 730 | |
| 2002-03 | 6,038,825 | 6,038,825 | 9,464,716 | 0.774% | 774 | |
| 2003-04 | 5,707,941 | 5,707,941 | 6,597,569 | 0.496% | 522 | |
| 2004-05 | 5,374,142 | 5,374,142 | 6,113,013 | 0.427% | 476 | |
| 2005-06 | 5,035,206 | 5,035,206 | 10,929,646 | 0.702% | 842 | |
| 2006-07 | 4,691,134 | 4,691,134 | 10,265,926 | 0.625% | 783 | |
| 2007-08 | 4,341,925 | 4,341,925 | 9,598,206 | 0.559% | 723 | |
| 2008-09 | 3,987,580 | 3,987,580 | 13,450,351 | 0.673% | 1,001 | |

Sources: Department of Administrative Services, City of Auburn
 Auditor-Controller's Office, County of Placer

SCHEDULE X

**CITY OF AUBURN
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**



Outstanding General Debt

| Fiscal Year | General Obligation Bonds | | Special Assessment Bonds | | Pension Obligation Bonds | | Total | Percent of Assessed Value | | Debt Per Capita | |
|-------------|--------------------------|----|--------------------------|-----------|--------------------------|-----------|--------------|---------------------------|--------|-----------------|---|
| | \$ | % | \$ | % | \$ | % | | Population | % | Population | % |
| 1999-2000 | \$ 1,740,000 | -- | -- | -- | \$ -- | -- | \$ 1,740,000 | 0.180% | 11,391 | 153 | |
| 2000-01 | 1,660,000 | -- | -- | -- | -- | 1,660,000 | 0.158% | 12,511 | 133 | | |
| 2001-02 | 845,000 | -- | -- | -- | -- | 845,000 | 0.075% | 12,287 | 69 | | |
| 2002-03 | 750,000 | -- | -- | -- | -- | 750,000 | 0.061% | 12,235 | 61 | | |
| 2003-04 | 650,000 | -- | -- | -- | -- | 650,000 | 0.049% | 12,634 | 51 | | |
| 2004-05 | 540,000 | -- | -- | -- | -- | 540,000 | 0.038% | 12,849 | 42 | | |
| 2005-06 | 420,000 | -- | -- | 4,965,000 | -- | 420,000 | 0.027% | 12,975 | 32 | | |
| 2006-07 | 290,000 | -- | -- | 4,900,000 | -- | 5,190,000 | 0.316% | 13,112 | 396 | | |
| 2007-08 | 150,000 | -- | -- | 4,845,000 | -- | 4,995,000 | 0.291% | 13,273 | 376 | | |
| 2008-09 | -- | -- | -- | 4,775,000 | -- | 4,775,000 | 0.239% | 13,432 | 355 | | |

Source: Auditor-Controllers Office, County of Placer
Administrative Services Department, City of Auburn

CITY OF AUBURN
STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT
JUNE 30, 2009

| | |
|--|------------------|
| City Assessed Valuation | \$ 1,780,614,008 |
| Auburn Urban Development Authority Incremental Valuation | 90,516,580 |
| | \$ 1,690,097,428 |

| <i>Overlapping Tax and Assessment Debt:</i> | <i>% Applicable</i> | <i>Outstanding Debt as of 6/30/2009</i> | <i>Estimated Share of Overlapping Debt</i> |
|---|---------------------|---|--|
| Placer Union High School District | 14.902% | \$ 38,154,040 | \$ 5,685,715 |
| Nevada Irrigation District | 0.657% | 2,255,000 | 14,815 |
| | | \$ 40,409,040 | \$ 5,700,530 |

| <i>Direct and Overlapping General Fund Obligation Debt:</i> | | | |
|--|-----------------|------------------|------------------|
| Placer County General Fund Obligations | 3.017% | \$ 53,830,000 | \$ 1,624,051 |
| Placer County Office of Education Certificates of Participation | 3.017% | 2,525,000 | 76,179 |
| Sierra Joint Community College District General Fund Obligations | 2.217% | 16,015,000 | 355,053 |
| Placer Union High School District Certificates of Participation | 14.902% | 9,500,000 | 1,415,690 |
| Auburn Union School District Certificates of Participation | 42.388% | 38,203,580 | 16,193,733 |
| City of Auburn Pension Obligations | 100.000% | 4,775,000 | 4,775,000 |
| Placer Mosquito and Vector Control District COPS | 3.017% | 5,000,000 | 150,850 |
| Auburn Area Recreation and Park District Certificates of Participation | 32.713% | 635,000 | 207,728 |
| | | \$ 130,483,580 | \$ 24,798,284 |
| <i>Total Direct and Overlapping General Fund Obligation Debt:</i> | | \$ 170,892,620 | \$ 30,498,814 |

Ratios to 2008-09 Assessed Valuation:
 Total Direct and Overlapping Tax and Assessment Debt..... 0.320%

Ratios to Adjusted Assessed Valuation:
Combined Direct Debt (\$4,775,000)..... 0.280%
 Combined Total Debt..... 1.800%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/09 \$0

Note:
Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City of Auburn. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

Source: Auditor-Controller's Office, County of Placer
 Administrative Services Department, City of Auburn
 California Municipal Statistics

**CITY OF AUBURN
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2009**

| | |
|---|--------------------------------|
| <i>Secured Property Assessed Value, net of Exempt Real Property</i> | <u><u>\$ 1,713,424,563</u></u> |
| | |
| Bonded Debt Limit (3.75% of Assesed Value) (a) | \$ 64,253,421 |
| <i>Less Debt Subject to Limit:</i> | |
| Total Pension Obligation Bonds @ 6/30/2009 | <u>(4,775,000)</u> |
| | |
| Legal Debt Margin | <u><u>\$ 59,478,421</u></u> |

(a) California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth the limit to account for the adjustment of showing assessed valuation at full cash value.

*Source: Auditor-Controller's Office, County of Placer
Administrative Services Department, City of Auburn*

**CITY OF AUBURN
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

| Calendar Year | Population | Taxable Assessed Valuation | Per Capita Taxable Property Values | Average Unemployment Rate |
|---------------|------------|----------------------------|------------------------------------|---------------------------|
| 2000 | 11,391 | 968,380,519 | 85,013 | 2.9% |
| 2001 | 12,511 | 1,048,808,626 | 83,831 | 3.2% |
| 2002 | 12,287 | 1,123,624,319 | 91,448 | 3.9% |
| 2003 | 12,235 | 1,222,603,155 | 99,927 | 4.0% |
| 2004 | 12,634 | 1,329,968,151 | 105,269 | 3.7% |
| 2005 | 12,849 | 1,430,639,424 | 111,342 | 3.3% |
| 2006 | 12,975 | 1,557,978,133 | 120,075 | 3.2% |
| 2007 | 13,112 | 1,739,635,788 | 132,675 | 3.4% |
| 2008 | 13,273 | 1,850,275,254 | 139,401 | 4.0% |
| 2009 | 13,432 | 1,999,941,536 | 148,894 | 9.4% |

Note:

Data pertaining to personal income is not readily available, thus the City used taxable assessed values to calculate per capita taxable property values

Source: Auditor-Controllers Office, County of Placer
Administrative Services Department, City of Auburn
Employment Development Department, State of California

SCHEDULE XIV

**CITY OF AUBURN
PRINCIPAL EMPLOYERS
2009**

| <u>Employer</u> | <u>No. of Employees</u> | <u>Percent of Total Employment</u> |
|-------------------------------|-------------------------|--|
| Placer County Water Agency | 179 | 2.27% |
| Pride Industries | 160 | 2.03% |
| AT&T | 94 | 1.19% |
| Auburn Journal | 90 | 1.14% |
| Auburn Placer Disposal | 85 | 1.08% |
| City of Auburn | 84 | 1.06% |
| United States Post Office | 75 | 0.95% |
| Nella Oil Company | 75 | 0.95% |
| Placer County (Domes Offices) | 70 | 0.89% |
| Miltenyi Biotech | 50 | 0.63% |

Note:

Data pertaining to principal employers for nine years ago is not readily available.

*Source: Auburn Area Chamber of Commerce
Employment Development Department, State of California*

**CITY OF AUBURN
OPERATING INDICATORS
LAST FIVE FISCAL YEARS**

| | Fiscal Year | | | | |
|--|---------------|---------------|---------------|---------------|---------------|
| | FY 2004-05 | FY 2005-06 | FY 2006-07 | FY 2007-08 | FY 2008-09 |
| AUBURN AIRPORT: | | | | | |
| Tie-downs per year | 1,050 | 978 | 1,020 | 1,044 | 1,034 |
| Hangar rentals per year | 96 | 97 | 120 | 88 | 83 |
| Gallons of fuel sold per year | 194,000 | 155,000 | 249,094 | 211,992 | 209,467 |
| | | | | | |
| ENVIRONMENT AND UTILITIES: | | | | | |
| Gallons of wastewater treated per year (in millions) | 602 | 628 | 530 | 451 | 446 |
| | | | | | |
| FIRE: | | | | | |
| Fires per year | 130 | 82 | 80 | 210 | 108 |
| Emergency medical calls per year | 995 | 1,013 | 1,093 | 1,106 | 1,333 |
| Hazardous materials incidents per year | 26 | 34 | 27 | 20 | 47 |
| Non-emergency service calls per year | 176 | 229 | 295 | 251 | 336 |
| | | | | | |
| POLICE: | | | | | |
| 911 calls per year | 2,966 | 2,910 | 2,819 | 2,666 | 2,325 |
| Cases investigated per year | 3,973 | 4,100 | 4,271 | 5,172 | 4,986 |
| Arrests per year | 847 | 886 | 1,164 | 1,160 | 1,134 |
| | | | | | |
| BUILDING PERMITS: | | | | | |
| Building permits issues per year | 635 | 599 | 596 | 590 | 455 |
| New building and alteration valuation | \$ 45,634,211 | \$ 33,298,065 | \$ 25,330,689 | \$ 14,450,089 | \$ 12,391,787 |

Note:

As certain data required by GASB 44 was not readily available prior to FY 2001-02, the City of Auburn has elected to show five years of data in this schedule.

Source: City of Auburn

**CITY OF AUBURN
CAPITAL ASSET STATISTICS
LAST FIVE FISCAL YEARS**

| | Fiscal Year | | | | |
|--|--------------------|-------------------|-------------------|-------------------|-------------------|
| | FY 2004-05 | FY 2005-06 | FY 2006-07 | FY 2007-08 | FY 2008-09 |
| AUBURN AIRPORT: | | | | | |
| Terminals (Airport Management Building) | 1 | 1 | 1 | 1 | 1 |
| Runways | 1 | 1 | 1 | 1 | 1 |
| Airport hangars | 81 | 81 | 81 | 81 | 81 |
| ENVIRONMENT AND UTILITIES: | | | | | |
| Miles of municipal sewer mains | 62 | 62 | 62 | 62 | 62 |
| Maximum daily capacity (gallons per day) | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| FIRE: | | | | | |
| Full-time staffed stations | 1 | 1 | 1 | 1 | 1 |
| Volunteer stations | 2 | 2 | 2 | 2 | 2 |
| POLICE: | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 |
| Vehicles and motorcycles | 25 | 27 | 27 | 27 | 27 |
| COMMUNITY DEVELOPMENT: | | | | | |
| Miles of municipal roadways | 62 | 62 | 62 | 62 | 62 |
| Pocket park sites | 10 | 10 | 10 | 10 | 11 |

Note:

As certain data required by GASB 44 was not readily available prior to FY 2001-02, the City of Auburn has elected to show five years of data in this schedule.

Source: City of Auburn