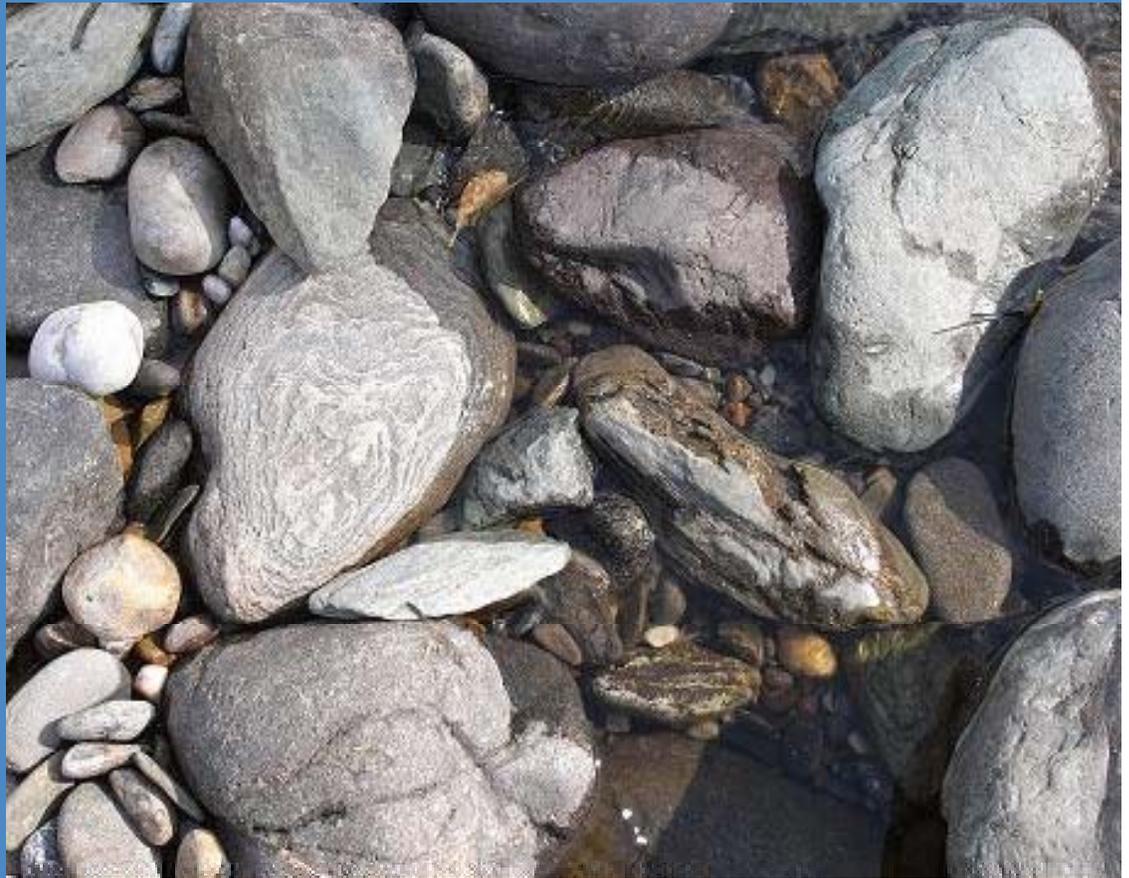




CITY OF AUBURN CALIFORNIA

2010



Comprehensive Annual Financial Report

Fiscal Year Ended
June 30, 2010

City of Auburn, California

Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2010

Prepared by:
Administrative Services Department
Andrew Heath, Director

Comprehensive Annual Financial Report
For Fiscal Year Ended June 30, 2010

Introductory Section

CITY OF AUBURN

Comprehensive Annual Financial Report For the Year Ended June 30, 2010

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1225 Lincoln Way, Auburn, CA 95603 • (530)823-4211 • FAX (530)885-5508
www.auburn.ca.gov

December 28, 2010

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, 2009 through June 30, 2010. 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 2009-2010 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 13,578. 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, the Western States 100 mile endurance run and, most recently, served as a pass-through city for the Amgen Tour of California bicycle race.

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 2009-10 proved to be an enduring year as the City and nation, alike, continued to confront the severe economic impacts of the "Great Recession". Continued high levels of unemployment, tightened credit markets, lower property values, and curtailment of discretionary spending worked in unison to prolong the challenge of providing seamless levels of service citywide with diminishing resources. As the City continues to emerge from the lingering effects of the "Great Recession", future economic growth is expected to be slow to moderate. Although the future economic climate remains relatively uncertain, the City will continue to employ prudent fiscal management practices consistent with City Council direction.

Transmittal Letter

At the present time, it is anticipated that the State of California will begin the 2010-11 fiscal year with a \$24-26 billion General Fund deficit. After “borrowing” approximately \$1.9 billion in property taxes and “taking” approximately \$2 billion in Redevelopment funds from local governments during fiscal year 2009-10, the likelihood of the State continuing to look to local governments as a solution to their structural shortfall looms large. Although the passage of Proposition 22 in November 2010 furthers the protection of local revenue sources, it is anticipated that all levels of government will share in the burden of helping to balance the State’s budget.

As previously mentioned, the State took approximately \$2 billion from Redevelopment Agencies statewide during fiscal year 2009-10, of which the Auburn Urban Development Authority share was approximately \$276,000. During fiscal year 2010-11, as part of their previous budget-balancing initiatives, the State is set to take another \$60,000 from the City of Auburn. It should be mentioned that the California Redevelopment Association, in conjunction with numerous Redevelopment Agencies, continues to fight the legality of these redevelopment takeaways in the State Court of Appeals.

The City’s average unemployment rate for calendar year 2010 was 8.6 percent, which was lower than the Placer County average of 10.6 percent and the statewide average of 11.4 percent. The City’s economic activity, although somewhat diminished from levels experienced in previous years, continues to keep pace with 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 challenges of a seemingly ever-changing 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 2010-11 that is at levels not experienced since 2004 to 2006. To mitigate the sustained downturn in General Fund revenue, the City continues to focus on cost-savings measures including services consolidation, decreasing discretionary spending, and not filling vacant positions. The City’s capital budget for Fiscal Year 2010-11 includes continued allocations of funding for the City’s Streetscape Redevelopment Program, Street Overlay Program, Sewer / Wastewater Treatment Facility Capital Improvement Program, and various transportation-related grant-funded projects.

SIGNIFICANT EVENTS AND ACCOMPLISHMENTS

Highlights of activities and accomplishments for the fiscal year ended June 30, 2010 include the following:

- ❖ The Auburn Public Financing Authority successfully sold an \$8.5 million Sewer Improvement Revenue Bond issue in August 2009, effectively enabling the financing for the compliance upgrade of the City’s Wastewater Treatment Facility. It is anticipated that the upgrade of the treatment facility will be completed in December 2010.

Transmittal Letter

- ❖ The City completed negotiations for and executed three new 40-year land leases at the Auburn Municipal Airport with three hangar associations expected to generate approximately \$22,000 in annual Airport lease revenue. The hangar rows were constructed in an area recently developed for hangar space by the City using a Federal Aviation Administration Airport Improvement Project grant.
- ❖ Approximately \$2.3 million was spent to revitalize the Central Square area of Downtown Auburn as part of the Auburn Urban Development Authority's Streetscape Project – Phase I.
- ❖ The City was successful in obtaining more than \$330,000 in grant funding from the U.S. Department of Justice and State of California Office of Emergency Services, allowing for the rehiring of two police officers previously laid off due to budgetary workforce reductions.
- ❖ The City was successful in obtaining approximately \$178,000 in grant funding from the U.S. Department of Homeland Security allowing for the purchase of a Self Contained Breathing Apparatus and Cascade System for the City's Fire Department.

LONG-TERM FINANCIAL PLANNING AND INITIATIVES

Public Works:

Capital Improvement Plan: The budget adopted for Fiscal Year 2010-11 includes more than \$6.4 million appropriated for capital projects in the City's Redevelopment, Airport, Sewer and Transportation-related funds. Capital expenditures are expected to continue as long as funding remains available.

Wastewater Treatment Facility Upgrade: It is anticipated that the City will complete the process of upgrading the existing wastewater treatment facility to become compliant with federal and state regulatory permit requirements during Fiscal Year 2010-11. 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 Airport Improvement Grant projects to repave Airport taxiways and runways in addition to installing new taxiway lighting will commence during Fiscal Year 2010-11.

Community Development:

Community Development Block Grant Housing Rehabilitation Program Grant: The City of Auburn has reapplied 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, 2010, 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 \$415,935 with an average yield of 2.09% on all investments for the fiscal year ended June 30, 2010.

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, 2009. This award, the

Transmittal Letter

fourth such award for the City, recognizes the City's conformance with the highest standards for preparation of state and local government financial reports.

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, 2009

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.



President

Executive Director



2010



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City of Auburn
Comprehensive Annual Financial Report

2010

Project Team

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Andy Heath, Administrative Services Director

Administrative Staff

Mary Freitas, Senior Accounting Technician

Shari Conley, Accounting Technician

Special Assistance

Mark D'Ambrogi, Chief of Fire

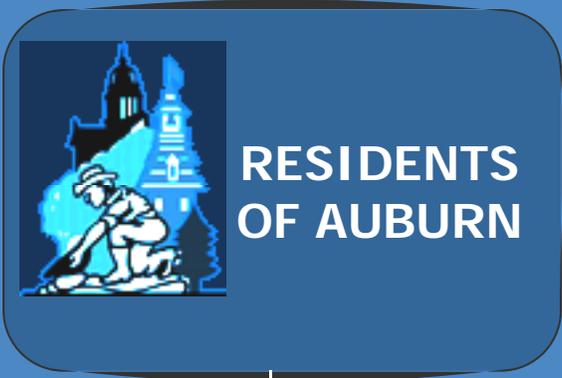
Valerie Harris, Chief of Police

Lisa Hoffrogge, Building Official

Bernie Schroeder, Public Works Director

Megan Siren, Public Works Department

George Williams, City Treasurer



CITY TREASURER
George Williams

CITY CLERK
Joe Labrie

BOARDS & COMMISSIONS
Planning Commissions
Economic Development Commission
Historic Design Review Commission
Arts Commission
Telecommunications Commission

MAYOR & CITY COUNCIL
Bridget Powers, Mayor
Dr. Bill Kirby, Mayor Pro-Tem
Keith Nesbitt
Kevin Hanley
Mike Holmes

AUBURN URBAN DEVELOPMENT AUTHORITY

CITY ATTORNEY
Michael Colantuono

CITY MANAGER
Robert Richardson

GENERAL GOVERNMENT
Administrative Services Director
Andrew Heath

PUBLIC SAFETY
Police Chief
Valerie Harris
Fire Chief
Mark D'Ambrogi

CAPITAL MAINTENANCE
Public Works Director
Bernie Schroeder

COMMUNITY SERVICES
Community Development Director
Will Wong

Comprehensive Annual Financial Report
For Fiscal Year Ended June 30, 2010

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, 2010, 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, 2010, 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 28, 2010, 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 28, 2010

CITY OF AUBURN

Management Discussion and Analysis June 30, 2010

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, 2010. 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 2009-10 fiscal year by \$47,656,770 (*net assets*). Of this amount, \$2,660,519 (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors, and \$7,101,115 is restricted for capital projects, debt service and legally segregated taxes, grants and fees.
- As of June 30, 2010, the City governmental funds reported combined fund balances of \$9,049,272. Approximately 90.3% of the combined fund balances, \$8,170,336 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 \$887,949 compared to the prior year. The increase occurred primarily as a result of incurring \$8,525,000 in Sewer Improvement Revenue Bond debt offset by the addition of capitalized construction in progress for projects including Streetscape – Phase I, the Wastewater Treatment Facility Upgrade Project, the Upper Vintage Lift Station, and the Borland Avenue Intersection and Jury Parking Lot Improvement Projects.
- The City expended \$2,304,662 towards the construction of Phase I of the Streetscape Project, nearly completing the initial phase of the project by the end of the 2009-10 fiscal year.
- The City sold \$8.525 million in Sewer Improvement Revenue Bonds and expended more than \$3.8 million to upgrade the existing Wastewater Treatment Facility during fiscal year 2009-10.
- The City executed new 40-year land leases at the Auburn Municipal Airport with three newly developed "hangar associations" expected to initially generate approximately \$22,000 annually.
- The City's General Fund balance of \$2,847,473 as of June 30, 2010 was \$565,649 lower than that reported for the 2008-09 fiscal year, reflecting continued economic impacts of the "great recession", including lower receipts of property- and sales-related taxes. Included within the \$565,649 use of reserves is a revenue-recognition deferral of \$94,932 in sales taxes related to the quarter ending June 30, 2010 (actual economic use of General Fund reserves in Fiscal Year 2009-10 was \$470,717).

CITY OF AUBURN

Management Discussion and Analysis June 30, 2010

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, 2010

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 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 23-26 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 27-30 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 31-32 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 33-66 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 67-72 of this report.

CITY OF AUBURN

Management Discussion and Analysis June 30, 2010

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 75-109 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	
	2010	2009	2010	2009	2010	2009
Assets:						
Current and other assets	\$ 15,025,941	\$ 18,334,435	\$ 11,046,911	\$ 5,293,131	\$ 26,072,852	\$ 23,627,566
Capital assets	21,315,207	19,461,931	25,684,081	21,658,583	46,999,288	41,120,514
Total assets	36,341,148	37,796,366	36,730,992	26,951,714	73,072,140	64,748,080
Liabilities:						
Current and other liabilities	2,137,756	2,029,734	710,291	400,767	2,848,047	2,430,501
Long-term liabilities	10,718,348	11,482,294	11,848,975	4,008,249	22,567,323	15,490,543
Total liabilities	12,856,104	13,512,028	12,559,266	4,409,016	25,415,370	17,921,044
Net Assets:						
Invested in capital, net of related debt	18,886,386	19,336,184	19,008,750	17,671,003	37,895,136	37,007,187
Restricted net assets	6,541,853	8,114,974	559,262	--	7,101,115	8,114,974
Unrestricted net assets	(1,943,195)	(3,166,820)	4,603,714	4,871,695	2,660,519	1,704,875
Total net assets	\$ 23,485,044	\$ 24,284,338	\$ 24,171,726	\$ 22,542,698	\$ 47,656,770	\$ 46,827,036

Governmental Activities

The City's governmental net assets amounted to \$23.49 million as of June 30, 2010, a decrease of approximately \$799,000 over the fiscal year ended 2009. This decrease 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, 2010, comprised the following:

- Cash and investments comprised \$9.03 million in the City treasury, \$3.67 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 \$872,000.
- Loans receivable comprised approximately \$320,000, all of which represents loans provided by the City's Community Development Block Grant (CDBG) Revolving Loan Program.
- A net pension asset resulting from the issuance of pension obligation bonds comprised \$4.54 million.
- Capital assets of \$21.3 million, net of depreciation charges, which does not include all of the City's infrastructure, but does include all other City assets.

CITY OF AUBURN

Management Discussion and Analysis

June 30, 2010

- Current liabilities, including accounts and interest payable, deposits and unearned revenues, comprised \$1.39 million.
- Long-term liabilities, including a \$753,000 landfill post-closure cost, comprised \$11.47 million.
- Net assets invested in capital assets net of related debt of \$18.89 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 \$6.54 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 \$(1,940,000) of unrestricted net assets as of June 30, 2010. The negative value of net unrestricted assets can be wholly attributed to the City's investment of unrestricted, sole-source revenue in the City's infrastructure and other capital assets.

Business-Type Activities

The City's business-type net assets amounted to \$24.17 million as of June 30, 2010, increasing by approximately \$1.63 million since the fiscal year ended 2009. 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 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, 2010, comprised the following:

- Cash and investments comprised \$10.14 million in the City Treasury, \$5.77 million of which is restricted in use.
- Current accounts, taxes and interest receivable comprised \$219,000.
- Deferred interest costs in the City's Sewer Fund of \$675,000.
- Capital assets of \$25.7 million, net of depreciation charges.
- Current liabilities, including accounts and interest payable, and deposits, comprised \$710,000.
- Long-term liabilities comprised \$11.85 million.
- Net assets invested in capital assets net of related debt of \$19.09 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.
- Restricted net assets total \$559,000 and are related to a debt service reserve established for the Sewer Revenue bonds.
- Unrestricted net assets of \$4.6 million.

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Management Discussion and Analysis June 30, 2010

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	
	2010	2009	2010	2009	2010	2009
Program Revenues:						
Fees, fines and charges for services	\$ 1,020,810	\$ 1,435,455	\$ 5,469,730	\$ 4,901,029	\$ 6,490,540	\$ 6,336,484
Operating grants and contributions	1,154,715	2,536,633	2,986	6,350	1,157,701	2,542,983
Capital grants and contributions	1,257,311	2,800,975	--	--	1,257,311	2,800,975
Total program revenues	<u>3,432,836</u>	<u>6,773,063</u>	<u>5,472,716</u>	<u>4,907,379</u>	<u>8,905,552</u>	<u>11,680,442</u>
General Revenues:						
Property taxes	3,816,117	4,064,058	30,272	36,181	3,846,389	4,100,239
Sales and use taxes	1,903,834	2,059,504	--	--	1,903,834	2,059,504
Other taxes	910,188	1,278,640	--	--	910,188	1,278,640
Franchise fees	621,108	657,957	--	--	621,108	657,957
Unrestricted interest and investment earnings	269,401	259,023	164,338	144,374	433,739	403,397
Miscellaneous	51,712	141,737	--	64,800	51,712	206,537
Total general revenues	<u>7,572,360</u>	<u>8,460,919</u>	<u>194,610</u>	<u>245,355</u>	<u>7,766,970</u>	<u>8,706,274</u>
Total revenues	<u>11,005,196</u>	<u>15,233,982</u>	<u>5,667,326</u>	<u>5,152,734</u>	<u>16,672,522</u>	<u>20,386,716</u>
Program expenses:						
General government	1,735,630	1,741,542	--	--	1,735,630	1,741,542
Public safety	5,503,174	6,066,740	--	--	5,503,174	6,066,740
Transportation	2,926,324	2,592,016	--	--	2,926,324	2,592,016
Community development	1,326,272	1,490,980	--	--	1,326,272	1,490,980
Recreation and culture	36,339	33,292	--	--	36,339	33,292
Interest on long-term debt	276,751	475,274	--	--	276,751	475,274
Airport	--	--	604,719	574,112	604,719	574,112
Sewer	--	--	3,433,579	3,432,180	3,433,579	3,432,180
Total expenses	<u>11,804,490</u>	<u>12,399,844</u>	<u>4,038,298</u>	<u>4,006,292</u>	<u>15,842,788</u>	<u>16,406,136</u>
Change in net assets	(799,294)	2,834,138	1,629,028	1,146,442	829,734	3,980,580
Net assets at beginning year	24,284,338	21,450,200	22,542,698	21,396,256	46,827,036	42,846,456
Net assets at end of year	<u>\$ 23,485,044</u>	<u>\$ 24,284,338</u>	<u>\$ 24,171,726</u>	<u>\$ 22,542,698</u>	<u>\$ 47,656,770</u>	<u>\$ 46,827,036</u>

CITY OF AUBURN

Management Discussion and Analysis June 30, 2010

Governmental Activities

Governmental activities net assets decreased by \$799,000 during Fiscal Year 2009-10. The majority of the decrease in net assets can be attributed to budgeted use of fund balance reserves to offset lower collections of revenue resulting from the continued economic recession.

As Table 2 above shows, \$3.43 million, or 31.2% of the City's fiscal year 2009-10 revenue derived from the program revenues, while \$7.57 million, or 68.8%, derived from general revenues such as taxes, rents, and interest.

Program revenues are composed of fees, fines and charges for service of \$1.02 million that include permit revenues, fees and charges used to fund expenses incurred in providing services; and \$1.15 million of operating grants and contributions which include gas tax, transportation development allocations and public safety allocations and grants. Program revenues also include \$1.26 million in capital grants and contributions which include grants received by the City for capital infrastructure improvement.

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 \$1.63 million during Fiscal Year 2009-10. The majority of the increase in net assets can be attributed to the repayment of Sewer and Airport related debt and an increase in the amount of Sewer Use Fees collected.

Net assets in the City's Airport Fund increased approximately \$264,000 during Fiscal Year 2009-10. The increase can be attributed to the collection of development-related fees as they relate the Airport East Hangar area development and the repayment of Airport infrastructure debt.

Net assets in the City's Sewer Fund increased by approximately \$1.36 million during Fiscal Year 2009-10. The increase can be attributed to lower costs incurred for material and supplies, an increase in the Sewer Use fee, and the repayment of Sewer infrastructure debt.

CITY OF AUBURN

Management Discussion and Analysis June 30, 2010

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:

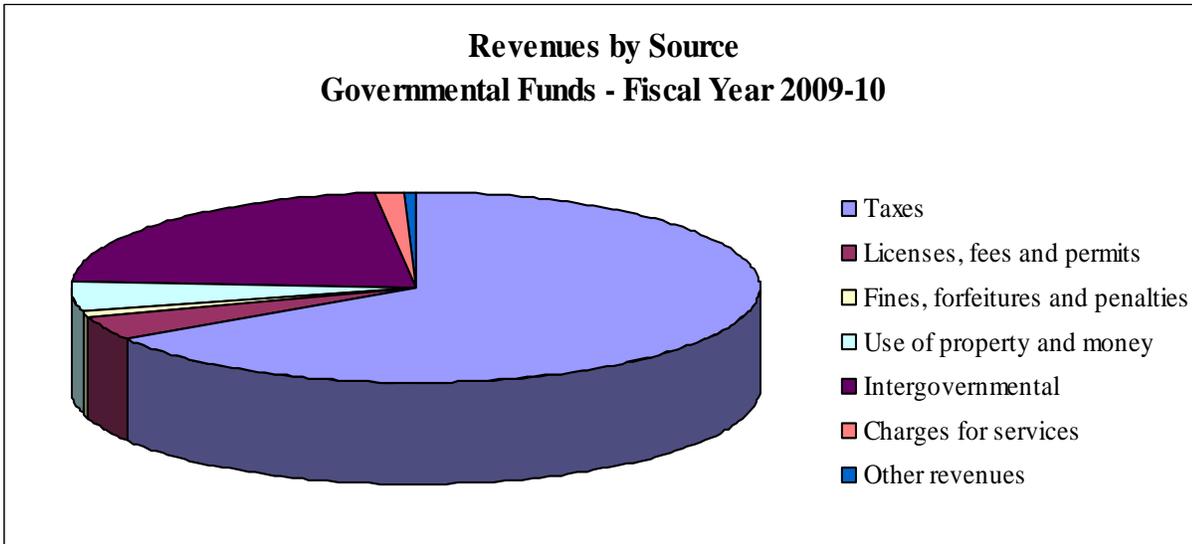
**Table 3
Revenues Classified by Source
Governmental Funds
For the Fiscal Years Ended June 30,**

	<u>2010</u>	<u>2009</u>	<u>Variance</u>	<u>% Change</u>
Revenues by Source:				
Taxes	\$ 7,156,315	\$ 8,060,159	\$ (903,844)	-11.21%
Licenses and permits	461,496	383,622	77,874	20.30%
Fines, forfeitures and penalties	106,386	142,998	(36,612)	-25.60%
Use of money and property	575,533	613,929	(38,396)	-6.25%
Intergovernmental	2,386,783	5,712,125	(3,325,342)	-58.22%
Charges for services	146,796	179,412	(32,616)	-18.18%
Other revenues	51,712	141,737	(90,025)	-63.52%
Total Revenues	<u>\$ 10,885,021</u>	<u>\$ 15,233,982</u>	<u>\$ (4,348,961)</u>	<u>-28.55%</u>

- (1) Collections of taxes decreased by \$904,000 due to lower collections of sales and property taxes related to the continued severe economic downturn experienced in the local, regional, and national economies.
- (2) Collections of licenses and permits increased by \$78,000 due to higher-than-anticipated collections of Facility and Equipment Replacement development-related fees.
- (3) Collections of fine, forfeitures and penalties decreased by 37,000 due to a redirection of resources away from the parking enforcement program, and lower collections of vehicle-related fines.
- (4) Collections of revenues related to the use of money and property decreased by \$38,000 due to lower rates of return on the City's pool of investments coupled with lower cash balances in City funds.
- (5) Collections of intergovernmental revenues decreased by \$3.33 million due to the heavy volume of grant and in-kind revenues received for capital activity in the fiscal year ended June 30, 2009.
- (6) Collections of charges for services decreased by 33,000 due to fewer receipts for planning, zoning and engineering services.
- (7) Collections of other revenues decreased by 90,000 due to fewer one-time revenues received in Fiscal Year 2009-10.

CITY OF AUBURN

Management Discussion and Analysis
June 30, 2010



The following table presents expenditures by function:

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

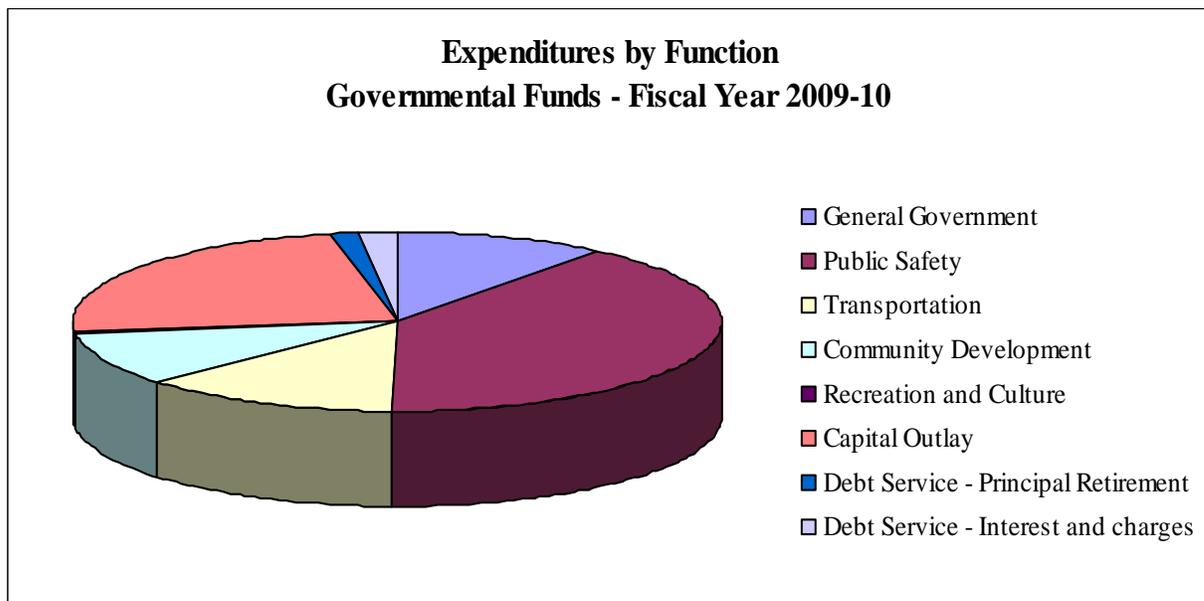
Expenditures by Function	2010	2009	Variance	% Change
General government	\$ 1,452,089	\$ 1,606,237	\$ (154,148)	-9.60%
Public safety	5,499,427	5,702,042	(202,615)	-3.55%
Transportation	1,802,750	2,096,725	(293,975)	-14.02%
Community development	1,310,866	1,494,664	(183,798)	-12.30%
Recreation and culture	35,979	33,292	2,687	8.07%
Capital outlay	3,267,510	4,895,952	(1,628,442)	-33.26%
Debt service - Principal retirement	183,149	499,235	(316,086)	-63.31%
Debt service - Interest and charges	267,968	560,536	(292,568)	-52.19%
Total Expenditures	\$ 13,819,738	\$ 16,888,683	\$ (3,068,945)	-18.17%

CITY OF AUBURN

Management Discussion and Analysis June 30, 2010

The \$3.07 million net decrease in governmental fund expenditures during the 2009-10 fiscal year can be primarily attributed to the following:

- A \$1.63 million decrease in capital outlay, predominantly experienced in the Transportation and Auburn School Park Preserve Fund, as fewer expenditures for transportation and park-related projects were incurred.
- An \$835,000 decrease in general government, public safety, transportation and community development costs, combined, due to cost savings resulting from reductions in staff, concession bargaining with the City's labor groups and general reductions in operating expenditures.
- A \$609,000 decrease in principal and interest paid for debt service due to the fiscal year 2008-09 retirement of the City's General Obligation bonds and a change in reporting methodology for debt service payments on the City's Pension Obligation bonds (moved into appropriate functional service areas and recorded as salaries and benefits costs).



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, 2010, unreserved fund balance of the General Fund was \$2.31 million, while fund balance totaled \$2.85 million. Total fund balance decreased by approximately \$566,000 when compared to last year, primarily as a result of using reserves to balance the excess of expenditures over revenues due to the continued recession in local, regional and national economies. To mitigate the impact of having to continue to use reserves in future years as a means to balance the budget, staffing reductions were implemented at the beginning of fiscal year 2009-10, effectively reducing ongoing budgeted annual costs in the General Fund by approximately \$624,000. During fiscal year 2009-10, the City was able to further mitigate using reserves by agreeing to concessions with the City's Firefighter bargaining group and all management personnel.

CITY OF AUBURN

Management Discussion and Analysis June 30, 2010

As measures of the General Fund's ability to meet operating expenditures, it is useful to note that unreserved fund balance represents 27.3% of total General Fund expenditures, while total fund balance represents 33.7% of the same amount.

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 \$2.96 million, all of which is restricted for use on project and project-related expenditures, includes \$2.10 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.

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

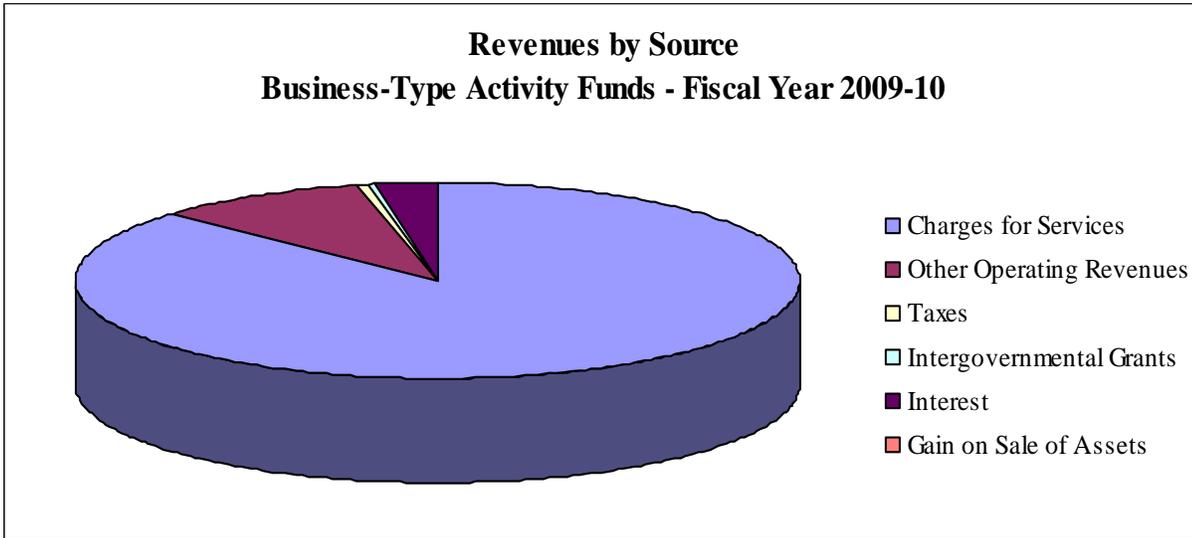
**Table 5
Revenues Classified by Source
Enterprise Funds
For the Fiscal Years Ended June 30,**

	<u>2010</u>	<u>2009</u>	<u>Variance</u>	<u>% Change</u>
Revenues by Source				
Operating revenues				
Charges for services	\$ 4,928,014	\$ 4,344,676	\$ 583,338	13.43%
Other operating revenues	541,716	556,353	(14,637)	-2.63%
Non-operating revenues				
Taxes	30,272	36,181	(5,909)	-16.33%
Intergovernmental	2,986	6,350	(3,364)	-52.98%
Interest	164,338	144,374	19,964	13.83%
Gain on sale of assets	--	64,800	(64,800)	-100.00%
Total Revenues	<u>\$ 5,667,326</u>	<u>\$ 5,152,734</u>	<u>\$ 514,592</u>	<u>9.99%</u>

Business-type activities total revenues are have increased approximately \$515,000 from fiscal year 2008-09 to fiscal year 2009-10. Total revenues are higher due to an increase in the Sewer Service use charge and the collection of development-related fees as they relate the Airport East Hangar area development project.

CITY OF AUBURN

Management Discussion and Analysis
June 30, 2010



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,

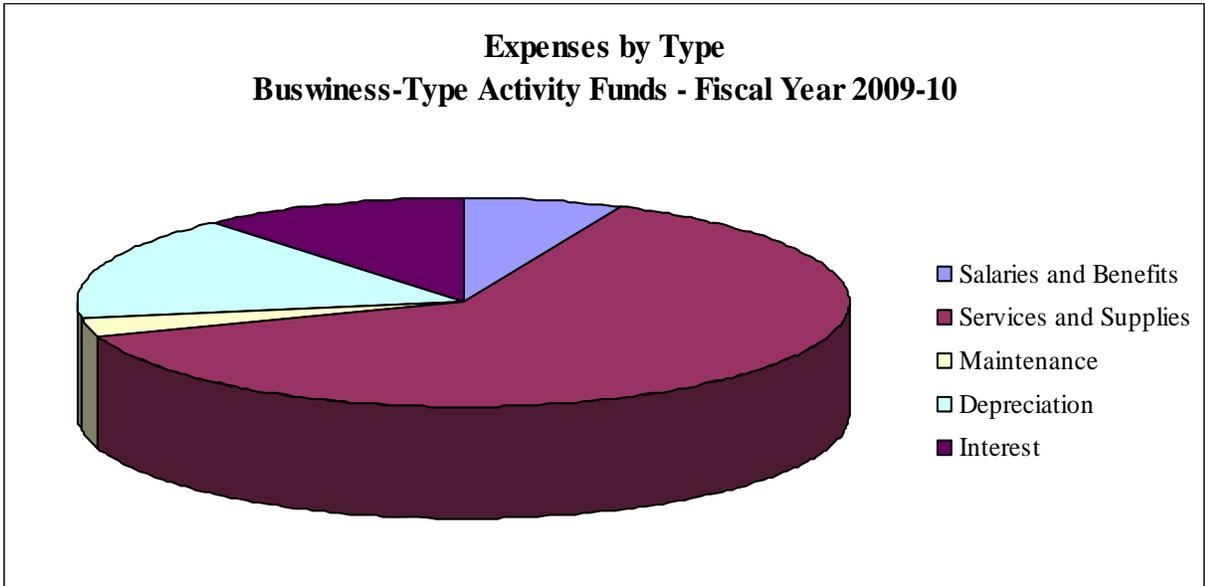
	<u>2010</u>	<u>2009</u>	<u>Variance</u>	<u>% Change</u>
Expenses by Type				
Operating expenses				
Salaries and benefits	\$ 268,932	\$ 231,553	\$ 37,379	16.14%
Services and supplies	2,549,774	2,973,424	(423,650)	-14.25%
Maintenance	110,119	83,480	26,639	31.91%
Depreciation	657,574	632,244	25,330	4.01%
Non-operating expenses				
Interest	451,899	85,591	366,308	427.97%
Total Expenses	<u>\$ 4,038,298</u>	<u>\$ 4,006,292</u>	<u>\$ 32,006</u>	<u>0.80%</u>

The \$32,000 net increase in business-type activity fund expenses during the 2009-10 fiscal year can be primarily attributed to the following:

- A \$366,000 increase in interest expenses due to the payment of debt for the Sewer Revenue Bonds issued in fiscal year 2009-10.; and
- A \$423,000 decrease in Auburn Municipal Airport and Wastewater Treatment Facility operating costs.

CITY OF AUBURN

Management Discussion and Analysis
June 30, 2010



CAPITAL ASSETS AND DEBT ADMINISTRATION

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	
	2010	2009	2010	2009
Land	\$ 350,000	\$ 350,000	\$ 2,874,395	\$ 2,874,395
Infrastrucutre	5,942,302	6,381,937	18,841,721	18,542,200
Land improvements	5,230,205	7,804,652	--	--
Buildings and improvements	5,538,958	5,230,205	--	--
Equipment	7,804,652	5,054,552	1,532,770	1,469,803
Construction in progress	3,735,765	895,461	10,130,109	5,808,956
Accumulated depreciation	(7,286,675)	(6,254,876)	(7,694,914)	(7,036,771)
Total	\$ 21,315,207	\$ 19,461,931	\$ 25,684,081	\$ 21,658,583

The City's investment in capital assets for its governmental type activities as of June 30, 2010 totaled approximately \$21.32 million (net of accumulated depreciation). The City's investment in capital assets for its business-type activities as of June 30, 2010 totaled approximately \$25.68 million (net of accumulated depreciation). The investment in capital assets includes land, infrastructure, buildings and improvements, equipment and construction in progress.

CITY OF AUBURN

Management Discussion and Analysis June 30, 2010

Major capital asset events during the fiscal year ended June 30, 2010 include:

- Wastewater Treatment Facility Upgrade
- Vintage Oaks Liftstation
- Borland Avenue Intersection Improvements
- Streetscape Project – Phase I
- Streetscape Project – Phase II Design and Review
- Jury Parking Lot Improvements
- Purchase of in-car cameras for Auburn Police Department
- East Hangar Project at Auburn Airport

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

Debt Administration

The following schedule shows the changes in long-term debt for the fiscal year ended June 30, 2010.

**Table 8
Long-Term Debt**

	Governmental Activities		Business-Type Activities	
	2010	2009	2010	2009
Pension obligation bonds	\$ 4,685,000	\$ 4,775,000	\$ --	\$ --
Tax increment bonds	4,459,169	4,530,746	--	--
Revenue bonds	--	--	8,187,914	
Notes payable	19,832	32,570	3,628,100	3,987,580
Due to other agencies	29,044	31,278	--	--
Capital leases	46,269	93,177	--	--
Compensated absences	1,398,438	1,217,305	32,961	20,669
Landfill closure costs	752,742	978,918	--	--
Postemployment benefits	80,596	--	--	--
Total	\$ 11,471,090	\$ 11,658,994	\$ 11,848,975	\$ 4,008,249

The City’s total debt increased by approximately \$7.65 million, primarily as a result of incurring \$8.53 million in new Sewer Revenue bond debt to facilitate the upgrade of the City’s Wastewater Treatment Facility. The City also retired approximately \$981,000 in debt related to outstanding pension obligation, tax increment and revenue bonds; and reduction of future costs associated with the closure of a City landfill.

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

CITY OF AUBURN

Management Discussion and Analysis June 30, 2010

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. The City Council approved the budget in June 2009. Subsequent to the adoption of the annual budget, the budget was reviewed in April 2010 and necessary budget adjustments were approved by the City Council.

The General Fund budget approved in June 2010 for fiscal year 2009-10 estimated \$8.43 million in revenue sources and allocated \$8.72 million in appropriations. As a result of the continued economic recession, the City experienced shortfalls in Sales Tax, Property Tax and development-related revenues. As a result, the General Fund budget was adjusted in April 2010. Actual collections of revenues for the fiscal year amounted to \$7.84 million, approximately \$540,000 less than originally anticipated. In response to the continued downturn in revenues collected, the City curtailed General Fund capital expenditures, reduced materials and supplies expenditures citywide and held unfilled positions vacant.

At the end of the fiscal year, the City expended \$8.4 million of the \$8.72 originally appropriated, leading to the use of \$566,000 in General Fund balance (note: approximately \$95,000 in sales tax revenue received in September 2010 and attributable to the fiscal year ended June 30, 2010 was deferred for purposes for revenue recognition – the economic use of General Fund balance for the fiscal year ending June 30, 2010 was actually \$471,000).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The budget developed for fiscal year 2010-11 was adopted by the City Council on June 28, 2010. The General Fund budget assumes the budgeted use of \$263,000 in reserves. 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 and development-related fees are expected to remain relatively flat, while collections of property tax are expected to decline as the overall economy continues to counter the fallout from the "great recession" brought on by the enormous loss of jobs and significant declines in the overall housing market. To prevent further earmarking of fund balance, 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 2010-11.

CITY OF AUBURN

Management Discussion and Analysis
June 30, 2010

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, 2010

Basic Financial Statements
Government-Wide Financial Statements

CITY OF AUBURN

Statement of Net Assets June 30, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Assets			
Cash and investments	\$ 4,882,403	\$ 4,372,891	\$ 9,255,294
Restricted cash and investments	3,665,639	5,766,215	9,431,854
Insurance deposits	484,194	--	484,194
Accounts receivable	125,623	218,935	344,558
Taxes receivable	570,469	--	570,469
Due from other agencies	175,937	--	175,937
Loans receivable	319,699	--	319,699
Prepaid items	55,492	13,891	69,383
Deferred costs	206,013	674,979	880,992
Net pension asset	4,540,472	--	4,540,472
Capital assets:			
Nondepreciable	4,085,765	13,004,504	17,090,269
Depreciable, net	17,229,442	12,679,577	29,909,019
Total assets	<u>\$ 36,341,148</u>	<u>\$ 36,730,992</u>	<u>\$ 73,072,140</u>
Liabilities			
Accounts payable	\$ 342,283	\$ 643,961	\$ 986,244
Deposits	93,225	14,125	107,350
Interest payable	275,005	52,205	327,210
Unearned revenue	674,501	--	674,501
Post closure liability			
Due within one year	250,914	--	250,914
Due in more than one year	501,828	--	501,828
Long-term liabilities			
Due within one year	781,385	535,819	1,317,204
Due in more than one year	9,856,367	11,313,156	21,169,523
Liability for postemployment benefits	80,596	--	80,596
Total liabilities	<u>12,856,104</u>	<u>12,559,266</u>	<u>25,415,370</u>
Net Assets			
Invested in capital assets, net of related debt	18,886,386	19,008,750	37,895,136
Restricted for:			
Public safety	1,240,631	--	1,240,631
Transportation projects	455,744	--	455,744
Community resources & facilities	3,204,466	--	3,204,466
Capital projects	1,302,012	--	1,302,012
Debt service	339,000	559,262	898,262
Unrestricted	(1,943,195)	4,603,714	2,660,519
Total net assets	<u>23,485,044</u>	<u>24,171,726</u>	<u>47,656,770</u>
Total liabilities and net assets	<u>\$ 36,341,148</u>	<u>\$ 36,730,992</u>	<u>\$ 73,072,140</u>

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

CITY OF AUBURN

Statement of Activities
For the Year Ended June 30, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General government	\$ 1,735,630	\$ 496,199	\$ 193,003	\$ --
Public safety	5,503,174	120,660	164,630	87,981
Transportation	2,926,324	65,710	545,763	1,037,643
Community development	1,326,272	303,883	251,319	105,000
Recreation and culture	36,339	34,358	--	26,687
Interest on long-term debt	276,751	--	--	--
Total governmental activities	<u>11,804,490</u>	<u>1,020,810</u>	<u>1,154,715</u>	<u>1,257,311</u>
Business-Type Activities:				
Auburn Municipal Airport	604,719	834,189	2,986	--
Wastewater Treatment	3,433,579	4,635,541	--	--
Total business-type activities	<u>4,038,298</u>	<u>5,469,730</u>	<u>2,986</u>	<u>--</u>
Total primary government	<u>\$ 15,842,788</u>	<u>\$ 6,490,540</u>	<u>\$ 1,157,701</u>	<u>\$ 1,257,311</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
\$ (1,046,428)	\$ --	\$ (1,046,428)
(5,129,903)	--	(5,129,903)
(1,277,208)	--	(1,277,208)
(666,070)	--	(666,070)
24,706	--	24,706
(276,751)	--	(276,751)
<u>(8,371,654)</u>	<u>--</u>	<u>(8,371,654)</u>
--	232,456	232,456
--	1,201,962	1,201,962
<u>--</u>	<u>1,434,418</u>	<u>1,434,418</u>
<u>(8,371,654)</u>	<u>1,434,418</u>	<u>(6,937,236)</u>
3,816,117	30,272	3,846,389
1,903,834	--	1,903,834
701,744	--	701,744
621,108	--	621,108
208,444	--	208,444
269,401	164,338	433,739
51,712	--	51,712
<u>7,572,360</u>	<u>194,610</u>	<u>7,766,970</u>
(799,294)	1,629,028	829,734
<u>24,284,338</u>	<u>22,542,698</u>	<u>46,827,036</u>
<u>\$ 23,485,044</u>	<u>\$ 24,171,726</u>	<u>\$ 47,656,770</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
June 30, 2010

	<u>General Fund</u>	<u>Auburn Urban Development Authority</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ 1,341,438	\$ 461,707	\$ 3,079,258	\$ 4,882,403
Restricted cash and investments	--	2,633,183	1,032,456	3,665,639
Insurance deposits	484,194	--	--	484,194
Accounts receivable	125,623	--	--	125,623
Taxes receivable	551,616	8,554	10,299	570,469
Due from other agencies	116,690	--	59,247	175,937
Prepaid expenses	53,037	--	2,455	55,492
Due from other funds	514,572	--	--	514,572
Loans receivable	--	--	319,699	319,699
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 3,187,170</u>	<u>\$ 3,103,444</u>	<u>\$ 4,503,414</u>	<u>\$ 10,794,028</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 159,963	\$ 144,567	\$ 37,753	\$ 342,283
Deposits	84,802	--	8,423	93,225
Due to other funds	--	--	514,572	514,572
Deferred revenues	94,932	--	699,744	794,676
Total liabilities	<u>339,697</u>	<u>144,567</u>	<u>1,260,492</u>	<u>1,744,756</u>
Fund balances:				
Reserved:				
Imprest cash	250	--	--	250
Prepaid expenses	53,037	--	2,455	55,492
Insurance deposits	484,194	--	--	484,194
Debt service	--	--	339,000	339,000
Unreserved:				
Designated	2,250,000	--	--	2,250,000
Undesignated and reported in:				
General fund	59,992	--	--	59,992
Special revenue funds	--	2,958,877	2,077,282	5,036,159
Capital projects funds	--	--	824,185	824,185
Total fund balances	<u>2,847,473</u>	<u>2,958,877</u>	<u>3,242,922</u>	<u>9,049,272</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 3,187,170</u>	<u>\$ 3,103,444</u>	<u>\$ 4,503,414</u>	<u>\$ 10,794,028</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
June 30, 2010

Fund Balance - total governmental funds	\$ 9,049,272
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.	21,315,207
Other long-term assets are not available to pay for current period expenditures and, therefore are deferred in the governmental funds.	120,175
Net pension assets and deferred costs in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	4,746,485
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.	(275,005)
Long-term liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Bonds payable	(9,144,169)
Loan payable	(19,832)
Capital leases	(46,269)
Due to other agencies	(29,044)
Landfill closure costs	(752,742)
Compensated absences	(1,398,438)
Liability for postemployment benefits	<u>(80,596)</u>
Net assets of governmental activities	<u>\$ 23,485,044</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, 2010

	General Fund	Auburn Urban Development Authority	Other Governmental Funds	Total
Revenues				
Taxes	\$ 6,469,868	\$ 644,189	\$ 42,258	\$ 7,156,315
Licenses and permits	309,985	--	151,511	461,496
Fines, forfeitures and penalties	106,386	--	--	106,386
Use of money and property	363,719	124,280	87,534	575,533
Intergovernmental	320,279	--	2,066,504	2,386,783
Charges for services	116,624	--	30,172	146,796
Other revenues	51,712	--	--	51,712
Total revenues	<u>7,738,573</u>	<u>768,469</u>	<u>2,377,979</u>	<u>10,885,021</u>
Expenditures				
Current:				
General government	1,452,089	--	--	1,452,089
Public safety	5,193,098	--	306,329	5,499,427
Transportation	1,209,033	--	593,717	1,802,750
Community development	597,508	497,380	215,978	1,310,866
Recreation and culture	--	--	35,979	35,979
Debt Service:				
Principal	--	2,234	180,915	183,149
Interest	--	--	267,968	267,968
Capital outlay	--	2,596,186	671,324	3,267,510
Total expenditures	<u>8,451,728</u>	<u>3,095,800</u>	<u>2,272,210</u>	<u>13,819,738</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(713,155)</u>	<u>(2,327,331)</u>	<u>105,769</u>	<u>(2,934,717)</u>
Other Financing Sources (Uses)				
Inception of leases	47,506	--	--	47,506
Transfers in	100,000	--	325,902	425,902
Transfers out	--	(325,902)	(100,000)	(425,902)
Total other financing sources (uses)	<u>147,506</u>	<u>(325,902)</u>	<u>225,902</u>	<u>47,506</u>
Net change in fund balances	(565,649)	(2,653,233)	331,671	(2,887,211)
Fund balances, beginning of year	<u>3,413,122</u>	<u>5,612,110</u>	<u>2,911,251</u>	<u>11,936,483</u>
Fund balances, end of year	<u>\$ 2,847,473</u>	<u>\$ 2,958,877</u>	<u>\$ 3,242,922</u>	<u>\$ 9,049,272</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, 2010

Net change to fund balance - total governmental funds \$ (2,887,211)

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	\$ 2,885,644	
Less: current year depreciation	(1,032,368)	1,853,276

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	120,175
--	---------

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.

Inception of capital leases	\$ (47,506)	
Principal repayments:		
Bonds payable	165,000	
Loan payable	12,738	
Capital leases	94,414	
Due to other agencies	2,234	
Amortization of bond issuance costs, premiums and discounts	(12,908)	
Amortization of pension assets	(68,850)	145,122

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	\$ (181,133)	
Change in postemployment benefits	(80,596)	
Change in accrued landfill closure costs	226,176	
Change in accrued interest payable	4,897	(30,656)

Change in net assets of governmental activities	\$ (799,294)
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The accompanying notes are an integral part of these financial statements.

CITY OF AUBURN

Statement of Fund Net Assets
Proprietary Funds
June 30, 2010

	Business-type Activities - Enterprise Funds		
	Airport	Sewer	Total
Assets			
Current assets:			
Cash and investments	\$ 137,827	\$ 4,235,064	\$ 4,372,891
Accounts receivable	--	218,935	218,935
Prepaid expenses	13,891	--	13,891
Total current assets	151,718	4,453,999	4,605,717
Noncurrent assets:			
Restricted cash and investments	14,875	5,751,340	5,766,215
Deferred interest	--	674,979	674,979
Capital assets:			
Nondepreciable	6,795,413	6,209,091	13,004,504
Depreciable, net	4,204,664	8,474,913	12,679,577
Total assets	\$ 11,166,670	\$ 25,564,322	\$ 36,730,992
Liabilities			
Current liabilities:			
Accounts payable	\$ 15,106	\$ 628,855	\$ 643,961
Deposits payable from restricted funds	14,125	--	14,125
Interest payable	18,605	33,600	52,205
Compensated absences, current portion	--	16,201	16,201
Bonds payable, current portion	--	155,000	155,000
Notes payable, current portion	82,384	282,234	364,618
Total current liabilities	130,220	1,115,890	1,246,110
Noncurrent liabilities:			
Compensated absences	--	16,760	16,760
Bonds payable	--	8,032,914	8,032,914
Notes payable	658,527	2,604,955	3,263,482
Total liabilities	788,747	11,770,519	12,559,266
Net Assets			
Invested in capital assets, net of related debt	10,259,166	8,749,584	19,008,750
Restricted for debt service	--	559,262	559,262
Unrestricted	118,757	4,484,957	4,603,714
Total net assets	10,377,923	13,793,803	24,171,726
Total liabilities and net assets	\$ 11,166,670	\$ 25,564,322	\$ 36,730,992

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, 2010

	Business-type Activities - Enterprise Funds		
	Airport	Sewer	Total
Operating Revenues:			
Charges for services:			
User fees and charges	\$ 292,473	\$ 4,635,541	\$ 4,928,014
Rents and concession	541,716	--	541,716
Total operating revenues	834,189	4,635,541	5,469,730
Operating Expenses:			
Salaries and benefits	31,451	237,481	268,932
Services and supplies	189,787	2,359,987	2,549,774
Maintenance	70,212	39,907	110,119
Depreciation	275,952	381,622	657,574
Total operating expenses	567,402	3,018,997	3,586,399
Operating income (loss)	266,787	1,616,544	1,883,331
Nonoperating Revenues (Expenses):			
Taxes	30,272	--	30,272
Intergovernmental grants	2,986	--	2,986
Interest revenue	1,505	162,833	164,338
Interest expense	(37,317)	(414,582)	(451,899)
Total nonoperating revenues (expenses)	(2,554)	(251,749)	(254,303)
Change in net assets	264,233	1,364,795	1,629,028
Net assets, beginning of year	10,113,690	12,429,008	22,542,698
Net assets, end of year	\$ 10,377,923	\$ 13,793,803	\$ 24,171,726

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, 2010

	Business-Type Activities - Enterprise Funds		
	Airport	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from customers and users	\$ 841,014	\$ 4,620,445	\$ 5,461,459
Cash paid to suppliers for goods and services	(291,599)	(2,099,286)	(2,390,885)
Cash paid to employees for salaries and benefits	(31,451)	(225,189)	(256,640)
Net cash provided (used) by operating activities	<u>517,964</u>	<u>2,295,970</u>	<u>2,813,934</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Taxes received	30,272	--	30,272
Noncapital grants received from other agencies	2,986	--	2,986
Cash received from other funds		162,007	162,007
Cash paid to other funds	(162,007)	--	(162,007)
Net cash provided (used) by noncapital financing activities	<u>(128,749)</u>	<u>162,007</u>	<u>33,258</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Sale of capital assets	--	569	569
Principal paid on long term liabilities	(77,247)	(512,233)	(589,480)
Interest payments on long term liabilities	(37,867)	(323,568)	(361,435)
Issuance of debt	--	8,213,769	8,213,769
Acquisition of capital assets	(130,204)	(4,553,437)	(4,683,641)
Net cash provided (used) by capital and related financing activities	<u>(245,318)</u>	<u>2,825,100</u>	<u>2,579,782</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	1,505	162,833	164,338
Net cash provided by investing activities	<u>1,505</u>	<u>162,833</u>	<u>164,338</u>
Net Increase (Decrease) in Cash and Cash Equivalents	145,402	5,445,910	5,591,312
Cash and cash equivalents, beginning of year	<u>7,300</u>	<u>4,540,494</u>	<u>4,547,794</u>
Cash and cash equivalents, end of year	<u>\$ 152,702</u>	<u>\$ 9,986,404</u>	<u>\$ 10,139,106</u>

continued

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

CITY OF AUBURN

Statement of Cash Flows (continued)
 Proprietary Funds
 For the Year Ended June 30, 2010

	<i>Business-type Activities - Enterprise Funds</i>		
	Airport	Sewer	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 266,787	\$ 1,616,544	\$ 1,883,331
Adjustments to reconcile operating income (loss) to cash flows from operating activities:			
Depreciation	275,952	381,622	657,574
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	--	(15,096)	(15,096)
Prepaid expense	(641)	--	(641)
Increase (decrease) in:			
Accounts payable	(30,959)	300,608	269,649
Deposits	6,825	--	6,825
Compensated absences	--	12,292	12,292
	<u>\$ 517,964</u>	<u>\$ 2,295,970</u>	<u>\$ 2,813,934</u>
Net Cash Provided (Used) by Operating Activities			
	<u>\$ 517,964</u>	<u>\$ 2,295,970</u>	<u>\$ 2,813,934</u>
Noncash investing, capital and financing activities:			
Amortization of deferred interest	\$ --	\$ (47,040)	\$ (47,040)
Amortization of issuance costs, discounts and premiums	--	(10,374)	(10,374)
	<u>--</u>	<u>(10,374)</u>	<u>(10,374)</u>
Net Noncash investing, capital and financing activities			
	<u>\$ --</u>	<u>\$ (57,414)</u>	<u>\$ (57,414)</u>

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

CITY OF AUBURN

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	Private-Purpose Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets		
Current Assets:		
Cash and investments	\$ 185,083	\$ 49,626
	<u> </u>	<u> </u>
Total assets	<u>\$ 185,083</u>	<u>\$ 49,626</u>
Liabilities		
Current Liabilities:		
Agency obligations	\$ --	\$ 49,626
	<u> </u>	<u> </u>
Total liabilities	--	49,626
Net Assets		
Net assets held in trust for other purposes	<u>185,083</u>	<u>--</u>
	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 185,083</u>	<u>\$ 49,626</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, 2010

	<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>(40,101)</u>
Change in net assets	78,629
Net assets, beginning of year	<u>106,454</u>
Net assets, end of year	<u><u>\$ 185,083</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, 2010

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, 2010

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, 2010

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 *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.

CITY OF AUBURN

Notes to Financial Statements
June 30, 2010

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

B. **Basis of Presentation** (continued)

Fund Financial Statements (continued)

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.

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.

CITY OF AUBURN

Notes to Financial Statements June 30, 2010

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

C. **Basis of Accounting** (continued)

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.

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.

CITY OF AUBURN

Notes to Financial Statements June 30, 2010

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

D. Cash and Investments (continued)

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.

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.

CITY OF AUBURN

Notes to Financial Statements June 30, 2010

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

F. **Capital Assets** (continued)

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.

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.

CITY OF AUBURN

Notes to Financial Statements June 30, 2010

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

H. **Interfund Balances** (continued)

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, 2010

Note 2: **Cash and Investments**

The City's deposit and investment balances as of June 30, 2010, consisted of the following:

Cash on hand	\$	250
Deposits		11,951,429
Investments		<u>7,454,372</u>
Total Cash and Investments		<u><u>\$ 19,406,051</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	\$ 4,882,403	\$ 4,149,833	\$ 9,032,236
Business-type activities	4,372,891	5,766,215	10,139,106
Fiduciary funds	<u>234,709</u>	<u>--</u>	<u>234,709</u>
Total Cash and Investments	<u><u>\$ 9,490,003</u></u>	<u><u>\$ 9,916,048</u></u>	<u><u>\$ 19,406,051</u></u>

Cash and investments for governmental funds were restricted for future post-closure costs (\$1,032,456), redevelopment projects and future debt service (\$2,633,183), and insurance deposits (\$484,194). Cash and investments for proprietary funds were restricted for tenant deposits (\$14,875) and wastewater plan upgrades and future debt service (\$5,751,340).

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, 2010, 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, 2010

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, 2010

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	\$ 4,545,007	3.44
Corporate Obligations	301,113	0.75
Negotiable Certificates of Deposit	412,455	1.81
Local Agency Investment Fund	41,869	0.00
Placer County Investment Pool	2,153,928	0.00
Portfolio Weighted Average Maturity	\$ 7,454,372	2.23

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, 2010

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 Governmental Agencies	\$ 4,545,007	N/A	Aaa	60.98%
Corporate Medium Term Note	256,638	A	A3	3.44%
Corporate Medium Term Note	131,130	A	A2	1.76%
Corporate Medium Term Note	24,687	A	(1)	0.33%
Negotiable Certificates of Deposits	301,113	N/A	(2)	4.04%
California Local Agency Investment Fund	41,869	N/A	Not rated	0.56%
Placer County Investment Pool	2,153,928	N/A	Not rated	28.89%
	<u>\$ 7,454,372</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, 2010, 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	\$ 2,019,371
Federal National Mortgage Association	Federal Agency Obligations	1,543,125
Federal Home Loan Bank	Federal Agency Obligations	982,511
		<u>\$ 4,545,007</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, 2010, 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, 2010

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, 2010, a total of \$69.39 billion was invested by all public agencies. Of that amount, 89.16% was invested in non-derivative products and 10.84% 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.

Note 3: **Proposition 1A Receivable**

Assembly Bill X4 15 Mandatory Loan

On July 28, 2009, the California legislature and the Governor passed the State budget which included the suspension of the property tax protection provisions of Proposition 1A (2004) for FY 09-10 and required cities, counties and special districts to loan to the State 8% of the amount of property tax revenues apportioned to them in FY 08-09. This loan is known as the AB X4 15 Mandatory Loan (Loan).

The provision also created an option, known as the Proposition 1A Securitization, for California public agencies to sell their Loan to the California Statewide Communities Development Authority. While the loan to the State was mandatory for all agencies, the participation in the securitization program was voluntary.

CITY OF AUBURN

Notes to Financial Statements June 30, 2010

Note 3: **Proposition 1A Receivable** (continued)

Assembly Bill X4 15 Mandatory Loan (continued)

The law required the Loan from agencies to the State to be transferred in two equal installments on January 15, 2010 and May 3, 2010. Those agencies participating in the Proposition 1A Securitization program received proceeds from the securitization for the same amounts on the same dates. The City chose to participate in the Proposition 1A Securitization, resulting in the Loan having no significant impact on its current year cash flow or financial statements.

Note 3: **Capital Assets**

Capital asset activity for the year ended June 30, 2010 was as follows:

	Balance July 1, 2009	Additions	Retirements	Transfers	Balance June 30, 2010
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 350,000	\$ --	\$ --	\$ --	\$ 350,000
Construction in process	895,461	2,840,304	--	--	3,735,765
Total capital assets, not being depreciated	<u>1,245,461</u>	<u>2,840,304</u>	<u>--</u>	<u>--</u>	<u>4,085,765</u>
Capital assets, being depreciated:					
Infrastructure	6,381,937	--	--	(439,635)	5,942,302
Land improvements	5,230,205	--	--	--	5,230,205
Building and improvements	5,054,552	44,771	--	439,635	5,538,958
Equipment	7,804,652	--	--	--	7,804,652
Total capital assets, being depreciated	<u>24,471,346</u>	<u>44,771</u>	<u>--</u>	<u>--</u>	<u>24,516,117</u>
Less accumulated depreciation for:					
Infrastructure	(525,664)	(19,339)	--	--	(545,003)
Land improvements	(1,940,537)	(365,103)	--	--	(2,305,640)
Building and improvements	(3,788,675)	(387,771)	--	569	(4,175,877)
Equipment	--	(260,155)	--	--	(260,155)
Total accumulated depreciation	<u>(6,254,876)</u>	<u>(1,032,368)</u>	<u>--</u>	<u>569</u>	<u>(7,286,675)</u>
Total capital assets, being depreciated, net	<u>18,216,470</u>	<u>(987,597)</u>	<u>--</u>	<u>569</u>	<u>17,229,442</u>
Governmental activities capital assets, net	<u>\$ 19,461,931</u>	<u>\$ 1,852,707</u>	<u>\$ --</u>	<u>\$ 569</u>	<u>\$ 21,315,207</u>

CITY OF AUBURN

Notes to Financial Statements
June 30, 2010

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

	Balance July 1, 2009	Additions	Retirements	Transfers	Balance June 30, 2010
Business-type Activities:					
Capital assets, not being depreciated:					
Land	\$ 2,874,395	\$ --	\$ --	\$ --	\$ 2,874,395
Construction in process	5,808,956	4,588,879	--	(267,726)	10,130,109
Total capital assets, not being depreciated	<u>8,683,351</u>	<u>4,588,879</u>	<u>--</u>	<u>(267,726)</u>	<u>13,004,504</u>
Capital assets, being depreciated:					
Infrastructure	18,542,200	31,795	--	267,726	18,841,721
Equipment	1,469,803	62,967	--	--	1,532,770
Total capital assets, being depreciated	<u>20,012,003</u>	<u>94,762</u>	<u>--</u>	<u>267,726</u>	<u>20,374,491</u>
Less accumulated depreciation for:					
Infrastructure	(5,900,841)	(570,377)	--	--	(6,471,218)
Equipment	(1,135,930)	(87,197)	--	(569)	(1,223,696)
Total accumulated depreciation	<u>(7,036,771)</u>	<u>(657,574)</u>	<u>--</u>	<u>(569)</u>	<u>(7,694,914)</u>
Total capital assets, being depreciated, net	<u>12,975,232</u>	<u>(562,812)</u>	<u>--</u>	<u>267,157</u>	<u>12,679,577</u>
Business-type activities capital assets, net	<u>\$ 21,658,583</u>	<u>\$ 4,026,067</u>	<u>\$ --</u>	<u>\$ (569)</u>	<u>\$ 25,684,081</u>

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

Governmental activities:	
General government	\$ 80,852
Public safety	245,237
Transportation	703,439
Community development	2,840
Total depreciation expense - governmental activities	<u>\$ 1,032,368</u>
Business-type activities:	
Auburn Municipal Airport	\$ 275,952
Sewer	381,622
Total depreciation expense - business-type activities	<u>\$ 657,574</u>

CITY OF AUBURN

Notes to Financial Statements June 30, 2010

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, 2010, the various components of deferred revenue in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Governmental activities:			
Small Business Loans:			
Housing loans receivable	\$ --	\$ 319,699	\$ 319,699
Transportation:			
Unspent allocations	--	354,802	354,802
Receivables collected after the period of availability	120,175	--	120,175
	<u>\$ 120,175</u>	<u>\$ 674,501</u>	<u>\$ 794,676</u>

Note 5: Long-Term Liabilities

Long-term liabilities at June 30, 2010 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, 2010</u>
<u>Governmental Activities</u>						
Pension obligation bonds <i>(financed unfunded accrued actuarial liability)</i>	2028	5.69% - 5.93%	\$65,000 - \$345,000	2006	\$ 4,965,000	\$ 4,685,000
Tax increment bonds						
Auburn Urban Development Authority <i>(financed AUDA Streetscape Project)</i>	2038	3.00% - 6.00%	\$75,000 - \$315,000	2008	4,805,000	4,555,000
Notes Payable						
California Energy Commission <i>(LED Signal Conversion)</i>	2011	3.00%	\$11,997 - \$19,832	2002	112,060	19,832
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	29,044

CITY OF AUBURN

Notes to Financial Statements June 30, 2010

Note 5: Long-Term Liabilities

	<u>Maturity</u>	<u>Interest Rates</u>	<u>Principal Installments</u>	<u>Date of Issue</u>	<u>Amount Authorized</u>	<u>Outstanding June 30, 2010</u>
<u>Business-type Activities</u>						
Notes payable						
East Hangar Project at Airport	2018	4.68%	\$55,556 - \$95,556	2002	\$ 1,000,000	\$ 640,000
Fuel facility at Airport	2017	4.78%	\$9,561 - \$16,955	2005	200,000	100,911
State Water Resources Control Board <i>(construction of water waste treatment plant - phase 1A)</i>	2019	0.00%	\$108,691	1998	2,173,820	978,219
State Water Resources Control Board <i>(construction of water waste treatment plant - phase 1B)</i>	2021	0.00%	\$173,543	2000	2,892,368	1,908,970
Wastewater Revenue Bonds <i>(construction of wastewater treatment plant improvements)</i>	2039	2.00% - 5.50%	\$155,000 - \$530,000	2009	8,525,000	8,295,000

The following is a summary of long-term liability transactions for the fiscal year ended June 30, 2010:

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2010</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Pension obligation bonds	\$ 4,775,000	\$ --	\$ (90,000)	\$ 4,685,000	\$ 110,000
Tax allocation bonds	4,630,000	--	(75,000)	4,555,000	75,000
Less: Discount	(99,254)	--	3,423	(95,831)	--
Notes payable	32,570	--	(12,738)	19,832	19,832
Due to other agencies	31,278	--	(2,234)	29,044	2,234
Capital leases	93,177	47,506	(94,414)	46,269	7,865
Compensated absences	1,217,305	677,158	(496,025)	1,398,438	566,454
Landfill post-closure costs	978,918	--	(226,176)	752,742	250,914
Total Governmental Activities					
Long-term Liabilities	<u>\$ 11,658,994</u>	<u>\$ 724,664</u>	<u>\$ (993,164)</u>	<u>\$ 11,390,494</u>	<u>\$ 1,032,299</u>
Business-type Activities:					
Notes payable	\$ 3,987,580	\$ --	\$ (359,480)	\$ 3,628,100	\$ 364,617
Revenue bonds	--	8,525,000	(230,000)	8,295,000	155,000
Less: Discount	--	(110,778)	3,692	(107,086)	--
Compensated absences	20,669	21,152	(8,860)	32,961	16,202
Total Business-type Activities					
Long-term Liabilities	<u>\$ 4,008,249</u>	<u>\$ 8,435,374</u>	<u>\$ (594,648)</u>	<u>\$ 11,848,975</u>	<u>\$ 535,819</u>

CITY OF AUBURN

Notes to Financial Statements June 30, 2010

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

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 2009-2010, the Auburn Public Financing Authority issued \$8,525,000 in Series 2009 (bonds). Proceeds of the bonds, which were sold on August 13, 2009, will be used to finance the acquisition and construction of certain improvements to the wastewater collection, treatment and disposal system owned by the City 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 & Poor's and are insured by Assured Guarantee. 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 \$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 the bond indenture. Payment of debt service is secured by sewer use fees, annually billed to and collected from all users of the sewer system.

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, 2010.

CITY OF AUBURN

Notes to Financial Statements
June 30, 2010

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

Arbitrage (continued)

As of June 30, 2010, annual debt service requirements of governmental activities to maturity are as follows:

Year Ending June 30:	Governmental Activities							
	Pension Obligation Bonds		Tax Allocation Bonds		Notes Payable		Due to Other Agencies	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 110,000	\$ 276,283	\$ 75,000	\$ 260,968	\$ 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	252,143	--	--	2,234	--
2015	200,000	244,036	90,000	248,530	--	--	2,234	--
2016-2020	1,450,000	1,010,407	500,000	1,074,985	--	--	11,170	--
2021-2025	1,535,000	523,499	670,000	1,017,600	--	--	6,704	--
2026-2030	945,000	115,635	890,000	792,000	--	--	--	--
2031-2035	--	--	1,185,000	491,400	--	--	--	--
2036-2038	--	--	900,000	109,800	--	--	--	--
	<u>\$ 4,685,000</u>	<u>\$ 2,956,864</u>	<u>\$ 4,555,000</u>	<u>\$ 4,761,112</u>	<u>\$ 19,832</u>	<u>\$ 598</u>	<u>\$ 29,044</u>	<u>\$ --</u>

As of June 30, 2010, annual debt service requirements of business-type activities to maturity are as follows:

Year Ending June 30:	Business-Type Activities			
	Notes Payable		Sewer Revenue Bonds	
	Principal	Interest	Principal	Interest
2011	\$ 364,617	\$ 34,798	\$ 155,000	\$ 403,200
2012	369,754	30,926	155,000	400,100
2013	374,891	26,813	160,000	396,225
2014	380,027	22,460	165,000	392,225
2015	385,164	17,865	170,000	387,275
2016-2020	1,580,105	23,997	945,000	1,834,025
2021-2025	173,542	--	1,175,000	1,607,381
2026-2030	--	--	1,490,000	1,294,562
2031-2035	--	--	1,925,000	861,438
2036-2039	--	--	1,955,000	276,100
	<u>\$ 3,628,100</u>	<u>\$ 156,859</u>	<u>\$ 8,295,000</u>	<u>\$ 7,852,531</u>

CITY OF AUBURN

Notes to Financial Statements
June 30, 2010

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

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 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 \$9,316,112, payable through June 2038. For the year ended June 30, 2010, principal and interest paid were \$75,000 and \$263,405 respectively and total incremental property tax revenues were \$644,189.

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.

<u>Governmental Fund Activities</u>	<u>Interest Rate</u>	<u>Present Value of Remaining Payments as of June 30, 2010</u>
Police Vehicles	9.83%	\$ <u>46,269</u>

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

Cost of equipment	\$ 47,506
Less: accumulated depreciation	(2,404)
Carrying value at June 30, 2010	<u>\$ 45,102</u>

CITY OF AUBURN

Notes to Financial Statements
June 30, 2010

Note 6: **Leases** (continued)

Capital Leases Payable (continued)

As of June 30, 2010, future minimum lease payments under capital leases were as follows:

Year Ending June 30	
2011	\$ 12,065
2012	12,065
2013	12,065
2014	12,065
2015	<u>10,053</u>
	58,313
Less: Interest	<u>(12,044)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 46,269</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
2011	\$ 170,004	\$ 658,681
2012	170,004	658,681
2013	170,004	658,681
2014	170,004	658,681
2015	170,004	658,681
2016-2020	850,020	3,241,901
2021-2025	850,020	2,550,429
2026-2030	814,020	2,353,159
2031-2035	790,020	1,949,795
2036-2040	693,876	1,161,414
2041-2045	336,713	1,123,740
2046-2049	<u>28,267</u>	<u>263,019</u>
	<u><u>\$ 5,212,956</u></u>	<u><u>\$ 15,936,862</u></u>

CITY OF AUBURN

Notes to Financial Statements
June 30, 2010

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.

Net assets invested in capital assets, net of related debt, was comprised of the following:

	Governmental Activities	Business-Type Activities
Capital assets, net of accumulated depreciation	\$ 21,315,207	\$ 25,684,081
Outstanding principal of capital-related debt	(4,525,270)	(11,816,014)
Unspent debt proceeds	2,096,449	5,140,683
Net assets, invested in capital assets, net of related debt	\$ 18,886,386	\$ 19,008,750

- *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.

Included in governmental activities restricted net assets at June 30, 2010, were net assets restricted by enabling legislation of \$3,339,990.

CITY OF AUBURN

Notes to Financial Statements June 30, 2010

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.
- *Reserved for prepaids* – represents that portion of fund balance which is unavailable because the balance of prepaid expenses is not spendable.
- *Reserved for 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.
- *Reserved for debt service* – to indicate that this portion of fund balance is restricted for the retirement of the city long-term debt.

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, 2010, a portion of the General Fund balance has been designated in the amount of \$2,250,000 to use for unpredicted future events.

CITY OF AUBURN

Notes to Financial Statements
June 30, 2010

Note 9: **Interfund Transactions**

Interfund balances and transfers as of June 30, 2010 consisted of the following:

Due From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 514,572

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

Transfers From/To Other Funds:

Transfer From	Transfer To	Amount
Auburn Urban Development Authority	Other Governmental Funds	\$ 325,902
Other Governmental Funds	General Fund	100,000
		\$ 425,902

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, 2010, the following Nonmajor funds had deficit fund balances/net assets. The deficits occurred because of deferral of revenue recognition. Future funding will reduce the deficit.

Fund	Deficit
Auburn School Park Preserve	\$ 476,509
Highway 49 Beautification	1,318
Transit	67,632
Law Enforcement Grant	25,243

CITY OF AUBURN

Notes to Financial Statements
June 30, 2010

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.

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, 2010, the employer contribution rate was 8.845% for the Miscellaneous Plan and 18.302% for the Safety Plan.

Annual Pension Cost

For the fiscal year ended June 30, 2010, the City's annual pension cost was \$665,973 and the City actually contributed \$665,973. The required contribution for the fiscal year 2009-10 was determined as part of the June 30, 2007 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>
6/30/2008	735,291	100%	--
6/30/2009	738,043	100%	--
6/30/2010	665,973	100%	--

CITY OF AUBURN

Notes to Financial Statements June 30, 2010

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.

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.

CITY OF AUBURN

Notes to Financial Statements June 30, 2010

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

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.

The City's deposits for its banking layer administered by NCCSIF of \$484,194 is recorded in the general fund as insurance deposits. Activity for the year ended June 30, 2010 is as follows:

	General Liability	Workers' Compensation	Total
Balance, June 30, 2009	\$ 225,218	\$ 229,567	\$ 454,785
Deposits and other income	117,633	118,514	236,147
Investment income and changes in fair values	22,437	41,522	63,959
Claims paid, net of refunds	(67,008)	(82,259)	(149,267)
Claims administration and other expenses	--	(14,040)	(14,040)
Dividend	(107,390)	--	(107,390)
Balance, June 30, 2010	\$ 190,890	\$ 293,304	\$ 484,194

The following is summary financial information of the NCCSIF for the liability and workers' compensation program for the fiscal year ended June 30, 2010:

	General Liability	Workers' Compensation	Total
Assets	\$ 14,217,003	\$ 37,028,842	\$ 51,245,845
Liabilities	7,153,671	23,164,839	30,318,510
Net Assets	\$ 7,063,332	\$ 13,864,003	\$ 20,927,335
Revenues	6,617,940	10,023,357	16,641,297
Expenses	5,865,087	8,122,407	13,987,494
Change in Net Assets	752,853	1,900,950	2,653,803
Net Assets, July 1, 2009	6,310,479	11,963,053	18,273,532
Net Assets, June 30, 2010	\$ 7,063,332	\$ 13,864,003	\$ 20,927,335

CITY OF AUBURN

Notes to Financial Statements June 30, 2010

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.

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 nearly 40 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, 2010, the City had construction contracts outstanding of approximately \$1,864,981 for the AUDA Streetscape Project, the Wastewater Treatment Facility Upgrade, Facion's Point Lift Station Upgrade 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.

CITY OF AUBURN

Notes to Financial Statements June 30, 2010

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 1.21 percent surcharge on refuse collection fees. The estimated liability for post-closure care costs is estimated to be \$752,742 as of June 30, 2010. 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, 2010. However, the actual costs may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

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, 2010, the City was holding bank deposits and federal securities in the amount of \$1,032,456 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 \$168,631. 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**

Plan Description

The City of Auburn Retiree Healthcare Plan (Plan) is a single-employer defined benefit healthcare plan administered by the City. The Plan provides healthcare insurance benefits to eligible retirees. Benefit provisions are established and may be amended by the City. The Retiree Healthcare Plan does not issue a publicly available financial report.

CITY OF AUBURN

Notes to Financial Statements June 30, 2010

Note 16: **Post-Employment Benefits** (continued)

Plan Description (continued)

The City provides retiree medical benefits through the California Public Employees' Retirement System healthcare program. The City contributes the Public Employees' Medical and Hospital Care Act (PEMHCA) minimum required employer contribution (\$97 per month in 2010) towards the retiree monthly premium for eligible retirees participating in PEMHCA.

Funding Policy

The contribution requirements of the plan members and the City are established and may be amended by the City. The City is not pre-funding the plan.

The annual required contribution (ARC) is an amount actuarially determined in accordance with the parameters of GASB Statement 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension*. The City elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The City's ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period of 30 years. The fiscal year 2009-10 ARC is \$100,396.

For 2009-10, the City contributed \$19,800 to the Plan as the amount of healthcare insurance benefits reimbursed to eligible employees.

Annual OPEB Cost and Net OPEB Obligation

The following are the components of the City's annual OPEB cost for the fiscal year ended June 30, 2010:

Annual Required Contribution (ARC)	\$ 100,396
Interest on net OPEB obligation	--
Adjustments to ARC	--
Annual OPEB cost expense	<u>100,396</u>
Contributions made	<u>(19,800)</u>
Increase in net OPEB obligation	80,596
Net OPEB obligation, beginning of year	--
Net OPEB obligation, end of year	<u><u>\$ 80,596</u></u>

CITY OF AUBURN

Notes to Financial Statements
June 30, 2010

Note 16: **Post-Employment Benefits** (continued)

Annual OPEB Cost and Net OPEB Obligation (continued)

For fiscal year 2009-10, the City’s annual OPEB cost (expense) of \$100,396 was equal to the annual required contribution.

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan (as described in the funding policy above), and the net OPEB obligation for fiscal year 2009-10 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/10	\$ 100,396	19.72%	\$ 80,596

In future years, three year trend information will be presented. Fiscal year 2009-10 was the first year of implementation of GASB Statement 45, and the City elected to implement prospectively; therefore only one year of trend information is available.

Funded Status and Funding Progress

The funded status of the plan, based on an actuarial valuation as of June 30, 2010, the plan’s most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$775,639
Actuarial value of plan assets	--
Unfunded actuarial accrued liability (UAAL)	\$775,639
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active Plan members)	\$4,996,266
UAAL as a percentage of covered payroll	15.5%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CITY OF AUBURN

Notes to Financial Statements June 30, 2010

Note 16: **Post-Employment Benefits** (continued)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees – Based on the historical retirement age for the covered group, active plan members were assumed to retire at age 50, or at the first subsequent year in which the member would qualify for benefits.

Marital status – Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality – Life expectancies were based on mortality tables from the Centers for Disease Control and Prevention website and then averaged for the City as a whole.

Turnover – Non-group specific age based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare cost trend rate – The expected rate of increase in healthcare insurance premiums was based on projects provided by CalPERS. A rate of 2.2 percent initially for 2011 increased to 2.5 percent thereafter was used.

Health insurance premiums – 2011 projected PEMHCA minimum required employer contribution amounts of \$105 per month for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Inflation rate – The expected long-term inflation assumption of 2.5 percent was based on historical trends in United States inflation.

Payroll growth rate – The expected long-term payroll growth rate was assumed to equal the rate of inflation.

CITY OF AUBURN

Notes to Financial Statements June 30, 2010

Note 16: **Post-Employment Benefits** (continued)

Actuarial Methods and Assumptions (continued)

Based on the historical and expected returns of the City's long-term investment portfolio, a discount rate of 3 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2010, was thirty years.

Note 17: **New Accounting Pronouncements**

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.

Comprehensive Annual Financial Report
For Fiscal Year Ended June 30, 2010

**Required Supplementary
Information**

CITY OF AUBURN

Required Supplementary Information
For the Year Ended June 30, 2010

City of Auburn Retiree Healthcare Plan – Schedule of funding Progress

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability	Actuarial Asset Value	Underfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Underfunded Actuarial Liability as Percentage of Covered Payroll
6/30/2010	\$ 775,639	\$ --	\$ 775,639	0%	\$ 4,996,226	15.52%

CITY OF AUBURN

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts (On Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ 3,445,563	\$ 3,413,122	\$ 3,413,122	\$ --
Resources (inflows):				
Taxes	7,113,500	6,736,559	6,469,868	(266,691)
Licenses and permits	286,100	271,500	309,985	38,485
Fines, forfeitures and penalties	124,500	104,500	106,386	1,886
Use of money and property	400,000	400,000	363,719	(36,281)
Intergovernmental	238,000	272,873	320,279	47,406
Charges for services	136,000	115,000	116,624	1,624
Other revenues	30,000	45,000	51,712	6,712
Transfers from other funds	100,000	100,000	100,000	--
Amounts available for appropriation	<u>8,428,100</u>	<u>8,045,432</u>	<u>7,838,573</u>	<u>(206,859)</u>
Charges to appropriations (outflows):				
General government:				
City council	71,112	71,112	60,051	11,061
City manager	137,432	118,985	128,411	(9,426)
City clerk	106,628	97,219	106,304	(9,085)
Administrative services	538,923	359,518	393,841	(34,323)
City attorney	150,000	215,000	198,928	16,072
Information technology	180,532	151,920	135,916	16,004
Insurance programs	228,000	285,812	230,999	54,813
Support for community programs	114,391	114,391	55,519	58,872
	<u>1,527,018</u>	<u>1,413,957</u>	<u>1,309,969</u>	<u>103,988</u>
Public safety:				
Police	3,207,582	3,317,446	3,374,119	(56,673)
Fire	1,569,232	1,568,623	1,569,311	(688)
	<u>4,776,814</u>	<u>4,886,069</u>	<u>4,943,430</u>	<u>(57,361)</u>
Transportation:				
Administration and engineering	183,511	143,239	131,597	11,642
Building maintenance	272,500	292,567	232,277	60,290
Construction and maintenance	543,548	543,548	618,097	(74,549)
Yard and shop	241,850	219,350	205,146	14,204
Stormwater management	22,000	22,000	21,916	84
	<u>1,263,409</u>	<u>1,220,704</u>	<u>1,209,033</u>	<u>11,671</u>

continued

CITY OF AUBURN

Budgetary Comparison Schedule (continued)
 General Fund
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts (On Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Charges to appropriations (continued):				
Community development:				
Administration	\$ 383,768	\$ 341,480	\$ 339,681	\$ 1,799
Building inspections	194,974	194,974	186,173	8,801
Public services counter	72,187	16,198	71,654	(55,456)
	<u>650,929</u>	<u>552,652</u>	<u>597,508</u>	<u>(44,856)</u>
Nondepartmental:				
Debt service	350,000	370,355	344,282	26,073
Contingency reserve	150,000	--	--	--
	<u>500,000</u>	<u>370,355</u>	<u>344,282</u>	<u>26,073</u>
Total charges to appropriations	<u>8,718,170</u>	<u>8,443,737</u>	<u>8,404,222</u>	<u>39,515</u>
Budgetary fund balances, June 30	<u>\$ 3,155,493</u>	<u>\$ 3,014,817</u>	<u>\$ 2,847,473</u>	<u>\$ (167,344)</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 \$ 7,838,573

Differences - budget to GAAP:

Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes (100,000)

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 7,738,573

Uses/outflows of resources

Actual amounts (budgetary basis) of expenditures from the budgetary comparison statement \$ 8,404,222

Purchase of capital assets under capital lease financing arrangements are expenditures for financial reporting purposes but not for budgetary purposes 47,506

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 8,451,728

CITY OF AUBURN

Budgetary Comparison Schedule
Auburn Urban Development Authority
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts (On Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ 5,518,973	\$ 5,612,110	\$ 5,612,110	\$ --
Resources (inflows):				
Taxes	640,000	670,000	644,189	(25,811)
Use of money and property	75,000	73,000	124,280	51,280
Amounts available for appropriation	715,000	743,000	768,469	25,469
Charges to appropriations (outflows):				
Current:				
Community development	335,000	335,000	497,380	(162,380)
Debt service	2,234	2,234	2,234	--
Capital outlay	2,350,000	2,350,000	2,596,186	(246,186)
Transfers to other funds	339,000	332,000	325,902	6,098
Total charges to appropriations	3,026,234	3,019,234	3,421,702	(402,468)
Budgetary fund balances, June 30	\$ 3,207,739	\$ 3,335,876	\$ 2,958,877	\$ (376,999)
Explanation of Differences between Budgetary Outflows and GAAP Expenditures:				
<u>Uses/outflows of resources</u>				
Actual amounts (budgetary basis) of expenditures from the budgetary comparison statement				\$ 3,421,702
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes				(325,902)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds				\$ 3,095,800

CITY OF AUBURN

Note to Required Supplementary Information For the Year Ended June 30, 2010

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, 2010, 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
Hwy 49 Beautification

CITY OF AUBURN

Note to Required Supplementary Information For the Year Ended June 30, 2010

EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following funds had an excess of expenditures over appropriations at the legal level of budgetary control:

<u>Fund</u>	<u>Department</u>	<u>Excess Expenditures</u>
General fund	City manager	\$ 9,426
	City clerk	9,085
	Administrative services	34,323
	Police	56,673
	Fire	688
	Construction and maintenance	74,549
	Public services counter	55,456
Auburn Urban Development Authority		440,698
Small Business Loans fund		129,674
Solid Waste Program		59,504
OTS Grant		13,222

Comprehensive Annual Financial Report
For Fiscal Year Ended June 30, 2010

**Combining and Individual
Fund Statements and
Schedules**

NONMAJOR GOVERNMENTAL FUNDS

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CITY OF AUBURN

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010

	Special Revenue	Capital Projects	Debt Service	Total
ASSETS				
Cash and investments	\$ 1,431,141	\$ 1,309,117	\$ 339,000	\$ 3,079,258
Restricted cash and investments	1,032,456	--	--	1,032,456
Taxes receivable	10,299	--	--	10,299
Due from other agencies	59,247	--	--	59,247
Prepaid expense	2,455	--	--	2,455
Loans receivable	319,699	--	--	319,699
	<u>\$ 2,855,297</u>	<u>\$ 1,309,117</u>	<u>\$ 339,000</u>	<u>\$ 4,503,414</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 37,753	\$ --	\$ --	\$ 37,753
Deposits	--	8,423	--	8,423
Due to other funds	38,063	476,509	--	514,572
Deferred revenue	699,744	--	--	699,744
Total liabilities	<u>775,560</u>	<u>484,932</u>	<u>--</u>	<u>1,260,492</u>
Fund balances:				
Reserved:				
Prepaid expenses	2,455	--	--	2,455
Debt service	--	--	339,000	339,000
Unreserved:, undesignated and reported in:				
Special revenue funds	2,077,282	--	--	2,077,282
Capital projects funds	--	824,185	--	824,185
Total fund balances	<u>2,079,737</u>	<u>824,185</u>	<u>339,000</u>	<u>3,242,922</u>
Total liabilities and fund balances	<u>\$ 2,855,297</u>	<u>\$ 1,309,117</u>	<u>\$ 339,000</u>	<u>\$ 4,503,414</u>

CITY OF AUBURN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2010

	Special Revenue	Capital Projects	Debt Service	Total
Revenues				
Taxes	\$ 42,258	\$ --	\$ --	\$ 42,258
Licenses and permits	125,449	26,062	--	151,511
Use of money and property	55,289	32,245	--	87,534
Intergovernmental	2,039,817	26,687	--	2,066,504
Charges for services	30,172	--	--	30,172
Total revenues	<u>2,292,985</u>	<u>84,994</u>	<u>--</u>	<u>2,377,979</u>
Expenditures				
Current:				
Public safety	306,329	--	--	306,329
Transportation	593,717	--	--	593,717
Community development	215,978	--	--	215,978
Recreation and culture	35,979	--	--	35,979
Debt Service:				
Principal	105,915	--	75,000	180,915
Interest	4,564	--	263,404	267,968
Capital outlay	668,162	3,162	--	671,324
Total expenditures	<u>1,930,644</u>	<u>3,162</u>	<u>338,404</u>	<u>2,272,210</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>362,341</u>	<u>81,832</u>	<u>(338,404)</u>	<u>105,769</u>
Other Financing Sources (Uses)				
Transfers in	--	--	325,902	325,902
Transfers out	(100,000)	--	--	(100,000)
Total other financing sources (uses)	<u>(100,000)</u>	<u>--</u>	<u>325,902</u>	<u>225,902</u>
Net change in fund balances	262,341	81,832	(12,502)	331,671
Fund balances, beginning of year	<u>1,817,396</u>	<u>742,353</u>	<u>351,502</u>	<u>2,911,251</u>
Fund balances, end of year	<u>\$ 2,079,737</u>	<u>\$ 824,185</u>	<u>\$ 339,000</u>	<u>\$ 3,242,922</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

Small Business Loans (Community Development Block Grant) Fund

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.

Transportation Fund

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.

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.

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.

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.

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.

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
 June 30, 2010

	<u>Small Business Loans</u>	<u>Transportation</u>	<u>Transit</u>
Assets			
Cash and investments	\$ 246,116	\$ 558,726	\$ --
Restricted cash	--	--	--
Taxes receivable	--	--	--
Due from other agencies	--	--	--
Prepaid expenses	--	--	2,455
Loans receivable	319,699	--	--
	<u>319,699</u>	<u>--</u>	<u>--</u>
Total assets	<u>\$ 565,815</u>	<u>\$ 558,726</u>	<u>\$ 2,455</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 4,375	\$ 28,221	\$ 4,880
Due to other funds	--	--	12,820
Deferred revenue	319,699	302,415	52,387
	<u>319,699</u>	<u>302,415</u>	<u>52,387</u>
Total liabilities	<u>324,074</u>	<u>330,636</u>	<u>70,087</u>
Fund Balances:			
Reserved for prepaids	--	--	2,455
Unreserved:			
Undesignated	241,741	228,090	(70,087)
	<u>241,741</u>	<u>228,090</u>	<u>(70,087)</u>
Total fund balances	<u>241,741</u>	<u>228,090</u>	<u>(67,632)</u>
Total liabilities and fund balances	<u>\$ 565,815</u>	<u>\$ 558,726</u>	<u>\$ 2,455</u>

continued

CITY OF AUBURN

Combining Balance Sheet (continued)
 Nonmajor Special Revenue Funds
 June 30, 2010

	State Gas Tax	Merchant's Council	Historic Auburn
Assets			
Cash and investments	\$ 421,892	\$ 897	\$ 2,951
Restricted cash	--	--	--
Taxes receivable	--	--	--
Due from other agencies	34,004	--	--
Prepaid expenses	--	--	--
Loans receivable	--	--	--
	<u>\$ 455,896</u>	<u>\$ 897</u>	<u>\$ 2,951</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 152	\$ --	\$ --
Due to other funds	--	--	--
Deferred revenue	--	--	--
	<u>152</u>	<u>--</u>	<u>--</u>
Fund Balances:			
Reserved for prepaids	--	--	--
Unreserved:			
Undesignated	455,744	897	2,951
	<u>455,744</u>	<u>897</u>	<u>2,951</u>
Total fund balances	<u>455,744</u>	<u>897</u>	<u>2,951</u>
Total liabilities and fund balances	<u>\$ 455,896</u>	<u>\$ 897</u>	<u>\$ 2,951</u>

continued

CITY OF AUBURN

Combining Balance Sheet (continued)
 Nonmajor Special Revenue Funds
 June 30, 2010

	Maidu Fire Station	Solid Waste Program	OTS Grant	Law Enforcement Grant
Assets				
Cash and investments	\$ 38,265	\$ 18,761	\$ 2,558	\$ --
Restricted cash	--	1,032,456	--	--
Taxes receivable	--	10,299	--	--
Due from other agencies	--	--	--	25,243
Prepaid expenses	--	--	--	--
Loans receivable	--	--	--	--
	<u>\$ 38,265</u>	<u>\$ 1,061,516</u>	<u>\$ 2,558</u>	<u>\$ 25,243</u>
Total assets	<u>\$ 38,265</u>	<u>\$ 1,061,516</u>	<u>\$ 2,558</u>	<u>\$ 25,243</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ --	\$ 125	\$ --	\$ --
Due to other funds	--	--	--	25,243
Deferred revenue	--	--	--	25,243
	<u>--</u>	<u>125</u>	<u>--</u>	<u>50,486</u>
Total liabilities	<u>--</u>	<u>125</u>	<u>--</u>	<u>50,486</u>
Fund Balances:				
Reserved for prepaids	--	--	--	--
Unreserved:				
Undesignated	38,265	1,061,391	2,558	(25,243)
	<u>38,265</u>	<u>1,061,391</u>	<u>2,558</u>	<u>(25,243)</u>
Total fund balances	<u>38,265</u>	<u>1,061,391</u>	<u>2,558</u>	<u>(25,243)</u>
Total liabilities and fund balances	<u>\$ 38,265</u>	<u>\$ 1,061,516</u>	<u>\$ 2,558</u>	<u>\$ 25,243</u>

continued

CITY OF AUBURN

Combining Balance Sheet (continued)
 Nonmajor Special Revenue Funds
 June 30, 2010

	Property Seizures	Facilities and Equipment	Miscellaneous Grants	Total
Assets				
Cash and investments	\$ 580	\$ 42,849	\$ 97,546	\$ 1,431,141
Restricted cash	--	--	--	1,032,456
Taxes receivable	--	--	--	10,299
Due from other agencies	--	--	--	59,247
Prepaid expenses	--	--	--	2,455
Loans receivable	--	--	--	319,699
	<u>580</u>	<u>42,849</u>	<u>97,546</u>	<u>1,855,297</u>
Total assets	<u>\$ 580</u>	<u>\$ 42,849</u>	<u>\$ 97,546</u>	<u>\$ 2,855,297</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ --	\$ --	\$ --	\$ 37,753
Due to other funds	--	--	--	38,063
Deferred revenue	--	--	--	699,744
	<u>--</u>	<u>--</u>	<u>--</u>	<u>775,560</u>
Total liabilities	<u>--</u>	<u>--</u>	<u>--</u>	<u>775,560</u>
Fund Balances:				
Reserved for prepaids	--	--	--	2,455
Unreserved:				
Undesignated	580	42,849	97,546	2,077,282
	<u>580</u>	<u>42,849</u>	<u>97,546</u>	<u>2,079,737</u>
Total fund balances	<u>580</u>	<u>42,849</u>	<u>97,546</u>	<u>2,079,737</u>
Total liabilities and fund balances	<u>\$ 580</u>	<u>\$ 42,849</u>	<u>\$ 97,546</u>	<u>\$ 2,855,297</u>

CITY OF AUBURN

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2010

	<u>Small Business Loans</u>	<u>Transportation</u>	<u>Transit</u>
Revenues			
Taxes	\$ --	\$ --	\$ --
Licenses and permits	--	--	--
Use of money and property	5,124	16,656	(2,938)
Intergovernmental	292,863	915,811	350,504
Charges for services	--	--	30,172
Total revenues	<u>297,987</u>	<u>932,467</u>	<u>377,738</u>
Expenditures			
Current:			
Public safety	--	--	--
Transportation	--	45,810	377,738
Community development	179,674	--	--
Recreation and culture	--	--	--
Debt Service:			
Principal	--	12,738	--
Interest	--	883	--
Capital outlay	--	644,946	--
Total expenditures	<u>179,674</u>	<u>704,377</u>	<u>377,738</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>118,313</u>	<u>228,090</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	118,313	228,090	--
Fund balances, beginning of year	<u>123,428</u>	<u>--</u>	<u>(67,632)</u>
Fund balances, end of year	<u>\$ 241,741</u>	<u>\$ 228,090</u>	<u>\$ (67,632)</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, 2010

	State Gas Tax	Merchant's Council	Historic Auburn
Revenues			
Taxes	\$ --	\$ --	\$ --
Licenses and permits	--	35,866	34,357
Use of money and property	7,770	--	--
Intergovernmental	353,196	--	--
Charges for services	--	--	--
Total revenues	360,966	35,866	34,357
Expenditures			
Current:			
Public safety	--	--	--
Transportation	170,169	--	--
Community development	--	36,304	--
Recreation and culture	--	--	35,979
Debt Service:			
Principal	--	--	--
Interest	--	--	--
Capital outlay	9,502	--	--
Total expenditures	179,671	36,304	35,979
Excess (Deficiency) of Revenues Over (Under) Expenditures	181,295	(438)	(1,622)
Other Financing Sources (Uses)			
Transfers out	--	--	--
Total other financing sources (uses)	--	--	--
Net change in fund balances	181,295	(438)	(1,622)
Fund balances, beginning of year	274,449	1,335	4,573
Fund balances, end of year	\$ 455,744	\$ 897	\$ 2,951

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, 2010

	Maidu Fire Station	Solid Waste Program	OTS Grant	Law Enforcement Grant
Revenues				
Taxes	\$ --	\$ 42,258	\$ --	\$ --
Licenses and permits	--	--	--	--
Use of money and property	--	27,458	--	--
Intergovernmental	--	5,000	30,351	74,757
Charges for services	--	--	--	--
Total revenues	<u>--</u>	<u>74,716</u>	<u>30,351</u>	<u>74,757</u>
Expenditures				
Current:				
Public safety	--	252,004	28,222	--
Transportation	--	--	--	--
Community development	--	--	--	--
Recreation and culture	--	--	--	--
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
Capital outlay	--	--	--	--
Total expenditures	<u>--</u>	<u>252,004</u>	<u>28,222</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>--</u>	<u>(177,288)</u>	<u>2,129</u>	<u>74,757</u>
Other Financing Sources (Uses)				
Transfers out	--	--	--	(100,000)
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>(100,000)</u>
Net change in fund balances	--	(177,288)	2,129	(25,243)
Fund balances, beginning of year	<u>38,265</u>	<u>1,238,679</u>	<u>429</u>	<u>--</u>
Fund balances, end of year	<u>\$ 38,265</u>	<u>\$ 1,061,391</u>	<u>\$ 2,558</u>	<u>\$ (25,243)</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, 2010

	Property Seizures	Facilities and Equipment	Miscellaneous Grants	Total
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ 42,258
Licenses and permits	--	55,226	--	125,449
Use of money and property	--	1,219	--	55,289
Intergovernmental	--	--	17,335	2,039,817
Charges for services	--	--	--	30,172
Total revenues	<u>--</u>	<u>56,445</u>	<u>17,335</u>	<u>2,292,985</u>
Expenditures				
Current:				
Public safety	--	--	26,103	306,329
Transportation	--	--	--	593,717
Community development	--	--	--	215,978
Recreation and culture	--	--	--	35,979
Debt Service:				
Principal	--	93,177	--	105,915
Interest	--	3,681	--	4,564
Capital outlay	--	13,714	--	668,162
Total expenditures	<u>--</u>	<u>110,572</u>	<u>26,103</u>	<u>1,930,644</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>--</u>	<u>(54,127)</u>	<u>(8,768)</u>	<u>362,341</u>
Other Financing Sources (Uses)				
Transfers out	--	--	--	(100,000)
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>(100,000)</u>
Net change in fund balances	--	(54,127)	(8,768)	262,341
Fund balances, beginning of year	<u>580</u>	<u>96,976</u>	<u>106,314</u>	<u>1,817,396</u>
Fund balances, end of year	<u>\$ 580</u>	<u>\$ 42,849</u>	<u>\$ 97,546</u>	<u>\$ 2,079,737</u>

CITY OF AUBURN

Budgetary Comparison Schedule
 Small Business Loans
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts (On Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ 122,469	\$ 123,428	\$ 123,428	\$ --
Resources (inflows):				
Use of money and property	3,000	3,000	5,124	2,124
Intergovernmental	580,000	580,000	292,863	(287,137)
Amounts available for appropriation	<u>583,000</u>	<u>583,000</u>	<u>297,987</u>	<u>(285,013)</u>
Charges to appropriations (outflows):				
Current:				
Community development	<u>50,000</u>	<u>50,000</u>	<u>179,674</u>	<u>(129,674)</u>
Total charges to appropriations	<u>50,000</u>	<u>50,000</u>	<u>179,674</u>	<u>(129,674)</u>
Budgetary fund balances, June 30	<u><u>\$ 655,469</u></u>	<u><u>\$ 656,428</u></u>	<u><u>\$ 241,741</u></u>	<u><u>\$ (414,687)</u></u>

CITY OF AUBURN

Budgetary Comparison Schedule
Transportation
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts (On Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ 478,681	\$ --	\$ --	\$ --
Resources (inflows):				
Use of money and property	--	16,000	16,656	656
Intergovernmental	980,048	787,017	915,811	128,794
Amounts available for appropriation	<u>980,048</u>	<u>803,017</u>	<u>932,467</u>	<u>129,450</u>
Charges to appropriations (outflows):				
Current:				
Transportation	79,500	57,000	45,810	11,190
Debt service	13,620	13,620	13,621	(1)
Capital outlay	1,352,623	668,274	644,946	23,328
Total charges to appropriations	<u>1,445,743</u>	<u>738,894</u>	<u>704,377</u>	<u>34,517</u>
Budgetary fund balances, June 30	<u>\$ 12,986</u>	<u>\$ 64,123</u>	<u>\$ 228,090</u>	<u>\$ 163,967</u>

CITY OF AUBURN

Budgetary Comparison Schedule
Transit
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts (On Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary fund balances, July 1	\$ (110,300)	\$ (67,632)	\$ (67,632)	\$ --
Resources (inflows):				
Use of money and property	--	--	(2,938)	(2,938)
Intergovernmental	807,146	807,146	350,504	(456,642)
Charges for services	38,000	38,000	30,172	(7,828)
Amounts available for appropriation	<u>845,146</u>	<u>845,146</u>	<u>377,738</u>	<u>(467,408)</u>
Charges to appropriations (outflows):				
Current:				
Transportation	405,882	405,882	377,738	28,144
Capital outlay	319,923	319,923	--	319,923
Transfers to other funds	9,041	9,041	--	9,041
Total charges to appropriations	<u>734,846</u>	<u>734,846</u>	<u>377,738</u>	<u>357,108</u>
Budgetary fund balances, June 30	<u>\$ --</u>	<u>\$ 42,668</u>	<u>\$ (67,632)</u>	<u>\$ (110,300)</u>

CITY OF AUBURN

Budgetary Comparison Schedule
State Gas Tax Fund
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts (On Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary fund balances, July 1	\$ 302,042	\$ 274,449	\$ 274,449	\$ --
Resources (inflows):				
Use of money and property	5,000	6,500	7,770	1,270
Intergovernmental	357,530	346,805	353,196	6,391
Amounts available for appropriation	<u>362,530</u>	<u>353,305</u>	<u>360,966</u>	<u>7,661</u>
Charges to appropriations (outflows):				
Current:				
Transportation	190,000	194,502	179,671	14,831
Total charges to appropriations	<u>190,000</u>	<u>194,502</u>	<u>179,671</u>	<u>14,831</u>
Budgetary fund balances, June 30	<u>\$ 474,572</u>	<u>\$ 433,252</u>	<u>\$ 455,744</u>	<u>\$ 22,492</u>

CITY OF AUBURN

Budgetary Comparison Schedule
Solid Waste Program
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(On Budgetary	Final Budget
			Basis)	Positive
				(Negative)
Budgetary fund balances, July 1	\$ 1,200,429	\$ 1,238,679	\$ 1,238,679	\$ --
Resources (inflows):				
Taxes	50,000	50,000	42,258	(7,742)
Use of money and property	34,000	34,000	27,458	(6,542)
Intergovernmental	5,000	5,000	5,000	--
Amounts available for appropriation	89,000	89,000	74,716	(14,284)
Charges to appropriations (outflows):				
Current:				
Public safety	187,500	192,500	252,004	(59,504)
Total charges to appropriations	187,500	192,500	252,004	(59,504)
Budgetary fund balances, June 30	\$ 1,101,929	\$ 1,135,179	\$ 1,061,391	\$ (73,788)

CITY OF AUBURN

Budgetary Comparison Schedule
 OTS Grant
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts (On Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ --	\$ 429	\$ 429	\$ --
Resources (inflows):				
Intergovernmental	15,000	15,000	30,351	15,351
Amounts available for appropriation	<u>15,000</u>	<u>15,000</u>	<u>30,351</u>	<u>15,351</u>
Charges to appropriations (outflows):				
Current:				
Public safety	15,000	15,000	28,222	(13,222)
Total charges to appropriations	<u>15,000</u>	<u>15,000</u>	<u>28,222</u>	<u>(13,222)</u>
Budgetary fund balances, June 30	<u>\$ --</u>	<u>\$ 429</u>	<u>\$ 2,558</u>	<u>\$ 2,129</u>

CITY OF AUBURN

Budgetary Comparison Schedule
Law Enforcement Grant
For the Year Ended June 30, 2010

	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	74,757	(25,243)
Amounts available for appropriation	<u>100,000</u>	<u>100,000</u>	<u>74,757</u>	<u>(25,243)</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>\$ (25,243)</u>	<u>\$ (25,243)</u>

CITY OF AUBURN

Budgetary Comparison Schedule
Facilities and Equipment
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts (On Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary fund balances, July 1	\$ 97,481	\$ 96,976	\$ 96,976	\$ --
Resources (inflows):				
Licenses and permits	23,000	23,000	55,226	32,226
Use of money and property	<u>2,750</u>	<u>2,750</u>	<u>1,219</u>	<u>(1,531)</u>
Amounts available for appropriation	<u>25,750</u>	<u>25,750</u>	<u>56,445</u>	<u>30,695</u>
Charges to appropriations (outflows):				
Debt service	96,858	96,858	96,858	--
Capital outlay	<u>--</u>	<u>--</u>	<u>13,714</u>	<u>(13,714)</u>
Total charges to appropriations	<u>96,858</u>	<u>96,858</u>	<u>110,572</u>	<u>(13,714)</u>
Budgetary fund balances, June 30	<u>\$ 26,373</u>	<u>\$ 25,868</u>	<u>\$ 42,849</u>	<u>\$ 16,981</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

Auburn School Park Preserve Fund (ASPP)

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).

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
June 30, 2010

	Auburn School Park Preserve	Project Fund	Hwy 49 Beautification	Total
Assets				
Cash and investments	\$ --	\$ 1,309,117	\$ --	\$ 1,309,117
Total assets	\$ --	\$ 1,309,117	\$ --	\$ 1,309,117
Liabilities and Fund Balances				
Liabilities:				
Deposits	\$ --	\$ 7,105	\$ 1,318	\$ 8,423
Due to other funds	476,509	--	--	476,509
Total liabilities	476,509	7,105	1,318	484,932
Fund Balances:				
Unreserved:				
Undesignated	(476,509)	1,302,012	(1,318)	824,185
Total fund balances	(476,509)	1,302,012	(1,318)	824,185
Total liabilities and fund balances	\$ --	\$ 1,309,117	\$ --	\$ 1,309,117

CITY OF AUBURN

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2010

	Auburn School Park Preserve	Project Fund	Hwy 49 Beautification	Total
Revenues				
Licenses and permits	\$ --	\$ 26,062	\$ --	\$ 26,062
Intergovernmental	26,687	--	--	26,687
Use of money and property	(826)	33,071	--	32,245
Total revenues	<u>25,861</u>	<u>59,133</u>	<u>--</u>	<u>84,994</u>
Expenditures				
Capital outlay	360	2,802	--	3,162
Total expenditures	<u>360</u>	<u>2,802</u>	<u>--</u>	<u>3,162</u>
Net change in fund balances	25,501	56,331	--	81,832
Fund balances, beginning of year	<u>(502,010)</u>	<u>1,245,681</u>	<u>(1,318)</u>	<u>742,353</u>
Fund balances, end of year	<u><u>\$ (476,509)</u></u>	<u><u>\$ 1,302,012</u></u>	<u><u>\$ (1,318)</u></u>	<u><u>\$ 824,185</u></u>

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
June 30, 2010

	General Obligation Bonds	Urban Development Authority	Total
ASSETS			
Cash and investments	\$ --	\$ 339,000	\$ 339,000
Total assets	<u>\$ --</u>	<u>\$ 339,000</u>	<u>\$ 339,000</u>
FUND BALANCES			
Reserved for debt service	--	339,000	339,000
Total fund balances	<u>--</u>	<u>339,000</u>	<u>339,000</u>
Total liabilities and fund balances	<u>\$ --</u>	<u>\$ 339,000</u>	<u>\$ 339,000</u>

CITY OF AUBURN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Debt Service Funds
 For the Year Ended June 30, 2010

	<u>General Obligation Bonds</u>	<u>Urban Development Authority</u>	<u>Total</u>
Expenditures			
Debt Service:			
Principal	--	75,000	75,000
Interest	--	263,404	263,404
Total expenditures	<u>--</u>	<u>338,404</u>	<u>338,404</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>--</u>	 <u>(338,404)</u>	 <u>(338,404)</u>
 Other Financing Sources (Uses)			
Transfers in	--	325,902	325,902
Total other financing sources (uses)	<u>--</u>	<u>325,902</u>	<u>325,902</u>
 Net change in fund balances	 --	 (12,502)	 (12,502)
 Fund balances, beginning of year	 <u>--</u>	 <u>351,502</u>	 <u>351,502</u>
 Fund balances, end of year	 <u>\$ --</u>	 <u>\$ 339,000</u>	 <u>\$ 339,000</u>

CITY OF AUBURN

Budgetary Comparison Schedule
Auburn Urban Development Authority Debt Service
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts (On Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary fund balances, July 1	\$ 347,814	\$ 351,502	\$ 351,502	\$ --
Resources (inflows):				
Use of money and property	9,000	9,000	--	(9,000)
Intergovernmental	339,000	339,000	325,902	(13,098)
Amounts available for appropriation	<u>348,000</u>	<u>348,000</u>	<u>325,902</u>	<u>(22,098)</u>
Charges to appropriations (outflows):				
Current:				
Transportation	339,000	339,000	338,404	596
Total charges to appropriations	<u>339,000</u>	<u>339,000</u>	<u>338,404</u>	<u>596</u>
Budgetary fund balances, June 30	<u>\$ 356,814</u>	<u>\$ 360,502</u>	<u>\$ 339,000</u>	<u>\$ (21,502)</u>

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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
June 30, 2010

	<u>Cable TV Access Fees</u>	<u>Recreation Park Development</u>	<u>Fire Safety Council</u>
Assets			
Cash and investments	\$ 1,804	\$ 3,376	\$ 778
Total assets	<u>\$ 1,804</u>	<u>\$ 3,376</u>	<u>\$ 778</u>
Liabilities			
Agency obligations	\$ 1,804	\$ 3,376	\$ 778
Total liabilities	<u>\$ 1,804</u>	<u>\$ 3,376</u>	<u>\$ 778</u>

continued

CITY OF AUBURN

Combining Statement of Fiduciary Net Assets (continued)
Agency Funds
June 30, 2010

	Placer County Facilities Fee	Payroll Clearing	Total
Assets			
Cash and investments	\$ 22,648	\$ 21,020	\$ 49,626
Total assets	<u>\$ 22,648</u>	<u>\$ 21,020</u>	<u>\$ 49,626</u>
Liabilities			
Agency obligations	\$ 22,648	\$ 21,020	\$ 49,626
Total liabilities	<u>\$ 22,648</u>	<u>\$ 21,020</u>	<u>\$ 49,626</u>

CITY OF AUBURN

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
Cable TV Access Fees				
Assets:				
Cash and investments	\$ 14,355	\$ 25,752	\$ 38,303	\$ 1,804
Accounts receivable	1,804	--	1,804	--
Total assets	<u>\$ 16,159</u>	<u>\$ 25,752</u>	<u>\$ 40,107</u>	<u>\$ 1,804</u>
Liabilities:				
Agency obligations	<u>\$ 1,804</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,804</u>
Recreation Park Development				
Assets:				
Cash and investments	<u>\$ 1,195</u>	<u>\$ 2,183</u>	<u>\$ 2</u>	<u>\$ 3,376</u>
Liabilities:				
Agency obligations	<u>\$ 1,195</u>	<u>\$ 2,184</u>	<u>\$ 3</u>	<u>\$ 3,376</u>
Fire Safety Council				
Assets:				
Cash and investments	<u>\$ 2,641</u>	<u>\$ 33</u>	<u>\$ 1,896</u>	<u>\$ 778</u>
Liabilities:				
Agency obligations	<u>\$ 2,641</u>	<u>\$ 34</u>	<u>\$ 1,897</u>	<u>\$ 778</u>
Placer County Facilities Fee				
Assets:				
Cash and investments	<u>\$ 6,382</u>	<u>\$ 34,155</u>	<u>\$ 17,889</u>	<u>\$ 22,648</u>
Liabilities:				
Agency obligations	<u>\$ 6,382</u>	<u>\$ 34,155</u>	<u>\$ 17,889</u>	<u>\$ 22,648</u>
Payroll Clearing				
Assets:				
Cash and investments	\$ 58,194	\$ 5,682,971	\$ 5,720,145	\$ 21,020
Accounts receivable	5,050	--	5,050	--
Total assets	<u>\$ 63,244</u>	<u>\$ 5,682,971</u>	<u>\$ 5,725,195</u>	<u>\$ 21,020</u>
Liabilities:				
Accounts payable	\$ 13,819	\$ 295,986	\$ 309,805	\$ --
Agency obligations	49,425	8,692,997	8,721,402	21,020
Total liabilities	<u>\$ 63,244</u>	<u>\$ 8,988,983</u>	<u>\$ 9,031,207</u>	<u>\$ 21,020</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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**CITY OF AUBURN
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year							
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Governmental Activities								
Invested in capital assets, net of related debt	\$ 4,044,224	\$ 9,219,557	\$ 11,455,672	\$ 12,112,065	\$ 13,711,814	\$ 14,935,931	\$ 19,336,184	\$ 18,886,386
Restricted	3,649,999	2,459,174	2,472,114	3,897,934	4,662,291	3,653,807	8,114,974	6,541,853
Unrestricted	3,874,941	3,127,481	3,826,830	4,049,964	2,001,513	2,860,462	(3,166,820)	(1,943,195)
Total governmental activities net assets	<u>\$ 11,569,164</u>	<u>\$ 14,806,212</u>	<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>	<u>\$ 23,485,044</u>
Business-type Activities								
Invested in capital assets, net of related debt	\$ 12,841,536	\$ 14,206,489	\$ 14,150,118	\$ 14,898,745	\$ 16,775,408	\$ 16,307,102	\$ 17,671,003	\$ 19,008,750
Restricted	37,350	--	41,840	41,840	13,250	--	--	559,262
Unrestricted	5,555,953	4,858,983	5,125,958	4,566,907	3,567,844	5,089,154	4,871,695	4,603,714
Total business-type activities	<u>\$ 18,434,839</u>	<u>\$ 19,065,472</u>	<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>	<u>\$ 24,171,726</u>
Primary Government								
Invested in capital assets, net of related debt	\$ 16,885,760	\$ 23,426,046	\$ 25,605,790	\$ 27,010,810	\$ 30,487,222	\$ 31,243,033	\$ 37,007,187	\$ 37,895,136
Restricted	3,687,349	2,459,174	2,513,954	3,939,774	4,675,541	3,653,807	8,114,974	7,101,115
Unrestricted	9,430,894	7,986,464	8,952,788	8,616,871	5,569,357	7,949,616	1,704,875	2,660,519
Total primary government net assets	<u>\$ 30,004,003</u>	<u>\$ 33,871,684</u>	<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>	<u>\$ 47,656,770</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.

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

	Fiscal Year							
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Expenses								
Governmental activities:								
General government	\$ 1,429,251	\$ 1,835,478	\$ 2,058,232	\$ 1,783,691	\$ 2,325,979	\$ 2,067,619	\$ 1,741,542	\$ 1,735,630
Public safety	4,151,189	4,619,641	4,745,520	5,385,966	5,916,568	5,866,706	6,066,740	5,503,174
Transportation	1,852,245	1,713,258	1,136,527	2,691,900	4,343,717	3,165,262	2,592,016	2,926,324
Community development	1,650,580	593,072	948,515	1,483,471	1,748,798	1,443,691	1,490,980	1,326,272
Recreation and culture	--	--	--	18,308	20,654	17,586	33,292	36,339
Interest on long-term debt	375,021	173,235	48,009	50,740	575,295	301,594	475,274	276,751
Total governmental activities expenses	<u>9,458,286</u>	<u>8,934,684</u>	<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>	<u>11,804,490</u>
Business-type activities:								
Auburn Municipal Airport	528,518	610,851	641,157	774,459	740,501	615,186	574,112	604,719
Wastewater Treatment Plant	2,375,566	2,488,911	2,276,655	2,852,847	3,132,068	3,561,773	3,432,180	3,433,579
Total business-type activities expenses	<u>2,904,084</u>	<u>3,099,762</u>	<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>	<u>4,038,298</u>
Total primary government expenses	<u>12,362,370</u>	<u>12,034,446</u>	<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>	<u>15,842,788</u>
Program Revenues								
Governmental activities:								
Charges for services:								
General government	721,017	589,308	711,105	1,538,236	391,510	797,693	749,498	496,199
Public safety	571,971	663,715	642,003	9,660	167,362	279,340	369,292	120,660
Transportation	106,716	211,933	315,400	27,528	97,042	137,199	72,560	65,710
Community development	385,506	416,660	413,458	--	513,221	325,663	209,542	303,883
Recreation and culture	--	--	--	--	19,885	18,825	34,563	34,358
Operating grants and contributions	2,119,337	2,028,080	1,483,658	2,378,837	2,543,309	1,557,120	2,536,633	1,154,715
Capital grants and contributions	1,370,007	1,935,210	201,773	684,447	1,284,923	1,313,832	2,801,230	1,257,311
Total governmental program revenues	<u>5,274,554</u>	<u>5,844,906</u>	<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>	<u>3,432,836</u>
Business-type activities:								
Charges for services:								
Auburn Municipal Airport	69,896	71,800	104,223	113,472	14,887	556,139	566,954	834,189
Wastewater Treatment Plant	2,982,607	2,941,660	2,773,504	2,941,471	2,861,434	4,386,520	4,334,075	4,635,541
Operating grants and contributions	--	--	--	--	49,500	26,775	6,350	2,986
Capital grants and contributions	2,325,301	611,500	61,586	238,136	1,063,925	34,824	--	--
Total business-type activities program revenues	<u>5,377,804</u>	<u>3,624,960</u>	<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>	<u>5,472,716</u>
Total primary government revenues	<u>\$ 10,652,358</u>	<u>\$ 9,469,866</u>	<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>	<u>\$ 8,905,552</u>

continued

CITY OF AUBURN
CHANGE IN NET ASSETS (continued)
LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year							
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Net (Expenses) Revenues								
Governmental activities	\$ (4,183,732)	\$ (3,089,778)	\$ (5,169,406)	\$ (6,775,368)	\$ (9,913,759)	\$ (8,432,786)	\$ (5,626,526)	\$ (8,371,654)
Business-type activities	2,473,720	525,198	21,501	(334,227)	117,177	827,299	901,087	1,434,418
Total primary government	<u>(1,710,012)</u>	<u>(2,564,580)</u>	<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>	<u>(6,937,236)</u>
General Revenue and Other Changes in Net Assets								
Governmental activities								
Taxes:								
Property	2,224,532	2,258,103	3,256,499	3,682,204	4,085,695	4,195,552	4,064,058	3,816,117
Sales and use	2,797,849	2,776,035	2,605,488	2,922,367	3,005,226	2,889,326	2,059,504	1,903,834
In-lieu sales	--	--	686,335	980,145	1,376,879	1,141,045	1,040,123	701,744
Franchise taxes	617,846	592,670	599,725	620,185	648,170	644,702	657,957	621,108
Transient occupancy	198,602	215,627	215,627	220,388	224,755	238,608	212,709	180,575
Other taxes	23,613	78,337	148,973	128,215	92,262	49,737	25,808	27,869
Rents	317,227	293,459	316,959	297,896	312,911	--	--	--
Unrestricted interest and investment earnings	556,114	75,681	153,018	198,507	379,293	264,154	259,023	269,401
Miscellaneous revenues	--	--	--	33,988	102,009	84,244	141,737	51,712
Transfers	27,337	36,914	135,186	(3,180)	2,214	--	--	--
Total governmental activities	<u>6,763,120</u>	<u>6,326,826</u>	<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>	<u>7,572,360</u>
Business-type activities								
Property taxes	71,050	43,772	53,456	41,764	32,634	33,802	36,181	30,272
Rents	321,576	324,546	347,803	331,784	459,851	--	--	--
Unrestricted interest and investment earnings	203,188	47,647	(35,130)	126,004	241,562	178,653	144,374	164,338
Capital contributions	117,610	--	--	--	--	--	--	--
Transfers	(27,337)	(36,914)	(135,186)	3,180	(2,214)	--	64,800	--
Total business-type activities	<u>686,087</u>	<u>379,051</u>	<u>230,943</u>	<u>502,732</u>	<u>731,833</u>	<u>212,455</u>	<u>245,355</u>	<u>194,610</u>
Total primary government	<u>\$ 7,449,207</u>	<u>\$ 6,705,877</u>	<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>	<u>\$ 7,766,970</u>
Change in Net Assets								
Governmental activities	2,579,388	3,237,048	2,948,404	2,305,347	315,655	1,074,582	2,834,393	(799,294)
Business-type activities	3,159,807	904,249	252,444	168,505	849,010	1,039,754	1,146,442	1,629,028
Total Primary government	<u>\$ 5,739,195</u>	<u>\$ 4,141,297</u>	<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>	<u>\$ 829,734</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.

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

	Fiscal Year							
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
General Fund								
Reserved	\$ 640,674	\$ 681,845	\$ 712,214	\$ 2,364,402	\$ 1,944,442	\$ 1,520,684	\$ 455,035	\$ 537,481
Unreserved	4,178,560	3,381,247	4,161,059	2,865,763	2,834,572	2,608,498	2,958,087	2,309,992
Total General Fund	<u>\$ 4,819,234</u>	<u>\$ 4,063,092</u>	<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>	<u>\$ 2,847,473</u>
Other Governmental Funds								
Reserved	\$ --	\$ --	\$ --	\$ 2,338	\$ --	\$ --	\$ --	\$ 341,455
Unreserved, reported in:								
Special revenue funds	2,718,822	3,431,582	3,571,328	4,186,295	3,132,607	3,217,606	1,693,968	5,036,159
Debt service funds	1,881,236	109,657	168,566	254,166	285,509	211,420	351,502	--
Capital project funds	968,127	707,465	581,596	1,038,356	1,236,642	1,330,653	1,244,363	824,185
Total Other Governmental Funds	<u>\$ 5,568,185</u>	<u>\$ 4,248,704</u>	<u>\$ 4,321,490</u>	<u>\$ 5,481,155</u>	<u>\$ 4,654,758</u>	<u>\$ 4,759,679</u>	<u>\$ 3,289,833</u>	<u>\$ 6,201,799</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 eight years of data for this schedule.

SCHEDULE IV

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

	Fiscal Year							
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
REVENUES								
Taxes	\$ 6,250,630	\$ 6,527,856	\$ 7,497,249	\$ 7,933,319	\$ 8,784,817	\$ 8,304,456	\$ 7,541,403	\$ 6,535,207
Franchise Fees	617,846	592,670	599,725	620,185	648,170	644,701	518,756	621,108
Licenses and permits	479,110	473,012	606,469	1,065,241	775,940	494,863	383,622	461,496
Fines, forfeitures and penalties	112,573	237,535	134,882	121,808	144,568	136,518	142,998	106,386
Use of money and property	873,341	369,143	471,087	496,403	692,204	602,385	613,929	575,533
Intergovernmental	2,889,251	3,208,687	1,583,310	3,063,284	3,828,232	3,095,930	5,712,125	2,386,783
Charges for services	691,483	626,231	842,603	388,375	268,512	277,297	179,412	146,796
Other revenues	95,388	124,994	25,688	33,988	102,009	84,244	141,737	51,712
Total revenues	<u>12,009,622</u>	<u>12,160,128</u>	<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>	<u>10,885,021</u>
EXPENDITURES								
General government	1,714,622	1,722,442	1,705,245	4,500,812	2,224,760	1,777,811	1,606,237	1,452,089
Public safety	3,986,908	4,267,351	4,606,218	7,313,153	5,742,513	5,612,110	5,702,042	5,499,427
Transportation	1,488,587	1,563,670	2,100,278	2,521,915	4,368,426	3,072,594	2,096,725	1,802,750
Community development	1,502,302	725,476	1,062,079	1,492,402	1,737,253	1,432,675	1,494,664	1,310,866
Recreation and culture	--	--	--	18,308	20,654	17,586	33,292	35,979
Capital outlay	2,375,694	3,291,566	1,345,115	1,477,368	1,802,529	1,689,495	4,895,952	3,267,510
Debt service:								
Principal	180,550	2,525,952	146,282	157,725	314,909	274,158	499,235	183,149
Interest	208,091	176,208	48,009	38,181	313,170	308,876	454,713	267,968
Administrative, issuance and other costs	--	--	--	--	--	--	105,823	--
Total expenditures	<u>11,456,754</u>	<u>14,272,665</u>	<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>	<u>13,819,738</u>
Excess (deficiency) of revenues over (under) expenditures	<u>552,868</u>	<u>(2,112,537)</u>	<u>747,787</u>	<u>(3,797,261)</u>	<u>(1,279,762)</u>	<u>(544,911)</u>	<u>(1,654,701)</u>	<u>(2,934,717)</u>
OTHER FINANCING SOURCES (USES)								
Bonds issued	--	--	--	4,965,000	--	--	4,805,000	--
Discounts on debt issued	--	--	--	--	--	--	(102,677)	--
Capital lease	--	--	--	352,000	--	--	--	47,506
Transfers in	387,589	868,639	778,599	223,873	292,399	236,616	906,258	425,902
Transfers out	(360,248)	(831,725)	(643,414)	(227,053)	(290,185)	(236,616)	(906,258)	(425,902)
Total other financing sources (uses)	<u>27,341</u>	<u>36,914</u>	<u>135,185</u>	<u>(3,180)</u>	<u>2,214</u>	<u>--</u>	<u>4,702,323</u>	<u>47,506</u>
Net change in fund balance	<u>\$ 580,209</u>	<u>\$ (2,075,623)</u>	<u>\$ 882,972</u>	<u>\$ (3,800,441)</u>	<u>\$ (1,277,548)</u>	<u>\$ (544,911)</u>	<u>\$ 3,047,622</u>	<u>\$ (2,887,211)</u>
Debt service as a percentage of noncapital expenditures	4.28%	24.61%	2.24%	1.22%	4.35%	4.66%	8.81%	4.13%

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 eight years of data for this schedule.

**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)					Total Direct Tax Rate
	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Direct Rate	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Direct Rate	
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%
2009-10	1,565,471,834	128,022,245	21,862,400	1,671,631,679	0.193%	227,050,399	22,508,470	--	249,558,869	0.375%	0.217%

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

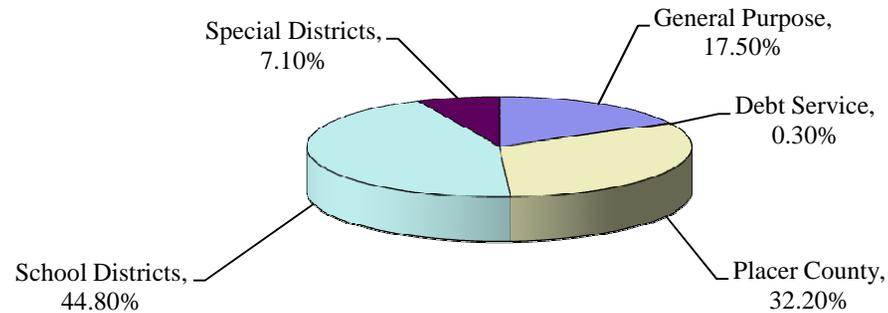
(2)The Auburn Urban Development Authority Project Area was amended (increased) during FY 2008-09.

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	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
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	0.016	0.017	0.015	0.013	0.012	0.013	0.007	0.002	0.002	0.003
	<u>0.191</u>	<u>0.192</u>	<u>0.190</u>	<u>0.188</u>	<u>0.187</u>	<u>0.188</u>	<u>0.182</u>	<u>0.177</u>	<u>0.177</u>	<u>0.178</u>
Placer County	0.330	0.328	0.326	0.321	0.320	0.320	0.320	0.320	0.322	0.322
School districts	0.448	0.447	0.447	0.455	0.455	0.452	0.452	0.456	0.448	0.448
Special districts	0.068	0.068	0.068	0.068	0.068	0.068	0.068	0.068	0.071	0.071
	<u>1.037</u>	<u>1.035</u>	<u>1.031</u>	<u>1.032</u>	<u>1.030</u>	<u>1.028</u>	<u>1.022</u>	<u>1.021</u>	<u>1.018</u>	<u>1.019</u>

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

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

Taxpayer	FY 2009-10		FY 2000-01	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
UAIC Development Corporation	\$ 13,572,138	0.706%	<i>not available</i>	
Renesson Hotels, Inc.	12,212,788	0.838%	<i>not available</i>	--
Regal Cinemas, Inc.	10,563,034	0.724%	<i>not available</i>	--
Auburn Creekside, LLC	10,307,520	0.707%	<i>not available</i>	--
Fine Particle Technology Corp.	8,112,554	0.556%	<i>not available</i>	--
Morgan Technical Ceramics Auburn Inc.	6,892,920	0.473%	<i>not available</i>	--
RMP Properties, LLC	6,731,442	0.462%	<i>not available</i>	--
Auburn Creekside Buildings A & E LLC	6,559,305	0.450%	<i>not available</i>	--
BKR Investors, LLC	6,473,515	0.444%	<i>not available</i>	--
The Abbey Company	5,824,710	0.400%	<i>not available</i>	--
Total assessed property valuation	\$ 87,249,926	5.760%	<i>not available</i>	\$ --
Total City of Auburn assessed property valuation (including AUDA):				
	Fiscal Year 2009-10	\$ 1,921,190,548		
	Fiscal Year 2000-01		\$ 1,048,808,626	

Source: Auditor-Controllers Office, County of Placer

**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	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
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%
2009-10	3,938,358	3,923,742	99.6%	--	3,923,742	99.6%

Amount of property taxes collected with the fiscal year of the levy can, during certain fiscal years, exceed the amount of the tax levy (i.e. percent of levy is greater than 100%) due to supplemental property taxes collected above those estimated as a portion of the original levy.

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

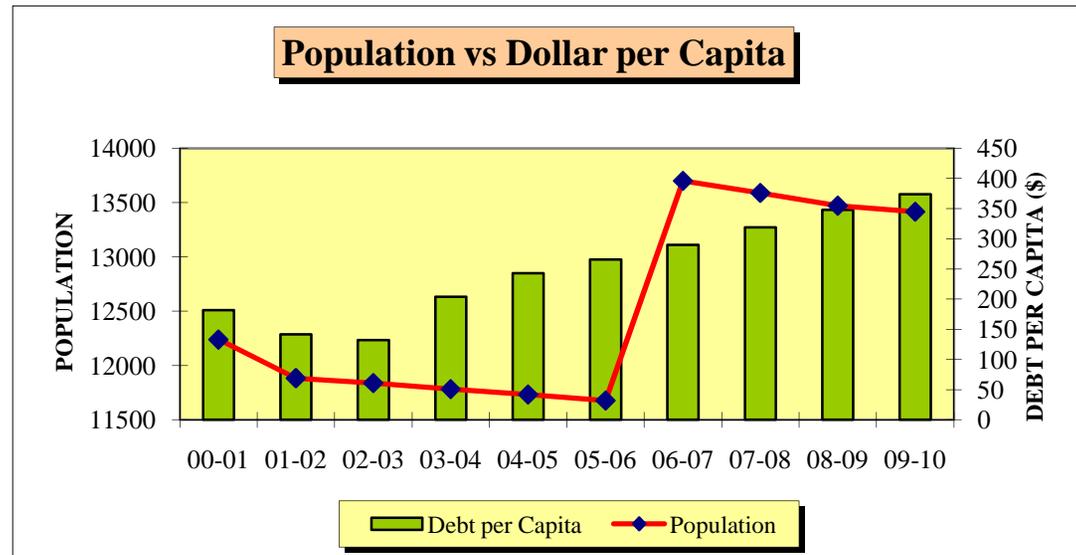
**CITY OF AUBURN
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities					Total Governmental Activities
	General Obligation Bonds	COPS Pension Obligation Tax Allocation Bonds	Loans and Notes Payable	Due to Other Agencies	Capital Leases	
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
2009-10	--	9,144,169	19,832	29,044	46,269	9,239,314

Fiscal Year	Business-type Activities		Total Business- Type Activities	Total Primary Government	Percentage of Assessed Value	Debt Per Capita
	Loans and Notes Payable	Revenue Bonds				
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
2009-10	3,628,100	8,187,914	11,816,014	21,055,328	1.096%	1,551

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

**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	Population	Debt Per Capita
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
2009-10	--	--	4,685,000	4,685,000	0.244%	13,578	345

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, 2010

City Assessed Valuation		\$	1,709,174,803
Auburn Urban Development Authority Incremental Valuation			97,056,225
			97,056,225
Adjusted Assessed Valuation		\$	1,612,118,578

<i>Overlapping Tax and Assessment Debt:</i>	% Applicable	Outstanding Debt as of 6/30/2010	Estimated Share of Overlapping Debt
Placer Union High School District	14.717%	\$ 37,049,040	\$ 5,452,507
Nevada Irrigation District	0.561%	1,730,000	9,705
<i>Total Direct and Overlapping Tax and Assessment Debt:</i>		\$ 38,779,040	\$ 5,462,213

<i>Direct and Overlapping General Fund Obligation Debt:</i>			
Placer County General Fund Obligations	2.958%	\$ 51,635,000	\$ 1,527,363
Placer County Office of Education Certificates of Participation	2.958%	2,395,000	70,844
Sierra Joint Community College District General Fund Obligations	2.164%	14,785,000	319,947
Placer Union High School District Certificates of Participation	14.717%	8,760,000	1,289,209
Auburn Union School District Certificates of Participation	41.954%	38,023,580	15,952,413
City of Auburn Pension Obligations	100.000%	4,685,000	4,685,000
Placer Mosquito and Vector Control District COPS	2.958%	4,835,000	143,019
Auburn Area Recreation and Park District Certificates of Participation	32.258%	545,000	175,806
<i>Total Direct and Overlapping General Fund Obligation Debt:</i>		\$ 125,663,580	\$ 24,163,602
<i>Combined Total Debt:</i>		\$ 164,442,620	\$ 29,625,815

Ratios to 2009-10 Assessed Valuation:

Total Direct and Overlapping Tax and Assessment Debt..... 0.320%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$4,685,000)..... 0.290%
 Combined Total Debt..... 1.840%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/10 \$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, 2010**

<i>Secured Property Assessed Value, net of Exempt Real Property</i>	<u><u>\$ 1,595,838,432</u></u>
Bonded Debt Limit (3.75% of Assesed Value) (a)	<u>\$ 59,843,941</u>
<i>Less Debt Subject to Limit:</i>	
Total Pension Obligation Bonds @ 6/30/2010	(4,685,000)
Total Sewer Revenue Bonds @ 6/30/2010	<u>(8,187,914)</u>
Legal Debt Margin	<u><u>\$ 51,656,027</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**

<u>Calendar Year</u>	<u>Population</u>	<u>Taxable Assessed Valuation</u>	<u>Per Capita Taxable Property Values</u>	<u>Average Unemployment Rate</u>
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%
2010	13,578	1,921,190,548	141,493	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
2010**

<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	84	1.06%
United States Post Office	79	1.00%
City of Auburn	78	0.99%
Placer County (Domes Offices)	70	0.89%
Nella Oil	61	0.77%
Miltenyi Biotech	54	0.68%

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
FULL-TIME AND PART-TIME CITY EMPLOYEES
LAST TEN FISCAL YEARS**

Full-Time and Part-Time Employees as of June 30

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
City Council	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
City Manager's Office	3.0	3.0	3.0	3.0	2.0	2.0	1.5	1.0	1.0	1.0
City Clerk's Office	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Finance / Administrative Services	5.0	5.0	5.0	5.0	4.8	5.0	8.0	6.0	4.0	4.0
Community Development	8.5	9.0	9.0	9.0	9.5	12.0	10.0	8.0	6.5	6.5
Police Department	31.5	33.5	33.5	33.5	32.5	35.5	36.5	36.0	35.0	30.0
Fire Department	14.8	14.8	13.0	13.0	13.0	14.5	13.0	13.0	11.0	11.0
Public Works	24.0	25.5	25.0	25.5	25.5	26.0	27.0	21.5	19.5	18.5
Airport	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-	-	-
Total Full-Time Equivalent Employees:	<u>94.8</u>	<u>98.8</u>	<u>96.5</u>	<u>97.0</u>	<u>95.3</u>	<u>103.0</u>	<u>104.0</u>	<u>92.5</u>	<u>84.0</u>	<u>78.0</u>

Source: Administrative Services Department, City of Auburn

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

	Fiscal Year							
	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10
AUBURN AIRPORT:								
Tie-downs per year	990	1,086	1,050	978	1,020	1,044	1,034	916
Hangar rentals per year	84	95	96	97	120	88	83	80
Gallons of fuel sold per year	330,000	271,000	194,000	155,000	249,094	211,992	209,467	168,016
ENVIRONMENT AND UTILITIES:								
Gallons of wastewater treated per year (in millions)	468	477	602	628	530	451	446	481
FIRE:								
Fires per year	76	109	130	82	80	210	108	114
Emergency medical calls per year	722	887	995	1,013	1,093	1,106	1,333	1,377
Hazardous materials incidents per year	27	24	26	34	27	20	47	63
Non-emergency service calls per year	126	134	176	229	295	251	336	314
POLICE:								
911 calls per year	3,365	3,056	2,966	2,910	2,819	2,666	2,325	2,541
Cases investigated per year	4,593	5,243	3,973	4,100	4,271	5,172	4,986	5,377
Arrests per year	893	975	847	886	1,164	1,160	1,134	825
BUILDING PERMITS:								
Building permits issues per year	533	580	635	599	596	590	455	461
New building and alteration valuation	\$ 19,779,477	\$ 27,882,769	\$ 45,634,211	\$ 33,298,065	\$ 25,330,689	\$ 14,450,089	\$ 12,391,787	\$ 17,084,250

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 EIGHT FISCAL YEARS**

	Fiscal Year							
	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10
AUBURN AIRPORT:								
Terminals (Airport Management Building)	1	1	1	1	1	1	1	1
Runways	1	1	1	1	1	1	1	1
Airport hangars	81	81	81	81	81	81	81	81
ENVIRONMENT AND UTILITIES:								
Miles of municipal sewer mains	60	61	62	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	2,000,000	2,000,000	2,000,000
FIRE:								
Full-time staffed stations	1	1	1	1	1	1	1	1
Volunteer stations	2	2	2	2	2	2	2	2
POLICE:								
Stations	1	1						
	23	24	1	1	1	1	1	1
Vehicles and motorcycles			25	27	27	27	27	29
COMMUNITY DEVELOPMENT:								
Miles of municipal roadways	62	62	62	62	62	62	62	62
Pocket park sites	10	10	10	10	10	10	11	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