

BUDGET MESSAGE AND GENERAL INFORMATION

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CITY OF AUBURN
2010-2011 PROPOSED BUDGET

MAYOR AND CITY COUNCIL

MAYOR MICHAEL D. QUILL
COUNCILOR THOMAS D. McNABB
COUNCILOR MATTHEW C. SMITH
COUNCILOR WILLIAM J. GRANNEY
COUNCILOR GILDA D. BROWER

CITY MANAGER
MARK R. PALESH

BUDGET TEAM

Lisa Green, Comptroller
Em Boyce, Secretary to City Manager



"History's Hometown"

CITY OF AUBURN

Office of the City Manager
Lt. Col. Mark R. Palesh, USAF (Ret.)
City Manager

May 6, 2010

**Honorable Mayor and City Council
City of Auburn, New York**

Dear Mayor and City Council Members:

Attached herewith is the Fiscal-Year 2010-11 Budget for the City of Auburn, New York. In preparing my fourth Budget as City Manager, my approach was centered, as last year, on determining all service costs and allocating them to the correct fund accounts or enterprise funds. You will note the addition of the Power Utility Fund to better reflect our entrance into the power-producing realm. The Organizational Chart for each Department was again reviewed, and changes made to better reflect how the Department should be organized. I spent considerable time in negotiations with all Department Heads and visited each line item of the Budget several times in determining ultimate spending levels for each Department and Fund.

In light of the current financial crisis affecting the entire world, Department Heads were instructed not to initiate new programs, as in previous years, unless such programs were substantially funded by Federal or State grants. Fortunately, we have been very successful in the acquisition of grants, and they have been identified within the confines of the Budget. Also, since we have been successful in negotiating the Assistant Fire Chief's Local 4021 and the Firefighter's Local 1446 Union Contracts, and are anticipating both the CSEA and CSEA Professional Unions to settle very soon, salary raises and benefit increases have been added to this Budget. Police Local #195 is still in arbitration.

As you review the Budget, you will note that the funding levels requested by individual Department Heads have been reduced to the point of maintaining the current level of services, but not without the constant attention of the Departments affected. The Budget is a fiscal plan of action, but more importantly, it is a compromise involving many divisions of government all competing for a piece of a finite revenue pie. What I have presented to you is a balanced Budget, which truly reflects the cost of providing each service of the Corporation, taking into account: outstanding debt, inter-departmental fees for services, protecting fund balances, capital projects, age of equipment and infrastructure, and future expansion of services.

Executive Summary

The balanced Budget that I submit to you today is based on the following operating components:

General Fund:

1. Because the Property Tax has not been increased for four successive years, and with the State cuts to Aid-to-Cities (\$100,000 +), and a \$700,000 increase to our Retirement Plan obligation, it was necessary and prudent to add a 2.75% tax increase to the General Fund. After completion of the recent Revaluation Project, the Property Tax Rate will go down from \$12.81 to \$11.36 with an estimated City Assessed Property Value increase of \$133,000,000 to total \$970,000,000.
2. For the first time, fund balances and reserves were used to balance the Budget; although most communities have been dipping into their reserve funds for the last two years, Auburn has actually increased ours over the past three years to levels viewed favorably by bond rating agencies. We have utilized \$900,000 from our General Fund Reserves to balance this Budget.
3. The two new reserves which were established last year to provide for possible future expenses, have been increased to:

Workers' Compensation Reserve - \$400,000
GASB No. 45 Reserve - \$600,000

In conjunction with the Budget process, we will recommend that these two funds be increased to \$600,000 and \$900,000 respectfully.

4. Although assumptions in projected Sales Tax Revenues reflect staff's conservative approach in anticipation of possible recession factors, we have actually seen an increase in Sales Tax Revenues; these have been reflected in Budget predictions.
5. Fees have been increased and made an integral part of balancing the Budget, and 5.5 employee positions have been eliminated by attrition over the last six months. As future positions become available, I will evaluate each for possible elimination.
6. Total General Fund Budget will be set at \$32,785,648 which is a 4.5% increase from last year, due mostly from employee pay and benefit increases, and State mandates.

Water Fund:

1. There will be no Water Rate increase to residents. This will be the fourth year of the 5-year repayment plan on a past-due debt to the General Fund of approximately \$1,000,000. There will be a \$2.00 per quarter fee added to water bills to fund a meter replacement program.
2. The Water Fund Budget will be set at \$3,463,000 (2.4% increase).

Power Utility Fund:

1. The Power Utility Fund (formerly the Hydro Fund) is set at \$1,895,000. This new fund includes all hydro, wind, solar, and biogas electrical generation; both revenues and expenditures.

Sewer Fund:

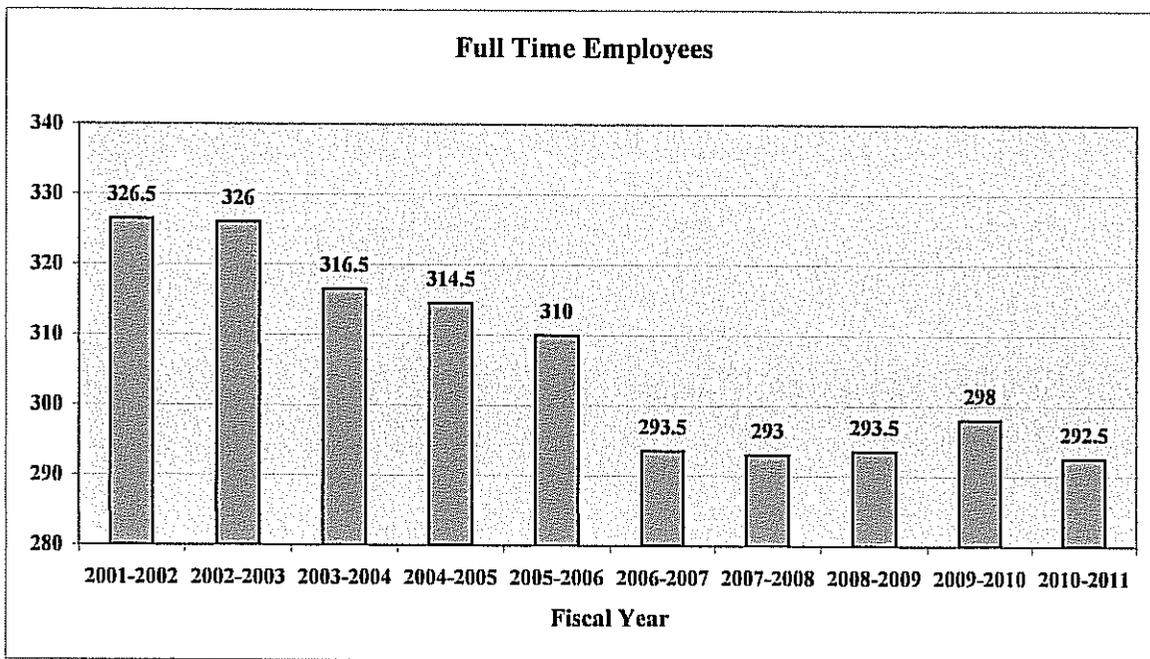
1. There will be no Sewer Rate increase to residents. This will be the fourth year of the 5-year repayment plan on a past-due debt to the General Fund of approximately \$775,000.
2. The Sewer Fund will be set at \$7,696,000 (1.4% decrease).

Solid Waste Fund:

1. The Solid Waste Fund will be set at \$3,748,000 (5.9% decrease).

All Funds:

1. Personnel changes reflect a decrease of \$391,943, or 5.5 positions.
2. Overtime in all funds has been lowered from the Department Head requests, and a concerted effort to reduce these amounts further will be the goal of every department.
3. The Total Budget for the City, including bonded indebtedness and capital projects, will be set at \$49,587,648, an increase of (6.25%).



Personnel Changes in 2010-2011 Proposed Budget

<u>Department</u>	<u>Title</u>	<u>Number of Positions</u>	<u>Salary + Benefits</u>
<u>Police</u>	School Resource Officer	(1.00)	(71,688)
	Police Officer	(2.00)	(143,377)
	PT Traffic Enforcement Officer	0.50	21,530
<u>Fire</u>	Firefighters	(1.50)	(111,736)
<u>Public Works</u>	Motor Equipment Operator	(1.00)	(61,875)
	Laborer	(1.00)	(49,129)
	Methane Utilities Mechanic	0.50	24,332
	Net Decrease	(5.50)	(391,943)

New Programs and Projects

It is necessary for the Mayor and City Council to understand that there are funds in the Budget that, while not individually marked, will go toward programs and projects that will ultimately lead to additional cost savings and service efficiencies. The following is an abbreviated list of programs and projects we will be working on during this fiscal year:

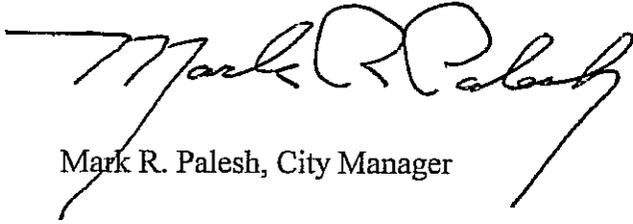
1. Continue to study the regionalization possibilities of Fire and EMT services.
2. Establishment of a GIS System to enhance mapping, maintenance, and capital investments in all departments.
3. Continue the process for negotiation of expiring Town Water and Sewer Contracts.
4. Building Codes and Ordinance review completion.
5. Review of possible ways to improve the coordination in economic development efforts between the City and County, in light of the establishment of the Cayuga Economic Development Agency (CEDA).
6. Construction of the Digester Project for cost savings and as an economic development tool, and continuing to expand alternative energy projects within the City.
7. Continue with the Joint City/Town/County Task Force to study the possibility of establishing a Regional Water and Sewer Authority, in light of the \$700,000 + Grant from the State of New York.

CONCLUSION

The economic projections for the nation for the next few years continue to be historically poor. While our City has proven to be in better financial condition than most cities of our size, and the Western New York area has been lauded as being recession-resistant, there is much to prepare for of a negative financial nature. Prices for consumer goods, energy, and petroleum products have continued to be unstable, and job losses continue to rise. While I have submitted a Budget that acknowledges this reality, there will be much discussion and action at the staff level to prepare for the City spending plans of the future. The path that the City has taken on alternative energy projects and regionalization of services will continue to prove worthy efforts on our part, and be pivotal to the ultimate recovery of our local economy.

I would like to take this opportunity to thank the Mayor and City Council for their individual expertise and time commitment to the City.

Respectfully,

A handwritten signature in black ink, appearing to read "Mark R. Palesh". The signature is written in a cursive style with a long horizontal line extending to the left and a long vertical line extending downwards from the end.

Mark R. Palesh, City Manager

THE CITY

General Information

The City of Auburn is located in Cayuga County in the beautiful "Finger Lakes Region" of Central New York and is situated on the northern end of Owasco Lake, which is one of the six Finger Lakes. The City is about 25 miles southwest of the City of Syracuse, about 55 miles east of the City of Rochester and about 40 miles north of the City of Ithaca. The Syracuse Hancock International Airport serves the residents with air transportation via American, US Air, and United Airlines, as well as Jet Blue and various other commuter lines. Major highways through, or in close proximity to, the City include U.S. 20, and State highways 5, 34 and 38. An exit of the New York State Thruway is located 8 miles north of the City. Exits to Interstate Highway 81, which extends from Canada through Pennsylvania, are located within 20 miles of the City.

Auburn was incorporated as a village on April 18, 1815 and as a City on March 21, 1848. The City operates under the Council/Manager form of government which was established in 1920 and was one of the first cities in the country to adopt the so called simplified form of government defined as Plan C under the optional City Government Laws of the State of New York passed in 1914. The legislative body is the City Council, composed of a Mayor and four Councilors, all of whom are elected at large. The City Manager is the Chief Executive Officer and the administrative head of the City. The City Manager, the City Clerk, the Deputy Clerk and most Boards and Commissions are appointed by Mayor and Council and serve at their pleasure. All other City officers are appointed by the City Manager and serve at the pleasure of the City Manager.

It is the responsibility of the City Comptroller, the Chief Financial Officer of the City, to receive, disburse and account for all financial transactions of the City, manage cash flow, investments and capital financing, to determine real property assessments and to levy taxes. The City Comptroller is assisted in these pursuits by the City Treasurer and City Assessor.

The City provides a full range of services. These services include police and fire protection; sanitation collection and disposal; construction and maintenance of streets and infrastructure; recreational activities and cultural events; a system of parks; planning and zoning; water and sewer utilities and off-street parking facilities.

Employment in Auburn

The diversity of Auburn's workforce is reflected in the size and scope of the major employers located within the City. Of the major industrial firms located in the City, one employs 431 workers while the other employs 285 workers. Of the major service-related businesses and industries located in the City, one employs 562 workers and government service provider's (including schools) account for just under 3,000 employees. This diversity has positively impacted the City's ability to stabilize its employment rate.

AUBURN: A Community Snapshot

Government

Date of Incorporation:	March 21, 1848
Form of Government:	Council/Manager
Area:	8.5 square miles

Population Trends

Source: U.S. Census.

	<u>City of Auburn</u>	<u>Cayuga County</u>	<u>State of New York</u>
1970	34,999	77,439	18,236,882
1980	32,548	79,894	17,558,072
1990	31,258	82,313	17,990,445
2000	28,574	81,963	18,976,457

	<u>1990</u>	<u>2000</u>
Median Age:	34.1	36.9

Population by Age Group

% School Age	16.0	19.0
% Working Age	58.4	56.8
% 65 and Over	18.3	17.3
Persons per household	2.4	2.3
Persons by Age:		
Under 5	2,274	1,806
5 – 17	5,003	5,445
18 – 24	3,175	1,912
25 – 44	10,122	8,656
45 – 64	4,965	5,659
65+	5,719	5,096

Population by Ethnicity

White	90.70%	88.57%
Black	6.81%	7.59%
Hispanic	2.21%	2.82%
Other	0.28%	1.02%

	<u>1990</u>	<u>2000</u>
Population by Income Level		
Per Capital Income	\$ 10,638	\$ 17,083
Median Family Income	\$ 28,982	\$ 41,169
Median Household Income	\$ 22,271	\$ 30,281

Household Income distribution

Under \$25,000	55.2%	41.9%
\$25,000-\$34,999	15.7%	13.9%
\$35,000-\$49,999	16.0%	16.9%
\$50,000 +	13.1%	27.3%

Population by Education Level

	Persons 18 years and over	25 years and over
Less than high school graduate	31.5%	23.4%
High school diploma	30.9%	34.1%
Some college	18.2%	18.1%
Associate degree	8.3%	10.4%
Bachelor degree	7.3%	8.4%
Graduate or professional degree	3.8%	5.6%

Housing

Number of dwelling units:	11,936	12,637
% Owner-occupied dwelling units:	52.0	51.9
Median value owner-occupied units:	\$53,600	\$ 66,000
Median gross rent:	\$ 386	\$ 475

Climate

Average Low Temperature January	21.2°F / -6.0°C
Average High Temperature July	78.5°F/25.8°C
Average Rainfall	32 in / 81.3 cm
Average Snowfall	72 in / 182.9 cm
Average Relative Humidity	69%

Recreation and Cultural

Parks and Playgrounds	26
Library	1
Minor League Baseball Team	1

Historical Sites

William Seward's Home
 Harriet Tubman Home
 Cayuga County Museum
 Willard Memorial Chapel
 Case Mansion

Public Safety

Fire Stations	2
Number of Firefighters	74
Number of EMT Certified	73
Police Stations	1
Number of Police Officers	66
Regional Hospitals	1

Infrastructure

Miles of Water Mains	109
Number of Consumers	55,000 approx.
Average Daily Consumption (Millions of gallons per day)	4.5
Number of Streets	315
Acres of Landfill	29.3

Major Employers

Company	Type	Number of Employees
Auburn Correctional Facility	State Prison	850
Cayuga County	Government	775
Auburn Enlarged School District	Public Education	656
Auburn Memorial Hospital	Medical	562
Wal-Mart	Retail	440
McQuay International	Manufacturing	431
Cayuga Community College	Education	400
City of Auburn	Government	293
NUCOR	Manufacturing	285
Wegman's	Retail	220

The Budgeting Process

BUDGET DEVELOPMENT

The City of Auburn adopts its budget annually. The City budget is on a basis consistent with generally accepted accounting principles. The City's budgetary and accounting systems are organized on a "fund" basis, which is the basic fiscal and accounting entity in governmental accounting. The operations of each fund are separately budgeted. (A "Descriptions of Funds" may be found on the next page.) The City's budget figures are provided in line item format. The line item budget format separately lists each expenditure and revenue category for each department, along with the dollar amounts budgeted for each specified category. The budget resolution adopted by City Council is for the total of each Fund Budget.

Departments develop their budgets for review by the City Manager based on the following parameters

- Develop budget to maintain existing levels of service, or with changes as directed by the City Manager
- Personnel costs should be increased by contract increases, step increases and changes in longevity pay.

The City Manager reviewed the information submitted, assessed the revenue parameters, decided on the relative priorities of expenditures, and balanced the budget.

The major steps in preparation of the budget were:

- Council input on priorities
- Estimate revenue and fund balance
- Identify desired Reserve Balances
- Determine staffing priorities
- Determine "other costs"
- Balance the budget
- Present to Council
- Council reviews and adopts

The Budget Schedule page depicts the process in more detail.

STATE TAX LIMIT

NYS imposes a 2% tax limitation computed on the five-year average of the full valuation of all taxable real property. The State allows the annual debt service to be added to the 2% computation to determine the City's maximum taxing power. The maximum taxing power for the 2010-2011 budget is \$19,579,392. The 2010-2011 amount to be raised by taxes is \$11,027,365 or 56.3% of the maximum taxing power. This leaves a constitutional tax margin of 43.7%. While this indicator appears to give the City the ability to raise an additional \$8,552,027 in taxes, it does not take into consideration other factors that offset the taxpayers' ability to pay higher taxes. Factors such as the City's median household income of \$30,281 and the City's per capita income of \$17,083 which are both below the State level. Another factor that is exclusive of the tax rate is the substantial increase in the user fees for sewer that was necessary to cover the debt service on a DEC-mandated project that cost the City about \$60 million to complete.

STATE DEBT LIMIT

Pursuant to Article VIII of the State Constitution and Title 9 of Article 2 of the Local Finance Law, the debt limit of the City is calculated by taking 7% of the latest five-year average of the full valuation of all taxable real property. The debt limit for the 2010-2011 budget is \$57,714,770. While the total amount of the City's outstanding debt is \$64,446,453, only \$27,942,909 or 48.4% is subject to the debt limitation imposed by the State. This leaves a net contracting debt margin of 51.6%. Both Water and Sewer debt are excluded from this limitation pursuant to Sections 136.00 (2) and 124.10, respectively, of the Local Finance Law. The total debt principal together with debt interest is payable over the next 19 years.

BUDGET AMENDMENTS

Once the Council adopts the preliminary budget, it can only be increased by Council Resolution.

Transfers between budget line items are submitted throughout the year to align the budget with actual experience and requirements. This provides a more refined picture of spending requirements.

The City budgets for contingencies in the following funds:

- General
- Water
- Sewer
- Solid Waste
- Power Utility

The Council must approve all budget transfers from contingency. The contingency account is used for emergency or unforeseen actions.

BUDGET CARRYFORWARD

If an encumbrance is outstanding at the end of a fiscal year, the amount is included as an adjustment to the following fiscal year budget.

BUDGET BASIS

The City's Governmental Funds consist of the General Fund and include Water and Sewer Funds and Special Revenue Funds. Governmental fund type budgets are developed using the modified accrual basis of accounting.

Under the modified accrual basis, revenues are estimated for the fiscal year if they are accrued (amounts can be determined and will be collected within the current period). Principal and interest on general long-term debt is budgeted as an expenditure when due, whereas other expenditures are budgeted as liabilities expected to be incurred during the current period.

Proprietary Fund Budgets – Solid Waste, and Power Utility Funds – are adopted using the full accrual basis of accounting, whereby revenue projections are developed recognizing revenues earned in the period. Expenditure estimates are developed for all expenses incurred during the fiscal year.

The major differences are:

- Certain revenues, expenditures, and transfers are not included in the budget, but are accrued and reported on the GAAP basis. An example of this is the increase or decrease in compensated absences.
- Indirect administrative cost allocations to the Enterprise Funds are accounted for as transfers in or out on the budgetary basis, but are recorded as revenues and expenses on the GAAP basis.
- Capital outlays in the Enterprise Funds are presented as expenses in the budget, but recorded as assets on the GAAP basis.
- Debt service principal payments in the Enterprise Fund are not presented as expenses in the budget, but reported as reduction of long-term debt liability on the budget basis as well as the GAAP basis.

BUDGET CALENDAR

January - February	Departments prepare goals, objectives, and budget requests
February	Departments make budget requests
February	Finance prepares revenue forecast
March	Finance updates revenue forecast

March	City Manager discusses proposed base budget and adjustments to base with Departments
March	City Manager prioritizes requests for additions to budget.
March	City Manager prioritizes personnel requests, approves reclassifications
April	City Manager balances budget requests
May	City Manager presents proposed budget to Council
May	City Manager decides final revisions based on Council input and revenue forecast
June	Public Hearing on Budget
June	Council adopts Final Budget
June - July	Finance completes document

CONTINGENCY

The City appropriates dollars in the major operating funds for unknown events. The Enterprise Fund budgets also include a contingency amount to provide a reserve for unforeseen expenditures.

REVENUE

User fees in Enterprise Fund operations are calculated to recover the entire cost of operations, including indirect costs, debt service and overhead costs.

The City is conservative in revenue estimates. Revenues resulting from possible changes in laws or ordinances are not included in revenue estimates unless they are guaranteed.

DEBT MANAGEMENT

The City annually reviews the status of outstanding and future potential debt in relation to capacity to repay to facilitate financial planning.

INVESTMENTS

The City keeps all idle funds fully invested as authorized by State Statute and the City's investment policy.

ACCOUNTING, AUDITING AND FINANCIAL REPORTING POLICIES

An independent audit is performed annually.

The City produces a Comprehensive Annual Financial Report (CAFR) in accordance with generally accepted accounting principles (GAAP) as outlined by the Governmental Accounting Standards Board (GASB).

The City strives to meet the guidelines and criteria necessary to receive the Government Finance Officers Association Certificate for Excellence in Financial Reporting. The City has received the award annually since 1998.

The City's basis of budgeting is the same as its basis of accounting. Basis of accounting refers to when revenues and expenditures and the related assets and liabilities are recognized in the accounts and reported in the general-purpose financial statements.

Glossary of Budget Terms

Account Code - An expenditure classification based upon the types or categories of spending, such as salaries, fringe benefits, travel, or equipment in such a manner that the symbol used quickly reveals certain required information.

Accrual Basis of Accounting - Accounting transactions are recorded to a fiscal year when the underlying economic event takes place, and without regard for when the cash receipt or cash disbursement occurs. Revenues are recorded when the revenue-generating activity is performed, and expenses are recorded when goods or services are received.

Appropriation - An authorization made by the City Council that permits the City to incur obligations and to make expenditures of public funds.

Assessed Valuation - The estimated value of real estate or other property by a government as a basis for levying taxes. The value is set by the City Assessor and may only be a fraction of the property's market value.

Assessed Value Tax Rate - The amount of tax levied for each \$1,000 of assessed valuation. The rate is set by the City Council.

Attributable Revenue - The revenue generated as a direct consequence of the provision of a specific government activity, such as fees for service, state or federal aid for programs, and income from sales.

Bond - A written promise to pay a specified sum of money on a specific date and at a specific interest rate. The interest payments and the repayment of the principal are detailed in a bond ordinance. The most common types of bonds are general obligation and revenue bonds. These are most frequently used for construction of large capital projects such as buildings, sewage treatment facilities, and water distribution systems and infrastructure improvements.

Budget - A comprehensive financial plan, for a specified period, of operations that allocates and matches available revenues and expenditures with services provided to the residents of the City.

Budget Amendment - The legal procedure utilized to revise a budget appropriation or revenue. This is a modification to the adopted budget, which specifies both the source of revenue and the appropriate expenditure account.

Budget Calendar - The schedule of key dates that the City follows in preparing, adopting, and administering the budget.

Budget Document - The official instrument used by the City Manager to present a comprehensive financial plan of operations to the City Council.

Budget Message - An introductory statement of the proposed budget presented in narrative form along with the budget document. The budget message explains principal budget issues, provides a summary of the most important aspects of the budget, changes from previous fiscal years, and includes the views and recommendations of the executive department. The message is written by the City Manager, the City's chief executive.

Capital Assets - Property of significant value and having a useful life of several years. Capital assets are also referred to as fixed assets.

Capital Fund - A fund established to account for planning, acquisition, and construction of major capital projects.

Capital Improvement Plan (CIP) - A plan for capital expenditures to be incurred each year over a period of five future years. The CIP describes each capital project, the expected beginning and ending date for each project, the amount to be expended in each year, and the method of financing those expenditures.

Debt Service - The payment of principal and interest on borrowed funds, according to a predetermined payment schedule.

Deficit - The excess of an entity's liabilities over its assets, and/or the excess of expenses over revenues during a single accounting period.

Delinquent Taxes - Taxes that remain unpaid after the date on which a penalty for non-payment is attached.

Department - A major administrative organizational unit of the City which indicates overall management responsibility for one or more divisions.

Depreciation - The decrease in value of physical assets due to use and the passage of time. In accounting for depreciation, the cost of a fixed asset is prorated over the estimated service life of such an asset, and each year is charged with a portion of such cost. Through this process, the entire cost of the asset is ultimately charged off as an expense. This is done in proprietary funds which allows the calculation of net income for each fund.

Disbursement - Payment for goods and services.

Employee benefits - Employee benefits include City appropriations for retirement, worker's compensation, Social Security, health and dental insurance and unemployment costs.

Encumbrance - The commitment of appropriated funds to purchase an item or service. To encumber funds means to set aside or commit funds for a future expenditure.

Enterprise Fund - A fund established to account for operations that are financed and operated in a manner similar to private business enterprises.

Estimated Revenues - The amount of projected revenue to be collected during the current or ensuing fiscal year. The amount of revenue estimated is the amount approved by the City Council. The City Comptroller provides estimates.

Expenditure - A decrease in the net financial resources of the City due to the acquisition of goods and services.

Fines and Forfeitures - Revenues from fines and penalties for commission of statutory offenses; forfeitures of amounts held as security against loss or damage, or collections from bonds or securities placed with the government for the same purpose; and penalties of any sort, except those levied on delinquent taxes.

Fiscal Year - A twelve-month period designated as the operating year for an organization. The City of Auburn has specified July 1 through June 30 as its fiscal year.

Fixed Assets - Property of long-term character such as land, buildings, machinery, furniture, and other equipment.

Full Faith and Credit - A pledge of the general taxing power of a government to repay debt obligations, typically used in reference to bonds.

Full Time Equivalent (FTE) - Concept that converts all full- and part-time salaries to a full-time equivalent basis. It is calculated by dividing the average salary in a department into the salary appropriation, resulting in the number of budgeted FTEs.

Fund - An accounting entity with a self-balancing set of accounts that records financial transactions for specific activities or government functions.

Fund Balance - The difference between a fund's total assets and its total liabilities. A negative fund balance, sometimes called a fund deficit, occurs when liabilities exceed assets. When assets exceed liabilities, it is called a surplus.

Generally Accepted Accounting Principals (GAAP) - A uniform set of reporting standards derived by certain authoritative bodies, principally the Governmental Accounting Standards Board, with the intended purpose of fairly presenting the results of an organization's financial activities.

General Fund - The largest fund within the City that accounts for most of the City's financial resources. General Fund revenues include property taxes, sales tax, state aid, licenses and permits, service charges, and other types of revenue. This fund includes expenditures and financing for most of the City's basic operating services.

General Obligation Bonds - Bonds that finance a variety of public projects that pledge the full faith and credit of the City.

Goals - Broad, general statements of each department's desired social or organizational outcomes.

Grant - A contribution by a government or other organization to support a particular function. Grants may be classified as either categorical or block depending on the amount of discretion allowed the grantee.

Indirect Costs - Costs associated with, but not directly attributable to, the operation of a department. Departments in the support of other operating departments usually incur these costs.

Interdepartmental Charges - The charge that a City "provider" department assesses another City "user" department for providing direct and measurable services.

Interest - The price paid for the use of money or the return on investment obtained from investing money.

Interfund Transfers - Transfer of net operating support from one fund to another.

Liability - Debt or other legal obligations arising out of transactions in the past that must be liquidated, renewed, or refunded at some future date. The term does not include encumbrances.

Maturity Date - The date at which full and/or final payment of principal and interest is due on debt obligations.

Modified Accrual Basis of Accounting - A basis of accounting in which revenues are recognized in the accounting period when they become available and measurable. Expenditures are recognized in the accounting period in which the liability is incurred.

Objectives - Specific statements of desired ends, which can be measured.

Operating Budget - The portion of the budget that pertains to daily operations and provides basic governmental services. The operating budget contains all appropriations and revenues necessary to operate the government.

Program - An activity, or set of activities, that provides a particular service to citizens.

Principal - The par value or face value of a bond, note, or other fixed amount security, not including accrued interest.

Property Tax - Citywide taxes levied on all real property according to the property's valuation and tax rate.

Reserve - An account used to indicate that a portion of an operating fund's "fund balance" is legally restricted for a specific purpose and is, therefore, not available for general appropriation.

Revenue - Funds that the government receives as income.

Revenue Estimate - An estimate of how much revenue will be earned from a specific revenue source for a current or future period, typically a future fiscal year.

Revenue Source - A category of revenue, such as property tax, borrowing, or state/federal aid.

Serial Bond - A written promise to pay a specified sum of money (principal face value) at a specified future date (maturity date), along with periodic interest paid at a specified percentage of the principal (interest rate). Serial bonds are typically used for long-term debt.

Tax Levy - The total amount to be raised by property taxes for the purpose stated in the City's financial plan for the General Fund.

Tax Rate - The amount of tax levied for each \$1,000 of assessed or full valuation.

Tax Rate Limit - The maximum legal property tax revenue for which a municipality may levy a tax. The limit may apply to taxes raised for a particular purpose or for general purposes. Also referred to as the "Constitutional Tax Limit."

Tax Stabilization Reserve - Another term for fund balance; the amount of fund balance used in the operating budget in order to keep tax rates stable.

User Fees - The payment of a charge or fee for direct receipt of a service by the party benefiting from the service.

Fund Structures

The financial accounts for the City of Auburn are organized on the basis of funds or account groups. In governmental accounting, a fund is a separate self-balancing set of accounts used to account for money for a particular purpose. Funds are governmental, proprietary or fiduciary. Different Fund types are found within each of these three classifications.

GOVERNMENTAL FUNDS

Governmental Fund types are those through which most governmental functions are financed. The acquisition, use, and balance of expendable financial resources and the related liabilities are accounted for through Governmental Funds. The measurement focus of Governmental Funds is based upon determination of financial position. Revenues for Governmental Funds come from traditional sources such as property taxes, sales taxes, and transfers from other governments.

This fund type accounts for most traditional operations of government, and utilizes the modified accrual basis of accounting. Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Material revenues that are susceptible to accrual include real property taxes, state and federal aid, sales tax, and certain user charges. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made. Expenditures are recorded when incurred, with a few exceptions. These exceptions include: expenditures for prepaid expenses and inventory-type items, which are recognized at the time of the purchase; principal and interest on indebtedness, which are not recognized as an expenditure until due; and compensated absences, such as vacation, which vests or accumulates and is charged as an expenditure when paid.

The following are Auburn's Governmental Fund types:

General Fund – The general fund is the principal operating fund and includes all operations not required to be recorded in other funds. Public Safety, General Government Operations and many other activities are administered through this fund. The General Fund is the largest of the funds.

Special Revenue Fund – These funds are utilized to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The following Special Revenue funds are utilized:

Water Fund – This fund is established by law to account for revenues derived from charges for water consumption and the application of such revenues toward

related operating expenses and revenues derived from benefited assessments used for debt retirement.

Sewer Fund – This fund is established by law to account for revenues derived from charges for sewer usage, and the application of such revenues toward related operating expenses and revenues derived from benefited assessments used for debt retirement.

Special Grant Fund – This fund is used to account for Community Development Block Grants and other funding used for community development.

Capital Projects Fund – This fund is used to account for and report financial resources to be used for the acquisition, construction or renovation of major capital facilities, or equipment.

PROPRIETARY FUNDS

Proprietary Fund types are used to account for activities which are financed and operated in a manner similar to commercial enterprises. The cost of providing goods or services to the general public are financed or recovered primarily through user fees.

Enterprise Funds – These funds are used to account for power utility and landfill operations and operate under the same guidelines as any private sector corporation. They are established to be self-supporting entities operated through collections from utility payments. The enterprise funds (Power Utility and Solid Waste) are accounted for using the accrual basis of accounting. The accrual basis of accounting recognizes revenues when earned. Expenses are recorded when incurred.

Power Utility Fund - This fund consists of two hydro-electric facilities, one of which generates electricity that is sold to local utilities, and an electric generation facility, which sells electricity (produced from methane gas) to the City's Wastewater Treatment Plant.

Solid Waste Fund – This fund is used to account for disposal activities of the City's solid waste management facility. This includes recycling, disposal of waste collected by City crews, and methane gas operations.

FIDUCIARY FUND TYPES

Fiduciary Fund types are used to account for assets held by the local government in a trustee or custodial capacity. The City cannot use these funds for its own discretionary use.

Trust and Agency Funds – These funds are used to account for money and/or property received and held in capacity of trustee, custodian or agent. These include expendable and non-expendable agency funds and trust funds. Examples include union dues withdrawn from paychecks and other monies for local community groups.

ACCOUNT STRUCTURE

A number of accounts are found within each fund. A fund is divided into responsibility centers that relate to a functional area such as Police. The responsibility center is further divided into separate object codes to identify the particular revenue or expenditure type. For example, within the Police Department there is an object code for office supplies that accumulates the costs paid for office supplies during the fiscal year.

Object codes are segregated by the following categories:

- Personal Services
- Capital Outlay
- Contractual and Other
- Debt Service
- Employee Benefits
- Transfers

This provides the ability to summarize expenditure information by major category. Following is a comprehensive list of all accounts.

Fund Balances, Beginning and End of Fiscal Year

	Beginning Balance (July 1, 2009)	Projected Ending Balance (June 30, 2010)	Change
<i>Governmental Funds</i>			
General Fund	7,530,377	6,830,377	<700,000>
Special Revenue			
Sewer Fund	2,183,515	2,378,515	+195,000
Water Fund	765,974	860,974	+ 95,000
<i>Proprietary Funds</i>			
Enterprise Funds*			
Power Utility Fund	119,941	0	<119,941>
Solid Waste Fund	1,638,373	1,295,373	<343,000>

*These figures represent retained earnings, rather than fund balances, but are provided here for purposes of comparison.

City of Auburn, New York
Object Codes - Expenditure Items

<u>Object</u>	<u>Description</u>
100	UNALLOCATED SALARIES
110	SALARIES & LONGEVITY
120	INCENTIVE
130	TEMPORARY & PART TIME
140	HOLIDAY PAY
150	OVERTIME
170	UNIFORM ALLOWANCE
180	FIRE-FIREFIGHTER 207A
210	FURNITURE & FIXTURES
220	OFFICE EQUIPMENT
230	VEHICLES
240	CONSTRUCTION EQUIPMENT
250	OTHER EQUIPMENT
400	JANITORIAL SUPPLIES
411	OFFICE SUPPLIES
412	OPERATING SUPPLIES
413	FIRE-CHILD SAFETY PROGRAM
415	PUBLIC POWER AGENCY
416	CABLE FRANCHISE
420	GAS
421	METHANE GAS
425	ELECTRIC
430	TELEPHONE
440	SERVICES
441	LIABILITY INSURANCE
442	ARTS&CULTURAL-NON-PROFIT
443	ARTS/CULT-HIST SITES/TOURISM
444	BUS OPERATION
445	MISCELLANEOUS BUSINESS EXPENSE
446	HISTORIC RESOURCES REVIEW BRD
447	PUBLIC INFORMATION
448	CITY MANAGER SEARCH/MOVING
449	RADIO TOWER EXPENSES
450	FEES
451	CONSULTING FEES
452	MUNICIPAL ASSOCIATION DUES
453	JUDGMENTS & SETTLEMENTS
454	TAXES ON CITY OWNED PROPERTY
455	CONTINGENY
456	DEMOLITION OF UNSAFE BLDGS
457	POLICE-SPECIAL OPERATIONS FUND
458	BUSINESS IMPROVEMENT DISTRICT

City of Auburn, New York
Object Codes - Expenditure Items

<u>Object</u>	<u>Description</u>
459	SPECIAL PROJECTS
460	TRAVEL, TRAINING, PROF DEV
481	FUEL
482	VEHICLE MAINT/REPAIRS
490	POSTAGE
491	EMPLOYEE WELLNESS PROGRAM
551	LANDFILL CLOSURE (ACCRUAL)
552	LANDFILL POST-CLOSURE (ACCRUAL)
690	PRINCIPAL
790	INTEREST
800	SUPPLEMENTAL BEN-DISABL FIRE
801	RETIREMENT-GENERAL
802	RETIREMENT POLICE
803	RETIREMENT FIRE
804	RETIREMENT-CITY MANAGER
811	SOCIAL SECURITY & MEDICARE
821	WORKERS' COMP-PREMIUM
822	WORKERS' COMPENSATION-GENERAL
823	WORKERS' COMPENSATION-POLICE
824	WORKERS' COMPENSATION-FIRE
831	UNEMPLOYMENT INSURANCE
841	HEALTH INSURANCE
842	DENTAL INSURANCE
843	VISION COVERAGE-POLICE
844	VISION COVERAGE-FIRE
845	VISION COVERAGE-CSEA
895	SERIAL BONDS-DEBT ADMINISTRATI
900	TRANSFER TO OTHER FNDS-GENERAL
901	TRANS OTHER/FNDS/SOL WSTE/DISP
902	TRANSFER/SOLID WASTE COLLECT
903	CAPITAL RESERVES-FALCON PARK
904	TRANSFER OTHER FUNDS-CAPITAL
905	TRNS OTH FND-GEN FND ADMN CHR
906	TRNS/OTH-GEN/FND RETURN/INVEST
907	TRNS OTH FNDS-ASHE/SLUDGE DISP
908	TRANSFER TO OTHER FNDS-WATER
911	EQUIPMENT RESERVE
912	TRANSFER TO OTHER FUNDS-SEWER
913	TRANS TO OTHER FUNDS/LEACHATE

City of Auburn, New York
Object Codes - Revenue Items

<u>Object</u>	<u>Description</u>
1001	REAL PROPERTY TAXES
1002	REAL PROPERTY TAXES-CIP
1003	PROJECTED COLLECT UNPAID TAXES
1081	OTHER PYMTS IN LIEU OF TAXES
1090	INTEREST & PENALTIES
1091	ACCRUED INTEREST & PENALTIES
1110	SALES & USE TAX
1130	UTILITIES GROSS RECEIPT TAXES
1170	FRANCHISE-SUBWAY & CABLE
1230	TREASURER'S FEES
1231	TAX SALE CREDITS TO REVERSE
1235	CHARGES FOR TAX ADVERTISING
1255	CITY CLERK'S FEES
1260	CIVIL SERVICE FEES
1270	EDZ OUTSIDE CITY PARTICIPATION
1289	APPLICATION & CLOSING FEES
12891	SUBORDINATION FEE
12892	APPLICATION FEE-UDAG LOANS
1420	SUBORDINATION FEES
1440	ENGINEERING FEES
1520	POLICE FEES
1588	FIRE DEPT/THIRD PARTY BILLING
1589	FIRE DEPT-LOCAL TRAIN & MANUAL
1710	CODES-GRASS/SNOW/TRASH
17201	PARKING OFF STREET PRK METERS
17202	PARKING GARAGE FEES
17203	PARKING PERMITS
17204	PARKING VALIDATION STICKERS
1740	ON-STREET PARKING METERS
1741	TAXI CAB INSPECTIONS
19891	HUMAN RIGHTS FEES
2001	PARK & RECREATION CHARGES
2002	ADULT RECREATION
2012	RECREATION CONCESSIONS & RENT
2025	SWIMMING POOL CHARGES
2064	SKATEBOARD PARK FEES
20651	SKATING RINK-PUBLIC SKATING
20652	SKATING RINK RENTAL-HOCKEY
20653	SKATING RINK ADVERTISING-HOCKY
2066	SPORTS CAMP FEES
2097	ED PROGRAM DELIVERY 2007
2110	MISCELLANEOUS

City of Auburn, New York
Object Codes - Revenue Items

<u>Object</u>	<u>Description</u>
2120	SEWER RENTS-PUBLIC
21201	SEWER RENTS-OTHER GOV'T
2121	SEWER RENTS-OUTSIDE CITY
2122	SEPTAGE RECEIVING SERVICES
2125	SEWER MAINTENANCE SERVICES
2129	SALE OF ENERGY CREDITS
2130	REFUSE COLLECTION FEE
2140	METERED WATER SALES-PUBLIC
2141	METERED WATER SALES OTHER COMM
2142	UNMETERED WATER SALES-PUBLIC
2143	SALE OF HYDRO POWER
2144	WATER CONNECTION CHARGES
2145	WATER METER REPAR/REPLACE CHGS
2146	BACKFLOW PREVENTION DEVICE TES
2147	RESIDENTIAL METER REPLACE PRGM
2148	LATE CHARGES & PENALTIES
2149	SALE OF ELECTRICITY
21491	SALE OF WASTE HEAT
2150	LABORATORY ANALYSIS
2190	SALE OF CEMETERY LOTS
21921	CHARGES FOR CEMETERY SERVICES
21922	CEMETERY REIMB FROM TRUST FUND
2220	CIVIL SERVICE CHARGES SCHOOL
2221	SCHOOL RESOURCE OFFCR-AUBURN
2222	CAYUGA COUNTY-STOP DWI GRANT
2223	WATERSHED INSP-OWASCO
2225	FUEL CHARGES
2226	FUEL CHARGES-AUBURN SCHOOL DIS
2375	SEPTAGE/WELL WATER PROCESSING
2376	LANDFILL SERVICE-CITY
2377	LANDFILL SERVICE-OTHER
2378	COLLECT CHARGES-SPECIAL ITEMS
2379	SALE OF METHANE-PWR UTIL FUND
2401	INTEREST EARNINGS
2402	INTEREST EARN-ALLOCATED/CAPITL
24101	RENTAL OF REAL PROPERTY
2414	RENTAL OF EQUIPMENT
2450	COMMISSIONS-PHONE&VENDING MACH
25011	AMUSEMENT PLACES
25012	TAXICAB OWNERS
25013	ELECTRICAL LICENSES
25014	PLUMBING LICENSES

City of Auburn, New York
Object Codes - Revenue Items

<u>Object</u>	<u>Description</u>
25016	MISCELLANEOUS BUSINESS
25017	TAXI DRIVERS
25018	PEDDLERS & SOLICITORS
2540	BINGO LICENSES
2544	DOG LICENSES
2545	LICENSES-OTHER
25451	GAMES OF CHANCE
25452	BELLJAR GAME
2550	FIRE PREVENTION CODE
2551	GAS & OIL TANK INSTALLATION
2553	CERTIFICATE OF OCCUPANCY PERMI
2555	BUILDING & ALTERATIONS
2556	DEMOLITIONS
2557	SIGN INSTALLATION
2558	ZONING PERMITS
2565	PLUMBING PERMITS
2590	DUMPING PERMIT
2591	FOUNDERS DAY BOOTH FEE
26101	FINES & FORFEITED BAIL
26102	PARKING VIOLATIONS
26103	COURT TRAFFIC FINES
26104	COUNTY TICKET REVENUE
26105	SURCHARGE-HANDICAPPED PARKING
26106	COLLEGE TICKET REVENUE
2611	DOG FINES
2650	SALE OF SCRAP & EXCESS MATL
2651	SALE OF GLASS
2652	SALE OF PLASTIC, METAL, GLASS
2654	SALE OF TIN/METALS
2655	MINOR SALES
2656	SALE OF NEWSPAPERS
2657	SALE OF FLINT-CLEAR GLASS
2658	SALE OF CARDBOARD
2659	SALE OF RECYCLING BINS
2660	SALE OF REAL PROPERTY
2665	SALE OF EQUIPMENT
2680	INSURANCE RECOVERIES
2690	OTHER COMPENSATION FOR LOSS
270	DONATIONS
2700	MEDICARE D SUBSIDY
2701	REFUND OF PRIOR YEAR APPROP
2705	GIFTS & DONATIONS

City of Auburn, New York
Object Codes - Revenue Items

<u>Object</u>	<u>Description</u>
27051	GIFTS & DONATIONS - DARE
277	MISCELLANEOUS
2770	OTHER UNCLASSIFIED REVENUE
2771	STOP DWI GRANT-COUNTY
2772	AUBURN COMMUNITY BASEBALL
2773	TRANS FROM TRUST-INSUR PREM
2774	TRANS CD-MORTGAGE PAYMENT
280	FEDERAL AID
2801	REIMBURSE LABOR MAINT/HYDRO
2811	TRANS FROM OTHER FUND-GENERAL
2812	TRANS FROM OTHER FUNDS-SLD WST
2813	TRANSFER FROM AIDA
2814	TRANSFER FROM CD-CDBG ADMIN
2815	RETURN INVESTMENT-SOLID WASTE
28151	ADMIN CHG-SOLID WASTE FUND
2816	RETURN INVESTMENT-WATER FUND
2817	ADMIN CHARGE-WATER FUND
2818	RETURN INVESTMENT-SEWER FUND
28181	ADMIN CHARGE-SEWER FUND
2819	RETURN INVESTMENT-HYDRO FUND
2820	ADMINISTRATIVE CHRGE-HYDRO FND
2825	SALE OF ELECTRICITY-WWTP
2830	LABOR/VEHICLE REPAIR & MAINT
28680	LOAN RECEIPTS - UDAG
28681	LOAN RECEIPTS-SMALL BUSINESS
28683	LOAN RECEIPTS-HOME REPAIR
28684	LOAN RECEIPTS-MORTGAGES
28688	SEWER LATERAL LOAN REPAYMENTS
28689	LOAN RECEIPTS-FORT HILL SQUARE
2883	LANDFILL LEACHATE TREATMENT
2891	TRANSFER FROM CAPITAL FUND
2892	TRANSFER FROM GENERAL FUND
2893	RESIDUAL EQUITY TRANSFER
3001	STATE AID-GENERAL
3002	STATE AID-SUPPLEMENTAL
3004	STATE AID-CHIPS
3006	MORTGAGE TAX
3007	STATE AID-LANDFILL GAS
3060	RECORDS MANAGEMENT
3080	STATE AID - STAR EXEMPTION
3330	COURT REFORM
3390	STATE AID-ECON DEVEL

City of Auburn, New York
Object Codes - Revenue Items

<u>Object</u>	<u>Description</u>
3391	EDZ-TOWN PARTICIPATION
3392	STATE AID-EMPIRE ZONE
3393	STATE AID-DOMESTIC VIOLENCE GR
3394	STATE AID-CRIMINAL JUSTICE GRT
3395	STATE AID-TRAFFIC SAFETY
3396	STATE AID-TRUANCY GRANT(ADEPT)
358	EFC FINANCING
3589	STATE AID-ARTERIAL MAINTENANCE
359	STATE AID
3590	STATE AID-THERMAL IMAGE CAMERA
3772	STATE AID-PROGRAMS FOR AGING
3821	STATE AID-YOUTH RECREATION
3822	ST AID-LEGISLATIVE MEMBER ITEM
3823	STATE AID-DEPT OF HEALTH
3824	STATE AID-CODE ENFORCE TRAIN
3825	STATE AID-FIRE DEPARTMENT
3827	STATE AID-CHILD SAFETY PRGM
3889	OTHER CULTURE/REC-STATE AID
3905	LAW ENFORCEMENT SEIZURE GRANT
3907	STATE AID-NYSERDA
3910	FEMA-NYS
395	FEDERAL AID
4770	FEDERAL AID-21ST CENTURY GRANT
4771	FEDERAL AID-FEMA-LABOR DAY STM
4772	FEDERAL AID-RSVP
4773	FEDERAL AID-CHILD SAFETY PROG
4774	FEDERAL AID-COPS FAST GRANT
4775	FED AID-COPS UNIVERSAL HIRING
4776	FED AID-BLOCK GRANT-POL VEH
4777	FEDERAL AID-BULLET PROOF VESTS
4778	FED AID-DOMESTIC VIOL GRANT
4779	FEDERAL AID-COPSMORE
4780	FED AID-G.R.E.A.T.(GANG)-ATF
4781	FED AID-HOMELAND SECURITY
4782	FED AID-FEMA-ICE STORM
4783	FED AID-FEMA-FIRE DEPT EQUIP
4784	FED AID-FEMA
4785	FED AID-US MARSHALS SERVICE
4786	FED AID-US DEPT OF JUSTICE
4787	FED AID-US LABOR DEPT
49011	FEDERAL AID-ENTITLEMENT GRANT
49012	DIVISION OF HOUSING/COMM

City of Auburn, New York
Object Codes - Revenue Items

<u>Object</u>	<u>Description</u>
49013	DIVISION OF HOUS/COMM-RENTAL
49014	URBAN DEVELOPMENT ACTION GRANT
49015	FED AID-ECON DEVEL SPECIAL PRJ
49016	EDSI-HSG MKT STUDY
5000	UNAPPROPRIATED SURPLUS
5001	UNAPPROPRIATED DEFICIT
5002	TAX STABILIZATION RESERVE
5004	EQUIPMENT RESERVE
503	TRANSFER FROM OTHER FUNDS
571	BOND REVENUE
573	BAN REVENUE
575	HUD SECTION 108 PROCEEDS
577	OTHER DEBT
578	LEASE OBLIGATION REVENUE
579	BANS REDEEMED FROM APPROP