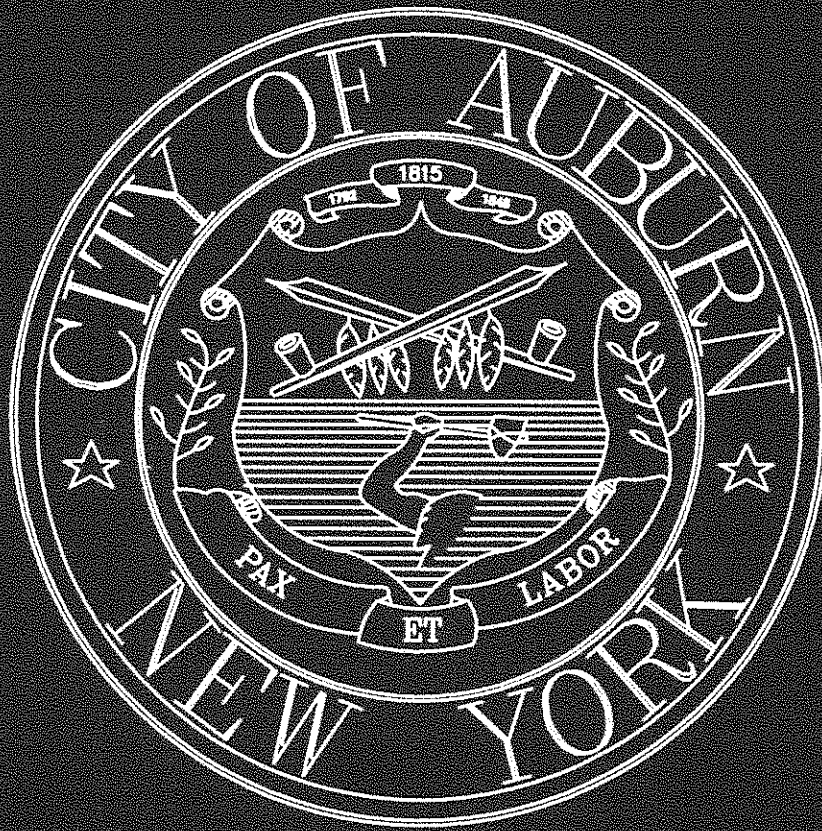


Comprehensive Annual Financial Report

For the Year Ended June 30, 2010



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

Introductory Section

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CITY OF AUBURN, NEW YORK

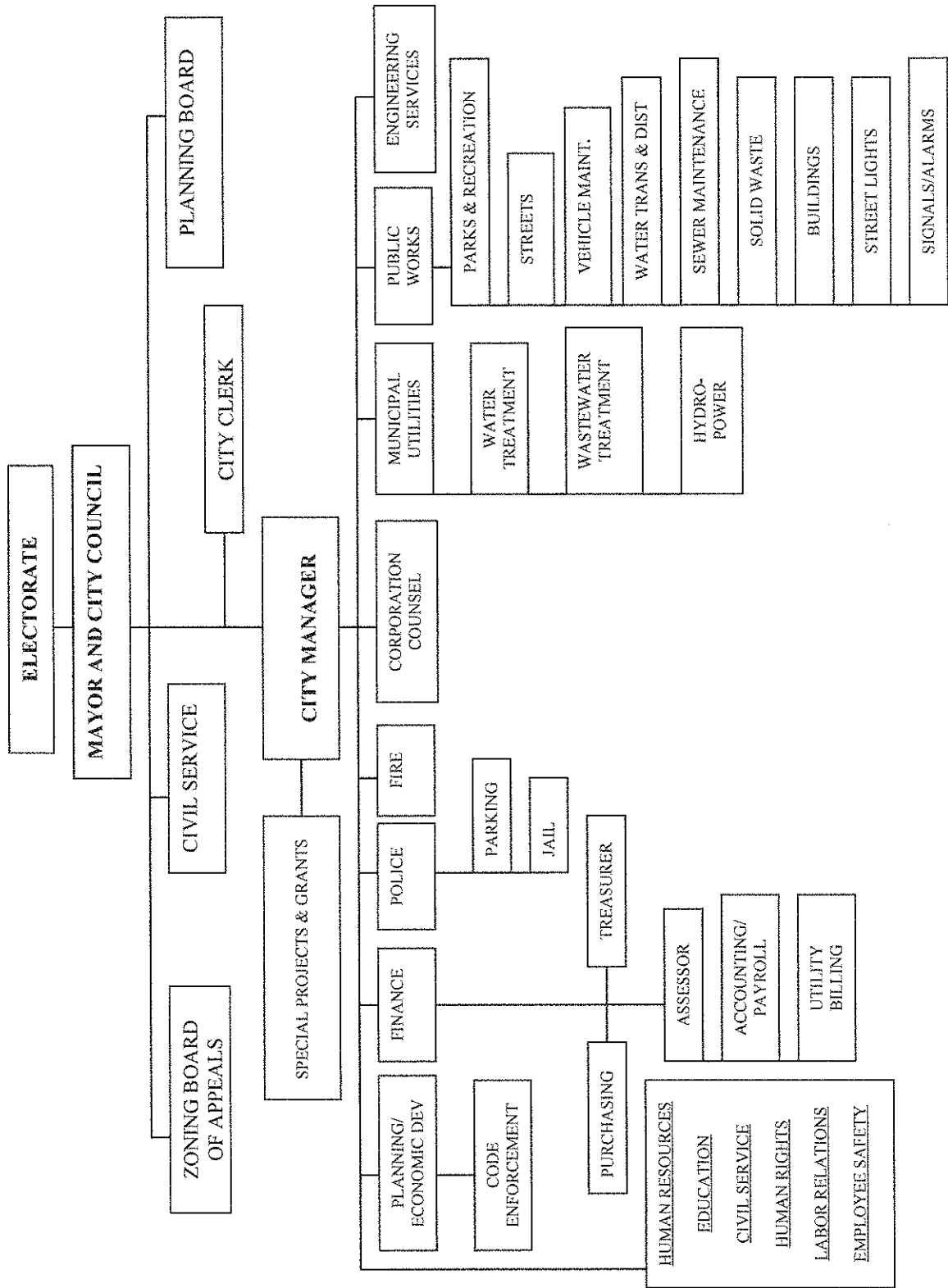
Comprehensive Annual Financial Report For The Year Ended June 30, 2010

Mayor and City Council
Mayor Michael D. Quill
Councilor Thomas D. McNabb
Councilor Matthew C. Smith
Councilor William J. Graney
Councilor Gilda D. Brower

City Manager
Mark R. Palesh

Treasurer
Robert Gauthier, CPA

CITY OF AUBURN, NEW YORK ORGANIZATION CHART



**CITY OF AUBURN, NEW YORK
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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CITY OF AUBURN

"History's Hometown"

Department of Finance
Robert W. Gauthier, Treasurer

December 17, 2010

Honorable Mayor, Council and Citizens of the City of Auburn, New York:

The Comprehensive Annual Financial Report of the City of Auburn, New York, for the year ended June 30, 2010, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Reporting Entity

This report includes all funds of the City. 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. In addition to the general government activities and proprietary operations, the Auburn Housing Authority and the Auburn Industrial Development Authority (AIDA) are discretely presented component units.

The Auburn Housing Authority is an exempt organization that was formed in 1957 pursuant to Section 436 of Article XIII of the Public Housing Law of the State of New York and has a March 31 year-end. The Authority includes all of the programs relevant to the operation of the Auburn Housing Authority, including Federal Public and Indian Housing, Public Housing Capital Fund, Section 8 Housing Choice Voucher, and the State Department of Housing and Community Renewal Program (DHCR).

AIDA was created by the New York State Legislature in 1969 as Title 15 of Article 8 of the Public Authorities Law and has a calendar year-end. The Authority was formed to promote and develop the economic growth of the City of Auburn and to assist in attracting industry to the City through bond and sale/leaseback financing programs and other activities. The Authority created under this Act is a corporate governmental agency constituting a public benefit corporation.

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. Auburn 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, Deputy Clerk and most Boards and Commissions are appointed by the Mayor and Council and serve at their pleasure. All other City Officials are appointed by the City Manager and serve at the pleasure of the 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 Treasurer and City Assessor assist the City Comptroller in these pursuits.

Economic Condition and Outlook

Even through difficult times, the economic base businesses remain strong and the unemployment rate remains below state and national averages. There has been a slight loss in manufacturing employment; however, the percentage of people employed in manufacturing in Auburn is 3% above the national average. Auburn's fastest growing industry sectors include information, government and other service sectors. Gains are also being made in the leisure and hospitality industry. Business expansion within the City has slowed, however, the City continues to see new planning and investment by its manufacturing and tourism-related businesses. Companies continue to seek financing and invest in state-of-the-art equipment and technologies, including alternative energy.

The City of Auburn has been an Entitlement Community under the Community Development Block Grant Program since 1994. The 2009-10 entitlement allocation for the City was \$1,081,658, with revolving loan fund income of \$263,571 for a total CDBG budget of \$1,345,229. These funds enable the City to promote employment opportunities and programs that assist low to moderate-income residents. The City's Planning Office is continuing to pursue the retention and expansion of local business and industry, utilizing a full range of economic development resources including Small Business Assistance Program (SBAP), Auburn Industrial Development Authority (AIDA) and NYS Empire State Development Corporation (ESDC) Programs. The City is also developing a relationship with the newly formed Cayuga Economic Development Agency (CEDA), which is also working to bring resources to our businesses.

Auburn is centrally located within easy driving distance of an array of quality educational opportunities. Located within or just outside the City are Cayuga Community College, BOCES and eight schools from elementary through high school in the Auburn Enlarged School District along with several parochial and private schools. Numerous institutions of higher learning in the area include Syracuse University and LeMoyne College in Syracuse, Hobart/William & Mary College in Geneva, Rochester Institute of Technology and University of Rochester in Rochester, Wells College in Aurora, Cornell University and Ithaca College in Ithaca.

Auburn's historical and cultural offerings include Seymour Library, Cayuga Museum, Case Research Lab Museum (first commercial sound on film), Schweinfurth Memorial Art Center, William H. Seward House, Harriet Tubman Home (underground railroad), Willard Memorial Chapel (only complete religious Tiffany interior in existence in the world), and Auburn Public Theater.

Major Initiatives

Comprehensive Plan:

The City of Auburn released a new Comprehensive Plan entitled "Building a Sustainable Auburn," adopted by the City Council in January 2010. The plan includes a vision for building a sustainable Auburn. Complementary discussion of economic and environmental sustainability weave there way through all chapters of the Comprehensive Plan. Many of the goals and strategies expressed in one chapter relate to and impact those found in other chapters. The topics outlined in the plan are: Boosting Downtown, Revitalizing Neighborhoods, Shaping Business Growth Across Auburn, Creating a Welcoming Community, Re-Engaging the Owasco River, Simplifying and Improving Development; Realizing the Vision – Plan Implementation. The Comprehensive Plan is available on-line at www.ci.auburn.ny.us.

Roadway Infrastructure Improvements: In addition to the improvements to the downtown core, the City has begun significant roadway improvement projects focusing on the major east/west and north/south transportation routes through the center of Auburn. Projects to reconstruct and upgrade both East and West Genesee Streets from the City line to the downtown center are now completed. Working with NYS DOT the City will begin a reconstruction project on York Street from N. Division Street to Chase Street in the summer of 2011 and is also in the planning stages of additional roadway reconstruction projects for South Street from Metcalf Drive to the City line and Osborne Street from Loop Road to Lake Avenue. NYS DOT is also cooperating with the City to complete a road reconstruction project slated to begin in 2013 for North Street, Route 34 from Route 5 (Grant Avenue) north to the City line.

These important roadway projects follow on the successful completion of the South Street road improvement, a project that completely restored the main north/south thoroughfare through the City and significantly upgraded the look and quality of the roadway. The results of these key infrastructure improvements will be a renewal of the major transportation corridors within the City, improving the aesthetic character and functional life of these important routes.

Owasco Riverfront Improvements: In addition to the public infrastructure improvements within and adjacent to the downtown center, the City of Auburn secured funding for the redevelopment of the Owasco River waterway as it runs through the downtown core. Improvements are complete at Market Street Park, and the park was re-opened for public use and events in 2010. These improvements, combined with the downtown and roadway infrastructure projects, will spur economic, tourism and cultural development within downtown Auburn.

CDBG Funding for Neighborhood Improvements: In addition to the completion of neighborhood plans, the City's CDBG program has been consistently funding public infrastructure improvements within the City's older residential neighborhoods for fifteen (15) years. These programs typically focus on street, sidewalk and curbing improvements – updating and replacing old and deteriorated infrastructure. Scattered throughout Auburn's residential neighborhoods and augmented by annual road improvement funding from State and local resources, the City is investing approximately \$200,000 annually into neighborhood improvements. The City has started a new initiative this year in targeting CDBG resources in the City's distressed Census tract, CT 419, in order to make a larger impact in focused areas.

CDBG Funds for Housing Improvements: In addition to investments in business development, the City is devoting a significant share of its CDBG funds to the improvement of residential neighborhoods. The City has allocated approximately \$10.375M of the total federal allocations and revolving loan fund income in housing and neighborhood improvements to the City's residential areas since the City became an Entitlement Community in 1994. Auburn's CDBG program is a major source of funds for the City's revitalization efforts. As part of the effort to target CDBG resources in CT 419, the City, along with partners Home Headquarters, Allyn Foundation and Cayuga County Homsite Development Corporation, have started to implement the Orchard Street Neighborhood Revitalization Plan. To date, four (4) deteriorated houses have been demolished, one single-family property has been substantially rehabilitated for ultimate sale to an

income-eligible buyer, one owner-occupied property has been rehabilitated through the Home Repair Assistance Program (HRAP), and two new homes will be built starting in the Fall of 2010.

Commercial Development: During the last year, Rite Aid constructed a new store at the corner of West Genesee Street and Dunning Avenue; Tops Market, located at 352 Genesee Street, completed renovations to the store; Suburban Propane constructed a new office building at 84 York Street; Rocklyn Supply Company began construction of a new 8,000 SF Family Dollar Store and site improvements. Additionally, the City of Auburn Planning Board approved Site Plans for a building expansion and parking lot improvements to Indelicato's Meat Market located at 35 Columbus Street; a building expansion and site improvements to Johnston Precision located at 7 Frank Smith Street; the construction of a 17-car parking lot at 1-3 Hulbert Street, Community Computer Service; the reconstruction of the AFLAC parking lot on Arterial East, the expansion of a parking lot to serve offices on Court Street; and the utilization of an existing building and site at 87 Orchard Street for the purpose of selling pre-owned vehicles.

Residential: Work is substantially complete at the Logan Park Lofts project, an adaptive reuse of a historic manufacturing building to create 35 high-end residential apartments. 201 North Street is the former "Briser Mills" building and is being renovated into seven loft-style apartments. The third project, located off of Clark Street, is 30 units of income eligible housing, which is structured as 15 duplexes around a common green. This project was completed in 2010.

Energy Issues: In 2009, the City entered into an Energy Services Agreement with CH-Auburn Energies Group, Inc., to build a co-generation facility. Located at the City Wastewater Treatment Plant, the facility converts methane gas, piped from the City landfill, into electricity via three GE Jenbacher engines. The facility is currently producing 1.8 megawatts of electricity, with a potential production capacity of 3 megawatts, that powers the City Wastewater Treatment Plant and the remaining excess is being sold to NYSEG via an interconnection point on Allen Street. In addition to the electricity, the facility also produces waste heat in the form of hot water as a by-product of the cooling process for the engines. The goal of the facility is to promote economic growth in the Auburn Technology Park through the sale of low cost electricity and hot water. The City has received over \$2.1 million in grants from NYSERDA and the U.S. Department of Energy for this project. In addition, the City has received an economic stimulus grant in the amount of \$395,262 from NYSERDA for an Energy Efficient Street Lighting Retrofit Project to replace street lamps throughout downtown and along the Arterial with LED or other energy efficient fixtures. This project is estimated to save the City \$45,000 annually.

Financial Information

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

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

As a part of the City's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year

ended June 30, 2010, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Budgeting Controls: In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The budget is adopted on a fund basis for the General Fund and certain special revenue funds. The level of budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) is at the fund level. The City Manager and the Comptroller may authorize budget changes within a fund. Budget reports that provide the current status of both budget and actual, by line item, are distributed monthly. The City utilizes an encumbrance accounting system to maintain budgetary control and amounts encumbered at year-end are reserved in fund balance. A five-year Capital Improvement Plan (CIP) is prepared for capital projects, and a Capital Projects report tracks sources and uses of funds by project for the life of the project. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Management Discussion and Analysis: The MD&A section included as part of the Financial Section of this report provides a narrative introduction, overview and analysis of the June 30, 2010 financial statements of the City of Auburn. The information provided includes a discussion of the basic financial statements, condensed comparative data, overall analysis, fund analysis, highlights of major revenue and expense variances, and a summary of capital assets, long-term debt activity, and infrastructure data.

Debt Administration: At June 30, 2010, the City had \$48,831,682 in general obligation bonds, \$1,137,200 in capital leases, and short-term financing of \$14,470,100. In 2010, the City's bond rating was recalibrated by Moody's Investor Service from a Baal rating to an A1 rating. All the City's outstanding bond issues received an AAA classification with the purchase of insurance guaranteeing payments of maturing obligations.

Under the State constitution, the City has a gross debt limit expressed as 7% of the average of the past five year's assessed property valuation, subject to certain exemptions, which produces the legal net debt limit. As of June 30, 2010, the City's gross outstanding debt was \$64,438,982, as shown in the table on "Ratios of Outstanding Debt by Type" in the Statistical Section of this report. This amount includes capital lease obligations. The exclusion of exempt debt creates a net debt of \$27,972,909 or \$979 per capita. This net debt represents approximately 48.5% of the City's legal debt limit of \$57,714,770.

Cash Management: The City has a written investment policy that is governed by state statutes. City monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. Collateral is required for demand and time deposits and certificates of deposit at 102% of all deposits not covered by federal deposit insurance. Except for investments that are based on interest rates, as old investments come due the City now maintains all its accounts with one bank to better facilitate use of funds. The City of Auburn's investment policy is to maximize investment earnings from idle cash not immediately needed for expenditure. Daily deposits and the use of on-line banking enhance earning potential.

Risk Management: The City maintains insurance coverage for most of its liability exposure. It is self-insured for employee and retiree health insurance, police and fire duty injuries and for unemployment costs. The City also retains some self-insured deductibles on its insurance coverage. Through changes in carriers and coverage in our insurance program, the City has been able to obtain better coverage at lower premiums as well as reduce the direct costs incurred. This has been true for property liability costs and for workers' compensation costs. An important risk management factor has been the establishment of a Safety Committee and Safety Officer that helps monitor safety issues and facilitate safety training.

Independent Audit: The City retains an independent certified public accounting firm to perform an annual audit of the books of accounts, records and transactions of the City. This audit is also designed to meet the requirements of the Federal Single Audit Act of 1984, the Single Audit Act Amendments of 1996 and related OMB Circular A-133. The City has received an unqualified ("clean") opinion from the City's current audit firm, Green & Seifter CPAs, PLLC, and their report on the financial statements is included in the financial section of this report.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Auburn, New York for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the twelfth consecutive year that the City has received this prestigious award.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR). The report must conform to program standards established by the GFOA. These standards include generally accepted accounting principles and all applicable legal requirements. The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting.

The Certificate is valid for a one-year period. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department and members of the Planning Department that supplied the information for the Economic Condition and Outlook and the Major Initiatives. I also extend my sincere appreciation to all other City staff members who have made contributions in the preparation of this report, specifically the data contained in the Statistical Section, and the City Manager for his leadership and support.

Respectfully,



Robert Gauthier, Treasurer
City of Auburn, New York

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Auburn
New York

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.



A stylized, handwritten signature in black ink, likely belonging to the President of the GFOA.

President

A handwritten signature in black ink, reading "Jeffrey R. Egan".

Executive Director

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Financial Section

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Auburn, New York 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 City of Auburn, New York's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Auburn Industrial Development Authority and the Auburn Housing Authority, which represents 100 percent of the City's discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Auburn Industrial Development Authority and the Auburn Housing Authority, are based on the reports of other auditors.

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 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 opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Auburn, New York 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 our report dated December 17, 2010, on our consideration of the City of Auburn, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 12 and 57 through 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Auburn, New York's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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 do not express an opinion or provide any assurance on them.

Green & Seifter CPAs

Syracuse, New York
December 17, 2010

**CITY OF AUBURN, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010**

Our discussion and analysis of the City of Auburn's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2010. Please read it in conjunction with the City's financial statements, which begin on page 13.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$72,999,155 (net assets). Of this amount, \$22,637,358 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net assets increased by \$2,914,967 or 4.2 percent.
- During the year, the City had expenses that were \$1,244,694 less than the \$43,156,801 generated in revenues for governmental programs. This compares to last year when revenues were greater than expenses by \$3,527,779.
- The General Fund recorded an increase of \$1,058,706 in 2010 and had a fund balance at the end of the year of \$9,817,703.
- Overall, the City's bond and bond anticipation note (BAN) obligations decreased by \$2,421,142 or 3.7 percent during the current fiscal year.
- The resources available for appropriation in the General Fund were \$809,499 less than budgeted and the expenditures were \$2,425,404 favorable when compared to budget. Expenditures were favorable compared to the budget primarily due to employee benefits being less than budgeted (health insurance). In addition, there were vacancies in several positions for a portion of the year.

Using this Annual Report

This annual report consists of a series of basic financial statements. The Statement of Net Assets and the Statement of Activities (on pages 13 through 15) provide information about the City as a whole and present a longer-term view of the City's finances. Fund financial statements begin on page 16. For Governmental Activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the Government-wide statements by providing information about the City's most significant funds. The remaining statement provides financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside the government. Following these statements are notes that provide additional information that is essential to a full understanding of the data provided in the financial statements.

In addition to the basic financial statements, the annual report contains budgetary comparison information for the General Fund and Major Special Revenue Funds and other information in the form of combining statements for those funds that are not considered major funds and, therefore, are not presented individually in the basic financial statements.

**CITY OF AUBURN, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010**

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 13, with the Government-wide statements. The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer the question of whether the City, as a whole, is better off or worse off as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the City's net assets and changes in them. One can think of the City's net assets, the difference between assets and liabilities, as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. One will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's streets, to assess the overall health of the City.

In the Statement of Net Assets and the Statement of Activities, the City is separated into three kinds of activities:

Governmental Activities: Most of the City's services are reported in this category, including public safety, recreation, economic assistance, transportation, and general administration. Property and sales taxes, and state and federal grants finance most of these activities.

Business-type Activities: The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's solid waste and power utility operations are reported here.

Component units: The City includes the Auburn Industrial Development Authority (AIDA) and the Auburn Housing Authority as component units. The Auburn Industrial Development Authority (AIDA) is a public benefit corporation, established to provide financial and other incentives to promote business and provide jobs in the City of Auburn. Copies of the AIDA's financial statements can be obtained by writing to the City of Auburn Comptroller's Office, Auburn, New York 13021. The Auburn Housing Authority is a not-for-profit, exempt organization which includes programs related to public and subsidized housing. Copies of the Auburn Housing Authority's financial statements can be obtained by writing to the Auburn Housing Authority, Auburn, New York 13021.

Reporting the City's Most Significant Funds

Fund Financial Statements

Analysis of the City's Major Funds begins on page 16. The fund financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law. However, management establishes many other funds to help it control and manage money for particular purposes or to show it is meeting legal responsibilities for using certain taxes and grants. The City's two kinds of funds, Governmental and Proprietary, use different accounting approaches.

Governmental Funds: Most of the City's services are reported in the Governmental Funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These

**CITY OF AUBURN, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010**

funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The Governmental Fund statements provide a detailed short-term view of the City's general governmental operations and the basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between Governmental Activities (reported in the Government-wide statements) and governmental funds is explained in a reconciliation following the fund financial statements.

Proprietary Funds: When the City charges customers for the services it provides - whether to outside customers or to other units of the City - these services are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. The City's Enterprise Funds (a component of Proprietary Funds) are the same as the Business-type Activities we report in the Government-wide statements but provide more detail and additional information, such as cash flows, for Proprietary Funds.

The City as Trustee: The City is the trustee, or fiduciary, for other assets that are held on behalf of others. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets on page 23. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in this fund are used for their intended purposes.

THE CITY AS A WHOLE

The City's combined net assets for fiscal year ended June 30, 2010 increased from \$70,084,188 to \$72,999,155, in comparison to last year when net assets increased by \$3,587,740. By far, the largest portion of the City's net assets (61 percent) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided by other sources, as the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion (8 percent) of the City's net assets represents resources that are subject to external restrictions on how they may be used and are reported as restricted net assets. The remaining category of total net assets, unrestricted net assets, of \$22,637,358, may be used to meet the government's ongoing obligations and services to creditors and citizens.

Our analysis below focuses on the net assets (Figure 1), and changes in net assets (Figure 2), of the City's Governmental and Business-type Activities.

**CITY OF AUBURN, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010**

**Figure 1
Net Assets
(in thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2010	2009	2010	2009	2010	2009	2010-2009
Current assets	\$ 26,494	\$ 23,478	\$ 6,315	\$ 7,661	\$ 32,809	\$ 31,139	5%
Other noncurrent assets	7,605	8,455	1,131	581	8,736	9,036	-3%
Capital assets, net	101,323	103,275	12,963	11,061	114,286	114,336	0%
Total assets	135,422	135,208	20,409	19,303	155,831	154,511	1%
Current liabilities	18,571	17,088	9,285	8,010	27,856	25,098	11%
Noncurrent liabilities	47,280	49,794	7,696	9,534	54,976	59,328	-7%
Total liabilities	65,851	66,882	16,981	17,544	82,832	84,426	-2%
Invested in capital assets, net of debt	44,514	41,516	45	(260)	44,559	41,256	8%
Restricted	5,803	5,563	-	-	5,803	5,563	4%
Unrestricted	19,254	21,247	3,383	2,018	22,637	23,265	-3%
Total net assets	\$ 69,571	\$ 68,326	\$ 3,428	\$ 1,758	\$ 72,999	\$ 70,084	4%

The net assets of the City's Governmental Activities increased by 1.8 percent or \$1,244,694. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints, decreased from a surplus of \$21,246,798 at June 30, 2009, to \$19,254,292 at June 30, 2010. This decrease in unrestricted governmental net assets is primarily due to the increased liability recognized for post-employment benefits. This is the City's liability to provide health insurance for its future retirees.

The Net Assets of the Business-type Activities increased by \$1,670,273 during the year ending June 30, 2010. The total unrestricted net assets of \$3,383,066 at June 30, 2010, increased from \$2,017,872 at June 30, 2009, primarily due to federal and state grants received for the Electric Generation Facility.

The City's total revenues increased by 2.5 percent, or \$1,185,078. The total cost of all programs and services increased by 5.2 percent, or \$2,265,357. The main factor leading to the increase in revenues and expenditures was an increase in federal and state aid, as well as an increase in operating costs, for the electric generation facility which was started up halfway through the year. Our analysis in Figure 2 separately considers the operations of Governmental and Business-type Activities.

**CITY OF AUBURN, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010**

**Figure 2
Changes in Net Assets
(in thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government		Percent
	2010	2009	2010	2009	2010	2009	Change
REVENUES							
Program revenues:							
Charges for services	\$ 12,976	\$ 12,860	\$ 3,394	\$ 3,606	\$ 16,370	\$ 16,466	-1%
Operating grants	2,296	1,678	-	-	2,296	1,678	37%
Capital grants	1,291	1,999	-	-	1,291	1,999	-35%
General revenues:							
Property taxes and tax items	11,411	11,333	-	-	11,411	11,333	1%
Nonproperty taxes	8,544	8,703	-	-	8,544	8,703	-2%
State/Federal sources	5,466	5,480	2,080	-	7,546	5,480	38%
Other	652	1,192	207	280	859	1,472	-42%
Total revenues	42,636	43,245	5,681	3,886	48,317	47,131	3%
PROGRAM EXPENSES							
General government	4,877	4,748	-	-	4,877	4,748	3%
Public safety	17,522	16,922	-	-	17,522	16,922	4%
Transportation	3,958	3,621	-	-	3,958	3,621	9%
Economic assistance and opp'y	55	40	-	-	55	40	38%
Culture and recreation	2,155	2,088	-	-	2,155	2,088	3%
Home and community services	11,529	10,835	-	-	11,529	10,835	6%
Interest on long-term debt	1,816	2,073	-	-	1,816	2,073	-12%
Power Utility	-	-	1,067	140	1,067	140	662%
Solid waste	-	-	2,830	3,077	2,830	3,077	-8%
Total expenses	41,912	40,327	3,897	3,217	45,809	43,544	5%
Excess before transfers	724	2,918	1,784	669	2,508	3,587	-30%
Transfers/capital contributions	521	609	(114)	(609)	407	-	100%
Increase (decrease) in net assets	\$ 1,245	\$ 3,527	\$ 1,670	\$ 60	\$ 2,915	\$ 3,587	-19%

Governmental Activities

Revenues for the City's Governmental Activities decreased \$697,547, or 1.6 percent, while total expenses increased \$1,585,538, or 3.9 percent.

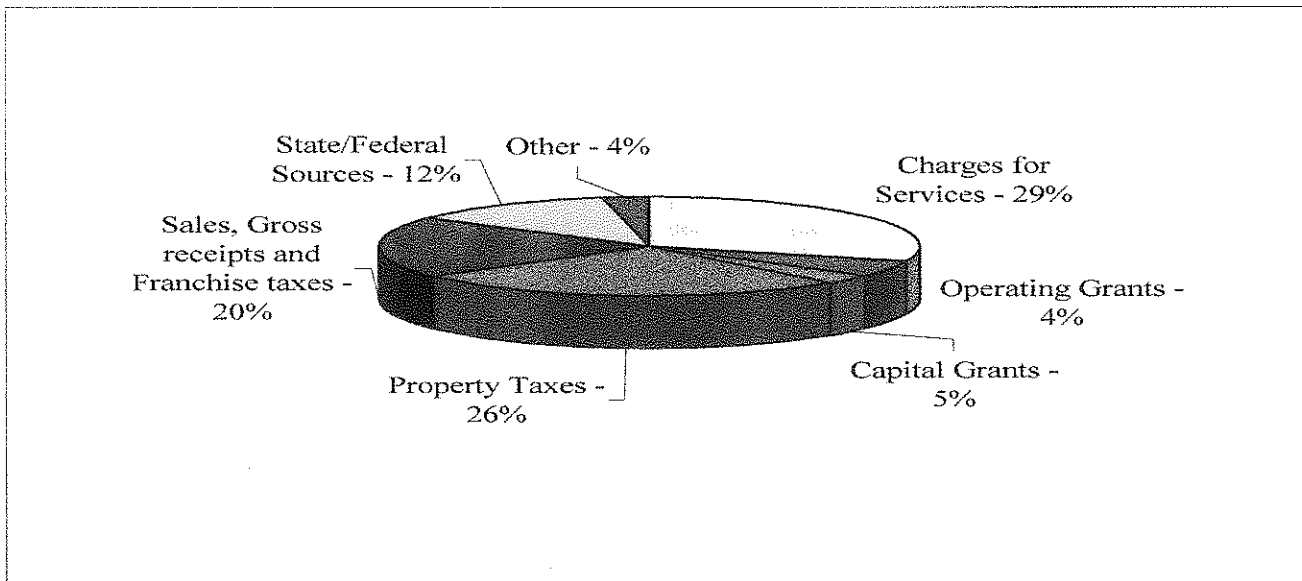
The City has maintained its property tax rate in 2009-2010. The City's tax levy, supported by an increase in taxable assessed valuation, increased by \$98,659 in 2009-2010. These amounts are included within the property taxes and tax items lines, which indicate an overall 0.9 percent increase from 2009 to 2010.

A decrease of \$14,653 in state and federal sources reflects the basically stagnant state of federal and state grant sources.

Revenues for capital grants decreased by \$707,539 because the City, for the first time in many years, has no major ongoing Transportation Reconstruction projects.

**CITY OF AUBURN, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010**

**Figure 3
Revenue by Source – Governmental Activities
2010**

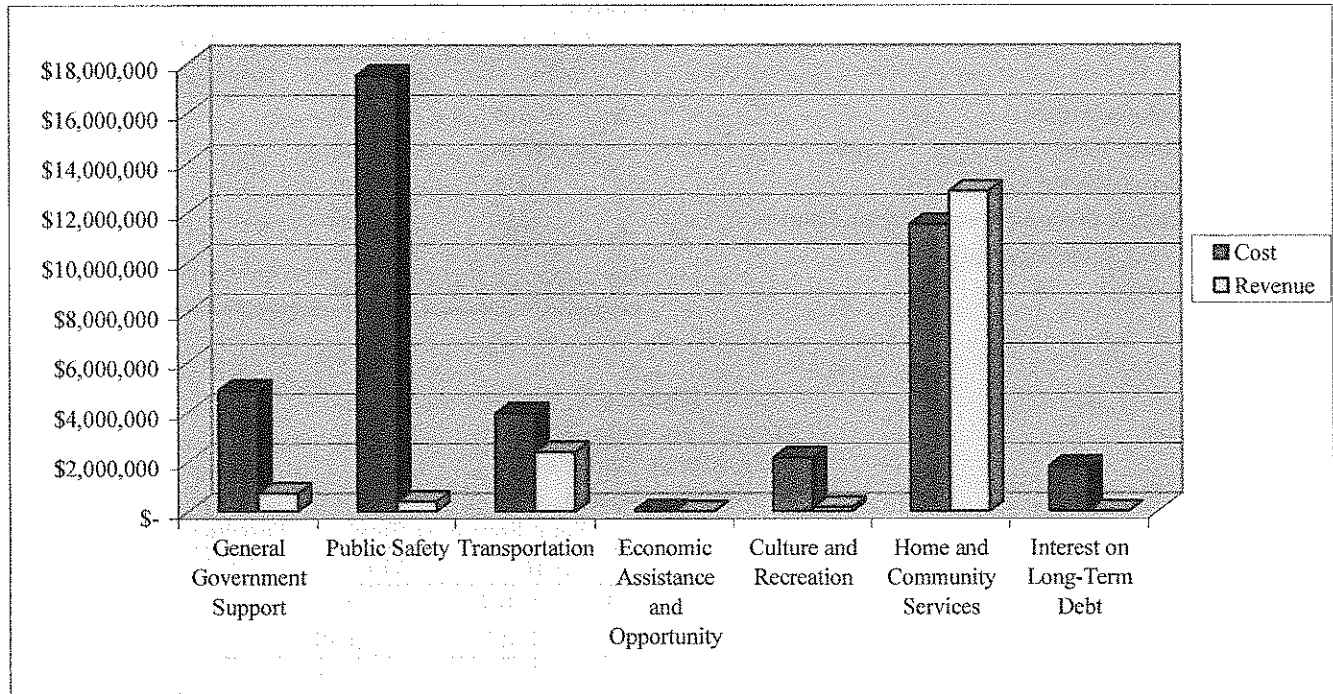


The cost of all Governmental Activities this year was \$41,912,107. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through City property and payments in lieu of taxes was \$11,410,856, because some of the cost was paid by those who directly benefited from the programs which was \$12,975,696, or by other governments and organizations that subsidized certain programs with grants and contributions which totaled \$3,586,886. Overall, the City's governmental program revenues, including fees for services and grants, were \$16,562,582. The City paid for the remaining "public benefit" portion of Governmental Activities with \$25,349,525 in taxes and other revenues, such as interest and general entitlements.

The total cost less revenues generated by activities, or the net cost, for each of the City's largest programs is presented below. The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

**CITY OF AUBURN, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010**

**Figure 4
Net Program Cost – Governmental Activities
2010**



Business-type Activities

Revenues of the City's Business-type Activities (see Figure 2) increased by 46 percent, or \$1,794,926, in 2010 compared to expenses, which increased by 21 percent, or \$679,819. The primary reason for the increase in revenues was one-time federal and state grants for the construction of an electric generation facility. Expenditures also increased to reflect the operating costs of the new facility.

The City's Funds

As the City completed the year, its Governmental Funds, as presented in the balance sheets on page 16, reported a combined fund balance of \$19,381,580, which is slightly above last year's total of \$19,042,258. Figure 5 and figure 6 show the changes in fund balances for the year for the City's major funds. This increase is primarily due to a decrease in health insurance costs in the General and Sewer funds. The decrease in the Capital Projects Transportation fund is due to the completion of a major reconstruction project on East Genesee Street, with no other major projects underway. Of the \$19,381,580, \$14,795,096 is unreserved and available for spending at the City's discretion. The remainder, \$4,586,484, is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period and a variety of other restricted purposes.

**CITY OF AUBURN, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010**

**Figure 5
Major Governmental Funds
Fund Balance at Year Ended
(in thousands)**

	Governmental Funds		Percent Change
	2010	2009	2010-2009
General Fund	\$ 9,818	\$ 8,759	12%
Sewer Fund	2,736	2,204	24%
Special Grant Fund	5,838	5,710	2%
Capital Projects Transportation Fund	258	1,546	-83%
Other Governmental Funds	731	823	-11%
Totals	\$ 19,381	\$ 19,042	2%

**Figure 6
Major Enterprise Funds
Net Assets at Year Ended
(in thousands)**

	Total Enterprise Funds		Percent Change
	2010	2009	2010-2009
Power Utility Fund	\$ 1,947	\$ 120	1523%
Solid Waste Fund	1,482	1,638	-10%
Totals	\$ 3,429	\$ 1,758	95%

General Fund Budgetary Highlights

Over the course of the year, the City Council, as well as the management of the City, revised the City budget several times. These budget amendments consisted of budget transfers between functions, which do not increase the overall budget, as well as increases in estimated revenues and appropriations as follows: General Fund - \$429,771 in revenues and expenses (increases in various departmental budgets for increases in donations and state and federal grants.)

Even with these adjustments, the actual charges to appropriations (expenditures) were below the final budget amounts, with significant savings in employee benefits, utility costs, interest costs and salaries due to vacancies.

Capital Assets and Debt Administration

Capital Assets

At the end of June 30, 2010, the City had \$111,826,069, net of accumulated depreciation, invested in a broad range of capital assets, including buildings, machinery and equipment, streets and bridges. This amount represents a net decrease (including additions and deductions) of 2.1 percent or \$2,510,371 over last year's capital assets, net of accumulated depreciation.

**CITY OF AUBURN, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010**

**Figure 7
Capital Assets, Net of Depreciation
(in thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2010	2009	2010	2009	2010	2009	2010-2009
Land	\$ 4,246	\$ 4,225	\$ 420	\$ 420	\$ 4,666	\$ 4,645	0%
Construction in progress	9,836	8,159	-	-	9,836	8,159	21%
Buildings and improvements	25,545	26,043	7,672	8,019	33,217	34,062	-2%
Equipment	13,336	14,444	2,406	2,618	15,742	17,062	-8%
Infrastructure	48,361	50,404	4	4	48,365	50,408	-4%
Totals	\$ 101,324	\$ 103,275	\$ 10,502	\$ 11,061	\$ 111,826	\$ 114,336	-2%

The City completed several capital projects during the year ended June 30, 2010. The largest were the completion of the redevelopment of Market Street Park and the completion of an electric generation facility, which produces 1.8 megawatts of electricity. The decrease in construction in progress is due to these two projects being completed and reclassified. At year-end, the City had entered into construction contracts with various vendors for total commitments outstanding of \$578,951, of which \$517,615 was committed for transportation projects. More detailed information can be found in Note 19 to the financial statements regarding these commitments.

Debt and Long-term Liabilities

Debt (bonds, BANs and leases payable) decreased by \$2,661,388 and brought the total debt to \$64,438,982 as of June 30, 2010, as shown in Figure 8. Of this amount, \$27,972,909 is subject to the constitutional debt limit and represented 52% of the City's statutory debt limit. Other long-term liabilities consist of amounts due to employee retirement systems, compensated absences, judgments and claims payable, self insurance liabilities, and landfill post-closure costs. The most significant change in these long-term liabilities was a decrease of \$4,438,742 in Serial Bonds payable. More detailed information about long-term debt activity can be found in Note 11 in the notes to the financial statements.

**Figure 8
Major Outstanding Liabilities at Year Ended
(in thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2010	2009	2010	2009	2010	2009	2010-2009
Serial Bonds	\$ 45,141	\$ 48,883	\$ 3,691	\$ 4,387	\$ 48,832	\$ 53,270	-8%
BANs	6,504	5,520	7,966	6,933	14,470	12,453	16%
Landfill closure and postclosure costs	-	-	4,960	6,013	4,960	6,013	-18%
Notes payable	1,099	1,209	-	-	1,099	1,209	-9%
Lease obligations	1,137	1,377	-	-	1,137	1,377	-17%
Other long-term liabilities	6,309	2,653	-	-	6,309	2,653	138%
Totals	\$ 60,190	\$ 59,642	\$ 16,617	\$ 17,333	\$ 76,807	\$ 76,975	0%

The City's bond rating was recalibrated by Moody's in 2010 from Baa1 to A1. More detailed information about the City's liabilities is presented in Note 11 to the financial statements.

**CITY OF AUBURN, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010**

Economic Factors and Next Year's Budgets and Rates

Unemployment in the City of Auburn averaged 8.1 percent in 2010 and 8.3 percent in 2009 and the City's labor force decreased from 38,400 in 2009 to 38,000 in 2010.

The amount available for appropriation in the 2010-2011 General Fund budget is \$32,921,089, an increase of 4.9 percent over the adopted June 30, 2010, budget of \$31,365,201. To meet this increase, \$1,225,000 was appropriated from unreserved fund balance.

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. If you have questions about the report or need any additional financial information, contact the City Comptroller at 24 South Street, Auburn, NY.

Basic Financial Statements

CITY OF AUBURN, NEW YORK
STATEMENT OF NET ASSETS

June 30, 2010

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Auburn Industrial Development Authority	Auburn Housing Authority
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 15,951,972	\$ 6,887,699	\$ 22,839,671	\$ 4,822	\$ 820,557
Cash and cash equivalents, restricted	-	-	-	-	105,592
Investments	8,150	-	8,150	37,064	1,144,186
Investments, restricted	9,292	-	9,292	-	1,014,331
Taxes receivable, net	2,736,471	-	2,736,471	-	-
Internal balances	1,087,228	(1,087,228)	-	-	-
Due from State and Federal governments	-	30,000	30,000	-	-
Due from other governments	3,626,757	-	3,626,757	-	-
Other receivables, net	2,821,131	484,062	3,305,193	552,682	39,390
Loans receivable, current portion	158,452	-	158,452	-	-
Prepaid expenses	-	-	-	-	38,092
Total current assets	26,399,453	6,314,533	32,713,986	594,568	3,162,148
Noncurrent assets:					
Restricted cash and cash equivalents	4,482,940	1,130,620	5,613,560	-	-
Loans receivable, long-term portion	3,215,889	-	3,215,889	-	-
Intangible assets, net of accumulated amortization	-	2,461,776	2,461,776	-	-
Capital assets, non-depreciable	14,081,995	420,187	14,502,182	4,045,039	456,651
Other capital assets, net of accumulated depreciation	87,241,754	10,082,133	97,323,887	-	5,932,952
Total noncurrent assets	109,022,578	14,094,716	123,117,294	4,045,039	6,389,603
Total Assets	\$ 135,422,031	\$ 20,409,249	\$ 155,831,280	\$ 4,639,607	\$ 9,551,751

The accompanying notes are an integral part of these financial statements

CITY OF AUBURN, NEW YORK
STATEMENT OF NET ASSETS (continued)
June 30, 2010

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Auburn Industrial Development Authority	Auburn Housing Authority
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 992,009	\$ 240,654	\$ 1,232,663	\$ -	\$ 25,340
Accrued liabilities	1,714,730	88,042	1,802,772	-	102,690
Due to other governments	1,626,423	-	1,626,423	-	-
Due to employees' retirement system	462,360	14,772	477,132	-	-
Bond anticipation notes payable	6,504,100	7,966,000	14,470,100	-	-
Interest payable	351,943	20,685	372,628	5,610	-
Unearned revenue	513,739	-	513,739	-	16,335
Current portion of long-term liabilities:					
Lease obligations payable	241,912	-	241,912	-	-
Bonds payable	3,739,330	711,800	4,451,130	180,462	107,777
Note payable	110,000	-	110,000	-	-
Other liabilities	-	-	-	365,704	-
Employees' retirement system amortization	119,173	-	119,173	-	-
Compensated absences	1,868,185	-	1,868,185	-	7,035
Self insurance liability	95,248	-	95,248	-	-
Claims and judgments payable	251,774	-	251,774	-	-
Landfill post closure liability	-	243,000	243,000	-	-
Total current liabilities	18,590,926	9,284,953	27,875,879	551,776	259,177
Long-term liabilities:					
Lease obligation payable	895,288	-	895,288	-	-
Bonds payable	41,401,552	2,979,000	44,380,552	3,771,345	1,190,515
Note payable	989,000	-	989,000	125,320	-
Due to employees' retirement system	507,978	-	507,978	-	-
Compensated absences	-	-	-	-	63,902
Other postemployment benefits	3,466,718	-	3,466,718	-	56,080
Landfill post closure liability	-	4,716,710	4,716,710	-	-
Total long-term liabilities	47,260,536	7,695,710	54,956,246	3,896,665	1,310,497
Total Liabilities	65,851,462	16,980,663	82,832,125	4,448,441	1,569,674
NET ASSETS					
Investment in capital assets, net of related debt	44,513,611	45,520	44,559,131	148,374	5,091,311
Restricted for:					
Community development (expendable)	5,793,374	-	5,793,374	-	1,130,332
Cemetery maintenance (non-expendable)	9,292	-	9,292	-	-
Unrestricted	19,254,292	3,383,066	22,637,358	42,792	1,760,434
Total Net Assets	69,570,569	3,428,586	72,999,155	191,166	7,982,077
Total Liabilities and Net Assets	\$ 135,422,031	\$ 20,409,249	\$ 155,831,280	\$ 4,639,607	\$ 9,551,751

The accompanying notes are an integral part of these financial statements

CITY OF AUBURN, NEW YORK
STATEMENT OF ACTIVITIES
For the year ended June 30, 2010

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Auburn Industrial Development Authority	Auburn Housing Authority
PRIMARY GOVERNMENT								
Governmental Activities:								
General government support	\$ 4,876,854	\$ 726,067	\$ -	\$ 9,930	\$ (4,140,857)	\$ -	\$ (4,140,857)	-
Public safety	17,521,914	291,979	115,494	-	(17,114,441)	-	(17,114,441)	-
Transportation	3,957,912	450,599	657,986	1,281,148	(1,568,179)	-	(1,568,179)	-
Economic assistance and opportunity	55,000	-	-	-	(55,000)	-	(55,000)	-
Culture and recreation	2,155,395	102,480	65,305	-	(1,987,610)	-	(1,987,610)	-
Home and community services	11,529,294	11,404,571	1,457,023	-	1,332,300	-	1,332,300	-
Interest on long-term debt	1,815,738	-	-	-	(1,815,738)	-	(1,815,738)	-
Total Governmental Activities	41,912,107	12,975,696	2,295,808	1,291,078	(25,349,525)	-	(25,349,525)	-
Business-type Activities:								
Power utility fund	1,066,664	388,510	-	-	-	(678,154)	(678,154)	-
Solid waste	2,830,100	3,005,740	-	-	-	175,640	175,640	-
Total Business-type Activities	3,896,764	3,394,250	-	-	-	(502,514)	(502,514)	-
Total Primary Government	45,808,871	16,369,946	2,295,808	1,291,078	(25,349,525)	(502,514)	(25,852,039)	-
Component Units:								
Auburn Industrial Development Authority	\$ 981,105	\$ 978,941	\$ -	\$ -	\$ -	\$ -	\$ (2,164)	\$ -
Auburn Housing Authority	2,808,235	1,478,327	1,150,536	89,104	-	-	-	(90,268)
Total Component Units	3,789,340	2,457,268	1,150,536	89,104	-	-	(2,164)	(90,268)
Net (Expense) Revenue and Changes in Net Assets brought forward					(25,349,525)	(502,514)	(25,852,039)	(90,268)
GENERAL REVENUES								
Real Property taxes					10,661,547	-	10,661,547	-
Real Property tax items					749,309	-	749,309	-
Sales taxes					7,757,442	-	7,757,442	-
Utilities gross receipts tax					417,629	-	417,629	-
Franchise taxes					368,707	-	368,707	-
Use of money and property					286,168	130,975	417,143	20,647
Sale of property and compensation for loss					291,583	75,160	366,743	-
Miscellaneous local sources					74,772	-	74,772	-
State and federal sources not restricted to specific programs					5,465,761	2,080,447	7,546,208	141,067
Transfers - internal activities					521,301	(521,301)	-	-
Total General Revenues and Transfers					26,594,219	1,765,281	28,359,500	161,714
Change in Net Assets before capital contributions					1,244,694	1,262,767	2,507,461	71,446
Capital contribution					-	407,506	407,506	-
Change in Net Assets					1,244,694	1,670,273	2,914,967	71,446
Net Assets - Beginning of year					68,325,875	1,758,313	70,084,188	7,910,631
Net Assets - End of year					\$ 69,570,569	\$ 3,428,586	\$ 72,999,155	\$ 7,982,077

The accompanying notes are an integral part of these financial statements

CITY OF AUBURN, NEW YORK
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010

	Major Funds				Capital Projects Fund Transportation Fund	Total Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Sewer Fund	Special Revenue Funds	Special Fund			
ASSETS							
Cash and cash equivalents, unrestricted	\$ 7,429,675	\$ 981,362	\$ 2,497,144	\$ 4,524,984	\$ 15,951,972		
Investments	3,021	2,747	-	-	8,150		
Investments, restricted	-	-	-	-	2,382		
Taxes receivable, net	2,736,471	-	-	-	9,292		
Due from other funds	585,560	431,708	-	-	2,736,471		
Due from state and federal governments	-	-	-	-	7,708		
Due from other governments	1,783,251	114,392	77,832	-	561,317		
Other receivables, net	88,109	1,491,455	-	-	834,344		
Restricted cash and cash equivalents	4,214,404	197,145	-	-	71,391		
Loans Receivable, net	-	-	3,374,341	-	-		
Total Assets	\$ 16,840,491	\$ 3,218,809	\$ 5,949,317	\$ 6,799,480	\$ 2,005,241	\$ 34,813,338	
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts payable	\$ 382,752	\$ 152,092	\$ 63,725	\$ 240,725	\$ 152,715	\$ 992,009	
Accrued liabilities	1,512,035	127,295	-	-	75,400	1,714,730	
Due to other funds	-	203,144	44,732	1,277	465,903	715,056	
Due to other governments	1,623,485	-	2,938	-	-	1,626,423	
Due to employees' retirement system	447,496	-	-	-	14,864	462,360	
Bond anticipation notes payable	-	-	-	6,035,943	468,157	6,504,100	
Deferred revenues	3,057,020	-	-	263,188	96,872	3,417,080	
Total Liabilities	\$ 7,022,788	\$ 482,531	\$ 111,395	\$ 6,541,133	\$ 1,273,911	\$ 15,431,758	
FUND BALANCES:							
Fund balance - reserved for:							
Encumbrances	499,044	74,098	44,548	-	67,922	685,612	
Capital projects	-	773	-	-	1,852	2,625	
Noncurrent notes receivable	-	-	2,697,677	-	-	2,697,677	
Other purposes	1,200,570	-	-	-	-	1,200,570	
Total Reserved	\$ 1,699,614	\$ 74,871	\$ 2,742,225	\$ -	\$ 69,774	\$ 4,586,484	
Fund balance - unreserved, reported in:							
General Fund - appropriated	1,225,000	-	-	-	-	1,225,000	
General Fund - undesignated	6,893,089	-	-	-	-	6,893,089	
Special Revenue funds	-	2,661,407	3,095,697	-	905,507	6,662,611	
Capital Projects funds	-	-	-	258,347	(253,243)	5,104	
Permanent fund	-	-	-	-	9,292	9,292	
Total Fund Balances	\$ 9,817,703	\$ 2,736,278	\$ 5,837,922	\$ 258,347	\$ 731,330	\$ 19,381,580	
Total Liabilities and Fund Balances	\$ 16,840,491	\$ 3,218,809	\$ 5,949,317	\$ 6,799,480	\$ 2,005,241	\$ 34,813,338	

The accompanying notes are an integral part of these financial statements

CITY OF AUBURN, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

June 30, 2010

Total governmental fund balances		\$ 19,381,580
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets	\$ 162,006,706	
Accumulated depreciation	<u>(60,682,957)</u>	101,323,749
Other long-term assets are not available to pay for current period expenditures and, therefore, are unearned in the funds.		2,903,341
Certain accrued expenses reported in the Statement of Net Assets do not require the use of current financial resources and, therefore, are not reported as liabilities in the Governmental Funds.		
Accrued interest payable	\$ (351,943)	
Amounts due to employees' retirement systems	(627,151)	
Compensated absences	(1,868,185)	
Self insurance liability	(95,248)	
Claims and judgments	<u>(251,774)</u>	(3,194,301)
Long term liabilities, including bonds payable, lease obligations payable, and a note payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds payable	\$ (45,140,882)	
Leases payable	(1,137,200)	
Other postemployment benefits	(3,466,718)	
Note payable	<u>(1,099,000)</u>	(50,843,800)
Net assets of governmental activities		<u>\$ 69,570,569</u>

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

CITY OF AUBURN, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the year ended June 30, 2010

	Major Funds		Major Fund		Total	
	General Fund	Special Revenue Funds	Sewer Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
Real property taxes	\$ 10,297,262	\$ -	\$ -	\$ -	\$ -	\$ 10,297,262
Real property tax items	749,309	-	-	-	-	749,309
Nonproperty taxes	8,543,778	-	-	-	-	8,543,778
Departmental income	797,707	332,509	7,762,002	160,914	3,326,239	12,379,371
Intergovernmental charges	409,890	-	-	-	-	409,890
Use of money and property	207,527	10,341	59,266	-	9,034	286,168
Licenses and permits	-	-	-	-	-	-
Fines and forfeitures	254,602	-	-	-	-	254,602
Sale of property and compensation for loss	249,330	4,997	-	-	37,256	291,583
Miscellaneous local sources	234,326	14,152	-	-	24,381	272,859
Interfund revenue	168,388	110,000	-	-	5,351	283,739
State sources	6,200,943	-	-	33,409	1,089,178	7,323,530
Federal sources	394,411	-	-	161,513	750	1,734,958
Total Revenues	28,647,271	7,901,492	1,178,284	355,836	4,492,189	42,966,847
EXPENDITURES						
Current:						
General government support	3,537,234	111,124	-	-	42,541	3,690,899
Public safety	11,222,955	-	-	-	-	11,222,955
Transportation	2,136,047	-	-	-	-	2,136,047
Economic assistance and opportunity	55,000	-	-	-	-	55,000
Culture and recreation	1,538,870	-	-	-	-	1,538,870
Home and community services	1,730,939	-	-	-	-	1,730,939
Employee benefits	6,684,805	3,085,101	442,364	1,332,062	1,781,604	7,929,706
Debt Service:						
Debt principal	2,151,397	1,829,158	-	(193,557)	195,190	4,092,188
Debt interest	849,611	861,150	-	-	98,741	1,809,502
Capital outlay	-	-	-	1,820,674	1,428,601	3,249,275
Total Expenditures	29,906,858	6,328,897	1,442,062	1,627,117	3,843,892	43,148,826
Excess of (Expenditures) Revenue	(1,259,587)	1,572,595	127,997	(1,271,281)	648,297	(181,979)
OTHER FINANCING SOURCES AND (USES)						
Interfund transfers in	2,323,293	-	-	-	60,000	2,383,293
Interfund transfers out	(5,000)	(1,040,000)	-	(16,566)	(800,426)	(1,861,992)
Issuance of debt	-	-	-	-	-	-
Serial bonds	-	-	-	-	-	-
Total Other Financing Sources (Uses)	2,318,293	(1,040,000)	-	(16,566)	(740,426)	521,301
Net changes in fund balances	1,058,706	532,595	127,997	(1,287,847)	(92,129)	339,322
Fund Balances, Beginning of year	8,758,997	2,203,683	5,709,925	1,546,194	823,459	19,042,258
Fund Balances, End of year	\$ 9,817,703	\$ 2,736,278	\$ 5,837,922	\$ 258,347	\$ 731,330	\$ 19,381,580

The accompanying note are an integral part of these financial statements

CITY OF AUBURN, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2010

Net change in fund balances - total governmental funds **\$ 339,322**

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated capital outlays were greater than depreciation in the current period.

Capital outlay	\$ 3,249,275	
Depreciation	<u>(4,497,356)</u>	(1,248,081)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 372,221

Bond proceeds provide current financial resources to Governmental Funds , but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This is the amount by which repayment of debt principal was less than the issuance of new debt. 4,092,188

Changes in certain liabilities reflected in the Statement of Activities do not affect current financial resources and, therefore, are not reflected in the Governmental Funds.

Accrued interest payable	\$ (6,236)	
Amounts due to the employee retirement systems	108,094	
Compensated absences	(34,598)	
Other postemployment benefits	(1,693,231)	
Self insurance liability	7,265	
Claims and judgments	<u>11,318</u>	(1,607,388)

In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas, in the Governmental Funds, the proceeds from the sale of capital assets increase financial resources. The net effect is a gain on sale of capital assets on the Government Wide Statement of Activities vs. proceeds from the sale of capital assets on the Governmental Fund Statements. The difference between the proceeds and the gain is the net book value.

Net book value of capital asset disposals		<u>(703,568)</u>
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Change in net assets of governmental activities **\$ 1,244,694**

The accompanying notes are an integral part of these financial statement

CITY OF AUBURN, NEW YORK
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

June 30, 2010

ASSETS	Business-type Activities		
	Enterprise Funds		Total
	Power Utility Fund	Solid Waste Fund	
Current assets			
Cash and cash equivalents	\$ 240,260	\$ 6,647,439	\$ 6,887,699
Accounts receivable, net	144,847	339,215	484,062
Interest receivable	-	-	-
Due from state and federal governments	-	30,000	30,000
Due from other funds	-	134,828	134,828
Total current assets	<u>385,107</u>	<u>7,151,482</u>	<u>7,536,589</u>
Noncurrent assets			
Restricted cash and cash equivalents	557,962	572,658	1,130,620
Intangible assets, net of accumulated amortization	2,461,776	-	2,461,776
Capital assets, non-depreciable	100,800	319,387	420,187
Capital assets, net of accumulated depreciation	<u>1,648,759</u>	<u>8,433,374</u>	<u>10,082,133</u>
Total non-current assets	<u>4,769,297</u>	<u>9,325,419</u>	<u>14,094,716</u>
Total Assets	<u>\$ 5,154,404</u>	<u>\$ 16,476,901</u>	<u>\$ 21,631,305</u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 122,826	\$ 117,828	\$ 240,654
Accrued liabilities	-	88,042	88,042
Due to other funds	1,222,056	-	1,222,056
Due to employees' retirement system	-	14,772	14,772
Bonds payable	49,800	662,000	711,800
Landfill post closure liability	-	243,000	243,000
Bond anticipation notes payable	1,200,000	6,766,000	7,966,000
Bond interest payable	<u>2,050</u>	<u>18,635</u>	<u>20,685</u>
Total current liabilities	<u>2,596,732</u>	<u>7,910,277</u>	<u>10,507,009</u>
Non-current liabilities			
Bonds payable	611,000	2,368,000	2,979,000
Landfill post closure liability	-	4,716,710	4,716,710
Total non-current liabilities	<u>611,000</u>	<u>7,084,710</u>	<u>7,695,710</u>
Total Liabilities	<u>3,207,732</u>	<u>14,994,987</u>	<u>18,202,719</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,088,759	(1,043,239)	45,520
Unrestricted	<u>857,913</u>	<u>2,525,153</u>	<u>3,383,066</u>
Total Net Assets	<u>\$ 1,946,672</u>	<u>\$ 1,481,914</u>	<u>\$ 3,428,586</u>

The accompanying notes are an integral part of these financial statements

CITY OF AUBURN, NEW YORK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS

For the year ended June 30, 2010

	Business-type Activities		
	Enterprise Funds		Total
	Power Utility Fund	Solid Waste Fund	
REVENUES			
Charges for services	\$ 388,510	\$ 3,005,740	\$ 3,394,250
Other operating revenue	9,445	65,715	75,160
Total operating revenues	397,955	3,071,455	3,469,410
OPERATING EXPENSES			
Salaries and wages	-	558,123	558,123
Contractual services	727,653	974,273	1,701,926
Employee benefits	-	205,098	205,098
Depreciation and amortization	146,306	898,600	1,044,906
Total operating expenses	873,959	2,636,094	3,510,053
Income (loss) from operations	(476,004)	435,361	(40,643)
NON-OPERATING REVENUES (EXPENSES)			
State and federal capital grants	2,080,447	-	2,080,447
Bad debt expense	(166,506)	(27,800)	(194,306)
Interest revenue	7,487	123,488	130,975
Interest expense	(26,199)	(166,206)	(192,405)
Total non-operating revenues (expenses)	1,895,229	(70,518)	1,824,711
Net income before transfers	1,419,225	364,843	1,784,068
Interfund transfers out	-	(521,301)	(521,301)
Income (loss) before capital contributions	1,419,225	(156,458)	1,262,767
Capital contributions	407,506	-	407,506
Net increase (decrease) in net assets	1,826,731	(156,458)	1,670,273
Net Assets - Beginning of year	119,941	1,638,372	1,758,313
Net Assets - End of year	\$ 1,946,672	\$ 1,481,914	\$ 3,428,586

The accompanying notes are an integral part of these financial statements

CITY OF AUBURN, NEW YORK
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended June 30, 2010

	Business-type Activities		
	Enterprise Funds		
	Power Utility Fund	Solid Waste Fund	Total
Cash flows from operating activities			
Cash received from providing services	\$ 250,882	\$ 2,905,486	\$ 3,156,368
Cash received from other funds and other sources	9,445	127,033	136,478
Cash payments - employees	-	(530,323)	(530,323)
Cash payments - employee benefits	-	(205,098)	(205,098)
Cash payments - suppliers	(615,562)	(1,985,287)	(2,600,849)
Net cash provided by (used in) operating activities	(355,235)	311,811	(43,424)
Cash flows from non-capital and financing activities			
Transfers from (to) other funds	928,646	(648,304)	280,342
Cash flows from capital and related financing activities			
Capital grants received from other governments	2,080,447	-	2,080,447
Proceeds from debt issuances	1,200,000	-	1,200,000
Debt payments	(49,800)	(814,000)	(863,800)
Interest expense	(26,344)	(164,281)	(190,625)
Purchase of capital assets	(2,986,979)	(12,275)	(2,999,254)
Net cash provided by (used in) capital and related financing activities	217,324	(990,556)	(773,232)
Cash flows from investing activities			
Interest income	7,487	145,441	152,928
Net increase (decrease) in cash and cash equivalents	798,222	(1,181,608)	(383,386)
Cash and cash equivalents, beginning of year	-	8,401,705	8,401,705
Cash and cash equivalents, end of year	\$ 798,222	\$ 7,220,097	\$ 8,018,319
Reconciliation of income from operations to net cash provided by (used in) operating activities:			
Income from operations	\$ (476,004)	\$ 435,361	\$ (40,643)
Depreciation and amortization	146,306	898,600	1,044,906
Change in assets:			
Accounts receivable	(137,628)	(100,254)	(237,882)
Due from state and federal governments	-	61,318	61,318
Change in liabilities:			
Accounts payable	112,091	50,079	162,170
Accrued liabilities	-	14,491	14,491
Due to employees retirement system	-	5,275	5,275
Landfill post closure liability	-	(1,053,059)	(1,053,059)
Net cash provided by (used in) operating activities	\$ (355,235)	\$ 311,811	\$ (43,424)
Reconciliation of total cash and cash equivalents			
Current assets - unrestricted cash and cash equivalents	\$ 240,260	\$ 6,647,439	\$ 6,887,699
Non-current assets - restricted cash and cash equivalents	557,962	572,658	1,130,620
Total cash and cash equivalents	\$ 798,222	\$ 7,220,097	\$ 8,018,319

The accompanying notes are an integral part of these financial statements

CITY OF AUBURN, NEW YORK
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

June 30, 2010

ASSETS

Cash and cash equivalents - unrestricted	\$ 72,569
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LIABILITIES

Due to other funds	\$ 7,655
Agency liabilities	64,914
Total Liabilities	<u>\$ 72,569</u>

The accompanying notes are an integral part of these financial statements

**CITY OF AUBURN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

Note 1 - Summary of Significant Accounting Policies

The financial statements of the City of Auburn, New York (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Enterprise Funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

A. Financial Reporting Entity

The City of Auburn, New York, located in Cayuga County was incorporated and its original charter enacted July 15, 1914. An amended charter was enacted and became effective January 1, 1940. The City of Auburn, New York is governed by its charter, other general laws of the State of New York ("the State"), and various local laws.

The governing body of the City consists of a Mayor and City Councilors who make up the Common Council. The City Manager is the chief executive officer, who provides for the enforcement of all general and local laws, and rules and regulations of the Council. The Comptroller is the chief fiscal officer and is responsible for the receiving, disbursing and holding of all City monies and the books of account of the City. In addition, the chief fiscal officer is responsible for the auditing and approval of payment of all lawful claims against the City.

The following basic services are provided by the City: public safety (police and fire), highways and streets, solid waste management, health, culture-recreation, public improvements, planning and zoning, utilities and general administration.

All governmental activities and functions performed for the City of Auburn, New York are its direct responsibility. The basic financial statements include all funds of the primary government, which is the City, organizations for which the primary government is financially accountable, and other organizational entities determined to be included in the City's reporting entity in accordance with GASB Statement No. 14, as amended by GASB Statement No. 39.

1. Related Organizations

Related organizations include the Auburn Local Development Corporation.

The purpose of the Auburn Local Development Corporation is to plan, promote, coordinate and execute programs in the City of Auburn, New York in order to improve the quality of life for its residents.

**CITY OF AUBURN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

1. Related Organizations (continued)

This agency is excluded from the City's reporting entity for the following reasons:

- Employment and personnel are controlled by its separate agency;
- The City has no significant influence in operations;
- The City has no budgetary authority over this agency;
- The separate agency maintains control over their individual fiscal management; and,
- The agency does not provide a financial benefit or a financial burden to the City.

Discretely Presented Component Units

The accompanying financial statements present the activities of the City and its two component units, legally separate organizations for which the City is financially accountable. The decision to include a potential component unit in the City's reporting entity is based on several criteria including legal standing, fiscal dependency and financial accountability. Based on the application of these criteria, the following two authorities have been included as discretely presented component units:

(1) Auburn Industrial Development Authority

The Auburn Industrial Development Authority (the "AIDA") is a public benefit corporation, established in 1969 by the state legislature to provide financial and other incentives to promote business and provide jobs in the City. The chairman of AIDA is appointed by the mayor of the City and is subject to confirmation by the City council. The City is not liable for AIDA's bonds or notes. The City is financially accountable for AIDA and provides administrative support at no cost to AIDA.

AIDA, in accordance with its corporate purpose, has issued bonds to promote and develop various businesses within the City. AIDA holds legal title to the properties, under which such bonds were issued in order for businesses to acquire or renovate facilities. These bonds represent non-recourse debt of AIDA. AIDA's primary function is to arrange financing between borrowing companies and bondholders. AIDA receives administration fees from the borrowing companies for this service.

AIDA leases facilities to businesses under capital lease arrangements since the lessee can purchase the facility at the end of the lease for a nominal amount. Each asset, property leases, is offset by a liability, bonds payable as shown on the statement of net assets. AIDA acts as an intermediary between the principal payments from the lessee and the principal payments on the bonds. AIDA does not receive or pay these monies directly.

AIDA is considered a business-type activity. The accounts for this component unit represent activity and balances for the fiscal year ended December 31, 2009. Copies of AIDA's financial statements can be obtained by writing to the City of Auburn Comptroller's Office, Auburn NY 13021.

**CITY OF AUBURN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

(2) Auburn Housing Authority

The Auburn Housing Authority (the "Authority") was created in 1957, pursuant to Section 436 of Article XIII of the Public Housing Law of the State of New York. Its general purpose is to provide housing for low income residents of the City, including the development and operation of low rent public housing projects in the City. Members of the Authority are appointed by the City manager.

The City aids in the development and operation of the Authority's housing projects by granting subsidies and other aid.

The Authority is considered a business-type activity. The accounts for this component unit represent activity and balances for the fiscal year ended March 31, 2010. Copies of the Authority's financial statements can be obtained by writing to the Auburn Housing Authority, Auburn, NY 13021.

B. Basic Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's general governmental support, public safety, transportation, culture and recreation, and home and community services are classified as governmental activities, while services relating to the power utility operations and the solid waste facility are classified as business-type activities.

1. Government-wide Statements

The government-wide statements include a statement of net assets and a statement of activities. These statements display information about the City and its component units. These statements include the financial activities of the overall government, except fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

**CITY OF AUBURN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

1. Government-wide Statements (continued)

In the government-wide statement of net assets, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

The Statement of Activities reports both the gross and net cost for each of the City's functions or programs. Gross expenses are direct expenses, including depreciation, that are specifically associated with a service, program or department and are, therefore, clearly identifiable to a particular function. These expenses are offset by program revenues - charges paid by the recipients of the goods or services offered by the programs, grants, and contributions - that are restricted to meeting the program or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The net cost represents the extent to which each function or program is self-financing or draws from the general revenues of the City.

The City does not allocate indirect costs. Indirect costs are reported in the function entitled "general government support."

2. Fund Financial Statements

The financial transactions of the City are reported in individual governmental funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures or expenses. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Governmental funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources, and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is based upon determination of financial position and changes in financial position under the modified accrual basis of accounting. The following are the City's governmental funds:

A) Major Funds

General Fund – this fund is the principal operating fund and includes all operations not required to be recorded in other funds.

Special Revenue Funds – these funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The following two special revenue funds are City funds:

- (1) Sewer Fund** – this fund was established by law to account for revenues derived from charges for sewer usage and the application of such revenues toward related operating expenses and debt retirement.

**CITY OF AUBURN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

- (2) **Special Grant Fund** – this fund is used to account for Community Development Block Grants and other funding used for community development.

Transportation Capital Projects Fund – this fund is used to account for financial resources to be used for the acquisition, construction, or renovation of major capital facilities related to transportation other than those financed by the enterprise funds.

B) Non-Major Funds

Water Fund – this fund was established by law to account for revenues derived from charges for water consumption and the application of such revenues toward related operating expenses and debt retirement.

Capital Projects Funds - these funds are used to account for financial resources to be used for the acquisition, construction, or renovation of major capital facilities related to general government, public safety, culture and recreation, and home and community.

Permanent Fund – this fund is used to account for assets donated for cemetery maintenance.

Enterprise Funds – these funds are used to account for electric and landfill operations. The Power Utility Fund is used to account for the activities of a hydro-electric facility and an electric generation facility powered by methane gas, these generate electricity that is used within the City and sold to local utilities. The Solid Waste Fund is used to account for disposal activities at the City's solid waste management facility. This includes administration, recycling, and disposal of waste collected by City crews.

Fiduciary Fund Types – these funds are used to account for assets held by the City either in a trust or through a custodial capacity.

Agency Fund – this fund is used to account for money and/or property received and held in the capacity of trustee, or custodian or agent, such as employee salary wage withholdings for the remittance of employee group insurance premiums.

C. Basis of Accounting/Measurement Focus

Basis of accounting refers to when revenues and expenditures and the related assets and liabilities are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, i.e. expenditures or expenses.

**CITY OF AUBURN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

C. Basis of Accounting/Measurement Focus (continued)

1. Accrual Basis

The government-wide financial statements and the proprietary fund financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly all of the City's assets and liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual Basis

The governmental fund financial statements are prepared using 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 accrued include real property taxes, state and federal aid, sales tax, and certain user charges.

The City considers property tax receivables collected within 60 days after year-end to be available and recognizes them as revenues of the current year. All other revenues that are deemed collectible within one year after year end are recognized as revenues in the current year. 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. The cost of capital assets is recognized as expenditure when received. Exceptions to this general rule are 1) principal and interest on indebtedness are not recognized as an expenditure until due, and 2) compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when paid.

3. Interfund Activity

As a general rule, the effect of interfund activity has been eliminated from the Government-wide financial statements. An exception to this general rule is the chargeback of services, such as utilities, vehicle maintenance, and central costs. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**CITY OF AUBURN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

D. Revenues

Substantially all governmental fund revenues are accrued.

1. Real Property taxes

The authority for levying taxes for the support of the City government is derived from Article IV of the City Charter and various provisions of the Real Property Tax Law. For tax purposes, each parcel of real property is listed by owner and/or number and value is established by the assessor. Amounts to be raised by tax are balancing factors calculated from the annual budgets. Tax rates are established by the ratio of real property value taxes to be raised, and taxes are levied by the Common Council on or before July 1st. Taxes become a lien on the levy date.

Property tax revenues are recognized as revenues in the year they are levied and collected, as long as they are collected within 60 days subsequent to year end. Property taxes not collected within 60 days subsequent to year end are reported as deferred revenue in the fund financial statements.

City taxes are payable to the City Treasurer and are payable in two installments due on or before July 31 and January 31. Interest accrues on all overdue taxes but is not recognized until collected.

In December, the School District returns to the City all unpaid School taxes levied in the City in September. The City then assumes responsibility for their collection and enforcement. The City owed the School District \$1,055,241 at June 30, 2010. In May, the County returns to the City all unpaid County taxes levied in the City in February. The City then assumes responsibility for their collection and enforcement. The City owed the County \$563,380 at June 30, 2010.

In June of each year, unpaid City, School, County, and Library taxes are enforced through a tax sale held pursuant to Article IV of the Charter.

2. Sales taxes

The State Department of Taxation and Finance is responsible for the administration and collection of sales tax proceeds. The State Comptroller's Office is responsible for processing payments of sales tax proceeds to the City. The State makes estimated monthly payments to the City based on prior year sales tax return information. Each quarter, the State will adjust its payment to reflect actual sales taxes collected for the quarter.

In New York State, counties and cities are authorized to levy a local sales tax, which is imposed in addition to the State sales tax of 4%. The City's sales tax levy became effective in March 1996. The City has opted to pre-empt the County in its collection of sales tax. The County's tax rate is 4%, while the City pre-empts the County at a 2% sales tax rate. As such, the City does not share with the County any of the 2% of sales taxes collected within the City and the County does not share any sales taxes collected outside the City.

**CITY OF AUBURN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

3. State Sources

a) Aid and Incentives for Municipalities (AIM) Program

The AIM program provides direct, unrestricted aid to cities, towns and villages throughout the State. The State's enacted budget provided AIM decreases ranging from 2% to 5% for municipalities based on the State's assessment of the municipality's reliance on AIM as a revenue source. All municipalities receiving AIM will also have payments reduced by an addition 1.1% to make up for the State loss in Federal Medical Assistance Percentages funding. The State will pay the City throughout the year, normally in June, December, and March. For the period April 1, 2009 through March 31, 2010 (the State's fiscal year), the City received funding of \$5,175,523.

Since the City is a distressed municipality that received over \$100,000 in additional aid, the City is required to use the AIM funding to: (i) minimize or reduce the real property tax burden; (ii) invest in economic development or infrastructure to achieve economic revitalization and generate real property tax base growth; or (iii) support investments in technology or other reengineering initiatives that permanently minimize or reduce operating expenses.

The City is required to submit a comprehensive fiscal performance plan to the Director of Budget and the Office of State Comptroller within 60 days of the City's adopted budget and is subject to compliance reviews of the accountability requirements by the State Comptroller who can withhold AIM for noncompliance with such accountability requirements. The City believes it is in compliance with all such requirements.

b) State Grants

The City receives grants from the State and recognizes receivables and revenue when the applicable eligibility requirements including time requirements are met. State grants are normally on a reimbursement basis for which the City has to first incur allowable costs under the applicable program to be reimbursed from the State through the grant. Grant monies received in advance of meeting the eligibility requirements are recorded as deferred revenue by the City until such eligibility requirements are met. State grants are subject to the State single audit act requirements and are subject to audit by the State for compliance with the grant requirements.

4. Federal Sources

The City receives grants from the federal government, either through direct reimbursement or as a pass-through entity (such as the State) and recognizes receivables and revenue when the applicable eligibility requirements including time requirements are met. Federal grants are normally on a reimbursement basis for which the City has to first incur allowable costs under the applicable program to be

**CITY OF AUBURN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

reimbursed through the grant. Grant monies received in advance of meeting the eligibility requirements are recorded as deferred revenue by the City until such eligibility requirements are met. Federal grants are subject to the single audit act requirements and are subject to audit by the appropriate federal agency for compliance with the grant requirements.

5. Departmental Income

The City's Sewer and Water Funds recognize revenues when earned. The City charges residents and other users of the sewer and water systems a rate per cubic feet of consumption.

6. Enterprise Fund Revenues

The City's two business-type activities, the Power Utility Fund and Solid Waste Fund recognize revenues when earned. The City operates a hydro-electric and electric generation facility powered by methane gas to produce electricity which is used within the City and sold to users based on a rate per kWh. In addition, the City owns a landfill for which it charges residents and commercial users' fees for disposal of solid waste.

E. Cash and Cash Equivalents

For purposes of reporting cash flow, cash equivalents are defined as short-term investments with original maturities of three months or less. The Statement of Cash Flows - Proprietary Funds, presented on page 22, uses the direct method of reporting cash flows.

F. Receivables

Receivables are stated net of the estimated allowance for uncollectible amounts. Amounts due from State and Federal governments represent amounts owed to the City to reimburse it for expenditures incurred pursuant to state and federal grant programs. Other receivables represent amounts owed to the City, which include sewer rents, water rents, and assessments. The City also reports rehabilitation loans receivable, net of an allowance for uncollectible amounts of \$360,000.

G. Investments

Investments are stated at fair value.

H. Capital Assets

All capital assets are valued at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of the assets. Governmental capital assets purchased or acquired with an original cost of at least \$500 and having a useful life of greater than one year are capitalized.

**CITY OF AUBURN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

H. Capital Assets (continued)

The estimated useful lives for governmental capital assets are as follows:

Buildings	40 years
Improvements	20-50 years
Machinery and equipment	4-13 years
Infrastructure	12-40 years

Capital assets of business-type activities are depreciated over the following useful lives:

Buildings	20-50 years
Improvements	20-50 years
Machinery	5-20 years
Infrastructure	12-40 years

No interest on construction in progress has been capitalized.

I. Intangible Assets

Intangible assets subject to amortization include legal and engineering fees relating to the electric co-generation facility further described in Note 19. The intangible assets also include the amount advanced to buy-down the kWh rate required to be paid by the City to purchase electricity.

J. Insurance and Risk Management

The City maintains insurance coverage for most risk including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. No settlements exceeded insurance coverage in any of the past three years.

K. Compensatory Absences

Full-time, permanent employees are granted vacation and sick leave benefits and earn compensatory absences in varying amounts to specified maximums, depending on tenure with the City. Except in the event of retirement or termination, an employee is paid for these benefits as used. These benefits are budgeted annually as part of salary or overtime, and are accounted for on a pay-as-you-go basis. In the event of retirement or termination, an employee is entitled to payment for accumulated vacation and compensatory time not used. Generally, vacations must be taken in the calendar year following the calendar year in which they were earned. In limited circumstances, vacation may be carried over to the next calendar year. An employee is only entitled to payment of accumulated sick time, if the reason for leaving the City's employment is due to a continuing illness or injury. The City accounts for all earned but unused time in the government-wide statements under governmental activities.

**CITY OF AUBURN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

L. Other Postemployment Benefits

In addition to pension benefits described in Note 8, the City provides postemployment benefits for health insurance, dental insurance, and disability income to eligible retirees, terminated employees, and their dependents. The benefits are provided in accordance with City ordinances, collective bargaining agreements, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) and New York State General Municipal Law (GML Section 207(a)). The criterion to determine eligibility includes: years of service, employee age, and disability due to line of duty.

The City funds the benefits on a pay-as-you-go basis. Eligible employees are required to pay set premiums for a portion of the cost, with the City subsidizing the remaining costs. During the year, costs (net of participant contributions) of \$1,030,733 were incurred for post-retirement health care benefits for 222 participants currently eligible. An additional \$34,896 was paid to two eligible, retired firefighters under GML Section 207(a).

M. Equity Classifications

Government-wide Statements

Equity is classified as net assets and displayed in three components:

Invested in Capital Assets, Net of Related Debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets - Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

Unrestricted Net Assets - Consists of all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements. The governmental funds report the following reserves:

Reserve for Encumbrances - The Reserve for Encumbrances represents the amount of outstanding encumbrances at the end of the fiscal year and is utilized by any of the governmental funds, as needed.

Capital Reserve - The Capital Reserve includes reserve funds for the financing of all or part of the cost of: a) the construction, reconstruction, or acquisition of a specific capital improvement or the acquisition of a specific item or specific items of equipment, and b) the construction, reconstruction or

**CITY OF AUBURN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

Fund Statements (continued)

acquisition of a type of capital improvement or the acquisition of a type of equipment. There are capital reserves set up in both the Water and Sewer Funds.

Repair Reserve - The Repair Reserve is included as a part of the capital reserve to fund repairs of capital improvements or equipment, which are of a type not recurring annually or at shorter intervals, and is reported in the Sewer Fund.

Non-current Notes Receivable Reserve - The Non-current Notes Receivable Reserve, reported in the Special Grant Fund, represents the noncurrent portion of Community Development Fund notes receivable.

Other Purposes - Other Purposes are reserves for various purposes aggregated and reported in the General and Permanent Funds.

N. Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental and proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

O. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, it is the City's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements.

Certain assets are classified on the balance sheet as restricted because their use is limited. The proceeds of bond and note sales can only be used for the stated purpose of the borrowing. Property taxes collected for debt service payments are legally restricted for that purpose. Community Development Block Grant Funds must be used only for approved programs. Cemetery perpetual care funds cannot be expended. However, the interest earnings can be spent for cemetery maintenance functions. It is the City's policy to spend the interest earnings each fiscal year.

P. Permanent Fund Endowment

The Permanent Fund consists of a gift from a donor with the stipulation that the principal amount be held in perpetuity and investment earnings used for cemetery maintenance. The principal is invested in a time deposit and earnings are expended for maintenance. There are no investment gains or losses.

In accordance with the City's policy and relevant laws of New York State, actual investment earnings have been distributed during the year and the certificate has been renewed at the original principal amount.

**CITY OF AUBURN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

Q. Changes in Accounting Standards

GASB has issued Statement 52, *Land and Other Real Estate Held as Investment by Endowments*, which establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. The City currently holds no land or other real estate as an investment and therefore is not required to adopt the statement.

GASB has issued Statement 53, *Accounting and Financial Reporting for Derivative Instruments*, which addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The City currently holds no derivative instruments and thus is not required to adopt the statement.

GASB has issued Statement 51, *Accounting and Reporting for Intangible Assets*, which improves financial reporting by reducing inconsistencies that have developed in accounting and financial reporting for intangible assets. The City is currently studying the statement and plans on adoption if and when required, which will be for the June 30, 2011 financial statements.

GASB has issued Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The City is currently studying the statement and plans on adoption if and when required, which will be for the June 30, 2011 financial statements.

GASB has issued Statement 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. This Statement establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements of this Statement are effective for financial statements for the periods beginning after June 15, 2009, the City has evaluated the statement and has determined it is not applicable.

Note 2 - Deposits and Investments

The City's investment policies are governed by State statutes. In addition, the City has its own written investment policy. The State statutes and the City's investment policies as described below are promulgated to control the credit risk of cash deposits and investments.

City monies must be deposited in FDIC (Federal Deposit Insurance Corporation) - insured commercial banks or trust companies located within the State. The Comptroller is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral (security) is required for demand and time deposits and certificates of deposit at 100 percent of all deposits not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

**CITY OF AUBURN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

Note 2 - Deposits and Investments (continued)

The written investment policy requires that repurchase agreements be purchased from banks located within the State and that underlying securities must be obligations of the Federal government. Underlying securities must have a market value of at least 100 percent of the cost of the repurchase agreement.

Interest rate risk is the risk that in accordance with its investment policy, the City manages its exposures to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than six months.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. While the City does not have a specific policy for custodial credit risk, the State statutes govern the City's investment policies, as discussed previously in these notes. Governmental Accounting Standards Board Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent.

The City's aggregate deposits of \$28,609,619 are either insured through the Federal Deposit Insurance Corporation (FDIC) or are collateralized with securities held by the pledging financial institution. The FDIC insurance covers all deposit accounts, including checking and savings accounts up to \$250,000 per official custodian. The City's deposits subject to FDIC insurance totals \$509,707 while \$28,099,912 is uninsured but is collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. The aggregate deposits for the discretely presented component unit, Auburn Industrial Development Authority at December 31, 2009, of \$113,933 and for the discretely presented component unit, Auburn Housing Authority at March 31, 2010 of \$1,014,009 are either insured or collateralized with securities held by the pledging financial institution.

CITY OF AUBURN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

Note 3 - Restricted Cash

Restricted cash and cash equivalents, reported on the government-wide and fund financial statements, consists of \$5,613,561 of unspent debt proceeds to be used for the acquisition, construction, or renovation of capital assets and \$751,718 of cash and cash equivalents which is required collateral for the City's health insurance policy. As of June 30, 2010, restricted cash and cash equivalents consisted of:

Governmental activities

General government	\$ 40,869
Public safety	883
Transportation	4,172,653
Home and community services	268,535
Total governmental activities	<u>\$ 4,482,940</u>

Business-type activities

Power utility fund	\$ 557,962
Solid waste	<u>572,658</u>
Total business-type activities	<u>\$ 1,130,620</u>

Auburn Housing Authority's restricted cash and investments are comprised of savings accounts and US Treasury Bills as follows:

	Federal Low Rent	DHCR	Section 8
HAP Reserve	\$ -	\$ -	\$ 14,684
State reserves - investments	-	1,014,331	-
Security deposits	<u>14,321</u>	<u>76,587</u>	<u>-</u>
Total	<u>\$ 14,321</u>	<u>\$ 1,090,918</u>	<u>\$ 14,684</u>

The Authority has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

CITY OF AUBURN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

Note 4 - Investments

Investments are recorded at fair value. The City's credit policy on investments is to generally invest in insured or registered, or securities held by the City or its agent in the City's name, therefore having minimal custodial credit risk.

The discretely presented component unit, Auburn Industrial Development Authority, includes its short-term investments with cash and cash equivalents. Investments include marketable securities that are stated at fair market value and consist of the following at December 31, 2009:

	Cost	Fair Value	Unrealized Gain (Loss)
Money Funds	\$ (24)	\$ (24)	\$ -
Short-term investment grade bond fund	41,617	37,088	4,529
Total investments	<u>\$ 41,593</u>	<u>\$ 37,064</u>	<u>\$ 4,529</u>

Investments of the discretely presented component unit, Auburn Housing Authority, include investments in United States Treasury Bills, Certificates of Deposit with an original maturity of over three months and its holding with Housing Authority Risk Retention Group. Debt securities consist primarily of obligations of the U.S. Government. The investments are categorized as uninsured and unregistered with securities held by the counterparty in the entity's name or held by the counterparty's trust department (if a bank) or agent, but not in the entity's name.

A summary of investments as of March 31, 2010 follows:

	Cost	Unrealized Gain (Loss)	Market Value
Unrestricted			
Certificates of deposit	\$ 1,123,000	\$ (1,015)	\$ 1,121,985
Investment - housing authority risk retention group	22,201	-	22,201
	<u>1,145,201</u>	<u>(1,015)</u>	<u>1,144,186</u>
Restricted			
United States Treasury Bills	<u>1,014,009</u>	<u>322</u>	<u>1,014,331</u>
Total investments	<u>\$ 2,159,210</u>	<u>\$ (693)</u>	<u>\$ 2,158,517</u>

**CITY OF AUBURN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

Note 5 - Other Receivables

Major Governmental Funds:

General Fund:

Accounts receivable	\$ 1,801,713
Allowance for accounts receivable	<u>(1,713,604)</u>
	<u>88,109</u>

Special Reserve Funds:

Sewer Fund:

Sewer rents receivable	1,381,500
Accounts receivable	<u>109,955</u>
	<u>1,491,455</u>

Capital Projects Funds:

Capital Projects Transportation Fund:

Sidewalk assessments	<u>407,223</u>
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Non-major Governmental Funds:

Capital Projects Fund:

Water and sewer laterals	150,230
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Water Fund:

Water rents receivable	<u>684,114</u>
	<u>834,344</u>

Total Governmental Funds

\$ 2,821,131

Enterprise Funds

Power Utility Fund

Accounts receivable	<u>\$ 144,847</u>
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Solid Waste Fund

Accounts receivable	382,515
Allowance for uncollectible receivables	(43,300)
Accrued interest receivable	<u>-</u>

Total Enterprise Funds

\$ 484,062

**CITY OF AUBURN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

Note 6 - Property Taxes

At June 30, 2010, the total real property tax receivable of \$3,239,080 is offset by an allowance for uncollectible taxes of \$502,609. The remaining portion of taxes receivable is offset by unearned tax revenue of approximately \$2,540,000 in the fund financial statements and represents an estimate of the tax liens which will not be collected within the first sixty days of the subsequent year.

The 2009 real property tax levy for City purposes totaled \$10,731,182. The City is permitted by the constitution of New York State to levy taxes up to 2% of the five year average for assessed valuation for general governmental services other than the payment of debt service and capital expenditures. The constitutional tax limit of the City of Auburn, New York for the fiscal year ended June 30, 2010 was \$19,426,311 leaving a margin of \$8,530,087.

Note 7 - Capital Assets

A summary of changes in capital assets at June 30, 2010 follows:

<u>Governmental Activities:</u>	<u>6/30/2009</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass- ifications</u>	<u>06/30/10</u>
Non-depreciable capital assets					
Land	\$ 4,225,295	\$ 20,700	\$ -	\$ -	\$ 4,245,995
Construction in progress	8,159,000	2,102,000	-	(425,000)	9,836,000
Total non-depreciable capital assets	<u>12,384,295</u>	<u>2,122,700</u>	<u>-</u>	<u>(425,000)</u>	<u>14,081,995</u>
Depreciable capital assets					
Buildings	28,128,587	186,962	(57,032)	-	28,258,517
Improvements	8,767,412	170,363	-	-	8,937,775
Machinery and equipment	33,976,115	709,334	(460,193)	-	34,225,256
Infrastructure	76,426,247	59,916	-	17,000	76,503,163
Total depreciable capital assets	<u>147,298,361</u>	<u>1,126,575</u>	<u>(517,225)</u>	<u>17,000</u>	<u>147,924,711</u>
Total historical cost	<u>159,682,656</u>	<u>3,249,275</u>	<u>(517,225)</u>	<u>(408,000)</u>	<u>162,006,706</u>
Less accumulated depreciation					
Buildings	(7,741,828)	(644,404)	21,265	-	(8,364,967)
Improvements	(3,111,041)	(175,712)	-	-	(3,286,753)
Machinery and equipment	(19,531,868)	(1,557,548)	200,392	-	(20,889,024)
Infrastructure	(26,022,521)	(2,119,692)	-	-	(28,142,213)
Total accumulated depreciation	<u>(56,407,258)</u>	<u>(4,497,356)</u>	<u>221,657</u>	<u>-</u>	<u>(60,682,957)</u>
Governmental Activities Capital Assets, net	<u>\$ 103,275,398</u>	<u>\$ (1,248,081)</u>	<u>\$ (295,568)</u>	<u>\$ (408,000)</u>	<u>\$ 101,323,749</u>

CITY OF AUBURN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

<u>Business-type Activities</u>	<u>6/30/2009</u>	<u>Additions</u>	<u>Disposals</u>	<u>6/30/2010</u>
Non-depreciable capital assets				
Land	\$ 420,187	\$ -	\$ -	\$ 420,187
Construction in progress	-	-	-	-
Total non-depreciable capital assets	<u>420,187</u>	<u>-</u>	<u>-</u>	<u>420,187</u>
Depreciable capital assets				
Buildings	802,278	-	-	802,278
Improvements	21,837,833	432,154	-	22,269,987
Machinery and equipment	4,067,562	74,653	(99,378)	4,042,837
Infrastructure	4,470	-	-	4,470
Total depreciable capital assets	<u>26,712,143</u>	<u>506,807</u>	<u>(99,378)</u>	<u>27,119,572</u>
Total historical cost	<u>27,132,330</u>	<u>506,807</u>	<u>(99,378)</u>	<u>27,539,759</u>
Less accumulated depreciation				
Buildings	(152,087)	(15,563)	-	(167,650)
Improvements	(14,469,150)	(764,071)	-	(15,233,221)
Machinery and equipment	(1,449,952)	(194,815)	8,400	(1,636,367)
Infrastructure	(99)	(102)	-	(201)
Total accumulated depreciation	<u>(16,071,288)</u>	<u>(974,551)</u>	<u>8,400</u>	<u>(17,037,439)</u>
Business-type Activities, net	<u>\$ 11,061,042</u>	<u>\$ (467,744)</u>	<u>\$ (90,978)</u>	<u>\$ 10,502,320</u>

Depreciation expense was charged to functions as follows:

Governmental activities	
General governmental support	\$ 132,313
Public safety	570,280
Transportation	1,404,402
Culture and recreation	176,303
Home and community services	<u>2,214,058</u>
Total governmental activities depreciation expense	<u>\$ 4,497,356</u>
Business-type activities	
Power utility	\$ 75,951
Solid waste	<u>898,600</u>
Total business-type activities depreciation expense	<u>\$ 974,551</u>

**CITY OF AUBURN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

Note 8 - Pension Plans

Plan Descriptions

The City of Auburn, New York participates in the New York State and Local Employees' Retirement System (ERS), the New York State and Local Police and Fire Retirement System (PFRS), and the Public Employees' Group Life Insurance Plan (the "Systems"). These are cost sharing multiple-employer retirement systems.

The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers, and employees to contribute, and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as a sole trustee and administrative head of the Systems.

The Comptroller shall adopt and may amend rules and regulations for the administration and business transactions of the Systems, and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244.

Funding Policies

The Systems are noncontributory, except for employees who joined the New York State and Local Employee's Retirement System after July 27, 1976, who contribute 3% of their salary. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of the payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

In July 2000, Article 19 was added to the Retirement and Social Security Law, which provides benefit enhancement for non-state employees. Members enrolled in Tier 1 and 2 will receive an additional month of service for each year of credited service, up to a maximum of 24 months. Tier 3 and 4 members will no longer contribute 3% of their salary when they have been a member of the System for at least ten years or have ten or more years credited service.

The City is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2010	\$ 591,907	\$ 1,508,456
2009	542,701	1,560,122
2008	617,004	1,445,426

The City's contributions made to the Systems were equal to 100% of the contributions required for each year.

**CITY OF AUBURN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

On May 14, 2003, Chapter 49 of the Laws of 2003 of the State of New York was enacted which made the following changes to the Systems:

- Requires minimum contributions by employers of 4.5% of payroll every year, including years in which the investment performance would make a lower contribution possible.
- Changes the cycle of annual billing such that the contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1st (e.g. billings due February 2008 would be based on the pension value as of March 31, 2007).
- Allows one-time financing of State fiscal year 2004-2005 pension cost by permitting local governments to bond, over five years, any required contribution in excess of 7% of estimated salaries or to amortize required contributions in excess of 7% over a five year period. [Superseded by Chapter 260 of the Laws of 2004. See below.]

On July 30, 2004, Chapter 260 of the Laws of 2004 of the State of New York was enacted that allows local employers to bond or amortize a portion of their retirement bill for up to ten years in accordance with the following schedule:

- For State fiscal year (SFY) 2004-05, the amount in excess of 7% of employees' covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the bonding/amortization was instituted.
- For SFY 2005-06, the amount in excess of 9.5% of employees' covered pensionable salaries.
- For SFY 2006-07, the amount in excess of 10.5% of employees' covered pensionable salaries.

This law requires participating employers to make payments on a current basis, while bonding or amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 2005 through 2007. The City has opted to amortize \$1,118,541 of payments over ten years. As of June 30, 2010 the unamortized portion is \$627,151, with an expected amortization of \$113,499 in fiscal year 2011.

Note 9 - Short-term Debt

a. Bond Anticipation Notes Payable - Bond Anticipation Notes (BANs) issued in anticipation of proceeds from the subsequent sale of bonds are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of the bonds. Such notes may be classified as long-term debt when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that Bond Anticipation Notes issued for capital purposes be converted to long-term financing within five years after the original issue date. The City issues Bond Anticipation Notes to finance capital improvements.

At June 30, 2010, the City had outstanding BANs of \$14,470,100 which were issued in June 2010 at an interest rate of 1.50%, due June 2011.

CITY OF AUBURN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

Note 9 - Short-term Debt (continued)

	<u>6/30/2009</u>	<u>New Issues/ Additions</u>	<u>Maturities/ Payments</u>	<u>6/30/2010</u>
<u>Governmental Activities</u>				
6,055,943 GF 251,357 SF 196,800 WFF <u>6,504,100 Total</u>				
Capital project funds				
general obligations	\$ 5,519,500	6,504,100	5,519,500	\$ 6,504,100
Total governmental activities				
bond anticipation notes	5,519,500	6,504,100	5,519,500	6,504,100
<u>Business-type Activities</u>				
Power utility fund	-	1,200,000	-	1,200,000
Solid waste fund	6,933,000	6,766,000	6,933,000	6,766,000
Total business-type activities				
bond anticipation notes	6,933,000	7,966,000	6,933,000	7,966,000
Total bond anticipation notes	\$ 12,452,500	14,470,100	12,452,500	\$ 14,470,100

b. Short-term Debt Interest - Interest on BANs in the governmental activities and business-type activities totaled \$82,274 and \$103,995, respectively, for the year ended June 30, 2010.

Note 10 - Lease Commitments

Capital Leases

A summary of changes in capital lease obligations of Governmental Activities follows:

	<u>6/30/2009</u>	<u>Additions</u>	<u>Payments</u>	<u>6/30/2010</u>
<u>Governmental Activities:</u>				
Fire truck	\$ 280,935	\$ -	\$ 65,961	\$ 214,974
Fire truck	222,676	-	52,282	170,394
Fire truck	670,147	-	39,800	630,347
Utility trucks	145,758	-	46,714	99,044
Network equipment	16,191	-	14,946	1,245
Computers	41,739	-	20,543	21,196
Total Governmental Activities	\$ 1,377,446	\$ -	\$ 240,246	\$ 1,137,200

CITY OF AUBURN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

The present value of capital leases are:

Year Ending June 30,	
2011	263,516
2012	247,768
2013	199,830
2014	65,976
2015	65,893
2016-2020	328,096
2021-2025	130,526
	<u>1,301,605</u>
Less: Amount representing interest	<u>164,405</u>
Present value of future minimum lease payments	<u>\$ 1,137,200</u>
Cost of equipment	<u>\$ 1,828,065</u>

These leases are payable from the General, Water, and Sewer Funds. Items under capital leases are recorded as equipment.

Operating Leases

The City leases various vehicles under non-cancelable operating leases, which are not material to the City.

Note 11 - Long-term Debt

At June 30, 2010, the total outstanding indebtedness (bonds, BANs, notes, and leases payable) of the City aggregated \$58,350,893. Of this amount, \$27,942,909 was subject to the constitutional debt limit and represented approximately 48% of its debt limit.

Serial Bonds

The City borrows money in order to acquire land or equipment, or construct buildings and make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are given on the full faith and credit of the local government, are recorded in the government-wide financial statements and the enterprise funds. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others, for liquidation of the long-term liabilities. Serial bond liability is liquidated through the City's General, Power Utility, Solid Waste, Water, and Sewer Funds.

**CITY OF AUBURN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

Note 11 - Long-term Debt (continued)

Refunding

On July 29, 1999, the City issued \$2,111,621 in Series 1999-B serial bonds, through the Environmental Facilities Corporation (EFC), with an annual interest rate of 4.96%, with 50% interest subsidy from EFC, to refund \$1,985,000 of outstanding serial bonds, Series 1996-C, with an annual interest rate of 4.85%. Underwriting fees and other issuance costs were \$149,402. The net proceeds were deposited in a refunding escrow account, and are used to make debt service payments on the refunded bonds. Both the old and new debt continues to be reported on the financial statements. These bonds were once again refunded on June 24, 2010 with an interest rate of ranging between .872% and .972% with a 50% interest subsidy and a savings of \$6,217 in interest costs. The bonds are due April 15, 2012.

Compensated Absences

Represents the value of the earned and unused portion of the liability for employee compensated absences. The City's General, Water, Sewer, and Solid Waste Funds liquidate this liability.

Claims and Judgments

Represents the estimated liability for claims for workers' compensation that have been incurred but not reported. The City's General Fund liquidates this liability. See Note 14 for more information concerning this liability.

Self Insurance Liability

Represents the City's estimated liability for claims for property, casualty and professional liability. The City's General Fund liquidates this liability. See Note 14 for more information concerning this liability.

HUD Section 108 Note

The City has taken advantage of an advance under a Variable Fixed Rate Note guaranteed pursuant to Section 108 of the Housing and Community Development Act of 1974. The Special Grant Fund liquidates this liability.

Due to Employees' Retirement System

Represents the portion of the liability to the various state retirement systems. The City's General, Solid Waste, Water, and Sewer Funds liquidate this liability.

**CITY OF AUBURN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

Changes in Indebtedness

A summary of changes in the City's indebtedness is as follows:

	6/30/2009	New Issues/ Additions	Maturities/ Payments	6/30/2010	Amount Due Within One Year
Governmental Activities:					
General Obligation Bonds:					
General Fund	\$ 14,592,563	\$ -	\$ 1,717,593	\$ 12,874,970	\$ 1,716,395
Sewer Fund	30,956,912	-	1,825,515	29,131,397	1,824,241
Water Fund	3,333,349	-	198,834	3,134,515	198,694
Total General Obligation Bonds	48,882,824	-	3,741,942	45,140,882	3,739,330
Notes Payable:					
HUD Section 108 Note	1,209,000	-	110,000	1,099,000	110,000
Other Long-term Liabilities:					
Due to employees					
retirement systems	735,245	-	108,094	627,151	119,173
Lease obligations payable	1,377,446	-	240,246	1,137,200	241,912
Judgments and claims payable	263,092	96,942	108,260	251,774	251,774
Compensated absences	1,833,587	1,868,185	1,833,587	1,868,185	1,868,185
Self insurance liability	102,513	187,182	194,447	95,248	95,248
Total Other Long-term Liabilities	4,311,883	2,152,309	2,484,634	3,979,558	2,576,292
Total Indebtedness -					
Governmental Activities	<u>\$ 54,403,707</u>	<u>\$ 2,152,309</u>	<u>\$ 6,336,576</u>	<u>\$ 50,219,440</u>	<u>\$ 6,425,622</u>
Business-type Activities:					
General Obligation Bonds:					
Solid Waste Fund	\$ 3,677,000	\$ -	\$ 647,000	\$ 3,030,000	\$ 662,000
Power Utility Fund	710,600	-	49,800	660,800	49,800
Total General Obligation Bonds	4,387,600	-	696,800	3,690,800	711,800
Other Long-term Liabilities:					
Landfill post closure liability	6,012,769	1,283,681	2,336,740	4,959,710	243,000
Total Other Long-term Liabilities	6,012,769	1,283,681	2,336,740	4,959,710	243,000
Total Indebtedness -					
Business-type Activities	<u>\$ 10,400,369</u>	<u>\$ 1,283,681</u>	<u>\$ 3,033,540</u>	<u>\$ 8,650,510</u>	<u>\$ 954,800</u>

**CITY OF AUBURN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

Note 11 - Long-term Debt (continued)

Debt Maturity Schedules

The following is a summary of bonds outstanding at June 30, 2010 with corresponding maturity schedules:

<u>Bonds Payable</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest</u>	<u>Balance</u>
Public Improvement	02/27/96	06/15/12	4.0%-5.125%	\$ 430,664
Public Improvement	02/27/96	06/15/12	6.625%-7.250%	195,000
Public Improvement	11/01/96	11/01/11	4.800%-5.000%	285,000
Public Improvement	06/16/00	06/15/15	5.375%-5.500%	1,040,000
Water Pollution	07/01/99	11/01/18	0.00%	3,670,000
Public Improvement	03/15/01	03/01/22	0.00%	134,072
Public Improvement	04/12/01	03/01/17	0.00%	270,942
Sewer Refunding	06/20/02	05/15/24	1.414%-1.941%	23,190,000
Sewer Refunding	06/20/02	11/15/24	1.326%-1.632%	710,000
NYS EFC	03/13/03	04/15/17	.801%-2.137%	855,000
Public Improvement	06/01/03	06/01/23	3.25%-4.125%	3,765,000
NYS EFC	07/24/03	01/15/24	.721%-3.338%	1,380,000
NYS EFC	07/24/03	01/15/24	.790%-4.500%	1,845,000
Public Improvement	06/01/06	06/01/26	4.125%-4.200%	3,635,000
Public Improvement	06/01/08	06/01/22	1.990%-2.570%	3,140,000
NYPA Energy Conservation	03/01/09	03/01/29	1.92%	3,941,004
Landfill	6/24/2010	4/15/2012	3.09%	345,000
Total Bonds				<u>\$ 48,831,682</u>

The following table summarizes the City's future debt service requirements for bonds for June 30,

Years Ending	Governmental Activities			Business-type Activities		
	Principal	Interest	Subsidy	Principal	Interest	Subsidy
2011	\$ 3,739,330	\$ 1,637,308	\$ 592,897	\$ 711,800	\$ 96,303	\$ 25,190
2012	3,792,049	1,541,264	553,899	716,800	74,217	18,311
2013	3,416,117	1,168,609	507,564	552,800	58,548	13,589
2014	3,428,713	1,068,520	472,824	554,800	48,687	10,980
2015	3,418,379	967,202	434,000	214,800	37,960	8,371
2016-2020	15,911,688	3,357,609	1,590,275	711,000	108,311	8,480
2021-2025	10,511,021	1,047,097	490,821	228,800	17,205	-
2026-2030	923,585	24,995	-	-	-	-
Total	<u>\$ 45,140,882</u>	<u>\$ 10,812,604</u>	<u>\$ 4,642,280</u>	<u>\$ 3,690,800</u>	<u>\$ 441,231</u>	<u>\$ 84,921</u>

Interest paid on the Serial Bonds varies from year to year, in accordance with the interest rates specified in the bond agreements. The interest subsidy column reflects 50% of the amount of interest the City is required to pay on various bonds, which is subsidized by the NYS Environmental Facilities Corporation, a public benefit corporation within the State.

CITY OF AUBURN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

The following table summarizes the City's future debt service requirements for notes for June 30:

Years Ending	Governmental Activities		
	Principal	Interest	Total
2011	\$ 120,000	\$ 41,970	\$ 161,970
2012	130,000	37,868	167,868
2013	140,000	32,958	172,958
2014	150,000	20,972	170,972
2015	160,000	13,979	173,979
2016-2020	399,000	7,384	406,384
Total	<u>\$ 1,099,000</u>	<u>\$ 155,131</u>	<u>\$ 1,254,131</u>

Interest paid on notes varies from year to year, in accordance with the interest rates specified in the note agreements.

For the year ended June 30, 2010, the City of Auburn, New York recognized interest expense from long-term debt of \$1,815,738 for governmental activities and \$192,405 for business-type activities.

Note 12 - Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers of resources primarily to provide services. The governmental funds financial statements generally reflect such transactions as transfers whereas the proprietary funds record such transactions as non-operating revenues or expenses. The City generally maintains its cash in few accounts, whereby the City pools its cash to provide both cash flow and interest income maximization across the City as a whole.

The City also loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

	Interfund Receivables	Interfund Payables	Interfund Transfers In	Interfund Transfers Out
Governmental Funds:				
General Fund	\$ 820,987	\$ 235,427	\$ 2,323,293	\$ 5,000
Sewer Fund	431,708	203,144	-	1,040,000
Special Grant Fund	-	44,732	-	-
Transportation Capital Project	777,308	1,277	-	16,566
Non-Major Governmental Funds	7,708	465,903	60,000	800,426
Total Governmental Funds	<u>2,037,711</u>	<u>950,483</u>	<u>2,383,293</u>	<u>1,861,992</u>
Enterprise Funds:				
Power Utility Fund	82,952	1,305,009	-	-
Solid Waste Fund	235,377	100,548	-	521,301
Total Enterprise Funds	<u>318,329</u>	<u>1,405,557</u>	<u>-</u>	<u>521,301</u>
Total	<u>\$ 2,356,040</u>	<u>\$ 2,356,040</u>	<u>\$ 2,383,293</u>	<u>\$ 2,383,293</u>

CITY OF AUBURN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

Note 13 - Other Postemployment Benefits

The City provides post employment (health insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit coverage is a self-funded medical and prescription drug plan for retirees. The benefit levels, employee contributions and employer contributions are governed by the City's contractual agreements.

The City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, in the fiscal year ended June 30, 2009. This required the City to calculate and record a net other postemployment benefit obligation at year-end. The net other postemployment benefit obligation is the cumulative difference between the actuarially required contribution and the actual contributions made.

The City recognizes the cost of providing health insurance annually as expenditures in the General Fund of the funds financial statements as payments are made. For the year ended June 30, 2010 the City recognized approximately \$1,031,000 for its share of insurance costs for currently enrolled retirees. The City's plan is a single-employer postemployment benefit plan. There is not a separate, audited GAAP postemployment benefit plan report.

The City has obtained an actuarial valuation report as of June 30, 2010 which indicates that the liability for other postemployment benefits is \$3,466,718, which is reflected in the Statement of Net Assets.

Annual OPEB Cost and Net OPEB Obligation: The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution(ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the plan:

	<u>June 30, 2010</u>
Annual required contribution	\$ 3,017,865
Interest on net OPEB obligation	88,674
Adjustment to annual required contribution	<u>(78,553)</u>
Annual OPEB cost	3,027,986
Contributions made	<u>(1,334,755)</u>
Increase in net OPEB obligation	1,693,231
Net OPEB obligation - beginning of year	<u>1,773,487</u>
Net OPEB obligation - end year	<u><u>\$ 3,466,718</u></u>

**CITY OF AUBURN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal 2010 are as follows:

<u>Fiscal year ended</u>	<u>Annual OPEB Cost</u>	<u>Contributions</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$3,027,986	\$1,334,755	44.1%	\$3,466,718
June 30, 2009	\$3,188,901	\$1,415,414	44.4%	\$1,773,487

Funded Status and Funding Progress: As of June 30, 2010, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$43,394,357, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$43,394,357. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$12.5 million, and the ratio of the UAAL to the covered payroll was approximately 347%. 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. GASB Statement No. 45 requires a supplementary schedule of funding progress which presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The City has not begun to fund the liability which is not required by GASB Statement No. 45. In addition, New York State has not yet set up a trust fund to allow for funding. Disclosure of the liability is required.

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.

In the June 30, 2010, actuarial valuation, the Entry Age Normal Method was used. The actuarial assumptions included a 0% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9% for medical reduced by decrements to an ultimate rate of 5% after 30 years. Both rates included a 3% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open group basis. The remaining amortization period at June 30, 2010, was 30 years.

**CITY OF AUBURN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

Note 14 - Self Insurance and Contingent Liabilities

Workers' Compensation and Professional Liability Claims

The City's policy is to record expenditures for workers' compensation claims in the governmental fund from which they are paid. During the current year, the City has accrued \$95,248 of workers' compensation claims in long-term liabilities are expected be become due within one year.

Judgments and Claims

The City is presently a defendant in a number of lawsuits. As of June 30, 2010, the City has estimated a liability for judgments and claims of \$251,774. The City has accrued \$249,707 in claims and \$2,067 for pending certiorari claims, which is included in property, casualty and professional liability. In the past three years, no settlements exceeded insurance coverage, all claims are expected be become due within one year.

The schedule below presents the changes in claims liabilities for the past two years for the property, casualty, professional liability, and police and fire workers' compensation:

	Property, Casualty and Professional Liability		Police and Fire Workers' Compensation	
	2010	2009	2010	2009
Unpaid claims and claim adjustment expenses at beginning of fiscal year	\$263,092	\$399,851	\$102,513	\$162,000
Incurred claims and claim adjustment and adjustment expenses:				
Provision for insured events of the current fiscal year	96,942	449,745	60,000	60,000
Changes in provision for insured events of prior fiscal years	(27,751)	(166,512)	127,182	37,274
Total incurred claims and claim adjustment expenses	332,283	683,084	289,695	259,274
Payments:				
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	16,433	10,529	131,155	130,526
Claims and claim adjustment expenses attributable to insured events of the prior fiscal years	64,076	409,463	63,292	26,235
Total payments	80,509	419,992	194,447	156,761
Total unpaid claims and claim adjustment expenses at end of fiscal year	\$251,774	\$263,092	\$ 95,248	\$102,513

**CITY OF AUBURN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

Note 15 - Landfills - Closure and Post Closure Care Costs

State and Federal laws and regulations require the City to place a final cover on its landfill sites when they stop accepting waste, and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. In accordance with these regulations, the City had previously adopted Governmental Accounting Standards No. 18, "Accounting for Municipal Solid Waste Landfill Closure and Post Closure Care Costs."

Although closure and post closure care cost will be paid near or after the date the landfill stops accepting waste, the City reports a portion of these closure and post closure care costs as an operation expense in each period based on landfill capacity used.

The \$5.0 million reported as landfill closure and post closure care liability at June 30, 2010 represents approximately \$1.4 million anticipated closing costs and \$2.4 million post closure costs and \$1.2 million of post closure care monitoring for landfill site #1, which was closed September, 1992.

The \$3.8 million of the total anticipated closing costs for landfill site #2 is based on 74% usage (billed) for landfill site #2 as the estimated capacity is filled. Actual cost may be different due to inflation, changes in technology, or changes in regulations. Post closure monitoring care costs remaining to be recognized are estimated to be \$1,417,500. Estimated closure costs remaining to be recognized are \$2,037,892.

The anticipated remaining life of landfill #2, including cell 4, is about eight years, based on maximum permitted tonnage of 96,000 tons per year, which is currently being utilized.

The unfunded liability for post closure costs is accounted for on an annual basis by appropriation of the necessary funds in the City operating budget. There is a resulting reduction in the amount of the unfunded liability with each year's budget appropriation.

Closure costs for cells 1, 2, 3 and 4 of landfill site #2 will be met primarily with the issuance of bonds and available cash reserves at the time of closure. The City has obtained the certification required for compliance with the Financial Assurance Requirements for Local Government Owners/Operators of Municipal Solid Waste Landfills.

Note 16 - Deferred Compensation

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan is administered by Public Employees Benefit Services Corporation (PEBSO). The City had adopted the changes to its deferred compensation plan that bring the Plan in compliance with the requirements of subsection (G) of IRS section 457 and GASB Statement No. 32.

The Plan is available to all full-time and permanent part-time City employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement or death, or unforeseeable emergency.

The City and Nationwide Trust Company, FSB, entered into a trust agreement on November 17, 1999. The City adopted a model plan, which requires all amounts of deferred compensation be held in trust for the exclusive benefit of its participants and their beneficiaries. The City has designated Nationwide Trust Company, FSB, as trustee in accordance with the New York State Deferred Compensation Board Rules

**CITY OF AUBURN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

Note 16 - Deferred Compensation (continued)

and Regulations, as set forth at Part 9000 to Part 9006 of Subtitle II Title 9 NYCRR (the "Regulations" as published in the State Register on July 1, 1999, with an effective date of October 1, 1999) and Section 457 (g) of the Internal Revenue Code of 1986, as amended (the "Code") to hold these group annuity contracts under the City of Auburn's Model Plan for the exclusive benefit of participants and their beneficiaries.

At no time will any part of the corpus or income of the Trust Fund be used or delivered for purposes other than for the exclusive benefit of employees and their beneficiaries. The Trust Fund cannot revert to the State or City until all plan benefits have been paid to participants or beneficiaries.

Note 17 - Stewardship, Compliance and Accountability – Deficit Fund Balances

While neither the Capital Projects Fund-Transportation Fund (a major fund), nor the aggregate non-major Capital Projects Funds have deficit fund balances, two of the City's non-major Capital Projects Funds, the Public Safety Capital Projects Fund and the Home and Community Services Capital Projects Fund, had deficit fund balances of (\$16,997) and (\$292,501), respectively, at June 30, 2010. These deficits are expected to be eliminated when short term financing is converted to long-term obligations.

Note 18 - Contingent Liabilities

Amounts received or receivables from grant agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various other lawsuits. Although the outcome of these suits is not presently determinable, in the opinion of the City's Corporation Counsel, the resolution of these matters will not have a material adverse effect on the financial condition or results of operations.

Note 19 - Commitments

As of June 30, 2010, the City had outstanding contracts with various vendors for the construction of the following capital projects:

	<u>Commitment Amount</u>
General governmental support	\$ 40,000
Transportation	517,615
Home and community	<u>21,336</u>
	<u>\$ 578,951</u>

**CITY OF AUBURN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

As of June 30, 2010, the City has a fifteen year Energy Services Agreement (ESA) to purchase all electricity from CH-Auburn's electric co-generation facility (the facility) at the rate of \$.06 per kilowatt-hour (kWh). The rate of \$.06 per kWh was established in the ESA and required a payment of \$1,900,000 by the City to CH-Auburn to "buy down" the rate to the amount specified in the agreement. The ESA states the facility will produce, and the City will purchase, a minimum of 17,520,000 kWh per year resulting in an annual commitment of approximately \$1,050,000 in electricity purchases by the City through 2024.

The City is also required to provide methane gas produced by the landfills to the CH-Auburn facility which is then converted to electricity. In the event that there is not enough methane produced to generate 17,520,000 kWh per year, the methane must be supplemented with natural gas at the City's cost. During fiscal 2010, approximately \$95,000 of natural gas was purchased to supplement the methane produced by the landfills. Should the landfills produce enough methane to generate over the minimum required kWh per year, the rate to purchase additional electricity over the annual minimum will be reduced as described in the agreement. At the termination of the contract, the City may elect to purchase the co-generation facility at fair market value.

The above rate buy down payment of \$1,900,000 to CH-Auburn has been capitalized as intangible asset and is being amortized over the life of the ESA. Accumulated amortization and amortization expense at June 30, 2010 was \$70,355.

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Required Supplementary Information

CITY OF AUBURN, NEW YORK
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - NON-GAAP BUDGET BASIS

For the year ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Real property taxes	\$ 10,294,900	\$ 10,294,900	\$ 10,297,262	\$ 2,362
Real property tax items	683,000	683,000	749,309	66,309
Nonproperty tax items	8,440,000	8,440,000	8,543,778	103,778
Departmental income	805,500	805,500	797,707	(7,793)
Intergovernmental charges	412,200	412,200	409,890	(2,310)
Use of money and property	237,000	237,000	207,527	(29,473)
Licenses and permits	117,550	117,550	139,798	22,248
Fines and forfeitures	269,800	269,800	254,602	(15,198)
Sale of property and compensation for loss	145,500	160,590	249,330	88,740
Miscellaneous local sources	163,000	241,700	234,326	(7,374)
Interfund revenues	205,000	205,000	168,388	(36,612)
State sources	6,279,801	6,303,272	6,200,943	(102,329)
Federal sources	71,650	369,250	394,411	25,161
Total Revenues	28,124,901	28,539,762	28,647,271	107,509
EXPENDITURES				
Current:				
General governmental support	4,030,062	3,853,550	3,467,777	(385,773)
Public safety	10,878,453	11,639,770	11,175,008	(464,762)
Transportation	2,035,236	2,281,337	2,177,751	(103,586)
Economic assistance and opportunity	55,000	55,000	55,000	-
Culture and recreation	1,550,205	1,609,779	1,547,482	(62,297)
Home and community services	1,131,538	1,467,570	1,769,020	301,450
Employee benefits	8,149,204	7,865,746	6,684,805	(1,180,941)
Debt service - Principal and interest	3,030,503	3,030,503	3,001,008	(29,495)
Total Expenditures	30,860,201	31,803,255	29,877,851	(1,925,404)
Excess of (Expenditures) Revenues	(2,735,300)	(3,263,493)	(1,230,580)	2,032,913
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	3,240,300	3,240,300	2,323,292	(917,008)
Interfund transfers out	(505,000)	(505,000)	(5,000)	500,000
Total Other Financing Sources (Uses)	2,735,300	2,735,300	2,318,292	(417,008)
Excess of Revenues and Other Financing Sources Over (Expenditures) and Other (Uses)	-	(528,193)	1,087,712	\$ 1,615,905
Appropriated Fund Balances	-	(528,193)	-	-
Net Change in Encumbrances	\$ -	\$ -	(29,006)	-
Net Change in Fund Balance	-	-	1,058,706	-
Fund Balances, Beginning of Year	-	-	8,758,997	-
Fund Balances, End of Year	-	-	\$ 9,817,703	-

The notes to the required supplementary information are an integral part of this schedule.

CITY OF AUBURN, NEW YORK
BUDGETARY COMPARISON SCHEDULE
BUDGETED MAJOR SPECIAL REVENUE FUNDS - NON-GAAP BUDGET BASIS

For the year ended June 30, 2010

	Sewer Fund			
	Original Budget	Final Budget	Actual	Variance
REVENUES				
Departmental income	\$ 7,675,000	\$ 7,675,000	\$ 7,762,002	\$ 87,002
Use of money and property	11,000	11,000	10,341	(659)
Sale of property and compensation for loss	-	-	4,997	4,997
Miscellaneous local sources	8,000	8,000	14,152	6,152
Interfund revenues	110,000	110,000	110,000	-
Total Revenues	7,804,000	7,804,000	7,901,492	97,492
EXPENDITURES				
Current:				
General governmental support	106,000	112,475	111,124	(1,351)
Home and community services	3,321,644	3,387,972	3,139,804	(248,168)
Employee benefits	503,318	457,743	442,364	(15,379)
Debt service - Principal and interest	2,773,038	2,765,351	2,690,308	(75,043)
Total Expenditures	6,704,000	6,723,541	6,383,600	(339,941)
Excess of Revenues (Expenditures)	1,100,000	1,080,459	1,517,892	437,433
OTHER FINANCING SOURCES (USES)				
Interfund transfers out	(1,100,000)	(1,100,000)	(1,040,000)	60,000
Total Other Financing (Uses) Sources	(1,100,000)	(1,100,000)	(1,040,000)	60,000
Excess of Revenues and Other Financing Sources Over (Expenditures) and Other (Uses)	-	(19,541)	477,892	\$ (497,433)
Appropriated Reserves	-	19,541	-	
Net Change in Encumbrances			54,703	
Net Change in Fund Balance	\$ -	\$ -	532,595	
Fund Balances, Beginning of Year			2,203,683	
Fund Balances, End of Year			\$ 2,736,278	

The notes to the required supplementary information are an integral part of this schedule.

CITY OF AUBURN, NEW YORK
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010

Note 1 - Budget Basis of Accounting

Except as indicated below, budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. Encumbrances are not considered a disbursement in the financial plan or expenditure in GAAP based financial statements. Encumbrances reserve a portion of the applicable appropriation for purchase orders, contracts, and other commitments not expended at year end, thereby ensuring that appropriations are not exceeded.

1. Annual operating budgets are maintained for the following Governmental Fund Types:

- General Fund
- Special Revenue Funds (Water and Sewer Funds)

The Special Grant Fund (in Special Revenue Funds) and other Governmental Fund types do not have annual budgets, as grant awards and revenues received under other contractual requirements recorded in these funds span more than a single fiscal year.

The City Charter requires that operating budgets be submitted to the Mayor and City Council at least 30 days prior to the beginning of the fiscal year.

2. No later than June 1, the City Manager submits the tentative City budget to the City Council and files it with the City Clerk. Upon filing the tentative City budget, a notice is published in the official newspapers of the City.
3. After the public hearing on the recommended budgets, the Mayor and City Council adopt the final City budget no later than June 20.
4. Annual budgets adopted represent the legal limit on expenditures for that period. At the end of each year unexpended, unencumbered appropriations lapse. Encumbered appropriations do not lapse and are carried forward.
5. Expenditures may not legally exceed appropriations at the fund level.
6. Budget changes within a fund may be authorized by the City Manager and the Comptroller.
7. City Council may increase the appropriations budget during the fiscal year where additional revenues or expenditures not involved in the original adopted budget are identified.

CITY OF AUBURN, NEW YORK
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010

Note 2 - Reconciliation of the General Fund Budget Basis to GAAP

Adjustments necessary to convert the General Fund's excess of revenues and other sources over expenditures and other uses on the GAAP basis to the budget basis are provided below:

Excess of revenues and other sources over expenditures and other uses - GAAP basis	\$ 1,058,706
Beginning of year adjustment for prior year encumbrances recognized as expenditures	528,050
End of year adjustment for current year encumbrances not recognized as expenditures	<u>(499,044)</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses - Budget Basis	<u>\$ 1,087,712</u>

Note 3 - Reconciliation of the Sewer Fund Budget Basis to GAAP

Adjustments necessary to convert the Sewer Fund's excess of revenues and other sources over expenditures and other uses on the GAAP basis to the budget basis are provided below:

Excess of revenues and other sources over expenditures and other uses - GAAP basis	\$ 532,595
Beginning of year adjustment for prior year encumbrances recognized as expenditures	19,395
End of year adjustment for current year encumbrances not recognized as expenditures	<u>(74,098)</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses - Budget Basis	<u>\$ 477,892</u>

**Combining Financial Statements,
Budgetary Comparison Schedules**

and

**Statement of Changes in Assets and Liabilities
Agency Fund**

CITY OF AUBURN, NEW YORK
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2010

	Special Revenue Fund	Capital Projects Funds					Total Non-Major Governmental Funds
	Water Fund	General Government	Home and Community Services	Public Safety	Culture and Recreation	Permanent Fund	
ASSETS							
Cash and cash equivalents, unrestricted	\$ 853,293	\$ 31,022	\$ (368,321)	\$ 3,023	\$ (210)	\$ -	\$ 518,807
Temporary investments	2,382	-	-	-	-	-	2,382
Investments, restricted	-	-	-	-	-	9,292	9,292
Due from other funds	7,708	-	-	-	-	-	7,708
Due from other governments	-	15,423	535,894	-	10,000	-	561,317
Other receivables, net	684,114	-	150,230	-	-	-	834,344
Restricted cash and cash equivalents	71,391	-	-	-	-	-	71,391
Total Assets	\$ 1,618,888	\$ 46,445	\$ 317,803	\$ 3,023	\$ 9,790	\$ 9,292	\$ 2,005,241
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 91,871	\$ -	\$ 60,844	\$ -	\$ -	\$ -	\$ 152,715
Accrued liabilities	75,400	-	-	-	-	-	75,400
Due to other funds	461,472	-	4,431	-	-	-	465,903
Due to employees' retirement system	14,864	-	-	-	-	-	14,864
Deferred revenue	-	-	96,872	-	-	-	96,872
Bond Anticipation Notes payable	-	-	448,157	20,000	-	-	468,157
Unearned revenues	-	-	-	-	-	-	-
Total Liabilities	643,607	-	610,304	20,000	-	-	1,273,911
Fund Balances - Reserved:							
Encumbrances	67,922	-	-	-	-	-	67,922
Capital	1,852	-	-	-	-	-	1,852
Total Reserved	69,774	-	-	-	-	-	69,774
Fund Balances - Unreserved, Reported in:							
Special Revenue Funds	905,507	-	-	-	-	-	905,507
Capital Projects Funds	-	46,445	(292,501)	(16,977)	9,790	-	(253,243)
Permanent Fund	-	-	-	-	-	9,292	9,292
Total Fund Balances	975,281	46,445	(292,501)	(16,977)	9,790	9,292	731,330
Total Liabilities and Fund Balances	\$ 1,618,888	\$ 46,445	\$ 317,803	\$ 3,023	\$ 9,790	\$ 9,292	\$ 2,005,241

CITY OF AUBURN, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS

For the year ended June 30, 2010

	Special Revenue Fund		Capital Projects Funds					Total Non-Major Governmental Funds
	Water Fund	General Government	Home and Community Services	Public Safety	Culture and Recreation	Permanent Fund		
REVENUES								
Departmental income	\$ 3,269,113	\$ -	\$ 57,126	\$ -	\$ -	\$ -		\$ 3,326,239
Use of money and property	8,608	-	-	-	-	426		9,034
Sale of property and compensation for loss	37,256	-	-	-	-	-		37,256
Miscellaneous local sources	24,381	-	-	-	-	-		24,381
Interfund revenues	5,351	-	-	-	-	-		5,351
State sources	-	-	1,082,548	-	6,630	-		1,089,178
Federal sources	-	-	-	-	750	-		750
Total Revenues	<u>3,344,709</u>	<u>-</u>	<u>1,139,674</u>	<u>-</u>	<u>7,380</u>	<u>426</u>		<u>4,492,189</u>
EXPENDITURES								
General governmental support	42,541	-	-	-	-	-		42,541
Home and community services	1,772,434	-	9,170	-	-	-		1,781,604
Employee benefits	297,215	-	-	-	-	-		297,215
Debt service:								
Principal	202,033	-	(6,843)	-	-	-		195,190
Interest	98,741	-	-	-	-	-		98,741
Capital outlay	-	-	1,428,601	-	-	-		1,428,601
Total Expenditures	<u>2,412,964</u>	<u>-</u>	<u>1,430,928</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>3,843,892</u>
Excess of Revenues (Expenditures)	<u>931,745</u>	<u>-</u>	<u>(291,254)</u>	<u>-</u>	<u>7,380</u>	<u>426</u>		<u>648,297</u>
OTHER FINANCING SOURCES (USES)								
Interfund transfers in	60,000	-	-	-	-	-		60,000
Interfund transfers out	(800,000)	-	-	-	-	(426)		(800,426)
Proceeds of long-term obligations	-	-	-	-	-	-		-
Total Other Financing (Uses) Sources	<u>(740,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(426)</u>		<u>(740,426)</u>
Excess of Revenues and Other Financing Sources Over (Expenditures) and Other (Uses)	191,745	-	(291,254)	-	7,380	-		(92,129)
Fund Balances, Beginning of Year	783,536	46,445	(1,247)	(16,977)	2,410	9,292		823,459
Fund Balances, End of Year	<u>\$ 975,281</u>	<u>\$ 46,445</u>	<u>\$ (292,501)</u>	<u>\$ (16,977)</u>	<u>\$ 9,790</u>	<u>\$ 9,292</u>		<u>\$ 731,330</u>

CITY OF AUBURN, NEW YORK
BUDGETARY COMPARISON SCHEDULE
BUDGETED NON-MAJOR SPECIAL REVENUE FUNDS - NON-GAAP BUDGET BASIS
For the year ended June 30, 2010

	Water Fund			
	Original Budget	Final Budget	Actual	Variance
REVENUES				
Departmental income	\$ 3,290,000	\$ 3,290,000	\$ 3,269,113	\$ (20,887)
Use of money and property	13,000	13,000	8,608	(4,392)
Sale of property and compensation for loss	3,000	3,000	37,256	34,256
Miscellaneous local sources	6,000	6,000	24,381	18,381
Interfund revenues	10,000	10,000	5,351	(4,649)
Total Revenues	<u>3,322,000</u>	<u>3,322,000</u>	<u>3,344,709</u>	<u>22,709</u>
EXPENDITURES				
Current:				
General governmental support	110,000	48,868	42,541	(6,327)
Home and community services	1,831,507	1,923,506	1,824,646	(98,860)
Employee benefits	333,638	318,501	297,215	(21,286)
Debt service - Principal and interest	306,855	306,855	300,774	(6,081)
Total Expenditures	<u>2,582,000</u>	<u>2,597,730</u>	<u>2,465,176</u>	<u>(132,554)</u>
Excess of (Expenditures) Revenues	<u>740,000</u>	<u>724,270</u>	<u>879,533</u>	<u>155,263</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	60,000	60,000	60,000	-
Interfund transfers out	(800,000)	(800,000)	(800,000)	-
Total Other Financing (Uses) Sources	<u>(740,000)</u>	<u>(740,000)</u>	<u>(740,000)</u>	-
Excess of Revenues and Other Financing Sources over (Expenditures) and Other (Uses)	<u>-</u>	<u>(15,730)</u>	<u>139,533</u>	<u>\$ 155,263</u>
Appropriated reserves	-	15,730		
Net Change in Encumbrances	-	-	52,212	
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>191,745</u>	
Fund Balances, Beginning of Year			783,536	
Fund Balances, End of Year			<u>\$ 975,281</u>	

RECONCILIATION OF THE WATER FUND BUDGET BASIS TO GAAP

Excess of revenues and other sources over expenditures and other uses - GAAP basis	\$ 191,745
Beginning of year adjustment for prior year encumbrances recognized as expenditures	15,710
End of year adjustment for current encumbrances not recognized as expenditures	<u>(67,922)</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses - Budget Basis	<u>\$ 139,533</u>

CITY OF AUBURN, NEW YORK
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND

June 30, 2010

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
ASSETS				
Cash and cash equivalents - unrestricted	\$ 68,955	\$ 3,614	\$ -	\$ 72,569
Total Assets	<u>\$ 68,955</u>	<u>\$ 3,614</u>	<u>\$ -</u>	<u>\$ 72,569</u>
LIABILITIES				
Agency liabilities	\$ 68,955	\$ 3,614	\$ -	\$ 72,569
Total Liabilities	<u>\$ 68,955</u>	<u>\$ 3,614</u>	<u>\$ -</u>	<u>\$ 72,569</u>

Statistical Section

THE CITY OF AUBURN, NEW YORK
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS *
TABLE 1

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010		
Governmental activities										
Invested in capital assets, net of related debt	24,282,633	33,593,182	39,920,708	41,291,533	40,968,497	43,347,106	41,516,023	44,513,611		
Restricted	6,539,245	5,781,691	5,891,598	5,572,144	5,393,326	5,394,835	5,563,054	5,802,666		
Unrestricted	11,279,138	12,631,605	8,346,715	4,883,132	8,031,164	15,422,330	21,246,798	19,254,292		
Total governmental activities net assets	42,101,016	52,006,478	54,159,021	51,746,809	54,392,987	64,164,271	68,325,875	69,570,569		
Business-type activities										
Invested in capital assets, net of related debt	(926,048)	(329,835)	1,302,221	987,165	242,145	(75,796)	(259,558)	45,520		
Restricted	0	0	0	0	0	0	0	0		
Unrestricted	56,174	(184,043)	(1,467,824)	(534,528)	875,971	1,774,149	2,017,872	3,383,066		
Total business-type activities net assets	(869,874)	(513,878)	(165,603)	452,637	1,118,116	1,698,353	1,758,314	3,428,586		
Primary government										
Invested in capital assets, net of related debt	23,356,585	33,263,347	41,222,929	42,278,698	41,210,642	43,271,310	41,256,465	44,559,131		
Restricted	6,539,245	5,781,691	5,891,598	5,572,144	5,393,326	5,394,835	5,563,054	5,802,666		
Unrestricted	11,335,312	12,447,562	6,878,891	4,348,604	8,907,135	17,196,479	23,264,670	22,637,358		
Total primary government net assets	41,231,142	51,492,600	53,993,418	52,199,446	55,511,103	65,862,624	70,084,189	72,999,155		

* Currently, information is only available as of the City's date of implementation of GASB Statement No. 34

THE CITY OF AUBURN, NEW YORK
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS *
(accrual basis of accounting)

TABLE 2

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010		
Expenses										
Governmental activities:										
General government	4,251,736	4,471,671	5,156,013	4,625,064	4,331,531	4,959,964	4,747,898	4,876,854		
Public safety	11,767,357	12,264,003	14,582,679	15,059,067	15,395,850	15,703,930	16,922,019	17,521,914		
Transportation	2,532,743	4,074,119	3,195,555	3,159,865	3,481,529	3,515,166	3,620,690	3,957,912		
Economic assistance and opportunity	0	7,500	12,500	7,500	10,000	40,000	40,000	55,000		
Culture and recreation	1,760,824	1,960,831	1,989,538	1,797,407	1,980,860	1,836,064	2,088,295	2,155,395		
Home and community services	10,803,745	12,420,680	12,599,461	13,792,599	11,947,142	10,443,718	10,834,224	11,529,294		
Interest on long-term debt	1,087,141	1,381,537	1,490,322	1,667,658	1,867,387	1,833,171	2,073,443	1,815,738		
Total governmental activities expenses	32,203,546	36,580,341	39,026,068	40,109,160	39,014,299	38,332,613	40,326,569	41,912,107		
Business-type activities:										
Power Utility	218,203	227,161	213,135	185,491	165,832	169,728	139,582	1,066,664		
Solid Waste	2,286,429	2,552,946	2,478,221	2,164,021	2,793,626	2,734,571	3,077,363	2,830,100		
Total business-type activities expenses	2,504,632	2,780,107	2,691,356	2,349,512	2,959,458	2,904,299	3,216,945	3,896,764		
Total primary government expenses	34,708,178	39,360,448	41,717,424	42,458,672	41,973,757	41,236,912	43,543,514	45,808,871		
Program Revenues										
Governmental activities:										
Charges for services	313,458	547,901	757,432	796,773	731,508	674,136	664,839	726,067		
General government	931,539	437,953	397,384	456,787	620,864	458,237	444,835	450,599		
Transportation	8,620,274	8,027,794	9,190,897	9,190,897	10,230,984	11,327,787	11,333,829	11,404,571		
Home and community services	337,419	330,200	547,136	548,567	693,091	386,902	416,231	394,459		
Other activities	1,681,024	1,783,668	1,871,780	2,076,330	2,175,188	2,253,545	1,678,486	2,295,808		
Operating grants and contributions	3,401,737	6,271,691	5,350,004	584,629	972,531	5,517,899	1,998,617	1,291,078		
Capital grants and contributions	15,285,451	17,399,207	17,295,140	13,653,983	15,424,166	20,618,306	16,536,837	16,562,582		
Total governmental activities program revenues	20,618,306	24,346,618	20,852,640	24,346,618	21,972,660	20,618,306	16,536,837	16,562,582		
Business-type activities:										
Charges for services	254,524	267,404	120,590	124,044	86,037	66,910	164,470	388,510		
Power Utility	2,933,620	3,108,202	3,449,054	3,934,027	3,386,512	3,652,576	3,441,658	3,005,740		
Solid Waste	0	0	0	400,000	904,382	74,233	0	0		
Operating grants and contributions	3,188,144	3,373,606	3,569,644	4,458,071	4,576,931	3,793,719	3,606,128	3,394,250		
Total business-type activities program revenues	18,473,595	20,774,813	20,864,784	18,112,054	20,001,097	24,412,225	20,142,965	19,956,832		
Total primary government revenues	39,091,901	45,121,431	41,717,424	42,458,672	41,973,757	45,030,531	36,679,802	36,519,414		
Net (expense)/revenue:										
Governmental activities	(16,918,095)	(19,181,134)	(21,730,928)	(26,455,177)	(23,590,133)	(17,713,507)	(23,789,732)	(25,349,525)		
Business-type activities	683,512	595,499	878,288	2,108,559	1,617,473	889,420	389,183	(502,514)		
Total primary government net expense	(16,234,583)	(18,585,635)	(20,852,640)	(24,346,618)	(21,972,660)	(16,824,087)	(23,400,549)	(25,852,039)		

* Currently, information is only available as of the City's date of implementation of GASB Statement No. 34

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	
General Revenues and Other Changes in									
Net Assets									
Governmental activities:									
Taxes									
Property taxes	9,055,101	9,251,467	9,829,846	10,348,293	10,826,898	11,188,013	11,332,739	11,410,856	
Sales taxes	7,005,840	6,779,063	7,278,388	7,397,471	7,341,901	8,027,042	7,734,208	7,757,442	
Utilities gross receipts taxes	518,939	510,633	485,572	533,719	512,863	513,145	478,843	417,629	
Franchise taxes	319,889	322,129	332,934	268,066	327,996	140,297	490,096	368,707	
Use of money and property	323,970	360,141	383,573	479,400	530,068	460,527	331,276	286,168	
Sale of property and compensation for loss	13,963	351,202	134,363	478,649	233,682	104,957	119,853	291,583	
Miscellaneous	7,443	125,630	157,659	59,012	265,449	1,176,452	1,374,907	74,772	
Loss on sale of capital assets	(457,511)	0	0	0	0	0	0	0	
State/Federal sources	3,528,526	3,610,756	4,611,136	4,001,740	4,907,454	5,270,358	5,480,414	5,465,761	
Transfers	217,230	344,187	670,000	1,724,190	1,290,000	604,000	609,000	521,301	
Total governmental activities	20,533,390	21,655,208	23,883,471	25,290,540	26,236,311	27,484,791	27,951,336	26,594,219	
Business-type activities:									
Use of money and property	167,474	84,971	116,054	209,412	295,359	248,022	113,121	130,975	
Miscellaneous	12,685	19,713	23,933	24,459	42,647	46,795	166,657	75,160	
State/Federal sources	0	0	0	0	0	0	0	2,080,447	
Capital Contribution	0	0	0	0	0	0	0	407,506	
Transfers	(217,230)	(344,187)	(670,000)	(1,724,190)	(1,290,000)	(604,000)	(609,000)	(521,301)	
Total business-type activities	(37,071)	(239,503)	(530,013)	(1,490,319)	(951,994)	(309,183)	(329,222)	2,172,787	
Total primary government	20,496,319	21,415,705	23,353,458	23,800,221	25,284,317	27,175,608	27,622,114	28,767,006	
Change in Net Assets									
Governmental activities	3,615,295	2,474,074	2,152,543	(1,164,637)	2,646,178	9,771,284	4,161,604	1,244,694	
Business-type activities	646,441	355,996	348,275	618,240	665,479	580,237	59,961	1,670,273	
Total primary government	4,261,736	2,830,070	2,500,818	(546,397)	3,311,657	10,351,521	4,221,565	2,914,967	

THE CITY OF AUBURN, NEW YORK
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS *
(accrual basis of accounting)

TABLE 3

Fiscal Year	Property Tax	Sales Tax	Utilities Gross Receipts Tax	Franchise Tax	Total
2003	9,055,101	7,005,840	518,939	319,889	16,899,769
2004	9,251,467	6,779,063	510,633	322,129	16,863,292
2005	9,829,846	7,278,388	485,572	332,934	17,926,740
2006	10,348,293	7,397,471	533,719	268,066	18,547,549
2007	10,826,898	7,341,901	512,863	327,996	19,009,658
2008	11,188,013	8,027,042	513,145	140,297	19,868,497
2009	11,332,739	7,734,208	478,843	490,096	20,035,886
2010	11,410,856	7,757,442	417,629	368,707	19,954,634

* Currently, information is only available as of the City's date of implementation of GASB Statement No. 34

THE CITY OF AUBURN, NEW YORK
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
TABLE 4

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General fund										
Reserved	38,985	107,616	192,538	254,018	300,422	281,510	563,868	648,628	1,228,620	1,699,614
Unreserved	2,708,952	2,605,230	3,685,574	3,819,955	2,678,386	2,551,208	3,459,655	6,184,175	7,530,377	8,118,089
Total general fund	2,747,937	2,712,846	3,878,112	4,073,973	2,978,808	2,832,718	4,023,523	6,832,803	8,758,997	9,817,703
All other governmental funds										
Reserved	8,003,472	8,069,464	8,021,526	7,634,898	5,389,427	4,187,875	3,643,040	3,928,744	2,891,570	2,886,870
Unreserved, reported in:										
Special revenue funds	(56,192)	(297,454)	2,108,084	684,577	1,963,207	1,877,178	3,089,201	3,984,854	5,805,574	6,662,611
Capital projects funds	5,877,431	2,812,851	1,792,645	1,939,220	1,372,017	2,919,790	2,248,773	4,152,252	1,576,825	5,104
Permanent funds	0	0	0	0	9,292	9,292	9,292	9,292	9,292	9,292
Total all other governmental funds	13,824,711	10,584,861	11,922,255	10,258,695	8,733,943	8,994,135	8,990,306	12,075,142	10,283,261	9,563,877

THE CITY OF AUBURN, NEW YORK
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
TABLE 5

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Property taxes	8,296,655	8,383,902	8,741,726	9,535,999	9,811,570	10,654,037	10,819,063	10,930,366	11,214,328	11,046,571
Nonproperty taxes	7,056,398	7,490,866	7,844,668	7,611,825	8,096,894	8,199,256	8,182,760	8,680,484	8,703,147	8,543,778
Departmental income	9,031,376	9,107,210	9,293,003	8,346,487	8,903,732	9,576,450	10,703,476	12,021,231	11,999,111	12,379,371
Intergovernmental charges	104,825	108,242	124,831	131,756	325,209	331,038	375,952	390,765	401,868	409,890
Use of money and property	716,591	547,575	327,133	363,414	388,957	485,635	530,401	460,527	331,276	286,168
Licenses and permits	128,160	122,024	133,519	130,166	210,151	207,176	219,832	142,535	114,322	139,798
Fines and forfeitures	203,894	225,227	191,459	192,527	249,002	255,691	268,922	258,320	274,398	254,602
Sale of property and compensation for loss	125,527	134,480	14,463	351,952	177,246	487,050	259,271	243,194	187,555	291,583
Miscellaneous	192,572	99,568	7,598	283,406	134,363	220,319	608,004	650,875	472,997	272,859
State sources	4,606,065	4,408,517	4,877,798	5,432,840	6,199,000	5,269,808	6,087,144	7,062,329	6,764,197	7,323,530
Federal sources	4,175,020	2,128,984	3,629,924	6,193,140	5,633,921	1,392,891	1,968,029	5,990,657	2,395,681	1,734,958
Interfund revenues	772,090	1,374,076	495,729	401,730	390,437	447,355	397,919	368,929	268,085	283,739
Total revenues	35,409,173	34,130,671	35,681,851	38,975,242	40,520,482	37,526,706	40,420,773	47,200,212	43,126,965	42,966,847
Expenditures										
General government	2,954,412	3,012,639	3,334,835	3,416,528	3,653,830	3,679,259	3,451,310	3,795,497	3,669,777	3,690,899
Public safety	8,676,022	8,978,914	9,382,759	9,360,755	10,348,247	10,450,098	10,365,715	10,804,137	10,870,866	11,222,955
Transportation	1,851,669	1,633,947	1,673,989	1,793,469	1,739,357	1,698,475	1,877,801	1,929,566	1,905,880	2,136,047
Economic assistance and opportunity	0	0	0	7,500	12,500	7,500	10,000	40,000	40,000	55,000
Culture and recreation	1,338,841	1,421,931	1,372,179	1,325,053	1,387,623	1,281,124	1,412,085	1,359,456	1,507,298	1,538,870
Home and community services	7,515,236	8,166,849	7,292,301	8,432,457	8,247,960	9,597,339	8,272,352	7,649,441	7,352,551	7,929,706
Employee benefits	4,029,628	4,370,880	4,462,908	5,345,193	7,518,041	7,593,291	7,695,449	7,145,244	7,154,243	7,424,384
Capital outlay	4,756,720	4,993,677	6,700,811	8,787,537	6,351,839	3,315,852	3,616,196	9,142,304	9,564,288	3,249,275
Debt service										
Principal	4,394,382	4,560,910	3,486,919	3,430,300	3,489,368	3,386,924	3,626,131	3,419,005	3,840,387	4,092,188
Interest	1,948,585	1,660,405	1,117,085	1,404,462	1,501,654	1,664,357	1,845,118	1,820,424	1,888,020	1,809,502
Total expenditures	37,465,495	38,800,152	38,823,786	43,303,254	44,250,419	42,674,219	42,172,157	47,105,074	47,793,310	43,148,826
Excess of revenues over (under) expenditures	(2,056,322)	(4,669,481)	(3,141,935)	(4,328,012)	(3,729,937)	(5,147,513)	(1,751,384)	95,138	(4,666,345)	(181,979)
Other financing sources (uses)										
Transfers in	41,237	276,169	5,169,117	1,813,933	1,410,060	3,504,076	1,708,628	2,342,128	2,397,815	2,383,293
Transfers out	(896,420)	(276,169)	(4,951,887)	(1,469,746)	(740,060)	(1,779,886)	(418,628)	(1,738,127)	(1,788,815)	(1,861,992)
Proceeds from bonds/other obligations	698,077	926,824	5,151,800	2,499,956	1,118,541	4,785,000	1,648,360	3,808,700	4,166,158	0
Miscellaneous financing sources (uses)	0	0	255,565	16,170	0	0	0	1,386,277	25,500	0
Total other financing sources (uses)	(157,106)	926,824	5,624,595	2,860,313	1,788,541	6,509,190	2,938,360	5,798,978	4,800,658	521,301
Net change in fund balances	(2,213,428)	(3,742,657)	2,482,660	(1,467,699)	(1,941,396)	1,361,677	1,186,976	5,894,116	134,313	339,322
Debt service as a percentage of										

THE CITY OF AUBURN, NEW YORK
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
TABLE 6

Fiscal Year	Property Tax	Sales Tax	Utilities Gross Receipts Tax	Franchise Tax	Total
2001	8,296,655	6,204,185	626,835	225,378	15,353,053
2002	8,383,902	6,613,535	564,583	312,748	15,874,768
2003	8,741,726	7,005,840	518,939	319,889	16,586,394
2004	9,535,999	6,779,063	510,633	322,129	17,147,824
2005	9,811,570	7,278,388	485,572	332,934	17,908,464
2006	10,654,037	7,397,471	533,719	268,066	18,853,293
2007	10,819,063	7,341,901	512,863	327,996	19,001,823
2008	10,930,366	8,027,042	513,145	140,297	19,610,850
2009	11,214,328	7,734,208	478,843	490,096	19,917,475
2010	11,046,571	7,757,442	417,629	368,707	19,590,349

THE CITY OF AUBURN, NEW YORK
ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
TABLE 7

Fiscal Year Ended June 30	Real Property (1)		Total Assessed Value	Less: Tax Exempt Real Property	Taxable Assessed Value	Total Direct Tax Rate	Taxable Value as a Percentage of Actual Value
	Residential	Commercial					
	Property	Property					
2001			955,287,079	345,741,929	609,545,150	13.60550	63.81%
2002			978,193,703	376,580,695	601,613,008	13.60720	61.50%
2003			995,164,602	375,635,201	619,529,401	13.59090	62.25%
2004	447,177,649	550,514,670	997,692,319	370,815,579	626,876,740	14.30350	62.83%
2005	448,932,022	559,069,830	1,008,001,852	376,050,187	631,951,665	14.79230	62.69%
2006	451,463,350	564,081,526	1,015,544,876	375,365,908	640,178,968	15.31404	63.04%
2007	565,415,556	629,857,911	1,195,273,467	410,662,555	784,610,912	13.24489	65.64%
2008	569,946,987	631,779,168	1,201,726,155	379,664,248	822,061,907	13.22459	68.41%
2009	572,291,205	636,509,220	1,208,800,425	378,783,371	830,017,054	13.22200	68.66%
2010	575,037,316	638,473,287	1,213,510,603	375,791,840	837,718,763	13.20700	69.03%

Source: Annual budgets and City Assessor's records.

Note: Property in the city is reassessed every four years. The city assesses property at 100 percent of actual value for all types of property. Tax rates are per \$1,000 of assessed value.

(1) Breakdown between residential and commercial property is not available for years prior to 2004.

THE CITY OF AUBURN, NEW YORK
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
TABLE 8

Fiscal Year	City of Auburn				Overlapping Rates				Total Direct & Overlapping Rates
	Operating Tax Rate	Capital Improvement		Total City Tax Rate	School District		Cayuga County		
		Library Tax Rate	Tax Rate		Operating Tax Rate	Operating Tax Rate	College Charge-back Tax Rate	County Tax Rate	
2001	10.6386	2.6132	0.35370	13.60550	17.35394	7.6953	0.1101	7.8054	38.76484
2002	10.7700	2.4820	0.35520	13.60720	19.16000	8.4448	0.1601	8.6049	41.37210
2003	10.9365	2.3153	0.33910	13.59090	20.14218	9.2466	0.0850	9.3316	43.06468
2004	10.7420	3.1680	0.39350	14.30350	20.71084	10.6613	0.1448	10.8061	45.82044
2005	11.7150	2.6850	0.39230	14.79230	20.49000	11.0101	0.1254	11.1355	46.41780
2006	11.9100	3.0400	0.36404	15.31404	21.30000	10.3633	0.1287	10.4920	47.10604
2007	10.0500	2.7600	0.43489	13.24489	18.01000	9.0520	0.1109	9.1629	40.41779
2008	9.8800	2.9300	0.41459	13.22459	17.86556	8.4647	0.1280	8.5927	39.68285
2009	9.5900	3.2200	0.41200	13.22200	18.04502	8.4715	0.1358	8.6073	39.87432
2010	9.5400	3.2700	0.39700	13.20700	18.42038	9.0284	0.1598	9.1882	40.81557

Source: Annual budgets of City of Auburn and City Assessor's records.

Note: Overlapping rates are those of City and County governments that apply to property owners within the City of Auburn.

THE CITY OF AUBURN, NEW YORK
PRINCIPAL PROPERTY TAXPAYERS

JUNE 30
TABLE 9

	2010				2001			
	Total Assessed Value	Rank	Percentage of Total Assessed Value		Total Assessed Value	Rank	Percentage of Total Assessed Value	
<u>Taxpayer</u>								
New York State Electric & Gas	44,733,014	1	3.69%		\$29,804,239	2	3.12%	
Auburn Industrial Development Authority	30,868,199	2	2.54%		35,162,999	1	3.68%	
NUCOR (Austeel)	30,663,400	3	2.54%		13,741,800	3	1.44%	
Verizon (NYNEX)	15,477,757	4	1.28%		5,958,322	5	0.62%	
Auburn Associates	14,261,800	5	1.18%		5,723,700	7	0.60%	
Wal-Mart	12,200,000	6	1.01%		10,431,000	4	1.09%	
Standart Woods	8,818,000	7	0.73%		5,754,000	6	0.60%	
Servus Hotel Group	7,304,000	8	0.60%		-	-	-	
Dar and Dor LLC	4,926,400	9	0.41%		-	-	-	
714-716 Foster Total	3,884,900	10	0.32%		-	-	-	
David 26, LLC	3,955,900		0.33%		-		-	
Wegman's	3,163,700		0.26%		2,841,900	10	0.30%	
Cayuga County Savings Bank (First Niagara)	-		-		4,249,500	8	0.44%	
Greater Auburn Land Company, Inc.	-		-		3,576,800	9	0.37%	
Totals	\$180,257,070		14.87%		\$117,244,260		12.27%	

Source: City property assessment files.

THE CITY OF AUBURN, NEW YORK
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
TABLE 10

Fiscal Year Ended June 30	Total Tax Levy	Collected within the		Collections in Subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy	Percentage of Levy		Amount	Percentage of Levy
2001	8,077,570	7,578,072	93.82%	491,134	8,069,206	99.90%
2002	7,972,455	7,516,141	94.28%	437,637	7,953,778	99.77%
2003	8,209,880	7,754,519	94.45%	431,681	8,186,200	99.71%
2004	8,719,855	8,275,784	94.91%	423,595	8,699,379	99.77%
2005	9,100,104	8,663,686	95.20%	383,300	9,046,986	99.42%
2006	9,570,676	9,179,067	95.91%	327,520	9,506,587	99.33%
2007	10,050,866	9,665,313	96.16%	271,596	9,936,909	98.87%
2008	10,530,613	10,005,104	95.01%	276,860	10,281,964	97.64%
2009	10,632,518	10,367,337	97.51%	103,450	10,470,787	97.51%
2010	10,731,177	10,278,774	95.78%	N/A	10,278,774	95.78%

Source: City Treasurer's office records. Includes only City tax warrants.

THE CITY OF AUBURN, NEW YORK
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
TABLE II

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Bond Anticipation Notes	Capital Leases	Notes Payable	General Obligation Bonds	Bond Anticipation Notes	Capital Leases				
2001	53,924,883	3,457,000	1,791,540	50,135	4,761,621	2,873,000	532,000	67,390,179	13.81%	2,358	
2002	49,941,042	5,597,000	2,534,401	42,471	3,850,000	6,923,000	559,996	69,447,910	14.23%	2,430	
2003	52,272,962	9,550,000	1,975,538	34,495	5,879,200	3,900,000	482,429	74,094,624	15.18%	2,593	
2004	51,933,798	8,490,000	1,392,659	26,194	8,657,400	400,000	399,372	71,299,423	14.61%	2,495	
2005	49,058,839	7,245,000	786,865	17,579	6,694,400	415,000	306,910	64,524,593	13.22%	2,258	
2006	50,882,841	2,771,500	458,871	8,576	6,477,400	1,000,000	215,501	61,814,689	12.66%	2,163	
2007	47,699,255	4,510,000	1,023,036	0	5,795,400	1,000,000	127,223	60,154,914	12.32%	2,105	
2008	48,305,346	4,125,000	1,518,341	0	5,089,400	4,000,000	42,032	63,080,119	12.92%	2,208	
2009	48,882,824	5,519,500	1,377,446	0	4,387,600	6,933,000	0	67,100,370	13.75%	2,348	
2010	45,140,882	6,504,100	1,137,200	0	3,690,800	7,966,000	0	64,438,982	13.20%	2,255	

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics on page 82 for personal income and population data.

THE CITY OF AUBURN, NEW YORK
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
TABLE 12

Fiscal Year	General Obligation Bonds	Less:		Total	Percentage of Total Assessed Value of Property (1)		Per Capita (2)
		Water and Sewer Debt Covered by User Fees					
2001	53,924,883	44,498,560		9,426,323	1.55%		330
2002	49,941,042	41,432,212		8,508,830	1.41%		298
2003	52,272,962	40,814,143		11,458,819	1.85%		401
2004	51,933,798	41,669,080		10,264,718	1.64%		359
2005	49,058,839	39,890,740		9,168,099	1.45%		321
2006	57,360,241	39,110,052		18,250,189	2.85%		639
2007	53,494,655	37,195,253		16,299,402	2.08%		570
2008	53,394,746	34,347,185		19,047,561	2.32%		667
2009	53,270,424	34,299,491		18,970,933	2.29%		664
2010	48,831,682	32,265,912		16,565,770	1.98%		580

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Assessed Value of Taxable Property on page 73 for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics on page 82.

**THE CITY OF AUBURN, NEW YORK
DIRECT AND OVERLAPPING DEBT
JUNE 30, 2010
TABLE 13**

<u>Governmental Unit</u>	<u>Net Indebtedness</u>	<u>Percentage Applicable (1)</u>	<u>Overlapping Debt of City</u>	<u>Direct and Overlapping Debt of City</u>
City of Auburn	25,925,280	(2)		25,925,280
Auburn Enlarged School District	9,458,441	65.40%	6,185,820	6,185,820
Cayuga County	<u>35,893,935</u>	24.80%	<u>8,901,696</u>	<u>8,901,696</u>
Totals	<u><u>71,277,656</u></u>		<u><u>15,087,516</u></u>	<u><u>41,012,796</u></u>

Sources: City of Auburn Official Statement.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City.

This schedule calculates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Auburn. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

- (1) The percentage of overlapping debt applicable is calculated using taxable assessed property values. Applicable percentages were arrived at by determining the portion of the School's and County's taxable assessed value that is within the government's boundaries and dividing it by the School's and County's total taxable assessed value.
- (2) Net Indebtedness only includes debt subject to the constitutional debt limit. A large general obligation bond in the Sewer fund is exempt from the constitutional debt limit.

THE CITY OF AUBURN, NEW YORK
REVENUE COVERAGE OF DEBT SERVICE
LAST TEN FISCAL YEARS
TABLE 15

Fiscal Year	Sewer Bonds					Water Bonds					
	Sewer Charges	Less:		Net		Water Charges	Operating Expenses	Available Revenue	Debt Service		Coverage
		Principal	Interest	Principal	Interest						
2001	6,715,029	3,160,955	3,554,074	2,955,500	1,292,350	1,900,842	1,924,904	(24,062)	129,962	50,769	(0.13)
2002	6,468,851	3,342,983	3,125,868	2,983,841	1,019,033	2,178,080	1,955,513	222,567	110,171	46,338	1.42
2003	9,413,904	4,555,357	4,858,547	1,766,288	499,724	2,180,924	1,959,788	221,136	116,090	93,447	1.06
2004	5,856,074	4,580,967	1,275,107	1,590,438	694,552	2,085,740	2,061,075	24,665	104,477	74,527	0.14
2005	6,201,577	4,348,815	1,852,762	1,659,510	849,911	2,163,577	2,076,702	86,875	217,367	54,711	0.32
2006	6,765,985	4,479,280	2,286,705	1,665,279	953,431	2,349,729	2,097,121	252,608	218,741	121,793	0.74
2007	7,346,485	4,553,747	2,792,738	1,747,379	948,861	2,761,065	2,133,802	627,263	236,988	98,036	1.87
2008	7,938,911	4,510,263	3,428,648	1,732,577	915,481	3,414,435	2,920,766	493,669	212,491	92,525	1.62
2009	7,840,292	4,797,410	3,042,882	1,774,501	891,567	3,422,956	2,776,939	646,017	178,907	98,336	2.33
2010	7,901,492	4,678,589	3,222,903	1,829,158	861,150	3,404,709	2,912,190	492,519	202,033	98,741	1.64

THE CITY OF AUBURN, NEW YORK
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

TABLE 14

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	42,503,033	42,657,853	42,875,096	43,362,367	44,338,114	45,517,900	47,840,809	50,676,264	54,131,819	57,714,770
Total debt applicable to limit	19,560,944	21,616,830	29,606,019	27,812,118	23,522,499	22,021,689	21,809,402	26,172,569	28,726,608	27,972,909
Legal debt margin	22,942,089	21,041,023	13,269,077	15,550,249	20,815,615	23,496,211	26,031,407	24,503,695	25,405,211	29,741,861

Total net debt applicable to the limit
as a percentage of debt limit

46.02%	50.67%	69.05%	64.14%	53.05%	48.38%	45.59%	51.65%	53.07%	48.47%
--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

Legal Debt Margin Calculation for Fiscal Year 2010:

Total 5-year average taxable assessed value	824,496,714
Debt limit (7% of average taxable assessed value)	57,714,770
Debt applicable to limit:	
General obligation bonds	13,472,809
Bond anticipation notes	14,470,100
Total debt applicable to limit	27,942,909
Legal debt margin	29,771,861

Note: Under the State Constitution and Local Finance Law, the City of Auburn's debt limit is calculated by taking 7% of the latest five-year average of the total taxable assessed value of real property.

THE CITY OF AUBURN, NEW YORK
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
TABLE 16

Fiscal Year	Population(1)	Per Capita		Median Age(1)	Percentage of Population with more than High School Education(1)			School Enrollment(2)	Unemployment Rate(3)
		Personal Income	Personal Income(1)		School Education(1)	Enrollment(2)			
2001	28,574	\$ 488,129,642	17,083	36.9	28.0%		5,305	4.3%	
2002	28,574	\$ 488,129,642	17,083	36.9	28.0%		5,179	4.8%	
2003	28,574	\$ 488,129,642	17,083	36.9	28.0%		4,930	5.3%	
2004	28,574	\$ 488,129,642	17,083	36.9	28.0%		4,911	5.1%	
2005	28,574	\$ 488,129,642	17,083	36.9	28.0%		4,887	4.9%	
2006	28,574	\$ 488,129,642	17,083	36.9	28.0%		4,854	4.8%	
2007	28,574	\$ 488,129,642	17,083	36.9	28.0%		4,800	4.5%	
2008	28,574	\$ 488,129,642	17,083	36.9	28.0%		4,618	5.5%	
2009	28,574	\$ 488,129,642	17,083	36.9	28.0%		4,524	8.3%	
2010	28,574	\$ 488,129,642	17,083	36.9	28.0%		4,520	8.1%	

Data sources:

- (1) Bureau of the Census
- (2) Auburn Enlarged School District BEDS Report
- (3) New York State Department of Labor [www.labor.state.ny.us]
- (4) 10-month average for 2010

Note: Population, per capita, median age and education level are only updated every 10 years with the U.S. Census.
 Percentage of population with more than a high school education is low due to the fact that the City of Auburn has a high percentage of first-generation immigrants who did not complete high school.

THE CITY OF AUBURN, NEW YORK
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
TABLE 17

	2010			2001		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Auburn Correctional Facility	832	1	2.19%	789	1	2.05%
Cayuga County	796	2	2.09%	660	3	1.71%
Auburn Enlarged School District	663	3	1.74%	660	3	1.71%
Auburn Memorial Hospital	630	4	1.66%	769	2	2.00%
Wal-Mart	453	5	1.19%	350	7	0.91%
McQuay International	431	6	1.13%	600	5	1.56%
City of Auburn	289	7	0.76%	353	6	0.92%
NUCOR	286	8	0.75%	300	9	0.78%
Cayuga Community College	242	9	0.64%	-	-	-
Community Computers	230	10	0.61%	-	-	-
Gould's Pumps	-		-	271	10	0.70%
Mercy Rehabilitation Center	-		-	343	8	0.89%
Totals	<u>4,852</u>		<u>10.58%</u>	<u>5,095</u>		<u>13.23%</u>

Sources: City of Auburn Planning Department and NYS Department of Labor Statistics.

THE CITY OF AUBURN, NEW YORK
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 LAST TEN FISCAL YEARS
TABLE 18

Function	Full-time Equivalent 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>
General government	48.0	51.5	52.5	50.0	49.0	46.5	42.5	42.0	42.0	42.5
Public Safety										
Police										
Officers	71.0	71.0	71.0	71.0	70.0	69.0	69.0	71.0	71.0	66.0
Civilians	6.0	6.0	6.0	5.5	6.5	6.5	4.5	4.5	3.5	4.5
Fire										
Firefighters and officers	71.0	70.5	71.0	70.0	71.0	71.0	71.0	75.0	76.0	73.0
Civilians	9.0	10.0	9.0	8.5	8.5	8.5	8.0	7.5	7.5	8.0
Public works and streets	23.5	24.0	23.5	23.5	21.5	21.5	17.0	16.5	15.5	15.5
Culture and recreation	17.0	17.0	17.5	16.5	16.5	16.5	18.0	16.5	17	17.5
Home and Community Service										
Planning	9.5	10.0	8.5	8.5	7.5	7.0	7.0	6.0	6.0	7.0
Refuse Collection	10.0	10.0	10.0	9.0	10.0	9.5	7.0	8.0	7.5	7.5
Solid Waste	9.4	9.4	9.4	9.4	9.4	9.4	9.9	9.0	9.0	9.5
Water	18.3	18.8	18.8	17.8	17.8	17.8	15.3	14.0	15.0	15.0
Sewer	28.3	28.3	28.8	26.8	26.8	26.8	24.3	23.0	23.5	23
Total	321.0	326.5	326.0	316.5	314.5	310.0	293.5	293.0	293.5	289.0

Source: City of Auburn Payroll Records

THE CITY OF AUBURN, NEW YORK
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
TABLE 19

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police										
Physical arrests	1,275	1,238	1,246	1,468	1,238	1,134	2,346	2,356	3,686	3,850 (1)
Parking violations	9,269	7,901	9,200	7,555	11,230	13,007	13,383	12,354	11,926	13,794
Traffic violations	3,534	3,049	2,838	2,689	2,182	2,576	2,011	2,367	2,473	3,891
Fire										
Total number of calls answered	3,367	3,718	3,726	3,747	3,872	3,646	4,478	5,077	5,238	5,284 (1)
Emergency medical calls only	2,210	2,576	2,602	2,584	2,790	1,317	2,904	3,103	3,432	3,443
Highways and streets										
Street resurfacing (miles)			4.63	3.06	8.08	3.27	4.85	5.52	3.46	2.24
Tons of blacktop purchased for street repairs (2)	625	750	725	800	850	738.84	660.6	590.28	521.35	578.13
Sanitation										
Refuse collected (avg tons/day)	86.0	177.0	183.0	243.0	246.3	231.5	272.5	261.9	180.9	189.1
Recyclables collected (avg tons/day)	40.3	53.3	16.5	21.3	38.3	159.2	139.0	89.0	36.1	7.3 (3)
Solid Waste										
Maximum annual tonnage permitted	63,000	63,000	63,000	76,000	76,000	76,000	96,000	96,000	96,000	96,000
Culture and recreation										
Public skating participants	4,518	5,461	3,817	3,240	2,981	3,262	2,098	2,676	2,172	2,435
Public swimming participants	10,793	5,999	3,858	5,032	9,236	5,897	10,642	10,854	6,933	9,639
Water										
New connections	11	10	15	10	10	14	5	6	1	3
Water main leaks repaired	25	36	33	33	30	23	70	39	36	45
Average daily consumption (millions of gallons)	7.4	8.0	8.1	8.4	8.3	7.9	7.1	5.4	4.5	4.6
Sewer										
New connections	11	10	15	10	10	14	2	4	0	0
Sewer line repairs	35	37	39	35	29	43	13	11	7	6
Wastewater										
Average daily sewage treatment (millions of gallons)	9.0	8.4	8.5	9.0	9.2	9.2	9.4	7.8	8.0	8.3

Sources: Various City Departments.

Note: Indicators are not available for every function for every year.

(1) New reporting software purchased in 2007 allows more accuracy.

(2) Tonnage is estimated for all years prior to 2006.

(3) The City started recycling cardboard in 2006; contaminated soil not included starting in 2010 per NYS Regulations.

THE CITY OF AUBURN, NEW YORK
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units (marked & unmarked)	32	32	34	34	34	34	30	31	31	36
Fire stations	3	3	3	3	3	3	3	2	2	2
Sanitation										
Collection Trucks	4	4	4	4	4	4	4	4	4	4
Highways and streets										
Streets (miles)	103.25	103.25	103.25	103.25	103.25	103.75	103.75	103.81	103.81	103.81 (1)
Street lights	4124	4124	4124	4124	4124	4136	4136	4141	4180	4194 (1), (3)
Intersections with traffic signals	48	47	46	46	45	44	48	48	51	51
Culture and recreation										
Playgrounds	15	15	15	15	15	15	15	15	15	15
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	9	9	9	9	9	9	9	9	8	8
Community/recreation centers	2	2	2	2	2	2	2	2	2	2
Water										
Water mains (miles)	108.2	108.2	108.2	108.2	108.2	108.7	108.7	108.7	108.7	108.7 (1)
Fire hydrants	999	999	999	1004	1015	1015	1015	1014	1014	1014
Maximum daily treatment capacity (millions of gallons)	14	14	14	14	14	14	14	14	14	14
Sewer										
Sanitary sewers (miles)	95	95	95	95	95	95	95	95	95	95
Storm sewers (miles)	57	57	57	57	57	57	57	58.5	58.5	58.5
Maximum daily treatment capacity (millions of gallons)	12	12	12	12	12	12	12	12	12	12
Hydro-electric										
Number of hydro-electric dams	2	2	2	2	2	2	2	2	2	2
Kilowatt hours generated	1,285,093	2,321,463	4,148,819	3,198,136	1,434,380	1,466,260	1,016,993	790,896	1,944,091	1,787,055 (2)

Sources: Various City Departments.

(1) A new street, John Walsh Boulevard, was constructed in 2006.

(2) One of the hydro-electric dams became non-operational in September 2004. Repair options are still being analyzed.

(3) Additional street lights were installed as part of the East Genesee Street Reconstruction project in 2009 and the Market Street Park Reconstruction in 2010.